

## City Council

### Regular Meeting Minutes

Monday, April 7, 2014  
7:00 p.m., Council Chambers



#### 1. Call to Order

#### 2. Invocation

- Moment of silence

#### 3. Roll Call

Present: Arnold, Fitzgibbon, Kozlik Wall, Patterson, Burr

Absent: Gruber, Klavins

Moved by Fitzgibbon to excuse Councilmembers Gruber and Klavins for personal reasons.  
Seconded by Kozlik Wall.

Voted Yes: All. Motion Carried.

#### 4. Proclamation of the Order of Free and Accepted Masons

#### 5. Approval of Agenda

Moved by Patterson to approve the agenda. Seconded by Fitzgibbon.

Voted Yes: All. Motion Carried.

#### 6. Consent Agenda: Items A thru F (Roll Call Vote Required)

Moved by Fitzgibbon seconded by Patterson to approve the Consent Agenda as follows:

- A. Council will be requested to approve the City Council Minutes of March 17, 2014.
- B. Bills totaling \$1,497,638.75 for the period ending April 8, 2014 be approved and forwarded to the Clerk and Treasurer for payment.
- C. Council will be asked to approve the bids, quotes, and proposals for Elkenburg Park Phase II.
- D. Council will be asked to award contractual services for Core City Secondary Upgrades – Phase 1, to Kent Power, Inc. of Kent City, Michigan in the amount of \$478,852.98.
- E. Council will be asked to approve award of Veterans Boulevard Underground Project materials quotes and construction bids as follows:
  - 1) Medium Voltage Underground Cable to Power Line Supply in the amount of \$176,700.

- 2) Padmount Switchgear to Champion-Charter in the amount of \$48,018.00.
  - 3) Conduit Installation to Compton, Inc. in the amount of \$117,917.50.
  - 4) Electrical Cable and Equipment Installation to Kent Power, Inc. in the amount of \$118,215.95.
- F. Council will be asked to receive the following administrative reports and approved minutes to be placed on file:
- 1) 10-28-2013 ZBA Minutes
  - 2) 01-15-2014 Airport Minutes
  - 3) 02-18-2014 Harbor Commission Minutes
  - 4) 02-18-2014 LBHM Minutes
  - 5) 02-21-2014 BPU Special Meeting Minutes
  - 6) 02-26-2014 Housing Commission Minutes

A Roll Call Vote was taken:

Yeas: Arnold, Fitzgibbon, Kozlik Wall, Patterson, Burr

Nays: None

Voted Yes: All. Motion Carried.

## NEW BUSINESS

7. **Council will be asked to consider Resolution 2014-14, a resolution amending the cost-based formula rate agreement for full requirements electric service by and between Indiana Michigan Power Company and the City of South Haven.**

*Background Information:* The City of South Haven is currently party to a Cost-Based Formula Rate Agreement for Full Requirements Electric Service with Indiana Michigan Power Company (the Agreement). The City entered into this Agreement effective July 1, 2006.

The delivery period for this Agreement runs from July 1, 2006 through May 31, 2026 unless the Agreement is terminated in accordance with Section 2.2 (b) or 2.2 (c). Section 2.2 (b) of the Agreement permits the Customer (City of South Haven) to cancel the agreement by providing notification on or prior to May 31 of any year, 7 years prior to the effective date of termination. For example, the City could provide notification of cancellation before June 1, 2014 and the agreement would terminate on May 31, 2021.

On October 31, 2012, all American Electric Power (AEP) subsidiaries, including Indiana Michigan Power Company, filed documents with the Federal Energy Regulatory Commission (FERC) requesting termination of their Pool Agreement effective January 1, 2014. The Pool Agreement will be replaced with a Power Coordination Agreement (PCA). The new Power Coordination Agreement will require Indiana Michigan Power Company and the other AEP subsidiaries to meet their respective load and reserve obligations.

Indiana Michigan Power Company sells energy to other AEP subsidiaries and the revenue from these sales (off system sales) is shared with the City and other Indiana and Michigan Municipal Distributors Association (IMMDA) members. As a result, the off system sales revenue can reduce the cost that IMMDA members pay for purchased power. AEP has indicated that there should be no substantial cost increases to the City as a result of the new PCA. However, they are not able to provide accurate information regarding off system sales revenue under the new PCA. The primary issue for IMMDA members is that a reduction in

off system sales revenues could result in an increase in purchased power costs. However, if changes occur, they will probably be gradual and occur over a long period of time.

As a result of these changes, IMMUDA, acting on behalf of its members, began negotiations with AEP and Indiana Michigan Power Company to obtain a modification of the Cost-Based Formula Rate Agreements. Working through our legal representative, Lisa Gast of Duncan, Weinberg, Genzer & Pembroke, IMMUDA has negotiated a settlement that would modify the current Agreement for each member. The proposed contract modification will change the termination period in Section 2.2 (b) of the Agreement. The modified Agreement will replace the seven (7) year notification period with a four (4) year notification period, provided that notification may not be given prior to May 31, 2015. For example, the City could provide notification of cancellation before June 1, 2015 and the agreement would terminate on May 31, 2019.

IMMUDA will continue to monitor power costs moving forward. If the new PCA results in an increase in purchase power costs to the members, the shortened notification period will permit cancellation of the Agreement at an earlier date. If the City or other IMMUDA members decided to give notice of early cancellation, they would then need to enter into negotiations with Indiana Michigan Power Company for a revised Agreement or they could issue a request for proposals to solicit pricing from other unregulated power providers. The IMMUDA Board of Directors is recommending that all IMMUDA members review and approve the proposed Amendment.

At their March 31, 2014 regular meeting, the Board of Public Utilities reviewed the proposed Amendment and passed a motion recommending approval of the Amendment by Council.

Moved by Patterson to approve Resolution 2014-14, a resolution amending the cost-based formula rate agreement for full requirements electric service by and between Indiana Michigan Power Company and the City of South Haven. Seconded by Fitzgibbon.

Voted Yes: All. Motion Carried.

- 8. Council will be asked to consider the following regarding the Michigan Maritime Museum:**
  - A. Consider approval of a license agreement with the Michigan Maritime Museum.**
  - B. Consider approval of lease agreement addendum #9 with the Michigan Maritime Museum.**

*Background Information:*

License Agreement, Slip 28 - The Michigan Maritime Museum has requested to use slip 28 at the Maritime Marina for docking of historic and character vessels. This is the headwall area across from the Friends Goodwill dock. The intent is that this area will be used as seasonal dockage for vessels.

The 2014 annual seasonal slip fee for Slip 28 is \$3,795. The license agreement is a 10 year agreement. The slip fees will change as fee changes to the Maritime Marina are approved by City Council during the annual marina rate setting process. Harbor Commission recommended the license agreement to City Council at its March 18 meeting.

Lease Agreement - For a number of years, the Wilhelm Baum was docked at Slips 29 and 30

of the Maritime Marina. There was an agreement between the City and the owner of the Wilhelm Baum which provided this dockage for services. In 2013, due to low water conditions at Slips 29 and 30, the Wilhelm Baum was moved to the Friends Goodwill dock.

The Michigan Maritime Museum moved a floating dock into place, which was used for boarding excursion vessels. Upon review of the agreements between the Museum and the City, it was discovered that Slips 29 and 30 are part of the Maritime Marina and not included in the lease agreement with the Museum.

Due to the fact that Slips 29 and 30 have been in use for docking of the Wilhelm Baum for many years, and due to the visible nature of this area on the Museum grounds, staff is requesting consideration of adding Slips 29 and 30 to the Museum lease, in other words granting control of the slips to the Museum.

The attached Addendum #9 to the Lease Agreement between the City of South Haven and the Michigan Maritime Museum will transfer control of Slips 29 and 30 to the Museum. The terms and conditions are similar to the existing Maritime Museum dock, building and grounds lease, except that Lease Addendum #9 is for a 10 year period, while the remaining lease for the Maritime Museum grounds is through 2070. This lease agreement will allow the Museum to expand its boat excursion operations and dock character vessels in the area in front of the Museum grounds. Harbor Commission recommended the lease addendum to City Council at its March 18 meeting.

**Item A: Consider approval of a license agreement with the Michigan Maritime Museum.**

Moved by Fitzgibbon, to approve a license agreement with the Michigan Maritime Museum. Seconded by Kozlik Wall.

Voted Yes: All. Motion Carried.

**Item B: Consider approval of lease agreement addendum #9 with the Michigan Maritime Museum.**

Moved by Fitzgibbon, to approve lease agreement addendum #9 with the Michigan Maritime Museum. Seconded by Patterson.

Voted Yes: All. Motion Carried.

**9. Council will be asked to consider the following items regarding Senior Services:**

**A. Consider Resolution 2014-15, a resolution placing a Senior Services millage proposal on the August 5, 2014 ballot.**

**B. Consider Resolution 2014-16, a resolution establishing a contract with Senior Services.**

*Background Information:* The goal of Senior Services of Van Buren County is to keep senior citizens healthy, independent and in their homes. To meet this goal, we offer programs that include health screenings and education programs, senior meals, commodity distributions, tax assistance, ramp building and minor home repair. In addition, many wellness and enrichment activities are available at Senior Services is making the difference in the lives of

South Haven Seniors at various locations throughout the county. Care Watch is our senior outreach and care management program that helps extend independent living as long as possible and is available to every person 60 years of age and over living in South Haven. Care Watch case managers are available to evaluate a senior's needs with home visits and telephone contacts to make appropriate recommendations for services such as in-home care, complicated application processes, emergency response systems and more.

Overall, Senior Services continues to see incredible growth in the number of seniors who have been served through the agency. Last year, Senior Services provided service to over 4,000 different seniors. In the first 6 months of this fiscal year, we have served over 5,300 seniors and another 3,200 seniors through the Outreach Programs for a total of over 8,500 seniors (this is over 65% of the total VBC senior population).

The number of seniors we have served in the South Haven City area is on the increase. In FY 2012, we served nearly 800 seniors on a regular basis.

For the first 6 months of this fiscal year, July 1 – December 31, we have served 424 seniors with services and 338 in the Outreach Program for a total of 761 seniors in the six months. The 338 seniors in the Outreach Program means we have touched the lives of these additional 338 seniors at least once through an outreach event, a special program, phone call or through a mailing. It also means more South Haven seniors know and understand more of the services available to them. They know what we do and where to find us when they need help or assistance. Our outreach program is essential for reaching seniors and Senior Services is committed to using this continual process and approach to bring services to all City seniors. Between the Senior Center programs, Care Watch Care Management, In-Home care, all our support services and our Outreach Program, we have served 60% of the total senior population living in the City of South Haven.

Also included is a contract (same contract used since 1996) between the City and Senior Services which further validates the ballot language in that all the collected tax funds raised from the senior millage will be given to Senior Services of Van Buren County, dba South Haven Area Senior Services, to continue the services currently available and provided by Senior Services to all seniors in your area.

**Item A: Consider Resolution 2014-15, a resolution placing a Senior Services millage proposal on the August 5, 2014 ballot.**

Moved by Patterson to approve Resolution 2014-15, a resolution placing Senior Services millage proposal on the August 5, 2014 ballot. Seconded by Fitzgibbon.

Voted Yes: All. Motion Carried.

**Item B: Consider Resolution 2014-16, a resolution establishing a contract with Senior Services.**

Moved by Fitzgibbon, to approve Resolution 2014-16, a resolution establishing a contract with Senior Services. Seconded by Patterson.

Voted Yes: All. Motion Carried.

**10. Council will be asked to consider the following regarding the approval of the bid for the Liberty Hyde Bailey Museum exterior painting project, in the amount of \$31,100.**

- A. Consider approval of the bid for the Liberty Hyde Bailey Museum exterior painting project, in the amount of \$31,100.**
- B. Consider approval of a budget adjustment of the general fund in the amount of \$32,000.**

*Background Information:* The City Council will be asked to consider approval of the bid for the Liberty Hyde Bailey Museum exterior painting project, in the amount of \$31,100.

At the March 18, 2014, regular meeting of the Liberty Hyde Bailey Museum Board, the board received a recommendation to contract with David Noosbond General Contractor for \$31,100 for the exterior painting project. The board was provided a bid tabulation, which noted four bids had been received for the project, and that Noosbond was the low bidder. The board was also provided with a summary of the proposed scope of work, and assurance that Noosbond was EPA certified and had excellent references. As a result of this information, the Liberty Hyde Bailey Museum Board approved a motion to recommend, to the City Council, that David Noosbond General Contractor be selected for the exterior painting project, in the amount of \$31,100.

**Item A: Consider approval of the bid for the Liberty Hyde Bailey Museum exterior painting project, in the amount of \$31,100.**

Moved by Patterson, to approve the bid for the Liberty Hyde Bailey Museum exterior painting project, in the amount of \$31,100. Seconded by Kozlik Wall.

Voted Yes: All. Motion Carried.

**Item B: Consider approval of a budget adjustment of the general fund in the amount of \$32,000.**

Moved by Fitzgibbon to approve a budget adjustment of the general fund in the amount of \$32,000. Seconded by Kozlik Wall.

A Roll Call Vote was taken:

Yeas: Arnold, Fitzgibbon, Kozlik Wall, Patterson, Burr

Nays: None

Voted Yes: All. Motion Carried.

**1. Council will be asked to schedule a series of budget workshops for the upcoming fiscal year.**

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

No Public Comment

**3. City Manager's Comments**

**4. Mayor and Councilperson's Comments**

Kozlik Wall – No Comment

Fitzgibbon – Spoke about spring break.

Patterson – Wishes everyone a fun spring break and reminds everyone to stop by the library.

Arnold – No Comment

Burr – Spoke about this being his 100<sup>th</sup> City Council meeting and also about Meijer's grand opening.

**5. Council will be asked to go into closed session pursuant to Michigan Open Meetings Act; Public Act No. 267 of 1976; 15.268; Sec. 8(d) to discuss attorney opinion.**

Moved by Fitzgibbon, to go into closed session pursuant to the Michigan Open Meetings Act; Public Act No. 267 of 1978; 15.268; Section 8(a) to discuss attorney opinion. Seconded by Arnold.

A Roll Call was taken:

Yeas: Arnold, Fitzgibbon, Kozlik Wall, Patterson, Burr

Nays: None

Motion carried. Council adjourned into closed session at 7:27 p.m.

Moved by Kozlik Wall return to open session. Seconded by Fitzgibbon.

Voted Yes: All. Motion carried. Council returned to open session at 8:10 p.m.

**6. Adjourn**

Moved by Fitzgibbon to adjourn. Seconded by Patterson.

Voted Yes: All. Motion carried. Meeting adjourned at 8:10 p.m.

RESPECTFULLY SUBMITTED,



Michelle Coffey,  
Deputy City Clerk

Approved by City Council: **April 21, 2014**