

Special Meeting of the Common Council, City of Iron Mountain, County of Dickinson, Michigan held on Tuesday, May 27, 2008 at 6:00 p.m. in the Council Room:

Presiding: Mayor VanLaanen
Present: Council Members Burke, Peterson, Tchokreff, Caudell, Rosen, and Farragh
Also Present: City Attorney Pirkola and CFO Bartolameo

Public Hearing

2008-2009 Budget

Mayor VanLaanen opened the Public Hearing for the FYE June 30, 2009 Budget.

No one came forward to speak.

Mayor VanLaanen closed the Public Hearing for the FYE June 30, 2009 Budget.

New Business

2008-2009 Budget

Member Rosen was concerned that there was no council discussion of the TIFA Budget. Member Farragh would have liked to see a joint meeting with TIFA as requested. Member Rosen has an issue with the \$100,000 TIFA budget line item for Chapin Pit. He stated that Chapin Pit is outside the TIFA district and therefore we should remove that item from the budget. City Manager said that was put in by TIFA to assist with beautifying any part of the Chapin Pit within the TIFA district. Mayor VanLaanen would leave it in the budget in case any portion could be used to improve Chapin Pit.

Member Rosen feels the conditions of the streets are the number one problem and would recommend a \$1 million TIFA pass-through with \$400,000 earmarked to repair streets. Member Burke asked what would be lost to other jurisdictions with a \$1 million pass through and Member Rosen responded \$500,000. Member Burke felt that was money TIFA could use to acquire land. Member Rosen said repair of streets are a core issue and Member Caudell agreed the streets are in disrepair. Member Caudell feels the money should stay with TIFA and be used for economic development. Mayor VanLaanen stated the priority should be finding a long term solution to repairing all of the streets. Member Rosen feels it is critical to start street repair now. Member Peterson said the residents want the streets repaired and it needs to start now. She stated that economic development should be mostly paid for by the developer and not create a burden on the taxpayer. Member Peterson is not happy that the budget calls for cuts in basic services and no cuts in items that do not provide services to the residents. Member Caudell feels improving parks and job creation are essential services of the City. Member Rosen said at the end of TIFA there will be \$1.5 million left even after all of the items in the budget are completed. He thinks a pass-through now makes sense because road repair will not be cheaper in the future. Member Caudell stated it may set a dangerous precedent of passing through the TIFA money every year. Mayor VanLaanen is concerned with reducing the TIFA capture now to repair roads and thereby reducing money that could be used for economic development. Member Peterson feels it is incorrect to assume a windfall of money at the end of TIFA because the money will be absorbed by the budget. Member Peterson would like to dedicate money to roads and back off contributions to developers. Member Peterson stated that not only is TIFA contributing to the Events Center but there are line items in the City's budget contributing to the project. City Manager Marquart said that only TIFA money has been allocated to the project for the next three years. Member

New Business (cont.)

Rosen reiterated that at the sunset of TIFA and with all budgeted projects completed, TIFA will have \$1.5 million remaining. Mayor VanLaanen said a possible use for that money would be to purchase property, package it and sell it for development. Member Rosen thinks taking care of infrastructure will lead to developers coming on their own. Member Caudell feels that \$400,000 for street repair is a band aid that does not solve the larger problem. Member Rosen would rather see private industry develop the City. Member Peterson stated the State said companies looking to bring development to Michigan aren't concerned with downtowns or trails but are looking for tax incentives, infrastructure and school systems. She feels we must market ourselves and fight for these companies. The Council discussed TIFA's involvement in the Mariucci Events Center. Member Rosen felt this discussion could occur at a later point as the project progresses. Member Rosen thinks it would be illegal to pass the budget because the \$100,000 budgeted for Chapin Pit is outside the district. Mayor VanLaanen said there are portions of the pit in the TIFA district. City Attorney Pirkola stated that if the line item was put there as a good faith belief that it can be done, it would not be illegal.

Member Farragh expressed concerned that the developer of the Events Center is negotiating for additional railroad property. He feels the City should be involved in the negotiations. Member Rosen said approving the TIFA budget does not approve TIFA spending on land acquisition without Council approval. Mayor VanLaanen stated TIFA has the ability to purchase land without Council approval. Member Peterson said the TIFA plan does not include specific property and there needs to be an amendment to the TIFA plan. City Attorney Pirkola said the TIFA Board is an autonomous body and he feels land acquisition is TIFA's decision. The City Manager said the Council has never approved any of TIFA's projects. Member Peterson said it is hard to approve a millions of dollars TIFA budget without having all of the facts.

Member Rosen would like to combine the code enforcement and city planner jobs. He would combine the DPW Director and DPW foreman jobs. He said Police and Fire cost savings are being addressed. Member Rosen said the City is attempting make some health care changes. He does not think \$40,000 for Rental Housing Ordinance should be in the budget since the ordinance is still in limbo. Also, he believes Mr. Woolard should be terminated because he does not comply with the residency requirement. Member Peterson asked where the Rental Housing Ordinance was at legally speaking. The City Attorney said that there was an item stricken for vagueness but otherwise it is a valid ordinance. Member Caudell thought that through meetings with the landlords, the Rental Housing Ordinance was settled. Member Rosen said the fees are a point of contention and that will be contested. Member Caudell would suggest another meeting with the landlords. Member Peterson thinks the Rental Housing revenue should not be in the budget because it is hard to predict.

It was moved by Tchokreff and supported by Burke to accept the proposed 2008-2009 City of Iron Mountain Budget.

Member Peterson is concerned the health care cuts are not unilateral. She believes the City is putting itself in a precarious position with the proposed changes. Mayor VanLaanen said the City was looking at ways to keep the benefit level the same while reducing the City's cost to provide the benefit.

Member Farragh would not vote for the budget due to make believe money such as the \$40,000 Rental Housing revenue and the \$25,000 Tower Lease fees. He does not agree with balancing the budget on assumptions. Member Caudell asked if there were any other items. Member Rosen stated health care is another unknown budgeted savings amount.

Member Rosen wanted to warn the Council that the City budget will only have \$10,000 excess and the City must be careful when deciding on contributions to civic, service, and educational organizations.

New Business (cont.)

Roll call vote taken:

Rosen	No
Caudell	Yes
Burke	Yes
Peterson	No
VanLaanen	Yes
Tchokreff	Yes
Farragh	No

Motion carried. (4 Yes, 3 No)

Public Comment

Mary Couper – 633 Detroit Ave. – stated that grants and abatements are an important decision for companies on where to locate. She said the City must contribute to attract companies. Also, she discussed concessions made with health care from a teacher’s perspective.

Suzanne Khoury – 518 W Fleshiem St. – stated the City needs attractive areas for businesses to locate. She would like the Council to discuss the issues and work for the growth of the community.

Meeting adjourned at 7:45 p.m.



Jordan Stanchina
Clerk-Treasurer