

October 27, 2009

A special meeting was held on Thursday, October 22, 2009 at 6:00 p.m. All board members were present. There were 15 public attendees present. Motion by Kut, supported by Seppala to approve the agenda. All ayes. Motion carried. Purpose of the meeting was to review the proposal from the Fire Authority agreement proposed by the Fire Authority Board.

Tinti stated that he would like to start by a little historical perspective. In 2002, after approximately 3 years of negotiations, the joint Fire Authority agreement was signed. That agreement expired on November 30, 2007. For the years 2007-2008, the funding units, which are the City of Crystal Falls and the Crystal Falls Township funded 2008-2009, which was funded even though the agreement had lapsed. Currently there is a document that was provided two meetings ago, that was characterized as a budget, but as we will discuss later, we will show some problems that are there and that is the back drop of where we are at. Tinti stated that he was provided with a copy of a cover letter and a proposed revised agreement for the township for consideration from the Fire Authority. There are several areas in this agreement, he stated that are modification done, but basically it consist of two paragraphs. The legal basis of operations for the Authority changed from the Urban Co-operation Act 1967 to any legal basis available under Michigan Law. Tinti stated that is very significant, because that is an expansive area of allowing authorities for such a creature that is created by two governmental units. Everybody needs to be aware of that because the 1967 law based on which the township and City has operated under, works as follows: two units who have the availability to do things can come together and do them cooperatively, either directly or through an entity they created. Tinti stated that is what the Crystal Falls Township and City did in August of 1990 when the Fire Authority was formed. Tinti stated that is the basis that the township and the City have operated under and that is a significant legal change, which is an expansion request of the power of the Fire Authority and that will be something that will be discussed this evening and probably will pose a problem for consideration.

Tinti commented that another significant area which everyone needs to be aware of is the proposal change of the formula and that completely abandons all the work that was done up to the 2002 amendments and that goes back to a formula that principally appeared in the 1990 agreement, which means we re stepping back instead of working from where we were. Tinti stated that is a significant change of formula that is out there. Tinti also stated that if you change how you fund your proportions of ownership and proportions of membership on the board should also follow, which was not stipulated in the document. Basically, what we have here is a document that states you give more power to the Authority and change the formula that ultimately based upon the numbers that are provided will significantly increase the cost proportionate share paid by the township of Crystal Falls. Tinti stated that the budget as it is listed is complied of expenditures not compared to the previous year nor does it list the sources of income to be derived – nobody is telling anyone based upon the modifications that the Authority, which the actual day – in –day out consequences are to the funding units. Tinti stated that he was extensively involved with the 2002 negotiations, which took three years. They started in 1999 and culminated in 2000. A formula was adopted that basically brought the two principal funding units to parody after three years that they were on a 50/50 funding basis. Tinti stated that these are significant far reaching proposed changes. Tinti stated that if we looked at those changes being the basis of which we have a discussion, there are multiple other areas in the document that should be for considered for revision such as ownership of absence, voting control and appointment of members. Tinti stated that as we get farther into the discussion, we will find our duty to the taxpayers to see that these dollars are spent wisely and questions will be asked. Tinti stated that this is an agreement between the City and the Township and they should be talking to discuss ways to provide the community these services. Tinti stated when the township adopted their budget, a sum which was anticipated to be paid to the Fire Authority, which is consistent with historical cost. Tinti stated that he understood that the City of Crystal Falls adopted a budget by default, because they have a system that a budget is proposed and if the City Council does not object, it automatically becomes a budget. The City of Crystal Falls, Tinti stated, has indicated that they only wish to contribute \$50,000.00 to the operation of what according to our Fire Authority has provided to us is a budget of approximately recently enforced. Tinti noted that being most responses to fire fighting services, there is the ability to charge the recipient of those services. Tinti noted that traditionally anyone who has home owners insurance has a line item in that fire fighting service response. Tinti noted that West Iron County, which has a far greater population to cover, they recover approximately 80% of their cost which they bill for fire calls voluntarily from all the recipients of the services. Lesandrini asked if they pay taxes or have a fire millage? Lesandrini stated that a question that was asked by the public is “Why do we have to pay for fire protection when we have been paying taxes”? Tinti stated that having the ability to respond is a function of government. He stated that the equipment and training are both there. As a taxpayer, Tinti stated I pay the mileage and have not had a fire at my place, why should my tax dollars subsidize those fire calls to specific locations, when the law allows it to be charged, in most cases it is covered by insurance and it can significantly defray the cost component of the responses. Tinti noted if there are 100 calls in one unit a year that is a methodology that many fire departments and fire authorities have adopted. If they re-coop those dollars which ultimately reduces the cost that everybody has to pay through taxes and milleages, because you make the user pay. Takala asked what happens if someone does not have insurance? Tinti commented that on an annual basis they will go to their chart of receivables and if somebody is truly indigent they will recommend them for a charge off. Tinti also stated that some people will elect to not have insurance and it really isn't to charge them with insurance, it is to charge for services rendered. Basically, what that means is whoever owns the land is responsible for the charge, Tinti stated. Tinti also stated that both the City of Crystal Falls and the township have a fire charge ordinance on the books and this is not being implemented. Lesandrini stated that with the figures in the new contract, it states that the township is at 67% and the City at 33%. Lesandrini noted that under the new contract there would be an increase of about \$49,000 - \$50,000 more per year for the township and with the assumption that the township would use the fire department more in our township.

Lesandrini stated that the City of Crystal Falls used the fire department a total of 64 hours from January 1, 2009 to present and the township used 149.5. Lesandrini stated this could change next year. Lesandrini stated in this contract there are so many variables. Lesandrini stated that the township cannot afford to pay \$186,000.00.

After further discussion, Lesandrini stated that our board had this workshop tonight to determine what information needs to be looked into for the meeting next week. Tinti stated basically before we can decide anything, we need to know what the City of Crystal Falls will pay. Lesandrini stated that there will be a joint meeting between the City of Crystal Falls and Crystal Falls Township on Thursday, October 29, 2009 at 6:00 p.m. at the City Hall auditorium. Motion by Kut, supported by Seppala to adjourn the regular meeting and enter into executive session to discuss the written opinion of council. Roll call was taken. All ayes. Meeting was adjourned at 6:30p.m.

Motion by Kut, supported by Seppala to reconvene into the regular meeting. All ayes. Motion carried. Motion by Dalpra, supported by Takala to adjourn the regular meeting. All ayes. Motion carried. Meeting was adjourned at 8:45 p.m.

Joanne Seppala/Clerk