
[city commissioners] Additional Budget Q+A

Benjamin Marentette <bmarentette@traversecitymi.gov>
Reply-To: bmarentette@traversecitymi.gov
To: CityCommissioners_Group <citycommissioners@traversecitymi.gov>
Cc: Heidi Scheppe <hscheppe@traversecitymi.gov>

Mon, May 18, 2026 at 3:13 PM

Hello City Commission,

I need to correct my statement in Question #1. The proposed FY 26/27 budget does not include a \$1.2 million appropriation to MERS for our pension liability.

The takeaway is this: We will work with the City Commission Ad Hoc Committee (to be formed in September) to review the Fund Balance Policy and targeted uses for the fund balance as projected in the upcoming fiscal years. For additional clarification, please see the attached email from City Treasurer/Finance Director Heidi Scheppe.

Sarah, please ensure this email and attachment are added to the budget page on the city's website.



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197K



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Additional Budget Q+A

Heidi Scheppe <hscheppe@traversecitymi.gov>

Mon, May 18, 2026 at 3:06 PM

To: Benjamin Marentette <bmarentette@traversecitymi.gov>

It appears there was a miscommunication regarding which year's fund balance was used for the MERS payment. For clarification the 25/26 budget includes a \$1,200,000 contribution to MERS. This payment, along with the transfer to the budget stabilization fund accounts for the 2025/2026 fiscal year's use of the fund balance shown on page 54 of the budget document. Without those 2 transactions, we project coming very close to breaking even this year. The MERS payment was approved on April 20, 2026 and the payment was made on April 24, 2026.

The FY 26/27 budget does not include an additional 1.2 million. The FY 2026/27 use of the fund balance reflects several key factors: the budget stabilization transfer, rising personnel costs, earmarking of funds for Complete streets/homelessness, and funding for one-time identified capital improvement projects.

The budget stabilization transfer is intended as a temporary placeholder to minimize immediate reductions while the ad hoc committee reviews the policy and considers potential recommendations.

Personnel costs continue to trend upward due to negotiated wages, contractual obligations, and benefit increases. The City remains cautious about adding permanent positions because of the long-term legacy costs associated with staffing. Future workforce reductions and operational efficiencies will be evaluated as retirements occur, with each position reviewed to ensure alignment with Commission goals and service needs. For FY 2026/27 specifically, the General Fund contribution to the Fire Department Fund is expected to come in below budget if current vacancies remain unfilled by July 1, 2026, which is likely.

From a long-term financial perspective, both revenues and expenditures must be closely monitored to avoid committing to fixed costs that outpace revenue growth. The FY 2026/27 budget includes significant reductions from initial departmental requests to maintain financial stability, and this will remain an ongoing focus as the City continues to grow.

Thank you, Heidi

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