

**JULY 27, 2010
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 27, 2010

CALL TO ORDER

Mayor Chuck Vondra called the meeting to order at 7:00 p.m. followed by the Pledge of Allegiance.

Present: Mayor Chuck Vondra, Mayor Pro-Tem Dan Adkison, Commissioners Ron Grunch, Mike Cummings and Laura Sansom

Staff: Michael Cain, Andy Kovolski, Barb Brooks, Scott McPherson, Hugh Conklin, John LaMont and Cindy Grice

Others: There were forty-four citizens in attendance including a representative of the Charlevoix County News

**CONSENT AGENDA
MOTION**

2010-07-102
Moved by Cummings
Second by Sansom

2010-07-102A
Approval of the July 13, 2010 regular City Commission meeting minutes as presented

2010-07-102B
Approval to reappoint Dan Adkison to the Boyne City Planning Commission for a term expiring May 31, 2013

2010-07-102C
Approval to reappoint Joe St Dennis to the Boyne City Planning Commission for a term expiring May 31, 2013

Ayes: 5
Nays: 0
Absent: 0
Motion carried

CITIZENS COMMENTS

Vic Ruggles, 509 Jersey Street requested that the City send himself and the Dilworth notices to cut their grass and to also start to enforce safety ordinances. Next to his house is a chop shop, cars are being taken apart, there is a smoldering burning barrel, three doors down there is a party house. He hears what a nice town Boyne City is and has been proud of Boyne City but lately not so much. There is a trailer parked next to the house across from him with people living in it. Mr. Ruggles added that he is sick of it, wants no more excuses and promises. How about dealing with the basics. Something should change.

Don Smith, 0780 Old M75 Loop said he was in Laingsburg, Michigan and once a month their DDA financials are published in the paper.

CORRESPONDENCE

Planning Director Scott McPherson discussed the renaming of the Boyne City-East Jordan Road. A committee comprised of representative from Wilson Township, 911, the Charlevoix County Sheriff's office, Equalization department, County GIS and the Road Commission discussed the issues. The fluctuating address ranges has led to confusion in the dispatching of emergency responders and there have been several cases where emergency responders have gone to the wrong location. The committee

discussed several different options to address the problem which included to change the road name completely. This was deemed to be the most effective and efficient way to address the problem that impacted the least amount of people. A road name change to this portion of road would affect three City residences and approximately 70 plus residences in Wilson Township. In addition to changing the name of the road it is also recommended that the three City address numbers also be changed to be in sequence with the remainder of the road. The Wilson Township board has scheduled a public hearing for August 17 at 7 pm at Wilson Township hall to discuss the matter with the public. Notices will be sent to all City and Township residences and property owners along the portion of the road that is proposed to be changed. It is anticipated that following the public hearing the Wilson Township Board will make a formal determination on how they will proceed on this matter.

Mayor Vondra said he agrees a complete road name change would be best. All other commissioners agree.

City Manager Michael Cain reported:

CITY MANAGERS REPORT

- The north end of North East Street is being readied to pave. Once the proper grades are established, that section will be ready for the pavement base coat that will hopefully take place in the next week.
- A public information meeting will be held on the Division Street project on Wednesday, July 28 at 6 pm. Construction is set to begin on Monday, August 9 and run until November 1.
- A public information meeting for the Air Industrial Park Drive construction will be held on Thursday, August 12 in the Great Lakes Energy conference room. The project is scheduled to begin on the week of August 23 and wrap up by Friday, September 17. At the request of MDOT, we are having conversations with Great Lakes to close their driveway off M75 and create a new entrance off Air Industrial Drive as part of a traffic safety measure.
- The Boice Street area sidewalk is complete and there is about \$7,000 in funds remaining. We are looking into options on how to use that money in that area.
- We have begun design work on the Water System improvement project and are working to coordinate the two grants we have received.
- We have been having problems with two fountains recently. The drinking fountain at Avalanche has had pump and control problems all this year. Since this fountain is quite a bit higher than our water reservoir, a pump is necessary to pump the water further up the hill. That fountain was hopefully returned to operation today. The second one is the new decorative fountain in Old City Park. The pump motor was drawing much more power than it should have and kept tripping the circuit breaker. A loaner pump was installed today and the fountain is now operating.
- We have received the deeds to the tax reversion properties offered by Charlevoix County and recently accepted by the City Commission.

- The City has just received an estimate from Wolverine Power Coop of \$135,000 to relocate their electric transmission lines to better follow the north edge of Avalanche Park as suggested in the Park Master Plan. This matter will be discussed at the next Park board meeting and no funds have been budgeted for this work.
- City Hall will be open from 10 am to 2 pm this Saturday to accept applications for and receive absentee ballots.
- Boyne City has received favorable reviews and rankings in the Graphic's annual "Best of the Northwest" listings. Many of our local businesses earned top honors. Our municipal marina made a #3 ranking for "Best Marina" where ours was the only public marina listed behind first class operations like Irish Boat Shop and Walstrom Marina.
- City Manager Cain will be out of the office next week on vacation.

Commissioner Cummings wanted to know who would be in charge while City Manager Cain is out of the office, quoting sections 5.9 and 5.10 of the City Charter. He asked to get the City Attorney involved. City Manager Cain said that he will announce who will be in charge before he leaves.

REPORTS OF OFFICERS, BOARDS, AND STANDING COMMITTEES

Dilworth Feasibility Study Discussion

The June, 2010 Financial Statement was received and filed.

Main Street Program Manager Hugh Conklin introduced representatives of Quinn Evans Architects and Hotel and Leisure Advisors who completed the Dilworth Hotel Feasibility Study. The purpose of the study is to analyze the Dilworth Hotel's building and architectural systems and to complete a market feasibility to determine if the property can be successful as a hotel, restaurant and banquet facility. The study is being funded through a planning grant for up to \$25,000 from the Michigan Economic Development Corporation which is being matched by the Boyne City Main Street/DDA. These base cost for Quinn Evans for the study is \$32,780 plus expenses. There is a letter of understanding between Main Street and Landmark development that if the project is successfully, Landmark will repay the DDA the cost of its portion of the study.

Brad Cambridge, project Architect with Quinn Evans presented details of the physical condition of the building. The roof needs replacing, additional roof drains are required. The windows are in good condition and are not eligible for tax credits if they are replaced. The cornice needs repair. The porch is in good condition and the landscaping needs refreshing. Many interior and mechanical improvements will be necessary. The current lighting is not up to building code standards.

Joe Pierce with Hotel and Leisure Advisors looked at a scope of services, major employers and positive/negative attributes of the hotel. He also provided assumptions of the hotel along with comparable hotels. Positive attributes include location, history, concept and brand. It is in the hotel's best interest to have a brand. Negatives include the size and location. Assumptions were for 29 rooms, two restaurants, a meeting room, a grassy area and to be part of Choice hotels. The market demand was discussed along with charts in seasonal demands being provided. Assumptions were based on 50 to 60 percent occupancy at \$120/night rate in the first year. \$1,700,000 of food and beverage revenue was assumed. 4.1 million of overall value is realistic if someone wanted to

purchase it.

Staff Comments: None

Citizens Comments:

Bill Stetson of Walloon Lake said it is a good presentation and asked what the total cost of the hotel is to make the numbers good. Liz from Quinn Evans said it depends on the costs to renovate. There are available historical tax credits of about 25%.

Pat Wulff, The Landings, asked if the City has a group of buyers and was informed yes.

Don Smith, 0780 Old M75 Loop asked if the City/DDA is in any way financially supporting this and are we involved. Just leave his tax dollars here. City Manager Cain said the only investment the City has at this point is the \$25,000.

Jim White, 113 Water Street said there are several points in the study that didn't have documentation. Will it be a full service hotel? Restaurants in town do not always have lines. Will there be a 24 hours desk person? Joe Pierce said yes, it will be a full service hotel.

Bob Quackenbush, 200 N. Park Street, said he left the last meeting knowing the possible owners didn't have any of the money. What money has the City put into the project? He also said a 10 year tax abatement is in the study. Mr. Quackenbush also added you can't fit a queen sized bed in those rooms at the Dilworth because they are too small an inadequate. A family of four cannot stay in those rooms. Tom Johnson of Landmark Development said the study did call for a tax abatement, but as developers, they are not asking for it.

Dave Korthase, Parkside Grill commented that the parking situation is not adequate for guests, staff and those using the restaurant.

Carol Jankowski, Petoskey Michigan asked if the meeting space will be used for receptions and how many will it accommodate. Joe Pierce said about 100 people.

Larry Bernhardt inquired if there were back taxes owed on the property and City Clerk/Treasurer Grice said the City was made whole by the County Treasurer after settlement, but was not sure of the status at the County level.

Arch Wright asked if in addition to grants, are equity dollars going to be raised and if so, how much. Tom Johnson said they have investors for this property and if successful, they will bring the investors forward. There will be a mortgage and equity.

Anne Thurston, Wildwood Harbor Road asked if there is any way to tell if the hotel's age is has a positive effect. Joe Pierce said the size of the rooms is both a plus and a negative.

Jodie Adams, The Wood Shop, said she prefers to stay in historic hotels. People do seek these out, not all are looking for a large room.

Pat Jacobson, Old Horton Bay Road, said she was born and raised in Boyne City. Her main home is in Cody, Wyoming. Cody and Durango Colorado have historic hotels and they are wonderful. They have stayed in the Dilworth and it is wonderful. She also stated that her grandparents were the Dilworths. Don't lose this gem. It could be the focal point of this City. When the Sheets owned it, it was viable.

Jack Wood, Boyne City/Charlevoix Road said he loves the hotel. He sees the Boyne City Lumber, Boyne City brick and sees definition. One of the draws for him to Boyne City is the quiet sports, hiking, kayaking. There is a huge wedding market. There is a need and desire for this. Use the balcony, possibly a lobby bar. There are some unique and special pieces of Boyne City here.

Chris Christensen, 111 E. Pine Street said the Dilworth is great and he wishes Mr. Johnson and his group well. But we need to look at if we are setting a precedent for the future. He wants to know the door isn't going to be shut and if there is willingness there to assist other business, not just the Dilworth. Mayor Vondra said we are interested in all businesses coming into town. Mr. Christensen asked if the transfer of ownership concept willingness exists for others. We are headed towards another parking issue. Mayor Vondra said if someone brings in a plan for other businesses, they would definitely look at it.

Jim Baumann, Boyne Area Chamber said a parking problem is when you have no cars and all open spaces. This building will be worth five times more when finished than now. Use the extra revenue to create more parking. We will get at least 40 new jobs and this will bring more visitors.

Roger Jacobson, Old Horton Bay Road said he agrees with his wife.

Leslie Pritchard, 513 S East Street said she didn't read the study and is happy there is support for this in the community. What Boyne City has to offer is very special and the Dilworth has a part in that uniqueness. She also looks for this type of property to stay in.

Tom Johnson, 1414 Timber Ridge Trail said he is one of the partners in Landmark Development and the reason he is involved is because several people came to him to see if he could make this work. He has brought other projects to town, so he thought he could take this project on. He has a year and a half, \$40,000 of his own expenses, \$120,000 in corporate expense, top level operators interested, top tax credit accountants working on this, top tax credit attorneys looking at this. There are great resources available for this project. There is a 1.5 million dollar gap between costs and values. Tax credits make it feasible. The question is do you have a better plan, does the project have the merit. The study says this project could work. Does this merit to come together to work on parking? They do not want a tax abatement. There have been many frank discussions with investors and finance people. There has not been the necessary information until now.

Carol Jankowski said if there is the right restaurant, people will come.

She would stay in a historic hotel. This is such a fun environment and Boyne City is alive. Our streets are not dead even during the week. Boyne City has something great. Focus on the historic value.

BJ Hetler, Charlevoix County News asked if there are specific plans to honor the history of the building. Tom Johnson said there are some plans from that.

Board Deliberation: Commissioner Sansom said people she has spoken to have had an overwhelming response to preserve the hotel. We need to do everything we can. She knows there are a lot of concerns and we can handle those. We can accommodate a lot of parking in this community. No one complains about parking and walking. Commissioner Cummings said regarding the research used in Utica New York and Rhode Island, where did the information come from. The list of hotels with tourist attractions had nothing in common with our City. In two of the cases the developer has money in the game. Tell us about the last 30 years, other than it has been in debt. It is going to take quite a bit. Will the City be responsible for grants? Tom Johnson said the City will not be responsible for getting grants from any unknown group. He doesn't want to run the hotel but will get the best operators for it. The City Commission will meet them. Commissioner Cummings also asked if the property has been appraised in the last 6 months and Mr. Johnson said no. Commissioner Cummings inquired about the liquor license and if we are getting a liquor license with taxpayers money. Tom Johnson stated in an essence yes, but. Mayor Pro Tem Adkison said he agrees with Commissioner Sansom. After meeting with different citizens, he has expressed that this is just a transfer of ownership. The City would back anyone with a good business plan 100%. We need to keep moving forward. He thanked Tom Johnson and his team. Commissioner Grunch said Boyne City is blessed with a lot of visionary people and Boyne City is open for business. We will work with anyone we can to make our town better. Mayor Vondra said 11 years ago he was told Boyne City is tough to start a business in. The Commission has tried to make it more viable. This is budget neutral to the City minus the investment in the study. We can't ask for a better developer. It is the responsible thing to do. Ask questions if there are rumors going around. This facilitated a lot of questions and answers. Commissioner Sansom added if the Dilworth does come back to life, she can see other properties being re-invested in. She has tried to see everything as a visitor would see this. This project should spur growth and revitalization.

None

GOOD OF THE ORDER

ADJOURNMENT

Moved by Mayor Vondra, seconded by Commissioner Grunch to adjourn the regular City Commission meeting of Tuesday, July 27, 2010 at 9:20 p.m.

Cindy Grice
City Clerk/Treasurer

Chuck Vondra
Mayor