



CITY COUNCIL WORKSHOP AGENDA

July 3, 2024, 4:00 p.m.

This is an in-person meeting at Saugatuck City Hall, 102 Butler St, Saugatuck, MI 49453.

The meeting will also be available live, virtually on Zoom.

- 1. Call to Order**
- 2. Roll Call**
- 3. Agenda Changes** (*Additions/Deletions*)
- 4. Guest Speaker**
- 5. Public Comment on Agenda Items Only** (*Limit 3 minutes*)
- 6. Discussion Items:**
 - A.** Ordinance No. 240708-A, Amending the Water Regulations and Resolution No. 240708-A, Approving a Change in the City's Schedule of Fees to Establish a Water Capital Improvement Charge. ***Pg.2***
 - B.** Planning Commission Recommendation for Caps on Short-Term Rentals in R-1 Residential Districts. ***Pg.44***
- 7. Public Comments** (*Limit 3 minutes*)
- 8. Correspondence**
 - A.** Craig Baldwin
 - B.** CJ Bagierek
 - C.** Andy Kurrasch #1
 - D.** Andy Kurrasch #2
 - E.** Mark LaChey
 - F.** Doug Rodewald
 - G.** Brian Schipper
- 9. Council Comments**
- 10. Adjourn**

NOTICE:

Join online by visiting:
<https://us02web.zoom.us/j/2698572603>

Join by phone by dialing:
**(312) 626-6799 -or-
(646) 518-9805**

Then enter "Meeting ID":
2698572603

Please send questions or comments regarding meeting agenda items prior to meeting to:
rcummins@saugatuckcity.com

Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact Saugatuck City Clerk at 269-857-2603 or jwolters@saugatuckcity.com for further information.



City Council Agenda Item Report

FROM: Ryan Cummins, City Manager

MEETING DATE: July 8, 2024

SUBJECT: Ordinance No. 240708-A, Amending the Water Regulations and Resolution No. 240708-A, Approving a Change in the City's Schedule of Fees to Establish a Water Capital Improvement Charge

DESCRIPTION:

In April 2021, the City agreed in a corrective action plan submitted to the Michigan Department of Environment, Great Lakes, and Energy (EGLE) to submit a Drinking Water Asset Management Plan (AMP) and associated Capital Improvement Plan (CIP) for the water system assets located within our jurisdiction.

In September 2023, the City completed the AMP and CIP and City Council approved the submittal of the attached plan to EGLE.

A major component of the AMP was a recommendation from Baker Tilly to implement a water capital improvement charge to provide adequate cash flow to fund necessary future improvements to water mains and lead service lines in the City.

The need for a water capital improvement charge:

- **Aging Infrastructure:** The water infrastructure is aging, necessitating replacement to ensure continued functionality and safety.
- **Environmental Compliance:** New environmental regulations require improvements to the water systems. Complying with these standards is crucial for both regulatory adherence and the well-being of the community.

The rationale for capital improvement charge:

- **User-Pay Principle:** Charging for capital improvements ensures that those who benefit from the enhanced water infrastructure contribute to its costs.
- **Dedicated Funding Source:** Adding a separate line item on water bills for capital improvement charges creates a dedicated funding source specifically for infrastructure projects, ensuring proper and transparent allocation of funds.
- **Long-Term Financial Stability:** Implementing these charges allows us to establish a sustainable financial model for long-term capital improvement projects, reducing reliance on general fund budget allocations.

Baker Tilly's second scenario analysis estimated annual revenue of \$331,680 with a charge of \$20 per month per meter equivalent unit (MEU). A MEU is a water customer with a 5/8" meter size. According to account information from the Kalamazoo Lake Water-Sewer Authority (KLSWA), 84% of City customers have a meter this size. For those with larger meter sizes, they would pay a higher proportion based on their meter size. The following chart summarizes the charge and percentage of customers impacted:

Meter Size	Meter Equivalent (per KLSWA)	Recommended Capital Improvement Charge (per month)	Customers with this Meter Size
5/8"	1	\$20	84.5%
1"	2.5	\$50	11.3%
1 ½"	5	\$100	1.2%
2"	8	\$160	1.8%
3"	15	\$300	.1%

Workshop Review

At the June 5 workshop meeting, Council discussed the recommended charge and asked staff to draft the necessary ordinance and fee schedule updates. Both drafts are attached. KLSWA has indicated it will take approximately three months to add this charge to the water bills. Revenue from the charge would be sent to the City at least quarterly and kept separate from other City funds. The funds from this charge can only be used for water system capital improvements.

LEGAL REVIEW:

The City Attorney has reviewed the necessary steps to authorize this type of charge. The City Attorney also drafted the attached ordinance and resolution.

SAMPLE MOTION:

Motion to approve Ordinance No. 240708-A, amending the water regulations and Resolution No. 240708-A, approving a change in the City's schedule of fees to establish a water capital improvement charge.

**CITY OF SAUGATUCK
ALLEGAN COUNTY, MICHIGAN**

AMENDMENT TO WATER REGULATIONS

ORDINANCE NO. 240708-A

At a meeting of the City Council of the City of Saugatuck, Allegan County, Michigan, held at the City of Saugatuck Hall on _____, 2024 at _____ p.m., City Council Member _____ moved to adopt the following ordinance, which motion was seconded by City Council Member _____.

An Ordinance to amend the City of Saugatuck City Code, Title V, Section 52.72 to update the City's water regulations to authorize certain charges for water system capital improvements to better protect the public health, safety, and general welfare of the City, its residents, and visitors.

THE CITY OF SAUGATUCK, ALLEGAN COUNTY, ORDAINS:

SECTION 1: AMENDMENT TO TITLE V, SECTION 52.72 OF THE CITY CODE. The City of Saugatuck Code of Ordinances, Title V, Section 52.57 shall be amended and will now read as follows:

§ 52.72 WATER SERVICE USER CHARGE SYSTEM.

- (A) All premises connected directly or indirectly to the water service system of the city, except as hereinafter provided, shall be charged and shall make payments to the Authority in amounts computed on the basis of the actual flow where a certified meter exists or a residential user equivalent or meter equivalent unit in all other cases.
- (B) The water service user charges shall include a “user operation and maintenance charge” billable quarterly for residential users and monthly for commercial and industrial users so designated by the Authority, and a “water capital improvement charge” billable monthly for all users per meter equivalent unit.
- (C) Rates to be charged for service furnished by the system shall be as follows.
 - (1) *Water service use charges.*
 - (a) The charges for water service in the city shall be established by the City Council and set in the city's schedule of fees. Charges for water service shall be adjusted as needed by the City Council.
 - (b) The charges for water service to premises outside the city limits shall be established by the City Council and set in the city schedule of fees. Charges for water service shall be adjusted as needed by the City Council and in accordance with state laws governing water sales to other municipalities.

- (c) The city shall have the right to adjust the user charge by resolution of a majority vote of the City Council based on an annual audit review of the water system operation and maintenance costs of the system. The city shall have the right to adjust the user charge at any time when the adjustment is in the best interest of the system and will protect the reliability of the system. All rate adjustments shall be made in the city's schedule of fees.

(2) *Connection charge.*

- (a) *Direct connection.* For each direct connection to the lines of the system, there shall be charged a fee established by the City Council and set in the city's schedule of fees per single-family residence equivalent, except for premises outside the city limits, whose connection charge shall be established by the City Council and set in the city's schedule of fees per single-family residence equivalent.
- (b) *Indirect connection.* In order to defray the proportional share for each indirect connection to the system, there shall be charged a fee established by the City Council and set in the city's schedule of fees per single-family residence equivalent, except for premises outside the city limits, whose connection charge shall be established by the City Council and set in the city's schedule of fees per single-family residence equivalent. An INDIRECT CONNECTION shall be defined as one made to lines added to the system after its original construction, the cost of which is paid from special assessments or private funds.
- (c) *Equivalent user factor.* Each premises, other than a single-family residence, shall pay either a direct or indirect connection charge multiplied by a factor representing a ratio of water use by the class of premises to normal single-family residential use, as reflected in § 52.73 or the schedule of fees set by the City Council.

(3) *Water capital improvement charge.*

- (a) In order to defray the costs of capital improvements to the system, there shall be charged a fee established by the City Council and set in the City's schedule of fees per meter equivalent unit ("MEU") as reflected in § 52.73 or the schedule of fees set by the City Council. The water capital improvement charge shall be collected monthly.
- (b) Each premises shall pay the water capital improvement charge established by the City Council and set in the city's schedule of fees. This charge shall be adjusted as needed by the City Council and in accordance with state laws governing water sales to other municipalities. All rate adjustments shall be made in the city's schedule of fees.

(D) § 52.73 WATER CONNECTION EQUIVALENT USER FACTORS AND WATER CAPITAL IMPROVEMENT CHARGE METER EQUIVALENT UNIT FACTORS.

<i>Water Connection Equivalent User Factor</i>		
<i>Occupation Use</i>	<i>Units</i>	<i>Unit Factor</i>
Residential I		
Single-family residence	1.00	Per dwelling unit
Two-family residence	1.00	Per dwelling unit
Mobile home (free-standing)	1.00	Per dwelling unit
Mobile home (in park)	1.00	Per dwelling unit
Duplex or row house	1.00	Per dwelling unit
Apartment building	1.00	Per dwelling unit
Condominium	1.00	Per dwelling unit
Residential II		
Hotel	1.00	Per building; plus 0.30 per bedroom*
Motel	1.00	Per building; plus 0.30 per bedroom*
Sorority or fraternity house	1.00	Per building; plus 0.30 per bedroom*
Boarding house or inn	1.00	Per building; plus 0.30 per bedroom*
Convalescent home (sheltered home)	1.00	Per building; plus 0.30 per bedroom*
Convent	1.00	Per building; plus 0.30 per bedroom*
Other		
Church	0.25	Per 1,000 square feet
School	1.00	Per classroom

<i>Water Connection Equivalent User Factor</i>		
<i>Occupation Use</i>	<i>Units</i>	<i>Unit Factor</i>
Public building, municipal	0.75	Per 1,000 square feet
Public building, federal and state	1.00	Per 1,000 square feet
Commercial and Industrial		
Athletic club	1.50	Per 1,000 square feet of building*
Auto dealer	1.00	Per building plus 0.25 per 1,000 square feet of building area including service area
Auto repair/collision service	1.00	Per building plus 0.25 per 1,000 square feet of building area including service area

Auto wash; automatic or mechanical, fresh or recycled water		
Under 20 gallons per car	1.00	Per car capacity of wash line or per stall
20 to 40 gallons per car	1.50	Per stall
40 to 70 gallons per car	3.00	
Auto wash; coin operated, manual	1.00	Per stall
Bar	3.00	Per 1,000 square feet*
Barber shop	1.00	Per premise plus 0.10 per station after two stations
Beauty shop	1.00	Per premise plus 0.10 per station after two stations
Bowling alley	1.00	Per premise plus 0.20 per alley*
Cleaners (drop-off and pick-up only)	1.00	Per building
Cleaners (with cleaning and pressing)	1.00	Per building plus 0.50 per 500 square feet
Clinic (medical or dental)	1.00	Per premise plus 0.50 per exam room
Country club	1.50	Per 1,000 square feet of clubhouse*
Drive-in restaurant	2.00	Per 1,000 square feet
Dry goods; retail store	1.00	Per premise plus 0.10 per 1,000 square feet
Drug store	1.00	Per premise*
Factory; dry process; office and production area	0.75	Per 1,000 square feet
Factory; wet process; office and production area	1.50	Per 1,000 square feet
Funeral home	1.50	Per 1,000 square feet*
Grocery store; food market	1.00	Per premise plus 0.50 per 1,000 square feet

<i>Water Connection Equivalent User Factor</i>		
<i>Occupation Use</i>	<i>Units</i>	<i>Unit Factor</i>
Hospital or skilled nursing care	1.10	Per bed
Laundry (self-serve)	1.00	Per premise, plus 0.25 per standard washing machine, plus 0.35 per large capacity washing machine
Marina	1.00	Per building plus 0.08 per boat slip*
Professional office building	0.75	Per 1,000 square feet
Restaurant (meals only)	2.00	Per 1,000 square feet

Restaurant (with bar)	5.00	Per 1,000 square feet
Service station	1.00	Per 1,000 square feet of building area
Snack bar	2.00	Per 1,000 square feet
Theater	0.03	Per seat or car space
Veterinarian facility	1.50	Per premise plus 0.10 per kennel
Warehousing; storage	0.20	Per 1,000 square feet
*Additional fees for bars, laundry facilities, snack bars and restaurant facilities.		
Water-cooled air conditioning, refrigeration, freezing compressors to be evaluated and charged according to formula.		
Minimum connection fees of 1.00 unit applies in cases where square footage criteria amounts to less than one unit.		

<i>Water Capital Improvement Charge Meter Equivalent Unit Factor</i>	
<i>Meter Size</i>	<i>Meter Equivalent Unit</i>
5/8"	1
1"	2.5
1½"	5
2"	8
3"	15

SECTION 2: REPEAL. All ordinances or parts of ordinances in conflict with this Ordinance are hereby repealed.

SECTION 3: SEVERABILITY. If any section, clause, or provision of this Ordinance be declared unconstitutional or otherwise invalid by a court of competent jurisdiction, said declaration shall not affect the remainder of the Ordinance. The City Council hereby declares that it would have passed this Ordinance and each part, section, subsection, phrase, sentence and clause irrespective of the fact that any one or more parts, sections, subsections, phrases, sentences, or clauses be declared invalid.

SECTION 4: EFFECTIVE DATE. This Ordinance shall become effective immediately upon publication.

YEAS: _____

NAYS: _____

ABSENT/ABSTAIN: _____

ORDINANCE DECLARED ADOPTED.

Lauren Stanton
City of Saugatuck, Mayor

DRAFT

CERTIFICATION

I, Jamie Wolters, being the duly elected and acting Clerk of the City of Saugatuck, Allegan County, Michigan, hereby certifies that (1) the foregoing is a true and complete copy of an Ordinance duly adopted by the City Council at a regular meeting held on July 8 2024, at which meeting a quorum was present and remained throughout, (2) that an original thereof is on file in the records of the City, (3) the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with the Open Meetings Act (Act No. 267, Public Acts of Michigan, 1976, as amended), and (4) minutes of such meeting were kept and will be or have been made available as required thereby.

Jamie Wolters
City of Saugatuck, Clerk

**CITY OF SAUGATUCK
COUNTY OF ALLEGAN
STATE OF MICHIGAN**

RESOLUTION NO. 240708-A

A RESOLUTION APPROVING A CHANGE IN THE CITY’S SCHEDULE OF FEES

Council Member _____, offered the following resolution and moved for its adoption, seconded by Council Member _____:

WHEREAS, the City of Saugatuck amended its Code of Ordinances to authorize the assessment of a water capital improvement charge, billable monthly to all users of the water system, to finance necessary capital improvements of City-owned water system assets; and

WHEREAS, the Code of Ordinances provides that the City Council shall establish the amount of the water improvement charge by resolution and include the same in the City’s Schedule of Fees; and

WHEREAS, based on the City’s water system asset management plan, water system capital improvement plan and other matters of record presented to it, the City Council hereby establishes a water capital improvement charge at a rate of \$20 per meter equivalent unit per month.

NOW, THEREFORE, IT IS RESOLVED THAT:

1. The City Council hereby approves a change in the City’s adopted Schedule of Fees to establish a “Water Capital Improvement Charge” as follows, effective January 1, 2025:

WATER CAPITAL IMPROVEMENT CHARGE		
Meter Size	Meter Equivalent Unit	Capital Improvement Charge
5/8”	1	\$20/mo
1”	2.5	\$50/mo
1½”	5	\$100/mo
2”	8	\$160/mo
3”	15	\$300/mo

2. The City Manager and City Clerk are authorized to take all actions necessary to effectuate the terms of the Resolution including, without limitation, modifying the City’s adopted Schedule of Fees maintained at City Hall.

3. All resolutions and parts of resolutions that conflict with the provisions of this Resolution are hereby rescinded; provided, however, that the remainder of the City’s Schedule of Fees shall remain in full force and effect.

YEAS: Council Members: _____

NAYS: Council Members: _____

ABSTAIN: Council Members: _____

ABSENT: Council Members: _____

ADOPTED this ____ day of _____, 2024.

Signed:

Lauren Stanton, Mayor

Jamie Wolters, City Clerk

CERTIFICATION

I, Jamie Wolters, the duly appointed clerk of the City of Saugatuck do hereby certify the foregoing is a true and complete copy of a resolution adopted by the Saugatuck City Council at a regular meeting held July 8, 2024, in compliance with the Open Meetings Act, Act No. 267 of the Public Acts of Michigan, 1976, as amended, the minutes of the meeting were kept and will be or have been made available as required by said Act.

Jamie Wolters, City Clerk

CITY OF SAUGATUCK
ALLEGAN COUNTY, MI



DRAFT

DRINKING WATER
ASSET MANAGEMENT PLAN

September 2023
Project No. 862350



ASSET MANAGEMENT TEAM

Utility Information

Utility Name: Saugatuck Water Utility System
Street Address: 102 Butler St
City: Saugatuck
Zip Code: 49453
Phone Number: (269) 857-2603
WSSN: 03525

Number of Connections: 907

Personnel

City of Saugatuck

Contact Person: Scott Herbert
Title: Superintendent, Department of Public Works
Email: scott@saugatuckcity.com

Team Member: Ryan Heise
Title: City Manager
Email: ryan@saugatuckcity.com

Kalamazoo Lake Sewer & Water Authority

Contact Person: Daryl VanDyke
Title: Manager, Kalamazoo Lake Sewer & Water Authority
Email: daryl@klswa.com

Fleis & VandenBrink

Contact Person: Jon Moxey, PE
Title: Client Manager
Email: jmoxey@fveng.com

Team Member: Elaine Venema, PE
Title: Project Manager
Email: evenema@fveng.com

Team Member: Peter Drogosh, PE
Title: Project Engineer
Email: pdrogosh@fveng.com

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Appendix B: Asset Inventory

Appendix C: Capital Improvements Plan

Appendix D: Water System Budget

Appendix E: Billing Rate Structure

I. BACKGROUND

A. SERVICE AREA

The City of Saugatuck (City) is located in western Allegan County on Lake Michigan and has an area of 1.77 square miles. Saugatuck is located 11 miles southwest of the City of Holland and 18 miles north of the City of South Haven. As of the 2020 U.S. Census, Saugatuck has a permanent population of 865, though the City and other surrounding municipalities see a large increase in seasonal population during the summer months. According to the City's 2019 Parks & Recreation Plan, a seasonal influx of cottage owners, visitors, and boaters is estimated to virtually double the region's population.

The City of Saugatuck, the City of the Village of Douglas, and Saugatuck Township are Constituent Municipalities of the Kalamazoo Lake Sewer & Water Authority (KLSWA). KLSWA provides sanitary sewer and water service within the three Constituent Municipalities, as well as within Laketown Township. Laketown Township receives service through various contractual arrangements, but is not a Constituent Municipality of KLSWA under Act 233 and KLSWA's Articles of Incorporation.

B. PURPOSE

In a letter dated January 11, 2021 addressed to KLSWA and the managers of the Constituent Municipalities, the Michigan Department of Environment, Great Lakes, and Energy (EGLE) outlined deficiencies identified in a Partial Sanitary Survey of the KLSWA water system. The following is an excerpt from the letter:

EGLE's evaluation of KLSWA has revealed issues with ownership accountability, defined authority between owners and managers/operators, and fiscal management and revenue sourcing.

EGLE understands that KLSWA operates and maintains the water supply facilities, and the individual units of government have retained ownership of the water supply facilities within their jurisdictional boundaries. Therefore, the owner of the water supply facilities is not maintaining their own facilities; KLSWA is serving as a contract operator with additional authority to make operation and maintenance decisions and repairs. This agreement only establishes authority for daily operations and maintenance of facilities, and does not include a structure for capital improvements, long term asset management, authority for cross connection inspections, or other items necessary for the long term management of a water supply.

In a Corrective Action Plan dated April 27, 2021 addressed to EGLE, KLSWA and the managers of the Constituent Municipalities elected to develop, adopt, and implement a new water service agreement between KLSWA and the Constituent Municipalities. Additionally, each Constituent Municipality would prepare and submit an Asset Management Plan (AMP) and associated Capital Improvements Plan (CIP) for the water system assets located within their jurisdictional boundary.

The purpose of this report is to provide the City of Saugatuck with an AMP and associated CIP for the water system assets located within its jurisdictional boundary, to comply with EGLE and the Michigan Safe Drinking Water Act (Act 399 of 1976). Rule 1606 of Act 399 (R 325.11606) states that a community water supply that serves more than 1,000 people shall implement an asset management program (as defined in R 325.10102).

The intent of asset management is to ensure the long-term sustainability of the water utility by helping the utility manager make informed decisions on when it is most appropriate to repair, replace, or rehabilitate particular assets and by developing a long-term funding strategy. This report is intended to be the master plan for guiding the City on the overall water system improvements needed to ensure its ability to perpetually deliver the required level of service.

II. ASSET INVENTORY

Saugatuck's publicly owned water system assets consist of two groundwater production wells, approximately 13 miles of water main, and a concrete ground storage reservoir; the City shares equal ownership of the reservoir with the City of the Village of Douglas. A map of the system is provided as Figure 1 in Appendix A.

Well #4 is rated for a capacity of 500 gpm, Well #5 is rated for 300 gpm, and together they produce between 51 and 64 million gallons of water annually. Water treatment at the wells consists of injection of chlorine for disinfection and polyphosphate for iron sequestration. The wells are housed in two separate buildings.

Water mains range from 4" to 16" in diameter and are composed of cast iron, ductile iron, and HDPE. The oldest water mains pre-date 1927, and were constructed as part of the original distribution system. Throughout the system, there are 134 fire hydrants with valves and approximately 162 water main isolation valves.

The storage reservoir has a capacity of 1,000,000 gallons and is the only storage available for Saugatuck, as well as the greater KLSWA water system.

The water asset inventory is presented in Appendix B and provides asset descriptions, year installed, location, manufacturer (where applicable), replacement cost, useful life, and criticality assessment. All information in the asset inventory is based on construction record drawings and other data received from the City and KLSWA. Not all assets had record drawings available, so their construction dates are either unknown or approximated based on record drawings from adjacent projects. There is currently a Geographic Information System (GIS) in place for refining the inventory as assets are replaced and further documented.

III. CRITICALITY ASSESSMENT

The criticality of each water system asset is based on a combination of its Probability of Failure and its Consequence of Failure. Determining each asset's criticality allows the City to manage its risk and aids in determining where to spend operation and maintenance dollars and plan capital expenditures.

When determining an asset's Probability of Failure, the following factors are considered: asset age, physical condition of asset, failure history, historical knowledge, experiences with that type of asset in general, maintenance records, and knowledge regarding how that type of asset is likely to fail. The table below details the Probability of Failure rating system. These ratings have been applied to each asset listed in the asset inventory in Appendix B.

Probability of Failure		
Rating	Probability	Description
5	Imminent	Will occur several times in the life of an item
4	Probable	Likely to occur several times in the life of an item
3	Occasional	Likely to occur sometime in the life of an item
2	Remote	Unlikely, but possible to occur in the life of an item
1	Improbable	So unlikely, it can be assumed occurrence may not be experienced

When determining an asset's Consequence of Failure, the following factors are considered: cost of repair; social cost associated with the loss of the asset; repair/replacement costs related to collateral damage caused by the failure; legal costs related to additional damage caused by the failure; environmental costs created by the failure; loss of business revenue to the community; and any other associated costs or asset losses. The Consequence of Failure can be high if any one of these costs is significant or the accumulation of several costs occur with a failure. Other considerations when determining an asset's Consequence of Failure may include the following:

- Can the system continue to produce an acceptable quantity and quality of water if asset fails?
- Is there redundancy for the asset built into the system?
- Are replacements / replacement parts on hand to replace/repair the asset on site?
- How long does it take to obtain parts or have service completed?

The table below details the Consequence of Failure rating system. These ratings have been applied to each asset listed in the asset inventory in Appendix B.

Consequence of Failure		
Rating	Consequence	Description
5	Catastrophic disruption	Massive system failure, severe health effects and death, persistent and extensive damage
4	Major disruption	Major effect, major loss of system capacity, major health effects, major costs, important LOS compromised
3	Moderate disruption	Moderate effect, moderate loss of system capacity, moderate health effects, moderate costs, important LOS still achieved
2	Minor disruption	Minor effect, minor loss of system capacity, minor health effects, minor costs
1	Insignificant disruption	Slight effect, slight loss of system capacity, slight health effects

Assessing an asset's criticality requires an examination of its Probability of Failure and its Consequence of Failure as discussed above. The assets that have the greatest probability of failure and the greatest consequences associated with the failure will be the assets that are the most critical and, therefore, present the greatest business risk to the City. An analysis of each asset reveals which assets have the highest criticality factors and, therefore, which assets require the most attention either for repair or replacement. The following formula is used to determine an asset's criticality:

$$\text{Criticality Factor} = \text{Probably of Failure} \times \text{Consequence of Failure}$$

The matrix below presents the various possible criticality factors, which are color coded based on their associated business risk. These factors have been applied to each asset listed in the asset inventory in Appendix B.

		Criticality Factor				
Probability of Failure	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		Consequence of Failure				

Assets with higher criticality factors and associated business risk should be more closely monitored and scheduled for rehabilitation or replacement. The table below provides recommended inspection and rehabilitation strategies based on an asset's business risk.

Business Risk Management		
Criticality Factor	Business Risk	Strategies for Asset Rehabilitation or Replacement
17 - 25	Very High	Inspect immediately and replace in 1-2 years
10 - 16	High	Inspect immediately and develop short- to medium-term rehabilitation plan
5 - 9	Medium	Inspect immediately and develop long-term rehabilitation plan
3 - 4	Low	Develop short-term inspection strategy and long-term rehabilitation plan
1 - 2	Very Low	Develop medium- to long-term inspection strategy and long-term rehabilitation plan

IV. LEVEL OF SERVICE GOALS

The City of Saugatuck's mission, as it relates to the water system, is to provide the community with continuous, safe drinking water and adequate fire protection that meets or exceeds Federal and State requirements by maintaining and improving the water system through the most cost-effective means without sacrificing quality.

The Asset Management Team (F&V and City staff) reviewed the City's Level of Service (LOS) goals to ensure they aligned with the City's standards and capabilities; the goals are detailed in the table below. The goals will be reviewed on an annual basis to determine if the City was successful in achieving the goals and what steps can be taken to improve the City's performance.

LOS Determinant	Define the Goal	How the Goal is Achieved
Safe Drinking Water	Meet all Federal and State water quality regulations	Monitor water quality: monthly for bacteria, annually for partial chemical, and triennially for metals.
Health & Safety	Provide a safe and injury-free workplace	Conduct regular safety meetings. Incur no MIOSHA safety violations.
Security	Secure all water installations from tampering	Maintain well-lit, fenced and/or locked facilities with proper signage.
Operator Certification	Retain certified personnel to operate and maintain the system	Employ at least 1 operator in charge and 1 backup operator. Operators must maintain a minimum of D-2 and S-2 licenses.
Customer Complaints	Provide excellent customer service	Investigate all customer complaints within 2 business days of report. Report results of the complaint to customer verbally, via the phone, in person, or in writing. Follow up on all complaints to ensure customer satisfaction.
Regulatory Changes	Be aware of regulatory changes and comply with changes as they occur	Attend industry conferences and training sessions to stay informed of changes and requirements. Request annual meeting with local EGLE representative to ensure compliance.
Response Time	Provide excellent customer service	Respond to customer emergencies within 2 hours. Provide customers with written notice 24 hours in advance of any planned interruption in service.
Financial	Maintain funds to address unexpected breakdowns and major expenses	Evaluate water rates every 5 years and adjust the rates/budget accordingly. Seek external funding for major projects as they present themselves. Maintain an operating reserve of 10%.
Water Supply	Maintain all well-related equipment	Have wells and pumps professionally inspected annually, then complete recommended maintenance items. Regularly test and perform maintenance on backup power generators. Maintain well houses in adequate condition.
Water Quality	Provide high-quality, good-tasting drinking water	Maintain water treatment equipment. Flush water mains at least once annually.
Water Storage	Maintain storage tank for longer lifespan	Have the storage tank professionally inspected every 5 years, then complete recommended maintenance items.
Water Distribution	Maintain water mains, hydrants, and valves to ensure good working order	Flush all hydrants at least once annually. Exercise all primary valves on a 4-year rotation. Maintain system pressure above 35 psi, but strive for 60-80 psi under normal conditions. Monitor water losses annually and maintain below 10%.
Administrative	Ensure accurate billing	Review discrepancies and correct in a timely fashion.
Rules & Regulations	Monitor and enforce	Update and review rules annually - cross connections, site sampling plan, required lab analysis, consumer confidence report, safety program.

V. CAPITAL IMPROVEMENTS PLAN

A Capital Improvements Plan (CIP) was developed for the City of Saugatuck based on the Water System Reliability Study (WSRS) completed for KLSWA in February 2021 by Fleis & VandenBrink. Some items have been refined as better information has become available since then. The CIP is summarized below and a complete table of capital improvements, including anticipated costs and dates of completion, is presented in Appendix C. A map of the proposed improvements is provided as Figure 2 in Appendix A.

A. WATER SUPPLY

According to the WSRS, the system's water supply capacity is sufficient to meet projected water demands. The City's well pumps were last inspected in November 2019 by Peerless Midwest and were found to be operating at their rated capacities. No improvements to the well pumps are recommended at this time.

Well 5 is housed in a building that is constructed of sheet metal, which is in fair to poor condition. The wellhouse should be replaced with an appropriate block/brick building to provide better protection and security for Well 5. Additionally, the underground electric line that serves Wells 4 and 5 is not well protected and needs to be replaced with additional protection against potential damage or tampering. It is also recommended that the City install a permanent generator to power Wells 4 and 5 in the event of a power outage.

B. WATER STORAGE

The storage tank was last inspected in October 2019 by Dixon Engineering and was found to be in good overall condition. No improvements to the tank are recommended at this time.

C. WATER DISTRIBUTION

EGLE requires all water supplies to submit a complete Distribution System Materials Inventory (DSMI) by January 1, 2025. The DSMI involves physically verifying the material of a uniformly random, statistically sound number (20%) of service lines of unknown material. Due to the prevalence of known lead service lines throughout Saugatuck's system, it is recommended that the City verify at least 50% of its 229 service lines of unknown material, which equates to 115 service line verifications. Once lead service lines throughout the system are confidently located, they must all be replaced by January 1, 2041.

Distribution system improvements are recommended to improve available fire flows and overall system reliability. These improvements should be considered and implemented by City officials as deemed necessary and as funding allows. The City should plan on replacing any water mains smaller than 6 inches as road improvements are conducted in the service area. These pipes should be replaced with minimum 8-inch pipes.

Anticipated project costs are meant to be rough estimates for budgeting purposes only. Unit prices were assumed at \$385 per foot of 8" water main, \$410 per foot of 12" water main, and \$1,000 per foot of 16" water main (directional drill river crossing). Unit prices were based on recent contractor bid prices from similar projects designed by Fleis & VandenBrink. The unit price of water main includes the cost of appurtenances (hydrants, valves, fittings, etc.) and surface restoration, assuming a worst case scenario of the water main being installed along the centerline of the roadway, requiring two lanes of road pavement restoration.

D. FUNDING SOURCES

Four possible sources of funding have been identified for The City of Saugatuck to complete the capital improvement projects if desired. A brief description of each follows:

Drinking Water State Revolving Fund

This is a preferred alternative. It is a low interest loan program sponsored by EGLE. The current interest rate is 1.875% for 20-year loans (or 30- to 40-year loans for overburdened applicants), and 2.125% for 30-year loans. Some communities may be eligible for principal forgiveness based on their overburdened status.

The program is competitive, and projects are scored on a point system that ranks them on a priority list. Not all submitted projects are funded, so it is important to maximize points on the application. Requirements include a fairly extensive project plan, but most expenses, including the project plan, are eligible activities that can be rolled into the loan. In order for a community to be competitive, they should have an active Source Water Protection Program. Applications are submitted by June 1st of every year.

Special Assessment Bonds

Special assessments levied under PA 188 of 1954 are one of the most common ways to finance infrastructure improvements. The City may levy special assessments against properties that receive special benefits from a public improvement. Property owners have petition rights that must be satisfied before the special assessment can go forward.

Special assessments typically can be repaid in installments with interest. The bonds may not exceed the amount of the special assessment roll and may be secured secondarily by a pledge of the City's full faith and credit.

Revenue Bonds

Revenue bonds are authorized by PA 94 of 1933. They authorize the City to borrow money and issue bonds. They are paid from user fees generated by the operation of the improvements.

Revenue bonds are subject to the right of referendum. Petitions for a public vote can be filed by registered City voters during a 45-day referendum period. Voter approval is not required if the referendum period expires without petitions being filed.

Contract Bonds

Contract bonds are authorized by several state laws. They authorize the City to enter into an agreement with the County or a public authority in order to have the County or authority issue bonds on behalf of the City.

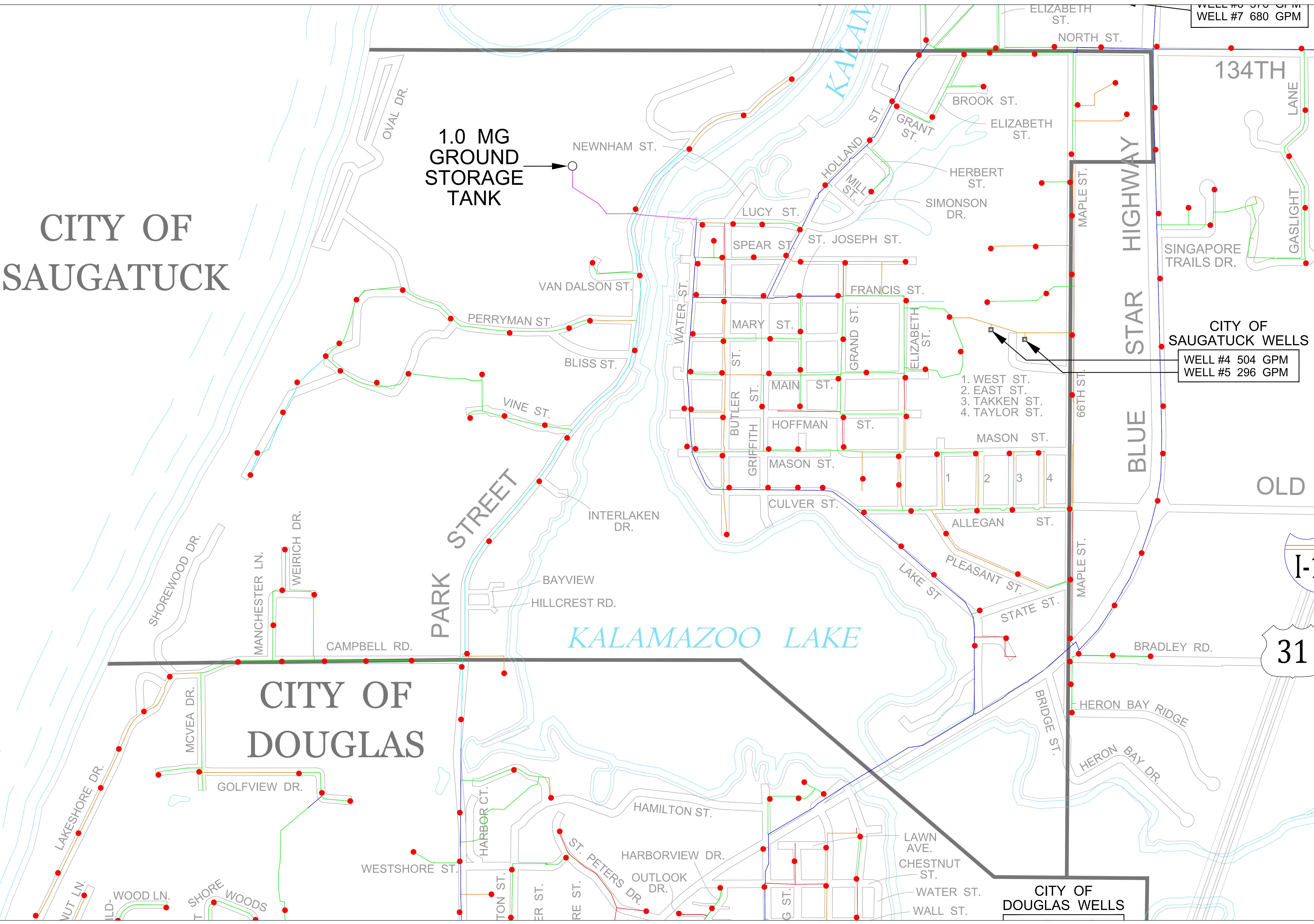
The City may want to consider a contract bond as the County may be able to borrow at a more favorable rate than the City if they are willing to pledge its taxing power as secondary security for repayment of the bonds. Also contract bonds may be paid back by a number of sources including specials assessments, connection fees, and user fees.

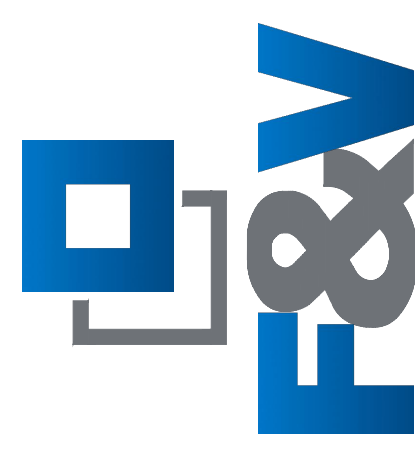
VI. REVENUE STRUCTURE & RATE METHODOLOGY

Saugatuck's financial advisor incorporated the CIP into the City's water system budget and determined the adjustments to the billing rate structure that will be required to generate sufficient revenue for implementing the CIP. The City has provided its water system budget in Appendix D and its current rate structure in Appendix E.

APPENDIX A: FIGURES

CITY OF SAUGATUCK





862350

F&V PROJECT NO.

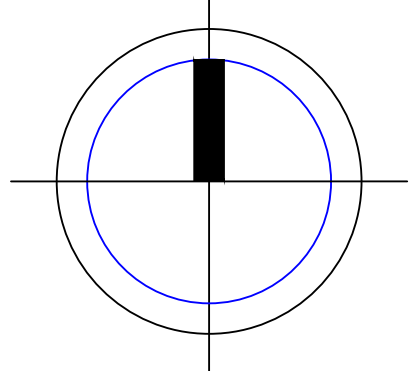
CITY OF SAUGATUCK
ALLEGAN COUNTY, MICHIGAN

WATER ASSET MANAGEMENT PLAN

FIGURE 1:
EXISTING WATER SYSTEM

LEGEND

- 4" WATER MAIN
- 6" WATER MAIN
- 8" WATER MAIN
- 10" WATER MAIN
- 12" WATER MAIN
- 16" WATER MAIN
- FIRE HYDRANT



NORTH

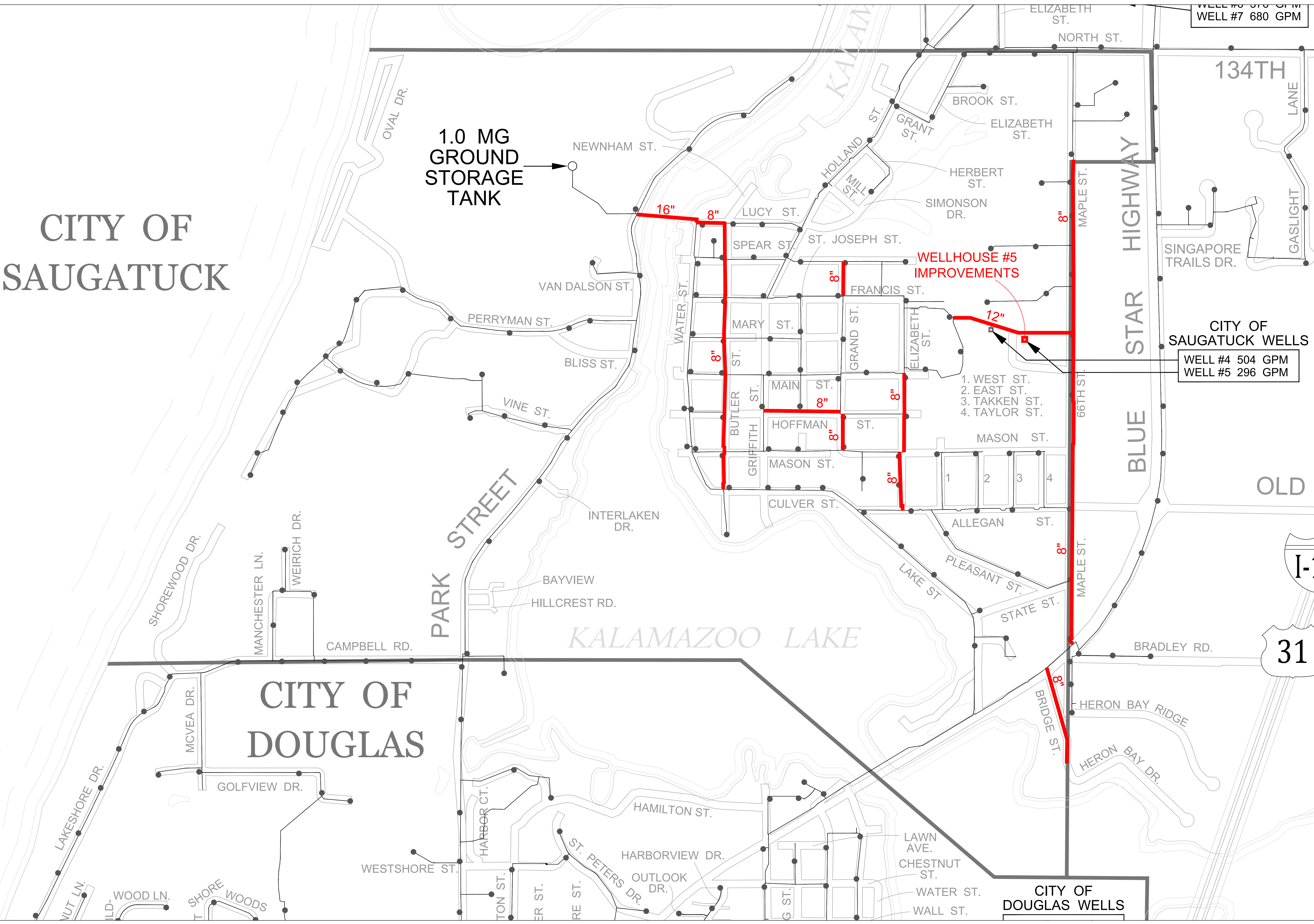
WELL #7 680 GPM

WELL #4 504 GPM
WELL #5 296 GPM

1. WEST ST.
2. EAST ST.
3. TAKKEN ST.
4. TAYLOR ST.

CITY OF DOUGLAS WELLS

CITY OF SAUGATUCK



APPENDIX B:

ASSET INVENTORY

Source Assets												
Source Assets	Year Installed (Year Overhauled)	Location	Latitude	Longitude	Manufacturer/Model	Replacement Cost	Estimated Useful Life in Years	Remaining Useful Life in Years	Percent of Useful Life Remaining	Probability of Failure	Consequence of Failure	Criticality Factor
Well #4 (12" diameter; 205' deep)	1966	Well #4	42.658722	-86.195667		\$ 150,000	90	33	37%	1	2	2
Well #5 (12" diameter; 157' deep)	1974	Well #5	42.658500	-86.194611		\$ 150,000	90	41	46%	1	2	2
Well #4 Wellhouse	1966	Well #4	42.658722	-86.195667		\$ 150,000	90	33	37%	1	1	1
Well #5 Wellhouse	1974	Well #5	42.658500	-86.194611		\$ 150,000	90	41	46%	4	1	4
Well #4 Pump (Rated 500 gpm @ 258 ft TDH)	1966 (2006)	Well #4	42.658722	-86.195667	Peerless	\$ 12,000	20	3	15%	3	2	6
Well #5 Pump (Rated 300 gpm @ 261 ft TDH)	1974 (2008)	Well #5	42.658500	-86.194611	Peerless	\$ 10,000	20	5	25%	3	2	6

Treatment Assets												
Treatment Assets	Year Installed	Location	Latitude	Longitude	Manufacturer/Model	Replacement Cost	Estimated Useful Life in Years	Remaining Useful Life in Years	Percent of Useful Life Remaining	Probability of Failure	Consequence of Failure	Criticality Factor
Chemical feed pump - chlorine	2015	Well #4	42.658722	-86.195667	Grundfos DDC 6-10	\$ 2,000	15	7	47%	2	4	8
Chemical feed pump - chlorine	2015	Well #5	42.658500	-86.194611	Grundfos DDC 6-10	\$ 2,000	15	7	47%	2	4	8
Chemical feed pump - phosphate	2015	Well #4	42.658722	-86.195667	Grundfos DDC 6-10	\$ 2,000	15	7	47%	2	4	8
Chemical feed pump - phosphate	2015	Well #5	42.658500	-86.194611	Grundfos DDC 6-10	\$ 2,000	15	7	47%	2	4	8

Storage Assets												
Storage Assets	Year Installed	Location	Material	Capacity (gal)	Manufacturer	Replacement Cost	Estimated Useful Life in Years	Remaining Useful Life in Years	Percent of Useful Life Remaining	Probability of Failure	Consequence of Failure	Criticality Factor
Ground storage tank (shared ownership w/ Douglas)	1984	Park St	concrete	1,000,000	Natgun	\$ 3,000,000	90	51	57%	2	4	8

Distribution Assets												
Distribution Assets	Year Installed	Material	Diameter (in)	Total Length (ft)	Manufacturer	Replacement Cost	Estimated Useful Life in Years	Remaining Useful Life in Years	Percent of Useful Life Remaining	Probability of Failure	Consequence of Failure	Criticality Factor
Water Mains	Unknown	Ductile Iron	6	385		\$ 108,000	110	Unknown	Unknown	2	1	2
Replacement Cost*:	Unknown	Ductile Iron	8	1,038		\$ 291,000	110	Unknown	Unknown	2	2	4
8" @ \$280 per foot	Unknown	Ductile Iron	10	344		\$ 104,000	110	Unknown	Unknown	2	2	4
12" @ \$300 per foot	Pre-1927	Cast Iron	4	2,355		\$ 660,000	125	Unknown	Unknown	5	1	5
16" @ \$320 per foot	Pre-1927	Cast Iron	6	1,791		\$ 502,000	125	Unknown	Unknown	5	1	5
	Post-1927	Cast Iron	4	198		\$ 56,000	125	Unknown	Unknown	4	1	4
*Assumes all water main less than 8" will be replaced with 8" water main	Pre-1979	Cast Iron	4	1,102		\$ 309,000	125	Unknown	Unknown	3	1	3
	Pre-1979	Cast Iron	6	4,274		\$ 1,197,000	125	Unknown	Unknown	3	1	3
*Assumes all 10" water main will be replaced with 12" water main	Post-1979	Ductile Iron	6	1,140		\$ 320,000	110	Unknown	Unknown	2	1	2
	Pre-1983	Ductile Iron	6	228		\$ 64,000	110	Unknown	Unknown	2	1	2
	Pre-1983	Ductile Iron	8	1,245		\$ 349,000	110	Unknown	Unknown	2	2	4
	Post-1984	Ductile Iron	6	303		\$ 85,000	110	Unknown	Unknown	2	1	2
	Pre-2000	Ductile Iron	6	327		\$ 92,000	110	Unknown	Unknown	2	1	2
	Pre-2000	Ductile Iron	8	618		\$ 174,000	110	Unknown	Unknown	2	2	4
	Pre-2005	Ductile Iron	8	784		\$ 220,000	110	Unknown	Unknown	1	2	2
	Pre-2010	Ductile Iron	8	260		\$ 73,000	110	Unknown	Unknown	1	2	2
	1966	Cast Iron	6	1,119		\$ 314,000	125	68	54%	3	1	3
	1979	Ductile Iron	6	104		\$ 30,000	110	66	60%	2	1	2
	1979	Ductile Iron	10	5,099		\$ 1,530,000	110	66	60%	2	2	4
	1980	Ductile Iron	6	1,033		\$ 290,000	110	67	61%	2	1	2
	1980	Ductile Iron	8	1,509		\$ 423,000	110	67	61%	2	2	4
	1984	Ductile Iron	6	455		\$ 128,000	110	71	65%	2	1	2
	1984	Ductile Iron	8	566		\$ 159,000	110	71	65%	2	2	4
	1984	Ductile Iron	12	8,186		\$ 2,456,000	110	71	65%	2	3	6
	1984	Ductile Iron	16	1,324		\$ 424,000	110	71	65%	2	3	6
	1987	Ductile Iron	6	3,248		\$ 910,000	110	74	67%	2	1	2
	1988	Ductile Iron	6	878		\$ 246,000	110	75	68%	2	1	2
	1988	Ductile Iron	8	736		\$ 207,000	110	75	68%	2	2	4
	1989	Ductile Iron	6	18		\$ 6,000	110	76	69%	2	1	2
	1989	Ductile Iron	8	966		\$ 271,000	110	76	69%	2	2	4
	1992	Ductile Iron	8	489		\$ 137,000	110	79	72%	2	2	4
	1994	Ductile Iron	6	412		\$ 116,000	110	81	74%	2	1	2
	1994	Ductile Iron	8	456		\$ 128,000	110	81	74%	2	2	4
	1996	Ductile Iron	6	753		\$ 211,000	110	83	75%	2	1	2
	1996	Ductile Iron	8	1,689		\$ 473,000	110	83	75%	2	2	4
	2000	Ductile Iron	6	85		\$ 24,000	110	87	79%	2	1	2
	2000	Ductile Iron	8	3,520		\$ 986,000	110	87	79%	2	2	4
	2003	Ductile Iron	8	651		\$ 183,000	110	90	82%	1	2	2
	2005	Ductile Iron	8	1,211		\$ 340,000	110	92	84%	1	2	2
	2007	Ductile Iron	8	730		\$ 205,000	110	94	85%	1	2	2
	2008	Ductile Iron	8	59		\$ 17,000	110	95	86%	1	2	2
	2008	Ductile Iron	12	1,063		\$ 319,000	110	95	86%	1	3	3
	2009	Ductile Iron	6	30		\$ 9,000	110	96	87%	1	1	1
	2009	Ductile Iron	8	1,456		\$ 408,000	110	96	87%	1	2	2
	2010	Ductile Iron	6	296		\$ 83,000	110	97	88%	1	1	1
	2010	Ductile Iron	8	2,980		\$ 835,000	110	97	88%	1	2	2
	2010	Ductile Iron	12	2,652		\$ 796,000	110	97	88%	1	3	3
	2010	HDPE	8	916		\$ 257,000	55	42	76%	2	2	4
	2011	Ductile Iron	6	74		\$ 21,000	110	98	89%	1	1	1
	2014	Ductile Iron	6	31		\$ 9,000	110	101	92%	1	1	1
	2014	Ductile Iron	8	513		\$ 144,000	110	101	92%	1	2	2
	2015	Ductile Iron	6	175		\$ 49,000	110	102	93%	1	1	1
	2015	HDPE	8	4,540		\$ 1,272,000	55	47	85%	1	2	2
	2015	HDPE	10	1,238		\$ 372,000	55	47	85%	1	2	2
	2018	Ductile Iron	8	394		\$ 111,000	110	105	95%	1	2	2
	2022	Ductile Iron	6	32		\$ 9,000	110	109	99%	1	1	1
	2022	Ductile Iron	8	1,072		\$ 301,000	110	109	99%	1	2	2

Distribution Assets												
Distribution Assets	Year Installed	Material	Diameter (in)	Quantity	Manufacturer	Replacement Cost	Estimated Useful Life in Years	Remaining Useful Life in Years	Percent of Useful Life Remaining	Probability of Failure	Consequence of Failure	Criticality Factor
Hydrants	Unknown			4		\$ 12,000	90	Unknown	Unknown	2	2	4
Replacement Cost: \$3,000 each	Pre-1927			6		\$ 18,000	90	Unknown	Unknown	3	2	6
	Pre-1979			7		\$ 21,000	90	Unknown	Unknown	3	2	6
	Post-1979			2		\$ 6,000	90	Unknown	Unknown	3	2	6
	Pre-1983			2		\$ 6,000	90	Unknown	Unknown	3	2	6
	Post-1984			1		\$ 3,000	90	Unknown	Unknown	2	2	4
	Pre-2005			2		\$ 6,000	90	Unknown	Unknown	1	2	2
	Pre-2010			1		\$ 3,000	90	Unknown	Unknown	1	2	2
	1979			7		\$ 21,000	90	46	51%	3	2	6
	1980			5		\$ 15,000	90	47	52%	3	2	6
	1984			23		\$ 69,000	90	51	57%	3	2	6
	1987			2		\$ 6,000	90	54	60%	2	2	4
	1988			7		\$ 21,000	90	55	61%	2	2	4
	1989			2		\$ 6,000	90	56	62%	2	2	4
	1994			2		\$ 6,000	90	61	68%	2	2	4
	1996			7		\$ 21,000	90	63	70%	2	2	4
	2000			9		\$ 27,000	90	67	74%	2	2	4
	2003			1		\$ 3,000	90	70	78%	2	2	4
	2005			2		\$ 6,000	90	72	80%	1	2	2
	2007			1		\$ 3,000	90	74	82%	1	2	2
	2008			1		\$ 3,000	90	75	83%	1	2	2
	2009			4		\$ 12,000	90	76	84%	1	2	2
	2010			14		\$ 42,000	90	77	86%	1	2	2
	2011			1		\$ 3,000	90	78	87%	1	2	2
	2014			3		\$ 9,000	90	81	90%	1	2	2
	2015			15		\$ 45,000	90	82	91%	1	2	2
	2022			3		\$ 9,000	90	89	99%	1	2	2

Distribution Assets												
Distribution Assets	Year Installed	Material	Diameter (in)	Quantity	Manufacturer	Replacement Cost	Estimated Useful Life in Years	Remaining Useful Life in Years	Percent of Useful Life Remaining	Probability of Failure	Consequence of Failure	Criticality Factor
Valves	Unknown		8	3		\$ 6,000	70	Unknown	Unknown	2	2	4
Replacement Cost*:	Pre-1927		4	1		\$ 2,000	70	Unknown	Unknown	3	2	6
8" @ \$2,000 each	Pre-1927		6	1		\$ 2,000	70	Unknown	Unknown	3	2	6
12" @ \$3,000 each	Pre-1979		4	3		\$ 6,000	70	Unknown	Unknown	3	2	6
	Pre-1979		6	4		\$ 8,000	70	Unknown	Unknown	3	2	6
*Assumes all valves less than 8" will be replaced with 8" valves	Post-1979		6	2		\$ 4,000	70	Unknown	Unknown	3	2	6
*Assumes all 10" valves will be replaced with 12" valves	Pre-1983		6	1		\$ 2,000	70	Unknown	Unknown	3	2	6
	Pre-1983		8	3		\$ 6,000	70	Unknown	Unknown	3	2	6
	Post-1984		6	1		\$ 2,000	70	Unknown	Unknown	2	2	4
	Pre-2000		6	1		\$ 2,000	70	Unknown	Unknown	2	2	4
	Pre-2000		8	2		\$ 4,000	70	Unknown	Unknown	2	2	4
	Pre-2005		8	1		\$ 2,000	70	Unknown	Unknown	2	2	4
	Pre-2010		8	2		\$ 4,000	70	Unknown	Unknown	2	2	4
	1966		6	3		\$ 6,000	70	13	19%	5	2	10
	1979		10	8		\$ 24,000	70	26	37%	4	2	8
	1980		6	4		\$ 8,000	70	27	39%	4	2	8
	1980		8	4		\$ 8,000	70	27	39%	4	2	8
	1984		8	8		\$ 16,000	70	31	44%	3	2	6
	1984		12	9		\$ 27,000	70	31	44%	3	2	6
	1984		16	4		\$ 12,000	70	31	44%	3	2	6
	1987		6	10		\$ 20,000	70	34	49%	3	2	6
	1988		6	2		\$ 4,000	70	35	50%	3	2	6
	1988		8	1		\$ 2,000	70	35	50%	3	2	6
	1989		8	4		\$ 8,000	70	36	51%	3	2	6
	1992		8	1		\$ 2,000	70	39	56%	3	2	6
	1994		6	2		\$ 4,000	70	41	59%	3	2	6
	1994		8	1		\$ 2,000	70	41	59%	3	2	6
	1996		6	1		\$ 2,000	70	43	61%	2	2	4
	1996		8	5		\$ 10,000	70	43	61%	2	2	4
	2000		8	9		\$ 18,000	70	47	67%	2	2	4
	2003		8	5		\$ 10,000	70	50	71%	2	2	4
	2005		8	5		\$ 10,000	70	52	74%	2	2	4
	2007		8	3		\$ 6,000	70	54	77%	2	2	4
	2008		12	1		\$ 3,000	70	55	79%	2	2	4
	2009		8	5		\$ 10,000	70	56	80%	1	2	2
	2010		6	2		\$ 4,000	70	57	81%	1	2	2
	2010		8	18		\$ 36,000	70	57	81%	1	2	2
	2010		12	5		\$ 15,000	70	57	81%	1	2	2
	2011		6	1		\$ 2,000	70	58	83%	1	2	2
	2014		8	2		\$ 4,000	70	61	87%	1	2	2
	2015		8	10		\$ 20,000	70	62	89%	1	2	2
	2015		10	2		\$ 6,000	70	62	89%	1	2	2
	2018		8	1		\$ 2,000	70	65	93%	1	2	2
	2022		8	1		\$ 2,000	70	69	99%	1	2	2

APPENDIX C:

CAPITAL IMPROVEMENTS PLAN

City of Saugatuck
Water System Capital Improvements Plan 2024-2028

Project	Anticipated Funding Source(s)	Anticipated Project Cost By Year					Total	Notes
		2024	2025	2026	2027	2028		
Water System								
Complete Distribution System Materials Inventory	Local/General	\$ 150,000					\$ 150,000	Due to State January 1, 2025
Lead Service Line Replacement - Systemwide	Potentially EGLE/DWSRF	\$ 500,000	\$ 5,000,000				\$ 5,500,000	Locations and final count TBD. Contingent on EGLE funding.
Wellhouse #5 Improvements	Potentially EGLE/DWSRF	\$ 20,000	\$ 200,000				\$ 220,000	Contingent on EGLE funding.
Install Permanent Generator for Wells #4 & #5	Potentially EGLE/DWSRF	\$ 10,000	\$ 100,000				\$ 110,000	Contingent on EGLE funding.
Maple Street Water Service Separation (720/Olde Mill)	Local/General		\$ 30,000				\$ 30,000	Concurrent with Maple St WM replacement
Maple Street Water Main Replacement - Blue Star to S of North Street	Potentially EGLE/DWSRF	\$ 115,000	\$ 1,150,000				\$ 1,265,000	Contingent on EGLE funding.
Elizabeth Street Water Main Replacement - Allegan to Main	Potentially EGLE/DWSRF	\$ 35,000	\$ 350,000				\$ 385,000	Contingent on EGLE funding.
Lucy Street Water Main Replacement - Water to Butler	Potentially EGLE/DWSRF	\$ 15,000	\$ 150,000				\$ 165,000	Contingent on EGLE funding.
Hoffman Street Water Main Replacement - Griffith to Grand	Potentially EGLE/DWSRF	\$ 20,000	\$ 200,000				\$ 220,000	Contingent on EGLE funding.
Butler Street Water Main Replacement - Culver to Lucy	Potentially EGLE/DWSRF	\$ 100,000	\$ 1,000,000				\$ 1,100,000	Contingent on EGLE funding.
Grand Street Water Main Replacement - Mason to Hoffman & Francis to St. Joseph	Potentially EGLE/DWSRF	\$ 20,000	\$ 200,000				\$ 220,000	Contingent on EGLE funding.
Well Field Loop Water Main Replacement - Maple to High School	Potentially EGLE/DWSRF	\$ 35,000	\$ 350,000				\$ 385,000	Contingent on EGLE funding.
River Crossing Water Main Replacement - Park to Water	Potentially EGLE/DWSRF	\$ 85,000	\$ 850,000				\$ 935,000	Contingent on EGLE funding.
Bridge Street Water Main Extension	Local/General				\$ 600,000		\$ 600,000	
	Subtotal Water System	\$ 1,105,000	\$ 9,580,000	\$ -	\$ 600,000	\$ -	\$ 11,285,000	

Note: Projects shaded blue/gray denote those that would be partially funded by EGLE and are thus contingent on EGLE funding.

APPENDIX D:

WATER SYSTEM BUDGET

APPENDIX E:

BILLING RATE STRUCTURE



2960 Lucerne Drive SE
Grand Rapids, MI 49546
P: 616.977.1000
F: 616.977.1005
www.fveng.com



Baker Tilly Municipal Advisors, LLC
2852 Eyde Pkwy, Suite 150
East Lansing, MI 48823
(517) 321-0110
bakertilly.com

September 21, 2023

City of Saugatuck
102 Butler St.
PO Box 86
Saugatuck, MI 49453

Re: City of Saugatuck (Michigan) Water Asset Management Plan

Dear City of Saugatuck:

The attached schedules (listed below) present unaudited and limited information for the purpose of discussion and consideration in the preliminary planning stage of a rate study by the appropriate officers, officials and advisors of the City of Saugatuck. The use of these schedules should be restricted to this purpose, for internal use only, as the information is subject to future revision and final report.

Page

- | | |
|---|--|
| 1 | Comparative Statement of Net Position |
| 2 | Comparative Statement of Revenues, Expenses, and Changes in Net Position |
| 3 | Comparative Detail of Operating Expenses |
| 4 | Schedule of Estimated Capital Improvements – Scenario One |
| 5 | Cash Flow Analysis – Scenario One |
| 6 | Schedule of Estimated Capital Improvements – Scenario Two |
| 7 | Cash Flow Analysis – Scenario Two |

We would appreciate your questions or comments on this information and would provide additional information upon request.

Sincerely,

BAKER TILLY MUNICIPAL ADVISORS, LLC

Andy Campbell, CPA, Director

CITY OF SAUGATUCK (MICHIGAN) WATER FUND

COMPARATIVE STATEMENT OF NET POSITION

	As Of		
	6/30/2020	6/30/2021	6/30/2022
	(-----Per Audit-----)		
Assets			
Cash and cash equivalents	\$464,503	\$381,884	\$318,985
Investments	193,702	168,885	169,296
Total Assets	<u>\$658,205</u>	<u>\$550,769</u>	<u>\$488,281</u>
Liabilities			
Accounts payable	<u>\$127,735</u>	<u>-</u>	<u>-</u>
Fund Balances			
Public Works	<u>530,470</u>	<u>\$550,769</u>	<u>\$488,281</u>
Total Liabilities and Fund Balances	<u>\$658,205</u>	<u>\$550,769</u>	<u>\$488,281</u>

CITY OF SAUGATUCK (MICHIGAN) WATER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Fiscal Year Ended		
	6/30/2020	6/30/2021	6/30/2022
	(-----Per Audit-----)		
Operating Revenues			
Charges for services	\$8,450	\$19,810	\$29,650
Interest and rents	15,468	1,489	306
Total operating revenues	<u>23,918</u>	<u>21,299</u>	<u>29,956</u>
Operating Expenses			
Public Works	<u>41,566</u>	<u>1,000</u>	<u>92,444</u>
Net operating income (loss)	<u>(17,648)</u>	<u>20,299</u>	<u>(62,488)</u>
Fund balance, beginning of year	<u>548,118</u>	<u>530,470</u>	<u>550,769</u>
Fund balance, end of year	<u><u>\$530,470</u></u>	<u><u>\$550,769</u></u>	<u><u>\$488,281</u></u>

CITY OF SAUGATUCK (MICHIGAN) WATER FUND

COMPARATIVE DETAIL OF OPERATING EXPENSES

		Fiscal Year Ended			Test Year	Multiplier
		6/30/2022	6/30/2023	6/30/2024		
		(-----Per Client-----)				
Expenditures						
801.000	Contractual Services	\$92,444	-	\$5,000	-	3.0%
	Salaries, Wages, & Benefits	-	-	-	\$10,000	3.0%
	Total Water Operating Expenses	<u>\$92,444</u>	<u>-</u>	<u>\$5,000</u>	<u>\$10,000</u>	

CITY OF SAUGATUCK (MICHIGAN) WATER FUND

SCHEDULE OF ESTIMATED CAPITAL IMPROVEMENTS - SCENARIO ONE

<u>Project Name/Description</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
Complete Distribution System Materials Inventory	\$150,000			
Lead Service Line Replacement - Systemwide	500,000	\$5,000,000		
Wellhouse #5 Improvements	20,000	200,000		
Install Permanent Generator for Wells #4 & #5	10,000	100,000		
Maple Street Water Service Separation (720/ Olde Mill)		30,000		
Maple Street Water Main Replacement - Blue Star to S of North	115,000	1,150,000		
Elizabeth Street Water Main Replacement - Allegan to Main	35,000	350,000		
Lucy Street Water Main Replacement - Water to Butler	15,000	150,000		
Hoffman Street Water Main Replacement - Griffith to Grand	20,000	200,000		
Butler Street Water Main Replacement - Culver to Lucy	100,000	1,000,000		
Grand Street Water Main Replacement - Mason to Hoffman & Francis to St. Joseph	20,000	200,000		
Water Main Replacement/Looping in Well Field, Maple to High School	35,000	350,000		
River Crossing Water Main Replacement - Park to Water	85,000	850,000		
Bridge Street Water Main Extension				\$600,000
Total Estimated Capital Improvements:	<u>\$1,105,000</u>	<u>\$9,580,000</u>	<u>-</u>	<u>\$600,000</u>
Cash Funded:	\$150,000	\$30,000	-	-
Bond Funded:	-	10,505,000 [1]	-	\$600,000 [2]

[1] Includes 2023/24 & 2024/25 capital improvements.

[2] Includes 2026/27 capital improvements.

CITY OF SAUGATUCK (MICHIGAN) WATER FUND

CASH FLOW ANALYSIS - SCENARIO ONE

	<u>2023/24</u>		<u>Increases Per Year</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>Increases Per Year</u>	<u>2028/29</u>	<u>2029/30</u>
	<u>July - Dec.</u>	<u>Jan. - June</u>								
Assumptions										
Meter Equivalent Units (MEU) Billed	1,382	1,382		1,382	1,382	1,382	1,382		1,382	1,382
MEU Charge (monthly)	\$0.00	\$23.00	\$3.00	\$26.00	\$29.00	\$32.00	\$35.00	\$1.00	\$36.00	\$37.00
<i>Typical homeowner's monthly bill</i>										
Charges from City	-	\$23.00		\$26.00	\$29.00	\$32.00	\$35.00		\$36.00	\$37.00
Charges from KLSWA	\$25.40	25.40		26.16	26.95	27.76	28.59		29.45	30.33
Typical homeowner's monthly bill (assumes 4,500 gallons/month)	\$25.40	\$48.40		\$52.16	\$55.95	\$59.76	\$63.59		\$65.45	\$67.33
Revenue										
MEU Charge	-	\$190,716		\$431,184	\$480,936	\$530,688	\$580,440		\$597,024	\$613,608
Miscellaneous	\$3,000	-		3,000	3,000	3,000	3,000		3,000	3,000
Total Revenues	3,000	190,716		434,184	483,936	533,688	583,440		600,024	616,608
Less: Total Operating Expenditures	(5,000)	-		(10,300)	(10,609)	(10,927)	(11,255)		(11,593)	(11,941)
Net Operating Revenue	(2,000)	190,716		423,884	473,327	522,761	572,185		588,431	604,667
Less: Estimated Cash-Funded Capital Improvements	(150,000)	-		(30,000)	-	-	-		-	-
Estimated Debt Service #1 2024/25 State Revolving Fund Bonds [1]	-	-		(100,000)	(430,000)	(430,000)	(430,000)		(430,000)	(430,000)
Estimated Debt Service #2 2026/27 Open Market Bonds [2]	-	-		-	-	(15,000)	(80,000)		(80,000)	(80,000)
Net Cash Flow	<u>(\$152,000)</u>	<u>\$190,716</u>		<u>\$293,884</u>	<u>\$43,327</u>	<u>\$77,761</u>	<u>\$62,185</u>		<u>\$78,431</u>	<u>\$94,667</u>
Cash & Investments	\$260,957	\$108,957	\$299,673	\$593,557	\$636,884	\$714,644	\$776,829		\$855,260	\$949,928

[1] Estimated debt service payments based on \$9,454,500 30-year state revolving fund bond issue at an estimated interest rate. Total project assumed to be \$10,505,000 with \$1,050,500 grant.

[2] Estimated debt service payments based on \$600,000 10-year open market bond issue at an estimated interest rate.

CITY OF SAUGATUCK (MICHIGAN) WATER FUND

SCHEDULE OF ESTIMATED CAPITAL IMPROVEMENTS - SCENARIO TWO

<u>Project Name/Description</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
Complete Distribution System Materials Inventory	\$150,000			
Lead Service Line Replacement - Systemwide	100,000	\$200,000	\$200,000	\$5,000,000
Wellhouse #5 Improvements				220,000
Install Permanent Generator for Wells #4 & #5				110,000
Maple Street Water Service Separation (720/ Olde Mill)			30,000	
Maple Street Water Main Replacement - Blue Star to S of North				1,265,000
Elizabeth Street Water Main Replacement - Allegan to Main				385,000
Lucy Street Water Main Replacement - Water to Butler				165,000
Hoffman Street Water Main Replacement - Griffith to Grand				220,000
Butler Street Water Main Replacement - Culver to Lucy				1,100,000
Grand Street Water Main Replacement - Mason to Hoffman & Francis to St. Joseph				220,000
Water Main Replacement/Looping in Well Field, Maple to High School				385,000
River Crossing Water Main Replacement - Park to Water				935,000
Bridge Street Water Main Extension				600,000
Total Estimated Capital Improvements:	<u>\$250,000</u>	<u>\$200,000</u>	<u>\$230,000</u>	<u>\$10,605,000</u>
Cash Funded:	\$250,000	\$200,000	\$230,000	-
Bond Funded:	-	-	-	\$10,605,000 [1]

[1] Includes 2026/27 capital improvements.

CITY OF SAUGATUCK (MICHIGAN) WATER FUND

CASH FLOW ANALYSIS - SCENARIO TWO

	2023/24		Increases Per Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	July - Dec.	Jan. - June							
Assumptions									
Meter Equivalent Units (MEU) Billed	1,382	1,382		1,382	1,382	1,382	1,382	1,382	1,382
MEU Charge (monthly)	\$0.00	\$20.00	\$3.00	\$23.00	\$26.00	\$29.00	\$32.00	\$35.00	\$38.00
<i>Typical homeowner's monthly bill</i>									
Charges from City	-	\$20.00		\$23.00	\$26.00	\$29.00	\$32.00	\$35.00	\$38.00
Charges from KLSWA	\$25.40	25.40		26.16	26.95	27.76	28.59	29.45	30.33
Typical homeowner's monthly bill (assumes 4,500 gallons/month)	\$25.40	\$45.40		\$49.16	\$52.95	\$56.76	\$60.59	\$64.45	\$68.33
Revenue									
MEU Charge	-	\$165,840		\$381,432	\$431,184	\$480,936	\$530,688	\$580,440	\$630,192
Miscellaneous	\$3,000	-		3,000	3,000	3,000	3,000	3,000	3,000
Total Revenues	3,000	165,840		384,432	434,184	483,936	533,688	583,440	633,192
Less: Total Operating Expenditures	(5,000)	-		(10,300)	(10,609)	(10,927)	(11,255)	(11,593)	(11,941)
Net Operating Revenue	(2,000)	165,840		374,132	423,575	473,009	522,433	571,847	621,251
Less: Estimated Cash-Funded Capital Improvements	-	(250,000)		(200,000)	(230,000)	-	-	-	-
Estimated Debt Service #1 2026/27 State Revolving Fund Bonds [1]	-	-		-	-	(160,000)	(540,000)	(540,000)	(540,000)
Net Cash Flow	<u>(\$2,000)</u>	<u>(\$84,160)</u>		<u>\$174,132</u>	<u>\$193,575</u>	<u>\$313,009</u>	<u>(\$17,567)</u>	<u>\$31,847</u>	<u>\$81,251</u>
Cash & Investments	\$260,957	\$258,957	\$174,797	\$348,929	\$542,504	\$855,512	\$837,945	\$869,792	\$951,044

[1] Estimated debt service payments based on \$10,605,000 30-year state revolving fund bond issue at an estimated interest rate.



City Council Agenda Item Report

FROM: Ryan Cummins, City Manager

MEETING DATE: July 3, 2024

SUBJECT: Planning Commission Recommendation for Caps on Short-Term Rentals in R-1 Residential Districts

DESCRIPTION:

On June 19, the Planning Commission made the following recommendation to the City Council:

Motion by Anderson, second by Clark, that the Planning Commission recommend to Saugatuck City Council, the adoption of a 20% cap on short-term rental licenses in reach R1 Residential District calculated based on the number of dwelling units currently in that district, with a provision to grandfather all existing short-term rental licenses until the property is sold or otherwise changes ownership, and a provision for full-time residents with a PRE to be allowed to short-term rent their home for up to three (3) weeks per year.

Yes: Anderson, Broeker, Clark, Gaunt

No: Bagierek, LaChey, Chair Manns

No proposed ordinance amendments have yet been prepared, so this recommendation is conceptual in nature and it will be up to the City Council to determine how to process this recommendation. Some key features of the Planning Commission's recommendation are:

- It would only impact the R-1 zoning districts, which includes the Community Residential, Peninsula West, Maple Street, Peninsula South, Peninsula North (Duneside) and Peninsula North (Riverside) zoning districts. This recommendation would not impact R-2, R-3, or commercial zoning districts.

- It would be calculated by total dwelling units in each zoning district. By way of example, if a zoning district has 100 dwelling units, the City could not issue new licenses to new STRs if there were 20 or more already licensed within that district.
- It would not be retroactive, meaning that it will have no impact on the validity of issued STR licenses—it would only prohibit the issuance of new STR licenses until the total number of licenses in a given district drops below the cap. STR licenses are nontransferable (and never have been), so until the total number of licenses in a district falls below the cap, a change of ownership would result in a property no longer being eligible for use as an STR.
- Some aspects of this recommendation are open-ended, such as how the cap will be established, how frequently the cap will be adjusted, how available STR licenses will be issued when the number of STRs falls below the cap, and how the fulltime resident PRE exemption will work in relation to existing license requirements and the cap. The Council and City staff may need to fill in these gaps if the Council decides to accept this recommendation.

Moving forward, the Council has three general options in responding to this recommendation. The Council may: 1) Accept the recommendation (with or without changes) and direct staff to implement the necessary ordinance amendments and other documentation for review and approval; 2) Reject the recommendation; or 3) Remand the issue back to the Planning Commission for additional proceedings. As always, the Council can request additional information from staff prior to committing to any of these options, which are explained in greater detail below.

Option 1: Adoption. If the Council is inclined to accept the Planning Commission's recommendation, there will be a number of questions to answer along the way. Staff recommends that a cap be implemented through amendments to the STR police power ordinance as well as the portion of the Zoning Ordinance, which staff will need to prepare. Therefore, the Planning Commission will, at a minimum, be required to hold a public hearing on the zoning amendment and make a recommendation on the same to Council. The Council will need to determine whether the Planning Commission should also be involved in the preparation of the police power ordinance amendment. As previously explained to the Council, there is no legal requirement to have the Planning Commission review and make recommendations on police power ordinances, but it is an option available to the Council.

Staff also recommends that the actual maximum number of STR licenses be established by resolution of the Council, as this will enable the Council to easily revisit and adjust the cap as necessary without going through the burdensome ordinance amendment process.

In addition, the City will need to adopt a policy dictating how available licenses will be issued when the maximum number of STRs drops below the cap. Possible options include issuing available licenses via a first-come, first-served basis, via lottery, or via a merit-based competitive review process, which could take into account factors impacting the suitability of a proposed site for a new STR, such as the availability of parking, the proximity of other residences or the concentration of existing STRs in the immediate vicinity. Each of these approaches will come with varying degrees of administrative burden (with the merit-based process being the most burdensome), and each may be subject to challenges from unsuccessful applicants.

The exemption of dwellings with PREs from the cap will also require additional development with staff, as the Planning Commission's recommendation is somewhat open-ended in this regard. The issues of whether such dwellings should still be licensed (and if so, whether an additional license tier should be created), how the three-week limit will be calculated, how these exemptions will impact the total cap, and how to administratively track these exemptions (as it would be challenging with the City's existing third-party software) will need to be evaluated. The Council and/or staff will also need to determine how rented ADUs factor into the cap, as they are required to receive a separate STR license but cannot be rented under a separate contract from the principal dwelling on site.

Notably, the Council is not required to adopt the Planning Commission's recommendation as presented, as it is only a recommendation—the Council can make any adjustments to the implementation of license caps that it deems advisable. If the Council feels that different cap percentages, caps applicable to different zoning districts, different exemptions, or other deviations from the Planning Commission's recommendation are warranted, it can direct staff to prepare corresponding documents or make additional inquiries into the same.

Option 2: Rejection. The Council can simply reject the Planning Commission's recommendation if it determines that it is not interested in implementing STR caps at this juncture. If the Council selects this option, the issue of STR caps will be resolved unless and until the Council desires to revisit this issue, which it may choose to do at any time.

Option 3: Remand. Lastly, the Council can remand the issue back to the Planning Commission with additional instructions if it has specific questions about the Commission's recommendation it would like answered or otherwise desires additional proceedings in front of the Planning Commission before making a decision. If the Council opts for a remand, we recommend providing specific guidance to the Planning Commission to keep this issue moving forward.

DATA:

In partnership with staff and the assessor, Consulting Planner, David Jirousek, has prepared the attached STR data report with STR data as of 6/29/24. Also attached is a map, showing STRs as of 4/17/24.

LEGAL REVIEW:

The City Attorney was at the Planning Commission meeting and helped prepare this memo.

SAMPLE MOTION:

Work session only at this time. Depending on the City Council discussion at the workshop meeting, staff will prepare a recommended motion for Monday's regular meeting.



Memorandum

To: Saugatuck City Council
Date: July 1, 2024
From: David M. Jirousek, AICP
RE: Short-Term Rental Permit Data

Overview

Based on the Planning Commission's recommendation of 20% short-term rental permit caps in each of the six R-1 zoning districts, we have prepared background data for your consideration. The purpose of the data and the method of presentation is to show the results of a 20% cap based on the current number of dwelling units and short-term rental permits in each R-1 zoning district. Of note is that the motion did not mention whether accessory dwelling units (ADU) were to be considered in the equation for the denominator.

The "improved parcel" data below does not include ADUs, as they are not assigned parcel numbers. Although ADUs are dwelling units, calculating the number of them in the city would be more involved and take additional time. However, the short-term rental ordinance only allows *one rental contract* between the combination of principal and accessory dwellings, so it is not necessary to calculate accessory dwelling units in the denominator or numerator. Requiring two permits in these scenarios only serves an administrative purpose, as each dwelling unit (principal and accessory) is inspected and certified separately.

The calculations below have also excluded one permit for every property with two permits (i.e., one for a principal dwelling and one for an accessory dwelling). Because of the single rental contract restriction, we also suggest that only one permit is counted in these arrangements if a cap is implemented.

Zoning Districts	29-Jun STR Permits*	Improved Parcels- Dwelling Units**	Current % STR	Proposed Cap 20%	Calculated Available	Actual Available
COMMUNITY RESIDENTIAL - R-1	123	334	37%	66.8	-56.2	0
PENINSULA WEST - R-1	13	52	25%	10.4	-2.6	0
MAPLE STREET - R-1	9	36	25%	7.2	-1.8	0
PENINSULA SOUTH - R-1	9	54	17%	10.8	1.8	1
PENINSULA NORTH (DUNESIDE) - R-1	4	14	29%	2.8	-1.2	0
PENINSULA NORTH (RIVERSIDE) - R-1	0	11	0%	2.2	2.2	2
	158	501	32%	100.2		3

*- Adjusted to delete ADUs permits when there is a principal permit. Includes "hold" status units.

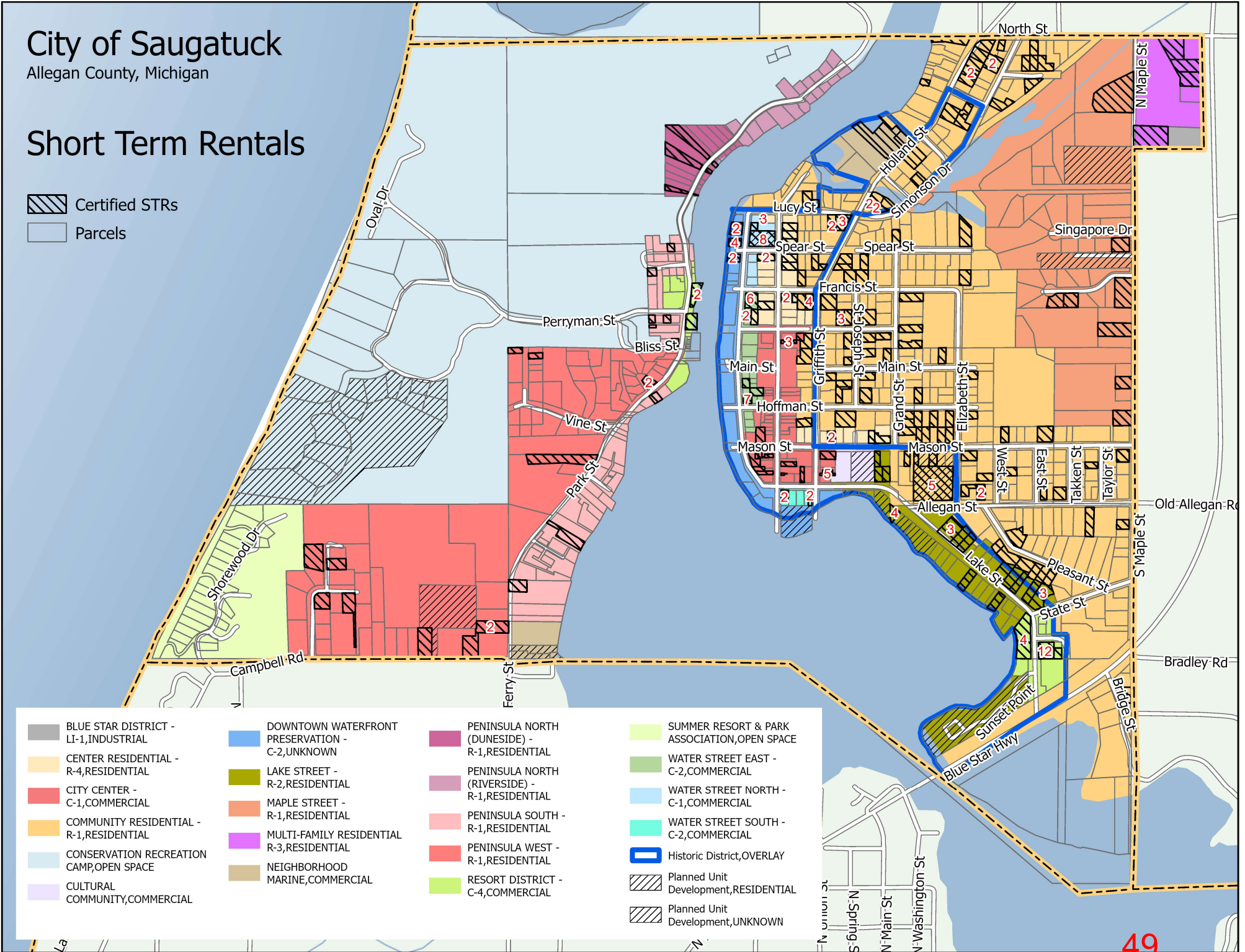
**_No ADUs.

City of Saugatuck

Allegan County, Michigan

Short Term Rentals

-  Certified STRs
-  Parcels



- | | | | |
|--|--|---|---|
| <ul style="list-style-type: none">BLUE STAR DISTRICT - LI-1, INDUSTRIALCENTER RESIDENTIAL - R-4, RESIDENTIALCITY CENTER - C-1, COMMERCIALCOMMUNITY RESIDENTIAL - R-1, RESIDENTIALCONSERVATION RECREATION CAMP, OPEN SPACECULTURAL COMMUNITY, COMMERCIAL | <ul style="list-style-type: none">DOWNTOWN WATERFRONT PRESERVATION - C-2, UNKNOWNLAKE STREET - R-2, RESIDENTIALMAPLE STREET - R-1, RESIDENTIALMULTI-FAMILY RESIDENTIAL R-3, RESIDENTIALNEIGHBORHOOD MARINE, COMMERCIAL | <ul style="list-style-type: none">PENINSULA NORTH (DUNESIDE) - R-1, RESIDENTIALPENINSULA NORTH (RIVERSIDE) - R-1, RESIDENTIALPENINSULA SOUTH - R-1, RESIDENTIALPENINSULA WEST - R-1, RESIDENTIALRESORT DISTRICT - C-4, COMMERCIAL | <ul style="list-style-type: none">SUMMER RESORT & PARK ASSOCIATION, OPEN SPACEWATER STREET EAST - C-2, COMMERCIALWATER STREET NORTH - C-1, COMMERCIALWATER STREET SOUTH - C-2, COMMERCIALHistoric District, OVERLAYPlanned Unit Development, RESIDENTIALPlanned Unit Development, UNKNOWN |
|--|--|---|---|

Jamie Wolters

From: no-reply@weebly.com
Sent: Sunday, June 30, 2024 5:14 PM
To: Jamie Wolters
Subject: New Form Entry: Website Communication for Council

You've just received a new submission to your [Website Communication for Council](#).
[Mark as Spam](#)

Submitted Information:

Name

Andy Kurrasch

Email

Ossineke2@gmail.com

Address

904 Allegan St
Saugatuck, Mi USA 49453

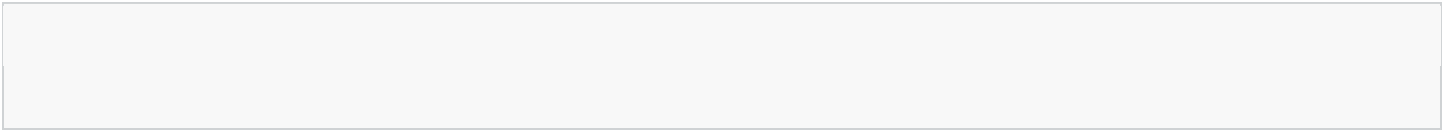
Are you a resident of the City of Saugatuck?

Yes

Please share your comments

I want you to know that I fully support your work to prevent the 4 floating barges from being turned into short term rental units. It is very important to establish that our local ordinances and zoning ordinances are obeyed and that Saugatuck's future is determined by our local government, not outside interests. Please spend whatever is necessary to achieve this!

Thanks,
Andy



Jamie Wolters

From: no-reply@weebly.com
Sent: Sunday, June 30, 2024 4:14 PM
To: Jamie Wolters
Subject: New Form Entry: Website Contact Us Form

You've just received a new submission to your [Website Contact Us Form](#).
[Mark as Spam](#)

Submitted Information:

Name

Andy Kurrasch

Email

Ossineke2@gmail.com

Address

904 Allegan st
Saugatuck , michigan USA 49453

Comment

For the public comments at the July 3 workshop:

I am very much in favor of the 20% proposed cap on short term rentals. I would prefer a lower percentage, but this seems like a reasonable compromise. It will be important to define how this percentage is calculated. For example, it could be by block, by street or by districts.

Thank you for all your hard work on this
Andy Kurrasch

Brian Schipper
758 Pleasant Street
Saugatuck, MI 49453

01 July 2024

Lauren Stanton, Mayor
City of Saugatuck, Michigan Council
PO Box 86
Saugatuck, MI 49453

Re: Response to Request for Public Comments Regarding Short Term Rentals in the City of Saugatuck

Dear Honorable Mayor and City Council Members:

I own a home that is used as a permitted short-term rental in the City of Saugatuck. And I am a resident of Pleasant Street, where almost half of the private homes (47%) have no resident occupants and are used solely or predominantly as revenue-generating STRs.

I am convinced that banning the use of private residences for short-term lodging would have a detrimental impact on the economic vitality of the community. I also know from the experience of living on a street that has been effectively converted into a business district through the uncontrolled permitting of STRs, that the overwhelming presence of STRs has a very real and significantly negative effect on quality of life.

Knowing that the majority of Saugatuck voters are in favor of caps on STRs, and in the residential district (the "hill") where a third of the homes have now been converted to STRs, those in favor of caps nears seven out of ten voters, I am concerned that if the City Council does nothing to control the proliferation of STRs, that voters will be put in the position of having to resolve this through other means, such as a citizen initiative ballot measure. And such a measure might well be a proposal for an outright ban on STRs, as has been passed in many other communities.

With no tool for taking STR density into consideration, the future of all residential districts in Saugatuck will be the same as for Pleasant Street. Over the years I have owned property on Pleasant Street, the percentage of permitted STRs has grown from eleven percent to forty-seven percent. This level of density of private single family residences being operated as businesses has fundamentally changed the character of the neighborhood and will have the same impact on all other residential districts.

The Saugatuck Planning Commission through its administrative actions has, over the last few years, approved so many STR applications, (an almost 40% increase in 2022 alone), that the concept of residential zoning has been rendered meaningless and almost laughable. Given the level of difficulty that the Planning Commission's consultants publicly acknowledged having, to create for the first time in the spring of 2024, the STR map of the City, it is obvious why measures must be adopted so that density can be a factor in considering whether to approve the next application made by an owner to convert the home into a business. In any other zoning action, having no awareness whatsoever, of the cumulative

impact of administrative decision making, would be considered the height of irresponsibility. And yet it was not until May of 2024 that the City had an accurate representation of the cumulative impact of its administrative actions on STR density.

The experience of living on a street where half the properties are businesses might be an outlier today, but without caps, it will be the future experience for everyone living in neighborhoods that have an R1 residential zoning designation. Without a cap, there is no existing legal basis or mechanism to control STR density in Saugatuck.

Advocating for “property rights” is often cited as an argument against caps. Apparently the logic of using this phrase, is that property owners should be able to use their homes however they choose. The fundamental fallacy of that argument is that no one can use their home however they choose. Every one of us as property owners has to comply with the use restriction we accept by purchasing a particular type of home in a designated area.

If any side in this discussion should be making an argument grounded in property rights, it should be by those who favor caps. The preservation of property rights is much more strongly aligned with a resident who, by purchasing a home in a residential district, has every right to expect that such a district is residential in character—that the overwhelming majority of homes on their block and on their street have families living in them, whether full- or part-time—not being used as businesses.

Those opposed to caps point to the risk to property values if a single family residential home in a residential zoning district cannot also be converted to a business. The attenuation of value of homes that are adjacent to and surrounded by STRs requires equal consideration. How much value is lost from homes in a residential zoning district where over a third of homes have been approved to be operated as businesses? How much will be lost when that third becomes half?

The greatest support for caps by the voting public is in the district with the highest density of STRs. At the time the property owner survey was conducted, the voting population had not yet experienced the wave of STR approvals that has recently taken place. Do City Council members, who are elected to represent voters, believe that ever greater density of STRs is going to lead to a diminished support for caps?

I have heard some elected representatives (most recently, Councilman Muncey, at the 20 June 2024 Planning Commission meeting) make a “wait and see” argument, i.e. that the recently-passed STR compliance requirements be allowed to take effect in order to understand their impact, before a cap is considered. That position is only tenable if the City Council had approved a moratorium on new STRs.

Given that there is neither a cap nor a moratorium in place, during the “wait and see” period, there will be no mechanism for the City to prevent the ongoing proliferation and increasing density of STRs. So presumably by waiting and seeing, citizens are expected to watch an ever growing percentage of houses be turned into businesses. The recently passed ordinances seek to regulate renter behavior. They do not address the same set of concerns as does a cap. Caps are intended to impact the residential character of, and represent an effort to preserve, the zoning of the neighborhood.

When cities proactively consider density limits for STRs, they typically propose limits in the range of ten to fifteen percent of single family residences, believing that density beyond that risks changing the fundamental character of the neighborhood as well as the ability of the neighborhood to absorb the impact of the STRs on elements such as adequacy of available parking.

I am unaware of any city that would proactively and consciously consider allowing 29% STR density (overall average of all R-1 districts in Saugatuck), or 34% (the “Hill”) or 47% (Pleasant, and other streets on the Hill). If a city would not allow that level of density proactively, why is it acceptable for it to happen unintentionally or by default? What is the point of having zoning regulations if one of the most significant impacts on the character of a neighborhood is beyond the scope of the City of Saugatuck’s Code of Ordinances?

The most extensive sections of the City of Saugatuck Code of Ordinances are those devoted to land use and zoning. The purpose of the City’s Zoning regulations is expressly stated to “prevent land use conflicts through appropriate location of compatible land uses,” as well as to “promote and provide for orderly growth.” A 267% proliferation of short-term rental permits over six years, where now a third of structures constructed as single family residences are permitted to be used as businesses in residential districts is in obvious conflict with the letter and intent of the expressed purpose of the Code.

Taking a position to limit the density and proliferation of short-term rentals is difficult because it is fundamentally an argument grounded in something inherently nuanced: at what level of proliferation of businesses in residential areas does a city lose its essential character?

Many people simply don’t like regulations of any kind—and a cap seems like just one more restriction on freedom. However, some restrictions create limitations precisely for the purpose of protecting freedom, in this case to be part of a community with resident neighbors who care about their property because it’s their home where they live, learn, work, and play.

Today, and for many years to come, no one lives in eight of the houses on Pleasant Street. Who knows, this time next year, it might be nine houses. Next Friday like every Friday before it, the latest bridal party or class reunion with nine cars from Illinois will arrive and will leave on Monday morning. Those eight houses are not and will never be the same as the other houses that my neighbors call home.

Sincerely,

//s//

Brian Schipper

Jamie Wolters

From: Badge <badge_cj@yahoo.com>
Sent: Saturday, June 29, 2024 9:03 AM
To: Jamie Wolters; Ryan Cummins; Steven Manns; Lauren Stanton; Gregory Muncey; Helen Baldwin; Holly Anderson; Russ Gardner; Scott Dean; Logan White
Subject: City council meeting correspondence

Hello, I would like to have this email included in the upcoming city council packet

I am writing to you as a planning commissioner, coming up on 7 year full time Saugatuck resident and voter. I add that point because I feel like a newbie still and really enjoy having my home here within walking distance to thriving businesses.

These businesses thrive due to the tourist economy which is the only driver of the saugatuck economy.

I hear comments of “money, money, money”, and suggestions that only greed is feeding the pro-STR side of this debate. I hope that the budget meeting you recently held shows the need for financial stability for the city. The impending infrastructure costs are significant and to make a move that will affect the cities revenues, even if it is not next year or in the next 5 years would be short-sighted.

Do a real economic impact study prior to making such a decision.

I was never a person to get involved in my local government, feeling that I was better served to keep my head down and work hard. This rugged individualism provided my wife and I great opportunities. With moving to this great place, thanks to Brandy at Phil’s, my life slowed down and in 2020 Covid provided me too much free time and I started engaging with the city government. Finding a slanted view of what government

responsibility is, I thought where should I get involved. Planning Commission. Really just calling balls and strikes for citizens on zoning issues to documented rules and making fact based recommendations to city council. These recommendations should have facts and forethought to avoid the unintended consequences of making quick, opinion based decisions that can have the appearance of lack of transparency and individual agenda issues.

Allow the facts to be provided by the consultant and planning administrator prior to this opinion based recommendation.

Fiscal responsibility. A very hot topic over the last year. We don't need to rehash those details. The city has engaged our consultant and has been paying for this data. Making this recommendation prior to getting the data could have been done a year ago. I see nothing has been provided to change the facts since city council voted down the moratorium . This opinion based recommendation is more restrictive and more permanent than previously voted down moratorium.

Consistency matters

With such a divisive issue I suspect that no "side" will be happy. To provide some opportunity to make a sound decision that everyone could be proud of I suggest these 4 steps.

1. Place a temporary hold on STR current level in the district in question.
2. Gather the data that the consultant has been paid to collect.
3. Implement the ordinances that have already passed, collect the results to show effectiveness. This season is already 1/3 through and still need to implement some of the nuisance containment items that were a group consensus of the STR committee.
4. Economic impact study of the opinion based recommendation on the table. How will this affect the cities businesses and tax revenue.

Thank you for the opportunity to share my thoughts.

CJ Bagierek
610 Lake St
248 640 3598

Jamie Wolters

From: Craig Baldwin <craigbaldwin312@gmail.com>
Sent: Sunday, June 30, 2024 6:07 PM
To: Jamie Wolters
Subject: Letter for Council Workshop packet
Attachments: Cap Map June 2024.pdf; Petition Form June 2024.pdf

Please include the following letter and attachments in the packet for July 3 City Council Workshop.

To the City Council:

After almost eighteen months of public meetings, deliberation, and debate you have finally been presented with a specific recommendation on STR caps from the Planning Commission. It is my sincere hope that you act upon their recommendation and impose reasonable caps to protect our neighborhoods and provide a sustainable balance between residents and renters.

If you do nothing, it will simply place the burden on our residents to address this issue through a ballot initiative. This is not just a theoretical possibility. On Friday I submitted the attached petition to the City Clerk for approval as to form. The petition would amend our STR licensing ordinance to place a limit of 68 licenses in the Community Residential district ("The Hill"), 20 cumulative licenses in various Peninsula districts, and 8 licenses in the Maple Street district. Reductions would be made through attrition when properties are transferred or sold and would likely take a number of years to achieve. The eventual result would be a 20% saturation on The Hill and a few points below 20% on the Peninsula and Maple Street areas. The attached map highlights the boundaries of the capped areas as well as the uncapped areas downtown and along Lake Street. If the City Clerk certifies that the petition meets the form and format requirements, signature collection can begin.

While it might be tempting to defer this issue to a ballot initiative, there are consequences when ordinances are adopted this way. An ordinance passed via ballot initiative cannot be repealed or amended by the City Council for two years after it passes. If reasonable adjustments to the ordinance are needed, your hands will be tied. After two years, a 5-2 super majority is required to amend/repeal the ordinance. But if you follow the recommendation of the Planning Commission and pass a cap yourselves, subsequent councils will be able to freely amend it as they see fit. The voters this November can decide whether those who voted for caps and other STR regulations should remain in office or be replaced.

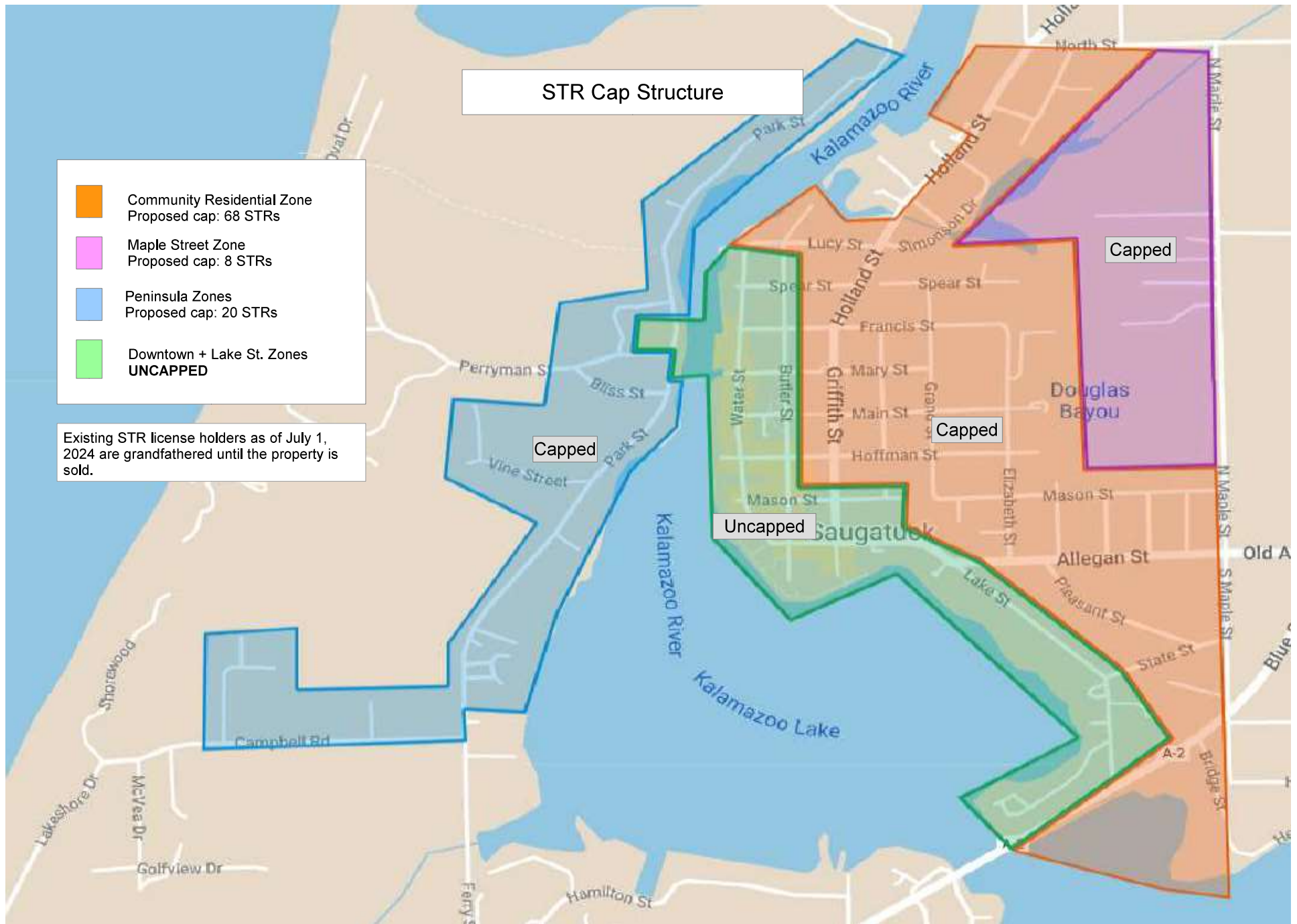
Finally, while there may be some who think we need even more months of analysis, discussion and debate, it is clearly time to "call the question."

Craig Baldwin
Saugatuck City Resident

STR Cap Structure

- Community Residential Zone
Proposed cap: 68 STRs
- Maple Street Zone
Proposed cap: 8 STRs
- Peninsula Zones
Proposed cap: 20 STRs
- Downtown + Lake St. Zones
UNCAPPED

Existing STR license holders as of July 1, 2024 are grandfathered until the property is sold.



LOCAL PROPOSAL PETITION

If the petition circulator does not comply with all of the requirements of the Michigan election law for petition circulators, any signature obtained by that petition circulator on that petition is invalid and will not be counted.

We, the undersigned qualified and registered electors, residents in the City of Saugatuck in the County of Allegan, Michigan, respectively petition to initiate an ordinance to amend Title IX, Chapter 99.5, of the City Charter to cap the number of short term rental licenses that may be issued by the City in certain residential zoning districts, and to grant temporary relief from the caps for dwelling units that were covered by valid short term rental licenses or certificates as of July 1, 2024.

FOR THE FULL TEXT OF THE PROPOSED ORDINANCE SEE THE REVERSE SIDE OF THIS PETITION

Warning - a person who knowingly signs this petition more than once, signs a name other than his or her own, signs when not a qualified and registered elector, or sets opposite his or her signature on a petition, a date other than the actual date the signature was affixed, is violating the provisions of the Michigan election law.

Date of Signing

Signature	Printed Name	Street Address	Zip Code	Mo	Day	Year

CERTIFICATE OF CIRCULATOR

The undersigned circulator of the above petition asserts that he or she is 18 years of age or older and a United States citizen; that each signature on the petition was signed in his or her presence; that he or she has neither caused nor permitted a person to sign the petition more than once and has no knowledge of a person signing the petition more than once; and that, to his or her best knowledge and belief, each signature is the genuine signature of the person purporting to sign the petition, the person signing the petition was at the time of signing a registered elector of the city or township indicated preceding the signature, and the elector was qualified to sign the petition.

☐ If the circulator is not a resident of Michigan, the circulator shall make a cross or check mark in the box provided, otherwise each signature on this petition sheet is invalid and the signatures will not be counted by a filing official. By making a cross or check mark in the box provided, the undersigned circulator asserts that he or she is not a resident of Michigan and agrees to accept the jurisdiction of this state for the purpose of any legal proceeding or hearing that concerns a petition sheet executed by the circulator and agrees that legal process served on the Secretary of State or a designated agent of the Secretary of State has the same effect as if personally served on the circulator.

WARNING - A circulator knowingly making a false statement in the above certificate, a person not a circulator who signs as a circulator, or a person who signs a name other than his or her own as circulator is guilty of a misdemeanor.

CIRCULATOR - Do not sign or date certificate until after circulating petition.

_____/_____/_____
(Signature of Circulator) (Date)

(Printed Name of Circulator)

(Complete Residence Address (Street and Number or Rural Route) [Do not enter a post office box])

(City or township, state, zip code)

(County of registration, if registered to vote, of a circulator who is not a resident of Michigan)

**CITY OF SAUGATUCK
ALLEGAN COUNTY, MICHIGAN**

AN ORDINANCE TO AMEND TITLE IX, CHAPTER 99.5, OF THE CODE OF THE CITY OF SAUGATUCK TO CAP THE NUMBER OF SHORT TERM RENTAL LICENSES THAT MAY BE ISSUED BY THE CITY IN CERTAIN RESIDENTIAL ZONING DISTRICTS, AND TO PROVIDE TEMPORARY RELIEF FROM THE CAPS FOR DWELLING UNITS COVERED BY A VALID SHORT TERM RENTAL LICENSE OR CERTIFICATE AS OF JULY 1, 2024.

Section 1. : AMENDMENT TO TITLE IX OF THE CITY CODE. The City of Saugatuck Code of Ordinances, Title IX, Chapter 99.5, shall be revised to add the following new and additional Section 99.65, which shall read as follows:

§99.65 CAPS ON SHORT TERM RENTAL LICENSES

(A) The number of short term rental licenses that may be granted by the city is capped as follows:

- (1) In the Community Residential zoning district, the number of short term rental licenses is capped at 68.
- (2) In the R-1 Peninsula North (Duneside), R-1 Peninsula North (Riverside), R-1 Peninsula South, and R-1 Peninsula West Zoning Districts, the number of short term rental licenses is capped at a cumulative total of 20.
- (3) In the Maple Street zoning district, the number of short term rental licenses is capped at 8.

(B) Applications for renewal of existing licenses shall have priority over new applications when allocating licenses under the caps.

(C) It is the express intent of this chapter to “grandfather” dwelling units that were covered as of July 1, 2024 by either a short-term rental certificate issued under the City’s previous regulatory scheme or a short term rental license. The caps will be waived with respect to renewal applications for those dwelling units but only for so long as ownership of the premises remains unchanged. Any of the following will be deemed a transfer of ownership that renders the dwelling unit exempt from the “grandfather” protection.

- (1) Any transfer, sale, change in ownership, or other conveyance of the premises;
- (2) Any transfer, sale, change in ownership, or other conveyance of an interest or membership in the corporate entity which is the owner of the premises
- (3) Any change in the trustee(s), beneficiary, or beneficiaries of the trust which is the owner of the premises

(D) Properties with a “commercial” property classification under MCL 211.34c as of July 1, 2024 are exempt from the license caps, and licenses granted to such properties shall not count against the caps.

Section 2. Severability. The provisions of this Ordinance are declared severable. If any part of this Ordinance is declared invalid for any reason by a court of competent jurisdiction, that declaration does not affect or impair the validity of all other provisions that are not subject to that declaration.

Section 3. Repeal. All Ordinances or parts of Ordinances in conflict with this Ordinance are hereby repealed.

Section 4. Effective Date. This Ordinance shall become effective immediately upon its publication unless otherwise provided by law.

Jamie Wolters

From: Jamie Wolters
Sent: Monday, July 1, 2024 10:47 AM
To: Jamie Wolters
Subject: FW: STR Rule Comment

To City Council,

We are writing in support of the recent approval by the Saugatuck Planning Commission to create a STR cap for the residential areas of Saugatuck. As we have noted throughout the process, we understand the role STR's play in the community and support rules and guidelines that address all constituents' needs. We believe the proposed rule allows a balance between the short term rentals while allowing the small town community culture that long term residents remember and frequently fondly discuss in meetings to thrive again.

That said, without a cap, the local residents' needs are not being addressed, our voices are not being heard and thus our neighborhoods are at risk of continuing to lose neighbors. When looking at the map provided by the Planning Commission, the concentration of certified STR's on the hill (minus Spear Street) is quite obvious.

Additionally, we believe the proposed rule addresses the challenges raised by the advocates of the STR's:

- **Ability to continue to rent existing homes:** The motion includes a provision to grandfather existing STR's. No existing owner will be impacted.
- **Ability to support our thriving retail community:** Limiting the scope of the cap to R1 zones minimizes any impact. That said, the investment in the town by many new, mature retailers show there is little concern on the economic viability of Saugatuck
- **Home Values:** Two houses have recently transacted on the hill and both are to families that are not currently planning to use the houses as STRs. These properties were still bought near asking price.



MARK W. LaCHEY
345 Grand Street, P.O. Box 219
Saugatuck, Michigan 49453
Telephone: (248) 867-5078
E-mail: mwlachey@gmail.com

July 1, 2024

Mayor and Members of the Saugatuck City Council,

I support a cap on short term rentals in Saugatuck's residential districts. Period.

My "no" vote on the motion regarding this issue at the last Planning Commission meeting has apparently been mischaracterized and misappropriated by those who are opposed to any such cap. Anyone who attended that meeting and actually listened to my reasons know the following:

1) my vote was based on the restrictive nature of the capped area as stated in the motion. I believe that all residential areas in our town should be under a cap for the equity of our property owners and for the overall good of our Community;

2) with the above said, I also believe that determining which properties should be subject to a STR cap should be done with a "scalpel rather than a sledgehammer" such as by looking at the density of STR's on a block by block basis; and

3) in the process of the roll call vote, I realized that the motion would pass without the necessity of a "yes" from me. I was therefore able to vote "no" for the above reasons fully knowing that the motion would pass and that this matter would advance to the City Council for its consideration.

Finally for now, I will repeat my full support for the institution of a limit on the number of residential dwellings with STR's in Saugatuck. I am not going to push for the perfect at the expense of the good...whatever may be the eventually result so long as some type of STR cap covering at least the R1 districts is enacted.

I really appreciate your consideration of my thoughts on this matter and continued best regards.

Mark W. LaChey

MWL: Saugatuck City Council2.ltr