

**IRON RIVER CITY COUNCIL MINUTES
SPECIAL MEETING – BUDGET WORKSHOP
WEDNESDAY, MAY 3, 2006
10:30 A.M.**

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

Members present included Councilmen Tom Beber, Ed Marcell, Ray Coates, Mayor Charlotte Soderbloom, City Manager John Archocosky, City Attorney Mark Tousignant and City Clerk Peggy Shamion. (absent – Zanon)

City Treasurer, Suzanne Johnson also attended the meeting.

The purpose of the meeting was to review the proposed 2006-2007 budget. Archocosky reported that in the General Fund, the cost of providing services increases however, the millage we collect continues to decrease as a result of the Headley Amendment and Proposal A. In addition, the cost of energy and fuel will consume the cuts that were made over last year's budget therefore keeping this fund in a deficit mode.

The Major Street Fund transfers 10% to the Local Street Fund, the Kofmehl Road project and the Lalley Road Improvement Project. This is actually funded through the savings of non-construction years.

The city consistently spends more money on local streets for maintenance and snow removal than we receive from the State. However, the Major Street Fund transfers money to the Local Fund to offset the deficit.

The DDA & TIF funds are doing fine.

The RV Park Fund usually doesn't generate enough revenue to offset the expenses. In the agreement between the Chamber and the City, the City has agreed to transfer \$12,000 annually to the RV Park fund. This fund has improved operating significantly.

The Water Fund was discussed. Money gets transferred from the General Fund to the Water Fund to help offset employee's time which doesn't always get charged to the General Fund, and defaults to the Water Fund.

All money from the water tower rental went into this year's budget for water. (\$37,000 yr)

Next on the list was the Sewer Fund. The City is under a Consent Order with the DEQ which mandates that \$247,000 be put aside for repairs/replacement to the

sewer lines. The amount required to be collected by the DEQ increases each year. The City however, has not increased rates to remain current. Also the problem is the city doesn't collect all this money. It is billed, but not all customers are current with paying their bills. The money that is in this account will be used as the local match for our MEDC Projects. Archocosky informed the board that next year, they will have to look into increasing the sewer rates.

There is a budgeted amount of \$10,000 for a Code Enforcement Officer, or activities.

Archocosky reported that the bottom line is the city is healthy, but may have to make some adjustments next year.

Soderbloom moved with Beber supporting to adjourn the budget workshop at 11:30 a.m. All were in favor. Motion carried.

Peggy Shamion, CMC
City Clerk