MEMORANDUM – OFFICE OF THE VILLAGE MANAGER

TO: Northport Village Council

FROM: Jered Ottenwess, Village Manager/Zoning Administrator

DATE: January 23, 2026

RE: Village Manager/Zoning Administrator Report and Agenda Summary

3b. Village Manager/Zoning Administrator Report

VILLAGE MANAGER

Upcoming agenda items that I am working on include the following:

- Marina projects (e.g. minor dredging and dock lowering) in anticipation of low water in 2026.
- Review and potentially adopt zoning amendments that Planning Commission has been working on.
- Review draft sign ordinance.
- Awaiting correspondence from legal counsel regarding the wind turbine monopole site lease agreement and Second Street encroachment issues.
- Re-evaluate dark sky resolution of support from 2018 and consider updates and/or a policy regarding street lights.
- Consider amendments to Short-Term Rental ordinance to make it consistent with the Zoning Ordinance and require a fee for registration.

ZONING ADMINISTRATOR

- I have processed eight (8) Short-Term Rental registrations for 2026 so far.
- No Land Use Permits issued since my last report.

7a. Resolution 2026-1 MDOT Rose Street Culvert Grant Agreement

Packet Items: Resolution 2026-1, MDOT Grant Agreement

Background:

The Village of Northport was awarded a Transportation Economic Development (TED) Fund Category B grant by the Michigan Department of Transportation (MDOT) for the Rose Street / Second Street culvert replacement project. MDOT requires that the Village enter into a grant agreement that provides partial state funding for construction of a new box culvert carrying Northport Creek beneath Rose Street. Resolution 2026-1 (1) approves the standard MDOT grant agreement and (2) authorizes Village signatories. Approval is necessary to continue moving forward with the grant-funded project.

The original project cost estimate, prepared prior to detailed constructability review, totaled approximately $194,965. Given the complexity of the site and the number of utilities crossing the project area, the Village retained Machin Engineering, Inc. to perform a Construction Feasibility Review to identify constructability constraints, utility conflicts, and realistic construction costs. Machin Engineering completed recently completed its review in January 2026.

Analysis:
As part of their Construction Feasibility Review Machin Engineering reviewed the Prein & Newhof design plans that were originally developed in 2024 and used for the purpose of the grant application, conducted a site visit, and evaluated field conditions. The review identified several significant construction constraints not fully accounted for in the earlier estimate, including:

- Required relocation and lowering of the 6-inch water main crossing the culvert alignment.
- Relocation or lowering of the 8-inch sanitary force main, while maintaining continuous lift station operations during construction.
- Temporary rerouting of Northport Creek to allow excavation and installation of the box culvert.
- Coordination with multiple utilities (electric, gas, telecom), including overhead power lines that may constrain construction methods.
- Temporary traffic control, sidewalk reconstruction, and protection of adjacent facilities during construction.

These elements materially increase both the complexity and cost of construction compared to the original conceptual estimate

Machin Engineering prepared a revised Opinion of Probable Construction Cost incorporating utility relocations, stream diversion, current material and labor pricing, and construction risk:

- Revised construction cost (without contingency): approximately $301,565
- 10% contingency: approximately $30,200
- Total estimated project cost: approximately $331,765

This represents an increase of approximately $136,800 over the prior estimate. The increase is driven by newly identified utility relocation work, stream rerouting requirements, and updated unit costs

Under the TED Category B agreement, MDOT participation remains capped at the lesser of:
50% of the approved and responsible low bid, or $97,482, the maximum grant amount. As a result, any construction cost increases beyond the original estimate will be the responsibility of the Village. Approval of the MDOT agreement does not obligate the Village to proceed with construction but preserves eligibility for TED funding while the Village evaluates project phasing, scope adjustments, or supplemental funding options.

Major Street Fund current cash balance: $371,000.

Recommendation:
Approve Resolution 2026-1, authorizing execution of MDOT Contract No. 25-5592, to preserve state funding eligibility and allow the Village to proceed with final design coordination, permitting, and bid evaluation with a full understanding of the project's construction cost. Approval of the resolution does not commit the Village to awarding a construction contract and allows the Village Council to further evaluate funding strategies and project timing once bids are received.

Recommended Motion:
"To approve Resolution 2026-1 authorizing execution of MDOT Contract No. 25-5592 as presented"

7b. Resolution 2026-2 Seventh Street Parcel Use

Packet Items: Resolution 2026-2 with attachments

Background:

Trustee Cavendish requested that the question of whether and how the Seventh Street parcel is used be brought to the Village Council for a vote. The Village Council passed a motion in 2024 directing the Village Manager (Jim Dyer at that time) to "explore options one and two" as reflected in the reports prepared prior to then. However, the exploration of those options did not come back formally to the Village Council pursuant to that motion. I have prepared a resolution to address the motion from March 2024 and put the issue to a vote per Laura's direction.

7c. Auditor RFP

Packet Items: Morgan & Associates Proposal, Gabridge & Company Proposal, Maner Costerisan Proposal

Background:

After parting company with the Village's previous auditor, UHY, we published a Request for Proposal in December 2025 for professional auditing services seeking a qualified Michigan-licensed CPA firm to perform independent financial audits for fiscal years ending June 30, 2026 and 2028, with optional extensions for up to two additional years. The RFP outlines a full-scope governmental audit conducted in accordance with Government Auditing Standards, including required reports on internal controls, compliance, and, if applicable, federal Single Audit work. Proposals were required to include a technical submission describing firm qualifications, governmental audit experience, engagement team, and audit approach, along with a separate cost proposal. The cost proposal parameters required an all-inclusive not-to-exceed fee by fiscal year, a breakdown of hours and billing rates by staff level, separate pricing for any required Single Audit, and fixed rates subject to limited CPI-capped increases. Proposals were evaluated based on experience with similar Michigan local governments, audit methodology, staffing, peer review results, and the reasonableness and transparency of proposed fees.

Analysis:

Three complete and responsive proposals were received from Gabridge & Company, PLC, Morgan & Associates, and Maner Costerisan, PC. All three firms meet the mandatory RFP requirements, including Michigan licensure, independence, successful peer review results under Government Auditing Standards, and demonstrated experience auditing Michigan local governments of comparable size and complexity. Each firm proposes an audit approach consistent with GAAS, Government Auditing Standards, and applicable federal Single Audit requirements. From a technical and qualifications standpoint, all three proposals are acceptable and largely comparable.

The principal differentiator among the proposals is cost structure and overall price. Gabridge & Company submitted the lowest-cost proposal for the core financial audit, with not-to-exceed fees of $12,070 for FY 2026 and $12,800 for FY 2028. Gabridge's proposal is structured as an hourly build-up with firm caps and separates non-audit services, such as F-65 and Qualifying Statement preparation, which would only be incurred in non-audit years if requested. Gabridge also proposes a $6,000 incremental Single Audit fee in any year a federal Single Audit is required.

Morgan & Associates proposes a mid-range pricing structure with higher base audit fees of $20,000 (FY 2026) and $21,000 (FY 2028), plus $2,000 annually for preparation of the F-65 and Qualifying Statement. Morgan's incremental Single Audit fee of $1,500 is lower than the other

proposals; however, the overall audit cost remains significantly higher than Gabridge's due to the higher base fee. Morgan's proposal emphasizes pricing simplicity through all-inclusive flat fees.

Maner Costerisan submitted the highest-cost proposal of the three. Maner proposes a not-to-exceed fee of $30,500 for the FY 2026 audit and $33,600 for the FY 2028 audit, based on an estimated 154 audit hours and discounted hourly rates. In addition, Maner assumes a Single Audit will be required and proposes a $5,200–$5,700 Single Audit fee, along with $4,000–$4,500 for preparation of the F-65, Act 51 report, and Qualifying Statement. Maner's proposal reflects a large-firm staffing model with extensive governmental experience and depth of resources, but at a substantially higher total cost for a Village of Northport's size and audit complexity.

When evaluated against the RFP's stated criteria, all three firms demonstrate adequate technical qualifications and peer review standing. Given the Village's biennial audit cycle, limited staffing, and relatively straightforward financial structure, cost reasonableness and overall value are the primary distinguishing factors. Based on the proposals received, Gabridge & Company provides the lowest-cost option for the required audit services, Morgan & Associates represents a mid-range option with simplified pricing, and Maner Costerisan represents a higher-cost option offering significant institutional depth but at a premium price.

Cost Element	Gabridge & Company	Morgan & Associates	Maner Costerisan
FY 2026 Audit (NTE)	$12,070	$20,000	$30,500
FY 2028 Audit (NTE)	$12,800	$21,000	$33,600
Single Audit (if required)	+$6,000	+$1,500	+$5,200–$5,700
F-65 / Act 51 / Qualifying Statement	$3,500–$3,900 in non-audit years (optional)	$2,000 annually	$4,000–$4,500
Fee Structure	Hourly with firm NTE caps	Flat all-inclusive fees	Hourly with NTE caps
Estimated Audit Hours	Not specified (cap-based)	Not specified	154 hours
Hourly Rate Range	$125–$295	$125–$450	$170–$450
Expenses	Limited / some billed separately	Included	No out-of-pocket charges
Overall Cost Position	Lowest	Mid-range	Highest

Recommended Motion:
"To authorize the Village Manager to negotiate a service agreement with _____"

7d. Village Attorney RFQ
Packet Items: CMDA Legal Services Proposal, Olson & Howard Legal Services Proposal, Parker Harvey Legal Services Proposal
Background:
The Village Council directed me in December to publish a Request for Qualifications to procure legal services. The RFQ outlined the Village's expectations for general municipal counsel, including governance advice, ordinance drafting, contract review, land-use and zoning matters,

public meetings and records compliance, intergovernmental agreements, and related litigation or specialty services
The RFQ was publicly advertised, and the Village received multiple responsive proposals from qualified Michigan law firms with experience representing villages and other local units of government. The proposals are included in the Council packet for review .

Analysis:
Each proposal was reviewed for compliance with the RFQ and evaluated using the criteria identified in the RFQ, including demonstrated experience in Michigan municipal law, familiarity with general law villages and small communities, depth and stability of the proposed legal team, responsiveness and availability, proposed fee structure, and overall value to the Village

All responding firms appear to meet the minimum qualification requirements and propose experienced attorneys capable of providing comprehensive municipal legal services. The proposals reflect different firm structures, staffing models, and fee approaches, including hourly billing and monthly retainer options. As contemplated by the RFQ, the Council may elect to interview one or more firms prior to making a final appointment, or may proceed directly to selection based on the written proposals.

Recommendation:
That the Village Council review the submitted proposals and either (a) authorize the Village Manager to schedule interviews with selected firms for further evaluation, or (b) select a firm to serve as Village Attorney and authorize negotiation of a professional services agreement consistent with the RFQ, for subsequent Council approval.

8a. Water Ordinance Amendment
Packet Items: Ordinance 94 with suggested amendments
Background:
At its December 4 Work Session, the Village Council directed me to:

1. Draft revisions to the agenda outline in the Rules of Procedure, to better align council liaison reports with the timing and substance of their subject matter; and
2. Consult with Village Legal Counsel regarding how the Michigan Open Meetings Act (OMA) applies to remote attendance by a Trustee.

Analysis:
The proposed amendments address the following items:

- Clarifies that if water main extension is required for a new connection, the property owner or developer must pay 100% of the extension cost.
- Adds requirement that all water main extensions be approved by the Village and performed under Village supervision, with ownership transferred to the Village upon completion.
- Revises Section 5 to clarify that the owner is responsible for all installation costs from the water main to the building, including excavation, tapping, and restoration.
- Explicitly states that only the Village or its authorized contractor may perform the main tap.
- Clarifies that the Village provides and installs the corporation stop and curb stop, and supplies the meter under the connection fee.
- Removes specific fees and rate schedules from the ordinance and replaced them with a provision authorizing the Village Council to set all rates and fees by resolution.

- Revises maintenance section to explicitly define the split in responsibility: the Village maintains the line up to and including the curb stop; the property owner maintains from the curb stop into the building.
- Recommends consistent terminology (e.g. "service line" instead of multiple terms) and general formatting/definition clean-up.

Discussion:
Please provide feedback with respect to the suggested amendments. We can bring back an ordinance for adoption at the next available Regular Meeting.

8b. Rules of Procedure Amendment
Packet Items: Draft Revised Rules of Procedure, MML Sample Rules of Procedure
Background:
At its December 4 Work Session, the Village Council directed me to:

1. Draft revisions to the agenda outline in the Rules of Procedure, to better align council liaison reports with the timing and substance of their subject matter; and
2. Consult with Village Legal Counsel regarding how the Michigan Open Meetings Act (OMA) applies to remote attendance by a Trustee.

The Council has received a memorandum from Legal Counsel interpreting the OMA. That memo is not included in the public packet, as it is privileged attorney-client communication and exempt from disclosure under FOIA. Based on that legal guidance, I prepared a revised draft of the Rules of Procedure that brings them into alignment with the OMA as it currently stands, which Council discussed at the December 18, 2025 Regular Meeting.

Summary of Proposed, Draft Revisions:
- **Section B.2 – Agenda Format**: Update the meeting agenda outline to place liaison reports in a more contextually appropriate position.
- **Section B.2 – Agenda Items**: Include language that any council member may add items to the regular *and* work session agendas.
- **Section B.5 – Quorum**: Complete the previously unfinished sentence to clarify that any actions taken by a Committee of the Whole in the absence of a quorum are non-binding and advisory.
- **Section B.6 – Attendance at Meetings**: Rewrite to comply with OMA limitations on remote participation, incorporating language on medical, military, and emergency exceptions, and clarifying that Trustees attending remotely outside these exceptions may not deliberate or vote.
- **Section E.4 – Remote Public Comment**: Add new policy section formally allowing public comment by electronic means (e.g. Zoom), while clarifying that this is a voluntary practice and not required under current law.

At the December 18 Regular Meeting the Village Council indicated that you may wish to develop criteria for determining an excused absence. I have reviewed other General Law Village rules of procedure to develop an example of commonly used criteria and a process for determination:
"*An absence may be excused for cause, including illness, injury, surgery/recovery, bereavement, jury duty or other compulsory legal process, military duty, parental leave for birth/adoption, family emergency, hazardous travel conditions, or other comparable extenuating circumstances. Vacation and routine employment conflicts do not constitute cause unless the Council determines*

exceptional circumstances exist. Requests should be made in advance when practicable; emergency circumstances may be reported as soon as reasonably possible. The Council shall determine excused versus unexcused absences by majority vote."

Discussion:
Please provide feedback with respect to your support for the proposed draft revisions, suggested "excused absence" language, and whether you would like to make additional changes.

8c. Village Council – Reduction in Number of Trustees
Packet Items: GLVA Excerpt, MML Sample Ordinance to Reduce the Number of Trustees
Background:
A small village maintaining a full seven-member elected body can be challenging over time. There is a limited pool of eligible candidates in a town with a population of 500. This item is presented for discussion purposes to solicit Council feedback and gauge general support.

The Village Council is authorized under the Michigan General Law Village Act (GLVA) to reduce the number of trustee seats from six (6) to four (4) by ordinance, subject to statutory requirements. Specifically, Chapter II, Section 1(2) of the GLVA (MCL 62.1(2)) allows Council, by a two-thirds (2/3) vote, to adopt an ordinance reducing the number of trustees to four, who together with the Village President would constitute the Council.

Analysis:
1) Statutory authority and process
Under MCL 62.1(2), Council may adopt an ordinance (by 2/3 vote) reducing the number of trustees to four. The GLVA also includes procedural requirements tied to this type of ordinance, including publication of notice of meetings at which the ordinance is considered.

In addition, the GLVA provides that an ordinance adopted under this subsection generally has a delayed effective date (45 days after adoption) and may be subject to a petition and referendum if a qualifying petition is filed within that 45-day window.

2) Effect on current trustee terms and phasing
A reduction does not remove sitting trustees mid-term. The GLVA is explicit that an implementing ordinance may extend but shall not shorten the term of an incumbent trustee. Instead, the two "removed" seats are phased out over time, typically by not filling one or more seats as current terms expire, until the Council reaches the four-trustee structure. The statute also directs that, if trustees are elected for staggered terms, the ordinance should maintain staggered terms as nearly as possible and provide for an equal number of seats to be filled at each election.

If the Village currently fills three trustee seats at each regular election cycle, as is the case in 2026, an ordinance can be structured so that at the first election (2026) after the ordinance becomes effective, the Village would elect fewer than three trustees (for example, two instead of three). Trustee seats up for election in 2026: Cavendish, Cook, Harper.

At the next election cycle in 2028, the Village again elects fewer seats than under the current structure, resulting in a Council that steps down to four trustees total, while preserving staggered terms and avoiding any shortened incumbency. Trustee seats up for election in 2028: Ager, Dean, Ruble.

If needed to preserve the stagger, the statute allows the ordinance to extend a term (but not shorten one).

Discussion Question:
Is there support for moving forward with an ordinance to reduce the number of trustees?

8d. Jerry Spears Slip Agreement
Packet Items: None
Background:
At the December 4, 2025 Work Session meeting the Village Council reviewed and discussed a proposed slip and settlement agreement, which the Village Attorney endorsed, between the Village and Mr. Spears. The purpose of the agreement was to settle the longstanding barter arrangement whereby Mr. Spears has maintained a commercial slip at the marina in exchange for the value of services rendered by him. The Village Council directed me to bring the agreement back for formal approval at the next Regular Meeting, however, Mr. Spears reviewed the agreement and told me that he was unwilling to sign the agreement because he disagrees with the value the Village has assigned to the slip ($12,000, or double the non-commercial per-foot slip fee). Mr. Spears believes the value of the slip for the years 2021-2025 was $10,000 based on conversations with and assurances made by previous Village Manager Jim Dyer. The only formal motion to approve a slip amount of $10,000 was in 2021. Therefore, we are at an impasse and I have not brought the slip and settlement agreement back to Village Council for formal action because Mr. Spears is unwilling to sign. In addition, Mr. Spears has intimated that he may consider taking legal action if the Village does not pay him the amount he believes the Village owes him.

I suggest approving payment to Mr. Spears based on the value of the slip at its published rate (with the exception of 2020 when the Village formally authorized a lower value of $10,000) for the years 2021-2025 without an executed slip and settlement agreement. The Village can then move forward with requiring a commercial slip agreement in exchange for payment based on current 2026 rates.

Discussion:
Please provide feedback with respect to my suggestion. If there is support, we can schedule action for the next Regular Meeting.