



City of Marquette, MI

300 West Baraga Ave
Marquette, Michigan 49855

Meeting Minutes City Commission

SPECIAL MEETING MINUTES

Tuesday, June 21, 2022

Special Meeting

Call to Order, Pledge of Allegiance and Roll Call

Present: Ayes: Bonsall, Davis, Hanley, Hill, Mayer, Smith, Stonehouse

Approval of the Agenda

Commissioner Sally Davis moved to Approve the agenda, with the addition of a staff presentation to be conducted prior to the first public comment period, seconded by Commissioner Evan Bonsall and Carried Unanimously.

Announcements

Mayor Smith had no announcements.

Budget Presentation

Mayor Smith said that staff had prepared a presentation regarding tonight's millage rate proposal. City Manager Karen Kovacs and Assistant City Manager Sean Hobbins then discussed the need for an increase in the city's operating millage, and shared an overview of the City's current revenues and expenditures, as well as a history of key budget components.

The presentation touched on the budgetary struggles caused by debt service and legacy costs, the impacts of inflation and the current economic uncertainty.

Staff then sought to provide context to some common community budget discussions, focusing on the narrow revenue options available to Michigan cities, the limited scope but broad positive impact of current brownfield plans, the unreliable nature of the state's marijuana excise tax and the role of tourism in the economics of municipal government.

Staff directed residents to the City's online millage FAQ (www.marquettemi.gov/millage) and told people how to determine their own taxable value. They said that if the millage increase is approved tonight, tax bills will be printed this week and will go out soon after. Tax payments would be due by September 14, but noted that payment options are available and that staff would work with residents when necessary.

Following the presentation, Mayor Smith opened the floor up for Commissioner questions regarding the presentation.

Commissioner Davis told people that if they had questions about this presentation to please voice them during the upcoming public comment. She said that people have asked if this could be done incrementally but that it has become clear that this is not a great option. She asked staff to explain what additional steps are being taken. City Manager Kovacs talked about a need for increasing efficiencies wherever possible and said there will likely be further conversations about the possibility of generating revenue through some fashion of voter-approved millage.

Commissioner Hanley said she has heard from people asking about cutting expenditures, and she said the City has been cutting anything and everything possible without impacting services too greatly. She noted that City Commissioners are paid less than \$8,000 per year and that Department Heads and Middle Managers have taken no cost-of-living raises in two years, while union staff have accepted contracts with minimal raises.

Mayor Pro Tem Mayer thanked City Manager Kovacs and Assistant City Manager Hobbins, and asked, hypothetically, what it would look like to implement a portion of this increase now, with the rest coming later. Staff indicated that such a move would not do much to change the reality that fund balance will dip low enough to trigger state action within just a few years.

Commissioner Hill said that taxes are the price we pay for civilization. She stated that she appreciated the slide in the presentation that contained a word cloud representing the services provided by the City. She said the words reflect the best of our community, and that our taxes protect the quality of life that we enjoy here.

Commissioner Stonehouse said people ask him about cuts and he asked staff what would happen if the City cut, unilaterally, 10 percent. The City Manager said it wouldn't necessarily be feasible to cut like that, as everything ties together. Cutting one initiative could impact several departments and lead to a degradation across numerous services. Commissioner Stonehouse said he would support changes to state law to allow for municipalities to levy hotel or tourism taxes. He said this is a difficult conversation, but that sometimes you have to stand up and make a tough decision.

Commissioner Bonsall said most of his questions have been asked and answered and that he prepared a lengthy statement that he decided to skip. He said the Commissioners and staff have done a great job explaining this topic.

Mayor Smith talked about the things that have already been cut or reduced in the City and spoke about what any further impact to services may look like.

Public Comments - Comments may not exceed three minutes per person. Please state your name and physical address when making public comments.

James Gallant discussed points of Robert's Rules and said the Commission should have a motion on the floor prior to discussing an item.

Sheryl Feldman complimented the presenters and said that for some people, this increase will be very difficult. She said something has to be done, and she hopes it will be as easy as possible for people.

Natalie Kretlow said the City Commission has recently discussed struggles with the economy and with local housing affordability. She said this is a terrible time to raise taxes, as people are facing rising costs in other areas of their lives. She said she is concerned that this move will lead to further increases in local housing prices.

Margaret Brumm said the word cloud is great but that it should include words related to recycling and wastewater treatment. She said this increase should not be a surprise to anyone who has been paying attention. She also challenged commissioners to give up their salaries.

Penny Perry said it is sometimes difficult for people to find the time to come to City meetings, and she suggested the Commission consider increasing the millage rate incrementally.

1. Consent Agenda

Commissioner Evan Bonsall moved to Approve the Consent Agenda, seconded by Mayor Pro Tem Cody Mayer and Carried Unanimously.

1.a. Approve the minutes of the June 15, 2022 special Commission meeting

New Business

2. City Operating Millage

Commissioner Hanley moved to approve the proposed recommendation to increase the City's operating millage to 17.5604 mills, and to direct the Mayor and City Clerk to sign the resolution and to execute the City's 2022 L-4029 form, seconded by Commissioner Bonsall. Discussion ensued.

Commissioner Hanley said this is necessary but that she will do everything she can do to bring this rate back down as soon as it is possible.

Commissioner Bonsall said he understands the issues being discussed – the cost of housing, the rate of inflation, the price of gas. He said he understands the urge to wait on this move, but said the only effect of waiting longer will likely be to draw down the City's fund balance needlessly. The only other immediate alternative to this, he said, is to pick which valued City services will be eliminated.

Commissioner Davis said she will support the motion. She said that originally, she was adamantly against raising taxes, but that staff and the Commission spent a year testing, talking and seeking options; she said there are no other choices, and to not raise this millage rate now could devastate the viability of the City. She said she hopes to also see added efficiency and increased revenues and committed to working with Hanley to lower the rate in the future.

Commissioner Hill spoke about income inequality and issues related to housing costs. She said the viability of the City is key and she said she would commit to working with other commissioners to lower the rate in the future if possible.

Commissioner Stonehouse said this is not sudden, that it has been discussed all year and that it is not an easy decision. He again advocated for the state to allow municipalities to levy fees or taxes on hotels and lodging. He said that tonight's presentation illustrated how limited the City's ability to generate vital revenue really is.

Mayor Pro Tem Mayer said the last year has been an education for everyone and that he thinks there is no right vote here. Both have negative and positive consequences.

Mayor Smith said this is one of the tougher decisions the Commission has faced in her time here. She spoke about some of the other tough decisions the Commission has faced recently, and how they represent the trade-offs that exist when looking at the City budget.

The Commission then voted on the original motion, to increase the City's operating millage to 17.5604 mills, and to direct the Mayor and City Clerk to sign the resolution and to execute the City's 2022 L-4029 form. This motion carried unanimously by roll call vote.

Public Comments - Comments may not exceed three minutes per person. Please state your name and physical address when making public comments.

James Gallant talked about Commission rules of procedure, the Open Meetings Act and the duties of the City Commission and Mayor. He also asked that the City consider cleaning up the fallen trees and brush on Presque Isle.

Barb Owdziej thanked everyone, said this was a tough decision for the Commission, and noted she will be making efforts to pay more attention to City issues.

Sheryl Feldman said the City Commission did what had to be done, but said that a lot of people will be upset.

Margaret Brumm said the littering issue in the City is growing. She talked about options for clearing brush and fallen trees in order to reduce fire risk.

Orville Dishno said the City Commission should not give up their salaries and that people should attend these meetings. He said that he lives on a fixed income, but that he values City services and knows people must pay for them. He said that when he has guests from out of town, he is always excited to show them what Marquette has to offer.

Geraldine Nault thanked everyone and said this was a tough discussion. She said that if people want Marquette to continue as it is, they will likely need to help through taxes. She thanked Police Chief Grim for stating recently that there will be enforcement during the 4th of July holiday of rules against smoking, drinking and having pets on City beaches.

Comments from the Commission

Commissioner Hanley thanked everyone for coming tonight and discussed the difficulty of tonight's decision. She talked about the idea of a City income tax and said she would like to explore the idea further. She spoke about the budget, taxes and brownfields can be complicated and occasionally difficult to understand at a glance, and she asked residents with questions or concerns to contact her for further discussion. **Mayor Pro Tem Mayer** thanked everyone at tonight's meeting. He said he would be

very interested in having further discussions about an income tax, and has had similar thoughts to those voiced by Commissioner Hanley. He said he would commit to continually evaluating the millage rate and to bring it back down when possible.

Commissioner Hill said it's not always easy to find information on the City website and that the City could benefit from a communications officer. She reminded residents that the upcoming summer tax bill will be due in the fall and that payment plans are possible.

Commissioner Stonehouse said he wishes that Lansing would do something to help cities in Michigan. He said he has received a lot of feedback on a possible millage increase, and more than half have told him that it needs to be done and that the Commission should do it.

Commissioner Bonsall said decisions in Lansing have led to tough situations for local governments. He said residents can learn more about this increase and its impacts online at the city website and on his own website. He said he would be happy to talk to residents with questions or concerns.

Commissioner Davis said the Commission has received a lot of feedback from the public and they respect that and have tried to be responsive to residents. She said tonight's discussion illustrated the complexity of the City budget. Commissioner Davis said this is Art Week in Marquette and that people should get out and enjoy it.

Mayor Smith said there is a band playing at South Beach tonight as part of Art Week. She said she is also committed to revisiting this millage rate regularly, and to lower it if possible. She spoke briefly about the City Commission's Rules of Procedure.

Comments from the City Manager

City Manager Karen Kovacs talked about the state revenue sharing and about possible future availability of funds for local government. She said this budget situation has been difficult but there has been a true collective effort by the Commission and City staff and she thanked everyone for their efforts.

Adjournment

Mayor Smith adjourned the meeting at 7:37 p.m.

Jennifer A. Smith, Mayor

Kyle Whitney, City Clerk

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