

Harbor Commission

Regular Meeting Minutes

Tuesday, April 17, 2012
5:30 p.m., City Hall Council Chambers



City of South Haven

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

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

2. Approval of Agenda

Motion by Silverman, second by Pyle to approve the agenda as presented.

All in favor. Motion carried.

3. Approval of Minutes: March 26, 2012 Meeting

Motion by Jeffers, second by Strong to approve the March 26, 2012 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.

5. Financial Report

VandenBosch reviewed the Financial Report. Silverman asked whether these are annual numbers or year-to-date. VandenBosch said they are annual numbers unless otherwise indicated.

VandenBosch noted that the charts on page 8 of the packet set up the income and expense in a business format. The Transient Marina has begun to use the State reservation system and the reservations are coming in. VandenBosch noted that it is fairly early in the season for Black River Park Marina. Noted that the new gate is scheduled to go in by the end of next week.

River Maintenance Fund. VandenBosch pointed out that two or three years ago the Harbor Budget was in a deficit position and the Harbor Commission put the Capital Improvement Plan into place and have climbed out of the deficit position. At present we have no dredging scheduled. Pyle asked about dredging before the Queen's Cup, recalling that there had been a question whether the equipment used for the preliminary soundings was adjusted properly; VandenBosch noted that he went out again to do soundings and there do not seem to be any significant differences so VandenBosch believes that his first readings were good readings. The Army Corps will be asked to come in if needed. The Board discussed whether the harbor will accommodate the deepest draft of the biggest boat coming in for the Queen's Cup. Strong noted that the water is not deep enough at the pier heads. Silverman said we will do more soundings May 22 and June 22 and boats will be docked according to their draft. Silverman noted that despite having less snow this year, his slip was deeper this year than last.

Silverman asked for an update on seasonal dockage. Abshire said the North side is three boats shy of last year. Black River Park has only twenty-four reservations and the Museum Marina only has fifteen. Last year we had close to 35 to 40 slips rented at Black River Park and 17 at the Museum. Abshire noted that reservations are still coming in.

6. Strategic Plan

VandenBosch noted that at the last meeting the Board went through the Strategic Plan; some were not present so may have some comments. VandenBosch distributed priority setting materials and noted that ten is the most you can assign to one item. Jeffers asked if assigning a ten indicates top priority which VandenBosch said is correct. Pyle and Silverman discussed setting up a time frame for completion to be added to the priorities next time. VandenBosch responded that this strategic plan is up for discussion today; if you want to add priorities. It could be approved but it is up to the board.

Jeffers asked for an update regarding the boat launch by the dinghy dock. VandenBosch explained that a grant was applied for to improve that area into a park but the City did not get the grant. That proposal has been resubmitted with changes and the City may get the grant this year.

Motion by Pyle to approve the Harbor Commission Strategic Plan dated March 2, 2012 with comments and changes as noted today. Second by Silverman. All in favor. Motion carried.

7. Seasonal Card and Discount Token Rates for Merchant Resale

Silverman asked what the seasonal card would cost; VandenBosch said the cards will cost \$100 and the merchant will keep \$10.

Abshire asked if the seasonal cards will be available at Black River Park; VandenBosch said that is not his decision to make. Abshire asked who is going to make that decision to which VandenBosch responded, "The Marina Manager". Abshire stated that in that case discount cards would be sold at Black River Park.

Motion by Silverman to recommend that the seasonal cards and discount tokens be available for sale through local retail merchants at 10% below value. Second by Sullivan. All in favor. Motion carried.

The Board discussed how the discount cards would be distributed to the merchants, what kind of record keeping will be necessary and how the merchants would be billed.

8. Soundings and Dredging Capital Improvement Plan

VandenBosch pointed out the information and sounding maps and lake levels in the packet. The Harbor Commission has been working on the Capital Improvement Plan which is included on page 27. There have not been any major changes made to the plan. The plan on page 28 indicates the first two years' figures are actual; then there are the approved budget; the proposed budget and projected budget columns. Progress has been better than expected; as of June 30 we should have more money in the budget than anticipated. VandenBosch noted that this may be due to special assessments. VandenBosch noted that if we start to get close to \$200,000 in this fund we might want to start reducing contributions, but we are not there yet.

Silverman asked how long it takes to process a special assessment; VandenBosch said it takes two to three months to set it all up, but then the payments come in about a year later or over a number of years. VandenBosch said his recommendation if a special assessment is done is that it be done with one payment as there are costs involved with the financial side of sending out billings and so on.

Sullivan asked if we are still recommending an increase of 3% to which VandenBosch responded that whether or not to do an increase still needs to be looked at. When money is taken from the Marina Fund to give to the River Maintenance Fund, care needs to be taken to be sure there is enough left in the Marina Fund. Silverman asked if what we have recommended is not enough. Hochstedler said it is at 4%; for the 2013 fiscal year it is still at 4%.

Motion by Silverman, second by Pyle to recommend approval of the Resolution 02-2012, a resolution requesting funding for the dredging Capital Improvement Fund.

All in favor. Motion carried.

9. Budget

VandenBosch noted that a meeting was held on March 30 with the Marina Manager, Robin Abshire, regarding declining revenues and increasing costs. Page 30 shows the expenses. In a memo Abshire noted that for the Queen's Cup weekend, staff will be required to be present around the clock. Silverman pointed out that there will be volunteers who can take on many of the duties that staff normally does; there may actually be a savings regarding personnel expense. VandenBosch agreed.

VandenBosch noted that pages 31, 32 and 33 of the agenda packet includes an overview of each of the marinas with the previous year's history: actual 2007 through 2010-2011, with the

Fiscal Year running from July 1 to Jun 30. Regarding the current year budget and Year-To-Date actual, VandenBosch noted that the current year projected budget is a best guess. Hochstedler noted that the projected budget shows what is left for Fiscal Year 2012. Hochstedler pointed out the Revenues sheet and noted that Expenses are in the section labeled Operations. Transfers Out includes things like a transfer from the Marina Fund to the River Maintenance Fund, according to Hochstedler.

VandenBosch asked if there were specific questions regarding the budget. Pyle noted that the charge for the Reservation System is \$10,000 and wondered how that expense is being paid. VandenBosch said it would be paid with credit card fees and fees paid at the City; believes that estimate of \$10,000 is very high because we do not have a lot of experience with this system. VandenBosch believes the cost will be closer to \$2,000 than \$10,000.

VandenBosch noted that raw budget worksheets follow up sheet 34. This is the same budget information in a different format. VandenBosch noted that the Marina Fund Summaries are a little easier to read.

Pyle asked if the marinas have enough staff for this season. Abshire said she just hired the last employees and the three who worked at Black River Park are returning.

Silverman noticed on the priority list there are duplications of items. Two lines that are about dredging could be combined. VandenBosch said this is set up to be used to prioritize in general; that is a change that could easily be made in the Strategic Plan. VandenBosch will write it up in a way that is easy to add up.

10. Request for Review: Marina Management RFP, Marina Management Contract

VandenBosch said the Marina Managers contract is up in October and we have been working on putting together a Request for Proposal (RFP). The model used is a single individual as a contractor who supervises City employees and the Marina Manager reports to the City Manager.

VandenBosch distributed a memo containing a list of problems with the Marina Manager Contract. VandenBosch would like to say that the way we wrote the Request For Proposal which is scheduled to go out May 1 is suitable; however he recommended that a different method be considered. This set up, with a contractor for the Marina Manager with City staff is not working well and VandenBosch is looking for advice.

Silverman said there are three proven methods of management. 1.) All employee method, which is very widespread 2.) All contract, all management and all personnel included in the contract with maintenance handled various ways. 3.) What we have is a hybrid with the Marina Manager being a contractor and the employees being City Staff. Silverman is not aware of other management situations that do it that way; it is unusual. At the very least the existing contract is deficient; these issues could be cleared up with a different contract that would address them. But that does not change the conflict between having a manager as an

independent contractor and the employees being city employees. Silverman said it is fundamental for the City to make a choice of what kind of management they want to have.

The board discussed with VandenBosch and Abshire the differences between bringing in a management team as opposed to all City employees or an independent contractor as manager with City employees as staff. The board also discussed how the City evolved to the present situation of having a Marina Manager who is a contractor with staff being City employees. Pyle stated a person is an independent contractor if they control what is being done. The Internal Revenue Service is very specific with what comprises a contractor who receives a 1099. The board discussed how the contract was initially drawn up by attorneys. Silverman said this was different since Abshire had a corporation. Pyle pointed out that Abshire is the company and is an employee of the company. Pyle noted that if the City has the control Abshire becomes an employee and advised that the City be very careful in handling the situation. Silverman said the question is whether the City would be best served to bring all of these responsibilities back in-house. After lengthy discussion Silverman said the two options are 1.) All City employees or 2.) A Request For Proposal to hire a management team which would contract all services with their own staff. VandenBosch noted that the current contract could be tweaked into a complete management and staffing proposal. Silverman said that may make sense because times are significantly different than they were in 2005 to 2006, and there has been an expansion of corporations operating on a good share of the lake's marinas.

Pyle asked if the City has a recommendation. VandenBosch said having an employee as Marina Manager is the easiest way to get back to something that works. While VandenBosch thinks it is worthwhile to put out a Request For Proposal, he also noted, "An employee as Marina Manager may be the final decision, but who knows? We might get a good proposal".

Silverman thinks the timeline of May 1st does not allow enough time to put this out for bid. Silverman recommends that the board put that decision off a month and perhaps between now and the next meeting hold a workshop on just this one issue, the Request For Proposal. In the interim each Commissioner can go through the contract. VandenBosch said the issue date of the Request for Proposal could be changed to June 1 to allow time to rewrite the document for a contract which consists of a manager and employee team.

The board discussed whether the contract and hiring of the Marina Manager is something the board should be involved in. Pyle thinks the Harbor Commission should be involved if decisions are being made that will affect the marina.

VandenBosch said issuing a Request For Proposal is something that is under the City Manager's authority until a contract is written; this is something this board could recommend to the City Manager. VandenBosch recommends that at the next meeting we get together and talk again. About 2 weeks prior to the meeting VandenBosch will send out a changed Request For Proposal. Silverman asked if the board thinks a workshop would be helpful before the next meeting. Pyle said if we have the request ahead of time the board can prepare for it. Sullivan noted he is not a great contract reader. VandenBosch said this item could be put on the regular agenda making it unnecessary to come in early. Pyle asked what window of time is involved when you issue a Request For Proposal. VandenBosch said maybe two months.

Sullivan said the third alternative is to tweak the current contract. Silverman said it is fraught with the problems that Pyle mentioned and the City's experience has been that it has not worked well. VandenBosch will get another version out to the board in two weeks or less. Pyle asked if VandenBosch will give the Commission an idea of cost comparison VandenBosch said he can try to do that.

Member and Staff Comments

Silverman asked for an update of whether the City is on target with North Side Marina facility. VandenBosch said the State wanted some changes to the bid documents so the corrections have been made and sent back to the State which is reviewing the documents. VandenBosch stated that he had hoped to have a bid out in February so the project is behind schedule. The revised documents went to the State 3 to 4 weeks ago. The last review took 9 weeks so hopefully it will be less.

Jeffers asked if the City is going to go through with the North Side Marina this year. VandenBosch said when we get the documents back from the State, hopefully it can be put out for bid immediately with a hope to start October 15, 2012. VandenBosch said the first thing that has to happen is demolition; that is messy and dirty and not something the boaters want to be around.

The board discussed moving the boaters to the South side during demolition, asking if because the South side is all in the State reservation system would the City have to figure out some financial variables. VandenBosch said slips would have to be blocked out in the reservation system and hold those that are reserved. Abshire said we have to provide them a place to dock their boat; there would not be any money exchanged.

Silverman said the Yacht Club is hosting an open house; all Chamber members, downtown merchants and interested parties, to celebrate the Queen's Cup. Merchants have donated gifts for the silent auction. April 26 from 5 – 7 pm. RSVP the Yacht Club.

Adjourn

Motion by Pyle, second by Silverman to adjourn at 6:45 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary