The Marquette County Board of Commissioners met as a Committee of the Whole on Wednesday, February 11, 2004, 6:00 P.M., in Room 231 of the Henry A. Skewis Annex, 234 W. Baraga Avenue, Marquette, Michigan.


It was moved by Comm. Wallace, seconded by Comm. Bergdahl, and unanimously carried by voice vote that the minutes of the Committee of the Whole Meeting held on January 27, 2004 be approved.

Chairperson Corkin opened the meeting for public comment. Susan Shaver, Marquette, addressed the County Board regarding the Consumer Advisory Committee for Pathways Community Mental Health Board. She read a letter to Commissioners from the Consumer Advisory Committee regarding upcoming appointments to Pathways and what they would like to see in Pathways Board Members. There being no further public comment, Chairperson Corkin closed this portion of the meeting.

It was moved by Comm. Joseph, seconded by Comm. Bergdahl, and unanimously carried by voice vote that the agenda be approved as presented.

It was moved by Comm. Joseph, seconded by Comm. Wallace, and unanimously carried by voice vote that Claims and Accounts for the period January 30, 2004 through February 5, 2004 in the amount of $657,064.89 and biweekly payroll for the period ending January 31, 2004, in the amount of $563,411.99 be approved.

The Committee considered a Freedom of Information Act (FOIA) Appeal Request. Harley Andrews, Chief Civil Counsel, explained to the Committee that on January 7, 2004 he received a request from Mike Quayle under the Freedom of Information Act requesting copies of memos regarding the term of office for Board Chair. In his response, he refused to produce the memos based on exemption from disclosure because they are communications subject to the attorney/client privilege. On January 27, 2004 Mr. Quayle submitted an appeal of that denial. Mr. Andrews further explained that Chairperson Corkin has agreed to waive the attorney/client privilege with respect to the two memos directed to him and they will be provided to Mr. Quayle. The third memo is up to the Board to determine whether it is willing to waive the privilege with respect to the January 5th memo. Mr. Andrews stated he believed it would be wrong legally, and not in the best interest of the Board, for the Board to make a determination that communications from Civil Counsel are not subject to the attorney/client privilege. He recommends that the Board make a specific finding that the memo to the Board dated January 5th is subject to the attorney/client privilege and is therefore exempt from the disclosure under FOIA, but that the Board waive the attorney/client privilege, and authorize Mr. Andrews to provide a copy of that memo to Mr. Quayle.

It was moved by Comm. Nordeen, seconded by Comm. Joseph, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board waive the attorney/client privilege and authorize Mr. Andrews to provide a copy of that memo to Mr. Quayle.

Mr. Andrews then addressed two communications dated January 28, 2004 and January 29, 2004 considering waiving the attorney/client privilege so he can produce the memos in response to the FOIA request. It was moved by Comm. Tuominen, seconded by Comm. Bergdahl, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board also waive the attorney/client privilege with respect to these memos and authorize Mr. Andrews to provide them to Mr. Quayle.

Comm. Nordeen stated that he respects the attorney/client privilege, but feels all memos should be made available to the public.

Comm. Cihak stated there are some issues that require confidentiality.

It was moved by Comm. Joseph, seconded by Comm. Cihak, and unanimously carried by voice vote that the Committee of the Whole approve this action tonight rather than going to the County Board.

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The Committee considered DEQ Building proposals for cleaning. As part of the full service lease arrangement Marquette County has with the Department of Environmental Quality (DEQ), the County is required to provide a cleaning service for the building and snow removal. The cleaning contract with H&H Custodial ended on 12/31/03, but has been continued on a month to month basis while cleaning proposals...
were solicited. Four bids were received with Commando Cleaning submitting the low bid at $24,500 annually. Commando Cleaning is a start-up company so they were unable to provide references. Commando Cleaning submitted the required insurance certificates for County review. County Staff is recommending the County enter into a cleaning contract with Commando Cleaning provided all insurance certificates meet County requirements.

It was moved by Comm. Coyne seconded by Comm. Tuominen, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board enter into a Cleaning Contract with Commando Cleaning provided all insurance certificates meet County requirements at an annual cost of $24,500 and a daily cost of $98.75.

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The Committee considered refinancing of the IRP Loan to Dr. Katherine Kroll/Sawyer Medical Center. Dr. Katherine A. Kroll, D.O., P.C., received a $95,000 loan in January of 1999. Dr. Kroll would like to refinance the current balance according to the following terms:

AMOUNT: $49,423.29 (current balance)
PURPOSE: Working Capital
RATE: 1% point over Wall Street Journal Prime (currently 4.0%); floating. Rate to be determined at closing.
TERMS: Five years, monthly payments of principal and interest.
COLLATERAL: Personal guarantee of Dr. Kroll, leasehold improvements and equipment.
SOURCE OF REPAYMENT: Revenues generated through operations and subleases to other tenants.

Comm. Joseph expressed concern regarding the original terms. He feels refinancing this loan is not for the right purpose. He requested a letter explaining the problem in refinancing with another institution.

It was moved by Comm. Wallace, seconded by Comm. Tuominen, and carried by voice vote 6 Ayes to 2 Nays (Comm. Joseph and Comm. Coyne) that the Committee of the Whole recommend the County Board approve refinancing of the original loan to Katherine A. Kroll, D.O., P.C., according to the terms outlined above.

It was moved by Comm. Joseph, seconded by Comm. Wallace and unanimously carried by voice vote that the Committee of the Whole recommend the County Board waive the minimum loan amount requirements as set forth in loan policy.

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The Committee of the Whole met on Tuesday, February 11, 2004, they considered a request from CANUSA to modify IRP Loan terms. CANUSA has requested modification of their loan terms. The business has been experiencing difficulties meeting its sales targets due to tough economic times in the wood products industry. They desire to keep their current staff of 15 employed, and run a sustainable business. As such, they are seeking ways to reduce their cash flow. They have asked First of Negaunee, the EDC, and the IRP to modify existing loan terms.

CANUSA’s original loan was for $75,000 to be paid off in three years at 7.5% interest. The company requested, and the County granted, payments of interest only from 1/1/02 - 6/30/02 and again from 2/1/03 - 8/1/03. The current loan balance is $45,894.26, and there are 22 months remaining to pay it in full.

The IRP Loan Committee met and is recommending the following loan modification:

CURRENT BALANCE: $45,894.26
NEW TERMS: 4 years
NEW RATE: 6% Fixed

It was moved by Comm. Tuominen, seconded by Comm. Wallace, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board modify CANUSA’s loan terms as outlined above.
It was moved by Comm. Joseph, seconded by Comm. Wallace and unanimously carried by voice vote that the Committee of the Whole Recommendation the County Board waive the minimum loan amount requirements as set forth in loan policy.

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The Committee of the Whole met on Wednesday, February 11, 2004, they considered an IRP Loan to Stop N' Shop Convenience Store. The IRP Loan Committee met on January 29th and recommends the County Board approve terms as follows:

BORROWER: Ted Finco, Michael Valle, and Tony Lafaro, Stop N' Shop Convenience Store.

AMOUNT: $30,600

PURPOSE: Purchase of inventory and start-up expenses.

RATE: 6% fixed.

TERMS: Monthly payments of principal and interest

COLLATERAL: Personal guarantees of Ted and Amber Finco, Michael and Amy Valle, and Tony and Cheryl Lafaro; first position on all business assets.

SOURCE OF REPAYMENT: Revenues generated through operations.

Stop N' Shop Convenience Store will be leasing space in Building 1249, which is located at 130 Voodoo Avenue (the County does not own this building). It will serve as a full-service convenience store, offering dry grocery, frozen, dairy goods, a deli, lottery, soft drinks, beer, cigarettes, magazines, newspapers, etc. The current loan policy specifies a minimum loan amount of $50,000. As such, approval of this loan will also require that the Board waive the existing loan policy. The Loan Committee recognizes there is a need for smaller loans within the KI Sawyer community, and may consider modification of its loan policy in the future to accommodate this market.

It was moved by Comm. Tuominen, seconded by Comm. Wallace, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board approve a $30,600 loan to Ted Finco, Michael Valle, and Tony Lafaro according to terms outlined above, waiving minimum loan amount requirements as set forth in loan policy.

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The Committee considered purchase of Building 817. In September, 2003, the Board of Commissioners approved the sale of Building 817 to the City of Escanaba for $60,000. Purchaser will remediate the mold at its own expense. The building is as-is, where-is, with the exception of the roof drain repair and unpicking.

A heating system has been installed. Using 2004 heath conversion funds, the Air Force authorized an 100% outside air heating/ventilating unit for the building, replacing a high-temperature water unit. Dresseler Mechanical, Inc., installed the new heating/ventilating unit. The system selected by the Air Force was the least expensive to the federal government. Prior to installation, the purchaser was given HVAC and heating options and the estimated engineering cost for each. The purchaser did not want to spend additional money on the building and chose the 100% outside air system since it was fully funded by the Air Force. Now, the Purchaser will not close on the sale of the building until the heating system is changed to include return air. The Purchaser is unwilling to fund the additional work or a portion of the expense. The Purchaser does not believe the building’s heating system is operating properly. The system is operating properly for 100% outside air system. Purchaser realizes the system will be more costly to operate and is attempting to have the County fund additional work. A return air system, one of the four options discussed with the Purchaser in October, is less costly to operate. The Air Force will not fund a return air system.

The recommendation to proceed with the Change Order is based on the positive impact the sale will have on the budget and Business Plan. The Business Plan assumed the facility would be sold in 2008 for $30,000. Approval of this agreement expedites the closing, and nets the County an estimated $45,000. Other options available to the County are to sell the building or convey the building to Telkite. Selling the building can be done by SIABC Staff. Unknown is the net sales price. Conveying the building to Telkite as
part of the overall lease/purchase agreement would transfer maintenance and improve responsibility, but SIABC would be foregoing $45,000. The sale will close before the additional work is done.

It was moved by Comm. Cihak, seconded by Comm. Tuominen, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board approve the Change Order not to exceed $10,000 with Dresseler Mechanical to provide return air duct work to Building 817.

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The Committee considered electric utility system disposition. In the fall of 2002, Marquette County requested proposals for public and/or private partnerships to operate and maintain or purchase the electric system. As a result of the proposals, County Staff was directed: a) Seek wholesale power options; b) Negotiate an ONM Agreement with UPPCO; c) Continue discussions with the Marquette Board of Light and Power regarding partnering concepts; and d) Determine if UPPCO has an interest in purchasing the electric system.

In summary, the wholesale option is still a potential but comes with financial risk. The Board of Light and Power is currently not in a position to be able to provide wholesale power nor do they have the appropriate level of staffing available to assist with the operations and maintenance of the system. The Operations and Maintenance Agreement discussion with UPPCO has stalled due to their concern about the liability and indemnity language. Lastly, UPPCO has offered to purchase the Sawyer electric system with a single lump sum payment of $1,000,000.

It was moved by Comm. Wallace, seconded by Comm. Bergdahl, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board based on the financial risks of continuing to pursue wholesale power and the small margin for profit by retaining the system and utilizing an outside contractor for ONM, accept the $1 million purchase offer and authorize Staff to finalize the sale.

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The Committee considered a resolution opposing House Bill 5145 from Dr. Randall M. Johnson, Marquette County Health Department. The resolution, if adopted, would amend the State Public Health Code to allow individuals to request an extension of the time to connect to a municipal sewer system provided that their septic tank disposal system is in satisfactory condition. The Marquette County Board of Health unanimously approved a motion recommending that the Marquette County Board adopt a similar resolution opposing this Bill. The Health Department Staff and the Board of Health believe that the proposed Bill would significantly weaken the existing law which is effective in protecting both human health and the environment.

Comm. Wallace explained the Michigan Association for Local Public Health as well as the Michigan Environmental Health Association is on record for opposing House Bill 5145. Comm. Wallace feels that using a sanitary wastewater disposal system is much better than a backyard drain field.

Commissioners engaged in a lengthy discussion regarding the use of septic and drain fields. Commissioners felt that those homeowners who have relatively new septic and drain fields should not be required to hook up to municipal systems.


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The Committee considered a request from Vietnam Veterans. The Vietnam Veterans of America request County appropriation for their Annual State Convention in Marquette from June 25th through June 27th, 2004. A draft response was prepared explaining that State statute does allow for Counties to contribute toward the expense of conventions held by Congressionally chartered veteran’s organizations. While the statute allows for a contribution, counties are not required to help fund convention expenses. Unfortunately, funds are not budgeted this year to support the convention. Many non-profit organizations are struggling with challenging financial conditions. So is the County. This past year, the Board of Commissioners made difficult budget decisions, and more cuts will be needed for 2005. Marquette County supports economic development and tourism through the Lake Superior Community Partnership.

It was moved by Comm. Bergdahl, seconded by Comm. Tuominen, and unanimously carried by voice vote that the draft response to the Vietnam Veterans be placed on file.

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The Board of Commissioners requested a status report on the County's efforts at KI Sawyer. Staff has prepared written summaries and Vikki Kulju, SIABC Marketing Director, gave a power point presentation. The presentation included a review of the Board's 1997 exit strategy, accomplishments, utilities, financial, operations, and threats and opportunities. In 1997 the Board set two primary goals for Sawyer: 1) Economic development and the creation of jobs to replace the jobs lost when the Base closed; and 2) Establish a commercially viable, financially self-supporting airport. In 2004, the County has accomplished the Board's goals: 1) Economic development has resulted in the recapture of 1,124 jobs and recruitment of 68 companies; and 2) Sawyer International Airport is financially and commercially viable. Since the Airport was established at Sawyer, the need for general county financial support has been eliminated and the number of carriers has increased. Regional jets serve the airport.

Initially, the County and Townships participated in the KI Sawyer Development Committee, the local redevelopment advisory group to the Board of Commissioners. Simultaneously, as the County's roles were being reduced, the stage was being set for continued local decision-making. The KI Sawyer Development Committee was the Local Redevelopment Advisory Authority for KI Sawyer to the Board of Commissioners. The phase out of that advisory group, the transfer of Sawyer jurisdiction from Sands Township to Forsyth Township, and the creation by West Branch and Forsyth Townships of the Sawyer Operating Authority will continue Sawyer's successful transformation from military complex to a award-winning development.

The lease and sale agreement with Telkite will conclude the transfer of property from public to private ownership. Telkite's investment and commitment to Marquette County will continue economic development and job growth. The Board of Commissioners should be commended for providing steady policy leadership. Without the Board's willingness to take risks and take advantage of opportunities, progress and accomplishment of goals would have been impossible.

Scott Erbsch, Sawyer Operations Manager, briefly updated the Commissioners on utilities. He explained that after evaluating and discussing a utility disposition study prepared by Matrix Design Group, the County Board directed Staff to attempt to municipalize the electric and natural gas systems through a negotiated agreement with a provider. Negotiate the sale of the telecommunication system. And, continue to operate the water and wastewater systems as part of the KI Sawyer Development Department with consideration being given to intergovernmental agreements and/or authority with area townships. Staff has and continues to follow these directives. He briefly explained each utility to Commissioners with an update on telecommunications and natural gas.

Chairperson Corkin commended Staff for the great job in the presentation and the great job for the past decade.

Chairperson Corkin opened the meeting for public comment. James Loonsfoot, Marquette City, addressed the Committee once again regarding the Sheriff's Department Road Patrol and the need for Road Patrol at Sawyer.

Susan Shaver, Marquette, again addressed the County Board regarding the Consumers Advisory Group for Pathways.

There being no further public comment, Chairperson Corkin closed this portion of the meeting.

COMMISSIONER COMMENTS, STAFF COMMENTS, AND ANNOUNCEMENTS

Chairperson Corkin announced he attended the MAC Conference in Lansing and updated Commissioners. Comm. Wallace also commented regarding the MAC Conference in Lansing. He briefly discussed the FY 2005 State Budget explaining we can only hope for the better but times still will be tough. Comm. Chak commended Legislators Carl Levin, Bart Stupak and Debbie Stabenow with their willingness to help Telkite at Sawyer.

There being no further business the meeting was adjourned at approximately 7:40 P.M.

Respectfully submitted,

Connie M. Branam
Marquette County Clerk
1. ROLL CALL.
3. PUBLIC COMMENT.
4. APPROVAL OF THE AGENDA.
5. Review of Claims and Accounts.
6. FOIA Appeal Request.
7. Bid Award DEQ Building.
8. Refinancing of IRP Loan.
9. Request from CANUSA to Modify IRP Loan Terms.
10. Stop and Shop IRP Loan.
11. Purchase of Building 817.
12. Sawyer Electric System.
14. Comments on Draft Response from Vietnam Vets (Material in Commissioners' Mailboxes).
16.
17.
18.
19. PUBLIC COMMENT.
20. COMMISSIONER COMMENTS, STAFF COMMENTS AND ANNOUNCEMENTS.
21. ADJOURNMENT.