



City Council Agenda Item Report

FROM: Ryan Cummins, City Manager

MEETING DATE: September 22, 2025

SUBJECT: Warnock Drain – At Large Assessment

DESCRIPTION:

The City of the Village of Douglas coordinated with the Allegan County Drain Office (Drain Office) to replace the culvert under Ferry Street which is part of the Warnock Drain. Work was completed in the spring.

While the City has less than 5 acres of land in the drainage district, the Drain Office recently determined that based on the benefits to public health, convenience, or welfare, the City's at-large assessment for the project was \$61,875.00 (15% of the project cost).

City Council reviewed the assessment at the September 3 workshop. Due to a notice issue, City Council requested that staff request that the Drain Office re-notice our day of review so we had an opportunity to participate.

The Drain Office agreed to re-notice our day of review. I worked with our consulting engineer to develop several points to formally object to our at large assessment and request a reduction or recalculation. I participated in our day of review on September 16. The Drain Office provided the attached presentation, and I provided the attached letter.

The Drain Office is willing to lower our assessment by \$5,000 if we pay the entire amount up front. Attached is an updated at large assessment.

The City can either pay the assessment over three years with interest, pay in full up front, or appeal to the probate court. The Drain Office previously advised the following:

Under Section 280.278 of the Drain Code of 1956, as amended, [i]f bonds or notes are issued and sold by the commissioner, installments of the drain taxes shall bear interest

at a rate that is not greater than 1% per annum more than the average rate of interest on the bonds or notes from the date of the preparation of the assessment roll until due. As a reference, our last Note on June 5, 2025, which was a qualified tax-exempt obligation, was 4.85%, plus 1.00%, for a total of 5.85%.

Given the expected interest rate and our healthy fund balance levels, I recommend that we pay the assessment in full out of the general fund.

BUDGET ACTION:

This item was not budgeted for and a budget amendment will be necessary.

LEGAL REVIEW:

The City's legal counsel has a conflict as they also represent the Drain Commission. If legal review is desired, separate counsel should be obtained.

SAMPLE MOTION:

Motion to pay the at large assessment for the Warnock Drain in full in the amount of \$56,875.



ALLEGAN COUNTY DRAIN COMMISSIONER

CHRIS MACHIELA
Drain Commissioner

CAROLYNN PARNELL
Chief Deputy

September 18, 2025

Mr. Ryan Cummins
City of Saugatuck Manager
102 Butler Street
Saugatuck, MI 49453

RE: City of Saugatuck – Warnock Drain Maintenance Assessment

Thank you for attending the Warnock Drain Day of Review on September 16, 2025. As you're aware, the City of Saugatuck's Warnock Drain Drainage Assessment is \$61,875.000. Per your discussion yesterday with the Drain Commissioner, Chris Machiela, the Allegan County Drain Office is willing to reduce the City's assessment by \$5,000.00 if you're willing to prepay their assessment. By prepaying the City's assessment, you would save the additional interest costs that would be added if you decided to pay it over the next 3-years.

Feel free to discuss this with your City Council at your next meeting, and ask them to consider this payment option.

If you have any questions, please contact me at (269) 673-0379.

Sincerely,

Chris Machiela
Allegan County Drain Commissioner

BS/bs

CC: District #3 Commissioner



Warnock Drain Day of Review

September 16, 2025

Warnock Drain 2025 Apportionments

- Computation of Cost

1)	Cost of Survey and Laying out Drainage District			
2)	Compensation to be Paid Board of Determination			
3)	Compensation to be Paid Special Commissioners			
4)	Compensation to be Paid the Board of Review			
5)	Contracts for Construction Bridges			
6)	Contracts for Construction / Maintenance	607,868.74		
	Engineering Expense	100,500.00		
	Development Coordinator Expense	1,206.16		
	Maintenance Inspection Expense	1,524.98	711,099.88	
7)	Cost of Appeal (estimate)			5,000.00
8)	Publishing Notices (estimated)			100.00
9)	Probate Fees			
10)	Attorney Fees (estimate)			100.00
11)	Interest on Drain Notes (Note 2025-27 est \$ @ 4.85%)			14,669.58
12)	Recording Right Of Ways Expense			
13)	Future Maintenance - 4 mile @ \$5,000/mi.			20,000.00
14)	LIS Mapping (estimate)			100.00
	Gross Sum of Expenses			\$751,069.46
	Invoice Paid by City			-\$264,922.12
	Less Cash on Hand			-73,647.34
	Total Computed Cost of said Drain			\$412,500.00
	Filed in my office with other papers pertaining to the within mentioned drain			
	Dated at Allegan this 5th day of August 2025			

Warnock Drain 2025 Apportionments

- Warnock Drain 2025 Apportionments
 - Allegan County/ACRC - 1.254% (\$5,172.76)
 - Based on ACRC ROW area; split 50/50 between county and county road commission
 - Saugatuck Township - 10% (\$41,250.00)
 - Same as 2016 apportionment roll
 - Planning to prepay per ACDC
 - City of Douglas - 30% (\$123,750.00+\$264,922.12 = \$388,672.12)
 - Same as 2016 apportionment roll
 - Planning to prepay per ACDC
 - Paid for San. Sewer, Road Widening, and WM Improvements due to drain work
 - City of Saugatuck - 15% (\$61,875.00)
 - See next slide
 - Property Owners - 43.746% (\$180,452.24)
 - Benefits derived were based on land use (runoff coefficient) and acreage within the district for each parcel in the district (excluding exempt parcels)

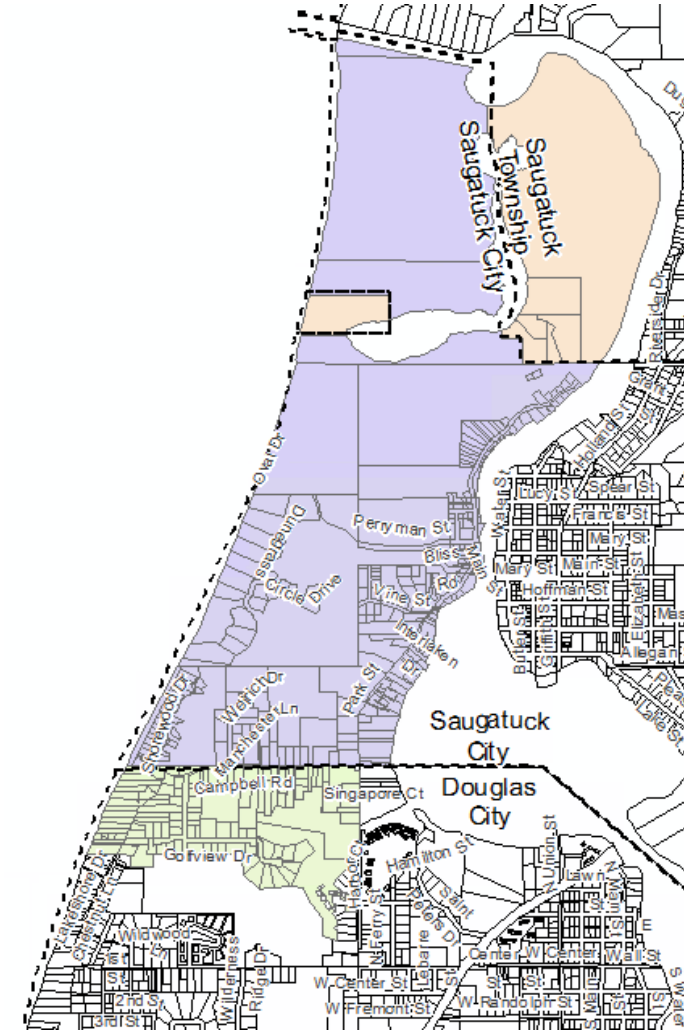
TOTAL PROJECT COST =	\$412,500.00
LIFE OF LOAN (years) =	3
EST. INTEREST RATE =	6.00%

Allegan County - Road R.O.W.	0.627%	\$2,586.38
Allegan County	0.627%	\$2,586.38
City of the Village of Doulgas	30.000%	\$123,750.00
City of Saugatuck	15.000%	\$61,875.00
Saugatuck Township	10.000%	\$41,250.00

City of Saugatuck At-Large

- 2016 Roll
 - Saugatuck City did not pay at an-large as the work occurred in the City of Douglas and near the Saugatuck Township line on Center Street primarily
- 2025 Roll
 - Liable to pay benefits derived due to public health, welfare, and/or convenience of this project
 - Culvert replacement restored access to this road for:
 - Saugatuck Residents to reach their homes (69% of parcel area that utilizes Ferry Street for access and 69% of total parcels; see table below)
 - Improved emergency response times (avoid long detour on Lakeshore Drive adding 10-15 minutes)
 - ACDC determined a 15% benefit derived

Municipality	Parcel Area that uses Ferry	% of Total	Parcels that use Ferry	% of Tot
Saugatuck Township	149.12	18%	7	2%
City of Saugatuck	557.9	69%	282	69%
City of Douglas	103.75	13%	121	30%





September 15, 2025

Drain Office
County Services Building
3283 122nd Avenue
Allegan, MI 49010

Re: Estimated At Large Apportionment and Assessment for Warnock Drain

Dear Commissioner Machiela:

On behalf of the City of Saugatuck, thank you for the re-notice of our day of review and for the opportunity to comment on the proposed apportionment for the Warnock Drain project. We respectfully object to the 15% at-large apportionment assigned to the City and request a reduction and/or recalculation based on the points below:

- **Act 51 Funding**
 - The City of the Village of Douglas (“Douglas”) receives Act 51 funding for Ferry Street. Saugatuck City does not. Act 51 funding is intended to maintain local roads, including stream crossings. The City of Saugatuck should not be required to subsidize what could have been a Douglas road and utility project, especially to this degree. But for less than 5 acres of City land along Campbell Road being in the Warnock Drain district, Saugatuck City wouldn’t be assessed at all.
- **Parcel Area**
 - Considering parcel area in the table provided by Development Coordinator/Deputy Brent Scholten is inappropriate and skews the results toward Saugatuck. There are a number of very large parcels in the City. Acreage is already accounted for in the drainage calculations, and as indicated in the point above, the City has almost no acreage in this drainage area.
 - City-owned parcels north of the City limits (oxbow area) are being considered in the benefitting area (and one Township parcel) even though they don’t have vehicular access or parking. These parcels aren’t receiving benefit from this project.
 - The City’s park parcels make up a majority of the acreage that is being considered as benefitting from this project, but the entire region (including many Saugatuck Township and Douglas residents) receives the benefit – it is inappropriate to attribute that benefit 100% to Saugatuck City. Similarly, the water storage tank is located in this area, which directly benefits the entire region but is being considered 100% Saugatuck City.

- Many Oval Beach and Mt. Baldhead visitors utilize the Saugatuck Chain Ferry or boat for access. It is inappropriate to consider public land north of Campbell Road as fully benefitting from Ferry Street.
- **Regional Economic and Infrastructure Benefits**
 - Residents and visitors using Ferry Street instead of Lakeshore Drive and Center Street greatly benefits Douglas residents.
 - Visitors to Oval Beach and Mt. Baldhead have a significant economic benefit to Douglas, Saugatuck Township and the region (the revenue Saugatuck collects for Oval Beach is used to maintain operations and infrastructure of the Oval Beach area). Visitors pass the downtown area of Douglas and multiple other businesses on their way to Ferry Street. For example, they don't stop in Saugatuck for gas, they stop in Douglas or the Township.
- **Apportionment Without Precedent or Input**
 - The 15% apportionment isn't based on any calculation or apparently even a precedent (our apportionment was zero in the last project). The percentage appears to be subjective, and the process provided no opportunity for Saugatuck City to budget for the upcoming expense.
 - The City of Saugatuck had no input on the specific solution that was implemented. Lower cost alternatives likely existed but were never reviewed with the City, even though it is now being treated as a significant stakeholder in the project. City engineers offered several low-cost and safe temporary measures to keep the road open during the busy tourism season. Douglas decided upon closure, primarily due to concerns for Douglas water and sewer infrastructure, not the roadway.
- **Cost Allocation**
 - Douglas completed water and sewer infrastructure improvements as part of this project. What assurances does Saugatuck City (and others receiving an apportionment) have that those costs have been accurately excluded (including proportional amounts of mobilization, traffic control, cofferdams, etc.) from the \$412,500 that is being attributed to the culvert replacement? Similarly, the area over the culvert was also widened to account for a future pathway. Was the cost of this work excluded from the amount apportioned to Saugatuck City and others?

Sincerely,

Ryan Cummins
City Manager
City of Saugatuck