

Cass Lake Village Finance Meeting

January 9, 2026

Finance Committee Present: Christopher Letts, Mike Johnson and Marc Edelstein

Residents Present: 22

Meeting was called to order Christopher Letts

Roll Call: 4 Commissioners were present.

Minutes: NONE

Notes Length: Standard

- **Meeting Logistics and Presentation Setup** The meeting experienced initial logistical issues, including an incorrect meeting link, which led to confusion about the schedule, as a previous communication mentioned a Q\&A from 3 to 5 PM. Cass Lake Village Information worked to resolve technical issues related to the presentation, including sharing the file, which they initially believed needed last-minute changes from Chris L. Eventually, the team resolved the issue, enabling the slideshow feature to begin the presentation.
- **Introduction and Finance Committee Role** Christopher Letts introduced himself and the finance committee members, including Mike Johnson and Marc Edelstein. Chris stated the committee's objective is to ensure the village transition is successful by addressing the critical question of revenue, particularly the millage, which homeowners will collectively bear. Chris also thanked attendees for their interest in the community.
- **Necessity for Village Incorporation** The community is becoming a village out of necessity, primarily due to deteriorating and underfunded legacy infrastructure, including roads, bridges, and water systems. The decision was driven by West Bloomfield's announcement in 2020 that they would no longer provide emergency services. Becoming a village shifts responsibility and accountability for infrastructure stewardship locally to the residents, preventing catastrophic failure.
- **Community Value and Infrastructure Risks** Cass Lake Village is highlighted as one of Michigan's most valuable and desirable communities, with home values on Cass Lake ranking in the top five statewide. However, the community faces significant risks due to aging infrastructure, with roads beyond design life and water systems nearing failure. Chris emphasized that deferred maintenance increases costs over time and that infrastructure failure poses risks to safety, mobility, and property values.

- **Reputational Risk of Infrastructure Failure** Becoming a village is a historical event, making Cass Lake Village a public spectacle and a potential blueprint for other communities. This heightened visibility means any catastrophic failure would be highly publicized, exposing homeowners to significant reputational and property value risks, as seen in examples like the Edenville and Sanford dam failure. Chris stressed the need to manage this negative perception.
- **Millage Fund Allocation and Operating Budget** The proposed millage funds are intended to cover the operational budget, infrastructure projects (bridges, water, roads), and enhancements like public spaces and signage. The operational budget, including a reserve fund, requires a millage of roughly 6.6 mills, based on comparisons with Metamora Village. However, this 6.6 mills excludes water expenses, and the road rebuild related to potential water maintenance.
- **Current Reserves and Bridge Funding Challenge** The current HOA reserve is approximately \$1.4 million, not including a new commitment for the point bridge. The proposed 6.6 mills is for operational funding only and does not adequately address the long-term infrastructure needs. Chris detailed that allocating \$170,000 annually from the operating budget would take 70 years to save enough capital to replace the 13 bridges, which are already beyond their expected design life.
- **Risk of Special Assessment District** Without adequate funding, the community risks the state imposing a special assessment district (SAD) for bridge replacement. A SAD could place the full financial burden of a bridge's replacement on nearby residents, leading to massive liability and depressing home values, which the community seeks to avoid by building a reserve fund over time.
- **Proposed 10 Millage Rate and Comparison to Other Villages** The finance committee is recommending a 10-mill millage, which is in line with comparable Michigan villages with fewer than a thousand people, such as Metamora (9.6 mills) and Otisville (10.2 mills). A 10-mill rate translates to an additional \$1,000 per year for every \$100,000 of taxable value. Chris clarified that other villages also incur separate water expenses, meaning the 10-mill rate is comparable for supporting infrastructure and village initiatives.
- **Addressing Community Concerns on Cost and Fairness** The finance committee acknowledged concerns that 10 mills is high but maintained it is market-aligned and necessary to start addressing infrastructure needs. A resident raised a concern about the fairness of a flat-water bill combined with property-value-based millage, stating that they were told all costs would be based on property value. Chris stated that the finance committee would investigate issues like water meters to possibly base the water bill on usage and reduce the high sewage rate.

- **Role of Government Subsidies and Need for Revenue** While the village will pursue government subsidies and grants, Chris stressed that these often require matching funds or take the form of loan forgiveness, necessitating that the community provide initial capital. Having the millage revenue stream is crucial for servicing debt and qualifying for loans to finance repairs. The committee emphasized that the 10 mills are designed to keep the lights on and fund bridges, not fully replace the entire water system or all roads, highlighting that further funds will be needed.
- **Upside Potential and Taxable Value Impact** Chris addressed the concern that increased taxes might deter new residents, arguing that successfully addressing infrastructure issues will lead to significant property value appreciation, outweighing the tax increase. Conversely, publicly known underfunding or a catastrophic failure would significantly depress property values. For a home with the average State Equalized Value (SEV) of \$156,000, a 10-mill tax would cost an additional \$1,560, plus an estimated \$800 water bill, totaling about \$2,360 more than current payments. (Current water bill of \$1200 goes away)
- **Breakdown of the 6.5 to 10 Millage Increase** A question was raised about the jump from a proposed 6.5 mills to 10 mills. Chris explained that the 6.5 mills covered the operating budget and a reserve fund, which is separate from long-term capital expenditure. The remaining 3.5 to 4.5 mills are specifically allocated to long-term infrastructure commitments, notably the bridge funding, to shorten the replacement timeline from 70 years.
- **Proposed Millage and Infrastructure Investment** Cass Lake Village Information emphasized that the proposed 10 mills reflect the actual cost of improving the village's infrastructure, safety, reputation, and property values, describing it as an investment in the community's future. The recommendation from the finance committee is to use the generated revenue for its specific purpose, with oversight measures including annual capital improvement reports, regular updates, and a robust finance committee to ensure accountability and track dollars. The earliest possible vote on the charter, which includes the millage, is in August, with the village tax potentially engaging in 2027.
- **Water System and Financial Accumulation** The vulnerability of the water system, evidenced by a full day without water, was highlighted as a "catastrophic time bomb". Cass Lake Village Information confirmed that the water bill will be usage-based, which is considered the most equitable method. Accumulating funds to address critical infrastructure issues like the \$8 million estimated cost for a whole water system is challenging, as the community does not currently have enough capital for such a large loan even if it were to qualify.
- **Addressing Critical Infrastructure Needs** The 10-mill proposal prioritizes long-term capital improvement, which includes the water system and the bridge. Cass Lake Village Information noted that the HOA board has been submitting for a revolving fund loan for years, but this process is slow, emphasizing the need to

become a village to better qualify for necessary funds and loans. The committee is exploring options like a credit facility to address infrastructure concerns, especially since matching funds or grants may take years to secure.

- **Transition from HOA Fees to Village Taxes** Cass Lake Village Information clarified the transition from the \$1,200 annual HOA fee to the village tax structure. **They explained that the \$1,200 HOA collection will stop completely upon the transition to a charter. Instead of the HOA fee, residents will pay a millage tax and an additional water bill as a utility fee, distinct from the millage.**
- **Village Budget and Financial Breakdown** Concerns about the millage only "keeping the lights on" were raised. Cass Lake Village Information clarified that the proposed millage includes an operating reserve. The 10 mills is broken down into approximately 6.6% for the operating budget and an additional 3.4% for capital expenditures. Brik asked about the operating budget covering services and people's salaries, which Cass Lake Village Information confirmed are line items within the operating budget component of the millage.
- **Communication Strategy and Special Assessments** Cass Lake Village Information was advised to simplify the financial breakdown and provide a clear example for residents, showing the total tax burden (Westfield Township tax + village millage + water bill) and contrasting it with the elimination of the \$1,200 HOA fee. The alternative to becoming a village is severe special assessments, which could range from \$40,000 to hundreds of thousands of dollars per home for repairs like the water system or bridge, potentially leading to home loss for those who cannot afford them.
- **Maximum Millage Rate and Decision-Making Authority** Cass Lake Village Information clarified that the finance committee's formal recommendation is to operate at a 10-mill rate, while the charter will set the *maximum* rate. A maximum millage rate of 20, the maximum allowed by the state of Michigan, was discussed to provide the village council feasibility without needing a charter amendment for future increases. Kathy voiced concern that setting the maximum too high, like 20 mills, could cause the entire charter to fail in a vote.
- **Transparency and Community Engagement** The process of establishing the village budget includes open and public budget hearings. Cass Lake Village Information stressed the need for community members to communicate with disengaged neighbors to ensure they understand the information and the dire consequences of inaction. The finance committee acknowledged they lack deep experience in budgeting for a village and are grateful for the support received, especially from officials in Metamora.

Suggested next steps

- ✓ Cass Lake Village Information will articulate the operating reserve and break it out in the budget sheet.

- ✓ Cass Lake Village Information will provide a summary slide that includes an example with a \$200,000 assessed value, adds the water bill, shows that the \$1,200 neighborhood HOA fee will no longer be collected, and points out the estimated bill amount for a special assessment if the village is not established.
- ✓ Cass Lake Village Information will make the budget document and the maximum millage rates in the charters of the other referenced villages available on the website.

<https://bsaonline.com/>, which will reference all municipal information.