

A regular meeting of the City Commission was held in the Commission Room of the City-County building, 325 Court Street, Sault Ste. Marie, Michigan on Monday, June 15, 2009 at 7:00 p.m.

The meeting was called to order by Mayor Bosbous

Present: Mayor Bosbous, Commissioner Bauer, Burton, Gerrie, Lynn, Munsell and Stefanski

Absent:

Also Present: City Manager Nebel, City Attorney Cannello, City Clerk Robin R. Troyer, and various department heads

United Way presented Mayor Bosbous with a certificate naming him United Way Volunteer of the Month.

### **CONSENT AGENDA:**

City Manager Nebel requested that the Chippewa County 2009 foreclosure list be moved from the Consent Agenda.

Commissioner Munsell requested the Bayliss Public Library Board appointment be moved from the Consent Agenda.

Moved by Commissioner Stefanski, supported by Commissioner Burton

That the following consent agenda items be approved:

#### **Minute Approval:**

That the minutes of the regular City Commission meeting held on Monday, June 1, 2009 be approved as written and circulated and the minutes of the following boards and commissions received and placed on file:

- a. Downtown Development Authority – May 13, 2009
- b. Police and Fire Pension Board – May 27, 2009
- c. SSM Housing Commission – April 9, 2009
- d. Existing Structures Board of Review – May 20, 2009

#### **Appointments and Resignations:**

That the City Commission reappoint Rob Landis, Clifford (Kip) Gamelin, and Tom Wrocklage to the Community Services Board for terms to expire July 1, 2012.

That the City Commission appoint John Bosbous to the vacant position on the Community Services Board for a term that will expire July 1, 2012.

June 15, 2009

That the City Commission appoint Jim Zimmerman to a term on the Downtown Development Authority that will expire on April 1, 2013.

That the City Commission confirm the Mayor's reappointment of Rick Fitzpatrick to his first full term which will expire on June 1, 2015.

City Manager's Report:

That the City Commission authorize an Agreement No. 2007-0287 with the Michigan Department of Transportation for the use of Federal Transit Administration Funding for Dial-A-Ride and authorize the Manager and City Clerk to execute said Agreement.

Carried: Yeas: Mayor Bosbous, Commissioner Bauer, Burton, Gerrie, Lynn, Munsell, and Stefanski  
Nays: None

FROM CHIPPEWA COUNTY TREASURER – CHIPPEWA COUNTY 2009 FORECLOSURE LIST:

City Manager Nebel discussed the process for foreclosure property with the City Commission. City Engineer Dave Strickland discussed the potential parcels of interest with the Commission.

Moved by Commissioner Lynn, supported by Commissioner Stefanski

That the City Commission authorize the purchase of Parcel #'s 051-148-409-00, 051-382-001-00, 051-867-005-00, 051-867-005-50 and authorize the notification to the County Treasurer that the City has no interest in any other tax reverted parcels as outlined in the May 20, 2009 communication from the County Treasurer.

Carried: Yeas: Commissioner Bauer, Burton, Gerrie, Lynn, Munsell, Stefanski, and Mayor Bosbous,  
Nays: None

BAYLISS PUBLIC LIBRARY APPOINTMENT:

Commissioner Munsell requested that the appointment to the Bayliss Public Library be postponed until the next scheduled City Commission meeting for further consideration of Jane Duffield's applications for appointment which was received after the application deadline.

Moved by Commissioner Bauer, supported by Commissioner Burton

June 15, 2009

That the City Commission appoint Debbie Sirk to the Bayliss Public Library Board for a term to expire May 1, 2014.

Carried: Yeas: Commissioner Burton, Gerrie, Lynn, Stefanski, Mayor  
Bosbous, and Commissioner Bauer  
Nays: Commissioner Munsell

PUBLIC HEARING ON THE CONDEMNATION OF STRUCTURES AT 1801  
ASHMUN STREET (BAMBI MOTEL):

On May 20, 2009 a public hearing was held by the Existing Structures Board of Appeals on the condemnation of all structures located at 1801 Ashmun Street, known as the Bambi Motel. On May 12, 2008 there was a fire which destroyed the office area of the Motel complex. The owner of the structure, Flaska Properties, LLC. of Cedar, Michigan obtained a Demolition Permit for the fire damaged areas of the motel on the following day from the Building Department. During the course of the summer when it became apparent that very little action had been taken to address the fire damaged area of the motel, the Building Department issued letters to Mr. Flaska outlining the Public Nuisance conditions at the Bambi Motel and in late June, this letter was unclaimed by Mr. Flaska. The Building Department then hired a local contractor to secure the building and posted the property as a Public Nuisance. The Building Department hired a Process Server to attempt to formally serve Mr. Flaska with this violation notice. The Process Server was unable to locate Mr. Flaska and ultimately served Mr. Flaska by posting the Notice on Mr. Flaska's home on July 27<sup>th</sup>. The fire damaged matter was referred to the Existing Structures Board of Appeals at a meeting on September 16, 2008. Mr. Flaska requested an extension in time to address the fire damaged part of the motel, with this request being denied by the Existing Structures Board. Mr. Flaska ultimately did remove most of the fire damaged area of the motel following this action; however, the repairs to the remaining portions of the buildings remained undone. The Existing Structures Board was only dealing with the fire damaged portion of that facility at that time.

As it was becoming more apparent that the entire vacant complex was posing a greater nuisance to the community, a complete inspection of the facility was conducted on March 27, 2009 of the various violations of the City's Property Maintenance Code and other ordinances with corrective action being required by May 15, 2009. A request was received from Mr. Scott Flaska on May 6, 2009 for additional time to address the repairs. This appeal was forwarded to the Existing Structures Board of Appeals. Mr. Flaska was advised in an April 7<sup>th</sup> communication from Building Official Darien Neveu that failure to comply with his notice will require the City to initiate steps necessary to resolve these matters, including formal condemnation of structures and other improvements on the property to abate the Public Nuisance conditions.

At the May 20, 2009 meeting of the Existing Structures Board of Appeals the Board considered both Mr. Flaska's request for a time extension beyond the May 15<sup>th</sup>

June 15, 2009

deadline established in the violation letter and held a public hearing on the condemnation of all structures at 1801 Ashmun Street. The Existing Structures Board denied the request for additional compliance time on the first item and after hearing a complete presentation on the matter, the Existing Structures Board of Appeals voted to recommend that the City Commission proceed with formal condemnation action. At the June 1<sup>st</sup> City Commission meeting the City Commission received a report from the Existing Structures Board of Appeals and scheduled a public hearing on the condemnation of the Bambi Motel structures located at 1801 Ashmun Street for the June 15<sup>th</sup> City Commission meeting.

The decision to condemn private property is a very significant decision that the Commission, from time to time, is required to make. It is important that the Commission vote for condemnation only after carefully reviewing the records and making the determination that condemnation is necessary to resolve the violations of the City of Sault Ste. Marie Property Maintenance Code. The records include all reports, minutes, photos, and correspondence included within this packet. (Please note the Minutes for the Existing Structures Board of Appeals are located with the other Boards and Commission meeting minutes that are scheduled for acceptance on the agenda). Once a decision is made by the Commission to condemn property that decision should be final. If the City Commission votes to condemn the building then the responsible parties or owners are given thirty (30) days to obtain a demolition permit and then thirty (30) days to demolish the building. If they do not do so, the Building Department will hire a firm to do an asbestos review of the structure, and following that, bid documents are prepared for demolition. The City pays the contractor to demolish the structure with the cost of demolition being billed to the property owner and if this bill remains unpaid, it becomes a lien on the owner's property tax bill. If the amount is not paid after it is placed on the taxes, then the property will revert to Chippewa County. The County then can put the property up for sale. The City may recoup a portion of the demolition cost at the time of property sale by the County. The property remains with the owners of record until two years of property taxes are delinquent to Chippewa County. At that point the property reverts to Chippewa County.

It should also be noted that City Manager Nebel's office has received a copy of a Purchase Agreement between Flaska Properties and Moyle Real Estate Development of Houghton, Michigan. The buyer of the property is aware of the condemnation proceedings. It is City Manager Nebel's recommendation that the City Commission proceed with the condemnation process. The condemnation is also binding on the new buyer of the property. It is City Manager Nebel's understanding that this purchase is being done in conjunction with purchase of the former video store located immediately to the south of the motel property. If this transaction takes place, the developer will be applying for a Brownfield status for the Bambi Motel property to facilitate a new development in this location.

June 15, 2009

Mr. Darien Neveu gave a brief summary history of this property, some of which he indicated will be redundant to what the City Manager just gave in reviewing his memo to the City Commission.

- In September 2003 the current owner acquired the property
- A few months later, in January 2004 the water service was shut off, and there has been no water use since.
- In May of 2008 there was a fire that destroyed a portion of the motel.
- In July of 2008 we received notice from law enforcement that the building was not secure, and people were squatting in the building.

Summary of conditions of the property-

Mr. Neveu then gave a summary of the condition of the property; such summary he indicated was based on the conditions noted in the April 7, 2009 inspection report letter, and the photos. He further indicated that the report and photos were all provided to the City Commissioners as part of their Commission meeting background packet.

- Several broken windows.
- Problems keeping building secure.
- Boarded over doors and windows.
- Window and door frames deteriorated.
- Paint worn, peeling, missing, some deterioration and rotting of the members.
- Similar problems with other trim members throughout; such members including fascia, soffit, etc. Soffit in some areas has fallen off.
- Existing stairway and balcony in a state of disrepair; rotted member, some broken components, etc.
- Cracked and broken masonry in some areas.
- Exterior siding in poor condition, broken, missing members, worn paint, etc.
- Electrical service equipment to the complex was all removed with fire damaged area. Also, other electrical violations were noted (Items #17 thru #20 in Building Dept. Report).

June 15, 2009

- Adjacent to the portion removed following the fire, there are several substandard conditions, burned rafters and roof decking, some areas the roof decking is missing altogether. There are areas lacking proper exterior wall surfaces.
- The floor structure remains in the area where the fire occurred.
- Demolition debris remains on site, pile of bricks and other miscellaneous debris.
- Walls remain in storage area between motel structure but roof has been removed exposing the interior portions of the storage building.
- The pool's mechanical structure, pool, fencing, signs, etc., on the site are in a state of disrepair.

Closing remarks-

Again, the conditions which I just described are spelled out in more detail in my letter dated April 7, 2009 and shown in the numerous photos. Both the letter and photos are contained in your meeting packet.

This property has been, and is, a public nuisance, and a detriment to our community.

The Existing Structures Board of Appeal voted 4-0 at their May 20<sup>th</sup> to recommend condemnation.

It is Mr. Neveu's recommendation, and that of the Existing Structures Board of Appeals, that the building and associated structures on this property be condemned.

Mr. Flaska contacted City Manager Nebel prior to the June 15<sup>th</sup> City Commission meeting and informed Mr. Nebel of a pending purchase agreement for this property/location. Mr. Flaska requested that the condemnation be delayed. Mr. Flaska feels that he has been unfairly treated by the Building Department.

The Mayor conducted a hearing on the condemnation of all structures located at 1801 Ashmun Street on property described as Cody Heights Addition Lot 16 Block 3, also Lots 12 and 13 Block 4, plus abandoned adjacent 9<sup>th</sup> Avenue except that part in I-75 Business Spur right-of-way, more commonly known as the Bambi Motel property.

There were no comments from the public therefore the following action was taken:

Moved by Commissioner Stefanski, supported by Commissioner Burton

That the City Commission formally condemn all structures and associated

June 15, 2009

accessory structures such as signs, swimming pool, fences that are located at 1801 Ashmun Street with the property described as Cody Heights Addition Lot 16 block 3, also Lots 12 and 13 Block 4, plus abandoned adjacent 9<sup>th</sup> Avenue except that part in I-5 Business Spur right-of-way, with the property commonly known as the Bambi Motel.

Carried: Yeas: Commissioner Gerrie, Lynn, Munsell, Stefanski, Mayor Bosbous, Commissioner Bauer, and Burton  
Nays: None

PUBLIC HEARING ON AN ORDINANCE TO AMEND THE CODE OF ORDINANCE SECTION 18.5-77 WHICH ESTABLISHED THE DOWNTOWN DEVELOPMENT AUTHORITY BY EXPANDING THE DISTRICT TO INCLUDE AN AREA BOUNDED BY THE EDISON SAULT POWER CANAL ON THE NORTH, PINE STREET ON THE WEST, COURT STREET ON THE EAST, AND ADAMS AVENUE AND PINE STREET ON THE SOUTHERN BOUNDARY OF THE NEW DISTRICT:

PUBLIC HEARING ON AN ORDINANCE TO AMEND THE CODE OF ORDINANCE SECTION 18.5-31 (a) WHICH CREATES TAX INCREMENT FINANCING PLAN BY INCLUDING THE EXPANDED DDA DISTRICT IN THE DEVELOPMENT AREA AND ALLOWING FOR THE FINANCING OF ELEVATED CROSSWALKS IN THE VICINITY OF THE OSBORN PARKING STRUCTURE:

The City Commission has identified as one of its goals the expansion of the Downtown Development Authority to include that section of Ashmun Street from the power canal south through the Easterday intersection. The specific boundaries of the DDA were recommended by the Downtown Development Authority at a DDA meeting that was held on Thursday, May 14, 2009. The amendment of the boundaries of the Downtown Development Authority District is accomplished through adopting an Ordinance to add the area from the Edison Sault Power Canal in the north, Court Street from the power canal to Easterday Avenue, Easterday Avenue from Court Street to Ashmun Street, then South on Ashmun Street to Adams Avenue on the east, and Pine Street on the west. All properties adjoining or abutting the west side of Court Street, the north side of Easterday Avenue, or either side of Ashmun Street would be included in the District. This Ordinance was introduced at the May 18<sup>th</sup> City Commission meeting.

In addition, the DDA is recommending that the boundaries and the development plan for TIFA 1 reflect the new boundaries of the expanded DDA District. In order for this to occur it is necessary for the City Commission, following a public hearing, to amend the tax increment financing and development plan for area one (1). In addition to expanding the plan to include the existing TIFA 1 area, plus the new DDA area south of the power canal, the DDA is proposing that the plan be amended to allow for the construction and financing of overhead crosswalks in the vicinity of the parking structure. This would facilitate the medical office building complex which is proposed to be connected through a crosswalk to the parking structure, as well as War Memorial Hospital. Not only will this be a big benefit to the development of the medical

June 15, 2009

community and Osborn Boulevard, the additional development will be a big boost to the user ship of the parking structure.

Both affected property owners, as well as other taxing jurisdictions have received notification of the public hearings both for the expansion of the DDA as well as for the expansion of the TIFA District to incorporate the new DDA area as well as that part of the original DDA area covered in TIFA District 1.

The County Board of Commissioners met on Monday, June 8<sup>th</sup> and unanimously approved the motion supporting and participating in the expansion of the DDA boundaries and the amendment of the boundaries and development plan for TIFA 1. This is significant since this TIFA District will capture County millage on any expansion in the tax base of the District over and above the existing tax base covered by that District. DDA Director, Lee Brown, was invited by the County Commission to make a presentation on this proposed plan.

The Mayor conduct a public hearing on the second reading of an Ordinance amending Section 18.5-77 of the Sault Ste. Marie Code by amending the boundaries of the Downtown Development Authority through the addition of new Section B as follows: "B. The Edison Sault Power Canal on the north, Court Street from the power canal to Easterday Avenue, Easterday Avenue from Court Street to Ashmun Street then south on Ashmun Street to Adam's Avenue on the east and Pine Street on the west. All properties adjoining or abutting the west side of Court Street, the north side of Easterday Avenue or either side of Ashmun Street would be included in the district."

Mr. Dave Devine from Devine Car Care doesn't feel this expansion will help him as a struggling business owner. Mr. Devine raised concerns over the condition of the sidewalks and roads in that area.

[Mr. William Ferguson](#), owner of Hungry Howies expressed concerns over the condition of the sidewalks and streets. [Mr. Ferguson](#) asked how this would benefit him as a downtown business owner.

City Manager Nebel responded to Mr. Devine and [Mr. Ferguson's](#) questions and concerns.

Moved by Commissioner Bauer, supported by Commissioner Stefanski

That the City Commission approve an Ordinance to amend Section 18.5-77 by adding a new Section B as follows: "B. The Edison Sault Power Canal on the north, Court Street from the power canal to Easterday Avenue, Easterday Avenue from Court Street to Ashmun Street then south on Ashmun Street to Adam's Avenue on the east and Pine Street on the west. All properties adjoining or abutting the west side of Court Street, the north side of Easterday Avenue or either side of Ashmun Street would be included in the district."

June 15, 2009

Carried: Yeas: Commissioner Lynn, Munsell, Stefanski, Mayor Bosbous,  
Commissioner Bauer, Burton, and Gerrie  
Nays: None

The Mayor conduct a public hearing on an Ordinance to amend Division 2. Downtown Development Area No. 1 and Section 18.5-318(a) by adding the area described in the DDA expansion to Downtown Development Area No. 1. and including the revised TIFA plan which adds the streets that have been added to the plan for streetscape improvements and includes overhead walkways by the Osborn Boulevard parking structure.

Jay Gage questioned why the City Commission was voting on this agenda item tonight. Mr. Gage asked why the City Commission doesn't spend the necessary dollars to improve the downtown sidewalk versus elevated crosswalks. City Manager Nebel responded to Mr. Gage's questions and concerns.

Moved by Commissioner Bauer, supported by Commissioner Munsell

That Division 2. Downtown Development Area No. 1 Section 18.5-31 be amended to add the following description to the boundaries of this development area: "...and The Edison Sault Power Canal on the north, Court Street from the power canal to Easterday Avenue, Easterday Avenue from Court Street to Ashmun Street then south on Ashmun Street to Adams Avenue on the east and the south side of Pine Street on the west. All properties adjoining or abutting the west side of Court Street, the north side of Easterday Avenue or either side of Ashmun Street would be included in the district." In addition this Ordinance will adopt the provisions of the revised plan which includes the allowance for the financing of elevated crosswalks in the vicinity of the Osborn parking structure and expansion of various streetscape improvements to the new area of TIFA 1.

Carried: Yeas: Commissioner Munsell, Stefanski, Mayor Bosbous,  
Commissioner Bauer, Gerrie, and Lynn  
Nays: Commissioner Burton

### **ORDINANCE NO. 508-09**

An ordinance to amend Section 18.5-77 by adding a new section B as follows:

"B. The Edison Sault Power Canal on the north, Court Street from the power canal to Easterday Avenue, Easterday Avenue from Court Street to Ashmun Street then south on Ashmun Street to Adam's Avenue on the east and the south side of Pine Street on the west. All properties adjoining or abutting the west side of Court Street, the north side of Easterday Avenue or either side of Ashmun Street would be included in the district."

June 15, 2009

An ordinance to amend Division 2, Section 18.5-31(a) & (d) and to add new subsection (g) as follows:

“(a) The purpose of Ordinance No. 258-86 is to approve and adopt a development plan and a tax increment financing plan, for the City of Sault Ste. Marie Downtown Area No. One, generally described as the Edison Sault Electric Company Power Canal on the south, Bingham Avenue and Court Street on the east, Maple/Ridge Street on the north an Osborn Boulevard on the west, and The Edison Sault Power Canal on the north, Court Street from the power canal to Easterday Avenue, Easterday Avenue from Court Street to Ashmun Street then south on Ashmun Street to Adam’s Avenue on the east and the south side of Pine Street on the west. All properties adjoining or abutting the west side of Court Street, the north side of Easterday Avenue or either sided of Ashmun Street would be included in the district.”

(d ) The duration of the plan shall be twenty (20) years from the date of the amended ordinance 491-06 adopted October 16, 2006, or until such time that all planned improvements are completed, whichever comes first.

(g) The boundaries of the plan area as defined in subsection (a) shall be developed in accordance with the amended development plan and amended tax increment finance plan adopted June 15, 2009.

An ordinance to amend Division 3, Section 18.5-36 (d) as follows:

(d ) The duration of the plan shall be twenty (20) years from the date of the amended ordinance 491-06 adopted October 16, 2006, or until such time that all planned improvements are completed, whichever comes first

This ordinance shall take effect ten (10) days after enactment and publication.

**WE HEREBY CERTIFY** that the foregoing Ordinance was adopted by the City Commission of the City of Sault Ste. Marie, Michigan on the 15<sup>th</sup> day of June, 2009.

**COMMUNICATIONS:**

**FROM THE DOWNTOWN DEVELOPMENT AUTHORITY – FIRST READING OF AN ORDINANCE AMENDING THE TIME LIMITATIONS FOR THE PARK PLACE CITY CENTER DEVELOPMENT SERVICE CHARGE IN LIEU OF TAXES:**

On November 5, 2007 the City Commission adopted an Ordinance for the Park Place City Center Development which provided for a service charge in lieu of taxes for a multi-family dwelling project for persons of low income to be financed or assisted pursuant to the provisions of the State Housing Development Authority Act of 1966. Section 18.5-20(9) Duration. provided that the Ordinance was conditioned upon the

June 15, 2009

construction of the housing development commencing within one year of the effective date of the Ordinance. Gerald Hann of G.A. Hann Development is proposing to redevelop the Central Savings Bank building and the adjacent Masonic Hall into a new mixed use development that would include multi-family units for person of low income to the Michigan State Housing Development Authority. Mr. Hann was successful in being awarded tax credits to facilitate the redevelopment of this project; however, with the current global economic down turn, it has been difficult to sell tax credits to finance projects such as this. As part of the Federal Stimulus Package, the Federal Government has agreed to monetization of these tax credits to facilitate a number of these projects that have been on hold. Mr. Hann is proceeding with preliminary architectural layout and has dealt with a number of other agencies in order to move the planning for the renovations along. By utilizing this time to handle these regulatory hurdles he believes that they will be able to meet a fairly aggressive schedule once MSHDA approves the tax credit exchange. Mr. Hann believes that if a monetization of the tax credit occurs in the near future that he would be in a position to initiate the reconstruction of these two buildings beginning in this current calendar year.

City Attorney Steve Cannello has drafted an Ordinance to amend the original Park Place City Center Development Ordinance by allowing the construction on this housing development to commence within four years from the effective date of this Ordinance. Mr. Hann is very optimistic that this project is close to going forward. This would provided a \$6-7 Million Dollar construction project right in downtown Sault Ste. Marie with work potentially materializing before the end of this calendar year.

Moved by Commissioner Gerrie, supported by Commissioner Stefanski

That the City Commission conduct a first reading of an Ordinance to Amend Article II Chapter 18.5-20(9) of the Sault Ste. Marie Code of Ordinances by establishing a four year period from the effective date of this Ordinance for construction to begin on the Park Place City Center Development and schedule a second reading for the July 6, 2009 City Commission meeting.

Carried: Yeas: Commissioner Stefanski, Mayor Bosbous, Commissioner Bauer, Gerrie, Lynn, and Munsell  
Nays: Commissioner Burton

**FROM STRAITS AREA NARCOTICS ENFORCEMENT (SANE) YEAR END REPORT AND STATUS:**

Police Chief Lou Murray invited Lt. Ken Mills, SANE Unit Commander, to make a brief presentation to the City Commission regarding efforts to address drug problems in the seven county area that SANE services in the U.P. and Northern Lower Michigan. Attached was the Annual Report for review.

**CITY MANAGER'S REPORT:**

June 15, 2009

CONSIDERATION AND AWARD OF BIDS:

Demolition of a residential structure at 1017 Minneapolis Street:

On Tuesday, June 9<sup>th</sup> at 2:00 p.m. three bids were received for the demolition of the residential structure at 1017 Minneapolis Street. This project was formally condemned by the City Commission in October of 2008. The owners of record failed to remove the structure. The Building Department has proceeded with the asbestos evaluation for the structure and has publicly advertised the Request for Bids for demolition.

Moved by Commissioner Lynn, supported by Commissioner Stefanski

That the City Commission award the bid to Reid Contractors, Inc. in the amount of \$7,575.00 being the low bid and meeting specifications.

Carried: Yeas: Mayor Bosbous, Commissioner Bauer, Burton, Gerrie, Lynn, Munsell, and Stefanski  
Nays: None

Pedestrian crossing signal installation at Osborn and Portage and replace traffic signal on West Easterday at Ryan:

On Wednesday, June 10<sup>th</sup> two bids were received for the installation of a pedestrian crossing at the Osborn and Portage intersection and the replacement of the traffic signal at West Easterday Avenue and Ryan Avenue. This replacement traffic signal will utilize LED bulbs that will help increase the visibility of these signals and reduce energy consumption significantly, as well. This will be the City's first LED installation of a City-owned traffic signal. There is a slight budget shortfall that can be addressed by transferring the remaining available fund balance from the Prospect Street Reconstruction Project to cover this balance.

Moved by Commissioner Munsell, supported by Commissioner Burton

That the City Commission award the bid to Roy Electric Company, Inc. of Sault Ste. Marie, Michigan being the low bid in the amount of \$20,480.60 and meeting specifications.

That the City Commission transfer \$1,200.00 from the remaining available budget balance in the completed Prospect Street Reconstruction Project to cover the estimated shortfall of the traffic signals project.

Carried: Yeas: Commissioner Bauer, Burton, Gerrie, Lynn, Munsell, Stefanski, and Mayor Bosbous

June 15, 2009

Nays: None

ACCEPTANCE OF A PROPOSAL FOR THE CITY'S ANNUAL AUDIT SERVICE:

The City of Sault Ste. Marie has typically requested proposals for annual financial auditing services on a three-year basis with the issues of converting over to a new financial software system and a favorable renewal proposal. The City Commission at the recommendation of City Administration agreed to extend the Agreement with Rehmann Robson for two additional years. This year administration went for competitive proposals for providing audit services. The City received two proposals, one from Rehmann Robson, and one Anderson Tackman. Anderson Tackman had done the City audit for a number of years prior to Rehmann Robson. The proposals are very close in cost, with Anderson Tackman having the lowest cost for the first year by \$400.00 and with Rehmann Robson submitting the lowest cost over the combined three-years by a total of \$900.00 cheaper. Rehmann Robson indicated that fees subsequent to 2009 may be subject to negotiations if professional standards or reporting requirements should require additional hours to complete the audit. Ken Talsma of Anderson Tackman indicated that they allowed enough hours in their proposal to address this eventuality and their price is firm. The City has been well served by both of these firms. With the costs as close as they are it is Finance Director John Boger's recommendation and City Manager Nebel's recommendation that the City Commission award the audit over the next three years to Anderson Tackman.

Moved by Commissioner Stefanski, supported by Commission Burton

That the City Commission award the annual audit to Anderson Tackman for the fiscal year ending 2009 and, subject to acceptable performance, the 2010, 2011 annual audits for a total cost of \$107,100.00.

Carried: Yeas: Commissioner Burton, Gerrie, Lynn, Munsell, Stefanski,  
Mayor Bosbous, and Commissioner Bauer  
Nays: None

EXTENSION OF A PURCHASE AGREEMENT WITH MOYLE DEVELOPMENT  
FOR PROPERTIES LOCATED SOUTH OF SANDERSON AIRPORT:

In November 2006 the City received a Letter of Intent to purchase fifteen (15) acres of property adjoining the active runway at Sanderson Airfield in Sault Ste. Marie. This was as a result or in response to a Request for Proposals that the City had issued. This Agreement has been extended several times due to the significant amount of wetlands that exist on this site. The last request for an extension expired on January 31, 2009. While Moyle Construction has been working very closely with the City on the Sprawl Avoidance Resource Management Initiative (SARMI) as a tool to address the wetlands issues for this location. City Manager Nebel indicated to Moyle that it is the City's intent to continue working with Moyle Development on the transfer of this property

June 15, 2009

to Moyle. Moyle in turn is working with a major retailer who is interested in the site. With the expiration of the last extension, and the time and investment that Moyle and the proposed retailer is making in regards to this location, they have requested that the Purchase Agreement be extended. In reviewing the various amendments to the original Purchase Agreement it is City Manager Nebel's recommendation that the City Commission reaffirm its intent to sell the property to Moyle Real Estate Development Company (Canal Crossings LLC) so that their retailer has some assurance that they can invest in preliminary development plans for this site. Due to the series of agreements and extensions City Manager Nebel also recommended that the City Commission instruct the City Administration to draft a new agreement with Moyle Development based on the terms that were included in the original proposal from Moyle Development to purchase and develop this property for the second meeting in July. This agreement will include realistic time lines in conjunction with the City's efforts towards developing a wetlands pilot project for the City of Sault Ste. Marie.

Moved by Commissioner Gerrie, supported by Commissioner Bauer

That the City Commission confirm its intent to convey fifteen (15) acres of City-owned property adjoining the active runway of Sanderson Field to Moyle Real Estate Development Company (Canal Crossings LLC) and authorize the City Attorney and City Administration to draft a new Purchase Agreement reflecting the realistic time tables for addressing the wetlands issues on this site.

Carried: Yeas: Commissioner Gerrie, Lynn, Munsell, Stefanski, Mayor Bosbous, Commissioner Bauer, and Burton  
Nays: None

CONSIDERATION TO APPROVE A CONTRACT WITH WILCOX PROFESSIONAL SERVICES, LLC TO PROVIDE THE DESIGN ENGINEERING SERVICES FOR THE PROPOSED WEST PORTAGE AVENUE MULTI-USE PATH CONSTRUCTION PROJECT:

When West Portage Avenue was constructed future provisions were made to allow for the construction of a multi-use path/bike path on the east side of West Portage Avenue. With this in mind administration has proceeded with requests for additional right-of-way/easements in order to construct this path under the International Bridge around one of the Bridge piers. This approval has been given by the Michigan Department of Transportation. The only remaining right-of-way that needs to be acquired includes a small portion of land from Lake Superior State University and also from the Edison Sault Electric Company. These negotiations will take place when the City has preliminary design development so that we know the extent of land that is needed for the easement or acquisition. A request was made to Wilcox Professional Services to provide a proposal for design services on this project. Personnel at Wilcox had done the design for West Portage Avenue and had given preliminary consideration to the location of a bike path along that entire route. Administration has included a

June 15, 2009

budget appropriation of \$10,000.00 for this design work. The City did receive a proposal from Wilcox which was in the amount of \$16,560.00. It is City Engineer Dave Strickland and City Manager Nebel's opinion that the City proceed with the proposal from Wilcox and appropriate the additional \$6,560.00 from the General Fund contingency so that administration can have a design in place as we seek transportation funding for this bike path.

Moved by Commissioner Stefanski, supported by Commissioner Bauer

That the City Commission appropriate \$6,560.00 from the Contingency Fund for the design engineering services for a bike path on West Portage Avenue from Easterday Avenue to the power canal.

That the City Commission accept the proposal from Wilcox Professional Services LLC of Escanaba, Michigan in an amount not to exceed \$16,560.00 for the design services for the West Portage Avenue multi-purpose path.

Carried: Yeas: Commissioner Lynn, Munsell, Stefanski, Mayor Bosbous, Commissioner Bauer, Burton, and Gerrie  
Nays: None

#### AUTHORIZATION TO APPLY FOR FUNDING FOR THE CONSTRUCTION OF A NEW FIRE HALL:

The Federal Stimulus Funding has provided a number of sources of one-time funds for special projects. One of the categories for these special projects is Fire Station Funding. The City Commission has been pursuing the development of a Police/Fire Station up at the Airport property. The City Commission has authorized an Agreement with SEH Engineering to develop a preliminary design for this facility. Due to the unique opportunity to apply for Fire Station funding, City Manager Nebel proposed that the City Commission authorize an application for the fire station components of this project. While there is no local match required for this funding, administration is proposing to include a match of 6% of the construction and engineering costs as a local share for this project. Based on a grant of 3.8 million dollars administration is proposing a local share of \$228,000.00 for the construction of this facility. Outfitting and furnishing this building would be in addition to the construction costs for this facility. Fire Fighter Fred Schnieder has been instrumental in pulling together the pieces for this Grant. It was anticipated that the applications would be due in late August. However, they have indicated that the program guidance for the Grant was supposed to be issued at 8:00 a.m. on June 10<sup>th</sup> with a deadline for the application on July 10<sup>th</sup>. As of this time, the grant guidance documents have not been issued. Whether this will delay the application period or not is unknown.

While administration does not know, what the likelihood is of the City receiving this Grant, and administration knows that to support significant debt on this facility would

June 15, 2009

require a major commercial retailer locating within the Tax Increment Financing District as is proposed on the south side of the Airport, the opportunity to get a majority of the project funded through a Grant really drives City Manager Nebel's recommendation to proceed with this application. This building would have to be built and designed in a way that the Police Station could be added at a later point to this facility. The City is not in a financial position to proceed with the Police Department components of this building at this time. The Fire Hall design would need to be able to accommodate the attachment of the Police Station at a future point in time if this were successfully funded and constructed.

Moved by Commissioner Bauer, supported by Commissioner Lynn

That the City Commission authorize a Grant application through the Assistance to Fire Fighter Grant for Fire Station Funding Program for a Grant amount of 3.8 million dollars with a local share of \$228,000.00 for construction and engineering costs for this project.

Carried: Yeas: Commissioner Munsell, Stefanski, Mayor Bosbous,  
Commissioner Bauer, Burton, Gerrie, and Lynn  
Nays: None

AUTHORIZATION OF AN AMENDMENT TO THE JUNE 17, 2002 VACATION  
OF DIVISION STREET:

Seven years ago the City Commission held a public hearing on the vacation of Division Street. This was being done in conjunction with a proposed development of a medical office building by Dr. Richard Ganzhorn. The City Commission approved the vacation subject to two conditions, 1) That the actual construction of the medical office building as proposed by Dr. Ganzhorn commences, and 2) That the utilities have been relocated from the right-of-way. The utilities have in fact been relocated out of the right-of-way, however Dr. Ganzhorn's medical office building project did not proceed and the vacation has been held in limbo since that time. Moyle Construction, Inc., working in conjunction with War Memorial Hospital is now proceeding on the development of a medical office building in this same general area. The City Commission has approved the Brownfield plan for this project and the Planning and Development Commission has received the proposed Site Plan for a four-story medical office building at this location. The City Attorney has advised that the City Commission can address this change by amending the original approval action of the vacation by incorporating Moyle Construction, Inc. into the conditions to replace the name of Dr. Richard Ganzhorn. Administration is recommending that the portion of Division Street be reduced to reflect the specific area needed by this new project.

Moved by Commissioner Stefanski, supported by Commissioner Burton

That the City Commission approve an amendment to the June 17, 2002 City

June 15, 2009

Commission action by substituting Moyle Construction, Inc. for Dr. Richard Ganzhorn and describing the vacation of Division Street as that portion of Division Street fronting lots 25 through 28 and the north half of lot 24 or R.H. Carlton's Subdivision of PLC 90.

Carried: Yeas: Commissioner Stefanski, Mayor Bosbous, Commissioner Bauer, Burton, Gerrie, Lynn, and Munsell  
Nays: None

FINANCIAL REPORT FOR THE FIRST ELEVEN MONTHS OF THE 2008-2009 FISCAL YEAR AND RECOMMENDED AMENDMENTS OF THE BUDGET:

Attached is a Financial Report from Finance Director John Boger. In the Finance Director's Report he outlines contingency transfers that have occurred through the course of the fiscal year. The \$50,000.00 original contingency budget, \$24,245.35 remains at the end of the fiscal year. The Finance Director has outlined various budget revisions that have been authorized by the City Commission through the course of this year. There is a financial analysis of the various budgets status by major operating funds along with the Finance Director's recommendations for budget amendments to close the end of the fiscal year. There is the detailed Financial Report which includes the first eleven months of activity during the City's current fiscal year which will end on June 30<sup>th</sup>.

There are five budget amendments being recommended by the Finance Director for the City Commission's consideration in order to address where it falls in appropriations. Generally expenditures have been running at or below the appropriated amounts through the various funds. While property tax revenues are slightly above projections, the City continues to see a reduction in State shared revenue for the General Fund and Major and Local Street Funds. As has been discussed over the last couple of years, the Parking Fund has had a significant structural deficit that is addressed in the fiscal year beginning July 1, 2009 through additional appropriation from the Stock and Equipment Fund, rebating a portion of the equipment rental charges charged to the Parking Fund and through an increase in various parking rates. However in the current fiscal year the Finance Director and the DDA Director are recommending the transfer of \$50,000.00 from the Parking Depreciation Reserve to operating cash. This will address the negative cash flow situation in the Parking Fund for this current year. With the changes made in the funding for parking next year the Finance Director and DDA Director will be closely monitoring that to see if those changes are addressing the shortfall between revenues and expenditures in this fund.

The Finance Director is recommending at the request of the Airport Board to increase Airport Contracted Services by \$7,186.00 and increase the TIFA 3 by \$2,500.00. This addresses some additional local share that has been completed primarily with grant funds for Airport projects.

One other significant area in the budget is with ambulance revenues. Ambulance

June 15, 2009

revenues are over \$200,000.00 ahead of last year; however, it appears it will be under the amount estimated when we entered into the contract with War Memorial Hospital due to doing fewer transfers than what had been estimated at that time. While contractual write-offs were considered in the profitability of providing transfer services to War Memorial Hospital, the actual budget amount was not increased to reflect the added billing that would occur from providing this service to the Hospital. The adopted budget included \$345,000.00 for contractual write-offs during the current fiscal year. Based on the write-offs in the last couple of years this amount was unrealistically low. The Finance Director is recommending that the Ambulance contractual write-offs appropriation be increased by \$165,000.00 to reflect a more accurate activity level based on a more realistic initial figure and the added ambulance transfers that also impact contractual write-offs.

One area that continues to be a concern is that the water and sewer billings both appear to be running behind budget by about 5.7%. The root cause of this problem is steadily declining billable flows. This is likely caused by a combination of the economic down turn which has created less tourists staying in Sault Ste. Marie, as well as less commercial use of water and sewer services, as well as the continued trend of people installing new appliances and fixtures that utilize significantly less water than the appliances and fixtures that are being replaced. The Finance Director is estimating that the water and sewer revenue for the current fiscal year will be about \$90,000.00 less than it was for the last fiscal year.

As the City closes out the current fiscal year, with the exception of the line items that are recommended for amendment, the Department's have done a good job of keeping their expenditures within the appropriations. On the revenue side, with the exception of State Revenues, revenues for the sale of water and sewer, the revenues generally are at or slightly above the projected amount for the fiscal year in most cases. City Manager Nebel appreciates the job the Department Heads do along with John Boger and the Finance Department in maintaining expenditures at or near the appropriation amounts through the course of this past year. The budget amendment recommendations for closing this fiscal year are as follows:

Moved by Commissioner Munsell, supported by Commissioner Gerrie

That the City Commission approve the budget amendments as follows:

1. Increase the Ambulance contractual write-offs by \$165,000.00,
2. Increase Airport Contracted Services by \$7,186.00 and increase the TIFA 3 Transfer by \$2,500.00,
3. Increase the Pullar Electronic Sign Capital Account in the Seal Operating Fund by \$1,647.00,
4. In the Parking Fund transfer \$50,000.00 from the depreciation reserve to operating cash, and

June 15, 2009

5. Transfer \$3,015.00 from Police Contractual Services in the General Fund the Stock and Equipment Fund.

Carried: Yeas: Mayor Bosbous, Commissioner Bauer, Burton, Gerrie, Lynn, Munsell, and Stefanski  
Nays: None

#### REPORT ON THE WATER STREET STREETScape DESIGN:

Attached is a report from City Engineer Dave Strickland regarding the conceptual design for the Water Street Streetscape. This design is a result of a significant amount of research and analysis of previous plans, a design charrette that occurred on May 13<sup>th</sup> and 14<sup>th</sup> in which there was a number of residents of Water Street, as well people interested in the community who participated in that process. It has basically been the City's intent to develop a unique streetscape theme to compliment the historic heritage and cultural significance of the area when the street is put back together following the CSO work in this area. Attached to City Engineer Dave Strickland's report is the power-point presentation that was reviewed with residents and agencies utilizing Water Street, as well as a steering committee to take a look at the various streetscape design elements that would be put in place in this location. Administration took a few minutes to present this information to the Commission to gain some further input which would be forwarded to the Consulting Firm of C2AE. The residents were quite enthused about the scope of the project.

#### SCHEDULING A CLOSED SESSION TO DISCUSS THE POLICE PATROL NEGOTIATIONS:

City Attorney Steve Cannello, Human Resources Director Valerie Povey and City Manager Nebel met with the Police Patrol Unit with the intent of going into Mediation on this contract that expired almost a year ago. Due to a scheduling mix-up the Mediator was not at the meeting. We were, however, successful at discussing a possible settlement of the negotiations and would like to discuss that with the City Commission to seek some direction as how to proceed in resolving this contract.

Moved by Commissioner Stefanski, supported by Commissioner Gerrie

That the City Commission schedule a meeting to discuss Police Patrol negotiations immediately following the adjournment of the June 15<sup>th</sup> regular meeting of the City Commission.

Carried: Yeas: Commissioner Burton, Gerrie, Lynn, Munsell, Mayor Bosbous, and Commissioner Bauer  
Nays: None

#### Status Report:

June 15, 2009

Sale of surplus property:

Attached is a Notice regarding the City's first participation in the sale of surplus equipment through an on-line auction service, GovDeals. Currently a list of vehicles that are available for sale through GovDeals, which can be found at [www.govdeals.com](http://www.govdeals.com). This will be the City's first test of this system.

Department of Public Works vacancies:

Attached was a report from DPW Director, Jim Atkins, regarding the vacancies (both permanent and due to injuries) that the Department has dealt with since this fall through this current time. Currently there are two vacancies in the Department and as of July there will be a third vacancy as well. During the budget schedule City Manager Nebel indicated that there would be a six-month in the filling of any new vacancies. With the various time off during the current fiscal year and with three permanent vacancies and one long-term Workers' Comp. vacancy on the books, City Manager Nebel will be proceeding with the filling of two of those vacancies in the near future since there has been accumulated time off the payroll as outlined in the attached report sufficient to equal the six-month window before filling those positions. With the upcoming uncertainties in State finances, City Manager Nebel is hesitant to fill these positions. Administration will certainly let the employees know that depending on future State revenues, it may be necessary to reduce the workforce. On the other hand, the City has several retirements that are anticipated during the next year, which gives some additional latitude in that Department. The manning shortfall has certainly impacted the ability of the Public Works Department to complete tasks in as timely of a fashion. No action was required of the City Commission.

**MATTERS PRESENTED BY THE PUBLIC:**

Traci Tell of 513 Johnston spoke about concerns in reference to her neighbor Linda Rogers. Ms. Tell expressed concerns with surveillance cameras, barking dogs, and pet waste. City Manager Nebel and City Attorney Cannello responded to Ms. Tells concerns.

**MATTERS PRESENTED BY THE CITY COMMISSION:**

Commissioner Bauer informed the Commission of the John Johnson dinner on June 26, the Bridge Walk on the morning of 6/27, and music in the park.

Commissioner Stefanski updated the Commission on the Community Garden status.

Moved by Commissioner Lynn, supported by Commissioner Stefanski

June 15, 2009

That the meeting adjourn at 9:47 p.m.

Motion carried unanimously.

**ANTHONY G. BOSBOUS, MAYOR**

**ROBIN R. TROYER, CITY CLERK**

June 15, 2009