

Harbor Springs City Council Minutes
March 7, 2005

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 Pringle Pfeifer

Absent: None

Also Present: City Attorney James Ramer, City Manager Fred Geuder, Police Chief Dan Branson, City DPW Superintendent Rick Ward and City Clerk/Comptroller/Treasurer Ron McRae

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

The following corrections to the February 21, 2005 regular City Council meeting minutes were noted:

1. Item 4, page 2, second paragraph, third and fourth sentences read, "In 1999 they built a large garage with guest quarters on the separate parcel. However, when that project was approved, conditions of the approval required the combination the parcel with the proposed garage with guest quarters to the parcel that was 373 Glenn Drive because the proposed garage with guest quarters was on accessory building to the house on 373 Glenn Drive." They should read, "In 1999 they built a garage/guest quarters on the separate parcel. However, when that project was approved, conditions of the approval required the combination of the parcel with the proposed garage/guest quarters to 373 Glenn Drive because the proposed garage/guest quarters was an accessory building to the house on 373 Glenn Drive."
2. Item 4, page 3, Motion No. 7010 reads, "...of 359-373, as recommended..." It should read, "...of 359 and 373 Glenn Drive, as recommended..."

#7015 – Motion by Pfeifer, second by Grogan, to approve the February 21, 2005 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:

#7178 – Payroll	PPE 02/20/05	\$ 12,111.26	General Fund
		2,168.14	Major Streets Fd
		586.29	Local Streets Fd
		11,048.00	Electric Fund
		6,105.59	Water & Sewer
		900.03	Waterfront Fund
		1,782.19	Equipment Fund

		441.37	Historical Fund
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#7179 – West Traverse Township	Jan '05 Water Revenues	\$ 3,331.00	Water & Sewer
#7180 – Trust Payouts	Period 02/01 – 02/15/05	\$ 657,053.31	Trust Fund
#7181 – State of Michigan	Feb '05 Sales Tax	\$ 3,596.08 11,018.21	General Fund Electric Fund
#7182 – A/P	Council Bills 03/07/05	\$ 57,925.67 1,656.03 837.94 137,930.52 15,913.66 5,355.16 21,944.78 1,682.66 797.82	General Fund Major Streets Fd Local Streets Fd Electric Fund Water & Sewer Waterfront Fund Equipment Fund Historical Fund Police Reserves

#7016 – Motion by Grogan, second by Heinz, to approve the bills in the amount of \$954,185.71.

Ayes – 5
 Nays – 0

THEREFORE, BE IT RESOLVED, that claims on voucher numbers 7178, 7179, 7180, 7181 and 7182 checked by the finance committee, in the amount of \$954,185.71 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	\$ 73,633.01
Major Streets Fund	3,824.17
Local Streets Fund	1,424.23
Electric Fund	159,996.73
Water & Sewer Fund	22,019.25
Waterfront Fund	6,255.19
Equipment Fund	23,726.97
Historical Fund	2,124.03
Trust Fund	657,053.31
Police Reserves	797.82
BA Debt Fund	<u>3,331.00</u>
 Total	 \$954,185.71 =====

3. Citizen Comments

None.

4. Chamber of Commerce Request for Street Musique

City Manager Geuder introduced Kathy Lott, Executive Director of the Harbor Springs Area Chamber of Commerce. Lott stated that the Chamber of Commerce would like to run their Street Musique Program during the summer of 2005, but with some changes. Lott explained the request for the changes in the Street Musique Program as proposed by the Chamber of Commerce.

Lott stated that the changes are:

- a. The events would run from 7:00 pm to 9:30 pm. Last year the events ran from 7:00 pm to 9:00 pm. There would be seven events to be held on June 30th, July 7th, July 14th, July 21st, July 28th, August 4th and August 11th.
- b. The events would be structured differently than last year. This year the Chamber would like four of the events to be in the traditional "street corner" format. Two of the events would be concerts held in Zorn Park and one would be a "Street Dance" held on Spring Street between Main Street and East Third Street.
- c. The Chamber would like to have food sales as an accessory activity to the Street Musique program to raise money to help offset some of the program costs, when the concerts are held at Zorn Park.
- d. The Chamber requested approval for the artists to sell their CDs at the location where the artists are playing. The Chamber also asked that "busking" be permitted. "Busking" is the accepting of tips. The Chamber hopes that this will help reduce their costs.
- e. The Chamber requested the use of some electronic amplification. They would like to have some sound controlled music through the use of low-impact microphones and electronic instruments.

Lott stated that there would be a Chamber representative to monitor the program every Thursday evening to address any issues that may come up. All of the performers will be asked to sign a contract that clearly defines the terms of the program and the expectations of the City and Chamber. Should any performer fail to adhere to the requirements, they may forfeit their compensation.

Council members discussed the proposed changes to the 2005 Street Musique Program. City Manager Geuder stated that he would recommend that Council approve the Street Musique Program, with the changes as presented by the Chamber of Commerce.

#7017 – Motion by Kors, second by Heinz, to approve the 2005 Street Musique Program, as proposed by the Chamber of Commerce.

Ayes – 5
Nays – 0

5. Proposal to Conduct a Water System Study

City Manager Geuder stated that the Michigan Department of Environmental Quality (MDEQ) sent a letter to Superintendent Ward, dated August 27, 2004 stating the City is required to update its "Water System Reliability Study" every five years. The

update requirement of the "Water System Reliability Study" is from the Safe Drinking Water Act, Michigan Public Act No. 399 of 1976, as amended.

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Superintendent Ward proposed that Fleis & Vandenbrink Engineering, Inc. (Fleis & Vandenbrink), of Traverse City, perform the "Water System Reliability Study". Fleis & Vandenbrink is the engineering firm working on the Well Head Protection Program. They know more about our source of water and our wells than any other engineering firm. Fleis & Vandenbrink quoted the cost of the "Water System Reliability Study" to be \$6,000, unless the current water system map is not on computer in the AutoCad format. If the water map needs to be entered into AutoCad, there will be an additional cost of \$1,000.

Council discussed the "Water System Reliability Study" as required by the MDEQ with Manager Geuder and Superintendent Ward. After the discussion, the following motion was offered:

#7018 – Motion by Pfeifer, second by Grogan, to approve a Water System Reliability Study and Master Plan to be completed by Fleis & Vandenbrink Engineering, Inc. pursuant to their Water System Reliability Study and Master Plan Work Plan, as submitted, and at a cost of \$6,000.

Ayes – 5

Nays – 0

6. Open Meetings Act Presentation

City Manager Geuder stated that City Attorney Ramer prepared a "Michigan Open Meetings Act Summary" for Council members. City Attorney Ramer reviewed the "Michigan Open Meetings Act Summary" with Council, and answered questions.

Council members thanked Attorney Ramer for his presentation and for the "Michigan Open Meetings Act Summary".

7. Airport Authority Sub-Lease Amendment Concurrence

City Manager Geuder stated that the Airport Authority approved three amendments to the lease between the Harbor – Petoskey Area Airport Authority and KJM, Inc. The original lease agreement was approved in 1991. The three amendments are stated in the "First Amendment to Lease, Harbor-Petoskey Area Airport Authority to KJM, Inc."

Amendment 1 changes Article II, Section 2.01 allows for an automatic renewal of the lease each year, after December 31, 2005, unless either the lessee or the tenant terminates the lease prior in writing prior to December 1 of each year, beginning in 2005. The lease is for a period of twenty-five (25) years and would expire on December 31, 2030, if the termination notice should be given in writing prior to December 1, 2005. Should there be no notice to terminate the lease, the lease shall automatically extend to the following year.

The original agreement specified a lease for twenty-seven years that would expire on June 30, 2018. Further, if the lease were not extended, it would renew itself each month.

Amendment 2 changes Article III, Section 3.01, sets the "Change Date" for the rent for the next ensuing five years based on the percentage change of the Consumer Price Index for all consumers as determined by the United States Department of Labor during the most recent sixty (60) month period immediately prior to each

Change Date for which figures are available as published by the United States Department of Labor. The first "Change Date" was June 30, 1996.
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The original agreement stated that the "Change Dates" are June 30, 1996, June 30, 2001, June 30, 2006, June 30, 2011 and June 30, 2016. There is no provision to extend the "Change Date" beyond June 30, 2016.

Amendment 3 changes Article III, Section 3.02, which states that the "Rent Abatement Program" shall continue until the Tenant's cost of the amenities (plus interest as aforesaid) has been fully amortized, or until June 30, 2018, or until the date this Lease has earlier terminated, whichever comes first.

The original agreement states the "Rent Abatement Program" during the term of the Lease shall continue until the Tenant's cost of the Amenities (plus interest as aforesaid) has been fully amortized or this Lease has been earlier terminated, whichever comes first.

Council discussed these changes with Manager Geuder and City Attorney Ramer. After the discussion the following motion was offered:

#7019 – Motion by Pfeifer, second by Kors, to approve the Airport Authority Sub-Lease Amendment with KJM, Inc. as approved by the Airport Authority Board.

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

8. Poverty Exemption Policy

City Manager Fred Geuder stated that a Poverty Exemption from Property Taxes is available for residents who do not have an income or very small income. However, the United States Government, Department of Health and Human Services, uses an annually adjusted income level guideline that determines whether an individual qualifies for a poverty exemption for property tax purposes.

To provide a policy for the Board of Review to follow, Assessor Tim Grimm offered the "Resolution Setting Policy for Poverty Exemptions Issued by the City of Harbor Springs Board of Review" (hereinafter referred to as the "Resolution") for Council to consider for adoption. Manager Geuder also explained that there was an asset test, as well as an income level test for determining eligibility for a Poverty Exemption.

Council reviewed the Resolution. After a brief discussion, the following motion was offered:

#7020 – Motion by Kors, second by Grogan, to approve the "Resolution Setting Policy for Poverty Exemptions Issued by the City of Harbor Springs Board of Review" as presented.

Ayes – 5
Nays – 0

Boards and Commissions

A. Harbor Commission (HC)

Mayor Jardine announced there is no HC meeting scheduled in March.

B. Planning Commission (PC)

Mayor Jardine announced that the next PC meeting is scheduled for 6:00 pm, Thursday, March 17, 2005. City Manager Geuder stated that he believed the scheduled PC meeting for March will be held cancelled do to a lack of agenda items.

C. Zoning Board of Appeals (ZBA)

Mayor Jardine announced that the next ZBA meeting is scheduled for 5:30 pm, Wednesday, March 9, 2005. The meeting will be held in the Council Chambers.

D. Next City Council Meeting

The next regular City Council meeting is scheduled for 7:00 pm, Monday, March 21, 2005. The meeting will be held in the Council Chambers at 160 Zoll Street, Harbor Springs, MI 49740.

10. Old and New Business

A. Proposed City Council Members Open Hours

Councilperson Grogan stated that he was having some second thoughts on how to proceed with individuals talking to Council. He planned to work on this issue and will try to put it in writing for Council to consider at a future meeting.

B. Sewer Authority Agenda and Minutes

Mayor Jardine requested that Council receive the monthly agenda and minutes from the Sewer Authority meetings. Both City Manager Geuder and City McRae stated that the information would be passed along each month.

11. Adjournment

With no further business, Mayor Jardine adjourned the meeting at 8:45 pm.

Approved: March 21, 2005

Ronald B. McRae, City Clerk

Jean Jardine, Mayor

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Attachments