

**Harbor Springs City Council Minutes
October 15, 2007**

Mayor Jardine called the twentieth 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, James C. Grogan, Michael K. Heinz, Laura Kors and Dennis Wiggins

Absent: None

Also Present: City Attorney James T. Ramer, City Manager Frederick W. Geuder and City Clerk Ronald B. McRae

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#7358 – Motion by Grogan, second by Heinz, to approve the October 1, 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:

Voucher Number	Description	Fund Name	Amount
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7412	Trust Payouts 9/16 – 9/30/07	Trust Fund	\$32,618.89
7413	Payroll Ending 9/30/07	General Fund	\$35,899.88
		Major St. Fund	917.62
		Local St. Fund	18.99
		Historical Fund	422.40
		Electric Fund	11,161.84
		Water & Sewer Fund	4,886.38
		Waterfront Fund	4,445.55
		Equipment Fund	601.32
7414	Sales & Withholding Taxes 9/30/07	General Fund	\$4,399.75
		Electric Fund	15,525.47
7415	Accounts Payable Council 10/16/07	General Fund	\$54,042.40
		Police Res. Fund	49.50
		Historical Fund	163.69
		Electric Fund	57,761.81
		Water & Sewer Fund	30,222.64
		Waterfront Fund	2,293.55
		Equipment Fund	7,957.92

#7359 – Motion by Grogan, second by Heinz, to approve the bills in the amount of \$263,389.60.

Ayes – 5
Nays – 0

THEREFORE, BE IT RESOLVED that claims on voucher numbers #7412, 7413, 7414 and #7415, checked by the Finance Committee, in the amount of \$263,389.60 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	\$ 94,342.03
Major Streets Fund	917.62
Local Streets Fund	18.99
Police Reserve	49.50
Historical Fund	586.09
B. A. Construction Fund	0.00
Electric Fund	84,449.12
Water & Sewer Fund	35,109.02
West Traverse Fund	0.00
Waterfront Fund	6,739.10
Equipment Fund	8,559.24
Trust Fund	32,618.89

Total	\$ 263,389.60
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3. Citizen Comments

None

4. Consideration of Approval of Letter of Understanding to Permit Bear Creek Township to Join the Harbor Springs Area Sewage Disposal Authority

City Manager Geuder reviewed the request of Bear Creek Township (BCT) to join the Harbor Springs Area Sewage Disposal Authority (HSASDA). Manager Geuder also reviewed the "Statement of Understanding", as revised July 31, 2007. The "Statement of Understanding" lists the guidelines under which the members of the HSASDA will consider the BCT request to join. Approval of the "Letter of Understanding" allows the process to continue. A final contractual agreement would need to be worked out and approved. The other members of the HSASDA, which are Little Traverse Township, Littlefield Township and the Village of Alanson, have all approved the "Statement of Understanding". BCT has also approved the "Statement of Understanding". Manager Geuder reviewed the flow levels at the wastewater treatment plant and showed that there is plenty of capacity that can be used to treat the BCT wastewater flows.

Manager Geuder stated that there are advantages for the HSASDA to allow BCT to join. BCT flows will enable the wastewater treatment plant to operate more efficiently. A larger customer base will enable the administrative costs to be spread over more customers. Also, if BCT has its flows from their north system treated at the HSASDA wastewater treatment plant, they will need to rent capacity. The capacity rental fees can be used to either offset the debt service payments or be used to pay the bonds off early. Manager Geuder recommended approval of the "Letter of Understanding".

Councilperson Grogan made a presentation related to some of the concerns that have been expressed in earlier discussions. He reviewed the flow capacity of the wastewater treatment plant. Though the wastewater treatment plant has a daily average flow capacity of approximately 1.3 million gals per day, Councilperson Grogan stated that the plant can actually treat approximately 1.6 million gallons per day for a short period of time. Councilperson Grogan also commented on the commercial development in BCT, noting that strip malls typically add no more flows than a residential home. Councilperson Grogan noted that the wastewater treatment plant is working such that the nitrogen levels are dropping at the test areas south and east of the wastewater treatment plant.

Councilperson Grogan stated there are some treatment concerns, which include mercury levels found in the past.

Councilperson Kors asked about capacity costs and plant expansions. Manager Geuder stated that BCT would have to begin the engineering process to expand the wastewater treatment plant for their additional capacity, but would have to begin the process for the additional capacity when the wastewater treatment plant was at 90% of capacity. The cost of the additional capacity will be the responsibility of BCT. However, should one of the other Authority members decide they want more capacity, that unit could share the costs based on the additional capacity that is desired.

Councilperson Wiggins asked when the rates could be reduced to the City sewer customers. Manager Geuder stated that he did not know if the savings in operational costs would generate sufficient monies to reduce the sewer operating rates immediately. However, the inclusion of BCT would certainly help slow down inflationary increases. Council would have to decide on how the rental revenues for treatment plant capacity would have to be applied. Manager Geuder offered two scenarios, the first to build the cash reserve for debt service to a point where the debt service charge would not have to be charged any more, or the second, to reduce the current debt service rate at the time that the capacity rent payments are paid.

Councilperson Wiggins asked if membership could be withheld from BCT until they actually owned wastewater treatment plant capacity. Manager Geuder stated that he could review that option with the other local units when the negotiations on the final agreement are in process.

Councilperson Kors asked why the wastewater treatment had so much additional capacity when it was constructed. Did the Engineer make a poor judgment call? City Clerk McRae stated that each local unit asked for additional capacity. The City asked for enough additional capacity to treat a volume of wastewater discharge for 300 residential equivalent users to cover growth and infiltration and inflow. Littlefield Township estimated a much a larger growth rate than they have actually experience. Those two examples show the reason why there is additional capacity. Further, Clerk McRae explained, the wastewater treatment plant is operating in a deficit at the present time. The last issue Clerk McRae addressed was that the flows at the wastewater treatment plant are weak enough that additional chemicals have to be purchased to be able to treat the wastes currently being discharged to the plant. It is believed that the flows from BCT will help to reduce the need for the thickening chemical.

Bill Dohm, Supervisor from Little Traverse Township, stated that the "Statement of Understanding" was approved in Little Traverse Township for several reasons:

- a. BCT has been a good neighbor. They participate in the Harbors Springs – Petoskey Airport Authority, we have a mutual aid agreement for fire service, and have cooperated with other issues.

- b. Adding BCT to the HSASDA will be more economical for operating purposes and will help to reduce the amount of debt that the current HSASDA members are paying.

Dohm further stated that Little Traverse Township currently houses the HSASDA facilities, the Emmet County Transfer Station, an airport and the Emmet County Road Commission within its corporate boundaries. Each of those entities bring with them problems to be addressed with the residents and property owners of his Township. Dohm stated that he believes approval of the "Statement of Understanding" is a good move.

Councilperson Heinz stated that when this issue first came to the City Council he was against it. After studying the issue more, he believes that the City should keep talking and working toward an agreement. Heinz recommended approval of the "Statement of Understanding".

After the discussion, the following motion was offered:

#7360 – Motion by Kors, second by Heinz, to approve the "Letter of Understanding" with Bear Creek Township.

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

5. Election Poll Workers

City Manager Geuder stated that City Clerk McRae prepared a memorandum concerning the appointment and pay for the poll workers.

Councilperson Wiggins asked if the rate of pay for training time should be increase from \$5 per hour to at least minimum wage. Clerk McRae stated that the \$5 per hour has been paid since before his coming to Harbor Springs in 1993. Clerk McRae stated that he would budget more in the 2008 Budget.

#7361 – Motion by Grogan, second by Heinz, to approve the election workers and their compensation as presented by City Clerk McRae for the November 6, 2007 General Election.

Ayes – 4
Nays – 1 (Wiggins dissenting)

6. Special Meeting to Review Electric System Issues

City Manager Geuder stated that he would like to hold a special meeting at 7:00 p.m., Monday, October 22, 2007 to talk about the Electric System. They are:

- a. Potential Power Plant Investments, and
- b. Distribution System Options for the Sub-Station.

By consensus, City Council approved the Special Meeting as requested.

7. Board and Commissions

A. Harbor Commission (HC)

Mayor Jardine announced that the next HC meeting is scheduled for 4:00 p.m., Wednesday, October 17, 2007 in the City Council Chambers.

B. Planning Commission (PC)

Mayor Jardine announced that the next PC meeting is scheduled for 6:00 p.m., Thursday, October 18, 2007 in the City Council Chambers.

C. Zoning Board of Appeals (ZBA)

City Council reviewed the October 10, 2007 ZBA Meeting minutes. Mayor Jardine announced that the next ZBA meeting is scheduled for 5:30 p.m., Wednesday, November 14, 2007.

D. Next City Council Meeting

Mayor Jardine announced the next City Council meeting is scheduled for 7:00 p.m., Monday, November 5, 2007 in the City Council Chambers.

E. Appointments

Mayor Jardine stated that she would like to appoint Keith McGlaughlin, a resident of Little Traverse Township to the Harbor Commission to fill a vacancy. McGlaughlin's term will expire January 1, 2010.

8. Old and New Business

Proactive on Survey

Councilperson Kors complimented Police Chief Branson on being proactive on his survey of downtown business Managers and Owners on theft at their stores and other issues.

9. Closed Session

Mayor Jardine stated that at the request of the City Manager, she would like to go to "Closed Session" for the City Manager's Annual Performance Review and Evaluation.

#7362 – Motion by Wiggins, second by Kors, to go to closed session under Section 8 (a) of Public Act 267 of 1976 (the "Open Meetings Act"), as amended, to for the purpose of reviewing and evaluating the City Manager's performance over the last year, at the request of the City Manager.

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

Mayor Jardine recessed from "Open Session" to go to "Closed Session" at 8:18 p.m.

Mayor Jardine called the meeting back to order under "Open Session" at 8:38 p.m.

10. Consideration of the City Manager's 2008 Contract

Mayor Jardine stated that the personnel committee met and reviewed the City Manager's contract and recommend that Council approve the City Manager's proposed compensation for 2008.

Councilperson Wiggins asked what the bargaining unit increase was based on the current contract. City Manager Geuder stated that they were receiving 2.5%.

#7363 – Motion by Wiggins, second by Kors, to approve the proposed change in compensation for the City Manager. His salary will increase 2.5% from \$76,863 to \$78,785.

Ayes – 5
Nays – 0

11. Adjournment

With no further business, Mayor Jardine adjourned the meeting at 8:43 pm.

Approved: November 5, 2007

Ronald B. McRae, City Clerk

Jean Jardine, Mayor

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Attachments