

Approved by Committee 4/13/26

FINANCE COMMITTEE
03-31-25

MINUTES OF THE FINANCE COMMITTEE MEETING OF THE CITY OF GROSSE POINTE WOODS HELD ON MONDAY, MARCH 31, 2025, IN THE CONFERENCE ROOM OF THE ROBERT E. NOVITKE MUNICIPAL CENTER, 20025 MACK PLAZA DRIVE, GROSSE POINTE WOODS, MICHIGAN.

The meeting was called to order at 6:35 p.m. by Chair McConaghy.

In attendance: Chairman McConaghy
Members: Bryant, Koester
Absent: None

Also present: Assistant City Administrator Como
Treasurer/Comptroller Schmidt
City Clerk Antolin
Director of Public Services Kowalski
City Engineer Kyle Seidel

Motion by Bryant, seconded by Koester, that the meeting minutes dated March 18, 2024, be approved as submitted.

Motion carried by the following vote:
Yes: Bryant, Koester, McConaghy
No: None
Absent: None

Motion by Koester, seconded by Bryant, that all items on tonight's agenda be received, placed on file, and taken in order of appearance except for Item 5 – New Business, which will be moved ahead of item 4 – Discussion Items and Public Comment will remain in its current location.

Motion carried by the following vote:
Yes: Bryant, Koester, McConaghy
No: None
Absent: None

Under New Business, the following individual was heard:

- City Engineer Seidel provided an overview of the FY 2026 Water and Sanitary Sewer Rates as presented on their documents dated March 24, 2025.

Mr. Seidel discussed the pass-through costs that will have an impact on the city's proposed water and sanitary sewer rates as follows:

- Great Lakes Water Authority (GLWA) Water rates, 4.7% Increase
- Southeast Macomb Sanitary District (SEMSD), 8.3% Increase
- Water Sales Projection, 2.3% Decrease

Two Options were presented for consideration:

- Option 1: No Change to rates – The result of this option would produce a deficit of \$1,700,000. This option would have a major impact on the cash reserves and would require a large rate increase next year that would likely exceed 11%.
- Option 2: Increase to Commodity Rates by 8.7% - This option seeks to pass on the GLWA and SEMSD rate increases and considers the 2.3% reduction in water sales. The result would produce a deficit of \$1,045,000. Although this option would have an impact on the cash reserves, future increases are estimated to be less than 3%.

The last increases to the city's water and sanitary rates occurred on July 1, 2017, for fiscal year 2018. Since this same period, GLWA has passed on a cumulative rate increase of 20.5% for water and 11.8% for sanitary sewer to its customers. In comparison, proposed Option 2 seeks an 8.7% rate increase.

Discussion ensued regarding water meters, the water tower and water usage in general. City Engineer Seidel answered questions from the Committee. Based on the proposed city budget, the increase pass-through cost from GLWA and SEMSD and the projected decrease in water sales, the City Engineers recommend that City Council adopt Option 2. If adopted, the typical residential user would incur a monthly increase of \$5.94 in FY2026.

Motion by Bryant, seconded by Koester, to receive and place on file the documents pertaining to the FY 2026 Water and Sanitary Sewer Rates dated March 24, 2025 submitted by City Engineer Seidel.

Motion carried by the following vote:

Yes: Bryant, Koester, McConaghy
No: None
Absent: None

Motion by Bryant, seconded by Koester, that the Finance Committee recommend to the Committee-of-the-Whole and City Council the adoption of Option 2: Increase to only the Commodity Rates by 8.7% and not the fixed fees.

Motion carried by the following vote:

Yes: Bryant, Koester, McConaghy

No: None

Absent: None

There was a brief discussion regarding the impact of other local communities to the water and sewer system, including the City of Grosse Pointe Farms utilizing a split system.

The next item discussed was the **review of the FY 2024-2025 Budget to Actual and the Proposed FY 2025-2026 Budget.**

Chair McConaghy requested an overview of what is different from last year and what are the concerns for the upcoming year.

Treasurer/Comptroller Schmidt, provided an overview of the General Fund Balance Analysis for FY 2024-2025. He stated the Total Budgeted Revenue for FY 2024-2025 was \$16,512,068 and a Total Budgeted Expense of \$18,005,855 leaving a deficit of \$1,493,787. As of 03/31/25, the Total Estimated Revenue for FY 2024-2025 was \$16,530,240 and the Total Estimated Expense was \$17,321,095 with a deficit of \$790,855. The General Fund Balance, as of 06/30/24, was \$7,632,185 less the estimate reduction of Fund Balance of FY 2024-2025 leaves an estimated Fund Balance of \$6,841,330 or 39%.

The FY 2025-2026 proposed budget is expected to have a deficit of \$1,102,969. Based on the budget, the estimated Fund Balance at 06/30/26, is \$5,035,429 or 28%. However, based on the estimates, the Fund Balance at 06/30/26 is \$5,738,361 or 32%.

Discussion ensued regarding big one-time purchases including the following:

- LFP Storage Addition
- Ghesquiere Park Walking Path
- Bathroom Renovations
- Bleachers and Footing
- Repair Tennis Courts
- Caulking Pool Deck
- Activities Building Treadmill/Air Hockey

- Replace City Hall Front Door
- Handicap Swing
- Animal Adoption Society
- Baseball Diamonds

There was a discussion regarding the accuracy of estimates and difficulty to efficiently make decisions from them. Inflation, salaries, retirement payments and unexpected expenses are examples that make it difficult to project expenses.

Mayor Bryant was pleased with the proposed budget.

Councilmember Koester asked what didn't make it in the budget. Treasurer/Comptroller Schmidt stated that the Public Safety Department requested four vehicles but was able to get only two.

There was a brief discussion regarding road bonds relative to road projects.

Assistant City Administrator Como commented on the new garbage truck and dump truck for LFP to be taken from the Solid Waste account.

Councilmember Koester inquired about the Employee Health Care Program and Treasurer/Comptroller Schmidt confirmed that we opted in with the 90/10 Plan and will be re-analyzed in September or October.

Chair McConaghy thanked Administration and Staff for the efforts put into the budget.

Motion by Bryant, seconded by Koester, that the Finance Committee recommend to the Committee-of-the-Whole the approval of the proposed FY 2025-2026 Budget.

Motion carried by the following vote:

Yes: Bryant, Koester, McConaghy
No: None
Absent: None

Under Public Comment no one wished to be heard.

Motion by Koester, seconded by Bryant, that tonight's meeting be adjourned at 7:52 p.m. PASSED UNANIMOUSLY.

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Respectfully submitted,

Paul P. Antolin
City Clerk