



City of Lathrup Village
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TO: Mayor & City Council
FROM: Mike Greene – City Administrator
DATE: May 5, 2025
RE: Study Session

DRAFT Fiscal Year 2025-26 Budget

This is a continuation of the April 21, 2025, Study Session to gather Council/public feedback as we finalize the recommended budget for the May 19, 2025, Public Hearing. The two main questions that we may continue discussing:

1. Will the Public Act 33 Special Assessment, as recommended by the Finance Review Committee, continue to be entertained?
 - a. The current draft budget includes the PA 33 special assessment at the Finance Review Committee's recommended level (3.1051). The additional memo included in the study session packet lists items that staff believe need to be cut if the special assessment is not enacted.
2. Water & Sewer – Over the next year, staff will be looking to partner with the Michigan Rural Water Association to conduct a rate study for the City. However, this upcoming year, the City will still need to increase water/sewer fees to cover the increased cost from SOCWA (6%) and EFSD (1.8%), along with offsetting some of the cost for major projects. Based on the previous study session, there was positive feedback on utilizing some of the water/sewer fund balance to cover the city's matching cost for major grant projects. By doing so, this would limit the overall increase to residents. The recommended increase in the budget 7.5% increase for water and a 4% increase for sewer.

Additional minor tweaks have been made to the budget based on Council feedback. However, one General Fund expense has had a major increase since our last discussion – 101-101.000-721.000 – Data Processing & Assessments. This line item has increased to \$58,000 (53% increase). This is due to the last-minute notice from Oakland County that units that utilize the Equalization Office as their assessor will be subjected to a massive rate increase for the next contract (starting July 1, 2025). While we are budgeting for this increase, the City has issued an RFP for assessing services to see if any private companies or other units of government are interested in picking up Lathrup Village as a client. Those RFP responses are not due until May 22, 2025.

Public Act 33 – Special Assessment Roll

Carrying on the discussion for the draft budget, included in your packet is a special assessment roll for PA based on 2025 taxable values. Staff has broken down into three millage columns for Council discussion: the Finance Review Committee recommendation of 3.1051 Mills, 2 Mills, and 1 Mill. This document is to visualize the financial benefit/impact of the proposed PA 33.

DRAFT – PILOT Ordinance

A Payment in Lieu of Taxes (PILOT) ordinance establishes the framework for the City to enter into an agreement with a developer, where the developer pays a specified amount instead of traditional property taxes, primarily used to incentivize affordable housing projects.

The purpose of this discussion is to review the first draft of a PILOT ordinance and allow staff and the city attorney to gather feedback for future Council consideration.

Kelly Garrett
Mayor

Bruce Kantor
Mayor Pro-Tem

Jalen Jennings
Council Member

Dalton Barksdale
Council Member

Jason Hammond
Council Member