

January 8, 2010

A joint was held with the Crystal Falls City Council and the Crystal Falls Township Board at 6:00 p.m in the Crystal Falls City auditorium. The purpose of the meeting was to discuss the issues with the Fire Authority. All board members were present. There were 34 public attendees present. Lesandrini introduced Steve Tinti to give a history of the Fire Authority. Tinti stated that the City and Township had a partnership that goes back in excess of 56 years. Anyone who would like to look at the records would find back on May of 1954 the City of Crystal Falls was faced with a fire truck purchase and the Crystal Falls Township did not have a fire department. The public bodies got together and the City of Crystal Falls elected to purchase a larger fire truck and the Township elected to financially participate. Tinti stated that starting back in 1954 initially a five year term that started an era of cooperation that has continued to the present time. Both entities generally funded this out of their general fund or through a mileage. Back in 1986 we started to change that, Tinti stated, and a formal contract between the City and the Township was formed. The City was then the provider of the fire department and the Township started paying 30% for those services. Those would continue on a year by year basis. In 1989, Tinti said the City had some costs pass through which were rather substantial. Tinti stated some were around 29%, which started a discussion between the Township and the City as to how they wished to go forward to provide these services for their citizens. Tinti stated back in September 25, 1989 a committee was formed. Discussion that approximately one year later resulted in a joint Fire Authority agreement coming into existence, which was a continuation of what had been a partnership process where an Authority was formed and that started a new era that we have now been embarked on very close to 20 years. Tinti stated that agreement had to be amended within the first 6 months. Tinti stated that our Authority has operated to date through the dictates that have been established by the two owners being the City and the Township. Tinti stated that in 1990 that agreement ran until September of 2001, which started another discussion. There were some experiences that were shared over time and it resulted in an adhoc committee going forward that resulted in our November 13, 2002 joint Fire Authority Agreement and that document is what is currently being used to date. Tinti stated that ultimately the two participants went to a fifty/fifty formula. There were some issues that were put off, Tinti stated. One interesting issue in that document was that there would be no additional full time employees of the Fire Authority unless both units agreed. That agreement expired on November 30 2007. The City and the Township continuing in their partnerships appropriate money in their budget cycle, they review the recommendation provided by the Authority and they ultimately approved budgets and that is how we are to the present date. Tinti stated that as of August 2009 the Fire Authority started talking about whether or not things should be changed in the participation agreement and that in turn caused the Fire Authority budget to be circulated. Tinti stated that a budget is supposed to have income, expenses and comparison to the previous years. Tinti stated this year when the recommendation came from the Fire Authority there was no proposed distribution sheet as there has been in previous years, that being how much each of the partners would pay. In addition, Tinti said there are services provided to Mastodon and Mansfield Township, which they are part of the equation. Ultimately, Tinti stated there were issues involving one of the partners this year which caused some financial concerns as to whether or not revenues were there. Tinti stated that this is not the first time the partnership has dealt with that. If you go back to the earlier 90's Tinti stated, the Township had a cash flow problem and

ultimately the partners worked through what had to be done. Ultimately, the Township of Crystal Falls tabled the budget request, primarily because their partner had some financial difficulties that needed to be discussed. Secondly, Tinti stated, they did not have the income and expense requirement that are required with budgets. Tinti stated where we are at present as of December 1, 2009 both the City and Township agreed to extend for a three month period the funding of the Fire Authority based upon the dollar amounts that were contained in the request. So that would be mean, Tinti said that unless the partners can come to agreements as to the directions that they wish to go or to negotiate issues as they have done in the past the legal authority of the Fire Authority to spend money will expire on March 1, 2010. Tinti stated that is because the partners, City and the Township, must approve any budget for the Authority so they ultimately control the direction that is there. Tinti said to be fair, looking back these 56 years of history, you will see that when issues arose people sat down and discussed them, whether it took a year or 18 months, but ultimately it was resolved so both of the partners could go forward. Janet Henderickson, Crystal Falls City Mayor introduced John Harrison to comment on the Fire Authority. Harrison stated that the Fire Authority proposed a new agreement to the City and the Township that stated the formula should be based on population, SEV and usage. Harrison stated that the fire calls for the Township were 377.66 and the City was 124.33. Lesandrini stated that the Township has 3 major highways running through the township and we have had man hours spent on car accidents/deer accidents. If you look at actual structure fires the numbers are about the same, Lesandrini said. The Township received the Fire Authority letter on October 5, 2009 and our fiscal year starts April 1st and ends on March 31st. The Township board budgeted our money for the Fire Authority with the idea of an increase at that time. Lesandrini stated that 2 months to negotiate with this type of contact, what it really comes down to is the Township is paying in excess of over \$50,000.00 more, which would bring our participation up to \$200,000.00 in one year. In 2 months that decision was supposed to be made to come up with the additional \$50,000.00. That exceeds what we collect in our mileage Lesandrini stated, we have two mills that are voted in. The Township has kicked back to 1.75 this past year. Lesandrini stated the Township had the money budgeted and if there was a problem with the contract or budgeting the Township should have had more time than the 2 months that was given to them. Tinti stated that we are sitting here talking about an agreement between the City Council and the Township Board which have an agreement in place. There is a request to change it, stated Tinti. The bodies should be the only ones involved, because we are the signatures to this document. The Fire Authority is solely a creature created and controlled by the agreement of the partners stated Tinti. The Township budgeted full responsibility for the anticipated budget. If I'm correct, Tinti stated that City of Crystal Falls when it's budget was proposed by the then City Manager had \$50,000.00, which would not cover the amount that is there. The Township said that they would pay their full share, Tinti said, of what the written agreement is and the City of Crystal Falls in their budget said they would not. The Township of Crystal Falls said that they would not approve this, we need to know where our funding partner is because if we need to work on an agreement in the future, that is the way it is done, said Tinti. Tinti stated that it's the City of Crystal Falls and the Crystal Falls Township who need to make a modification to their written agreement not the Fire Authority's. Tinti stated that as of March 1, 2010 our citizens are going to demand that fire protection is in place. We cannot legally allow the Fire Authority to spend money and that includes any accumulated reserves that they have on deposit, because the City and the Crystal Falls Township does not have a adopted budget that both units by our agreement are required to approve. Lesandrini stated that he wanted to comment on a statement

made by Mayor Henderickson earlier about the Fire Authority creating the contract. The Fire Authority was put in place to do what the entities wanted them to do, take care of budget, pay the bills, run the Authority and making sure everything was in place. They are directed by these two boards making sure that we are protecting our community. They can make suggestions as they have done in the past, but in the end the decisions are made by these two boards, not Fire Authority Lesandrini said. Question was asked when the City audit would be completed? Scott Kenney stated that it should be completed by the City Council meeting in February. There was discussion by both the Council and the Township board to form a subcommittee. Comments from the public were: Iron River (all volunteer) Fire Department with a taxable value of \$62 million which is 3 times greater than Crystal Falls pays \$19,000.00 for their fire department. Stambaugh Township equalized value of \$152 million they pay \$19,000.00 for their fire protection. Other comments were the SEV should not be considered in the Township because the Township has pipelines and forests, which does not need fire protection. Fire protection is a service. SEV should not be part of the funding process. Each entity should pay half, whether the monies come from the general fund or mileage. Also, if a subcommittee is formed, there should only be members from the City Council and Township Board, not the Fire Authority, which is not responsible for funding. What happens on March 1, 2010? Will the doors be locked and lights out? Are the City and Township people aware that their home owners insurance will probably increase if this goes to a volunteer fire department? Dalpra asked if there could be an extension? Comment was made that the West side total for their fire protection is \$76,000.00, which is the total of 3 townships and the City of Iron River pay. The difference is with paid people the total cost of their fire department is less than one of our paid people. It is nice to have paid drivers, but we cannot afford them anymore. After further discussion, a motion by Takala, supported by Kut to appoint a subcommittee with two people from the Township, two people from the City, attorneys for the City and Township, Dorothea Olson and John Ahola as consultant. Roll call was taken. All ayes. Motion carried. Lesandrini stated that the board will appoint two people at our board meeting on Tuesday, January 12th. Same motion was approved by the City. Question was asked if the Council was looking at extending the second quarter until the City's audit is completed?

Motion by Dalpra, supported by Takala to adjourn meeting. Meeting was adjourned at 7:20p.m.

Joanne Seppala/Clerk