



CITY COUNCIL

February 17, 2014

A regular meeting of the City of Petoskey City Council was held in the City Hall City Council Chambers, Petoskey, Michigan, on Monday, February 17, 2014. This meeting was called to order at 7:00 P.M.; then, after a recitation of the Pledge of Allegiance to the Flag of the United States of America, a roll call then determined that the following were

Present: William Fraser, Mayor
Kate Marshall, City Councilmember
John Murphy, City Councilmember
Grant Dittmar, City Councilmember
Jeremy Wills, City Councilmember

Absent: None

Also in attendance were City Manager Dan Ralley, City Clerk-Treasurer Alan Terry and Director of Public Safety John Calabrese.

Department of Public Safety Honor's Board Presentation

The Department of Public Safety Honor's Board had recently authorized awards to Officers and citizens for meritorious service. Department of Public Safety Director John Calabrese presented awards to Public Safety Officers and citizens for their commendable service throughout the community that included PSO Fritz, PSO Haalck, PSO Troxel, PSO Kushner, PSO Mikulski, Christina Kellogg, Allied EMS, Josh Miller, Allied EMS, Tina Adams, Allied EMS, Ryan Slifka, Allied EMS, Bill Drake, Allied EMS, Michelle Hitner, Allied EMS, Lindsey Slifka, Allied EMS, Lt. Weston, Lt. Rice, PSO Carlson, PSO Schultz, Detective Troxel, Dispatcher Kim Matelski, CCE, John Edgar Gerdes, Marty Flynn, Department of Public Works WWTP, Todd McMaster and Lisa Ross.

Resolution No. 18753 Approve Consent Agenda Items

Following introduction of the consent agenda for this meeting of February 17, 2014, City Councilmember Marshall moved that, seconded by City Councilmember Wills adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the February 3, 2014 regular-session City Council meeting be and are hereby approved;

BE IT FURTHER RESOLVED that receipt by the City Council of a report concerning all checks that had been issued since February 3 for contract and vendor claims at \$994,624.20, intergovernmental claims at \$56,092.30, and the February 13 payroll at \$180,776.15, for a total of \$1,231,492.65 be and is hereby acknowledged; and

BE IT FURTHER RESOLVED that the City Council does and hereby authorizes to contract with Jim Hoffman's Sons, Inc., Petoskey, for planting of trees at various locations throughout the City for \$90,379.

Said resolution was adopted by the following vote:

AYES: Marshall, Murphy, Dittmar, Wills, Fraser (5)

NAYS: None (0)

Resolution No. 18754
Confirm Appointments

Mayor Fraser then reviewed that City Council consider possible appointment to the Downtown Management Board due to a vacancy after Jim Connaughton's resignation. City Councilmember Wills moved that,

seconded by City Councilmember Murphy, adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby approves the appointment of Jason Keiswetter, 804 East Lake Street, to the Downtown Management Board, for a two-year term ending December 2016.

Said resolution was adopted by the following vote:

AYES: Marshall, Murphy, Dittmar, Wills, Fraser (5)

NAYS: None (0)

Hear Public Comment

Mayor Fraser asked for public comment and there were no comments.

Hear City Manager Updates

The City Manager reported on the US-31/Mitchell Street MDOT and Mitchell Street bridge projects scheduled to start March 1 and street work is to begin April 1 with an anticipated completion date of July 4, 2014. The City Manager also reported that Petoskey residents were notified to run water due to the excessive cold weather and numerous freeze-ups; reviewed that the Mitchell Street bridge design was discussed by Council, City staff and MDOT and that there would be no sidewalk replacement, that metal railings were added during the last repair, bump outs are being removed for vehicle safety; and discussed sending a letter to MDOT regarding pedestrian safety concerns.

City Councilmember Murphy motioned, supported by City Councilmember Dittmar to send a letter to MDOT requesting they look at feasibility of utilizing current footprint including bump outs on pedestrian side of bridge.

Said motion was adopted by the following vote:

AYES: Marshall, Murphy, Dittmar, Wills, Fraser (5)

NAYS: None (0)

Mayor Fraser asked for public comments and heard from a citizen that spoke with MDOT Gaylord office regarding the bridge, bump outs and historical preservation; and that without bump outs for pedestrians safety is a concern. There was also a comment regarding project timeline.

Accident Cost Recovery
Program Discussion

The City Manager then reviewed that at the February 3, 2014 City Council meeting, following discussion about various revenue options for general operations, City Council indicated that they wanted further discussion about an accident cost recovery program. Accident recovery fees are designed to reimburse the City for the cost of accident responses for accidents that are caused by non-residents. Of the 450 automobile accidents that the Department of Public Safety responds to on an annual basis, almost half are caused by non-residents. It is estimated that an accident recovery program could recover between \$40,000 and \$50,000 in costs associated with these non-resident at-fault accidents.

Under Act 33 of 1951, as amended in 1990, the legislative body of a municipality in Michigan may authorize by ordinance the collection of fees for emergency police, fire, or ambulance services. In recent years, billing for the ambulance transport of patients has become a standard practice among governmental entities that operate ambulance services, including Allied EMS. In these instances, in addition to funding support from tax dollars to ensure the basic availability of ambulance services to residents, user fees are also assessed to the insurance carrier of the individual patient.

The use of accident recovery fees for police and fire departments across Michigan is more limited. Currently 14 different police and fire departments in Michigan utilize an accident recovery fee program. Additionally, there is a lower overall rate of collection from insurance providers for costs incurred by police and fire services. In 2010, when the City first looked at the option of imposing Accident Recovery Fees, the collection rate was approximately 50%, and today the collection rate is approximately 30%.

Typically, a cost structure is established for each piece of equipment within a department along with a standard personnel rate. For fire equipment, the basic response cost is approximately \$500 per vehicle, plus manpower costs to respond to an accident. Lesser equipment rates could be established for police vehicles and equipment. The City would have control over who is charged for accident costs, and individuals are not typically billed, only insurance companies. Further, victims in accidents are not charged for services, only persons who are found to be at-fault in an accident. The City can establish a policy that residents and taxpayers are not charged for accident recovery costs.

Under State statute, a cost recovery program must be established by an ordinance of City Council, which was enclosed for Council review. Separately, via resolution, City Council can establish individual policies for the administration of the cost recovery program, which would likely be administered through a third party.

City Council was being asked to discuss the merits of an accident recovery program and give direction to City staff on whether to prepare an ordinance and associated policy resolution for Council consideration at a future meeting.

City Councilmembers commented on the collectability of the fee; if revenue estimates were based on claims from companies the City would be dealing with; and how it may be a negative issue with relatively minor revenues.

Director Calabrese responded that 15-20 municipalities have this type of program in place including a township in Grayling, with a 35-40% collection rate from insurance companies; and that this program is for traffic accidents, not false fire alarms.

Mayor Fraser asked for public comments and heard from those inquiring why an outside company could collect when City could do the same; why a program would be put into place when collection rates have decreased from 50% to 30%; that this type of program will cause an increase in insurance rates for citizens; heard from those opposed to the program; that this matter had been discussed before and insurance experts were present indicating they would not pay claims associated with this type of program; and that matter at hand had not been researched fully.

The City Manager then inquired if City Council wished to pursue this program further and there was no Council support.

Public Safety Special Millage Discussion The City Manager reviewed that at the February 3, 2014 City Council meeting, following discussion about various Revenue options for the City's general operations, including the Department of Public Safety, City Council indicated an interest in further discussion about a possible Public Safety millage. During presentations at a January 27, 2014 special City Council meeting, staff outlined approximately \$1.85M in fire equipment replacement needs, and discussed the effects of staff cutbacks, which have left two Public Safety Officer positions vacant following retirements.

Since 2010 the City of Petoskey has lost 20% of its taxable value, reducing total annual tax revenues by more than \$1M across all tax millages. Although real estate valuations now appear to have stopped declining, under State laws that cap the annual growth rate in tax revenue, this loss of tax revenue is essentially permanent. The City's general operations millage, which funds Public Safety and Parks, has been reduced by nearly \$600,000 annually, which has directly impacted the ability to fund Public Safety and adequately plan for fire equipment replacement.

At the February 3 meeting, City Council discussed several potential funding options including a Headlee override for the General Operations millage and the establishment of a local income tax. Although each revenue option has merit, a targeted funding request for Public Safety, which must be approved by the voters, was tentatively seen as having a higher probability of passage. Additionally, in examining other Michigan communities that have attempted public Safety millages, it was noted that a millage that has a "sun set" to it for a determined period of time, possibly 5 to 6 years, may improve the change of passage.

If a millage option was pursued, it seems likely that a request of two mills or less over a period of 5 to 6 years would be sufficient to provide needed funding for equipment replacement and the restoration of full staffing levels within the Public Safety department. Two mills would generate approximately \$900,000 annually, which, if split between capital costs and personnel, would allow the City to fund the deferred replacement of approximately \$1.85M in fire vehicles and associated equipment over a period of five years, and also fund up to three staff positions annually. A request of this amount may also allow the building of some reserves for future vehicle replacements beyond the five year period. A renewal of this tax millage for a lesser amount may be required at the end of this initial period in order to continue covering operational expenses funded by a portion of the Public Safety millage.

As part of this process, Council could consider whether the establishment of a citizen committee would benefit a possible millage campaign. This committee would take into consideration the full extent of the City's General Fund fiscal picture, including the City's fiscal history and accompanying trends, to projections for the future. As part of this review, the committee would be charged with developing and bringing to City Council a set of viable options that can help put the City on a path to long-term sustainability.

The City may also benefit from a survey of residents that would gauge community support for different funding options. City staff received a proposal from Cobalt Community Research, a 501(c)3 based in Lansing that would survey community residents to gauge support for budget priorities, potential millage initiatives, and communication preferences. Cobalt has worked with other Michigan municipalities in advance of millage requests to evaluate resident support for different funding and communication options. Utilizing the City's utility bills to reduce postage costs, such a survey would cost approximately \$7,000 and would include a summary report of the results and a presentation to City Council. Such a survey could be completed in approximately 60-90 days.

City Councilmembers discussed the citizen committee members being appointed by Mayor with Council approval; discussed the potential number of members on a committee; heard from those in support of a citizen committee to better educate people; that a history of Public Safety department would be beneficial to review how the City got to the financial state currently experienced; and what services two mills would provide the City.

City staff and Councilmembers further discussed the Public Safety millage vs. Headlee Override; City millage vs. total of all units; and General Fund vs. other fund City expenditures.

Mayor Fraser asked for public comments and heard inquiries on where revenue from the property tax administration fee would go; concerns with turning over this discussion to citizens; that potential committee members should be capable of understanding budgets, needs, etc.; that possibly two citizens from each ward could be appointed to committee by those Councilmembers; inquiries on what Public Safety staff duties are at Public Safety West Station; that Public Safety manpower is short, and what are the options for the department; and concerns that there may be minimal community support for a millage.

Mayor Fraser commented that currently City is not in crisis mode and Councilmembers concurred to consider some potential names for committee members to discuss at a future meeting.

Hear Council Comments

Mayor Fraser asked for Council comments and City Councilmember Wills commented that the Winter Carnival was a success over the weekend with a lot of people in attendance and commented on the Public Safety awards regarding meth labs and how we all need to be aware of them; City Councilmember Murphy applauded the Department of Public Works for doing a great job this winter keeping the streets plowed; and Mayor Fraser also commented that DPW has done a great job clearing snow this winter.

There being no further business to come before the City Council, this February 17, 2014, meeting of the City Council adjourned at 9:05 P.M.

W.J. Fraser, Mayor

Alan Terry, City Clerk-Treasurer