

**Harbor Springs City Council Minutes  
August 7, 2006**

Mayor Jardine called the sixteenth 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, and Dennis Wiggins

Absent: Laura Kors

Also Present: City Attorney James Ramer, City Manager Fred Geuder, Electric Distribution System Superintendent Dennis Ory, and City Clerk Ron McRae

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#7193 – Motion by Grogan, second by Heinz, to approve the July 24, 2006 regular City Council meeting minutes as read.

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:

#7306 – Payroll	P.P.E. 7/23/06	\$ 36,016.50 General Fund 546.32 Major Sts Fund 264.16 Local Sts Fund 422.40 Historical Fund 10,786.79 Electric Fund 6,045.72 W & S Fund 9,040.87 Waterfront Fd 363.94 Equipment Fd
#7307–Payout	7/16 – 7/31/06	\$ 469,304.48 Trust Fund
#7308 – A/P	Council 8/7/06	\$ 19,262.71 General Fund 267.60 Major Sts Fund 246.12 Local Sts Fund 37.99 Police Res Fd 148.57 Historical Fund 162,116.78 Electric Fund 79,658.78 W & S Fund 48,660.26 Waterfront Fd 9,698.31 Equipment Fd

#7194 – Motion by Wiggins, second by Grogan, to approve the bills in the amount of \$852,888.30.

Ayes – 4

Nays – 0

THEREFORE, BE IT RESOLVED that claims on voucher numbers #7306, #7307, and #7308, checked by the Finance Committee, in the amount of \$852,888.30 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	\$ 55,279.21
Major Streets Fund	813.92
Local Streets Fund	510.28
Police Reserve	37.99
Historical Fund	570.97
B. A. Construction Fund	.00
Electric Fund	172,903.57
Water & Sewer Fund	85,704.50
West Traverse Fund	.00
Waterfront Fund	57,701.13
Equipment Fund	10,062.25
Trust Fund	469,304.48
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Total	\$852,888.30
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3. Citizen Comments

None.

4. Legal Descriptions for 376 Church Street

City Manager Geuder stated that 376 Church Street has had at least four legal descriptions defining its lot lines. Manager Geuder stated that Jay and Carolyn Vanderwall now own 376 Church Street. They have a sale pending on their property. However, until the legal descriptions are resolved, the title company will not insure the title of the parcel.

City Manager Geuder reviewed the site plan of the parcel and outlined what he believed to be the Vanderwall's lot lines. Further, he outlined what area he believed the Vanderwalls would need to quit claim to the City. The west property line of the lot is the property line that needs to be resolved. Manager Geuder stated that this situation is similar to the property line adjustments that were needed on Harrison Street and State Street, north of Summit Street.

Manager Geuder recommended that Council approve the execution of legal documents by the Manager to clean up the property line discrepancies on 376 Church Street after City Attorney Ramer finishes his research and approves the documents.

Council discussed this issue. Mayor Jardine asked if this issue could be tabled until the August 21, 2006 City Council meeting. She would like more time to study this issue. Carolyn Vanderwall stated that she prefer that Council approve the authority for City Attorney and City Manager Geuder to proceed, as recommended by the Manager, because she does not want the purchasers to back away from the sale of the property.

Councilperson Wiggins stated that he does not see a problem with the request and believes Council should act so that the sale of the property would not be delayed or lost. After further discussion on this issue, the following motion was offered:

#7195 – Motion by Wiggins, second by Grogan, to authorize the City Attorney and City Manager to execute the necessary documents, to correct out the property line discrepancies at 376 Church Street, as recommended by the City Attorney, based on his research.

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

#### 5. Electric Rate Study Presentation

City Manager Geuder introduced John Courtney and Scott Wiegung from Courtney and Associates, the consulting firm that performed the Electric Rate Study for the City.

Courtney discussed the Electric Rate Study with Council. He reviewed the historical period that was used to base the assumptions and projections on, which were fiscal years ending December 31, 2003, 2004 and 2005. Courtney also explained that the study was completed to begin in 2007. Courtney estimated a very conservative growth rate of approximately 1% and an inflation rate of 3%. Courtney also explained that the projected costs were allocated to various classes of users of the Electric System.

Courtney reviewed the recommended rates determined in the Electric Rate Study. The study determined that the electric rates should be increased an average of 15.4%. However, the rate increases were not the same for all user classes.

Council discussed their concerns and asked questions. Both Manager Geuder and Courtney addressed them.

Council members thanked Courtney for his time and expertise. Manager Geuder stated that the City Staff and the City Attorney would begin working on the Electric Ordinance for Council consideration. Courtney stated he would send a disk of the computer electric rate model so that various assumptions and projections could be changed to determine how the changes would affect the proposed electric rates.

#### 6. Recess

Mayor Jardine recessed the City Council meeting at 8:40 p.m. to allow Courtney and Associates to remove their equipment.

Mayor Jardine called the City Council meeting back to order at 8:46 p.m.

#### 7. Approval of the Municipal Employee's Retirement System Officer Delegate

City Manager Geuder stated that Council needed to appoint an Officer Delegate to represent the City at the Municipal Employee's Retirement System of Michigan (MERS) Annual Meeting. The MERS Annual Meeting will be held at the Amway Grand Hotel in Grand Rapids on Tuesday, September 19, 2006 through Thursday, September 21, 2006.

Manager Geuder stated that he would recommend Ron McRae, City Clerk / Comptroller / Treasurer, to represent the City as the Officer delegate. Patty Sutton will be the Employee Delegate because she turned in her request prior to the deadline. Mark Guisinger will be the Employee Delegate Alternate as he turned in his request after the deadline.

#7196 – Motion by Heinz, second by Grogan, to approve the appointment of Ron McRae to serve as the Officer Delegate to the Municipal Employee’s Retirement System of Michigan Annual Meeting scheduled for September 19, 2006 through September 21, 2006.

Ayes – 4  
Nays – 0

8. City Delegate to the Michigan Municipal League Annual Meeting

City Manager Geuder stated that he might attend the Michigan Municipal League (MML) Annual Meeting in Marquette scheduled for Wednesday, September 27, 2006 through Friday, September 29, 2006. Further, he would be willing to represent the City as the Delegate.

#7197 – Motion by Wiggins, second by Heinz, to have Fred Geuder, City Manager, serve as the City’s Delegate to the Michigan Municipal League annual meeting scheduled for September 27, 2007 through September 29, 2007.

Ayes – 4  
Nays – 0

9. Michigan Municipal League Workmans’ Comp Board of Trustees Election

City Manager Geuder stated that the City received notice that the MML Workmans’ Comp Board of Trustees election is taking place. The nomination committee has recommended seven candidates for election. Five of the candidates are incumbents and two candidates are new. City Manager Geuder stated that he knows four of the candidates. Further, Manager Geuder pointed out that Council usually approves the recommended candidates. Manager Geuder did recommend that Council approve the candidates as selected by the nominating committee.

#7198 – Motion by Grogan, second by Heinz to approve the slate of candidates for the Michigan Municipal League Workmans’ Compensation Board of Trustees as recommended by the nominating committee.

Ayes – 4  
Nays - 0

10. Closed Session

City Manager Geuder recommended that Council go to Closed Session to review the City Attorney’s opinion concerning the proposed West Traverse Township Water Contract Amendment.

#7199 – Motion by Heinz, second by Jardine, to go to Closed Session to review the City Attorney’s opinion concerning the proposed West Traverse Township Water Contract Amendment pursuant to Public Act No. 267 of 1976 (the “Open Meetings Act”), as amended, under Section 8(h).

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

Mayor Jardine recessed from "Open Session" to go into "Closed Session" at 8:50 p.m.

Mayor Jardine called the "Open Session" back to order at 9:22 p.m.

11. West Traverse Township Water Contract Amendment

City Manager Geuder stated that he has been asked to approve the design plans and specifications for the West Traverse Township Water Construction Project Phase 3. He recommended to Council to approve the execution of the design plans and specifications so that West Traverse Township can proceed with their project. However, Manager Geuder also asked Council to place the condition that the following sentence be added to the letter:

"This approval is subject to the City of Harbor Springs and West Traverse Township reaching agreement, in writing, on the terms and conditions under which the City would supply water to this Project."

#7200 – Motion by Heinz, second by Wiggins, to authorize the City Manager to send a letter approving the design and specifications of the West Traverse Township Water Construction Project Phase 3. Further, the City Manager is directed to include in the approval letter of the design and specifications the following sentence:

"This approval is subject to the City of Harbor Springs and West Traverse Township reaching agreement, in writing, on the terms and conditions under which the City would supply water to this Project."

Ayes – 4  
Nays – 0

12. Boards and Commissions

A. Zoning Board of Appeals (ZBA)

Mayor Jardine announced the next ZBA meeting is scheduled for 5:30 p.m., Wednesday, August 9, 2006 in the City Council Chambers.

B. Harbor Commission (HC)

Mayor Jardine announced the next HC meeting is scheduled for 4:00 p.m., Wednesday, August 9, 2006 in the City Council Chambers.

C. Planning Commission (PC)

Mayor Jardine announced the special PC meeting scheduled for 3:00 p.m., Thursday, August 17, 2006 in the City Council Chambers to hold a public hearing on zoning code changes related to a hotel concept. Mayor Jardine also announced the next regular PC meeting is scheduled for 6:00 p.m., Thursday, August 17, 2006 in the City Council Chambers.

D. Next City Council Meeting

Mayor Jardine noted that the next City Council meeting is scheduled for 7:00 p.m., Monday, August 21, 2006 in the City Council Chambers.  
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8. Old and New Business

A. Electric Rate Study

Councilperson Wiggins suggested that after the City Clerk receives the Electric Rate Study disk that we look at the proposed rates. He would like to see some changes in the assumptions and projections to determine their effect on the proposed electric rates. Councilperson Wiggins stated that he would be happy to go through this process with the City Clerk.

8. Adjournment

With no further business, Mayor Jardine adjourned the meeting at 9:42 pm.

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Ronald B. McRae, City Clerk

Approved: August 21, 2006.

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Jean Jardine, Mayor

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Attachments