

November 30, 2015

Mayor Pfeifer called the second 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, City Assessor/Planning and Zoning Administrator C. Jeffrey Grimm and City Clerk Ronald B. McRae

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#8301 – Motion by James, second by Dika, to approve the minutes of the November 16, 2015 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>
8300	Payroll	P.P.E. 11/15/15	General	\$ 42,499.25
			Major St.	369.64
			Local St.	281.04
			Historical	560.88
			Electric	14,127.20
			Water & Sewer	5,351.92
			Waterfront	1,847.73
			Equipment	1,324.19
8301	A/P	Payouts 11/1-11/15/15	Trust	\$ 26,409.90
8302	A/P	Council 11/30/15	General	\$ 14,371.82
			Historical	71.53
			Electric	7,552.13
			Water & Sewer	130,265.70
			Waterfront	4,701.52
			Equipment	7,254.17

THEREFORE, BE IT RESOLVED that claims on vouchers 8300, 8301 and 8302 as checked by the Finance Committee, in the amount of \$256,988.62 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	\$ 56,871.07
Major St.	369.64
Local St.	281.04
Historical	632.41
Electric	21,679.33
Water & Sewer	135,617.62
Waterfront	6,549.25
Equipment	8,578.36
Trust	26,409.90

Totals	\$ 256,988.62
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#8302 - Motion by Cupps, second by James, to approve the bills in the amount of \$256,988.62.

Ayes – 5
 Nays – 0

Motion carried.

3. Citizen Comments

None

4. City Manager's Section

A. MPPA "Hedge Plan" Energy Purchase Authorization

City Manager Richards stated that City Council has been requested to authorize the Michigan Public Power Agency (the "MPPA") Staff to bid for the additional energy requirements that the City is projected to need. The additional energy needs for the City was determined to be 1.3 megawatt hours (MWh) during peak hours. Further, the request is to bid up to a maximum price of \$52 per MWh.

City Manager Richards stated that the MPPA Staff projected needs of 1.2 MWh for the off peak time. City Manager Richards recommended authorizing MPPA to contract up to a maximum bid price of \$43 per MWh.

City Manager Richards stated that the bid prices received for the additional power needs were based on monthly prices. The prices by month are listed below:

Month	Power (MWh)	Off-Peak Prices	Power (MWh)	On-Peak Prices
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January	0.7	\$44.00	0.5	\$50.00
February	0.8	43.00	0.7	47.00
March	0.6	40.00	0.4	44.00
April	0.6	39.00	0.4	43.00
June	0.3	37.00	0.0	43.00
July	1.2	41.00	1.3	52.00

Month	Power (MWh)	Off-Peak Prices	Power (MWh)	On-Peak Prices
August	1.0	40.00	1.0	46.00
September	0.4	37.00	0.0	43.00
December	0.7	40.00	0.7	45.00
Totals	6.3	\$215.70	5.0	\$237.80
Average Cost Per MWh		\$34.24		\$47.56

City Manager Richards stated that based on the current and projected future prices, it is the recommendation of the MPPA Staff and the City Staff to authorize the MPPA to enter into a bulk power agreement for the bulk power purchases for the off-peak and on-peak energy needs.

#8303 – Motion by James, second by Bugera, to authorize the MPPA Staff to enter into a bulk power purchase agreement for the projected amounts of off-peak and on-peak energy needs as estimated by the MPPA Staff at rates not to exceed those shown in the above table; further, authorize the City Manager to execute the authorization of said bulk power purchase agreement.

Ayes – 5
 Nays – 0

Motion carried.

B. Presbyterian Villages of Michigan – Hillside Apartments Payment in Lieu of Taxes

City Manager Richards stated that representatives of Presbyterian Villages of Michigan (PVM) were present to discuss the possibility of a payment in lieu of taxes. City Manager Richards introduced Mary Catherine Hannah, the Executive Director of the Village of Hillside, Brian W. Carnachi, PVM, and Webb Martin, President of the Board of Trustees for the Villages of Perry Farm and Hillside.

Hannah reviewed the history of the Village of Hillside, relative to the process by which a tax exemption was granted to the original development of Buildings A, B and C. Further, based on the enabling legislation for the current development to replace the original buildings, the Village of Hillside would like to have City Council consider a payment in lieu of property taxes (a "PILoT") to eliminate property taxes. Also, due to the fact that the original development was granted a tax exemption, the Village of Hillside would like the City Council to also grant the PILoT to be at zero percent.

Council discussed this request with City Clerk McRae, City Assessor Grimm and City Attorney Ramer. City Clerk McRae stated that previously buildings A, B, and C of the Village of Hillside were considered exempt. Assessor Grimm stated that the approval process has changed since the property tax exemption was granted by the Board of Review in 2010. The State of Michigan, Department of Treasury is now part of the approval process.

City Attorney Ramer reviewed his findings during his research in 2010. City Attorney Ramer also recommended that City Council authorize the City Manager and his staff to research and develop a position for the City Council to review and approve.

After addressing a few more questions and concerns from City Council, it was the consensus of City Council that they would follow City Attorney Ramer's recommendation and authorize the City Manager to develop a position for Council to approve.

C. Distribution of the proposed 2015 Amended and 2016 Recommended Budgets

City Manager Richards stated that the proposed 2015 Amended and 2016 Recommended Budgets (the "Budgets") were distributed to City Council Members for their review over the next week. Should anyone have any questions, he recommended contacting either himself or City Clerk McRae for clarification of anything in the Budgets. Further, the Budgets would be put into PDF Format and could be distributed electronically tomorrow.

City Manager Richards reminded City Council that a special meeting has been scheduled for 7:00 p.m., Monday, December 7, 2015 to review the Budgets and address any questions or concerns that Council or any member of the public may have.

5. City Manager's Report

A. Collective Bargaining

City Manager Richards stated that the City will be meeting with the International Brotherhood of Electrical Workers (the "IBEW") to continue negotiating the labor contract to replace the current contract which expires on December 31, 2015.

City Manager Richards stated that the City and IBEW are now in an "Off the Record" exchange of settlement proposals. City Manager Richards stated that he is hopeful that this method will be more productive than earlier sessions. Once it is believed that there is an agreement within reach, the Management Staff will bring that tentative agreement to Council for their consideration.

The police officers have elected to be represented by the Fraternal Order of Police Labor Council (the "FOP") rather than the Police Officers Labor Council (the "POLC"). The Staff has had an initial meeting with the FOP. The next negotiation meeting is scheduled for December 14, 2015.

B. Christmas Tree Lighting Ceremony

City Manager Richards stated that the Christmas Tree Lighting was well attended. The 100th year anniversary Christmas Tree Lighting event came off without any issues. City Manager Richards stated that the Harbor Springs Area Chamber of Commerce and the Downtown Committee Organizers did a great job with the program and honored those who were responsible for beginning and carrying on the tradition.

C. Minutes and Correspondence

City Manager Richards stated that the draft minutes from the last Downtown Development Authority/Principal Shopping District (DDA/PSD) meeting was in the Board Packets. Further, the Deer Park letters received were also in the Board Packets or distributed this evening.

D. Up Coming Board and Commission Meetings

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

- DDA / PSD Board will meet at 8:00 a.m., Thursday, December 3, 2015;
- Zoning Board of Appeals will meet at 5:30 p.m., Wednesday, December 9, 2015; and,
- Planning Commission will meet at 6:00 p.m., Thursday, December 17, 2015.

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

6. Appointments


Mayor Pfeifer stated that she has 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 7:33 p.m.



Ronald B. McRae, City Clerk

Approved: December 14, 2015



Pringle Pfeifer, Mayor



November 6, 2015

Subject: Letter of Authorization

The Harbor Springs Municipal Utility, through its Member Authorized Representative, hereby authorizes a purchase of Energy by Michigan Public Power Agency on behalf of Harbor Springs at the Michigan Hub with Term(s) of:

Month	7 x 24		5 x 16	
	Volume	Max Price	Volume	Max Price
January 2016	0.7	\$ 44.00	0.5	\$ 50.00
February 2016	0.8	\$ 43.00	0.7	\$ 47.00
March 2016	0.6	\$ 40.00	0.4	\$ 44.00
April 2016	0.6	\$ 39.00	0.4	\$ 43.00
June 2016	0.3	\$ 37.00	0.0	\$ 43.00
July 2016	1.2	\$ 41.00	1.3	\$ 52.00
August 2016	1.0	\$ 40.00	1.0	\$ 46.00
September 2016	0.4	\$ 37.00	0.0	\$ 43.00
December 2016	0.7	\$ 40.00	0.7	\$ 45.00

These transactions will be for financially-firm energy with physical delivery to the MISO Michigan Hub. The maximum commitment for this authorization is \$267,861.