

April 18, 2016

Mayor Pfeifer called the eleventh meeting of the eighty-third 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

City Council:

Present: Pringle Pfeifer, Matt Bugera, John L. Cupps and Jeffrey V. James

Absent: Alan J. Dika

City Clerk McRae stated that a quorum was present.

Also Present: City Manager Thomas C. Richards, City Attorney James T. Ramer, Police Chief Daniel J. Branson, Assessor / Planning & Zoning Administrator C. Jeffrey Grimm, Director of the Department of Public Works Lucas VanderZee and City Clerk Ronald B. McRae

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#8343 – Motion by Cupps, second by James, to approve the minutes of the March 21, 2016 regular City Council Meeting as read.

Ayes – 4

Nays – 0

Motion carried.

B. Approval of Bills

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

<u>Voucher Number</u>	<u>To or For</u>	<u>Description</u>	<u>Fund</u>	<u>Amount</u>
8349	PAYROLL	P.P.E. 3/20/16	General	\$ 32,924.30
			Major St.	1,741.62
			Local St.	624.50
			Historical	560.88
			Electric	11,311.00
			Water & Sewer	7,237.27
			Waterfront	1,224.56
			Equipment	4,118.20
8350	WIRE	MPPA 3/23/16	Electric	\$ 24,824.31
8351	WIRE	MPPA 3/30/16	Electric	\$ 22,696.72

<u>Voucher Number</u>	<u>To or For</u>	<u>Description</u>	<u>Fund</u>	<u>Amount</u>
8352	A/P	NO COUNCIL 4/4/16	General	\$ 21,633.92
			Major St.	475.33
			Local St.	475.33
			Historical	189.36
			Electric	15,983.97
			Water & Sewer	29,301.73
			W.T. Water	5,812.96
			Waterfront	1,761.24
			Equipment	3,286.41
8353	WIRE	MPPA 4/6/16	Electric	24,011.10
8354	PAYROLL	P.P.E. 4/3/16	General	59,542.66
			Major St.	1,750.22
			Local St.	872.40
			Historical	560.88
			Electric	11,499.66
			Water & Sewer	5,430.42
			Waterfront	1,393.74
			Equipment	4,632.84
8355	WIRE	SALES TAX 3/31/16	General	4,320.98
			Electric	12,245.79
8356	WIRE	MPPA	Electric	38,042.67
8357	A/P	COUNCIL 4/18/16	General	20,254.03
			Major St.	15.54
			Local St.	7.78
			Historical	15.66
			DDA	89.70
			Electric	96,900.92
			Water & Sewer	28,206.02
			Waterfront	255.23
			Equipment	96,677.14

THEREFORE, BE IT RESOLVED that claims on vouchers 8349, 8350, 8351, 8352, 8353, 8354, 8355, 8356 and 8357 as checked by the Finance Committee, in the amount of \$592,908.99 be allowed for payment, and the Mayor and the City Manager are hereby authorized to execute warrants to be drawn on the following funds:

General	\$ 138,675.89
Major St.	3,982.71
Local St.	1,980.01
Historical	1,326.78
DDA	89.70
Electric	257,516.14
Water & Sewer	70,175.44
W.T. Water	5,812.96
Waterfront	4,634.77
Weatherbuoy	0.00
Equipment	108,714.59
Trust	0.00
Totals	<u>\$ 592,908.99</u>

#8344 - Motion by James, second by Cupps, to approve the bills in the amount of \$592,908.99.

Ayes – 4
Nays – 0

Motion carried.

3. Citizen Comments

Mike Naturkas, 181 E. Main St., discussed Ordinance No. 397. Naturkas stated that there should not be a \$350 charge for having tables and chairs outside of the buildings when there is no service to those customers sitting at those tables or in the chairs. He does agree to the \$350 charge where there is service provided outside. Naturkas further stated that customers of the Stained Coffee Cup are not the only ones that use the table and chairs. City Manager Richards reviewed the issue from the City's perspective. Councilperson Bugera discussed this issue, putting forth the concern of the food establishment owners. Councilperson James stated that he would like to review this issue at another City Council Meeting. Naturkas stated that he would do more research on this issue. There was no further action taken on this issue. Bill Brown, 629 East Main Street, asked when this issue would come back to City Council. Councilperson Cupps stated as early as next meeting or when Naturkas has completed his research.

City Attorney Ramer discussed Ordinance No. 397 with City Council. City Attorney Ramer stated that the Ordinance did not need to be amended if City Council chose to change the administration fee. That could be done by resolution.

Ward Walstrom, Walstrom Marine, stated that he sits on the Water Ways Commission. Walstrom reviewed the types of grants that the Waterways Commission can award. The grants appear to come in many forms and sizes. Discussion followed regarding the new requirement for a five year recreation plan to qualify for State of Michigan grants.

5. City Manager's Section

A. Administrative Ordinance No. 2016 - 1

City Manager Richards stated that City Attorney Ramer drafted Administrative Ordinance No. 2016 – 1 to address the request from Presbyterian Villages of Michigan, the Village of Hillside, for a payment in lieu of taxes (a "PiLoT"). City Manager Richards stated that City Council gave a provisional approval of a 0% PiLoT for the Village of Hillside, a senior citizen, low income housing unit.

City Attorney Ramer stated that the Administrative Ordinance No. 2016 – 1 provides the legal requirements of all parties and serves as an agreement between the Village of Hillside and the City. Further, City Attorney Ramer believes the Administrative Ordinance No. 2016 – 1 reflects the intent of City Council's preliminary approval.

City Manager Richards read an email from Councilperson Dika stating that he supports the adoption of this Ordinance.

#8345 – Motion by James, second by Cupps, to approve Administrative Ordinance No. 2016 – 1, which provides for the conditions and requirements to put the PiLoT in effect.

Ayes: James, Pfeifer, Bugera and Cupps
Nays: None
Absent: Dika

Motion carried.

B. Assessor's Report

City Manager Richards stated that the City Assessor Grimm was here to discuss the assessor's report for 2016. Grimm stated that the 2016 Assessment Roll for the City of Harbor Springs is completed, reviewed and acted upon by the Board of Review. Grimm stated that most of the parcels in the City received an increase of 0.3%, as determined by the State of Michigan. The 0.3% increase was on all parcels that did not transfer or have new construction. Grimm stated that the L – 4022 form on the assessed values reflected an increase from \$282,321,050 in 2015 to \$297,826,650 for 2016. Further, the L-4022 on Taxable Value reflects an increase from \$238,047,037 in 2015 to \$241,537,715 in 2016.

Grimm further discussed the sales study completed by the Equalization Department of Emmet County. Grimm discussed the Downtown Development Authority (the "DDA") District. The DDA District has a taxable value in the amount of \$32,225,876 for 2016. This amount is \$144,957 below the base year of 2014 for the Tax Increment Financing. This was caused by the Lyric Theater Building becoming tax exempt and the reduced value of the Juilleret Restaurant Building when it was assessed in December.

Grimm addressed the questions of the City Council. No further action was taken.

C. Harbor Springs Garden Club Contribution

City Manager Richards stated that the Harbor Springs Garden Club (the "Garden Club") usually comes to the City for a contribution to help them with the expenses of the replanting of the flower beds on City property. Typically, the City gives approximately \$1,000 for this request.

City Manager Richards stated that the Garden Club has received more monies some years for special projects that they may request to have funded. Last year the special project was the trellis on the exterior east wall of the City Hall to cover the stain.

Council discussed this issue with City Manager Richards. After the discussion, no further action was taken.

D. "Truth in Taxation" Public Hearing

City Manager Richards stated that the "Truth in Taxation" Public Hearing is required due to the possibility that Council would want to levy the maximum millage according to the Headlee Amendment, which would allow an additional \$21,908 for the Street Funds.

Mayor Pfeifer opened the "Truth in Taxation Public Hearing" at 7:55 p.m. to receive public comment on the millage rate to be levied.

Mayor Pfeifer did not receive any public comments.

Mayor Pfeifer closed the "Truth in Taxation Public Hearing" at 7:57 p.m.

E. Millage Rates for 2016

City Manager Richards stated that the Staff is recommending that City Council approve the Headlee Maximum millage rate of 6.0940 mills. This would cover the budgeted needs of the General Fund and provide an additional \$21,908 for the Street Funds.

City Manager Richards stated that the e-mail he received from Councilperson Dika recommended that Council approve the levy of the Headlee maximum millage rate of 6.0940 mills.

#8346 – Motion by James, second by Bugera, to approve the “Resolution to Establish the 2016 Millage Rate”, which authorizes the City Clerk/Comptroller/Treasurer to levy 6.0940 mills.

Ayes: Pfeifer, Bugera, Cupps and James
Nays: None
Absent: Dika

Motion carried.

F. Water Well Control System

City Manager Richards stated that Lucas VanderZee Director of the Department of Public Works has received bids on replacing the well control system from United Instrumentation Service (UIS) and Peerless. Peerless provided alternate bids, one for a radio system and another for a cellular system. The bids received were:

- \$64,435 from UIS;
- \$59,000 from Peerless (Peerless provides other well and pump services); and,
- \$53,000 from Peerless (cellular based system).

There is an annual fee of \$3,500 for the maintenance of the cellular system proposed by Peerless.

City Manager Richards stated that Smith Instruments (the City’s current provider) proposed a replacement system but does not offer SCADA (Supervisory Control Data Acquisition) which provides the level of monitoring and control the City should have. Further, the equipment proposed by Smith Instruments is essentially newer replacements of the unreliable system components the City currently uses.

City Manager Richards stated that Staff recommends that City Council accepts the UIS bid for the following reasons:

1. The system proposed is comprised of 100% Motorola components end to end and the system is infinitely expandable for future needs;
2. The systems recommended from Peerless are pieced together with equipment from four to five different manufacturers, placed on a panel and wired together; and,
3. United Instrumentation Services is located in Dexter Michigan and has many municipalities using their systems which include, Mackinaw City, Cheboygan, St. Ignace and Little Traverse Township. These neighboring municipalities highly recommend this solution.

City Manager Richards stated that the UIS Technology also provides the City with a solution for the sewer lift-station alarm system improvements, also approved in the 2016 Budget. The flexibility and expandability of the UIS System would enable the City to incorporate lift-station SCADA control and monitoring into the water control system. City Manager Richards stated that if the City coordinated the installation of both the water and sewer control and monitoring systems, the lift station improvements could be added at the cost of \$13,510, which is a savings of over \$4,000.

City Manager Richards stated that both upgrades would cost \$77,945. The 2016 Budget was \$88,000 for both the water and sewer upgrades. VanderZee addressed the concerns of City Council Members. Following the discussion, the following motion was offered:

#8347 – Motion by James, second by Cupps, to approve the purchase of the UIS controls and monitoring system at a cost of \$77,945 for both the wells and the lift stations.

Ayes – 4
Nays – 0

Motion carried.

G. Election Inspector Appointment Approval

City Manager Richards stated that he received a memorandum from City Clerk McRae requesting the approval of the Election Inspectors and the stipends they would receive for working the May 3, 2016 School Election.

It was the consensus of the City Council Members present to authorize the recommended election inspectors suggested by the City Clerk.

The following are the Election Inspectors for the May 3, 2016 School Election:

Morning Shift from 6:30 a.m. to 2:30 p.m.:

Robert Kieliszewski	Republican (Chairman and will work all day)
Patti Swiss	Democrat
Laura Kieliszewski	Republican

Afternoon Shift from 2:00 p.m. until the ballots are reconciled:

Madeline Heinz	Democrat
Marge Owen	Republican
Eleanor Cupps	Democrat

No further action was taken.

6. City Manager's Report

A. MPPA Board – Executive Committee

City Manager Richards stated that he attended the last MPPA Board Meeting by telephone while vacationing in Pittsburg, Pennsylvania. He was nominated and elected to serve on the MPPA's Executive Committee. There were no objections from City Council Members.

B. Peffer Street Drainage Project

City Manager Richards stated that the Peffer Street Drainage Project was scheduled to begin on Monday, April 25, 2016.

C. DPW – Electric Building Roofing Project

City Manager Richards stated that the DPW - Electric Building Project is scheduled to begin on Monday, April 25, 2016.

D. W. Fourth Street Tree Removal

City Manager Richards stated that a massive Cottonwood tree was cut and removed last week. The tree is partially on both private and public property. There is still thirty (30) feet of trunk to be removed. The trunk will require more equipment than the staff anticipated.

E. First Community Bank Building Project

City Manager Richards stated that construction equipment is on site and the replacement of the brick has begun by removing what is currently on the building.

F. CCE – Central Dispatch Board Meeting

City Manager Richards stated that due to the construction project at the Dispatch Center, the Board will hold their April meeting in the City Council Chambers of the Harbor Springs City Hall on Wednesday, April 20, 2016 at 3:00 p.m.

G. Upcoming Board and Commission Meetings

City Manager Richards stated that the following meetings are scheduled:

- The DDA/PSD Board will be meeting at 8:00 a.m., Tuesday, April 19, 2016, in the City Council Chambers.
- The Zoning Board of Appeals will be meeting at 5:30 p.m., Wednesday, May 11, 2016, in the City Council Chambers.
- The Planning Commission will be meeting at 6:00 p.m., Thursday, May 19, 2016, in the City Council Chambers.

H. Department Report

City Manager Richards stated that the Electric Department Report is in the City Council packets for review.

7. Appointments

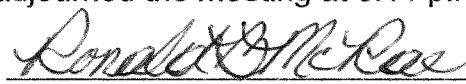
Mayor Pfeifer stated that she had no appointments to make this evening.

8. City Council New and Old Business

Councilperson Cupps asked what the status was on the replacement of the Church sign. City Manager Richards stated that he has not had the opportunity to contact the churches yet.


9. Adjournment

With no further business, Mayor Pfeifer adjourned the meeting at 8:11 p.m.



Ronald B. McRae, City Clerk

Approved: April 18, 2016



Pringle Pfeifer, Mayor

**ADMINISTRATIVE ORDINANCE 2016-1
TAX EXEMPTION ORDINANCE**

An Ordinance to provide for a service charge in lieu of taxes for a housing project for low income seniors to be financed with an Authority-aided Mortgage Loan (as defined below) pursuant to the provisions of the State Housing Development Authority Act of 1966 (1966 PA 346, as amended; MCL 125.1401, *et seq*) (the "Act").

WHEREAS, the City Council of the City of Harbor Springs determined that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its low income seniors and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the Act; and,

WHEREAS, the City is authorized by the Act to establish or change a service charge to be paid in lieu of taxes by any or all classes of housing exempt from taxation under this Act in any amount it chooses, not to exceed the taxes that would be paid but for this Act; and,

WHEREAS, the City Council acknowledges that providing housing for low income seniors is a public necessity, and as the City will be benefited and improved by such housing, and that the encouragement of the same by providing real estate tax relief for such housing is a valid public purpose;

WHEREAS, the City Council acknowledges that the Sponsor (as defined below) has offered, subject to receipt of a Mortgage Loan from the Michigan State Housing Development Authority, to construct/acquire and rehabilitate, own and operate a housing project identified as Village of Hillside, Phase I on certain property located at 305 W. Main Street (Parcel ID: 51-15-13-153-029) in the City to serve low income seniors (the "Project"), and that the Sponsor has asked the City to accept an annual service charge of zero (\$0.00) dollars for public services in lieu of all *ad valorem* property taxes; and,

WHEREAS, the City Council finds that the adoption of the within Ordinance is necessary for the health, safety and welfare of the City of Harbor Springs.

NOW, THEREFORE, THE CITY OF HARBOR SPRINGS ORDAINS:

Section 1 Definitions.

- A. **Authority** means the Michigan State Housing Development Authority.
- B. **Annual Shelter Rent** means the total collections during an agreed annual period from or paid on behalf of all occupants of a housing project representing rent or occupancy charges, exclusive of Utilities.
- C. **Contract Rents** means the total Contract Rents (as defined by the U.S. Department of Housing and Urban Development in regulations promulgated pursuant to Section 8 of the U.S. Housing Act of 1937, as amended) received in connection with the operation of a housing project during an agreed annual period, exclusive of Utilities.
- D. **Mortgage Loan** means any of the following:
 - (i) A loan or grant made or to be made by the Authority to the Sponsor for the construction, rehabilitation, acquisition and/or permanent financing of the housing project, and secured by a mortgage on the housing project;
 - (ii) A mortgage insured, purchased, or held by the Secretary of the Department of Housing and Urban Development ("HUD") or United States Department of Agriculture – Rural Development ("USDA-RD");