



CITY COUNCIL

November 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, November 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 Acting City Manager Alan Terry, Director of Public Safety John Calabrese, Director of Public Works Michael Robbins and Administrative Assistant Sarah Bek.

Resolution No. 18829
Confirm Special Assessment Roll

A public hearing was held to receive comments on the proposed special assessment roll that would spread costs of downtown-area programs and services during 2015, as requested by the Downtown Management Board.

Mayor Fraser asked for public comments and heard from Liz Ahrens, Executive Director of the Crooked Tree Arts Center, and that CTAC has never been assessed until this year and inquired why that happened and would like Council to consider assessing retail space and basement, but not the theatre.

In response to questions, the Acting City Manager reviewed non-profits that have been assessed over the years and that there is no allowance by law to have non-profits exempt; that DMB discussed a rate for non-profits at their August meeting and voted against creating a separate category for non-profits.

Following the Downtown Programs and Services public hearing for the annual Special Assessment for Downtown Programs and Services, City Councilmember Marshall moved that, seconded by City Councilmember Dittmar, adoption of the following resolution:

WHEREAS, the City Council on October 6, 2014, reviewed a report of September 29, 2014, that had been prepared by the City Manager that listed programs and services that had been proposed to be provided property owners and tenants within the Downtown Management Board's territory along with the proposed special-assessment roll that could be implemented to finance such programs and services;

WHEREAS, following that review, the City Council conducted a public hearing on October 20, 2014, to receive comments concerning recommended programs and services as proposed to be provided by the Downtown Management Board as well as costs that had been estimated by the Downtown Management Board for providing such programs and services; and

WHEREAS, after having received no comments at its October 20 public hearing, the City Council then approved the programs and services as had been recommended by the Downtown Management Board, as well as approved the costs for such programs and services that had been estimated by the Downtown Management Board; and

WHEREAS, in addition to approving proposed downtown programs and services and costs of such programs and services, the City Council directed the City staff to prepare a special-assessment roll in accordance with the City Council's approval of recommended programs and services and costs of such programs and services for presentation to the City Council on November 3, 2014; and

WHEREAS, after receiving a proposed special-assessment roll, the City Council accepted the assessment roll, ordered that it be placed on file with the City staff and made available for inspection by the public, scheduled a public hearing for November 17, 2014, to receive comments concerning the proposed special-assessment roll, and directed the City staff to publish a notice of the November 17, 2014 public hearing and to notify potentially affected property owners of said hearing; and

WHEREAS, the City Council conducted its November 17 public hearing and is satisfied with the assessment roll as prepared by the City staff and believes that assessments are in proportion to benefits to be received:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby accepts the special-assessment roll as prepared by the City staff and as presented to the City Council and is satisfied with the roll and believes that assessments are in proportion to benefits to be received; and

BE IT FURTHER RESOLVED that the City Council does and hereby confirms the special-assessment roll as prepared by the City staff and as presented to the City Council; and

BE IF FURTHER RESOLVED that the City Council does and hereby orders that a certified copy of said special-assessment roll be placed on file at the City Hall and that the staff be and is hereby directed to spread the assessments and collect the various sums and amounts that appear on said special-assessment roll.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Budget and Tax-Levy
Public Hearing

A public hearing was held to receive comments concerning the City's proposed 2015 Annual Budget and recommended property-tax-millage rates for 2015.

The City's proposed 2015 Annual Budget was initially presented and briefly discussed at the November 3 City Council meeting. At the November 3 City Council meeting, a public hearing was scheduled for November 17, as required by City Charter and State statute provisions, to receive comments about the recommended budget and property-tax-millage rates that have been proposed as part of the budget recommendation. (Actual millage rates would be set in 2015.)

City Charter provisions require the City Council to conduct public hearings each year to receive comments concerning annual budget proposals and provisions of the Michigan Truth-in-Taxation Act require governing boards of local units of government to conduct annual public hearings prior to establishing property-tax-millage rates, if estimated amounts of revenues that would be produced by property-tax levies are anticipated to exceed amounts in the new year that had been received from levies during the previous year.

The November 17 public hearing would satisfy City Charter requirements and meet provisions of the Michigan Truth-in-Taxation Act that require opportunities for comments concerning proposed estimated amounts of property-tax-millage rates for the General, Rights-of-Way, and Library Funds, though actual millage rates would be established by the City Council in May or June, following the State's equalization of values. The City Council could then continue its review of the recommended 2015 Annual Budget under the "Old Business" portion of the meeting agenda, followed by possible budget approval.

Mayor Fraser opened the public hearing at 7:09 P.M. and there were no public comments.

Resolution No. 18830
Approve Consent Agenda Items

Following introduction of the consent agenda for this meeting of November 17, 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 November 3, 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 November 3 for contract and vendor claims at \$303,141.04, intergovernmental claims at \$46,019.38, and the November 6 payroll at \$165,798.35, for a total of \$514,958.77 be and is hereby acknowledged; and

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 information on Boards and Commissions would be inserted in City tax bills going out on December 1 and on the website; that Breakfast for Champions is December 9; that December 1 was new extended deadline for City Manager applications and at the December 15 meeting Council would be reviewing a list of leading candidates; and that there is an open house for the Library's 10th Anniversary on November 22 which is a good chance to bid farewell to Director Karen Sherrard who is retiring mid-December.

City Councilmembers inquired if the power poles on highway near new Arlington bike path would be removed and if the new bike path will be plowed.

In response to questions, the Acting City Manager reviewed that power poles would come down in conjunction with moving electrical lines overhead to underground but waiting on Charter and AT&T issues; and that the Arlington bike path would be plowed.

Mayor Fraser asked for public comments and heard a comment on the City Manager search and the Library Board Director search process, and why the 1% property tax administration fee is a separate discussion item.

Resolution No. 18831
Decline 1% Tax Administration Fee

The Acting City Manager next reported that at the November 3 Council meeting, City Council directed a separate item be included on the agenda for discussion and possible action on the implementation of the 1% property tax administration fee. The City of Petoskey is required to collect property taxes on behalf of five other taxing jurisdictions including Emmet County, Public Schools of Petoskey, Charlevoix-Emmet Intermediate School District, North Central Michigan College and Greenwood Cemetery.

In addition to administrative expenses associated with assessing and collection duties, the City is responsible for defending each of these jurisdictions when tax appeals are filed.

The Michigan General Property Tax Law allows a local property tax collecting unit to add a property tax administration fee of not more than 1% of the total tax bill per parcel. A property tax administration fee is defined as a fee to offset costs incurred by a collecting unit in assessing property values, in collecting the property tax levies, and in the review and appeal processes. The fee is provided by State law as a revenue source to avoid placing an unfunding mandate on tax collecting units.

The City of Petoskey currently incurs annual expenses of approximately \$138,600 for assessing and \$65,800 for collection of taxes for all governmental entities that impose a millage on property within the City. In addition, the City upgraded software related to assessing and tax collection, costing nearly \$15,000 in expense. City Council beginning in 2001 discontinued collection of the 1% property tax administration fee and reinstated the fee for 2014, which will provide \$201,000 in revenue and is estimated to raise \$213,000 in 2015. Thirteen of the eighteen tax collecting units in Emmet County collect the fee.

City Councilmembers discussed the possible implementation of the 1% property tax administration fee and commented that additional revenues are needed to fund large capital items; inquired on the costs associated with collecting for other tax entities; the possibility to have voter approval on a headlee override; that deductions and cuts need to be made to balance the budget; inquiries on how the City managed for 11 years when the fee was not in place; discussed other fees related to City functions; discussed millages and Headlee Override; and if there was an option to use cash reserves to balance the budget if fee is not implemented.

Mayor Fraser asked for public comments and heard comments that cuts need to be made and less projects; that cash reserves should be used in General Fund to make up for 1% property tax administration fee to balance budget; and heard from those opposed to the 1% fee.

The Acting City Manager reviewed that the deadline to approve the budget is December 31 and that it is a short term solution to use reserves to make up the shortfall.

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

WHEREAS, as required by City Charter provisions, the Acting City Manager on November 3, 2014, presented to the City Council the City's proposed annual budget for the 2015 fiscal year; and

WHEREAS, as also required by City Charter provisions, the City Council on November 17, 2014, conducted a public hearing to receive comments concerning the proposed budget, which includes the continuation of a Property Tax Administration Fee as a source of revenue in the General Fund, to cover the costs of assessing property tax values, administering the tax collection process and defending property assessments:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby authorizes a 1% property tax administration fee to be placed on all property tax bills as provided by State law.

Said resolution was not adopted by the following vote:

AYES: Murphy, Wills (2)

NAYS: Marshall, Dittmar, Fraser (3)

Continued Review of 2015
Annual Budget

The Acting City Manager next reviewed an overview of the various funds of the proposed 2015 budget highlighting certain expenditures and projects; highlighted basic capital outlay projects and cost cutting measures.

The City Manager first reviewed General Fund revenues and expenditures and that there were a few main projects including tennis court renovations funded 100% by donations, water and wastewater improvements as part of MDOT's project on Charlevoix Avenue and residential electrical underground conversion; and reviewed loss in tax revenues.

City Councilmembers inquired if the City had a scholarship fund for parks and recreation programs if families can't afford; if there were many people that did not take advantage of program if personal property tax was less than \$40,000; and the status on drug related issues and Public Safety personnel as discussed last year.

In response to questions, the Acting City Manager reviewed that the City does not offer a scholarship fund but is available through other community organizations; that there is a form that needs to be filled out annually concerning personal property tax for parcels valued less than \$40,000; and Director Calabrese reported that there is not enough staff to dedicate one officer to narcotics, but working closely with Straits Area Narcotics and healthcare workers.

The City Manager then reviewed various City funds highlighting projects and unusual or infrequent items.

City Councilmembers inquired on the Charlevoix Avenue project and that with the new lane shifts there is a concern with an increase in accidents; if the Department of Public Safety would be affected with the change of ambulance structure; if the downtown office on Park Avenue was owned by City or rented; if fees for miscellaneous items were consistent with other communities; and if utility rates will change.

The Director of Public Works reviewed that Charlevoix Avenue project is an MDOT project and everything is temporary until next year, but that City staff could call MDOT and voice the concern; and Director of Public Safety reviewed that the new ambulance structure should not affect Public Safety and that the changeover will occur January 1. The Acting City Manager reported that the City was working on an agreement with the County to use the city garage on Curtis Avenue for ambulance services; that DMB rents the office space on Park Avenue; that fees are consistent with other communities with some changes this year in taxicab licenses, going out of business licenses and document copying for the public; and that utility rates were established in 2014 and are the same for 2015.

City Councilmember Wills moved that, seconded by City Councilmember Murphy adoption of a resolution approving the 2015 Annual Budget.

City Councilmember Dittmar then moved to table this motion until the next regular Council meeting, and City Councilmember Marshall supported.

Said motion 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 heard from City Councilmember Wills if there were regulations on lights on bicycles; and Director Calabrese reviewed that bicycles are supposed to have visible lights on front and back.

Resolution No. 18832
Recess to Closed Session

The Acting City Manager reviewed the proposed resolution that would authorize recess to a closed session under Section 8(c) of the Michigan Open Meetings Act, for discussion connected with the negotiation of a collective

bargaining agreement.

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

WHEREAS, the Acting City Manager has requested that the City Council recess to a closed session pursuant to Section 8(c) of the Open Meetings Act for discussion connected with the negotiation of a collective bargaining agreement, following the conclusion of routine business at the City Council's regular meeting of November 17, 2014:

NOW, THEREFORE, BE IT RESOLVED that the City Council does and hereby authorizes to recess to closed session.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Recessed to closed session at 9:30 P.M.

Reconvened at 10:00 P.M.

There being no further business to come before the City Council, this November 17, 2014, meeting of the City Council adjourned at 10:00 P.M.

W.J. Fraser, Mayor

Alan Terry, City Clerk-Treasurer