

July 20, 2015

Mayor Pfeifer called the fifteenth meeting of the eighty-second Harbor Springs City Council to order at 7:05 p.m., in the City Council Chambers at 160 Zoll Street, Harbor Springs, Michigan.

1. Roll Call and Verification of Quorum

Present: John Cupps, Pringle Pfeifer, Alan Dika and Jeffrey James

Absent: Matt Bugera

Also Present: City Manager Thomas C. Richards, City Attorney James T. Ramer and Administrative Assistant/Deputy Clerk Tina J. Honeysette

Mayor Pfeifer acknowledged that a quorum was present.

2. City Clerk / Comptroller / Treasurer

A. Approval of Minutes

#8248 – Motion by Cupps, second by James, to approve the minutes of the June 15, 2015 City Council Meeting as read.

Ayes – 4

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>
8249	Wire	MPPA 6/16/15	Electric	\$ 23,637.78
8250	Payroll	PPE 6/14/15	General	\$ 35,144.11
			Major St.	1,316.22
			Local St.	334.32
			Historical	\$ 560.88
			DDA	4.94
			Electric	12,188.21
			Water & Sewer	5,403.82
			Waterfront	8,347.38
			Equipment	1,097.99
8251	Wire	MPPA 6/23/15	Electric	\$ 25,870.74
8252	Wire	MPPA 6/30/15	Electric	\$ 29,235.33
8253	Payroll	PPE 6/28/15	General	\$ 55,894.55
			Major St.	497.89
			Local St.	665.20
			Historical	560.88
			Electric	13,128.96
			Water & Sewer	6,008.79
			Waterfront	9,458.24
			Equipment	1,523.58

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<u>Voucher Number</u>	<u>To or For</u>	<u>Description</u>	<u>Fund</u>	<u>Amount</u>
8254	A/P	No Council 7/6/15	General	27,764.01
			Historical	280.44
			DDA	3,896.15
			Electric	55,175.81
			Water & Sewer	62,763.28
			WTTP Water	8,563.40
			Waterfront	7,357.73
			Equipment	1,557.87
8255	Wire	Sales Tax June 2015	General	4,840.08
			Electric	11,367.51
8256	Payroll	PPE 7/12/15	General	46,479.60
			Major St.	1,010.36
			Local St.	602.40
			Historical	560.88
			Electric	12,448.41
			Water & Sewer	5,030.93
			Waterfront	9,052.65
			Equipment	2,295.99
8257	Wire	MPPA 7/15/15	Electric	50,405.46
8258	Wire	MPPA 7/8/15	Electric	35,376.46
8259	A/P	Council 7/20/15	General	32,143.63
			Major St.	226.20
			Local St.	226.20
			Historical	399.40
			DDA	226.20
			Electric	128,599.67
			Water & Sewer	335,979.85
			Waterfront	14,314.52
			Weatherbuoy	922.00
			Equipment	8,239.87

THEREFORE, BE IT RESOLVED that claims on vouchers 8249, 8250, 8251, 8252, 8253, 8254, 8255, 8256, 8257, 8258 and 8259 as checked by the Finance Committee, in the amount of \$1,098,986.57 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	\$202,265.98
Major St.	3,050.67
Local St.	1,828.12
Historical	2,362.28
DDA	4,127.29
Electric	397,434.34
Water & Sewer	415,186.67
WT Water	8,563.40
Waterfront	48,530.52
Weatherbuoy	922.00
Equipment	14,715.30
Totals	\$1,098,986.57

#8249 - Motion by Dika, second by James, to approve the bills in the amount of \$1,098,986.57.

Ayes – 4

Nays – 0

Motion carried.

3. Citizen Comments

John Wayman, E. Third Street, asked for consideration of the issue of enforcing the no wake ordinance as it applies to dinghies.

City Manager Richards stated that he will pass the message along to the Marine Patrol.

4. City Manager's Section

A. 2014 Audited Financial Statements – Presentation, Receive and File

Sheena Andrzejak, a representative of Anderson, Tackman & Company, PLC, CPAs, presented highlights of the December 31, 2014 audit. Andrzejak reviewed the Statement of Net Position – Assets, Liabilities & Net Position (Equity or Fund Balance), the Statement of Income – Revenues and Expenditures, and a Fund Balance Comparison over the last three (3) years. Graphs were presented to summarize the City's financial information in the audit.

Andrzejak discussed the assets and liabilities of the City, which total about \$27 million. She noted that last year there was a large receivable in the waterfront fund due to the City for the dredging project. The dredging project was completed in 2014 and the City received all of the grant funds.

Andrzejak discussed the Liabilities & Net Position of the City. Andrzejak stated everything that the City owes is a liability. The Net Position of the City is its Equity or Fund Balance. The Fund Balance of the City can be used for any obligations that are ongoing and may not be covered by the current revenues being received. Andrzejak pointed out that capital assets total \$8.9 million and the unrestricted fund balance totals \$8.7 million.

Andrzejak provided a chart of a three-year comparison of revenues and expenditures for the City's Governmental Funds (General, Major Street, Local Street, and Historical Funds). Andrzejak also provided a three-year analysis of the City's General Fund's Fund Balance. The General Fund's Fund Balance has increased every year.

Andrzejak referenced the independent auditor's report, noting that it was important for a few reasons, including what was reported on, management's responsibilities for the financial statements and the auditor's responsibility for what was reported on. Overall, she said the City received another good report card. The City received an "unqualified opinion" on its financial statements.

Andrzejak discussed briefly the new reporting requirements on pension plans. She noted the three-year trend regarding the City's pension plan. Andrzejak also noted that the unfunded liability of the Pension Plan will be required to be an item in the Statement of Position of the City's Consolidated Financial Statements with the next fiscal year.

City Manager Richards explained the new requirements regarding showing future pension expenses as an unfunded liability. He mentioned that the requirement assumes that if all the income stopped today and was all due and payable tomorrow; it would be a liability that is unfunded.

Andrzejak said the City received a very good audit. Andrzejak noted that the auditors did not come across any excess expenditures, no issues with compliance standards and that the city has the healthy fund balance to support any liabilities moving forward.

#8250 - Motion by Dika, second by James, to receive and file the 2014 audited financial statements that has been presented to council.

Ayes – 4
Nays – 0

Motion carried.

B. Street Millage Ballot Question – Consideration of Ballot Language Approval

City Council discussed the proposed language for the ballot question for the November 3, 2015 general election, seeking a new additional millage that would go toward maintenance, construction and improvement of the streets and sidewalks within the City. The actual amount assessed would be based upon street needs.

City Manager Richards stated that if we do not have the funds and our roads go into disrepair, the cost to rebuild them is far more costly than the cost to keep them in good shape. City Manager Richards stated that, if approved by the voters, the annual millage rate (if any) would be decided by Council.

#8251 – Motion by James, second by Dika, to accept this language for the proposal in the general election.

Ayes – 4
Nays – 0

Motion carried.

C. Ordinance No. 396 – Consideration of an Amendment to the Zoning Code

City Manager Richards stated that Ordinance No. 396 and Ordinance No. 397 both have to do with the proposal to permit and regulate outdoor sidewalk café dining. Ordinance No. 396 amends the Zoning Code language. Currently, the Zoning Code requires that no business may be done outside of the building of a business. Waiting on tables and receiving monies for the service received in an outdoor sidewalk café' would violate the Zoning Code. Ordinance No. 396 would allow restaurants to conduct business in the outdoor sidewalk café'.

#8252 - Motion by Cupps, second by James, to adopt ordinance 396, amending the City's Zoning Code as it pertains to doing business out-of-doors in the Central Business District - CBD.

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

Motion carried.

D. Ordinance No. 397 – Consideration of an Ordinance – Sidewalk Café Dining

City Manager Richards stated one modification had been made to the draft that had been provided, changing the permitted hours of operation to 11:00 pm, which is consistent with the Hotel Janelle Project.

City Council discussed various aspects of allowing sidewalk café dining that would be considered by the City Manager on a case by case basis. City Manager Richards noted the requirements including insurance, and ensuring a clear walkway for pedestrians of six (6) feet on Main St. and five (5) feet on the other streets.

#8253 - Motion by James, second by Dika, to adopt ordinance 397 as written.

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

Motion carried

E. Merchant’s Walkway – Consider Revised Pedestrian and Electric Utility Easements

City Manager Richards reviewed the proposed easements, noting that Easement “A” would relocate the existing walkway and utility easements to the northern edge of the property, adjacent to the Erwin building and “Easement B” relocated the underground utility easement on the west edge of the property, adjacent to the sidewalk.

City Council discussed various aspects of Easements “A” and “B” that would allow for a pedestrian path.

#8254 - Motion by James, second by Cupps, to authorize the City Clerk and Mayor to approve the proposed easements.

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

Motion carried.

F. Michigan Municipal League Worker’s Compensation Board – City’s Vote For Director Candidates

City Manager Richards informed City Council that all six board positions are expiring and the six incumbent trustees have all agreed to seek re-election to the board.

City Manager Richards is recommending City Council vote in favor of all six board positions.

#8255 – Motion by Cupps, second by James, to authorize City Manager Richards to vote for the six incumbent director candidates.

Ayes – 4
Nays – 0

Motion carried.

G. Donate-A-Tree Program – Consideration of Tree Committee Recommendations

City Manager Richards discussed with City Council the Donate-A-Tree program. Elements were discussed in the briefing that encourages and recognizes donations from residents and property owners. Locations for new trees would be recommended by the Tree Board and approved by City Council. Donations would be recognized by a plaque displayed at City Hall, a modest advertisement published in the Harbor Light as well as an annual listing of the year's donors in the Harbor Light. Recognition of donors would also be included on the City's website. He noted that no recognition or markings would be permitted on any specific tree.

City Council discussed the proposed the Donate-A-Tree program. It was the consensus of City Council to support the Donate-A-Tree-Program as proposed.

H. Harbor Springs Garden Club – Consideration of City Hall Garden Improvements and Contribution Supporting the Club's Efforts

City Manager Richards discussed a proposal from the Garden Club to acquire a trellis for the garden in front of City Hall, enabling plantings that would hide the water stained brick on the front of the building. He said that a member from the Garden Club would likely be presenting the proposal at a future meeting.

City Manager Richards stated that the Council had typically honored the work of the Garden Club with an annual contribution from the electric "Community Promotion" fund. The past contributions had been in a range from \$500 to \$1,000.

#8256 – Motion by James, second by Dika, to contribute \$1,000 to the Garden Club.

Ayes – 4

Nays – 0

Motion carried.

I. Chamber Car Festival – Request to Permit Food Sales – Food Truck Vendor

City Manager Richards discussed with City Council a request to permit a local food truck to operate and sell on a fundraising basis during the car show on August 13, 2015. Money raised would help to fund the Chamber's Pure Michigan campaign.

Cupps stated that if a \$15 pizza was sold, \$5 would go to the Chamber to support the Pure Michigan campaign.

James proposed changing the location of the truck, moving it east or west, to a location that would not conflict with vehicles or pedestrians.

Dave Hinz responded by email and asked for some flexibility in the location, because the proposed location for the food truck was where the cars enter.

City Council discussed location.

City Manager Richards proposed to work with all parties to find an appropriate location.

City Council, by consensus, approved the request to approve the Chamber's request for food sales at Zorn Park during the Harbor Springs Car Show, Thursday, August 13, 2015.

Motion carried.

5. City Manager's Report

A. Beach Drive Project

City Manager Richards stated that the project was completed before the Fourth of July. He noted that some owners placed obstacles on the South side of the roadway. Letters have been sent out letting the owners know that the obstacles need to be removed.

City Manager Richards requested City Council to support his position with being firm in enforcing the Code requirements. City Council members indicated their support.

City Manager Richards informed City Council that he expected the Pennsylvania Street repairs to be completed this week, and that the repairs may take two to three days.

B. Fourth of July Recap

City Manager Richards stated that the Fourth of July celebration came off without a hitch.

C. Chief Branson – Recognition and Honors

City Manager Richards informed City Council that Chief Branson was elected to represent the Northern Lower Peninsula on the board of directors of a police chief association and was honored with the annual "Crime Fighter Award".

Mayor Pfeifer expressed her appreciation for his efforts.

D. Donated Funds – Contribution

City Manager Richards informed City Council that the Offield Family Foundation has provided a contribution of \$20,000 to the Police Department. These contributions are part of the Police "Contributed Funds" account.

E. Bay Street Underground Project – Conductor Cables

City Manager Richards informed City Council that the project will require about 15,000 feet of insulated conductor cable and that he would like to approve the low bid of \$26,400 from RESCO, unless City Council has an objection. There were no City Council objections.

F. Ford Park Screening Trees– Recommended Resolution

City Manager Richards informed City Council that after the recommendation and consultation with the Harbor Commission and members of the Tree Board, the consensus was that the trees could remain, but with some aggressive trimming on the west side of Ford Park, adjacent to the Irish building. The opinions were that this kind of trimming will not harm the trees, but will create space and stop interference with kayak racks and the Irish building.

G. Zoll Street Tree – Resolution

City Manager Richards passed along the feeling of the Harbor Commission, that the new tree planted in Zoll Street Park will not be a view obstruction for many years to come. The Harbor Commission thought the tree is appropriate where it is.

H. Paddleboard Race – August 16, 2015

City Manager Richards asked City Council to approve the request for Christi Shibata to hold another standup paddle boat race on August 16, from 2:30 p.m. through 5:00 p.m. at the Zoll Street Beach. He said he was not aware of any conflicts or problems with the races, and stated that with no objection from Council he plans to approve the request. There were no City Council objections.

I. Upcoming Board and Commission Meetings

The following boards and commission meetings are scheduled in the City Council Chambers of City Hall, 160 Zoll Street, Harbor Springs, MI 49740:

- DDA Board – 8:00 a.m., Thursday, August 6, 2015
- Zoning Board of Appeals – 5:30 p.m., Wednesday, August 12, 2015
- Planning Commission – 6:00 p.m., Thursday, August 20, 2015

6. Boards and Commissions

A. Appointments

Mayor Pfeifer stated that she had no proposed appointments.

7. City Council New and Old Business

Council members commented on the good job done by City staff on the Fourth of July and mentioned that only one negative letter had been received regarding the new chair restrictions.

8. Adjournment

With no further business, Mayor Pfeifer adjourned the meeting at 7:55 p.m.

Tina J. Honeysette, Deputy City Clerk

Approved: August 3, 2015

Pringle Pfeifer, Mayor

