

Ely City Council Special Meeting December 3, 2009

The Ely City Council special meeting was called to order by Mayor Skraba at 2:05 p.m. on December 3, 2009 at the Ely City Hall.

PRESENT: Council members Nikkola, Salerno, Sheddy, Zupec, and Mayor Skraba (5)

ABSENT: Council members Debeltz and Omerza (2)

Also present: State Senator Tom Bakk and Representative David Dill.

The purpose of the meeting was to meet with Bakk and Dill to discuss pressing economic issues in the City of Ely.

Mayor Skraba recapped the earlier meeting held at the Grand Ely Lodge.

The group discussed special levying district for fire and ambulance. This type of district would require a joint resolution with all parties involved.

Bakk reviewed the Polymet environmental impact study (EIS) and the permit request.

Other issues discussed included the following:

1. Commercial versus residential tax rates. Ely commercial properties will likely be re-assessed due to recent sales. Taconite aid assists in keeping the residential taxes lower on the Iron Range. The state does not receive any tax monies from residential taxes. The 2001 tax bill put into effect a tax on commercial and industrial properties only.
2. Ely library tax burden to residents of Ely 50% 'maintenance of effort' provision. Counties have a larger impact. Local governments and libraries found common ground through joint effort.

Mayor Skraba left the meeting at 2:20 p.m. Acting Mayor Zupec took over the meeting at that time.

3. Extending the life of the existing TIF districts-needs to be due to very extenuating circumstances. Special provisions in % of pooling can be reviewed by legislature if the city puts together a proposal.
4. A local sales tax requires referendum.

Mayor Skraba returned to the meeting at 2:25 p.m.

5. Local food and beverage tax does not require referendum the legislature can grant authorization to the city and the council can pass by resolution.
6. Infrastructure - can there be a user fee attached to BWCA to help improve city's infrastructure – Counties get pilt money from federal government from Federal Wilderness property. Contact Jim Oberstar re: this issue.
7. Copper, nickel tax projections. Study done by NRI study of net proceeds tax through IRR subcommittee.
8. Biomass-grant money needed for feasibility study. Biomass is up against natural gas and electricity, not cost effective. Legislature has given subsidy to Laurentian Energy last 2 years. Raw material is available 1M cords of wood are currently not being harvested. Mesabi nugget no production tax being used as incentive. Debt service costs will be paid back on increasing scale. Needs to be treated like ethanol and subsidize upfront start up costs. 900

- cords a day for less than 150 jobs. It is not cost competitive with gas and coal but offsets with ecological advantages, no CO2 of Nox. US Steel is purchasing dry materials, blowing sawdust into a kiln. Biofuels study done by Bois forte and have access to federal money to build a demonstration biofuels plant.
9. IRR projects bill for Central Ave for 2010.
 10. LGA unallotment for December 2009. Indication is that payment will be delayed. State's revenue 46% is through income tax and 7% through corporate taxes. 70% of 1.2B deficit is due to reduced income. Ward Iness will let Bakk know if unallotment or delay payment will happen. Potential Senate Tax Committee hearing for small cities.
 11. DNR timber wolf population control was discussed. Environment, game fish controls is under Dill. State will get control from State within the next year. Feds will not delist until state has presented a management plan. 5 year plan not to have open season on wolves when the control is back to state.

Meeting adjourned at 3:30 p.m.

Terri Boese
Clerk/Treasurer