

CITY OF MACKINAC ISLAND MINUTES BUDGET HEARING

Wednesday, March 27, 2024 at 1:45 PM

City Hall – Council Chambers, 7358 Market St., Mackinac Island, Michigan

I. Call to Order

Mayor Doud called the Budget Hearing to order at 1:48 pm

II. Roll Call

Present:

- B. Bailey
- R. Chambers – arrived at 1:50 pm
- T. Corrigan
- S. Moskwa
- A. Myers
- A. Sehoyan

VII. New Business

Mayor Doud inquired if anyone had any questions regarding the closing of the fiscal year 2023 – 2024 budget, or the upcoming fiscal year 2024 – 2025 budget.

- Councilman Corrigan inquired if the Council would like to discuss salaries at the hearing, or wait until the meeting
 - o Noted that this should be discussed in the Special Budget Meeting

Department of Public Works (DPW) Budget for fiscal year 2023 – 2024 & 2024 – 2025

- Councilman Moskwa stated that the DPW adopted the budget for fiscal year ending March 31, 2025 at their meeting on Friday, March 22, 2024
 - o Overall the numbers came in close to what was budgeted for
 - o Landfill
 - Some costs with bulk item removal came in higher than expected (more items shipped off island and incurred increased costs from Arnold Freight and Mackinac Island Service Company
 - Service Company did add a driver and truck to move items quicker
 - o Biddle Point lift station re-work
 - Project is mostly complete
 - Budgeted at \$4.1 million, but costs have come in more around \$3.4 million
 - o None of this budget includes the Wastewater Treatment Plant project, will come back in December 2024 to amend with actual numbers of what has come in and what has gone out, per recommendation of the accountants
 - \$15 million grant from the Clean Water State revolving fund
 - Used \$13 million of that grant as of today
 - \$39.7 million grant through the State
 - \$24 million loan
 - Bonding rate 1.875%
 - In all, \$53.8 million in grants
 - o Councilwoman Myers inquired if, within this budget, the DPW will still be needing the 1.1 mils on the property tax
 - Councilman Moskwa noted that the DPW will still need the 1.1 mils
 - Split between Solid Waste and Wastewater Treatment
 - o Water Treatment
 - Water Revenues – no millage fees collected here, supported through usage fees
 - Capital Improvements – updating water filtration units
 - \$1.75 million federal grant that has a 20% match required – money will be going towards replacing components on the filters that are end of life and in some cases unexpected damages. Have also attempted to patch the upper reservoir, but that has failed and will need to be patched professionally.
 - o Each department has to be standalone – they cannot comingle funds
 - o Director Allen Burt noted that, all things on their budgeted list are not optional, they are all things that must be done. The DPW will never be able to do these projects cheaper than they are able to do them now with all of the grant money received and good bond interest rates.

- DPW Board recently adopted an updated rate schedule and fee structure
 - o Water bill
 - Residential increase of 10%
 - Commercial increase of 20%
 - o Sewer bill
 - Residential increase of 5%
 - Commercial increase of 25%
 - o Usage of water system
 - Residential usage is 28.5%
 - Commercial usage is 71%
 - o Usage of Sewer system
 - Residential usage is 19.6%
 - Commercial usage is 80%
 - o Yes, these are substantial increases, but there are many upgrades that need to be done, and these upgrades will benefit everyone
 - o Housing falls under the residential increase
 - o Dave Jurcak of the Grand Hotel has multiple questions about how the rate increases were calculated and believes other large companies on the Island may have questions too
 - Councilman Moskwa inquired if the DPW could delay putting this in place for one (1) month to discuss further with business owners?
 - Mayor Doud felt that this was as good idea
 - Director Burt noted that the needed rate increase was recommended by financial advisor Warren Creamer and it was based on the budget available at that point
 - Councilwoman Myers noted that, when higher increases had been proposed in the past, there was a plan to phase the increase in – will that be happening with this, or is it a one-time adjustment that will be left in place for at least a few years?
 - Director Burt noted that this is a do it now increase to start building up money for the anticipated repayment of the \$24 million bonds and the expected matching funds for grants that have been applied for for next year
 - Councilman Moskwa commented that any municipality that does a major restructuring of their infrastructure faces rate increases similar to this
 - Trying to find revenue in other areas, but need to make up for what cannot be find through rates
 - o Councilwoman Myers inquired if the DPW Board would be willing to set a hearing in April to explain the rate increase with residents and business owners
 - Budget does need to be passed today before the end of the fiscal year, but thinks it would be a good idea to have a hearing of some sort
 - Councilman Sehoyan agrees that this would be a good idea
 - Understands that these recommendations came from professionals, but believes it should be laid out with some examples. Maybe have some meetings with the larger stakeholders.
 - Councilman Moskwa noted that he does not believe the DPW Board would be opposed to holding a hearing to explain and discuss the increases further with residents and the business owners
 - o Mayor Doud suggested holding the rates for 60 days for time to speak with the larger commercial users and to check any possible discrepancies, then once the numbers are worked out the DPW can bring their budget back to the Council with the updated numbers
 - Councilman Moskwa noted that this would cause two (2) months of missed revenue
 - Councilwoman Myers suggested holding the increased fees for 30 days
 - o Mark Ware of Mission Point voiced concerns about the increased rates
 - Would really appreciate the chance to meet with the DPW Board to better understand the rate breakdown
 - Understands that these increased rates are important for the infrastructure updates, but they also make it very difficult on the businesses, especially those who have already done their budgets for the upcoming year
 - Councilman Moskwa stated that, going forward, this will ensure that the Island has a secure and sustainable system

- Mayor Doud suggested passing the budget today, but holding off on the charge of the increased rates for 30 days, giving the DPW time to speak with people and get a consensus on how to move forward with the rate increase
- Liz Ware of Mission Point did note that the State Park is also one of the top water user, so the DPW may want to reach out to them as well
 - Councilman Moskwa noted that the State Park sprinkles Marquette Park with treated water, but that Grand Hotel and Mission Point try to use lake water to sprinkle their lawns, which helps keep costs down. Maybe this is something the State Park should look in to as well.
- Councilman Moskwa noted that everyone should be looking at implementing low volume flush toilets, lower volume shower heads, as well as taps – these will all help keep your water usage down.
 - Keep an eye on hidden leaks / increase in water usage.

There being no further business, motion by Moskwa, seconded by Corrigan, to leave the hearing at 2:30 pm.

Voting Yea: Bailey, Chambers, Corrigan, Moskwa, Myers, Sehoyan

Margaret M. Doud, Mayor

Danielle Leach, City Clerk

CITY OF MACKINAC ISLAND

MINUTES

SPECIAL BUDGET MEETING

Wednesday, March 27, 2024 at 2:00 PM

City Hall – Council Chambers, 7358 Market St., Mackinac Island, Michigan

I. Call to Order

Mayor Doud called the Special Budget Meeting to order at 2:30 pm

II. Roll Call

Present:

- B. Bailey
- R. Chambers
- T. Corrigan
- S. Moskwa
- A. Myers
- A. Sehoyan
- Richard Linn, Treasurer

VII. New Business

- a. Resolution and amended budget for the 2023 - 2024 fiscal year

<u>GENERAL FUND at the functional level of</u>	
Revenues and Transfers In	\$ 4,026,280
Expenditures and Transfers Out	<u>4,026,280</u>
Budgeted revenues under budgeted expenses and transfers out	<u>\$ 0</u>
<u>LIBRARY FUND</u>	
Revenues and Transfers	\$ 90,060
Expenditures	90,060
<u>MAJOR STREET FUND</u>	
Revenues and Transfers In	\$ 341,476
Expenditures	341,476
<u>LOCAL STREET FUND</u>	
Revenues and Transfers In	\$ 231,725
Expenditures	231,725
<u>CEMETERY FUND</u>	
Revenues and Transfers	\$ 28,900
Expenditures	28,900
<u>ENGINEERING DEPARTMENT FUND</u>	
Revenues and Transfers In	\$ 143,175
Expenditures	143,175

Motion made by Myers, Seconded by Moskwa, to adopt the resolution and to amend the budget for fiscal year ending March 31, 2024.

Voting Yea: Bailey, Chambers, Corrigan, Moskwa, Myers, Sehoyan

- b. Resolution and operating budget for the 2024 - 2025 fiscal year

- Councilman Corrigan brought up the discussion of the wage increase
 - o Current proposed increase of 3.4%, but would like to discuss a 7% increase
 - o Did discuss raising the increase to 5% at the Budget Work Session
 - o FY 23/24 budget has a projected net revenue of \$55,000.00
 - o Cost of increasing from 3.4% to 5% is roughly \$12,000.00
 - Amended budget has a projected revenue of about \$11,000.00
 - o City subsidizes many other things for other people, such as the Forest Way Townhomes
 - Councilman Moskwa pointed out that the tax payers subsidize that cost

- Councilman Corrigan noted that the Dept. of Public Works (DPW) provides housing at lower rate, the Police Department gets significant retirement benefits, and therefore believes the 5% increase is important for our other employees

Motion by Corrigan, Second by Bailey, to change the raise increase from 3.4% to 5%.

Yeas: Bailey, Corrigan

Nays: Chambers, Moskwa, Myers, Sehoan

- Motion died. Raise increase will stay at 3.4%

GENERAL FUND at the functional level of	\$4,177,694
LIBRARY FUND	\$101,839
MAJOR STREET FUND	\$346,100
LOCAL STREET FUND	\$197,100
CEMETERY FUND	\$45,328
ENGINEERING DEPARTMENT	\$210,686

- Mayor's Assistant Trista France noted that she has not heard back from MDOT regarding the possibly upcoming changes to the trunkline funding.

Motion made by Bailey, Seconded by Chambers, to adopt the resolution and budget for fiscal year ending March 31, 2025.

Voting Yea: Bailey, Chambers, Corrigan, Moskwa, Myers, Sehoan

- c. Department of Public Works budget for fiscal year 2024 - 2025

Motion made by Myers, Seconded by Moskwa, to adopt the FY 24/25 DPW budget with the stipulation that they hold a hearing regarding their increase in rates by April 30th, and postpone the charging of their increased rates until after that hearing.

Voting Yea: Bailey, Chambers, Corrigan, Moskwa, Myers, Sehoan

- d. 2024 - 2025 Salaries Ordinance

Motion made by Sehoan, Seconded by Moskwa, to adopt the 2024 – 2025 Salaries Ordinance with the 3.4% wage raise.

Voting Yea: Bailey, Chambers, Corrigan, Moskwa, Myers, Sehoan

IX. Adjournment

There being no further business. motion made by Myers, seconded by Moskwa, to adjourn the hearing at 2:45 pm.

Voting Yea: Bailey, Chambers, Corrigan, Moskwa, Myers, Sehoan