

Kalamazoo Lake Harbor Authority

Douglas City, Saugatuck, & Saugatuck Township

AGENDA

**JOINT MEETING OF THE KALAMAZOO LAKE HARBOR AUTHORITY
DOUGLAS CITY COUNCIL
SAUGATUCK CITY COUNCIL
SAUGATUCK TOWNSHIP BOARD
415 W. WILEY RD, STE 103, DOUGLAS, MI 49406
Tuesday, October 6, 2026 – 6:00 p.m.**

View remotely, online or by phone –

Join online by visiting: <https://us02web.zoom.us/j/84478750567>

Join by phone by dialing: +1 (312) 626-6799, then enter “Meeting ID”: 844 7875 0567

- 1. Call to Order**
- 2. New Business/Discussion:**
 - A. Kalamazoo Lake Harbor Authority (KLHA) Governance, Role, and Future Direction**
- 3. Public Communication – Verbal (limit of 3-minutes)**
- 4. Authority Member Comments**
- 5. Adjournment**



Case Studies

Similar Agencies with Comparable Legal Organization to the KLHA ACT 7 Interlocal Cooperation Agreement

The Kalamazoo Lake Harbor Authority (KLHA) operates within a uniquely powerful statutory framework that blends interlocal cooperation, harbor governance, lake-improvement authority, and district-based economic development tools. This combination—rooted in Act 7, Act 451, and Act 94—positions KLHA as one of the most comprehensive waterfront governance entities in the Great Lakes region. To contextualize KLHA's role and illuminate best-practice models for its development, this section presents a set of comparable case studies drawn from established waterfront authorities and redevelopment organizations across the Great Lakes.

These case studies were selected because they demonstrate how public bodies have successfully integrated harbor operations, water-resource management, public-realm investment, and economic development within complex waterfront environments. While no single organization mirrors KLHA's full legal architecture, each provides instructive parallels in governance structure, financing mechanisms, intergovernmental coordination, and the activation of waterfront assets as economic drivers.

Together, these comparables offer KLHA's board a clear view of how peer organizations have leveraged statutory powers, partnerships, and district-based tools to strengthen navigational safety, enhance environmental quality, expand public access, and catalyze waterfront-adjacent investment. They also highlight the strategic advantages KLHA possesses as a hybrid authority—one capable of unifying harbor management, lake improvements, and economic development within a single interlocal entity.

The following case studies serve as reference points for KLHA's strategic direction, illustrating proven models that can inform its governance, planning, financing, and partnership strategies as it advances a coordinated vision for the Kalamazoo Lake and Kalamazoo River corridor.



Detroit/Wayne County Port Authority (DWCPA)

Why it's comparable

- Harbor/port governance: DWCPA is a public body corporate responsible for port and waterfront facilities along the Detroit River, part of the Great Lakes–St. Lawrence Seaway system.
- Economic development overlay: It combines navigational/port powers with explicit economic development, marketing, and real estate-related functions.

Legal and structural setup

- Enabling law:
Created under Michigan port authority statutes as a public body corporate; not an Act 7 entity, but similar in that it is a separate governmental authority with its own board.
- Geography:
Detroit River waterfront and associated port facilities—Great Lakes connected harbor system.
- Board:
Appointed by the City of Detroit and Wayne County, with representation that reflects intergovernmental interests.

Authorities

- Port and harbor operations:
Manage and promote port facilities, marine terminals, and related infrastructure.
Coordinate with U.S. and Canadian agencies on navigation and safety.
- Economic development:
Market the port and waterfront for trade, logistics, and cruise/tourism.
Enter into development agreements and leases for waterfront property.
- Financing tools:
Issue revenue bonds, collect fees and leases, and leverage grants.

Relevance to KLHA

DWCPA is a strong comparator for KLHA's "harbor + economic development" identity—a public body corporate that treats the waterfront as both a navigational asset and an economic engine.

KLHA's interlocal Act 7 structure and inland-lake focus are different, but DWCPA gives you a Great Lakes precedent for combining harbor governance with development powers.



Grand Traverse County Brownfield Redevelopment Authority (GTBRA)

(Boardman Lake & waterfront projects)

Why it's comparable

- Waterfront + TIF + economic development: GTBRA has used brownfield TIF to support redevelopment around Boardman Lake and other waterfront areas in Traverse City, tying water-adjacent public improvements to upland economic development.
- While it's not a "water resource improvement authority" per se, its district-based TIF financing for waterfront-linked projects parallels KLHA's Act 94 toolkit.

Legal and structural setup

- Enabling law:
Michigan Brownfield Redevelopment Financing Act; GTBRA is a county-level public authority.
- Geography:
Brownfield plan areas that include portions of Boardman Lake shoreline and adjacent urban parcels.
- Board
Appointed by Grand Traverse County; works closely with Traverse City and local developers.

Authorities

- Planning and TIF:
Adopt brownfield plans that define project areas, eligible activities, and TIF capture.
Use TIF revenues to fund public infrastructure, environmental remediation, and site preparation.
- Waterfront-linked improvements:
Support trail, park, and infrastructure projects around Boardman Lake and the riverfront that enhance public access and property values.
- Economic development:
Catalyze private investment in mixed-use, residential, and commercial projects adjacent to water resources.

Relevance to KLHA

GTBRA is a useful comparator for how a public authority uses TIF to connect water-adjacent public improvements with upland economic development.

KLHA's legal basis (Act 7 + Act 451 + Act 94) is different, but the functional pattern—waterfront improvements + TIF + development—is similar, especially within a Great Lakes tourism and recreation context.



Huron-Clinton Metropolitan Authority (HCMA)

Why it's comparable

- Regional, multi-county public body corporate managing major water-based recreation assets (lakes, rivers, and Great Lakes-adjacent parks).
- Shows how a multi-jurisdiction authority can coordinate water resource, recreation, and economic/tourism benefits across a large geography.

Legal and structural setup

- Enabling law:
Michigan Metropolitan Authorities Act; HCMA is a public body corporate created by multiple counties.
- Geography:
Five-county region in Southeast Michigan, including parks along the Huron and Clinton Rivers and near Lake St. Clair.
- Board:
Representatives from member counties; regional governance model.

Authorities

- Water-based recreation and conservation:
Develop and operate parks, marinas, trails, and water-access facilities.
Undertake conservation and habitat projects around lakes and rivers.
- Financing:
Funded by a regional property tax millage, user fees, and grants.
- Economic/tourism impact:
Drives regional tourism, outdoor recreation, and associated spending.

Relevance to KLHA

HCMA is a strong comparator for multi-jurisdiction governance of water-centric assets and the idea that water resource improvements are economic development tools.

KLHA is smaller and more focused (Kalamazoo Lake, River and adjacent Communities), but HCMA offers a Great Lakes-region precedent for regional water-recreation authorities with economic impact framing.



Detroit Riverfront Conservancy

(paired with public authorities)

Why it's comparable

- While technically a nonprofit, the Conservancy operates in tight partnership with public authorities (City of Detroit, DWCPA, state agencies) to redevelop and manage the Detroit River waterfront.
- It's a case study in integrated waterfront governance, public-private financing, and economic development along a Great Lakes-connected river.

Legal and structural setup

- Entity type:
Nonprofit conservancy; works under agreements with public bodies.
- Geography:
Detroit Riverfront from the Ambassador Bridge to Belle Isle.
- Governance:
Board with public, private, and philanthropic representation.

Authorities (via partnership)

- Planning and development:
Lead design and implementation of riverfront parks, trails, and public spaces.
- Financing:
Blend public funds (including TIF in some adjacent districts), philanthropic capital, and private investment.
- Economic development:
Catalyze adjacent residential, commercial, and mixed-use development; enhance tourism and quality of life.

Relevance to KLHA

Not a statutory twin, but a powerful functional comparator: water-adjacent public realm improvements, coordinated with economic development and private investment, in a Great Lakes riverfront context.

KLHA could look to this model for partnership structures—how a public authority can work with a nonprofit or private partners to deliver waterfront projects and leverage its statutory powers.



DRAFT Strategic Positioning Statement for the Kalamazoo Lake Harbor Authority (KLHA)

The Kalamazoo Lake Harbor Authority is positioned to serve as the region's unified steward of waterfront vitality—integrating harbor operations, lake health, and economic development within a single interlocal governance structure. KLHA's statutory foundation under Act 7, Act 451, and Act 94 enables a level of coordination, authority, and financial capability unmatched by traditional lake boards, harbor commissions, or municipal departments in the Great Lakes region.

KLHA's strategic role is to protect, enhance, and activate the Kalamazoo Lake and Kalamazoo River waterfront as a shared regional asset, ensuring that environmental quality, navigational safety, public access, and economic opportunity advance together rather than in isolation. By combining harbor management powers with water-resource improvement tools and district-based financing, KLHA is uniquely equipped to deliver projects that strengthen ecological resilience, expand recreational use, and catalyze waterfront-adjacent investment.

As a multi-jurisdiction authority, KLHA provides the governance platform necessary to align Saugatuck, Douglas, Saugatuck Township, and regional partners around a common vision for the lake and river corridor. This interlocal structure positions KLHA as the central convener for planning, permitting, infrastructure coordination, and stakeholder engagement across municipal boundaries.

KLHA's strategic posture is forward-looking: to leverage its statutory powers, financing tools, and regional partnerships to build a safe, navigable, environmentally healthy, economically vibrant, and publicly accessible waterfront that supports residents, visitors, and businesses alike. In doing so, KLHA becomes not only a manager of the present waterfront but a catalyst for its long-term transformation.



General Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible and they are believed to be reliable. This study is based on estimates, assumptions and other information developed by Vetter Consulting Enterprises LLC from its independent research effort, general knowledge of the industry, and consultations with the Client and the Client's representatives. No responsibility is assumed for inaccuracies in reporting by the Client, the Client's agent, and representatives or any other data source used in preparing or presenting this study. No warranty or representation is made by Vetter Consulting Enterprises LLC that any of the project values or results contained in this study will actually be achieved.

The fee Vetter Consulting Enterprises LLC received for undertaking this project is in no way dependent upon the specific conclusions reached in this report. Vetter Consulting Enterprises LLC has no financial interest in the project.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Vetter Consulting Enterprises LLC" in any manner. No abstracting, excerpting, or summarization of this study may be made. This study is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client. This study may not be used for purposes other than that for which it is prepared. Exceptions to these restrictions may be permitted after obtaining prior written consent from Vetter Consulting Enterprises LLC.

It is understood by VCE that the findings of this report are the proprietary property of the client and they will not be made available to any other organization or individual without the consent of the client.

Vetter Consulting Enterprises LLC understands that the client may publish this report under the agreement that Vetter Consulting Enterprises LLC and its contractors will be indemnified against any losses, claims, damages and liabilities under federal and state securities laws which may arise as a result of statements or omissions in public or private offerings of securities.

It is agreed by the client that payment for the services of VCE is due upon receipt of the invoice; that full payment is due upon receipt of the completed report; and that VCE has the right to withhold delivery of the final report pending receipt of any overdue payments.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.



Saugatuck/Douglas/Saugatuck Township Economic Impact Study Proposal/Work Scope

Cost Benefit Analysis (CBA)

Cost Benefit Analysis (CBA) is a systematic approach used to evaluate the strengths and weaknesses of a site, facility, development, etc. by comparing their costs and benefits. It helps decision-makers determine the best course of action by quantifying and comparing the positive and negative impacts of a project, policy, or investment.

While the costs of maintaining Kalamazoo Lake and the surrounding public recreation infrastructure is known, the benefits or economic and fiscal impacts have yet to be determined. The following proposal/work scope outline covers the benefit assessment of Kalamazoo Lake. This will help Saugatuck, Douglas and Saugatuck Township to determine if continued maintenance and investment Kalamazoo Lake and the related recreational infrastructure is justified and supported by generated fiscal and other community benefits.

Kalamazoo Lake—connecting Saugatuck, Douglas, Saugatuck Township and the Kalamazoo River—sits at the heart of one of Michigan’s most important tourism corridors. The lake supports boating, paddling, fishing, waterfront dining, marinas, charter services, and access to Lake Michigan.

The region’s outdoor recreation economy is a major contributor to the local GDP, employment, and tourism sector. Previous plans such as the 2024 Tri-Community-Parks and Recreation plan are highlighting the economic importance of recreational boating and harbor assets in this area.

This proposal outlines a comprehensive Economic and Fiscal Impact Assessment to quantify the value of lake-based recreation and tourism around Kalamazoo Lake and evaluate the return on investment for improvements and maintenance such as, dredging, access upgrades, or marina expansions.

Work Scope Phase 1

Cost Benefit Analysis (CBA)

Cost Benefit Analysis (CBA) is a systematic approach used to evaluate the strengths and weaknesses of a site, facility, development, etc. by comparing their costs and benefits. It helps decision-makers determine the best course of action by quantifying and comparing the positive and negative impacts of a project, policy, or investment.

While the costs of maintaining Kalamazoo Lake and the surrounding public recreation infrastructure is known, the benefits or economic and fiscal impacts have yet to be determined. The following proposal/work scope outline covers Phase 1 of the benefit assessment of Kalamazoo Lake. This will help Saugatuck, Douglas and Saugatuck Township to determine if a continued maintenance and investment in Kalamazoo Lake and the related recreational infrastructure is justified and supported by generated fiscal and other community benefits.

Kalamazoo Lake—connecting Saugatuck, Douglas, Saugatuck Township and the Kalamazoo River—sits at the heart of one of Michigan’s most important tourism corridors. The lake supports boating, paddling, fishing, waterfront dining, marinas, charter services, and access to Lake Michigan.

The region’s outdoor recreation economy is a major contributor to the local GDP, employment, and tourism sector. Previous plans such as the 2024 Tri-Community-Parks and Recreation plan are highlighting the economic importance of recreational boating and harbor assets in this area.

A comprehensive Economic and Fiscal Impact Assessment will quantify the value of lake-based recreation and tourism around Kalamazoo Lake and evaluate the return on investment for improvements and maintenance such as, dredging, access upgrades, or marina expansions.

Phase 1 Work Scope

Kalamazoo Lake is a regional anchor for boating, waterfront tourism, and outdoor recreation. Michigan’s outdoor recreation economy is a major contributor to statewide GDP and employment, and Saugatuck’s harbor planning documents emphasize the economic importance of maintaining navigability, access, and recreational infrastructure. An economic and fiscal impact assessment will help local governments, harbor authorities, and regional partners make informed decisions about:

- Dredging and sediment management
- Marina and harbor upgrades
- Access improvements
- Tourism development strategies

Task 1. Project Initiation, Project and Existing Document Review, Stakeholder Interviews

This ensures that we gain a thorough understanding of the client’s objectives and goals, the project area, identify stakeholders, previous similar projects and related studies, and local data sources helpful in this comprehensive assessment. The key objectives are to collect traceable data/inputs for the impact assessment

Furthermore, this task will clarify elements in the scope of services to ensure that the key factors are considered in the following phases and provide us with additional insight and background information related to the project. An orientation visit will be held with the client to review and discuss:

- Ask about the client organization, objectives, priorities, background, and any key relationships that we should be sure to honor
- Review the proposed project process, priority objectives and desired products and finalize the initial project scope, schedule, and responsibilities
- Identify local and regional data sources for recent ongoing and anticipated recreation and leisure activities e.g. 2024 Tri-Community-Parks and Recreation Plan, 2024 Economic Impact of Visitors to Michigan, Michigan Lodging Report



- Identify, obtain and evaluate previously completed reports such as tourism market studies, harbor management plans, parks and recreation plan, comprehensive and downtown plans, studies on visitor spending for lodging, transportation, food, beverage, merchandise (to help arrive at a per cap expenditure) and current and applicable local/state tax rates related to this project, e.g. use, sales, restaurant, property, and transient tax when applicable.
- Identify local resources for demographic and market data to supplement our sources and determine what additional information and data must be collected e.g. local tourism organization, chamber of commerce, local realtors, business organizations, etc.
- Develop an understanding of the involvement and availability of the client and local stakeholders for this project,
- In collaboration with the client, identify stakeholders that we should talk to

Stakeholder interviews will be conducted, either in-person when onsite, or online. Potential stakeholders may include:

- Elected officials (towns, cities, and counties), staff from relevant departments
- Saugatuck–Douglas Chamber of Commerce, Saugatuck–Douglas Convention & Visitors Bureau (CVB),
- Local Business & Civic Collaboration Groups
- Tourism and business development agencies and departments as Saugatuck Douglas Tourism
- Economic development agencies and departments, e.g. Douglas Downtown Development Authority (DDA), Tri Community Planning Partners (Saugatuck, Douglas, Saugatuck Township),

This will help us to gain a complete understanding of the project, the goals that this effort should achieve, lay the groundwork for a detailed impact assessment, identify further data and information needs and streamline our efforts in terms of timeline and fee for subsequent phases.

Deliverable: Project Work Plan, Data Gaps/Needs & Stakeholder Engagement Summary



Proposed Schedule

Again, we want this proposal to meet your needs as closely as possible; therefore, it is subject to modification in scope, budget, and services based upon further discussion with you, the client.

Taking the current workload into account, phase 1 as outlined can be completed **within 4 weeks** to a final report level, based on availability, prompt scheduling of meetings, and timely responses from the client, its representatives, elected officials, community leaders and stakeholders that are vital to the project, not including any additional time for client review and comment.

Proposed Project Fee

We propose a **three-day/two-night** visit, to meet with you, the client, tour the area and lake related facilities, review available data and collect stakeholder input.

The fee for this work is **\$7,750** including travel expenses.

Project Fee Schedule	
Phase 1 Completed and Paid in Full	Fee
Project Initiation, Project and Existing Document Review, Stakeholder Interviews	\$7,000.00
Expenses (Travel, Rental Car, Hotel, M&IE based on GSA) 3 days/2 nights visit	\$750.00
Total	\$7,750.00

The project fee, Phase 1 will be billed as follows:

- First invoice of \$2,750.00 billed & due with the signed contract
- Final invoice of \$5,000.00 billed & due with the final report



Work Scope Phase 2

Task 2: Data Collection and Information for Model Input (Market Assessment)

Understanding the Markets. We will collect and synthesize relevant tourism, economic and socio-demographic data. Currently, our list is divided into the following categories:

- Tourism and Visitor data, number, spending, activities, length of stay, origin, recreation demand with a focus on lake related activities such as boating and sailing, kayaking/paddling, fishing, lakeside festivals and waterfront recreation, and waterfront restaurants and retail
- Community context and existing conditions, including, demographics and economics, such as employment by economic sector, types and number of businesses conditions, evaluate and generally summarize the area's existing demographics, economic and business climate/environment that will help define implications for this impact assessment
- Property value impacts - lakefront and lake view locations typically increase property values due to their unique appeal, scenic beauty, lifestyle benefits, and scarcity. Such properties often sell at a premium compared to similar non-waterfront properties. Key factors influencing this premium include the quality and unobstructed nature of a lake view, access to recreational amenities like docks or beaches, and the exclusivity of waterfront access. Overall, lakefront properties tend to attract higher demand and show strong long-term appreciation.
- Impacts on the community including job growth, environmental benefits, housing, impact on availability of goods and services, and other qualitative and quantitative measures that will arise during the analysis.

The results will help define and refine the inputs for the economic impact assessment

Task 3: Economic and Fiscal Impact Assessment

An impact analysis begins by identifying the economic activity, such as capital improvement projects operational expenditures, expenditures on programs, or increased sales from a new initiative. Such activity is then assigned to the appropriate industry/economic sector.

The underlying economic rationale is that new expenditures in a region drive the demand for goods and services and lead to economic growth. The logic of the model is that any additional demand in any economic sector or institution triggers economic responses from other sectors and institutions through the linkages in an input-output matrix. This is often called the ripple effect since it is similar to the cascade of waves that form when a stone is thrown into a lake.

The economic and fiscal impact of any project in its surrounding community is measured by deviation in economic activity (output), and the associated changes in jobs (employment), income (wages), and related tax revenues.

As a dollar flows through an economy, it touches various industries, some local and some non-local. The portion of a dollar spent locally turns over again. At each iteration, a portion of the economic activity spurs additional economic activity in the area, while some of the economic activity "leaks" to another area. The multipliers capture this iterative process until the whole dollar is "leaked."



While the dollar “ripples” through the local economy, it has different effects in different economic sectors that are determined by a multiplier. A large impact area (such as a state) or an economically diverse area (such as an urban center) may have higher multipliers because a greater portion of activity required to support the change in final demand would come from within the impact area’s boundaries. For a small impact area, a rural impact area, or a less diverse economy such as a single county or zip code, multipliers could be lower.

The impact model includes information from different industries, generally at the three- or four-digit level called Standard Industrial Classification (SIC) or North American Industry Classification System (NAICS) codes. The multipliers are then selected based on the impact area’s geography and are applied to each industry sector present in the defined impact area to calculate impacts.

For example - Initially, the construction of a development/project will generate economic impacts for local and distant materials and equipment companies, construction companies and their employees, and fiscal (sales and employment taxes) impacts for local and state government. These impacts will, in turn, generate indirect and induced impacts throughout the local economy as the direct expenditures ricochet throughout the local economy. Once open, a development/project’s operational budget will be largely spent locally on materials and labor (salary) creating economic and fiscal impacts that result, in turn, with indirect and induced impacts.

The majority of impact assessments are done by utilizing either IMPLAN or RIMS II multipliers, which are available from the US Bureau of Economic Analysis and will determine impacts. Because IMPLAN is based on RIMS II and significantly higher priced, VCE will utilize RIMS II multipliers for this assessment.

There are two principal types of impacts:

- one-time impacts, such as those associated with a construction project, which end when the construction is completed, and
- ongoing impacts that continue annually, such as those from the operation of a long-standing program or facility and spending from visitation to a facility and participation in an event or program there (tourism)

Assessment elements will include:

- Direct Benefits and Costs – estimate direct employment, earnings, operational spending, potential tax revenue, and retail sales captured by the development.
- Multiplier Impacts – include an assessment of the multiplier impact of the proposed development, focusing on the re-spending of direct economic activity in the local economy, which will support additional jobs and wages.



There are three levels of impact in the model.

Direct Impact

A direct impact is the change in sales, income, and jobs in those businesses or agencies that directly receive revenues from the agency or program. For example, the economic activity of the construction company building a new attraction would be a direct impact.

Indirect Impact

An indirect impact is the change in sales, income, and jobs in those businesses or agencies that supply the businesses or agencies receiving direct impacts. For example, if a steel fabrication plant in the impact area produces the steel that is sold to the construction company, the economic activity at the steel manufacturing plant is an indirect impact.

Induced Impact

Induced impact measures ripple effects of wages in the local economy. As employees are paid by the businesses and agencies directly or indirectly impacted, there is an increase in household income, which is then spent, at least in part, in the impact area, which represents the induced impact.

The result of all of the three types of impacts above is the total economic impact -- the sum of direct, indirect, and induced impacts and are measured in changes to the economic activity (output), and the associated changes in jobs (employment), income (wages), and related state and local tax revenues.

This is an economic model; thus, it does not measure social impacts such as the increase in quality of life, or becoming a more attractive community to live in. It also does not account for follow-up investments or synergy effects that are likely to happen because of the lakefront amenities.

This assessment will estimate fiscal and economic benefits associated with Kalamazoo Lake. The results of the impact analyses may assist to determine if the cost of maintaining and improving the lake and its recreational amenities are create enough benefits for the communities to support and cover the costs associated.

Task 4: Review and Final Report

All tasks, results, recommendations, and conclusions will be shown and summarized in a final report. An initial detailed report will be prepared for review and internal use and then reissued as a final report including an executive summary.



Proposed Schedule

Again, we want this proposal to meet your needs as closely as possible; therefore, it is subject to modification in scope, budget, and services based upon further discussion with you, the client.

The proposed preliminary schedule is based on availability and accuracy of data, prompt scheduling of meetings, and timely responses from the client, its representatives, elected officials, and community leaders that are vital to the project. Taking the current workload into account, the project can be completed **within 8 -10 weeks** to a final report level, not including any additional time for client review and comment.

VCE proposes to have bi-weekly conference calls (Zoom, Teams, Webex) with the client for the duration of the project line to keep the project, quality, research, and analysis on track, and to review draft reports with the client.

VCE consultants, as well as additional staff, will be available throughout the project to guarantee a thorough and timely execution and completion of the project.

We will stay engaged until all study components are completed to the client's satisfaction.

Project Fee

Project Fee Schedule	
Saugatuck/Douglas/Saugatuck Township Economic Impact Study	Fee
Phase 2	
Task 2. Data Collection and Information for Model Input (Market Assessment & Volume)	\$4,000.00
Task 3. Economic and Fiscal Impact Assessment	\$4,000.00
Task 4. Final Report	\$250.00
Expenses (Travel, Data, Multipliers)	\$750.00
Phase 2 Total	\$9,000.00

The project fee, Phase 2, will be billed as follows:

- First invoice of \$3,000.00 billed & due with the signed contract
- Final invoice of \$6,000.00 billed & due with the final report



Proposal Execution Phase 2(Contract)

To execute this proposal, please sign below and return an original including the first payment of \$3,000.00 to the following address:

Christian Vetter
Vetter Consulting Enterprises, LLC
7424 South Calumet Ave
Chicago, IL 60619

We accept Check and ACH Payments, Zelle Transfers, Direct Deposit, and Wire Transfers. Make all checks payable to **Vetter Consulting Enterprises, LLC**

Please note that VCE reports are prepared as advisory reports for our direct clients. We cannot and do not accept any responsibility for the use of VCE reports beyond that.

Proof of Professional Liability Insurance is available upon request.

The Standard Addendum at the back of this proposal is included by this mention.

Sincerely,

Christian Vetter, Principal
Vetter Consulting Enterprises, LLC

I accept terms outlined above:

Name – Signature

Date

Name – Printed

Position/Representing _____



**VETTER CONSULTING ENTERPRISES, LLC
STANDARD PROPOSAL ADDENDUM**

It is understood by the client that Vetter Consulting Enterprises LLC (VCE) can make no guarantees concerning the recommendations that will result from the assignment since these recommendations must be based upon facts discovered by VCE during the course of the study and those conditions existing as of the date of the report.

To protect you and other clients, and to assure that the research results of VCE's work will continue to be accepted as objective and impartial by the business community, it is understood that our fee for the undertaking of this project is in no way dependent upon the specific conclusions reached or the nature of the advice given by us in our report to you.

It is agreed by the client that the report is not to be used in conjunction with any public or private offering of debt or equity securities without prior written consent.

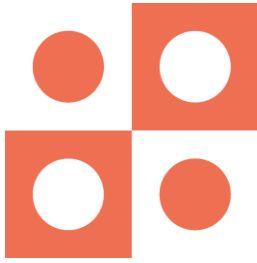
It is further agreed that the client will indemnify VCE against any losses, claims, damages, and liabilities under federal and state securities laws that may arise as a result of statements or omissions in public or private offerings of securities.

It is agreed by the client that payment for the services of VCE is due upon receipt of the invoice; that full payment is due upon receipt of the completed report; and that VCE has the right to withhold delivery of the final report pending receipt of any overdue payments.

It is further agreed by the client that the report will be presented to third parties in its entirety and that no abstracting of the report will be made without first obtaining the permission of VCE.

It is understood by VCE that the findings of this report are the proprietary property of the client and they will not be made available to any other organization or individual without the consent of the client.

This proposal will remain in force for a period of 60 days from the date shown hereon.



Vetter Consulting Enterprises LLC

Markets-Feasibility-Economics

Final Report
Kalamazoo Lake - Impact Assessment - Phase 1
Communities of
Saugatuck, Douglas & Saugatuck Township, Michigan

Submitted to:
Kalamazoo Lake Harbor Authority
City of Saugatuck
Town Hall,
102 Butler St.
Saugatuck, MI 49453

Submitted by:
Vetter Consulting Enterprises, LLC

Tuesday, July 28, 2026

Table of Contents

Table of Contents	2
Introduction	3
Why Kalamazoo Lake Matters	3
Impacts	3
Findings - Previous Study Review and Stakeholder Interviews	4
Recreation, Access, and Public Use Impacts	4
Economic & Fiscal Impacts	4
Governance, Coordination & Planning Impacts	5
Community & Quality-of-Life Impacts	5
Impact Findings Summary Tables	6
Local Comparison - Second-Home Markets in West Michigan	8
Kalamazoo Lake Harbor Authority (KLHA)	10
Vision Statement	10
Mission Statement	10
Strategic Role	10
Core Strategic Roles	11
Suggested 10-Year Roadmap: Developing, Growing, and Strengthening KLHA's Role	11
Demographics – Key Indicators	14
Case Studies of Great Lakes Harbor Governance Models	16
How Comparable Communities Structure, Fund, and Operate Harbor Authorities	16
Why These Case Studies Matter for KLHA	17
Summary Great Lakes Region Harbor Authorities Case Studies	18
Key Implications for the KLHA	19
Case Study: Michigan City (IN) Port Authority	20
Case Study: Manistee (MI) Harbor Commission	24
Case Study: Charlevoix (MI) Harbor Authority	27
Case Study: Alpena (MI) Harbor Advisory Committee	31
Case Study: Muskegon (MI) Harbor Authority/Port of Muskegon	35
From Case Studies to KLHA Governance Recommendations	38
KLHA Governance Recommendations	40
A Regional Harbor Authority Model for the Kalamazoo Lake System	40
Legal Authority	40
Governance Structure	41
Funding Mechanisms	41
Dredging & Navigation Responsibilities	41
Capital Planning	42
Intergovernmental Coordination	42
Recommendation Summary	43
General Limiting Conditions	44

Introduction

Why Kalamazoo Lake Matters

Kalamazoo Lake is the last inland waterbody before Lake Michigan and a regional harbor asset supporting navigation, recreation, and tourism.

Stakeholder Interviews, the review of previous studies and plans revealed that the long-term viability of Kalamazoo Lake as a navigable harbor is central to the economic health, tourism competitiveness, and community identity of Saugatuck, Douglas, and Saugatuck Township. Across all planning documents, survey responses and interviews, one message is consistent: reliable dredging is foundational to the region's waterfront economy and quality of life. If dredging were to stop and navigation reliability declined, the impacts would be immediate, visible, and unevenly distributed across the three jurisdictions.

Impacts

Saugatuck would experience the most severe consequences. Its marinas, charter fleet, waterfront businesses, and tourism brand depend directly on a functioning harbor. Reduced boat traffic, grounding risks, and declining slip demand would weaken the city's visitor economy, diminish seasonal employment, and erode fiscal revenues tied to tourism and commercial activity. Waterfront property values—already among the highest in the region—would face downward pressure as buyers discount for uncertainty and loss of access.

Douglas would face moderate to high impacts, particularly around Wade's Bayou, where shallow conditions already constrain motorized access. The city's recreation-driven tourism economy and waterfront amenities would be affected by reduced usability and declining visitor volume. Fiscal impacts would emerge through lower commercial activity, reduced tourism spending, and slower growth in taxable value for waterfront parcels.

Saugatuck Township would experience indirect but meaningful effects. While the Township does not rely on the harbor for daily operations, its economy benefits from regional tourism, short-term rentals, and recreation activity linked to the lake and river system. A decline in harbor function would reduce visitor spending, slow private investment, and weaken long-term growth in property values—particularly for river-adjacent and lake-influenced areas. As upstream watershed conditions contribute to sedimentation, the Township's role in regional water management becomes even more important.

Across all jurisdictions, the broader implications are clear: *loss of dredging undermines economic vitality, reduces tourism competitiveness, weakens quality of life, and erodes fiscal stability.* The Tri-Community's shared identity as a waterfront destination depends on maintaining safe, reliable navigation. Without dredging, the region would face declining business activity, job losses, reduced municipal revenues, and long-term impacts on property values and community character.

Findings - Previous Study Review and Stakeholder Interviews

Recreation, Access, and Public Use Impacts

High Recreational Value

The Parks & Recreation Master Plan emphasizes the lake's role as a regional recreation asset:

- "Parks provide people with a place to gather, to be active, to socialize, and connect with the environment and each other."
- Kalamazoo Lake is central to boating, paddling, fishing, and waterfront access.

Constraints Due to Environmental Conditions

PCB contamination historically restricted use:

- "The Kalamazoo River... is part of a United States EPA Superfund designation... restricting use of the river and planning future activities in some situations."

Sedimentation also limits recreation:

- Shallowing reduces navigability
- Dredging disruptions affect marinas and boaters

Growing Demand for Access

The Tri-Community Master Plan and Parks Plan highlight:

- Need for more public access points
- Demand for non-motorized trails and waterfront connectivity
- Importance of safe access and shoreline restoration

Economic & Fiscal Impacts

Tourism & Waterfront Economy

Kalamazoo Lake is a major economic engine:

- The Greenway Plan identifies the need for "economic development" tied to river restoration and recreation.
- The Tri-Community Master Plan emphasizes tourism as a core economic driver: "Strengthen and expand upon the area's economic bases... and enhance the tourism potential of the area."

Costs of Environmental Management

KLHA survey respondents consistently highlight:

- "Long-term dredging and maintenance costs"
- "Financial clarity is essential prior to any long-term commitments"
- "Scenario-based modeling is encouraged to assess varying cost conditions"

Implications:

- Fiscal impacts vary across Saugatuck, Douglas, and the Township
- Shared governance requires transparent cost allocation
- Future investments (dredging, infrastructure, restoration) must be justified with data

Governance, Coordination & Planning Impacts

Regional Coordination is Essential

KLHA survey responses emphasize:

- “KLHA should function primarily as a strategic leadership body”
- “KLHA must establish clear goals, roles, and expectations”

The Greenway Plan reinforces the need for multi-jurisdictional collaboration:

- “Cooperation and partnerships... are critical to the success of the Lower Kalamazoo River Greenway.”

Land Use & Waterfront Management

The Tri-Community Master Plan stresses:

- “Protect and enhance the natural aesthetic values and recreation potential of all waterfront areas”
- “Limit the height and mass of new development along waterfront areas”

Implications:

- Waterfront development must balance access, viewsheds, and environmental protection
- Intergovernmental coordination is required for zoning, dredging, and access planning

Community & Quality-of-Life Impacts

Identity, Character, and Public Expectations

The Tri-Community Master Plan highlights:

- “Preserve the scenic beauty of the environment”
- “Retain and enhance the quiet, scenic, and small town/rural character”

The Parks Plan emphasizes:

- Recreation as a core contributor to mental and physical health
- The lake as a defining feature of community identity

Environmental Restoration as a Community Priority

The Greenway Plan notes:

- “Work on improving environmental quality... and address key ecological issues”
- “Fixing severe sources of erosion”
- “Planning for long-term river restoration”

Impact Findings Summary Tables

- Saugatuck absorbs the highest overall impact, with severe consequences for its economy, tourism brand, fiscal stability, and waterfront property values.
- Douglas experiences moderate to high impacts, especially in recreation, tourism, and shoreline-adjacent taxable value.
- Saugatuck Township faces indirect but meaningful impacts, primarily through reduced regional visitor activity and slower growth in property values and investment.

Table 1. Economy		
Jurisdiction	Severity	Notes
Saugatuck	High	Loss of harbor function reduces marina activity, charter operations, waterfront business revenue, and visitor spending.
Douglas	Moderate–High	Wade’s Bayou access declines; reduced cross-harbor visitation impacts retail and recreation-based businesses.
Township	Moderate	Indirect effects through reduced regional tourism and slower private investment.

Table 2. Tourism		
Jurisdiction	Severity	Notes
Saugatuck	High	Harbor identity weakens; fewer boaters and shorter visitor stays reduce overall tourism competitiveness.
Douglas	High	Non-motorized watercraft and waterfront recreation decline; reduced attractiveness of Wade’s Bayou as a regional access point.
Township	Low–Moderate	Spillover reduction in regional visitor volume affects rural lodging, STRs, and recreation assets.

Table 3. Quality of Life		
Jurisdiction	Severity	Notes
Saugatuck	High	Loss of boating access, harbor activity, and waterfront events; diminished community identity.
Douglas	Moderate–High	Reduced Non-motorized watercraft access and shoreline usability; increased crowding at remaining functional sites.
Township	Moderate	Fewer high-quality regional recreation options; diminished connection to the lake–river system.

Table 4. Jobs		
Jurisdiction	Severity	Notes
Saugatuck	Moderate–High	Charter operators, marina staff, hospitality workers, and seasonal employees see reduced demand.
Douglas	Moderate	Recreation-based employment and small-business staffing decline with lower visitor activity.
Township	Low–Moderate	Indirect job losses in lodging, services, and recreation sectors.

Table 5. Fiscal Revenue		
Jurisdiction	Severity	Notes
Saugatuck	High	Declines in tourism-related revenue, commercial activity, and long-term taxable value on waterfront parcels.
Douglas	Moderate–High	Reduced commercial activity and slower taxable value growth for waterfront properties.
Township	Moderate	Lower regional visitor spending slows growth in taxable value and business activity.

Table 6. Property Values		
Jurisdiction	Severity	Notes
Saugatuck	High	Waterfront values decline as navigation reliability erodes; buyers discount for uncertainty and access loss.
Douglas	Moderate–High	Wade’s Bayou-adjacent parcels lose functional access premium; broader waterfront values soften.
Township	Moderate	River-adjacent and lake-influenced parcels lose regional amenity value; slower long-term appreciation.

Local Comparison - Second-Home Markets in West Michigan

Key Findings for Saugatuck/Douglas/Saugatuck Township

- You are the most second-home-dominant market in West Michigan.
- Your 45–65% seasonal share is the highest among peers, driving both economic vitality and housing stress.
- You have the strongest price appreciation and the most constrained supply.

This creates structural affordability challenges and pushes workforce households out of the region.

Short-Term Rentals (STRs) are a defining market force.

- They shape pricing, neighborhood character, and political dynamics more than in any peer except South Haven.

Fiscal benefits are strong—but service burdens are high.

- Second homes generate property tax revenue but also create seasonal spikes in public safety, infrastructure, and harbor management costs.

Policy pressure will intensify. Expect continued debate around:

- STR caps and enforcement
- Housing affordability tools
- Infrastructure funding (harbor, roads, parks)
- Balancing tourism with year-round livability

Table 7. Benchmarking Table – Summary Second Home Markets in West Michigan				
Metric	Saugatuck/Douglas/ Saugatuck Twp	Holland	South Haven	Muskegon
% Second Homes	40–60%	10–20%	35–50%	5–10%
Tourism Intensity	Very High	Moderate	High	Moderate
Marina Dependency	High	Moderate	High	Low
Housing Affordability Pressure	Very High	Moderate	High	Low
Seasonal Population Swings	Very High	Low	High	Low
Waterfront Infrastructure Needs	High	Moderate	High	Moderate
Environmental Sensitivity	High (sediment, PCBs)	Moderate	High (erosion)	Moderate
Recreation Demand	Very High	High	High	Moderate
Governance Complexity	High (3 jurisdictions)	Low	Moderate	Low

Table 8. Benchmarking Table - Second Home Markets in West Michigan				
Category	Saugatuck/Douglas/ Saugatuck Twp	Holland	South Haven	Muskegon
Overall Market Position	Premier lifestyle + tourism market; extremely high second-home share; strong short-term rental (STR) pressures; limited developable land.	Mixed market: strong year-round population, moderate second-home presence, stable housing supply.	High second-home share; strong STR market; seasonal economy; historic lakefront appeal.	Emerging market: lower prices, rising investor interest, early-stage STR pressures.
Estimated % of Housing Units That Are Seasonal/Second Homes	45–65% (varies by neighborhood; highest in lakefront and historic districts)	10–18% (higher near lakeshore)	40–55%	5–12%
Median Home Value (2024)	\$550k–\$900k+ (lakefront >\$1.5M)	\$350k–\$500k	\$400k–\$650k	\$200k–\$300k
Annual Appreciation (5-yr)	High (6–9%/yr)	Moderate (4–6%/yr)	High (6–8%/yr)	Moderate-High (5–7%/yr)
Short-Term Rental (STR) Activity	Very High — major driver of demand; strong community tension; strict local regulation	Moderate — regulated; concentrated near lakeshore	Very High — core part of tourism economy	Low-Moderate — growing but still early
Housing Supply Constraints	Severe — limited land, environmental constraints, high construction costs	Moderate — more land, more zoning flexibility	Moderate-High — limited lakefront, historic districts	Low-Moderate — ample land, redevelopment opportunities
Seasonality of Population	Very High — summer population can triple	Low-Moderate	High	Low
Tourism Dependency	Very High	Moderate	Very High	Moderate
Local Fiscal Impact of Second Homes	Strong property tax base; limited school enrollment growth; high service demand (public safety, infrastructure)	Balanced fiscal structure; strong year-round tax base	High property tax reliance; seasonal service spikes	Growing tax base; still majority year-round residents
Community Pressure Points	Housing affordability, workforce housing shortages, STR conflicts, infrastructure strain, marina/dredging costs	Housing affordability in lakeshore areas; growth management	STR regulation, affordability, downtown congestion	Neighborhood stabilization, investor activity, affordability for locals
Market Outlook (5–10 yrs)	Continued premium pricing; increasing regulatory pressure; strong demand from Chicago + Midwest metros	Stable growth; moderate second-home expansion	Strong seasonal demand; rising regulatory tension	High growth potential; affordability attracting investors

Kalamazoo Lake Harbor Authority (KLHA)

Recommendations for Vision, Mission Statements and Strategic Role in the Tri-Community Area

Vision Statement

Kalamazoo Lake will be a safe, resilient, and environmentally healthy harbor system that supports year-round recreation, thriving waterfront communities, and a strong regional economy. Through coordinated leadership across Saugatuck, Douglas, and Saugatuck Township, KLHA envisions a future where the lake and river are clean, navigable, and accessible, where shoreline and watershed ecosystems are restored, and where public access and recreation opportunities continue to expand.

KLHA's vision is a connected, collaborative Tri-Community waterfront—one where reliable navigation sustains local businesses, environmental stewardship protects natural resources, and shared investment ensures long-term fiscal and ecological resilience. The harbor system will remain a defining feature of community identity, supporting residents, visitors, and future generations with a vibrant, welcoming, and sustainable waterfront.

Mission Statement

The KLHA safeguards the long-term navigability, environmental health, and community value of the Kalamazoo Lake–Kalamazoo River system. KLHA provides unified regional leadership across Saugatuck, Douglas, and Saugatuck Township to ensure safe navigation, strengthen environmental stewardship, expand equitable public access, and support the waterfront economy that defines the Tri-Community's identity and quality of life.

KLHA advances this mission through coordinated dredging and sediment management, water-quality monitoring, shoreline and infrastructure resilience planning, and strategic investment in recreation and public access. By aligning jurisdictions, securing state and federal funding, and grounding decisions in transparent, data-driven analysis, KLHA works to protect the region's natural assets, sustain its economic vitality, and maintain a thriving, accessible, and environmentally healthy harbor system for current and future generations.

Strategic Role

Kalamazoo Lake Harbor Authority (KLHA) is the tri-jurisdictional body responsible for maintaining the navigability, safety, ecological health, and long-term resilience of the Kalamazoo Lake–Kalamazoo River system from Lake Michigan to the Allegan County Dam. KLHA provides unified governance across Saugatuck, Douglas, and Saugatuck Township—reducing fragmentation, strengthening grant competitiveness, and ensuring coordinated management of one of West Michigan's most economically significant waterfronts.

Core Strategic Roles

- **Navigation & Public Safety:** Maintain reliable channel depth, safe vessel passage, and emergency response access
- **Environmental Stewardship:** Reduce sedimentation, improve water quality, and support habitat restoration across the watershed
- **Infrastructure Resilience:** Coordinate dredging, shoreline stabilization, and climate-adaptation investments
- **Economic Vitality:** Protect a tourism economy exceeding \$200M+ annually by ensuring access for marinas, charter operators, and waterfront businesses
- **Regional Coordination:** Align jurisdictions, reduce duplication, and position the region for state and federal funding
- **Long-Range Planning:** Develop multi-year capital plans, sediment management strategies, and intergovernmental agreements

Suggested 10-Year Roadmap: Developing, Growing, and Strengthening KLHA's Role

(Based on reviewed previous studies and stakeholder interviews)

PHASE 1

Establish & Stabilize - Build the foundation for KLHA's long term role (Years 1–3)

Goal:

KLHA becomes a stable, clearly defined regional authority with foundational tools, governance clarity, and initial funding

1. Formalize Governance & Authority

- Adopt mission, vision, and strategic role statements
- Update Intergovernmental Agreements (IGAs) to clarify roles, responsibilities, and decision authority
- Establish a KLHA Technical Advisory Committee (engineering, dredging, environmental science)

2. Build Core Operational Capacity

- Secure administrative staffing (shared staff or part-time director)
- Develop annual work plans and standardized reporting
- Launch annual channel condition monitoring (bathymetry + sediment sampling)

3. Create Foundational Planning Tools

- Develop a 10-year dredging strategy
- Build a KLHA Capital Improvement Plan (CIP)
- Establish a Navigation Reliability Dashboard for public transparency

4. Secure Initial Funding

- Pursue MDNR Waterways grants, NOAA coastal resilience grants, and USACE Section 107 support
- Create a regional grant calendar and designate a grant lead

PHASE 2

Expand & Integrate - Grow KLHA's environmental, recreational, and regional coordination roles (Years 4–7)

Goal:

KLHA becomes a regional environmental and recreation coordinator, expanding its influence beyond dredging into watershed health, shoreline resilience, and public access

1. Implement Environmental & Watershed Projects

- Launch watershed sediment reduction projects with Allegan Conservation District
- Implement shoreline stabilization projects (Wade's Bayou, Coghlin Park, Township riverfront)
- Expand PCB and water-quality monitoring

2. Strengthen Recreation & Access Infrastructure

- Coordinate waterfront access improvements across jurisdictions
- Support Blue Star Trail and Beach-to-Bayou Trail implementation
- Improve non-motorized watercraft access and shoreline restoration

3. Integrate Climate Resilience

- Model impacts of fluctuating Lake Michigan water levels
- Develop adaptive dredging and shoreline protection strategies
- Incorporate resilience into CIP and permitting

4. Formalize Regional Partnerships

- Establish a Harbor Resilience Consortium with South Haven, Holland, Muskegon
- Partner with ODC Network, MDNR, EPA, and USACE for restoration and monitoring

PHASE 3

Lead & Innovate - Position KLHA as a statewide model for integrated harbor management (Years 8–10)

Goal:

KLHA becomes a recognized statewide leader in harbor resilience, environmental stewardship, and regional coordination

1. Pilot Innovative Sediment & Dredging Solutions

- Test nature-based dredging and beneficial sediment reuse
- Evaluate upstream sediment traps to reduce dredging frequency
- Develop long-term sediment management strategies

2. Modernize Harbor Infrastructure

- Coordinate marina modernization and waterfront infrastructure upgrades
- Expand public access nodes, overlooks, and recreation amenities
- Integrate arts, culture, and community events into waterfront planning

3. Establish Long-Term Financial Sustainability

- Create a Harbor Sustainability Fund
- Develop dedicated revenue streams (special assessments, harbor district fees)
- Implement jurisdictional cost-sharing agreements.

4. Become a Statewide Leader

- Publish annual Harbor Health Reports
- Present at e.g. Michigan Sea Grant, EGLE, and USACE conferences
- Lead multi-community harbor resilience initiatives

Table 9. Summary Roadmap Table			
Phase	Years	Strategic Focus	KLHA Role
1	1–3	Establish governance, build capacity, secure funding	Foundation builder
2	4–7	Expand environmental, recreation, and resilience work	Regional coordinator
3	8–10	Innovate, modernize, and secure long-term sustainability	Statewide leader

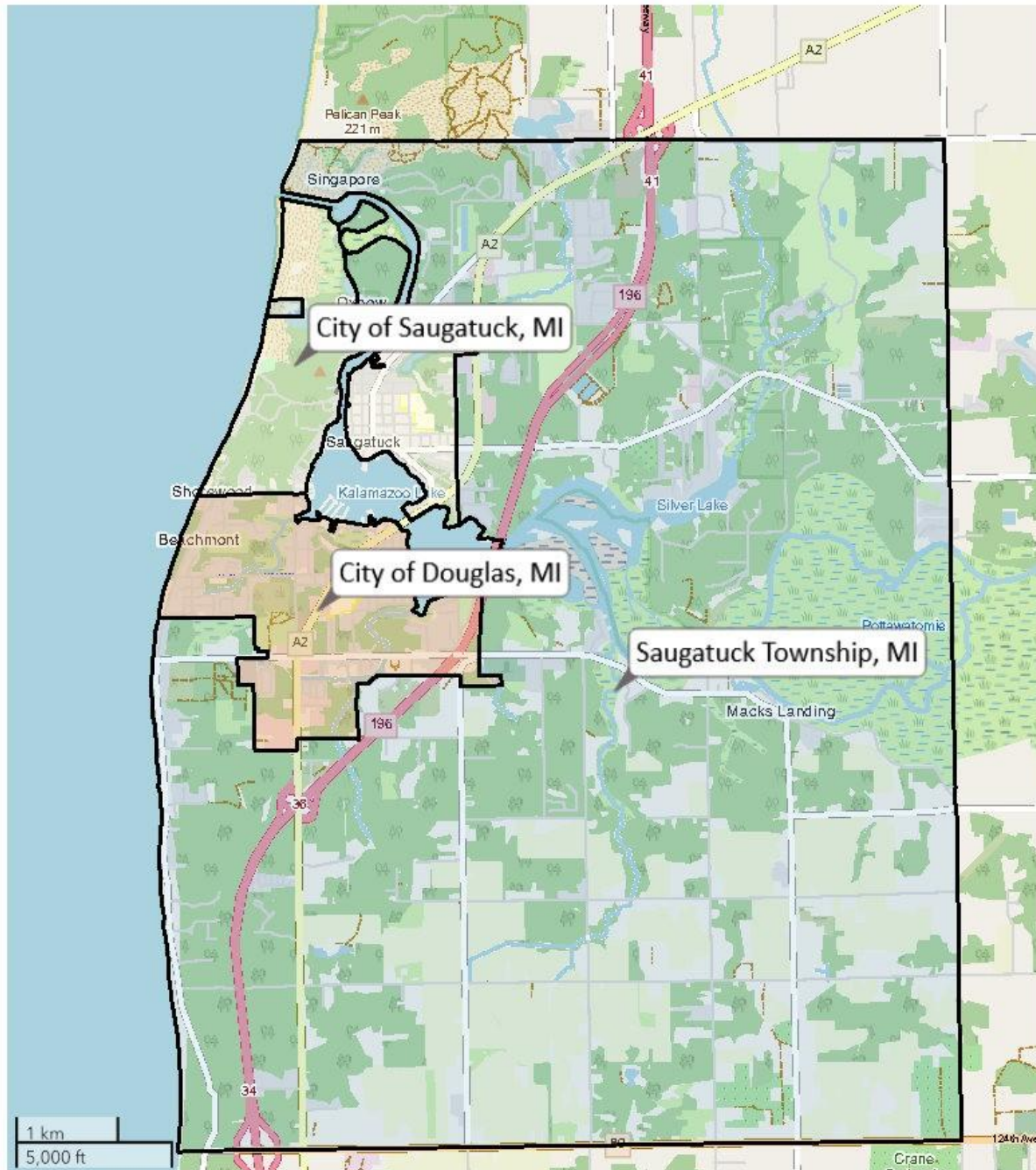
Demographics – Key Indicators

Table 10. Demographics 2026			
Indicator	Saugatuck	Douglas	Saugatuck Township
Population	909	1,498	3,901
Households	485	716	1,680
Families	274	347	1,049
Average Household Size	1.87	2.00	2.32
Owner Occupied Housing Units	359	576	1,551
Renter Occupied Housing Units	126	140	129
Median Age	58.5	61.1	54.7
Median Household Income	\$140,235	\$108,285	\$120,084
Average Household Income	\$168,732	\$150,582	\$141,109
Housing Units	952	1,173	2,141
Owner Occupied	359	576	1,551
Renter Occupied	126	140	129
Vacant (incl 2 nd Home, STR)	467	457	461
Median Home Value	\$564,858	\$487,719	\$444,748
Average Home Value	\$672,841	\$619,826	\$561,091
<i>Source: U.S. Bureau of the Census, 2010 & 2020 Census, ESRI BIS forecasts for 2026 and 2031</i>			

The following table shows the estimate annual growth rate for selected demographic indicators and compares them to the State and National level.

Table 11. Trends 2026 - 2031					
Area	Population	Households	Family Population	Owner Occupied Housing Units	Median Household Income
Saugatuck	0.4%	0.7%	0.5%	1.3%	1.6%
Douglas	0.5%	0.3%	-0.3%	0.6%	1.7%
Saugatuck Township	0.7%	1.0%	0.9%	1.0%	1.6%
Michigan	0.0%	0.3%	0.1%	0.5%	2.6%
USA	0.5%	0.7%	0.6%	0.0%	3.1%
<i>Source: U.S. Bureau of the Census, 2010 & 2020 Census, ESRI BIS forecasts for 2026 and 2031</i>					

Kalamazoo Lake Communities



Case Studies of Great Lakes Harbor Governance Models

Please Note: Vetter Consulting Enterprises is an economics and markets advisory firm. Vetter Consulting Enterprises does NOT provide legal advice. It is highly recommended to engage a legal advisory firm with the matching skill set to establish the legal framework for a Harbor Authority.

How Comparable Communities Structure, Fund, and Operate Harbor Authorities

Harbor governance in small and mid-sized Midwest communities is shaped by a shared set of pressures: aging waterfront infrastructure, fluctuating dredging needs, tourism-driven seasonal demand, environmental constraints, and the need for coordinated management across multiple agencies and jurisdictions. Yet each community responds to these pressures differently, depending on its legal framework, operational capacity, funding tools, and local priorities. Understanding these models is essential for designing a governance structure for the Kalamazoo Lake Harbor Authority (KLHA) that is both locally grounded and regionally scalable.

This assessment presents four detailed case studies—Manistee, Charlevoix, Alpena, and Muskegon—along with a fifth reference model, Michigan City (IN). Together, these communities represent the full spectrum of regional harbor governance approaches used, from advisory committees to fully empowered municipal harbor authorities. Each case study is analyzed across six dimensions critical to KLHA’s design:

1. Legal Authority - How the harbor body is created, what powers it is granted, and how jurisdiction is defined.
2. Governance Structure - How boards are composed, how decisions are made, and how authority is delegated.
3. Funding Mechanisms - How harbor operations and capital projects are financed, including fees, leases, appropriations, and grants.
4. Dredging & Navigation Responsibilities - How communities coordinate with the U.S. Army Corps of Engineers (USACE), U.S. Coast Guard, and state agencies to maintain safe navigation.
5. Capital Planning - How long-range harbor improvements are identified, prioritized, funded, and executed.
6. Intergovernmental Coordination - How harbor bodies work with municipalities, counties, federal agencies, and regional partners.

These case studies are not abstract comparisons—they are directly relevant analogs for Saugatuck, Douglas, and Saugatuck Township. Each community operates within a tourism-driven waterfront economy, relies on federal dredging support, and manages a mix of public marinas, boat launches, waterfront parks, and shoreline infrastructure. Their governance models demonstrate what is possible under municipal ordinance authority, without requiring state-level special district legislation.

Why These Case Studies Matter for KLHA

KLHA is being designed as a regional harbor authority with both operational and advisory responsibilities. To build a governance model that is durable, legitimate, and effective, KLHA must draw from proven structures used in comparable communities. The case studies in this chapter provide:

- **Legal precedents** for ordinance-based harbor authorities
- **Operational models** for managing marinas, docks, and waterfront facilities
- **Funding frameworks** that blend user fees, leases, appropriations, and grants
- **Capital planning practices** that support long-range infrastructure investment
- **Coordination strategies** for working with USACE, Coast Guard, DNR, and tourism agencies
- **Governance structures** that balance authority, accountability, and community voice

Each case study offers a different lesson:

- Manistee shows how advisory oversight can be structured and integrated with municipal planning.
- Charlevoix demonstrates how delegated operational authority can support a tourism-driven harbor.
- Alpena illustrates how advisory bodies can influence zoning, redevelopment, and capital priorities.
- Muskegon provides a model for high-capacity operational authority and multi-sector waterfront management.
- Michigan City offers the clearest example of a fully empowered municipal harbor authority with defined jurisdiction and strong legal powers.

Together, these models form the foundation for KLHA's recommended governance structure—a hybrid authority that blends operational capability with structured advisory oversight, tailored to the multi-jurisdictional reality of the Kalamazoo Lake system.

This assessment is designed to support decision-making by:

- Municipal leaders
- Harbor stakeholders
- Planning and zoning officials
- Tourism and economic development partners
- Community members
- KLHA board members (interim or future)

Each case study provides a detailed, evidence-based profile that can be used to evaluate governance options, refine KLHA's legal framework, and shape the authority's operational and capital planning responsibilities.

Summary Great Lakes Region Harbor Authorities Case Studies

Michigan City (IN) Port Authority

Legal structure:

- Created directly by municipal ordinance (Chapter 110 – Waterways, Article II – Port Authority).
- Jurisdiction defined over harbor, marina, and waterways.
- Powers include operations, maintenance, fees, and capital improvements.

Why it matches KLHA:

- Ordinance-based authority with defined jurisdiction and operational powers.
- Funding mechanisms include fees, leases, and municipal appropriations.

Manistee (MI) Harbor Commission

Legal structure:

- Established by city ordinance; advisory + operational oversight.
- Included in NOAA’s “Working Waterfronts” case studies.

Why it matches:

- Community size (~6,000) comparable to Saugatuck/Douglas region.
- Commission structure similar to MCCD’s governance model.
- Focus on dredging, navigation, waterfront access, and economic development.

Charlevoix (MI) Harbor Authority

Legal structure:

- Municipal harbor authority with delegated powers for marina operations, harbor infrastructure, and waterfront planning.
- Profiled in NOAA case studies.

Why it matches:

- Comparable tourism-driven waterfront economy.
- City-level authority with operational and planning responsibilities.
- Similar governance scale and funding mechanisms.

Alpena (MI) Harbor Advisory Committee

Legal structure:

- Advisory body established by city ordinance.
- NOAA case study includes governance, zoning, and waterfront management.

Why it matches:

- Small-city scale (roughly 10,000).
- Strong integration with zoning and waterfront land-use planning.

Muskegon (MI) Harbor Authority/Port of Muskegon

Legal structure:

- Municipal harbor authority with broader port functions.
- Included in NOAA’s working waterfront series.

Why it matches:

- Larger than Saugatuck/Douglas but structurally similar.
- Demonstrates how municipal harbor authorities manage dredging, navigation, and economic

Key Implications for the KLHA

- Manistee + Alpena → Strong advisory and planning integration.
- Charlevoix + Michigan City → Clear delegated authority and operational powers.
- Muskegon → Scalable model for long-term growth and multi-sector coordination.

Together, these models support a hybrid KLHA structure that blends advisory oversight with operational authority—tailored to the multi-jurisdictional nature of the Kalamazoo Lake system.

Great Lakes Harbor Governance Comparison Summary					
Governance Area /Community	Manistee (MI)	Charlevoix (MI)	Alpena (MI)	Muskegon (MI)	Michigan City (IN)
Legal Authority	Municipal ordinance; advisory + limited ops	Municipal ordinance; delegated operational authority	Municipal ordinance; advisory only	Municipal ordinance; full operational + port powers	Municipal ordinance; full operational authority
Governance Structure	Advisory commission; city-integrated	Harbor Authority board; delegated ops	Advisory committee; planning-focused	Harbor Authority board; high-capacity ops	Port Authority board; strong ops + capital
Funding Mechanisms	City budget + user fees + grants	User fees + leases + grants + city support	City budget + user fees + grants	User fees + leases + port revenues + grants	User fees + leases + city appropriations + grants
Dredging & Navigation	USACE-led; local advisory coordination	USACE-led; local operational coordination	USACE-led; advisory coordination	USACE-led; local operational + industrial coordination	USACE-led; local operational coordination
Capital Planning	Advisory role in waterfront planning	Multi-year capital plan; authority-driven	Advisory role; integrated with city planning	Multi-year capital plan; authority-driven	Multi-year capital plan; authority-driven
Inter-governmental Coordination	City + USACE + DNR + Coast Guard	City + USACE + DNR + Coast Guard + tourism	City + USACE + DNR + NOAA	City + USACE + DNR + Coast Guard + economic development	City + USACE + DNR + Coast Guard

Case Study: Michigan City (IN) Port Authority

A Midwest municipal-ordinance harbor authority comparable to the KLHA concept

Michigan City's Port Authority is one of the clearest examples in the Great Lakes Area of a municipally created harbor authority with formal jurisdiction, operational powers, and capital planning authority. It provides a strong analog for KLHA because it demonstrates how a city can legally empower a harbor body without state-level special district legislation.

Legal Authority

Creation Mechanism

- Established by municipal ordinance under Chapter 110 – Waterways, Article II – Port Authority of the Michigan City municipal code.
- The ordinance creates the authority, defines its jurisdiction, and delegates powers for harbor management, operations, and capital improvements.

Key Legal Powers

- Fee-setting authority: The Port Authority may establish and collect fees for harbor use, moorage, and marina services.
- Contracting authority: Authorized to enter into leases, service contracts, and operating agreements.
- Capital authority: Empowered to plan, finance, and execute capital improvements within the harbor district.
- Regulatory authority: Can adopt rules governing harbor operations, navigation safety, and facility use.
- Grant authority: Explicitly permitted to apply for and receive federal, state, and regional grants.

Implications for KLHA

Michigan City demonstrates that municipal ordinance alone can create a harbor authority with real operational and financial powers, without requiring state legislation or special district formation. KLHA can adopt a nearly identical legal structure through coordinated ordinances across Saugatuck, Douglas, and Saugatuck Township.

Governance Structure

Board Composition

- Governed by a Port Authority Board/Commission appointed by the mayor and confirmed by the city council.
- Members typically include individuals with backgrounds in:
 - Maritime operations
 - Finance
 - Planning
 - Public works
 - Tourism/economic development

Governance Model

- Policy + operational oversight hybrid The board sets policy, approves budgets, oversees capital planning, and provides direction to staff or contracted operators.
- Executive leadership Day-to-day operations are managed by a harbor master or marina manager, reporting to the board.

Implications for the KLHA

Michigan City's governance model shows how a commission-style board can effectively oversee both policy and operations. KLHA can adopt a similar hybrid model with representation from all three jurisdictions.

Funding Mechanisms

Primary Revenue Sources

- User fees: Slip rentals, transient moorage, launch fees, storage fees.
- Leases: Waterfront concessions, marina operators, event space rentals.
- Municipal appropriations: General fund support for operations or capital projects.
- Grants:
 - U.S. Army Corps of Engineers (USACE)
 - NOAA coastal programs
 - Indiana DNR boating and recreation grants
 - Federal infrastructure programs

Financial Structure

- Revenues flow into a dedicated harbor fund.
- The authority has discretion to allocate funds toward operations, maintenance, and capital improvements.

Implications for the KLHA

Michigan City's funding model is directly transferable: fees + leases + appropriations + grants. KLHA can replicate this structure with a KLHA Harbor Fund.

Dredging & Navigation Responsibilities

Role in Dredging

- Coordinates with USACE for dredging of the federal navigation channel.
- Oversees local dredging needs for marina basins, transient docks, and waterfront access points.
- Responsible for dredging planning, permitting, and local match funding.

Navigation Responsibilities

- Maintains navigation aids, signage, and safety infrastructure.
- Oversees harbor rules, vessel movement guidelines, and seasonal operations.
- Coordinates with:
 - U.S. Coast Guard
 - Indiana DNR
 - Local law enforcement

Implications for the KLHA

Michigan City shows how a harbor authority can serve as the central coordinating body for dredging and navigation—critical for Kalamazoo Lake and the channel to Lake Michigan.

Capital Planning

Capital Improvement Planning

- Develops a multi-year Harbor Capital Improvement Plan (HCIP).
- Prioritizes projects such as:
 - Marina upgrades
 - Dock replacements
 - Breakwater improvements
 - Harbor dredging cycles
 - Waterfront access enhancements
 - Parking and circulation improvements

Capital Project Execution

- Authority can:
 - Issue RFPs
 - Manage contracts
 - Oversee construction
 - Coordinate with city engineering and planning departments

Implications for the KLHA

Michigan City demonstrates how a harbor authority can take full responsibility for planning, funding, and executing capital projects, which aligns with KLHA's intended role.

Intergovernmental Coordination

Key Partnerships

- City of Michigan City: Budgeting, land use, zoning, infrastructure.
- USACE: Dredging, breakwater maintenance, navigation channel management.
- U.S. Coast Guard: Navigation safety, emergency response.
- Indiana DNR: Boating regulations, grants, environmental compliance.
- Regional tourism agencies: Waterfront events, visitor services.

Coordination Mechanisms

- Formal agreements for dredging and capital projects.
- Joint planning sessions with city departments.
- Participation in regional waterfront and tourism initiatives.

Implications for the KLHA

Michigan City provides a model for how KLHA can coordinate across:

- Three municipalities
- Allegan County
- USACE
- Coast Guard
- State agencies
- Tourism organizations

KLHA's multi-jurisdictional nature makes this coordination even more essential.

Summary

Michigan City's Port Authority is the best Midwest case study because it demonstrates:

- Municipal ordinance is sufficient to create a powerful harbor authority.
- Governance can combine policy oversight with operational authority.
- Funding mechanisms are diverse and sustainable.
- Dredging and navigation responsibilities can be centralized.
- Capital planning can be long-range and authority-driven.
- Intergovernmental coordination is built into the authority's mandate.

Case Study: Manistee (MI) Harbor Commission

Advisory + operational authority under city ordinance, documented in NOAA's Working Waterfronts series

Legal Authority

Creation and basis

- The Harbor Commission is established under Chapter 266 of the Codified Ordinances of the City of Manistee.
- The ordinance formally creates the commission, defines its advisory role, and links it to specific waterfront facilities: the marina, boat launch, and related waterfront infrastructure.

Scope of Authority

- The Commission is explicitly “charged with overseeing in an advisory capacity the marina, boat launch and related waterfront facilities.”
- While primarily advisory, the ordinance and subsequent practice give the Commission operational influence through review of policies, fees, capital needs, and management practices for harbor facilities.

Implications for the KLHA

- Manistee shows how a small city can legally empower a harbor body via ordinance without creating a separate special district—exactly the pattern KLHA could follow with coordinated ordinances across Saugatuck, Douglas, and Saugatuck Township.

Governance Structure

Composition and Appointments

- The Harbor Commission is a standing city board, meeting monthly in City Hall.
- Membership includes:
 - Harbormaster (staff role, often ex officio)
 - Multiple citizen members with boating, waterfront, or community experience
 - City Manager as an ex officio member, ensuring direct linkage to administration and budgeting.

Governance Model

- Advisory-Plus:
 - Provides policy guidance on marina operations, boat launch management, and waterfront facilities.
 - Reviews and recommends fees, operating policies, and capital priorities to City Council and administration.
- The Commission operates under bylaws and a strategic plan (2013–2016), which frame its priorities and work program.

Implications for the KLHA

- Manistee's model is a good analog for a commission-style board where policy, planning, and oversight are centralized, but execution remains closely tied to municipal staff—useful if KLHA wants a strong advisory role with targeted operational authority.

Funding Mechanisms

Primary Funding Channels

- City budget appropriations:
 - Marina and boat launch operations are funded through the city's budget, with the Harbor Commission advising on needs and priorities.
- User fees:
 - Slip rentals, transient moorage, launch fees, and related charges provide operating revenue for harbor facilities.
- Grants and external funding:
 - Manistee participates in state and federal programs (e.g., Michigan DNR Waterways Program, USACE navigation projects) that support harbor infrastructure and dredging.

Commission's Role

- The Harbor Commission does not directly hold or manage a separate fund, but it:
 - Reviews fee structures and recommends adjustments.
 - Identifies capital and maintenance needs that drive budget requests and grant applications.

Implications for KLHA

- Manistee illustrates a lighter-touch financial model where the harbor body shapes funding decisions without being the formal fiscal agent—KLHA could adopt this or move toward a dedicated harbor fund (more like Michigan City).

Dredging and Navigation Responsibilities

Federal Navigation Channel

- Manistee Harbor is a federal harbor and channel project under the Rivers and Harbors Act; USACE Detroit District maintains the federal channel between Lake Michigan and Manistee Lake.
- USACE conducts maintenance dredging to ensure safe navigation for commercial and recreational vessels, coordinating with the U.S. Coast Guard and state agencies.

Local Role and Coordination

- The Harbor Commission:
 - Monitors shoaling, navigation constraints, and user impacts.
 - Provides local input on dredging timing, placement of dredged material, and harbor user needs.
 - Works with city staff to align dredging with tourism seasons, environmental windows, and waterfront operations (e.g., fish spawning "windows" noted by Michigan DNR).

Implications for the KLHA

- Manistee shows how a harbor commission can be the local voice and coordinator for federal dredging—KLHA can play a similar role for Kalamazoo Lake and the channel, even if USACE retains primary dredging authority.

Capital Planning

Planning Framework

- Manistee's waterfront and harbor are embedded in broader waterfront land-use and infrastructure planning, documented in the NOAA Working Waterfronts case study.
- The case study highlights:
 - Zoning adjacent to the waterfront.
 - Parcel classification and water-dependent uses.
 - Infrastructure and access conditions

Commission's Role in Capital Decisions

- The Harbor Commission:
 - Identifies capital needs for marina, boat launch, and waterfront facilities.
 - Contributes to strategic planning (e.g., Harbor Commission Strategic Plan 2013–2016) that guides investment priorities.
 - Advises City Council and staff on sequencing and prioritization of harbor-related projects.

Implications for the KLHA

- Manistee offers a model where a harbor body shapes capital planning within a broader municipal framework—KLHA could similarly drive a Harbor Capital Improvement Plan that is formally recognized in each jurisdiction's capital program.

Intergovernmental Coordination

Key Partners

- City of Manistee:
 - Planning, zoning, budgeting, and public works for waterfront and harbor facilities.
- USACE Detroit District:
 - Federal channel dredging and navigation maintenance.
- U.S. Coast Guard:
 - Navigation safety and emergency response (highlighted in NOAA case study imagery and context).
- Michigan DNR:
 - Regulatory windows for dredging, habitat protection, and boating programs.
- Michigan Sea Grant / NOAA:
 - Technical assistance and analysis through the Working Waterfronts program

Coordination Mechanisms

- Formal and informal coordination occurs through:
 - Harbor Commission meetings (with staff and ex officio city manager).
 - Joint planning around dredging schedules, waterfront zoning, and infrastructure projects.

Implications for the KLHA

- Manistee demonstrates that even an advisory-plus commission can be a central hub for intergovernmental coordination—KLHA can adopt this role across multiple municipalities, county, USACE, Coast Guard, DNR, and tourism partners.

Case Study: Charlevoix (MI) Harbor Authority

Municipal harbor governance with delegated powers (NOAA Working Waterfronts case study)

Charlevoix is one of the strongest analogs for KLHA because it is a small, tourism-driven waterfront community that uses a municipal harbor authority to manage marina operations, harbor infrastructure, and waterfront access. Unlike Manistee's advisory model, Charlevoix's Harbor Authority has delegated operational powers, making it a closer match to a hybrid authority/commission model.

Legal Authority

Creation Mechanism

- The Charlevoix Harbor Authority is established by municipal ordinance within the City of Charlevoix Code of Ordinances.
- The ordinance:
 - Creates the authority as a formal municipal body.
 - Defines jurisdiction over the municipal marina, harbor basin, waterfront facilities, and related infrastructure.
 - Delegates operational powers to the authority, distinguishing it from advisory-only bodies like Alpena.

Delegated Powers

The ordinance grants the Harbor Authority the ability to:

- Operate and manage harbor and marina facilities.
- Set and adjust fees, charges, and moorage rates.
- Enter into contracts, leases, and service agreements.
- Oversee maintenance, repairs, and capital improvements.
- Provide formal recommendations on waterfront planning and zoning.

Implication for the KLHA

Charlevoix demonstrates that a municipal ordinance can delegate real operational authority to a harbor body without creating a special district.

Governance Structure

Board Composition

- The Harbor Authority is governed by a city-appointed board, typically consisting of:
 - Local residents with boating or maritime experience
 - Business/tourism stakeholders
 - Individuals with finance, planning, or public works backgrounds
- City staff (e.g., city manager, harbormaster) participate as ex officio or administrative liaisons.

Governance Model

- Operational authority: The board oversees marina operations, harbor maintenance, and waterfront facility management.
- Policy authority: The board sets policies, reviews budgets, and approves capital priorities.
- Administrative integration: Day-to-day operations are carried out by a Harbormaster and marina staff, reporting to the authority.

Implications for the KLHA

Charlevoix provides a model for a regional board with delegated powers, which aligns with a recommended KLHA structure (9-member board, cross-jurisdictional appointments, operational authority).

Funding Mechanisms

Primary Revenue Sources

- User fees: Slip rentals, transient moorage, launch fees, seasonal storage, pump-out fees.
- Leases and concessions: Waterfront businesses, marina operators, event space rentals.
- Municipal appropriations: City general fund support for major capital projects or operational gaps.
- State and federal grants:
 - Michigan DNR Waterways Program
 - NOAA coastal programs
 - USACE navigation and infrastructure support
 - Tourism and recreation grants

Financial Structure

- Revenues flow into a dedicated harbor/marina fund, managed by the city but directed by the Harbor Authority's priorities.
- The authority influences:
 - Fee schedules
 - Budget allocations
 - Capital investment decisions

Implications for the KLHA

Charlevoix's funding model is nearly identical to what KLHA needs: fees + leases + appropriations + grants, with a dedicated harbor fund.

Dredging & Navigation Responsibilities

Federal Role

- Charlevoix Harbor is part of a federal navigation system, with USACE responsible for:
 - Channel dredging
 - Breakwater maintenance
 - Navigation safety infrastructure

Local Role

The Harbor Authority:

- Monitors shoaling and navigation constraints.
- Coordinates with USACE on dredging schedules and placement of dredged material.
- Maintains local navigation aids, signage, and seasonal operations.
- Works with the **U.S. Coast Guard** on safety and emergency response.

Implications for the KLHA

Charlevoix shows how a harbor authority can be the local operational partner for federal dredging—critical for Kalamazoo Lake and the channel to Lake Michigan.

Capital Planning

Capital Improvement Planning

Charlevoix maintains a multi-year capital plan for:

- Marina docks and slips
- Harbor basin infrastructure
- Waterfront access points
- Parking, circulation, and visitor amenities
- Breakwater and shoreline protection
- Wayfinding and public realm improvements

Authority's Role

The Harbor Authority:

- Identifies capital needs.
- Prioritizes projects based on safety, tourism demand, and infrastructure condition.
- Works with city engineering and planning departments to execute projects.
- Oversees RFPs, contracts, and construction for harbor-related improvements.

Implications for the KLHA

Charlevoix provides a model for a Harbor Capital Improvement Plan (HCIP) that KLHA can adopt—10-to-20-year horizon, integrated with municipal capital programs.

Intergovernmental Coordination

Key Partners

- City of Charlevoix: Planning, zoning, budgeting, public works.
- USACE: Dredging, breakwater maintenance, navigation channel management.
- U.S. Coast Guard: Navigation safety and emergency response.
- Michigan DNR: Boating regulations, grant programs, environmental compliance.
- NOAA: Technical assistance and waterfront planning (Working Waterfronts case study).
- Regional tourism organizations: Waterfront events, visitor services, marina marketing.

Coordination Mechanisms

- Joint planning sessions with city departments.
- Formal agreements for dredging and capital projects.
- Regular communication with USACE and Coast Guard.
- Integration with regional tourism and economic development strategies

Implications for the KLHA

Charlevoix demonstrates how a harbor authority can serve as the central coordinating body across multiple agencies—exactly what KLHA should do across three municipalities, Allegan County, USACE, Coast Guard, and DNR.

Summary

Charlevoix is one of the closest matches to KLHA because it demonstrates:

- Municipal ordinance can create a harbor authority with real operational powers.
- A small, tourism-driven community can sustain a delegated harbor authority.
- Funding mechanisms mirror what KLHA will use.
- Dredging and navigation coordination can be centralized.
- Capital planning can be long-range and authority-driven.
- Intergovernmental coordination is built into the authority's mandate.

Case Study: Alpena (MI) Harbor Advisory Committee

Structured municipal oversight of harbor operations (NOAA Working Waterfronts case study)

Alpena is a strong analog for KLHA's *advisory-plus* governance functions. Unlike Charlevoix or Michigan City, Alpena's harbor body is advisory rather than operational, but it plays a critical role in planning, zoning, waterfront access, and intergovernmental coordination. Alpena demonstrates how a small city can maintain structured harbor oversight without delegating full operational authority—useful if KLHA wants a tiered governance model.

Legal Authority

Creation Mechanism

- The Alpena Harbor Advisory Committee is established by municipal ordinance within the City of Alpena Code of Ordinances.
- The ordinance:
 - Creates the committee as a formal advisory body.
 - Defines its scope of review over harbor operations, waterfront access, and marina management.
 - Establishes its role in planning and policy guidance, not direct operations.

Scope of Legal Authority

The ordinance authorizes the committee to:

- Review and advise on harbor operations, marina policies, and waterfront access.
- Provide recommendations to the City Council and City Manager.
- Participate in planning, zoning, and redevelopment discussions affecting the waterfront.
- Serve as a liaison between harbor users, city staff, and external agencies.

Implications for the KLHA

Alpena demonstrates how a harbor body can be legally empowered to provide structured oversight without assuming full operational control—useful if KLHA wants a commission tier beneath an operational authority tier.

Governance Structure

Composition

- The committee is composed of appointed citizen members, typically representing:
 - Recreational boating interests
 - Waterfront businesses
 - Tourism and community stakeholders
- City staff (e.g., City Manager, Harbormaster) participate as ex officio or administrative liaisons.

Governance Model

- Advisory governance: The committee does not operate facilities directly but provides structured oversight and policy guidance.
- Planning integration: The committee is deeply involved in waterfront planning, zoning, and redevelopment discussions.
- Operational influence: While not empowered to execute operations, the committee's recommendations shape:
 - Fee schedules
 - Marina policies
 - Waterfront access improvements
 - Capital priorities

Implications for the KLHA

Alpena provides a model for a policy-focused advisory body that could complement KLHA's operational authority.

Funding Mechanisms

Primary Funding Channels

- City budget appropriations: Harbor and marina operations are funded through the city's general fund or enterprise fund.
- User fees: Slip rentals, transient moorage, launch fees, and storage fees support operations.
- Grants: Alpena participates in:
 - Michigan DNR Waterways Program
 - NOAA coastal programs
 - USACE navigation projects
 - State recreation and tourism grants

Committee's Role

- The committee does not manage funds directly, but it:
 - Reviews fee structures
 - Recommends budget priorities
 - Identifies capital needs
 - Supports grant applications through planning and justification

Implications to the KLHA

Alpena illustrates a non-fiscal governance model where the harbor body shapes funding decisions without being the fiscal agent—useful if KLHA wants a two-tier structure (authority + advisory committee).

Dredging & Navigation Responsibilities

Federal Role

- Alpena Harbor is a federal navigation project, maintained by USACE Detroit District.
- USACE handles:
 - Channel dredging
 - Breakwater maintenance
 - Navigation safety infrastructure

Local Role

The Harbor Advisory Committee:

- Monitors shoaling and navigation constraints.
- Provides local input on dredging timing and impacts.
- Coordinates with:
 - USACE
 - U.S. Coast Guard
 - Michigan DNR
- Advises on navigation signage, safety improvements, and waterfront access.

Implications for the KLHA

Alpena shows how an advisory body can be the local coordination hub for federal dredging—critical for Kalamazoo Lake and the channel.

Capital Planning

Planning Framework

Alpena’s waterfront planning is documented in the NOAA Working Waterfronts case study, which highlights:

- Waterfront zoning
- Parcel classification
- Water-dependent uses
- Infrastructure conditions
- Public access and recreation needs

Committee’s Role

The Harbor Advisory Committee:

- Identifies capital needs for marina and waterfront facilities.
- Advises on priorities for:
 - Dock replacements
 - Access improvements
 - Parking and circulation
 - Shoreline protection
 - Visitor amenities
- Works with city planning and engineering departments to integrate harbor needs into the city’s capital plan.

Implication for the KLHA

Alpena provides a model for capital planning influence without operational control—KLHA could adopt this structure for long-range planning.

Intergovernmental Coordination

Key Partners

- City of Alpena: Planning, zoning, budgeting, public works.
- USACE Detroit District: Dredging and navigation maintenance.
- U.S. Coast Guard: Navigation safety and emergency response.
- Michigan DNR: Boating regulations, grant programs, environmental compliance.
- NOAA: Technical assistance and waterfront planning (Working Waterfronts case study).
- Regional tourism organizations: Waterfront events, visitor services, marina marketing.

Coordination Mechanisms

- Committee meetings with city staff and external agencies.
- Joint planning around dredging, waterfront zoning, and infrastructure projects.
- Integration with regional tourism and economic development strategies.

Implications for the KLHA

Alpena demonstrates how a harbor advisory body can serve as a central coordination node across agencies—KLHA can adopt this role even if operational authority is delegated elsewhere.

Summary

Alpena is a strong analog for KLHA's policy and planning functions, demonstrating that:

- Municipal ordinance can create a structured advisory body with real influence.
- A small city can maintain harbor oversight without delegating full operational authority.
- Funding decisions can be shaped through advisory governance.
- Dredging and navigation coordination can be centralized in a non-operational body.
- Capital planning can be integrated with municipal planning and zoning.
- Intergovernmental coordination can be formalized through committee structure.

Case Study: Muskegon (MI) Harbor Authority/Port of Muskegon

Larger but structurally similar municipal harbor authority model (NOAA Working Waterfronts case study)

Muskegon is the largest and most complex of the case studies for the KLHA benchmarking. While its scale exceeds Saugatuck/Douglas, its governance model, legal authority, and operational structure are directly relevant because Muskegon demonstrates how a city can manage a mixed-use port, marina system, industrial waterfront, and recreational harbor under a municipal authority framework.

Muskegon is the best example of a full-spectrum harbor authority—combining policy, operations, capital planning, and intergovernmental coordination. It shows what KLHA could evolve into over time.

Legal Authority

Creation Mechanism

- The Muskegon Harbor Authority is established through municipal ordinance within the City of Muskegon Code of Ordinances.
- The ordinance:
 - Creates the authority as a formal municipal body.
 - Defines jurisdiction over marinas, waterfront facilities, port infrastructure, and navigational assets.
 - Delegates operational, financial, and capital powers to the authority.

Legal Powers

The ordinance grants the Harbor Authority the ability to:

- Operate and manage harbor and waterfront facilities.
- Set and collect fees, charges, and lease revenues.
- Enter into contracts, leases, and public-private partnerships.
- Oversee capital improvements, including port infrastructure.
- Coordinate with federal and state agencies on dredging, navigation, and environmental compliance.
- Provide formal recommendations on zoning, redevelopment, and waterfront land use.

Implications for the KLHA

Muskegon demonstrates how a municipal ordinance can support a high-capacity harbor authority with broad powers—useful for KLHA’s long-term evolution, especially if the region pursues major capital projects or expanded waterfront operations.

Governance Structure

Board Composition

- The Harbor Authority is governed by a city-appointed board, typically including:
 - Maritime industry representatives
 - Business and economic development leaders
 - Planning and public works experts
 - Tourism and recreation stakeholders
- City staff (City Manager, Planning Director, Harbormaster) serve as ex officio or administrative liaisons.

Governance Model

- Operational authority: The board oversees marina operations, waterfront facilities, and port-related activities.
- Policy authority: The board sets policies, approves budgets, and directs capital priorities.
- Economic development integration: Muskegon's authority is closely tied to the city's economic development strategy, reflecting the port's role in freight, tourism, and redevelopment.

Implications for the KLHA

Muskegon provides a model for a high-capacity regional board with both policy and operational authority—ideal for KLHA if the region wants a more robust authority than Manistee or Alpena.

Funding Mechanisms

Primary Revenue Sources

- User fees: Slip rentals, transient moorage, launch fees, storage fees.
- Leases and concessions: Waterfront businesses, marina operators, industrial tenants, event rentals.
- Port revenues: Freight, shipping, and logistics operations (unique to Muskegon but instructive).
- Municipal appropriations: City general fund support for major capital projects.
- Grants:
 - Michigan DNR Waterways Program
 - NOAA coastal programs
 - USACE navigation and infrastructure support
 - Federal port infrastructure grants
 - State economic development grants

Financial Structure

- Revenues flow into a dedicated harbor/port fund, managed by the city but directed by the Harbor Authority.
- The authority influences:
 - Fee schedules
 - Budget allocations
 - Capital investment decisions
 - Public-private partnerships

Implications for the KLHA

Muskegon shows how a harbor authority can sustain diverse revenue streams, including leases and grants—critical for KLHA's long-term financial sustainability.

Dredging & Navigation Responsibilities

Federal Role

- Muskegon Harbor is a major federal navigation project, maintained by USACE Detroit District.
- USACE handles:
 - Channel dredging
 - Breakwater maintenance
 - Navigation safety infrastructure
 - Sediment management and environmental compliance

Local Role

The Harbor Authority:

- Monitors shoaling and navigation constraints.
- Coordinates dredging schedules with USACE, Coast Guard, and industrial users.
- Maintains local navigation aids, signage, and seasonal operations.
- Oversees waterfront safety and emergency response coordination.

Implication for the KLHA

Muskegon demonstrates how a harbor authority can be the central operational partner for federal dredging—critical for Kalamazoo Lake and the channel.

Capital Planning

Capital Improvement Planning

Muskegon maintains a multi-year capital plan for:

- Marina docks and slips
- Waterfront access points
- Port infrastructure (piers, bulkheads, freight facilities)
- Breakwater and shoreline protection
- Public realm improvements
- Industrial waterfront redevelopment
- Tourism and recreation facilities

Authority's Role

The Harbor Authority:

- Identifies capital needs across recreational, commercial, and industrial waterfronts.
- Prioritizes projects based on safety, economic development, and infrastructure condition.
- Works with city engineering, planning, and economic development departments.
- Oversees RFPs, contracts, and construction for harbor-related improvements.

Implications for the KLHA

Muskegon provides a model for a comprehensive Harbor Capital Improvement Plan (HCIP)—ideal for KLHA if the region wants to integrate tourism, recreation, and economic development.

Intergovernmental Coordination

Key Partners

- City of Muskegon: Planning, zoning, budgeting, public works, economic development.
- USACE Detroit District: Dredging and navigation maintenance.
- U.S. Coast Guard: Navigation safety and emergency response.
- Michigan DNR: Boating regulations, grant programs, environmental compliance.
- NOAA: Technical assistance and waterfront planning (Working Waterfronts case study).
- Regional economic development organizations: Port operations, freight logistics, waterfront redevelopment.
- Tourism agencies: Waterfront events, visitor services, marina marketing.

Coordination Mechanisms

- Joint planning sessions with city departments and port operators.
- Formal agreements for dredging and capital projects.
- Regular communication with USACE and Coast Guard.
- Integration with regional economic development and tourism strategies.

Implications for the KLHA

Muskegon demonstrates how a harbor authority can serve as the central coordinating body across agencies—exactly what KLHA must do across three municipalities, Allegan County, USACE, Coast Guard, and DNR.

Summary

Muskegon is the best example of a full-capacity municipal harbor authority, demonstrating that:

- Municipal ordinance can support a high-power harbor authority with broad operational and capital powers.
- A harbor authority can manage mixed-use waterfronts (recreational + industrial + tourism).
- Funding mechanisms can be diverse and sustainable.
- Dredging and navigation coordination can be centralized.
- Capital planning can be long-range and multi-sector.
- Intergovernmental coordination can be formalized and strategic.

From Case Studies to KLHA Governance Recommendations

The case studies presented reveal a clear pattern: Great Lakes harbor governance succeeds when communities adopt structures that balance operational authority, planning oversight, and intergovernmental coordination. Although each community—Manistee, Charlevoix, Alpena, Muskegon, and Michigan City—approaches harbor management differently, their models share common traits that are directly relevant to the Kalamazoo Lake system.

Across all five case studies, three themes emerge:

1. **Municipal ordinance is the dominant legal mechanism.** Every comparable harbor authority is created through local ordinance rather than state-level special district legislation. This confirms that Saugatuck, Douglas, and Saugatuck Township can establish KLHA through coordinated ordinances with clearly defined jurisdiction and powers.
2. **Governance structures blend authority and advisory functions.** Manistee and Alpena demonstrate the importance of structured advisory oversight, while Charlevoix and Michigan City show how delegated operational authority enables effective management of marinas, docks, and waterfront facilities. Muskegon illustrates how these functions can scale as a harbor's economic role expands.
3. **Effective harbor governance requires centralized coordination.** All case studies highlight the need for a single entity to coordinate dredging, navigation, capital planning, and intergovernmental relationships with USACE, Coast Guard, DNR, NOAA, and tourism partners.

These lessons point toward a hybrid governance model for KLHA—one that combines:

- Manistee’s advisory clarity,
- Charlevoix’s delegated operational authority, and
- Michigan City’s strong legal and capital powers,

with the scalability demonstrated by Muskegon.

The following section translates these insights into a recommended governance structure for KLHA, including legal authority, board composition, operational responsibilities, funding mechanisms, capital planning, and intergovernmental coordination. The goal is to create a regional harbor authority that is legally sound, operationally capable, community-responsive, and built for long-term sustainability.

KLHA Governance Recommendations

A Regional Harbor Authority Model for the Kalamazoo Lake System

Purpose of the Governance Recommendations

The Kalamazoo Lake system—encompassing Saugatuck, Douglas, and Saugatuck Township—requires a governance structure capable of coordinating dredging, navigation, capital investment, waterfront access, and intergovernmental relationships across multiple jurisdictions. Based on benchmarking of comparable Great Lakes harbor authorities (Manistee, Charlevoix, Alpena, Muskegon, Michigan City), KLHA should adopt a hybrid governance model that blends:

- Manistee’s structured advisory oversight
- Charlevoix’s delegated operational authority
- Michigan City’s strong legal and capital powers
- Muskegon’s scalability for long-term growth

The following outlines the recommended governance structure for the Kalamazoo Lake Harbor Authority (KLHA) based on the previous case studies.

As noted before, any of these recommendations have to be vetted by a legal advisory firm.

Legal Authority

Creation Mechanism

KLHA should be established through coordinated municipal ordinances adopted by:

- City of Saugatuck
- City of Douglas
- Saugatuck Township

Each ordinance should:

- Formally create KLHA as a joint regional harbor authority
- Define the harbor district (Kalamazoo Lake, channel, public waterfront facilities)
- Delegate operational powers (Michigan City + Charlevoix model)
- Establish a statutory advisory function (Manistee model)

Delegated Powers

KLHA should be authorized to:

- Operate and manage harbor and waterfront facilities
- Set and collect fees
- Enter into leases, licenses, and contracts
- Plan, finance, and execute capital improvements
- Apply for and administer grants
- Adopt rules governing harbor operations and navigation safety
- Provide advisory review of zoning, redevelopment, and waterfront planning

Governance Structure

Board Composition

9 voting members:

- 2 appointed by Saugatuck
- 2 appointed by Douglas
- 2 appointed by Saugatuck Township
- 1 appointed by Allegan County
- 2 at-large (jointly appointed; maritime/finance/planning expertise)

Non-voting ex officio:

- City/township managers
- Harbormaster
- Planning/zoning representative
- Public works/DPW representative

Governance Model

- Authority tier: Approves budgets, fees, capital plans, contracts, and operating policies
- Advisory tier: Reviews zoning, redevelopment, waterfront access, and long-range planning

This dual-tier model ensures operational capability and community legitimacy.

Funding Mechanisms

Revenue Streams

- User fees (slips, transient moorage, launch, storage)
- Leases and concessions (marina operators, waterfront businesses, events)
- Municipal contributions (formula based on shoreline frontage or population)
- Grants (USACE, Michigan DNR Waterways, NOAA, federal infrastructure)

Financial Structure

- All revenues flow into a KLHA Harbor Fund
- KLHA adopts an annual operating budget and multi-year capital program
- Advisory tier reviews fee structures and capital priorities

Dredging & Navigation Responsibilities

Operational Responsibilities

KLHA should:

- Serve as the local coordinating authority with USACE
- Maintain local navigation aids, signage, and safety infrastructure
- Oversee harbor rules, seasonal operations, and vessel movement guidelines

Coordination Responsibilities

KLHA should coordinate with:

- U.S. Coast Guard
- Michigan DNR
- Local law enforcement
- Businesses & tourism operators

Capital Planning

Harbor Capital Improvement Plan (HCIP)

KLHA should develop a 10–20-year capital plan covering:

- Docks, marinas, launches
- Shoreline protection and habitat
- Access, parking, circulation
- Wayfinding and public realm
- Waterfront redevelopment opportunities

Execution

KLHA should:

- Issue RFPs
- Manage contracts
- Oversee construction
- Coordinate with municipal engineering and planning departments

Intergovernmental Coordination

Core Partners

- Saugatuck, Douglas, Saugatuck Township
- Allegan County
- USACE
- U.S. Coast Guard
- Michigan DNR
- NOAA
- Regional tourism and economic development organizations

Mechanisms

- Formal Intergovernmental Agreement (IGA)
- Annual Harbor Coordination Summit
- Joint planning sessions
- Regular coordination with USACE and Coast Guard

Recommendation Summary

KLHA should adopt a hybrid regional harbor authority model that integrates the strongest, most transferable elements from the five benchmark communities. This model is designed to meet the unique multi-jurisdictional needs of Saugatuck, Douglas, and Saugatuck Township while providing the operational capacity, legal durability, and long-range planning structure required to manage Kalamazoo Lake and the channel effectively.

KLHA should adopt a hybrid authority model that blends:

- Manistee’s advisory clarity
- Charlevoix’s delegated operational authority
- Michigan City’s strong legal and capital powers
- Muskegon’s scalability

This model is operationally capable, community-responsive, and built for long-term sustainability.

General Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible and they are believed to be reliable. This study is based on estimates, assumptions and other information developed by Vetter Consulting Enterprises LLC from its independent research effort, general knowledge of the industry, and consultations with the Client and the Client's representatives. No responsibility is assumed for inaccuracies in reporting by the Client, the Client's agent, and representatives or any other data source used in preparing or presenting this study. No warranty or representation is made by Vetter Consulting Enterprises LLC that any of the project values or results contained in this study will actually be achieved.

The fee Vetter Consulting Enterprises LLC received for undertaking this project is in no way dependent upon the specific conclusions reached in this report. Vetter Consulting Enterprises LLC has no financial interest in the project.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Vetter Consulting Enterprises LLC" in any manner. No abstracting, excerpting, or summarization of this study may be made. This study is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client. This study may not be used for purposes other than that for which it is prepared. Exceptions to these restrictions may be permitted after obtaining prior written consent from Vetter Consulting Enterprises LLC.

It is understood by VCE that the findings of this report are the proprietary property of the client and they will not be made available to any other organization or individual without the consent of the client.

Vetter Consulting Enterprises LLC understands that the client may publish this report under the agreement that Vetter Consulting Enterprises LLC and its contractors will be indemnified against any losses, claims, damages and liabilities under federal and state securities laws which may arise as a result of statements or omissions in public or private offerings of securities.

It is agreed by the client that payment for the services of VCE is due upon receipt of the invoice; that full payment is due upon receipt of the completed report; and that VCE has the right to withhold delivery of the final report pending receipt of any overdue payments.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.



KLHA

Existing ACT 7 Interlocal Cooperation Agreement vs Case Study based Recommendation

Summary

The Interlocal Cooperation Agreement creates a much more powerful and expansive authority than the hybrid model recommended. KLHA, as legally constituted under this agreement is not just a harbor authority—it is a ***regional economic development and water resource improvement authority*** with harbor powers layered on top.

Overall Assessment

Case Study based Recommendation:

A harbor-focused hybrid authority blending advisory clarity, delegated operations, strong legal powers, and scalability.

Existing ACT 7 Agreement:

A full-scale economic development + water resource + harbor authority with:

- TIF powers
- Special assessment powers
- Real estate development powers
- Regulatory authority over navigation
- Harbormaster police powers
- Broad economic development mandates

Major Differences

1. **Scope**
 - Recommendation: Harbor governance
 - Agreement: Harbor + economic development + TIF + real estate + regulatory authority
2. **Governance structure**
 - Recommendation: Hybrid advisory + operational
 - Agreement: Single unified board with full powers
3. **Funding**
 - Recommendation: Fees, leases, grants
 - Agreement: Fees + leases + grants + TIF + special assessments + bonding
4. **Legal powers**
 - Recommendation: Operational + advisory
 - Agreement: Operational + regulatory + economic development + capital financing
5. **Navigation authority**
 - Recommendation: Coordination
 - Agreement: Direct regulatory authority + harbormaster police powers



Legal Authority

KLHA's legal authority is much broader than the recommendation—because it incorporates Act 7, Act 451, and Act 94 powers, which includes:

- Economic development powers (Act 7)
- Harbor operation and regulation powers (Act 451)
- Water Resource Improvement District/TIF powers (Act 94)

Key Difference

The recommendation assumes a harbor-focused authority. The Agreement creates a harbor + economic development + water resource improvement authority with TIF powers.

Governance Structure

The ACT 7 Agreement does not specify board size or composition, the ACT 7 Agreement clearly envisions a single unified board, not a dual-tier advisory + operational structure.

Key Difference

The recommendation proposes a two-tier hybrid governance model. The ACT 7 Agreement creates a single board with full powers.

Funding Mechanisms

The Agreement includes far broader funding powers, including:

- Tax increment financing (TIF) under Act 94
- Special assessment districts under Act 451
- Loans, debts, liabilities (Section 4.01(e))
- Gifts, grants, bequests (Section 4.02(d))
- Revenue bonds (Section 4.05)
- Shared revenue agreements (Article XI)

It also explicitly states:

“Fix, charge and collect fees, rents and charges...” (Section 4.04(5))

Key Difference

The recommendation includes traditional harbor funding. The ACT 7 Agreement adds TIF, special assessments, bonding, and economic development financing tools. That empowers the KLHA legally empowered to do far more than the recommended model assumes.



Dredging & Navigation Responsibilities

The ACT 7 Agreement includes explicit dredging and navigation powers under Act 451

Key Difference

The recommendation assumes coordination. The ACT 7 Agreement grants direct regulatory and operational authority, including harbormaster police powers. The KLHA is legally empowered to regulate navigation, not just coordinate.

Capital Planning

The ACT 7 Agreement includes multiple capital planning authorities, including:

- Master Development Plan (Section 5.01)
- Infrastructure Planning and Development (Section 5.03)
- Real Estate Development (Section 5.06)
- Water Resource Management Plan (Section 4.04(1))
- Construction, renovation, repair, restoration powers (Section 4.04(2))

Key Difference

The recommendation focuses on harbor capital planning in comparison, the ACT 7 Agreement authorizes full waterfront and economic development capital planning, including real estate development. The KLHA is legally empowered to act more like a waterfront redevelopment authority than a harbor commission.

Intergovernmental Coordination

The ACT 7 Agreement includes:

- Joint exercise of powers under Act 7
- Coordination with State officials (Section 5.02)
- Regulatory assistance (Section 5.07)
- Local government assistance (Section 5.08)
- Ability to form other entities (Section 4.01(h))
- Ability to cooperate with any public agency (Section 4.01(f))

Key Difference

The recommendation focuses on harbor-specific coordination, while the ACT 7 Agreement mandates economic development, regulatory, and multi-agency coordination far beyond harbor operations.



General Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible and they are believed to be reliable. This study is based on estimates, assumptions and other information developed by Vetter Consulting Enterprises LLC from its independent research effort, general knowledge of the industry, and consultations with the Client and the Client's representatives. No responsibility is assumed for inaccuracies in reporting by the Client, the Client's agent, and representatives or any other data source used in preparing or presenting this study. No warranty or representation is made by Vetter Consulting Enterprises LLC that any of the project values or results contained in this study will actually be achieved.

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ACT 7 INTERLOCAL COOPERATION AGREEMENT

creating the

**KALAMAZOO LAKE
HARBOR AUTHORITY, INC.**

TABLE OF CONTENTS

	Page
Article I DEFINITIONS.....	2
Article II CREATION OF THE KALAMAZOO LAKE HARBOR AUTHORITY	5
Section 2.01 Creation and Legal Status of the Kalamazoo Lake Harbor Authority, Inc.....	5
Section 2.02 Geographic Boundaries.....	5
Section 2.03 Principal Office.....	5
Section 2.04 Title to Authority Assets.....	5
Section 2.05 Tax-exempt Status	5
Section 2.06 Compliance with Law	5
Section 2.07 Independent Contractor.....	5
Section 2.08 No Third Party Beneficiaries	6
Section 2.09 Ethics; Conflicts of Interest	6
Article III PURPOSE.....	6
Section 3.01 Purpose.....	6
Article IV GENERAL POWERS OF the authority	6
Section 4.01 Powers Granted Under Act 7	6
Section 4.02 Additional Powers Granted Under Act 7	7
Section 4.03 Powers Under Act 451	8
Section 4.04 Powers Under Act 94.....	8
Section 4.05 Bonds or Notes; Limitations	9
Section 4.06 Tax Limitation	9
Section 4.07 Limitation on Political Activities.....	9
Section 4.08 No Waiver of Governmental Immunity	10
Article V SPECIFIC POWERS OF the authority; LIMITATIONS	10
Section 5.01 Master Development Plan.....	10
Section 5.02 Application Criteria and Review; Incentives; Approval. The Authority shall have the power to promulgate application materials; to seek and accept applications from prospective developers and businesses; to establish criteria for development; except as such discretion is expressly limited by this Agreement or law; to consult with the State officials having subject matter jurisdiction in respect of applications and approvals; to monitor the performance of applicants; and to make recommendations in respect of applications to the State officials or entities, a Local Government Party, or any other Person having subject matter jurisdiction	10
Section 5.03 Infrastructure Planning and Development	10
Section 5.04 Site Selection	10
Section 5.05 Marketing; Business Attraction	11
Section 5.06 Real Estate Development.....	11
Section 5.07 Regulatory Assistance and Processing.....	11
Section 5.08 Local Government Assistance	11

TABLE OF CONTENTS
(continued)

	Page
Article VI AUTHORITY BOARD	11
Section 6.01 Authority Board Composition.....	11
Section 6.02 Meetings.....	12
Section 6.03 Quorum and Voting	12
Section 6.04 Authority Board Powers and Responsibilities	12
Section 6.05 Fiduciary Duty	12
Section 6.06 Compensation	13
Article VII OFFICERS.....	13
Section 7.01 The Authority Board, at the annual meeting, shall elect a Chairperson, Vice-Chairperson, a Secretary and a Treasurer who shall hold their offices for one year or until their successors are duly elected	13
Section 7.02 Vacancies	13
Section 7.03 Meetings.....	13
Section 7.04 Compensation	13
Section 7.05 Conflicts of Interest.....	13
Section 7.06 Termination. An Officer may be removed by the Authority Board by a majority vote of the Authority Board with or without cause at any time.....	14
Article VIII DURATION OF, WITHDRAWAL FROM, AND TERMINATION OF INTERLOCAL AGREEMENT.....	14
Section 8.01 Duration	14
Section 8.02 Withdrawal by a Party	14
Section 8.03 Termination.....	14
Section 8.04 Disposition upon Termination	14
Article IX CONTRIBUTIONS	15
Section 9.01 Entry Fees	15
Section 9.02 Personal Property, Assets, Services, Employees	15
Section 9.03 Marketing Costs.....	15
Section 9.04 Acts and Omissions.....	15
Section 9.05 Execution of Documents.....	15
Section 9.06 Participation Agreement	16
Article X ADMISSION OF OTHER PARTIES.....	16
Section 10.01 Procedure	16
Section 10.02 Effective Date	16
Section 10.03 Not an Amendment to Agreement	16
Section 10.04 Opinion of Legal Counsel.....	16
Article XI SHARING OF REVENUE; LIMITATIONS	16
Section 11.01 Sharing of Revenue.....	16
Section 11.02 Limitations	17
Article XII BOOKS AND REPORTS.....	17

TABLE OF CONTENTS
(continued)

		Page
Section 12.01	Accrual Basis	17
Section 12.02	Authority Records	17
Section 12.03	Financial Statements and Reports	17
Section 12.04	Freedom of Information Act	17
Article XIII	FINANCES	17
Section 13.01	Annual Budget	17
Section 13.02	Deposits and Investments	17
Section 13.03	Disbursements	17
Article XIV	MISCELLANEOUS	18
Section 14.01	Notices	18
Section 14.02	Entire Agreement	18
Section 14.03	No Presumption	18
Section 14.04	Severability of Provisions	18
Section 14.05	Governing Law	19
Section 14.06	Captions and Recitals	19
Section 14.07	Terminology	19
Section 14.08	Cross-References	19
Section 14.09	Jurisdiction and Venue	19
Section 14.10	Amendment	19
Section 14.11	Execution of Agreement; Counterparts	19

This **INTERLOCAL AGREEMENT** is entered into pursuant to Act No. 7 of PA 1967 (hereinafter defined), taking in, but not limiting to those the powers and authorities granted under the Acts set forth below, by and among the signatory parties hereto ("Parties") for the purpose of creating the **KALAMAZOO LAKE HARBOR AUTHORITY, INC.** (the "KLHA" or "Authority") a separate legal entity and public body corporate, to administer the economic development objectives and purposes set forth herein. Each of the Parties is a "public agency" as defined in Act 7 with the power to carry out the programs described in this Agreement.

RECITALS

A. The Parties have determined that the restoration, maintenance, preservation and future development of Kalamazoo Lake waterways, channels, harbor, marina and waterfront area offers significant economic development opportunities and benefits.

B. The Urban Cooperation Act of 1967, Act No. 7 of the Public Acts of Michigan, 1967, Ex. Sess., MCL 124.501 *et seq.* ("Act 7"), permits a public agency to exercise jointly with any other public agency any power, privilege or authority which such public agencies share in common and which each might exercise separately.

C. The Natural Resources and Environmental Protection Act, Act No. 451 of PA 1944, as amended, MCL 324.79301, *et seq.*, ("Act 451"), defines "Political Subdivisions" as local units of government and any other governmental agency, subdivision, public corporation or authority, which is or may be authorized by law to acquire, establish, construct, maintain, improve and operate harbors, channels, and other navigational facilities.

D. Section 79303 of Act 451 authorizes two or more Political Subdivisions to enter into a contract with each other for the purpose of implementing Part 793 of the Natural Resources and Environmental Protection Act.

E. Section 30903 of Act 451 authorizes any local unit of government by itself or in combination with other local governments, to create a lake board for the protection of the public health, welfare, and safety; the conservation of the natural resources; and the preservation of property values around the lake by and empowering said lake board to take steps necessary to remove and properly dispose of undesirable accumulated materials from the bottom of the lake or wetland by dredging, ditching, digging or other related work.

F. The Water Resource Improvement Tax Increment Finance Authority Act, Act 94 of PA 2008, MCL 125.1771 *et seq.* empowers the governing body of a municipality to establish an authority within a water resource improvement district created under Section 5(1) of Act 94 and authorizes said municipality to enter into an umbrella agreement with an adjoining municipality that has created a similar authority to jointly operate and administer those authorities under an interlocal agreement under Act 7 [Sec. 5(5)].

G. The Parties desire to enter into an interlocal agreement, pursuant to Act 7 to jointly create the Authority and exercise the economic development powers shared by the Parties through the authority granted by the above acts.

H. Each Party has the power, privilege and authority to perform various economic development activities and administrative functions supportive of economic development activities, and to enter into this Agreement.

I. To the extent that State law is enacted or amended subsequent to the execution date of this Agreement to provide for powers which may be exercised by the Authority, the Parties desire and intend that the Authority created hereby be fully empowered and authorized to exercise such powers to the full extent authorized by law from and after such enactment or amendment, without further amendment to this Agreement, subject only to the limitations set forth in this Agreement.

J. Each Party, pursuant to resolution of its governing body, is authorized to execute and deliver this Agreement.

IN WITNESS WHEREOF, the Parties covenant and agree as follows:

ARTICLE I DEFINITIONS

The following words and expressions, whenever initially capitalized, whether used in the singular or plural, possessive or nonpossessive and/or either within or without quotation marks shall be defined and interpreted as follows:

Section 1.01 "Act 7" means the Urban Cooperation Act of 1967, Act No. 7 of the Public Acts of Michigan, 1967 (Ex Sess), as amended, MCL 124.501 to 124.512.

Section 1.02 "Act 451" means the Natural Resources and Environmental Protection Act, Act No. 451 of the Public Acts of Michigan, 1944, as amended, MCL 324.79301 *et seq.*

Section 1.03 "Act 94" means the Water Resource Improvement Tax Increment Finance Authority Act, Act No. 94 of the Public Acts of Michigan, 2008, as amended, MCL 125.1771, *et seq.*

Section 1.04 "Agreement" means this Interlocal Agreement, dated as of the Effective Date.

Section 1.05 "Authority" means that term as defined in Act 94, Act 7 or Act 451.

Section 1.06 "Authority Board" means the board of the Authority created by Section 6.01 of this Agreement.

Section 1.07 "Benefit" or "Benefits" means advantages resulting from a project to public corporations, the inhabitants of public corporations, the inhabitants of this state, and the property within public corporations. Benefit includes benefits that result from the elimination of pollution and elimination of flood damage, elimination of water conditions that jeopardize the public health and safety; increase of the value or use of lands and property

arising from improving a lake or lakes as a result of the lake project and the improvement or development of a lake for fishing, wildlife, boating, swimming, or any other recreational, agricultural or conservation use. (See MCL 324.30901).

Section 1.08 "Captured Assessed Value" means that term as defined in Act 94.

Section 1.09 "County Party" shall mean any Party organized as a Michigan county.

Section 1.10 "Days" means calendar days, unless otherwise expressly provided.

Section 1.11 "Development Area" or "Water Resource Improvement District" means that term as defined in Act 94, as amended.

Section 1.12 "Development Master Development Plan" means an overall conceptual design plan adopted by the Authority pursuant to Act 94 and Section 5.03 of this Agreement to encourage the coordinated and orderly development of the KLHA, including the recommended designation of land uses by the Local Government Parties under relevant provisions of their Zoning Acts and tax increment financing authority ordinances. The KLHA Master Development Plan shall have no binding force or effect within or upon any portion of the territory of any Local Government Party except to the extent expressly approved by resolution and any necessary implementing ordinance of the governing body of the Local Government Party.

Section 1.13 "Effective Date" means the later of the dates on which a fully executed copy of this Agreement, pursuant to Section 10 of Act 7, is (i) filed with Michigan Department of State, Office of the Great Seal, and (ii) filed with the Allegan County Clerk.

Section 1.14 Reserved.

Section 1.15 "Fiscal Year" means the fiscal year of the Authority, which shall begin on July 1 of each year and end on June 30 of each year, or such other fiscal year as may be determined from time to time by the Authority Board.

Section 1.16 "FOIA" or "Freedom of Information Act" means the Freedom of Information Act, Act No. 442 of the Public Acts of Michigan, 1976, as amended, MCL 15.231 to 15.246.

Section 1.17 "Governing Body" means the elected body of a municipality having legislative powers.

Section 1.18 "Initial Assessed Value" means the term as used in Act 94.

Section 1.19 "Inland Lake" means a natural or artificial lake that has a surface area of more than 5 acres.

Section 1.20 "KLHA" or "Authority" means the Kalamazoo Lake Harbor Authority, Inc. created by this Agreement, a separate legal entity and public body corporate, to administer the economic development objectives and purposes set forth herein.

Section 1.21 "Local Government Party" or "Municipality" shall mean any Party organized as a Michigan city, village or township or county who is a signatory under this Agreement.

Section 1.22 "OMA" or "Open Meetings Act" means the Open Meetings Act, Act No. 267 of the Public Acts of Michigan, 1976, as amended, MCL 15.261 to 15.275.

Section 1.23 "Operations and Maintenance" means maintenance of assets, recreational improvements made by the KLHA, including salaries and expenses of employees, office supplies, consultation fees, design costs and other expenses incurred in the daily activities and management of the Authority and planning of its activities.

Section 1.24 "Participation Agreement" means an agreement as described in Article IX of this Agreement.

Section 1.25 "Party" or "Parties" means, either individually or collectively as applicable to Local Government Party which is a signatory to this Agreement.

Section 1.26 "Permit" shall mean a permit, license or approval required to be granted by a Local Government Party as a condition of the operation of a business.

Section 1.27 "Person" means any individual, authority, profit or non-profit corporation, partnership, limited liability company, university, joint venture, trust, association, chamber of commerce, travel and visitors center, Public Agency, or other legal entity.

Section 1.28 "Public Agency" means that term as defined in Act 7.

Section 1.29 "Public Facility" means the term as defined in Act 94.

Section 1.30 "Site Plan" means that term as defined in the Zoning Act.

Section 1.31 "State" means the State of Michigan.

Section 1.32 "Tax Increment Revenues" means that term as defined in Act 94.

Section 1.33 "TIF Plan" means a Development Plan and/or a Tax Increment Financing Plan as those terms are defined and used in Act 94.

Section 1.34 "Water Resource Improvement" or "Lake Improvements" means that term as defined in Act 94 in Part 309 of Act 451.

Section 1.35 "Zoning Act" means the Michigan Zoning Enabling Act, Act No. 110 of the Public Acts of Michigan, 2006, as amended, MCL 125.3101 to 125.3702.

ARTICLE II
CREATION OF THE
KALAMAZOO LAKE HARBOR AUTHORITY

Section 2.01 Creation and Legal Status of the Kalamazoo Lake Harbor Authority, Inc. There is hereby created a separate legal entity and public body corporate to be known as the "Kalamazoo Lake Harbor Authority" for the purpose of administering and executing this Agreement. The Authority shall have those powers granted by law and identified in this Agreement.

Section 2.02 Geographic Boundaries. The boundaries of the Authority, within which it may exercise its powers shall be the submerged bottom land within that portion of the Kalamazoo River and Kalamazoo Lake which lies west of the I-196 bridge and continues to the east end of the break wall at the mouth of the river and Lake Michigan and land that may be up to one (1) mile from the shoreline of Kalamazoo Lake that contains one or more public access points within the collective political boundaries of the Local Government Parties, as more particularly described in Exhibit A attached hereto and made a part hereof. The Authority shall have no extraterritorial power or authority outside of these geographic boundaries.

Section 2.03 Principal Office. The initial principal office of the Authority is 86 W. Center Street, Douglas, Michigan 49406, or such other location as may be determined from time to time by the Authority Board.

Section 2.04 Title to Authority Assets. Except as otherwise provided under the terms of a transfer of programs and/or funding from a Party or Person to the Authority, the Authority shall have exclusive title to all its property, and no Party or Person shall have an ownership interest in the Authority property.

Section 2.05 Tax-exempt Status. The Parties intend and declare the activities of the Authority to be governmental functions carried out by an instrumentality or political subdivision of government as described in Section 115 of the Internal Revenue Code of 1986, 26 USC 115, or any corresponding provisions of any future tax code. The Parties also intend and declare the activities of the Authority to be of the same character as "governmental functions carried out by a political subdivision of this State," exempt to the extent provided under Michigan law from taxation by this State, including, but not limited to, the business tax under the Michigan Business Tax Act, Act No. 36, Public Acts of Michigan, 2007, as amended, MCL 208.1101 to 208.1601, and ad valorem property taxes under Act 206, and exempt to the extent provided under Michigan law from all governmental assessments and fees otherwise applicable to private entities.

Section 2.06 Compliance with Law. The Authority shall comply with all federal and state laws, rules, regulations, and orders applicable to this Agreement.

Section 2.07 Independent Contractor. The Parties agree that at all times and for all purposes under the terms of this Agreement each Party's relationship to each other shall be that of an independent contractor. Each Party will be solely responsible for the acts of its own

employees, agents, and servants. No liability, right or benefit arising out of any employer/employee relationship either express or implied shall arise or accrue to any Party as a result of this Agreement.

Section 2.08 No Third Party Beneficiaries. Except as expressly provided herein, this Agreement does not, and is not intended to, create, by implication or otherwise, any direct or indirect obligation, duty, promise, benefit, right to be indemnified (i.e., contractually, legally, equitably, or by implication) and/or any right to be subrogated to any Party's rights in this Agreement, and/or any other right of any kind, in favor of any Person.

ARTICLE III PURPOSE

Section 3.01 Purpose. The purpose of the Authority shall be to take advantage of the provisions of State laws enabling the creation and implementation of water resource, economic development activities generally and of the development of Kalamazoo Lake in particular and to attract facilities engaged in waterfront and marine activities, and other tourist or nautical businesses in accordance with State laws, and shall also include the exercise of power granted by such State laws in the joint exercise of shared powers, privileges or authority of the Parties to perform successful, effective and efficient economic development programs and functions throughout the geographic boundaries of the Authority. Shared powers shall include the coordination of complementary local programs and functions of the Parties. To the extent that State laws are enacted or amended subsequent to the execution date of this Agreement to provide for additional powers which may be exercised by the Authority, as may be hereafter recognized by statute, the Parties desire and intend that the Authority created hereby be fully empowered and authorized to exercise such powers upon approval by the Parties.

ARTICLE IV GENERAL POWERS OF THE AUTHORITY

Section 4.01 Powers Granted Under Act 7. In carrying out its purposes, the Authority may perform, or perform with any Person, as applicable, any power, privilege, or authority related to economic development that the Parties share in common and that each might exercise separately to the fullest extent permitted by Act 7 and in accordance with relevant law, except as expressly otherwise provided in this Agreement. Except as otherwise provided herein, the enumeration of a power in this Agreement shall not be construed as a limitation upon the powers of the Authority, and is in addition to any powers authorized by law. Among other things, the Authority, in its own name, shall have the power to:

- (a) Make or enter into contracts;
- (b) Employ agencies or employees;
- (c) Acquire, construct, manage, maintain, or operate buildings, works, or improvements;
- (d) Acquire, own, hold, operate, maintain, lease, or sell real or personal property and dispose of, divide, or distribute any property;

- (e) Incur debts, liabilities, or obligations that, except as expressly authorized in writing by the Parties, do not constitute the debts, liabilities, or obligations of any of the Parties;
- (f) Cooperate with a Public Agency, an agency or instrumentality of the Public Agency, or another legal or administrative entity created by the Public Agency under Act 7;
- (g) Make loans from the proceeds of gifts, grants, assistance funds, or bequests in order to further its purposes;
- (h) Form other entities necessary to further the purposes of the Agreement; and
- (i) Sue and be sued.

Section 4.02 Additional Powers Granted Under Act 7. The Authority shall also have the power to:

- (a) Employ, engage, compensate, transfer, or discharge necessary personnel, subject to the provisions of applicable civil service and merit systems and Act 7;
- (b) Fix and collect charges, rates, rents, fees, loan repayments, loan interest rates, or other charges on loans;
- (c) Promulgate necessary rules and provision for their enforcement by or with the assistance of the Parties to accomplish the purposes of this Agreement;
- (d) Accept gifts, grants, assistance funds, or bequests and use the same for the purposes of this Agreement. The Authority may apply for and accept grants, loans, or contributions from any source. The Authority may do anything within its power to secure the grants, loans, or other contributions;
- (e) Make claims for federal or state aid payable to a Party on account of the execution of this Agreement;
- (f) Respond for any liabilities that might be incurred through performance of the Agreement and insure against any such liability;
- (g) Arbitrate disputes or disagreements, the effects of failure of the Parties to pay their shares of the costs and expenses, and the rights of the other Parties in such cases;
- (h) Engage auditors to perform independent audits of the financial statements of the Authority;
- (i) Invest surplus funds or proceeds of grants, gifts, or bequests and adopt an investment policy in connection therewith;
- (j) Employ legal, financial and technical experts, other officers, agents, or employees, and accept voluntary provision of such services and functions from donor individuals and entities;

- (k) Study, develop, and prepare the reports or plans the Authority considers necessary to further the purposes of this Agreement and to monitor and evaluate performance under this Agreement; and
- (l) Indemnify, as permitted by law, and procure insurance indemnifying any members of the Authority Board or officers or employees of the Authority from personal loss or accountability from liability asserted by any Person for any acts or omissions of the Authority.

Section 4.03 Powers Under Act 451. In addition to the powers enumerated under Act 7 referenced above, the Authority may exercise all powers vested through Act 451, as amended, subject to the limitations, if any, of this Agreement including, without limitation:

- (a) Vest authority for the maintenance, operation and regulations of the Kalamazoo Harbor Development Area in a board which shall, by resolution or ordinance, prescribe the duties and powers of the board to:
 - (1) Adopt all necessary rules, regulations, and ordinances for the management, government, and use of any waterways, harbors, channels, or other navigational facilities under its control; employ harbor guards or security, a harbormaster with full police powers; establish penalties for the violation of the rules, regulations, and ordinances; and enforce those penalties.
 - (2) Adopt and enact rules, regulations, and ordinances designed to safeguard the public in the Kalamazoo Harbor Development Area.
 - (3) Following adoption of a resolution by each Party consenting to the same, establish a special assessment district including all parcels of land and local units of government which will be benefitted by the improvement of the lake.
 - (4) Perform any other activity permitted under Acts 451 as amended.

Section 4.04 Powers Under Act 94. The Authority may exercise all powers vested in it through Act 94 including but not limited to :

- (1) Adopt a Water Resource Management Plan.
- (2) Plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation or reconstruction of public facilities that may be necessary or appropriate to the execution of the Water Resource Management Plan.
- (3) Make and enter into contracts necessary or necessary to the exercise of its powers and the performance of its Plan.
- (4) Acquire by purchase or otherwise lease land or other property, real or personal, or rights or interest therein.

- (5) Fix, charge and collect fees, rents and charges for the use of any facility, building or property under its control or any part of the facility, building or property and, where necessary, pledge such fees, rents and charges for the payment of revenue bonds issued by the Water Improvement Tax Increment Finance Authority.
- (6) Consistent with all procedures contained in Act 94, adopt a tax increment finance plan or establish a special assessment district and/or borrow money through the issuance of revenue bonds.
- (7) Perform any other activity permitted under Act 94, as amended.

Section 4.05 Bonds or Notes: Limitations. The Authority shall not issue any type of bond in its own name or in any way indebted a Party except as provided herein. The Authority may borrow money and issue bonds or notes in its name for local public improvements or for economic development purposes provided that the Authority shall not borrow money or issue bonds or notes for a sum that, together with the total outstanding bonded indebtedness of the Authority, exceeds 2 mills of the taxable value of the taxable property within the Parties as determined under Section 27a of the General Property Tax Act, 1893 PA 206, MCL 211.27a, unless otherwise authorized by other financial authorities and acts encompassed hereunder through Act 7. Bonds or notes issued by the Authority are the debt of the Authority and not of the Parties. Bonds or notes issued by the Authority are for an essential public and governmental purpose. Pursuant to Section 7(7) of Act 7, bonds or notes, together with the interest on the bonds or notes and income from the bonds or notes, are exempt from all taxes. Bonds or notes issued by the Authority are subject to Act No. 34 of the Public Acts of Michigan, 2001, as amended, as required by Section 7(8) of Act 7. This section is not meant to limit the ability to issue bonds by its individual Parties as provided for by law.

Section 4.06 Tax Limitation. The Authority shall not levy any type of property tax millage within the boundaries of any Party except by majority vote of the members of its governing body or authorized by the voters of the municipality as may be permitted by the Acts identified herein. Nothing contained in this Agreement, however, prevents one or more of the Parties from levying taxes in their own right and assigning the revenue from such taxes to the Authority, to the extent permitted by law.

Section 4.07 No Waiver of Governmental Immunity. The Parties agree that no provision of the Agreement is intended, nor shall it be construed, as a waiver by any Party of any governmental immunity provided under Act 7 or other law. In accordance with Act 7, the Authority shall not be operated for profit, and it shall perform governmental and not proprietary functions.

ARTICLE V

SPECIFIC POWERS OF THE AUTHORITY: LIMITATIONS

Section 5.01 Master Development Plan. The Authority, in collaboration with the Parties, shall have the power to promulgate a Kalamazoo Lake Master Development Plan, a Water Resource Development Plan, Tax Increment Financing and Development Plan or similar plan as required by the specific Act being used for that area within the boundaries of

the Development Area of the Authority. The Development Plan may include proposed land uses to be recommended to the Parties' consideration in respect of the Parties' zoning regulations. The Kalamazoo Lake Master Development Plan or its equivalent shall be submitted to the Local Government Parties for approval prior to implementation.

If the Authority intends to include tax increment financing as a financing mechanism under the Act, the Water Improvement Tax Increment Finance Act, the Tax Increment Authorities of each Party or its equivalent must first adopt a tax increment financing and development plan pursuant to the procedures set forth in Act 94 to be administered by the Authority. Said plan shall mirror as close as possible the Kalamazoo Lake Master Development Plan.

Section 5.02 Application Criteria and Review; Incentives; Approval. The Authority shall have the power to promulgate application materials; to seek and accept applications from prospective developers and businesses; to establish criteria for development; except as such discretion is expressly limited by this Agreement or law; to consult with the State officials having subject matter jurisdiction in respect of applications and approvals; to monitor the performance of applicants; and to make recommendations in respect of applications to the State officials or entities, a Party, or any other Person having subject matter jurisdiction.

Section 5.03 Infrastructure Planning and Development. The Authority shall have the power to work with State and local government officials in the planning and development of infrastructure within the geographic territory of the Authority.

Section 5.04 Site Selection. The Authority shall have the power to assist prospective developers and businesses with selection of development sites within the geographic territory of the Authority.

Section 5.05 Marketing; Business Attraction. The Authority shall have the power to conduct marketing and business attraction efforts on behalf of itself and the Development Area.

Section 5.06 Real Estate Development. The Authority shall have the power to provide consultation to assist any Person in respect of the development of real estate within the geographic territory of the Authority.

Section 5.07 Regulatory Assistance and Processing. The Authority shall have the power to provide assistance to prospective developers and businesses in respect of applying for and obtaining any necessary or advisable licenses, permits or approvals from federal, State and local government entities.

Section 5.08 Local Government Assistance. The Authority shall have the power to provide assistance to the Parties with the implementation and coordination of economic development programs within the geographic territory of the Authority.

ARTICLE VI AUTHORITY BOARD

Section 6.01 Authority Board Composition. The Board of Directors shall, for general purposes, consist of the following Board Members. The appointing authority of each Party shall appoint two (2) members to the Authority Board provided that not more than one (1) of those members is an elected official. The appointing authorities of each Party shall collectively agree on the appointment of one (1) additional member who shall be a person having ownership, residence or business interest in land abutting Lake Kalamazoo. Members of the Authority Board shall serve at the pleasure of the appointing Party for terms established by each Party, but not to exceed four (4) years.

- (a) Each Party entitled to membership on the Authority Board shall have the ability to appoint one (1) alternate member to serve in a permanent member's place and stead if the permanent member is absent from an Authority Board meeting. Appointment of the alternate shall be made by the appointing authority in writing.
- (b) The City Manager or Chief Administrative Official of each Party shall serve as an ex-officio non-voting member of the Authority Board.
- (c) A vacancy on the Authority Board shall be filled in the same manner as the original appointment for the balance of the unexpired term.
- (d) All Authority Board Members are eligible for re-appointment in accordance with the rules and procedures of the appointing Authority.
- (e) All Authority Board members may be removed by the appointing authority at will.
- (f) If the Authority Board is assuming the powers under a particular Act requiring additional board members, those members shall be appointed for the limited purpose of serving for the particular purposes required under that particular Act.

Section 6.02 Meetings. The Authority Board shall meet at least annually at the place, date, and time as the Authority Board shall determine. Meetings shall comply with the Open Meetings Act.

Section 6.03 Quorum and Voting. A majority of the Authority Board then in office and present in person shall be required to constitute a quorum for the transaction of business, and a majority vote at a meeting at which a quorum is present shall be necessary for the transaction of business.

Section 6.04 Authority Board Powers and Responsibilities. The Authority Board shall do all of the following by a majority vote unless otherwise provided:

- (1) Upon the recommendation of the Authority Board, adopt by-laws and rules of procedure governing the Authority Board and their respective actions and meetings. Initial by-laws and rules of procedure shall be adopted within six (6) months of the first meeting of the Authority Board.
- (2) Elect individuals to fill the positions of Chairperson, Vice Chair Secretary and Treasurer.

- (3) Cause to be conducted an annual independent audit of the Authority in accordance with the Budget Act.
- (4) Upon the recommendation of the Chairperson and the Treasurer, approve the annual budget in accordance with the Uniform Budgeting and Accounting Act, Act No. 2 of the Public Acts of Michigan, 1968, as amended.
- (5) Evaluate the Authority's performance under this Agreement and law and recommend changes.
- (6) Establish policies and procedures in respect of ethics and conflicts of interest consistent with Sections 2.09 and 7.09 of this Agreement.
- (7) Approve an investment policy in accordance with Act No. 20, of the Public Acts of Michigan, 1943, as amended.
- (8) Create committees and appoint individuals to serve thereon.

Section 6.05 Fiduciary Duty. The members of the Authority Board are under a fiduciary duty to conduct the activities and affairs of the Authority in the best interests of the Authority, including the safekeeping and use of all Authority monies and assets for the benefit of the Authority. The members of the Authority Board shall discharge this duty in good faith, with the care an ordinarily prudent individual in a like position would exercise under similar circumstances.

Section 6.06 Compensation. The members of the Authority Board shall receive no compensation for the performance of their duties, but each member shall be reimbursed for such member's reasonable expenses in carrying out those duties. A member of the Authority Board may engage in private or public employment, or in a profession or business.

ARTICLE VII OFFICERS

Section 7.01 The Authority Board, at the annual meeting, shall elect a Chairperson, Vice-Chairperson, a Secretary and a Treasurer who shall hold their offices for one year or until their successors are duly elected. Said officers shall exercise such powers and perform such duties as shall be determined from time to time by the Authority Board.

Section 7.02 Vacancies. Vacancies shall be filled by appointments made by the respective appointing entity for the balance of the unexpired term.

Section 7.03 Meetings. The Authority Board shall hold meetings at the place, date, and time as the Authority Board shall determine. Meetings shall comply with the Open Meetings Act.

Section 7.04 Compensation. The officers shall receive no compensation for the performance of their duties, but each officer shall be reimbursed for such officer's reasonable expenses in carrying out those duties.

Section 7.05 Conflicts of Interest. The Authority Board may adopt policies and procedures requiring periodic disclosure of relationships which may give rise to conflicts of interest. The policies and procedures shall require that a member of the Authority Board or the officer who has a direct or indirect interest in any matter before the Authority disclose the member's interest and any reasons reasonably known to the officer or member of the Authority Board why the transaction may not be in the best interest of the public before the Authority Board takes any action with respect to the matter. The disclosure shall become part of the record of the Authority's proceedings.

Section 7.06 Subject to the relevant provisions of State law, the policies and procedures also shall have the objective of precluding the opportunity for and the occurrence of transactions by the Authority that would create a conflict of interest involving members of the Authority Board, officers and employees of the Authority. At a minimum, these policies to be established for the Authority should include compliance by each member of the Authority Board, Officers, and employees of the Authority who regularly exercise significant discretion over the award and management of Authority projects with policies governing the following:

- (a) Immediate disclosure of the existence and nature of any financial interest of an individual or immediate family member that would reasonably be expected to create a conflict of interest.
- (b) Withdrawal by an employee or member from participation in or discussion or evaluation of any recommendation or decision involving an Authority project that would reasonably be expected to create a conflict of interest for that employee or member.

Section 7.07 Termination. An officer may be removed by the Authority Board by a majority vote of the Authority Board with or without cause at any time. An officer may resign at any time by written notice to the Authority Board. Any vacancy thereby created shall be filled by a majority vote of the Authority Board until the next annual meeting.

ARTICLE VIII DURATION OF, WITHDRAWAL FROM, AND TERMINATION OF INTERLOCAL AGREEMENT

Section 8.01 Duration. The Authority commences on the Effective Date and continues for a term of ninety-nine (99) years unless earlier terminated in accordance with this Article VIII.

Section 8.02 Withdrawal by a Party. Any Party may withdraw from the Agreement at any time upon notice given six (6) months in advance to the Authority, or in accordance with Section 14.10 of this Agreement, and the Authority thereafter shall exercise no power or authority within the territory of the withdrawing Party; provided that if the Authority has incurred debts or obligations which also are debts or obligations of a Party on account of having been expressly authorized by the Party in accordance with Sec. 7(2) of Act 7 and Sec. 4.01 of this Agreement, the Party shall remain obligated for any such payment following its withdrawal from the Agreement; and provided further that the withdrawal of a

Party shall not invalidate nor terminate prior to its stated termination date any Master Development Plan or TIF Plan or the collection of Tax Increment Revenues, or any other economic development incentive previously established or granted prior to the withdrawal of the Party, and the withdrawing Party shall be deemed to remain a Party if necessary for the limited purpose of preserving any of the foregoing incentives, and provided further that in the event of a withdrawal by a Party, the Authority shall not extend the effective term of any of the foregoing incentives beyond its stated termination date.

Section 8.03 Termination. This Agreement shall continue until terminated by the first to occur of the following:

- (a) If this Agreement is approved by majority vote of the elected members of the Party's legislative bodies but fails to be approved by a majority vote of the electors in a referendum as a result of a petition filed within forty-five (45) days of the approval of the Agreements, this Agreement shall be terminated and rescinded as a result of such vote.
- (b) When there is one (1) Party left;
- (c) A three-fourths (3/4) vote of the voting members of the Authority Board then serving in office; or
- (d) Expiration of the stated term of the Agreement.

Section 8.04 Disposition upon Termination. As soon as possible after termination of this Agreement, the Authority shall wind up its affairs as follows:

- (a) All of the Authority's debts, liabilities, and obligations to its creditors and all expenses incurred in connection with the termination of the Authority and distribution of its assets shall be paid first; and
- (b) The remaining assets, if any, shall be distributed among the remaining Parties in accordance with Act 7 or other relevant law, and otherwise in proportion to their contributions to the Authority.

ARTICLE IX CONTRIBUTIONS

Section 9.01 Entry Fees. Any local government which becomes a Party to this Agreement shall be required to pay an entry fee. The entry fee for each Party shall be such amount mutually agreed upon by the Parties and is intended to fund the initial costs expended to create, and the operational expenses of, the Authority until such time as other revenue sources have been established. The entry fee may be deferred, partially deferred or waived for initial parties in partial or entirely in consideration of the in-kind contributions made in support of creating the Authority as provided for in Section 9.02. The entry fee for Parties subsequently joining the Authority shall be determined by a recalculation into equal shares of the amount of the initial costs expended to create and fund the operational expenses of the Authority to the date joining which may be waived in whole or in part by the Parties to this Agreement in their sole reasonable discretion in consideration of in-kind contributions.

Section 9.02 Personal Property, Assets, Services, Employees. Any Party may make contributions of personal property, assets, services or employees deemed necessary to the creation or operational support of the Authority. The reasonable value of which shall be credited against the Party's entry fee as set forth in Section 9.01 or thereafter upon approval by the Authority Board. The reasonable value of personal property or assets shall be determined by the Authority Board, in its sole discretion, by reference to a published market rate of the items in question, competitive quotes, or other objective measure approved by the Authority Board. In the case of contributed employees or services, reasonable value shall be determined based upon a proration for the time worked of the annual total compensation of the employee being loaned, service being provided or other objective measure approved by the Authority Board. The Authority shall have full discretion to return to the Party any contributed employee or to make other arrangement for any services being contributed, in which case the Party shall be subject to and shall promptly pay the remaining entry fee.

Section 9.03 Marketing Costs. The Authority may annually prepare a marketing budget for the Authority for the purpose of paying for marketing efforts designed to attract users to Kalamazoo Lake. Expenditure of such budgeted moneys shall be subject to annual review and audit to assure compliance with State and federal law and regulation.

Section 9.04 Acts and Omissions. The Authority shall only be liable for its own acts or omissions which occur after the Effective Date and none of the Parties shall be liable for any acts or omissions of the Authority.

Section 9.05 Execution of Documents. The Authority and each Party shall cooperate in order to execute and deliver to the Authority any and all documents including bills of sale, assignments, and certificates necessary or appropriate to effectuate each Party's contribution to the Authority.

Section 9.06 Participation Agreement. The Authority and a Party may enter into a Participation Agreement for the purpose of executing the purposes and activities contemplated by this Agreement.

ARTICLE X ADMISSION OF OTHER PARTIES

Section 10.01 Procedure. Following the Effective Date, a Public Agency may become a Party by submitting a written request to the Chairperson or Authority Board and pursuant to guidelines established by the Authority Board, payment of the then applicable entry fee as provided for in Article IX, Section 9.01 and in accordance with law. The Authority Board may recommend approval to the Local Government Parties to this Agreement, who shall approve or deny the request. Approval of this Agreement shall be by resolution of the entity seeking to become a Party.

Section 10.02 Effective Date. The effective date of admission of a Party is the date on which a fully executed copy of this Agreement which contains the name and signatory of the newly admitted Party is filed with Michigan Department of State, Office of the Great

Seal, and filed with the County Clerk of each county which is a Party to this Agreement pursuant to Section 10 of Act 7.

Section 10.03 Not an Amendment to Agreement. The admission of additional Parties after the initial Effective Date of this Agreement shall not constitute an amendment to or alternative form of this Agreement nor change the Effective Date. Any amendment to or alternative form of this Agreement may be made only in accordance with Section 14.10.

Section 10.04 Opinion of Legal Counsel. The written request submitted to the Authority Board shall be accompanied by an opinion of legal counsel to the Public Agency in form and substance satisfactory to counsel to the Authority, and to the Attorney General of the State if approval by the Attorney General is then required, including but not limited to opinions to the effect that the Public Agency is validly formed, has the powers set forth in Articles IV and V of this Agreement, and that the Agreement, once duly executed and delivered, will be the valid and binding obligation of the Public Agency, enforceable in accordance with its terms.

ARTICLE XI SHARING OF REVENUE; LIMITATIONS

Section 11.01 Sharing of Revenue. The Parties agree conceptually that the Authority's success in attracting economic development will be measured in income from the Authorities projects, special assessment or bond proceeds, tax increment financing revenues, among other sources yet identified. The Parties therefore agree to investigate a fair and equitable means of sharing all or a portion of such revenue streams as permitted by law. Example, the dredging of Kalamazoo Lake benefits all parties and the cost should be shared proportionately according to the amount of submerged land falling within their jurisdiction. Funds secured for this purpose should be distributed in same proportionate fashion. The sharing of administrative costs is another example.

Section 11.02 Limitations. The Parties understand and agree to abide by any statutory limitations placed on financial proceeds collected from Special Assessment Districts (SAD) or Tax Increment Financing (TIF) or other statutory limitations set forth in comparable statutes. Example, SAD proceeds may only be spent on projects within the SAD district established by each party within their jurisdiction. TIF dollars can only be spent on projects set forth in each Party's Tax Increment Finance and development Plans within their TIF districts.

ARTICLE XII BOOKS AND REPORTS

Section 12.01 Accrual Basis. The Authority shall maintain its books of account on an accrual basis of accounting, except as otherwise required by law.

Section 12.02 Authority Records. The Authority shall keep and maintain at the principal office of the Authority all documents and records of the Authority. The records of the Authority shall include a copy of this Agreement along with a listing of the names and addresses of the Parties. Such records and documents shall be maintained until termination of this Agreement.

Section 12.03 Financial Statements and Reports. The Authority shall cause to be prepared at least annually, at Authority expense, audited financial statements prepared in accordance with the Budget Act and with generally accepted accounting principles and accompanied by a written opinion of an independent Certified Public Accountant. A copy of the annual financial statement and report shall be filed with the State Department of Treasury within six months after the end of the Authority's Fiscal Year in accordance with law, with copies filed with each Party.

Section 12.04 Freedom of Information Act. The Authority is subject to and shall comply with the Freedom of Information Act.

ARTICLE XIII FINANCES

Section 13.01 Annual Budget. The Authority shall be subject to and comply with the Budget Act. The Treasurer annually shall prepare and the Authority Board shall approve a budget for the Authority for each Fiscal Year. Each budget shall be approved not less than 15 days prior to the beginning of the Fiscal Year. The budget may not be approved by the Authority Board unless first approved by each Party by resolution.

Section 13.02 Deposits and Investments. The Authority shall deposit and invest funds of the Authority, not otherwise employed in carrying out the purposes of the Authority, in accordance with an investment policy established by the Authority Board consistent with State law regarding the investment of public funds.

Section 13.03 Disbursements. Disbursements of funds shall be in accordance with guidelines established by the Authority Board and in accordance with the Budget Act and law.

ARTICLE XIV MISCELLANEOUS

Section 14.01 Notices. Notice of all meetings of the Authority Board shall be given in the manner required by the OMA. In addition, at least three (3) days prior to the date set for the holding of any meeting of the Authority Board, written notice of the time and place of such meeting shall be sent by email or other electronic means to each Authority Board member, as the case may be, at the email or other appropriate address of such member appearing on the records of the Authority. Every notice by email or other electronic means shall be deemed duly served as of 5:00 p.m., prevailing Eastern Time, next following the actual time when the notice is transmitted, as recorded by the Authority's communication system. The Chairperson or his or her designee may, but shall not be required to, cause additional written notice to be provided to a member or members by mailing such notice via regular U.S. mail not less than seven (7) days prior to the date set for the holding of the meeting to the address of such member or members appearing on the records of the Authority. Mailed notice shall be deemed duly served on the second business day following the day when the same has been deposited in the United States mail with postage fully prepaid and addressed to the sendee as provided above.

Any and all correspondence or notices required, permitted or provided for under this Agreement to be delivered to any Party shall be sent to that Party by email or other electronic means at the email or other appropriate address of such Party appearing on the records of the Authority, with a written copy by first class mail, provided that notices required by Sections 5.12, 5.13, 5.14, 5.15 and 5.16 and notices of withdrawal shall be sent by email or other electronic means and by certified mail, return receipt requested, in lieu of first class mail. All such written notices including any notice of withdrawal as provided herein shall to be sent to each other Party's signatory to this Agreement, or that signatory's successor at the address as set forth above such Party's signature, or to such other address provided by the Party to the Authority from time to time. All correspondence shall be considered delivered to a Party as of 5:00 p.m., prevailing Eastern Time, next following the actual time when the notice is transmitted, as recorded by the Authority's communication system.

Section 14.02 Entire Agreement. This Agreement sets forth the entire agreement between the Parties and supersedes any and all prior agreements or understandings between them in any way related to the subject matter hereof. It is further understood and agreed that the terms and conditions herein are contractual and are not a mere recital and that there are no other agreements, understandings, contracts, or representations between the Parties in any way related to the subject matter hereof, except as expressly stated herein.

Section 14.03 No Presumption. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the Party causing this Agreement to be drafted.

Section 14.04 Severability of Provisions. If any provision of this Agreement, or its application to any Person or circumstance, is invalid or unenforceable, the remainder of this Agreement and the application of that provision to other persons or circumstances is not affected but will be enforced to the extent permitted by law.

Section 14.05 Governing Law. This Agreement is made and entered into in the State of Michigan and shall in all respects be interpreted, enforced and governed under the laws of the State of Michigan without regard to the doctrine of conflict of laws. The language of all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning, and not construed strictly for or against any Party.

Section 14.06 Captions and Recitals. The captions, headings, recitals and titles in this Agreement are intended for the convenience of the reader and not intended to have any substantive meaning and are not to be interpreted as part of this Agreement. They are solely for convenience of reference and do not affect this Agreement's interpretation.

Section 14.07 Terminology. All terms and words used in this Agreement, regardless of the number or gender in which they are used, are deemed to include any other number and any other gender as the context may require.

Section 14.08 Cross-References. References in this Agreement to any Article include all Sections, subsections, and paragraphs in the Article; references in this Agreement to any Section include all subsections and paragraphs in the Section.

Section 14.09 Jurisdiction and Venue. In the event of any disputes between the Parties over the meaning, interpretation or implementation of the terms, covenants or conditions of this Agreement, the matter under dispute, unless resolved between the parties, shall be submitted to the courts of the State of Michigan.

Section 14.10 Amendment. The Agreement may be amended or an alternative form of the Agreement adopted only upon written agreement of all Parties.

Section 14.11 Execution of Agreement; Counterparts. Each Party shall duly execute three (3) counterparts of this Agreement, each of which (taken together) is an original but all of which constitute one instrument.

[Remainder of this page left blank intentionally]

IN WITNESS WHEREOF, this Agreement is executed by each Party on the date hereafter set forth.

CITY OF THE VILLAGE OF DOUGLAS

WITNESS: [Signature]

BY: Martha Hoexter
Martha Hoexter

[Signature]

Its: Mayor Pro Tem

BY: Jean E. Neve
Jean E. Neve

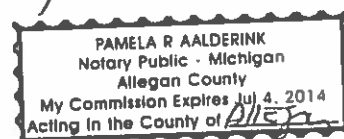
Its: City Clerk _____

DATE: November 15 2011

STATE OF MICHIGAN)
)ss.
COUNTY OF ALLEGAN)

On this 15th day of NOVEMBER, 2011, before me a Notary Public in and for said County, appeared Martha Hoexter and Jean E. Neve, to me personally known, who, being by me duly sworn, did each for herself say that they are, respectively, the Mayor Pro Tem and City Clerk of the City of the Village of Douglas, the corporation named in and which executed the within instrument, and that said instrument was signed and sealed on behalf of the City of the Village of Douglas by authority of its City Council; and said Martha Hoexter and Jean E. Neve acknowledged said instrument to be the free act and deed of the said City of the Village of Douglas.

Pamela R. Alderink
Notary Public, Allegan County, Michigan
Acting in Allegan County, Michigan
My Commission Expires: July 4 2014



Public Hearing in the City of the Village of Douglas held on October 10, 2011.

IN WITNESS WHEREOF, this Agreement is executed by each Party on the date hereafter set forth.

CITY OF SAUGATUCK

WITNESS:

Robert J. Sapota

BY:

Jane Verplank

Its: Mayor

BY:

Monica Looman

Its: City Clerk

DATE: November 15 2011

STATE OF MICHIGAN)
)ss.
COUNTY OF ALLEGAN)

On this 15th day of NOVEMBER, 2011, before me a Notary Public in and for said County, appeared Jane Verplank and Monica Looman, to me personally known, who, being by me duly sworn, did each for herself say that they are, respectively, the Mayor and City Clerk of the City of Saugatuck, the corporation named in and which executed the within instrument, and that said instrument was signed and sealed on behalf of the City of Saugatuck by authority of its City Council; and said Jane Verplank and Monica Looman acknowledged said instrument to be the free act and deed of the said City of Saugatuck.

Pamela R. Alderink
Notary Public, Allegan County, Michigan
Acting in Allegan County, Michigan
My Commission Expires: July 4 2014

Public Hearing in the City of Saugatuck held on October 17, 2011.

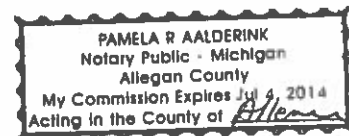


EXHIBIT A

LEGAL DESCRIPTION

The boundaries of the proposed water resource improvement district within which the Water Resource Improvement Tax Increment Finance Authority shall exercise its powers are as follows:

Beginning in the City of Saugatuck:

T3N, R16W, Section 8; Also all that part of Section 16 which lies north and east of the Kalamazoo Lake and the Kalamazoo River; and also a parcel of land in Section 10 described as beginning 701.91 feet north of the southwest corner of the north 5/8 of the west 1/2 of the northwest 1/4 of Section 10 on the west Section line, thence north to the northwest corner of Section 10, thence due east on the Section line to the westerly right-of-way of the Blue Star Highway (formerly known as old US 31), thence southeasterly along the westerly right-of-way of the Blue Star Highway to a point due east of the beginning, thence west to the beginning, and

Continuing to the City of the Village of Douglas:

all properties that fall within a district that would be created by drawing a line starting at the intersection of Ferry Street and Campbell Road and proceeding West along Campbell Road to a point approximately 200 feet West of McVea Dr., then turning South at that point and proceeding in a straight line to Center Street, then turning East on Center Street and proceeding to a point approximately 650 feet West of intersection of Center and Ferry Streets, then turning South at that point and proceeding in a straight line to Wiley Road, then turning East on Wiley Road proceeding to the eastern boundary of the City, then turning North and following the boundary of the city to a point in Lake Kalamazoo that marks the dividing line between the City of Douglas and Saugatuck Township, then following that line in Lake Kalamazoo that goes West and North West to a point that aligns with the point of beginning at Ferry Street and Campbell Road.

So that these descriptions when joined along their common boundaries combine form one Water Resource Improvement Tax Increment Finance Authority District as depicted on the following map:

