



Village of ST. CHARLES

February 10, 2021

To: President Hoerner, Pro tempore Neumann, and Councilmembers:

The Fiscal Year 2021-2022 Village Budget has been an ongoing development amid the Coronavirus (Covid-19) global pandemic that has created constant and continuous uncertainty. As you know, we have held meetings, and communicated through WebEx, electronic mail, and telephone rather than in person for the majority of the previous fiscal year. Due to the ongoing ambiguity with federal stimulus dollars for state and local governments, I present to you the proposed Fiscal Year 2021-2022 Village Budget totaling \$2,509,282, a \$525,497 **decrease** from the 2020-2021 Fiscal Year as we do not yet know the impact of the significant budget deficits facing the state of Michigan that will undoubtedly hinder our future budgeting. The general fund is \$959,271 with no additional use of fund balance at this time. Property tax are anticipated to increase 2%. Our constitutional and statutory revenue sharing from the state of Michigan actually decreased by \$5,894, or 2.7% in 2020. As of mid-January, the Revenue Sharing and Grants Division is projecting an increase of \$15,299, or a 7.2% increase. It is important to note the Michigan Department of Treasury warns that, “**Actual payments will differ from these estimates if the economy experiences a further slowdown.**” Therefore, we will continue to live within our means and remain fiscally pragmatic as this budget reflects. The Fiscal Year 2021-2022 budget is fiscally cautious, as well as balanced in accordance with the Uniform Budgeting and Accounting Act, P.A. 2 of 1968.

Infrastructure: This budget includes \$100,000 to repave the streets of Fulton and Hosmer Streets. This investment completes the \$430,000 water main project from 2020. The 2021-2022 budget allows for \$83,811 in street upgrades via the Village Street Fund as well. This budget also provides for critical sidewalk repairs in the amount of \$10,000. We completed over \$14,000 in sidewalk repairs in 2020, mostly on Hosmer Street. The Village is working with Spicer Engineering to complete the Phase I application to the United States Department of Agriculture – Rural Development (USDA-RD) grant application. We are close to qualifying for a grant, rather than a loan, but with the unfunded mandate from the state of Michigan on Lead Service Line upgrades, we must budget, plan, and prepare to complete the mandate by 2025. This budget also includes over \$20,000 for a Village Zoning/Ordinance rewrite. A major undertaking that will include the Planning Commission, Parks Board, D.D.A., general public, and Village Council.

Long-term liabilities: The budget proposed continues a commitment to fiscal responsibility in paying down our long-term liabilities. The previous two years, the Village was required to submit a corrective action plan to the state of Michigan regarding pension liabilities. This budget includes \$285,276 towards our MERS outstanding liabilities and over \$63,900 towards our Other Post-Employment Benefits (OPEB). The most recent audit shows the Village’s net position as a percentage of the total pension liability increased 4.71%, bringing the Village up to 63.79% funded. By 2030, the Village pension liabilities should be 100% funded. As for the OPEB liabilities, the Village has capped future retirees with a stipend towards a Health Savings Account (HSA), and require anyone eligible for Medicare to switch to a supplemental plan through our carrier rather than providing primary coverage. This budget continues auditors’ suggestions in removing unnecessary accounts previously



created and attributes, by fund, where liabilities truly rest. We are paying the promises made to past employees while analyzing the long-term ramifications. The future will require shared sacrifice from all full-time employees.

Employees: This proposal includes a modest 2% wage increase for all non-union employees. This budget does not include an increase for the Village Manager as previously negotiated. Our dedicated employees have adapted, overcome, and excelled during a difficult period of Covid. They have continued to provide excellent customer service while fulfilling our roles to the citizens of St. Charles. This budget also proposes \$37,059 for Conferences and Workshops, as well as Membership Dues to local, state, and federal organizations, so that our Clerk, Treasurer, Public Works, and Police Department employees have an opportunity to learn from other municipalities, organizations, and associations, with the expectation of finding common sense solutions that will deliver real results for the hardworking taxpayers of St. Charles. This is the greatest investment in our employees in several years. We want to be the most effective and efficient employees of any village statewide.

Capital Improvements: Due to financial prudence, we are analyzing options to finance the purchase of a new dump truck. Our current dump truck, was purchased in 1991. The cost-effective option, through Sourcewell competitive bidding is from Wieland Sales, in the amount of \$139,840. The individual chassis cost is \$84,000, and the dump with the required electrical tarp and underbody scraper for plowing is \$54,900. The Sourcewell contract includes a significant 34.5% discount. The façade improvement program, which saw some wonderful upgrades to downtown businesses is continued at an increased funding level of \$15,000 for our D.D.A. to revitalize downtown. We budgeted an additional \$15,000 for attractiveness and improving image with marketing and special event sponsorship like the Old-Fashioned Christmas Parade and STC Hometown Days. Lastly, \$10,000 is being proposed to continue upgrades of the assets at our parks. We will be meeting with the Baseball and Softball committees as well as the Rebel Magnolia Flea Marketers to receive suggestions from their respective boards to consider for future action.

This budget provides a balanced approach to investing in our employees, continuing to pay off our long-term liabilities, and providing fundamental services to the taxpayers, with scarce resources. This budget provides the Village the tools necessary to continue to make St. Charles a great place to live, work, and play.

Yours in service,



Hartmann Aue, Village Manager