

**Date:** July 16, 2008

**To:** Mayor and Council Members

**From:** John Archocosky

**RE:** Monthly Activity Report

This month has been filled with the usual summer activities for the office staff as well as the DPW and Police Departments. Several downtown activities have kept all busy both with preparation and clean up chores that follow. In addition to the usual activities however, we have been dealing with two very important issues.

The first and most important issue was the resignation of Mayor Charlotte Soderbloom. I have had the pleasure of working for and with Char for several years including those she spent as Mayor of the former City of Stambaugh. Since being appointed to the position of Manager here in Iron River, I have had the opportunity of observing her in action and believe that she is the most dedicated public servant I have ever known. She has contributed greatly to the metamorphous that has taken place over the past 8 years which was necessary to bring the three proud and independent communities of Mineral Hills, Iron River and Stambaugh together. Through her strong leadership these communities have truly become the first and only Consolidated City in the entire State of Michigan. Thankfully, Char has committed to remaining on several instrumental committees and I'm sure will continue to be a positive influence on the future growth of the City of Iron River.

The second but most time consuming issue we have dealt with this past month is that of the challenge by the County of Iron as to the status of Iron River's TIF District. As you know, last year the DDA elected to expand its district boundaries to include the main street of the former City of Stambaugh. This action was taken based on the results of a multi-year study completed by the professional planning group HyettPalma Inc., in conjunction with the State of Michigan's Economic Development Corporation. The study indicated that for Iron River to "thrive and flourish into the future", one of the most important economic undertakings was to redevelop the former Stambaugh's business district.

Unfortunately, the effort taken by the DDA to follow this economic stability plan has met with a great deal of resistance by the Iron County Board of Commissioners. Due to what appears to be a lack of support for countywide economic development, the County Board has chosen to not only stifle the future of the City of Iron River but have also passed a resolution to withdraw its past support which has been in place since 1991. Their formal resolution which was received at the City Hall this past Friday cites various erroneous reasons for abandoning the DDA's efforts to promote economic development.

Apparently, the County Board has been under the misconception that the Iron River's DDA had placed a freeze on the taxable basis limiting the County's portion of taxes to those values that were established back in 1991 when the TIF District was formed. The truth is that although the DDA could have in fact implemented such a freeze, it actually shared the growth in value with the County and by doing so allowed hundreds of thousands of dollars to flow through to the County for use in their operating budget. In

reality, the County has received the lion's share of captured tax dollars from the district but was unaware of their windfall revenues.

After receiving the tax documentation from the County Treasurer, I along with our staff spent a great deal of time reconstructing the historical tax capture back to 1991 and shared this information with the County through their legal council just prior to their most recent meeting. Contrary to one county commissioner's comments regarding our "lack of involvement and understanding of the issue" the City of Iron River has clearly taken the lead on developing factual information in trying to resolve this dispute. Hopefully, the County Board was not aware that they were receiving the largest portion of captured taxes when they passed the resolution to withdraw its support from the DDA's economic recovery and growth plans for Iron River. If the County persists with its current position, it will likely result in similar actions being taken against the cities of Caspian and Crystal Fall who also have created DDA/TIF districts in their respective communities.

This TIF issue somewhat resembles the old "What comes first, the chicken or the egg?" syndrome. The County seems to fail to recognize that it draws approximately 12% of its operating revenue alone from the City of Iron River's taxpayers. Although I don't know the revenues that are derived from Caspian or Crystal Falls who also have TIF Districts, I would presume they also are major contributors to the County of Iron's financial stability. This money goes to provide services that are shared throughout the entire county. Some of those services are actually duplicated by the taxpayers within the corporate village or city boundaries. If the Iron County Board of Commissioners continues to stifle economic development within those corporate boundaries, they will also be limiting their potential to provide the necessary services shared by all the county residents.

I sincerely hope that the City of Iron River's DDA will find a solution that is both acceptable to the County Commissioners and will not saddle the progressive efforts that must be undertaken to stimulate the economic development of our city.