

**Harbor Springs City Council Minutes
November 20, 2006**

Mayor Jardine called the first 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, Laura Kors and Dennis Wiggins

Absent: Mick Heinz

Also Present: City Attorney James Ramer, City Manager Fred Geuder, City Police Chief Dan Branson, and City Clerk Ron McRae

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

A correction was noted on Page 5, Item 8D. It reads, " Mayor Jardine noted..." It should read, "Mayor Pro-Tem Kors noted..."

#7237 – Motion by Grogan, second by Wiggins, to approve the November 6, 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:

#7333 – A/P	Sales Tax 10/31/06	\$ 3,904.87 General Fund 10,893.18 Electric Fund
#7334 – Payroll	P.P.E. 11/17/06	\$ 30,866.62 General Fund 894.43 Major Sts Fund 301.79 Local Sts Fund 422.40 Historical Fund 11,998.44 Electric Fund 6,416.35 W & S Fund 1,250.97 Waterfront Fd 59.82 Equipment Fd
#7335 – Trust	Payouts 11/1-11/15	\$ 20,326.13 Trust Fund
#7336 – A/P	Council 11/20/06	\$ 44,747.89 General Fund 140.64 Major Sts Fund 186.01 Local Sts Fund 132.86 Historical Fund 865.00 BA Const Fund 63,691.29 Electric Fund 6,428.37 W & S Fund 6,110.21 W.T. Water Fd 786.73 Waterfront Fd 4,533.54 Equipment Fd

#7238 – Motion by Wiggins, second by Grogan, to approve the bills in the amount of \$214,957.54.

Ayes – 4
Nays – 0

THEREFORE, BE IT RESOLVED that claims on voucher numbers #7333, #7334, #7335, and #7336, checked by the Finance Committee, in the amount of \$214,957.54 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	\$ 79,519.38
Major Streets Fund	1,035.07
Local Streets Fund	487.80
Police Reserve	.00
Historical Fund	555.26
B. A. Construction Fund	865.00
Electric Fund	86,582.91
Water & Sewer Fund	12,844.72
West Traverse Fund	6,110.21
Waterfront Fund	2,037.70
Equipment Fund	4,593.36
Trust Fund	20,326.13

Total	\$ 214,957.54
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3. Citizen Comments

Chief Branson informed Council that a speaker was coming to Harbor Springs to discuss substance abuse. The speaker, Ginger Katz, has national recognition by the federal Drug Enforcement Agency and the New York Times and Boston Herald. Katz will be speaking on Tuesday, November 28, 2006 at the Harbor Springs High School in the Performing Arts Center during the day for the students and again at 7:00 p.m. for the public. Chief Branson invited City Council members to attend.

4. H.A.R.B.O.R., Inc. Funding

City Manager Geuder discussed the request for funding from Danna Widmar, the Executive Director of H.A.R.B.O.R., Inc. Manager Geuder reviewed the level of funding from the City and the other participants. Manager Geuder did say that he believed that the City has received a benefit from participating in H.A.R.B.O.R., Inc. and noted some of their accomplishments.

Manager Geuder stated that H.A.R.B.O.R., Inc. is requesting \$7,500. Manager Geuder further pointed out that the City has monies budgeted through the Electric Department's Community Promotions Budget for such requests and there are sufficient monies remaining in the budget to contribute the funds.

Councilperson Grogan stated that H.A.R.B.O.R., Inc. does do a good job and believes that the City should contribute \$7,500. Mayor Jardine asked if he wanted the funds contributed without a direction of what the money could be used for? Councilperson Grogan would prefer that the funds not be used for administrative purposes.

Councilperson Kors believes that the funds should be contributed, but with no strings attached. Chief Branson stated that he is on the Board of Directors and believes that H.A.R.B.O.R., Inc. is starting to make a difference. Chief Branson stated that H.A.R.B.O.R., Inc. is looking to get other grants and briefly reviewed the accomplishments of H.A.R.B.O.R., Inc.

Councilperson Wiggins stated that he believes the City needs to support H.A.R.B.O.R., Inc. also. Councilperson Wiggins asked how much the City contributed to H.A.R.B.O.R., Inc. in 2005. Manager Geuder stated that there was no contribution requested last year and none was made. Councilperson Wiggins then offered the following motion:

#7239 – Motion by Wiggins, second by Kors, to contribute \$7,500 to H.A.R.B.O.R., Inc., pursuant to their request. Further, this contribution is for both 2005 and 2006.

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

5. Electric Issues

A. Underground Project for East Bluff Drive

City Manager Geuder stated that he has received the responses from the East Bluff Drive property owners as to whether or not they would be willing to participate in a project to have the electric distribution lines buried. All of the residents from Robert Clarke's home east to the Elliott home are willing to pay for the design phase of the project. There are two property owners between State Street and Robert Clarke's home who are not willing to participate. Approximately half of the home owners east of the Elliott's home to the end of East Bluff Drive are unwilling to participate.

Manager Geuder stated the design costs requested were \$625 per property owner. GRP Engineering, Inc. estimates the total design phase for this project to cost \$22,000. By shortening the length of the project to include the area from State Street east to Arbor Street, the cost of the design phase of the project is estimated to be \$18,000. The City would pay any share not covered by the property owners.

Councilperson Kors believed that the City should look at the cost to go underground the total distance from State Street east to the end of Bay Street. She believes the cost will only go up again the next time for the short distance from Arbor Street east to the end.

Council discussed the issue. Councilperson Wiggins asked if this project was necessary for the City to do? Manager Geuder stated that there is no need for the City to do this project. It is an aesthetic issue for the East Bluff Drive residents. Councilperson Grogan questioned how the project costs would be paid. Manager Geuder stated that each of the property owners would be responsible for a share of the project. They may pay their costs upfront or pay the City back over time, similar to a special assessment. The City would have to pay where the project crosses the Street ends and possibly across the high school area. Councilperson Grogan stated that he would prefer that the project be paid based on a "front-foot" basis.

#7240 – Motion by Grogan, second by Jardine, to have GRP Engineering, Inc. do the design phase of the East Bluff Underground Project from State Street east to the Elliot's home.

Ayes – Kors, Jardine and Grogan
Nays - Wiggins
Absent - Heinz

B. Electric System Update

City Manager Geuder stated that he would like to order a back-up transformer. He recommended that GRP Engineering, Inc. prepare the specifications for the transformer and we get it ordered. Although he is not sure about the best way to proceed with the project, Manager Geuder believes that the City does need to have a back-up transformer.

Councilperson Wiggins concurred with the City Manager that the backup transformer is needed, however, he does not agree that the City should spend the money to construct a new substation. Councilperson Wiggins reviewed some questions that he had with the study.

Council discussed the project needs with Manager Geuder. It was the consensus of the City Council members present that Manager Geuder should go forward with his request to purchase a backup transformer by having GRP Engineering, Inc. draft the specifications for the transformer that will be necessary for our Electric System.

6. Fee for Overlay District Application

City Manager Geuder discussed his concerns for an application fee for an Overlay District Application. He stated that he thought about just charging a flat fee of \$10,000 or perhaps a flat fee of \$5,000, with the condition that any cost incurred above the \$5,000 be billed and payable when the process is completed. Manager Geuder stated that approximately \$8,000 in legal fees and \$1,600 in Planning Consultant fees have been incurred thus far. Manager Geuder anticipates that more legal and planning consultant fees will be incurred when a development agreement between the City and the developer is drafted. Further, that does not include the costs of any public hearings or meetings. Manager Geuder did note that the Planning and Zoning Fees have not been updated since April 1, 1999.

Councilperson Wiggins questioned how the City would develop the Planning Fees that the developer would pay at the present time? Manager Geuder reviewed the fees that would be applicable, but did note that there are no fees for the drafting of the development agreement that would be necessary. Councilperson Wiggins stated that the fees being discussed are ten to twenty times more than the planning and zoning fees in place at the present time.

Mayor Jardine noted that any of the fees that the City has in place would not cover the expenses incurred if it were not for the proposed hotel project. Councilperson Kors asked Manager Geuder if there would not be balance of the fees to the anticipated tax benefit arrived from the development of the hotel? Manager Geuder stated that there would be some, but not as much as one would think. Manager Geuder noted that there is an existing tax base. Also, Manager Geuder noted that the Headlee Amendment and Proposal A would have an adverse effect on the increase in property taxes that could be levied.

Councilperson Wiggins noted the costs associated with the Walstrom Marine Expansion Project. That was considered under the current Planning and Zoning Fees established in 1999. Manager Geuder noted that the Walstrom Marine Expansion Project was time consuming primarily due to the public hearings and public input process, not due to the development of any special development agreement.

Mayor Jardine stated that the Planning and Zoning Fees Schedule needs to be completely reviewed and the costs updated where necessary.

Councilperson Grogan believes that the City should charge fees to cover the costs. The Overlay District is new and very complicated.

Councilperson Wiggins asked Manager Geuder to get an estimate for the costs of the drafting of a development agreement and the process of the consideration of the Overlay District Permit process.

Council concurred with the request and Manager Geuder stated that he would get back to Council on this issue.

7. Boards and Commissions

A. Zoning Board of Appeals (ZBA)

Mayor Jardine asked Councilperson Grogan how he felt things were progressing in the ZBA meetings. Councilperson Grogan reviewed some of his observations. Mayor Jardine announced that the next ZBA meeting is scheduled for 5:30 p.m., Wednesday, December 13, 2006.

B. Planning Commission (PC)

City Manager Geuder stated that there was no PC meeting held on November 16, 2006 due to a lack of quorum. He will try to re-schedule the meeting.

C. Appointments

Mayor Jardine stated that she was reviewing the upcoming appointments that need to be made. She did ask Council for their thoughts on having non-residents serve on the PC and on other Boards and Commissions. Mayor Jardine stated that the City Clerk would continue to serve on the Harbor Springs Building Authority for another term.

D. Next City Council Meeting

Mayor Jardine noted that the next City Council meeting is scheduled for 7:00 p.m., Monday, December 4, 2006 in the City Council Chambers.

8. Old and New Business

A. Dick Kappler Letter

Councilperson Kors noted that she read the letter on Police Officer Joshua Johnston. Councilperson Kors asked what did Officer Johnston actually do?

Chief Branson stated that Officer Johnston assisted the emergency crew when Mr. Kappler's wife was taken to the hospital. Further, Officer Johnston did some follow-up contact with Mr. Kappler.

B. Cable Bill Status in the Legislature

Councilperson Kors asked about the Cable Bill being considered in the State Legislature. Manager Geuder stated that the State House passed the bill. He discussed this issue with our State Legislator, McDowell. According to McDowell, the State House knew there were problems with the bill, but they passed it anyway. The State Senate will now look at the bill and approve a version of the bill. The State Senate and the State House will then get together and work out the problems of the bill.

City Manager Geuder then discussed some of the concerns of this bill, as proposed.

Councilperson Kors stated that she was pleased that Manager Geuder is on top of this legislation.

C. Harbor Springs Historical Society (HSAHS) Update

Councilperson Grogan stated that the HSAHS signed a letter of intent for the stucco removal from the Old City Hall. The actual removal should begin in approximately ten days to two weeks.

D. Council Assistance for the City Manager and City Clerk

Councilperson Grogan asked if Council should consider appointing some committees to work with the City Manager and the City Clerk to consider certain items before they come to Council. The Committees could develop recommendations and be composed of two Council members. Mayor Jardine stated that this item would be reviewed by the City Manager.

10. Adjournment

With no further business, Mayor Jardine adjourned the meeting at 8:35 pm.

Ronald B. McRae, City Clerk

Approved: December 4, 2006.

Jean Jardine, Mayor

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Attachments