

CALL TO ORDER

IN SPECIAL SESSION Monday, April 12, 2021 at 7:00 P.M. via Electronic Meeting Format, the Marshall City Council was called to order by Mayor Caron.

ROLL CALL

Roll was called:

Present: Council Members: Mayor Caron (Marshall, MI), Gates (Marshall, MI), Schwartz (Marshall, MI), Traver (Sandusky, OH), Underhill (Marshall, MI), and Wolfersberger (Marshall, MI).

Also Present: City Manager Tarkiewicz

Absent: None.

PLEDGE OF ALLEGIANCE

Mayor Caron led the Pledge of Allegiance.

RESOLUTION

Moved Gates, supported Wolfersberger, to approve the Resolution prepared by Attorney Revore to allow for the continuation of public meetings to be held by electronic format. On a roll call vote – ayes: Underhill, Wolfersberger, Mayor Caron, Gates, Schwartz, and Traver; nays: Rice. **MOTION CARRIED.**

**CITY OF MARSHALL, MICHIGAN
CITY COUNCIL
RESOLUTION NO. 2021-17**

A RESOLUTION DECLARING A LOCAL STATE OF EMERGENCY FOR THE PURPOSE OF PERMITTING THE CITY COUNCIL AND OTHER PUBLIC BODIES OF THE CITY TO MEET BY ELECTRONIC AND TELEPHONIC MEANS

City of Marshall, Calhoun County, Michigan, hereby Resolves:

At a special meeting of the City Council (“Council”) held at 323 W. Michigan Avenue, Marshall, Michigan 49068, in the County of Calhoun, State of Michigan, on the 12th day of April, 2021, at 7:00 PM.

The meeting was called to order at 7:00 o'clock in the PM by Mayor

Caron.

Present: Mayor Caron, Gates, Rice, Schwartz, Traver, Underhill, and Wolfersberger.

Absent: None.

The following preamble and resolution were offered by Council Member Gates and supported by Council Member Wolfersberger:

WHEREAS, Public Act 228 of 2020 amended the Open Meetings Act, PA 267 of 1976, section 3 and added section 3a to allow for electronic/remote meetings under certain circumstances;

WHEREAS, the Director of the MDHHS has concluded that the COVID-19 pandemic continues to constitute an epidemic in Michigan and that control of the epidemic requires restrictions on public gatherings, and;

WHEREAS, the Calhoun County Board of Commissioners, for the County of Calhoun, wherein the City of Marshall is located, on October 15, 2020, voted to extend the countywide local state of emergency originally declared on March 18, 2020 in response to the COVID-19 pandemic; said declaration remains in effect;

WHEREAS, the City Council desires to conduct the public business of the Council in a manner so as not to place at risk members of the public, City staff, or members serving on public bodies of the City;

NOW, THEREFORE, IT IS RESOLVED, THAT pursuant to the authority contained at § 3 of the Home Rule Cities Act, MCL 117.3 (j) authorizing cities to provide for the public health and safety of persons; §3 of the Open Meetings Act, MCL 15.263 (2) permitting a public body to meet by electronic or telephonic means upon declaration of a local state of emergency or state of disaster if meeting in person would place at risk the personal health or safety of members of the public or members of the public body; and §10 (b) of the Emergency Management Act permitting the Mayor to declare a local state of emergency;

I, Joe Caron, Mayor, of the City of Marshall, within the County of Calhoun, State of Michigan, based on the findings made by the Michigan Department of Health and Human Services regarding the public health threat posed by the COVID-19 novel coronavirus and its variant strains declare a local state of emergency to permit the Marshall City Council and all other public bodies of City to continue to meet by electronic and telephonic means after March 30, 2021 and respectfully request the City Council affirm this action until such time as the Calhoun County Board of Commissioners act to cease to extend the state of

emergency.

This Resolution shall be effective immediately and shall remain in effect as permitted by law.

ROLL CALL VOTE:

AYES: Gates, Schwartz, Traver, Underhill, Wolfersberger, and Mayor Caron.

NAYS: Rice

Resolution declared adopted this 12th day of April, 2021.

Trisha Nelson, Clerk

CERTIFICATE

The undersigned duly qualified and Clerk of the City Council, hereby certifies that the foregoing is a true and complete copy of a Resolution adopted by the Council at a special meeting held on the 12th of April, 2021, the original of which is a part of the Council's minutes and further certifies that notice of the meeting was given to the public pursuant to the provisions of the Open Meetings Act, 1976 PA 267, as amended.

Trisha Nelson, Clerk

PUBLIC COMMENT ON AGENDA ITEMS

None.

PUBLIC HEARING

A. Adjustment of Power Supply Cost Adjustment:

Mayor Caron read a prepared statement regarding the Power Supply Cost Adjustment:

Regarding the proposed electric rate increase, City Council members have heard from many concerned citizens this past week. We do not want to increase electric rates by 18%; however, the City Council is tasked with making sure the City has a balanced budget and is in good financial standing. In order to do this,

unfortunately we have no other alternative than to increase rates based on a third-party analysis of our current situation.

The reason for this increase is because the city has not increased its rates since 2014, to keep up with inflationary costs. The city also invested in electrical infrastructure to supply additional load to new and expanding industry. The return on this electrical investment has not matched the projected timeline, leaving the electric fund in a position to submit a deficit elimination plan to the State of Michigan, which requires the deficit to be eliminated within a five-year time frame. City administrative officials are responsible for providing the City Council proposals and supporting information. For years one and two, City administrative officials proposed debt elimination plans. Based on information provided, the City Council, as well as the state, approved these proposed debt elimination plans. Going into year three of this five-year plan, electrical load has not increased as anticipated, requiring the city to increase rates in order to fulfill the deficit by the end of the five-year plan.

At the City Council meeting on 03/15/21, City administrative officials proposed year three's debt elimination plan, but this proposal included a 21% rate increase for electric service, based on the current deficit of over 2 million dollars. City Council tabled for more community input and additional information from city administrative officials.

A special City Council meeting was called by City administrative officials on 03/23/21. City Council was informed that

- The City would not be able to obtain bonds to complete council approved projects until the deficit elimination plan for year three has been submitted and accepted. After further analysis, the rate increase was lowered to 18% from 21%.

Due to updated information completed by the third-party analysis, we carefully consider this rate increase as necessary. City council will review information that led up to this situation, and take appropriate measures to ensure accountability and that this situation not reoccur. It is a goal of the City Council that its policy and operations are efficient, to ensure the City of Marshall remains viable, responsible, and fiscally sound.

City Manager Tarkiewicz stated the Michigan Department of Treasury is requiring to adopt a deficit elimination plan.

Mayor Caron opened the public hearing to hear public comment regarding the Adjustment of the Power Supply Cost Adjustment.

Sue Damron of 115 S. Eagle commented on the hurt that this increase is going to cause businesses and may even put them out of business. Regardless of how many years our businesses have gone without a rate increase or how our rates

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compare to Consumer's, or the City's financial position, this is going to hurt and possible close down more businesses during the middle of a pandemic when we are already suffering from loss of business and trying to operate after two closures and now only 50% capacity.

Kathy Miller of 540 Cosmopolitan agrees with Sue Damron and commented the Fairgrounds has suffered immensely and the rate could make or break us.

James Hackworth of 306 High Street owns a small business and is hanging on. Business can't take an 18% hit right now. He suggests approving a smaller percentage and budget more for next year.

Wayne Campau of 351 N. Kalamazoo inquired if the debt is paid down will the rates go down.

Barry Wayne Adams stated this is an example of Government not following through and the average Joe take the liability.

Bill Collins of 558 N. Madison also inquired if the deficit is paid off will the rate for the citizens go down. He also expressed displeasure that adjustments were not made before now and it is hard for people on a fixed income.

Dan Livingston of 581 Lyon Lake Rd inquired how the City rates compare with Consumers Energy and if the City is analyzing expenses. He would rather see a small annual increase than to be hit all at once.

Craig Kempf of 723 US 27 Hwy N inquired if the deficit was caused by infrastructure and if the City has ever considered selling to Consumers Energy. Also, Mr. Kempf stated the infrastructure that was needed was for the Marijuana Facilities. He feels Council needs to address accountability for mismanagement.

Mark Machalka of 327 N. Sycamore stated he agrees with others and this problem did not happen overnight. The City expended money that they did not have and it is evident the predictions the City had failed.

Dan Livingston inquired how the City rates compare with the other 40 municipal electric companies.

Renee Shaum of 131 W. Hanover inquired if the Dam being fixed is part of the rate adjustment and what the rate has to do with the repair.

Bill Collins inquired on how the City planned to repay the bonds.

Hearing no further comment, the hearing was closed.

Council discussion took place regarding options and feel splitting the increase over two years is the best option. Staff requested taking a 20 minutes recess to prepare documents for consideration.

Moved Wolfersberger, supported Traver, to enter a 20-minute recess for staff and consultants to prepare documents for consideration. On a roll call vote – ayes: Gates, Rice, Schwartz, Traver, Underhill, Wolfersberger, and Mayor Caron; nays: none. **MOTION CARRIED.**

Begin 20-minute recess at 8:27 p.m.

Moved Schwartz, supported Underhill, to return to open session from the recess. On a roll call vote – ayes: Rice, Schwartz, Traver, Underhill, Wolfersberger, Mayor Caron, and Gates; nays: none. **MOTION CARRIED.**

Moved Wolfersberger, supported Gates, to approve the amended Power Supply Cost Adjustment of 12% effective July 1, 2021 and 11% effective July 1, 2022. On a roll call vote – ayes: Underhill, Wolfersberger, Mayor Caron, Gates, Schwartz, and Traver; nays: Rice. **MOTION CARRIED.**

REPORTS AND RECOMMENDATIONS

A. Electric Deficit Elimination Plan:

Moved Gates, supported Wolfersberger, to approve the deficit elimination plan for the Electric Fund and to direct the Finance Department to file the plan with the Michigan Department of Treasury. On a roll call vote – ayes: Wolfersberger, Mayor Caron, Gates, Schwartz, Traver, and Underhill; nays: Rice. **MOTION CARRIED.**

CITY OF MARSHALL, MICHIGAN RESOLUTION # 2021-18

WHEREAS, the City of Marshall's **Electric Fund** has an unrestricted net position deficit of \$2,973,470 on June 30, 2020; and

WHEREAS, Public Act 140, of 1971, as amended, requires that a Deficit Elimination Plan be formulated and approved by the City of Marshall, and filed with the Michigan Department of Treasury; and

WHEREAS, this is the second year of a five-year deficit elimination plan with the Michigan Department of Treasury; and

WHEREAS, the deficit elimination plan reflects the revenues and expenditures from the cost-of-service study by Courtney & Associates including a rate increase;

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NOW THEREFORE BE IT RESOLVED, that the plan includes a 12% rate increase effective July 1, 2021 and an additional rate 11% increase effective July 1, 2022 as well as expenditure reductions to improve its financial position;

BE IT FURTHER RESOLVED that a plan for repayment of Fibernet Fund Advance of \$1,700,000 from the Electric Fund be executed as soon as possible;

BE IT FURTHER RESOLVED that the City of Marshall Council adopts the following as the City of Marshall **Electric Fund** Deficit Elimination Plan:

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ELECTRIC			
	3rd year of Deficit Elimination Plan	4th year of Deficit Elimination Plan	5th year of Deficit Elimination Plan
	FY2021	FY2022	FY2023
Unrestricted Net Position (Deficit) July 1	(2,973,470)	(3,138,473)	(1,427,293)
Revenue			
Charges for Services	60,000	60,000	60,000
Residential Sales	3,562,863	3,813,886	4,115,678
Commercial Sales	3,997,447	4,321,033	4,710,063
Commercial Sales Marihuana	1,281,546	2,947,523	3,139,930
Industrial Sales	4,105,292	4,468,625	4,905,442
Street & Highway Lighting	56,852	57,141	57,487
Security & Resort Lighting	54,000	54,000	54,000
Penalties Income	64,105	64,105	64,105
Interest	58,337	20,000	20,000
Rents	6,401	6,401	6,401
Miscellaneous Revenue	104,381	104,381	104,381
Total Revenue	13,351,224	15,917,095	17,237,487
Expenditures			
Salaries and Fringes	2,987,694	2,792,239	2,900,720
Material and Supplies	348,531	343,401	353,703
Purchased Power	8,321,072	9,179,159	9,130,738
Contracted Services	439,120	419,852	432,448
Insurance	42,973	56,000	57,680
Other Services and Charges	437,637	402,733	414,815
Bond Interest	114,650	189,200	189,628
Depreciation	396,536	396,536	408,432
Transfers Out	824,550	823,331	823,331
Total Expenditures	13,912,763	14,602,451	14,711,495
Add Back Depreciation	396,536	396,536	408,432
Unrestricted Net Position (Deficit) June 30	(\$3,138,473)	(\$1,427,293)	\$1,507,131
ELECTRIC			
	3rd year of Deficit Elimination Plan	4th year of Deficit Elimination Plan	5th year of Deficit Elimination Plan
	FY2021	FY2022	FY2023
Current Assets - Current Liab. (Deficit)-not including accrued interest-July 1	(\$2,571,693)	(\$2,736,696)	(\$1,025,516)
Revenues	13,351,224	15,917,095	17,237,487
Expenditures	(13,912,763)	(14,602,451)	(14,711,495)
Add Back Depreciation	396,536	396,536	408,432
Current Assets - Current Liab. (Deficit)-not including accrued interest-June 30	(\$2,736,696)	(\$1,025,516)	\$1,908,908

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BE IT FURTHER RESOLVED that the City of Marshall's Interim Finance Director is directed to submit the Deficit Elimination Plan to the Michigan Department of Treasury for certification.

CERTIFICATION OF CITY CLERK

I hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the City Council of the City of Marshall at a regular meeting held on the 12th day of April, 2021.

Trisha Nelson, City Clerk

Date

Joe Caron, Mayor

Trisha Nelson, Clerk