



## CITY COUNCIL

June 1, 2015

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, June 1, 2015. 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 Robert Straebel, Clerk-Treasurer Alan Terry, City Planner Amy Tweeten and City Attorney James Murray.

Hear Developers Presentation Concerning 200 E. Lake Street Property Potential developers John Socks, Barry Polzin and Eric Helzer gave an overview of their personal experience and conceptual development plans for the 200 East Lake Street property. The developers were looking for Council approval to schedule a public hearing for a proposed application for a Community Development Block Grant (CDBG) requiring job creation from the Michigan Economic Development Corporation (MEDC).

Mr. Polzin presented a site plan and various views showing parking and makeup of the project including commercial retail spaces, a below grade parking deck with a hotel being the first phase. He reviewed conceptual plans for the entire development.

Mr. Helzer reviewed financing and stated there is less return on investment due to smaller taxable values providing less TIF capture; that total estimated project costs are \$48M; that the grant is available to help stimulate economic growth in redevelopment of downtowns; that federal funding would require approximately 80 new jobs be created, with grant funds provided up front; and that the grant can provide up to 75% of appraised value resulting in a request of \$1.5-1.9M as part of the application.

Hear CDBG Grant Information Concerning 200 E. Lake Street Property The MEDC and Northern Lakes Economic Alliance (NLEA) work with communities in developing grants through State programs including any CDBG applications. Andy Hayes, NLEA President, and Dan Leonard, Regional representative of MEDC, presented information regarding the CDBG process.

Mr. Leonard reviewed application information and noted that much of the organization and informational needs must be in place prior to holding a public hearing; indicated that a grant agreement would occur between the City and MEDC; and that the proposed development must fit with the downtown, blend with existing uses, provide mixed-uses and walkability. All of which appear to be met with the proposed project.

Andy Hayes introduced Bethany Pearson, NLEA representative, who reviewed a Shorts Brewery project in Bellaire that utilized a CDBG acquisition grant.

Mr. Helzer then reviewed various legal documents that would need to be in place prior to the submission of the grant including:

Memorandum of Understanding (MOU) – This document would show support for the grant application by the City and also notes the City is not obligated to approve any specific development or approve any future zoning change for the property.

Clawback Agreement - Formal document between prospective developer and the City regarding specific obligations of each party; as grant funding is tied to job creation associated with operation of a new hotel, the City will want explicit language making the developer totally responsible to reimburse the State for any property acquisition grant dollars if the job creation does not meet grant requirements.

Pre-Development Agreement – Requested by City staff requiring developer to pay for any and all project review costs performed by legal counsel, consultants or others that the City may incur through Phase I of the project.

The City Manager expressed concern with two year time frame for job creation once the grant is received, since approvals would still be necessary from Planning Commission, Downtown Management Board and City Council prior to commencement of construction.

City Councilmembers discussed the difficult timeframe to complete the project; how the City is secured on the Clawback agreement; when the clock starts for two year period to complete project; concerns that project should go before the Planning Commission process first and receive approvals prior to CDBG grant discussions; reviewed rezoning process and timeline; and inquired on how project would be phased in with the parking deck below grade at ground.

City Council deferred any action until their next regular Council meeting.

Resolution No. 18878  
Approve Consent Agenda Items

Following introduction of the consent agenda for this meeting of June 1, 2015, 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 May 18, 2015 regular-session City Council meeting be and are hereby approved; and

BE IT RESOLVED that receipt by the City Council of a report concerning all checks that had been issued since May 18 for contract and vendor claims at \$543,404.86, intergovernmental claims at \$303.23, and the May 21 payroll at \$186,896.94, for a total of \$730,605.03 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

legality of it.

Mayor Fraser asked for public comments and heard from Emily Meyerson, 520 Cherry Street, concerning fireworks being set off frequently after the Fourth of July and the

Hear City Manager Updates

Center construction project; and that staff was working with property owners on compliance with vacation rental regulations.

The City Manager reviewed that the US-31 MDOT construction project was on schedule; reported on the WWTP proposed future improvements; Bay Harbor Arts

Further Discuss CDBG Grant Application  
Concerning 200 E. Lake St. Property

hearing on July 6, 2015 to receive comments on the possible grant application. City staff will finalize all aspects of the Part I application and the required legal documents if City Council is in support of application.

The City Manager further reviewed that if City Council was supportive of further exploring possible support of a CDBG application for 200 East Lake Street, that City Council would need to adopt a resolution to set a public

Mayor Fraser asked for public comments and heard inquiries on why the process was so lengthy and that the developer should proceed with rezoning; heard from those in support of rezoning; that there had been good intentions in the past and projects didn't work out so this one should be collateralized; that a solution should be found to implement this project; and see if the current owner of the property, Mr. Amash, would possibly extend the acquisition deadline date.

City Councilmembers concurred having City staff and City Attorney proceed with three legal documents and to further discuss this matter at the June 15, 2015 City Council meeting, while the developer can pursue rezoning at the same time.

Resolution No. 18879 City Ward and  
Convention Schedule and Dates

recommended that the four Ward Conventions be scheduled simultaneously for 8:00 P.M., Monday, July 13, and that the City Convention be called for 8:00 P.M., Wednesday, July 15.

The City Manager reviewed that as required by City Charter provisions, Council was being asked to approve schedule times and designate locations for conducting annual Ward and City Conventions. The City Manager

The City Manager recommended that Ward Conventions be conducted at the City Hall Council Chambers (First Ward), Ottawa Elementary Media Center (Second Ward), Lincoln Media Center (Third Ward) and Spitler Administration Building Board Room (Fourth Ward). The City Convention would convene at the North Central Michigan College Conference Center.

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

WHEREAS, in accordance with provisions of the City Charter, the City Council must establish dates and places for annual Ward Conventions and the annual City Convention:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby calls the annual 2015 Ward Conventions to be held at 8:00 P.M., Monday, July 13, at the City Hall Council Chambers for the First Ward, Ottawa Elementary Media Center for the Second Ward, Lincoln School Media Center for the Third Ward, and Spitler Administration Building Board Room for the Fourth Ward; and

BE IT FURTHER RESOLVED that the City Council does and hereby calls the annual 2015 City Convention to be conducted at 8:00 P.M., Wednesday, July 15, at the North Central Michigan College 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 Council-member Wills commented that he had heard from a concerned resident on Hill Street regarding the new lights that were installed being bright. City staff will review the situation with the resident.

There being no further business to come before the City Council, this June 1, 2015, meeting of the City Council adjourned at 9:15 P.M.

W.J. Fraser, Mayor

Alan Terry, City Clerk-Treasurer