



CITY COUNCIL

March 24, 2014

A special-session meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, March 24, 2014. The meeting was called to order at 7:00 P.M. and a roll call then determined that the following were

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

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

Discuss Long-Term City Finances The City Manager reviewed that at their March 3, 2014 meeting City Council indicated an interest in holding a work session to further discuss the City's long-term financial condition. Discussion focused on funding for capital building maintenance and repairs, as well as Public Safety needs that were detailed as part of previous agenda materials.

The City Manager reviewed that following the March Board of Review hearings, the City's tentative taxable value as reported to Emmet County Equalization will be \$453,605,211, or about \$3.35M higher than the \$450,244,962 taxable value originally budgeted for 2014. This growth represents a 1.7% increase over 2013 values, and will result in about \$26,000 in additional revenue to the General Fund beyond what was budgeted for 2014.

The City Manager also reviewed that Michigan legislature is currently considering a ten bill package that aims to amend laws passed in late 2012 that would eliminate personal property taxes in Michigan. These new bills increase the reimbursement to local units of government, aiming to make cities "whole" from the loss of personal property taxes thru the use of a state-assessed Essential Services Assessment and a shift in the Michigan use tax. Most provisions of these bills, other than the \$40,000 and under Small Taxpayer Exemption, are conditioned upon approval of an August 6, 2014 statewide vote to shift the use tax to create a personal property tax replacement fund. The City collects approximately \$200,000 annually from personal property taxes, including approximately \$50,000 annually from small parcels of under \$40,000 in taxable value. Under existing law, also subject to a statewide vote, the City would not have been compensated for the loss of personal property tax.

City Councilmembers continued discussion of possible additional funding sources such as Headlee Override, income tax, Public Safety millage and Special Assessments, and the Property Tax Administration Fee which was approved, in order to maintain staffing, equipment and services at existing levels and fund capital requirements.

City Councilmembers and Staff discussed Public Safety staffing needs; equipment replacement; and how many mills may be required to fill those needs. Discussions included Recreation Department operations, their future needs and possible changes, along with other City funds and if they are able to fund some other expenses or contribute to the General Fund's needs.

Hear Public Comment

Mayor Fraser asked for public comments and heard inquiries regarding the use of parking revenues; what expenses are included within the Electric Fund and possible use of Electric Fund reserves; the lack of understanding by the general public regarding government operations; the option of a local income tax that would broaden the tax base to include non-resident users of City services; and if benchmarks could be put in place to review the extent of City services.

City Councilmembers discussed performing a survey of City residents regarding their opinion of certain City services and possible alternative funding options. City staff will obtain additional detailed information regarding a city-wide citizen's survey for discussion at the next regular City Council meeting.

There being no further business to come before the City Council, the meeting was adjourned at 8:50 P.M.

William J. Fraser, Mayor

Alan Terry, City Clerk-Treasurer