

City of Corunna
Regular Council Meeting
Monday, November 1, 2004

Present: Corey, Johnson, Mehigh, Runyan, Sanderson, Spring, Wagner.

Absent: None.

Guests: Joe Sawyer, City Manager; Judy Horton; Janet Washburn, Parks & Recreation Director; Gary Blahnik; Tina Johnson; Jack Johnson; Jed Dingens; Bill Striggow; Shirley Sanderson; Jeff Hetfield; Steve Olmsted; Chief Mark Hetfield, Police Department; Merilee Lawson, Assessor/Planner; Clark Long; Kathy Cope; Larry Friess; Sgt. Kevin Clark, Police Department; Nina Hall; Bob Hoschner; Cheryl Warren, The Argus Press; Justina Miller; and other concerned citizens.

The meeting was called to order in the City Council Chambers by Mayor Corey at 7:00 p.m.

MINUTES OF THE PREVIOUS REGULAR MEETING: Johnson moved, Wagner seconded to accept the previous regular meeting minutes dated October 4, 2004 as presented.

Roll call vote:

Yes: Wagner, Johnson, Sanderson, Runyan, Spring, Mehigh.

No: None.

Motion CARRIED

AGENDA APPROVAL: Runyan moved, Wagner seconded to approve the agenda as presented with the addition of Item No. 3) Consider Resolution-Truck Traffic and Item No. 4)

Review Evaluation.

Roll call vote:

Yes: Spring, Runyan, Mehigh, Wagner, Johnson, Sanderson.

No: None.

Motion CARRIED

APPROVAL OF VENDOR DISBURSEMENTS: Johnson moved, Wagner seconded to approve the vendor disbursements dated October 8, 2004 as presented.

Roll call vote:

Yes: Runyan, Wagner, Spring, Sanderson, Mehigh, Johnson.

No: None.

Motion CARRIED

Wagner moved, Johnson seconded to approve the vendor disbursements dated October 22, 2004 as presented.

Roll call vote:

Yes: Sanderson, Mehigh, Johnson, Spring, Wagner, Runyan.

No: None.

Motion CARRIED

CONSIDER OLD LIBRARY BUILDING PROPOSALS: Mayor Corey advised the city received three proposals for the old library building. Joe Sawyer stated the city approached the DDA a year ago to see if they were interested in taking over control of the facility so the building could be marketed for downtown development growth opportunities and they were not interested. A request for proposals was sent out six months ago to interested parties and two proposals were received. He further stated the DDA recommended that the city council consider leasing the building for a year so any environmental concerns could be addressed and the DDA recommendation was brought to the city council and council agreed to the one-year lease scenario but the council wanted to add an option to purchase and first right of refusal in the one-year lease. He also stated the information was sent to the DDA to keep them abreast of the progress and to his surprise the DDA stepped in and made a proposal as well. Mr. Sawyer advised there are pros and cons to all three of the proposals. He further advised since he is a voting member of the DDA, he did not put forth a suggested motion but he would answer any questions posed to him during discussion. Merilee Lawson advised she would be willing to speak on behalf of the DDA. The council has an understanding of what the DDA is all about and one of the DDA's jobs is to promote the downtown. She further advised the DDA has always been interested in that building because it is a key piece when coming into the city. The DDA is very interested in what will happen to the building and is not real keen on having something in the building that is low key. She also advised the DDA is in the process of working on a very huge development for the downtown and in the last month, the library building might be needed to make the development happen. The DDA realized at its last meeting that the council was actually looking at selling the building so it decided that since it does not want the building sold, they wanted to purchase the building. Ms. Lawson explained the DDA has made the city an offer of \$95,000 for the building and they are interested in having an environmental study done of the building. She further explained the DDA does not want to own the building any longer than is needed and the building would be sold to a vibrant business that they feel is fitting for the downtown. The DDA's offer would solve a lot of problems and would put money back into the general fund. She also explained selling the building right now without the DDA having control could create a large problem with the development it is working on. The DDA is interested in negotiating a down payment with the city council and having one year to pay off the balance. Ms. Lawson stated the idea is to get the building back on the tax roll and get a business in there that would promote the downtown. Councilperson Spring asked what the timeframe would be to get a business in the building if the building is sold to the DDA. Ms. Lawson advised she believes the other two proposals would be willing to go into the building tomorrow. Councilperson Sanderson asked if the two people interested in the building would be willing to lease the building until the DDA finds out what would happen with its development. Ms. Lawson advised this is something the city council would have to ask them. Jack Johnson stated he believes he could work with the DDA because a few months is not going to make that much difference on his long-term plans. Mayor Corey asked Mr. Johnson if extending the lease more than a couple of months would be something he could work with. Mr. Johnson advised if this is prolonged for years, this could dilute his interest but he has been looking for a year and a half for a place in Corunna but not necessarily. He further advised this location is ideal for what he wants to do. If he knew it might take three months or a year, then he would probably wait it out. Jed Dingens advised he would be willing to wait a long time but he was anxious to get into the building. He could lease from either the city or the DDA, which would be the same outcome. Councilperson Sanderson asked if the

building would sit idle. Ms. Lawson advised she could not answer that. If the DDA has the building, then it would be on their shoulders. She further advised the Brownfield issue needs to be resolved and the DDA is willing to help finish the Phase I and Phase II environmental issue. She also advised these two people have to understand and know if they will get the right to purchase the building or not. If the DDA has to entertain an option of purchase to these people, then it at least gives them the understanding that one of the two people are going to get the building. Mr. Sawyer stated the issue of how to deal with this building has dragged on for quite some time and has been frustrating for council, staff and DDA members. His original recommendation a year ago was to turn the building over to the DDA because the DDA's job is to develop the downtown and he personally sees this building as a critical building for the future of the downtown if the building is properly developed. He further stated part of the nature of a DDA is that it captures all increases in value. The building has been off the tax roll since the 1970's and the taxable value is zero so it does not matter what the building is sold for because the city will receive zero. He also stated the DDA will capture all school, county and city taxes. Mr. Sawyer advised the DDA took the stance a year ago that it did not want to spend \$95,000 because it has a two million dollar project in the works and they did not want to hurt their financial ability to make the project happen. The DDA proposal on the table is the direction he wished they had taken a year ago. Councilperson Sanderson stated his main concern is to make sure the two interested parties understand why there is a delay because he does not want to see them be strung along by the DDA and they decided to find another place, which leaves the city stuck with an empty building. Ms. Lawson advised the DDA could enter into an agreement with the two interested parties that give them the first option to purchase the building. Mehigh moved, Runyan seconded to accept the DDA's offer to purchase the library building for the appraised value of \$95,000 with the following conditions: the city will negotiate with the DDA for an agreed upon down payment, a negotiated final payoff time with negotiations to start within 90 days to resolve the issue of Brownfield designation, an agreed upon financial commitment from the DDA regarding Phase I and Phase Two environmental evaluation, a commitment from the DDA to work with Mr. Dingens and Mr. Johnson with their present proposals. Councilperson Wagner asked if the DDA would use the building on a short-term basis while the project they are working on is under development. Ms. Lawson advised it could be long term but it was not the DDA's intent at all. Mr. Sawyer stated the DDA's \$95,000 offer is clear and suggested that the council determine what is acceptable as a down payment as part of a counter offer to the DDA. When it comes to the balance due, he suggested that the council specify when the final payment is due. Ms. Lawson advised the DDA wants to negotiate a year payoff. Mr. Sawyer advised he would put a dollar amount on the Phase I and Phase II commitment and suggested asking the DDA to commit up to \$10,000 as part of the council's counter proposal. He asked council if they wanted \$25,000 or \$15,000 down. Ms. Lawson advised since the city will get a final payment within a year, she suggested allowing the DDA to have a negotiated down payment that will allow them to have a little bit of freedom with their money because of the other project that is going on right now. Councilperson Runyan asked if the city council could give the city manager authority to negotiate a down payment. Ms. Lawson advised she thought Mr. Sawyer would not like to be put in that position but if the city was to ask the DDA for \$15,000 then there should not be a problem. Councilperson Mehigh stated he would like to amend his motion. Mayor Corey stated stipulation number one would be amended to read the city would negotiate with the DDA for a down payment of \$15,000 with the final payoff in one year from the

signing date. Mr. Sawyer advised in a typical buy/sell agreement, the seller would give the purchaser a certain number of days to respond to the counter proposal. Discussion took place on how many days would be given for the DDA to respond to the counter proposal and Councilperson Mehigh advised 30 days would be appropriate. Mayor Corey asked if the council was talking about a specific dollar amount commitment for the Phase I and Phase II environmental evaluation. Councilperson Mehigh advised up to \$10,000. Mr. Sawyer stated something should be added to the agreement that the DDA will immediately take over all utility bills on the property upon the Democratic Party moving out, which will be in another week. Councilperson Mehigh stated a date should be listed and picked November 15 as the date the DDA will take over the utilities. Mr. Sawyer advised he thought that was reasonable. Ms. Lawson advised she did not foresee any problems. Councilperson Sanderson asked for the motion to be read again. Mayor Corey advised the motion is “to accept the DDA offer for the appraised value of \$95,000 with the following contingencies: a down payment of \$15,000, negotiations within 30 days to resolve Brownfield issues, the payoff for the building will be one year, the DDA will commit up to \$10,000 for a Phase I and Phase II environmental evaluation, the DDA will assume utilities and maintenance issues of the property effective 11-15-04 and the DDA will commit to work with Mr. Dingens and Mr. Johnson regarding their proposed use of the property”.

Roll call vote:

Yes: Mehigh, Spring, Runyan, Johnson, Sanderson, Wagner.

No: None.

Motion CARRIED

CONSIDER STAFF REORGANIZATION NOTICE OF INTENT: Wagner moved, Sanderson seconded to have the city manager make a recommendation to the Corunna city council no later than January 3, 2005 for the reorganization of the front office staff. This recommendation shall include any necessary changes to the office support staff with the reduction of one full-time administrative official position from the current two full-time administrative official positions of city clerk and city treasurer. The city manager shall at this same meeting present to the council changes to duty assignments for the administrative official position and support staff hourly employee positions and recommend appointment of the administrative official position. It is intended that said reorganization plan is to be implemented on July 1, 2005 to allow for a proper transition period for both City of Corunna operations and affected staff members.

Roll call vote:

Yes: Johnson, Sanderson, Wagner, Mehigh, Runyan, Spring.

No: None.

Motion CARRIED

CONSIDER RESOLUTION – TRUCK TRAFFIC: Mayor Corey advised the resolution opposes House Bill 4358 – Michigan Vehicle Code Amendment and he read the resolution. Runyan moved, Johnson seconded to adopt Resolution 110104-01 opposing House Bill 4358-Michigan Vehicle Code Amendment and change 59-foot trucks to 53-foot trucks in the third “whereas” paragraph and authorize the signatures of the mayor, city clerk, and all council members.

Roll call vote:

Yes: Wagner, Johnson, Sanderson, Runyan, Spring, Mehigh.

No: None.

Motion CARRIED

REVIEW EVALUATION FORM: Mayor Corey reviewed the draft two version of the city manager evaluation form that he had prepared. Wagner moved, Johnson seconded to adopt draft two of the city manager's evaluation form.

Roll call vote:

Yes: Spring, Runyan, Mehigh, Wagner, Johnson, Sanderson.

No: None.

Motion CARRIED

CALL TO AUDIENCE: Larry Friess asked if the council voted on sending the resolution. Mayor Corey advised yes. Mr. Friess advised he did not hear the vote.

ROUNDTABLE DISCUSSION: Councilperson Mehigh asked if the money the city receives from the DDA for the old library building could be used to refurbish the 3,000 square feet over here. Mr. Sawyer advised yes the money would be unrestricted general fund dollars, which would come back into the general fund.

Councilperson Runyan stated at the fire board Thursday night there was discussion regarding the way the fire board has been doing its financial records. Since the fire board is a separate entity like the ambulance board, the fire board is going to have to keep its own records. He further stated he spoke to Renee Essenburg Friday morning and found out exactly what he needs to do. He will work with Mr. Sawyer and Nichole Cowdrey so there will be a treasurer's report so everything will be okay with the city's audit. Mr. Sawyer advised the most current fire agreement gave the city the authority to perform the bookkeeping functions for the fire department. It should be emphasized that the fire board is not the same as the ambulance board because the ambulance board is a separate legal entity and the fire department is a department of the City of Corunna that has an agreement to provide services to the township. He further advised the fire board has always had a separate account for equipment and this money has always been un-audited and not budgeted. These monies need to be accounted for in order to be operating properly under the law within the city budget.

Councilperson Spring advised he had nothing to discuss.

Councilperson Johnson advised she had nothing to discuss.

Councilperson Wagner advised he had nothing to discuss.

Councilperson Sanderson advised he had nothing to discuss.

ADJOURN: Runyan moved, Wagner seconded to adjourn.

Roll call vote:

Yes: Runyan, Wagner, Spring, Sanderson, Mehig, Johnson.

No: None.

Motion CARRIED Time was 8:17 p.m.

STEVE COREY, MAYOR

YVONNE F. LONG, CITY CLERK