

Special Meeting of the Common Council, City of Iron Mountain, County of Dickinson, Michigan held on Monday, March 24, 2009 at 12:30 p.m. in the Council Room:

Presiding: Mayor VanLaanen  
Present: Council Members Burke, Alessandrini, Corombos, Peterson and Farragh  
Absent: Council Member Rosen  
Also Present: CFO Bartolameolli

## Public Comment

None

## Old Business

## Budget Discussion

City Manager Stanchina discussed the various 5 year forecast schedules provided. He said all of the exhibits include a 2% increase in revenue and a 3% increase in expenses. He stated that the schedules included different scenarios from full to no TIFA pass through and full or no transfer for a five year capital improvement schedule. Mr. Urbany stated that the schedules show that there is a structural deficit which can be fixed but it is going to be a long-term project. Member Peterson asked about the jump in the public safety expenses. City Manager Stanchina stated that this is a result of shifting the P & F Retirement contribution expense from Other Financing Uses to the Public Safety expense line. He said moving this expense makes it comparable to how the rest of the City expenses their retirement contributions. Mr. Urbany said there are nominal fund balances in all funds and that the City has time to deal with this.

Member Corombos explained the P&F Pension System. He stated that the percentage of funding has dropped to around 65%. Member Peterson asked about recent actuarial studies. Mr. Urbany discussed gaining an understanding of what actuarial assumptions were used. He said depending on the assumptions this could make the fund look better or worse. He would like to meet with the actuary to discuss some the assumptions.

Mr. Urbany stated that it is important to look at an exit strategy for TIFA Board. He said that TIFA should look at doing projects that the General Fund would end up paying for in a couple of years. Member Corombos feels that TIFA needs to be concerned about the General Fund and needs to realize that. Mr. Urbany stated that prior administration had also predicted the fund balance would go to zero in next year's budget. He said everyone agrees on that, the problem is how we fix it.

Member Peterson asked if the City is taxing the appropriate amount of money for the services we are providing. Mr. Urbany feels that the City expanded itself without additional revenue to pay for it. He said the City cannot provide additional services without finding an additional funding source. Mayor VanLaanen feels it is important for the City to analyze it's tax base per capita. He believes our tax base per capita is lower than its peers. Mr. Urbany stated the City needs to look at where there personnel costs are relative to our peer cities. He said the biggest issues are going to be with personnel because the City is a service based organization. Mayor VanLaanen would like to create a 5 year forecast of tax base growth. Mr. Urbany stated that tax base growth down the road is possible but the City needs to get through the next five years. Member Alessandrini agrees with growing tax base but is concerned about how much it will cost the City to obtain the growth. Member Peterson said a serious developer will put in the upfront

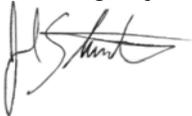
investment instead of the City. Mr. Urbany referred the former Khoury Property and stated that he would obtain an option to buy instead of an outright purchase.

Mr. Urbany urged the Council to sit down with TIFA and develop an exit strategy. He said a pass through will be need in the earlier year as opposed to later. CFO Bartolameolli said that new tax sharing agreements should be put in place by May. She said the agreements would allow us to keep the reduced capture for the schools that is reimbursed by the State. Member Alessandrini would like to have a joint meeting with TIFA as soon as possible. Mr. Urbany stated that TIFA has to specify what they wanted to do and lists specific projects. He said there is time to act and correct the problems in the General Fund.

### **Public Comment**

None

Meeting adjourned at 2:05 p.m.



Jordan Stanchina  
Clerk-Treasurer