# MEMORANDUM – OFFICE OF THE VILLAGE MANAGER

TO: Northport Village Council

FROM: Jered Ottenwess, Village Manager/Zoning Administrator

DATE: October 30, 2026

RE: November 5 Work Session Agenda Summary

**5a. Audit Presentation – Morgan & Associates**
*Packet Items: None*
Background: The Village engaged Morgan & Associates to complete its biennial financial audit. Our primary auditor, Bill Morgan, plans on attending the Work Session to present their report and be available for questions and discussion.

Analysis: The FY 2026 audit reflects a generally strong financial position for the Village. The auditor issued an unmodified opinion, indicating that the financial statements are fairly presented in accordance with generally accepted accounting principles. Compared with the 2024 audit, the General Fund balance increased approximately 23%, from $721,000 to $885,000, while outstanding debt decreased approximately 42%. However, the General Fund balance includes a $405,716 receivable from the Debt Service Fund and should not be confused with cash on hand, which totaled approximately $492,000 at fiscal year-end. The Village's overall net position declined modestly, approximately 2.5%, reflecting in part the depreciation of capital assets. The Water Fund continues to present financial challenges, particularly with respect to long-term capital replacement and investment needs.

The audit identified one instance of nonmaterial noncompliance involving approximately $23,200 in expenditures exceeding authorized appropriations in individual budget activities, although total General Fund expenditures remained below budget. Staff recognizes the importance of maintaining compliance with the Village's adopted budget and will address this issue through more frequent budget monitoring and budget amendments presented to Council throughout the fiscal year. We remain focused on continuously improving internal controls, financial reporting, and administrative procedures to ensure responsible management of Village resources.

The auditor also identified two deficiencies relating to the Village's reliance on its external auditor for preparation of financial statements and the maintenance of capital asset records. These are not findings of material misstatement, but identify opportunities to strengthen internal procedures. Reliance on external auditors for financial statement preparation is common among smaller municipalities, although management remains responsible for reviewing and approving the statements. Staff will continue working to improve financial reporting procedures and the maintenance and reconciliation of capital asset records, particularly as the Village develops its long-term infrastructure and capital improvement plans.

Discussion: This item is intended to provide Council an opportunity to review the audit and ask questions of the auditors.

**5b. Mill Pond Dam Millage Ballot Question – Next Steps**
*Packet Items: None*

Background: Village voters will decide the Mill Pond Dam Replacement Millage Proposal at the November 3 General Election. The election result will determine the Village's next steps regarding the long-term future of the dam.

Analysis: If the millage is **approved**, Council's next discussion can focus on implementation of the replacement project, including engineering and design, financing and bonding, project scope, the downstream W. Third Street culvert, and an anticipated project schedule.

If the millage is **not approved**, the Village Council has previously resolved to seek outside funding for removal of the Mill Pond Dam. Staff would begin discussions with the Grand Traverse Band of Ottawa and Chippewa Indians, Conservation Resource Alliance, and The Watershed Center Grand Traverse Bay regarding development of a removal and stream-restoration project and pursuit of available grant funding. Council's next discussion could involve a resolution to direct partner organizations to begin pursuing grants.

Under either outcome, the Village will continue necessary maintenance and monitoring of the existing dam until a long-term project is implemented.

Discussion:
Please provide direction regarding implementation of either the replacement or removal alternative.

**5c. 164 High Street Lease Agreement**
*Packet Items: Commercial Lease Agreement 164 High Street*
Background: The Village leases the building at 164 S. High Street, currently occupied by Dandelion, to Northport Public Schools pursuant to a lease agreement executed in September 2022. The lease provides for a year-to-year tenancy at an annual rent of $1.00. Sections 26 and 27 assign maintenance, repair, and certain equipment replacement responsibilities to the School District.

Recent issues involving the building's fire alarm system and electrical panel prompted discussions with Superintendent Neil Wetherbee, who indicated that he does not believe the District can expend school funds on capital improvements to a building it leases on a year-to-year basis. He has asked whether the Village would consider a substantially longer lease, potentially 50 years, or selling the property to the District. I advised Neil that I would bring the issue to Council for discussion and feedback.

Analysis: I interpret the existing lease as assigning responsibility for the maintenance and repair of the building's electrical and fire alarm systems to the School District. The Superintendent's concerns regarding the District's authority to fund capital improvements are a separate issue that warrants further clarification. I cannot speak to that conclusively, although my limited understanding is that Neil’s interpretation is overly restrictive.

A long-term lease could provide the District with greater certainty regarding its investment in the property while allowing the Village to retain ownership. Alternatively, a sale would transfer ownership and associated long-term responsibilities to the District. Either approach would require further evaluation of the property's value, future use, financial implications, and appropriate terms and conditions.

Discussion: Please provide feedback on Council's preliminary direction regarding the future of the property and its relationship with the School District. Specifically, would Council be willing to consider a substantially longer lease, potentially 50 years, or the sale of the building to the District? Are there particular conditions or considerations that would influence Council's willingness to pursue either option?

**5d. EGLE Lake Michigan Circuit Program – EV Charger Grant**

*Packet Items: Chargepoint Email Re EV Charger Installation, EGLE Lake Circuit - Marina Park EV Fast Charging*

Revised Estimate: Trustee Dean requested an additional estimate for an upgraded charger. Chargepoint provided a revised estimate reflecting this upgrade:

| Item | Total Cost | EGLE Reimbursement (80%) | Village Match (20%) |
|---|---|---|---|
| ChargePoint Hardware + 5-Year Network & Warranty | $99,622.75 | $79,698.20 | $19,924.55 |
| Design, Permitting & Construction | $95,000.00 | $76,000.00 | $19,000.00 |
| Consumers Energy New Electrical Service | $48,200.00 | $38,560.00 | $9,640.00 |
| **TOTAL PROJECT COST** | **$242,822.75** | **$194,258.20** | **$48,564.55** |

For about $6,100 more, the Village could install a more powerful charger, which could provide two vehicles with up to 100 kW each or one with up to 200 kW.

*From Previous Meeting Memo:*

Background: I have been working with ChargePoint for several months regarding the possibility of installing DC fast charging at the marina. ChargePoint has been assisting, at no cost to the Village, with preliminary site planning and a potential application through EGLE's Lake Michigan Circuit Program. Although the program is not presently open through a formal solicitation, EGLE staff has encouraged us to proceed with preparation of an application because unallocated funds remain in their budget. The concept is for two publicly accessible DC fast chargers at the marina, supported by a new Consumers Energy electrical service.

Analysis: ChargePoint currently estimates a total project cost of approximately $212,000, with an anticipated 80% EGLE reimbursement of about $170,000 and a potential Village share of approximately $42,500. The estimate includes charging equipment, five years of network/warranty service, design and construction, electrical service, permitting, signage, and ADA improvements. The attached presentation also identifies the marina parking lot as a potential Lake Michigan Circuit location along the M-22 corridor and provides preliminary site and infrastructure information.

Discussion: I will review the attached ChargePoint presentation at the meeting. At this point, I am only looking for Council consensus to continue working with ChargePoint and proceed with a grant application. Submitting an application would not obligate the Village to accept an award, proceed with construction, or commit Village funding.

**5e. Class B Nonconforming Status Designation – 800 N. Mill Street**

*Packet Items: 800 N. Mill St Class B Application and Resolution 2026-9 800 N Mill St Class B Nonconforming Status*

Background: Christopher Irvine has applied for Class B Nonconforming Status for 800 N. Mill Street, located in the D-1 Multi-Use District, to allow demolition of the existing single-family dwelling and construction of a replacement dwelling. The Planning Commission conducted the required public hearing on October 14 and unanimously adopted Resolution 2026-9 recommending approval to Village Council.

Analysis: This request is essentially the same type of Class B application Council approved for 1001 N. Mill Street earlier this summer. Article XXI requires consideration of whether the proposed redevelopment is consistent with public health, safety and welfare; surrounding property values and uses; neighborhood compatibility; and the intent of the nonconforming-use provisions. It also requires that the proposal continue a lawful existing use rather than establish a new nonconforming use. The Planning Commission's findings were consistent with these criteria and concluded that the application satisfies the applicable standards.

Discussion: This item is intended primarily to familiarize Council with the application and Planning Commission recommendation before action at the November 19 Regular Meeting.

**5f. Personnel Policy**

*Packet Items: Personnel Policy*

Background: Several Personnel Policy issues have come up recently that warrant reconsideration. I ask you to consider either amending the Personnel Policy to address these specific issues or appointing an ad hoc committee to work with staff on a full revision, which will take longer and involve substantially more time and effort.

Analysis:

- *457b Plan Document*: the Council amended my employment agreement in June this year and the amendment authorized a retirement contribution from the Village without any matching requirement. The Village's current retirement plan, which is an annuity not explicitly recognized by the Personnel Policy, does not allow for the type of contribution arrangement authorized by my amendment employment agreement. I have been working with a financial advisor to establish a new 457b plan for the Village that would allow me to establish the type of account that is consistent with my amended employment agreement. The 457b plan would also allow any other employee to contribute to a 457b plan in addition to their standard annuity account. The 457b plan requires Council approval, which I plan on scheduling for action at the November 19 Regular Meeting.

- *Employee Health Insurance Premium Deferral*: Eligible full-time employees currently receive health insurance through the Village, whereby the Village pays the premium. For employees who do not need health insurance, they can opt out of receiving the benefit. The Village thus saves the cost of that health insurance premium. A common practice among municipalities across the state is to reimburse the employee for a portion of that cost savings, usually around 50%. The Personnel Policy is silent on this issue. I suggest amending the Policy to allow employees when they opt-out to receive up to 50% of the health insurance premium that the Village would otherwise be required to pay. Currently that would cost the Village about $230 per month for one employee who would be eligible.

• *Cell Phone Reimbursement*: Similar to health insurance premiums, the Village saves money when an employee elects to use their own personal cell phone for Village business. I suggest amending the Policy to allow employees when they opt-out to receive up to 50% of the cell phone expense that the Village would otherwise be required to pay. Currently that would cost the Village about $30 per month for one employee who would be eligible and I suggest making that a set standard, not a percentage allowance.

Discussion: Please let me know how you would like to proceed, whether through a full policy revision or selected amendments.