

Harbor Commission

Regular Meeting Minutes

Tuesday, February 18, 2014, 5:30 p.m.
North Side Marina, 148 Black River Street



City of South Haven

1. Call to Order by Arnold at 5:30 p.m.

Roll Call:

Present: Stephens, Pyle, Sullivan, Arnold
Absent: Reineck, Silverman, Strong

2. Approval of Agenda

Motion by Stephens, second by Sullivan to approve the agenda as presented.

All in favor. Motion carried.

3. Approval of Minutes: January 21, 2014 Regular Meeting

Motion by Pyle, second by Stephens to approve the January 21, 2014 regular meeting minutes as written.

All in favor. Motion carried.

4. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

None at this time.

VandenBosch pointed out the new brochures advertising the harbor which were handed out at the Strictly Sail boat show in Chicago and will be distributed this weekend at the boat show in Grand Rapids.

VandenBosch introduced information regarding the design of a Wi-Fi system for the marinas and the downtown. The system will have a variety of different Service Set Identifiers (SSIDs). There will be one for city employees including the police department; data ones which can be connected to video/security cameras; and the city may also make bandwidth available for sale. The Marina will have an SSID which is available anywhere including downtown and at the beaches for boaters. One of the city's marketing efforts is advertising Wi-Fi at the beach. While the marinas currently have Wi-Fi, there have been reception difficulties in some spots, so the city is upgrading the system so the entire marina will have very good Wi-Fi reception level and bandwidth.

VandenBosch reviewed the plan for funding the Wi-Fi system through the electric fund, which is a utility, which will charge the marinas each year for five years to pay it off. The marina fund balance is

at a low point due to funding the Northside Marina facility and doing the dredging. While the city is aiming for Memorial Day for the Wi-Fi to be operable there is hope that it may be done by the end of April. VandenBosch enumerated the approvals that must be obtained before the project can begin.

Sullivan asked whether there is any talk of expanding the Wi-Fi availability over the entire city. VandenBosch said since cell phones are limited, to expand it the city would have to put a transmitter every three hundred (300) feet. There have been conversations with a condominium and a campground who are interested in having Wi-Fi as a utility. Discussion ensued regarding the sale of Wi-Fi to both individuals and groups.

5. Marina Reports

VandenBosch reviewed the Marina Reports.

VandenBosch pointed out that this is a good year for seasonal dock rentals; 2014 has already exceeded several previous years' totals. Noted that the uptick is mainly related to our invoicing system; while the invoices were previously sent out from the marinas a few at a time, invoicing is now being sent out by the city all at once. After a question from Sullivan VandenBosch stated the marinas have waiting lists for forty foot (40') docks, while there are still fifty foot (50') and sixty foot (60') ones open.

VandenBosch pointed out that Black River Park is already bringing in revenue.

Stephens asked if the Wi-Fi costs will be coming out of the Marina fund to which VandenBosch responded, "Yes, but this first year we have no payment and then the next five (5) years the utility will bill the marinas."

VandenBosch noted that the city has had difficulty finding a location for piling snow; presently snow is being put in Black River Park parking lot.

VandenBosch noted staff is currently working on the new budget; a budget amendment will be needed to complete the dredging and some final bills on the North Marina facility that came in after June 30, 2013. Most balances will be very low after those expenses are paid.

VandenBosch noted that another item that will affect the Marina Fund is that depreciation is taken out of the balance as an expense. While that money does not actually leave the account, it cannot be used during that year. VandenBosch pointed out that the depreciation can be used the next year and there is about \$130,000 in that reserve because of the North Marina facility. VandenBosch explained it as a single-year savings plan based on accounting rules that cities have to follow.

VandenBosch noted that the North Side Marina facility and the dredging project were completed without any debt.

6. Priority Setting

VandenBosch explained that since there are not a lot of reserve funds, this can be looked at as a long-term priority setting exercise.

After enumerating several projects that could be prioritized, materials were distributed for the use of commissioners in prioritizing potential projects.

The group discussed paddle-craft facilities, water taxis, and the fish cleaning station. It was noted that two new campgrounds are coming to the area. The State has purchased the defunct Riverwoods development to turn into a State Park and Yogi Bear is going in on 64th Street.

Discussion ensued regarding the need for more winter activities to draw people into the city as well as cities that have given up some festivals in exchange for less noise and crowding.

VandenBosch encouraged setting a high priority for the fish cleaning station and updated the commissioners that the rock waterfall has been installed in the area near Black River Park.

After reviewing the priority lists, VandenBosch noted that for most of these projects the city would want to try to get a grant. The Dunkley Street parking lot could be a shared project with the Downtown Development Authority (DDA), providing some overflow parking within walking distance of the downtown.

Pyle suggested advertising Black River Park seasonal passes in newspapers via press release; VandenBosch noted that we also have discounts for those sixty-five and older.

Under "River Maintenance", commissioners discussed dredging sediment traps, which would be permitted under the city's current dredge permit; finding a place to put dredge spoils and rebuilding the Dredging Capital Fund, which is a saving for major dredging.

Maritime Museum dock repair is the number one (1) priority under Marina upgrades, VandenBosch noted.

In Black River Park the fish cleaning station is priority number two (2) while the top priority is a new Black River Park Marina restroom. During discussion VandenBosch said none of these priorities are binding but can be a learning experience. Pyle pointed out there is a restroom with the proposed fish cleaning station.

VandenBosch will put the priority results together as a report and bring it back to the next meeting. Since attendance at tonight's meeting is low, VandenBosch suggested reviewing the Strategic Plan at the next meeting.

Stephens commented on the Strategic Plan and asked whether we have a fire boat on here, which sparked a fairly lengthy discussion regarding the current fire boat; its capabilities, uses and storage needs along with acquiring a fire boat large enough to go out on the big lake and to use in the harbor. This discussion led to a suggestion by VandenBosch to speak with Fire Chief Wise to get his opinion. Stephens questioned which exposed the city to greater liability, having or not having a fire boat in the harbor.

7. Marina Independent Accountant's Report

VandenBosch explained the he had requested the audit as an annual audit. When the auditors tried to get information about how many boats of what length were in which slips and what the daily receipts had been, it was discovered that the State Reservation System data did not include boat length, which was needed by the auditors to determine revenue for each day.

There were a number of discrepancies found in the report that was provided, mainly related to deposit, reporting and receipting procedures. In the end, it turned out that the auditors identified a

number of problems. VandenBosch stated that there were communication problems, and that the City had not communicated expectations regarding deposits and reporting to the marina manager. VandenBosch pointed out that the auditors and finance director never visited the marinas to look at the filing system.

In response to the findings of the auditor, VandenBosch went through each finding and identified a response to solve the problem. These responses were added to the Marina Management Policy. There were three cases of seasonal boaters who did not pay for their slips; the City has invoiced those boaters again and will attempt to recover payment. Some of those payments have subsequently been received. There was \$13,741 in receivables that the City will attempt to recover. VandenBosch explained the various problems, noting that while there are files at the North Side Marina that show slip occupancy and payment records, the auditors want to see a separate document as a record to compare to what is in the file; because there was not a separate document, this led to the auditors identifying many problems.

Sullivan asked whether the contract specified that the marina manager had to follow certain accounting procedures to which VandenBosch responded that marina manager Marple was required to follow the city's expectations as outlined in his contract, but there had not been clear instruction and communication regarding accounting and record keeping methods. Marple started in June of 2012, and there was not much communication regarding the City's expectations on reporting, deposits and receipting until September of 2013.

Sullivan asked for explanation of the references to personal expenditures by the Marina Manager. VandenBosch noted that the particular transaction referenced was the Marina Manager's attempt to test the new credit card machine. He ran an expense on his own card and was then reimbursed from marina funds. Also, VandenBosch explained, during the winter season there were no staff at the marinas, so some transactions were run through the Old Harbor Inn credit card machine, with payment being made by check to the City. This process has been changed so that all seasonal slip payments are now invoiced by the City instead of the marina manager. Some deliveries of restroom supplies were made to the Old Harbor Inn site. VandenBosch stated that the marina manager had told him he was ordering restroom supplies from a lower cost vendor that served Old Harbor Inn, and VandenBosch was aware of this change in vendor. After being informed that delivery to a location other than the marinas was inappropriate, the vendor now delivers directly to the marina.

Discussion ensued around the following topics:

Using the State reservation system did not result in the type of reports anticipated. VandenBosch noted that the state has since changed their system, charging transient boaters by the length of the dock, not by the length of the boat, and explained the advantages of the new system to the city marinas. This solves the problem of not being able to get the boat length data out of the State Reservation System report, because now the fee is based on the dock length and not the boat length.

Transient slip fees were incorrectly recorded in the wrong fiscal year. This is an accounting issue which can easily be fixed.

State sales tax was paid on supply purchases, although the city has an exemption. VandenBosch stated that this was expected when moving to a contracted management service. Due to the auditor disliking the way the sales tax was handled, new policies have been put into place; the Marina Manager has purchasing card and bills are paid by the city.

Problems noted which were due to not having a refund policy have been corrected. Now all refunds must be authorized by the marina manager and paid by the City.

VandenBosch stated that he has gone through the auditor's findings item by item and made changes to the Marina Management Policies.

The marina staff will be doing a daily report on how many boats overnighted in the marina. There are now forms to be completed and a payment log to be filled out by the marina.

Discussion ensued regarding how reporting is done from the Marina to the City. VandenBosch noted that there is a Daily Sales Record that must be placed in the deposit bag each day. Stephens asked whether the City will be keeping records/creating reports in the format required by the auditor. VandenBosch stated that he has not discussed with finance regarding exactly how they will be keeping the records.

Stephens suggested that there is a need to have the accounting report that was requested by the auditors. Sullivan questioned how the state system information will be accessed.

Pyle pointed out, from a marketing standpoint, that if, for example, a boater is here several times through the year, and a good marketing practice would be to offer them a seasonal pass. Loyalty cards would be another good marketing practice. VandenBosch said we should probably get some marina software eventually, and noted that what is being done at this point is in response to the audit.

VandenBosch stated that commissioners are welcome to look at the records and noted that there definitely were some communication problems. VandenBosch said this was a not a good audit report but hopefully we will learn from it and have responded to the problems.

Stephens said the customer service has been done well, Pyle noted that he has turned the harbor around. Arnold noted the marinas have a waiting list, finally. Stephens noted the city is taking over some of the invoicing, and Marple has a guideline to follow; just wants to be sure the city is producing the reports required by the auditors.

Member and Staff Comments

Pyle: Commended VandenBosch on getting all the information together in response to the audit.

Stephens: Questioned whether Marple communicated with VandenBosch on a variety of levels to which VandenBosch responded that Marple generally communicates by email so there is a record.

Sullivan: Asked for an update on the weather buoy. VandenBosch reviewed the funding that has been put into place, noting that the city needs to get more donations for the capital expenditures.

Stephens: Asked whether Western Michigan University has been approached regarding partnering on this. Stephens suggested looking into research universities that might have funds through grants.

Pyle: Asked about cameras for the bridge tender. VandenBosch said that is part of the bridge reconstruction and while that has been re-bid, does not know if the bids have been received. VandenBosch noted that the city does have two (2) cameras and is looking into getting them put up.

Adjourn

Motion by Stephens, second by Pyle to adjourn at 7:06 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary