

MINUTES
Eveleth City Council Workshop
10:00 a.m., March 7, 2016
Council Chambers, City Hall, Eveleth, MN

Mayor Robert Vlasisavljevich, Present
Councilor Brian Hoag, Present
Councilor Brad Hadrava, Present
Councilor Brian Lillis, Present
Councilor Joseph Koivunen, Present

Staff present: City Clerk/Administrator Jackie Monahan-Junek; Deputy City Clerk Stephanie Friebe

Also present: Polly Sorcan; Tom Gentilini

Mayor Vlasisavljevich called the meeting to order at 10:00 a.m.

1. Discuss Chicagami

City Clerk/Administrator Monahan-Junek has been forwarding correspondence to the Mayor and Council received in response to a recent Letter to the Editor accusing the City and School District of not backing the development of a new Chicagami Child Care Center in Eveleth. Monahan-Junek updated the Council on the recent activities surrounding Chicagami. She met with School Superintendent Carey and Chris Ismil (IRRRB) on Friday. Superintendent Carey was given a \$7.6 million estimate to update the old Junior High building. Carey advised that the school has also thought about whether they should operate a daycare.

The school pays \$5,000 per month to keep the utilities running at the Junior High building. Chicagami pays \$1,200 of the \$5,000 utility bill. The school understands the value of daycare, but in order to extend the lease, Chicagami would need to pay the full balance of the utility bill.

Chris Ismil met with Fayal Township. Fayal Township is willing to discuss being a partner in a new facility. However, Monahan-Junek was unsure of the level of support Fayal would be willing to contribute.

Councilor Lillis asked if there has been any further discussion with Chicagami regarding the USDA loan. Monahan-Junek said that she, along with Dave Salene, were scheduled to meet with Chicagami last Tuesday. Chicagami chose to cancel the meeting. The Letter to the Editor was published on March 3, 2016. Chicagami also sent a letter to all parents with children in the Eveleth daycare informing them that the City and School were not supporting the new daycare facility. The letter included the names and home phone numbers of City

Council and School Board Members. Monahan-Junek spoke with Carol Mooreland of Chicagami on Friday, March 4th.

Councilor Koivunen stated that Chicagami canceled the meeting and claimed the City stopped everything. Councilor Hadrava suggested Chicagami apply for the USDA Rural Development Loan. Councilor Lillis concurred stating, "It makes perfect sense. If we are willing to stick our necks out, why can't they at least explore the option?"

Mayor Vlasisavljevich stated that staying at the Junior High long term is not the option for Chicagami. Councilor Hadrava said the City could offer to have Consultant Dave Salene and Monahan-Junek continue working with Chicagami to fill out the application for the loan.

Monahan-Junek said she believed the breakdown occurred when Chicagami chose to cancel the meeting. Salene and Monahan-Junek had planned to discuss the USDA Rural Development Loan and other ideas with Chicagami at that time. Since the meeting was cancelled, the City could not provide information about the loan.

Tom Gentilini, former school board member, gave information on the Manual Arts and Junior High buildings. At one time, the school received an estimate from an architect that it would cost around \$3.8 million to renovate the Manual Arts Building. Gentilini said he has been looking for a way to bring back the manual arts program, but he did not know if that could happen.

Mayor Vlasisavljevich reiterated that Chicagami needs a permanent home with a place to expand.

Councilor Lillis asked if the school district would have more space in the interim. Monahan-Junek said the school has space, but they would have to rearrange to accommodate Chicagami. It is ultimately the school's decision to determine whether or not they want Chicagami in that space.

Councilor Koivunen said that Chicagami wants to stay in Eveleth. They do not want to go to the Gilbert School. Councilor Hadrava said the Gilbert School was not conducive to their needs.

Monahan-Junek indicated that Chicagami has been grandfathered into their current space. If they move, they must become code compliant.

Mayor Vlasisavljevich said, "When you don't have the resources, you can't be so demanding."

Councilor Koivunen said, "Enough is enough. They have been using the school."

Councilor Lillis said that the Council needs to establish a direct line of communication with the Chicagami Board. Lillis said, “We are getting accused of things we have not intended. We have sat here in good faith for years.”

Councilor Hadrava commented that the City has invested money into Consultant Dave Salene to work with Chicagami.

Mayor Vlasisavljevich said the City needs to hold a meeting with the School Board, the Chicagami Board and IRRRB.

Councilor Lillis said the public needs to be aware of what is happening.

Councilor Hoag recalled the consultant fees and soil boring costs which total around \$15,000 to date.

Councilor Lillis said that the Council has collectively done everything possible, but Chicagami’s financials do not come close to what is needed to sustain a new facility. Mayor Vlasisavljevich said Chicagami has to be realistic in what they are looking for.

Councilor Hadrava said the City has not pulled its support. He expressed the need for a meeting will all involved.

Polly Sorcan, audience member, said, “Chicagami is not the only show in town.” She recalled that when she served on the school board, there was a meeting regarding Chicagami. Another private daycare provider in town pointed out that she wished the school would subsidize and pay for her utilities like they have done for Chicagami. Sorcan asked, “Is it fair to the other daycares for them (Chicagami) to be subsidized? Maybe that is why there aren’t many home daycares.” Sorcan suggested that perhaps Apple Tree Daycare in Virginia would like to have the same opportunity as Chicagami. Sorcan said she has known about the thousands of the dollars the school has spent subsidizing Chicagami. Sorcan questioned, “Is this an illegal expenditure of public money?” She estimated over the years, the school has spent a half million dollars or more. Sorcan continued stating, “They (Chicagami) can’t run a business. How can you go in the hole with pull tabs?”

Councilor Hadrava said, “It still goes back to taking care of the families in this area. We don’t want to lose another 20 jobs.”

Mayor Vlasisavljevich implied that Chicagami should consider reorganizing with another company. As an example, he suggested Chicagami join together with Apple Tree Daycare.

Councilor Koivunen said he is bothered because the City never said “No” to Chicagami. He questioned, “Why did you cancel that meeting last week? You need our help and are giving us bad press?”

Sorcan asked about Dave Salene's financial study. Monahan-Junek said that based on the financial study, Chicagami would have about \$28,000 to put towards an annual debt payment. The mortgage would be around \$200,000/year. Councilor Hoag said the current income would need to be increased by 750 percent to afford the debt payment.

Sorcan said, "A lot of those financials are subsidized by the school. The income might be zero."

Mayor Vlasisavljevich called for meeting with all involved. Monahan-Junek confirmed that those invited to the meeting would be City of Eveleth, Chicagami Board, Eveleth-Gilbert School District, City of Gilbert, Fayal Township, IRRRB. Monahan-Junek suggested a facilitator be hired to conduct the meeting.

Tom Gentilini asked if Chicagami had considered the Rustic Rock building. Mayor Vlasisavljevich said that is a possibility worth exploring.

The meeting adjourned at 10:55 a.m.