

HARBOR COMMISSION
MINUTES
September 26, 2007

I. Roll Call

Jim Bartlett	Present
Yvonne DeWindt	Present
Al Dika	Present
John Flemming	Absent
Tom Graham, Jr.	Present
Bill McCullough	Present
Jim Offield	Present
Fred Rachwitz	Present
Jane Ramer	Present
Dick Schiller	Absent

Also present: Harbormaster Mike Johnson and City Manager Fred Geuder.

Also in attendance: Mayor Jean Jardine and Council Members Mike Heinz and Dennis Wiggins.

Chairman Jim Bartlett called the meeting to order at 4:00 p.m.

II. Minutes

Motion by Schiller, seconded by Offield, to approve the minutes of August 15, 2007, as presented. Motion carried.

III. Public Comment and Correspondence

None.

IV. New and Old Business

A. Seasonal Rate Discussion

(Note: comments from Al Dika and Laura Kors were distributed to members of the Commission.)

Jim Bartlett introduced the subject noting that the last two years, the recommendations of the Harbor Commission for seasonal rates had been changed at the City Council level. In conversations, it was suggested that perhaps a joint meeting and discussion would be helpful for both the Commission and the Council as the process for setting rates moves forward for 2008 and beyond.

Bartlett noted that in the early 1990's a Harbor Commission committee reviewed the rates and came up with a formula for determining the rates for docks that included slip size (including

square footage), costs, market, etc. It was generally agreed at that time that the City's rates should be roughly 80% of the rate charged by the private marinas. Parking, security and the "fish bowl" of the public walking the docks were reasons why the City rates would be lower.

The 80% number was not cast in stone, but became a benchmark that has roughly been adhered to in the intervening years.

Demand—at least via the waiting lists—is definitely UP since the 1990's. The private marina rate increases have generally exceeded the City's increases and seem to be what the market will bear.

The City's mooring field is one of the few if not only one that is public available in Michigan.

Bartlett also noted that the City's rates for seasonal slips are the highest priced public marina slips in Michigan, and probably the Great Lakes. But our demand for slips seems to be greater than anywhere else in Michigan, especially compared to SE Michigan because of current economic conditions.

McCullough commented that the Harbor Commission puts a lot of thought into the process of setting rates. There are a lot of mixed opinions each year. He noted that the City provides some recreation services free (tennis courts, ball diamonds, ice rink), but there are fees for use of the Waterfront.

Mayor Jardine asked how many of the waiting list for docks was "local". (Of the top 25, 8 have Harbor Springs address; of the top 50, 12 have Harbor Springs addresses—but this may not answer the question, depending on how "local" is defined.)

Dennis Wiggins noted that there was no direct Mission Statement for the Waterfront, so it was difficult find a rational sense for setting rates. It isn't necessarily only a profit motive, but what is it?

The City Manager noted that while there is no "mission statement", it has been traditionally assumed that revenues should cover costs (which have included different items over the years), funds to cover repairs and improvements (except when the City bonded for the floating dock, and then rates also needed to cover repayments) and the administrative transfer to the General Fund (which also includes funds to cover the Marine Patrol budget, which has been included in the General Fund).

Bartlett said that usually \$30-50,000 has been put away each year, with the net result being funds are available for catastrophic insurance needs as well as to make improvements and major repairs.

Bartlett also noted that Supply and Demand has generally what has driven the private rates. The City simply has a huge demand based on its waiting list.

Wiggins noted that questions that need to be answered include whether we charge enough for administrative costs and do we want to make a profit?

Bartlett noted that under State rules that govern, the City may charge as much as it wants to above a State minimum for the seasonal users. For transient users the State sets a maximum rate. The City is on the State's highest transient rate (the Mackinaw Island rate), but noted that in his experience Michigan's transient rates are the lowest in the Great Lakes.

In response to a question, Bartlett noted that we may look at a new motor for the Police Boat for 2008, and there is some discussion about doing some upgrades to the Harbormaster Building, which is now about 25 years old.

Heinz noted that the Ford Park docks may need upgrades similar to the launch ramp. The City Manager said there are always projects to be done; it is a question of priorities and funding.

Heinz noted that generally the 80% rule seems to have worked, and he would not want to ever see a General Fund subsidy of the Waterfront Fund.

Wiggins noted that comparing the City charges to the private marinas is difficult, because the private marinas may be charging different rates depending on the customer.

Bartlett said he felt the private marina rates were consistent once you sort out the different slip sizes, including beam.

Fred Rachwitz commented that he was not sure if the City was really in competition with the private marinas. Do we have comparable slip sizes?

Bartlett noted that the best comparisons are done with the 30-45-60 foot slips. The 35 and 40 foot slips are unusual.

The City Manager noted that there seems to be less 60' boats currently in the seasonal pool. The Harbormaster said there were no 60' now; the last one dropped out in 2007.

Bartlett noted that one advantage for City slip holders is that they can buy a boat from anyone, where that may not be the case with the private marinas.

Wiggins said the "squeeze" for boating dollars is on to some extent, given the gas prices and economy.

McCullough noted that inflationary increases cushion against having to do a major increase in rates in some other year.

The City Manager said he felt local boats were filling the transient slips more and more, especially at the beginning of the year in order to be in place for July 4th.

In response to a question, the Harbormaster noted the waiting list for transient slips was generally only 4-5 boats, and they usually got in within one day. Bartlett noted that the waiting list 10 years ago was likely 15-20 boats and 20 years ago it was even more.

It was noted that in some ways Harbor Springs must be a destination for transient boaters, because it is off the beaten path.

The Harbormaster noted that he is seeing more Traverse City boaters use a loop that may include Petoskey, Charlevoix, Harbor Springs and Beaver Island. We are in competition with Petoskey, Charlevoix and Bay Harbor to a certain extent for transient customers.

Wiggins noted that we should probably look at what margins we are trying to achieve. He also noted we need to look at what rules we use for the regatta boats. (He had been surprised to learn that rafted boats pay the full rate.)

Bartlett noted that it has been a common practice throughout the Great Lakes for rafted boats to pay the full rate.

Wiggins also wondered about whether more slips could be created.

Bartlett noted that if the City wanted to add slips, such as where the Shoppers' Dock is, the City could probably do so. (He did note that our Shoppers' Dock is the best he has seen.) But Bartlett also commented that the Harbor Plan, and the comments you heard at the hearings for Walstrom indicated that view sheds were very critical.

McCullough noted that the original Harbor Plan and the new current plan both talk about view sheds.

General comments noted that how rates are set is really a political decision. Rates could be doubled from a market standpoint, but that will likely not happen.

McCullough noted that it should not only be about money; he noted that as a resident of the City, he moved here because of his choice to want to be here.

Heinz again noted that he would not want to see the General Fund ever have to subsidize the Waterfront Fund.

Bartlett said the Council needs to ask itself whether the 80% rule makes sense, or should something else be done. Higher rates can be charged if necessary, but it is all a political decision.

Wiggins suggested that the City Manager put this item on the City Council agenda.

4.B. Commission Membership

In response to a question from Mayor Jardine, the City Manager said that John Flemming had resigned from the Commission.

Bartlett noted that traditionally Commission representation had included two members from Little Traverse Township, and Flemming had been one of them (Schiller is the other).

Mayor Jardine said that if anyone had suggestions for the appointment, they should contact her.

4.C. Boats from Bay Harbor in Regatta

Mayor Jardine said she had heard that a number of boats from Bay Harbor might be in the regatta next year.

Bartlett explained the Great Lakes 70's class had sailed out of Bay Harbor for the last ten years, but was now expressing an interest in going back to the LTYC regatta. Bartlett said that the problem was that these boats had a draft of 11-12', and with low waters in particular, there might not be a place to dock them, and then even if the draft was not a problem, it would displace other boats.

Bartlett noted that the LTYC had requested time on the October agenda.

V. Meeting Schedule

The next meeting of the Harbor Commission is scheduled for Wednesday, October 17th, at 4:00 p.m.

VI. Adjournment

There being no further business, the meeting was adjourned at 5:05 p.m.