

**IRON RIVER CITY COUNCIL
SPECIAL MEETING/WORKSHOP
MONDAY, MARCH 8, 2004
2:00 P.M.**

Mayor Charlotte Soderbloom called the meeting to order at 2:00 p.m. in the Legion Room of the Iron River City Hall.

Members present included Tom Beber, Ray Coates, Roger Zanon, Virgil Thompson, Mayor Charlotte Soderbloom, City Manager John Archocosky and City Clerk Peggy Shamion.

Others attending included Mike Gatzow and Adam Steinbrecher.

Upon tabulation of previous bids for the RV Park Middle Outlet Project, STS Consultants recommended awarding the bid to James Spicer Inc. for \$99,534.70.

Mike Gatzow of STS Consultants explained that because Spicer's bid is less than the estimate, he is proposing that the city proceed with the total base bid and not consider the alternate bid. The city's portion is \$21,000.

Manager Archocosky wanted to clarify that the structure designed is approximately 22 ft deep. It's a large manhole and storm water comes into it; there is a circulation of ice and water passes out and the sediment drops to the bottom. There is a sump on the bottom of the structure. Periodically, this needs to be cleaned out and the city doesn't have the equipment to do this.

Manager Archocosky has spoke to Jim Bond and was told that the city should proceed with the project and utilize the grant and in a couple of years when the structure needs to be cleaned, eventually the city can purchase the proper equipment or rent it.

Beber moved to award the contract to James Spicer, Inc. pending any environmental issues. (have Watershed Council clarify) Coates supported the motion.

Roll Call: Ayes: 5 Nays: 0 Motion carried.

Besides financial obligations in the DEQ Consent Order, the city also has other obligations that they are committed to. A plan needs to be in place for a certain percentage of removal of I&I, by 2005.

A study was done in 97 trying to analyze areas in the city that are most critical in terms of where the I&I problems exist, so we can address those first. The city has to reduce their flow by a given percentage.

Archocosky spoke to Steve Casey of the DEQ and asked if a flow monitoring study to verify that the 97 information obtained would qualify for some of the money that we are forced to be putting into the reserve account. Mr. Casey felt that this is the first thing the city needs to do and a good way to spend the money. This is the reason for the new proposal.

STS Consultants proposal is \$2,750/per meter per month and there are 9 meters. Archocosky wanted to add one more meter. If additional weeks are requested it would be \$330/per meter per week.

Archocosky noted that there was some confusion about the \$227,100 that had to be set-aside by the city each year. (some felt that figure was incorrect) After conversations with the DEQ, they said that is the amount in the consent order the city signed, correct or incorrect is insignificant. This flow monitor study could be subtracted from that figure.

Thompson moved with Coates supporting to proceed with the flow monitoring with STS Consultants.

Roll Call: Ayes: 5 Nays: 0 Motion passed.

Coates moved to proceed with the Sanitary Sewer Project now that the annual reserve has been clarified after meeting with the DEQ. Beber supported the motion.

Roll Call: Ayes: 5 Nays: 0 Motion carried.

WATER RATES

The water rates and budget are the only issues pending.

To submit an application to Rural Development for the former Mineral Hills, the budget has to cover the Debt Retirement on Stambaugh's water project and the Debt Retirement on the Iron River water project and the operation and maintenance of the whole system. (our budget has to cover it right now)

Gatzow explained that if the city proceeds with an application to Rural Development, the operating budget for the water fund has to cover the Debt Retirement associated with the project in Mineral Hills. With a 25% loan and a 75% grant the city would have to cover \$19,175 in the operating budget. The budget that was adopted by the city sets the annual operating expenses at \$792,000/year.

After reviewing the budget, Archocosky said that realistically he could probably reduce the budget between \$60,000 - \$75,000, from the previous year's expenditures.

Gatzow compiled a spreadsheet showing the rates if the city changes the billing system by EDU's. There was some discussion about reducing the minimum amount of gallons from 5,000 to 3,500, in addition to raising the flat rate fee.

Presently the city is charging \$21.00 (I.R. & MH) and \$22.50 (Stambo) for water with 5,000 gallons as the minimum. What is being discussed now is raising the flat rate amount to \$24.00 and lowering the minimum amount of gallons to 3,500. This would bring in projected revenue of \$750,535.20. With Archocosky cutting the expenses by \$60,000 - \$75,000, the revenues should be close to the expenditures.

There was some discussion about eliminating the Strawberry Hill Water Tank to save costs, unless we can sell water to Stambaugh Township.

Archocosky will recommend that the city raise the flat rate fee from \$21.00 to \$24.00 and lower the minimum amount of gallons from 5,000 to 3,500, in addition to a reduction in the budget.

Zanon suggested having a public hearing on the garbage issue of reducing the garbage charge by \$6.00 and give the public impute as to where the water rates are going.

Thompson moved with Coates supporting to adjourn the meeting at 4:35 p.m. All were in favor. Motion carried.

Peggy Shamion, CMC
City Clerk