

January 18, 2016

Mayor Pfeifer called the sixth 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, Alan J. Dika and Jeffrey V. James

Absent: None

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 and City Clerk Ronald B. McRae

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#8316 – Motion by James, second by Bugera, to approve the minutes of the January 4, 2016 regular 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>To or For</u>	<u>Description</u>	<u>Fund</u>	<u>Amount</u>
8316	WIRE	MPPA 12/31/15	Electric	24,781.62
8317	WIRE	MPPA 12/24/15	Electric	\$ 24,803.15
8318	WIRE	MPPA 1/5/16	Electric	\$ 26,319.99
8319	A/P	Payouts 12/16-12/31/15	Trust	\$ 949,506.11
8320	WIRE	Sales Tax	General Electric	\$ 4,420.85 11,796.51
8321	WIRE	MPPA 1/13/16	Electric	\$ 37,024.93
8322	Payroll	P.P.E. 1/10/16	General Major St. Local St. Historical Electric	\$ 48,074.79 2,138.18 1,313.09 560.98 15,776.61

<u>Voucher Number</u>	<u>To or For</u>	<u>Description</u>	<u>Fund</u>	<u>Amount</u>
			Water & Sewer	6,750.87
			Waterfront	573.30
			Equipment	3,825.56
8323	A/P	Council 1/18/16	General	\$ 21,309.87
			Major St.	326.15
			Local St.	326.15
			Historical	108.05
			DDA	612.10
			Electric	190,771.02
			Water & Sewer	17,052.48
			Waterfront	4,523.54
			Equipment	6,305.38

THEREFORE, BE IT RESOLVED that claims on vouchers 8316, 8317, 8318, 8319, 8320, 8321, 8322 and 8323 as checked by the Finance Committee, in the amount of \$1,399,001.28 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	\$ 73,805.51
Major St.	2,464.33
Local St.	1,639.24
Historical	669.03
DDA	612.10
Electric	331,273.83
Water & Sewer	23,803.35
Waterfront	5,096.84
Equipment	10,130.94
Trust	949,506.11
Totals	\$1,399,001.28

#8317 - Motion by James, second by Cupps, to approve the bills in the amount of \$1,399,001.28.

Ayes – 5
 Nays – 0

Motion carried.

3. Citizen Comments

Janice Elliot, 490 Center Street, stated that she would like the Council members to have their personal e-mail addresses displayed on the City of Harbor Springs' (the "City's") web page. Council Member Cupps stated that he did not have an e-mail address and would prefer not having his face on everyone's face book. Councilperson Dika stated that this was the first time that Council members have received this request. He would prefer that everyone go through the City's webpage through a link. Further, both the City Manager and the City Clerk are very good at getting messages to the Council members. Councilperson Bugera would prefer that he not have his personal e-mail address on the internet because he does not want all of the junk mail and spam that comes with it.

Elliot stated that other communities have their Council members contact information on their communities' web pages. Jody Ewbank, Manager of the Pier Restaurant, stated that by having the contact information on the City's web page there is more transparency. Tim Fletcher-Rice, 605 East Main Street, offered advice on how the City's IT person could set up the links to the Council members.

City Manager Richards stated that all of the messages for City Council members are passed to the City Council members. Maddie Heinz, 545 East Main Street, stated that she never had a problem contacting anyone. Judy Brock, 1185 Hideaway, Little Traverse Township, stated that her e-mail address is public. No one has a problem contacting her.

The consensus of City Council was to continue as they have been doing. City Manager Richards stated that he would contact each councilperson and set up a website email link for all members who desired one.

4. City Manager's Section

A. Authorization to Purchase Generating Capacity through the MPPA

City Manager Richards stated that since the Michigan Public Power Agency (the "MPPA") Power Pool was dissolved in 2010, City Council has reviewed and approved bulk power purchases through the MPPA's Energy Services Committee. Along with the City's ownership entitlements in generating plants, this strategy was adopted as the City's current model of using long term strategic purchases from third party providers in the bulk power marketplace to help stabilize power costs for the City.

City Manager Richards stated that through previous contracts, the City has committed to a portion of its capacity purchases through 2025. City Manager Richards stated that there are nine (9) electric generating plants scheduled to be closed in Michigan in 2016. The reason for the closures is primarily due to the high cost of complying with strict new mercury emissions regulations. It is widely recognized that the cost of generation will be rising to a much higher level as more utilities build new generation facilities to replace the plants closing.

City Manager Richards stated that capacity purchases have been a relative bargain for the past several years with pricing in the \$2.00 to \$4.00 per kilowatt – month range compared to the \$9 per kilowatt – month that the City experienced prior to 2010. The City's most recent capacity purchases have been in the \$4.00 to \$4.80 per kilowatt – month range. The MPPA Staff recommends that the member utilities make capacity purchases beyond the current traditional five to ten year horizon. It is thought that these purchases will help insulate the City from dramatic increases as a result of the generation plant closings and higher capacity costs for the new generation plants.

City Manager Richards stated that the MPPA Staff recommends that the City authorize the purchase of 3,500 kilowatt – month for the years 2020 to 2030, which is a conservative capacity need projection. The MPPA Staff recommends that the City authorize them to negotiate purchases up to \$4.00 per kilowatt – month maximum price.

City Manager Richards stated the maximum cost of the recommended commitment over the length of the contract would be \$1,680,000. Further, the City would maintain a very balanced portfolio of energy sources. City Council's authorization to have the MPPA's "Letter of Authorization" signed should include the City Manager's authorization to execute the "Letter of Authorization".

Council members briefly discussed the proposed purchases with City Manager Richards. After the discussion, the following motion was offered:

#8318 – Motion by James, second by Cupps, to authorize the MPPA Staff to negotiate the purchase of capacity for the years 2020 to 2030; and further, authorize the City Manager to execute the “Letter of Authorization”.

Ayes – 5
Nays – 0

Motion carried.

B. Purchase of a Tractor to Replace the 2003 Kubota Tractor

City Manager Richards stated that the 2003 Kubota Tractor is wearing out fast and needs to be replaced. City Manager Richards discussed the process that the DPW went through to select the replacement tractor. The Kubota F3990 was recommended to replace the 2003 Kubota by the DPW Staff.

City Manager Richards stated that the implements used by the 2003 Kubota would fit the new Kubota F3990, plus some of the implements need replacing. Two bids were received to purchase the Kubota F3990, a 39 horsepower tractor and cab, and the following implements:

- A 51 inch snow blower;
- A 72 inch mower;
- A debris blower; and,
- A power broom.

The two bids received were from Ginop Sales in the amount of \$33,261 and from Skinner’s Equipment in the amount of \$34,149. Both bids were below the budgeted price of \$35,000.

#8319 – Motion by Cupps, second by James, to purchase the proposed Kubota Tractor, F3990, and implements for the bid price of \$33,261 from Ginop Sales in Alanson.

Ayes – 5
Nays – 0

Motion carried.

C. Legal Opinion for a Ballot Question on the Closure of the Deer Park

City Manager Richards stated that the legal opinion from City Attorney, James T. Ramer, is that City Council can put the ballot question on the ballot. City Manager Richards stated that the November General Election in 2016 would be the election which would have the most representative vote from the voters in the City of Harbor Springs. Further, the ballot question, as proposed by the City Attorney is a legislative question, not an advisory question. There can be no advisory questions pursuant to the City Charter.

Each Council member was asked to give their thought on placing the question on the ballot.

Judy Brock, 1185 Hideaway Valley, stated that she had more signatures and correspondence for City Council. She stated that the “Close the Harbor Springs Deer Park Committee” has now turned in 536 names.

It was the consensus of the City Council to place the question on the ballot for the November General Election.

#8320 – Motion by Dika, second by Cupps, to approve the ballot language proposed by the City Attorney and direct the City Clerk to have the proposed ballot question to close the Deer Park on the November 8, 2016 General Election Ballot.

Ayes – 5 4
Nays – 0 1



Motion carried.

D. Little Traverse Triathlon

City Manager Richards stated that he received a request from the organizers of the Little Traverse Triathlon to repeat their annual event on Sunday, July 17, 2016. City Manager Richards stated that City Council usually considers a full schedule of summer events on one combined calendar. In order to promote their event, the Triathlon organizers are asking for an earlier approval.

City Manager Richards stated that the Little Traverse Triathlon typically involves:

- The use of Jardine Park as a transition and finish line area;
- The use of the Zoll Street Park and Beach and the adjacent waterfront for the swimming event of the Triathlon;
- The use of some City Streets for the bike portion of the competition; and,
- The use of Beach Drive and Pennsylvania Street for the running portion of the Triathlon.

City Manager Richards stated that he is aware that the demands on the City Staff and facilities have not been unreasonable. Further, City Manager Richards stated he does not see any conflicts with this request.

City Manager Richards stated that the Staff recommends City Council approval of this request.

#8321 – Motion by Cupps, second by James, to authorize the City Manager to approve the request to hold the Little Traverse Triathlon on July 17, 2016.

Ayes – 5
Nays – 0

Motion carried.

5. City Manager's Report

A. Odawa Lawsuit Representation

City Manager Richards stated that the City joins Emmet County, the City of Petoskey and the County of Charlevoix to intervene in the Odawa Lawsuit. The City's cost will be based on its percentage of the four units' General Fund Expenditures. The City's percentage is a little over 10.5%. City Manager Richards stated that the four entities will be represented by Plunkett and Cooney Law Firm.

The Townships will be represented by another law firm.

B. IBEW Settlement

City Manager Richards stated that with City Council's approval, a settlement has been reached with the International Brotherhood of Electrical Workers Union (the "IBEW"). The new agreement is for three years. All of the pending grievances, unfair labor charges and court claims have been dropped.

City Manager Richards stated that the City is in negotiations with the Fraternal Order of Police Labor Council (the "FOP") for a new agreement. The expired agreement was with the Police Officers Labor Council (the "POLC").

C. Website – Mayor’s E-Mail Forwarding Function

City Manager Richards stated that the City was having difficulties with the web site link that enabled e-mails to be sent to the Mayor. The City’s tech support consultant was able to resolve the issues last Friday.

D. Pier Restaurant - ZBA Variance

City Manager Richards stated that the Stafford’s Pier Restaurant was granted a variance to construct a raised and covered deck for outdoor dining in some of the area currently used for outdoor seating at ground level. The Pier Restaurant is planning a significant renovation this winter. The variance that was granted allows the Pier to build slightly within the property set-back line in portions of their lot.

E. Hillside Tax Abatement

City Manager Richards stated that the owners and operators of the Village of Hillside are continuing to pursue the legal avenues for possible tax exemption or payment-in-lieu-of taxes for the new portion of the facility now under construction. City Manager Richards stated that the discussions with Presbyterian Villages of Michigan ("PVM") have been encouraging them to thoroughly research their legal options and bring a detailed explanation for presentation to City Council. After Staff has the opportunity to review the documentation, PVM could make a presentation to City Council for City Council’s consideration.

F. Lyric Theater

City Manager Richards stated that the Lyric Theater construction has required some on street construction equipment and dumpsters for the debris from the site during snowy weather conditions. The construction people were notified of the need to keep the sidewalk cleared and cleaned up.

The builders were made aware of this issue through discussions. Staff expects that the builders will be making all reasonable efforts to keep the sidewalk open to pedestrians and clear snow from the street around any vehicles that need to be parked on the street.

G. Christmas Tree Removal

City Manager Richards stated that the City’s Christmas tree will be taken down this week.

H. Upcoming Board and Commission Meetings

City Manager Richards stated that the City’s Boards and Commissions will be meeting, as follows:

- The Planning Commission will meet at 6:00 p.m., Thursday, January 21, 2016;
- DDA / PSD Board will meet at 8:00 a.m., Thursday, February 4, 2016; and,
- The Zoning Board of Appeals will meet at 5:30 p.m., Wednesday, February 10, 2016.

All of the meetings will be held in the City Council Chambers, City Hall, 160 Zoll Street, Harbor Springs, MI 49740, unless otherwise noted.

I. Police Department Activity Report

City manager Richards stated that the Police Department Activity Report was enclosed in the Board Packets.

6. Appointments

Mayor Pfeifer stated that she had re-appointments to make this evening, with the approval of City Council. The re-appointments are:

- | | | |
|---------------------|-------------------------|------------------------------|
| • George Kilborn | Board of Review | Term Ending January 1, 2019 |
| • Jack Deegan | Planning Commission | Term Ending January 1, 2019 |
| • Jeff Ford | Planning Commission | Term Ending January 1, 2019 |
| • Kristin McDonald | Zoning Board of Appeals | Term Ending May 1, 2019 |
| • Frederick Simons | Zoning Board of Appeals | Term Ending December 1, 2019 |
| • Tom Graham, Jr. | Harbor Commission | Term Ending December 1, 2020 |
| • Laura Kors | Harbor Commission | Term Ending December 1, 2020 |
| • Cece Johnston | DDA/PSD Board | Term Ending January 1, 2020 |
| • Mary Ellen Hughes | DDA/PSD Board | Term Ending January 1, 2020 |
| • Jeff Graham | DDA/PSD Board | Term Ending January 1, 2020 |

There were no objections from City Council. The re-appointments were approved by consensus.

7. City Council New and Old Business

None

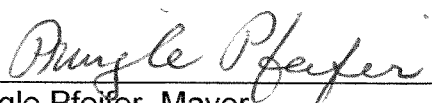
8. Adjournment

With no further business, Mayor Pfeifer adjourned the meeting at 7:35 p.m.



Ronald B. McRae, City Clerk

Approved: February 1, 2016



Pringle Pfeifer, Mayor



January 12, 2016

Subject: Letter of Authorization

The Harbor Springs Municipal Utility, through its Member Authorized Representative, hereby authorizes a purchase of Capacity from June 1, 2020 through May 31, 2030 by Michigan Public Power Agency on behalf of Harbor Springs in the Amount and Term(s) of:

<u>Planning Year</u>	<u>Up to Capacity, KW</u>
Jun 1, 2020 to May 31, 2030	3,500

Maximum Authorized Purchase Price = \$4.00 per KW-Month

Maximum commitment = \$14,000 per Month or \$1,680,000 for the entire 10-year term.

Member Authorized Representative:

THOMAS RICHARDS
Printed

Thomas Richards
Signature

19 Jan 2016
Date