

HARBOR COMMISSION
MINUTES
October 17, 2007

I. Roll Call

Jim Bartlett	Present
Yvonne DeWindt	Absent
Al Dika	Present
Tom Graham, Jr.	Present
Bill McCullough	Present
Jim Offield	Absent
Fred Rachwitz	Present
Jane Ramer	Present
Dick Schiller	Present

Also present: Harbormaster Mike Johnson and City Manager Fred Geuder.

Chairman Jim Bartlett called the meeting to order at 4:00 p.m.

The City Manager noted that Keith McGlaughlin had been appointed to the Harbor Commission to replace John Flemming.

II. Minutes

Motion by Schiller, seconded by Dika, to approve the minutes of September 26, 2007, with the correction that Dika should be listed as "absent". Motion carried.

III. Public Comment and Correspondence

Letter from Barry Baccus re: Dinghy Storage

IV. New and Old Business

A. Request for Tiara Rendezvous

Dave Lyle of Walstrom Marine state that Tiara dealer representatives had visited Walstrom's in early October and suggested that their 2008 rendezvous be held in Harbor Springs, and they suggested the dates of July 29-31. Lyle said he knew that could somewhat overlap with the Regatta, but Tiara has traditionally held the event the last week of July. They would expect about 40 boats to participate.

Schiller asked if they were locked into that date.

Bartlett said that if the Regatta were to be held August 1-3, there would potentially be an overlap of the events. And in any case July was still the busy season.

In response to a question, Lyle said that 8-10 of the Tiaras might be local boats.

It was also noted that this year was the 100th anniversary of the Chicago-Mackinaw race, which might mean the Regatta would have more boats.

Dika said he felt that the Hatteras rendezvous in 2000 was a good event for the City, but noted that the dates were pushed into August.

Rachwitz noted that a concern of his was that if the events were held one after the other (the rendezvous and the regatta), the general public would be effectively kept away for a week plus.

Bartlett felt that the event would probably work if the timing were better.

The general consensus of the Commission was to recommend the event to the City Council if it could be held August 12-14. Lyle said he would check with Tiara.

(NOTE: following the meeting, Lyle determined that the Regatta may actually fall July 25-27. Bartlett suggested that we stick with the August 12-14 dates, and if Tiara wants a different date, it can come back to the Commission on November 13th.)

B. Request from LTYC for 2008 Regatta

Bryan Burley, on behalf of LTYC, walked the Commission through the LTYC request. Burley reviewed the points discussed at the previous meeting.

Burley noted that what the LTYC was trying to accomplish may have been lost in the presentation, and some of his assumptions may have been wrong in arriving at figures, but that one goal would be to have the regatta participants write one check for the dockage and race, so how the City could bill the LTYC was one of the questions..

In the questions are how much can be reserved and which nights need to be reserved.

Bartlett thanked Burley and the LTYC for starting this process now, rather than waiting until the last minute. Bartlett said Burley's summation of the last meeting's discussion was essentially correct.

Bartlett felt that there were first two issues (before talking pricing): how much space would be reserved and what days would be reserved.

Bartlett noted that traditionally the West Dock wall space had been reserved for three nights. For the past several years, since 2002 at least, that had been somewhat expanded to include the 60' slips on the West Dock and was likely 4-5 nights, rather than three. Bartlett's question to the Commission was whether or not we should officially endorse such changes, or should we go back to what had previously been reserved? He noted that the new arrangement had been working, but the Commission's job was to look at the balance between this event and other uses.

Some of the discussion centered on which three days would be reserved and how the 7-day rule fit into this.

The City Manager noted that this had probably worked somewhat in the last several years because the waiting lists have been shorter anyhow.

Harbormaster Michael Johnson noted that stacking boats on the West Wall is tougher with 45' boats, than it was with smaller boats.

Bartlett said that effectively two 45' boats were as wide as three 30' boats.

Rachwitz said his biggest concern was reserving more for the regatta would mean that the public is shut out more. He also asked whether extending the 7-day stay for 2 days (assuming there was no waiting list), meant that on the ninth day, a new 7-day period started. Bartlett noted that in his opinion the two days extended were the two theoretical nights away.

Discussion noted that many people who cruise Lake Michigan are aware of the events such as our regatta and the Mackinaw events, and some stay away for that reason. It was also noted that transient boaters are told of the coming event and know that they may need to move from the reserved spaces for the regatta.

McCullough asked whether the East Dock wall space could also be reserved for the bigger boats. Johnson said that besides being the East face, the water is generally shallower on that side and would be unable to accommodate that larger sailing craft.

After some discussion, Bartlett noted that the general consensus of the Commission was that the West Dock Wall space and seven 60' slips should be reserved.

The question then went to deciding which days to reserve.

Because races start on Friday, it was assumed that most boats would be there Thursday night. And while only about 30% of the boats stay Sunday night, they are here well beyond the normal 12:00 noon check out, so should Sunday also be included.

Burley commented that he felt the LTYC could package it as four nights of docking. (Thursday through Sunday nights)

Mike Esposito commented that Irish is down to about 20 boats staying—low water levels being the primary reason.

Rachwitz reiterated his concern that the public use is affected, with both reserving four days and using the 7-day rule. He would like to see them only permitted for four days

Bartlett said he felt that limiting boats to four days only was contrary to the tradition and would ultimately be counter-productive to fully using the marina.

Schiller noted that the cruising public anticipates the special events that occur and avoids them to some extent.

Bartlett noted then that the general consensus was to reserve the West Dock Wall space and the seven 60' slips, for four nights, Thursday-Sunday. (Rachwitz objected)

Bartlett said now the Commission needed to look at the pricing mechanism.

Mike Johnson said that basically all boats are pre-paid, because the Harbormaster office obtains credit card information with the reservations. It works better than trying to do the boats as they come in.

Bartlett said it may make sense to try and get just one check from the LTYC. After some discussion, it was determined that bundling the slips into one price for the LTYC could work, depending on how they are priced.

Bartlett did note that selling dock space based on lineal footage is somewhat inexact in that it depends on the mix of boats you have. He felt that we have expanded our potential reservation system, so should the City also help financially by discounting rates?

Bartlett noted Jim Offield's comments that came via e-mail that said he would not oppose a bundled rate which may help administratively, but was opposed to a discount because it may open the door for other events.

Burley noted that his main concern was to rafted boats paying the same rate. He felt it was somewhat of a double dip, and should not be considered a discount.

Dika noted that any time of year you boat at Leland, you are likely to raft, and there is no discount.

Burley asked if we regularly raft. Johnson noted that we can, but it is generally done when boaters know each other.

Burley said he still felt the City should consider making an investment in the event.

McCullough said while it may be an investment, and even if you gave some type of break for Sunday, it may only amount to \$50 a boat, and that should not be make or break.

It was also noted that if boats leave at 5:00 or 6:00 p.m., the City has lost the opportunity to rent the slip.

The City Manager noted that with seasonal boaters who go on a cruise, the City regularly “double dips.”

Exit Schiller.

Bartlett polled the Commission on the issue of discounts:

Dika was opposed to a discount.

Ramer agreed with Dika.

Rachwitz agreed with Dika.

McCullough like the concept, but disagreed with the discount.

Graham said we should hold the line.

Bartlett said he thought it could become a precedent for other groups, and does not feel the way it has been done is unfair.

Bartlett suggested that administration and the LTYC would need to work out the bundled bulk rate.

Enter Schiller.

Motion by Dika, seconded by McCullough, to recommend that City Council approve reserving the West Dock wall space and the seven West Dock 60’ slips, for Thursday-Sunday of the LTYC Regatta, and to set a bundled rate using the regular City transient slip rates, so that the LTYC will write one check.

Motion carried, 7-0.

C. Update on Seasonal Rate Discussion

The City Manager said that the City Council discussed this topic upon receipt of the Harbor Commission minutes. The suggestion of the Council was to come up with Mission Statement that would help define how to charge for rates.

The City Manager further explained how the Marine Patrol and Beach operations had been treated in the budget previously and suggested that they should be part of the Waterfront Fund now. The only debt that has ever been incurred for the Waterfront Fund was for construction of the floating dock. That debt (which is roughly \$42,000 per year) will be fully paid in 2008.

Cash on hand in the Waterfront Fund is roughly \$600,000, of which \$400,000 has been informally dedicated to a self-insurance fund, and the \$200,000 has been working capital for projects. When you look at what has been accomplished in terms of other repairs and upgrades, the cash balance has worked.

Bartlett suggested that the \$400,000 figure should be reviewed annually and should perhaps rise with inflation. He also pointed to the potential need for dredging in the future, which could take another huge chunk of cash.

The City Manager also noted that a return to the community of the Waterfront Fund comes where the waterfront maintenance that does occur would be an expense of the General Fund were it not for the Marina and Mooring Field. He also noted that Council was concerned that the General Fund never need to subsidize the Waterfront Fund.

City Council Member Jim Grogan stated that he appreciated the discussion about this process because it gave him a better understanding of what the Harbor Commission looks at when bringing in their rate recommendations.

Bartlett suggested that this be looked at in light of a rate recommendation at a November meeting, when the Commission can also review any proposed projects.

V. Meeting Schedule

The next meeting of the Harbor Commission is scheduled for **TUESDAY**, November 13th, at 4:00 p.m.

VI. Adjournment

There being no further business, the meeting was adjourned at 5:35 p.m.

Frederick W. Geuder, City Manager

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Bill McCullough, Vice-Chairman
Al Dika, Mayor's Representative

Fred Rachwitz
Dick Schiller

Frederick W. Geuder, City Manager
Michael Johnson, Harbormaster

DRAFT

City of Harbor Springs
Waterfront Mission & Goals
2007

DRAFT

The City of Harbor Springs is fortunate to be located adjacent to the shores of Little Traverse Bay and the harbor of Harbor Springs, and to be entrusted with the ownership of some of that land lying on those waters. The purpose of the City of Harbor Springs Waterfront Fund is to provide funding to maintain and develop those properties entrusted to the City, consistent with the City's Harbor Plan, as amended in 2003, and City policy.

Areas of Responsibility to be Funded

Municipal Dock Maintenance and Operation
Moorage Area Maintenance and Operation
Harbormaster Building Maintenance and Operation, including Public Restrooms
Waterfront Parks Maintenance
Zoll Street Beach Maintenance
Ford Park Launch Ramp Maintenance and Operation, including Public Restrooms
Zorn Park Beach Maintenance and Operation
Marine Patrol Operation

Funding for these areas shall include all staffing and administrative costs, including an appropriate transfer to the General Fund to cover administrative costs incurred by the City Hall staff.

An appropriate cash balance should be maintained in the Waterfront Fund to ensure that cash is available for a worst case scenario repair of facilities on the Waterfront not covered by insurance. In 2007, that cash amount was determined to be \$400,000. *(Note this amount should be review annually, and adjusted for inflation as needed.)*

In 2007, the amount budgeted for transfer to the General Fund for administrative costs was \$86,200, which included the following:

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\$50,000	General Fund Administrative Cost Reimbursement
\$ 3,700	Share of City Hall Debt Retirement Costs
\$30,200	General Fund Transfer for Marine Patrol Costs

For 2008, it is recommended that Marine Patrol expenditures be budgeted in the Waterfront Fund, so no transfer of funds for that purpose would be needed.

It is also recommended for 2008 that funding for the City's Zorn Park Beach operation be transferred to the Waterfront Fund. With this change to policy, all activities of the City's Waterfront would be accounted for in the Waterfront Fund.

For purposes of accounting, the Waterfront Fund is treated as an enterprise fund under State of Michigan Municipal Accounting rules. That means that the accounting of the Waterfront is done like a business, although the City is not subject to State or Federal taxation.

It is the general policy of the City of Harbor Springs that the Waterfront Fund will be self-sufficient. The Waterfront Fund will not be subsidized by the General Fund and the City's taxpayers.

The primary sources of annual funding for the Waterfront Fund include the following (with approximate annual totals):

Seasonal and Transient Docking Fees	\$325,000
Seasonal and Transient Moorage Fees	\$ 53,000
Small Boat Storage	\$ 10,000
Launch Ramp Fees	\$ 12,000
Other Income	\$ 12,500
Interest Income	\$ 20,000

It should be noted that Transient Docking Fees are set by the State of Michigan, because the City's west dock was funded through a State of Michigan grant. All other fees are set by the City of Harbor Springs. It is recommended that the Harbor Commission recommend a fee schedule to the City Council. The City Council approves the final fee schedule.

As of September 2007, the City's Waterfront Fund had unrestricted cash on hand totaling approximately \$600,000. Assuming that this total has now met the goal of keeping \$400,000 of cash available for emergency repairs, the City then has approximately \$200,000 of cash available for cash flow purposes and projects.

While the \$200,000 amount will go up or down, depending on the size of capital projects budgeted for in any given year, it is recommended that a guideline goal for cash flow purposes be set at \$200,000.

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It is also suggested that the City should begin accumulating funds for future dredging, particularly for the docks. While that amount could come out of the \$200,000 cash amounts, a separate amount stocked away may be a prudent goal.

Fee structures should be set so that rates do not wildly fluctuate, but so that at a minimum the current cash balances will be maintained and that all costs for the areas described above are funded on an annual basis. I think that it should be noted that the City is in a unique position through its ownership of this property, in that should an additional rate of return to the General Fund be desired, the City may increase its rate, with the only limitation being perhaps the actual market rate in the Harbor Springs area.

It should be noted that the final bond repayment for the 1990 floating east dock project will be made in September 2008. That final payment will be roughly \$42,000.