

Regular Meeting / Public Hearings
June 14, 2005

The Houghton County Board of Commissioners held a Regular Meeting and three (3) Public Hearings on Tuesday, June 14, 2005, in the 5th Floor Conference Room of the Courthouse, City of Houghton.

The meeting was called to order by the Chairman, Mike Lahti, at 5:00 P.M.

After the Pledge of Allegiance Commissioner Lahti asked everyone to remain standing for a moment of silence in memory of Ray Franz, a 42-year member of the Board of Department of Human Services. The following commissioners responded to roll call: Edward Jenich, District 1; Dennis Barrette, District 2; Michael Lahti, District 3; Scott Ala, District 4; and Paul Luoma, District 5.

Commissioner Lahti announced the Public Hearing for G.S. Engineering Loan was open. The loan request is for \$100,000.00 of working capital. They hope to hire 5-10 additional engineers over the next two years. The 7% loan is a 10-year loan ballooning after three years. The collateral is listed with the value of \$135,000.00. Phil Musser announced the HCRLF Committee passed a motion to recommend that the County Board approve the loan to G.S. Engineering Inc. There being no further discussion, Commissioner Lahti announced that the Public Hearing for G.S. Engineering Loan was closed.

Commissioner Lahti announced the Public Hearing for Michigan House Café Loan was open. The loan request is for \$10,000.00 of working capital. They requested the loan to help them through the slower part of the year. The 8.25% loan is a 120-month loan ballooning after 36 months. The collateral is listed as personal guarantees, with Houghton County holding a subordinate position. Phil Musser stated they recently refinanced their debt with mBank and paid off their previous loan with the HCRLF. The HCRLF Committee unanimously recommended the Houghton County Board approve the loan to Michigan House Café LLC. There being no further discussion, Commissioner Lahti announced that the Public Hearing for the Michigan House Café Loan was closed.

Commissioner Lahti announced the Public Hearing for Anderson Welding Truss-T-Lifter Loan was open. The loan request is for \$30,000.00 of working capital to produce their designed Truss-T-Lifters. The loan is Prime + 1% amortized over seven years and ballooning after three years. The collateral listed will be the cranes produced for sale. They hope to increase 1.5 positions with this production. The HCRLF Committee recommends that the Houghton County Board approve the loan to Anderson Welding & Manufacturing Inc. There being no further discussion, Commissioner Lahti announced that the Public Hearing for Anderson Welding Truss-T-Lifter Loan was closed.

A motion by Commissioner Barrette, seconded by Commissioner Luoma to approve the minutes of the May 10, 2005 meeting as presented. Carried by a voice vote. Ayes 5, Nays 0.

Phil Musser asked the Board to add appointment to the HCRLF to the agenda. A motion by Commissioner Jenich, seconded by Commissioner Ala to approve the agenda as amended. Carried by a voice vote. Ayes 5, Nays 0.

Public Comment None

A motion by Commissioner Jenich, seconded by Commissioner Ala to approve the bills as presented for a total of \$138,278.28.

Carried by the following vote.

YES: Jenich, Ala, Barrette, Luoma, Lahti 5.

NO: None 0.

Correspondence

Commissioner Lahti announced letters from State Representative Rich Brown and Governor Granholm's Office regarding the possible cutting of the Hearing and Vision Screening Program.
Standing Committee Reports

Commissioner Luoma reported on the following: He attended the U.P.R.C &D meeting and was informed that MJO Contracting was the low bidder to do the Scales Creek and the North Entry which will probably be the last Superfund Sites to be completed in the area.

Tri County Corrections announced that Camp Kitwen has raised the rate per day for prisoner labor from \$15.00 to \$18.75.

The Airport Board was asked by Mohawk Corporation for another extension on the land sale agreement purchase of lot 14. The Board was advised not to issue another extension. The airport hosted an aircraft fire training.

Commissioner Luoma attended the Houghton-Chassell Train meeting and said they hope to make a decision on some trail usage at the June meeting.

The Houghton County Road Commission announced the sale of the Toivola Garage for \$30,000.00.

Commissioner Barrette reported on the following: The Torch Lake Sewage Authority hired a part-time bookkeeper. They approved a sewage hookup to the Torch Lake Arena and a proposal from Bruce Rukkila Auditing Firm to provide software and train the new bookkeeper.

The Local Emergency Planning Group met and reviewed the County Emergency Exercise at the PCI Facility in Hubbell involving a simulated explosion. They have approval to use the UPPCO Conference

Center for an alternate EOC.

He was informed by the Emergency Management Director, Jack Dueweke, the 911 North Star Phone System has been moved from the Laurium Center to the Sheriff Department.

He attended a State Mental Health Conference in Grand Rapids which he said helped him understand how local community health branches work.

Attended 911 meetings regarding 800 megahertz radios. The 911 Committee approved 20 new radios. The budget was reviewed and there are funds to purchase only four at this time. Five additional radios will be obtained through grant funds.

A motion by Commissioner Barrette, seconded by Commissioner Ala to purchase four radios with 911 funding and five additional radios through grant funds. Carried by a voice vote. Ayes 5, Nays 0.

Commissioner Barrette said the recommendation from the 911 Committee as to who will receive the new radios are: The five radios acquired through the grant will be distributed to Mercy Ambulance, Otter Lake, Bootjack, Adams and Stanton Fire Departments. The four radios purchased with 911 funds will be distributed as two to Adams and two to Stanton Fire Departments.

Commissioner Lahti reported on the following: The Western U.P. Health Department Board met and reviewed details of an Emergency Preparedness Drill held May 17. The drill involved training of a mock public health crisis. The drill's purpose was to simulate establishing a neighborhood emergency health center. They have hired two additional PTAs to help with the increased demand for physical therapy they offer through nursing homes, hospitals and home care patients. They have also hired 5 new RNs. The beach monitoring work has begun. The Electronic Waste Pickup that was held was a success. Finances were reported to be revenues at \$70,000.00 over expenses. They are working with the five counties to purchase 5 radios through Homeland Security Funding.

Commissioner Ala reported on the following: Michigan Works has started the Train the Trainer Program. The program will certify nurses to become trainers for aids.

Portage Lake Multi Rec. is negotiating with Mattila Contracting for their reimbursement for part of their utilities during the construction phase. Construction is almost finished and they have the facility rented for different events for the summer.

Head Start - Rod Liimatainen received the Education Leadership Award. A motion by Commissioner Ala, seconded by Commissioner Jenich to send Mr. Liimatainen a congratulation letter from the Board for his accomplishments. Carried by a voice vote. Ayes 5, Nays 0. The finances are stable with Head Start considering the cuts that are taking place.. The Centennial Playground is complete. The Head Start Program is scheduled to receive a 1% increase this year.

The Houghton County Fair purchased property adjacent to the grounds for additional parking. John Manderfield has donated shelves and showcases. They are planning to purchase bleachers.

Commissioner Jenich reported on the following: The Keweenaw Economic Development met and had a presentation on the economic impact the Pine Mountain Music Festival contributes to the area. The Department of Human Services / Medical Care Facility Board was advised the employees' health insurance premiums are increasing by 25%. They were updated on the renovations of the 2 North tower elevators, which are scheduled to be completed by August. They approved and renewed their liability insurance. They were informed of State budget cuts for fiscal year 2006. There is a projected 350 staffing reduction and elimination of 50% of zone offices throughout the state. There are four zones in the U.P. which would reduce the U.P. to two zones if the proposed cuts go accordingly.

WUPPDR met and discussed their new building. The building name will change from the Hellman Transportation Center to the Hellman Building.

The Commission on Aging held their Annual Senior Heritage Day on June 7th and it was very successful with more than 400 people attending.

Main Street Calumet is gearing up for their summer activities. The Pasty Festival is scheduled for July 2, and August 12 through the 14 are their Boom Town Heritage Days. They have a purchase agreement with Red River Bank to purchase the building in Calumet and have received a grant from MEDC for an elevator for the building.

The Marina has all the slips rented. Gas sales are on par with last year.

County Officers

Cheryl Ala, Houghton County Magistrate, introduced Ginger Sulisz who was hired in March through the District Court. She is working as a part-time deputy court clerk / substitute magistrate. She was appointed on June 3 by Judge Kukkonen as a magistrate. The State of Michigan requires approval from the Board of Commissioner of the appointment. A motion by Commissioner Luoma, seconded by Commissioner Ala to approve the appointment of Substitute Magistrate for Ginger Sulisz. Carried by a voice vote. Ayes 5, Nays 0.

Mary Schoos, County Clerk / Register of Deeds announced the Clerks' office has received a Summer Youth person to aid the office in handling the additional work load with genealogy over the summer. Mary announced the sunset clause for the Automation Fund established through the Technology Fee Bill has been lifted. The Register of Deeds office will be able to continue collecting the additional fees to be used for updating equipment within the office. To date a document management system has been purchased which scans and films documents at the same time. The scanned documents are indexed into the computer and the film is developed and stored off premises as a backup. The Register of Deeds office has run out of room to store hard copy of documents filed. The new system purchased has allowed them to store these documents on the computer and alleviate the storage problem. A new laser printer has also been purchased with the Automation Funds to assist the general public in printing hard copy of the stored images. Mary also announced that due to her purchasing retirement time rumors have

surfaced that she is retiring. She announced she has no intention of retiring soon and fully plans to be on the 2008 ballot.

Kathleen Beattie, Houghton County Treasurer, announced there may be a problem with the summer tax bills for Torch Lake Township. The summer bills must be authorized and the treasurer has to sign a proof from the Equalization Department that the bills are correct before they are sent out. As things stand in Torch Lake Township, there is question as to who can authorize and sign for the tax bills.

Jack Dueweke, Houghton County Emergency Management Director / 911 Coordinator, stated they have started programming the 800 megahertz radios. The Homeland Security Grant Funding for 2005 is projected to be only 10% of what they received in 2004. He announced that soon the County will have to adopt the National Incident Management System as the system the County will use to manage disasters. The local agencies could lose their opportunities to participate in different grants if this is not adopted. He announced that the training is available on the FEMA website and there are local training sites scheduled as well. Fire officers and Government Administrative people have to complete the training by October of 2005 and the remaining by October of 2006.

Jack asked that the snowfall totals recorded within the county be recognized as 218 inches for Laurium and 246 inches for Painesdale. A motion by Commissioner Jenich, seconded by Commissioner Luoma to send a letter of thanks to the individuals responsible for collecting the snowfall measurement. Carried by a voice vote. Ayes 5, Nays 0.

Dennis Hext, Houghton County Airport Manager, announced there will be an open house at the airport Saturday, June 18 which is associated with Bridgefest activities. The Young Eagle flights will be available again and a live broadcast from the radio station will be throughout the day. They have 5 major construction projects scheduled to start later this month and asked the public to excuse the mess during that time.

Mike Schira, MSU Extension Director, stated they are in the midst of their Day Camp Program through the Chassell Schools. They have an interactive art project that will be displayed Saturday during Bridgefest and at other events throughout the summer. They are sending a delegation of youth to Lansing who will spend a week at the MSU campus for capitol experiences and Expo Days. Carol Kreher has requested a leave of absence beginning the first of September and that position will have to be filled on a temporary basis.

New Business

Anderson Tackman & Company-County FYE September 30, 2004 Audit Report - John Blemberg and Michael Greutz were present from Anderson Tackman & Company to give the 2004 Audit presentation. Mike Greutz stated this is the second year under GASB 34. In the presentation Mike covered Management Discussion and Analysis, Net Assets, Statement of Activities, Balance Sheet for Governmental Funds, and Governmental Funds / Statement of Revenues and Expenditures and changes in Fund Balance. Mike then used prepared graphs to illustrate General Fund - Fund Balance, Cash By Fund Type, General Fund Revenues and General Fund Expenditures. Mike went over the letter to the Audit Committee (Board) stating there was a prior period adjustment done regarding the General Fund. The reasons listed for the adjustment were. 1. To increase Fund Balance just less than \$87,000.00 for outstanding checks that the Treasurer's Office had not voided, but Accounting had voided. It was found that the checks were voided so Cash was increased \$87,000.00. 2. A decrease in Fund Balance just less than \$40,000.00 came about due to the staff going through the Trust and Agency Accounts and reconciled them back to what the balances should be. This left a net gain of about \$47,000.00. Mike ended with the Report to Management Letter that list the deficiencies and problem areas noticed during the audit. 1. In the 1996 DTRF Fund, there are some 1993 Taxes that need to be charged back to the units or written off. 2. The Instance of Non-Compliance. Which is for extending more than what was budgeted. Violations are listed in foot note N. 3. Cash deficits were found in 5 different funds. Three were grant related or timing differences with two others being of significant deficits. 1. The General Fund had a cash deficit of \$670,000.00. This is \$523,000.00 greater than last year. 2. The Airport had just over a \$985,000.00 cash deficit. This is \$293,000.00 greater than last year. He stated this should be watch to avoid putting a burden on the "Common Pooled Cash of the County." Mike asked if there were any questions. Eric Forsberg, Houghton County Controller spoke stating the recommended bench mark is 60 days of operating cash and Houghton County only has roughly 10 days of operating cash. The shifting of the revenue sharing from the state to the use of property taxes will definitely show its toll in a few years. Two years from now at the end of the early billing of property taxes, the Counties fiscal year will start in October with the tax bills going out in July. This means the County will have to do without 47% of the County's revenue for 10 months. Eric stated the County will have to do something to address this situation. Eric stated our revenue sharing is the highest in the State in proportion to our property taxes. Eric stated Houghton County has the lowest property tax per capita in the Upper Peninsula. Houghton County takes in \$90.00 per person and the average of other counties is approximately \$130.00 per person. A motion was made by Commissioner Jenich, seconded by Commissioner Ala to accept the Audit Report as presented. Carried by a voice vote. Ayes 5, Nays 0.

Tom Novascone-County Millage - Tom Novascone, Houghton County Equalization Director, was present to ask the Board to approve the tax levy for the bills that will go out July 1. He explained that in August the Board approved an operating millage of 6.3 mills. Now they need to approve a levy of 1/3 of that or 2.10 in July. A motion by Commissioner Barrette, seconded by Commissioner Luoma to levy 2.10 mills on July 1.

Carried by the following vote:

YES: Barrette, Luoma, Jenich, Ala, Lahti 5.

NO: None 0.

Houghton County Memorial Airport-Resolution approving conservation easement - Dennis Hext stated the resolution has to be approved for the agreement with the DEQ to purchase 172 acres of property from Houghton County to mitigate wet lands. The property will then be turned over to the airport with a lifetime conservation easement. The property will be controlled by the airport instead of Houghton County. A motion by Commissioner Luoma, seconded by Commissioner Ala to approve and sign the Resolution as presented.

Carried by the following vote.

YES: Luoma, Ala, Jenich, Barrette, Lahti 5.

NO: None 0.

Houghton County Memorial Airport-Approval of new contract - A motion by Commissioner Luoma, seconded by Commissioner Barrette to approve the airport union contract. Carried by a voice vote. Ayes 5, Nays 0.

Phil Musser-Houghton County Revolving Loan Fund - A motion by Commissioner Barrette, seconded by Commissioner Jenich to approve the three loans of \$100,000.00 to GS Engineering, \$10,000.00 to Michigan House Café, and \$30,000.00 to Anderson Welding & Mfg. from the Houghton County Revolving Loan Fund.

Carried by the following vote.

YES: Barrette, Jenich, Ala, Luoma, Lahti 5.

NO: None 0.

Resolution approving change in employee contribution rates for MERS - A motion by Commissioner Luoma, seconded by Commissioner Ala to approve the adoption of the three resolutions as presented to change the method in which it reports employee contributions to MERS using a percentage rate of compensation. Eric explained it is for Division 1 the Airport Employees, Division 10 Non-Union Employees and Division 11 Courthouse Unit.

Carried by the following vote.

YES: Luoma, Ala, Jenich, Barrette, Lahti 5.

NO: None 0.

Proposal to manage timber harvest of County owned lands - A motion by Commissioner Barrette, seconded by Commissioner Ala to approve the bid from Tolksdorf Forestry to manage and log approximately 30-40 acres of County land located in Torch Lake Township for the stated 15% of landowner timber proceeds. Carried by a voice vote. Ayes 5, Nays 0.

Community Corrections funding application - Donna Moilanen explained she needs Board approval from all three Counties for the Community Corrections Advisory Board to apply for continued funding for the Fiscal Year 2005-06. A motion by Commissioner Ala, seconded by Commissioner Luoma to approve the application and support the Baraga-Houghton-Keweenaw Counties Community Corrections Advisory Board efforts to apply for continued funds. Carried by a voice vote. Ayes 5, Nays 0.

Houghton County Road Commission-Approval of Road Commission Members compensation and benefit package - A motion by Commissioner Luoma, seconded by Commissioner Jenich to approve the compensation package as presented. Carried by a voice vote. Ayes 5, Nays 0.

Request for resolution-U.P. Area Agency on Aging - A motion by Commissioner Jenich, seconded by Commissioner Ala to approve the resolution as presented for the U.P. Area Agency on Aging.

Carried by the following vote.

YES: Jenich, Ala, Barrette, Luoma, Lahti 5.

NO: None 0.

Board appointments Houghton County Jury Board - A motion by Commissioner Luoma, seconded by Commissioner Ala to appoint Anton Pintar to the Houghton County Jury Board. Carried by a voice vote. Ayes 4, Nays 1.

Houghton County Medical Care Facility - A motion by Commissioner Jenich, seconded by Commissioner Luoma to advertise for a member of the Board of Commissioner of the Department of Human Services which encompasses the Department of Human Services and the Medical Care Facility Board. Carried by a voice vote. Ayes 5, Nays 0.

Appropriations - A motion by Commissioner Ala, seconded by Commissioner Barrette to pay both appropriations as submitted for the Copper Country Mental Health and Health Department's intergovernmental transfer of Special Indigent Care DSH Payment. Carried by the following vote. Ayes 5, Nays 0.

Travel request - A motion by Commissioner Barrette, seconded by Commissioner Ala to approve the travel request for Tracy Stipe. Carried by a voice vote. Ayes 5, Nays 0.

Resolution for BHK Community Action Agency - A motion by Commissioner Jenich, seconded by Commissioner Ala to approve the resolution as submitted for the Baraga-Houghton-Keweenaw Community Action Agency regarding the Community Services Block Grant for FY 2006.

Carried by the following vote.

YES: Jenich, Ala, Barrette, Luoma, Lahti 5.

NO: None 0.

RLF - Phil Musser said there are two seats with expiring the terms on the Houghton County Revolving Loan Board. Fraser Strome expressed his desire to continue to serve on the board. Chester Rheault did not want to be considered for reappointment. Phil said it was a recommendation of the HCRL Committee that the open seat be filled by a small business person. A motion by Commissioner Jenich, seconded by Commissioner Luoma to reappoint Fraser Strome to the Board and advertise for a small business person to fill the vacant seat. Carried by a voice vote. Ayes 5, Nays 0.

Public Comment

Phil Musser announced the Keweenaw Economic Development Alliance has received word that they have gotten approval for a \$36,000.00 Grant to help with the Spec Building construction in Houghton County Airpark.

Questions from the audience were asked regarding the amount of money that is raised for 911 from the phone lines. Other questions were regarding the 800 megahertz radios. When the radios will be ready for use, and when the warrantee started on the radios. A short discussion followed and Jack assured that the programming would be finished shortly. He will also work with the vendors to see if they will extend the warrantees.

A motion to adjourn was made by Commissioner Ala and seconded by Commissioner Jenich.

Michael Lahti, Chairman

Mary Schoos, Clerk