MEMORANDUM – OFFICE OF THE VILLAGE MANAGER

TO: Northport Village Council

FROM: Jered Ottenwess, Village Manager/Zoning Administrator

DATE: May 30, 2025

RE: June 5 Work Session Agenda Summary

4a. FY 25-26 Budget

Packet Items: Draft FY 25-26 Budget

Background:

Staff prepared a draft budget and presented it to the Budget Committee at their meeting on May 28 for discussion, feedback, and direction. The draft budget now comes to the Village Council for further discussion before adoption is scheduled for the June 19 Regular Meeting.

Key Points:

- The taxable value of all properties in the Village is $80,640,301 in 2025, an increase from $71,834,628 in 2024. The maximum allowable millage rate after adjustment for the Headlee rollback is 7.799. So anticipated ad valorem revenue in FY25-26 is: ($80,640,301÷1,000) x 7.799 = **$628,911**, an increase from $558,567 in FY24-25.
- The draft budget is primarily an operational budget; Capital Fund is blank for the time being. I propose prioritizing projects/major equipment purchases as we move into the new fiscal year.
- Significant expenses incorporated into the draft budget include $60,000 for conversion to BS&A software and $26,000 for 2026 Spring Trash Cleanup.
- $18,600 reduction in General Fund expense for final payment made on Craker land contract.
- Increases in operational expenses have been included, including 2.5% for cost-of-living wage adjustments.
- Fireworks Fund eliminated; $18,650 costs incorporated into General Fund 885.000 Community Promo-Fireworks line item.

Discussion:

This Work Session is an opportunity to discuss details about the budget prior to adoption on June 19. I welcome any comments, feedback, etc.

4b. PILOT and Attainable Housing Incentive Ordinances

Packet Items: Draft PILOT Ordinance and Draft Attainable Housing Facilities Exemption Ordinance

Background:

Following discussion at the May 15 Regular Meeting, Council directed me to prepare draft ordinances pursuant to Michigan Public Acts 432 and 236, which allow for the Village to exempt certain workforce and attainable housing projects from ad valorem property taxes and collect a (10%) portion of annual shelter rents as a Payment In Lieu Of Taxes for a PILOT or a Specific Tax based on a percentage (50%) of the taxable value multiplied by the tax rate (not including land) for the Housing Facilities Exemption. I have drafted a PILOT ordinance based on the City of Jackson, Michigan because Leelanau Township is considering adopting a PILOT ordinance based on Jackson's. I have pared down the legal language of the Jackson ordinance for our purposes. I have also drafted an Attainable Housing Facilities Exemption Ordinance based on a best practices

review of other municipalities across Michigan and retained the more detailed legal language from several sample ordinances. The Attainable Housing Facilities Exemption Ordinance is much more specific with respect to many of the details associated with its implementation.

Analysis:
I have provided a summary comparison table for the different statutes authorizing these incentives (see below). Both statutes and associated ordinances incentivize attainable housing development, however, they have separate, distinct benefits for different types of housing. In addition, a 2023 amendment to the Brownfield Redevelopment Financing Act expanded "eligible activities" to include housing development activities. This means local Brownfield Redevelopment Authorities (BRAs) can now capture tax increment revenues on redevelopment sites (not just contaminated or blighted sites) to help finance housing that will be sold or rented at below-market rates. Generally, attainable housing project developers want to receive a tax incentive AND recover costs through a Brownfield Tax Increment Finance Plan.

Please note that approval from other taxing jurisdictions is not required to implement either of these incentives.

Feature	PA 432 (Workforce Housing PILOT)	PA 236 (Attainable Housing Facilities Act)
Effective Year	2022	2022
Statutory Authority	Amendment to State Housing Development Authority Act (MCL 125.1415a)	Public Act 236 of 2022 (MCL 125.1491 to 125.1496)
Target Housing Type	Workforce housing (typically 60–120% AMI, but locally defined)	Small-scale rental housing (≤4 units per property)
Eligibility for Tax Credits	Not required	Not required
Eligible Projects	New construction, rehab, or conversion to workforce housing	New or rehabbed residential rental (must meet "attainable" criteria)
Scale of Development	Larger projects (multi-unit, likely developer-led)	Small-scale/infill projects (1–4 unit rental properties)
Local Approval Required	Yes – Council/Board approval of ordinance & PILOT agreement	Yes – Council/Board must approve district and individual exemption
District Required?	No formal district required	Yes – Must create an "Attainable Housing District"
Timeframe of Exemption	Flexible – Based on negotiated PILOT terms (e.g., 10–50 years is typical)	1 to 12 years per exemption certificate
Type of Tax Incentive	Payment in Lieu of Taxes (PILOT) based on % of shelter rents or prior tax	Full property tax exemption for eligible improvements
Form of Agreement	PILOT Agreement approved by local unit	Exemption Certificate issued by local unit

Feature	PA 432 (Workforce Housing PILOT)	PA 236 (Attainable Housing Facilities Act)
Use of State Oversight or Credits	No MSHDA approval required (unless also seeking MSHDA financing)	No state approval or oversight
Flexibility for Local Customization	High – Village can define affordability targets & terms	Moderate – Must follow eligibility rules (owner-occupied excluded)
Best Use Case	Larger workforce rental developments (e.g., 10+ units)	Encouraging ADUs, duplexes, triplexes, small landlords

Discussion:
If the Village Council would like to move forward with either or both ordinances, please let me know or suggest changes. I would appreciate any feedback.

4c. Planning Commission Appointment Policy
Packet Items: None
Background:
Trustee Cavendish requested this item for discussion with Council consent at the May 15 Regular Meeting. The Village does not currently have a policy for advertising, interviewing, and appointing Planning Commissioners. Note that the Michigan Planning Enabling Act Section 125.3815 stipulates that the chief elected official appoints members of the Planning Commission, subject to approval by a majority vote of the legislative body. Other sections of the MPEA stipulate who may serve, but none stipulate how the Planning Commission members are recruited and vetted or the specific procedure for appointments.

4d. Village Social Media Policy
Packet Items: Draft Social Media Policy
Background:
I have heard from Trustees and several citizens that they would like the Village to have a social media presence. To that end, I have drafted a Social Media Policy to establish guidelines for the creation, management, and use of official Village of Northport social media accounts. The objectives of the policy are to:

- Disseminate accurate and timely information to the public.
- Enhance transparency and community engagement.
- Ensure compliance with applicable laws and regulations, including the Michigan Freedom of Information Act (FOIA) and the Open Meetings Act (OMA).

Analysis:
I would like to create and administer at least one, maybe two, social media accounts for the Village with help from other staff. I believe the best platforms for doing this would be Facebook, which seems to be used by an active portion of Village residents, and Instagram, which has a younger user demographic and would allow the Village to showcase its many special events. I envision a Facebook page to be more of an informational tool, to address issues of concerns, and serve as a community forum for civil discourse. I think an Instagram page would be ideal for showcasing special events, creating a positive image, and celebrating public service.

Please pay close attention to the types of content that are subject to removal:

- Comments not related to the original topic or Village business.
- Profane, obscene, or discriminatory language or content.
- Threats or personal attacks against any individual or organization.
- Content that promotes illegal activities or violates any laws.
- Commercial advertisements or solicitations.
- Information that may compromise public safety or security.
- Content that infringes on intellectual property rights.

I think this leaves plenty of room for vigorous debate, dissenting points of view, and potential arguments to play out within the comments.

Discussion:
If the Village Council would like to move forward with approval of the draft policy, please let me know or suggest changes. I would appreciate any feedback.

5a. Resolution 2025-3 Rose Street Culvert Replacement – MDOT Category B TEDF Enhancement Grant

Packet Items: Resolution 2025-3, MDOT TEDF Grant Application, Estimate, Plan Set, Project Area Map, and Photos

Background:
Replacing the Rose Street culvert that conveys Northport Creek has been a priority project for some time. My understanding is that the Council is generally aware of its urgency. Important potable water and sanitary sewer lines traverse the intersection of Rose Street and Second Street under the culvert. The culvert was constructed circa 1944, so it's about 80 years old and constructed of a combination of materials including corrugated metal and concrete. Explorative work indicates that tree roots/other types of obstructions have penetrated the underside of the culvert and disrupt flow. Michigan Department of Transportation's Transportation Economic Development Fund Category B grant program for villages and small cities is one of the best potential sources of funding for this project and would cover 50% of the total cost. The application deadline for the 2025 funding cycle is June 13, 2025 so this resolution comes before the Council for action now.

Analysis:

- The total estimated project cost is $194,965. Grant covers 50% or $97,483.
- Estimate is from April 2024, so I would expect the actual figure to be higher, and the **Village would be required to cover any amount more than what was approved as part of the grant.**
- Project would be paid for out of Major Street Fund, which has a current cash balance as of end of April of about $344,000.
- Grant recipients are notified in September 2025. Construction would be Spring 2026.
- Draft FY25-26 Budget does not currently include funds for this project, but Council can amend it later if grant is received.

Recommended Motion:

“To approve Resolution 2025-3 as presented”

5b. Resolution 2025-4 Social District Permit Applications
Packet Items: Resolution 2025-4, Form Resolutions from MLCC
Background:
The Village Council requested at your May 15 Regular Meeting that this agenda item come before you for action at this Work Session. The Michigan Liquor Control Commission requires that eligible participating businesses submit a resolution of support from the local government for Social District Permit Applications associated with their businesses. All six eligible businesses have submitted application forms to the Village. The Village Council may recommend or not recommend approval of the applications to the MLCC. Resolution 2025-4 recommends approval of all six applications.

Analysis:
Assuming Resolution 2025-4 is adopted, the eligible businesses will then submit their applications to the MLCC. Once the Social District Permits are approved by the State, eligible businesses may begin participating in the Social District. I have heard anecdotally that the MLCC permit approval process takes about two weeks.

Staff has completed our logo design for the stickers that are required to be placed on individual serving containers utilized by the participating businesses. We have ordered an initial batch of stickers and expect to receive those by June 9, at which time we will distribute them. I have notified participating businesses that they are required to place their own logo on the containers as well. We have signs ready and will install those in the next couple weeks in anticipation of permits being issued to participating businesses.

Note that participating businesses are required to renew their Social District Permit annually as part of their liquor license renewal, however, local government recommendation of approval is only required for the initial permit.

Recommended Motion:
“To approve Resolution 2025-4 as presented”