



## Village of **ST. CHARLES**

February 23, 2022

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

I present to you the Fiscal Year 2022-2023 Village Budget totaling \$2,905,253. The general fund is \$1,139,219, with no additional use of fund balance at this time. Property taxes are anticipated to increase by 2.21%. Our constitutional and statutory revenue sharing from the state of Michigan actually decreased by \$5,188, or 2.2% in FY 2022 Projections. We continue to live within our means and remain fiscally pragmatic as this budget reflects. The Fiscal Year 2022-2023 budget is balanced in accordance with the Uniform Budgeting and Accounting Act, P.A. 2 of 1968.

**Infrastructure:** This budget includes \$161,345 from the state of Michigan as part of the Drinking Water Asset Management grant for identifying and locating service materials. This investment begins the process of Phase I of the Village water system improvements estimated to cost \$2.25 to \$3 million. We are working on the USDA-RD application to identify grant and/or federal loans to help pay for the required, yet unfunded mandate from the state of Michigan on Lead Service Line (LSL) upgrades. We must budget, plan, and prepare to complete the mandate by 2025. We will include Rural Communities Assistance Program (RCAP) on portions of the USDA-RD application, in order to leverage their no-cost services for the Village. At the time of this writing, the Village has had three water main breaks in the previous seven days. The 2022-2023 budget allows for \$83,811 in street upgrades via the Village Street Fund, with the intent of using these funds as Phase I progresses. The FY 2022-2023 budget also provides for critical sidewalk repairs in the amount greater than \$10,000. We completed over \$3,500 in sidewalk repairs in 2021. This budget also includes over \$19,000 to continue the Village Zoning/Ordinance rewrite and update. The Planning Commission is currently fifty percent complete with this endeavor, that began in 2021, and has required thorough and diligent work on their part.

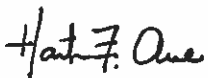
**Long-term liabilities:** This budget continues a commitment to fiscal responsibility in paying down our long-term liabilities. The previous two years, the Village was required to submit a corrective action plan to the state of Michigan regarding pension liabilities. We are no longer required to do this due to the dedication of this Council to our long-term debts. This budget includes \$324,663 toward our MERS outstanding liabilities and over \$40,859 toward 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 2.5%, bringing the Village up to 66.3% funded. On my second day with the Village, our funding level was 59.1%, triggering an "unfunded status" as defined by PA 202 of 2017. The goal for St. Charles is to be 100% funded by FY 2030-2031. As for addressing our OPEB liabilities, the Village has capped future retirees with a stipend towards a Health Savings Account (HSA), and requires anyone eligible for Medicare to switch to a supplemental plan through our carrier rather than providing primary coverage. 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. Our dedicated employees have adapted, overcome, and excelled during a global pandemic. They have continued to provide excellent customer service while fulfilling our roles to the citizens of St. Charles. This budget also proposes \$33,133 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. We continue to strive towards being the most effective and efficient employees of any village statewide. I have recommended using ARPA money to build back the police force. The FY 2022-2023 budget highlights over \$50,000 in part-time police wages. The remaining ARPA funds will be recommended for water and sewer infrastructure upgrades. These one-time federal assistance funds will be received in two parts over two years. We received \$99,226 on October 19, 2021. The exact same amount will be received on that date in 2023. The funding does not need to be allocated until the end of 2024 and does not need to be fully spent until the end of 2026.

**Capital Improvements:** As we plan for the future, we have made a concerted effort to ensure our employees have access to equipment that is reliable, safe, and up to date in regard to technological capabilities. In the DPW, we have been replacing twenty and thirty-year old equipment the last two budgets. FY 2022-2023 is no different as a replacement to the 2001 DPW pick-up truck is included. A 2022 Chevrolet 1500 Silverado with four-wheel drive at a Sourcewell bid price of \$28,831 has been recommended. The actual retail value is \$37,572. I have also recommended a Cable Machine, Rigid K-7500, at a Sourcewell price of \$3,935.95, excluding shipping and attachments, that will allow DPW to clean tough obstructions in our water and sewer lines of four-inch size. The façade improvement program, which saw some wonderful upgrades to downtown businesses is continued at a funding level of \$15,000 for our D.D.A. to revitalize downtown. I expect some new ownership and façade upgrades to occur downtown this FY. I have recommended an additional \$16,500 for projects related to improving business climate with marketing, promotion, and special event sponsorships. Lastly, over \$19,000 is being proposed to continue upgrades of the equipment at our parks, especially at Coal Miners', which is in need of some modernizing.

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