

**JULY 22, 2014  
REGULAR MEETING**

RECORD OF THE PROCEEDINGS OF THE REGULAR BOYNE CITY COMMISSION MEETING DULY CALLED AND HELD AT BOYNE CITY HALL, 319 NORTH LAKE STREET, ON TUESDAY JULY 22, 2014

**CALL TO ORDER**

Mayor Ron Grunch called the meeting to order at Noon followed by the Pledge of Allegiance.

Present: Mayor Ron Grunch, Mayor Pro-Tem Gene Towne, Commissioners Derek Gaylord, Laura Sansom and Tom Neidhamer

Staff: Michael Cain, Scott McPherson, Hugh Conklin, Jeff Gaither, Annie Doyle, John Lamont, Dan Meads, Barb Brooks, Andy Kovolski and Karen Seeley

Others: There were 4 citizens in attendance including representatives from the Petoskey News Review, and the Charlevoix County News

Mayor Grunch presented a certificate of appreciation to Main Street Manager Hugh Conklin for his years of hard work and dedication.

**CONSENT AGENDA**

**MOTION**

2014-07-103  
Moved by Neidhamer  
Second by Gaylord

Approved of the July 8, 2014 City Regular City Commission meeting minutes as presented

Ayes: 5  
Nays: 0  
Absent: 0  
Motion carried

**CITIZENS COMMENTS**

None

**CORRESPONDENCE**

None

**CITY MANAGERS REPORT**

City Manager Cain reported:

- Successful weekend with the 11<sup>th</sup> Boyne Thunder with a record 102 boats registered. All ran very smoothly.
- We had a great second half of Mayors Exchange with Frankenmuth. Their Mayor was amazed by all the things we have going on and how well we work with others organizations.
- The Food Truck rally fund raiser for the Farmers Market seemed to go well with perfect weather, larger crowds and no problems to speak of other than vendors running out of food or beverages.
- The Main Street Manager's search continues with background checks of the top two candidates
- The MSU Extension's free educational tours on protecting Lake Charlevoix took place yesterday with good representation from the Commission and staff
- I will be out of the office at a statewide City Manager's Conference most of the rest of this week in Bay City and then taking vacation time a good chunk of the next two weeks.

**REPORTS OF OFFICERS,  
BOARDS AND STANDING  
COMMITTEES**

The June, 2014 Financial Statement was received and filed

**City Facilities Update**

After the City Commission's July 8<sup>th</sup> public hearing was held, staff has been reviewing the next steps and options on this matter with our design and bonding consultants, which is still ongoing. In discussions with the bonding counsel, he pointed out that the deadline to get language to the County Clerks office in time to be on the ballot for the November 4, 2014 election is by 4:00 p.m. on Tuesday, August 12<sup>th</sup> the date of next scheduled City Commission meeting. In order to have the matter on the November 4<sup>th</sup> ballot, unless it were approved tonight, it would be necessary to either schedule a special meeting, or change the time of our August 12<sup>th</sup> 7:00 p.m. meeting to an earlier time, such as our alternate noon meeting time.

City Manager Cain reviewed his material from the financial consultants and bond attorneys.

- I am assuming that on top of the \$1 million dollars we have set aside so far we could come up with another 1 to 1.5 million dollars out of our savings without killing off our ability to do anything else. However, we are waiting for the results of our audit to give a truer picture of all of our funds.
- Assuming a 7.5 million project, we would need to levy to raise about \$5 million dollars which is much closer to 2 mills than to 1 mill as reported earlier. We misread the table we developed using an estimated \$180,000 annual payment as the total per year versus the total per payment (twice a year), which it actually was.
- 5 million dollar bond over 20 years is estimated at a 4.25% interest rate, a 1.95 initial millage and a 1.65 average millage over the life of the bond assuming modest taxable value growth.
- A 30 year bond issue is too long for our financial and bond consultants comfort and they do not think it would be well received on the bond market. 20 years is the norm because that is when things need to be replaced (roofs, paving, flooring, mechanical units, etc.) 25 years is a stretch and those extra five years would increase the interest cost by about 1 million dollars over the estimated 20 year interest cost of 2.6 million dollars.

On page nine you will find the additional phasing thoughts.

Commissioner Sansom: Questioned the 7.5 million dollar project? Yes, that's the figures I was using which includes meeting rooms on the second floor and a museum facility. That is just a rough number at this point. Didn't the architect indicate some of the segments of the phases could be scaled somewhat? That would be something we would do later at this point we need to make sure we are asking for enough money.

Commissioner Neidhamer inquired, the fine tuning of the general concepts, and specifics of the buildings, when would the details be worked out, before or after November? From this point forward.

Commissioner Sansom inquired if there were any grants available in regards to the emergency services for this project. Cain has checked with the department heads and no, not at this time, but we will never stop searching. So we would put up to a certain amount of millage on a ballot? Cities have different requirements, with regards to what we can put on the ballot. Because we have an original charter millage of 20 mills, the charter says this is the amount you can levy as a home rule city and because we have that source of funds basically guaranteed in our charter, we have

more restrictions. Mayor Grunch: There may be some family out there that would like to gift part of the building and have a meeting room or something named after them, as it did for the Public Library. Basically we have four options: 1) Pay as you go; 2) The City Commission increases the millage to 20 mills without a vote of the people (an increase of 1.91 mills) 3) Put it to the vote of the people under charter ability and levy up to 20 mills; 4) A voted bond millage. And maybe a fifth option of a supplemental income as just noted or grants. Mayor Grunch inquired, is it prudent to go for a millage in November? We are not able to fine tune the details at this point. Are we asking for too much too soon? Or too much period? There is no reason that it can't been done. We can get a lot accomplished between now and November, but we would have to get the message out. There are a lot of details to be nailed down. We have the option of going out for a millage any time an election is being held. If the people feel rushed they will generally vote no. At this point the commission reviewed the phasing proposals. Phase one is constructing a new DPW at North Boyne, which we can basically do out of our pockets. Phase two is to construct a new city hall, which would require relocation of city staff, museum, MSU Extension and Police. However if the DPW is gone you would have that area to move the Ambulance and Police departments to. Phase three would be to construct new apparatus bays for the fire department. Sansom inquired when we could hold an election. The state says we can hold elections four times a year. So it could be next year if we choose. Could we swap the phases? And keep the city offices functioning. Neidhamer agrees. If you built North Boyne first, then you build phase three that would make room for the emergency services. Mayor Pro Towne would like to see it done in phases also, but would like to see some better numbers before we decide. Commissioner Gaylord: It would have been helpful to have Ray here today. We have new information that was just made available to us, it is double the millage that was anticipated and there are no audit figures, so we may or may not have another one to one and a half million. What other projects do you want to accomplish besides the city facilities? If we allocate the funds to the facilities, will we have enough to complete those projects? Do we have numbers of the total cost to the tax payers including interest on the 20 year plan? For the 5 million dollars total cost 7.577 million. 25 years would be 8.483 million dollars. That is the total bonded cost to the tax payers. Laura brought up some good points on changing the phases. North Boyne has way more room for cost savings. The DPW, those numbers came in higher, and we need the salt barn which will be extra. Maybe the building could be pared down and the salt barn, there is some room for some cost savings there. Anything we save there can go for other areas. With what we have saved and what we can save this year, we may have the ability to pay for the majority of the DPW with cash, and with them out of the building we could bring back the ambulance and saving money on the rent we would have been paying. Then in the next year we could look at bonding and the millage would be reduced. This would be the best use of our tax payer's money. It is prudent upon us to bring the citizens the best route to go and the best financial choices for their money. Starting with the DPW phase and move forward, we are not rushed; we have time to get something more concrete and a proper design to move forward. Commission Sansom: I think it is easier to sell the public with a visual, actual design with an actual cost attached to it. We need to do it right. Commissioner Neidhamer: I have mixed feelings 1) We have talked about this for the past 16 years, we need to go for the

one and a half/ two mills (one would be better). The time line doesn't scare me, I still see a sense of urgency. I believe we can get the details worked out and the work done between August and November. However, I see a lot of merit in what Derek and Laura have said. If we spend one million at North Boyne and 1.5 million on phase three and then in a year we could ask for a bond proposal for this building. East Jordan built their nice facility for 1.5 million.

Department Heads: Police Chief Gaither: I see merit to what you are saying in every direction, but I would like to get in on the first phase, we have a lot of things we need to upgrade real quick for security and safety reasons. Water/Wastewater Superintendent Dan Meads: This is an important project; we have been looking at it for years. There are projects coming up that hopefully we can get grants for. DPW Superintendent Andy Kovolski: Agrees with the phases and probably wouldn't switch Phase 2 and 3. Another thing you need to consider when you are looking at the phasing and how long you spread these out is the inflationary costs. We are seeing price increasing on our street projects. That is something you should take a careful look at. John Lamont, Ambulance Director: I really encourage you to tie in phase one and combine Fire and EMS and Police at the same time. If you could get the DPW up to North Boyne and move the ambulance it would be great. Scott McPherson, Planning Director: Emergency services and DPW should be done first. Hugh Conklin, Main Street Manager: You should take the time to figure it all out and if it's a good proposal, the voters will put it through, put a good package together and then put it to a vote.

Citizens Comments: Larry Fox, C2AE, personal opinion: You seem to have enough questions that you need to spend more time to think things through.

Chris Christensen: Phase in approach is the best approach. I agree with Hugh.

Mayor Grunch: In our previous meeting it seems that the consensus was to get phase one started ASAP. That doesn't require us to go to a vote.

Commissioner Gaylord: Start with DPW, get their vehicles out and move ambulance back, then determine what we are going to do to move forward and put a package together then bring it to a vote of the citizens.

Mayor Pro-Tem Towne: Agrees

Commissioner Neidhamer: I agree except for the police department. If we wait until next November, it will be another year more, for their phase.

Commissioner Sansom: We don't have to wait for a vote in November, it can go on sooner.

Mayor Grunch: We seem to have a consensus that phase one should start as soon as possible and break ground in the spring. We need a motion that is time specific.

Commissioner Neidhamer: Is there any interest of the commission to raising the .9 as we are allowed to do by law and earmarking that money for the facilities? Not at this time, without more information.

Commissioner Sansom: If we start moving on the DPW now, the public can see we are doing something and it will create more interest for the project.

City Manager Cain: I am hearing the commission's consensus of putting off the millage at this time, to move forward with North Boyne, with a little tweaking and flushing out the phases, and see what we can do with the money we have, and you are not ready to put on the November ballot.

2014-07-104

Moved by Neidhamer  
Second by Sansom

The City Commission directs staff to proceed with the construction at North Boyne for new DPW facilities, sharpen our pencils to reduce the economic of 2.2 million and simultaneously contract with necessary architect to continue all the details of the next phases and financial packages that need to occur as soon as possible. Staff is directed to pursue, with all the checks and balances coming back to the City Commission.

By-pass the November date for a ballot proposal for millage.

Ayes: 5

Nays: 0

Absent: 0

Motion carried

**MOTION**

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Consideration to award the contract to undertake the East and Ray Street reconstruction project to the low bidder, MDC Contracting of Charlevoix in the amount of \$633,624.25, subject to possible proposed changes presented by staff and authorize the City Manager and City Clerk/Treasurer to execute the required documents, contingent upon approval by the Michigan Economic Development Corporation

**East and Ray Street  
Reconstruciotn Project  
Bid Award**

In February, the City received a \$583,519 Downtown Infrastructure Grant to reconstruct East Street between Main and Ray Streets and the entire two block length of Ray Street. One of the grant requirements is that the project be constructed by the end of this year. The project was put out to bid and the bids were opened July 17<sup>th</sup>. The low bid of \$633,624.25 out of the three submitted, was from MDC Contracting of Charlevoix. The bid came in 6.5% over the engineer's estimate. Including the grant amount, we have budgeted \$747,990 for construction related costs associated for this project. After subtracting \$107,239 for Consumers Energy to move utility lines underground and other costs associated with this project we come in over budget about \$50,000. That includes an estimated \$19,000 contingency amount. City Manager stated that staff has since met and the payment marking is \$5,000 and we could hold off and do it in the spring. The \$2800 for tree planting, we could do with our tree planting program. There is an added cost of \$17,000 to put in conduits for future needs, we could remove some of them. We could proceed and award the bid, do some more research and come back with recommendations at a later date. We can make change orders to the project as we move forward.

Larry Fox of C2AE: The bids came in a little higher than what was estimated. Contractors are getting busy. We can make some minor adjustments to bring the cost down. I would recommend awarding to MEDC.

Staff Comments: Dan Meads, Water Wastewater Superintendent: Agrees with Mike and Larry.

Board Discussion: Commissioner Sansom: The project needs to be done, I'm in favor of holding off on the pavement stripping, I think it is wrong to hold off on the trees and leave in the conduits.

Commissioner Gaylord: Concurs with Laura, do it once, do it right. I am

confidant that staff will find the savings without sacrificing the project.  
 Mayor Pro-Tem Towne: Lets move forward  
 Mayor Grunch and Commissioner Neidhamer are both in agreement.

2014-07-105  
 Moved by Towne  
 Second by Gaylord

To award the contract to undertake the East and Ray Street Reconstruction project to the low bidder, MDC Contracting of Charlevoix in the amount of \$633,624.25 subject to possible proposed changes presented by staff and authorizes the City Manager and City Clerk/Treasurer to execute the required documents, contingent on approval by the Michigan Economic Development Corporation.

**MOTION**

Ayes: 5  
 Nays: 0  
 Absent: 0  
 Motion carried

When will this project begin? We are looking to start in August, with a completion date in October. We will hold a public Information meeting with the contractor.

Consideration to accept the Assistance to Firefighters Program Grant and authorize the City Manager and EMS Director to accept the grant, complete the required materials, and proceed with sending out a Request for Bid for the purchase of two ambulances

**Ambulance Grant  
 Approval**

Ambulance Director John Lamont stated in his memo, last fall we submitted a request for \$147,500 fro the Assistance to Firefighters Program for the replacement of our 1996 ambulance. On July 14<sup>th</sup>, we received an email congratulating us on being awarded the project cost total of \$147,500. The Federal cost share is 95% or \$139,650 of the approved amount with the City's cost share of 5% or \$7,350. Prior to receiving any of the Federal Grant funds that have been awarded to the City, the City must establish acceptance of the Grant and Grant Agreement Articles through the Firefighters Grant Programs' e-grant system. My recommendation is to consider utilizing the budgeted amount in this year's budget to obtain a second vehicle identical to the first. Our existing trucks would be traded in. I have been advised that the vehicles would be valued at approximately \$6000 each. Our third vehicle, (the 1996), cannot be re licensed as an ambulance but could be put out to bid for purchase and possible use as a utility truck.

Board discussion:

Mayor Grunch: We have the money in our equipment replacement fund. In favor to pursue both ambulances

All are in support  
 Job well done

2014-07-106  
 Moved by Towne  
 Second by Sansom

To accept the Assistance to Firefighters Program Grant and authorize the City Manager and John Lamont to accept the grant and complete the required materials and also proceed with sending out the RFB (request for bid) for the purchase of two ambulances.

**MOTION**

Ayes: 5  
Nays: 0  
Absent: 0  
Motion carried

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Consideration to approve the request from the Boyne City Farmers Market to apply for a one-day liquor license from the Michigan Liquor Control Commission for its Farm Meal fundraising event on August 9, 2014 at Frog Hollow Farm.

**Farmers Market Fund Raiser**

Main Street Manager Hugh Conklin stated in his memo that the Boyne City Farmers Market is planning a fund raising dinner on August 9<sup>th</sup> at Frog Hollow Farm to benefit the winter market. This is the third year the market has sponsored a Farm Meal and the previous two have been very successful. This year the meal will be catered by Frog Hollow Farm at their facility on M-75 between Boyne City and Walloon and the Farmers Market is contracting with The Wine Emporium and Boyne Country Provisions to provide beverages for the five course wine-paired dinner. Due to the fact wine will be provided as part of the meal, a one day special use liquor license is required for the event. Additional insurance is also required which will be paid for by the Farmers Market. The Main Street Board approved the Farmers Market request for the liquor license at its July meeting and is recommending approval by the City Commission. This fund raiser is working toward a winter market location.

All are in support

2014-07-107  
Moved by Sansom  
Second by Towne

**MOTION**

To approve the request from the Boyne City Farmers Market to apply for a one-day liquor license from the Michigan Liquor Control Commission for its Farm Meal fundraising event on August 9 at Frog Hollow Farm.

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Commission Sansom inquired if there is anyone in the Police Department qualified to test properly installed baby seats. That is a five day, 40 hours certification training that the Police department has opted out of. The closest is Charlevoix or McLaren Hospital. It wasn't a cost effective program. Thanked the Farmers Market for providing items for our Mayors Exchange. I ran across an excellent article regarding the fluoride issue, from the Scientific World Journal, on the physiological effects of fluoride on the human body. It is a fascinating article. Published in February of this last year and urges everyone to read it. Fluoride bonds with calcium and magnesium as we know, but it also takes it out of the body and causes weakening of bones. Fluoride is known as an enzyme disruptor, attaches to sixty six different enzymes in the body. It is scientific and well written. Commissioner Gaylord: I attended the food truck rally, there was a large crowd. We need to decide how to move forward and how to find the balance, what do you want Boyne City to be. It was very interesting.

**Good of the Order**

On the fluoride topic, I think there is an opportunity for us to come to a resolution. It has been stated through out this whole process that it is about the children. What can we do to insure that the children receive fluoride, if a parent or guardian so chooses maybe through the school? We could help with the money we are saving by not adding fluoride. No matter what the social or economic realm they are in, they would each have the same opportunity. It would treat the targeted audience.

Mayor Pro-Tem Towne: I heard a lot of good comments on the Vietnam Memorial, thank you to whoever was responsible for that.

Mayor Grunch: Thanked Main Street Manager Conklin for his expertise and passion and being the team leader he has been. Job well done!

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2014-07-108

Moved by Grunch

Second by Gaylord

To approve the request of the City Manager to go into closed session to consider strategy connected with the negotiation of a collective bargaining agreement as provided in MCL 15.268 (c) of the Michigan Open Meetings Act (PA 267 of 1976 and 2) to consider the purchase of real property as provided in MCL 15.268 (d) of the Michigan Open Meetings Act (PA 267 of 1976) at 1:58 p.m.

**CLOSED SESSION**  
**MOTION**

Ayes: 5

Nays: 0

Absent: 0

Motion carried

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2014-07-109

Moved by Grunch

Second by Towne

**RETURN TO OPEN**  
**SESSION**

To return to open session at 3:32 pm.

Ayes: 5

Nays: 0

Absent: 0

Motion carried

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Consideration to approve labor agreement

City Manager Cain stated: The City has reached a tentative agreement with our ASFME bargaining unit which includes the Water/Wastewater, DPW and Maintenance employees and ratified by their membership and I am bringing it to the City Commission with a recommendation for approval. The broad strokes of the terms would be a two year contract, with a 4% wage increase for the first year, which goes through March 31, 2015 no retroactivity, 4% for the second year tied to the condition the health care cost increases be not more than 15%. It also includes the HSA plan contributions be the same as provided for other employees. The first year increase would be upon ratification of the employees. Life insurance to be increased to \$25,000 per employee. There were language items to be cleaned up as well. The most significant one is in regards to union membership. Basically pursuant to the new state laws employees would be given the opportunity to opt out of the agreement twice a year, six months apart. First two weeks of April and October. Since we have already went past the April window, they would be

**Labor Agreement**



given a opportunity for two weeks after the formal execution of this agreement, so they would still have two opportunities this year. There are some other language changes, but that summarizes the majority of them. I am recommending the City Commission adopt the proposed terms of this contract authorize the City Manager and City Clerk/Treasurer to prepare the final agreement and execute it upon its completion.

**Board Discussion:**

Mayor Pro-Tem Towne and Commissioner Neidhamer: In full support  
 Commissioner Gaylord: The 4% levels clearly those are over the increase that was given to other employees. Where does it put our DPW as compared to other communities? At the lower end. The wage increases have been fairly consistent over the years. City Manager Cain explained that the union is holding us harmless on the "opt out" period. If the health care cost increase to exceed 15% the 4% wage increase goes off the table and it goes back for re negotiation.

Commissioner Sansom: It's a fair settlement.

2014-07-109

Moved by Neidhamer

Second by Sansom

To adopt the proposed terms of this contract authorize the City Manager and City Clerk/Treasurer to prepare the final agreement and execute it upon its completion.

**MOTION**

Ayes: 5

Nays: 0

Absent: 0

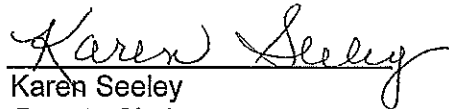
Motion carried

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Moved by Mayor Grunch, seconded by Mayor Pro-Tem Towne to adjourn the regular City Commission meeting of Tuesday, July 22, 2014 at 4:48 p.m.



Ron Grunch  
 Mayor



Karen Seeley  
 Deputy Clerk

**ADJOURNMENT**

**MOTION**