

Proceedings of the Special Ironwood City Commission Meeting

A Special Meeting of the Ironwood City Commission was held on Wednesday, August 31, 2022, at 4:00 P.M. in person and via Zoom.

1. Mayor Corcoran called the Special Meeting to Order at 4:00 P.M.

Recording of the Roll.

Mayor Corcoran noted that Commissioner Semo was absent and asked for a motion to excuse his attendance from the Special Meeting.

Motion was made by Mildren, seconded by Andresen, and carried to excuse the absence of Commissioner Semo.

PRESENT: Commissioner Andresen, Korpela, Mildren, and Mayor Corcoran.

ABSENT: Commissioner Semo (excused) .

Mayor Corcoran announced the purpose of the special meeting is to discuss and consider resolution to approve the purchase of real property located at 108 E. Arch Street. The City Commission has identified housing is an issue lately in the City of Ironwood. The Commission was hoping to address the housing issue by looking at the former Sleight School property.

Interim City Manager Andrew DiGiorgio stated the City of Ironwood has HUD dollars available for low to moderate housing and intended to work with developers moving forward on the purchase of this property. No general fund dollars would be used for the purchase. He referred to the legal opinion from City Attorney Tim Dean with the recommendation of contingencies being added to the Buy and Sell Agreement if approved to purchase said real property. City Attorney Tim Dean was also present to answer any questions or concerns regarding the opinion. He noted City staff are doing their due diligence in making the citizens and City Commission aware of special assessments, delinquent property taxes on file with Gogebic County, and other issues with the property, including the infiltration and inflow (I&I) related to the roof drains on the building. There are potential, additional costs that the Commissioners need to be aware of before making their decision.

Mayor Corcoran noted the Commission is not looking to be property managers but rather purchase the property with the intention to allow a developer to buy the property for future housing opportunities to benefit our citizens.

2. Citizens wishing to address the Commission on Items on the Agenda. (Three Minute Limit)

Michael Meyer of 112 W. Ridge Street spoke to the City Commission. He stated his residence is near the Sleight School property. He urged the Commissioners to move forward and support this purchase. The school is not only an important part of the history of Ironwood, it represents an immeasurably important piece of infrastructure that can be repurposed to greatly help the

housing issue for low to moderate income. The property is also close to downtown and a very attractive property for people moving here. It serves an important part of our capacity to bring new people into the community. He again urged the City Commission to take care of this purchase to keep the building from decaying further. It is an important structure from the past and also toward the future.

Keith Johnson of 119 E. Michigan Avenue addressed the Commissioners. He stated his comments as a property owner living about 200 feet away from school. He applauded the city to look for low to moderate housing. It will attract people, but on the side of caution wanted to ask who will take care of the zoning and blight issues. How will the fencing be addressed, noise levels, and junk vehicles. It is important that these issues will be addressed in the future properly and correctly.

Michael Patrick of 138 E. Ridge Street spoke to the City Commission. For 37 years he has resided in this neighborhood. He did enjoy the property for all the years as it was maintained. He referred to current owner who assured grass would be cut. Right now, the property looks terrible. He applauds the city regarding efforts to obtain the property, but can we be assured everything would be done accordingly. It is a wonderful opportunity for housing needed in the community.

Randal Kashich of 342 Lake Avenue addressed the Commissioners, stating he would not have been aware of the meeting if he didn't come to the Memorial Building and questioned the posting and special meeting requirements. He also noted the seller added on more money than what he paid originally for the property. He questioned if a structural engineer was contacted and also questioned the credibility of Schuler Investments. He stated it is not a good move for city to make at this point. It is a bad move to invest in this property.

City staff did confirm that the meeting requirements of 18 hours-notice were met as the meeting was noticed 24 hours prior to the meeting. Commissioner Mildren stated he appreciated all the comments from the public. He noted if the City purchases the property, we have control. If we don't purchase, we have no control over it. He acknowledged the housing issue in the City of Ironwood. Because there is HUD money available and the Commissioners want the people in this town to prosper, he feels the City should take control of it. The developers and apartments can enforce their own rules and have quiet hours for children, etc.

Randall Kashich of 342 Lake Avenue spoke again, noting if you tell a child they have to be quiet, they won't listen.

3. Discuss and consider adoption of Resolution #022-021 to approve the purchase of real property located at 108 E. Arch Street (tax parcel # 27-52-22-176-020) in fee title for \$180,000.00 from the Seller, Schuler Investments, LLC, and on the terms and conditions set forth in the Buy and Sell Agreement between the parties, with funding for the property purchase price plus closing costs to be appropriated from the Housing Development Fund, and direct the Mayor and City Clerk to execute all documents to complete the purchase of the property from the Seller.

A legal opinion from City Attorney Tim Dean was presented to the City Commission and all citizens in attendance. In summary, the City Attorney recommended the City make any purchase contingent on the following which were addressed individually by the City Commission, and with the City Commission in full agreement with those recommendations:

Item 7 Proration. No proration. Seller pays taxes due before closing in addition to all prior years' taxes.

Item 8 Special Assessments. Seller to pay in full at closing the unpaid utilities owed.

Item 12 Seller's Disclosure. Seller to provide City with a Seller's Disclosure Statement.

Item 14 Lead-Based Paint Disclosure/Inspection. Seller to provide disclosure and City has 30 days after agreement date to conduct an inspection as referenced in the agreement.

Item 16 Property Inspections. Offer is contingent upon satisfactory inspection as referenced in the agreement plus environmental inspection, both no later than 30 business days of the date of the agreement. It was noted the time frame to find a company and complete the inspection is at least two weeks.

A notation was also made regarding the issue of the roof's drains connected to the sanitary sewer and the corrective action and cost necessary to disconnect or relocate the connection. Infiltration and inflow (I&I) is a big issue for Ironwood in the next few years if the 19 sites identified are not disconnected to resolve the issue. \$50,000 to \$100,000 is the estimated cost to remediate that issue for this property. No general fund dollars would be used to remediate the issue, but this could be an additional cost. It does need to be addressed. Bob Tervonen, Utilities Manager gave a background on the requirement for roof drains connected to the sanitary sewer. The City will be forced to tackle this issue in the next 3-5 years. Roof drains need to be separated and discharged into the ground, and it is a large building with an unknown cost, and it will eventually need to be done. The Mayor noted this could be addressed with the HUD money as well, but the hope would be the City is not in possession of the property for a long time. Commissioner Mildren stated he would not be in favor of remediating and that the property would be turned over to someone who is going to renovate. They will bring in a developer to invest money, and they can take care of the issue.

In summary, the City Commission was in favor of the City Attorney's recommendations regarding contingencies on Items 7, 8, 12, 14 and 16 of the Buy and Sell Agreement

Question was raised as the Seller does not want to drag out the process, exactly how long the property inspection, contingent of satisfactory inspection and environmental inspection, would take. Interim City Manager Andrew DiGiorgio noted the school may have this study already, but due to the tight time frame, they did not get to see if a study was completed in the past or if we need to move forward. Information is still coming in.

Mayor Corcoran noted she is acting as a facilitator and not receiving any funds related to the potential purchase of the property.

***Motion** was made by Mildren, seconded by Andresen, to adopt Resolution #022-021 and to approve the purchase of real property located at 108 E. Arch Street (tax parcel # 27-52-22-176-020) in fee title for \$180,000.00 from the Seller, Schuler Investments, LLC, and on the terms, contingencies on Items 7, 8, 12, 14 and 16, and conditions set forth in the Buy and Sell Agreement between the parties, with funding for the property purchase price plus closing costs to be appropriated from the Housing Development Fund, and direct the Mayor and City Clerk to execute all documents to complete the purchase of the property from the Seller. Unanimously passed by roll call vote.*

4. Adjournment.

***Motion** was made by Mildren, seconded by Andresen, and carried to adjourn the meeting at 4:33 p.m.*

Kim S. Corcoran, Mayor

Wendy L. Hagstrom, City Clerk