



CITY COUNCIL

November 16, 2015

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, November 16, 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, Director of Public Safety John Calabrese and Downtown Director Becky Goodman.

Resolution No. 18914
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 2016, as requested by the Downtown Management Board. The DMB's recommended assessment formula is the same rate as last year of \$0.16 per square foot of usable, first-floor space within eligible, non-residential buildings located in the Management Board's territory as the assessment district; \$0.04 per square foot of usable space on floors other than first floors; and \$0.05 per square foot of area on vacant, buildable lots. No comments were received concerning the proposed roll.

Mayor Fraser opened the public hearing at 7:03 P.M. and there were no comments.

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

WHEREAS, the City Council on October 5, 2015, reviewed a report of September 29, 2015, 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 19, 2015, 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 19 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 2, 2015; 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 16, 2015, to receive comments concerning the proposed special-assessment roll, and directed the City staff to publish a notice of the November 16, 2015 public hearing and to notify potentially affected property owners of said hearing; and

WHEREAS, the City Council conducted its November 16 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 2016 Annual Budget and recommended property-tax-millage rates for 2016.

The City's proposed 2016 Annual Budget was initially presented and briefly discussed at the November 2 City Council meeting. At the November 2 City Council meeting, a public hearing was scheduled for November 16, 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 2016.)

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 16 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 Manager reviewed the revised budget eliminating the 1% Property Tax Administration Fee due to a possible issue with proposed millage rate for a Public Safety millage; reviewed Library Fund changes approved by the Library Board; and reviewed an error in the Right-of-Way Fund.

Mayor Fraser opened the public hearing at 7:10 P.M. and heard from Ted Pall, 603 East Lake Street, concerning employee pension plans; Clark Elwood, 6494 Bay Ridge Drive, suggested reducing all increases to rate of inflation and that recreation costs are not covered and user fees should be increased or programs eliminated; and Joe Baird, 923 State Street, commented on the overall increase in the General Fund budget when compared to the 2015 actual budget.

City Councilmembers discussed reductions to the proposed budget verses using cash reserves to fund the difference; reviewed current tax burden on citizens; and desire to not cut services.

Resolution No. 18915
Approve Consent Agenda Items

Following introduction of the consent agenda for this meeting of November 16, 2015, City Councilmember Dittmar moved that, seconded by City Councilmember Wills adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the November 2, 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 November 2 for contract and vendor claims at \$861,365.72, intergovernmental claims at \$21,861.92, and the November 5 payroll at \$169,772.94, for a total of \$1,053,000.58 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 Ted Pall, 603 East Lake Street, concerning the Hemingway statue and that there is no compelling reason for Council to change the approved location based on recent comments and that donors should not solely be allowed to determine where their donation will be place.

was Hear City Manager Updates

The City Manager reviewed that the City Planner moving forward with the Redevelopment Ready Community certification process; that the Crooked Tree Arts Center is having a New Year's Eve ball drop and that some streets will be closed and traffic detoured; that the public safety equipment discussion will occur at the next City Council meeting; commended Public Safety staff for life saving efforts at a recent accident near the Bear River; that the property maintenance issue has been resolved on Liberty Street; and the property maintenance issue on Michigan Street is moving forward.

Discuss 1% Property Tax
Administration Fee

The City Manager next reported that at the November 2, 2015 City Council meeting there was discussion about a 1% Property Tax Administration Fee that was included in the proposed 2016 Annual Budget. City Council directed staff to further discuss as a separate item at the next regular scheduled meeting, November 16.

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 City pays for all legal costs associated with tax tribunal cases.

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 unfunded mandate on tax collecting units.

The City of Petoskey currently incurs annual expenses of approximately \$210,000 for assessing that includes costs for City Assessor, City Attorney, Accounting Department and Director of Finance costs as well as some software and hardware computer costs. A 1% Administration Fee amounts to \$221,000 in additional revenues. Beginning in 2001, City Council discontinued collection of the 1% Property Tax Administration Fee and reinstated the fee for 2014. The fee was not included in the current 2015 Budget. Thirteen of the eighteen tax collecting units in Emmet County collect the administration fee.

The City Manager reviewed that following the 1% Tax Administration Fee discussion was a future agenda item regarding a possible mill levy increase to pay for aging fire-equipment. Some City Councilmembers voiced their concerns about the inability of senior citizens on fixed incomes and families of lower economic means to afford both the tax administration fee and a possible mill levy increase. This observation could create economic hardships for many senior citizens and families as well as diminish the chances of voter approval of a public safety millage.

The City Manager recommended waiving the 1% fee for 2016 considering that City Council will move forward with placing a millage question on the ballot in 2016 to pay for the costs of fire-fighting equipment. Eliminating the 1% fee will reduce the General Fund by \$221,000, requiring the City to dip into General Fund Reserves by an estimated \$154,600.

City Councilmembers discussed the fee and that it should not be included or used to balance the annual budget and not be discussed in regards to funding the capital improvements.

Mayor Fraser asked for public comments and heard comments concerning expenditures vs. revenues and the negative public views on Property Tax Administration Fee.

Continued Review of 2016
Annual Budget

Administration Fee and that City staff balance the budget by reducing the deficit and not use General Fund cash reserves.

The City Manager reviewed that City Council could further discuss the proposed 2016 Annual Budget. City Councilmembers discussed the budget amendment and concurred to eliminate the 1% Property Tax

Staff will review General Fund budget to reduce the proposed deficit amount and discuss further at the next Council meeting.

Mayor Fraser asked for public comments and heard a comment that expenses need to be reduced.

Discuss Crossing Guards – E. Mitchell
Kalamazoo and Hill St. Intersections

Kalamazoo Avenue. Over the years, Public Safety has seen a drastic decrease in the number of students walking to school, the number of crossing guards has been reduced to one, which is located at the intersection of Jennings Avenue and Northmen Drive. The other three locations no longer warranted a crossing guard based on studies conducted.

The City Manager reviewed that at one time the Public Safety Department had 4 crossing guards. The City has never had a crossing guard at the intersections of East Mitchell Street and Kalamazoo Avenue or Hill Street and

The Director of Public Safety reviewed that mandated budget cuts during the 2011 and 2012 budget years resulted in cuts in the line item that pays for the crossing guards and seasonal park cadets and that funding has not been restored. In addition to a reduction in crossing guards, Public Safety went from having 4 cadets each summer to none, and then two. The pay for a crossing guard is \$10.50 for the morning crossing, and \$10.50 for the afternoon (\$21.00 per day). The yearly cost is about \$3,800 per crossing guard.

The Director of Public Safety also reviewed that Lt. Randy Weston conducted a gap study and traffic survey on both intersections which is recommended by AAA Community Safety Services, and that Lt. Weston has been trained and certified to conduct these studies. The gap study is used to determine the number and length of safe crossing opportunities available at a student crossing.

The study conducted indicated that the number of minimum safe crossing times and the length of each crossing time are acceptable. The Public Safety Department recommended that crossing guards are not warranted at the intersections of East Mitchell Street and Kalamazoo Avenue or Hill Street and Kalamazoo Avenue.

Hear Council Comments

Mayor Fraser asked for Council comments and there were no comments.

There being no further business to come before the City Council, this November 16, 2015, meeting of the City Council adjourned at 8:45 P.M.

W.J. Fraser, Mayor

Alan Terry, City Clerk-Treasurer