

**Harbor Springs City Council Minutes  
February 19, 2007**

Mayor Jardine called the ninth 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, Mick Heinz, Laura Kors and Dennis Wiggins

Absent: None

Also Present: City Attorney James Ramer, City Manager Fred Geuder, City Police Chief Dan Branson, Electric Department Superintendent Dennis Ory and City Clerk Ron McRae

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#7266 – Motion by Grogan, second by Wiggins, to approve the February 5, 2007 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:

#7356 – Payroll	P.P.E. 2/4/07	\$ 32,593.97 General Fund 3,958.07 Major Sts Fund 1,307.72 Local Sts Fund 422.40 Historical Fund 10,899.67 Electric Fund 4,220.06 W & S Fund 134.43 Waterfront Fd 1,718.03 Equipment Fd
#7357 – A/P	Payouts 2/1 – 2/13/07	\$ 697,401.67 Trust Fund
#7358 – A/P	Council 2/19/07	\$ 21,907.30 General Fund 2,491.00 Local Sts Fund 142.37 Historical Fund 47,194.22 Electric Fund 741.06 W & S Fund 3,157.52 Waterfront Fd 7,342.45 Equipment Fd

#7267 – Motion by Kors, second by Grogan, to approve the bills in the amount of \$832,475.96, which excludes the GRP Engineering invoice for \$3,155.98.

Ayes – 5

Nays – 0

The GRP Engineering invoice was approved later in the meeting, which brings the total bills approved to \$835,631.94.

THEREFORE, BE IT RESOLVED that claims on voucher numbers #7356, #7357, and #7358, checked by the Finance Committee, in the amount of \$835,631.94 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	\$ 54,501.27
Major Streets Fund	3,958.07
Local Streets Fund	3,798.72
Police Reserve	.00
Historical Fund	564.77
B. A. Construction Fund	.00
Electric Fund	58,093.89
Water & Sewer Fund	4,961.12
West Traverse Fund	.00
Waterfront Fund	3,291.95
Equipment Fund	9,060.48
Trust Fund	697,401.67
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Total	\$ 835,631.94
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### 3. Citizen Comments

None

### 4. H.A.R.B.O.R. Inc. Presentation on Recreation

City Manager Geuder introduced Dana Widmar of H.A.R.B.O.R., Inc. Widmar made a presentation to Council on the proposed "Harbor Area Recreation, Trails and Open Space Plan" (the proposed Plan). Widmar stated the proposed Plan was developed by a "Recreation Working Committee" comprised of local officials and interested community members. Widmar reviewed the process for formulating the proposed Plan. She also reviewed the public comment and input process.

After considering the input from all parties, the Committee drafted a "Vision Statement". The Vision Statement is:

"A coordinated system of recreation, trails and open space that serves the multiple local jurisdictions and organizations, enhances the economic and natural value of local resources and reinforces safe alternative modes of transportation."

Widmar reviewed the goals drafted to support the "Vision". They are:

1. Build and maintain an interconnected system of non-motorized trails for the purpose of recreation and transportation.
2. Promote safe and convenient access to high quality public waterfront, forests, view sites and open fields for all residents of the service area. Continue to evaluate, identify and pursue important key parcels and protect existing parcels.
3. Consider establishing an umbrella organization, system or instrument to assist with management/administration/maintenance for the benefit of the broader community and to guide future development/acquisition so that facilities are located within close proximity to the population served.

Widmar discussed the various steps proposed to meet the goals of the Committee. She also discussed the need to form an organizational structure. The organizational structure recommended is "the Harbor Area Recreation, Trails and Open Space Authority" which would be structured under Public Act 321 of 2000, the Recreation Authorities Act.

Lastly, Widmar requested that City Council adopt the "Resolution to Support the Implementation of the Harbor Area Recreation, Trails and Open Space Plan".

Council discussed the information presented by Widmar. Council questioned the financial commitment of the City if this resolution were approved. City Manager Geuder both stated that the Resolution does not bind the City financially. Adoption of the Resolution allows H.A.R.B.O.R., Inc. to finalize the plan as the next step in the process. After the discussion the following motion was offered:

#7268 – Motion by Kors, second by Heinz, to approve the "Resolution to Support the Implementation of the Harbor Area Recreation, Trails and Open Space Plan", which permits H.A.R.B.O.R., Inc. and the Recreation Working Committee to proceed to the next step in the process of creating the Plan.

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

## 5. Police Department Capital Purchases

### A. Police Vehicle Purchase

City Manager Geuder stated that Chief Branson received quotes for the purchase of a Police vehicle. Chief Branson stated that he could purchase an Impala or a 4WD Tahoe. Chief Branson stated that either vehicle would work in the departmental operations, but that he would always like to have at least one 4WD vehicle.

The Tahoe low bid was from Shaheen Chevrolet, Lansing, Michigan for \$32,253.60. Berger Chevrolet, Grand Rapids, Michigan had a bid of \$32,348. Chief Branson said that Berger Chevrolet was more willing to work with the Police Department to meet the specifications of the Department than Shaheen Chevrolet. For the difference in the cost, Chief Branson stated that he prefer to buy from Berger Chevrolet.

The Impala low bid was from Shaheen Chevrolet for \$17,972.45. The bid from Berger Chevrolet was \$19,572.04. Chief Branson stated that should Council decide to purchase the Impala, he would recommend that it be from Shaheen Chevrolet.

Council discussed Chief Branson's recommendations. Councilperson Wiggins asked if the Impala was purchased, and the Tahoe not sold, would that create a problem with the budget and would that provide more flexibility for the Police Department. Chief Branson stated that it would provide flexibility and the vehicles could normally be kept longer before replacement.

After further discussion on the plan proposed by Councilperson Wiggins, the following motion was offered:

#7269 – Motion by Wiggins, second by Kors, to purchase an Impala police vehicle from Shaheen Chevrolet at a cost of \$17,972.45, outfit the Impala with the necessary equipment and keep the Tahoe police vehicle, fully equipped in the Police Department fleet until such time as it is no longer serviceable.

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

B. Decibel Meter

City Manager Geuder stated that the decibel meter proposed is to measure noise levels that occur in town. The need for the decibel meter comes from the increase in noise complaints due to motorcycles, cars being driven without mufflers, construction and other types of noise nuisances. Chief Branson stated that because several sections of the City Code do specify noise levels in decibels, the need exists for the noise meter to enforce the noise levels. Chief Branson presented a proposal from Argus Supply Company for a decibel meter and printer at a cost of \$2,190. Manager Geuder stated that \$2,300 was budgeted for a noise meter.

Chief Branson stated that it was not mandatory to have a printer with the proposed decibel meter, but the printer would provide written documentation as to the noise level metered in the event that a complaint went to court. Council discussed this issue with Chief Branson. After this issue was discussed, the following motion was offered:

#7270 – Motion by Grogan, second by Wiggins, to authorize the purchase of the Noise Ordinance Enforcement Kit (Class 2), without the printer, as proposed by Chief Branson, from Argus Supply Company at a cost of \$1,580.

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

6. Transformer Purchase

City Manager Geuder discussed the bid specifications for the transformer purchase. Manager Geuder stated that the bid specifications were prepared to have a transformer built to meet the current back-up needs of the Electric System and to be able to use that transformer in a new substation if the decision were made to proceed with the construction project. GRP Engineering, Inc. (GRP) prepared the bids and sent the specifications to four suppliers, Delta-Star, Inc., General Electric, Kuhlman Electric and Waukesha Electric.

Two of the suppliers returned bids. Kuhlman Electric's bid was for \$252,873, plus an additional \$11,219 to be paid at the time of the order to guarantee the copper prices. Kuhlman Electric also gave a 30 to 34 week delivery period. Waukesha Electric's bid was for \$368,864. Waukesha Electric gave a 55 to 60 week delivery period. Neither of the bids met the transformer dimension specifications, which was necessary to insure that the transformer would fit within the existing concrete oil-containment basin and on the existing foundation. Further, the Kuhlman Electric bid proposed a transformer core design which did not meet the specifications and Kuhlman would not provide a performance bond required in the contract documents. Manager Geuder stated that he would recommend that Council pass a motion to reject both bids.

Councilperson Grogan stated that he had problems with the way that GRP handled this project. The reason that Council decided to move ahead with the transformer purchase was due to the necessary lead time to get a transformer. Further, Councilperson Grogan stated that GRP should have known the transformer sizes that Kuhlman Electric and Waukesha Electric would bid and have a better handle on the delivery period. GRP should have included more manufacturers in the bid process. Councilperson Grogan stated he was dissatisfied with how GRP handled this step in the project.

City Manager Geuder stated that there were other courses of action which he believed could be taken. Based on the discussions with Superintendent Ory and GRP, the following options are available:

- A. Purchase a similar sized rebuilt unit for approximately \$68,500 from T&R Electric. It does have a different "impedance" rating than the existing transformers, which could become an issue. However, as a back-up unit, the unit price is more attractive.
- B. A unit could be rebuilt with the same dimensions and impedance rating that would cost approximately \$130,000.
- C. The whole transformer purchase could be re-bid, expanding the pool of prospective bidders.

Council discussed the three alternate courses of action with Manager Geuder and Superintendent Ory. Superintendent Ory stated that he believed a back up transformer was necessary. Without a back-up transformer, if one went down, there could be rolling blackouts throughout the system until one could be found. Councilperson Wiggins stated that perhaps GRP should have known about the transformers, but some course of action is necessary. Councilperson Kors discussed the options of purchasing the rebuilt units and questioned delivery time. Superintendent Ory stated that the rebuilt unit from T&R Electric is in stock and could be here in approximately thirty days. After further discussion, the following motions were offered:

#7271 – Motion by Kors, second by Heinz, to purchase the back-up generator for approximately \$68,500 from T&R Electric.

Ayes – Kors, Wiggins, Jardine and Heinz  
Nays – Grogan

#7272 – Motion by Wiggins, second by Heinz, to reject the bids from Kuhlman Electric and Waukesha Electric.

Ayes – 4  
Nays – 1 (Grogan dissenting)

Councilperson Grogan stated that GRP should be informed that Council is dissatisfied with their handling of this project. Council discussed this issue with Manager Geuder. After the discussion, the following motion was offered:

#7273 – Motion by Grogan, second by Heinz, to pay the GRP invoice in the amount of \$3,155.98 and direct the City Manager to send a letter to GRP voicing the dissatisfaction expressed at this meeting.

Ayes – 5  
Nays – 0

## 7. Utility Rates

City Manager Geuder stated that the Electric, Water and Sewer Rates have been reviewed and brought back to Council. If Council wished to proceed with the adoption of the proposed rates, the City Staff would meet with City Attorney Ramer and begin the process.

Manager Geuder stated that it is necessary to raise the Water and Sewer Rates to make up for the budgeted losses. The Water and Sewer Systems have lost money the last two years (2004 and 2005).

The Electric Rates are being proposed to pass a portion of the winter demand costs on to the Summer Residents who create the demand. Also, this is the beginning of the move to shift to a "cost of service" basis for determining electric rates. The new electric rates are based on the \$0.055 cost of power calculation for the fuel cost adjustment and are revenue neutral compared to the electric rates currently in place.

Manager Geuder reviewed some of the special fees for turn-on, penalties and connection fees. He also reviewed some of the issues relative to when the utility billing should begin and when it should end. Lastly, Manager Geuder reviewed some of the problems that the City has with its current "deposit" policy.

Council discussed the proposed utility rates with Manager Geuder and City Clerk McRae. Some of the concerns voiced were the proposed increases of the late payment penalties, the increase proposed in the water and sewer connection fees, and the increase proposed in the turn-on fees.

City Council, by consensus, directed the City Manager and the City Clerk to review the steps necessary with the City Attorney to prepare the proposed electric, water and sewer rates for consideration, and to come back with recommendations on the special fees.

#### 8. Proposed Hotel

City Manager Geuder stated that Rob Mossburg was available to address any questions that Council members may have with the proposed Hotel Project. Councilperson Wiggins stated that he appreciated the changes made on the setbacks to meet the TR-Transitional Zoning District.

#### 9. Boards and Commissions

##### A. Planning Commission (PC)

Council reviewed the PC meeting minutes for February 15, 2007. Mayor Jardine announced that the next regular PC Meeting is scheduled for 6:00 p.m., Thursday, March 15, 2007.

##### B. Zoning Board of Appeals (ZBA)

Council reviewed the ZBA Meeting minutes for February 14, 2007. Mayor Jardine announced that the next ZBA meeting was scheduled for 5:30 p.m. on Wednesday, March 14, 2007 in the City Council Chambers.

##### C. Next City Council Meeting

Mayor Jardine noted that the next regular City Council meeting is scheduled for 7:00 p.m., Monday, March 5, 2007 in the Harbor Springs City Council Chambers.

#### 10. Old and New Business

##### A. Leave of Absence

Councilperson Wiggins stated that he would like Council to allow him to come back from his leave of absence (March 17<sup>th</sup> through June 5<sup>th</sup>) and continue to serve on City

Council. Councilperson Wiggins stated that he planned to be absent for five Council meetings, as the first meeting in April is usually cancelled.

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Councilperson Wiggins went on to explain that this was a once in a life time opportunity to take an educational trip like this with his family.

Mayor Jardine asked each of the Council members for comments. Councilperson Heinz stated that he did not object to Councilperson Wiggins being granted a leave of absence for the period in question. Councilperson Grogan stated that he believed that Councilperson Wiggins has done a great job. Councilperson Kors stated that she believes that Councilperson Wiggins has done well. Mayor Jardine stated that Councilperson Wiggins has contributed in areas where the rest of Council has no expertise and that she appreciates how he studies the issues, especially in the area of the utilities.

Mayor Jardine did question the probability of a major issue coming up and having only four Council members to decide the issue. She reminded the other Council members that a two to two vote was not an approval. Council also discussed whether or not this would be setting a precedent.

Councilperson Grogan stated that he believed that Councilperson Wiggins should not vote on this issue as it may be a conflict of interest. Mayor Jardine agreed and polled Councilperson Heinz and Councilperson Kors. They also thought that this would be a conflict of interest for Councilperson Wiggins to vote on this issue. Mayor Jardine then asked City Attorney Ramer for his opinion. City Attorney Ramer concurred with the opinion that Wiggins could not vote.

#7274 – Motion by Kors, second by Heinz, to approve a leave of absence for Councilperson Wiggins to miss all Council meetings from March 17<sup>th</sup> through June 4<sup>th</sup>.

Ayes – Grogan, Heinz and Kors

Nays – Jardine

Abstentions - Wiggins

#### 11. Adjournment

With no further business, Mayor Jardine adjourned the meeting at 9:25 pm.

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Ronald B. McRae, City Clerk

Approved: March 5, 2007

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Jean Jardine, Mayor

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Attachments