

May 2, 2016

Mayor Pfeifer called the twelfth 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, Assessor / Planning & Zoning Administrator C. Jeffrey Grimm, DDA/PSD Administrator Rachel Smolinski and City Clerk Ronald B. McRae

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#8348 – Motion by James, second by Cupps, to approve the minutes of the April 18, 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>
8358	PAYROLL	P.P.E. 4/17/16	General	\$ 32,402.22
			Major St.	994.91
			Local St.	552.31
			Historical	560.88
			Electric	10,510.19
			Water & Sewer	6,787.23
			Waterfront	1,777.61
			Equipment	5,740.34
8359	WIRE	MPPA 4/21/16	Electric	\$ 22,981.60
8360	WIRE	MPPA 4/27/16	Electric	\$ 20,564.83

<u>Voucher Number</u>	<u>To or For</u>	<u>Description</u>	<u>Fund</u>	<u>Amount</u>
8361	A/P	COUNCIL 5/2/16	General	22,130.61
			Major St.	7,425.00
			Local St.	591.80
			Historical	986.79
			DDA	1,530.00
			Electric	14,451.88
			Water & Sewer	5,217.60
			Waterfront	3,569.77
			Equipment	6,746.18

THEREFORE, BE IT RESOLVED that claims on vouchers 8358, 8359, 8360 and 8361 as checked by the Finance Committee, in the amount of \$177,480.75 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	\$ 54,532.83
Major St.	8,419.91
Local St.	1,144.11
Historical	1,547.67
DDA	1,530.00
Electric	68,508.50
Water & Sewer	18,746.23
W.T. Water	5,217.60
Waterfront	5,347.38
Weatherbuoy	0.00
Equipment	12,486.52
Trust	0.00
Totals	<u>\$ 177,480.75</u> =====

#8349 - Motion by James, second by Cupps, to approve the bills in the amount of \$177,480.75.

Ayes – 5
 Nays – 0

Motion carried.

3. Citizen Comments

None

4. City Manager's Section

A. DDA/PSD Proposal of a District Project

City Manager Richards stated that the Downtown Development Authority / Principal Shopping District (the "DDA/PSD") Board has determined that they will recommend a Special Assessment funding mechanism to provide a stable source of funding for a downtown enhancement. If approved, the Special Assessment would be a tax paid only by owners of commercial property within the DDA District. City Manager Richards stated the funds would be used to help accomplish projects to benefit the district.

City Manager Richards stated that under State Law the DDA District has certain funding options that are permitted. However, the DDA/PSD must follow specific steps before City Council approves the proposed Special Assessment. The steps are:

- An Urban Design Plan was included in the City's updated Master Plan, designating a Principal Shopping District;
- City Council designated the Principal Shopping District which duplicates the existing boundaries of the DDA District;
- City Council established the PSD Board, consisting of the DDA Board members; and,
- The PSD Board adopted bylaws and elected officers.

City Manager Richards stated that the DDA/PSD Board is currently at the point of proposing a "District Project". City Manager Richards stated the next step is to obtain the funding needed to accomplish the elements of the proposed project.

City Manager Richards reviewed the current Tax Increment Financing ("TIF") Plan. The TIF Plan was supported by most, but not all of the taxing authorities whose funding could be affected by it. In 2015, the DDA raised approximately \$8,000 in TIF funding. The very limited TIF funding restricted the progress that could be made toward the TIF Plan goals.

City Manager Richards stated that the funding enabled the DDA to contract administrative assistance from H.A.R. B. O. R., Inc. Executive Director Rachel Smolinski. She has helped the DDA/PSD Board accomplish some of the actual work of putting DDA objectives into motion, which includes:

- Completing steps toward a Wayfinding Program. The Wayfinding Program is moving the City toward a more efficient and simple signage system to help people find their desired destinations;
- Creation of a recruitment and retention program; and,
- Develop a community education and outreach program.

City Manager Richards stated that the DDA/PSD Board is aware that there is no certainty or predictability in relying on TIF funds. City Manager Richards stated that due to temporary decline in the 2016 taxable value of the DDA/PSD District there will be no TIF funds captured for 2016.

City Manager Richards stated that the DDA/PSD Board has identified the option of a Special Assessment assessed on the owners of downtown commercial properties. These Special Assessments will allow the owners of downtown commercial properties to directly support the work of the DDA/PSD and the mission of improving our downtown for the benefit of the public and the downtown businesses.

City Manager Richards stated that the DDA/PSD Board is seeking a modest assessment of one (\$1) dollar per commercial property per day, or \$365 per year. City Manager Richards stated that the DDA/PSD property owners can raise approximately \$46,000 per year over the next two years. The goals identified as the "District Project" include:

- The wayfinding project which will define the system of signage and logical locations, followed by steps to develop the design for the appearance of the recommended signage at established locations; and further, to implement the Wayfinding effort; and,
- To further develop designs for the enhancement of the waterfront property with the goal of attracting more public waterfront activity and improving the integration of the waterfront and the downtown for the benefit of our visitors and businesses.

City Manager Richards stated that the DDA/PSD Board recommends that City Council, by the adoption of the attached resolution, approve the recommended "District Project" as a special assessment project and direct the City Manager to prepare a report to Council, including information to more specifically address the needs, the costs, and the details to justify the proposed special assessment. City Manager Richards stated that following his report, City Council will have the opportunity to move the process forward again, with the filing of the report with the City Clerk. The City Clerk will mail and publish a notice of a required public hearing before the possible official authorization of the Special Assessment.

City Council discussed this issue with the City Manager. After the discussion, the following motion was offered:

#8350 – Motion by James, second by Bugera, to approve the "Resolution to Proceed with Preparation of Plans, Specifications and Cost Estimates for a Proposed Special Assessment District Project".

Ayes – 5
Nays – 0

Motion carried.

B. Charlevoix to Harbor Springs Marathon with Outdoor Entertainment

City Manager Richards stated that he received a request for Council to consider approving a live music performance at the finish line of the Little Traverse (Stafford's) Marathon to end at Zorn Park. Event organizer, Mr. Jim Harrington was expected to provide detail and answer questions about the proposal. With Mr. Harrington's absence, the matter was tabled for consideration at a future meeting.

C. Request for the Change of Fees and Regulations for Sidewalk Café Dining and Seating

City Manager Richards stated that at the April 18, 2016 City Council Meeting, Mike Naturkas and other operators of food establishments in the Downtown requested City Council to consider a reduction in the fee charged for outdoor service and seating on public property (the sidewalk). Naturkas, during the April 18, 2016 City Council Meeting, offered to research the fees charged by other communities that permit sidewalk café' dining and outdoor seating for take-out restaurants.

City Council discussed this issue with City Manager Richards and Naturkas. Naturkas stated that he believed that one fee should be charged for serving tables and another for just having tables and/or seats where people serve themselves. After the discussion, the following motion was offered:

#8351 – Motion by James, second by Cupps, to have ~~this issue~~ reviewed by the Planning Commission.

Ayes – 5
Nays – 0

Motion carried.

*the issue of taking tables and chairs
in at
the
close of
business*

Councilperson James stated that he would like to see a \$100 fee for the administration of outdoor seating without having service to the table. Further, City Manager Richards discussed the City's administration responsibilities of the Outdoor Café and the tables and chairs for people to rest. Councilperson Bugera stated the views of the food establishment owners. Grimm discussed the cost and time spent in the administration of the outdoor seating.

Diane Gillian, owner of Yummies, stated that the bench provided by her business has been there for almost twenty (20) years. No one has complained about the bench before now.

Naturkas stated that the City of Petoskey does not charge a fee if the benches or seats are against the wall. There is a fee if the bench or seat is in the sidewalk area (away from the wall).

Councilperson Dika felt there is a difference between an area served by a vendor, as opposed to having tables and/or chairs for people to sit at, which are self-service.

#8352 – Motion by James, second by Cupps, to charge a fee of \$250 where there is service to a table and no charge where there are tables and/or chairs which are self-service.

Ayes – 5
Nays – 0

Motion carried.

D. "Street Musique Funding Request"

City Manager Richards stated that there is a request for the City to provide funding for the Street Musique Program. Mary Catherine Hannah and Rachel Smolinski, the co-chairs of this Chamber Program, are requesting \$2,000 from the City. City Manager Richards stated that the City Council authorized \$1,500 for last year's program.

#8353 – Motion by Cupps, second by James, to help fund the program with a \$2,000 contribution from the Electric Fund Community Promotional line item.

Ayes – 4
Nays – 1

Motion carried.

E. Blackbird Museum – Chamber Building Window and Door Replacement

City Manager Richards stated that the Staff has recommended that the doors and windows be replaced on the Blackbird Museum and Chamber of Commerce office building. These replacements were budgeted to cost \$18,000. However, two bids were received for this project. They were:

Lake Custom Builders	\$22,964
Northern Michigan Construction	\$27,519

City Manager Richards stated that Lake Custom Builders' bid included a \$75 per window up-charge for each door and or window that requires remediation for lead paint. City Manager Richards stated that he wished there were more bids, but understands how busy contractors are this time of year.

City Manager Richards stated that the Staff has recommended that City Council authorize acceptance of the low bid from Lake Custom Builders.

#8354 – Motion by James, second by Dika, to authorize the City Manager to execute the agreement to replace the doors and windows for the low bid price of \$22,964 from Lake Custom Builders.

Ayes – 5
Nays – 0

Motion carried.

5. City Manager's Report

A. Graduation Party Request – Kurtis Alessi

City Manager Richards stated that he received a request from the parents of Kurtis Alessi to hold a graduation party on the green space in the park area to the west of the Skate Park on Saturday, June 25, 2016. Kurtis Alessi is an Eagle Scout whose project was building the stair steps on the Disc Golf Course.

City Manager Richards stated that he sees no conflict with the Park on that date. Therefore, he will authorize the party if there are no City Council objections. There were no objections.

B. Bay Street Water Main Break

City Manager Richards stated that there was a water main break while connecting a new water service line to the water main near the southeast corner of the Bar Harbor. While making the connection another connection separated and caused a major water leak. There was an outage for many of the neighboring properties. The water service was restored late that same evening. City Manager Richards stated that the Michigan Department of Environmental Quality requires a one-day boil-water alert be given to all of the affected properties. The testing found no bacteria and the warning lasted for one day.

C. Police Department – Collective Bargaining Agreement

City Manager Richards stated that the City has had several negotiating sessions with the Fraternal Order of Police Labor Council, which is the new labor union that was elected by our officers late last year. City Manager Richards stated that last Friday the City arrived at a tentative agreement after significant compromises from the original bargaining positions. City Manager Richards stated that if the union supports the terms of the tentative agreement, there will be a meeting of the Personnel Committee to consider the settlement, possibly for consideration of approval by the City Council at their May 16, 2016 City Council Meeting.

D. Recreation Plan

City Manager Richards stated that a region-wide recreation plan may not provide the type of plan or meet the deadlines needed to satisfy the Michigan Department of Natural Resources requirement for a five year plan. City Manager Richards stated that such a plan is now a requirement for grant applications, such as a Waterways Commission grant for waterfront improvements (like the proposed Harbormaster Building Project).

City Manager Richards stated that with a few other funding options, he plans to explore the options and costs to develop a more limited, city-specific recreation plan for completion before the April 1, 2017 grant application deadline.

E. Curbside Recycling

City Manager Richards stated that Emmet County's curbside recycling program is transitioning residential service from the totes to the larger rolling carts. City Manager Richards stated he provided an information flyer from the County explaining the changes and benefits.

F. Peffer Street Drainage Project

City Manager Richards stated that the initial work for the M-119 Peffer Street Drainage Project was completed late last week with a new drainage pipe installed under the highway by the directional bore process.

G. DPW – Electric Building Roof Project

City Manager Richards stated that work is nearly fifty percent (50%) completed on the replacement of the roof on the DPW – Electric Building on Fairview Street. City Manager Richards stated that the street side portion of the roof is about to begin.

H. Fourth Street Tree

City Manager Richards stated that the City was involved in the removal of the large dead tree on West Fourth Street because the tree straddled the property line between the City right-of-way and the private property owner. City Manager Richards stated that the property owner agreed to share the cost of removal, which was arranged by the City. City Manager Richards stated that when the tree was no longer a risk to the public, the property owner asked the contractor to stop before removing the bottom twenty-five (25) feet of the trunk. City Manager Richards stated that the tree trunk will remain intact until the owner chooses to remove it.

I. Ballot Issue of the "Gag Rule"

City Manager Richards stated that he made City Council aware of a recently passed Section 57 (3) of the Michigan Campaign Finance Act. City Manager Richards stated that this new section would prohibit municipalities (or any organization with public funds) from communicating with the public about any ballot issue within sixty (60) days of the election. City Manager Richards stated that a court injunction has been issued, prohibiting the Secretary of State from enforcing this new restriction.

J. Dividend Check from the Michigan Municipal League (MML) Property and Liability Insurance Pool

City Manager Richards stated that the City has received a dividend check in the amount of \$4,967 from the Property and Liability Insurance Pool administered by the MML. City Manager Richards stated that the MML Property and Liability Pool provides this type of distribution based on the performance and savings achieved over the prior year.

K. 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., Thursday, May 5, 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.
- The Zoning Board of Appeals will be meeting at 5:30 p.m., Wednesday, June 8, 2016, in the City Council Chambers.

L. Department Report

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

6. Appointments

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

7. City Council New and Old Business

None


8. Adjournment

With no further business, Mayor Pfeifer adjourned the meeting at 7:58 p.m.



Ronald B. McRae, City Clerk

Approved: May 16, 2016



Pringle Pfeifer, Mayor