

**CHEBOYGAN COUNTY BOARD OF COMMISSIONERS**  
**Finance/Business Meeting June 13, 2017**

The Finance/Business Meeting of the Cheboygan County Board of Commissioners was called to order in the Commissioners Room by Commissioner Brown at 9:30 a.m.

Roll called and a quorum present.

**Present:** Commissioner Chris Brown, Richard Sangster, Michael Newman, Cal Gouine, Roberta Matelski, John Wallace and Robert Bolinger.

**Absent:** None

Commissioner Wallace gave the Invocation and led the Pledge of Allegiance.

**Motion** by Commissioner Sangster, seconded by Commissioner Bolinger, to approve the amended agenda adding letter (J.) Budget Adjustment – Inter-budget Transfer – Payroll Related under New Business. Motion carried with 7 yes, 0 no and 0 absent.

**Motion** by Commissioner Gouine, seconded by Commissioner Wallace, to approve the consent agenda as follows:

- A. Approve Monthly Finance Claims (Finance Total = \$25,039.91; Prepaid Total = \$857,659.27.)
- B. Budget Adjustments as follows:
  - 2017 Raise Revenue/Expenditures
  - 1. Fund 101 Total Budget Increase of \$605
- C. Investment Report
- D. Cheboygan County Fair – Animal Oasis (Mobile Petting Zoo)
- E. BC/BS Inmate Services Contract 2017-2018
- F. Fair Ground Usage Agreement – Cheboygan Jaycees-William’s Benefit
- G. Correspondence - DNR Letter - Notice of Payments In Lieu of Taxes
- H. Minutes:
  - 1. Finance/Business Meeting of May 9, 2017, Committee of the Whole Meeting of May 23, 2017 and Reconvened Meeting of May 31, 2017
  - 2. NEMCOG – 3/16/17 (Revised)
  - 3. Planning Commission – 5/3/17
  - 4. District #4 Health Department – 4/18/17
  - 5. City Council – 4/25/17 & 5/9/17
  - 6. County Road Commission – 4/20/17 & 5/25/17
  - 7. NEMSCA – 5/5/17
  - 8. ZBA – 4/26/17
  - 9. Fair Board – 4/3/17 & 5/1/17

A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

### **Citizens Comments-**

Carl Muscott commented that on the agenda today there was the Zoning Ordinance Amendment #138. This was where the Community Development Department was redefining family as “a group of individuals, whether related or unrelated, who were occupying a dwelling”. This was very far from any historical or biblical reference to a family. The Merit Webster stated, “A group of individuals living under one roof and usually under one head or a group of persons with common ancestry.” Emmet County defined it differently, “One or more persons related by blood, marriage or legal adoption, etc...” Otsego County defined it as “Family of one or two related persons or parents.” Shiawassee County stated, “Any ordered term not defined in this article shall be given a meaning of common or standard exceptions, where the dictionary may be consulted”. Dealing with the short term rental issue, which was self-inflicted has now created Zoning Ordinance Amendment #138. He asked the Board to table it until such time as the State legislation deals with it. He commented on the grant application that was before the Board regarding the Blight issue of the Gold Front being torn down and he wasn't quite sure how a tax foreclosure sale goes on a land contract and then gets dropped. How the tearing down of the Gold Front at tax-payers dollars was going to help economic development in downtown Cheboygan.

Beverly Haas of Waverly Township inquired about getting any input from the Drain Commissioner or from any other parties regarding reopening the 1965 Army Corps of Engineers study on the water levels at Black Lake. The water levels have been really high in the past several years. The citizens have been working with the Alverno Dam Operators as to how to get the water level down and also have been running experiments on flows thru the dam, but there was a constriction in the river. The Army Corps of Engineers did a study and it has come to the point where they were wondering how much water really does go through the Smith Rapids and the different pond levels. One of the things was to get the Army Corps of Engineers involved. There was funding available for doing this. Under the Federal Energy Regulatory condition, the Alverno Dam Operators would like to request this thru the County this June, so they could get this going. Administrator Lawson stated that he had talked with the Drain Commissioner, Cam Cavitt regarding this about a month ago, but nothing from a property owner or Alverno Dam Operators. If he understood the grant properly, the dam operator would have to ask the government unit to either ask the State or the County to be a sponsor for the grant. Commissioner Wallace asked who established the water level on Black Lake. Administrator Lawson stated that the Court order that was registered many years ago established the level.

**Scheduled Visitors - None**

### **Finance Director's Report**

Finance Director Kari Kortz presented the General Fund Revenue and Expenditure Report for April 30, 2017. She reported total year-to-date revenue of \$1,401,126.57, or 11.53% of the budget, compared to \$1,501,345.67 or 12.61% of the budget last year at the same time. She also reported on the total year-to-date expenditures of

\$3,425,866.11, or 28.20% of budget, compared to \$3,360,659.41 or 28.23% last year as of the end of April. She reported on the Cash Summary by Fund Cash and Investment Report for April 30, 2017, which totaled \$22,063,324.77. An explanation of the deficit balance accounts was given.

### **Administrator's Report**

Administrator Lawson reported that the staff had posted a request for proposals from architectural firms to provide bids to complete final architectural and engineering plans for the construction of the Jail Expansion and Storage Project. Bids would be reviewed by staff with a recommendation for award at the July 11, 2017 Board Meeting.

Administrator Lawson reported that the staff had received the signed copy of the grant agreement from the State of Michigan and had posted a request for proposals from engineering firms to provide bids to complete the final engineering plans for the replacement of fuel tanks and gas dock-building at the Marina. Bids would be reviewed by staff with a recommendation for award at the August 8<sup>th</sup> Board Meeting.

Administrator Lawson reported that that State of Michigan had approved minimum standards for indigent criminal defense standards for the courts. The standards require that County's submit compliance plans with LARA by November 20, 2017. Staff was working with the Judges to develop the County's compliance plan. List of things looking at: County would be reimbursed.

### **Committee Reports - None**

### **Old Business – None**

### **New Business**

Audit Manager from Gabridge & Company, Neil Hammerbacher presented the audit of the financial statements for the County of Cheboygan for the year ending December 31, 2016. The audit contained a clean "unqualified" opinion. The County's financial statements were free of material budget violations and deficit fund balances; deficit cash balances had been reclassified as due to other funds.

**Motion** by Commissioner Wallace, seconded by Commissioner Sangster, to accept the December 31, 2016 audited financial statements for Cheboygan County. Motion carried with 7 yes, 0 no and 0 absent.

Finance Director Kari Kortz presented the audit of the financial statement of Straits Regional Ride for the year ending December 31, 2016. This year's audit was performed by Gabridge & Company; the same auditors that performed the County-wide audit. Although the financial statements for Cheboygan County for the year ending December 31, 2016 contained information on Straits Regional Ride, MDOT requires that a separate audit be performed in accordance with the Audit Guide for Transportation

Authorities and Agencies in Michigan. The audit contained a clean “unqualified” opinion.

**Motion** by Commissioner Sangster, seconded by Commissioner Newman, to accept the December 31, 2016 audited financial statements for Straits Regional Ride. Motion carried with 7 yes, 0 no and 0 absent.

Straits Regional Ride Director, Michael Couture presented the Title VI plan which provided that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation, in or be denied benefits or be subjected to discrimination under any program or activity receiving Federal financial assistance. The updated plan being presented defines how SRR would comply with the requirements, keep records, and convey the information to the general public. As well as training employees on what to do if and when there was a potential issue or language barrier, the tracking of any complaints, and the requirements to be followed in such an instance. This plan was last updated in April 2014, so this June 2017 update was to reflect any changes in procedures since April 2014. This plan has been reviewed by legal counsel and reflected only minor changes.

**Motion** by Commissioner Sangster, seconded by Commissioner Gouine, to adopt the Cheboygan County Straits Regional Ride Title VI Plan revision for June 2017 and authorize the staff to submit to State and Federal Agencies. Motion carried with 7 yes, 0 no and 0 absent.

Community Development Planner, Scott McNeil presented the Zoning Ordinance Amendment #138. Currently short term rental of dwellings was not allowed under the Cheboygan County Zoning Ordinance. The subject zoning ordinance amendment was proposed to change the definition of Dwelling or Dwelling Unit and change the definition of Family in order to allow short term commercial rental of all dwellings in all zoning districts. The current definition for Dwelling or Dwelling Units read as follows: a single unit building or portion thereof, provides complete independent living facilities for one (1) family for residential purposes, including permanent provisions for living, sleeping, heating, cooking, and sanitation. This amendment removes the reference to family from the Dwelling or Dwelling Unit and clarifies other uses, which were not to be deemed dwellings. A new definition for family was also proposed in order to remove reference to a domicile and specific groups in the current definition. Family was used in other use listings and other sections of the zoning ordinance. The Planning Commission held a public hearing regarding this amendment on April 19, 2017. Support for this amendment was found in the Cheboygan County Master Plan.

Commissioner Wallace commented that if they looked at the American Disability Act, it was kind of loose as what a family was considered for a dwelling.

**Motion** by Commissioner Wallace, seconded by Commissioner Newman, to adopt Zoning Ordinance Amendment #138 per Planning Commission recommendation of approval.

**CHEBOYGAN COUNTY  
Zoning Ordinance  
Amendment #138**

AN ORDINANCE TO AMEND THE CHEBOYGAN COUNTY ZONING ORDINANCE No. 200 TO PROVIDE DEFINITIONS FOR DWELLINGS, DWELLING UNITS and FAMILY.

THE COUNTY OF CHEBOYGAN, STATE OF MICHIGAN ORDAINS

**Section 1. Amendment of Section 2.2.**

Section 2.2 of the Cheboygan County Zoning Ordinance No. 200 is hereby amended to amend the following new definitions in their appropriate alphabetical location, which new definitions shall read in their entirety as follows:

**Dwelling or Dwelling Unit**

Any building or portion thereof which is occupied in whole or in part as a home, residence, or sleeping place, either permanently or temporarily, by one or more families, but not including bed and breakfast, boarding or lodging houses, resorts, resort hotels, recreation farms, vacation lodges, motor inns, hotels, motels and other tourist lodging facilities.

**Family**

A group of individuals, whether related or unrelated, who are occupying a dwelling.

**Section 2. Severability.**

If any section, clause, or provision of this Ordinance is declared unconstitutional or otherwise invalid by a court of competent jurisdiction, said declaration shall not affect the validity of the remainder of the Ordinance as a whole or any part thereof, other than the part so declared to be unconstitutional or invalid.

**Section 3. Effective Date.**

This Ordinance shall become effective eight (8) days after being published in a newspaper of general circulation within the County.

A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

Community Development Planner, Scott McNeil presented the Zoning Ordinance Amendment #139. The applicant has requested a rezoning of two (2) parcels from Agriculture and Forestry Management (M-AF) zoning district to Light Industrial Development (D-LI).

**Motion** by Commissioner Sangster, seconded by Commissioner Gouine, to adopt Zoning Ordinance Amendment #139, to incorporate into the Board of Commissioner's record in this matter all Cheboygan County Planning Commission public hearing minutes and all documents submitted to the Planning Commission in Connection with its consideration of the rezoning request, and to adopt as its own the findings made by the Planning Commission at its meeting on April 19, 2017 on the rezoning factors considered by the Planning Commission on the rezoning.

CHEBOYGAN COUNTY  
**Zoning Ordinance Amendment**  
**#139**

AN ORDINANCE TO AMEND THE CHEBOYGAN COUNTY  
ZONING ORDINANCE NO. 200

THE COUNTY OF CHEBOYGAN, STATE OF MICHIGAN ORDAINS:

**Section 1. Amendment of Section 3.9.1.**

The zoning map incorporated into the Cheboygan County Zoning Ordinance No. 200 by Section 3.9.1 is hereby amended to rezone property located in Walker Township, Cheboygan County from Agriculture and Forestry Management District (M-AF) to Light Industrial Development District (D-LI). The land to be rezoned is described as follows:

Parcel #220-005-200-001-01, Commence at the North East corner of North West 1/4 of North East 1/4, Section 5, T34N,RIW; thence Westerly 250 feet along the north section line; thence South 300 feet; thence East 250 feet to the East line of the North West 1/4 of the North East 1/4; thence North 300 feet to the Point of beginning, part of the North West 1/4 of the North East 1/4. Also Parcel #220-005-200-002-00, Commence at the North East corner of the North West 1/4 of the North East 1/4, Section 5, T34N,RIW; thence West 325 feet to the Point of beginning; thence South 300 feet; thence West 200 feet; thence North 300 feet to the North section line; thence East to the Point of beginning, Part of NW1/4 of the NE1/4.



Map depicting the rezoning

Section 2. Severability.

If any section, clause, or provision of this Ordinance is declared unconstitutional or otherwise invalid by a court of competent jurisdiction, said declaration shall not affect the validity of the remainder of the Ordinance as a whole or any part thereof, other than the part so declared to be unconstitutional or invalid.

Section 3. Effective Date.

This Ordinance shall become effective eight (8) days after being published in a newspaper of general circulation within the County.

A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

Finance Director Kari Kortz presented the 2018 Crime Victim's Rights Application. This grant was between the Michigan Department of Community Health and the County of Cheboygan. It offsets the cost for Victim's Rights Services provided through the Prosecutor's Office and was applied for each fiscal year, which was included in the general fund budget. Since the agreement was between the State and the County, the Prosecuting Attorney was requesting the Board's approval.

**Motion** by Commissioner Gouine, seconded by Commissioner Bolinger, to authorize Grant, acceptance and execution of all other necessary Grant documents by the County Chairperson after review from the County Finance Director and Legal Counsel (if applicable). Motion carried with 7 yes, 0 no and 0 absent.

Finance Director Kari Kortz presented the ratification of the Byrne JAG and MDCGP Drug Court Grant Applications. Each year the Cheboygan County Drug Court applies for grant funds to continue the Drug Court Program. This year the process changed. The State Court Administrator's Office required that each adult drug, DWI, hybrid, and family dependency drug court program become certified. Once certified, the grant application process was simplified to include one application for multiple funding sources. This application was for certification and requested funding for both the Byrne JAG and Michigan Drug Court Grant Program (MDCGP) funding pools. The certification and grant application deadline was June 2, 2017. The Court had hoped to provide these applications at the May 23<sup>rd</sup> meeting, but due to delays in gathering the information required for the certification process, this deadline was not met. On May 19<sup>th</sup>, the Court informed the staff they would prepare the application and provide the grant application at this Board meeting for Board ratification.

**Motion** by Commissioner Wallace, seconded by Commissioner Bolinger, to ratify the 2018 Adult Drug DWI, Hybrid, and Family Dependency Drug Court Certification application and funding request for both Byrne JAG and MDCGP in the amount of \$110,042. 63 previously electronically submitted on behalf of the Board Chairperson and authorize the Board Chairperson to sign any forthcoming required documentation after review by the Finance Director and legal counsel, if applicable. Motion carried with 7 yes, 0 no and 0 absent.

Treasurer Buffy Weldon presented the Foreclosures Sale Proceeds Report. The report included all revenues and expenses for the fund. She stated that at this time there was \$106,235.48 in the foreclosure fund that could be moved to the General Fund.

**Motion** by Commissioner Wallace, seconded by Commissioner Newman, to accept the 2017 Foreclosure Sale Proceeds Report and instruct the County Treasurer to move \$106,235.48 from the Foreclosure Fund to the General Fund designated for capitol improvement. Discussion was held. A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

Treasurer Buffy Weldon presented the Property Foreclosure First Right of Refusal for 18 property foreclosures. She suggested to the State of Michigan to take over two (2) of the properties due to there being adjoining state property to both. Adjacent land owners had been contacted.

**Motion** by Commissioner Sangster, seconded by Commissioner Gouine, to authorize Chairperson Chris Brown to sign the waiver of First Right of Refusal in accordance with Act 123 P.A. 1999. A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

Administrator Lawson presented the MSHDA Blight Elimination Grant Application – Gold Front Building Removal. The Gold Front property in Downtown Cheboygan was sold on a Land Contract by the County as part of a tax sale in 2011. The person that purchased the property under the land contract can no longer make the payments and has deeded the property back to the County. He and the Treasurer Weldon had meet with representatives of the City, which had indicated that they were supportive of the building being removed, which fits into the City's plans associated with Festival Square and the Opera House. The City had provided preliminary confirmation identifying the possible redevelopment of the parcel after demolition of the building as landscape and parking area as part of the redevelopment of the area. Inspection of the inside of the building found that there was a lot of water damage and it would have to be gutted out in order to be renovated.

The State of Michigan was currently accepting applications for grant funding for demolition projects with communities through the MSHDA Blight Elimination Program. Grants for this program were due June 21, 2017. Although the time line for grant submittal was tight, the Treasurer and staff would like authorization from the Board to work with Northern Homes, Inc., to prepare a grant application for submittal to the State prior to the deadline. The application would be provided for Board at the June 27, 2017 meeting. This was being requested due to the fact that the State had not confirmed that the program would be continued to be funded in 2018. Northern Home's fee for grant application was estimated to cost \$1,500 to \$2,000, which would be paid by the Treasurer's Tax Foreclosure Fund.

The Grant program covers up to \$250,000 for building removal. The estimated cost to remove the Gold Front was \$150,000 to \$200,000.

Commissioner Wallace commented why the County was dealing with this instead of the City. Administrator Lawson stated that the County owned the building and if nothing

was done, the County would be receiving a Blight Notice. Commissioner Wallace commented that the County would be spending all this money and then be giving it to the City, so why doesn't the County just sell it to them. Administrator Lawson stated that the County was going to have to work together as a partnership to figure out what to do with this structure. The City has an interest in it once the building was removed as part of their initial plan to link this property to the building next door, which would likely go into foreclosure. Eventually, this would probably be all one (1) unit open space area. If the other building comes up on tax sale in the future, this opening would be linked to Festival Square. Commissioner Brown commented that they should be looking at keeping the property because once it was improved it would have more value as vacant land and shouldn't they be looking at keeping it on the tax roll. Administrator Lawson stated that this was what they would have to negotiate as to what the amount of cost the County would have in it and at least get reimbursed back for the removal costs. On the grant, they would have to identify who they partnered with. It has been work to keep it on the tax roll since 2011 and it would be preferred to keep it back on the tax roll, but right now this was the option that they had in front of them. Pursuant to what has been said, the City was looking at parking and also integration between the Opera House and the Festival Square Area. The Board would make the final decision.

**Motion** by Commissioner Sangster, seconded by Commissioner Newman, to submit grant application for MSHDA Blight Elimination Funds from the State of Michigan and authorize all necessary budget adjustments. Motion carried with 7 yes, 0 no and 0 absent.

Finance Director Kari Kortz presented the following inter-budget transfer, which was requesting a transfer related to personal services (payroll) line items: An employee in the Friend of the Court office resigned effective June 2, 2017. The Friend of the Court had requested to transfer the savings of \$3,922, resulting from previous unpaid leave and the staff vacancy through June 9, 2017, from full-time to overtime to allow the other departmental staff additional hours to keep up with the work load and train a new employee. This budget adjustment decreased the full-time expenditure line item and increased the overtime expenditure line item by \$3,922.

**Motion** by Commissioner Sangster, seconded by Commissioner Newman to approve the inter-department budget transfer (From 215-141 to 215-141 totaling \$3,922). A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

Commissioner Brown presented his letter of resignation effective June 25, 2017. He accepted a new position out of the county as the Municipal Manager of the Village of Pentwater. He stated that this decision was not an easy one. It has been an honor and a privilege to serve the residents of Cheboygan County, working with the County employees and he greatly appreciated the support from his constituents of District #1.

**Motion** by Commissioner Gouine, seconded by Commissioner Wallace to accept the resignation of Commissioner Brown effective June 25, 2017. Motion carried with 7 yes, 0 no and 0 absent.

## **Citizens Comments**

Beverly Haas clarified that Administrator Lawson was right that The Black River Limited Partnership could come before the Board and request to reopen the survey. She would like to make sure when this does come to the Board, the citizens would have an input on the scope of the study. Commissioner Gouine asked if there was really a problem. She stated that in 2016 there was a lot of flooding. Monitoring has been done to see how much flow of water goes thru there, which the Black Lake Preservation Society and the Black Lake Association have been working on.

Carl Muscott welcomed Commissioner Roberta Matelski and appreciated the Board's wise decision to choose her. Mr. Muscott wished Commissioner Brown well in his new position. He questioned the inmate work program funding shortage. It was a worth-while program and he didn't want to see it illuminated. Finance Director Kortz stated that she didn't suggest that it was going to be lost, just that there might be funding needed. In the Board packets this week, it showed the Inverness Sewer Debt. He understood that it was guaranteed by the Inverness Township and not on the shoulders of Cheboygan County, but at one time Cheboygan County did facilitate that infrastructure work and they still have the issue here where there was money to tear down structures in downtown Cheboygan, but didn't have money for infrastructure to help Meijer come into the County. He suggested doing a search on the internet for the Meijer's News Room where all their press releases were and then search for Cheboygan. There would be, "no results". The little bit of history that was there four (4) years ago was gone and the expense that had been spent here in Cheboygan County with Meijer amounted to nothing. Cheboygan County may have lost the opportunity. There was an Inverness Township meeting scheduled on Thursday, June 18<sup>th</sup>.

## **Board Member Comments**

Commissioner Wallace handed out the May 2017 newsletter from Michigan Works "Making an Impact". He reported that a company was opening up a \$250 million plant in Grayling with 250 employees being hired and MI Works would be involved in handling the training of the employees.

Commissioner Gouine asked about an update on the new telephone lines at the airport. Commissioner Lawson stated that they were looking into it. IT Director Dave Berg was getting some numbers together and confirming with the cable company as to what their costs were. He stated that they might have to figure out how to put in their own conduit in to help keep the pricing down or go to a board system. Commissioner Brown commented that fiber would be best if it was available because they could do voice over, which could be used for as many phone lines that they want and would really cut their costs.

Administrator Lawson clarified that in 2015, the County did clarify that a unit could approach the County to use them as a funding mechanism to borrow money as much as the way the sewer project was done in Inverness Township. So technically, the

County wouldn't be giving the money, but if the unit wanted to use them for a funding mechanism, they could do that. There was a technicality between doing that and owning the line, which the County doesn't own the line and cannot appropriate funds to pay for it.

Commissioner Wallace commented that the County was just the bonding agent for the sewer project.

Commissioner Sangster commented that at the Special Meeting that was held regarding Meijer, it was stated to both units of government that the County was here for them when needed and this was still the case.

Administrator Lawson commented on the County audit. When looking at the numbers, it represented the whole Board helping to save money. He pointed out that the Finance Director Kari Kortz spent tons of hours and goes above and beyond what a normal municipal employee would do to help the auditors produce these results. He wanted everyone to recognize her and her staff for it. Commissioner Brown thanked her for a great job.

**Motion** by Commissioner Wallace, seconded by Commissioner Brown, to adjourn to the call of the Chair. Motion carried with 7 yes, 0 no and 0 absent. Meeting adjourned at 11:09 a.m.

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Karen L. Brewster  
Cheboygan County Clerk/Register

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Chris Brown  
Chairperson Board of Commissioners