

January 18, 2010

Mayor Dika called the fourth meeting of the seventy-eighth 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, Frederick B. Holdorph and Pringle Pfeifer

Absent: None

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

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#7651 – Motion by Pfeifer, second by Heinz, to approve the December 21, 2009 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 made from the following funds:

Voucher Number	Description	Fund Name	Amount
7608	Payroll Ending 12/20/09	General Fund	\$25,613.35
		Major St. Fund	2,095.26
		Local St. Fund	994.07
		Historical Fund	443.60
		Electric Fund	9,824.38
		Water & Sewer Fund	5,108.25
		Waterfront Fund	271.86
		Equipment Fund	2,479.90
7609	Accounts Payable	General Fund	13,049.18
	No Council 1/4/10	Major St. Fund	288.44
		Local St. Fund	3,018.44
		Police Reserve Fund	248.44
		Historical Fund	443.85
		Electric Fund	27,576.72
		Water & Sewer Fund	12,305.82
		WTTP Water Fund	4,410.02
		Waterfront Fund	7,948.55
		Equipment Fund	3,506.28

7610	Payroll Ending 1/3/2010	General Fund	\$39,494.65
		Major St. Fund	1,931.26
		Local St. Fund	635.40
		Historical Fund	443.60
		Electric Fund	9,967.89
		Water & Sewer Fund	5,797.90
		Waterfront Fund	443.04
		Equipment Fund	1,804.85
7611	Payouts 12/31/09	Trust Fund	1,006,784.68
7612	Sales & Withholding Taxes 12/31/09	General Fund	\$3,745.48
		Electric Fund	10,396.73
7613	Accounts Payable - Council 1/18/10	General Fund	\$39,004.72
		Major St. Fund	140.00
		Local St. Fund	6,152.30
		Police Reserve Fund	0.00
		Historical Fund	19.29
		Electric Fund	54,622.03
		Water & Sewer Fund	163,706.77
		WTTP Water Fund	0.00
		Waterfront Fund	8,162.74
		Weather Buoy Fund	0.00
		Equipment Fund	8,173.84

#7652 – Motion by Pfeifer, second by Holdorph, to approve the bills in the amount of \$1,481,053.58.

Ayes – 5  
 Nays – 0

THEREFORE, BE IT RESOLVED that claims on voucher numbers 7608, 7609, 7610, 7611, 7612, and 7613 checked by the Finance Committee, in the amount of \$1,481,053.58 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	\$120,907.38
Major Streets Fund	4,454.96
Local Streets Fund	10,800.21
Police Reserve	248.44
Historical Fund	1,350.34
Electric Fund	112,387.75
Water & Sewer Fund	186,918.74
West Traverse Water Fund	4,410.02
Waterfront Fund	16,826.19
Weather Buoy Fund	0.00
Equipment Fund	15,964.87
Trust Fund	1,006,784.68
-----	
Total	\$1,481,053.58
=====	

3. Citizen Comments

None

4. City Manager's Section

A. Michigan Department of Transportation Performance Resolution

City Manager Richards stated that the Michigan Department of Transportation (MDOT) Performance Resolution was received after the Council meeting packets were prepared. Approval of the MDOT Performance Resolution is a pre-requisite to obtaining permits for performing work on a state highway under MDOT jurisdiction. In Harbor Springs East Main Street, State Street north from East Main Street to West Bluff and West Bluff west to the west city limits is M-119, a state highway under the jurisdiction of MDOT.

The purpose of the MDOT Performance Resolution is to set certain requirements for governmental agencies and assigns responsibility for the work of those agencies when they work on or over MDOT highways, such as M-119. The MDOT Performance Resolution also requires those agencies to maintain insurance to cover any property or liability losses that may result from the work performed on a state highway.

City Manager Richards stated that he recommends City Council approval of the MDOT Performance Resolution.

After a brief discussion by Council, the following motion was offered:

#7653 – Motion by Heinz, second by Holdorph, to approve the “Michigan Department of Transportation Performance Resolution”, which assigns responsibilities and requirements for governmental agencies who work on state highways.

Ayes – 5  
Nays – 0

B. Revised Lease Agreement for the Hotel Janelle Parking Lot

City Manager Richards stated that the use of the Hotel Janelle property for public parking proved to be very beneficial in 2009, especially during the peak summertime periods. The original lease was seasonal, ending on September 8, 2009.

City Manager Richards stated that the owners have offered to continue the agreement allowing the City to expand the public use of the lot to a full calendar year. City Manager Richards stated that he believes that this will be a benefit by eliminating any question about the dates that the lot will be available to the public.

City Manager Richards stated that the cost of the lease would be \$195 per year, the amount of their liability insurance coverage on the property. City Attorney Ramer prepared the following lease agreement provided for Council's review. City Manager Richards stated that he recommends City Council approval of the proposed lease.

Council discussed the proposed lease with City Manager Richards. After the brief discussion, the following motion was offered:

#7654 – Motion by Pfeifer, second by Heinz, to approve the “Hotel Janelle Parking Lot Lease”, which provides additional parking year-round for \$195 per month and to authorize the City Manager to execute said parking lease agreement.

Ayes – 5  
Nays – 0

C. Software Purchases

City Manager Richards stated the City Clerk prepared a memorandum on the proposed purchase of software for the Assessing and Tax Administration functions and additional modules for CIVIC Systems. The modules from CIVIC Systems are the Dashboard, Asset Management and Materials Management modules.

City Manager Richards stated that City Clerk McRae explained in his memorandum the purpose of each module and the cost effectiveness for the purposes of the City's assessing, tax administration, assets management (fixed assets) and materials management (inventory) modules. He also discussed the safeguards with respect to the City's data relative to the Dashboard module.

After a brief discussion by Council, the following motion was offered:

#7655 – Motion by Hegedus, second by Heinz, to approve the proposed software purchases totaling \$28,870 for the software licenses, plus an additional \$3,710 for software support.

Ayes – 5

Nays – 0

5. City Manager's Report

A. Backup / Peaking Generators

City Manager Richards stated that the City has started the site survey and engineering investigation for the backup, peaking power and emergency generation project.

B. Substation Maintenance Agreement

City Manager Richards stated that the City has utilized the services of Consumers Energy to perform periodic inspections and testing of critical substation equipment. City Manager Richards stated that for the years 2010, 2011 and 2012 the City plans to expand some of the more routine testing to more thoroughly test and inspect the transformers and regulators. The purpose of the more detailed examinations is to help identify potential weaknesses that could lead to failures, especially during times of peak electric loads.

City Manager Richards stated that unless there were any City Council objections, he would approve the proposed contract. Council discussed the need for the increased services with the City Manager. There were no objections to City Manager Richards approving the proposed maintenance contract with Consumers Energy.

C. Inquiry Regarding Lease of Ford Park Building to a Local Merchant

City Manager Richards stated that Josh Baker, owner of the Outfitter, has inquired about leasing the Ford Park Building. The Outfitter would use the building for the operation of a retail sales, canoe/kayak rental and educational programs at the waterfront.

Baker discussed the Outfitter's plans for the Ford Park Building with Council. It was recommended that this issue be referred to the Harbor Commission for their consideration and recommendation.

D. Census Letter to Homestead Residents

City Manager Richards stated that a letter is planned to be sent to the "Homestead" Residents of the City reminding them of the fact that they claimed Harbor Springs as their principal residence. Further, that by the way they fill out the census forms could have a positive effect on the City's State Shared Revenues. City Manager Richards stated that the letter is hoped to help the census count be more accurate.

E. Union Negotiations

City Manager Richards stated that the City did not reach an agreement with either the International Brotherhood of Electrical Workers (IBEW) or the Police Officers Labor Council (POLC) as of December 31, 2010. The City did agree to a one-month extension of the current contract as we continue to negotiate with the help of a state-appointed mediator. The first session is scheduled for January 19, 2010.

F. Consumers Power Air Permit

City Manager Richards stated the Environmental Protection Agency (EPA) approved the "Air Permit" paving way for a new 830 megawatt coal-fired power plant to be constructed by Consumers Energy near Bay City. The proposed plant will use the best available technology to meet all of the current and anticipated emission control requirements. As part of the permit commitments, Consumers is obligated to retire several aging coal fired generators currently in their fleet, which will eliminate 958 megawatts of less efficient generation with less effective emission control capabilities.

This new permit is significant to Harbor Springs in two ways:

1. This will be the first coal-fired power plant to be built in Michigan in over 30 years, and
2. Consumers Energy is in discussions with the Michigan Public Power Agency (MPPA) for possible partial ownership of the plant by MPPA. Consumers Energy is offering approximately 300 megawatts of capacity to the municipal utilities.

This may be one of the best opportunities for the municipal systems to acquire long term power and manage their future energy costs.

G. Officer Training

The Police Department has received a grant of \$1,850 from the U. S. Department of Homeland Security, enabling Officer Steve Timmons to attend a week long Forensic Computer Training course to be held in Grayling this week. Further, the grant may also provide funding for approximately \$6,000 for new computer equipment, upgrades and software that will aid the City in investigation of computer related crimes.

H. Website Links

The City is setting up a link from its website to Franklin Energy to allow customers to review the incentives available for 2010 through the Energy Optimization Plan on the Energy Smart Link. The link will let residential and commercial customers know the benefits being extended from 2009 that are available in 2010 and expand on the educational opportunities for energy savings.

Our assessing system and records are fully compatible with the system used by Emmet County. Through an opportunity provided by Emmet County, property cards of all Harbor Springs properties will be available to the public through a link on the City's website to the County's servers.

6. Boards and Commissions

A. Planning Commission (PC)

Mayor Dika stated the next PC meeting is scheduled for 6:00 p.m., Thursday, January 21, 2010 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, February 10, 2010 in the City Council Chambers.

C. Board of Review

Mayor Dika announced that the next Board of Review meeting is schedule for 9:00 a.m., Tuesday, March 2, 2010 in the City Hall small conference room.

D. Harbor Commission (HC)

Mayor Dika announced that the next HC meeting is scheduled for 4:00 p.m., Wednesday, June 16, 2010 in the City Council Chambers, which is a long time away.

E. Next Council Meeting

Mayor Dika announced the next regular City Council meeting is scheduled for 7:00 p.m., Monday, February 1, 2010 in the City Council Chambers.

7. Old and New Business

None

8. Adjournment

With no further business, Mayor Dika adjourned the meeting at 7:28 p.m.

---

Ronald B. McRae, City Clerk

Approved: February 1, 2010

---

Alan J. Dika, Mayor