

Harbor Springs City Council
August 3, 2009

Mayor Dika called the twenty-second meeting of the Harbor Springs City Council to order at 7:00 p.m., in the City Council Chambers at 160 Zoll Street, Harbor Springs, Michigan.

1. Roll Call and Verification of Quorum

Present: Alan J. Dika, Alan Hegedus, Michael K. Heinz and Pringle Pfeifer

Absent: Laura Kors

Also Present: City Manager Thomas C. Richards, City Attorney James T. Ramer and City Clerk Ronald B. McRae

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

There were four corrections noted to the July 20, 2009 City Council meeting minutes. They are:

a. Page 3, Item 4A, first paragraph, third sentence reads, "The City received..." The sentence should read, "She stated the City received..."

b. Page 4, Item 5C reads, "...had been secured for Harbor-Petoskey Airport terminal..." It should read, "...had been secured for the Harbor-Petoskey Airport terminal..."

c. Page 5, Item 7C, the last sentence should be deleted.

d. Page 5, Item 7D reads, "...she would unable to attend..." The sentence should read, "...she would be unable to attend..."

#7598 – Motion by Pfeifer, second by Heinz, to approve the July 20, 2009 regular City Council meeting minutes as amended.

Ayes – 5

Nays – 0

B. Approval of Bills

I have examined the bills appearing on the vouchers below and recommend they be allowed and payment be made from the following funds:

Voucher Number	Description	Fund Name	Amount
7566	Payroll Ending 7/19/09	General Fund	\$35,496.33
		Major St. Fund	1,031.40
		Local St. Fund	147.33
		Historical Fund	443.60
		Electric Fund	11,029.95
		Water & Sewer Fund	6,790.01
		Waterfront Fund	6,686.77
		Equipment Fund	1,384.17

7567	Property Tax Payouts 7/1 – 7/15/09	Trust Fund	\$406,644.09
7570	Property Tax Payouts 7/16 – 7/31/09	Trust Fund	\$1,013,790.15
7571	Accounts Payable - Council 8/3/09	General Fund Major St. Fund Local St. Fund Historical Fund Electric Fund Water & Sewer Fund WTPP Water Fund Waterfront Fund Equipment Fund	\$17,687.81 172.22 3,432.48 135.42 2,119.84 32,138.95 9,393.92 4,708.74 2,234.95

#7599 – Motion by Heinz, second by Hegedus, to approve the bills in the amount of \$1,555,468.03.

Ayes – 4
 Nays – 0

THEREFORE, BE IT RESOLVED that claims on voucher numbers 7566, 7567, 7570 and 7571 checked by the Finance Committee, in the amount of \$1,555,468.03 be allowed for payment, and the City Manager and the Mayor are hereby authorized to execute warrants to be drawn on the following funds:

General Fund	\$53,184.14
Major Streets Fund	1,203.62
Local Streets Fund	3,579.81
Police Reserve	0.00
Historical Fund	579.02
Electric Fund	13,149.79
Water & Sewer Fund	38,928.96
West Traverse Water Fund	9,393.82
Waterfront Fund	11,395.51
Equipment Fund	3,619.12
Trust Fund	1,420,434.24

Total	\$1,555,468.03
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3. Citizen Comments

None

4. City Manager's Section

A. Establish Zoning on Arbor Street Property

City Manager Richards stated that when the City annexed the property on the east side of Kiwanis Park, which was purchased from George Johnston, the property retained the residential zoning that was established by West Traverse Township. Due to the fact that the City wishes to use the property for a public purpose, for the water storage reservoirs, the property should be zoned "C" or Community District.

City Manager Richards stated that the Planning Commission has reviewed this issue and approved the "Resolution to Recommend Zoning" for the Arbor Street property to be zoned "C – Community District".

After a brief discussion, the following motion was offered:

#7600 – Motion by Pfeifer, second by Heinz, to approve Ordinance Number 372, which establishes the Arbor Street property along the east side of Kiwanis Park, to be zoned in the "C – Community Zoning District".

Ayes – Dika, Hegedus, Heinz and Pfeifer
Nays – None
Absent - Kors

B. Purchase Authority for Michigan Public Power Agency Bulk Power Contracts

City Manager Richards explained that the Michigan Public Power Agency (MPPA) through its Energy Services Committee, has researched entering into purchased power contracts for the 2011 to 2014 period. With the pending termination of the Power Pool, a new source of purchased power was needed.

City Manager Richards gave a presentation explaining the current situation and the estimated costs and power needs of the member cities of the Energy Services Committee. While the City of Harbor Springs does have generation entitlements, the bulk of the City's electric supply still has to be purchased from other suppliers. That deficiency energy is currently being purchased through the Power Pool. It is estimated that the market prices for bulk power are now at comparatively low levels making it an advantageous time to enter into long-term purchased power contracts. The Committee members believe that entering into the purchase power contracts now for future years will help to stabilize the cities' electric costs and make our power more affordable.

City Manager Richards pointed out that no contract will be for more of one-third (1/3) of the City's deficiency energy needs and that the contracts terms will overlap. However, as each of the contracts run out in future years, MPPA will negotiate new contracts. Should the power needs of the City be over-estimated, the additional power could be sold to others. If the power needs of the City are under-estimated, MPPA would make short term purchases for the City. The City would be granting authority to purchase power contracts at a cost not to exceed \$7,334,000 for 2011 through 2014.

Council discussed this issue. After the discussion, the following motion was offered:

#7601 – Motion by Heinz, second by Pfeifer, to authorize the Michigan Public Power Agency to bid and/or negotiate from vendors contracts for the estimated deficient power needs of the City of Harbor Springs; further to authorize the City Manager to execute said agreements up to an aggregate cost of \$7,334,000.

Ayes – 4
Nays – 0

C. District Library Committee Report

City Manager Richards stated that District Library Planning Committee had met on July 23, 2009 and again today. Since the Michigan State Library Board was no longer supporting the plan of having each individual local unit decide if they want to be a part of

the proposed District Library, each local unit is being asked for a consensus to be included in a district-wide election, considering the question of forming a district library.
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Councilperson Pfeifer stated that she had asked Bill Dohm, Little Traverse Township Supervisor to come to the meeting and discuss the change of philosophy concerning the district wide vote as opposed to the vote of each local unit to participate in the proposed Harbor Springs Area District Library. Councilperson Pfeifer stated that Dohm has already met with the Little Traverse Township Board of Trustees on this issue.

Dohm stated that the District Library Planning Committee believed that they needed to change their approach to the vote for the District Library based on the input from legal counsel and the State Library Board. Dohm also gave a historical viewpoint based on the work on the district library negotiations with the City of Petoskey a number of years ago.

Dohm stated that Little Traverse Township, West Traverse Township and the City of Harbor Springs all work together on various regional projects. Their interests are very similar. The consensus of the Little Traverse Township Board of Trustees was that they did not have a problem voting on a district wide issue with West Traverse Township and the City of Harbor Springs. Dohm noted that the smaller Townships would have the option of not being part of the original election, but would be able to join based on the results of a later election. Several have stated that they wish to be part of the original election.

Dohm stated that to make the district library a financially viable entity, approximately \$1,000,000,000 in taxable value would be necessary to generate \$300,000 per year at 0.3 of a mill, to be levied for operating purposes. The committee expects that the initial library costs will be raised from private sources. If the district only included Little Traverse Township, West Traverse Township and the City of Harbor Springs, the district could meet the taxable value requirements to raise the annual operating revenue requirement of \$300,000.

Dohm stated there are still issues to be resolved, such as the creation of the Board for the district Library, how long will the first millage election commit a millage for, where will the library building would be constructed, and who will provide the capital to construct the library building and facilities.

Dohm stated that he would like to see the election on the proposed district library occur on a general election that will draw a larger number of voters to the polls, such as the governor election in November of 2010 or the primary election in August of 2010.

Council discussed this issue. It was the consensus of the City Council members present that the district library election should occur and that the election can be district-wide to meet the requirements as interpreted by legal counsel and the State Library Board.

D. Municipal Employee Retirement System Officer Delegate Appointment

City Manager Richards stated that City Council should appoint an Officer Delegate and an Officer Delegate Alternate for the Municipal Employee Retirement System of Michigan (MERS) Annual Meeting. Manager Richards stated that the City Clerk has been the appointed Officer Delegate since 2005 and would prefer to see someone else go. The Clerk would serve as the Office Delegate Alternate. Further, Manager Richards stated that he would like to go to become more current on the retirement issues and various programs offered by MERS. This may be beneficial for the upcoming labor negotiations.

Council discussed this issue briefly. After the discussion the following motion was offered:

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#7602 - Motion by Hegedus, second by Heinz, to appoint the City Manager as the Officer Delegate and the City Clerk as the Office Delegate Alternate for the 2009 MERS Annual Meeting.

Ayes – 4
Nays – 0

E. “Smart Grid” Grant Proposal

City Manager Richards discussed the “Smart Grid” Grant Proposal. The City could upgrade its method of delivery of electricity through time of day metering, upgrade the substation telemetry and remote controls, provide new metering equipment for MPPA monitoring and billing purposes, and install load leveling equipment. These improvements have an estimated cost of \$271,000. The “Smart Grid” Grant would pay for 50% of the costs.

City Manager Richards stated that the proposed letter supporting the “Smart Grid” Grant Proposal was written to indicate support for and commitment to the grant application that is being submitted to the Department of Energy from the MPPA for the “Michigan Integrated Technology Transfer and Energy Network” or the “Michigan MITTEN” smart grid project. Manager Richards recommended that Council approve the sending of the letter by authorizing both the Mayor and Himself to sign said letter.

Council discussed this issue. After the brief discussion, the following motion was offered:

#7603 – Motion by Heinz, second by Pfeifer, to approve the signing of the letter supporting the grant application to the Department of Energy from the Michigan Public Power Agency for the “Michigan Integrated Technology Transfer and Energy Network” smart grid project.

Ayes – 4
Nays – 0

5. City Manager’s Report

A. Arbor Street Water Main Construction

City Manager Richards stated that the construction of the Arbor Street Water Main has begun. The water mains and drain pipes at the reservoir location had been installed.

B. Judd Street Water Main Project

City Manager Richards stated that the design work for the Judd Street Water Main Project is completed and the construction bids have been solicited. The bids will be considered at the August 17, 2009 City Council meeting.

C. Reservoir Construction

City Manager Richards stated that the Planning Commission gave its approval of the Reservoir Site Plan with some minor changes to the service road location and landscape and screening plans. The Natgun construction crew is expected to arrive on or about August 18, 2009.

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D. Demolition of Bluff Street Home

City Manager Richards stated that a demolition contractor has been hired for the removal of the burned-out home at 700 West Bluff Drive.

6. Boards and Commissions

A. Planning Commission (PC)

Mayor Dika stated the next PC meeting is scheduled for 6:00 p.m., Thursday, August 20, 2009 in the City Council Chambers.

B. Zoning Board of Appeals (ZBA)

Mayor Dika announced that the next ZBA meeting is scheduled for 5:30 p.m., Wednesday, August 12, 2009 in the City Council Chambers.

C. Harbor Commission (HC)

Mayor Dika announced that the next HC meeting is scheduled for 4:00 p.m., Wednesday, August 12, 2009 in the City Council Chambers.

D. Next Council Meeting

Mayor Dika announced the next regular City Council meeting is scheduled for 7:00 p.m., Monday, August 17, 2009 in the City Council Chambers.

7. Old and New Business

A. Coastal Crawl

Council discussed the Coastal Crawl. It appears that everything went well and there were no conflicts with the Regatta. The water was cool at approximately 61degrees.

B. Regatta

Council discussed the Regatta. There were no problems that anyone was aware of. Approximately fifty-five boats participated in the event.

8. Adjournment

With no further business, Mayor Dika adjourned the meeting at 8:01 p.m.

Ronald B. McRae, City Clerk

Approved: August 17, 2009

Alan J. Dika, Mayor

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Attachments