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*City Manager*

State of the City, 2018-19,  
A Manager's Perspective, Volume IV

As I sat down to prepare my fourth State of the City Address I began to replay in my mind how our City and the community as a whole has grown and diversified since I became Interim City Manager in May 2012 and permanent Manager in May 2013. Although the industrial sector remains pivotal to our economic success, it has been overshadowed by the much more dramatic growth of the retail, restaurant, service, health and financial sectors. For many years we have witnessed this growth just beyond our borders in Alpena Charter Township or even other communities such as Gaylord. However, the past several years has seen a surge of activity within the City itself, especially in the past year. These I will highlight later.

Internally, the City continues to take actions that, both personnel wise and structurally, should provide the foundation to ensure not only its sustainability, but enable it to adapt to an ever changing economic, political and regulatory climate. Though at times I grapple with the decisions we make and the actions I and staff recommend to Council, in the end I am confident that the heading we have charted for our City will make it stronger and a better place for each of us to live, work and play.

Financially, this was borne out by our most recent audit that found the City on a solid financial footing, with steps being taken to stabilize both our retirement and retiree health insurance liabilities. Although our fund balance dropped by nearly \$233,000, all of that, and then some, can be attributed to a one-time unexpected, yet necessary, expense of \$270,000 for the repair of the collapsed river boardwalk in North Riverfront Park. Despite this, the fund balance remains at a healthy 25% providing a 3-month cushion in the event of a major calamity. Credit for balancing the needs of the City (personnel, equipment, infrastructure, programs and services) against the ever tightening revenue stream falls squarely on the Clerk/Treasurer/Finance office led by Anna Soik, each of the Department Heads and each and every employee of the City.

In the balance of my address I will highlight the successes of the past year, as well as our shortfalls, and look at the opportunities and challenges that lie ahead in the coming year and beyond.

## **Our Community**

### **Economic Rebound Continuing**

2018 saw modest gains in property assessed values in both residential, 2.61%, and commercial, 2.61%, while industrial values remained constant. 2019 will show some definite volatility as compared to last year. Residential values saw the greatest increase, showing an 8.51% gain. Commercial flattened off showing no increase, while industrial values, which been stagnant the last two years, increased 3.05%. With some of the larger developments, discussed later, moving towards or at completion in 2019, we should see positive growth in 2020 as well.

### **City-wide Economic and Community Development Projects**

As stated in the January 16 Alpena News article, 2018 was a banner year for new construction in both the City and Alpena Charter Township. Although the number of City permits dropped 5.6%, the construction value of those permits more than tripled from \$5.3 million to \$18.2 million. Much of this is attributable to several new projects that had been in the planning process for over a year finally breaking ground. Some will have an immediate impact within the next year or two, while others will take longer. These projects are located throughout the City and include:

#### **Private Sector**

Two impactful projects moved from the planning stage into actual construction.

- Groundbreaking in July 2018 for the new four story Northland Area Federal Credit Union headquarters building at 1161 Bagley Street on the City's far west side. With the steel framework nearing completion, the \$11 million 58,000 square foot facility has a projected opening date in the first half of 2020 resulting in the creation of 30 new jobs. When completed it will be the architectural centerpiece of the Bagley and M-32 corridors.
- Also breaking ground in the fall of 2018 is the \$6 million Besser Senior Assisted Living Facility located at the northeast corner of Johnson and Wilson Streets. Upon its completion late this year the facility will boast 47 residential units and a variety of

amenities. A second phase to the north of the current building footprint is also being planned, as well as, another related development. The phase one project will create 48 fulltime jobs, with the likelihood of more to follow.

Other notable projects included:

- The opening of a new Biggby Coffee franchise in the rehabilitated former Summit Sporting Goods building on Chisholm Street between State and First Avenues. The \$300,000+ project included the demolition of the Harkins & Karsten optometry building and the relocation of that business into a new office attached to Biggby's.
- The purchase and re-opening of the former Thunder Bay Manufacturing/Alleghany Technologies facility on Eleventh Avenue by local businessman Jeff Konczak. Although a work in progress, the potential in terms of investment and job creation could readily develop over the next few years, finally putting back into productive use this vacant long time Alpena manufacturing fixture.
- The 2018 groundbreaking for a \$2.2 million expansion of the WG Benjey manufacturing facility on Cavanaugh Street. When completed later this year, the expansion will result in the creation of twelve (12) new jobs.
- The opening of a second Mangos restaurant, Mangos Tequila Bar, in the vacant Owl Restaurant building on Chisholm street downtown.
- The opening of the Owl's Nest by the owner of the former Owl Restaurant in the vacant Burgies restaurant at 628 W. Chisholm Street.

Projects currently in the planning and development phase that could be under construction yet this year or in the near future:

- Redevelopment of the former Dry Dock bar and the adjacent former Concert Connection on River Street adjacent to Cabin Creek Coffee into a new restaurant bar and the complete redevelopment of five (5) residential rental units on the second floor. Construction should commence by mid-year and once completed the project will complement the existing commercial/residential development on this block.
- Redevelopment of the former Alpena Power Company site at Second and Water downtown. Target Alpena, the property's owner, has been working diligently the past few years to find the right developer. Discussions with a potential developer appear

promising, though nothing is ever guaranteed. If things work out, we could see activity on the site in the next year or two.

- Over the years there has been on again off again interest in the redevelopment of the 200 block of N. Second Avenue occupied by the John Henry Antique Mall. With the unfortunate passing of its owner and the building for sale, an opportunity may present itself that could lead to a major significant rehab project not seen in the downtown since the Center Building project.

Additional projects are in the discussion phase and may or may not proceed to actual developments. When combined with the opportunities listed above, they have the ability to significantly impact the economic transformation of the City into the live, work, recreate destination that we strive to become.

On the Public/Community Development side this past year was also very productive.

- After 2-3 years of private fundraising and City grant seeking the highly anticipated new Rotary Splash Park at Starlite Beach officially opened June 30 of last year to much acclaim and heavy use by kids of all ages. Combined with the ancillary improvements to the park completed by the City with the assistance of a MDNR Trust Fund Grant, Starlite Beach has nearly fulfilled the vision of the 2004 park plan. The Splash Park will be an attraction for both locals and visitors for years to come.
- Dedication of additional new public sculptures with one located in Gleason Park near the Washington and Eleventh Avenues intersection and a series of five sculptures beside Van Lare Hall on Johnson Street adjacent to the original leg of the City Bi-Path. This is the second group of sculptures in a multi-year program to create and display public art, primarily, but not exclusively along the City's Bi-Path. The City contributed \$5,000 toward the Gleason Park sculpture. There are plans for additional sculptures in 2019. The City will consider financial support for these future projects when appropriate and as budget allows. As a longtime proponent of public art and its value to the community, I am excited to see this initiative progress.
- Completion of numerous water/sewer and street projects throughout the City as part of the City's Capital Improvement Plan. These included Miller Street (Second to Walnut), Fourth/Fifth/Bedford area near Ella White School, one block each of Sable and Tawas, Hobbs Drive from Third to Grant, one block each on Seventh and Eighth, and Long

Rapids Plaza. All told these projects totaled \$2.1 million in local expenditures from the City's Water, Sewer and Street Funds, along with \$375,000 in MDOT funding.

- After years working to obtain the necessary permits from the MDEQ, work began on extending water, sewer and street (including a new culvert spanning an existing wetland) into the interior of the City's US 23 North property. This is necessary to fully open up this long dormant development site to new investment. This \$398,000 project will be finished by June of this year.
- Completion of the \$270,000 reconstruction of the collapsed boardwalk on the Thunder Bay River in North Riverfront Park.
- With the work on the collapsed boardwalk completed last June the yearlong delayed Dog Park in North Riverfront Park was begun. Work was sufficiently completed to allow a soft opening in the fall of last year. Final signage and details will be completed this spring followed by a formal dedication of the Thomas Stafford Dog Park.

In total these projects equate to approximately \$25,000,000 in public and private expenditures in 2018 and moving forward through 2019. And with other projects on the horizon the future looks bright for our City.

Several of these projects were or will be assisted with grants from the MEDC obtained by the City through the Planning and Development Department, as well as targeted tax abatements approved by City Council. New opportunities for economic and community development continue to present themselves, which bodes well for the economic well-being and the overall quality of life in our City.

### Challenges and Opportunities

With all the positive activity occurring within our City, development challenges and unmet priorities still lie ahead including, but not limited to:

- Former APC Property (Second and Water Street)  
This previously mentioned project, spearheaded by Target Alpena, has been a tougher nut to crack than originally anticipated. The configuration and limited size of the parcel has created a real challenge to potential developers. Current discussions appear to have a substance and determination that never fully developed in previous efforts.

Although promising, the devil is always in the details, so nothing is guaranteed. However, both Jim Klarich of Target Alpena and the City's Adam Poll are determined to bring a quality and game changing development to this important and highly visible parcel in our downtown.

- Mich-e-ke-wis Park Revitalization

With the determination by City Council not to include an RV Park in the park's future, staff looked at updating the 14-year old master plan before proposing any major investments in the park. As the original plan was created through a design charrette process including extensive public participation, a similar format will be utilized in preparing its update. Originally planned for the fall of last year, scheduling conflicts have pushed it back. The initial charrette will be held March 12 at NOAA. The City has contracted with NEMCOG to facilitate the charrette process that will be headed internally by the City's Engineering and Planning and Development Departments. Once completed the new plan will be incorporated into the City's updated Recreation Plan that will then be adopted by the City's Recreation Advisory Board, Planning Commission and City Council. It will then be forwarded to the Michigan Department of Natural Resources, allowing the City to apply for MDNR Trust Fund grants in early 2020 to assist in the implementation of the plan elements.

### Community Activism

Several of the projects mentioned above, as well as numerous others, would not have occurred, if not for the dedication and involvement of various civic organizations, businesses and individual citizens. This is a recurring theme throughout our City, and is one that we can be justly proud of. It is a true measure of a community's inner strength and commitment and we have more than our share. Several of the examples listed below have been mentioned in previous addresses, but it is important to continue this recognition of their ongoing efforts over many years.

- City employees continue to immerse themselves in the community through their volunteer efforts, contributing countless hours to over 40 community organizations.
- Individual citizens and groups continue to step up to adopt a park or a part of a park. Others have adopted City streets and remove trash once or twice a year.

- The Alpena Garden Club continues its faithful maintenance of flower and planting beds at the Water Tower Park rain garden along the Thunder Bay River and the flower beds in the rock garden and along the entry path to the Island Park Covered Bridge.
- City employees donating to four different community service organizations each year through its Friday dress down day fundraiser.
- Ongoing improvements in our highly visible and heavily used Culligan Plaza, spearheaded by Doug Pratt, Prattscape Landscaping, and Councilmember Cindy Johnson.
- Completion of the redesigned downtown Pocket Park landscaping again led by Doug Pratt. In conjunction with the reinstallation of the restored mural following its near total destruction in a violent wind storm in late 2017 (only the placement of the 3-dimensional fish is needed for its completion) the park will once again be a centerpiece in the 100 block of W. Chisholm Street.
- The previously mentioned ongoing public sculpture project along the City's Bi-Path.
- The tenacious efforts of a group of interested citizens in having a free public outdoor skating rink resulting in the development of such a rink in Bay View Park near the Bandshell along Prentiss Street. If successful, a future more permanent facility could be developed in conjunction with the City.
- A variety of special downtown events sponsored by various businesses and groups scheduled throughout the summer and fall seasons bringing people downtown to enjoy food, drink, entertainment and shopping.
- The many other community activities forged by individuals, groups and businesses, often in combination, that I have forgotten and consequently failed to mention. To all of you we say thank you, and ask that you continue in your endeavors to provide exciting activities for our residents and visitors.

### **City Intergovernmental Initiatives and Projects**

Previously, I had mentioned the various development projects in planning, under construction or recently completed in the City. Several of these have included direct or indirect participation by the City to further support economic and community development efforts. The City continues to partner with neighboring communities on joint efforts that benefit our region, while also implementing projects that are internal to the City, all with the purpose of enhancing the quality of life for the City and region. These include:

- The 3-year agreement between the City and Presque Isle Township, whereby the City Fire/EMS Department has provided first responder fire protection and EMS services to Presque Isle Township Fire District #2, while also assisting the Township in re-establishing its own District #2 Fire/EMS department, was scheduled to come to an end in March of this year. During that time our City Department has utilized its expertise and guidance in the hiring and training of new recruits and the purchase of necessary equipment with the goal of having a fully functional Township Fire/EMS Department by the end of the 3-year agreement. For all practical purposes these goals have been met. Twenty-two (22) volunteers have been recruited, trained, equipped and in service with the Department. All but four (4) have received Medical First Responder training from AFD staff and Firefighter 1 training. These newer volunteers will receive this necessary training from AFD and the new fire academy offered through Alpena Community College. Four (4) vehicles, three (3) trailers, a portable pump and a Jaws of Life are now in service with training provided by AFD staff. In 2018 the Township responded to 72 emergency calls (primarily medical). AFD mentors participated on all the runs, usually the Chief or Deputy Chief.

Although the results have been impressive, the Township felt that an additional year of mentoring by AFD personnel would solidify the organizational structure of the new Department and the skill sets of its core of volunteers, especially its leadership. Consequently, a 1-year extension of the agreement through March 2020 was requested and approved by City Council at its last meeting.

This has been a challenging and intense effort by both the City AFD and Presque Isle Township. However, in the end the creation of a new fully functional governmental Fire/EMS Department is something that both can be proud of. Ultimately, this was the right endeavor to undertake and the results speak for themselves.

- The current City/County Ambulance Agreement expired at the end of last year with no interruption in service as a new agreement was negotiated. The City has provided County-wide Advanced Life Support (ALS) ambulance service since 1992. Due to the dramatic downturn in property values during the Great Recession the funding generated by the 1-mil County levee dropped significantly. Consequently, the last 5-year ambulance agreement had 0% funding increases for its duration with only one (1)

ambulance being purchased during that period rather the usual two (2). Funding became so acute that in-mid December the County was forced to terminate first responder payments to all the Townships and the City. For the last half of the current fiscal year this will cost the City Ambulance Fund approximately \$24,000.

In January Chief Forbush, Deputy Chief Adrian and I met with the County Ambulance Committee to work on a new contract. The current ambulance millage will be up for renewal in 2020. This led all parties to agree to a shorter 2-year contract with a new one to be negotiated following the millage vote. We agreed to 2% annual increases and one (1) new ambulance at the price of no first responder fees for the term of the agreement. This agreement should come before Council with the month. We impressed upon the Committee the need to rethink the operational paradigm of County ambulance service. Traditionally first responders from the appropriate Township would arrive at the scene to provide initial aid until the City Ambulance and crew arrived. They would provide additional aid and transport the individual to the hospital, where upon the County service ended. Today that is no longer the case. 90+% of the seriously ill or injured patients are transferred to another hospital in the state. In most cases this service is provided by the City EMS Department. Consequently, we recommended that County first responder and emergency ambulance services and long distance transfers (LDTs) no longer be viewed as separate services, one performed via the County millage and the other by the City. Instead they need to be viewed as an integrated operation providing a continuum of care service from first response to final treatment destination.

This model and its costs would then determine the millage request in 2020. All are in agreement that the current 1 mil levee (currently less than that due to a Headlee rollback) is insufficient to meet today's ambulance service needs for the citizens of Alpena County. City staff will be working with the County Committee to accurately assess the financial requirements to provide this service in the future and prepare a new millage request in 2020 that reflects the needs of a 21<sup>st</sup> century County ambulance service.

- Camp Grayling/CRTC Joint Land Use Study (JLUS)

The final JLUS was completed and adopted by both the Technical Advisory and Policy Committees in January of this year. In regard to the CRTC, a number of recommendations were included, but not limited to, base/community relations and

communication, surrounding land use, transportation, and environmental issues. The Plan calls for the creation of Implementation Committees for each base consisting of representatives from the base and surrounding communities. Recently the CRTC Command staff and local representatives (including the Mayor) met to discuss the creation of a Base Community Council. Whether this will serve as the JLUS Implementation Committee or an adjunct to it, is not yet clear. The relationship between the CRTC and the surrounding communities has historically been good, but there is always room for improvement and communication is a two-way street. As these groups evolve I trust that the goal will be the implementation to the extent possible of the JLUS recommendations and an even closer working relationship between the base and the nearby Alpena communities

### **City Management and Operations**

#### **Staffing**

The transition of leadership in the City Clerk/Treasurer/Finance Department has proceeded more smoothly than I had anticipated with the simultaneous retirements of both Clerk/Treasurer/Finance Director Karen Hebert and her Deputy Julie Krajniak in January of last year. Anna Soik continues a smooth transition as Karen's replacement and has initiated thought provoking discussion regarding new ways to address a variety of issues, while implementing new procedures. Leilan, as the new Department Deputy, has also transitioned well. The balance of the staff, which has also undergone significant job changes, has more that stepped up to the plate and have kept the Department working smoothly.

The aftermath of the retirement of Jeff Shea as City Assessor did not go quite so easily. Due to a statewide shortage of level three assessors, the City was unable to find a suitable candidate to fill the vacant position. Consequently, Council approved the hiring of Berg Assessing and Consulting of Rogers City to serve as our contracted City Assessor. Despite not having a City Assessor located in City Hall itself, and the minor difficulties that resulted, we have found the system to work remarkably well. Many simple requests can still be handled by City Hall staff; however, those citizens who need to contact the assessor directly can do so via a local phone number or e-mail. Overall the results have been more than satisfactory.

The retirement of Captain Brian Caldwell after 26 years of service with the City Fire/EMS Department along with the creation of the new Community Risk Reduction (CRR) officer (replacing the former Fire Inspector position), triggered a domino effect of vacancies and promotions. All told, one Captain and two Lieutenant vacancies were filled through the promotion process, leaving one vacancy yet open in the rank and file. Staff is currently working through the process of filling this position.

With the signing and implementation (beginning January 2019) of the agreement between the City and Alpena Community College for the provision of enhanced law enforcement on the ACC campus by the Alpena Police Department, the City was authorized to hire an additional patrol officer. The Department is currently in the process of evaluating its top candidates and completing its due diligence. Once completed it is anticipated that the new officer will begin shortly thereafter. Once onboard the candidate will provide a full time officer to the Department, while allowing three other designated officers to be allocated to ACC 20+ hours per week during the fall and spring semesters. The cost for the new officer will be split evenly between the City and ACC, with both parties mutually benefiting from the arrangement – the college with enhanced police presence during the school year and the City Police Department with an additional officer at half the cost.

### Collective Bargaining

A major function of the City Manager is the general oversight of the operations of the City staff and its departments including the negotiation of collective bargaining agreements with the five City unions. Negotiations with the Fire/EMS bargaining unit, whose current 3-year contract expires June 30 of this year, will begin shortly. The City unions and management have been able to negotiate fair and responsible agreements the past 2-3 negotiating cycles resulting in contracts that meet the needs of the union members while reflecting the fiscal parameters set by the City. Agreements with the other four bargaining units – DPW, Clerical, Police Patrol, and Police Command – expire June 30, 2020. Negotiations with these units are expected to commence the first quarter of 2020.

### Employee Benefits

- *Retirement.* The City offers a Defined Benefit (DB) pension program for its longer term employees and a Defined Contribution (DC) plan for non-public safety

recent hires. Over the last 10-15 years the City has worked diligently to stabilize its 75 year old in-house pension program by controlling or scaling back benefits and closing the pension to new administration, clerical and DPW employees. These changes have been made in partnership with our bargaining units with the goal of ensuring that the system provides a secure and sustainable retirement income to all participating employees. The newer DC program includes both employee and City contributions managed by the employee with the assistance of the plan provider to meet the individual retirement needs of each participating employee.

- *Insurance Programs:* City Staff headed by HR Director Kathy Himes, continually monitors the various City employee insurance programs (health, dental, life and long term disability). These are reviewed each year prior to renewal to evaluate the benefit offerings and cost for each insurance plan and make necessary revisions, if warranted. If major changes in coverage and/or costs are proposed by the insurer (most notably in regard to health insurance), I and appropriate staff prepare a list of options that are then provided to an insurance committee consisting of representatives of each bargaining unit, administrative staff and our insurance agent to review the affected policies and possible alternatives, with the intent of reaching a consensus of all the representative parties. This process has worked very well in obtaining buy-in from the various employee groups. Ultimately, we have been successful in controlling costs for both the employees and the City, while providing effective coverage for the employees and their families.

### **Challenges and Priorities Moving Forward**

Although we can be proud of our past and current accomplishments, with lists that seem to increase in length each year, we cannot rest on our successes. The City continues to face serious challenges, as well as opportunities, in the years ahead and will need to set clear priorities to keep moving forward. These are highlighted below.

1. **Tax Base:** Unfortunately, this has become an all too familiar issue that needs not be repeated in detail. Suffice it to say it has become so common place that staff has become adept at operating departments and providing City services in an environment of sluggish increases in taxable values and State revenue sharing, while facing over increasing costs and mandates. All departments, under the guidance of the

Clerk/Treasurer/Finance Department, continue their endeavor to balance revenues with expenses. As the new norm, we will continue to provide the best possible services to our citizens and businesses within the fiscal constraints that we face. We must and do continue to think outside the box. The recent approval by Council of the 1% property tax administration fee, although viewed by some incorrectly as a tax increase, is a long overdue revenue source provided by state statute. It allows us to cover most of our costs to prepare and collect property taxes, thereby freeing up General Fund dollars that are needed elsewhere. By implementing this fee we join the other 84% of eligible jurisdictions that take advantage of this revenue source.

2. **Legacy Costs:** Legacy costs (pension and retiree health care) have gone from a local issue to one of state oversight and regulation. With the signing of PA 202 of 2017 the state has established standards and universal criteria to determine the health and sustainability of a municipality's pension and retiree health care (Other Post Employment Benefits or OPEB). The City must report by early January of each year the financial status of these programs during the previous fiscal year. Any program found to be underfunded based on the State's criteria may be required to prepare an action plan outlining the steps it will take to become compliant. Although our pension plan remains in compliance, the City continues to investigate potential actions to improve its funding status even further. The Retirement Board recently changed its investment agent as a proactive step to increase investment returns for the Program over the long term. Such investment returns are the primary source of revenue for the Pension Fund to remain solvent. Stagnant returns for several years increased its overall funding liability relative to its obligations to existing and future retirees. With anticipated long term increases in investment returns and continued restraint on retiree benefits, we believe we will turn the corner and see improvement in the funding status of our Pension Fund into the future.

As with most municipalities in the state the City's OPEB fund is severely underfunded, primarily due to its operating on a pay-as-you-go basis for many years. We were officially notified last week by State Treasury that our funding level is such that it has triggered a preliminary review of underfunded status. The City will be applying for a waiver outlining the steps the City has taken to reduce the underfunded status. This must be approved by Council and submitted to Treasury by April 12. Staff is currently

working on the waiver with the intent of presenting it to Council at either the March 18 or April 1 Council meeting. Recently we have been allocating an increasing percentage (currently 6%) of the City's payroll into the fund. This provides not only the amount needed to pay the City's portion of annual retiree health insurance premiums, but additional funds that increase the current reserve fund needed for future payments. We intend to increase the annual payment by at least 1% per year until we reach 10%.

3. ***Water/Sewer Litigation with Alpena Township:*** Following a final ruling by Judge Mack last September after 4+ years of litigation, the Township appealed portions of his ruling, with the City cross appealing its own issues. In January the City and Township met in mediation mandated by the Michigan Court of Appeals. Unfortunately, this did not lead to a resolution. Both parties must submit their briefs to the Court by March 27. Additional responses to the briefs and responses to the responses will require at least another 50 days likely putting off oral arguments before the Court until late summer at the earliest or even into the last quarter of 2019. Whatever the result this never ending saga will be far from over. Ultimately when the dust settles on the legal issues, it will still come down to action at the local level. In the best interests of their customers and constituents, the City and Township must sit down face-to-face and reach a mutually agreed upon long term (even this is a subject of disagreement) water and sewer contract. Despite all the technical and legal arguments, it boils down to one simple fact. Both sides must have a rate structure and agreement that ensures the long term sustainability of the City's water and sewer facilities (water production plant, distribution system, water recycling plant and collection system), compliant with the requirements of the MDEQ and USEPA. Without that we are all in trouble. Both sides have become so obsessed with proving they are right, we no longer see the reality of the situation we are in. We have two systems, for good or bad that are inextricably linked and must co-exist for the welfare of our two communities. It should not be that if it works for our side (City or Township), that's all that matters. We eventually must sit down face-to-face, and without posturing, address the necessary issues and reach a mutually agreeable solution. Ultimately, this means we all must ***compromise*** in meaningful ways. This the City has done. We expect no less from the Township. A truly effective agreement means neither of us gets fully what we want. That is the nature of negotiation.

4. ***Medical/Recreational Marijuana Facilities Within the City:*** With the passage of the Recreational Marijuana Initiative last November (statewide and by a close margin in the City) and the issuance by the State at about the same time of permanent rules and regulations for the licensing of Medical Marijuana facilities, the fate of marijuana facilities within the City of Alpena fell squarely in the lap of City Council. During discussion on January 21, Council unanimously directed the City Attorney to prepare an ordinance opting the City out of placement of recreational marijuana facilities in the City. This is due to the many uncertainties in the law as written, which could lead to major problems that are best avoided. Once the State adopts permanent rules and the dust settles on the numerous legal issues, Council can review its position at any time. At the same time it authorized the preparation of an ordinance prohibiting the use of marijuana in public places, as specifically defined. The opt-out ordinance had first reading on February 18 and will have second reading and action by Council later this evening. The prohibition against use in public places has undergone revisions and will be reviewed by Council tonight as well. If agreed upon it will likely have its first reading tonight.

As to medical marijuana facilities, staff was directed to work with the City Planning Commission on possible locations for the various types of facilities with a recommendation on how many, if any, that should be allowed and where. This will be, in my opinion, a thought provoking and broad based process involving Council, Planning Commission, staff and the public (users, non-users, institutions, and the medical marijuana facility operators). Ultimately, Council will need to sift through all the information and comments, weigh the pros and cons, and make a decision.

The marijuana industry is unique compared to most commercial/industrial sectors relative to its regulation at the state and local level. The state through the ballot initiatives, state legislation and state agency rule making authority controls nearly all facets of the marijuana industry. The local municipalities are given varying degrees of zoning authority and say in the initial approval and compliance with the building codes necessary to receive a Certificate of Occupancy. Follow-up inspections and compliance tends to fall with the State – violations of codes, regulations and the Acts themselves.

We can only surmise just how these facilities, if allowed, will impact our City. Will the potential benefits outweigh the potential negatives or vice versa? Some communities have reported excellent experiences, others not. We really won't know until we take that big step and allow a facility(s) in the City. If it works out well, then we

reap the benefits, whatever they may be. If not, well that is the rub. Once allowed it is difficult, if not impossible to turn back the clock. As I said earlier the decision is ultimately up to Council. Staff's job is to implement their directives in the most effective manner. As City Manager with many years of planning experience, my recommendation is that if Council decides to allow medical marijuana operations in the City that it does so in deliberate and measured steps. This will allow for ongoing thorough evaluation of the process and the impacts with expansion always an option when justified by the results.

5. ***City Marina:*** This past year Harbor Master Don Gilmet was able to negotiate a new 3-year contract for the operation of the City Marina. It is not a panacea. While divesting the City of the various day-to-day operations and their associated costs, it brings in scant revenue and still leaves the City responsible for all major capital expenditures involving the docks, buildings and basic infrastructure of the marina. Eventually, the City will, in all likelihood, find itself in the role of marina operator, which will have a major impact on our General Fund. Consequently, during the 2+ year window we have been given with this new contract, I have directed Harbor Master Don Gilmet, with input from City Engineer/DPW Director Rich Sullenger, to explore and prepare options that the City may take when a private third-party operator is no longer available. We need to be creative in our thinking and bring everything and everyone to the table, initially starting with our local Harbor Advisory Committee, and ultimately marina users, the general public and the State Waterways Commission. To successfully make our marina sustainable over the long haul it will take participation from multiple players.
  
6. ***Hillman State Non-Motorized Trail:*** Due to sizeable cost increases in the rehabilitation of numerous bridges along the proposed route, MDOT has indefinitely postponed the development of the trail. The eastern end of the trail was to follow the old railroad bed through the City from Bagley to Franklin Street, a distance of 0.6 mile. The agreement between the State and the City was for this portion of the 10-foot trail to be asphalted as part of the City's Bi-Path with pedestrian lighting along its entire length. The State would pay for the placement of a gravel base over the railroad bed with the City paying for the balance of the improvements, approximately \$150,000. Such improvements would be a nice addition to the City's Bi-Path. Consequently, I have asked City Engineer Rich Sullenger to contact MDOT and see if they would be willing to

proceed with the graveling of the railroad bed if the City agreed to pave the trail and install the infrastructure for the lighting, which would be added in the future. We had intended to budget for this initial phase in the upcoming 2020 City budget, so if MDOT would agree we could still proceed with the paving portion of the project adding over a half mile to our Bi-Path network.

7. ***Downtown Bicycle Parking Issues:*** Last year I proposed that the City investigate the development of strategically placed bicycle parking areas in the downtown to reduce congestion on our downtown sidewalks. To encourage this we allocated funds in this year's budget along with additional funds next year, as well as funds from the DDA. Designs for three locations have been developed with the plan to build two in the first phase. Staff is working with the DDA and its parking committee on the project and if approved by the DDA and Council, construction could occur in late Spring or Summer.
  
8. ***Comprehensive Plan Update:*** Work on the mandated 5-year update of the City's Comprehensive Plan by NEMCOG, City staff and the Planning Commission continues, with its completion and presentation to the Planning Commission and City Council for formal consideration and adoption by June or July. Prior to that the Commission will conduct a public hearing to receive final comments from the public. With updated background data, revised goals, objectives and action strategies, the plan will provide a vision for our City's future encompassing a variety of issues that will determine the character of our of City and define who we are.
  
9. ***The City and Target Alpena:*** The association between the City and Target Alpena has been ongoing for well over twenty years. It can be compared to a marriage, which undergoes high points and low, sometimes being stressed to the point of breaking, as it did a number of years ago when the two embarked on a temporary separation. However, today I can say that that relationship is as strong, and as vitally important, to both institutions as it ever was. Target in conjunction with the City's Planning and Development Department have worked in tandem to support existing businesses and assist new development in the City. Through the contacts and efforts of Target's Jim Klarich, Alpena is no longer just a name on the Weather Channel map, no longer on the

outside looking in in regard to development interest and activity. Instead we are on the economic development map and that interest comes looking for us.

Within the City key development sites are still being pitched, most notably the former APC site downtown and the US 23 North property. Although vacant for longer than we would like, the effort is there and positive results will follow in due course. Along with these I have requested that the long vacant former Ripley Street Station and Western Auto buildings on Ripley Blvd. be included in Target's portfolio of economic development projects for the City, as well as the redevelopment of the previously mentioned antique mall building downtown.

Together the City and Target have expanded our City's economic opportunities, far beyond what we could accomplish alone and for far less cost. Having the right people in the right place at the right time can make all the difference, and it is indeed making a difference for the City of Alpena.

### **Closing Remarks**

Each year the list of accomplishments and challenges continue to grow. As soon as one project is completed or issue addressed, new ones appear. To some this may be disconcerting as we always seem to be climbing up hill while never reaching the summit. But, that is the very description of a community on the move, never standing still, always striving to climb that hill in front of it. We should only be concerned if we feel we have finally reached the summit, for then there is only one way to go, and that is down. Alpena has so many more summits to climb and we are blessed that when we do reach the top of one, there is always another to challenge us. This is what keeps us alive and vibrant and what will spur us on to ever greater endeavors. There will always be obstacles and detours in our road to better ourselves, but I have yet to see one that we have not been able to eventually overcome. As long as we strive and never rest on our laurels the future will be bright for our Sanctuary of the Great Lakes.

A handwritten signature in blue ink that reads "Greg E. Sundin". The signature is written in a cursive, flowing style.

Greg E. Sundin, Alpena City Manager  
March 4, 2019