



## CITY COUNCIL

July 21, 2014

A regular meeting of the City of Petoskey City Council was held in the City Hall City Council Chambers, Petoskey, Michigan, on Monday, July 21, 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 Acting City Manager, Alan Terry, City Planner Amy Tweeten, Downtown Director Becky Goodman, City Attorney James Murray and Administrative Assistant Sarah Bek.

Resolution No. 18796  
Approve Consent Agenda Items

Following introduction of the consent agenda for this meeting of July 21, 2014, City Councilmember Wills moved that, seconded by City Councilmember Marshall adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the July 7, 2014 regular-session City Council meeting be and are hereby approved; and

BE IT FURTHER RESOLVED that receipt by the City Council of a report concerning all checks that had been issued since July 7 for contract and vendor claims at \$1,046,766.42, intergovernmental claims at \$61,512.93, and the July 17 payroll at \$214,226.19, for a total of \$1,322,505.54 be and is hereby acknowledged.

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 comments and heard from Mark Thompson, 1528 Willis Avenue, who commented on emergency services billing and thanked Council for not approving these services since it has been an issue for another area community.

Hear City Manager Updates

The Acting City Manager reported that the US-31 project was winding down; curb work would be done this week; asphalt starting on side streets and milling on highway would begin Sunday with hopes to be completed by next Wednesday; that the epoxy overlay coating for the Mitchell Street bridge will begin August 4; that Arlington Avenue work is progressing with an anticipated completion date by the end of August; that the sensor for the stop light at MacDonald Drive was taken out so difficult for traffic to turn left; that Jennings Avenue project is progressing and should be completed within three weeks; and that 15 of the 16 vacation rental applications have permits completed.

City Councilmembers inquired why the east side sidewalk was closed; if the underside of the bridge was completed; if new asphalt will come up to bridge; when the islands would be filled; if the meeting occurred between MDOT and City staff opposing the widening of US-31; if staff new the reason MDOT is changing highway to four lanes instead of two; and if the milling machine for US-31 project is the same for Jennings Avenue.

In response to Council questions the Acting City Manager responded that the underside of the bridge was complete; that asphalt would come all the way up to the bridge; islands would be filled sometime this week; that MDOT and City staff met July 8 concerning widening of US-31 and plans have not been finalized, but that a round-about at Mitchell Street has been removed; and that the Jennings Avenue milling machine is not the same one used for the US-31 project.

Resolution No. 18797 – Confirm  
Non-Profit Organization

The Acting City Manager reviewed that the Friends of the Petoskey Public Library, as administrator of raffle drives requested Council's verification as part of future fund-Raising events. State statutes require that not-for-profit organizations that seek gaming licenses receive from the legislative boards of local units of government in communities where they are located certifications that such organizations do in fact operate locally.

Council was being asked to confirm that the Friends of the Petoskey Public Library is a local not-for-profit organization that is known by the City. The approved resolution would be submitted to the Michigan Bureau of the Lottery, Charitable Gaming Division, Lansing, with future applications for gaming licenses that would permit this organization to conduct future fundraising raffles.

City Councilmember Marshall moved that, seconded by City Councilmember Dittmar adoption of the following resolution:

WHEREAS, local governmental units are required to certify status of local non-profit organizations that seek permission of the Michigan Bureau of the Lottery, Charitable Gaming Division, to conduct certain types of fundraising campaigns that require issuing of gaming licenses; and

WHEREAS, the Friends of the Petoskey Public Library, Petoskey, has requested that the City recognize it as a non-profit organization that operates within the community for the purpose of administrating gaming licenses that would permit a raffle and future fundraising events, the proceeds from which would benefit the individual affiliate conducting the event:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby certifies that the Friends of the Petoskey Public Library, Petoskey, is a recognized non-profit organization that operates within the Petoskey community.

Said resolution was adopted by the following vote:

AYES: Marshall, Murphy, Dittmar, Wills, Fraser (5)  
NAYS: None (0)

First Reading of Proposed Ordinance  
Amending Sign Ordinance

The Acting City Manager reviewed changes and additions to the proposed ordinance and that the Planning Commission Sign Committee has been working on amendments to the Sign Ordinance for the past year. The proposed changes all pertain to questions or difficulties that have arisen in the administration and enforcement of the ordinance, or as changes that the Committee felt needed to be made to minimize sign clutter.

The Planning Commission then reviewed and amended further the proposed amendments at its March 20 and May 8 meetings and held a public hearing on the amendments at its June 12 meeting. The Planning Commission then moved to recommend the proposed ordinance changes to City Council.

At their July 7, 2014 meeting, City Council made revisions to Section 6.1(7) of the proposed ordinance amendment. The City Attorney determined the revisions were substantive enough to require another first reading of the proposed ordinance.

#### **1. Section 2.1 Definitions**

There are three proposed definition changes, two are amending current definitions for improved clarity (“Ground-floor Wall Area” and “Historic Sign”) and one is a new definition (“Mural”). The Planning Commission does not believe that murals, as public art, should be regulated by the sign ordinance, so a definition has been created and if a mural meets the definition, would not be regulated by the ordinance. The Commission does believe, however, that there should be a defined review process for murals and other public art and this should be established by City Council.

#### **2. Section 6.1 Permitted Permanent Signs (Do not require permits)**

6.1(3) Commemorative Signs. The proposed language places a size restriction to these wall-mounted historical markers, requires historical proof, and exempts architectural features such as corner stones or date stones.

6.1(7) Council amended the proposed ordinance on July 7, 2014 to read “Murals on a non-street and non-park facing wall subject to staff review that there is no commercial purpose or message included.” Based on Council’s motion, staff recommended that verbiage from the Sign Ordinance dealing with sign maintenance be inserted in Section 6.1(7) that reads “Murals shall be maintained by all times in a safe condition and kept in good repair.” After the City Attorney reviewed, staff further refined both the definition of a mural and the language in Section 6.1(7).

#### **3. Section 7.1 On-premise Signs Requiring a Permit**

The majority of changes to this section are adding the requirements for the two newly-adopted zoning districts (B-2A and B-2B), which will be the same as the B-2 Central Business District, to the relevant tables.

However, there is also a reduction in the allowance for free-standing signs in the B-3, I-1 and I-2 Districts from 15 feet in height and 40 square feet to 8 feet in height and 30 square feet. This change came out of the discussion of the signs at the new Big Boy and McDonald’s.

The Commission feels that the current standard for the B-3A and B-3B (8 feet/30 square feet) is a more appropriate size for free-standing signs in the community, rather than the current standard. However, the Commission is recommending one change for buildings that have four or more tenants (proposed Section 7.1(5)(d)). In this situation, an applicant could request a larger sign, but not to exceed 42 Square feet.

The Commission is also recommending a change to Section 7.1(3) Promotional Event Signs that would eliminate the ability for a not-for-profit organization to request a longer display period. The Sign Committee experience in reviewing these signs has been that they simply add to community clutter.

#### **4. Section 8.2 Special Condition Signs**

There are three changes proposed to the Special Condition Sign Provisions: additional detail on what qualifies as an historic sign and the creation of sign regulations for institutional uses (schools, churches, hospital) in residential districts. These uses are allowed by the zoning ordinance, but not addressed in the sign ordinance.

City Councilmembers discussed what is good repair; consequences if ordinance is violated; responsibility of mural goes with building owner; who oversees approval of mural; what the definition of facing means; discussed if murals could be in parking lots or designated park land; and how murals are used to make some areas more attractive.

The City Planner reviewed the definition of facing and gave an example of the Sky's the Limit mural and that it is not facing Michigan Street, but can be seen it from the street.

Mayor Fraser asked for public comments and heard from those in favor of removing murals from the sign ordinance process; that it simplifies the review and permitting process; should have less restrictions on what types of art can be installed; that ordinance language of mural content is poorly written; that public art should be in public places; if the mural on Emmet Street would need to be painted over; and if murals are allowed in alleys.

The City Attorney reviewed that the sign ordinance is not grandfathered in like other zoning amendments. The City Planner noted that signs are supposed to be in compliance, but historically have not been required to conform until they are altered or repaired.

Mayor Fraser reported that this was a first reading of the proposed ordinance and that no action would be taken until the next regular meeting.

Resolution No. 18798 – Schedule Public Hearing for Rental Rehab Grant The Acting City Manager reviewed that in November of 2013, City Council adopted a resolution authorizing the acceptance of a Michigan State Housing Development Authority (MSHDA) Rental Rehab program grant in the amount of \$192,500 to assist in the refurbishment of seven existing residential units at 414 and 418 Waukazoo Street. Due to delays in the project progress, the grant was not issued. The property owner is now ready to proceed with the project, requiring a public hearing to be held before action is taken on the grant request. Staff recommended that a public hearing be scheduled for August 4, 2014, when a resolution authorizing acceptance of Rental Rehab program funds will be presented.

As part of the Downtown Strategic Plan, increasing the number and quality of upper-story downtown residential units has been an identified goal within Petoskey's downtown. A key tool, identified by City staff, to further this goal is MSHDA's Rental Rehabilitation program. The Rental Rehab program provides up to \$25,000 per existing downtown residential unit, and \$35,000 for each new residential unit.

Although immediately proximate to traditional downtown storefronts, the 414 and 418 Waukazoo properties were formally incorporated into the Downtown Development Authority district in 2013. Both buildings would undergo extensive interior and exterior renovations in conjunction with the rehabilitation of the residential units. The property owners have been working with local architect Rick Neumann, and have also secured Historic Tax Credits toward the rehabilitation of the 418 Waukazoo property, which would house a financial services business on the first floor.

MSHDA's Rental Rehabilitation program is designed to improve investor-owned properties and spur economic development in Michigan downtown areas. Funding for the program flows thru local units of government, which is intended to have a positive impact on the vitality of downtown business districts thru the presence of quality residential units in downtown areas.

51% of the residential units that utilize Rental Rehabilitation funds will have to be rented to persons of low to moderate income (less than \$36,750 for one person) for the first tenant only, up to a period of five years. The Rental Rehabilitation program functions as a grant to the property owner if these income standards for rental units are satisfied.

City Councilmembers inquired on the difference in grant amounts from the approved resolution in 2013; and the Acting City Manager responded that the correct grant amount is \$497,500.

Mayor Fraser asked for public comments and heard an inquiry if the Waukazoo properties had been sold; and the Acting City Manager responded that they had not been sold.

City Councilmember Marshall moved that, seconded by City Councilmember Wills adoption of the following resolution:

WHEREAS, the City of Petoskey, City Council in November 2013 authorized the acceptance of a Michigan State Housing Development Authority (MSHDA) Rental Rehabilitation Program Grant in the amount of \$192,500; and

WHEREAS, due to delays in the process, the owner is now ready to proceed with the rehabilitation project; and

WHEREAS, MSHDA requires a public hearing to receive comment on the proposed Rental Rehabilitation Program Grant:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby schedules a public hearing for 7:00 P.M., Monday, August 4, 2014, at the City Hall, to receive comments concerning the City's proposed Rental Rehabilitation Program Grant.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Resolution No. 18799 – Schedule Public Hearing for Sunset Square Grant Study The Acting City Manager reviewed that Elias Amash of LAC Enterprises, owner of the Sunset Square property, is seeking a grant covering a portion of the costs to perform a feasibility study that would determine if a hotel/conference center is financially viable for the development property. The request is being made to the Michigan Economic Development Corporation through their Community Development Block Grant Program. The total project amount is \$25,250 with a grant request of \$12,500 and the remaining \$12,750 funded by the owner.

The grant applicant would be the City of Petoskey, with all project costs borne by the owner who would be partially reimbursed by the grant amount, which is passed through the City. The first part of the process was to submit a Community Development Part I Application that provides basic information about the project which received preliminary approval. The next step requires City Council to schedule and hold a public hearing regarding the project and grant request and subsequent approval of a resolution agreeing to the terms and conditions of the grant.

The grant request is being made with the assistance of the Northern Lakes Economics Alliance (NLEA). Additional information regarding the grant request would be made available for the public hearing and NLEA staff will also be available, at that meeting, to answer questions. The owner has received three proposals from consultants to perform the hotel/conference center feasibility study.

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

WHEREAS, LAC Enterprises has acquired property in Petoskey's downtown that encompasses an entire block and is completely undeveloped; and

WHEREAS, the owner would like to proceed with a feasibility study to determine the viability of a hotel/conference center on the site; and

WHEREAS, the Michigan Economic Development Corporation oversees a Community Development Block Grant Program that would make eligible the costs for the study to be partially covered with grant proceeds; and

WHEREAS, the City of Petoskey as the grant applicant is agreeable to a feasibility study being performed for the site and as part of the grant requirements a public hearing must be held to receive comments regarding the proposed project:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby schedules a public hearing for 7:00 P.M., Monday, August 4, 2014, at the City Hall, to receive comments concerning the City's proposed Community Development Block Grant request, which if approved, would cover a portion of the costs for a feasibility study of the Sunset Square property as a hotel/conference center.

Said resolution was adopted by the following vote:

AYES: Marshall, Murphy, Dittmar, Wills, Fraser (5)  
NAYS: None (0)

Hear Council Comments

Mayor Fraser asked for Council comments and City Councilmember Wills commented that he hosted four Finnish gals for Voices without Borders program and that it was a very successful experience; City Councilmember Murphy encouraged participation at next week's Ward and City Conventions.

There being no further business to come before the City Council, this July 21, 2014, meeting of the City Council adjourned at 8:00 P.M.

W.J. Fraser, Mayor

Alan Terry, City Clerk-Treasurer