



AGENDA

VILLAGE COUNCIL CIP ALTERNATE FUNDING COMMITTEE

Tuesday, March 31, 2026

11:00 AM

Village Hall – 21 East Church Street, Lake Orion, MI 48362

(248) 693-8391 ext. 102

ADDRESSING THE VILLAGE COUNCIL: Each person wishing to address the Village Council shall be afforded an opportunity to do so. If you wish to comment, please stand or raise a hand to indicate that you wish to speak. When recognized, give your name and address and direct your comments to the Chair.

1. **Call to Order**
2. **Roll Call and Determination of Quorum**
3. **Call to the Public**
4. **Approval of Minutes**
 - A. Approval of Minutes March 26, 2026
5. **Other Items**
 - A. Review Village Manager proposal on funding discussion from March 26th meeting
 - B. Discussion of additional funding strategies for the residual shortfall from "A" to achieve the goal of completing Phases 2 & 3 of the pump station project with zero increase in water/sewer rates
 - C. Next steps
6. **Call to the Public**
7. **Adjournment**

In the spirit of compliance with the Americans with Disabilities Act, individuals with a disability should feel free to contact the Village, at least three (3) business days in advance of the meeting, if requesting accommodations. The Village of Lake Orion will provide foreign language or hearing impaired interpretation services for those individuals who contact the village to request such services at least seven (7) days prior to the meeting.

En el espíritu de la observancia de la Ley de Estadounidenses con Discapacidades, las personas con discapacidad debe sentirse libre para ponerse en contacto con el pueblo, por lo menos tres (3) días hábiles de antelación a la fecha de la reunión, si se solicitan alojamiento. El municipio de Lake Orion proporcionará idioma extranjero o personas con problemas de audición servicios de interpretación para las personas que se ponen en contacto con el pueblo de solicitar dichos servicios con no menos de siete (7) días antes de la reunión.



MINUTES

VILLAGE COUNCIL CIP ALTERNATE FUNDING COMMITTEE

Thursday, March 26, 2026

1:00 PM

Village Hall – 21 East Church Street, Lake Orion, MI 48362

(248) 693-8391 ext. 102

1. Call to Order

The March 26, 2026 CIP Alternate Funding Committee was called to order by Council Member Dandalides at 1:02 PM.

2. Roll Call and Determination of Quorum

PRESENT

- President Teresa Rutt
- Council Member George Dandalides
- DPW Director Wesley Sanchez
- Village Manager Darwin McClary
- Clerk/Treasurer Sonja Stout
- Police Chief Mark Amundson

ABSENT

- Council Member Michael Lamb
- Executive Director Matt Gibb

3. Call to the Public

None.

4. Approval of Minutes

A. Approval of Minutes March 24, 2026

B. Proposed Changes to March 24, 2026 Minute changes

MOTION made by Village Manager McClary, Seconded by President Rutt to approve the changes with the revisions made by Council Member Dandalides to paragraph #8.

VOTING YEA: Rutt, Dandalides, Sanchez, McClary, Stout, Amundson

VOTING NAY: None

ABSENT: Lamb, Gibb

MOTION: Carried

5. Other Items

A. Financial explanation of the suggestion that we can complete Phases 2 & 3 of the pump station project with less than a \$100 increase in residents' water/sewer bills. (McClary/Sanchez)

Village Manager McClary stated that he anticipates water and sewer rates will decrease for the upcoming year and clarified that the rates are not impacted by the sanitary sewer pump station project discussion. President Rutt inquired whether the decrease was due to new users coming online. DPW Director Sanchez clarified the decrease reflects current users, including an additional 47 units from the Mystic Cove development, which have helped offset system costs.

Council Member Dandalides inquired about the Ready to Serve (RTS) charge and questioned how the cost of water could increase while overall rates decrease. President Rutt explained that although the cost of water is increasing by 7%, the addition of 47 new users spreads system costs across more customers, resulting in lower overall rates. Village Manager McClary added that the commodity rate is based on usage and that as additional users are added to the system, the overall cost per unit decreases.

Discussion occurred regarding the number of users in the system, estimated at approximately 1,520–1,530 water customers. DPW Director Sanchez stated that the system is designed to rely primarily on the Ready to Serve (RTS) charge rather than commodity usage. He further explained that RTS charges vary between residential and commercial users based on meter size, which determines the RTS rate applied.

Council Member Dandalides inquired about the two different bond scenarios and values. Village Manager McClary explained that the \$9.341 million bond issue accounts for a \$1.75 million reimbursement, resulting in a total project cost of approximately \$10.8 million. After reimbursement, the bond issuance would be approximately \$9.1–\$9.3 million. He added that Council Member Lamb previously requested that Administration evaluate using General Fund resources and excess water and sewer funds, which would reduce the bond issue to approximately \$7.5 million. President Rutt expressed concern that using those funds would significantly reduce General Fund reserves. Village Manager McClary suggested limiting the use of reserves to \$1 million, noting that if rates are not increased, reserve funds would need to cover the bond payments. Bond payments would include interest in April and interest and principal in October.

Chief Amundson inquired about the 4% interest rate on the bond and noted that the Village is currently earning approximately 4% interest on investments, questioning whether increasing the upfront payment would provide value. President Rutt stated she would be more comfortable using \$1 million in reserves. Village Manager McClary cautioned that using General Fund reserves would limit the Village's ability to address other capital needs and leave approximately \$500,000 available for cash flow purposes.

Council Member Dandalides also inquired about the average meter size. DPW Director Sanchez discussed the different meter sizes and how they are weighted in the system average. Council Member Dandalides noted a perceived 40% increase in his water bill and questioned how the Village could issue \$7.5 million to \$9 million in bonds without similar increases. President Rutt referenced the previous \$3.5 million bond issue and noted that despite the larger bond amount being considered, the average increase per user is estimated at approximately \$90, which is not significantly higher. DPW Director Sanchez clarified that total system costs are calculated using several contributing factors, including commercial meter sizes, which may see different increases.

Village Manager McClary noted that additional grant funding opportunities may become available in the future, which could reduce the bonding amount if awarded. Chief Amundson stated that the current figures represent a worst-case scenario for bond funding. Village Manager McClary added that the projections do not include the use of additional reserve funds.

The committee also discussed the pros and cons of transitioning from quarterly to monthly water billing, including potential impacts on office workflow given current staffing levels.

MOTION made by President Rutt, Seconded by Council Member Dandalides to recommend to council to switch to monthly billing starting billing for fiscal year 2026-2027, starting monthly billing in the month of August for the July’s billing.

- VOTING YEA:** Rutt, Dandalides, Sanchez, McClary, Stout, Amundson
- VOTING NAY:** None
- ABSENT:** Lamb, Gibb
- MOTION:** Carried

B. Clear redefinition of the current issue. (Team)

Council Member Dandalides stated that he would like to see a proposal from Administration that utilizes a reasonable amount from both the General Fund and the Water and Sewer reserves.

Village Manager McClary stated that Administration could evaluate the use of sewer fund reserves and would review all available options to help mitigate potential cost increases. He noted that an analysis would be brought back to determine how much additional funding could be used to further reduce the projected \$9.3 million bond amount.

Council Member Dandalides stated that the committee’s goal is to achieve a net zero increase in water and sewer rates as a result of Phase 2 and Phase 3 of the project. President Rutt stated that it is difficult to determine until grant funding decisions are finalized. Village Manager McClary added that grant funding information will not be available until July or late August.

President Rutt stated that the Village could raise rates enough to cover the interest payment initially, or wait until grant funding amounts are known before determining the final bond amount. She noted that rates could either be adjusted later once more information is available or potentially reduced in the following year.

C. Next Steps (Team)

Discussion occurred regarding potential additional revenue sources, including the possibility of special assessing police operations while reducing the general millage and lowering the police millage rate to zero. This approach would free up General Fund revenues currently used to support police operations. It was noted that the household impact would remain the same, contingent upon the police department budget. However, the Downtown Development Authority would not collect revenue from the special assessment, which would impact the DDA’s tax capture. The process for transitioning to a special assessment was also discussed, including the requirement for public notice and a public hearing.

Village Manager McClary stated that the special assessment option could be reviewed further during the upcoming budget meetings to ensure the scope of the committee’s work is addressed.

Next meeting is scheduled for Tuesday, March 31, 2026, at 11 am.

6. Call to the Public

None.

7. Adjournment

- MOTION** made by President Rutt, Seconded by Village Manager McClary to adjourn the March 26, 2026 Village Council CIP Alternate Funding Committee meeting.
- VOTING YEA:** Rutt, Dandalides, Sanchez, McClary, Stout, Amundson
- VOTING NAY:** None
- ABSENT:** Lamb, Gibb
- MOTION:** Carried

The March 26, 2026, Village Council CIP Alternate Funding Committee meeting adjourned at 2:25 PM.

George Dandalides
Chairperson

Sonja Stout
Clerk/Treasurer
Recording Secretary

Date Approved: as presented March 31, 2026