



CITY COUNCIL

December 7, 2015

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, December 7, 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, Downtown Director Becky Goodman, Public Safety Lieutenant Mathew Breed and City Attorney James Murray.

Resolution No. 18916
Approve Consent Agenda Items

Following introduction of the consent agenda for this meeting of December 7, 2015, City Councilmember Murphy 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 16, 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 16 for contract and vendor claims at \$676,783.02, intergovernmental claims at \$42,069.81, and the November 19 and December 3 payrolls at \$429,387.65, for a total of \$1,148,240.48 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.

winter
due date

Hear City Manager Updates

The City Manager reviewed that the 2015 property tax bills include a misprinted year in the

of 2015 instead of 2016 and that notices have been sent to taxpayers; that the embezzlement investigation is ongoing; that Emmet County DPW will make a presentation to Council at their next meeting on new 64-gallon recycling carts to enhance the recycling program; that DPW is currently seeking bids for painting and refurbishing the US 131 water tank with work slated to begin in spring of 2016; and thanked everyone involved in organizing the annual Downtown Open House that occurred on December 4.

Resolution No. 18917
Approve 2016 Budget

The City Manager next reviewed that at the November 16 meeting, City Council directed City staff to identify at least \$154,600 in expenditure cuts from the General Fund in the proposed 2016 Annual Budget. The directive was given to create a balanced General Fund whereby revenues would equal or exceed annual expenditures negating any need to dip into the General Fund Reserves.

The City Manager reviewed that with input from Department Heads, \$160,100 in expenditure cuts were identified for an increase to General Fund Reserves of \$5,500. The City Manager reviewed that staff avoided any employee layoffs or reductions in staff while retaining the current staffing levels and that staffing levels have decreased in the last five years due to reductions in property taxes.

The City Manager reviewed the expenditure cuts and recommended cuts from the Office of the City Assessor, Public Safety Department and Parks and Recreation Department.

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

WHEREAS, as required of City Charter provisions, the City Manager has presented to the City of Petoskey City Council the City's proposed annual budget for 2016; and

WHEREAS, as also is required of City Charter provisions, the City Council on November 16, 2015, conducted a public hearing to receive comments concerning these proposed budgets for the City's various funds:

General Fund

January 1, 2016 Fund Balance	\$ 3,273,669
Revenues	<u>7,699,300</u>
Expenditures:	
General Governmental Services	1,618,600
Public Safety	2,940,800
Public Works	617,600
Recreation and Cultural	<u>2,516,800</u>
Total Expenditures	<u>7,693,800</u>
December 31, 2016 Fund Balance	<u>\$ 3,279,169</u>

Major Street Fund

January 1, 2016 Fund Balance	\$ 635,448
Revenues	606,300
Expenditures	<u>581,300</u>
December 31, 2016 Fund Balance	<u>\$ 660,448</u>

Local Street Fund

January 1, 2016 Fund Balance	\$ 385,756
Revenues	688,800
Expenditures	<u>636,100</u>
December 31, 2016 Fund Balance	<u>\$ 438,456</u>

General Street Fund

January 1, 2016 Fund Balance	\$ 786,976
Revenues	1,101,500
Expenditures	<u>1,099,700</u>
December 31, 2016 Fund Balance	\$ <u>788,776</u>

Tax Increment Finance Authority Fund

January 1, 2016 Fund Balance	\$ 1,120,483
Revenues	283,000
Expenditures	<u>230,300</u>
December 31, 2016 Fund Balance	\$ <u>1,173,183</u>

Library Fund

January 1, 2016 Fund Balance	\$ 664,247
Revenues	1,264,200
Expenditures	<u>1,262,900</u>
December 31, 2016 Fund Balance	\$ <u>665,547</u>

Library Endowment Fund

January 1, 2016 Fund Balance	\$ 14,744
Revenues	10,100
Expenditures	<u>10,000</u>
December 31, 2016 Fund Balance	\$ <u>14,844</u>

Downtown Management Fund

January 1, 2016 Fund Balance	\$ 181,915
Revenues	144,100
Expenditures	<u>140,700</u>
December 31, 2016 Fund Balance	\$ <u>185,315</u>

Downtown Parking Fund

January 1, 2016 Retained Earnings	\$ 632,706
Revenues	455,700
Expenses	<u>488,100</u>

December 31, 2016 Retained Earnings	\$ <u>600,306</u>
<u>Right-of-Way Fund</u>	
January 1, 2016 Fund Balance	\$ 662,968
Revenues	1,629,500
Expenditures	<u>1,552,000</u>
December 31, 2016 Fund Balance	\$ <u>740,468</u>

Electric Fund

January 1, 2016 Retained Earnings	\$ 22,638,422
Revenues	11,434,600
Expenses	<u>11,085,700</u>
December 31, 2016 Retained Earnings	\$ <u>22,987,322</u>

Water and Sewer Fund

January 1, 2016 Retained Earnings	\$ 14,536,742
Revenues	5,253,600
Expenses	<u>5,181,000</u>
December 31, 2016 Retained Earnings	\$ <u>14,609,342</u>

Motor Pool Fund

January 1, 2016 Retained Earnings	\$ 2,293,029
Revenues	894,900
Expenses	<u>977,800</u>
December 31, 2016 Retained Earnings	\$ <u>2,210,129</u>

Building Authority Marina Improvements Bond Fund

January 1, 2016 Fund Balance	\$ 10,804
Revenues	86,000
Expenditures	<u>84,100</u>
December 31, 2016 Fund Balance	\$ <u>12,704</u>

Building Authority Bear River Valley Improvements Bond Fund

January 1, 2016 Fund Balance	\$ 22,695
Revenues	220,100
Expenditures	<u>210,000</u>

December 31, 2016 Fund Balance \$ 32,795

WHEREAS, following the public hearing to receive comments concerning the proposed 2016 Annual Budget and its consideration of the proposed budget, the City Council wishes to approve the proposed budgets of these various City funds; and

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby approves the 2016 Annual Budget as presented by the City Manager and as summarized in this resolution; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to declare certain obsolete City owned personal property as surplus and to arrange for its sale or disposal; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to make adjustments among line item appropriations so long as the total expenditure budget for the assigned fund is not exceeded: and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to negotiate with and establish certain rates for electric-utility customers as might be deemed appropriate in response to on-going utility-industry restructuring efforts; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to continue the City's participation in the various feasibility studies that are conducted by the Michigan Public Power Agency or to join in with other studies, service committees, or projects that would be established by the Agency, such as those related to power-supply issues, or those that would meet municipal electric-system needs; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to work with other municipally-owned electric utilities to study the feasibilities of satisfying short- and long-term power-supply needs; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to work through Michigan Public Power Agency to identify and enter into power purchase agreements or transactions to satisfy power supply needs, consistent with the Energy Services Risk Management Policy as adopted by the City of Petoskey; and

BE IT FURTHER RESOLVED the rates and charges for services, fees, permits, licenses and the like and as listed in the City's Schedule of Rates and Charges and as attached to this resolution are approved and authorized to be charged and collected as applicable:

BE IT FURTHER RESOLVED that the various parts, sections, and clauses of this resolution are hereby declared to be severable. If any part, sentence, paragraph, section, or clause is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remainder of the resolution shall not be affected thereby.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Discussion of Fire Equipment
Needs Assessment/Funding Options

The City Manager reviewed that at the October 19, 2015 meeting, City Council and staff discussed a report detailing the need for replacement of firefighting equipment for both the short-term and long-term. The report also identified four revenue options to fund the more urgent needs to replace a 100' ladder truck, pumper truck and Self-Contained Breathing Apparatus (SCBA). At the October meeting, there

was general consensus that a mill levy with a sunset clause be discussed as the most viable funding option.

Staff was directed to research Insurance Service Office (ISO) ratings influence on homeowner's insurance rates, the need for a 100' ladder as compared to a smaller 70' apparatus and examples of costs to taxpayers for different mill levy amounts.

The City Manager reviewed that some, but not all, insurance companies use Insurance Services Office (ISO) ratings of fire departments to establish the amount that its residents and business owners will pay for fire insurance; reviewed the need for a 100' ladder truck and benefits of improving fire services and safety; and reviewed a possible mill levy increase and costs to taxpayers that would help pay for short-term and long-term fire equipment.

Director of Public Safety John Calabrese and Public Safety Lieutenant Matt Breed gave a brief presentation on fire trucks that are needed; reviewed NFPA guidelines, collapse zones and ISO ratings; and advantages for height for fire and rescue.

City Councilmembers discussed with Staff the age of the 100' ladder truck now and when purchased; its use as a first response unit; how equipment was replaced in the past; how tall of a building the fire truck can be used on; and the availability of used firefighting equipment.

Mayor Fraser asked for public comments and heard that the City should consider seeking contributions towards the purchase of equipment and continue to look into the availability of used fire trucks.

This matter was tabled for further discussion at a future City Council meeting.

Resolution No. 18918
Approve SCBA Purchases

The City Manager reviewed that the Fire Needs Assessment/Funding Options Report addresses both long and short term fire equipment needs including purchase of 43 Self-Contained Breathing Apparatus (SCBA). The Public Safety Department received information regarding grant funding and SCBA costs. City staff developed a proposal to purchase the 43 SCBA in 2015 and would negate any need for a possible future mill levy increase to pay for SCBA. The total cost to purchase 43 SCBA is \$245,100 and grant funding would come from Homeland Security Firefighter's Grant and 2011, 2012, and 2015 Local Revenue Sharing Board grants totaling \$177,715.

The City of Petoskey would provide a local match of \$6,989 and receive contributions from the 2015 Budget from the Water and Sewer Funds and General Fund/Public Safety totaling \$67,385.

The City Manager reviewed that Water and Sewer employees work in an environment that includes dangerous and potentially fatal gaseous chlorine and other toxic compounds. MI OSHA requires all water and sewer employees to be outfitted and properly fitted with individual SCBA.

Mayor Fraser asked for public comments and heard an inquiry on why the Water and Sewer employees can't use the old SCBA equipment, which was responded to by City Staff.

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

WHEREAS, City Council received a Fire Needs Assessment/Funding Options Report on October 5, 2015 that addressed both long and short term fire equipment needs;

WHEREAS, 43 Self-Contained Breathing Apparatus (SCBA) devices were included in the report;

WHEREAS, the Department of Public Safety identified more specific information regarding grant funding and SCBA costs;

WHEREAS, total expenditures for 43 SCBA devices amounts to \$245,100;

WHEREAS, the City of Petoskey received grant funding for the equipment from Homeland Security Firefighter's Grant and 2011, 2012 and 2015 Local Revenue Sharing Board grants totaling \$177,715;

WHEREAS, the City of Petoskey will provide a local match of \$6,989 and receive contributions from the 2015 Budget from the Water and Sewer Enterprise Funds and General Fund/Public Safety totaling \$67,385;

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby approves the purchase of 43 SCBA devices which reduces the overall costs of short-term firefighting equipment needs that would need to be paid through a possible future mill levy:

BE IT FURTHER RESOLVED that the City Council does and hereby authorizes the purchase of 43 Self-Contained Breathing Apparatus (SCBA) through Apollo Fire Equipment Company & Fire Apparatus Repair, Inc., Romeo, Michigan, in an amount not to exceed \$245,100.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Resolution No. 18919 - Approve Rotary Club Application Submission for Potential Funding of Firefighting Equipment

The City Manager reviewed that for the past three years the Rotary Club of Petoskey solicits applications from community organizations to share proceeds from its annual "Diamonds and Denim" event that will be held September 17, 2016 at the Knights of Columbus Hall. In the City's continuing efforts to pursue grant funding to offset purchase costs for firefighting equipment, City staff recommended submitting an application to the Rotary Club of Petoskey due by December 18, 2015 for a potential fundraiser to go towards firefighting equipment.

City Councilmember Wills moved that, seconded by City Councilmember Murphy to approve the submission of an application to Rotary Club of Petoskey for funding of fire equipment.

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 there were no comments.

Resolution No. 18920 Adjourn to Closed Session

City Council was being asked to adopt a resolution that would authorize to adjourn to a closed session pursuant to Section 8(h) of the Michigan Open Meetings Act to consider written communications protected by the attorney-client privilege and exempt from disclosure under Section 13(1)(h) of the Freedom of Information Act.

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

WHEREAS, the City Manager has requested that the City Council adjourn to a closed session, pursuant to Section 8(h) of the Michigan Open Meetings Act, to consider written communications protected by the attorney-client privilege and exempt from disclosure

under Section 13(1)(h) of the Freedom of Information Act, following the conclusion of routine business at the City Council's special meeting of December 7, 2015:
NOW, THEREFORE, BE IT RESOLVED that the City Council does and hereby authorizes to adjourn to a closed session, to consider written communications protected by the attorney-client privilege and exempt from disclosure.

Said resolution was adopted by the following vote:

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

NAYS: None (0)

Adjourned to closed session at 9:10 P.M. and reconvened into open session at 10:10 P.M.

There being no further business to come before the City Council, this December 7, 2015, meeting of the City Council adjourned at 10:12 P.M.

W.J. Fraser, Mayor

Alan Terry, City Clerk-Treasurer