

**Harbor Springs City Council Minutes
May 1, 2006**

Mayor Jardine called the eleventh 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, Mick Heinz, Laura Kors and Dennis Wiggins
 Absent: Jim Grogan
 Also Present: City Attorney James Ramer, City Manager Fred Geuder, City Police Chief Dan Branson, City Assessor Tim Grimm and City Clerk Ron McRae.

Mayor Jardine noted that Council Member Grogan's absence was due to illness.

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

The following corrections were noted to the April 17, 2006 City Council regular meeting minutes:

- a. Page 3, Item 4, second paragraph, first sentence reads, "...had to be cut down." It should read, "...had to be cut down?"
- b. Page 3, Item 5, second paragraph, the sixth sentence reads, "...to serve a lighter fare." It should read, "...to serve a light fare."

#7157 – Motion by Heinz, second by Kors, to approve the April 17, 2006 regular City Council meeting minutes, as amended.

Ayes – 4
 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:

#7283 – Payroll	P.P. E. 4/16/06	\$ 28,867.33 General Fund 540.88 Major St Fund 353.81 Local St Fund 422.40 Historical Fund 10,777.54 Electric Fund 5,921.93 W & S Fund 1,300.41 Waterfront Fd 802.07 Equipment Fd
#7284 – A/P	No Council	\$ 2,085.88 General Fund 14.40 Electric Fd 2,499.35 W & S Fund 3,718.71 W.T. Fund 6.89 Waterfront Fd 2,128.35 Equipment Fd
#7285 – A/P	Council 5/1/06	\$ 14,304.88 General Fund 46.87 Police Res Fd 107.14 Historical Fund 1,683.00 BA Const Fd 167,849.71 Electric Fund 2,608.19 W & S Fund 5,244.92 Waterfront Fd

#7158 – Motion by Wiggins, second by Kors, to approve the bills in the amount of \$253,415.79.

Ayes – 4
 Nays – 0

THEREFORE, BE IT RESOLVED that claims on voucher numbers #7283, 7284, and #7285, checked by the Finance Committee, in the amount of \$253,415.79 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	45,258.09
Major Streets Fund	540.88
Local Streets Fund	353.81
Police Reserve	46.87
Historical Fund	529.54
B. A. Construction Fund	1,683.00
Electric Fund	178,641.65
Water & Sewer Fund	11,029.47
West Traverse Fund	3,718.71
Waterfront Fund	6,552.22
Equipment Fund	5,061.55
Trust Fund	0.00

Total	\$253,415.79
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3. Citizen Comments

None.

4. Public Hearing on “Truth in Taxation” Millage Increase

Mayor Jardine called the public hearing to order at 7:08 p.m.

Mayor Jardine asked if anyone would like to speak to this issue. There was no response.

Mayor Jardine adjourned the public hearing at 7:09 p.m.

5. Resolution to Set the 2006 Millage Rate

City Manager Geuder stated that Council approval of the proposed 2006 millage rate would increase the City’s millage rate from 6.0001 mills to 6.0046 mills. Manager Geuder also reviewed the breakdown of the City’s millage rate noting that a portion was for payment of the debt service of the new City Hall and Police Station, street and sidewalk maintenance and general operating.

Manager Geuder then addressed questions and concerns from Council members. After the discussion, the following motion was offered:

#7159 – Motion by Heinz, second by Kors, to approve the “Resolution to Establish the 2006 Millage Rate.” The millage rate approved with this Resolution is 6.0047 mills to be levied on the July 1, 2006 property tax billings.

Ayes - Kors, Wiggins, Jardine and Heinz
Nays - None
Absent - Grogan

6. Rezoning of 420 Glenn Drive

City Manager Geuder stated that the Planning Commission, by a narrow margin, voted to recommend denial of a request to change the zoning district for 420 Glenn Drive from R-1-B, Single Family, to R-1-A, Single Family. Manager Geuder stated that, in the R-1-A zoning district, accessory quarters are permitted for family and domestic workers with no time limit for the stay.

About a year ago, the R-1-B zoning district uses were amended to permit guest quarters. Under the current zoning requirements for the R-1-B zoning district, the stay for guests is limited to 21 days.

Manager Geuder stated that he believed that the Planning Commission wanted the process to work under the new zoning rules. The requested recommendation for the zoning district change was denied. Further, one neighbor was against the zoning district change and the other neighbors did not appear to strongly support it.

After further discussion, the following motion was offered:

#7160 – Motion by Heinz, second by Wiggins, to follow the Planning Commission recommendation and deny the request to change the zoning district at 420 Glenn Drive from a R-1-B, Single Family zoning district to a R-1-A, Single Family zoning district.

Ayes - Wiggins, Jardine, Heinz and Kors
Nays - None
Absent - Grogan

7. Concession License

City Manager Geuder stated that he has received a Concession License Application from Walstrom Marine, Inc. for a concession stand at the West Basin Building. The concession stand is next to Zorn Park and serves that area too. Manager Geuder stated that the concession stand has worked well.

After further discussion with Council, the following motion was offered:

#7161 – Motion by Wiggins, second by Kors, to approve the Concession License for Walstrom Marine, Inc. at their West Basin Facility at 105 W. Bay Street, next to Zorn Park, pursuant to the Concession License Application submitted.

Ayes – 4
Nays – 0

Manager Geuder announced that Will's Wieners would not be opening this year. Will Grogan sent a letter of explanation.

8. City Assessor's Annual Report

City Manager Geuder stated that Tim Grimm, City Assessor, was present to give his annual report on the City of Harbor Springs' Assessed and Taxable Values.

City Assessor Grimm reviewed the L-4022 form for assessed values. In 2005 the City's assessed value was \$279,687,500 and increased to \$298,696,950 in 2006. Grimm noted that the increases were primarily a result of the land value increases. There was an overall adjustment of seven percent (7%) on residential property and a three and four-tenths percent (3.4%) on commercial property. Grimm noted that the overall increase in assessed value was \$19,009,450 from 2005 to 2006.

Grimm noted that the taxable value of the City, which is the factor used to calculate the property tax bills, increased from \$187,663,406 in 2005 to \$199,295,115 in 2006. This is an increase of \$11,631,709.

Grimm noted that the increase in taxable value from 2005 to 2006 was less than the increase in assessed value between 2005 and 2006. The difference between the City assessed value and the taxable value is expected to continue to increase. Grimm explained that the increase each year in the assessed value has been greater than the increase in the taxable value each year. Further, the number of appeals at the Board of Review has declined each year because the increase of the taxable value is not as great as the increase in the assessed value.

Grimm addressed specific questions and concerns of the City Council members.

9. 2006 Street and Sidewalk Projects

A. Center Street Sidewalk

City Manager Geuder stated that he would like to install a sidewalk on Center Street from Pine Street north to East Lake Street. The decision needs to be made to have the sidewalk installed on either the east or west side of Center Street or to have the sidewalk traffic crossover at Maple. If the sidewalk is constructed on the east side of Center Street a retaining wall will need to be constructed near East Lake Street. If the sidewalk is constructed on the west side of Center Street an easement may be required for the southwest corner of East Lake Street and Center Street.

Manager Geuder stated that he would like this project done in late summer of this year.

A. Pine Street

City Manager Geuder stated that he would like to get the engineering finished for this project this fall, let contractors preview the project and have it constructed in the spring of 2007. Manager Geuder believes that it would be better to wait for spring because if the construction started in the fall and complications arose, Pine Street would be torn up all winter. There are still issues with the construction of a sidewalk. The water main needs replacing, the sanitary sewer main is still being evaluated and there are storm drainage issues being considered.

Manager Geuder believes it may be better to do the road construction first, and then deal with the sidewalk construction at a later date.

C. Arbor Street Resurfacing

City Manager Geuder stated that Arbor Street, from East Bluff north to Pine Street is getting to the point that it needs to be resurfaced. There may be a couple of other spots that may need a simple resurfacing. Manager Geuder stated that he would get prices from H&D. The resurfacing projects would need minimal engineering, however, some consultation may be required.

A. Fairview Sidewalk

Manager Geuder stated that the preliminary drawings have been completed for a proposed Fairview sidewalk. The plans need to be reviewed by Council. After Council reviews the drawings, they can be reviewed with the homeowners on Fairview Street for the homeowners' input. This could be a spring 2007 project, if funds were available.

B. Early Spring Work

Manager Geuder stated that the City has been working with the Phillips Family at the Hollywood. The City is participating in doing new sidewalks on both State and Main Streets. Further, the City is paying for the new curb where there will be no driveway on the State Street side and on Main Street.

Manager Geuder stated that he and Superintendent Ward identified a few areas where minor sidewalk repair is necessary. They are:

- a. In front of the High School on East Bluff Drive,
- b. Barrier free access by the Post Office, and
- c. Barrier free access next to the Pier Restaurant leading to the docks.

Manager Geuder stated that there could be some minor sidewalk repairs needed in other areas.

Lastly, the DPW Crew will complete the topsoil restoration at West Third and Harrison Streets where the project was done last fall. After the topsoil restoration, the area will be hydro-seeded.

Council discussed these projects with Manager Geuder. No formal action was taken.

10. Property Foreclosure

City Manager Geuder informed Council that the City Clerk / Treasurer had received notice that a piece of property was being foreclosed due to nonpayment of property taxes. The City has the right to purchase the property, if the State of Michigan decides not to purchase the property.

Manager Geuder stated that the property in question is located at 545 State Street, which is on the west side of the street in the middle of the block between Summit Street and West Lake Street. Manager Geuder further stated that because of the location of the property, he saw no reason why the City should purchase this property and recommended turning down the option to purchase the property.

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

#7162 – Motion by Kors, second by Wiggins, not to exercise the City’s right to purchase the property at 545 State Street through a delinquent property tax sale.

Ayes – 4
Nays – 0

11. Purchase of Service Credit

City Manager Geuder stated that C. Tim Grimm, City Assessor / Zoning Administrator, and Ronald B. McRae, City Clerk / Comptroller / Treasurer, have both requested approval to purchase service time for pension purposes. Both employees are still required to work until their normal retirement time, but may add service time toward their final retirement benefit by purchasing it. All employees are permitted to purchase up to five years of generic time, with City Council approval.

Both Grimm and McRae have funds available to purchase the service time. Grimm’s retirement funds were contributed when he worked as a “Contract Employee”. McRae’s retirement funds were transferred to Harbor Springs from his former employer, Buena Vista Charter Township. When the funds are transferred, the costs of increased pension benefits resulting from the purchase of the extra service time are being prepaid. There is no liability on the part of the City for permitting this transaction to occur.

Council discussed this issue with Manager Geuder. After the discussion, the following motion was offered:

#7163 – Motion by Heinz, second by Wiggins, to approve the “Resolution to Approve the Purchase of Additional Years of Credited Service for Pension Purposes”. This will allow both Grimm and McRae to purchase additional credited service time to be used towards their final pension benefit from the Michigan Employees’ Retirement System of Michigan.

Ayes - Jardine, Heinz, Kors and Wiggins
Nays - None
Absent - Grogan

12. Utility Billing Collections through ACH Withdrawals

City Manager Geuder stated that the City would like to be able to automatically withdraw utility billing payments from customer accounts, with the utility customer’s approval. This service would be done with First Community Bank (the “Bank”) acting as the Originating Depository Financial Institution (the “ODFI”) for a service fee of \$0.10 per debit entry.

City Clerk McRae stated that the withdrawal would be done just as an automatic mortgage payment is done. The customer will be sent a utility bill every month so that the amount of the withdrawal is available to the customer. At or near the utility bill due date, a member of the City staff would send an electronic message to the Bank with the customer’s name, account number, bank and branch, utility account number and amount due. The Bank would then withdraw the amount due from the customer’s account and transfer it to the City’s bank account.

City Clerk McRae stated that if a customer signs up for this service, it must stay in effect for at least a year. To sign up for this service a customer will need to fill out an authorization form.

Council discussed this service with the City Manager and City Clerk. After the discussion, the following motion was offered:

#7164 – Motion by Wiggins, second by Heinz, to approve the “Resolution for Approval to Process Utility Collections Electronically Via the ACH Network through a Deposit Account”. The Resolution authorizes First Community Bank to act as the “Originating Depository Financial Institution” to withdraw the utility payments at a cost of \$0.10 per debit entry with the utility customer’s authority.

Ayes - Heinz, Kors, Wiggins and Jardine
Nays - None
Absent - Grogan

13. Welcome Back, Harbor Springs

City Manager Geuder stated that he received a letter from Pastor Kathy Cadarette of the Harbor Springs United Methodist Church requesting approval to hold the second annual “Welcome Back, Harbor Springs” event in Zorn Park on Saturday, June 24, 2006 from 8:00 a.m. to 1:00 p.m. This event is actually sponsored by the United Methodist Church and other area churches. The other area churches are:

- a. Holy Childhood Catholic Church, Father Joseph Graff
- b. Shepherd of the Pines Lutheran Church, Reverend Thom Garrison
- c. Stutsmanville Chapel, Pastor Ed Warner
- d. Harbor Light Chapel, Pastor Gary Mindel
- e. First Presbyterian Church, Reverend Tom Eggebean

The Churches will provide refreshments, such as hot dogs and pop; entertainment, such as skits, puppet shows and choir singing; and distribute flyers listing the various church programs and worship times.

Council discussed the request with Manager Geuder. After the discussion, the following motion was offered:

#7165 – Motion by Kors, second by Wiggins, to approve the request for “Welcome Back, Harbor Springs”, as requested.

Ayes – 4
Nays – 0

14. Fire Department Mutual Aid Agreement

City Manager Geuder stated that the Emmet County area fire departments are being asked to sign an updated Mutual Aid Agreement (the “Agreement”). Manager Geuder stated that the Harbor Springs Area Fire Authority has already approved the proposed Agreement and City Attorney Ramer has reviewed it. City Attorney Ramer found no problems with the updated Agreement. Manager Geuder further requested that the City Manager and City Clerk be authorized to sign the Agreement.

#7166 – Motion by Heinz, second by Kors, to approve the Fire Department Mutual Aid Agreement, as presented. Further, to authorize the City Manager and the City Clerk to sign the updated Agreement.

Ayes - Heinz, Kors, Wiggins and Jardine
Nays - None

15. Hanna Family Request and the Waterfront

Mayor Jardine complimented City Attorney Ramer and City Manager Geuder on the handling of the Hanna Family request. City Manager Geuder stated that he believed that the matter is now resolved based on the letter received from Murray Hanna.

Further, City Manager Geuder stated that a few years ago a request was made from the Robert Wood Family to place a statue of a small boy holding a sailboat in a waterfront flower garden. The small boy was holding the sailboat "Nonesuch", which was the name of Robert Wood's longtime sailboat. Manager Geuder believed the Wood's Family request for the placement of the statue was approved by Council.

Manager Geuder stated that Diane McKenzie, Harbor Springs Garden Club, informed him that one of Wood's daughters stated that the statue was completed and is being shipped. Manager Geuder believed it would be here this month. Manager Geuder did not realize that this request was going forward.

Manager Geuder believed a good location for the statue would be by the flower garden directly in front of the Harbormaster Building where Wood kept his boat for so many years. Manager Geuder stated that he has not seen the statue and that he would keep Council informed of what is happening, and would work with Laura Kors to determine a potential location for the statue.

16. Community Trails and Open Space Meeting

Mayor Jardine announced that there would be a "Community Trails and Open Space Meeting" on Thursday, May 4, 2006 in the Harbor Springs Middle School Large Group Meeting Room. The meeting is being hosted by H.A.R.B.O.R., Inc.

17. Boards and Commissions

A. Planning Commission (PC)

Council reviewed the PC meeting minutes from their April 20, 2006 meeting. Mayor Jardine announced that the next PC meeting is scheduled for 6:00 p.m., Thursday, May 18, 2006. The meeting will be held in the City Council Chambers.

A. Zoning Board of Appeals (ZBA)

Mayor Jardine announced the next ZBA Meeting is scheduled for 5:30 p.m., Wednesday, May 10, 2006. The meeting will be held in the City Council Chambers.

C. Next City Council Meeting

The next City Council meeting is scheduled for 7:00 pm, Monday, May 15, 2006, in the City Council Chambers.

18. Old and New Business

A. Mapping Project

Mayor Jardine asked if the water and sewer mains have been identified on the mapping project? Manager Geuder stated that they have.

Mayor Jardine asked if the intrusions in to the bluff were identified on the maps? Manager Geuder stated that they have. City Assessor Grimm has taken pictures of all of the known intrusions into the bluff. They have been included in the assessing property card files.

B. Secret Beach

Councilperson Heinz questioned the public assess of "Secret Beach." Manager Geuder stated that it is identified. Further, it appears that "Secret Beach" is actually a road end identified on a parcel map.

B. School Election

Mayor Jardine announced that the School Election will be held on Tuesday, May 2, 2006. There are three candidates running for two school board seats. Further, there are two proposals on the ballot. One question is the proposal to override the Headlee Amendment limitations on the operating millage paid by non-homestead property tax payers. The second proposal is a renewal of a Char-Em Intermediate School Special Operating Millage.

19. Adjournment

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

Ronald B. McRae, City Clerk

Approved: May 15, 2006

Jean Jardine, Mayor

City Council Meeting Minutes
May 1, 2006
Attachments