

The Marquette County Board of Commissioners met as a Committee of the Whole on Tuesday, August 24, 2004, at 6:00 P.M., in Room 231 of the Henry A. Skewis Annex, 234 W. Baraga Avenue, Marquette, Michigan.

Chairperson Corkin called the meeting to order. Present: Comm. Arsenault, Comm. Bergdahl, Comm. Cihak, Comm. Coyne, Comm. Tuominen, Comm. Wallace, and Chairperson Corkin. Absent and excused: Comm. Joseph and Comm. Nordeen.

Comm. Coyne questioned the August 10, 2004 minutes. It appears a sentence or two was omitted following page 1 and beginning page 2. She would like a clarification. It was moved by Comm. Coyne, seconded by Comm. Arsenault, and unanimously carried by voice vote that the minutes of the Committee of the Whole Meeting held on August 10, 2004 be tabled.

Chairperson Corkin opened the meeting for public comment.

Steve Schenden, Little Lake, and a representative of URS, advised the Board that he would be available to address questions or concerns Commissioners may have regarding Item 15 Notice of Award of Phase II Construction of ARFF/SRE Building if necessary.

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

It was moved by Comm. Tuominen, seconded by Comm. Nordeen, and unanimously carried by voice vote that the agenda be approved with the addition of Item 17) MDOT Air Service Grant Program.

It was moved by Comm. Bergdahl, seconded by Comm. Arsenault, and unanimously carried by voice vote that Claims and Accounts for the period August 13, 2004 through August 19, 2004 in the amount of \$2,390,900.81 and bi-weekly payroll for the period ending August 14, 2004 in the amount of \$561,924.68 be approved.

The Committee considered a Resolution for Changing MERS Benefits for Marquette County Health Department Nurses. The Board of Health approved the collective bargaining agreement with the Michigan Nurses Association of February 26, 2003, the term of which is January 1, 2003 to December 31, 2005. The retirement benefit is included in the contract. MERS requires the governing body of the employer to approve the resolution for changing benefits. The Board of Commissioners is the governing body of the employer, Marquette County.

The benefit was negotiated between the Board of Health and the Nurses Association. The cost is included in the total compensation parameters approved by the Board of Commissioners and Board of Health. The actuarial valuation estimates the County's annual contribution will increase by \$4,300. Employees will be contributing 2 percent of wages towards the retirement benefit.

It was moved by Comm. Wallace, seconded by Comm. Arsenault, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board adopt the Resolution for Changing MERS Benefits for Marquette County Health Department Nurses.

Comm. Nordeen arrived late.

The Committee considered a LEIN Cooperative System Purchase. Over the past two years, the State of Michigan has attempted to minimize the number of telephone data circuits to the Data Center in Lansing. Part of this initiative was to install the LGNET (Local Governmental NETwork), which places a dedicated leased telephone line in strategic locations that other state and local agencies can access. Marquette County is one of those access points. The \$22,000 annual cost is divided between the agencies using the circuit. The Friend of the Court, Circuit Court, Probate Court, and District Court currently use LGNET.

The State Police is requiring that LEIN (Law Enforcement Information Network), which is a database maintained by the State Police containing records of criminal activity throughout the state, be converted to LGNET. The two current analog terminals in use for LEIN are required to be eliminated by the end of September.

The software purchase, training, and server will be amortized over 5 years through the Copy/Computer Fund. The annual charges consist of software charges, LEIN fees, and one third of the

Minutes are Subject to Correction and Approval

telephone circuit cost to Lansing. The amounts are prorated by the number of workstations in the agencies involved – Sheriff’s Department, Marquette City Police, and Northern Michigan Public Safety.

The Copy/Computer Fund will fund this purchase at an estimated cost of \$16,875. This cost will be used to purchase equipment, software, and training. The Sheriff’s Department has budgeted \$11,000 annually for two current LEIN machines. The County’s annual share is \$9,953.67. With this purchase, the County saves \$1,000 annually and will have five LEIN stations instead of two.

It was moved by Comm. Cihak, seconded by Comm. Wallace, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board approve the purchase of software from Core Technology and purchase the required hardware to provide LEIN access for the Sheriff’s Department, Marquette City Police, and Northern Michigan Public Safety, with the costs of the system to be amortized and prorated to each agency based on usage.

The Committee considered Review of the Draft Marquette County Housing Plan. In August, 2004 the Planning Commission reviewed a draft of the Marquette County Housing Plan. Since the previous Housing Plan was adopted in 1996, the County has experienced significant changes in housing which affect the Marquette County Community Development Housing Program. The Planning Commission voted unanimously to submit the Plan to the Marquette County Committee of the Whole for recommendation to the County Board that the Plan be approved for distribution.

It was moved by Comm. Bergdahl, seconded by Comm. Tuominen, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board approve distribution of the proposed Plan for review and comment to the Planning Commission of each city and township located within and contiguous to the County, the Regional Planning Commission, each County Planning Commission contiguous to the County and each public utility company owning and railroad company owning or operating a public utility or railroad within the County by the Planning Commission and have the County Board adopt a Resolution which asserts the right of the Board to approve or reject the final Housing Plan.

The Committee considered a Fuel Depot Agreement with the City of Marquette. The City of Marquette makes available its fuel depot to governmental agencies. The depot is located at the City’s Service Center. Use of the depot requires a signed agreement. Resource Management and the Sheriff’s Department purchase fuel from Holiday Fleet. Holiday Fleet will continue to be used as a source of fuel, and the City’s fueling station provides an additional option. The County will purchase fuel from the most convenient and least expensive source. The Sheriff’s Department, Resource Management, and the Health Department are interested in using the fuel depot.

It was moved by Comm. Wallace, seconded by Comm. Tuominen, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board approve the Fuel Depot Agreement and authorize the County Administrator to execute the Agreement.

The Committee considered an IRP Loan Modification – Stop N’ Shop Convenience Store. The County Board approved a \$30,600 loan to the Stop N’ Shop Convenience Store on February 17, 2004. The loan was to be personally guaranteed by six individuals. Subsequent to approval, but prior to closing, two of the individuals decided not to commit to the venture. The IRP Loan Committee decided that there was sufficient collateral without the two individuals. The loan was closed on March 11, 2004 with the personal guarantees of Ted and Amber Finco and Michael and Amy Valle.

Michael and Amy Valle wish to transfer their ownership interest in the business to the remaining partners, Ted and Amber Finco, and are requesting that their personal guarantees on the loan be released. All parties have signed an agreement as such.

The Loan Committee feels there is sufficient collateral with the remaining owners’ guarantees, but feels that the collateral situation has changed enough to warrant Board action. Sales have been steadily increasing over the first four months of operation, with the business experiencing its first profitable month in July. All loan payments have been timely. The current loan balance is \$28,384.

It was moved by Comm. Arsenault, seconded by Comm. Tuominen, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board approve release of the personal guarantee of Michael and Amy Valle on the IRP Loan to Stop N' Shop Convenience Store.

The Committee considered an Airport Awareness Grant. The Department of Transportation provides grants to increase public awareness of commercial air service at smaller, regional airports, with the goal of increasing use of the airports. Information will include flight availability, reliability, and costs at Sawyer International Airport. Planned activities include advertising, family tours, an open house, and hosting Chamber of Commerce events. The contract has been reviewed and approved as to form.

The Department of Transportation will provide \$25,000 for marketing. A \$2,778 match is required. The grant and match are included in the 2004 Sawyer International Airport budget.

It was moved by Comm. Wallace, seconded by Comm. Nordeen, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board approve the Resolution for the Airport Awareness Grant.

The Committee considered an FAA Military Airport Program Grant Agreement. Airport staff submitted a three-year re-designation application for the Military Airports Program of the FAA's Airport Improvement Program. Marquette County was successful and received approval for fiscal years 2004, 2005, and 2006. The agreement for FY2004 is for a total of \$1,320,000 of FAA MAP funding. Approximately \$69,500 of matching funds is required, bringing the total to \$1,389,500. Matching funds will be via the use of sale proceeds from the former Marquette County Airport in Negaunee. The funding will be used for the design and construction of projects identified and approved in the MAP application: 1) replace heating system on Hanger 664; 2) replace door on Hangar 665; and 3) install exterior insulation on Hangar 667.

The Grant stipulates that funding can also be used for design only work for MAP projects for FY 2005 including: 1) install interior insulation for Hangars 661, 662, 663, 664, 665, 666, and 667; and 2) perform electrical system analysis and improvements for Hangars 661, 662, 663, 664, 665, 666, and 667. This will allow designing of the projects over the winter, bidding them in the spring, and proceeding to construction during the late spring and early summer.

It was moved by Comm. Bergdahl, seconded by Comm. Cihak, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board approve the Resolution and FAA Military Airport Program Grant Agreement and authorize the Board Chairman to sign the Grant Agreement, provide the official seal of the County, and authorize signature by Civil Counsel.

The Committee considered Heat Conversion for Buildings 601 and 850. The project was bid, with bids returned higher than anticipated. A post bid addendum was sent to all companies that submitted bids. The addendum removed several items from the project that would potentially reduce the total cost of the project but would not impact the ability to heat the facility. The lowest total response, after including the post bid addendum, was from Dresseler Mechanical for \$446,000. Dresseler Mechanical meets the requirements set forth in the RFP. Dresseler Mechanical also proposed a boiler alternative that could additionally reduce the scope of the project. Riederer Engineering will be reviewing the boiler alternative and advising whether it is able to meet project specifications.

There is approximately \$453,500 uncommitted in the 2004 heat conversion budget, leaving \$7,500 for any project change orders.

It was moved by Comm. Nordeen, seconded by Comm. Wallace, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board award the Heat Conversion Bid for Buildings 601 and 850 to Dresseler Mechanical for a total bid of \$446,000.

The Committee considered a Michigan Community Development Block Grant for B3 Computers Loan Project. The grant and the County match will be used to fund a loan to B3 Computer for inventory, working capital, furnishings, computers, and equipment. The project will help create 110 jobs. The loan, which is one of the incentives that convinced B3 to move to Sawyer, will assist in recovery of relocation and start up costs. Of the jobs created, 51 percent must be held by low and moderate income persons.

The term of the loan is seven years at 6.5 percent interest. The rate will be Prime plus 2 percent, evaluated biannually, with a maximum of 9 percent. Interest only for the first 24 months. Payments will be made to the MEDC. Security is a first position on the inventory purchased with CDBG funds and the personal guarantee of William S. Carr. Loan conditions were set by the MEDC. The loan document, prepared by MEDC, will specify the conditions between the County and B3.

The MEDC places an important condition on the County, in addition to the general terms and conditions found in federally funded projects, that the State of Michigan retains the right to require Marquette County and B3 to repay the full amount of the grant funds if the jobs and income requirements are not met. In other projects, the County has transferred the responsibility to the company, and the same approach should be used for the B3 loan.

It was moved by Comm. Wallace, seconded by Comm. Nordeen, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board authorize acceptance of the Grant and approval of the loan document, including transferring responsibility for repayment of the grant funds to the company if job creation and income requirements are not met.

The Committee considered a Notice of Award of Phase II Construction of ARFF/SRE Building. During late summer 2003, Marquette County bid the ARFF project. Bids were rejected because the bids exceeded available federal funding. URS, the County's consulting engineer, recommended, and the FAA approved, bidding the project in two phases. Phase I (site work and utilities) was completed this spring.

Phase II was bid this summer. Premeau Construction Company was the low bidder. Bids have been reviewed by URS and the Michigan Department of Transportation. Construction is scheduled to begin in September, with building completion anticipated in August, 2005.

The building will house the airport's crash/fire response vehicle and maintenance vehicles and provide additional office and storage space. Completing the project is a priority because of its importance to airport crash response time. If FAA-required response time is not met, the airport's commercial status could be revoked. The building will increase the efficiency of airport staff by housing equipment in one location. The County has agreed to convey a maintenance building to the Road Commission. The conveyance was supported, in part, because of the planned ARFF/SRE building. The office space will allow future flexibility in uses for the airport terminal.

With project costs higher than estimated, and higher than programmed by the FAA, completing the project will require use of a portion of the airport's 2005 AIP entitlement funds. Funding for Phase I and II is over three years, federal fiscal years 2003, 2004, and 2005.

- FY2003 AIP Discretionary Funds - \$4,758,000
- FY2003 AIP Entitlement Funds - \$342,000
- FY2004 AIP Entitlement Funds - \$1,000,000
- FY2004 AIP Discretionary Funds - \$950,000
- FY2005 AIP Entitlement Funds - \$684,000
- County's share of the project, funded through passenger facility charges - \$366,000

Discretionary funds are competitively awarded by the FAA. Entitlement funds are provided to airports based on passenger counts. No operating budget impacts are assumed for 2005.

Comm. Cihak questioned the process for bidding the electrical and other subcontracted jobs. Steve Schenden, URS, explained that subcontractors provided bids to Premeau Construction who then added them into their bid to the County. After award of the bid, Premeau Construction will be asked to provide information as to who their subcontractors are. Decisions on subcontractors are at the discretion of the general contractor.

It was moved by Comm. Coyne, seconded by Comm. Bergdahl, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board Authorize Notice of the Award of Phase II Construction of the ARFF/SRE Building to Premeau Construction in the amount of \$7,298,000.

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 authorize the Board Chair to execute the necessary documents with the Federal Aviation Administration.

The Committee considered the Procedure for Termination of County/Telkite Agreement. The Agreement for Sale, Purchase, Lease and Development of Real Estate between the County and Telkite, Inc., signed on January 21, 2004, provides that by not later than June 1, 2004 the County was to convey to Telkite the parcel and buildings commonly known as the "ACN Complex" and that Telkite was to pay to the County an initial payment of \$1,000,000. On June 1, 2004 neither party was able to perform its respective obligations since the Air Force had not yet conveyed to the County the title to the entire parcel, and Telkite did not have its financing in place.

Pursuant to a motion adopted at the June 1, 2004 meeting, the deadline by which Telkite was to make the \$1,000,000 payment was extended for a period of not more than five business days following the date upon which the County would be prepared to proceed to closing with Telkite.

On July 16, 2004 a Notice was delivered to Telkite advising that the County had secured title from the Air Force, had secured a Title Insurance Commitment, and was prepared to proceed to closing, and further advising that the \$1,000,000 payment was due not more than five business days later, i.e. by close of business on July 23, 2004. The payment was not made by that date, and it has still not been made.

The Agreement itself does not define the situations in which it may be terminated, nor does it specify a process for termination in the event of a breach. A reasonable standard and process should be followed.

Both parties were in breach of the Agreement as of June 1, 2004 since neither was able to perform according to its terms. The County cured its breach by July 16, 2004 and was prepared to perform its obligation at that time. Telkite is still not prepared to perform its payment obligation.

Commissioners discussed the effect of giving notice regarding termination and the ability of Telkite to remedy the breach. While giving Telkite notice does not preclude the continuation of the Agreement if the breach is cured, it gives the County other options and allows the County to look to other persons of interest. Commissioners also addressed the importance of Telkite and what they have done to get other companies interested in Sawyer with their nationwide, and maybe even worldwide, connections and exposure. Commissioners offered support, encouragement, and appreciation of the work Telkite has done so far. Commissioners also noted that taking action to provide notice does not preclude the County from giving Telkite additional time to remedy the breach if a cure is foreseeable.

It was moved by Comm. Tuominen, seconded by Comm. Arsenault, and carried on a roll call vote 5 Ayes (Comm. Tuominen, Comm. Arsenault, Comm. Coyne, Comm. Wallace, and Chairperson Corkin) to 3 Nays (Comm. Bergdahl, Comm. Cihak, and Comm. Nordeen) that the Committee of the Whole recommend the County Board direct staff to send a notice to Telkite formally advising it of its breach of the Agreement, and allowing 10 business days from September 7, 2004 (the date of the next Board Meeting) to cure the breach. If the breach is not cured by September 21, 2004 at 5:00 P.M., the County will consider the Agreement to be terminated and of no further force or effect without further action by the Board.

The Committee considered a Michigan Department of Transportation Air Service Grant Program. The funds will be used to purchase portable aviation transceivers, a mobile aircraft boarding ramp, and expand the public address system for the passenger terminal.

State funding is \$19,237. County share is \$1,924, and is budgeted in the 2004 airport budget.

It was moved by Comm. Wallace, seconded by Comm. Nordeen, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board Authorize Acceptance of the Michigan Department of Transportation Air Service Grant.

Chairperson Corkin opened the meeting for public comment.

James Gallant, Skandia, addressed Commissioners regarding the Friend of the Court Advisory Committee and a fish waste compost project.

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

COMMISSIONER COMMENTS, STAFF COMMENTS, AND ANNOUNCEMENTS

Comm. Nordeen stated that the reason for his lateness was due to road construction on County Road 553. He wondered why the road was under construction as it is in good shape and was redone only five years ago.

Chairperson Corkin advised that he had talked with Governor Granholm and the three State Representatives regarding maintaining revenue sharing for the County. He stated that the conversation seemed very positive.

County Administrator Steve Powers advised that budget work sessions are scheduled for Monday, August 30, 2004 at 1:30 p.m. and on Tuesday, August 31, 2004 if necessary.

There being no further business to come before the Committee of the Whole, the meeting adjourned at 7:05 P.M.

Respectfully submitted,

Laurie A. Skytta
Marquette County Deputy Clerk