

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

Presiding: Mayor VanLaanen

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

Also Present: City Manager Stanchina

Public Hearing

Fiscal Year 2009 – 2010 Budget

Linea Marchetti – 614 W. Ludington St. – She conveyed that she would rather not see the Director of Planning and Development position eliminated. She noted that Mr. Woolard's work with the Planning Board and his knowledgeable in state law and city ordinances. Marchetti stressed her belief that rules need to be enforced and that the city's master plan must be actively managed; a function of Mr. Woolard's position. She conveyed her adoration of his efforts during the writing of the sign ordinance.

Toni Struts – Vision 2020 Coordinator – She stated her support for Mr. Woolard, the current Planning Director. She also added that his efforts have been an asset to several Vision 2020's projects; a rezoning of an area on the north side was noted. Struts questioned if Stanchina, the City Manger, has time to be as thorough as Woolard.

New Business

Approval of Fiscal Year 2009 – 2010 budget

- Stanchina noted the major highlights of the budget. He stated that this year's operating millage would be 18.254 mills, it was noted that last year's millage was higher at 18.35 mills. He attributed the drop in operating millage to increased funds received for refuse collection, since TIFA had passed more funds to the city. Stanchina noted other minor variations in millage rates.

- Stanchina conveyed that the proposed budget included several five year plans. He noted that the city has a large amount of motor vehicle debt. He also noted that putting together a five year saving plan and paying current obligations may create some difficulties for a short time. Stanchina stated that the proposed deficit grew from \$34,000 to about \$200,000 due to paying off fire truck debt.

- Stanchina announced that the proposed budget would allow the paving plan to continue. He felt this would help to tackle some problems with road conditions. Rosen requested that a smaller map showing the proposed street projects be made available to the council at the next meeting.

- Stanchina stated that TIFA had chosen to not capture any funds this year, netting the city 1.1 million dollars in funding. He noted that TIFA is still a functioning entity with one year of existence remaining, meaning they can choose to capture one more time.

New Business (Cont...)

- Stanchina said the S2/SRF and A Street lift station project will be constructed within this budget year. He noted there will be a loan repayment of around \$37,000 a year for the next twenty years. Stanchina also noted that a portion of the project was funded with stimulus money from the State of Michigan, 23% or about \$200,000. He reported that after this year the sewer rate increases will no longer be built in automatically.

- Stanchina noted that two layoffs are proposed to take place in the general fund's proposed budget; The Director of Planning and Community Development and the Public Works Director. He noted the Planning Director's duties will be done by the Code Enforcement Officer. The Director of Public Work's duties will be absorbed by the department and outside contractors.

- Stanchina noted this budget will include the first full year of using part time fire fighters to make up for the fourth full time fire man. He noted that everyone is adjusting well and overtime costs are down. Stanchina conveyed that regionalization may be a long term solution to lowering the cost of the fire department.

Alessandrini supported the idea that Steve Mulka would take over Mark Woolard's duties. Stanchina reported that the General Funds will save \$100,000, the city will save \$150,000 overall. Rosen noted that \$300,000 had to be cut to correct the cities trajectory. Alessandrini asked if Woolard completed a how to pamphlet on getting a fence permit. Stanchina conveyed his belief it was done.

Alessandrini asked how much we are saving by using the part time fire men. Stanchina reported that due to circumstances, the city is only braking even now. He appeared confident these savings would grow over time, especially if the police bonuses can be removed. Peterson noted that things are running much smoother at fires compared to before. Burke refuted the validity of Peterson's statement, the discussion continued. Peterson noted the police perform very well as police men, rather than fire men. Burke noted that the Police Department's bonuses are contractual. Peterson acknowledged that the contract must be honored, but conveyed that a correction of protocol must be made in the future.

Peterson conveyed that development efforts were not being abandoned, but aggressively sought after. Peterson stated her agreement with Alessandrini's previous opinion pertaining to the absorption of the community development duties. She conveyed that it would be wrong to speak of an individual's performance in relations to a management decision.

Burke questioned the council's motives as they related to eliminating the Director of Planning and Community Development. Rosen reiterated the need to reduce the cities annually recurring budget shortfalls.

Rosen conveyed his hope that the Police Department will work in the spirit of helping the city and themselves. Burke retorted that the Fire Department's changes were premature and any contractual changes were not certain. Rosen agreed and reiterated his original sentiments relating to the Police Department. He also communicated his opinion that the city has gained increased fire protection and police are best utilized doing policemen's work. Burke strenuously communicated his opposition to Rosen's previously stated opinions. Rosen affirmed his concern for the cities budget and the council's responsibility to rectify the situation. Burke expressed his vexation for certain communication protocol being used by the city council. Additionally, he questioned the current city council's performance. Rosen noted that over the last four years, the cities net asset value dropped by four million dollars. Burke imparted his belief that the drop in funds was not fully Ex-

New Business (Cont...)

City Manager Marquart's fault. Corombos asserted his observation of the cities declining resources over the previous several years. VanLaanen communicated a belief that ultimate cost saving in the Fire Department would be achieved with regionalization. He added that hiring additional fire men before the police men's contract was up is a gamble, hopefully one that will pay off. VanLannen noted that while the previous gambles taken by the city did not work out, looking at the past is not advantageous. VanLaanen maintained his opposition to encouraging TIFA to not capture 100% of their tax revenue due to financial consequences by the state. Peterson noted that changes to our fire protection had to be made in order to meet the resident's expectations.

Peterson requested that Fire Chief Dan Johnson, located in the audience, to comment on "how the fire department is doing right now? Do you see that the cost is being reduced?" Johnson relayed his belief that optimal service is being provided and next year the full benefit of the changes will be realized. Additionally, he noted the police men's character was never a problem. Johnson noted that time and cost of response was the problem with the old system, since 1/3 of his man power was decreased. He communicated that hiring part time help has increased the development of regional relationships. Peterson asked if the Fire Department is fully compliant at this point, Johns said they were.

Stanchina noted that cost reduction is taking place in many areas, the delayed hiring and cost reduction of the Account Clerk is an example of other areas in the city that also lowered their costs. Alessandrini reiterated his belief that you must look back to see what has occurred over time, as to avoid the mistakes of the past. He also conveyed that the intention of looking at the mistakes of the past is not to blame individual people, but look at ways to proceed progressively. Alessandrini communicated that over the past several years positions have been created with many of them being continued; along with several of the functions of the eliminated positions. He applauded the efforts the unions and the city's CFO Bartolameolli and Manager Stanchina during these financial times.

VanLaanen objected to his name being included with the improper management of the Health Care Fund. He noted that a healthy fund looks at its long term obligations, something that was initially miscalculated. Alessandrini disputed VanLaanen's pervious conjecture. He also communicated that alternate resource allocation caused problems purchasing equipment. Peterson supported Alessandrini's position on the funding of the Health Care Fund over the last four years. Corombos conveyed his belief that that movement of funds away from additional health care funds to the General Fund was meant to be a gimmick.

Burke reiterated Corombos's previous comment "only \$600,000" as it relates to fiscal responsibility. Rosen conveyed the opinion that the city is on an overall positive track, despite 22 years of flat revenues due primarily to the TIFA capture. He voiced his adoration for TIFA's past efforts and his sorrow over having to not capture any funds this year. VanLaanen reiterated his opinion on not utilizing a possible \$600,000 contribution from the state. Rosen asked if VanLaanen had a plan for economic development. VanLaanen retorted with a plan to use strategic spending and company enticements. He conveyed an opinion that a poor attitude by the city has not helped the economic development process.

Rosen detailed the progressive actions taken by this council. The first item he noted was the fire fighter contract and the fact they now contribute 8% toward there health care premiums; the DPW contributes 6%. He also noted that any new DPW employee will not receive health benefits from the city after retirement. Burke questioned how much savings the city will realize in the long run. Rosen reiterated his belief that this council's actions will benefit the city in the future.

New Business (Cont...)

Farragh commented that the water project, referred to previously during the meeting, was needed due to a lack of water storage, DEQ requirements, bacteria problems and pressure problems. He implied that additional costs were incurred due to miss management of resources.

Peterson thanked Bartolameolli and Stanchina for their efforts in the budget preparation process. She voiced her approval of the budget's resource allocation and the services it will provide to the citizens. VanLaanen reiterated his opposition to the complete TIFA non-capture and its financial ramifications.

It was moved by Alessandrini and supported by Rosen to accept the budget for FYE June 30th, 2010.

Rosen	Aye
Corombos	Aye
Burke	Nay
VanLaanen	Nay
Alessandrini	Aye
Farragh	Aye
Peterson	Aye

Motion Carried (5 – Aye, 2 – Nay)

Adjournment

It was moved by Rosen and supported by Alessandrini to adjourn
Motion prevailed unanimously

Meeting Adjourned at 7:27 PM



Isaac Micheau
Clerk-Treasurer