

City of Luna Pier Proposed Budget 2025-2026

June 26, 2025

Overview:

- 1) Description of Funds
- 2) Current Year Revenue & Costs & Fund Balances (All Funds) – Highlights
- 3) Budget Process & Staffing Structure and Cost
- 4) Summary/Wrap-up

Section 1: Description of Funds

Funded from Local Tax Millages

- **General Fund** - City’s primary operating fund that accounts for proceeds from City Operating Tax millage. The General Fund accounts for all financial resources of the City, except those required to be accounted for in other funds.
- **Police Millage Fund** - accounts for proceeds from the tax millage for police protection to fund wage & employment cost (does not cover equipment purchase/maintenance, operating supplies, etc.)
- **Flood Control Facilities Millage Fund** - accounts for proceeds from tax millage and expenditures used for constructing and maintaining flood control facilities.
- **Garbage and Rubbish Collection Fund** - accounts for special assessment revenues on tax bill to offset cost of refuse charges per parcel.

Funded from County and Local Tax Millages

- **Downtown Development Authority Fund** - accounts for monies generated by property value increases (vs. 2013 taxable value) within district and used for development within the downtown development authority district.

Funded by State Road Taxes

- **Major Street Fund** - accounts for gas and weight tax monies from the State of Michigan and expenditures for construction and maintenance of all major streets.

- **Local Street Fund** - accounts for gas and weight tax monies from the State of Michigan and expenditures for construction and maintenance of all local streets.

Funded by Charges for Sewer Rates on South County Water Bills

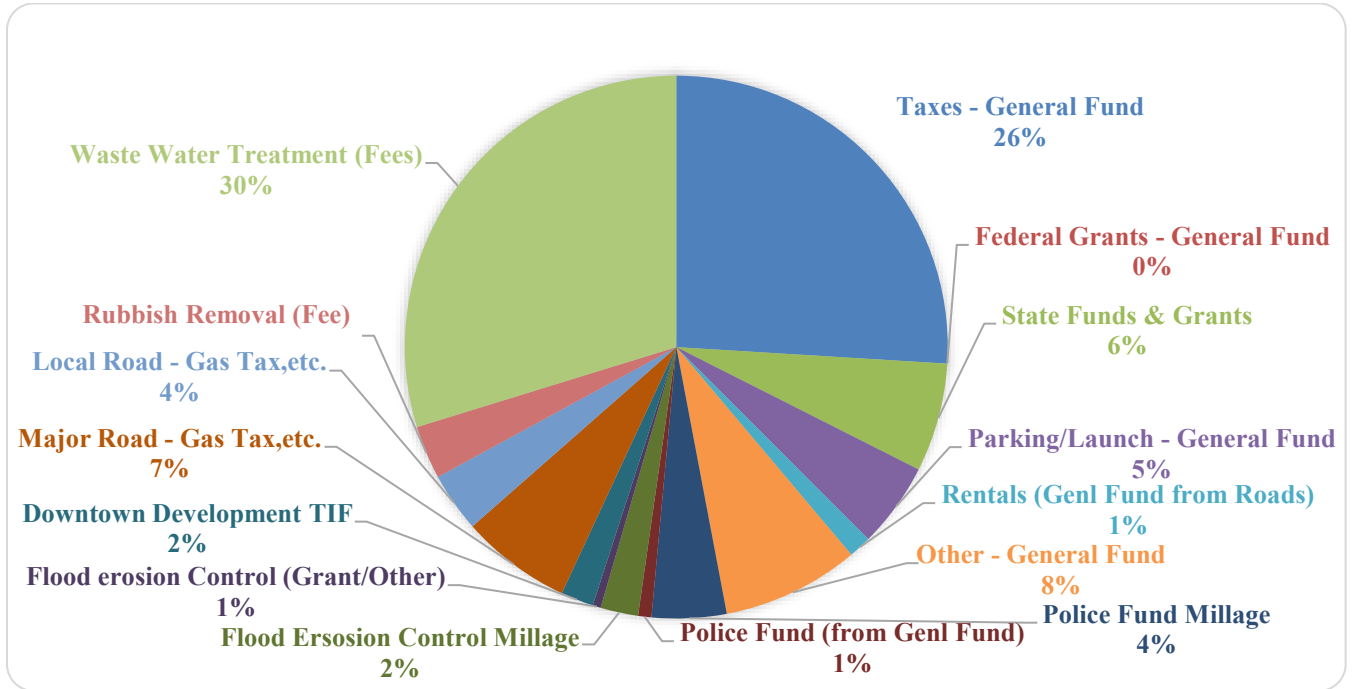
- **Waste Water Treatment Plant Fund** - Proprietary fund accounts for the operation of the waste water treatment plant financed through user charges (South County Water) and transfers.

Other - Grants

- **Community Development Fund** - accounts for all monies received by the City from the block grant programs for home improvements. Our fund basically inactive, but repayment is still due from two property owners for no-interest loans for property improvements.

Section 2: Total Revenue, Appropriations & Fund Balances

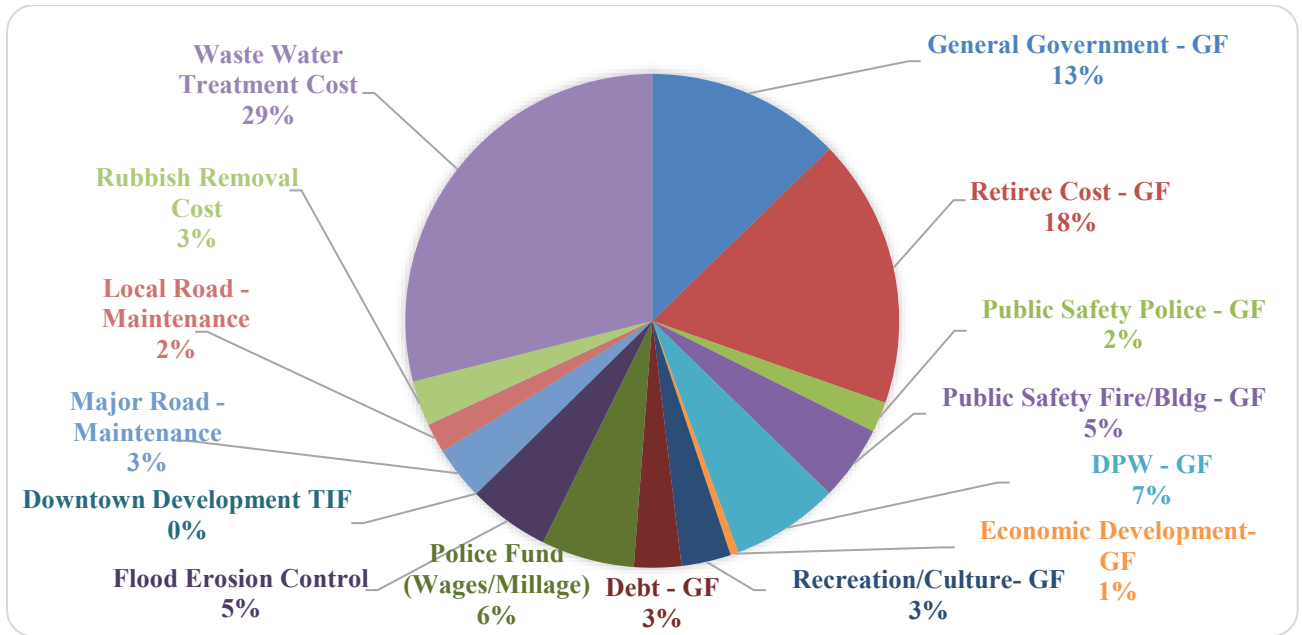
All Funds - Estimated Revenue 2024-2025



General Fund Revenue \$1,128.8k of Total \$2,400.6k

Revenues \$000s	2024-2025
Taxes - General Fund	\$ 623.4
Federal Grants - General Fund	\$ -
State Funds & Grants	\$ 155.5
Parking/Launch - General Fund	\$ 121.5
Rentals (Genl Fund from Roads)	\$ 32.3
Other - General Fund	\$ 196.1
Police Fund Millage	\$ 106.6
Police Fund (from Genl Fund)	\$ 19.0
Flood Ersosion Control Millage	\$ 54.0
Flood erosion Control (Grant/Other)	\$ 11.6
Downtown Development TIF	\$ 46.8
Major Road - Gas Tax,etc.	\$ 158.3
Local Road - Gas Tax,etc.	\$ 84.9
Rubbish Removal (Fee)	\$ 76.3
Waste Water Treatment (Fees)	\$ 714.4
Total Revenue	\$ 2,400.6

All Funds - Estimated Appropriations 2024-2025



General Fund Appropriations \$1083.2k of Total \$2,115.8k

Expenditures	\$000s	2024-2025
General Government - GF		\$ 269.3
Retiree Cost - GF		\$ 373.6
Public Safety Police - GF		\$ 42.3
Public Safety Fire/Bldg - GF		\$ 103.7
DPW - GF		\$ 149.1
Economic Development- GF		\$ 11.3
Recreation/Culture- GF		\$ 68.6
Debt - GF		\$ 65.3
Police Fund (Wages/Millage)		\$ 129.2
Flood Erosion Control		\$ 112.8
Downtown Development TIF		\$ 0.7
Community Block Fund		\$ -
Major Road - Maintenance		\$ 73.4
Local Road - Maintenance		\$ 41.1
Rubbish Removal Cost		\$ 62.7
Waste Water Treatment Cost		\$ 612.6
Total Expenses		\$ 2,115.7

All Funds – Estimated Fund Balances 2024-2025

FUND BALANCES 2024-2025

\$000s	<u>Beg. Bal.</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Change</u>	<u>End. Bal.</u>
General Fund	1,211.8	1,128.8	1,083.2	45.6	1,257.4
House Raising	0.5	- .0	- .0	- .0	0.5
Police Fund	12.6	125.6	129.2	(3.6)	9.0
Flood Control Fund	328.1	65.6	112.8	(47.2)	280.8
DDA Fund	63.8	46.8	0.7	46.0	109.8
Community Development Fund	22.9	- .0	- .0	- .0	22.9
Major Road Fund	480.4	158.3	73.4	84.9	565.3
Local Road Fund	326.5	84.9	41.1	43.8	370.2
Garbage & Rubbish Fund	43.7	76.3	62.7	13.6	57.3
Waste Water Treatment Fund	<u>1,529.8</u>	<u>714.4</u>	<u>612.6</u>	<u>101.9</u>	<u>1,631.7</u>
Grand Total	4,019.8	2,400.6	2,115.8	284.9	4,304.7

- *Revenue less Expenses (Net Change) Impacts Fund Balances*
- *Fund Balances ensure current bills can be paid and not overspending ensures there are funds available for infrastructure improvements and/or replacements*

Highlights of 2024-2025

- Master Plan Update Finalized & Approved
- General Fund Tax Revenue 6.5% increase (\$38.2k) over prior year (driven by property values and marihuana tax)
- Property Value Increases in Downtown Development District generated additional funds to be invested in downtown district - \$5k
- City Hall - Bat removal and exterior repairs. New water heater and plumbing upgrades
- Lighthouse elevator completed & occupancy permit granted
- Water Tower Park Building – new exterior doors installed
- New City Clerk (June 2024) and Treasurer (December 2024 & May 25) – Incurred added training cost and vacation / compensatory time payouts due to transitions
- Full-time DPW worker added November 2024
- Fixed asset inventory finalized for all departments – useful for future capital planning
- Luna Pier Logo finished on I-75 Bridge
- Grants – Fire Department Automated External Defibrillator & Lighthouse – Security Camera
- Flood Control - 1st Street Pump Repaired

- Parks & Recreation (Primarily paid for by fundraising)
 - 1st Night Market held in September 2024 – raised \$1,020 for downtown pavilion roof/repairs
 - Continued Summer Smash, Easter Egg Hunt, Santa Bags, Yard of the Month, Calendar Fundraiser, Scrap/Cleanup Days
 - Trees planted (Consumers Power Grant)
 - Additional flowers planted throughout the city parks
 - Volleyball net installed and work to begin on tennis/pickle ball courts
 - Kalmuski memorial bench – soon to be installed near Allen Cove park
 - Water Tower playground equipment painted

Section 3: Budget Process

Budget Development Process

- Four (4) Public meetings held – available council members may have attended one or up to 4 meetings
- Reviewed each account and historical spending, discussed recommended and established budget amount based on priorities set by mayor/council
- Most accounts at carryover or adjusted for wage increases, hospitalization premium increases, known needed repairs, etc.
 - Impact of proposed new working agreements included. Changes effective 1, 2025 (incorporates 4%/\$1/hr minimum wage increase)
- Lighthouse rental opportunities possible but will require further investments on added furnishings – grant funds fully expended
- Fire Department - Included \$40k for equipment replacement pending grant approval
- Police Department – Included \$69.6k for police vehicle, but currently looking at purchasing used vehicle in current budget year
- Discussed need to develop longer term Capital Spending Plan – fire hall roof replacement, DPW equipment replacements, library foundation repairs, dredging, pier repairs, etc.
- Discussed value / need for part-time City Administrator/Manager -not included in proposed budget
- Local Road Fund – Anticipated cost of \$125k for Gaynier not yet included in budget pending grant approval and final estimates. Engineering fees budgeted.

Millage Fee Assumptions

- No millage changes anticipated for Luna Pier Operating Fund (9.7107 mils), Police (1.9868 mils), or Flood & Erosion Control (.9884 mils)
- Refuse Fee reduced from \$130 to \$65 for 2025 summer tax assessment; reduction needed to reduce excess fund balances from prior years
- Note: Cost of 1 Mil - \$1k taxable value = \$1 (\$100k taxable value is \$100 tax)

Staffing & Wage Assumptions

- Elected positions (no change)
 - Mayor/City Executive - \$3K/yr (plus Major & Local Road Admin \$1,750/yr)
 - Six Council Members - \$1,200 each/yr
- Full-time (updated for new agreement and Earned Sick Time Act)
 - Treasurer - \$51.1k /yr - \$1/hr increase effective both July 2025 & 2026 (~4.2%)
 - City Clerk - \$51.1k /yr - \$1/hr increase effective both July 2025 & 2026 (~4.2%)
 - Director of Municipal Services - \$71.8k/yr (75% Waste Treatment/25% Department of Public Works DPW) – 4% hourly rate Increase both July 2025 & 2026
 - Two Waste Water Treatment (WWT) Employees – approx. \$40k/each per year - \$1 / hr increase effective both 2025 & 2026 (~5.2%)
 - One DPW Full-Time Employee - may be replaced with DPW/WWT Assistant in Training - Wage TBD
- Part-time (updated for new agreement and Earned Sick Time Act)
 - Police Chief - \$41k (Part-time) \$1/hr increase; Part-time officers - \$23-\$25/hour
 - Fire Chief - \$3.5k/year (Part-time); Volunteer fire employee \$15/call; training pay \$10.35/hour
 - Building Inspector \$18k - Note: Plumbing & Electrical Paid per permit reviewed/approved
 - Assessor (contracted) - \$20k/yr budgeted – contract pending approval
 - DPW Seasonal Employee(s) – currently \$15/hour (scheduled as needed) Wage increase to \$16.50/hr effective July 2025
 - Custodial services for Water Tower & Lighthouse handled as contracted service/as needed

Proposed Budget – General Fund Revenues

	\$Thousands	2022-23	2023-24	2024-25	2024-25	2025-26
		FINAL	FINAL	AMENDED BUDGET	FCST	PROPOSED BUDGET
GENERAL FUND						
REVENUES						
TAXES		479.9	525.9	567.3	565.2	578.2
MARIHUANA TAX		51.9	59.4	60.0	58.2	60.0
BUILDING, ELECTRICAL & PLUMBING FEES		22.8	25.0	24.2	26.5	22.8
PARKING & BOAT LAUNCH		127.0	131.6	114.5	121.5	132.5
BUSINESS PAID FEES (CABLE/MARIHUANA)		21.7	20.0	19.5	24.1	23.5
FEDERAL GRANTS - ARPA, HOUSE RAISING,ETI		144.5	217.0	14.5	14.5	- .0
STATE FUNDS & GRANTS		186.4	178.7	225.9	155.5	180.7
STATE GRANT - RETIREE MERS		- .0	872.9	- .0	- .0	- .0
CHARGES FOR SERVICES (Bed Tax, Cost Recov		26.6	4.1	7.0	4.7	4.4
FINES & INTEREST		7.5	38.2	23.0	39.3	30.0
RENTALS		64.6	67.9	63.5	74.3	73.5
DONATIONS		18.0	9.4	12.8	19.6	- .0
OTHER REVENUE (Sale of Fixed assets, etc.)		12.4	11.9	18.5	25.3	9.0
TOTAL REVENUES		1,163.3	2,162.0	1,150.7	1,128.8	1,114.5
Memo: Revenue excluding grants		832.4	893.3	910.3	958.8	933.8

Proposed Budget – General Fund Appropriations

GENERAL FUND	\$Thousands	2022-23	2023-24	2024-25	2024-25	2025-26
		FINAL	FINAL	AMENDED BUDGET	FCST	PROPOSED BUDGET
	APPROPRIATIONS					
GENERAL GOVT	CITY COUNCIL	7.7	7.8	8.4	8.0	8.3
Note: Dept cost incl.	MAYOR	3.8	3.8	4.1	3.9	4.1
wages/empl costs	ELECTION	8.9	6.6	27.2	25.5	9.6
benefits, supplies,	FINANCE AUDIT	4.0	11.5	7.7	7.7	12.5
postage, dues, etc.	ASSESSOR	17.9	16.8	21.5	18.3	24.2
	CITY ATTORNEY	12.6	10.9	25.0	7.8	25.0
	CITY CLERK	58.7	66.9	66.8	59.2	67.9
	BOARD OF REVIEW	0.7	0.6	0.8	0.3	0.8
	CITY TREASURER	56.4	60.5	88.9	65.6	65.2
	RETIREE COST	331.8	1,214.9	381.9	373.6	365.1
	INSURANCE	30.4	31.0	40.7	40.6	46.8
	CITY HALL (UTILITIES & MAINT)	18.7	13.9	36.3	32.5	27.9
	UNALLOCATED	0.0	0.4	- .0	- .0	- .0
PUBLIC SAFETY	POLICE DEPT - WORKERS COMP, UTIL, UNFIO	24.4	34.8	39.1	22.2	40.8
	POLICE DEPT - NEW EQUIP/ESCROW	4.4	4.1	46.6	1.1	69.6
	POLICE DEPT - GENERAL FUND TO POLICE FUI	57.4	10.0	46.0	19.0	42.1
	FIRE DEPARTMENT- WAGES, BENEFITS,UTIL, N	74.9	70.2	85.3	65.9	88.5
	FIRE DEPARTMENT - NEW EQUIP/ECROW	- .0	19.6	49.5	8.0	47.5
	BUILDING INSPECTOR	32.5	30.6	36.5	29.8	34.9
HOUSE RAISING	HOUSE RAISING PROJECT	- .0	166.4	10.3	10.3	- .0
DPW	PUBLIC WORKS	53.4	54.4	97.5	78.3	140.2
	LAKESIDE DRAIN LOAN	46.0	44.5	45.0	42.9	41.3
	OTHER DRAINS	- .0	- .0	0.5	0.0	0.5
	STREET LIGHTS	24.5	27.0	29.0	27.9	29.0
ECON. DEVELOP.	ECONOMIC DEVELOPMENT-PLANNING	20.0	18.3	17.2	1.0	7.4
RECREATION	LIGHTHOUSE LUNA PIER RD AREA - UTIL, SUP	33.7	21.0	28.9	27.1	26.7
	LIGHTHOUSE AREA - MAINT & NEW EQUIPME	28.5	25.5	2.1	1.4	1.0
	LIGHTHOUSE RENOVATIONS (GRANT)	18.0	8.0	19.8	19.3	- .0
	WATER TOWER MEMORIAL PARK	3.9	5.9	11.9	9.3	8.9
	PARKS & RECREATION COMMITTEE	0.1	5.2	12.5	7.3	7.5
	RASEY MEMORIAL LIBRARY	3.5	3.9	4.8	4.2	4.8
OTHER	OTHER	- .0	- .0	- .0	0.0	- .0
DEBT	DEBT LOAN & INTEREST (PAID OFF 2022)	2.7	- .0	- .0	- .0	- .0
	DEBT LOAN & INTEREST- JUDGEMENT BOND	63.4	62.0	67.1	65.3	63.3
	TOTAL APPROPRIATIONS	1,042.9	2,057.1	1,358.7	1,083.2	1,311.4

Summary Other Funds – Proposed Budget

- Police Fund – no significant change other than pay changes for Chief and Clerk
- Flood & Erosion Control - No significant changes in spending – unless pump failures & repairs are necessary.

- Local & Road Funds – No significant changes in spending unless Category B funding can be secured – currently applying for grant for local road to repave Gaynier (~\$125k). Engineering fees budgeted \$34.6k
- Rubbish Collection – Contract with Stevens is up for renewal Spring 2026. Fees to residents are being reduced to \$65 due to fund balances exceeding cost over prior years. Average yearly cost has been \$103 versus \$130/parcel charged for last x years. Fees will return to \$1xx level once fund balances are reduced
- Downtown Development – Currently looking at replacing decorative streetlights and other downtown improvements. Budget will be amended once plans are reviewed and approved
- Waste Water Treatment Fund – No significant changes expected. Fund and fees are separately audited to ensure costs are properly aligned with fees (reflected in South County Water sewer rates). Fees cover both operating expenses and debt associated with capital improvements

Section 4: Wrap-up / Summary

- Revenue continues to moderately increase
- Ongoing conservative spending has resulted in moderate fund balance increases
- City Council, Planning Commission, & DDA need to establish future priorities and coordinate plans to ensure optimal utilization of fund balances and/or to establish reserves for future capital needs (coordinated with New Master Plan)
- City continues to benefit from grants, donations, and citizens who are willing to pitch in and work toward solutions
- Note: Mayoral election planned for 2026 (2 yr term). Council election expected in 2026 (4 yr term).