

September 19, 2016

Mayor Pfeifer called the eighteenth meeting of the eighty-third Harbor Springs City Council to order at 7:02 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: 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, Planning & Zoning Administrator C. Jeffrey Grimm, Deputy City Clerk Michelle R. Main and City Clerk Ronald B. McRae

City Clerk McRae introduced new employee, Michelle R. Main, the Deputy Clerk of Elections and Administration and Administrative Assistant.

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#8386 – Motion by Cupps, second by Bugera, to approve the minutes of the September 7, 2016 special City Council Meeting as read.

Ayes – 5

Nays – 0

Motion carried.

#8387 – Motion by Dika, second by Cupps, to approve the minutes of the August 15, 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>
8397	Tax Payouts	8/1/16 – 8/15/16	Trust	\$2,942,333.52
8398	Wire	8/17/16 for Sales Taxes & Income Tax Withholding	General Electric	\$10,054.32 17,450.68

City Council Meeting Minutes  
September 19, 2016  
Page 2

<u>Voucher Number</u>	<u>To or For</u>	<u>Description</u>	<u>Fund</u>	<u>Amount</u>
8399	WIRE	MPPA 8/10/16	Electric	\$77,669.48
8400	PAYROLL	P.P.E 8/21/16	General	\$52,069.05
			Major St.	403.55
			Local St.	275.13
			Historical	920.88
			Electric	12,601.30
			Water & Sewer	6,378.88
			Waterfront	5,983.55
			Equipment	2,073.12
8401	WIRE	MPPA 8/24/16	Electric	\$34,033.10
8402	A/P	No Council 9/1/16	General	\$21,227.08
			Major St.	1,000.00
			Local St.	1,000.00
			Historical	276.45
			DDA/PSD	1,608.00
			Electric	11,741.83
			Water & Sewer	359,035.22
			WTTp Water	13,194.36
			Waterfront	9,941.15
			Equipment	4,835.76
8403	Tax Payouts	8/16/16 – 8/31/16	Trust	\$167,820.03
8404	PAYROLL	P.P.E 9/4/16	General	\$47,277.16
			Major St.	297.97
			Local St.	161.07
			Historical	920.88
			Electric	11,330.90
			Water & Sewer	6,354.09
			Waterfront	5,792.08
			Equipment	1,693.49
8405	A/P	Council 9/19/16	General	\$20,831.84
			Major St.	281.17
			Local St.	281.17
			Historical	84.31
			DDA/PSD	391.57
			Electric	106,223.52
			Water & Sewer	53,827.71
			WTTp Water	0.00
			Waterfront	7,563.96
			Equipment	5,141.78

THEREFORE, BE IT RESOLVED that claims on vouchers 8397, 8398, 8399, 8400, 8401, 8402, 8403, 8404 and 8405, as checked by the Finance Committee, in the amount of \$3,980,175.02 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	\$151,459.45
Major St.	1,982.69
Local St.	1,717.37
Historical	2,202.52
DDA/PSD	1,999.57
Electric	228,844.72
Water & Sewer	425,595.90
West Traverse Water	13,194.36
Waterfront	29,280.74
Weather Buoy	0.00
Equipment	13,744.15
Trust	3,110,153.55
Totals	<u>\$3,980,175.02</u> =====

#8388 - Motion by James, second by Cupps, to approve the bills in the amount of \$3,980,175.02.

Ayes – 5

Nays – 0

Motion carried.

### 3. Citizen Comments

Mayor Pfeifer asked the Webelos Cub Scouts present to stand and introduce themselves. The Scouts present were:

Jack Horning      Vinnie Dougovito      Trevor Clarke  
Niko Reskevics      Charlie Ranney

The Scouts were present this evening as a requirement to earn an activity pin for Citizenship.

### 4. City Manager's Section

#### A. Presentation of the 2015 Audit

City Clerk McRae introduced Mr. Doug Welton, a CPA from Anderson, Tackman & Company, PLC, CPAs. Welton stated that the City received an unqualified opinion on its Audit. The unqualified opinion is the best that any municipal entity can receive.

Welton also explained that the City must recognize on its City Wide Statements the liability created from the defined benefit retirement plan and from other post-retirement employee benefits.

Welton also acknowledged the cooperation that Anderson, Tackman & Company, PLC, CPAs, received from the City Staff.

#8389 – Motion by James, second by Cupps, to receive and file the Independent Audit performed by Anderson, Tackman & Company, PLC, CPAs.

Ayes – 5

Nays – 0

Motion carried.

B. Public Hearing on the Principal Shopping District (the "PSD") Proposed Special Assessment

#8390 – Motion by Cupps, second by James, to open the Public Hearing on the levy of a special assessment to fund the Downtown Development Authority (the "DDA") and the PSD projects.

Ayes – 5  
Nays – 0

Motion carried.

Mayor Pfeifer opened the public hearing at 7:12 p.m.

David Wood, 263 E. Bay Street, stated that he did not believe that a flat charge of \$365 per non-residential parcel was the fairest methodology to allocate the costs of the PSD projects. He believed that perhaps on a square footage basis or on the assessed or taxable values of each parcel would be fairer.

Tawna Naturkus, owner of The Stained Cup and The Paper Station, did not believe that charging \$365 per non-residential parcel was fair. She and her husband have two separate commercial parcels which would carry a \$365 special assessment per parcel. She pointed out that the property at Hollywood and the building to the north of the Hollywood, which has three businesses, would all be charged at one fee of \$365.

Kristin McDonald, owner of the Ability Body in Motion, has a square footage of less than seven hundred square feet. She did not believe that it was fair to levy \$365 on her property when much larger businesses in the PSD would be assessed the same amount.

McDonald also questioned the expense of the Holiday Lighting installation on East Third Street when she believes that lighting Main Street is fine. Tim Knapp, the owner of Edward Jones on East Third Street responded to her point.

Margaret Tvedten, 284 E. Third Street, believes that the costs for East Third Street are expenses that should be levied. This work is helping Harbor Springs to be more beautiful. It was pointed out that only a small portion of the assessment would be used for holiday lighting.

Mary Catherine Hannah, the Executive Director of the Village of Hillside believes that the costs are justified. She believes that the residents of the Village of Hillside will appreciate the Holiday Lighting and other projects to enhance the downtown.

Rachel Smolinski, Executive Director of H.A.R.B.O.R., Inc., and the Administrator of the DDA / PSD (through her H.A.R.B.O.R., Inc., position), stated that these projects, and their funding, has been discussed over the course of many DDA and Council meetings. She believes that the proposed assessments are fair.

Joshua Baker, owner of the Outfitter, discussed the assessments. He believes that the assessments are fair and they have been discussed a long time.

Mayor Pfeifer closed the Public Hearing on the proposed special assessments at 7:22 p.m.

C. Consideration of the Resolution to Move Forward in Levying the PSD Special Assessment

DDA Chairman, Rob Mossburg, discussed the need for the funding and the long process of considering all of the Special Assessment funding options. He explained how the DDA Board arrived at the simple "dollar a day" assessment that was considered affordable for all property owners.

Zoning Administrator Grimm discussed the special assessment. The proposed levy of \$1 per day seemed to have the least amount of disparity. He also discussed the issue of the benefits received by each business. Grimm stated that it may be easier to allocate the benefit of the special assessment on a flat basis versus either square footage or assessed value.

Tawna Naturkus stated that the City's taxpayers should pay for the funding of the PSD projects. She stated that everyone benefits from a strong downtown. Both City Manager Richards and Councilperson Dika responded to that statement, questioning the willingness of taxpayers to pay more to support the enhancement of the downtown.

Councilperson Dika stated that a study was done by the City Clerk a number of years ago. The study illustrated the amounts that the residents of Harbor Springs, and the rate payers of the electric system subsidize the downtown. Knowing this, Councilperson Dika did not think that more costs should be added to the residents of town.

Councilperson Dika stated that no plan will make everyone happy. If the plans of the DDA / PSD work, everyone will see a benefit.

After the discussion, the following motion was offered:

#8391 – Motion by James, second by Dika, to approve the "Resolution Declaring Necessity and to Proceed with the Project and to Defray the Cost of the Project by Special Assessments Upon Specially Benefited Properties.

Roll Call Vote

Ayes – James, Pfeifer, Bugera, Cupps, and Dika  
Nays – None

Motion carried.

D. Consideration to Sell the Retired 2005 Chevrolet Impala Police Car

City Manager Richards stated that sale of the 2005 Chevrolet Impala Police Car was awarded to the high bidder, but after purchasing the vehicle the buyer was immediately unhappy with the way it ran. The City resolved the car's problem and refunded the buyer's purchase price. The vehicle was again advertised for competitive bids.

The high bid for the Police Car is from Dale Truman at \$2,361. City Manager Richards stated that he would contact Mr. Truman tomorrow, if the City Council authorized the sale.

#8392 – Motion by Cupps, second by Bugera, to authorize the City Manager to sell the 2005 Chevrolet Impala Police Car for the bid price of \$2,361.

Ayes – 5  
Nays – 0

Motion carried.

E. Future Energy Purchases

City Manager Richards stated that the Municipal Public Power Agency (MPPA) has asked for authorization to include the City in bulk energy contracts for 2018 and 2019. However, MPPA needs City Council's authorization to contract for 0.4 MWHs during all hours at an average price not to exceed \$45 per MWH. Further, City Council needs to authorize the contract for 2019 projected needs up to 0.5 MWHs for all hours not to exceed \$45 per MWH.

City Manager Richards stated that giving the authority to MPPA to include Harbor Springs into these bulk power contracts (within the stated limits), helps to take advantage of the savings that are only available through the purchase of energy through larger bulk power purchases.

#8393 – Motion by James, second by Cupps, to authorize the MPPA to purchase the bulk power needed for the City of Harbor Springs, up to \$45 per MWH for 2018 and 2019; further, to authorize the City Manager to execute any contracts necessary to complete the 2018 and 2019 purchases as stated above.

Ayes – 5  
Nays – 0

Motion carried.

F. Consideration of the Restoration of the Al Reber Memorial

City Manager Richards stated that the Al Reber Memorial needs restoration work. City Manager Richards stated he brought this issue to City Council because the restoration costs could be paid (or partially paid) from the property taxes. City Council Members discussed this issue. City Manager Richards stated that he could contact the Baseball Commission to see if they were willing to share the cost of restoration.

City Manager Richards stated that the restoration work was estimated at a minimum of \$1,630. City Manager Richards provided pictures showing the damage to the memorial. City Council discussed this issue. It was a consensus that City Manager Richards should contact the Baseball Commission to determine what they are willing to do.

G. Portable Food Vendor Policy

City Manager Richards stated that he would be distributing background material on the current Portable Food Vendor Policies. City Manager Richards requested that City Council Members review the documentation to be able to discuss this issue at a future meeting.

H. Knights of Columbus Request for Tootsie Roll Sales

City Manager Richards stated that he received a letter from the Knights of Columbus (KoC) Grand Knight, Kim Krieger. According to the letter, the KoC will be soliciting on October 8 and 9, 2016 in the following locations:

- Northwest corner of State Street and Main Street;
- Gurney's Bottle Shop;
- Kelbel Pharmacy;
- The Harbor Springs IGA;
- Meyer Ace Hardware; and,
- Tim Bondy Physical Therapy in the Fairview Plaza.

City Council Members discussed the request with City Manager Richards. After the discussion, it was their consensus to authorize the City Manager to approve the request from the KoC for their Tootsie Roll Drive.

I. City Manager's Performance Evaluation and Compensation

Mayor Pro-Tem Dika reviewed the Personnel Committee's evaluation of the City Manager's performance and their recommendation for adjustments to his compensation.  
City Council Meeting Minutes

Mayor Pro-Tem Dika stated that the Personnel Committee reviewed the compensation of the other Northern Michigan area City managers and they compared duties of the Petoskey City Manager to the Harbor Springs City Manager. It was noted that Petoskey hired their new City Manager at \$110,000 per year.

Dika stated that the Committee was very pleased with the manager's performance and that after review of the comparisons, they recommended an increase for the manager's salary from \$95,000 per year to \$99,000 per year.

#8394 – Motion by James, second by Bugera, to follow the recommendation of the Personnel Committee and increase the City Manager's salary from \$95,000 per year to \$99,000 per year.

Ayes – 5  
Nays – 0

Motion carried.

5. City Manager's Report

A. Fire Chief Retirement

City Manager Richards stated that effective October 1, 2016, our current Fire Chief, Richard Schiller, will be retiring. Further, the Fire Authority Board has selected John C. Cupps as the new Fire Chief.

B. CALEA Assessment Report

City Manager Richards stated that the Police Department's evaluation goes before the Commission on Accreditation for Law Enforcement Agencies ("CALEA") review committee in November at their conference in Charleston, South Carolina. City Manager Richards stated that he recommends that Chief Branson attend the Conference and the review as he did in 2010 and 2013.

City Manager Richards stated that at the review, the report from the assessment team goes to a panel of three (3) or four (4) commissioners who hold a hearing and discuss the merits and any concerns in the report. City Manager Richards stated that someone should be present for the hearing, which may be by telephone. However, it is believed that there are benefits to having the Police Department represented in person.

City Manager Richards stated that the conference, airfare, lodging and meals are estimated to cost \$2,200 to \$2,500. He clarified that the expenses would be paid from donated funds, and would not be an added cost to taxpayer funds. If there are no City Council objections, City Manager Richards stated that he will approve Chief Branson's attendance for the conference and review. He stated that the department would benefit from having Chief Branson attend other useful seminars and programs offered at the conference.

C. New Employees

City Manager Richards stated that the new employees are Michelle Main and Greg Lasley. Michelle replaces Tina Honeysette who transitioned into the billing and payroll position formerly held by Donna Wood. Greg Lasley replaces Mark Guisinger who recently left the Electric Department.

D. Schedule of Up-Coming Board and Commission Meetings

City Manager Richards reviewed the upcoming Board and Commission meetings. The schedule is as follows:

- The Harbor Commission will be meeting at 4:00 p.m., Wednesday, October 12, 2016 in the City Council Chambers, 160 Zoll Street, Harbor Springs, MI 49740.
- The Zoning Board of Appeals will be meeting at 5:30 p.m., Wednesday, October 12, 2016 in the City Council Chambers at City Hall, 160 Zoll Street, Harbor Springs, MI 49740.
- The DDA / PSD Board will be meeting (joint with the Chamber of Commerce) at 8:00 a.m., Thursday, October 13, 2016 in the City Council Chambers at City Hall, 160 Zoll Street, Harbor Springs, MI 49740.
- The Planning Commission will be meeting at 6:00 p.m., Thursday, October 20, 2016 in the City Council Chambers at City Hall, 160 Zoll Street, Harbor Springs, MI 49740.

F. Police Department and Electric Department Monthly Reports

City Manager Richards stated that the Police Department and the Electric Department Reports for the August 2016 activity is in the City Council packets.

6. Appointments

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

7. New and Old Business

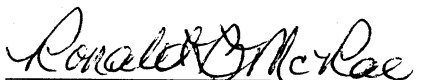
Councilperson James stated that he had recently viewed the video of the police officer rescuing the deer that was caught on the picket fence.

8. Next Meeting

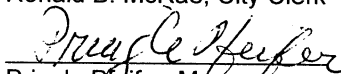
City Manager Richards stated the next City Council Meeting is scheduled for 7:00 p.m., Monday, October 3, 2016.

9. Adjournment

With no further business, Mayor Pfeifer adjourned the meeting at 8:23 p.m.

  
Ronald B. McRae, City Clerk

Approved: October 3, 2016

  
Pringle Pfeifer, Mayor





**RESOLUTION  
OF  
THE CITY COUNCIL OF  
THE CITY OF HARBOR SPRINGS  
(a Michigan municipal corporation)**

September 19, 2016

**RESOLUTION DECLARING NECESSITY AND TO PROCEED WITH  
PROJECT AND TO DEFRAY THE COST OF THE PROJECT BY SPECIAL  
ASSESSMENTS UPON SPECIALLY BENEFITED PROPERTIES**

At a regular meeting of the City Council of the City of Harbor Springs, Emmet County, Michigan, held in the Council Chambers at 160 Zoll Street, Harbor Springs, Michigan 49740, at 7:00 p.m. on the 19th day of September, 2016, the following resolution was offered by Councilperson Jeffrey James and supported by Councilperson Al Dika:

WHEREAS, the City has considered construction of the proposed improvement described below (the Project) and has further requested the establishment of a special assessment district to finance and defray the costs of the Project; and,

WHEREAS, the proposed improvement (“the Project”) consists of:

- Administration services for the DDA/PSD including the research, development and implementation of goals, initiatives, and activities within the City of Harbor Springs DDA/PSD; and,
- The development and implementation of a wayfinding system within the City of Harbor Springs DDA/PSD to assist with navigation, branding, and to maintain consistency with informational and directional signage; and,
- Planning and implementation of holiday lighting on the portion of Third Street located within the City of Harbor Springs PSD; and,

WHEREAS, the Project is designed and intended to specially benefit the properties identified in the list attached to this Resolution, the whole of said properties comprising the special assessment district (“the District”); and

WHEREAS, after an initial consideration, the City Council on August 1, 2016, adopted its Resolution declaring its tentative intent to proceed with the Project and with the establishment of the District; and,

WHEREAS, plans for the Project, and an estimate of the costs of the Project in the amount of Ninety-one Thousand Eight Hundred and 00/100 (\$91,800) Dollars, have been prepared and notice of public hearing has been duly given, according to law, to the owners of property in the District to inform them of their opportunity to present comments and objections to the Project and to the District; and,

WHEREAS, the hearing was duly conducted and held on September 19, 2016, consistent with the notice, following which the City Council determined to proceed with the Project and the establishment of the District.

NOW, THEREFORE, it is hereby resolved as follows:

1. The City Council determines that the Project is necessary.
2. The City shall proceed with the Project.
3. The plans and specifications prepared for the Project and the cost estimate for the Project in the amount of Ninety-one Thousand Eight Hundred and 00/100 (\$91,800) Dollars presented at the hearing are approved.
4. The District shall consist of the properties identified in the special assessment district attached to this Resolution and against which One Hundred (100%) Percent of the cost of the Project shall be assessed.
5. The District shall be designated and known as the Principal Shopping District Special Assessment District No. 1.
6. The duration of the District's existence shall be two (2) years, and unless paid in cash earlier with respect to a particular property, the special assessment shall be paid in two (2) annual installments, with the date of the first assessment installment to be determined and set forth in the City Council's Resolution confirming the special assessment roll.
7. The City Assessor shall prepare a special assessment roll that includes all properties identified in the attached list with the names of the respective record owners of each property, if known, and shall also include the total amount to be assessed against each property. The amount to be assessed against each property shall be based upon the amount of special benefit to be received by each property from the Project, which the Council has determined is an equal amount for each parcel. The amount spread in each case shall be based upon the above estimate of costs as approved by the City Council.
8. When the City Assessor completes the special assessment roll, the Assessor shall file it with the City Clerk for presentation to the City Council, along with the Assessor's certification that the roll has been prepared by the Assessor pursuant to the September 19, 2016 Resolution of the City Council and that in making the assessments contained in the special assessment roll, the Assessor has, as near as may be, according to the Assessor's best judgment, conformed in all respects with the directions contained in the September 19, 2016 Resolution of the City Council and the Harbor Springs City Charter and the provisions of Chapter 4 of the Harbor Springs City Code.
9. Said special assessment roll shall be available for public examination on September 21, 2016, and the Council shall review said special assessment roll at its regular meeting to be held on October 3, 2016.

10. As provided by Chapter 4 of the Harbor Springs City Code, the City Clerk shall publish a notice of a public hearing to be held on the special assessment roll at least one week prior to October 3, 2016

Ayes: Jeffrey James, Pringle Pfeifer, Matt Bugera, John Cupps, Al Dika

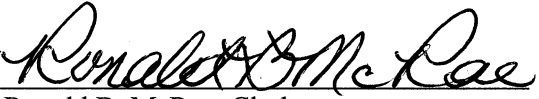
Nays: None

Abstain: None

**RESOLUTION DECLARED ADOPTED**

STATE OF MICHIGAN  
COUNTY OF EMMET

I hereby certify that the foregoing is a true and complete copy of a resolution that was passed by the City Council of the City of Harbor Springs at a regular meeting held on September 19, 2016.

  
Ronald B. McRae, Clerk