

**IRON RIVER CITY COUNCIL MINUTES  
SPECIAL MEETING  
WEDNESDAY, OCTOBER 27, 2004  
10:30 A.M.**

The meeting was called to order at 10:30 a.m. in the Legion Room of the Iron River City Hall, with Mayor Charlotte Soderbloom presiding.

The Pledge of Allegiance was recited.

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

Mike Gatszow and Adam Steinbrecker also attended the meeting.

Archocosky opened the meeting informing the board that the city qualifies for a 75% loan 25% grant for the North Water Project, from Rural Development.

In the first letter that was received an error was made in the schedule of payment so Rural Development is revising the schedule.

Archocosky explained that Duane Reid of Rural Development received a directive from Rural Development to cut 25% over a statewide basis beginning October 1, 2004. All requests had to be rewritten at a lower amount.

Duane Reid was projecting that the city raises their water rates from \$25.00 to \$27.00.

If the city proceeds with the water project for Iron River North with the current finances, there will be a short fall of \$43,500 to cover the loan, based on a 4.5% interest rate.

Figured in the budget by Rural Development is a \$91,000 expenditure for the first year of operating. However, Duane Reid has calculated the payback of \$27.00/per month based on the \$91,000 annually. (This is only payable the first year and is also reimbursed) Archocosky explained that the \$91,000 that Duane Reid has earmarked for engineering annually could be used towards the \$43,500 shortfall of the loan along with offsetting the \$2.00 increase through hydrant rental.

Archocosky told the board that the water system is deteriorating and the city is going to have to do a project. If the city accepts the \$438,000 loan from Rural Development, they can turn around and refinance with another financial institution.

Archocosky informed the board that if you decline the loan, you close the door to everything. If you agree to proceed, the city is still not obligated to accept the loan.

The Council was leery about proceeding with the application and felt that the residents could not afford to pay an additional \$2.00, since the water and sewer rates were recently raised.

The operating budget would be the next step and the city can show the increase in other ways (hydrant rental) and not as user fees.

Archocosky pointed out that when Rural Development has the money available, they will come to us to see what were going to do.

Beber moved with Soderbloom supporting that STS Consultants will submit the operating budget to Rural Development for the Iron River North Water Project.

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

The Michigan Municipal League Consent Agenda was discussed next. The Board discussed setting up a Finance Audit Committee composed of the Treasurer, City Manager and two Council members. The Council members would serve for three months and then two other Council members will be on the Committee. Council Members would be paid for attending the meeting. Meetings would be held before Monday Noon on the day the agendas are distributed.

The purpose of the Finance Audit Committee is to review/approve all bills over \$700.00, which will be given to them on one sheet of paper, along with the Department Reports. That same sheet will be compiled into the Consent Agenda on the Council's regular Agenda. When the City Council receives the agenda, if they have any questions relative to the bills that were approved by the Finance Audit Committee, they can contact one of the members of the Committee.

Also discussed was putting the monthly reports (excluding Legal Reports) in the Consent Agenda. The Board would also like to receive a written Legal Report from Attorney Tousignant.

Thompson moved with Coates supporting to change the Consent Agenda as outlined above. All were in favor. Motion carried.

Beber moved to form a Finance Audit Committee and alternate the two Council members every three months (by appointment of the Mayor). All were in favor. Motion carried. (Thompson and Zanon will be the first two members)

There was discussion about raising the limit on the Purchasing Ordinance for the City Manager. The Council was unclear if the Ordinance would have to be amended and/or published. The issue will be researched.

Thompson moved with Beber supporting to adjourn the meeting at 12:20 p.m. All were in favor. Motion carried.

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**Peggy Shamion, CMC**  
**City Clerk**