

**CITY OF AU GRES
SPECIAL CITY COUNCIL MEETING
THURSDAY, APRIL 16, 2026
6:15 P.M.**

PRESENT: Mayor Jon Sanford, Dan Heinrich, Jane Barbour, Joe Warr, John Popovich

ABSENT: None

ALSO PRESENT: City Manager Dale Wiltse

1.) CALL TO ORDER

Mayor Jon Sanford called meeting to order at 6:24 p.m.

2.) ROLL CALL

Roll call noted Joe Warr absent (Joe Warr entered 6:25 pm).

3.) NEW BUSINESS

3.1 Budget Workshop Meeting

Reviewed list of capital project items. City Manager informed Council that MSHDA Housing Project expenditures are nearing completion and City should see revenue from sale of those houses in this next fiscal year along with the remaining \$140,000 in grant money. Park expansion project continuing and City should also see \$400,000 DNR grant this fiscal year towards it. Michigan Avenue/Saginaw/Water/Albert Street scheduled for paving this next fiscal year as well. City Clerk went through proposed budget for fiscal year 2026/27 year.

General Fund: City is seeing taxable values going up this year with the rate of inflation at 2.7%. Budget set with last year's millage rates and waiting on final figures from County Equalization. If millage rates are forced to rollback substantially with Proposal A/Headlee, City Council will have to hold a public hearing again to maintain current millage rates. Very conservative budget showing increase of approximately \$10,000 in tax revenues. This year, the general fund shows appropriated fund balance of \$211,580 being used; majority of this is from general fund loaning \$150,000 to the park fund for the expansion. Heath will be retiring at the end of the year and City will be paying out his vacation/sick/comp time at around \$18,000.

Major/Local Streets: Have Michigan Avenue/Saginaw/Water/Albert Street scheduled to be completed by September 30, 2026. Revenue for both funds is mainly from State of Michigan Act 51 money with estimated budget of \$110,000 in Major Street and \$62,000 in Local streets. City can transfer 25% (est \$28,000) of Major Street money to Local Streets yearly. City also puts all of our General Fund County Road millage money into Local Streets (estimated at 20,000).

Police Fund: Police millage is through 2028. Budget is set for part-time officer with 20 hours per week. Speaking with Chuck, he is happy with 20 hours per week and not looking for any more hours even if budget can afford it. City Manager still thinks this fund could expand to include buying a boat and marine patrol. Chuck is marine certified and he also knows someone that might be interested in coming down and also helping out with this in the summer months.

Mosquito Fund: Millage renewal will be on August 4, 2026 ballot for a reduction to 1.5 mills for 5 year (2027-2031). The City has a fixed price of \$37,465 through 2031 with APM if the millage renewal goes through. Fund balance currently at \$31,700.

Library Operations/Building Fund: The 271 account is strictly for operations which include payroll, utilities, etc. with revenue coming in from library millage (expires 2033). If the District does take over operations of the Au Gres Community Library, this fund will look a lot different with the City no longer receiving the millage money or paying for these expenditures. Suggest maybe closing fund and combining with the 471 account. The 471 account is for capital projects on the library and revenue has been generated from grants and fundraisers. This is the City's bank account and the City owns the library building; no ties to the Library. The City will have to set a yearly lease payment to the library and then be in charge of maintaining the building with this fund.

TIFA Fund: Fund balance is sitting at estimated \$167,728 after 26/27 year. This does not include any revenue from hopefully selling all 4 homes yielding around \$750,000-\$850,000. Starting to set aside reserve money for a new water plant and for cleaning out sewer ponds. With PFAS levels now detected

in the sewer from the fish cleaning station, Heath feels that we probably cannot land apply it like before. These 2 items will be huge expenses and can see State forcing us to do this.

Capital Projects: This account was set up when we re-issued our bond money. The City had a list of projects to be done with this money including painting the water tower, buying equipment, cleaning sewer ponds, etc. This bond is set to be paid off in 2030. Once money is spent, account will be closed down. No projects scheduled for this year but we do have money in this account so when the time comes to clean the sewer ponds, we have money put away for this expensive project.

Park Fund: Park revenue includes the \$400,000 DNR grant towards park expansion. General Fund is also contributing \$150,000 towards expansion and the park fund will set up payment schedule to pay back.

Sewer Fund: Projecting using \$101,100 from fund balance this upcoming fiscal year. Have in the budget liquid alum to use at the sewer plant again at yearly cost of \$28,000. Another full-time employee on payroll with benefits adds additional expenditures.

Water Fund: Projecting using \$81,900 from fund balance this upcoming fiscal year. Have a list of pumps this year to replace and/or rebuild of \$38,500 with cathodic protection being added to our water towers at \$32,000. Dale did apply for 2% grant fund for cathodic protection and still waiting to here. Another full-time employee on payroll with benefits adds additional expenditures.

Harbor Fund: Very conservative budget at \$47,850 with majority of revenues coming from contribution from park at \$17,500 and contribution from TIFA at \$17,500. No real revenue source at this location; some revenue is brought in by with the fish cleaning station and pavilion rental.

Equipment Fund: This fund makes revenue from charging all departments the state's equipment rental rate of equipment. Revenue builds up and then in turn, this fund buys another piece of equipment with revenue. Suggestion was to add equipment listing in to the budget books from now on. New DPW mower plan on buying Spring 2027.

City Council is comfortable with the budget being presented and no changes need to be made. City Clerk will post public hearing notice and have on the June City Council agenda to adopt budget for 2026/27 year.

4). ADJOURNMENT

MOTION (Barbour) to adjourn meeting at 8:10 p.m.; support (Warr). Motion carried.

Jon Sanford, Mayor

LaVonne Pritchard, City Clerk