

## CITY COUNCIL

March 2, 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, March 2, 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  
Ronald C. Marshall, Ph.D., City Councilmember

Absent: Robert Johnson, City Councilmember

Also in attendance was Acting City Manager Alan Terry and Administrative Assistant Dianne DeWitt.

Resolution No. 18279  
Approve Consent Agenda Items

Following the introduction of the consent agenda for the City Council meeting of March 2, 2009, City Councilmember Fraser moved that, seconded by City Councilmember

Dittmar, adoption of the following resolution that would confirm that the minutes of the regular meeting of February 16, 2009, and special-session meeting of February 23, 2009, be approved as submitted, and that would confirm the City Council's acknowledgement of a report by the Acting City Manager concerning all checks that had been issued since February 16, 2009, for contract and vendor claims at \$1,735,472.07; intergovernmental claims at \$81,783.64, and the February 19 payroll at \$154,435.48:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the February 16, 2009, regular meeting and February 23, 2009, special-session meeting of the City Council, be and are hereby approved as submitted; and

BE IT FURTHER RESOLVED that receipt by the City Council of the report concerning all checks that had been issued since February 16, 2009, totaling \$1,971,691.19, be and is hereby acknowledged.

Said resolution was adopted by the following vote:

AYES: Dittmar, Fraser, Marshall, Pall (4)  
NAYS: None (0)

The Acting City Manager reported that, at its

Resolution No. 18280  
Adopt Ordinance 707 - PILOT

meeting of February 16, 2009, the City Council reviewed and deferred a request by Kenneth C. Bovee, President, Keystone Management Group, representing Traverse Woods Apartments-Petoskey Limited Dividend Housing Associated Limited Partnership (LDHA LP), Petoskey, that the City Council re-adopt Ordinance 700 thereby initiating the one-year-time provision for commencement of the rehabilitation project.

The Acting City Manager also reported that the City Attorney had revised the proposed ordinance provided at the February 16 meeting to include a definition in Section 3(F) that defined the class of housing as "Family Housing for persons of Low Income," along with a change to incorporate the name of the sponsor in the ordinance being specific to that owner; and that any change in ownership would require an amendment to the ordinance.

The Acting City Manager also reported that information had been provided to the City Council from the City Attorney in response to questions that had been submitted by City Councilmember Dittmar, as well as others, concerning the requested amendment of the Little Traverse PILOT ordinance; and that, following City Charter provisions, the City Council now was being asked to consider adoption of the proposed ordinance as revised from its February 16, 2009, meeting.

Following a brief discussion, City Councilmember Dittmar moved that, seconded by City Councilmember Marshall, the following ordinance be approved:

Ordinance No. 707

AN ORDINANCE TO PROVIDE FOR A SERVICE CHARGE IN LIEU OF TAXES FOR A PROPOSED MULTIPLE-FAMILY DWELLING PROJECT FOR PERSONS OF LOW INCOME TO BE FEDERALLY-ASSISTED PURSUANT TO THE PROVISIONS OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966, AS AMENDED.

Said Ordinance 707 was adopted by the following vote:

AYES: Dittmar, Fraser, Marshall, Pall (4)

NAYS: None (0)

Hear Petoskey Point Update

The Acting City Manager reported concerning the Petoskey Pointe redevelopment project and advised that a Notice of Default had been sent to the necessary recipients and that the City staff had no new information to report.

Responding to a question from a member of the audience, Mayor Pall reported that the Tri-Party Agreement required a 60-day response period that National City Bank could respond to the Notice of Default; and that the City Council now awaited either a response or the expiration of the 60-day period to consider further action regarding this matter.

The Acting City Manager reported that, at its

Resolution No. 18281  
Schedule Tax Abatement Hearing

meeting of February 2, 2009, the City Council adopted an ordinance that amended the City's zoning ordinance provisions that would permit Kilwin's Candy Kitchens, Inc., Petoskey, to move its operations to the site of the former Oleson's Plaza; and that Kilwin's was now requesting that the City Council consider an application for certain tax abatements on investments in new real and personal property anticipated for the new location as part of a tax-credit application being made to the State of Michigan.

The Acting City Manager also reported that Kilwin's was applying to the Michigan Economic Growth Authority (MEGA) for a refundable tax credit against their Michigan Business Tax (MBT); that they were eligible to apply for the credit as a manufacturing company expanding operations in Michigan; that the rural MEGA tax credit was based on adding new jobs (estimated at 25) over time while maintaining current levels of employment; and that the eight-member MEGA Board evaluated each application and awarded tax credits taking into account local participation in tax reduction.

The Acting City Manager also reported that a request was being submitted for a property-tax reduction under the Industrial Property Tax Abatement Act (IFT), Public Act 198 of 1974; that real and personal property were eligible for a tax abatement up to 12 years on new investments; that Kilwin's would only include the real property portion of the project in this portion of the request; and that new construction had been estimated to total \$1,400,000 which would be taxed at a reduced millage rate of 29.1614 mills.

The Acting City Manager also reported that a request for a reduction in personal-property taxes was being requested under Public Act 328 of 1998 that allowed certain communities to abate all new personal-property taxes for which Petoskey is included as the seat of Emmet County; that, while there was no time limit provided within the law, this request was for a period of six years that would approximate the same tax savings as would be achieved with an IFT over a 12-year period; and that this abatement provided tax savings during its early years, as a sort of front-end loading for the project.

The Acting City Manager also reported that the City Council had been provided charts that illustrated the real and personal-property tax savings; that the length of time that either abatement might be granted could be determined by the City Council with abatements under Public Act 198 limited to a maximum of 12 years and no maximum under Public Act 328; and that the abatements could also be made contingent on the receipt of tax credits with MEGA, which were evaluated annually to make sure the applicant fulfilled the requirements under its guidelines.

The Acting City Manager also reported that State law provisions of Public Act 198 and 328 required that a hearing to receive public comment be held prior to the granting of a request; that notices would be sent to the affected taxing units notifying them of the real and personal-property tax abatements being requested and of the public hearing to allow them an opportunity to respond; and that a public hearing could be scheduled for the March 16, 2009, City Council meeting.

The Acting City Manager introduced Jan Kellogg, Northern Lakes Economic Alliance, Boyne City, and Donald McCarty, Kilwin's Chocolates Franchise, Inc., Petoskey, who

reviewed the proposed project application; proposed project plans that would eventually be submitted to the Planning Commission for its approval process; and information concerning the State's formula used to define eligible communities as part of the application process.

Following discussion, City Councilmember Dittmar moved that, seconded by City Councilmember Fraser, the following resolution be approved:

BE IT RESOLVED that the City Council does and hereby schedules a public hearing at its next regular City Council meeting of March 16, 2009, to receive comments on establishing an Industrial Development District at the former Oleson's Plaza site, and to hear comments on abatements of new real and personal-property taxes for Kilwin's Chocolates Franchise, Inc., Petoskey, at the former Oleson's Plaza site.

Mayor Pall asked for public comment and heard the following:

Kate Marshall, 1015 East Mitchell Street, asked for further definition of the term "distressed community" as it applied to Petoskey (the Acting City Manager responded that, while he did not believe that Petoskey was considered distressed, because it was the County seat for Emmet County, it qualified as such under provisions of the tax abatement application process.

Chuck Lindsley, 448 Grove Street, asked if other tax abatements had been approved by the City Council (the Acting City Manager responded that the City Council had granted tax abatements in 2008 to Cygnus Inc., Petoskey, and Demmer Corporation, Lansing, for both real and personal property, as well as Continental Structural Plastics, Inc., Troy, in 2006).

Said resolution was then adopted by the following vote:

AYES: Dittmar, Fraser, Marshall, Pall (4)

NAYS: None (0)

Resolution No. 18282  
Approve Brush-Limb Chipping Contract

The Acting City Manager next reported that the City's current three-year contract for chipping and disposing of brush and tree limbs would expire this month; that, under this

contract, services had been provided Citywide both on a weekly basis and on an on-call basis; and that current costs, since 2006, were \$69.82 per hour.

The Acting City Manager also reported that program specifications had been made available February 6; that ten area firms had been invited to submit hourly rates for personnel and equipment that would be maintained for three years; and that four bids had been received at a public opening on February 25:

<u>Bidder</u>	<u>Chipping</u>	<u>Hauling</u>
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Al and Jim's Tree Service Harbor Springs	\$ 92.00	\$ 75.00
Consumers Energy Corporation Saginaw	\$ 85.57	\$ 145.00
Jim Hoffman's Sons, Inc. Petoskey	\$ 72.50	\$ 72.50
Pine River Turf Center, Inc. Charlevoix	\$ 100.00	\$ 80.00

The Acting City Manager also reported that the City Council was being asked to authorize contracting with Jim Hoffman's Sons, Inc., Petoskey, for these services at \$72.50 per hour; and that Consumers Energy, through a subcontractor, had provided such services since 2006, initially charging \$69.82 per hour.

Following discussion, City Councilmember Fraser moved that, seconded by City Councilmember Dittmar, the following resolution be approved:

BE IT RESOLVED that the City Council does and hereby approves a three-year-long contract with Jim Hoffman's Sons, Inc., Petoskey, for chipping of brush and tree limbs and for hauling and disposing of such materials for \$72.50 per hour.

Said resolution was adopted by the following vote:

AYES: Dittmar, Fraser, Marshall, Pall (4)

NAYS: None (0)

Hear Comments

Joseph Baird, 923 State Street, asked for a status report concerning remuneration for the Acting City Manager (Mayor Pall responded that this matter would be placed on the March 16, 2009, City Council meeting agenda; and that remuneration would be retroactive to January 5, 2009).

William McCullough, 115 Clinton Street, and Jan Cornstalk, Charlevoix, asked for additional information concerning the definition of Petoskey being a distressed community as part of meeting discussion for tax abatements (Mayor Pall and the Acting City Manager reviewed the provisions of tax abatement applications, one of which was that a community be considered distressed; that they believed that Petoskey was not distressed, but as the County seat of Emmet County, it was eligible for application purposes).

Cynthia Robson, 606 Grove Street, asked how the granting of tax abatements would benefit Petoskey (Mayor Pall responded by quoting seven reasons that had been listed in the State tax act that would directly benefit a community; and the Acting City Manager responded that this would permit the redevelopment of a vacant building).

City Councilmember Marshall reported that he was concerned that the City Council had not been consulted prior to placement of traffic-flow signs at State Street intersections at Howard Street and Waukazoo Street during Central School drop-off and pick-up periods;

and that while he had no objections to these signs, he believed that this matter should have been recommended by the Planning Commission to the City Council for their approval.

Cynthia Linn Robson, 606 Grove Street, reported that she believed that these signs were critical during School pick-up and drop-off times because of the reverse-out parking that was available in the Central School area.

Mr. Lindsley reported that he believed that this matter was not an appropriate matter for City Council but should be handled administratively.

Mayor Pall reported that he believed that this matter might best have been reviewed by the Planning Commission with a recommendation made to the City Council for its approval; that parking and traffic issues were complicated matters that should be referred to the Planning Commission; reviewed the status of the City Manager position recruitment; thanked the City Council and public for attending a February 23, 2009, special-session meeting concerning the Bear River Valley Recreation Area planned improvements; that he had received a letter from the State Librarian approving the study of a district library; that the next step in this process would be appointment of members to a District Library Study Committee; that this matter would be placed on the March 16, 2009, City Council meeting agenda, and that City Councilmember Fraser had requested that fencing ordinance provisions be revisited by the City Council at its March 16, 2009, meeting.

There being no further business to come before the City Council, the meeting was adjourned at 8:30 P.M.

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

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Alan Terry, City Clerk-Treasurer