

COMMITTEE-OF-THE-WHOLE  
SITTING AS FINANCE COMMITTEE  
04/28/25 – 14

MINUTES OF THE MEETING OF THE COMMITTEE-OF-THE-WHOLE SITTING AS FINANCE COMMITTEE OF THE CITY OF GROSSE POINTE WOODS HELD ON MONDAY, APRIL 28, 2025, IN THE COUNCIL CHAMBERS/COURTROOM OF THE ROBERT E. NOVITKE MUNICIPAL CENTER, 20025 MACK PLAZA DRIVE, GROSSE POINTE WOODS, MICHIGAN.

Mayor Bryant called the meeting to order at 7:20 p.m.

PRESENT: Mayor Bryant  
Council Members: Brown, Gafa, Koester, McConaghy, Motschall  
ABSENT: Granger

Also Present: City Administrator Schulte  
Assistant City Administrator Como  
City Attorney Walling  
City Clerk Antolin  
City Treasurer/Comptroller Schmidt  
City Engineer Seidel

**Motion** by Gafa, seconded by Brown, that Councilmember Granger be excused from tonight's meeting.

Motion carried by the following vote:

Yes: Brown, Bryant, Gafa, Koester, McConaghy, Motschall  
No: None  
Absent: Granger

**Motion** by McConaghy, seconded by Gafa, that all items on tonight's agenda be received, placed on file, and taken in order of appearance.

Motion carried by the following vote:

Yes: Brown, Bryant, Gafa, Koester, McConaghy, Motschall  
No: None  
Absent: Granger

The first item discussed was regarding the **Proposed FY 2026 Water and Sanitary Sewer Rates**. City Engineer Seidel provided an overview of his memo dated March 24, 2025. He stated that the last water and sewer rate increase occurred in 2017.

Relative to the rates increase, a significant event that occurred was when the Great Lakes Water Authority (GLWA) took over the water and sewer for the City of Detroit. They had an agreement that would not raise their water/sewer budgets over 4% through the first 10 years. This is the first year the agreement eclipsed and GLWA has the ability to raise the water/sewer budgets over 4%.

During discussions with city administration, it was discovered that the pass-through costs will have an impact on the city's proposed water and sanitary sewer rates as follows:

- GLWA Water Rates, 4.7% Increase
- Southeast Macomb Sanitary District (SEMSD) Sewer Rates, 8.3% Increase
- Water Sales Projection, 2.3% Decrease

The following two rate options were proposed for consideration:

- Option 1: No Change to Rates – The result of this option would produce a deficit of \$1,800,000. 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 \$1,150,000. Although this option would have an impact on the cash reserves, future increases are estimated to be less than 3%.

Based on the proposed city budget, the increased pass-through cost from GLWA and SEMSD and the projected decrease in water sales, the City Engineers are recommending the adoption of Option 2. This option would incur a monthly increase of \$5.94 in FY2026 to the typical residential user.

Councilmember Koester asked whether the Gross Gratiot Drain was included within the rate increase. Treasurer/Comptroller confirmed it was not included.

Councilmember Gafa inquired about the impacts for future use and if more increases are to be expected. City Engineer Seidel stated that the projected future year increase will be 4% for both water from GLWA and sanitary sewer from SEMSD. The minimal rate increases will be below 3% in the next 5 years depending upon current trends such as the sale of water. In the last 20 years, there has been a downward trend in the sale of water.

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Councilmember Koester addressed the water tower and its future expectation and use. City Engineer Seidel stated that GLWA has been evaluating benefits of water towers for communities. Currently, there is no discussion on changes to rate structure to get away from max day and peak hour charges. However, the water tower has substantially helped the city keep the rates down.

Councilmember Brown asked what was driving the rate increase for the SEMSD sewer rate. City Engineer Seidel stated that the SEMSD has a capital improvement program where they implement a 10-year plan. This plan had recent increases in funding. In addition, the 5-year average flow apportionment for Grosse Pointe Woods increased possibly due to more rainfall and flooding events. There has been discussion to possibly change from a 5-year average flow apportionment to 10 years.

**Motion** by Motschall, seconded by Koester, that the Committee-of-the-Whole Sitting as Finance Committee recommends to City Council the adoption of Option 2: Increase the Commodity Rates by 8.7%.

Motion carried by the following vote:

Yes: Brown, Bryant, Gafa, Koester, McConaghy, Motschall  
No: None  
Absent: Granger

The next item discussed was regarding the **Proposed FY 2025-2026 Budget**. Treasurer/Comptroller Schmidt provided an overview of the Budget to Actuals FY 2024-2025.

Currently in the budget, it is estimated to have a deficit of \$1.5 million. Based on actual revenue and expenditures it is approximately at -\$776,000, which is about \$738,000 less than expected. Significant savings were from legal expenses, audit costs, staff changes in the Treasurer's Department and election expenses in the Clerk's Department.

The General Fund Balance as of 06/30/24 was \$7.6 million. With the estimated Fund Balance reduction of approximately \$776,000, it is expected to be approximately \$6.8 million or 40% by the end of the fiscal year.

For the upcoming fiscal year, we are estimating a \$1.1 million reduction. Based on the budgets, we will expect to end up with just under \$5 million at 27%, but will actually end up closer to \$5.7 million at 32%.

Treasurer/Comptroller Schmidt provided an overview of the General Fund's projected revenues and expenditures. He stated that the projected revenue is expected to go from \$16.5 million to just under \$17 million at 2.69% change. The projected expenditures are expected to go from

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approximately \$18 million to \$18,106,302 at a .44% change. Treasurer/Comptroller Schmidt reviewed some of the changes from the various departments as mentioned in his report.

In addition, the 2024 taxable value is approximately \$40 million at a 4% increase. This gives the projected increase in property tax revenue of \$377,970 or 3.2%.

Treasurer/Comptroller Schmidt provided an overview of the summary of expenditures from his report. There was a brief discussion regarding homeowners' allowable increases, Headlee rollback, road bond debt and millage rates.

**Motion** by McConaghy, seconded by Koester, that the Committee-of-the-Whole Sitting as Finance Committee recommends to City Council **approval of the Proposed FY 2025-2026 Budget**.

Motion carried by the following vote:

Yes: Brown, Bryant, Gafa, Koester, McConaghy, Motschall

No: None

Absent: Granger

The Committee thanked Treasurer/Comptroller Schmidt and Administration.

Treasurer/Comptroller Schmidt added that the water budget increase of 8.7% will be updated in the budget, however, expenditures will not change.

Under **New Business/Public Comment**, no one wished to be heard.

**Motion** by Motschall, seconded by Gafa, that the meeting of the Committee-of-the-Whole be adjourned at 7:48 p.m. **PASSED UNANIMOUSLY.**

Respectfully submitted,

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Paul P. Antolin  
City Clerk

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Arthur W. Bryant  
Mayor