

Special Meeting of the Common Council, City of Iron Mountain, County of Dickinson, Michigan held on Monday, January 26, 2009 at 6:30 p.m. in the Council Room:

Presiding: Mayor VanLaanen

Present: Council Members Burke, Peterson, Alessandrini, Corombos, Rosen and Farragh

Also Present: CFO Bartolameolli

Public Comment

None

Old Business

None

New Business

Budget Discussion

CFO Bartolameolli began a discussion of the proposed budget amendment. She stated that the proposed budget amendment will leave the General Fund with an estimated fund balance of \$580,730 as of June 30, 2009. Member Rosen asked about the calculation for health insurance contributions when the fire department is now contributing 8%. CFO Bartolameolli said that she did not adjust for this because there is only six months in the year and it will create a surplus. Member Corombos asked where the \$100,000 budget pass through from TIFA was included. CFO Bartolameolli said it is included in the \$3 million tax revenue budgeted in the General Fund. Mr. Urbany said that he would not transfer any funds to paving or health insurance and would leave it in the general fund designated for roads and health insurance. Mr. Urbany said this amendment could be adopted and then began looking at next year's budget to develop a better understanding of the budget. Mayor VanLaanen asked Mr. Urbany if part of the problem with the budget was that there was no balance for current and future needs. Mr. Urbany agrees and feels the budget could use some clarity and extended schedules for the integration of TIFA.

Mayor VanLaanen spoke about reducing the state portion of TIFA capture in the next year. Member Rosen thought that should take place in the next budget process. He noted that there needs to be a use for the TIFA funds or they must be passed through. Mayor VanLaanen would like to consider reducing the TIFA capture 60% to bring it in inline with the reduced capture for the schools. Mr. Urbany was unsure if the general fund could be balanced without starting to include TIFA funds. He said the City has obligations that it cannot meet and it is difficult to consider a capture reduction without knowing the position of next years budget. Member Rosen stated that TIFA recently paid \$25,000 in legal fees for the Mariucci Events Center Developer's Agreement. He is concerned with this type of spending by TIFA. CFO Bartolameolli stated that the Local Street Fund has \$200,000 for paving without any TIFA pass through. Mr. Urbany is concerned that there is no money available for equipment in next year's budget. He felt that residents appreciate a systematic approach to the budget for items such as paving. Member Peterson stated how she liked the 5 year paving plan that Escanaba had developed. Mr. Urbany stated that this approach had been used in the City. Member Rosen felt tonight was for the budget amendment and not necessarily a specific discussion on street repair.

Mr. Urbany stated that the \$900,000 from the pass through could just stay reserved in the general fund instead of immediately transferring to other funds. Mayor VanLaanen asked if a Health Insurance Trust

New Business (cont.)

Member Burke left the meeting. (7:30 p.m.)

Fund was created, would the Council need to vote on it. Mr. Urbany said the Council would vote to create the trust and would have control of it.

It was moved by Rosen and supported by Alessandrini to adopt the budget amendment as submitted with the \$900,000 pass through being reserved in the general fund instead of a transfer to the local street and health insurance fund.

Ayes: 5 (Rosen, Corombos, Alessandrini, Farragh and Peterson)

Nays: 1 (VanLaanen)

Absent: 1 (Burke)

Motion carried.

City Manager Contract

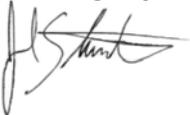
Acting City Manager said he is working on the contract with City Attorney Pirkola.

No action taken.

Public Comment

William Toedter - 631 East C St. - discussed the area's economy and the importance for the City to be fiscal responsible with all expenditures. He feels the City needs to look at cutting expenses any way they can.

Meeting adjourned at 8:02 p.m.



Jordan Stanchina
Clerk-Treasurer