

Meeting Minutes of the Meeting of
Michigan State Waterways Commission
Victor Township Hall,
6843 Alward, Laingsburg, Michigan

June 18, 2010

A regular meeting of the Michigan State Waterways Commission was called to order by Chairperson Janet Mansfield at 8:30 a.m. on June 18, 2010, at the Victor Township Hall in Laingsburg, Michigan. The following Commissioners were present:

Denny Bailey
Bob Brown
Michael Bryanton
Curtis Hertel, Sr.
Janet Mansfield
Gary Marowske
Carol Oakley

DNRE staff appearances:

Vicki Anthes	Harold Herta
Phyllis Bianchi	Ron Olson
William Boik	Frank Ruswick
George Cameron	John Terpstra
Jason Fleming	Paul Petersen

Public Appearances:

Donald Gilmet, building official/harbormaster on behalf of City of Alpena
Municipal Harbor
Catherine Allchin, Vice President of South Fox Island Lighthouse Association

Written Correspondence

There was no written correspondence

Appearances (Non-agenda Items)

Catherine Allchin from South Fox Island Lighthouse Association passed out an updated informational brochure. Ms. Allchin proceeded with a PowerPoint presentation showing various pictures of the work done and new items found on the Island. She explained ongoing updates, and stated that work is ongoing on

the Island restoration. Volunteers continue to find documents and historical information in addition to conducting ongoing national archive searches.

Appearances (Agenda Items)

There were no appearances for agenda items.

Minutes

April 9, 2010 - Regular meeting

MOTION: Commissioner Oakley moved to approve the Minutes of the April 9, 2010 Waterways Commission meeting. The motion was seconded by Commissioner Brown and it was unanimously approved.

Old Business

Staff Project Status Report

Paul Petersen gave a PowerPoint presentation and updates on various projects:

Metro Beach Metropark Marina, Macomb County – the dock replacement, dredging, sidewalks, installation of new pedestals and sheet pile seawall, irrigation, and landscaping are finished and the final completion date was June 1, 2010.

The transient dockage at Ludington Municipal Marina, Mason County – complete and final inspection was June 17, 2010.

Sleepy Hollow State Park Boating Access Site, Clinton County – project is currently under construction and includes a new entrance road, sidewalks, toilet building, site restoration, and parking lot redevelopment.

Frankfort Boating Access Site, Benzie County - dredging and skid pier work were completed in April. The project also included a ramp, signage, and utility work.

Loomis Street Boating Access Site, Mason County – this rubblemound break water construction and sidewalk installation project had a final inspection on June 17, 2010.

Otsego Lake County Park Boating Access Site, Otsego County - the project included widening the launch ramp, dredging, skid pier construction, parking lot paving, toilet building, and sidewalks. The facility opened before Memorial Day weekend.

First Street Boating Access Site, Manistee County – the skid pier construction is complete.

Crystal Lake Boating Access Site - the litigation is settled. Bids were accepted and the Department of Natural Resources and Environment (DNRE) awarded a contract on June 2, 2010, therefore construction will commence July, 2010. Once the paperwork is in, it will most likely be completed by boating season 2011. The first work priority is to straighten the Mollineaux Road connection to 90 degrees at the intersection, for safety purposes.

Maxton Bay, Drummond Island State Forest Boating Access Site, Chippewa County – dredging and work on the boat launch continue. The DNRE is replacing the ramp and working on other upgrades at the site. The Recreation Division is working with Forest Management to clear up potential deed restriction issues.

Grayhaven Marina, Wayne County – the litigation has been settled and the consultant is revising their feasibility study due to property issues resulting from the litigation.

Jason Fleming and Paul Petersen gave an update on boating trends. Information, in part, was provided by permission through the National Marine Manufacturers Association (NMMA) 2009 report. Paul stated that in their findings the most common boat sizes for access sites are still 30 ft. or less but went on to explain that there have been increases in both smaller and larger watercraft since 2000. Participation trends show boater use is growing despite the current economic conditions. According to the NMMA report, the national average for boaters has increased to 25 days on the water. The top reasons boaters gave for not operating their boats were due to time constraints and fuel costs.

Regarding boat registrations, a considerable number are not being registered. Paul explained the fluctuation on the number of watercraft being registered. Nationally, the total number of registered boaters in the State of Michigan has declined overall, from first to fourth, from 1999 through the present. In part, this may be the result of other states requiring that all non-motorized watercraft to be registered.

Grant-In-Aid (GIA) communities reported net revenue has declined since 1997. Less than half of GIA communities report net revenue.

Jason showed a graph (PowerPoint) on boating nights that revealed that the transient rates and seasonal rates have increased gradually, yet remains consistent with inflation since 1996.

The Commission has reviewed 250 variances since 1996. Variances are requests from Grant-in-Aid communities, which according to their grant Agreement, require the Department's approval to change. Typically, variance requests involve rate changes, seasonal slip allotments, and commercial uses

and rates. With a Departmental approval rate average of 92%, it shows that the DNRE and the Waterways Commission have worked closely with communities to support local interests and needs regarding their boating facilities.

Paul gave an update on the percentage of fuel sold at State facilities. Data shows the amount of diesel fuel sold at state harbor facilities has increased. Diesel fuel is not subject to the Gas Tax which supports the Waterways Fund. There were general discussions on the implications of the increasing diesel fuel sales and the idea of adding a separate slip fee for boaters who use diesel fuel.

Paul stated that the DNRE is looking at facility features that improve accessibility to canoes and kayaks. The DNRE has used several different decking materials in place of pressure treated lumber. One such material used was Abaco from South America, which is a wood that is rot and insect resistant.

Paul explained that the Grant-in-Aid FY 2011 line item projects, which include Naubinway, East Jordan, and South Haven, total approximately \$2.8 million. He stated that line item totals are averaging about \$2.4 million per year.

Jason explained that the DNRE will be tracking boating access site usage and expanding fuel sales at Grant-in-Aid facilities. Commissioner Oakley stated that the DNRE needs to keep track of how much tax revenue is being lost on diesel fuel.

Variances:

Jason Fleming presented information regarding the variance request from the City of Alpena for monthly, bi-monthly, and commercial fees. The monthly rates have been supported by the Department and the bi-monthly fee was a new concept. He stated that the Alpena variance is a test pilot for future variances.

Variance extensions are given to year 2014 for monthly and bi-monthly rates because it usually takes a couple of years to see if it works; it is not a requirement just permission.

Commissioner Oakley inquired about the possibility of losing seasonal slip holders if a two month rate were made available. Representing the City was Don Gilmet, Building Official for the City of Alpena. Mr. Gilmet explained that the City discussed these scenarios and felt comfortable with moving forward to try and bring in more boaters.

Regarding the City of St. Ignace's request for increasing the number of seasonal slips, staff were informed that the U.S. Fish and Wildlife Service does not accept seasonal slips under the federal grant program used to build the existing transient slips. The variance to expand current allotment at St. Ignace Municipal

marina was denied. Staff were told they could reimburse the amount of the grant to the federal government if they wish to exit out of the grant project.

Locally, boaters see slips available and question why they are unable to secure a seasonal mooring. Commissioner Brown asked about percentages allowed, and if there were any changes. Staff explained that the previous project allowed the community to retain seasonal slips as that area was made exclusive outside of the overall project boundaries. Commissioner Brown requested staff to keep looking for ideas to relieve the City of their current financial burden.

Commissioner Brown inquired as to present seasonals. Jason explained about the project expansion. Seasonal demand has remained steady, while transient demand has declined significantly. Staff will be in contact with the City to try and find an alternative solution to help satisfy seasonal slip requests.

Ron Olson spoke about amending rules to allow local marinas to be financially viable. Although the marinas are trying to break even during difficult economic times, the DNRE cannot take marinas back and operate them. It is not practical; therefore, needs to help communities identify reasonable alternatives. Recommendations are needed to keep marinas operating at a point where they can generate net revenues to support long term maintenance and operations.

Commissioner Oakley asked about the federal government and the potential for discounted rates. Jason explained that fees are amendable because the DNRE sets the rates and are not subject to the terms of the federal agreement. The issue has to do with the length of stay. In issues of compliance, not only does the city get penalized, but the grant is through the DNRE, so operating outside the terms of the federal agreement negatively impacts the Department.

Commissioner Oakley asked about changes to the rules/laws per harbor. She then stated it is necessary to come up with one specific suggestion to send to the federal government that involves all the communities so that a solution can be worked out.

The U.S. Department of the Interior does have a variance process. There is an appeal process through the Secretary of the Interior, but it was suggested to ask adjoining states to join with us in going to the federal government.

Ron Olson explained the Waterways' financial report through May. Since October 1, 2009 boating revenues are up 1.75%. A copy of that report will be forwarded to the Commissioners.

Ron also talked about the Port Austin Harbor Boating Access Site (BAS) site marina and improvements. The Recreation Division is examining the feasibility of renovating the existing BAS restroom building instead of building replacement. Since there appears to be considerable picnic and beach visitor use of the BAS

restroom building, the Recreation Division will discuss this issue with the Village of Port Austin. This is an important point because the Waterways Fund is restricted to support recreational boating and not other forms of outdoor recreation.

Bill Boik presented the 2010 recommendations for grant awards. He also explained the large grant requests from previous grant cycles that are still waiting for funding. The oldest one is from 2006 that is going into the 2011 capital outlay requests. He went on to explain that the Commissioners' booklets will be replaced with a new formatted spreadsheet. This spreadsheet was developed in lieu of the booklets distributed in the past. He explained how the spreadsheet will incorporate all the projects. Updates will continue to be done on a quarterly basis in spreadsheet form.

Commissioner Oakley stated that the State needs to update their technology. She suggested electronic packets of the minutes be sent for their review and that the minutes be recorded and posted digitally on the Waterways' website.

Staff Operations Status Report

Harold Herta gave a PowerPoint presentation on the Central Reservation System (CRS) and explained how the system works and is managed. Michigan was the first state for the centralized reservation system in 2001. Harold then presented a thorough explanation of the harbor reservation website of the CRS.

Standing Committee reports

There were no Standing Committee reports.

Grayhaven update: Jason Fleming stated that the litigation issues have been settled. A Consent Judgment was ordered and the DNRE is finalizing the details of the property transfers. He continued on with a PowerPoint presentation to depict areas of the marina that are of concern. The DNRE has the responsibility of the property now, and steps are being taken to begin landscape maintenance and address other property issues. Jason stated that the DNRE is most appreciative of Mr. Hume's perseverance on this project from its inception, to this successful final outcome.

Ron Olson gave a Recreation Passport update stating that the marketing process continues in order to promote the program throughout the state. He also stated that weekly newsletters regarding new questions and answers are sent to the employees. This is to ensure that they can respond to the public and others appropriately in describing the program and answering questions.

New Business

Legislative update:

No update given at this time.

Resolution to approve Grant-in-Aid Award Recommendations

Variance – Resolution #06-2010-01 – City of Alpena Commercial, Partial Season Slip Fee Variance Request

CONSENT AGENDA

Commissioner Bailey approves to accept the grant-in-aid awards and Commissioner Hertel seconded the motion and it carried unanimously.

Commissioner Bailey approves Variance Resolution #06-2010-01; City of Alpena Commercial, Partial Season Slip Fee Variance Request and Commissioner Hertel seconded, and the motion carried unanimously.

Commissioner Bailey moved to adjourn this meeting of the Michigan State Waterways Commission at 11:15 a.m., Commissioner Brown seconded the motion and it carried unanimously.

This meeting of the Michigan State Waterways Commission was adjourned at 11:15 a.m. The Commissioners and DNRE staff continued on to the Sleepy Hollow State Park boating access site to review the construction improvements underway.