Mayor Dika called the ninth meeting of the eighty-second Harbor Springs City Council to order at 7:00 p.m., in the City Council Chambers at 160 Zoll Street, Harbor Springs, Michigan.

1. Roll Call and Verification of Quorum

Present: Alan J. Dika, Matthew Bugera, John L. Cupps, Jeff James and Pringle Pfeifer

Absent: None

Also Present: City Manager Thomas C. Richards, City Attorney James T. Ramer, Police Chief Daniel J. Branson and City Clerk Ronald B. McRae

City Clerk McRae acknowledged that a quorum was present.

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#8084 – Motion by Pfeifer, second by Cupps, to approve the March 3, 2014 regular meeting minutes as read.

Ayes – 5
Nays – 0

Motion carried.

B. Approval of Bills

I have examined the bills appearing on the vouchers below and recommend they be allowed and payment made from the following funds:

<table>
<thead>
<tr>
<th>Voucher Number</th>
<th>Description</th>
<th>Fund Name</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>8078</td>
<td>Trust Payouts 2/16-2/28/14</td>
<td>Trust Fund</td>
<td>$20,481.12</td>
</tr>
<tr>
<td>8079</td>
<td>Wire-MPPA 3/5/14</td>
<td>Electric Fund</td>
<td>$40,359.84</td>
</tr>
<tr>
<td>8080</td>
<td>Sales Tax 2/28/14</td>
<td>General Fund</td>
<td>$4,509.03</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Electric Fund</td>
<td>$14,205.29</td>
</tr>
<tr>
<td>8081</td>
<td>Wire-MPPA 8081</td>
<td>Electric Fund</td>
<td>$79,729.99</td>
</tr>
<tr>
<td>8082</td>
<td>Payroll Ending 3/9/14</td>
<td>General Fund</td>
<td>$36,244.09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Major Street Fund</td>
<td>3,634.98</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local Street Fund</td>
<td>1,368.44</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Historical Fund</td>
<td>560.88</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DDA Fund</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Electric Fund</td>
<td>10,599.95</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Water/Sewer Fund</td>
<td>7,984.49</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Waterfront Fund</td>
<td>341.88</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equipment Fund</td>
<td>2,553.72</td>
</tr>
</tbody>
</table>
#8085 – Motion by James, second by Cupps, to approve the bills in the amount of $594,870.70.

Ayes – 5
Nays – 0

Motion carried.

THEREFORE, BE IT RESOLVED that claims on voucher numbers 8078, 8079, 8080, 8081, 8082 and 8083 checked by the Finance Committee, in the amount of $594,870.70 be allowed for payment, and the City Manager and the Mayor are hereby authorized to execute warrants to be drawn on the following funds:

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$126,154.71</td>
</tr>
<tr>
<td>Major Street Fund</td>
<td>5,714.68</td>
</tr>
<tr>
<td>Local Streets Fund</td>
<td>1,390.84</td>
</tr>
<tr>
<td>Historical Fund</td>
<td>603.11</td>
</tr>
<tr>
<td>DDA Fund</td>
<td>0.00</td>
</tr>
<tr>
<td>Electric Fund</td>
<td>232,889.84</td>
</tr>
<tr>
<td>Water/Sewer Fund</td>
<td>182,632.32</td>
</tr>
<tr>
<td>West Traverse Water Fund</td>
<td>0.00</td>
</tr>
<tr>
<td>Waterfront Fund</td>
<td>16,327.08</td>
</tr>
<tr>
<td>Equipment Fund</td>
<td>8,677.00</td>
</tr>
<tr>
<td>Trust Fund</td>
<td>20,481.12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>594,870.70</strong></td>
</tr>
</tbody>
</table>

3. Citizen Comments

None

4. City Manager’s Section

A. Waterfront Park (by the Harbormaster Building) Conceptual Design

City Manager Richards stated that Rob Mossburg, Chairman of the Harbor Springs Downtown Development Authority (the “DDA”), was present to review the changes of the conceptual plans formulated for the Waterfront Park at the municipal marina.
Mossburg stated that the revised conceptual designs were presented to the Harbor Commission and the Planning Commission for their review of changes made from the initial version. The Harbor Commission recommended that the Harbormaster Building location should remain where it is currently. Their reasoning for this decision is that they have a clear view and closer access to the docks and can react to any development that may occur. Further, the Harbor Commission is clearly in favor of the request to the State of Michigan, Department of Natural Resources and Environment, to add to the land area to the east of the Harbormaster Building. Mossburg also stated that the U. S. Army Corps of Engineers has to approve the land area to the east of the Harbormaster Building. Not knowing if there will be an approval to the applications submitted creates two alternatives. They are Alternative A, which includes the filling in the land area to the east of the Harbormaster Building, and Alternative B, which assumes the denial of the application by one or both agencies.

Mossburg stated that during the Planning Commission’s review they asked that the parking configuration for both Alternative A and B be the same, but with the condition that the traffic flows and parking be reviewed by a professional traffic engineering firm before a final decision is made.

Mossburg reviewed the history and timeline which brought the DDA’s Design Committee to this point. He also reviewed the goals that were discussed and considered in the design process. After the Mossburg’s review, Mayor Dika opened the discussion to the City Council members for their questions and concerns.

Councilperson Bugera asked if there was some form of a gazebo considered. Mossburg stated that it was considered, but in the end, the consensus was to keep the view as open as possible. Both Councilpersons Cupps and Pfeifer voiced their favorable opinions of the conceptual Alternative Plans.

Mayor Dika stated he believed that formal approval of the conceptual Waterfront Park plans, Alternatives A and B, is necessary for the DDA to start the next phase of getting the project designed. After a brief discussion, the following motion was offered:

#8086 – Motion by Cupps, second by Pfeifer, to approve the conceptual designs of the Waterfront Park (by the Harbormaster Building) improvements presented by the Harbor Springs Downtown Development Authority.

Ayes – 5
Nays – 0
Motion carried.

B. Presentation of the Harbor Way Multi-use Trail Project

City Manager Richards stated that at the last meeting Rachel Smolinski, Executive Director of H.A.R.B.O.R., Inc., presented the proposed Harbor Way Multi-use Trail Project (the “Project”). Due to the absence of two of the City Council members, Council delayed any action until this meeting. City Manager Richards introduced Smolinski.

Smolinski reviewed the proposed Project plans and noted some of the changes discussed at the last City Council meeting. After the review Mayor Dika stated that he would like an approval from City Council so that H.A.R.B.O.R., Inc. could begin applying for grants and raising funds for this project.

#8087 – Motion by James, second by Bugera, to approve the Harbor Way Multi-use Trail Project conceptual plans presented.
Ayes – 5
Nays – 0

Motion carried.

After the approval, Smolinski acknowledged and thanked the Little Traverse Band of Odawa Indians for their assistance in the development and for the preparation of the plans presented this evening.

C. Consideration of the Etta's Kitchen Food Truck Request to Operate at the Farmers' Market

City Manager Richards stated that he received a request from Fred Hackl, of Etta's Kitchen, to operate a food truck at the Farmers' Market this year. City Manager Richards introduced Hackl.

Hackl stated that the Food Truck would like to participate at the Farmers’ Market. They would like to prepare food from the products sold at the Farmers’ Market and sell it to the public, including the patrons of the Farmers’ Market to showcase the local ingredients offered by the local producers at the market. The menu and information on the local producers would be displayed on two video monitors. The local producers’ condiments would be placed on the shelf below the serving window for tasting. Hackl stated that they believe that this would enhance the customers’ experience and increase sales for the producers. Hackl stated that the Food Truck would be in a typical vendor space, though it has been suggested that the truck be parked at the west end of the market vendors. Parking at the west end of the market vendors may be a concern for the fire marshal.

Mayor Dika asked for any public comments.

Andrew Bowman, a City Planning Commissioner, thought that allowing the Food Truck to operate may be opening a door similar to the concern of the “trunk shows” or “transient vendors”. He believes that the business owners that rent or own their places of business should be protected. They acquire property and pay taxes and utilities.

Bowman’s comments were considered. Jodie Ewbank, Manager of the Pier Restaurant, did not believe that the Food Truck would be serious competition to the brick and mortar businesses based on the “Pure Michigan” data. Pam Pfeifle, owner of the Island Bean, questioned the Food Truck’s menu. Hackl stated that it was their intent to make and sell lunches, not breakfast.

Councilperson Pfeifer stated that this issue needs more discussion and she was not ready to make a decision until she had time to study this issue. Mayor Dika stated that he believes that this request is a big jump from the current considerations.

Mike Naturkas, owner of the Stained Coffee Cup, stated that there is plenty of room downtown for another business to open a restaurant.

Mayor Dika stated that City Council has always been very restrictive with transient businesses. Smolinski stated that she was attending an Emmet County Planning forum in April. She would be happy to bring back any information on food trucks.

Brian Ewbank, Stafford’s Hospitality, stated that it was his belief that food trucks helped to draw people into town. Jeff Graham, owner of Turkeys, is concerned about the “Carnival Look” of Food Trucks.

Kathie Breighner, Vice-Chairperson of the DDA, stated that food trucks have been discussed at the DDA meetings. Everything that they have reviewed shows that food trucks do bring people to town.
City Manager Richards discussed the information and feedback that he has received at the Michigan Municipal League conferences. The presenters stated that food trucks have drawn people to the communities, not taken away business.

Mayor Dika stated that he would like to form a committee to provide feedback to the City Council on food trucks. He asked Councilperson Bugera, Smolinski and City Manager Richards to be members of the committee on food trucks.

Councilperson Bugera asked if the Etta's Kitchen Food Truck would be subject to the requirements of a vendor of the Farmers' Market. Both Kramer and Hackl stated that it would.

Shirley Snyder, representing the Wequetonsing Landowners Association, asked if food trucks would cause a restaurant not to open. There was no response.

Mayor Dika closed the discussion on this issue until the committee reported back to the City Council. Hackl thanked City Council for their consideration of his request.

5. City Manager's Report

A. City Hall Boiler Issues

City Manager Richards stated that the City Hall boiler has been having reliability issues during this difficult winter. There have been several days that the building has been without heat.

City Manager Richards stated that the boiler was installed during the building renovations in 2003. There has been a history of issues with the boiler reliability since the winter of 2004. This year there has been problems every month.

City Manager Richards stated that this year, the two heating contractors that have been working on the boiler have told the Staff that the boiler has serious problems. The boiler is leaking water, carbon monoxide and natural gas. Testing has shown that the leaks are not an immediate health or safety issue, but they do point to serious defects that need to be resolved.

City Manager Richards stated that based on the recommendations of the two trusted servicing technicians, he is recommending that the City seek proposals for a replacement boiler with a new high efficiency boiler that can provide the City with more reliability and reduce our energy costs and maintenance issues.

City Manager Richards stated that he intends to immediately develop a request for proposals and seek bids for replacement of the current boiler. City Council members discussed this issue briefly. It was their consensus that the City Manager should continue in the process to replace the current boiler as outlined.

B. Harbor Springs Masonic Lodge Request for the Use of the Tourist Park

City Manager Richards stated that the Harbor Springs Masonic Lodge has requested approval for the use of the Tourist Park for their breakfast fundraisers this summer in June, July, August and September. The actual dates requested were:

- Sunday, June 22nd,
- Sunday, July 20th,
- Sunday, August 17th, and,
- Sunday, September 21st.
It was the consensus of City Council to authorize the City Manager to approve the request of the Harbor Springs Masonic Lodge.

C. Collection Box for the Disc Golf Course

City Manager Richards stated that he received a suggestion from Gina Marchio, the Sk8 Park, Ice Rink and Sled Hill supervisor, to place a collection box for people to donate funds to the Disc Golf Course to help offset maintenance costs. City Council discussed this issue. It was their consensus to authorize the City Manager to approve the purchase and installation of the cash box, as proposed.

D. Police Equipment Purchases

City Manager Richards stated that the Police Department has requested to purchase approximately $4,500 worth of equipment from the contributed funds that are for the Police Department. The purchases proposed are:

a. A stair-stepper Bowflex exercise machine and dumbbells;
b. A refurbished Apple MacBook laptop computer for the “computer forensic investigations” involving Apple computers; and,
c. A flat screen TV and wall mount to replace the ten (10) year old TV for the viewing of on-line video training programs and the occasional monitoring of the local news and weather reports.

City Manager Richards stated that he believes these proposed purchases are justified and reasonable and recommends City Council approval. The consensus of City Council was to authorize the City Manager to approve the proposed purchases as presented.

E. Lobbying Efforts on Electric Issues

City Manager Richards stated that as a Director on the Michigan Municipal Electric Association (the “MMEA”) Board of Directors, he attended the National Association’s “Legislative Rally” in Washington, D. C. The purpose of the “Legislative Rally” was to focus on national legislative and regulatory issues for municipal electric utilities.

City Manager Richards stated that he, along with other Michigan utility managers, met with Senators Levin, Stabenow, Congressman Benishek and with other of the state’s Congressional Representatives and or their staff members representing legislative districts with public power utilities. Some of the issues discussed were:

a. Proposals to remove the tax-exempt status of municipal bonds, and the increased costs that would fall on residents of municipalities needing to bond for electric, sewer, water, and other infrastructure needs;
b. The need for more congressional oversight of the EPA to prevent unreasonable and unrealistic regulations that threaten to dramatically increase the cost of electric generation and reduce the ability to maintain older generation plants until an orderly transition can be made to more environmentally acceptable generation;
c. The need for more congressional oversight of the Federal Energy Regulatory Commission (FERC) and the National Electric Reliability Council (NERC) to ensure that over-regulation of transmission coordination and reliability standards will not lead to extreme cost increases without the anticipated results; and,
d. The need for a well-crafted national energy policy that avoids costly subsidies for certain renewable energy sources without adequately considering the need for balance, reliability and affordable electricity.
F. Asian Carp Response

City Manager Richards stated that Senator Levin responded to the “Resolution to Encourage the Federal and State Agencies to Stop the Asian Carp and other Invasive Species from Entering the Great Lakes”. Senator Levin’s letter promised that all is being done to keep the Asian Carp out of the Great Lakes and provided a summary of the monies spent and what is being done.

G. Standard and Poor’s Credit Rating for the City and their Rationale

City Manager Richards stated that he received a letter from Standard and Poor’s that stated they reduced the City’s credit rating from “AA+” to “AA”. Further, the City received the rationale today by e-mail. City Clerk McRae is reviewing the rationale to determine if the assumptions and findings are correct.

H. Absence

City Manager Richards stated that he will be on vacation from April 3rd through April 11th to visit his daughter, granddaughter and son-in-law.

6. Boards and Commissions

A. Appointments

Mayor Dika stated that he would like to reappoint Maddie Heinz to the Zoning Board of Appeals. Her current term ends in August of 2014. Her new term will expire August 1, 2017. There were no City Council objections to this appointment.

B. Zoning Board of Appeals (ZBA)

Mayor Dika stated that the next regularly scheduled ZBA meeting is scheduled for 5:30 p.m., Wednesday, April 9, 2014 in the City Council Chambers, City Hall, 160 Zoll Street, Harbor Springs, MI 49740.

C. DDA Board Meeting

Mayor Dika stated that the next DDA Board meeting scheduled for 8:00 a.m., Thursday, April 3, 2014 has been cancelled. The next DDA Board Meeting is scheduled for May 1, 2014 in the City Council Chambers, City Hall, 160 Zoll Street, Harbor Springs, MI 49740.

D. Planning Commission (PC)

Mayor Dika stated that the next PC meeting is scheduled for 6:00 p.m., Thursday, March 20, 2014 in the City Council Chambers, City Hall, 160 Zoll Street, Harbor Springs, MI 49740.

E. Next Council Meeting

City Council members considered the cancellation of the first City Council meeting in April. Due the unavailability of a quorum City Council members for the April 7, 2014 City Council meeting, it was the consensus of the City Council to cancel the City Council meeting.
The next regular City Council meeting is scheduled for 7:00 p.m., Monday, April 21, 2014. The City Council meeting will be held in the City Council Chambers, City Hall, 160 Zoll Street, Harbor Springs, MI 49740.

7. Old and New Business

None

8. Adjournment

With no further business, Mayor Dika adjourned the meeting at 8:20 p.m.

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Ronald B. McRae, City Clerk

Approved: April 21, 2014

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Alan J. Dika, Mayor