

**IRON RIVER CITY COUNCIL MINUTES
BUDGET WORKSHOP
WEDNESDAY, MAY 26, 2004
1:00 P.M.**

The meeting was called to order by Mayor Charlotte Soderbloom at 1:00 p.m. in the Legion Room of the Iron River City Hall.

Members present included Councilmen Roger Zanon, Virgil Thompson, Ray Coates, Mayor Charlotte Soderbloom, City Manager John Archocosky, City Clerk Peggy Shamion, and City Treasurer Suzanne Johnson. City Attorney Mark Tousignant entered at 1:35 p.m.

Adam Steinbrecker also attended the meeting.

Manager Archocosky reviewed expenses and revenues in the sewer fund associated with the cost of our participation in WICSA and the DEQ Reserve. The sewer rates currently being charged are not enough to subsidize the debt. There is a revenue deficiency in the sewer fund for the current fiscal year of approximately \$45,505 and \$74,683 for next year. In addition, the city has the \$227,100 reserve requirement imposed by the DEQ to meet.

The state requires that all funds be self-sustaining.

There is a \$185,000 difference between the revenue generated for 2003-2004 and the projected expenses for 2004-2005. By increasing Stambaugh's Debt Retirement from \$6.00 to \$8.00 (same as Iron River's) this would generate approximately \$20,000 which reduces the difference from \$185,000 to \$165,000. Then the flat rate charge could be split 50% (\$4.04) and the commodity charge would be 50% (\$3.27).

If the minimum gallons was dropped from 5,000 to 4,000, Stambaugh's Debt Retirement charge was raised from \$6.00 to \$8.00, the increase could be split 50% (\$4.04) for the flat rate and 50% (\$3.27) for commodity charge.

A meeting has been scheduled for June 10, 2004 in Gwinn, Michigan with the DEQ to discuss the penalty (\$385,000) assessed to the city. During recent conversations that Manager Archocosky has had with personnel of the DEQ, it appears they may reduce the fine. Discussion will take place at the meeting as to what the city will have to pay.

After reviewing the rates and structure for the sewer, it was the general consensus of the board to amend the rates as outlined.

Coates moved with Soderbloom supporting to adjourn the meeting at 2:55 p.m. All were in favor. Motion carried.

Peggy Shamion, CMC
City Clerk