

**Harbor Springs City Council Minutes
January 8, 2007**

Mayor Jardine called the sixth meeting of the Harbor Springs City Council to order at 7:00 pm, in the City Council Chambers at 160 Zoll Street, Harbor Springs, Michigan.

1. Roll Call and Verification of Quorum

Present: Jean Jardine, Jim Grogan, Michael Heinz, Laura Kors and Dennis Wiggins

Absent: None

Also Present: City Attorney James Ramer, City Manager Fred Geuder, City Police Chief Dan Branson, and City Clerk Ron McRae

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#7253 – Motion by Grogan, second by Heinz, to approve the December 18, 2006 regular City Council meeting minutes as read.

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:

#7344 – A/P	Payouts 12/1 – 12/15	\$ 373,654.75 Trust Fund
#7345 – Payroll	P.P.E. 12/24/06	\$ 36,875.05 General Fund 762.94 Major Sts Fund 278.10 Local Sts Fund 422.40 Historical Fund 12,115.02 Electric Fund 6,444.85 W & S Fund 694.99 Waterfront Fd 2,467.45 Equipment Fd
#7346 – A/P	Council 1/8/07	\$ 16,194.49 General Fund 519.40 Major Sts Fund 519.40 Local Sts Fund 626.71 Police Res Fd 122.73 Historical Fund 116,722.22 Electric Fund 26,308.75 W & S Fund 6,247.68 Waterfront Fd 10,683.76 Equipment Fd

#7254 – Motion by Heinz, second by Grogan, to approve the bills in the amount of \$611,660.69.

Ayes – 5

Nays – 0

THEREFORE, BE IT RESOLVED that claims on voucher numbers #7344, #7345 and #7346, checked by the Finance Committee, in the amount of \$611,660.69 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	\$ 53,069.54
Major Streets Fund	1,282.34
Local Streets Fund	797.50
Police Reserve	626.71
Historical Fund	545.13
B. A. Construction Fund	.00
Electric Fund	128,837.24
Water & Sewer Fund	32,753.60
West Traverse Fund	.00
Waterfront Fund	6,942.67
Equipment Fund	13,151.21
Trust Fund	373,654.75

Total	\$ 611,660.69
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3. Citizen Comments

None.

4. Bear Creek Township Sewage Disposal Presentation

City Manager Geuder reviewed the highlights of the Gosling Czubak Engineering Sciences, Inc. presentation. Basically the presentation illustrated five alternatives that Bear Creek Township could take to address their sewer issues. However, it was believed that only two of those alternatives were viable. They were:

- a. Build a new wastewater treatment plant (wwtp), or
- b. Go to the Harbor Springs Area Sewage Disposal Authority (HSASDA) and have sewage treated there.

Manager Geuder stated that Alternative "a" was the more expensive alternative. The cost would be approximately \$7,700,000. Alternative "b" would require that a force main be installed from the North Bear Creek Township Sewer System to the HSASDA's East Sewer System. The immediate costs for Alternative "b" are estimated to be \$4,600,000.

The other advantage to Bear Creek Township for adopting Alternative "b" is that they would not have to immediately construct a wwtp or an addition to the HSASDA wwtp. Bear Creek Township could either purchase or lease capacity from the Authority members until capacity needs to be increased. Currently, the capacity of the HSASDA wwtp is large enough to add the current sewer flows from the north Bear Creek Township Sewer System.

The primary advantage to the HSASDA would be the sharing of the fixed costs with another Township and the sharing of facilities such as the lab. Manager Geuder stated that the amount of potential savings had not been quantified.

Manager Geuder stated that Dennis Keiser, the Bear Creek Township Supervisor, asked that each of the HSASDA members go back to their respective Boards. Each

Board should decide if the connection to the HSASDA is something they would be willing to consider.

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Manager Geuder stated that Bill Dohm, the Little Traverse Township Supervisor, related that if the HSASDA members were all willing to look further into this issue, a committee should be formed with representatives from each Community to review this issue, get the answers to questions not yet available and report back to their respective Boards.

Council members voiced their questions and concerns about capacity. Would the individual HSASDA members have to pay when it came time to add more capacity? What are the approximate cost savings to allow Bear Creek Township to discharge their North Sewer System flows to the HSASDA members?

#7255 – Motion by Kors, second by Grogan, to proceed to the next step to obtain the answers to capacity issues and potential cost savings to the City, at Bear Creek Township's expense. Further, that this approval is not an endorsement for Bear Creek Township to connect to the HSASDA's Sewer System.

Ayes – Kors, Wiggins, Jardine and Grogan

Nays – Heinz

City Manager Geuder stated that he would send a letter to Bear Creek Township informing them of Council's concerns and questions.

5. Fire Authority Lease for a Satellite Station

City Manager Geuder stated that the proposed "Lease Agreement" between Little Traverse Township and the Harbor Springs Area Fire Authority (HSAFA) is ready to be approved. Council would also approve the project to build the HSAFA Satellite Station (the "Project"). The Satellite Fire Station will be constructed and attached to the Little Traverse Township Hall.

Manager Geuder stated that the Satellite Station is being constructed to house an aerial fire truck and a pumper-tanker fire truck, and to provide storage for some of the seasonal equipment that the fire department has.

Manager Geuder stated that the HSAFA has already received a \$200,000 grant for the purchase of a refurbished aerial fire truck. Fire Chief Schiller has received confirmation that the HSAFA will receive \$65,000 from the casino monies toward the purchase of the pumper-tanker fire truck. The monies are being held in escrow. Further, the City has reserved \$70,000 over the last two years to be used for its share of the Project. An additional \$15,000 has been budgeted for 2007. The total cost of the project is estimated to cost \$375,000 to \$400,000. The 2007 \$50,000 annual equipment fund contribution may be applied to the Project.

The project costs are estimated to be allocated to the following units:

City of Harbor Springs	25%
Little Traverse Township	37.5%
Pleasantview Township	12.5%
West Traverse Township	25%

West Traverse Township has already approved the project. Little Traverse Township and Pleasantview Township will consider the project in the near future.

#7256 – Motion by Heinz, second by Kors, to approve the Satellite Fire Station Project and the Lease Agreement between the Harbor Springs Area Fire Authority and Little Traverse Township.

Ayes – Kors, Wiggins, Jardine, Grogan and Heinz
Nays – None

6. Utility Rate Discussion

City Manager Geuder discussed the proposed utility rate increases. He stated that Council would need to set a date for a public hearing on the proposed utility rate increases.

Councilperson Wiggins raised some questions concerning the proposed electric rates. He basically asked why the City Staff is recommending a rate increase of approximately fifteen percent when the Electric Fund is not operating at a deficit. City Clerk McRae stated that the rate increase does two things. First, it brings the base utility rates for commodity up to a point to reduce the fuel cost adjustment. Second, the utility rates are being adjusted between classes of users to raise the revenues from the class of user that incurs the costs.

Councilperson Wiggins stated that he did not believe that he would approve a rate increase to the residential class to either reduce or allow a commercial rate to remain the same. Councilperson Wiggins did state that he finds merit in the idea of a summer and a winter commodity rate.

Further, Councilperson Wiggins stated that he would like to have a schedule of revenues generated from current rates to determine what the deficit would be if the City did not increase its water and sewer rates. City Clerk McRae stated that he would provide that schedule. Further, Councilperson Wiggins stated that he recognizes that the City will need to address the water and sewer rates because the Water and Sewer Fund is operating at a deficit.

Councilperson Kors stated that she could not support an Electric Rate increase for City residents without a loss in the Electric Fund. Councilperson Grogan suggested a transition in the Electric Rate Structure over time to more accurately align the user classes to the costs which they incur.

After hearing Council member concerns, City Manager Geuder stated that he would like to work with the City Clerk to review the utility rates to satisfy the concerns expressed, before discussing them with the Council again.

Manager Geuder did state that there are other issues that need to be addressed, such as deposits, turn on/off fees, and when the City should start and stop charging a customer the fixed rates of the utility systems.

7. Planning Packets for Consideration of the Hotel Project

City Manager Geuder that he would provide a copy of the Planning Commission Packet to each Council member so that they can keep up with the documentation of the Hotel Project proposed by the Cottage Company.

8. Boards and Commissions

A. Planning Commission (PC)

Council reviewed the PC meeting minutes for December 21, 2006. Mayor Jardine announced that the next PC meeting was scheduled for 6:00 p.m., Thursday, January 18, 2007. Mayor Jardine also noted the Public Hearing on the Hotel Project.

B. Appointments

Mayor Jardine stated that she would like to make the following appointments, if Council has no objections:

Jack Deegan	Planning Commission	Term Ending 01-01-10
Ed Timm	Harbor Springs Area Sewage Disposal Authority	Term Ending 07-01-10

There were no objections to the appointments.

C. Next City Council Meeting

Mayor Jardine noted that the next regular City Council meeting is scheduled for 7:00 p.m., Monday, January 22, 2007 in the Harbor Springs City Council Chambers.

9. Old and New Business

A. Conflict of Interest

Councilperson Grogan asked whether Planning Commissioners should be able to participate in discussion of the Hotel issue if they have a conflict of interest. The conflict of interest rules were reviewed by the City Attorney. The City Attorney said that a person in conflict of interest should not participate in discussion. Councilperson Kors stated that the rules as set forth by the City Attorney should be followed.

B. Electric Substation Project

Councilperson Grogan stated that he would be happy to work with Superintendent Ory to prepare a presentation to give to Council on the proposed Electric Substation Project.

C. Leave of Absence

Councilperson Wiggins stated that he would be absent from Harbor Springs from March 16, 2007 through June 7, 2007. He asked if this would present a problem and requested direction. Mayor Jardine asked the City Attorney to review this issue. City Attorney Ramer stated that if a Councilperson misses more than three consecutive meetings without the absences being excused by Council by resolution, the seat shall be vacated.

10. Adjournment

With no further business, Mayor Jardine adjourned the meeting at 8:50 pm.

Ronald B. McRae, City Clerk

Approved: January 22, 2007.

Jean Jardine, Mayor

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Attachments