

Darwin McClary

From: Lynsey Blough
Sent: Wednesday, February 5, 2025 11:36 AM
To: Darwin McClary
Cc: Sonja Stout
Subject: Planning Commission Feedback on CIP

Hi Mr. McClary,

I've drafted the minutes for item 9A from the Planning Commission Meeting regarding the CIP. While I haven't finished the rest of the minutes yet, I wanted to send this to you now since I know you're preparing the agenda for the Village Council meeting on Monday. Thanks!

9. New Business

A. Draft FY 2024-2030 Capital Improvement Plan for Planning Commission to Review and Comment

Village Manager McClary provided an overview of the Capital Improvement Plan to the Planning Commission. During the discussion, Council Member Lamb inquired whether Village Manager McClary was aware of any community-wide special assessments for street maintenance and replacement. Village Manager McClary explained that many communities use special assessments to allocate the cost of street improvements, relying on MDOT street classifications to gauge the community benefit. He noted that major streets tend to bear a greater financial burden compared to local streets. He also mentioned that many communities levy a road millage instead of using special assessments due to insufficient funds from general taxes under Act 51.

Village Manager McClary expressed his preference against using a millage for this purpose. Council Member Lamb countered, suggesting that if the village uses general revenue for road improvements, it will essentially function like a millage. Village Manager McClary affirmed this but explained that due to the Headlee Rollback, which limits the Village's financial flexibility, relying on general funds for streets isn't viable. He emphasized that a special assessment district is a fairer way to charge property owners based on the benefit they receive from the improvements, rather than using a millage based on property value. He warned that a millage could create inequities, as wealthier property owners would pay more regardless of the direct benefit to them. In addition, a millage could be problematic if future councils were unable to guarantee ongoing funding. Therefore, Village Manager McClary argued that special assessments are the most equitable and sustainable option for funding street improvements.

Council Member Lamb used the Sanitary Sewer Pump Station Project as an example to illustrate his point about spreading costs across the entire village. He noted that 60% of the village population doesn't directly benefit from the project. In response, Village Manager McClary argued that all residents have an interest in the pump stations. He explained that if the pump stations fail and result in pollution in the lake, property values across the village would decline, affecting everyone. Village Manager McClary emphasized that the project operates like a business enterprise system, similar to utilities like DTE and Consumers Energy, rather than a public service like streets or sidewalks. It is funded differently, with customers—those who benefit from the system—being responsible for its costs and maintenance.

Council Member Lamb asked additional questions about the cost of street paving, to which Village Manager McClary explained that if property owners are specially assessed, they would be charged based on the front footage of their property. Village Manager McClary clarified that the CIP outlines the projects identified in the Pavement Asset Management Plan, which was developed by the Village Engineers. This plan includes street projects for the next three years, which are listed in the major and local street sections of the CIP.

Village Manager McClary also used the Park Avenue Retaining Wall Project as an example, explaining that the property owners funded the project themselves. Under the current policy for dead-end street paving, the property owners would primarily bear the cost of improvements on that street since they directly benefit from it.

Council Member Lamb interjected, noting that the overall Capital Improvement Plan (CIP) addresses the key issues. Commissioner Barry, with his financial background, recommended having contingency plans in place as part of the CIP, which was well-received by Council Member Lamb, who praised Commissioner Barry's financial insights. Commissioner Barry acknowledged the progress the Village Council had made in their discussions around the CIP.

Village Manager McClary emphasized that the CIP covers the current fiscal year and extends for five years, with regular reviews and evaluations by the Village Council and Administration. He reminded everyone that the CIP is a plan, not a firm commitment.

President Rutt echoed Village Manager McClary's sentiment, noting how far the Village Council had come since two years ago when there was no formal plan in place. She expressed her willingness to be transparent about the costs of the plan, highlighting the identification of \$28 million in CIP projects. She mentioned that the Village would do its best to secure funding, whether through grants or other resources, and that the plan could be adjusted based on priorities and available funding.

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