

**IRON RIVER CITY COUNCIL  
WORKSHOP/SPECIAL MEETING  
S2 Grant/Annual utility rate review/present budget  
Wednesday, April 16, 2008  
2:00 P.M.  
MINUTES**

Mayor Charlotte Soderbloom called the meeting to order at 2:00 p.m. in the Council Chambers at the Iron River City Hall. The Pledge of Allegiance was recited.

Roll Call: Edward Marcell, Ray Coates, Thomas Beber, Roger Zanon and Soderbloom.

Also present: Manager John Archocosky, Attorney Mark Tousignant, Clerk Kathy Anderson, Treasurer Suzanne Johnson, Reporter Allyce Westphal, and Craig Richardson, Adams Steinbrecher and Jeff Bal of STS Consultants.

**S2 GRANT – STS PRESENTATION**

The Michigan Department of Environmental Quality (MDEQ) current Administrative Consent Order (ACO) was reviewed as well as four recently completed sewer improvement projects which have been partially funded by MEDC Grants. Richardson offered a power point presentation to determine the scope of a potential S2 State Revolving Fund Project Plan (S2 SRF); a 2.5% loan which will enable the city to continue improving the sewer system.

Although improvements to the sewer system have been made, the city is still not able to meet the MDEQ requirements in the event of a 25 year storm and reducing I&I flow into the Ice Lake and Riverside Lift Stations. STS completed a Sanitary Sewer Evaluation Study (SSES) and recent improvements have reduced I&I by 22%, but additional work is required to certify compliance with the MDEQ ACO. If the City is unable to certify that they can meet WICSA flow limits for the 25 year event and that all three lift stations can handle the 25 year event with one pump out of service, then a corrective action plan has to be submitted to MDEQ by July 1, 2009.

Richardson outlined how the S2 SRF Loan Program works. Proposed projects are scored. There are 300 points allocated to some communities with ACO's, and MDEQ has indicated the City's current ACO does not qualify. A minimum of fifty-one percent of a proposed plan must use SRF loan monies. Forty-nine percent can use other funding sources. If more than 51% of project plan is completed using other funds or the City declines SRF funding, the City will be required to pay back the original S2 Grant in the amount of \$119,000.

Recent improvements to the sewer system may greatly increase the chance of negotiating a new ACO as it shows MDEQ the city is proactive in meeting requirements. It is unclear as to when funding will be available, possibly fall of 2008.

Based on the City's ability to repay, Archocosky recommended a 2.2 million dollar project be proposed. Tousignant agreed that by going with a bigger project the MDEQ may be willing to work with the city and possibly lower annual increases, and hopefully extinguish the ACO upon completion of the recommended 2.2 million dollar project.

Beber moved that STS Consultants be authorized to submit a project plan that will satisfy the ACO and further allow renegotiations with MDEQ to enhance the City's position with regard to obtaining SRF loan, not to exceed 2.2 million dollars. Soderbloom seconded.

Roll Call: Ayes: Coates, Marcell, Zanon, Beber, Soderbloom. Nays: 0. Motion carried.

### **ANNUAL UTILITY RATE REVIEW**

An annual review of utility rates was conducted. Steinbrecher offered a power point presentation outlining an analysis of the current sewer rates.

Due to rate increases from WICSA and the MDEQ ACO a rate increase in the sewer fund is proposed. Projected expenditures indicate a flat rate of \$1.00 and commodity charge of \$.15 needs to be implemented in the MDEQ Reserve account and a flat rate of \$2.00 and commodity charge of \$.65 in the WICSA account.

After a lengthy discussion, no action was taken to increase rates until further information could be gathered.

Soderbloom moved to adjourn at 4:47 p.m. Marcell seconded. All were in favor. Motion carried.

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Kathy L. Anderson, City Clerk