



## CITY COUNCIL

August 4, 2014

A regular meeting of the City of Petoskey City Council was held in the City Hall City Council Chambers, Petoskey, Michigan, on Monday, August 4, 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 and Administrative Assistant Sarah Bek.

Resolution No. 18800  
Conduct Public Hearing & Approve  
Rental Rehabilitation Grant

The Acting City Manager reviewed that the resolution would authorize the submittal and, if approved, acceptance of a Michigan State Housing Development Authority (MSHDA) Rental Rehab program grant in the amount of \$489,700. These funds would be utilized to assist in the refurbishment of seven existing residential units at 414 and 418 Waukazoo Avenue and construction of six new units at 316 East Lake Street and would include any third party administration costs. Council previously adopted a similar resolution for the Waukazoo properties, but a revised Rental Rehab application will be submitted including the Lake Street units as well.

The City Planner gave a brief presentation and reviewed that MSHDA's Rental Rehab program is designed to improve investor-owned properties and spur economic development in Michigan downtown areas; that 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; that 51% of the residential units that utilize Rental Rehab 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; and that the Rental Rehab program provides up to \$25,000 per existing downtown residential unit, and \$40,000 for each new residential unit.

Mayor Fraser opened the public hearing and there were no public comments.

The public hearing closed at 7:07 P.M.

City Councilmembers inquired if the East Lake Street units were currently unoccupied and just being renovated; who would be the administrator of the grant; if rentals were specific of income; and what was moderate income.

The City Planner responded that the East Lake Street units were unoccupied and will be renovated; that Hager Consulting will be the administrator of the grant; that 51% of the residential units that utilize Rental Rehab 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; and that moderate income is based on County's median income.

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

WHEREAS, the City of Petoskey wishes to encourage the upgrading of downtown residential units and housing conditions for its low income residents; and

WHEREAS, the City of Petoskey is committed to Fair Housing, and will work to ensure that all housing programs comply fully with all state, federal and local Fair Housing laws; and

WHEREAS, the City Manager or his designee will ensure that Fair Housing Information is available to the public, and will refer Fair Housing complaints or concerns to the Michigan Department of Civil Rights, HUD, and notify MSHDA of any complaint or concern; and

WHEREAS, the City will not deny housing or a contract to an applicant or contractor based on his or her race, color, national origin, religion, age, sex, marital status, familial status, or handicap, and will not retaliate against persons raising concerns regarding discrimination; and

WHEREAS, the City of Petoskey City Council wishes to submit an application under the Community Development Block Grant (CDBG) for the Downtown Rental Rehabilitation Program through the Michigan State Housing Development Authority (MSHDA); and

WHEREAS; the City of Petoskey City Council held a public hearing on the request for Downtown Rental Rehabilitation Program funding for seven (7) existing units and six (6) new units within the Downtown Development Authority Boundary.

NOW THEREFORE BE IT RESOLVED, that the City of Petoskey City Council authorizes the City Manager to apply to the Rental Rehabilitation Program for the amount of \$489,700 for funding through the Michigan State Housing Development Authority and to take all necessary steps to execute agreements necessary to receive and redistribute funds through the Rental Rehabilitation Program.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Resolution No. 18801  
Conduct Public Hearing & Approve  
Sunset Square Feasibility Grant

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 developmental property. The request is being made to the Michigan Economic Development Corporation through their Community Development Block Grant Program (CBDG). 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 has received preliminary approval.

The grant requires the local unit of government's approval of a Community Development Plan for purposes of the CBDG process, which acts as a shortened version of the City's Master Plan. The Plan was prepared by Northern Lakes Economic Alliance (NLEA) staff, reviewed by the City Planner, and the information is in-line with the City's Master Plan and includes some updated statistics.

The grant also requires the appointment of an individual to execute necessary grant documents as well as an Environmental Review Officer. An environmental review is not required for a feasibility study, so the only duty of the Officer is to sign a form stating the project is exempt. If a review was necessary it would be a review of the environmental impact of a specifically proposed project on the Community. The resolution would appoint the Acting City Manager as the authorized individual to sign all documents.

Jan Kellogg and Tom Erhart of Northern Lakes Economic Alliance provided information regarding the Community Development Block Grant and the proposed study since Mr. Amash was unable to attend.

City Councilmembers inquired if a consultant had been selected; what the time frame was for the study; if previous studies had been completed or if this was a new approach; who would be involved with consultants; and if City staff was involved with the development of the Community Plan.

NLEA representatives reviewed that a consultant will not be selected until grant is approved, but that selection process is narrowed down to three; that the study will start after MEDC approves and will take 6-8 weeks; that this study is a new approach; that the consultant will work with City staff, owner of property, Downtown Development Authority and organizations similar to NLEA; that City staff was involved with development of Community Plan and the City Planner and Acting City Manager reviewed which included additional housing statistics from the City's Master Plan.

The Acting City Manager indicated that the development plan was only for purposes for this grant application and no City funding.

Mayor Fraser asked for public comments and heard from Bea Antaya, 1501 Crestview Drive, Apt. 68, who had concerns with who was involved with the consultants, if existing businesses such as hotels had been considered and parking concerns and that there is no handicap parking close to downtown, only metered parking.

Mayor Fraser responded that not all hotels and motel establishments had been contacted, but that Stafford's Perry Hotel is supportive of this project and that additional parking is a component of the project.

The public hearing was closed at 7:26 P.M.

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

WHEREAS, The City of Petoskey is the applicant for funding from the Michigan Economic Development Corporation (MEDC) under the Michigan Community Development Block Grant (CDBG) program. The grant will be used to help fund the "Sunset Square Feasibility Study", and

WHEREAS, The application request is for \$12,500 from the CDBG program, with \$12,750 local match, and

WHEREAS, The proposed project is consistent with the "City of Petoskey's Comprehensive Plan", which serves as Petoskey's local community development plan for this project, as described in the Part 2 Application, and

WHEREAS, At least 51 percent of the beneficiaries of this proposed project will be low and moderate income persons, and

WHEREAS, No project costs (CDBG and non-CDBG) will be incurred prior to a formal grant award, completion of the environmental review procedures and a formal, written authorization to incur costs from the CDBG Project Manager,

NOW THEREFORE, BE IT RESOLVED, That the Petoskey City Council hereby authorizes the submittal of a Michigan CDBG Application for the "Sunset Square Feasibility Study" , and

BE IT FURTHER RESOLVED, That Alan Terry, Petoskey's Acting City Manager, is hereby authorized to sign the required Application forms and the Grant Agreement.

City Councilmember Murphy also moved that, seconded by City Councilmember Wills to approve the City of Petoskey CDBG Community Development Plan, as presented, to serve as the "Community Development Plan" for purposes of applying for Community Development Block Grant funding from the Michigan Economic Development Corporation and to appoint Alan Terry, Acting City Manager, as the Certifying Officer and Environmental Review Officer for the environmental assessment required in conjunction with the "Sunset Square Feasibility Study" project. Funding for this project is being sought through a Community Development Block Grant from the Michigan Economic Development Corporation.

Said resolutions were adopted by the following vote:

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

NAYS: None (0)

Resolution No. 18802  
Approve Consent Agenda Items

Following introduction of the consent agenda for this meeting of August 4, 2014, City Councilmember Marshall moved that, seconded by City Councilmember Dittmar adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the July 21, 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 21 for contract and vendor claims at \$964,832.06, intergovernmental claims at \$376,765.49, and the July 31 payroll at \$185,097.23, for a total of \$1,526,694.78 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 there were no comments.

Hear City Manager Updates

The Acting City Manager reported that the US-31 project was winding down; that the epoxy overlay coating was in process for the Mitchell Street bridge and that the detour and overlay would be completed by Thursday; that curb and gutters were going in on Arlington Avenue with an anticipated completion date by the end of August; that cement work was completed on Jennings and anticipated to be done next week; and that the Primary Election was tomorrow and polls would be open from 7:00 A.M. to 8:00 P.M. at the Knights of Columbus on Charlevoix Avenue.

City Councilmembers inquired why the entire detour wasn't black topped; discussed concerns heard at the City Convention regarding islands and emergency vehicles having difficulty maneuvering; if Connable intersection light will be timed accordingly after rest of projects are completed; and discussion on status of stop lights.

In response to Council questions the Acting City Manager responded that the City negotiated with MDOT and that the detour was black topped according to negotiations; that staff had not heard any complaints regarding emergency vehicles having difficulty by islands; and that antennae's on traffic lights are radio frequency and that all lights will be timed and will work together when projects are completed.

Resolution No. 18803 – Adopt Ord. 749  
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. City Council conducted the first reading of the revised sign ordinance amendment at their July 21, 2014 and this is the second reading and Council could take action.

**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 Councilmember Marshall moved that, seconded by City Councilmember Murphy adoption of the proposed ordinance.

Mayor Fraser commented that it was premature to approve proposed ordinance before Crooked Tree Arts Center conducted public art study and suggested to extract item 39 and consider rest of ordinance.

City Councilmembers disagreed and kept previous motion; commented that restrictions on murals were reasonable; inquired on scope of study; that murals are unique and groundwork has been established; and was open for feedback from Crooked Tree Arts Center after study has been completed.

Mayor Fraser responded that Crooked Tree Arts Center is inventorying all art in the City to come up with a plan to display public art.

Mayor Fraser asked for public comments and heard from those opposed to the ordinance; concerns with removing art opportunities; ordinance language is misconstrued; and if passed is a disservice to citizens of the community.

City Councilmembers further discussed the mural on Emmet Street and if it would have to be painted over; restrictions of murals street facing vs. public parks; and that citizens of the community are concerned with murals throughout the community.

Mayor Fraser asked for a roll call for the following:

#### **Ordinance 749**

#### **AN ORDINANCE TO AMEND SECTIONS 2.1, 6.1, 7.1 and 8.2 AND TABLES 5, 6, 7, AND 8 OF THE CITY OF PETOSKEY SIGN ORDINANCE**

The City of Petoskey hereby gives notice of adoption of an ordinance amending Sections 2.1, 6.1, 7.1 and 8.2 and Tables 5, 6, 7 and 8 of the City of Petoskey Sign Ordinance.

The Amendments to Section 2.1 include changes to the definitions of “Ground Floor Wall Area” and “Historic Signs”, and creates a definition for “Murals.” The amendments to Section 6.1 add sign limitations to “Commemorative Signs” and creates a review process for murals. Section 7.1 is amended to eliminate a display period exception for not-for-profit organizations, add review criteria for historic signs, and create sign regulations for the B-2A Transitional Business District and B-2B Mixed Use Corridor as detailed in Tables 5, 6, 7 and 8. (See Code of Ordinance book for full ordinance.)

Said ordinance 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 personal property tax is an important issue for the City and encouraged everyone to vote in tomorrow's Primary Election; City Councilmember Marshall inquired if Ward Convention comments had been reviewed and what is the future for Magnus Park; and Mayor Fraser commented that it was nice to hear comments at City Convention and that a Bay View resident mentioned that Petoskey streets are looking beautiful.

There being no further business to come before the City Council, this August 4, 2014, meeting of the City Council adjourned at 8:00 P.M.

W.J. Fraser, Mayor

Alan Terry, City Clerk-Treasurer