



## CITY COUNCIL

November 16, 2009

A regular meeting of the City of Petoskey City Council was held in the City Hall City Council Chambers at Petoskey, Michigan, on Monday, November 16, 2009. The meeting was called to order at 7:30 P.M.; then, after a recitation of the Pledge of Allegiance to the Flag of the United States of America, a roll call determined that the following were

Present: H. Ted Pall, Jr., M.D., Mayor  
James Dittmar, City Councilmember  
William Fraser, City Councilmember  
Robert Johnson, City Councilmember  
Ronald C. Marshall, Ph.D., City Councilmember

Absent: None

Also in attendance were City Manager Dan Ralley, City Clerk-Treasurer Alan Terry, and City Attorney James Murray.

Resolution No. 18356  
Conduct Public Hearing;  
Confirm Assessment Roll

As the first item of business, the City Manager reported that, following procedures that were prescribed by City Code provisions, the City Council on November 2 had decided to conduct a November 16 public hearing and

then to consider imposing special assessments against eligible, non-residential, downtown-area properties in response to the annual request of the Downtown Management Board that this mechanism again be used to raise revenues that would be sufficient to offset costs of the Management Board's routine programs and services that had been planned for 2010; that if, after conducting the public hearing on November 16, the City Council decided that it wished to proceed with levying these proposed special assessments, the City Council then would be asked to adopt a proposed resolution that would direct the City staff to spread assessments and to invoice affected property owners.

The City Manager also reported that the City Council now was in receipt of a proposed special-assessment roll, based upon the Downtown Management Board's recommended assessment formula; that no comments concerning this proposal had been received; and that, if the City Council wished to proceed with this special assessment, the City Council would be asked to adopt a proposed resolution that would confirm the City Council's approval of the proposed roll and that would direct the City staff to certify the roll, spread assessments accordingly, and invoice property owners within 30 days.

Mayor Pall then declared the public hearing open; however, because no comments were received from persons who were in attendance at the meeting, Mayor Pall immediately closed the public hearing.

City Councilmember Dittmar then moved that, seconded by City Councilmember Johnson, the following resolution be approved:

WHEREAS, the City Council on October 5, 2009, reviewed a report of September 25, 2009, that had been prepared by the City Manager that listed programs and services that had been proposed to be provided property owners and tenants within the Downtown Management Board's territory along with the proposed special-assessment roll that could be implemented to finance such programs and services;

WHEREAS, following that review, the City Council conducted a public hearing on October 19, 2009, to receive comments concerning recommended programs and services as proposed to be provided by the Downtown Management Board as well as costs that had been estimated by the Downtown Management Board for providing such programs and services; and

WHEREAS, after receiving comments at its October 19 public hearing, the City Council then approved the programs and services as had been recommended by the Downtown Management Board, as well as approved the costs for such programs and services that had been estimated by the Downtown Management Board; and

WHEREAS, in addition to approving proposed downtown programs and services and costs of such programs and services, the City Council directed the City staff to prepare a special-assessment roll in accordance with the City Council's approval of recommended programs and services and costs of such programs and services for presentation to the City Council on November 2, 2009; and

WHEREAS, after receiving a proposed special-assessment roll, the City Council accepted the assessment roll, ordered that it be placed on file with the City staff and made available for inspection by the public, scheduled a public hearing for November 16, 2009, to receive comments concerning the proposed special-assessment roll, and directed the City staff to publish a notice of the November 16 public hearing and to notify potentially affected property owners of said hearing; and

WHEREAS, the City Council conducted its November 16 public hearing and is satisfied with the assessment roll as prepared by the City staff and believes that assessments are in proportion to benefits to be received:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby accepts the special-assessment roll as prepared by the City staff and as presented to the City Council and is satisfied with the roll and believes that assessments are in proportion to benefits to be received; and

BE IT FURTHER RESOLVED that the City Council does and hereby confirms the special-assessment roll as prepared by the City staff and as presented to the City Council; and

BE IF FURTHER RESOLVED that the City Council does and hereby orders that a certified copy of said special-assessment roll be placed on file at the City Hall and that the staff be and is hereby directed to spread the assessments and collect the various sums and amounts that appear on said special-assessment roll.

Said resolution was adopted by the following vote:

AYES: Dittmar, Fraser, Johnson, Marshall, Pall (5)

NAYS: None (0)

Resolution No. 18357  
Approve Consent Agenda Items

Following the introduction of the consent agenda for the City Council meeting of November 16, 2009, City Councilmember Dittmar moved that, seconded by City Councilmember

Fraser, adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the November 2, 2009, regular meeting of the City Council, as had been corrected prior to the start of this November 16 City Council meeting, be and are hereby approved as submitted; and

BE IT FURTHER RESOLVED that the City Council does and hereby acknowledges receipt of a report from the City Manager concerning all checks that had been issued since November 2 for contract and vendor claims at \$430,381.65, intergovernmental claims at \$112,211.85, and the November 12 payroll at \$159,678.88, for a total of \$702,272.38; and

BE IT FURTHER RESOLVED that the City Council does and hereby concurs that Ordinance 709 comports with November 2 motion language; and

BE IT FURTHER RESOLVED that the City Council does and hereby authorizes the purchase of a heavy-duty, compartment-type, utility-body truck with crane attachment and equipment from Mi-Deal State of Michigan purchasing contract for \$43,763, and Truck & Trailer Specialists, Boyne Falls, for \$42,756, for a total of \$86,519.

Said resolution was adopted by the following vote:

AYES: Dittmar, Fraser, Johnson, Marshall, Pall (5)

NAYS: None (0)

Continue Review of 2010 Annual Budget

The City Manager reported that, at its regular meeting of November 2, 2009, the City Council received a brief presentation by the City Manager concerning the City's proposed 2010 Annual Budget and scheduled a December 7 public hearing at which the City Council would receive comments concerning the proposed budget and property-tax-millage rates that had been recommended as part of the budget proposal for adoption by the City Council in mid-2010; and reported that the City Council could continue its review of the proposed 2010 Annual Budget in advance of the December 7 public hearing.

The City Manager also reported that he proposed to review the proposed 2010 Annual Budget at this November 16 meeting that would include discussion on a fund-by-fund basis including the General Fund, Local Street Fund, Major Street Fund, and General Street Fund, with discussion being generated from questions by the City Council; that at the December 7 public hearing, the Director of Parks and Recreation and Public Works would

be available to help field questions in particular to the Bear River Valley Recreation Area development project; and that at the City Council's December 7 meeting, the Tax Increment Finance Authority Fund would be the first fund for discussion.

The City Manager then began his review of General Fund revenues that included grants for the Bayfront Park Marina expansion project; reduced revenue amounts expected from State-shared revenues; property tax revenues were expected to increase only one percent in 2010; recreation fees were being proposed for private-use of park facilities to defray costs of setup and cleanup for those events; that page 5, last paragraph, second sentence, should be corrected to reflect 46% (instead of 20%) out of the 70% of non-resident participants in recreation programs being from Resort and Bear Creek Townships; that Resort and Bear Creek Townships contract with the City for leisure services and pay the City a percentage of costs based on the pervious year's actual expenditures versus revenues based upon the percentage of Township residents participating in the programs; and reported that the Director of Parks and Recreation could further explain this matter at the December 7 City Council meeting if the City Council so desired.

The City Manager also reviewed General Fund expenditures that included the Bayfront Park Marina expansion project, which could also be reviewed by the Director of Parks and Recreation at the December 7 meeting if so desired, that this project was estimated at \$2.15 million, with \$1 million in revenue through bonding, with such bond repayments being funded by Marina revenues, \$842,000 from State-grant revenues, and \$300,000 from cash reserves; and that the City staff would anticipate coming before the City Council in December for bonding on this project as well as bonding for the Bear River Valley Recreation Area project.

The City Manager also reported that General Fund expenditures within the Office of City Planner had decreased \$36,800 from previous years but that \$16,000 had been proposed for a community survey as a first step in performance measurements from the community concerning the City's operations and that this survey would be used as part of strategic planning sessions in January and February; that Department of Finance expenditures had increased primarily due to the addition of a full-time information technology staff member who previously had been a private contractor with the City; that public-safety expenditures for personnel were expected to decrease 33% because of reduced fringe benefit costs as a result of the institution of health-savings accounts to cover higher deductible levels that had reduced insurance premiums; and that the refuse-collection program had been proposed to change from the months of April, May, and June to instead be conducted during the months of May, June, and September, in response to residents' requests.

The City Manager and Director of Finance then responded to City Council inquiries that included revenue anticipated from property tax millage levies; recreation participation fees; investment amounts and placements; expenditures exceeding revenues resulting in the use of cash reserves; reporting on ways that the City had "tightened its belt" by deferring certain projects, covering costs of some City services with participation fees, and maintaining current levels of service without fee adjustments; that the primary cause for expenditures exceeding revenues in 2010 was the marina expansion project, but that the Marina fund had been saving cash reserves over the years to assist in funding this project; future possible agreements with Resort Township to transfer properties to the City as part of the Act 425 Agreement; Magnus Park user fees and where users originate from; anticipated fees for private use of City parks; clarification of payment in lieu of taxes to the General Fund from other City funds; State inflation rate; and line-item differences for 2008 and 2009 versus 2010 amounts; and where recommendations for fee adjustments originated.

Public comment received concerning the General Fund were:

Dean Fleury, 108 Michigan Street, asked for clarification on the City Manager's comments concerning the Headlee Amendment (the Director of Finance responded to Mr. Fleury and explained such comments).

Carla Buckmaster, Resort Township, reported that she believed that the City should consider cuts in operations or projects when deficits were proposed in fund balances instead of using cash reserves or fee adjustments (the City Manager responded to Ms. Buckmaster with further explanation of the Marina expansion project funding that primarily would cause the General Fund deficit amount and that fees to private users of the Park system would be to cover City staff costs to setup and cleanup those sites following private events); and asked what steps the City had taken to decrease its expenses (the City Manager and Director of Finance responded that the City had held its expenses for operations to a 1% increase; that the City had deferred some new proposed services, and would require individual participants and neighboring Townships to shoulder more of the costs for City recreation programs; and that significant cuts had not been necessary because, unlike many municipalities, the City of Petoskey was fortunate to have revenues that had still been slowly increasing).

Joseph Baird, 923 State Street, asked if Water and Sewer Fund balances were based on revenues prior to any rate increase (the Director of Finance responded that they were based on current fee schedules); discussed increased costs for the Office of the City Attorney and reported that he was surprised that the City Council had not questioned such costs (Mayor Pall responded that he was acutely aware of the amount of legal work that had been required in 2009; that he had anticipated the increase in costs for such work; that legal fees charged by the Office of City Attorney had remained the same but that work hours had increased consistent with the workload; and reviewed costs of the former Office of the City Attorney and the current Office of the City Attorney).

City Councilmember Johnson reported that he wished to note that he believed that, in reading proposed 2010 Annual Budget commentaries, the City was dependent upon the Bay Harbor development tax base to continue to be the successful community that it has been.

The City Manager reported on the Major Street Fund that included revenues received from motor-fuel tax reimbursements from the State of Michigan and the number of Major Street miles; that the City received three times the amount of reimbursement from the State per street mile for Major Streets than for Local Street miles; reviewed 2010 expenditures for the Major Street Fund; and reported that no capital projects had been proposed for 2010 within the Major Street Fund.

The City Manager reported that the Local Street Fund also received revenues from motor-fuel tax reimbursements through the State of Michigan and the number of Local Street miles - 22 miles; reviewed transfers from the Local Street Fund; 2010 major projects for the Local Street Fund included Wachtel Avenue street reconstruction and retaining wall; lone Street, from Jackson Street to Ingalls Avenue, street reconstructed including curbs and gutters; and Fulton Street, from Franklin Street to Riverview Terrace Apartments, also reconstructed with curbs and gutters; and that the Local Street Fund historically had been dependent upon fund transfers.

In response to City Council inquiries, the City Manager and Director of Finance reported about current status of the Michigan Department of Transportation grant for the 2008 East Mitchell Street reconstruction project, and briefly reviewed alley and miscellaneous street repairs.

City Councilmember Johnson requested that the City staff receive input from residents in the street reconstruction project areas prior to project starts.

The City Manager then reported about the General Street Fund that included street lighting, street trees, sidewalk construction, sidewalk maintenance repair, and sidewalk snow removal; that a major difference in this fund was that all street funds - Local, Major, and General Street - maintenance administration costs had been reclassified to the General Street Fund to simplify the process for reimbursement from State-shared revenues; and that sidewalk replacement was a major emphasis of the General Street Fund during 2010 with sidewalk projects tied to the Local Street Fund street-reconstruction projects.

In response to inquiries, the City Manager responded that newly-planted street trees had not weathered well in areas where street salt accumulated in tree areas; that East Mitchell Street trees that had not survived would be replaced in 2010 at no cost to the City under one-year warranty terms with the contractor; and that the Director of Parks and Recreation could further comment on this matter at the December 7 City Council meeting.

Following no additional comments, Mayor Pall then deferred further review of the 2010 Annual Budget until the December 7 City Council meeting at which time a formal public hearing had been scheduled to receive public comments.

Hear Comments

Mr. Baird complimented the City Council on the process that was being used for budget review; and that he believed it had been helpful to review each fund in its order listed within the budget report.

City Councilmember Johnson and Fraser thanked the City staff for their work in preparing the 2010 Annual Budget, and City Councilmember Fraser reported that he was pleased with the addition of pie charts.

Schedule November 21  
Special Session

Mayor Pall reported that six interviews for the Director of Public Safety would take place beginning Friday, November 20, and that the City Council would be conducting its interviews with the six potential candidates beginning at 8:00 A.M., Saturday, November 21, that would call for a special-session meeting of the City Council; and reported that a City Management Team, as well as a Community Leaders Team consisting of Thomas Postelnick, former Director of Public Safety; Kate Marshall, former Mayor; Dale Hull of Dale Hull & Associates; Larry Rochon, Downtown Management Board and Downtown Development Authority Chairperson; Diana Harold, citizen; John Jeffries, former Petoskey Public Schools Superintendent; and DJ Jones, Director of the Petoskey-Harbor Springs Area Community Foundation, would also conduct interviews of the potential candidates.

The City Manager reported the he wished to schedule strategic-planning sessions with the City Council for Friday and Saturday, January 8 and 9, 2010, with Saturday, February 6, or Saturday, February 13, serving as a follow-up session; and asked that the City Council respond with their availability for these dates.

There being no further business to come before the City Council, the meeting was adjourned at 9:05 P.M.

---

H. Ted Pall, Jr., M.D., Mayor

---

Alan Terry, City Clerk-Treasurer