

**MAY 28, 2019
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 MAY 28, 2019

CALL TO ORDER

Mayor Neidhamer called the meeting to order at 7:00 p.m. 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: Cindy Grice, Michael Cain, Scott McPherson, Mark Fowler, Tim Faas, Kelsie King-Duff, Kevin Spate, Jeff Gaither and Barb Brooks

Others: There were 12 citizens in attendance including a representative from the Petoskey News Review

**CONSENT AGENDA
MOTION**

2019-05-061

Moved by Conklin

Second by Grunch

Approval of the May 14, 2019 City Commission regular meeting minutes as presented

Ayes: 5

Nays: 0

Absent: 0

Motion carried

CITIZENS COMMENTS

Barbara Malpass-Young inquired about the status of the Lofts on Lake Street project. She also noted there was an elderly person who was nearly knocked down by someone on a skateboard near Café Sante. Is there any way to prevent this? Mayor Neidhamer stated we have an ordinance in place prohibiting skateboards and bicycles on sidewalks downtown.

CORRESPONDENCE

None

**CITY MANAGERS
REPORT**

City Manager Cain reported:

- Spring leaf pick up will be wrapping up next week.
 - Several of us participated in MSU's first marijuana webinar. The next session will be on June 20 from 3 – 4:30 p.m. No charge and the public is welcome to attend
 - The North Lake Street and State Street road projects are underway
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**REPORTS OF
OFFICERS, BOARDS
AND STANDING
COMMITTEES**

None

Consideration to hold a public hearing regarding the establishment of the proposed PA 210 Commercial Rehabilitation district and

**Public Act 210 District
Public Hearing**

based on input received, approve the resolution establishing the district

Mayor Neidhamer opened the Public Hearing at 7:08 p.m.

City Manager Cain discussed the proposed mixed use development. It would be developed by Michigan Community Capital and has received final site plan approval from the Planning Commission. At the Team Boyne on April 12th, MCC investment director Marilyn Crowley outlined MCC's non-profit status and the financial challenges to make a project such as this work. This is consistent with what we have been learning about the economics of residential and other types of developments through the Housing Solutions and other programs over the last couple of years. Even with their non-profit status this project will need outside assistance to make it financially feasible. This is not something unique to MCC or Boyne City. Boyne City has incentivized most of the larger private projects that have occurred in Boyne City, primarily in the Downtown Development Authority (DDA) and Local Development Finance Authority (LDFA) districts.

MCC has been working closely with the Michigan Economic Development Corporation (MEDC) to help close the gap on this and other projects. The MEDC has found MCC, much like Boyne City, to be a reliable partner. Without outside assistance to close their gap, MCC will not be able to make this project work. As in many projects where the MEDC is investing in a community and project, they need to see that all partners have skin in the game. MCC has recently requested the City consider assisting this project financially by providing them relief from increased taxes for a period of years as authorized by the State of Michigan under Public Act 210 of 2005, more commonly known as the Commercial Rehabilitation Act. In summary, the Act allows the property taxes on such a redevelopment to be frozen at their pre-redevelopment levels for a period of up to ten years as determined by the Community. This is very similar to the tax relief we have given to several industrial businesses in our Business Park and elsewhere, except those are allowed for up to twelve years. Under such relief, actual taxes are not decreased but are not increased based on the new value of the redeveloped property for the approved period of time. The theory is that the relief helps the development or investment make financial sense and the taxing jurisdictions will benefit long term since the investment will be there, and fully taxable, long after any period of relief expires.

Given that this proposed redevelopment would take place in the DDA/Main Street district, it would affect them most locally along with the other taxing jurisdictions. The most recent annual tax total for all three properties was \$13,372.83. Even with PA 210 relief granted our local schools would see about \$70,000 per year in additional revenue immediately the tax year after the project is completed. The district proposed to be established consists of just these three properties.

In order to consider granting Commercial Rehabilitation Act Relief two things must happen. First a district allowing such relief to be granted to projects within it must be established. Notice and a hearing on the matter must be provided. Once the district is established a property owner may apply for a Commercial Rehabilitation Exemption Certificate to the City. A separate hearing would need to be held on any application received.

At your April 23rd meeting the City Commission approved moving this project forward so a public hearing on the matter could be held tonight and if the resolution to establish a commercial rehabilitation district (attached) could be considered for approval.

On Tuesday, May 21st a public information meeting regarding Public Act 210 was held. About 18 people attended and we were thanked for our efforts to get the word out about this matter.

Michelle Cortright said she is in favor of granting this incentive for the project. The Main Street Board approved a resolution in support as well.

Barbara Malpass-Young said she doesn't know if we can afford to give this tax abatement. It doesn't seem fair to the others. They have a home for sale in Boyne City. She added that a family deserves to be in a cottage or home, not a big apartment building and this project doesn't answer the housing problems. We need to slow down.

Jane MacKenzie said she feels there is a strong need for these apartments. There is a need across the broad spectrum and this fits.

Scott MacKenzie said he thinks for the last twenty years, we've talked about work force housing. All are needed. We are so fortunate this company has brought the project forward. He strongly encourages approval of this incentive.

Mayor Neidhamer closed the Public Hearing at 7:28 p.m.

Board Discussion: All Commissioners are in support of this incentive. Commissioner Conklin said this is a great developer and a good project for the City to get behind.

2019-05-062

Moved by Conklin

Second by Page

To approve the proposed resolution establishing the PA 210 Commercial Rehabilitation district

Ayes: 5

Nays: 0

Absent: 0

Motion carried

MOTION

447 State Street Easement

Consideration to authorize the City Manager and / or City Clerk / Treasurer to take the necessary steps to complete and execute the draft driveway easement, including any minor modifications necessary to complete the matter.

City Manager Cain stated that over the last few weeks we have been working with the realtor to resolve a driveway access issue for the house at 447 State Street to allow it to be sold. Although the house faces State Street its current access is from the rear across property the City now owns off of Hannah Street. The City bought this property in 2010 from the County as a tax foreclosure. While the property we purchased was used, in part, as the only viable vehicle for access to two pieces of property it had been privately owned and never platted or approved as an alley, contrary to what some believed. There is an undeveloped but platted alley that does go from just north of the east end of the 447 property west to Jefferson Street. However that alleyway does not provide viable access to 447 State Street due to a large hill that would be difficult to get up even if the property was cleared of trees. The City had, some years earlier, apparently placed a storm sewer across the property we purchased in 2010 without obtaining an easement. Our acquisition helped preserve access for the other property owners while protecting our storm drain asset. Since 2010 the informal rear access to 447 State Street has worked as it had for some time, and it still does.

However, with their recent efforts to sell the house and property it was learned that the prospective owner could not get financing for their purchase without more formal access secured. Before you is a draft easement drafted by our City Attorney and a survey prepared showing where the nonexclusive easement would be. Those associated with 447 State are paying for this work to be done. The City would not be responsible for any maintenance associated with this easement. In effect it would continue to be used and operated as a shared driveway.

Staff Comments: None

Citizens Comments: Jamie Woodall, Real estate agent said he did contact other mortgage brokers and appraisers and they agreed it would be very difficult to receive any financing without this easement.

Board Discussion: All are in agreement with the recommendation.

2019-05-063
Moved by Solomon
Second by Grunch

To authorize the City Manager and / or City Clerk / Treasurer to take the necessary steps to complete and execute the draft driveway easement, including any minor modifications necessary to complete the matter

Ayes: 5
Nays: 0
Absent: 0
Motion carried

**Boyne District Library
Update**

The annual presentation from Boyne District Library Director Monica Kroondyk was provided.

**Library Board Member
Appointment
MOTION**

2019-05-064
Moved by Conklin
Second by Page

To approve to appoint Trisha Wright to the Boyne District Library Board with a term expiring on April 30, 2023

Ayes: 5
Nays: 0
Absent: 0
Motion carried

**Marina Rate Discount
Incentives**

Consideration to allow the Harbormaster, with approval from the City Manager to offer various discounts during slower times of the boating season to improve boat traffic and create additional revenue

Harbormaster Barb Brooks said that after speaking with the DNR State Harbor Coordinator regarding our rates and rates that other harbors are using, discount incentives came up in the conversation. I have found that the State is very amendable to offering discounts to increase boater traffic during slower times of the season. Two specific discounts that were discussed were a discounted rate for a stay that is 30 consecutive days or longer and one called a "bookend" where they pay for two consecutive weekends and stay mid-week for free so they don't have to pull the boat out. The only discount we currently offer is stay one night get one night free before Memorial weekend and after Labor Day. After looking at past years boat traffic, I think the 30 consecutive days could be very attractive to people and beneficial to the marina if it started after Memorial Day and ended the last Friday of June. With schools not getting out until mid-June, the weather and lake not always being warm; we really don't start booking up until the last week of June. The bookend option is a good option for after Labor Day. With school back in session and summer vacations over, many people go into what we call weekend "warrior mode". They drop the boat in on Friday, use it for the weekend, pull it on Sunday and turn around and come back the following weekend to drop it back in again. During the weekdays, the marina transient slips sit virtually empty. This guarantees us 2 weekends of revenue and goes a long way in providing a convenient service and goodwill to the customer that they don't have to go through the stress and time of pulling and launching. Discussion with staff, the DNR and other marinas, it appears there doesn't seem to be a downside to these or other discounted incentives if they are fair across the board and kept to slower seasons with the purpose of increasing boater traffic.

Staff Comments: None

Citizens Comments: Barbara Malpass-Young said this is a great idea and will be very popular.

Board Discussion: All are in agreement with the proposal

MOTION

2019-05-065
Moved by Grunch
Second by Conklin

To approve to allow the Harbormaster, with approval from the City Manager to offer various discounts during slower times of the boating season to improve boat traffic and create additional revenue

Ayes: 5
Nays: 0
Absent: 0
Motion carried

Good Of The Order

Commissioner Conklin inquired about the City Manager's evaluation forms and moving forward with that.

ADJOURNMENT

Motion by Mayor Neidhamer, second by Commissioner Page to adjourn the Regular City Commission meeting of Tuesday, May 28, 2019 at 8:21 p.m.



Tom Neidhamer
Mayor



Cindy Grice
Clerk/Treasurer