

AGENDA
CITY OF CHARLEVOIX CITY COUNCIL MEETING

Monday, October 15, 2012 - 7:00 p.m.
210 State St, City Hall, Second Floor City Council Chambers, Charlevoix, MI

- I. Invocation or Pledge of Allegiance**
- II. Roll Call of Members Present**
- III. Inquiry Regarding Possible Conflicts of Interest**
- IV. Consent Agenda**
 - A. City Council Meeting Minutes – October 15, 2012 Regular Meeting **PG 1-5**
 - B. Accounts Payable Check Register **PG 6-8**
 - C. Payroll Check Register **PG 9-13**
- V. Public Hearings**
- VI. Reports**
- VII. Requests, Petitions and Communications and Actions Thereon**
 - A. Discussion of Funding a Preliminary Engineering Study for Additional Dockage **PG 14-30**
 - B. Purchase of Energy **PG 31-32**
 - C. Consideration for 2012/13 Infrastructure Projects **PG 33-34**
 - D. Consideration to Purchase a New Chipper **PG 35-37**
 - E. Purchase of Tractor/Holder **PG 38-41**
 - F. Consideration to Approve Fifth Amendment to the City Manager's Contract **PG 42-43**
- VIII. Introduction and Initial Actions Relating to Ordinances or to Resolutions That Require Publication or Hearings Prior to Final or Further Action**
- IX. Resolutions**
- X. Ordinances**
- XI. Miscellaneous Business**
- XII. Audience - Non-agenda Input (written requests take precedent)**

The City of Charlevoix will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities at the meeting upon one weeks notice to the City of Charlevoix. Individuals with disabilities requiring auxiliary aids or services should contact the City of Charlevoix Clerk's Office in writing or calling the following: City Clerk, 210 State Street, Charlevoix, MI 49720 (231) 547-3250.

CHARLEVOIX CITY COUNCIL

AGENDA ITEM

AGENDA ITEM TITLE: Discussion Regarding Funding a Preliminary Engineering Study for Additional Dockage

DATE: October 15, 2012

PRESENTED BY: Rob Straebel

ATTACHMENTS: 1. Sketch of the Proposed Dock
2. Letter from MDNR
3. Professional Services Agreement with United Design Associates

BACKGROUND INFORMATION: The Michigan Department of Natural Resources-Waterways Commission has turned down a City grant for monies to pay for an engineering study for an additional dock on the north side of the marina. According to the DNR, they are looking to fund maintenance and upkeep of existing facilities and do not have monies for dock expansion projects.

City Staff and Council agreed to look at marina revenues at the end of the boating season to determine if sufficient monies were available to fund the engineering study without grant funding. According to the City Treasurer, total revenue estimates should be at least \$28,000 above last year for the entire 2012 boating season. We think we have enough funds in hand from the Marina Fund to pay for the study. Keep in mind that DDA valuations for 2013 will not be out until February 2013. If DDA valuations go substantially down, the City's General Fund may be obligated to pay for the costs of the preliminary engineering study.

Costs of the preliminary engineering study are \$43,950 and will utilize United Design Associates, the previous engineering firm that designed the original docking system for marina improvements. They will honor this quote even though the proposal was submitted in Spring, 2012.

The following was included in our last discussions on this topic:

The proposed costs to construct as described in the February 23, 2012 memo from Floatation Docking are as follows:

Docking Costs	\$176,000
Ice Suppression System	\$ 26,500
Dry Fire System	\$ 6,000
Utilities	<u>\$ 87,500</u>
Total Estimated Dockage Costs	\$296,000
Preliminary Engineering Report	\$ 43, 950
Final Estimated Engineering/Inspection	<u>\$ 50,000</u>
Final Estimated Costs	\$389,950

The new dock would include 8 slips for larger vessels in the 50'-60' range. We have added an additional docking area on northside of the dock bringing the total to 9. (If the new docks were completed, the Keweenaw Star would need to utilize dock space on the north side of the new dock also.)

According to the Harbor Master, there is demand for dockage space for vessels of this size. See attached sketch for proposed docking. Annual revenue estimates from the Harbormaster and City Manager's Office are as follows:

60' Transient Boat Fee Per Night \$96.00

60 days per season

9 slips

$\$96.00 \times 60 \text{ days} \times 9 \text{ slips} = \$51,840$

Return on Invest (RIO) $\$389,950/\$51,840=7.5$ years

RECOMMENDATION: Staff is fully supportive of an additional dock on the north side of the Marina and believes that bringing in larger vessels would be an economic boon to the community. This is a proposal whereby spending funds now, City Council would be further investing in the long-term sustainability of our downtown area. It is certain that over the course of many years the dock would pay for itself.

The study will take several months to complete. Running concurrently with this, Staff could research creative financing options that would not encumber the Marina Fund and would not require dedication of General Fund reserves.

Staff recommends that City Council make a motion *“to approve the Professional Services Agreement included in the packet with United Design Associates for an Engineering Study for Additional Dockage.”*



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF NATURAL RESOURCES
LANSING



KEITH CREAUGH
DIRECTOR

August 8, 2012

Mr. Rob Straebel, City Manager
City of Charlevoix
210 State Street
Charlevoix, Michigan 49720

Dear Mr. Straebel:

The Parks and Recreation Division (PRD) recently received your Waterways Grant Program Application and thanks you for your interest.

Your application was evaluated internally by PRD staff. Unfortunately, we were not able to approve your project due to the limited funding currently available. Applications are accepted throughout the year and may be submitted in advance of next year's April 1, 2013, due date.

If you have any questions or would like additional information, please contact me at Department of Natural Resources-PRD, P.O. Box 30257, Lansing, MI 48909-7757.

Sincerely,

Paul R. Petersen
Waterways Grant Program Manager
Parks and Recreation Division
517-335-3033

RECEIVED

AUG 13 2012

CITY OF CHARLEVOIX

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT, entered into the _____ day of _____ A.D., 2012, by and between the _____ City of Charlevoix, Michigan _____, hereinafter referred to as the "OWNER", and United Design Associates, Inc., hereinafter referred to as the "Engineer/Architect",

WITNESSETH:

WHEREAS, The Owner is desirous of constructing an addition of a new Northerly Floating Pier System at the Existing East Park Mooring Facility on Round Lake in the City of Charlevoix, Michigan and:

WHEREAS, the Owner desires that a complete preliminary study be made to determine the feasibility and the most desirable means of constructing said New Northerly Floating Pier System; and;

WHEREAS, the Engineer/Architect engages in the business of furnishing Professional Engineering/Architectural services within the State of Michigan; and

WHEREAS, the Owner desires to engage the Engineer/Architect to make and to complete such a preliminary study including, but not limited to, conducting the necessary topographic and hydrographic surveys and to prepare the necessary reports, sketches, drawings, designs, outline specifications, preliminary cost estimates; and

WHEREAS, the Owner, at its meeting held the _____ day of _____, 2012, authorized the execution of this professional services agreement.

NOW THEREFORE, the parties hereto do mutually agree as follows:

1. The Engineer/Architect agrees to conduct a preliminary study which shall conform with professional standards and shall be conducted with the view towards determining the economic and physical feasibility of accomplishing the construction of certain New Northerly Floating Pier System to be developed on or adjacent to certain properties of the Owner located at the East Park Mooring Facility on Round Lake in the City of Charlevoix, Michigan. All plans, reports and other documents shall be prepared under the direct supervision of and signed and sealed by a Registered Professional Engineer/Architect duly registered as such in the State of Michigan as required by Section 2011 of Act 299, P.A. 1980 as amended. The said study shall

contain, in addition to the usual content of such study, such additional data as is set forth hereinafter.

2. The Engineer/Architect agrees to perform the following services:

a. To make such topographic and hydrographic surveys as shall be necessary to:

(1) Locate all structures, pipelines, electrical lines, telephone lines, and sewers; physical features; ground elevations and the like information.

(2) Determine underwater navigational hazards.

(3) Ascertain whether a property survey is necessary and advise the Owner in writing of the necessity of making the same, the reason why such survey is necessary, and the estimated cost thereof. The Engineer/Architect shall not conduct or have conducted a property survey unless specifically authorized to do so in writing by the Owner. In the event that the Owner shall so authorize the Engineer/Architect, the cost of the property survey shall be considered an additional item above and beyond the compensation hereinafter provided. A property survey shall consist of locating and staking corners of the property and providing the Owner with a legal description and drawing signed and sealed by a Registered Land Surveyor. In the event the Engineer/Architect shall perform or have performed a property survey without the express written consent of the Owner, the Owner shall in no manner be obligated to pay any additional sum to the Engineer/Architect as the result of his making or having caused to be made such unauthorized property survey.

b. To make such studies of existing soil conditions as are necessary to design building foundations, foundation piles, spring piles, pavements, ramps, embankments, bulkheads, and to determine possible difficulties that may be encountered in dredging, excavating, and/or filling. Such studies shall include but shall not be limited to the following:

(1) Obtaining all the available data regarding soil conditions including, but not limited to, reports prepared by the U.S. Army, Corps of Engineers, reports prepared by or for the Owner or others in the area, reports prepared by or for the Department of Natural Resources, discussions with persons who may be familiar with soil conditions in the area, and the gathering of all other like information which may be reasonably available.

(2) Making such probings and shallow-auger borings as are usually included within the scope of preliminary studies, but excluding the taking of test borings.

(3) Determining the necessity for making additional test borings and/or like investigations that may be needed if determined during soil boring investigation included in this Agreement. If the Engineer/Architect determines such additional investigations and explorations are necessary, he shall set forth in writing the reasons why he deems such additional test or tests are necessary and advise the Owner of the estimated cost of making the

same. The Engineer/Architect shall not make or cause to be made such additional investigations or explorations without the express written consent of the Owner. In the event that the Owner authorizes the making of such additional investigations and explorations, the actual cost of making the same shall be an additional cost above and beyond the hereinafter provided compensation. In the event that the Engineer/Architect shall make or cause to be made such additional explorations and investigations without first obtaining written permission from the Owner, the Owner shall not be liable for the cost of making the same.

c. To prepare preliminary designs, and complete preliminary cost estimates and apply for joint U.S. Army Corps of Engineers (ACOE) and Michigan Department of Environmental Quality (MDEQ) Permits, necessary to determine the feasibility and cost of the addition of the New Northerly Floating Pier System at the East Park Mooring Facility on Round Lake in the City of Charlevoix, Michigan. United Design Associates, Inc. in the preparation of the preliminary design, will also assist in coordinating the services of other suppliers or professionals that are providing services for this project including, but not limited to, soil borings, dredge sample testing, and site surveys.

d. To prepare and provide to the Owner and to the Michigan Parks and Recreation Division, Department of Natural Resources, each eight (8) copies of the following items and materials:

(1) A written report describing the procedures and methods used in accomplishing the preliminary study required by this Agreement.

(2) A plan of the site of the work showing base lines, bench marks, proposed or actual boring and/or probing locations, logs of all subsurface investigations and all pertinent topography including soundings referenced to International Great Lakes Datum.

(3) A preliminary plan of the recommended work plus informative sections and elevations.

(4) A preliminary cost estimate for the recommended project subdivided into quantities and unit prices considered in arriving at the recommended project. Such cost estimates shall include an item for contingencies and an item for engineering. It is the policy of the Engineer/Architect, based on common practice within the Engineering/Architecture design profession, to request that the Owner set aside a contingency allowance of up to 10% of the construction cost to provide for unforeseen circumstances that may occur during construction. The Engineer/Architect does not and cannot warrant that unforeseen circumstances will not arise that may require additional change orders to supplement any such project items that have not been included in the contractor's bid.

e. To make such other studies and investigations and to prepare such other plans, reports, and documents as are generally included within the scope of a preliminary study.

3. The Owner agrees to pay and the Engineer/Architect agrees to accept:
- a. A fee of Four Thousand Six Hundred (\$4,600.00) Dollars as compensation for making whatever topographic and hydrographic surveys as are necessary. It is to be understood that the above compensation does not include payment for property surveys. If a property survey is authorized by the Owner, payment for such a survey will be made separately. If additional bottomland survey is requested by the Michigan Department of Environmental Quality, and a separate quotation is authorized by the Owner, payment and work for such survey will be made separately.
 - b. A fee of One Thousand Three Hundred Fifty (\$1,350.00) Dollars as compensation for making a property and Lake Boundary survey. This work will be done by a professional surveying firm. If additional property survey is requested by the Michigan Department of Environmental Quality, and a separate quotation is authorized by the Owner, payment and work for such survey will be made separately.
 - c. An estimated fee of Not Applicable () Dollars as compensation for the taking of soil test borings in conjunction with a written report. This work will be done by a professional geo-technical investigation firm.
 - d. An estimated fee of Not Applicable () Dollars as compensation for the sediment sampling of dredge areas to comply with the required Michigan Department of Environmental Quality Dredge Sampling and Testing requirements. This work will be done by an environmental testing firm.
 - e. A fee of Not Applicable () Dollars as compensation for a written report based on a computer analysis of the probable wave heights in conjunction with wind forces that could develop in the proposed marina basin.
 - f. A fee of Not Applicable () Dollars as compensation for a written report based on a field measurement/computer analysis and quantifying the probable Littoral Drift in the marina basin.
 - g. A fee of Not Applicable () Dollars as compensation for a brief computerized analysis showing to what extent the probable ice forces may affect the proposed marina basin due to its location.
 - h. An estimated fee of Not Applicable () Dollars as compensation for the environmental assessment of the proposed site being considered. This work will be done by a professional environmental assessing firm.
 - i. A fee of Twenty Eight Thousand (\$28,000.00) Dollars as compensation for the preliminary study and site development and compilation and binding in report form the foregoing items 3. a,b,c,d,e,f,g,h, and i, as listed above including the preliminary

drawings. All charges incurred by the Engineer/Architect in carrying out this contract including, but not limited to, travel expense, phone calls, telegrams, employee payroll for both office and field work, Engineer/Architect time and materials furnished, subsurface explorations not otherwise excepted, and all other work and services necessary for the completion of the said preliminary study shall be regarded as being compensated for in full at the time of payment to the Engineer/Architect of the fees set forth in this Agreement.

j. An estimated fee of Three Thousand (\$3,000.00) Dollars as compensation for the printing and reproductions of the Preliminary Engineering Study and Reports.

k. In the event the project is determined feasible and fundable by the Owner after their approval of the preliminary study, a fee of Six Thousand Five Hundred (\$6,500.00) Dollars as compensation for the preparation of the necessary applications, drawings, and forms for the joint U.S. Army Corps of Engineers and the Michigan Department of Environmental Quality construction permits which are filed by the Owner and fees paid by the Owner. After the initial filing, any costs incurred by United Design Associates, Inc. in responding to the permit agency requests will be additionally billed at an hourly rate of \$90.00 per man hour plus any additional travel expenses. Any other required environmental testing and/or determinations, surveying services, soil borings or other specialization items or fees requested by MDEQ/COE permit agencies or any other agency other than the above referred to agencies will likewise be provided for by a separate contract change order or a separate contract with another company that specializes in such services.

l. A estimated fee of Five Hundred ± (\$500.00 ±) Dollars as compensation for the Joint U.S. Army Corps of Engineers and Michigan Department of Environmental Quality Permit Application fee.

4. In the event that the Engineer/Architect shall be retained to accomplish the work of preparing final construction drawings, specifications and final estimates, advertising for bids and awarding of contracts; supervising construction, including, but not limited to, consultation and periodic inspection, preparing estimates for progress payments to the contractors, assisting in interpretation of drawings and specifications, checking of shop drawings, reviewing changes required, preparing change orders, checking estimates of any additional work, and assisting in the final inspection and approval of performance, said Engineer/Architect shall be paid pursuant to the schedule hereinafter set forth. In addition to the above and as a part of the services described herein, the Engineer/Architect shall:

a. Prepare the necessary forms and apply for all permits. All Permit and Plan review fees shall be paid by the Owner directly to the Permitting and Plan Review Agencies.

This includes, but is not limited to, additional required construction permits by the following agencies:

- (1) Michigan Department of Public Health,
- (2) Construction Code Agency, and
- (3) The agency administering the Soil Erosion and Sedimentation Act.

b. Furnish the Owner, upon completion of all construction work, one complete set of reproducible "As Built" Drawings which shall incorporate all changes which occurred after the construction contracts were awarded.

For the preparation of the final construction drawings, specifications and estimates, application for permits, and advertising, opening and tabulating bids, 75% of the total applicable fee as hereinafter set forth shall be paid to the Engineer/Architect. For awarding the contracts, supervising construction and related work, and preparing "As Built" drawings, 25% of said total applicable fee shall be paid to the Engineer/Architect. In addition to the above, the Engineer/Architect shall furnish, at the site, a minimum number of hours of competent field supervision equal to 16 plus the total amount of the fee in dollars divided by 400. The Engineer/Architect shall also lay out a baseline and establish a benchmark for the Contractor's use. If, in the Engineer/Architect's judgment, the nature of the work demands inspection or construction survey work beyond that required in this Agreement, the Engineer/Architect shall submit an estimate of the number of hours and the extent of inspection and/or survey work to the Owner. This shall be submitted to the Owner prior to award of the Contract. If the Owner authorizes inspection and/or construction survey services beyond that required by this Agreement, the Engineer/Architect shall be compensated for said services by a fee equal to (2.70) times the direct payroll costs plus any additional travel expenses. Direct payroll costs are defined as the actual amount paid the employee for work on the Project exclusive to fringe benefits, vacations, sick leave, other indirect cost and profit. The reproduction of plans and specifications, including postage and handling for prospective bidders, is not a part of the following fee. The Owner can pay separately for this service, or the costs can be paid for by requesting a non-refundable fee from the prospective bidders who request the plans and specifications.

5. The following fee schedule shall apply to work performed under this Agreement by the Engineer/Architect and does not include the fees paid under Section 3.a, 3.b, 3.c, 3.d, 3.e, 3.f, 3.g, 3.h, 3.i, 3.j, 3.k, and 3.l;

<u>CONSTRUCTION COST</u>	<u>FEE</u>
Up To \$25,000.00	Fee to be negotiated
\$25,000.00 \$50,000.00	\$4,100.00 plus 10.5% of the costs over \$25,000.00
\$50,000.00 to \$100,000.00	\$6,225.00 Plus 9% of the costs over \$50,000.00
\$100,000.00 to \$1,000,000.00	\$9,725.00 plus 8.3% of the costs over \$100,000.00
\$1,000,000.00 to \$3,000,000.00	\$66,425.00 plus 7.2% of the costs over \$1,000,000.00
\$3,000,000.00 to \$5,000,000.00	\$170,425.00 plus 6.5% of the costs over \$3,000,000.00
\$5,000,000.00 to \$7,000,000.00	\$268,425.00 plus 5.7% of the costs over \$5,000,000.00

The above fees shall apply to the construction costs based on the award of one construction contract. In the event that multiple construction contracts are awarded, the fee shall be equal to the fee based on the sum total cost of all the construction contracts taken together plus one-third of the difference between that fee and the sum of the fees for each construction contract computed individually. Payment to the Engineer/Architect shall be made on the basis of the contract price, or sum of the prices, providing a contract or contracts are awarded. In the event contracts are not awarded, payment shall be made to the Engineer/Architect upon the basis of the Engineers/Architect's estimate of the cost of construction. Any payments made to the Engineer/Architect that have been determined on the basis of the Engineer/Architect's estimates shall be adjusted as necessary at such time as bids have been received and contracts awarded.

6. Nothing herein contained shall be construed as an agreement or promise of any kind or nature that the Engineer/Architect shall be engaged for any work relating to the project other than that specified in Paragraph Sections 1,2,3,4 5, and 6 hereof. Nothing herein contained shall be construed as an agreement or promise of any kind that the Engineer/Architect shall receive any compensation other than is specifically set forth in the agreement. The Owner

specifically reserves the right to engage any other Engineer/Architect at any time in relation to the project.

7. The Engineer/Architect agrees that in the event that the Owner desires to proceed with the project using the Engineer/Architect's services for the design and supervision of construction, the Engineer/Architect will perform such services and accept as compensation an amount determined pursuant to the schedule contained in Paragraph Section 5 hereof. The Engineer/Architect shall not be obligated to perform said design services and construction supervision unless he shall be so notified by the Owner in writing within three years after the date of final payment for the preliminary study. Assuming the Engineer/Architect is retained to proceed with the project, the Engineer/Architect shall meet with the Owner and develop a progress schedule mutually agreeable to both parties. At that time, this schedule shall be marked Exhibit "A" and included as part of this Agreement.

8. The Engineer/Architect shall purchase and maintain such insurance as will protect him from claims set forth below that may arise out of or result from the Engineer/Architect's services under the Contract, whether such service be by himself or by any sub-contractor or by anyone directly or indirectly employed by any of them or by anyone for whose acts any of them may be liable.

(a) Worker's Compensation Insurance for claims under Michigan's Worker's Compensation Act or other similar employee benefit act of any other state applicable to an employee.

(b) Employer's Liability Insurance, in conjunction with Worker's Compensation Insurance, for claims for damage because of bodily injury, occupational sickness or disease or death of an employee when worker's compensation may not be an exclusive remedy, subject to a limit of liability of not less than \$100,000 each accident.

(c) Automobile Insurance required by law for claims arising from ownership, maintenance or use of a motor vehicle.

(d) General Liability Insurance for claims for damage because of bodily injury or death of any person, other than the Engineer/Architect's employees, or damage to tangible property of others, including loss of use resulting by other specific liability insurance and are ordinarily insurable under general liability insurance, subject to bodily injury limits of not less than \$500,000 each occurrence and \$1,000,000 annual aggregate and property limits of not less than \$500,000 each occurrence, or combined bodily injury/property damage limits of not less than \$750,000 each occurrence and \$1,000,000 annual aggregate.

Insurance required shall be in force until acceptance by the Owner of the entire completed work, and shall be written for not less than any limits of liability specified above. The

Engineer/Architect has the responsibility of having any subcontractor comply with these insurance requirements. Certificates of insurance, acceptable to the Owner, shall be filed with the Owner prior to commencement of the professional service. These certificates shall contain a provision that coverages afforded under the policies will not be modified or canceled without prior written notice to the Owner.

9. The Engineer/Architect agrees to be responsible for any loss or damage to property or injury, damage or death to persons due to the negligent performance of the service of this contract. Such responsibility shall not be construed as a liability for damage caused by or resulting from the sole or joint negligence of the Owner. The Engineer/Architect's responsibility above described, however, shall be limited monetarily to the face amount of the insurance coverage of the Engineer/Architect in force at the time of the execution of this Agreement.

10. This Agreement is to engage the Engineer/Architect specified herein and no other. This Agreement may not be assigned or subcontracted by the Engineer/Architect and the inability of the Engineer/Architect to complete this agreement for any reason whatsoever shall be considered a material breach of the Agreement and entitle the Owner to damages.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, the day and date first above written.

In Presence of:

Owner: The City of Charlevoix, Michigan

By _____

Title: _____

United Design Associates, Inc. Engineer/Architect

By: James E. Muschell

Title: President

Subj: **City of Charlevoix's Boat Dock Project**
Date: 3/8/2012 11:11:12 A.M. Eastern Standard Time
From: sherm@fcasurveying.com
To: UDASSOC@aol.com

Sherm Chamberlain

FERGUSON & CHAMBERLAIN ASSOCIATES INC.

103 West Upright

Charlevoix, MI 49720

231-547-6882

sherm@fcasurveying.com

John H. Schlak, P.E.

United Design Associates

111 North Main Street

Suite 3

Cheboygan, MI 49721

Subject: Preliminary Study Request by the City of Charlevoix for the addition of the new Northerly floating pier system at the East Park mooring facility on Round Lake in the City of Charlevoix.

Dear John,

Thank you for contacting us for a quotation on the subject project. Our firm would like to be a part of the City's continuing efforts to improvement of East Park.

We have been involved with East Park both politically and professionally for well over 15 years. We are looking forward to our continued involvement.

The following is our quote for doing the four work items outlined in you letter dated March 7, 2012. The costs are itemized as follows:

Work Item 1: \$2700.

Work Item 2: \$1900.

Work Item 3: \$ 350.

Work Item 4: \$1000.

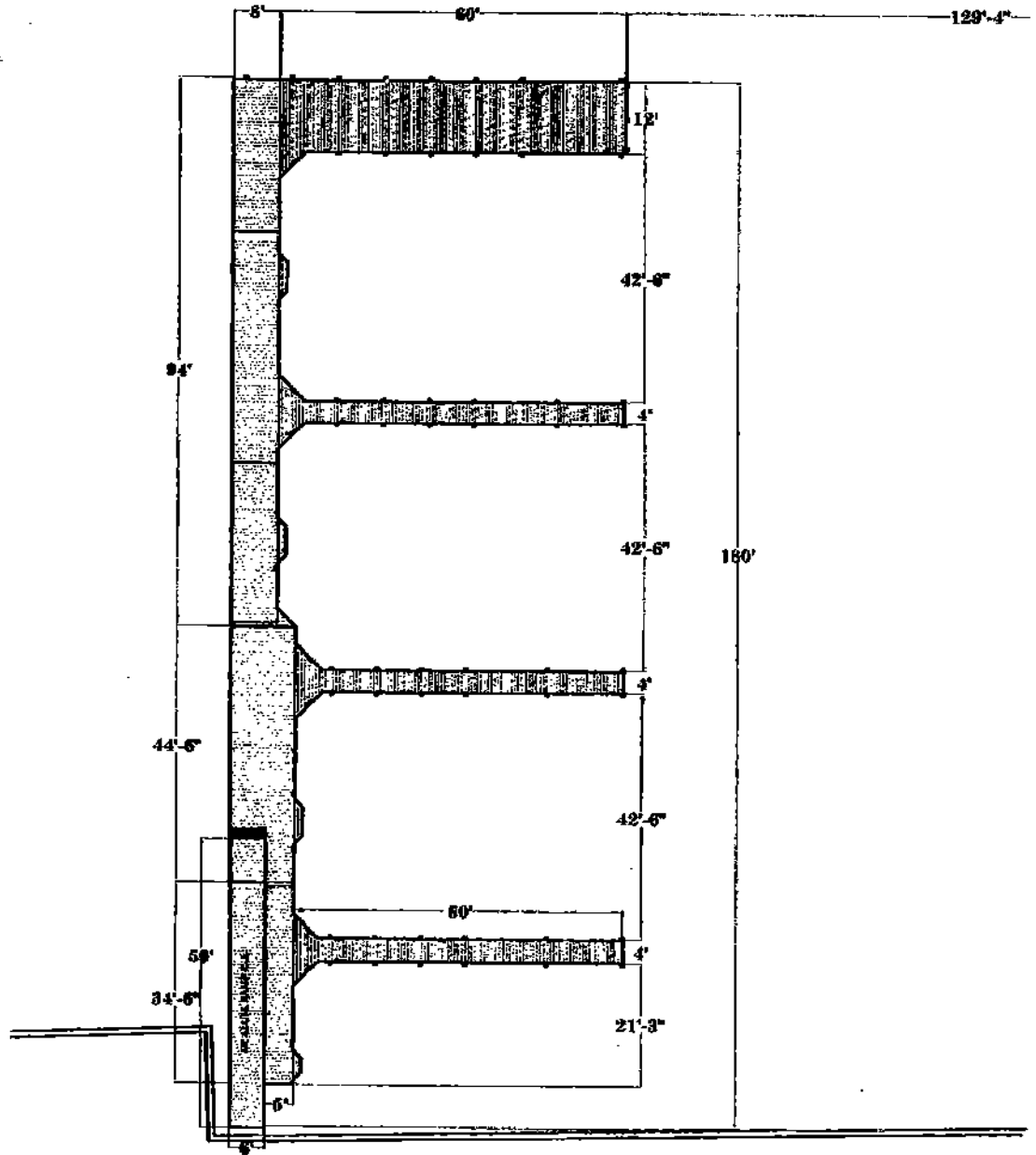
Total Cost: \$5950.

We are looking forward to working with you on this project. I am confident that the results will equal that of your

design of the East Park marina project.

Sincerely,

Sherman A. Chamberlain, Jr., P.S.



CHARLEVOIX CITY COUNCIL

AGENDA ITEM

AGENDA ITEM TITLE: Purchase of Energy

DATE: October 15, 2012

PRESENTED BY: Don Swem

ATTACHMENTS:

BACKGROUND INFORMATION:

The City's future power supplies are controlled by the MPPA Risk Management Policy and the associated Hedge Policy that were approved by Council last year. At this time the City is out of compliance with our Hedge Policy. Action is required to put us closer to being back in line with the plan.

Due to our purchase of a portion of the new AMP-Fremont Project, Charlevoix is slightly over-hedged at this time. This means that we have already purchased more energy than we can use at certain times of the day. We are turning around and selling this excess on the market, which minimizes any losses we may have.

On the other hand Charlevoix is short on energy purchases from 2015 on into the future. MPPA has analyzed our future power needs. The City has enough base load generation at this time but we are short on peaking generation. The following peaking (5 days a week, 16 hours a day) generation purchases are being recommended by MPPA:

<u>Term</u>	<u>Maximum Quantity MW</u>	<u>Unit Price (\$/MWh) Not To Exceed</u>	<u>Total Price (\$) Not To Exceed</u>
Calendar Year 2015	0.8	\$49	\$ 163,072
Calendar Year 2016	1.2	\$51	\$ 254,592
Calendar Year 2017	1.7	\$54	\$ 381,888
Calendar Years 2015-2024	0.6	\$59	<u>\$1,472,640</u>
Overall Total Cost			\$2,272,192

The first three items above are part of a three year contract. The fourth is a 10- year long deal,

which is not normal. Natural Gas prices have continued to drop dramatically, and some proposals have been made to MPPA that go well beyond the five year hedge plan. These proposals would allow us to lock in the price of a portion of our future energy needs until the year 2024. That is what is offered in the last item above, a chance to lock in a decent price for ten years.

Based on MPPA's analysis of our present position, expected future transactions and our Hedge Plan objectives, Charlevoix's future costs are expected to be very stable. Over the next five years our overall average wholesale power costs are expected to range between \$64.87 per MWh and \$69.79 per MWh, so the \$59 per MWh price offered above is considered a decent offer.

RECOMMENDATION:

It is recommended that Council consider a motion for approval to spend up to a maximum of \$2,272,192 to purchase various blocks of energy as detailed above over the years up to 2024.

**CHARLEVOIX CITY COUNCIL
AGENDA ITEM**

AGENDA ITEM TITLE: Consideration for 2013/14 infrastructure projects

DATE: October 15, 2012

PRESENTED BY: Pat Elliott

ATTACHMENTS: Long Term Infrastructure Plan

BACKGROUND INFORMATION: In August of 2010 Council approved an eleven year, long term infrastructure plan that was developed and presented by staff. In general we have followed this plan with some adjustments due to unforeseen conditions that have come up. For example, part of the Clinton project that is finishing up now, was not scheduled until 2018. Due to sanitary sewer issues and the lack of fire protection we bumped this project up on the overall schedule.

When looking at options for the 2012/13 infrastructure work the following criteria have been considered in order to come up with sound recommendations for Council to consider. 1. The long term infrastructure plan presented in 2010. 2. Road/curb and gutter condition. 3. Water main size, condition, material and age. 4. Sanitary sewer size, condition, material, age and history of backups.

Taking all of the above factors into consideration Staff is recommending the following projects be engineered this fall/winter. These projects would then be bid out in late winter for either spring or fall construction depending on the bid prices. Depending on where the bids come in at we will then determine which combination of the projects listed below best fit into the overall budget.

1. Clinton from Grant to Park. Majority of engineering is already complete.
2. W. Garfield from U.S. 31 to State St. (water, sewer, storm, and street).
3. Lewis from U.S. 31 to E. Dixon (Sewer, storm, and street).
4. Alleys adjacent to Lewis St. (prepare base and re-pave only).

The reason we have included the alley ways adjacent to the Lewis project is due to the overall surface condition of them and the potential for cost savings if bid along with the Lewis St. project.

RECOMMENDATION: It is staff's recommendations that council generally agree and commit to the engineering portions of the projects listed above. Actual projects considered for construction will be based on bid pricing and funds available within PI 6 (Infrastructure fund) and PI 7 (Road millage fund).

**CHARLEVOIX CITY COUNCIL
AGENDA ITEM**

AGENDA ITEM TITLE: Consideration to purchase a new chipper

DATE: October 15, 2012

PRESENTED BY: Pat Elliott

ATTACHMENTS: Bid Tab

BACKGROUND INFORMATION: In the approved 2012/13 City budget staff included the purchase of a new dump truck and chipper, and allotted a total of \$60,000.00 for the purchase of both units. The unit that is being replaced is a 1991 model 200, Bandit chipper. At 21 years old, this unit has become less and less reliable, and more expensive to maintain and keep running.

We advertised for sealed bids in the Charlevoix Courier and also the Petoskey News Review. We also sent the specifications to Morbark Inc. and Bandit Industries. Both of which are Michigan based companies.

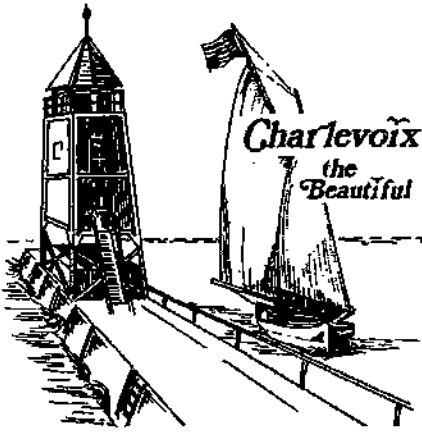
On September 28, 2012 we opened two sealed bids. See attachment.

Although the price for the 14 inch, Morbark model, with the trade in of our current unit, is approximately \$5,500.00 less than the Bandit unit priced, it is my recommendation that we purchase the Bandit unit. The reasons for my recommendation are listed below.

1. Warranty. Bandit offers a 5 year warranty that covers the engine, the drum, the slide box and other wear items. Morbark offers a 5 year warranty on the engine, but only a two year warranty on other parts.
2. Production/efficiencies. With the dual wheel feed system that Bandit offers compared to the single wheel feed system that Morbark offers there are more pulling pounds generated, which in turn allows you to put larger material in without having to trim branches off or re-position the material.

3. Drum size. The Bandit chipper is built with a 37 inch diameter drum with four chipping knives vs. the Morbark drum that is 22 inches in diameter and only has two chipping knives. The larger/heavier drum in turn spins at a lower RPM which then generates more torque, while using less fuel.
4. General construction. The Bandit model is built heavier than the Morbark unit. This is important when you think of long term use and the general work environment this chipper will be used in. There is approximately 1000 pounds difference between the two units. The Bandit being the heavier of the two.
5. Miscellaneous. Overall our experience with the existing Bandit unit has been very good and with that unit being 21 years old, we know these chippers are built well and able to last for a long time. If you were to assume the unit will last 15 years, and hopefully longer than that, the extra cost per year to purchase the Bandit unit would be approximately \$366.66. In addition to that, I am not proposing to purchase the new chipper truck that was approved in this budget cycle. This means that we would be under budget on this overall purchase by approximately \$26,000.00.

RECOMMENDATION: Considering all of the factors listed above, it is staff's recommendation that we accept the bid price from Bandit Industries of \$37,332.00, less the trade in amount of \$3,500.00 for a total purchase price of \$33,832.00 and place our order for the Bandit 1390 as per the bid specifications.



CITY OF CHARLEVOIX

210 STATE ST. CHARLEVOIX, MICH. 49720

CHIPPER

Bid Opening

September 28, 2012 2:15 p.m.

Bidder & Contact Info	Amount
Morbark, Inc. 8507 South Winn Road PO Box 1000 Winn, MI 48896 12" Chipper	\$30,400 <u>Trade in: 3,000</u> \$27,400
Morbark, Inc. 8507 South Winn Road PO Box 1000 Winn, MI 48896 14" Chipper	\$31,250 <u>Trade in: 3,000</u> \$28,250
Bandit Industries 6750 W. Millbrook Road Remus, MI 49340 13" Chipper	\$37,332 <u>Trade in: 3,500</u> \$33,832

**CHARLEVOIX CITY COUNCIL
AGENDA ITEM**

AGENDA ITEM TITLE: Consideration to purchase a municipal tractor

DATE: October, 15, 2012

PRESENTED BY: Pat Elliott

ATTACHMENTS: Bid Tab

BACKGROUND INFORMATION: In the approved 2012/13 budget, staff included \$144,000.00 to purchase a new municipal tractor that would replace our existing Holder unit. The Holder that is being replaced has degraded to a point that we cannot keep it operational without spending large sums of money every time we take it out of the shop. This unit's main winter purposes are to remove snow from sidewalks, blow the snow into our dump trucks that accumulates on the road edges, and blowing banks back where drifting occurs. During the spring, summer and fall months, this unit completes our rough mowing, sweeping and other misc. tasks as needed.

We advertised for sealed bids in the Petoskey News Review along with the Charlevoix Courier. In addition to that, we faxed the bid specifications to Bell Equipment (MB Tractor) and Jack Doheny Supplies (Trackless Tractor).

On October 3, 2012 we opened two sealed bids. See attachment.

There are two bid clarifications that need to be made. First the snow blower quoted from Bell Equipment should have a price of \$13,950.00. The blower they quoted was a smaller unit than what I intended them to bid. Second the "Demo Unit" bid by Bell Equipment has a total of 100 hours on it, while the "Demo Unit" bid by Jack Doheny Supplies has only 7 hours on it. Detailed below is a more accurate bid comparison for review. You will see there is a line item for a V-Plow, that is due to the fact that the MB Tractor does not have a rear 3 point hitch, which is what we use to scrape the sidewalks with in the winter.

	Tractor	Blower	Tractor Trade	Blower Trade	V-Plow	Total
Bell Eq. (new)	104,000.00	13,950.00	18,000.00	1,000.00	5300.00	\$104,250
Bell Eq. (demo)	87,800.00	13,590.00	18,000.00	1,000.00	5,300.00	\$88,050
J. Doheney(demo)	99,900.00	13,500.00	8,750.00	1,500.00	-0-	\$103,150

As you can see from the bid comparison, if you compare the Doheney demo unit that has only 7 hours on it to the new unit from Bell Equipment the bids are nearly equal. When you compare demo unit to demo unit Bell Equipment is approximately \$15,000.00 less.

After closely reviewing and analyzing the bids from both companies, checking references, and comparing key components of each piece of equipment, it is going to be my recommendation that we purchase the Demo unit as quoted by Jack Doheney Supplies. The reasons for this recommendation are listed below.

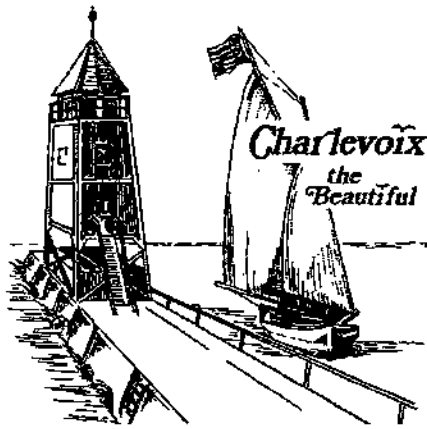
1. Years and units in production. Trackless has been producing these machines for approximately 40 years while the MB unit has been in production for only four years.
2. Warranty. The Trackless unit has a two year/1200 hour warranty while MB provides a one year warranty. Both suppliers offer a two year/2000 hour warranty on the engine.
3. Rear three point hitch. MB does not have this option on their unit, which is why I asked them to price out the front V-plow. We use this rear three point hitch to drag our sidewalk scraper when we have the snow blower on the front. This helps to eliminate the snow build up on the sidewalks and eliminates the need to come back and forth from the shop and hook up the other attachment if they both could only fit on the front. By not having this option and the associated hydraulic connections, we would also be limited in purchasing future attachments.
4. Fuel efficiency. The trackless unit has a "work" mode and a "travel" mode while the MB only has the "work" mode. What this means is that we will see significant fuel savings by having the option to travel in the "travel" mode vs. always being in the "work" mode. Trackless had an independent study completed (paid for by Trackless) and the long term results for fuel savings in dollars, over the life span of the tractor is between \$30,000.00 and \$48,000.00.
5. CO2 emissions. Again trackless had an independent study completed and with the fuel savings realized that they state, this equates into 11,100 to 17,600 fewer pounds of CO2 emissions per year.

6. Length of machine. The Trackless is a little more than 10 inches shorter than the MB. When you think about the tight situations/places this machine needs to go this, 10 inches makes a difference.
7. Automatic reversing engine fan. Trackless offers a reversing engine fan, while MB does not. This is a great benefit during the summer months while we are mowing all of the areas we do with this machine. This feature keeps grass clippings etc. from accumulating on the rear grills, and prevents plugging of the radiator and oil coolers.
8. Demonstration at the City. Both the MB and the Trackless units were demonstrated here in Charlevoix and the street crew felt that the Trackless outperformed the MB. In addition to performance, we feel that the Trackless would be easier to maintain due to the type drive system. The Trackless has a more conventional drive system i.e.; drive axles and drive shafts vs. the fully hydraulic system offered by the MB. This is a cost benefit when repairs are needed for the driveline.

Although there would be an initial cost savings if the City opted to purchase the MB demo unit, it is staffs feeling that the added options, features, and the future flexibility that the Trackless offers with regards to attachments the Trackless is the better option.

It is also important to remember that the approved budget allocated \$141,000.00 for this purchase. If Council approves the purchase the Trackless demo unit we would still be \$37,850.00 under budget on this one item.

RECOMMENDATION: It is staff's recommendation that we accept the bid from Jack Doheny Supplies for the purchase of one Trackless MT6, demo unit and the snow blower as per the bid. The total purchase price of \$103,150.00 includes trading in our current Holder and snow blower.



CITY OF CHARLEVOIX

210 STATE ST. CHARLEVOIX, MICH. 49720

MUNICIPAL TRACTOR

Bid Opening

October 3, 2012 2 p.m.

Bidder & Contact Info	Amount				
	Total Unit Cost: Tractor	Total Unit Cost: Snowblower	Total Unit Cost: Demo Unit	Trade In Value: Tractor	Trade In Value: Snowblower
Bell Equipment Co. 78 Northpointe Drive Lake Orion, MI 48359	\$104,000	\$8,300	\$87,800	\$18,000	\$1,000
Jack Doheny Supplies 777 Doheny Drive Northville, MI 48167	\$116,000	\$13,500	\$99,900	\$8,750	\$1,500

CHARLEVOIX CITY COUNCIL

AGENDA ITEM

AGENDA ITEM TITLE: Consideration to Approve Fifth Amendment to the City Manager's Contract

DATE: October 15, 2012

PRESENTED BY: Mayor Carlson

ATTACHMENTS: Fifth Amendment to Employment Agreement

BACKGROUND INFORMATION: A fifth amendment to the City Manager's contract has been developed for Council's review. The amendment includes an expiration date of October 1, 2015 (3-year contract) and 2% increase in salary consistent with the increase non-union employees received on April 1, 2012.

RECOMMENDATION: Motion to approve Fifth Amendment to City Manager's contract.

**CITY OF CHARLEVOIX
FIFTH AMENDMENT TO EMPLOYMENT AGREEMENT FOR CITY MANAGER**

BACKGROUND

The City of Charlevoix (the City) and Robert Straebel (the Employee) entered into an employment agreement on or about July 3, 2007 (the Original Employment Agreement) which hired the Employee as City Manager and set the terms of that employment consistent with the City Charter. The City Council has conducted a performance evaluation of the Employee and has elected to reappoint the Employee as City Manager for 3 years as authorized by the City Charter and to provide the Employee with additional wages. Accordingly, the parties desire to amend the Original Employment Agreement, the First Amendment, the Second Amendment, the Third Amendment, the fourth amendment and this Fifth Amendment to the Employment Agreement for City Manager.

AGREEMENT

The parties agree as follows:

1. The term of the Original Employment Agreement is extended until October 1, 2015.
2. Section IV – Salary -- A sentence to be added at the end of the paragraph. The section shall be amended to read:

Effective, September 2007, the City agrees to pay Employee for the services rendered pursuant to this Agreement as annual salary of Seventy-Nine Thousand (\$79,000.00) Dollars, payable installments at the same time and in the same manner as other employees of the City. Beginning April 1, 2008, and on April 1st of each year thereafter for the term of this Agreement, the City agrees to pay Employee no less than the average percentage increase received by non-union department heads of the City. **Effective October 1, 2012, the Employee shall receive a 2.0% increase for an annual salary of Eighty-Five Thousand Nine Hundred and Eighteen and 13/100 (\$85,918.13) Dollars.**

3. Except as modified by this Fifth Amendment, the Fourth Amendment, the Third Amendment, the Second Amendment, the First Amendment and the Original Employment Agreement remains unchanged.

In witness whereof, the City of Charlevoix has caused this Fifth Amendment to be signed on its behalf by the Mayor and attested by the City Clerk and the Employee has signed this Fifth Amendment on the 1st day of October, 2012.

CITY OF CHARLEVOIX

Witness

By: Norman Carlson, Jr., Mayor

Witness

By: Carol Ochs, Clerk

EMPLOYEE

Witness

By: Robert Straebel