

The Marquette County Board of Commissioners met as a Special Committee of the Whole on Tuesday, July 31, 2001, 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. Girard, Comm. Joseph, Comm. Moore, Comm. Nordeen, Comm. Seppanen, Comm. Tuominen, and Comm. Corkin. Absent and excused: Comm. Wallace.

Chairperson Corkin opened the meeting for public comment.

Joe DeJulliannie, Gwinn - The Marquette County Board has done an outstanding job on the redevelopment effort at KI Sawyer. Marquette County has four basic elements that are attractive to potential employers including a skilled workforce, low rent, government assistance, and reasonable utility rates. Continued redevelopment at KI Sawyer must not be abandoned and we must continue to provide these four elements. Mr. DeJulliannie contended that when private industry takes over a utility it means almost immediately an increase in the rates. High rates will have a negative affect on economic development at KI Sawyer.

Karen Kimar-Johnson, SEMCO Energy, provided an update on a July 11, 2001 letter regarding the Matrix Design Utility Disposition Report. Administrator Powers arranged a conference call with Hal Pawley, Harley Andrews, Tom Rumora, Jim Kippola, Dan Schnepf of Matrix Design, Administrator Powers and herself. Mr. Schnepf will provide further documentation of Matrix Design's conclusions.

Les Thatcher, Sawyer Village, Sault Tribe, and also a member of the West Branch Township Board. Mr. Thatcher noted there are currently 225 renters at Sawyer Village. He would be happy to open their utility records for the County Board if it would be of any assistance. Currently the average resident in Sawyer Village pays about \$200 a month per unit which breaks out to approximately \$60 per month for water and sewer, \$70 per month for gas, and \$70 per month for electricity. The forecast for next year is that gas and electrical rates may increase as much as 100%. Sawyer Village studies show that Sawyer has the least expensive water and sewer rates in Marquette County.

Mr. Thatcher further noted on the Township side, he has had discussions with the West Branch Supervisor. It has come to his attention there may be requirements for townships to approve a franchise agreement for any new utility that comes into a township.

Joe Pietro, Gwinn - He has always supported Sawyer redevelopment. He has been asked by several people to relay a concern regarding Sawyer. Marquette County must share the Sawyer development wealth with all of the County residents. There is a perception by many west enders that taxpayer dollars are being utilized to help develop Sawyer for which all residents in the County are paying. Mr. Pietro contended that the citizens outside of the Sawyer gate are just as important as those inside the gate.

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

It was moved by Comm. Arsenault, seconded by Comm. Seppanen, and unanimously carried by voice vote to approve the agenda as presented.

It was moved by Comm. Moore, seconded by Comm. Nordeen, and unanimously carried by voice vote that Claims and Accounts for the period July 19, 2001 through July 26, 2001 in the amount of \$373,955.70 be approve.

The Committee considered the recommended disposition of the various utility systems at KI Sawyer. Chairperson Corkin noted that on June 28, 2001 the Committee of the Whole directed Staff to review and analyze the findings and recommendations made by the Matrix Design Group for the disposition of the utility systems at KI Sawyer, keeping all options open for further consideration at a Special Committee of the Whole meeting. Chairperson Corkin reviewed the Matrix Design Group recommendations and then turned the meeting over to County Administrator Steve Powers for the Staff recommendation.

Administrator Powers read the following Staff recommendation:

Staff Recommendation

To assist the committee, staff is providing a recommendation. Using the same thirteen evaluation criteria used by Matrix Design to rank the various disposition options, and the Committee of the Whole's direction to keep all future options open, our recommendations, in priority order:

Electrical System – County should attempt to municipalize the electrical system through a negotiated agreement with a provider. If the County establishes its desired outcomes, precisely and with measures (quality service, incentive rates, revenue, controlled general risk, and preservation of future options), a negotiated agreement with an in-state provider may produce the desired outcome. This hybrid approach may provide the best balance of revenue, managed risk, and time needed to implement. If direct negotiations do not produce the desired outcomes, a national request for proposals should be used.

Natural Gas – County should attempt to municipalize through a negotiated agreement with a provider. If the County establishes its desired outcomes, as with the electric system, a negotiated agreement with an in-state provider should produce the desired outcome. If not, a national request for proposal should produce the desired outcome. If not, a national RFP should be used.

The hybrid recommended for both the electric and natural gas is a partnership with an existing utility to provide all required services necessary to operate the systems, including billing, collections, maintenance, administration, purchasing, capital improvements, and rate recommendations. The County would own the systems and retain involvement to protect, enhance, and expand economic development objectives. Also, the County would retain the right to operate or sell the systems. Of course, the agreement negotiated with the operator will influence the County's future options.

Water and Wastewater – County should continue to operate as part of K.I. Sawyer Development Department and Sawyer International Airport. Discuss and pursue intergovernmental agreement or authority with area townships. (Work continues with Air Force and Congress regarding potential buy-out of caretaker.)

Telephone – Prepare a request for proposal for a negotiated sale of the telecommunications system to a local or regional company. Require a negotiated sales price for the system infrastructure less encumbrances. Include preferred rate structures for County-targeted development priorities, or other favorable terms as may be possible.

Administrator Powers further noted the Commissioners have already been provided a recommended exit strategy, however Staff cannot advise the Board on how utility disposition coordinates with exit strategy until the Board provides direction. Also, outside assistance will be needed to implement the utility disposition recommendation. Marquette County does not have the expertise with electric, natural gas, and telecommunication systems. To efficiently implement staff recommendations the continued use of Matrix Design is being considered for a future recommendation to the County Board. The Scope of Work should include drafting RFP's and negotiating with interested companies in preparing agreements. Matrix Design is preparing a proposal.

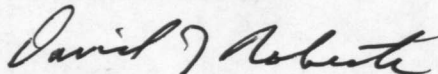
All Commissioners present engaged in the discussion regarding the disposition of the various utility systems. Each Commissioner expressed their concerns over the County's future role with KI Sawyer, Sawyer International Airport, and how it relates to the disposition of the utility systems and economic development. Chairperson Corkin noted utility disposition is a very important decision to be made by the County Board.

It was moved by Comm. Moore, seconded by Comm. Arsenault, and carried by voice vote 6 Ayes (Comm. Moore, Comm. Arsenault, Comm. Girard, Comm. Nordeen, Comm. Seppanen, and Comm. Corkin) to 3 Nays (Comm. Bergdahl, Comm. Joseph, and Comm. Tuominen) that the Committee of the Whole recommend the County Board approve the Staff recommendation for the disposition of the utilities at KI Sawyer.

Chairperson Corkin opened the meeting for public comment, none was forthcoming.

There being no further business, the meeting was adjourned at 7:15 P.M.

Respectfully Submitted,



David J. Roberts

Marquette County Clerk

C. Clark

**MARQUETTE COUNTY BOARD OF COMMISSIONERS
SPECIAL COMMITTEE OF THE WHOLE**

Tuesday, July 31, 2001, 6:00 P.M.

Room 231, Henry A. Skewis Annex, Marquette, MI 49855

1. **ROLL CALL.**
2. **APPROVAL OF THE MINUTES: None.**
3. **PUBLIC COMMENT.**
4. **APPROVAL OF THE AGENDA.**
5. **Review of Claims and Accounts.**
6. **Recommended Disposition of the Various Utility Systems at KI Sawyer.**
- 7.
- 8.
- 9.
10. **PUBLIC COMMENT.**
11. **COMMISSIONER COMMENTS, STAFF COMMENTS AND ANNOUNCEMENTS.**
12. **ADJOURNMENT.**