

December 19, 2016

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

1. Roll Call and Verification of Quorum

City Council:

Present: William M. Brown Jr, Matthew Bugera, John L. Cupps, Jeffrey V. James, Pringle Pfeifer

Deputy City Clerk Main stated that a quorum was present.

Also Present: City Manager Thomas C. Richards, City Attorney James T. Ramer, Police Chief Daniel J. Branson, Deputy City Clerk Michelle R. Main, and incoming City Clerk Nick Whitaker

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#8422 – Motion by James, second by Cupps to approve the minutes of the December 5, 2016 regular City Council Meeting as read, and the December 12, 2016 special City Council Meeting as read.

Ayes – 5
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>Description</u>	<u>Payment to or for</u>	<u>Fund</u>	<u>Amount</u>
8441	Wire	MPPA 12/07/16	Electric	\$28,334.36
8442	Wire	Sales Tax 11/30/16	General	\$4,724.73
			Electric	\$10,494.67
8443	Wire	MPPA 12/14/16	Electric	\$46,983.35
8444	Payroll	P.P.E. 12/11/16	General	\$35,655.81
			Major St.	\$1,476.44
			Local St.	\$858.43
			Historical	\$560.88
			DDA	\$0.00
			Electric	\$11,911.09
			Water/Sewer	\$4,644.70
			Waterfront	\$1,329.50
			Equipment	\$5,077.53

8445	Council	A/P 12/19/16	General	\$60,044.72
			Major St.	\$17.98
			Local St.	\$17.98
			Historical	\$164.43
			DDA	1,250.00
			Electric	\$131,884.37
			Water/Sewer	\$8,359.09
			W.T. Water	\$0.00
			Waterfront	\$10,498.16
			Equipment	\$5,889.64

BE IT RESOLVED that claims on vouchers 8441, 8442, 8443, 8444, and 8445 as checked by the Finance Committee, in the amount of \$370,177.86 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	\$100,425.26
Major St.	1,494.42
Local St.	876.41
Historical	725.31
DDA	1,250.00
Electric	229,607.84
Water/Sewer	13,003.79
Waterfront	11,827.66
Equipment	10,967.17
Totals	<u>\$370,177.86</u>

#8423 - Motion by Bugera, second by Pfeifer, to approve the bills in the amount of \$370,177.86

Ayes – 5
 Nays – 0

Motion carried.

3. Citizen Comments

Resident Judy Brock asked Council if they had information to share about how the December 11, 2016 Boyne Highlands structure fire started. Councilperson Cupps stated they had no information about the cause of the fire and that it was still under investigation.

4. City Manager's Section

A. Consideration of Resolution to Amend the 2016 City Budget

City Manager Richards presented City Council with the proposed Resolution to Amend the 2016 Budget and Financial Plan Document as shown. City Manager Richards explained that the document indicates, by individual line item, the associated increased or decreased budget amount, as well as the final amended amount for that item. Council Person James asked about the Contractual Services line item. City Manager Richards explained that Contractual Services often times is related to a service obtained by an outside vendor or contractor to perform a service on behalf of the City.

#8424 - Motion by James, second by Pfeifer, to approve the "Resolution to Approve the Amended 2016 Budget and Financial Plan" document as presented

Ayes – Cupps, Pfeifer, Brown, Bugera, and James
Nays – 0

Motion carried.

B. Consideration of Resolution to Adopt the 2017 City Budget and Financial Plan

City Manager Richards presented City Council with the proposed Resolution to Adopt the 2017 City Budget and Financial Plan Document as shown, and as presented to City Council at the Special Meeting and Public Hearing of December 12, 2016. The document shows the beginning fund balance, revenues in, expenses out, and the ending fund balance for each of the City's funds. Councilperson James suggested that the budgeted amount for sewer separators be shared by the Waterfront fund and the General fund. City Manager Richards further discussed the allocation of those budgeted dollars and explained that that the budget sets forth the City's spending plan and its subsequent allocation. City Manager Richards suggested a future policy discussion by the Harbor Commission and City Council and determine further direction pertaining to the allocation of the budgeted items in question. Council further discussed, and agreed, that approval of the 2017 Budget as presented was the appropriate course of action at this time and further agreed with City Manager Richards suggestion for a future dialogue.

#8425 - Motion by James, second by Pfeifer, to approve the "Resolution to Approve the 2017 Budget and Financial Plan" document as presented

Ayes – Brown, Bugera, James, Cupps, and Pfeifer
Nays – 0

Motion carried.

C. Consideration of Resolution to Adopt the 80/20 Health Care Sharing Option

City Manager Richards explained the need for the resolution pertaining to the 80/20 premium cost share, in particular, that the City has progressively worked towards an 80/20 cost sharing (in 5% increments over the years) between the Employee and Employer regarding healthcare insurance premiums. City Manager Richards further explained the 2011 Bill passed by the State of Michigan to require Municipalities to properly manage employer provided healthcare costs setting forth three options for healthcare management options. The Resolution as presented is compliant with the State of Michigan's Public Act 152 and with the City employee's bargaining units.

#8426 - Motion by Cupps, second by Bugera, to approve the "Resolution to Authorize the Healthcare Insurance Premium Cost Share Between the City of Harbor Springs and Its Employees" pursuant to public Act 152 of 2011.

Ayes – 5
Nays – 0

Motion carried.

D. Consideration of Resolution to approve the change in the Municipal Employee's Retirement System contribution

City Manager Richards presented to City Council the Resolution pertaining to the proposed change in the MERS contribution amounts; the resolution is done annually in response to the

findings of the MERS actuarial report and its projections for the recommended minimum payment to maintain the City's retirement system.

#8427 - Motion by James, second by Cupps, to approve the "Resolution to Approve the Change for the Employee's Retirement Contribution Effective January 1, 2017.

Ayes – 5
Nays – 0

Motion carried.

E. Proposed Schedule of 2017 City Council Meetings

City Manager Richards presented the proposed 2017 City Council Meeting Schedule for discussion and approval. City Manager Richards further explained that City Council meetings are scheduled for the first and third Monday of each month, however, due to the observances of New Year's Day, Labor Day, and Independence Day, the following changes were made to the schedule:

Monday, January 2, 2017 meeting changed to Tuesday, January 3, 2017;
Monday, September 4, 2017 meeting changed to Tuesday, September 5, 2017, and;
Monday, July 3, 2017 meeting changed to Wednesday, July 5, 2017.

In addition, City Manager Richards stated that the meeting scheduled for the first Monday in April typically falls during the Spring Break period and asked council for a recommendation on whether they would like to schedule the meeting and cancel it at a later date or cancel the meeting and schedule a special meeting should the necessity to hold a meeting during that time period arise. Council discussed and, by consensus, agreed to the proposed changes to the schedule of meetings relative to the Holiday observances as indicated, and, to the cancellation of the meeting of Monday, April 3, 2017.

F. Forest Beach Water Main Replacement

City Manager Richards explained that the Forest Beach Water Main replacement project was planned and budgeted for 2016, however, when bids were received, the overall cost was significantly higher than originally planned due to a variety of factors. Alternative options were researched in 2016 and the MDEQ (Michigan Department of Environmental Quality) authorized the newly proposed plan. The estimates received from the engineer for the proposed new plan were lower than the bids, however, due to the slope and narrowness of the road and other factors related to working on a bluff side location the entire project cost is still higher than originally planned, however lower than bids received in 2016. City Manager Richards recommended to City Council that the City proceed with the plan by accepting the bid from MDC, as presented to City Council. By consensus, Council approved accepting the MDC bid.

5. Manager's Report

A. November 2016 General Election Recount Update

City Manager Richards explained that the Confined Animal Enclosure ballot proposal recount scheduled for the morning of December 19, 2016 at the Emmet County Board of Canvassers was not completed. City Manager Richards further explained that the recount was halted upon the Board of Canvassers preliminary inspection of the ballot canister, the board identified a defect in security of ballot canister, in spite of the evidence that the ballot canister had not been opened and the sealed ballot bag had not been accessed or unsealed. City Manager Richards read a prepared press release related to the recount. City Manager Richards then asked City Council and anyone in attendance if there were any questions related to the recount.

Resident Judy Brock asked how the status of the City's ballot canister would have been considered in the event of a Presidential recount, which was originally anticipated. City Manager

Richards explained that the City of Harbor Springs, and many other communities using similar ballot canisters, would have all been in the same position and therefore not been eligible for a recount; therefore, the reported vote results would stand.

Mayor Brown asked about the status of the canister and its potential replacement or repair for future elections. City Manager Richards assured City Council and the public that the ballot canister would be replaced for future elections.

6. Boards and Commissions

A. Appointments

None

7. New and Old Business

None


8. Next Meeting

City Manager Richards stated the next regular City Council Meeting is scheduled for 7:00 p.m., Tuesday, January 3, 2017.

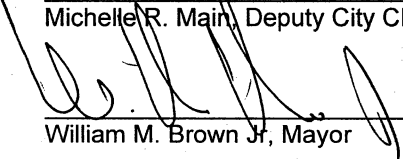
9. Adjournment

With no further business, Mayor Brown adjourned the meeting at 7:41p.m.

Approved: January 3, 2017



Michelle R. Main, Deputy City Clerk



William M. Brown Jr, Mayor

Attachments page
Resolutions re: motion #'s 8424, 8425, 8426, 8427

CITY OF HARBOR SPRINGS

RESOLUTION TO ADOPT THE 2016 AMENDED FINANCIAL PLAN AND BUDGET DOCUMENT

WHEREAS, in accordance with provisions of Section 8.12 of the revised City Charter of the City of Harbor Springs, the City Manager has submitted to the City Council a revised estimate of revenues, transfers and expenditures for the Fiscal Year Ending December 31, 2016; and

WHEREAS, it is the opinion of the City Council these fund budgets, as adopted, be amended to comply with the Uniform Budget Act, as amended.

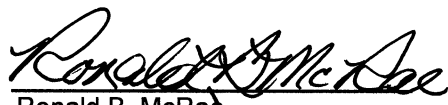
NOW THEREFORE BE IT RESOLVED, That the following schedule of operating revenues, transfers and expenditures be amended as follows:

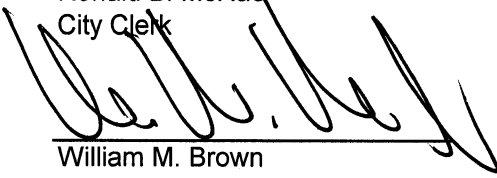
Fund Name	Original Budget	Increase (Decrease)	Amended Budget
General Fund No. 101:			
Beginning Unreserved Fund Balance	2,212,800	0	2,212,800
Projected Revenues and Transfers-In	2,509,500	50,500	2,560,000
Projected Expenses and Transfers-Out	2,501,500	(5,400)	2,496,100
Projected Ending Fund Balance	<u>2,220,800</u>	<u>55,900</u>	<u>2,276,700</u>
Major Street Fund No. 202:			
Beginning Unreserved Fund Balance	132,800	0	132,800
Projected Revenues and Transfers-In	146,600	6,700	153,300
Projected Expenses and Transfers-Out	183,700	(38,000)	145,700
Projected Ending Fund Balance	<u>95,700</u>	<u>44,700</u>	<u>140,400</u>
Local Street Fund No. 203:			
Beginning Unreserved Fund Balance	183,600	0	183,600
Projected Revenues and Transfers-In	106,800	33,700	140,500
Projected Expenses and Transfers-Out	109,000	(12,000)	97,000
Projected Ending Fund Balance	<u>181,400</u>	<u>45,700</u>	<u>227,100</u>
Historical Fund No. 251:			
Beginning Unreserved Fund Balance	78,800	0	78,800
Projected Revenues and Transfers-In	51,900	(400)	51,500
Projected Expenses and Transfers-Out	51,900	(4,300)	47,600
Projected Ending Fund Balance	<u>78,800</u>	<u>3,900</u>	<u>82,700</u>
Downtown Development Authority Fund No. 299:			
Beginning Unreserved Fund Balance	17,100	0	17,100
Projected Revenues and Transfers-In	25,900	37,100	63,000
Projected Expenses and Transfers-Out	17,900	14,000	31,900
Projected Ending Fund Balance	<u>25,100</u>	<u>23,100</u>	<u>48,200</u>

Fund Name	Original Budget	Increase (Decrease)	Amended Budget
Electric Fund No. 582:			
Beginning Unreserved Fund Balance	3,320,500	0	3,320,500
Projected Revenues and Transfers-In	4,515,400	(155,400)	4,360,000
Projected Expenses and Transfers-Out	4,518,400	(625,700)	3,892,700
Projected Ending Fund Balance	<u>3,317,500</u>	<u>470,300</u>	<u>3,787,800</u>
Water and Sewer Fund No. 592:			
Beginning Unreserved Fund Balance	1,304,800	0	1,304,800
Projected Revenues and Transfers-In	2,030,600	114,000	2,144,600
Projected Expenses and Transfers-Out	1,904,500	(177,300)	1,727,200
Projected Ending Fund Balance	<u>1,430,900</u>	<u>291,300</u>	<u>1,722,200</u>
Waterfront Fund No. 594			
Beginning Unreserved Fund Balance	509,600	0	509,600
Projected Revenues and Transfers-In	421,500	(26,700)	394,800
Projected Expenses and Transfers-Out	482,000	(53,100)	428,900
Projected Ending Fund Balance	<u>449,100</u>	<u>26,400</u>	<u>475,500</u>
Equipment Fund No. 661			
Beginning Unreserved Fund Balance	997,400	0	997,400
Projected Revenues and Transfers-In	464,900	78,200	543,100
Projected Expenses and Transfers-Out	436,700	18,200	454,900
Projected Ending Fund Balance	<u>1,025,600</u>	<u>60,000</u>	<u>1,085,600</u>

This Resolution was approved at the regular meeting of the Harbor Springs City Council held on Monday, December 19, 2016, on a motion offered by Jeffrey V. James, second by Pringle Pfeifer, and by the following vote:

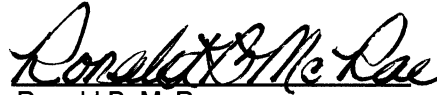
Ayes: 5
Nays: 0
Absent: none


Ronald B. McRae
City Clerk


William M. Brown
Mayor

2016 Amended Budget Resolution
City Clerk's Affirmation of Adoption
December 19, 2016

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Harbor Springs at a regular meeting held on December 19, 2016, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the "Open Meetings Act", being Public Act 267, Public Acts of Michigan, 1976, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

A handwritten signature in black ink, appearing to read "Ronald B. McRae". The signature is written in a cursive style with a horizontal line underneath the name.

Ronald B. McRae
City Clerk

CITY OF HARBOR SPRINGS

RESOLUTION TO ADOPT THE 2017 FINANCIAL PLAN AND BUDGET DOCUMENT

WHEREAS, In accordance with provisions of Sections 8.10 and 8.11 of the revised City Charter of the City of Harbor Springs, the City Manager has submitted to the City Council an estimate of revenues, transfers and expenditures for the Fiscal Year Ending December 31, 2017; and

WHEREAS, It is the opinion of the City Council these fund budgets, as adopted, comply with the Uniform Budget Act, as amended.

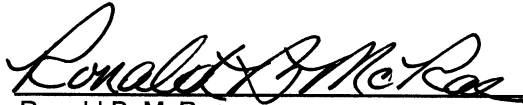
NOW THEREFORE BE IT RESOLVED, That the following schedule of operating revenues, transfers and expenditures be adopted as follows:

Fund Name	2017 Budget
General Fund No. 101:	
Beginning Unreserved Fund Balance	2,276,700
Projected Revenues and Transfers-In	2,617,000
Projected Expenses and Transfers-Out	2,569,600
Projected Ending Fund Balance	<u>2,324,100</u>
Major Street Fund No. 202:	
Beginning Unreserved Fund Balance	140,400
Projected Revenues and Transfers-In	146,500
Projected Expenses and Transfers-Out	183,000
Projected Ending Fund Balance	<u>103,900</u>
Local Street Fund No. 203:	
Beginning Unreserved Fund Balance	227,100
Projected Revenues and Transfers-In	106,800
Projected Expenses and Transfers-Out	152,500
Projected Ending Fund Balance	<u>181,400</u>
Historical Fund No. 251:	
Beginning Unreserved Fund Balance	82,700
Projected Revenues and Transfers-In	33,300
Projected Expenses and Transfers-Out	33,300
Projected Ending Fund Balance	<u>82,700</u>
Downtown Development Authority Fund No. 299	
Beginning Unreserved Fund Balance	48,200
Projected Revenues and Transfers-In	54,100
Projected Expenses and Transfers-Out	54,100
Projected Ending Fund Balance	<u>48,200</u>

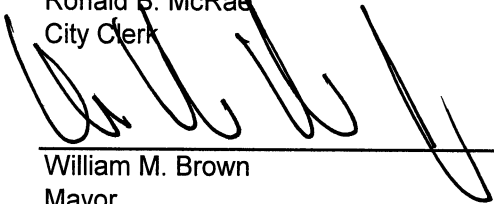
Fund Name	2017 Budget
Electric Fund No. 582:	
Beginning Unreserved Fund Balance	3,787,800
Projected Revenues and Transfers-In	4,526,200
Projected Expenses and Transfers-Out	3,835,000
Projected Ending Fund Balance	<u>4,479,000</u>
Water and Sewer Fund No. 592:	
Beginning Unreserved Fund Balance	1,722,200
Projected Revenues and Transfers-In	2,122,500
Projected Expenses and Transfers-Out	2,025,000
Projected Ending Fund Balance	<u>1,819,700</u>
Waterfront Fund No. 594:	
Beginning Unreserved Fund Balance	475,500
Projected Revenues and Transfers-In	423,800
Projected Expenses and Transfers-Out	496,800
Projected Ending Fund Balance	<u>402,500</u>
Equipment Fund No. 661:	
Beginning Unreserved Fund Balance	1,085,600
Projected Revenues and Transfers-In	488,400
Projected Expenses and Transfers-Out	494,100
Projected Ending Fund Balance	<u>1,079,900</u>

This Resolution was approved at the regular meeting of the Harbor Springs City Council held on Monday, December 19, 2016, on a motion offered by Jeffrey V. James, second by Pringle Pfeifer, and by the following vote:

Ayes: 5
 Nays: 0
 Absent: none



 Ronald B. McRae
 City Clerk



 William M. Brown
 Mayor

2017 Budget Resolution
City Clerk's Affirmation
December 19, 2016

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Harbor Springs at a regular meeting held on December 19, 2016, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the "Open Meetings Act", being Public Act 267, Public Acts of Michigan, 1976, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

A handwritten signature in black ink, appearing to read "Ronald B. McRae", written over a horizontal line.

Ronald B. McRae
City Clerk

City of Harbor Springs

160 Zoll Street * Post Office Box 678
Harbor Springs, Michigan 49740-0678
Phone: (231) 526-2104 Fax: (231) 526-6865
www.cityofharborsprings.com

Thomas C. Richards, City Manager
Ronald B. McRae, City Clerk/Comptroller/Treasurer
Daniel J. Branson, Chief of Police
Lucas VanderZee, Director of the Department of Public Works
Dennis A. Kruzel, Director of Electric Distribution
C. Jeffrey Grimm, Assessor / Planning & Zoning Administrator

William M. Brown, Mayor
Matthew Bugera, Mayor Pro-tem
John L. Cupps, Council Member
Jeffrey V. James, Council Member
Pringle Pfeifer, Council Member

RESOLUTION

TO AUTHORIZE THE HEALTHCARE INSURANCE PREMIUM COST SHARE BETWEEN THE CITY OF HARBOR SPRINGS AND ITS EMPLOYEES PUBLIC ACT 152 OF 2011 December 19, 2016

WHEREAS, the City of Harbor Springs (the "City") is a Public Employer as defined in Section 2(f) of Public Act 152 of 2011 (the "Act"); and,

WHEREAS, the City Council is the governing body of the City, as referred to in Section 8 of the Act; and,

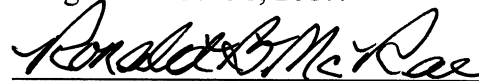
WHEREAS, the City is subject to the requirements of the Act limiting expenditures for medical benefit plans for its employees; and,

WHEREAS, the City Council has reviewed the terms of the Fraternal Order of Police Labor Council (FOP) Agreement and the terms of the International Brotherhood of Electrical Workers (IBEW), Local 876, Agreement; and,

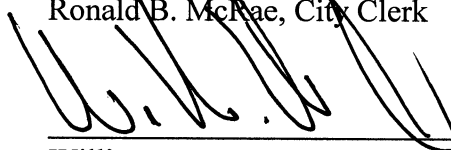
WHEREAS, The City Council has considered the effects of meeting the requirements of Section 3 of the Act would have on the above referenced Agreements; and,

WHEREAS, the City Council has reviewed the requirements of Section 4(2) of the Act to determine the appropriate steps for the City to share the healthcare premiums with its employees on an 80% employer cost and a 20% employee cost.

NOW THEREFORE BE IT RESOLVED that the City Council, pursuant to Section 8 of the Act, will share the cost of its healthcare premiums with its employees on an eighty (80) percent cost for the employer and a twenty (20) percent cost for the employees for the City's fiscal year ending December 31, 2017.



Ronald B. McRae, City Clerk



William M. Brown, Mayor

Resolution of Exemption from Public Act 152

December 19, 2016

Page 2

CERTIFICATION

I, Ronald B. McRae, City Clerk, do hereby certify that this Resolution was approved by a vote of the City Council at a regular City Council meeting held on December 19, 2016, pursuant to Public Act 267 of 1976 (the "Open Meetings Act") as amended, on a motion offered by John L. Cupps, second by Matthew Bugera, with the following vote:

Ayes: 5

Nays: 0

Absent: none

Dated: 12/19/16


Ronald B. McRae, City Clerk

City of Harbor Springs

160 Zoll Street * Post Office Box 678
Harbor Springs, Michigan 49740-0678
Phone: (231) 526-2104 Fax: (231) 526-6865

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Daniel J. Branson, Chief of Police
Lucas VanderZee, Director of the DPW
Dennis A. Kruzel, Electric Director of Electric Distribution
C. Jeffrey Grimm, City Assessor / Planning & Zoning Administrator

William M. Brown \ Mayor
Matthew Bugera, Mayor Pro-tem
Pringle Pfeifer, Council Member
John L. Cupps, Council Member
Jeffrey V. James, Council Member

RESOLUTION TO APPROVE A CHANGE FOR THE EMPLOYEES' RETIREMENT CONTRIBUTION EFFECTIVE JANUARY 1, 2017

WHEREAS, The City of Harbor Springs (City) has been notified by the Municipal Employees' Retirement System of Michigan (MERS) that the Employer's Retirement Contribution shall be decreased from 10.92% of gross payroll to 10.61% of gross payroll; and


WHEREAS, The City's Bargaining Unit Contracts and the Non-Union Personnel Agreement require that the Employees of the City shall hold the City harmless from any Retirement Contribution required over 11.0% of gross wages; and

WHEREAS, The Employees' Retirement Contributions shall be considered .84% of the Employer's Retirement Contribution based upon the most recent Actuarial Report.

NOW THEREFORE BE IT RESOLVED THAT, The Employees' Retirement Contribution Rate shall be changed from 7.36% of gross payroll in 2016, to 6.90% of gross payroll, effective on all payroll checks issued on or after January 1, 2017.



Ronald B. McRae, City Clerk



William M. Brown, Mayor

Resolution to Approve a Change for the Employees Retirement Contribution for 2017
City Clerk Affirmation of Approval
December 14, 2016
Page 2

I, Ronald B. McRae, City Clerk of the City of Harbor Springs, do hereby certify that this resolution was approved at the December 19, 2016 regular meeting of the Harbor Springs City Council, held under the provisions of Public Act 267 of 1976 (The Open Meetings Act), as amended, on a motion by Jeffrey V. James, second by John L. Cupps, with the following vote:

Ayes: 5

Nays: 0

Absent: none


Ronald B. McRae, City Clerk