

**Harbor Springs City Council Minutes
October 2, 2006**

Mayor Jardine called the nineteenth 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 Distribution Superintendent Dennis Ory and City Clerk Ron McRae

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#7216 – Motion by Grogan, second by Heinz, to approve the September 18, 2006 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:

#7321 – Payroll	P.P.E. 09/17/06	\$ 30,072.44 General Fund 278.09 Major Sts Fund 147.52 Local Sts Fund 422.40 Historical Fund 10,952.04 Electric Fund 5,753.11 W & S Fund 4,622.19 Waterfront Fd 532.96 Equipment Fd
#7322 – A/P	Council 10/02/06	\$ 16,143.17 General Fund 1.0 Major Sts Fund 26,321.17 Local Sts Fund 70.00 Historical Fund 615.00 BA Const Fund 206,543.50 Electric Fund 7,417.94 W & S Fund 4,677.06 Waterfront Fd 2,076.65 Equipment Fd
#7323 – A/P	Payouts 9/16 – 9/30	\$ 22,108.24 Trust Fund

#7217 – Motion by Kors, second by Wiggins, to approve the bills in the amount of \$339,392.31.

Ayes – 5

Nays – 0

THEREFORE, BE IT RESOLVED that claims on voucher numbers #7321, #7322, and #7323, checked by the Finance Committee, in the amount of \$339,392.31 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	\$ 46,215.61
Major Streets Fund	916.92
Local Streets Fund	26,468.69
Police Reserve	.00
Historical Fund	492.40
B. A. Construction Fund	615.00
Electric Fund	217,495.54
Water & Sewer Fund	13,171.05
West Traverse Fund	.00
Waterfront Fund	9,299.25
Equipment Fund	2,609.61
Trust Fund	22,108.24

Total	\$ 339,392.31
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3. Citizen Comments

None.

4. Planning Commission Recommendations

City Manager Fred Geuder stated that the Planning Commission (PC) considered two ordinances dealing with hotels. They were Ordinance No. 364 and Ordinance No. 365. Manager Geuder noted that the PC recommended that City Council approve Ordinance No. 364, on a vote of 5-2 (2 abstentions). The PC did vote four (4) to two (2) (with 3 abstentions) to recommend that City Council approve Ordinance No. 365. But the PC must have five (5) votes for a positive recommendation. Because five (5) members did not vote to "recommend approval", there is no PC recommendation on Ordinance No. 365.

A. Consideration of Ordinance No. 364

City Manager Geuder explained that Ordinance No. 364 defines condo-hotels, redefines hotels and establishes parking requirements. Further, Ordinance 364 was written to keep the characteristics of a "condo-hotel" from being a residential condominium establishment.

Mayor Jardine asked if anyone from the public had anything to add that was not already said in letters or a public hearing. Tom Gallagher, owner of Harbor Springs Excavating, stated that he believed that a hotel would help to keep people coming to town year after year. He would rather see the hotel downtown rather than in the surrounding townships.

Mayor Jardine opened the discussion of Ordinance No. 364 to Council members.

Councilperson Grogan questioned Section 7c. He believes that a spouse should be considered in the definition of a "natural person".

Councilperson Heinz stated that in his discussions with others, he was informed that some condo-hotels were converted to condominiums to keep them from failing.

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Councilperson Kors stated that the PC members considered these issues. The language used in Ordinance No. 364 was used to prevent the “condo-hotel” from becoming residential condominiums.

Councilperson Grogan stated that he was bothered by the definition of a “unit” and questioned the adequacy of the parking requirements. City Manager Geuder and City Attorney Ramer reviewed the concerns of Councilperson Grogan and Councilperson Heinz.

Attorney Ramer stated that Ordinance No. 364 requires one (1) parking space for each “lodging unit”. If a suite has a “lockout” bedroom (a bedroom that can be accessed by using a door to the hallway and a door from the suite), it is considered a “lodging unit” and requires a parking space.

Councilperson Wiggins stated that Attorney Ramer’s explanation that each lockout room shall need a parking space in addition to the condo-unit itself helped him understand the parking requirements.

#7218 – Motion by Kors, second by Wiggins, to approve Ordinance No. 364, as presented.

Councilperson Grogan stated that he believed that a spouse should be considered in the definition of a “natural person”. Councilperson Kors chose not to amend Motion No. 7218. Councilperson Grogan then offered the following motion:

#7219 – Motion by Grogan, second by Heinz, to amend Motion No. 7218 by adding a spouse to the definition of a “natural person”.

Ayes – Wiggins, Grogan, and Kors

Nays – Heinz and Jardine

Mayor Jardine asked Attorney Ramer to restate Motion No. 7218, as amended.

#7218 – Motion by Kors, second by Wiggins, to approve Ordinance No. 364, with the amendment to include a spouse in the definition of a “natural person” as approved in Motion No. 7219.

Ayes – Jardine, Grogan, Heinz, Kors and Wiggins

Nays – None

B. Consideration of Ordinance No. 365

City Manager Geuder explained the highlights of Ordinance No. 365. Manager Geuder reviewed the requirements and the approval process for a “Planned Development”.

Councilperson Heinz stated that he didn’t believe that two of the three planning commissioners who abstained should have. Councilperson Grogan agreed. Councilperson Kors asked City Attorney Ramer to give the guidelines for an abstention.

City Attorney Ramer stated that an abstention is required if voting would result in a direct financial gain or loss; or if voting would create the appearance of any impropriety.

Councilperson Grogan asked if this issue should be decided before the PC completes its review of the City’s Master Plan. Manager Geuder stated that the review of the

Master Plan is in process. Manager Geuder related what he believes needs to be completed before the Master Plan can be recommended to City Council for approval.

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Councilperson Grogan stated that the review of the City's Master Plan by the PC should be completed before Council considers this issue. Councilperson Wiggins asked if the Master Plan could have an effect on Ordinance No. 365? Manager Geuder stated that the Master Plan is a guideline for zoning issues. Master Plans are not designed to be specific zoning requirements, only a guideline.

Attorney Ramer stated that a Master Plan is not binding on Council. A Master Plan is a guideline to future zoning issues and developments.

Councilperson Wiggins stated that he would like Council to focus on this issue. Councilperson Kors believes that Council should address Ordinance No. 365 and not send it back to the PC.

#7220 – Motion by Heinz, second by Jardine, to table consideration of Ordinance No. 365 until the October 16, 2006 City Council meeting.

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

5. Recess

Mayor Jardine recessed the City Council meeting at 8:05 p.m.

Mayor Jardine called the City Council meeting back to order at 8:10 p.m.

6. Master Plan Discussion

Councilperson Grogan stated that he believed that the PC should move more quickly to complete their review of the City's Master Plan. Councilperson Grogan stated that he believed that a forty-five or sixty day deadline should be given to the PC to complete their review and offered the following motion:

#7221 – Motion by Grogan, second by Heinz, to direct the Planning Commission to complete their review of the City's Master Plan in forty-five or sixty days.

Mayor Jardine asked for discussion. City Manager Geuder stated that he believed a forty-five or sixty-day deadline was unreasonable. Councilperson Kors stated that the Master Plan review is being worked on. Further, if you hurry up this process, the City will get exactly what it is paying for – a hurried result.

Manager Geuder stated that a timeline for completion of the Master Plan could be drawn up at the next PC meeting. He would review this issue with Larry Nix, the Planner, and have it on the October 19, 2006 PC meeting agenda. The timeline would be available for Council review at the November 6, 2006 City Council meeting.

Motion No. 7222 – Motion by Kors, second by Wiggins, to amend Motion No. 7221 to direct the Planning Commission to submit a timeline to Council on their schedule to complete the review process of the Master Plan.

Council discussed this issue. A concern was voiced that the timeline not show completion for six months. Councilperson Grogan and Councilperson Heinz withdrew Motion No. 7221. Councilperson Kors and Councilperson Wiggins withdrew Motion 7222.

7. Abandonment of Myrtle Street

City Manager Geuder stated that City Attorney Ramer reviewed the abandonment of Myrtle Street. Manager Geuder stated that he would like Council approval to hold a public hearing on the abandonment of Myrtle Street at the October 16, 2006 City Council meeting. Council approved the public hearing by consensus.

8. Discussion on the Proposed Kiwanis Park Improvements

City Manager Geuder stated that he sent a letter to the residents of Arbor Street concerning the proposed Kiwanis Park Project. However, Sandy Baker could not be present. Manager Geuder suggested that public comments could be given this evening.

Mayor Jardine asked for comments.

Jack Pierce, 980 Arbor Street, stated that the City should have notified the residents of Arbor Street during the planning process before the project was considered.

Tom Sheffler, 900 Arbor Street, believes Kiwanis Park works fine like it is. He does understand the issues on using the Sk-8 Park.

Bruce Cartford, 1040 Arbor Street, commends Sandy Baker on her work for parks and recreation in Harbor Springs. But he does not wish to change the character of the quiet Arbor Street neighborhood. Further, he has safety concerns with children walking on Arbor Street to and from the Kiwanis Park, especially in the winter because there are no sidewalks in that area. He believes that the best location for the ice rink is at the Hoyt Street Park. He also has concerns that there may not be enough water volume for an ice rink at Kiwanis Park.

Pierce asked how the process for a project like this works. Manager Geuder stated that Sandy Baker has worked with the City before on projects and she has a good track record.

Kathy Lott, Executive Director of the Harbor Springs Chamber of Commerce (the "Chamber"), stated that she has worked with Sandy Baker on projects before and she would do nothing that would not be done well. Further, Baker would listen to the comments of the Arbor Street residents and work with their concerns.

Rob Mossburg, the Cottage Company, explained how they got involved in the planning process of the proposed Kiwanis Park Project.

9. Discussion of Electric System

A. Electric System Reliability Study

City Manager Geuder introduced Michael McGeehan, the GRP Engineering Company (GRP) representative. McGeehan stated that GRP studied the electrical system. They did an inventory of the system. Created a computer model using the inventory they did. The electrical loads were then reviewed. McGeehan informed Council that the City's electric load has increased an average of six and a half (6.5) percent over the last ten years.

McGeehan stated that after studying the computer model with projected loads, it was noted that the electric system needed another substation. The Clayton Road substation can handle most of the system load requirements, but not for long. Due to line loss and a large percentage of the load being in Harbor Springs, near the center of the electric system, a substation needs to be constructed in that area. If the City experiences an outage, the customers on the far west end of the system will not be able to be serviced.

McGeehan reviewed projected costs for a new substation. The substation needed is projected to be identical to the Clayton Road substation. McGeehan also reviewed other improvements that the City will need to do in future years. Manager Geuder suggested that the City look at the triangle area near Bay Bluffs for the substation.

Manager Geuder believes that the City will need to construct the substation in the summer of 2007. This will become a 2007 budget item.

B. East Bluff Drive Underground Project

City Manager Geuder stated that he needed to get a little more information to make a recommendation to Council on this proposed project. It appears that the East Bluff Drive residents from State Street east to Arbor Street would like to do this project. The East Bluff Drive residents from Arbor Street east to the end of East Bluff Drive do not.

C. Electric Rate Philosophy

City Manager Geuder stated that he prepared a Schedule of Electric Rates. The Schedule shows the current City electric rates, the electric rates based on the Cost of Service Study and a Potential Design for the electric rates. The Rate Design will need additional public comment and Council consideration. Manager Geuder stated that he would put this issue on a later agenda for further discussion.

10. Boards and Commissions

A. Zoning Board of Appeals (ZBA)

Mayor Jardine announced the next ZBA meeting is scheduled for 5:30 p.m., Wednesday, October 11, 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, October 25, 2006 in the City Council Chambers.

C. Planning Commission (PC)

Mayor Jardine announced the next regular PC meeting is scheduled for 6:00 p.m., Thursday, October 19, 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, October 16, 2006 in the City Council Chambers.

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11. Old and New Business

A. Benchmark Engineering Aerial Map Project

Mayor Jardine asked if the Aerial Map Project was completed? City Manager Geuder stated the project was done, except for the updates. Updates are an ongoing process. Manager Geuder further stated that he had Benchmark Engineering working on other projects, such as the Fairview Sidewalk Project and the Pine Street Improvement Project.

12. Adjournment

With no further business, Mayor Jardine adjourned the meeting at 9:36 pm.

Ronald B. McRae, City Clerk

Approved: October 16, 2006.

Jean Jardine, Mayor

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Attachments