

**JULY 10, 2018
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 10, 2018

CALL TO ORDER

Mayor Neidhamer called the meeting to order at noon followed by the Pledge of Allegiance.

Present: Mayor Tom Neidhamer, Mayor Pro-Tem Ron Grunch, Commissioners Hugh Conklin, Sally Page and Dean Solomon

Absent: None

Staff: Michael Cain, Cindy Grice, Barb Brooks, Scott McPherson, John Lamont, Kelsie King-Duff, Andy Kovolski, Dennis Amesbury and Patrick Kilkenny

Others: There were nine citizens in attendance including a representative from the Petoskey News Review.

**CONSENT AGENDA
MOTION**

2018-07-078
Moved by Grunch
Second by Page

Approval of the June 26, 2018 City Commission regular meeting minutes as presented

Ayes: 5
Nays: 0
Absent: 0
Motion carried

CITIZENS COMMENTS

None

CORRESPONDENCE

None

**CITY MANAGERS
REPORT**

City Manager Cain reported:

- Jack Bush has announced his retirement from the fire department after 30 years of service
- All signs noting tobacco free zones in City Parks are up
- Thank you to everyone who made the July 4th celebration a great event

City Manager Cain introduced members of Voices Without Borders who recently visited the Boyne Valley in Ireland. Items from Trim, Ireland were presented to Mayor Neidhamer from the Mayor of Trim.

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

Draft minutes of the June 7, 2018 Parks and Recreation Board Meeting; the June 7, 2018 Main Street meeting; the June 11, 2018 Historical Commission Board Meeting; the June 18, 2018 Planning Board Meeting and the June 28, 2018 Airport Advisory Board Meeting were received and filed.

**West Michigan Water
Extension Special
Assessment Public
Hearing**

Consideration to 1) hold the public hearing regarding the confirmation of the roll for the proposed West Michigan/Woodland Water Main Project and any objections or other matters related to it; 2) determine whether to revisit rebidding the project or award the bid, 3) determine whether to finally confirm the proposed special assessment roll and 4) based on 2) above consider awarding the bid of the project to the low bidder MDC of Charlevoix for a revised estimated total of \$321,560

Mayor Neidhamer opened the public hearing at 7:31 p.m.

City Manager Cain discussed the proposed project installing new 8" water main along West Michigan from its connection point on the east side of the intersection at Boyne City / Charlevoix Road to its terminus at the intersection of Woodland and Glenwood Beach Streets. Along the length of this new main, 26 homes and properties would then have access to municipal water which they do not currently have.

The City Commission at its June 12th meeting also approved financing the project by borrowing from Wastewater account funds rather than bidding the financing to outside financial institutions. While this draws down the current available fund balance in this particular fund, it does provide it interest income above the 1.9% we are currently receiving. It also benefits the SAD and its payees by reducing their costs by avoiding about \$8,700 in financial consultant fees, obtaining a lower interest rate of 3.5% which would likely be lower than rates obtained in the market and by allowing the City to allow persons to individually pay off the special assessment early at any time during the 20 year period forgoing interest costs on the remaining years.

Putting this all together we end up with an estimated cost per property of \$14,230.77 before financing. If they paid that amount prior to September 1, 2019 that would be all they owed for the water main installation. Bills for the SAD would go out July 1st of 2019 and subsequent years until it was fully paid off. If everyone paid it off prior to September 1, 2019 the risk to the Wastewater fund is that it would have lost its potential interest revenue during the months it was not available to be in the bank. If a property owner were to finance their share for the full twenty year their interest costs would be an estimated \$5,795.17 or a total water main SAD cost of an estimated \$20,025.94.

Please keep in mind that the above cost is for the water main / fire hydrant installation project itself. Property owners would also be responsible for additional fees to connect their individual properties to the water system. Currently there would be a \$1,527 connection fee payable to the City for up to a ¾" water service line. Those fees generally increase each May 1st by 2 or 3% depending on the rate of inflation. In addition there is the cost of running and connecting the service line from the house to the new main. These costs are paid directly to a properly licensed contractor of the property owner's choice. This cost will vary depending on the contractor and the property for which the line will be installed.

Since the service line cost is borne separately by the property owners, we have been asked if the low bidder, MDC, or others who could do the work to provide prices. MDC, due to scheduling uncertainties, could not commit to installing the service lines. The City provided the names of three firms we were aware of who could do the work and have done so in the City in the past. Property owners are advised that they can seek out other qualified contractors if they desire.

One of the contractors we provided, Matt Underground of Kalkaska, expressed interest to a property owner in not only doing the service line installations but the whole project. They focus on underground boring work. The property owner advised us about the contractor's interest and we have been following up on the lead. The contractor has expressed their interest directly to me, indicated that he could do the work yet this year and do so at a significant savings. None of this can be verified unless we actually rebid the project. Matt's provided references which Water/Wastewater Superintendent Mark Fowler and I contacted and received favorable reports.

Such an option, rebidding the project, was discussed at the City Commission's April 24th meeting but not pursued. There was no specific boring or other contractor expressing interest in the project at that time. We were also advised by our City Attorney that if we desired to seek additional bids we should do so only after rejecting the four bids for this project we currently have. Otherwise we would be circumventing the bidding process by asking people to bid against bids and prices already publically disclosed. Not a fair circumstance for the bidders. Based on the information then available choose to move forward with the bids at hand, which is what we've done.

Based on the forgoing there are a couple of interrelated issues before the Commission to consider tonight: 1) Does the City Commission wish to reconsider rebidding this project and 2) does it want to confirm the roll?

Prior to addressing either of those questions I would recommend that the City Commission hold the public hearing on the roll, accepting related comments about the project and then based on those comments and the other information that the City Commission has received determine how it wants to address the questions above. The Commission may wish to resolve the question on bidding the project first and then move on to the roll.

David Austen said he is not against the water main project and wants to connect if it happens. His main concern is the sand, silt and water and he thinks open trenching is the wrong approach. Boring is by far the best answer and he strongly suggests rebidding the project with direct boring.

Frank Minier said he encourages the direct boring.

Dan Wollshlager said he appreciates the hard working getting the project to this point. He is encouraging the project to be direct boring. Contractors he talked to indicate the project can cost less. It's critical to look at the entire project.

John Jarema representing John and Sandy Herzog stating his clients, the Herzogs are objecting being included in the project. How are they going to benefit when they already have City water. Their property at 615 W. Michigan should be exempt.

George Ellwanger said he would like the Commission to entertain other studies and ideas. Maybe a two week moratorium is possible.

Walt Coyle said based on recent conversations, as it stands, he thinks we should find out if the boring option is a considerable savings.

Mayor Neidhamer closed the Public Hearing at 8:07 p.m.

City Manager stated that 615 W Michigan should not be included based on information, however 613 W Michigan shows no records of any payments, bills or records. Therefore 613 W Michigan should be included, 615 should not be included.

Larry Fox of C2AE said they would do the rebidding of the project at no charge.

MOTION

2018-07-079
Moved by Neidhamer
Second by Grunch

To reject the bids received for the West Michigan water extension project and direct staff to rebid the project with trenching and / or boring

Ayes: 4
Nays: 1, Commissioner Conklin
Absent: 0
Motion carried

MOTION

2018-07-080
Moved by Conklin
Second by Solomon

To delay the approval of the West Michigan Special Assessment roll until July 24, 2018

Ayes: 5
Nays: 0
Absent: 0
Motion carried

City Of Escanaba Dark Store Participation

Consideration of a further \$2,000 contribution to the Michigan Municipal League's Legal Defense Fund specifically designated to assist in the "Dark Store Theory" matter

City Manager Cain provided information for the City Commission's review and consideration of a request and communications from the City of Escanaba regarding their efforts to protect the position of taxing jurisdictions on the issue of 'Dark Store Theory'. As they describe in their communications this matter could have statewide implications, including in Boyne City.

Although the City does regularly pay the annually requested Michigan Municipal League's (MML) Legal Defense Fund contribution, \$224 this year, this issue may be one the Commission wishes to further provide funds for. Although this is not a budgeted item a contribution in the \$1,000 - \$2,000 range might be in order. If the Commission does wish to further assist in this effort it is recommended that we do so through the MML's Legal Defense Fund.

The MML has been contacted directly for any further insights they may have on this matter.

Staff Comments: None

Citizens Comments: None

Board Discussion: All are in agreement.

MOTION

2018-07-081
Moved by Conklin
Second by Page

To approve of a further \$2,000 contribution to the Michigan Municipal League's Legal Defense Fund specifically designated to assist in the "Dark Store Theory" matter

Ayes: 5
Nays: 0
Absent: 0
Motion carried

MOTION

2018-07-082
Moved by Neidhamer
Second by Solomon

To approve to add an agenda item to this meeting regarding changing the start time of the July 24, 2018 Commission meeting.

Ayes: 5
Nays: 0
Absent: 0
Motion carried

MOTION

2018-07-083
Moved by Solomon
Second by Page

To approve to change the starting time of the July 24, 2018 Commission meeting from noon to 12:30 p.m.

Ayes: 5
Nays: 0
Absent: 0
Motion carried

**Closed Session
MOTION**

2018-07-084
Moved by Conklin
Second by Page

To approve the request of the City Manager to go into closed session 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 9:07 p.m.

Ayes: 5
Nays: 0
Absent: 0
Motion carried

**Return to Open Session
MOTION**

2018-07-085
Moved by Neidhamer
Second by Solomon

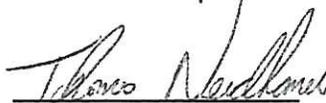
Good of the Order

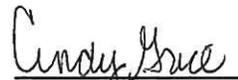
To return to open session at 10:09 p.m.

ADJOURNMENT

Ayes: 5
Nays: 0
Absent: 0
Motion carried

Motion by Mayor Neidhamer seconded by Commissioner Grunch to adjourn the Regular City Commission meeting of Tuesday, July 10, 2018 at 10:09 p.m.


Tom Neidhamer
Mayor


Cindy Grice
Clerk / Treasurer