



**Annual Budget
Fiscal Year
July 1, 2026 – June 30, 2027**

CITY OF SAUGATUCK

ANNUAL BUDGET

FOR THE FISCAL YEAR

July 1, 2026 – June 30, 2027

102 Butler Street
PO Box 86
Saugatuck, MI 49453

(269) 857-2603 phone

FOR
Saugatuck City Council

Holly Anderson, Mayor
Joe Clark, Mayor Pro Tem
Scott Dean, Council Member
Russ Gardner, Council Member
Gregory Muncey, Council Member
Chris Peterson, Council Member
Lauren Stanton, Council Member

PREPARED BY
Ryan Cummins, City Manager
Nicole Bredeweg, City Treasurer/Finance Director

TABLE OF CONTENTS

Budget Transmittal Memo and Presentation	1-37
Resolution Adopting General Appropriations Act	38-43
Budget Report	44-80



TO: City Council

FROM: Ryan Cummins, City Manager

DATE: June 8, 2026

SUBJECT: Recommended Budget for Fiscal Year 2026/2027

INTRODUCTION:

In accordance with the City Charter, I am pleased to present the recommended budget for the City of Saugatuck for fiscal year 2026-2027. This budget reflects the City Council's and my commitment to responsible fiscal management while ensuring the continued delivery of essential services to our residents and visitors.

BUDGET DEVELOPMENT PROCESS:

The budget presented here is the culmination of a collaborative effort. It considers the City Council's goals and priorities, public feedback, community needs, essential services, and anticipated revenues.

ESTABLISHED GOALS:

- **Operations, Public Health and Safety** - We will maintain a culture of fiscal responsibility and friendly, honest, and transparent government. We will partner with the Fire District and Sheriff's office to ensure we take the right measures to keep our community safe.
- **Infrastructure** - We will focus on maintaining and improving current infrastructure while planning and saving for future needs.
- **Parks and Recreation** - We understand that our natural resources are the foundation of residents' quality of life and our tourism economy and will invest to sustain and enhance them.

BUDGET HIGHLIGHTS:

The attached presentation highlights the proposed budget which involves the following:

- **Maintaining a Low Operating Millage Rate:** The proposed operating millage rate for next fiscal year is 2.1784 mills lower than it was in FY 2016/17, an 18% decrease. Comparing FY 2016/17 to FY 2025/26, the City's overall millage rate has decreased significantly, down 2.5730 mills, or 16.27%, driven largely by Headlee rollbacks. The

proposed operating rate remains lower than most nearby cities, reflecting the City's continued commitment to fiscal responsibility.

- **Healthy Fund Balances:** The proposed budget proposes the use of reserves to fund several capital projects while maintaining adequate reserves for a “rainy day” far above the current policy goal.
- **Strategic Investments:** The budget allocates resources for infrastructure investments including Mt. Baldhead, Village Square, Blue Star Trail, restroom upgrades, sidewalk repairs, Maple Street (water main, lead service lines, sidewalk, stormwater, and road replacement) and Elizabeth Street (water main, sanitary repairs, lead service lines, sidewalk improvements and road replacement). The budget provides for staff wage increases, continued invasive species treatment, completing the master plan, finishing the parking study, website redesign, deer management, and wayfinding signage. It also invests in continued planning and design for future projects including Park Street, Grant Street, and City Hall interior.

PUBLIC HEARING AND BUDGET ADOPTION:

A public hearing on the final budget is required to be held as provided by law and has been scheduled for June 8, 2026. The City Council is required, not later than June 30 of each year, to adopt by resolution a final budget for the ensuing fiscal year and make appropriations.

An appropriation should be viewed as an authorization to spend and not a mandate to spend. An appropriation provides authority, not cash. It indicates that, if the revenue is there, it may be spent in a certain way. The budget, while often viewed as a financial instrument, is first a planning and management tool and second an accounting device.

SAMPLE MOTION:

Motion to approve Resolution No. 260608-B to adopt the general appropriations act for fiscal year 2026-2027.



Proposed Budget Presentation
Fiscal Year 2026-2027

PURPOSE AND DEVELOPMENT

The overriding purpose of the budget can be defined in three key points:

- Allocation of public resources over time and among public operations.
- Accountability to the public for the expenditure of public funds.
- Maintenance of financial stability of the City of Saugatuck.



BUDGET PROCESS

Fiscal Year 26/27

Vision

Saugatuck is an **inclusive waterfront community** that welcomes all. City residents enjoy a **great quality of life** living in one of the country's highest-rated tourist destinations.

Saugatuck is a **vibrant, inviting community** with a talented and dedicated staff, great schools, an active tourist-based economy, stable property values, and sense of **history** as the community moves into the future.

Residents and visitors enjoy a **unique, small-town** atmosphere, exceptional parks, and access to **beautiful natural resources**.



Operations, Public Health & Safety

Goal: We will maintain a culture of fiscal responsibility and friendly, honest, and transparent government. We will partner with the Fire District and Sheriff's office to ensure we take the right measures to keep our community safe.

Priorities

- Evaluate Parking Improvements Task Force recommendations and implement solutions (*essential*)
- Update website, including the addition of online payments. (*essential, regulatory*)
- Finish update to Land Use Master Plan, including non-motorized (pathways, biking) plan (reg.)
- Roll out new logo and branding
- Finish new water-sewer agreement and as necessary, update water-sewer infrastructure fees (*regulatory*)
- Manage Dune Ridge litigation
- Implement deer cull
- Begin full zoning code update
- Install outdoor AED stations
- Conduct Town Halls: One with businesses and another on taxes



Infrastructure

Goal: We will focus on maintaining and improving current infrastructure while planning and saving for future needs

Priorities

- Complete Maple Street construction (*essential*)
- Complete Elizabeth Street design; begin construction (*essential*)
- Complete feasibility and plan for Park Street improvements; begin design (*essential*)
- Renovate City Hall interior
- Make further sidewalk repairs
- Maintain and resurface roads
- Finalize plan for lead service line replacement (*regulatory*)
- Update signage and wayfinding
- Evaluate long-term funding options for CIP/AMP
- Encourage AT&T cellular antenna installation and other telecommunication improvements from private sector



Parks & Recreation

Goal: We understand that our natural resources are the foundation of residents' quality of life and our tourism economy and will invest to sustain and enhance them.

Priorities

- Monitor and mitigate low water level impacts (*essential*)
- Complete Mt. Baldhead platform and retaining wall design; begin construction
- Refresh Village Square Courts
- Continue to advance Blue Star Trail
- Restore Mt. Baldhead vegetation
- Continue invasive species treatment
- Begin planning for replacement of Mt. Baldhead stairs and river deck
- Upgrade restroom interiors at Village Square and Wicks Park

www.saugatuckcity.com

For planning purposes only.

The plan is updated annually and priorities often change based on current conditions and funding opportunities.

City of Saugatuck
Capital Improvements Plan 2026-2031
February 24, 2026

Project	Estimated Const. Year	Anticipated Funding Source(s)	Anticipated Project Cost By Year							Total	Notes
			FY2025-26	FY2026-27	FY2027-28	FY2028-29	FY2029-30	FY2030-31	FY2031-32		
Roadways (Streets, Sidewalks, Streetcapes, Storm Sewer & Bridges)											
Gravel Road Maintenance	Ongoing	Local	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 65,000	Grading, dust control, millings by DPW
Update PASER Ratings/Study	Ongoing	Local		\$ 8,000				\$ 10,000		\$ 18,000	Last updated in 2022
Sidewalk Repairs	Ongoing	Local	\$ 10,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 160,000	By DPW
Annual Pavement Markings	Ongoing	Local	\$ 36,000	\$ 38,000	\$ 40,000	\$ 42,000	\$ 44,000	\$ 46,000	\$ 48,000	\$ 294,000	Annual restriping.
As-Needed Asphalt Repairs/Improvements	Ongoing	Local		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 300,000	Mill & fill, slurry seal, chip seal, etc.
Culvert & Storm Sewer Outfall Inspections	Ongoing	Local		\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 30,000	Combination of diving, rover, CCTV and simple visual anticipated.
Maple Street Improvements, Blue Star Hwy to S of North Street	2026	Local/Township/MDOT Category B	\$ 330,000	\$ 800,000						\$ 1,130,000	2026 construction season
Maple Street Drainage Improvements	2026	Local	\$ 60,000	\$ 65,000						\$ 125,000	Underground detention and related improvements, 2026 construction
Maple Street Sidewalk Improvements	2026	Local	\$ 100,000	\$ 900,000						\$ 1,000,000	2026 construction season
Mary Street Resurfacing, Water to Butler	2026	Local	\$ 45,000							\$ 45,000	2026 construction season, coordinated with Maple Street.
Elizabeth Street Improvements, Allegan St to Francis St	2027	Local	\$ 27,000	\$ 400,000	\$ 350,000					\$ 777,000	2026 planning & design, 2027 construction.
Blue Star Highway - West Side Valley Gutter & Shoulder Repairs	2027?	Local, Potentially MDOT/MDNR		\$ 10,000						\$ 10,000	DPW is coordinating the work with the Blue Star Trail project.
Grant Street (Holland to Elizabeth) and Elizabeth Street (Grant to North)	2028	Local		\$ 50,000	\$ 300,000	\$ 250,000				\$ 600,000	2027 design, 2028 construction.
Park Street, Campbell Rd to Mt. Baldhead Park	2029	Local/EGLE MCMP grant	\$ 20,000	\$ 100,000	\$ 300,000	\$ 1,000,000	\$ 1,000,000			\$ 2,420,000	2026 planning, 2027-2028 design, 2029 construction.
Lucy Street Resurfacing - Water to Holland, with sidewalk	2030	Local			\$ 30,000	\$ 100,000	\$ 150,000	\$ 150,000		\$ 430,000	2028 planning, 2029 design, 2030 construction.
Newnham Street Improvements	2030	Local			\$ 10,000	\$ 30,000	\$ 120,000	\$ 120,000		\$ 280,000	2028 planning, 2029 design, 2030 construction.
Butler Street Improvements - Culver to Lucy	2031	Local + TBD (pot. MDOT)				\$ 50,000	\$ 250,000	\$ 800,000	\$ 800,000	\$ 1,900,000	2028-2029 planning, 2030 design, 2031 construction.
Hoffman Street Improvements - Griffith to Grand	2032-2033	Local					\$ 40,000	\$ 150,000	\$ 150,000	\$ 340,000	2030 planning, 2031 design, 2032-2033 construction.
Grand Street Improvements - Francis to Spear	2032-2033	Local					\$ 40,000	\$ 125,000	\$ 125,000	\$ 290,000	2030 planning, 2031 design, 2032-2033 construction.
Mason Street Improvements - Grand to Elizabeth	2032-2033	Local					\$ 25,000	\$ 125,000	\$ 125,000	\$ 275,000	2030 planning, 2031 design, 2032-2033 construction.
Spear Street Resurfacing - East and West of Grand	2032-2033	Local					\$ 25,000	\$ 100,000	\$ 100,000	\$ 225,000	2030 planning, 2031 design, 2032-2033 construction.
Mill Street Improvements	2034	Local						\$ 20,000	\$ 20,000	\$ 20,000	2032 planning, 2033 design, 2034 construction.
Lakeview, Brooks & Interlaken Street Improvements	2034	Local							\$ 10,000	\$ 10,000	2032 planning, 2033 design, 2034 construction.
Subtotal Roadways			\$ 633,000	\$ 2,461,000	\$ 1,120,000	\$ 1,562,000	\$ 1,784,000	\$ 1,716,000	\$ 1,468,000	\$ 10,744,000	
Water System											
Lead Service Line Replacement - Systemwide	2026-2038	Local, Potentially State/Federal	\$ 50,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,850,000	Annually addressing services prior to road work plus others.
Maple Street Water Main Replacement - Blue Star to S of North Street	2026	Local/Township	\$ 450,000	\$ 400,000						\$ 850,000	2026 construction season
Water Street Gate Valve Installation	2026	Local	\$ 85,000							\$ 85,000	2026 construction season, coordinated with Maple Street.
Elizabeth Street Water Main Replacement - Hoffman to Main	2027	Local		\$ 150,000	\$ 150,000					\$ 300,000	Coordinated with road improvements.
Park Street Water Main Improvements	2029	Local			\$ 10,000	\$ 50,000	\$ 50,000			\$ 110,000	Non-traffic hydrant replacement & misc. improvements.
Lucy Street Water Main Replacement - Water to Butler	2030	Local				\$ 30,000	\$ 80,000	\$ 80,000		\$ 190,000	Coordinated with road improvements.
Newnham Street Water Main Extension	2030	Local				\$ 10,000	\$ 60,000	\$ 60,000		\$ 130,000	Coordinated with road improvements.
400 Block Water Street Water Service Separation	2031	Local					\$ 5,000	\$ 30,000	\$ 30,000	\$ 65,000	Shared water service from Main St under existing buildings
Butler Street Water Main Replacement - Culver to Lucy	2031	Local					\$ 175,000	\$ 750,000	\$ 750,000	\$ 1,675,000	Coordinated with road improvements.
Non-Traffic Hydrant Replacement	2031-2032	Local								\$ 100,000	Those not replaced as part of other projects.
Hoffman Street Water Main Replacement - Griffith to Grand	2032-2033	Local					\$ 20,000	\$ 100,000	\$ 100,000	\$ 220,000	Coordinated with road improvements.
Grand Street Water Main Replacement - Francis to Spear	2032-2033	Local					\$ 20,000	\$ 75,000	\$ 75,000	\$ 170,000	Coordinated with road improvements.
Subtotal Water System			\$ 585,000	\$ 850,000	\$ 460,000	\$ 390,000	\$ 710,000	\$ 1,395,000	\$ 1,355,000	\$ 5,745,000	
Wastewater System											
Maple Street Sanitary Sewer Improvements	2026	Local/Township		\$ 5,000						\$ 5,000	Addressed with road improvements.
Elizabeth Street Sanitary Sewer Improvements	2027	Local	\$ 5,000	\$ 45,000	\$ 35,000					\$ 85,000	Coordinated with road improvements, scope TBD.
Park Street Sanitary Sewer Improvements	2029	Local			\$ 20,000	\$ 85,000	\$ 75,000			\$ 180,000	Coordinated with road improvements, scope TBD.
Newnham Sanitary Sewer Replacement	2030	Local				\$ 10,000	\$ 75,000	\$ 75,000		\$ 160,000	Coordinated with road improvements, scope TBD.
Sanitary Sewer Lining - Systemwide	2030	Local					\$ 25,000	\$ 250,000		\$ 275,000	Portions of Butler, Culver, Mary & Grand (per SAW).
Sanitary Manhole Rehabilitation - Systemwide	2030	Local					\$ 25,000	\$ 250,000		\$ 275,000	Locations as identified in wastewater AMP (SAW).
Mason Street Sanitary Sewer Replacement - Grand to Elizabeth	2032-2033	Local					\$ 10,000	\$ 150,000	\$ 150,000	\$ 310,000	Coordinated with road improvements.
Subtotal Wastewater System			\$ 5,000	\$ 50,000	\$ 55,000	\$ 95,000	\$ 210,000	\$ 725,000	\$ 150,000	\$ 1,290,000	
Other											
Mt. Baldhead Restroom Building Replacement	2025-2026	Local	\$ 75,000							\$ 75,000	Spring 2026 completion.
DPW Resurfacing	2026	Local	\$ 40,000	\$ 120,000						\$ 160,000	2026 construction season, coordinated with Maple Street.
Sea Wall and Misc. Structure Repairs	2026	Local	\$ 170,000							\$ 170,000	2026 construction season, coordinated with Maple Street.
Chain Ferry Ramp Repairs	2026	Local	\$ 50,000							\$ 50,000	Spring 2026 project.
Mt. Baldhead Parking Lot Maintenance and Improvements	2026	Local	\$ 5,000	\$ 10,000						\$ 15,000	Work anticipated to be performed by DPW - millings, etc.
Village Square Restroom Building Siding Replacement	2026	Local	\$ 10,000	\$ 25,000						\$ 35,000	Placeholder for scope and timeframe TBD.
Village Square Court Improvements	2026-2027	Local, Donor, MDNR	\$ 30,000	\$ 240,000						\$ 270,000	2026 design, fall 2026 or spring 2027 construction.
Mt. Baldhead Observation Platform Replacement	2026-2027	Local + TBD	\$ 20,000	\$ 300,000						\$ 320,000	2026 design, fall 2026 or spring 2027 construction.
Village Square & Wicks Park Restroom Interior Renovation	2027	Local	\$ 10,000	\$ 50,000	\$ 50,000	\$ 50,000				\$ 160,000	2026 planning, design and construction TBD
City Hall Interior Renovation	2027?	Local + TBD	\$ 5,000	\$ 35,000	\$ 150,000	\$ 100,000				\$ 290,000	Planning ongoing, design and construction TBD
Mt. Baldhead Stairs & River Deck Improvements	2028	Local + TBD		\$ 50,000	\$ 500,000	\$ 450,000				\$ 1,000,000	Planning/design in 2027, construction in 2028.
Blue Star Trail Development	TBD	Local, Township, FOBST, MDOT, MDNR									Final budget and timeframe TBD.
Lake Street & Blue Star Highway Traffic Signal	TBD	Local, MDOT									Final budget and timeframe TBD.
Shoreline Master Planning	TBD	Local + TBD									Final budget and timeframe TBD.
Subtotal Other			\$ 415,000	\$ 830,000	\$ 700,000	\$ 600,000	\$ -	\$ -	\$ -	\$ 2,545,000	

Note: Project costs shown are budgetary in nature (in current dollars) for comparison only to be refined during project planning & design.

CITY AT A GLANCE

Census Population: 865

Square Miles: 1.47

Housing Units: 916

Median Household Income: \$113,309

Median Age: 58

Parks: 500 acres

- Oval Beach, Saugatuck Harbor Natural Area, Mt. Baldhead, Coghlin Park, Jones Park, Cook Park, Wicks Park, Willow Park, Peterson Preserve, Village Square Park, and Saugatuck Wilds Nature Preserve.

Roads: 11.5 miles.

Water Utilities: 298 curb stop valves, 138 fire hydrants, 302 system valves, and 14.6 miles of main.

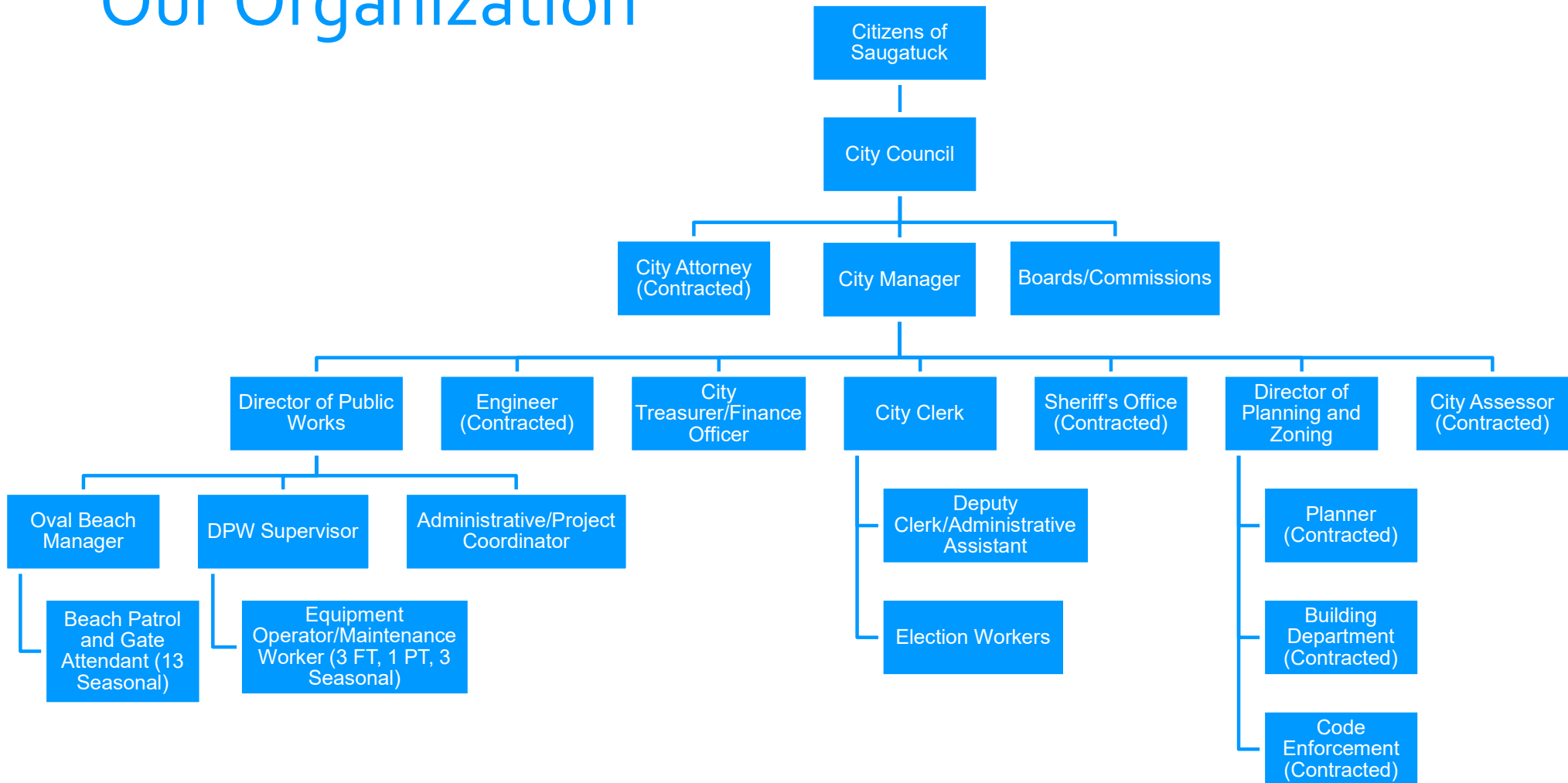
Sanitary Sewer Utilities: 17 lift stations, 259 manholes, and 4.8 miles of gravity/force main.

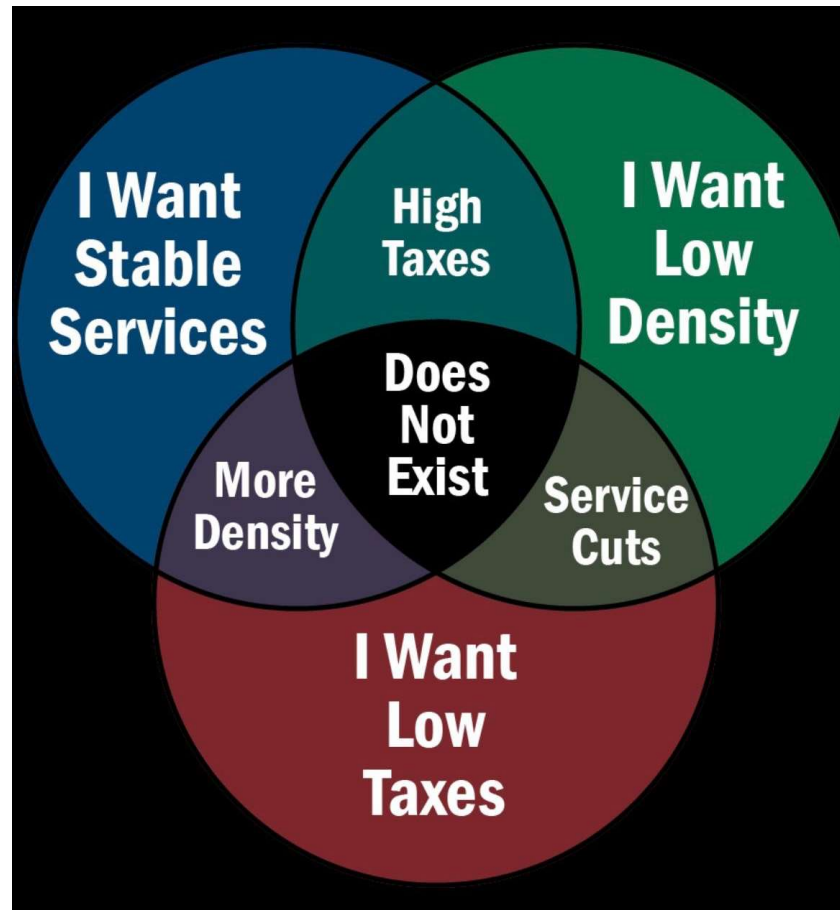
Storm Sewer Utilities: 84 manholes, 68 catch basins, 51 outfalls and 6.7 miles of gravity main.

FINANCIAL HEALTH

- The Michigan Department of Treasury maintains a community financial dashboard. Here are our 2025 rankings:
 - General Fund Ratio: 4th of 239 (98th percentile)
 - Governmental Net Position: 2nd of 240 (99th percentile)
- Pension Funding
 - Our latest actuarial report from MERS shows the funding percentage at 113%
- Debt
 - Amount Outstanding – \$1,343,000
 - Debt Millage – 1.4 mills (ends FY 28/29)

Our Organization





WHERE WILL EACH TAX DOLLAR GO?

TAXING ENTITY TOTAL MILLAGE RATE

CITY OF SAUGATUCK OPERATING	9.9774
CITY OF SAUGATUCK ROADS	1.6413
CITY OF SAUGATUCK ROAD DEBT	1.4000
SCHOOL STATE EDUCATION	6.0000
SCHOOL OPERATING*	18.000
SCHOOL DEBT	3.4500
SCHOOL BLDG/SITE	0.5000
SCHOOL RECREATION	0.2405
SCHOOL INTERMEDIATE DISTRICT	6.3164
ALLEGAN COUNTY OPERATING	5.1619
ALLEGAN COUNTY MED CARE	0.2394
ALLEGAN COUNTY CONSERVATION	0.0957
ALLEGAN COUNTY ROADS	0.9870
ALLEGAN COUNTY SENIORS	0.4823
INTERURBAN TRANSIT AUTHORITY	0.4798
DISTRICT LIBRARY	0.4284
DISTRICT LIBRARY DEBT	0.2381
FIRE DISTRICT	2.9000

VOTED EXPIRES 2031
VOTED EXPIRES 2028

*Non-Principal Residence Only

Principal Residence Exemption Properties



68% Other Taxing Entities

32% City of Saugatuck

Non-Principal Residence Exemption Properties



77% Other Taxing Entities

23% City of Saugatuck

Millage Rate Changes Over Time

City Millage Rates

- Comparing FY 16/17 to FY 25/26, overall City millage rates **decreased** significantly.
 - Down 2.5730 mills (-16.27%)
 - Driven largely by Headlee rollbacks

Non-City Millage Rates

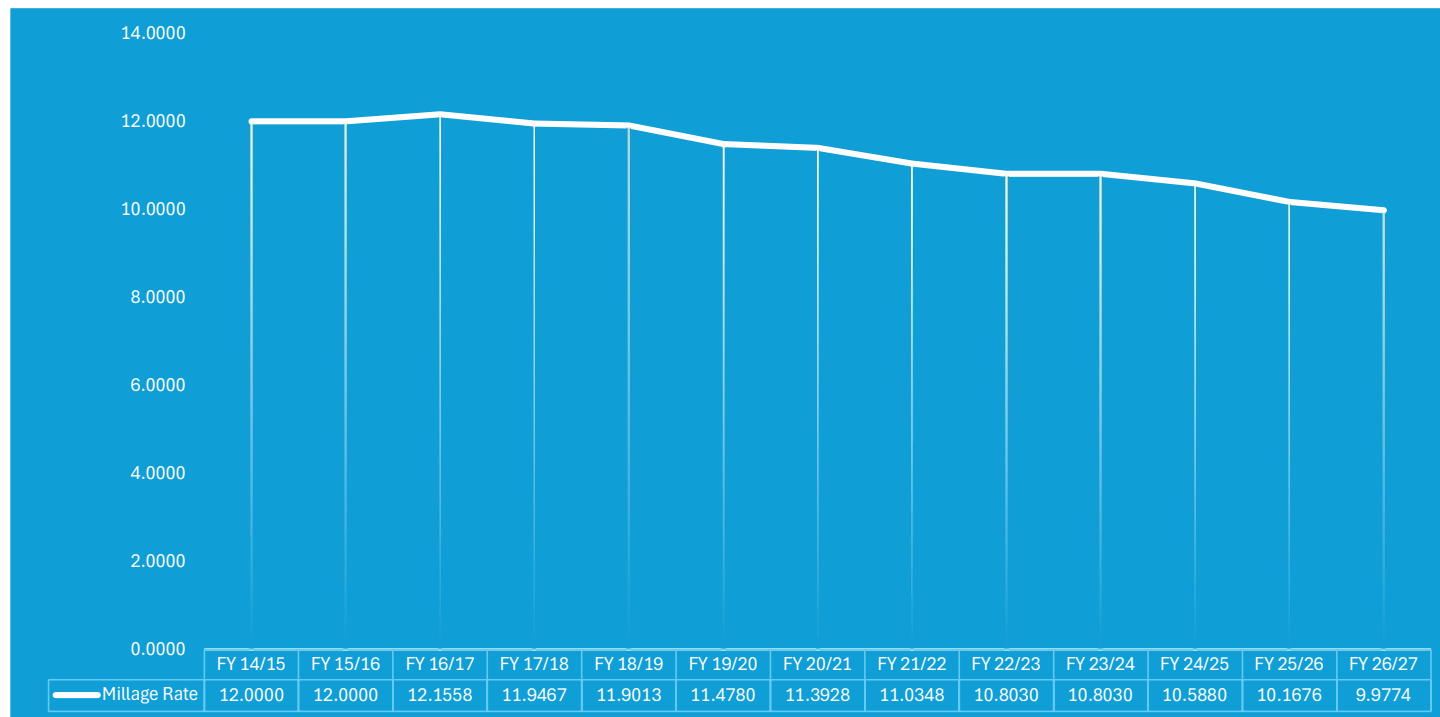
- During that same period:
 - County and regional millages increased**
 - County Operating: +.5117 mills
 - ISD: +.8194 mills
 - Fire District increased**
 - +1.2000 mills
 - New Millages**
 - Library Debt: .2381
 - County Medical Care: .2394
 - County Conservation: .0957
 - Total New/Additional: +2.0333 mills**

Taxing Jurisdiction	FY 16/17 Millage Rate	FY 25/26 Millage Rate	Difference in Mills	% Difference
CITY OPERATING (CHARTER)	12.1558	10.1676	-1.9882	-16.36%
CITY ROADS	1.7974	1.6726	-0.1248	-6.94%
CITY ROAD DEBT	1.8600	1.4000	-0.4600	-24.73%
Total City of Saugatuck	15.8132	13.2402	-2.5730	-16.27%
SCHOOL STATE EDUCATION	6.0000	6.0000	0.0000	0.00%
SCHOOL DEBT	3.5900	3.4500	-0.1400	-3.90%
SCHOOL BLDG/SITE	0.4972	0.4812	-0.0160	-3.22%
SCHOOL RECREATION	0.2485	0.2405	-0.0080	-3.22%
SCHOOL INTERMEDIATE DISTRICT	5.4970	6.3164	0.8194	14.91%
ALLEGAN COUNTY OPERATING	4.6502	5.1619	0.5117	11.00%
ALLEGAN COUNTY ROADS	0.9984	0.9870	-0.0114	-1.14%
ALLEGAN COUNTY SENIORS	0.4353	0.4823	0.0470	10.80%
INTERURBAN TRANSIT AUTHORITY	0.4968	0.4798	-0.0170	-3.42%
DISTRICT LIBRARY	0.4203	0.4284	0.0081	1.93%
FIRE DISTRICT	1.7000	2.9000	1.2000	70.59%
SCHOOL SUPPL	0.9337	0.0000	-0.9337	Fell Off
LIBRARY DEBT	0.0000	0.2381	0.2381	New
ALLEGAN COUNTY MED CARE	0.0000	0.2394	0.2394	New
ALLEGAN COUNTY CONSERVATION	0.0000	0.0957	0.0957	New
Total Other Taxing Jurisdictions (excluding school operating)	25.4674	27.5007	2.0333	7.98%

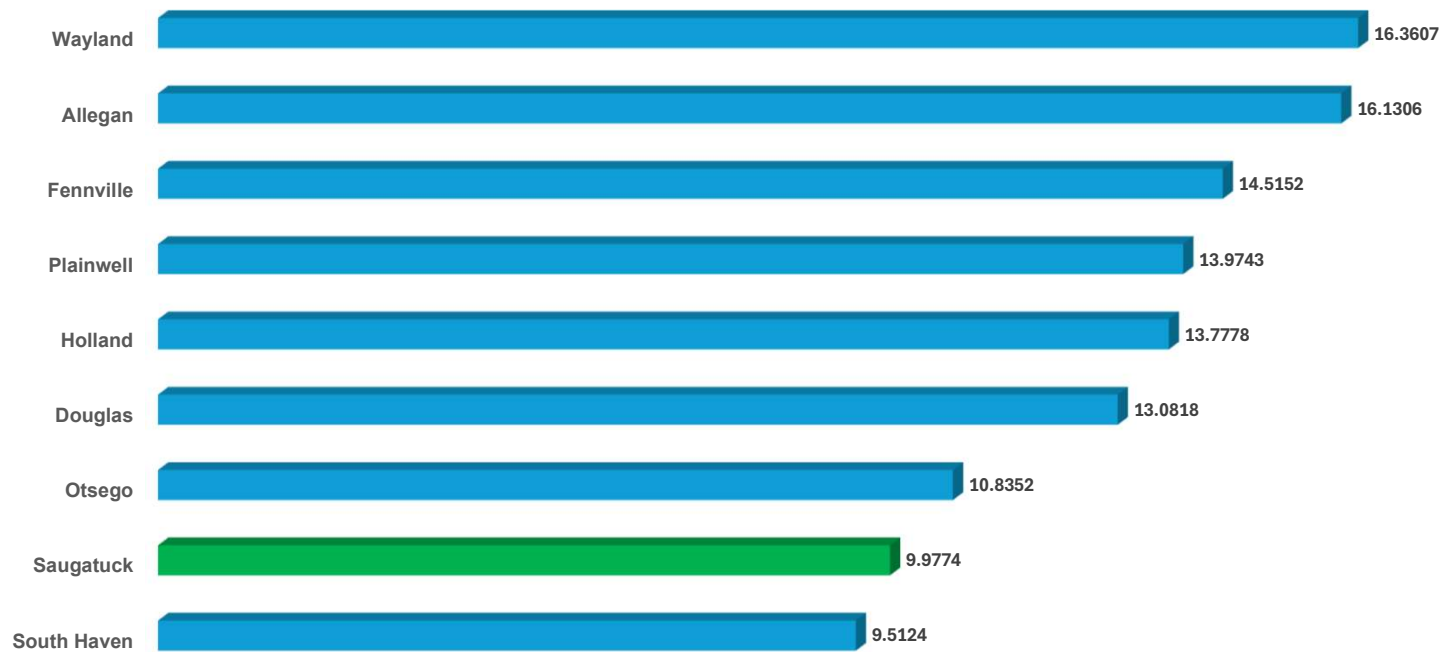
Not inherently bad—many increases reflect legitimate needs or voter-approved services—but this is important context when comparing overall tax trends.

OPERATING MILLAGE RATE HISTORY

- From at least 1996 to 2017, the operating millage rate for the City was always 12 mills or higher.
- The City's operating millage rate has declined 9 out of the last 10 years due to Headlee Amendment rollbacks.
- The operating millage rate for next fiscal year is **2.1784 mills (18% lower)** than it was in FY 16/17.
- Based on current taxable values, this equates to **\$579,220 less revenue annually** compared to the original FY 16/17 rate (if not rolled back or reduced).



HOW DOES OUR OPERATING TAX RATE COMPARE TO OTHER AREA CITIES?



FUNDS

The City of Saugatuck currently has seven separate funds.



101 - GENERAL FUND

Largest Fund

Government resources and activities not listed in other funds



202 - MAJOR STREETS

Maintenance and construction of the Major Streets System



203 - LOCAL STREETS

Maintenance and construction of the Local Streets System



301 - DEBT SERVICE

Account for payment of principal and interest on City's debt



496 and 497 – WATER and SEWER

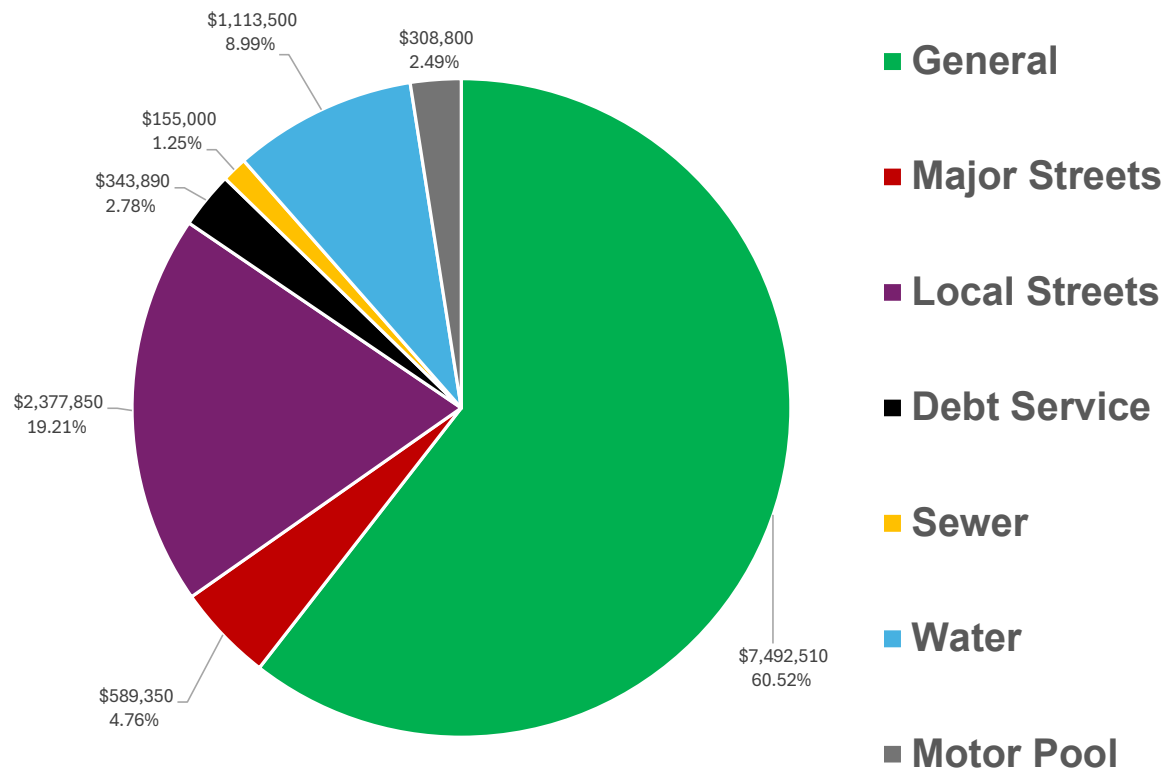
Fees collected for water and sewer and capital improvements to systems.



661 - MOTOR POOL

Maintenance of the Motor Vehicle Fleet

CITY REVENUE BY FUND



GENERAL FUND

The General Fund is the City's general operating fund and accounts for all financial resources of the general government, except for those required to be accounted for in another fund. The general fund is made up of sixteen (16) departments. These departments include:

101 COUNCIL

173 CITY ADMINISTRATION

215 CITY CLERK

253 CITY TREASURER

257 ASSESSING

262 ELECTIONS

265 CITY HALL

301 POLICE

441 PUBLIC WORKS

721 PLANNING/ZONING

723 HISTORIC DISTRICT COMMISSION

730 HARBOR

751 PARKS & RECREATION

756 OVAL BEACH

760 SPEAR BOAT LAUNCH

965 TRANSFERS

Main Budget Message Remains

- **Maintain, repair, and replace what you have.**
 - Community survey results show infrastructure as the top priority for the fiscal year.
- **Projects, projects, projects!**

GENERAL FUND BALANCE

City savings/cash reserves.

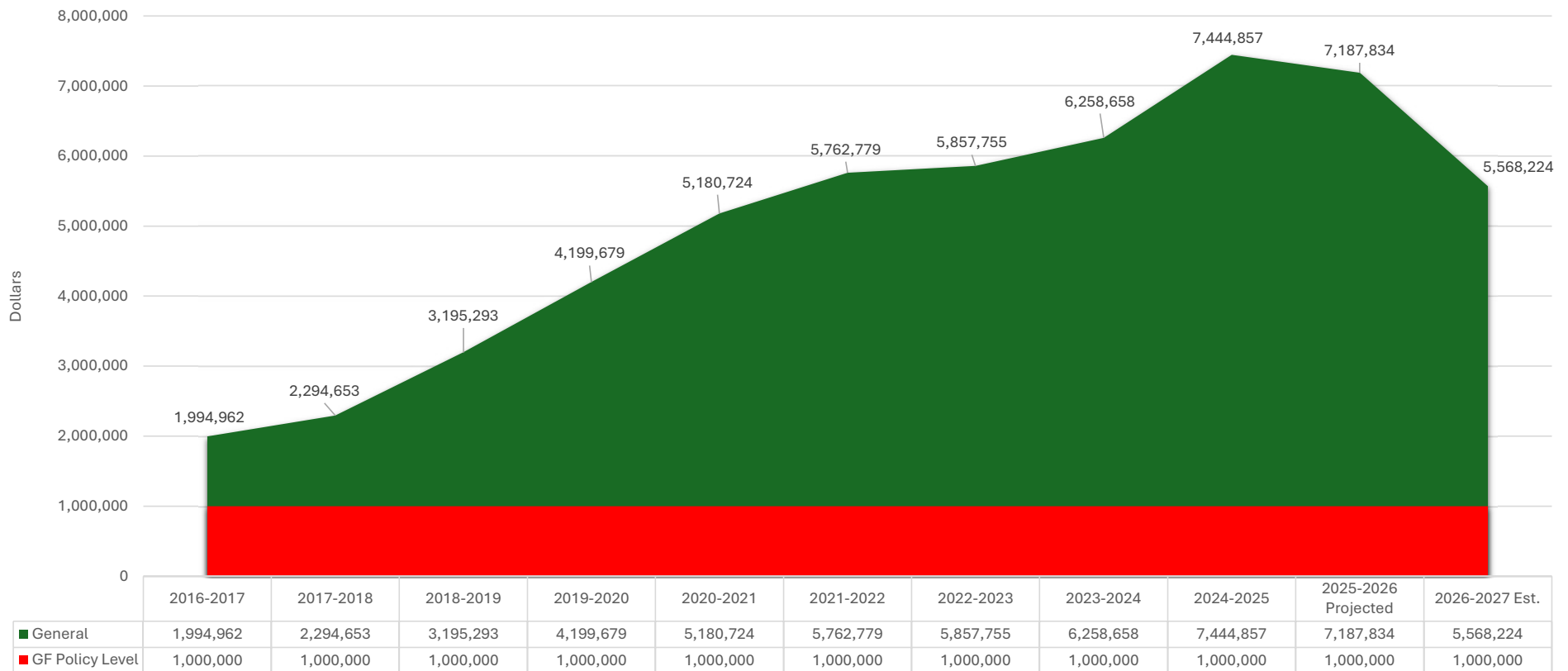
Audited Total End of Last FY: \$7,444,857

- Committed
 - Parks - \$1,000,000
 - Policy decision. We haven't needed to use fund balance for parks projects, but Council could choose to reduce.
 - Rose Garden - \$98,001
 - Spear Street - \$26,942
- Unassigned: \$ 6,319,914

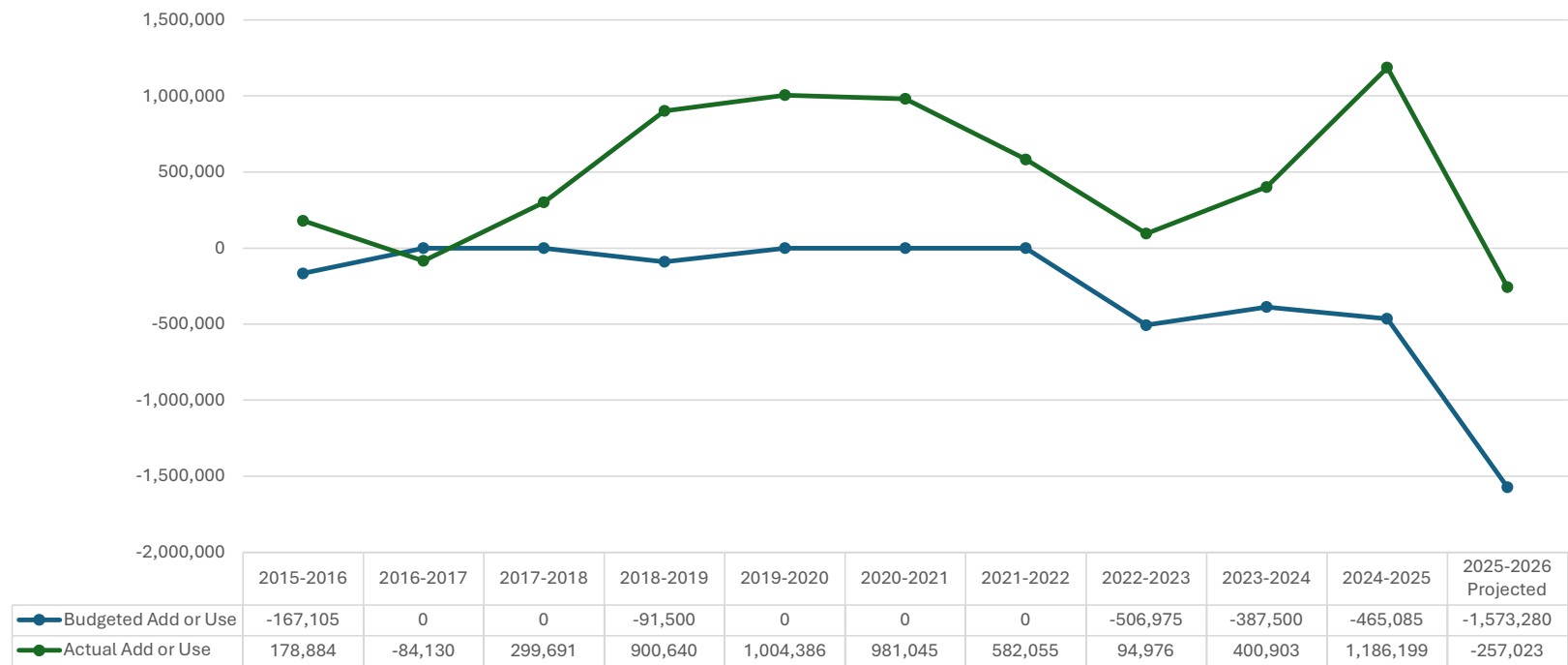
Very healthy.

- Important to strike the right balance of keeping adequate reserves for a "rainy day" and investing in much needed maintenance and improvement of City infrastructure.
- Current Policy – Keep at least \$1,000,000 total in reserves.

General Fund Balance Over Time



Budgeted vs Actual Addition or Use of General Fund Balance



General Fund Revenue Highlights

Estimated Operating Millage Rate Reduction to: 9.9774	• Decrease of .1902 mills (1.87%) due to Headlee Rollback.
Real Property Tax Revenue Increase of \$100,000	• Driven largely by a 2.7% CPI increase and new construction. Without the Headlee rollback, revenue would be \$50,572 higher.
Permit Revenue Continues to be Up Over Prior Years - \$145,000	• Largely due to zoning and historic district fee schedule adjustments in 2023, street dining, and increased fees and renewal frequency for short-term rentals.
Interest Income - \$150,000	• Return on cash reserves continues to produce interest income. Interest rate reductions will have an impact.
Oval Beach - \$660,000	• Increase in daily and seasonal pass fee in 2024 has increased revenue.
Federal and Other Grants - \$1,740,000	• TAP and DNR Trust Fund for Blue Star Trail, DNR Grant for Village Square
Miscellaneous Donations and Income - \$105,000	• Donor support for Blue Star Trail, Holiday Lighting, and Saugatuck Harbor Natural Area
Fund Balance Transfer – \$1,619,610	• Use of approximately 22.5% of projected savings to fund capital improvement projects.

Recommended Fee Schedule Updates

Water Infrastructure Fee

- In 2024, a \$20 per Meter Equivalent (MEU) charge was established to fund watermain, lead service line replacement, and other local water needs.
- Asset Management Plan recommends \$3 increase from \$23 to \$26 per MEU.

Sewer Infrastructure Fee

- Still to be determined.
- Rate study approved and will occur after updated water-sewer agreement is finalized.

Water-Sewer Connection/Tap Fees

- Have not been updated since 1996.
- New rates still to be determined.
- Rate studies approved and will occur after updated water-sewer agreement is finalized.

Credit Card Fee

- Credit card payments for permit fees is costing the City 2-3% in fees.
- Staff is evaluating a proposed credit card processing fee for permits.
- If tax payments are taken by card in future, a fee will also be recommended.

Planning/Zoning Fees

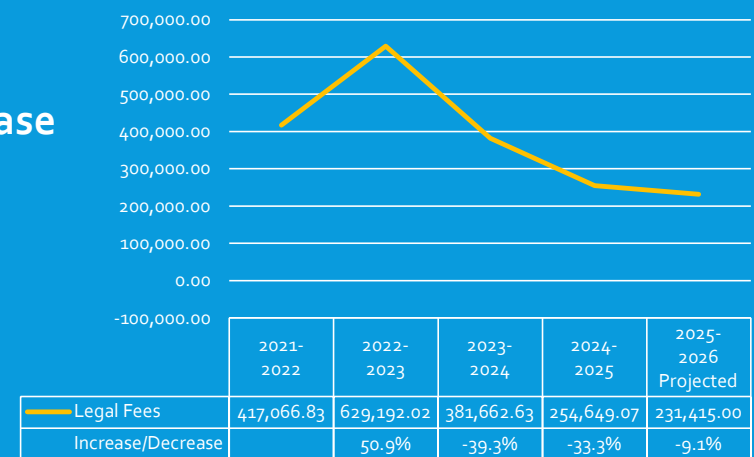
- Updates to provide further clarity on certain fees.

GENERAL FUND APPROPRIATION HIGHLIGHTS

- **Investment in Staff**
 - Salary/Wage increases that will allow for both inflationary adjustment and merit increases
 - Continuing to offer high quality health insurance plans.
- **Consulting and Contractual Support for Council Priorities - \$162,500**
 - Remainder of Logo Redesign and Branding Project and Wayfinding/Park Signage Designs
 - Deer Management
 - Remainder of Parking Study
 - Website Redesign
 - Studies and Assessments for Addressing Low Water Issues
- **New Election Equipment - \$15,000**
 - Required by state law.
- **Replace Public Works Furnace - \$15,000**

LEGAL FEES

- **City remains in litigation with Dune Ridge**
 - Large portion of legal fees are budgeted for this purpose
- **Current Fiscal Year Trend Shows Legal Fees Continue to Decrease**
- **Uses of Legal Services:**
 - Reviewing contracts and agreements as required by City code.
 - Drafting ordinances.
 - Legal research related to various matters that arise.
 - Updated Water/Sewer Agreements
 - Supporting Enforcement
 - Attendance at meetings
 - Now mostly via Zoom to reduce costs
- **Recommend Budgeting 11% Less (than current budget) for Legal Fees Next Fiscal Year**
 - City Council - \$215,000
 - City Manager - \$50,000
 - City Clerk - \$7,500
 - Planning/Zoning - \$67,000
 - Note: Portion of permit, license, and escrow fees covers these legal costs.



PLANNING AND ZONING

- **Short-Term Rental Enforcement and Inspections - \$117,500**
 - Granicus 1-800 Hotline and Address ID, Contracted Code Enforcement, Fire Department Inspections
 - Revenue source from STR license fees to cover costs.
- **Master Plan/Zoning Code Updates - \$30,000**
- **Planner and Engineering Contractual Services - \$37,000**
 - Revenue source from permit fees and escrows to help cost cover.

GENERAL FUND SUPPORTED PROJECTS

- **Blue Star Trail - \$1.7 Million**
 - Construction - TAP and DNR grants covering majority of cost
 - Additional Engineering and Assessments Requested from Tribes - \$100,000
 - Some revenue to offset expenses from Township and Friends of the Blue Star Trail
- **Traffic Signal at Lake/Blue Star - \$240,000**
 - In conjunction with Blue Star Trail installation. Not currently grant funded.
- **Mt. Baldhead Park Improvements - \$380,000**
 - Remainder of design engineering for upper platform, construction of new upper platform and retaining walls (if necessary), parking lot maintenance and improvements, and design engineering for stairs and river deck improvements.
- **Invasive Species - \$120,000**
 - Milfoil, Saugatuck Harbor Natural Area, and assessments and treatment of others.
 - Endowment Fund will provide reimbursement for SHNA.

GENERAL FUND SUPPORTED PROJECTS

- **City Hall - \$35,000**
 - Design, options, and engineering for interior remodel.
- **Village Square Courts - \$240,000**
 - Nearly all is donor and grant funded.
- **Restroom Upgrades at Wicks and Village Square- \$185,000**
 - Interior upgrades to both and exterior siding at Village Square
- **Resurface Public Works Lot - \$155,000**
 - Concurrent with Maple Street Project
- **Wayfinding and Updated Park and Street Signage - \$130,000**
- **Maple Street Sidewalk - \$630,000**
 - Transfer to local streets fund to cover portion of sidewalk cost.
- **Sidewalk Repairs - \$20,000**

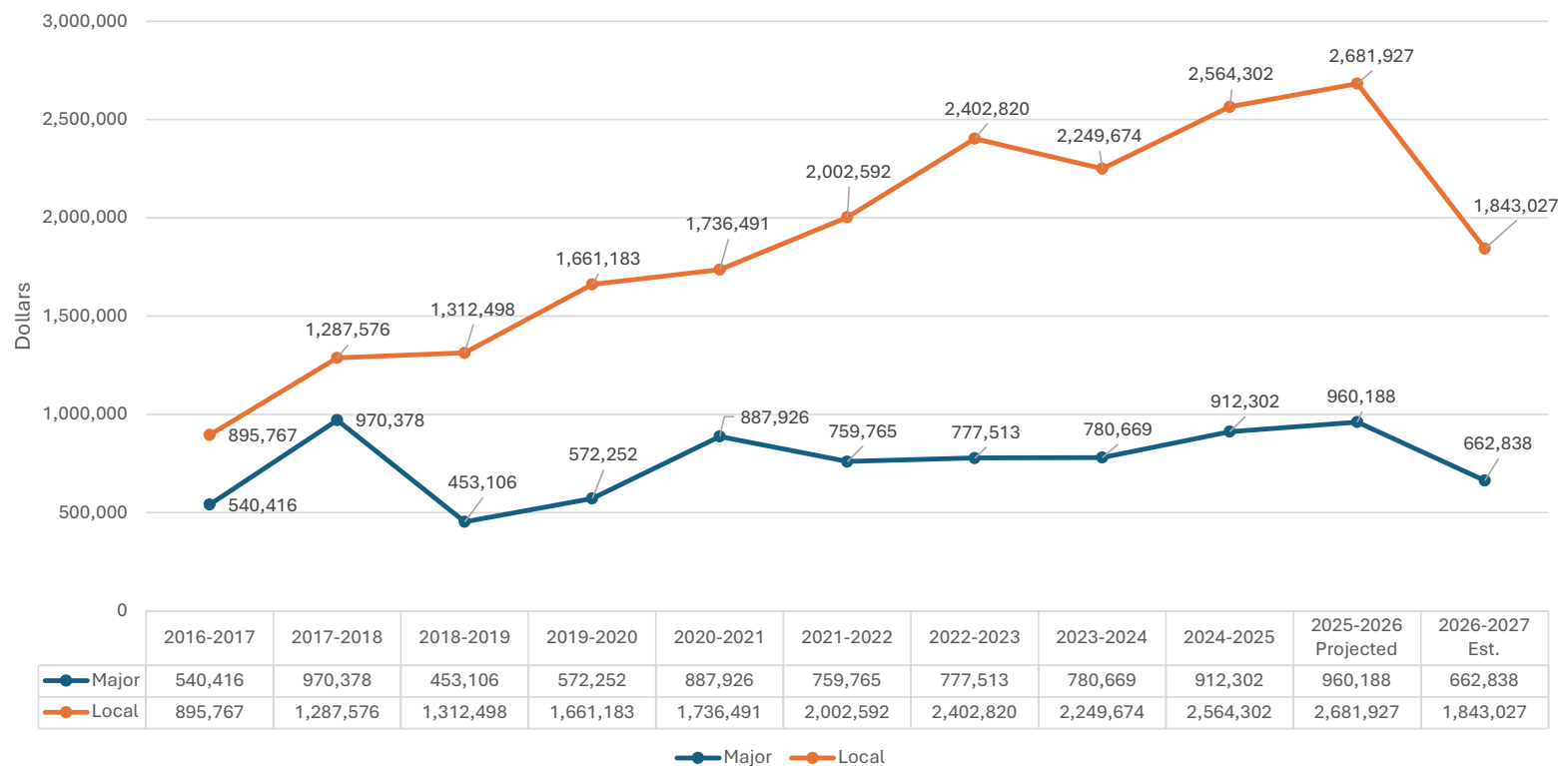
IMPACT OF CAPITAL PROJECTS ON GENERAL FUND

- After accounting for grants and donations for these projects, the net amount is \$1,900,000.
- As noted previously, proposed fund balance use of \$1,619,610 is for capital projects, not to support daily operations.

MAJOR AND LOCAL STREETS

- **Regular Funding Sources**
 - Act 51 – State Gas Tax/Registrations - \$256,000
 - County Road Millage - \$210,000
 - Local Road Millage - \$425,000
 - **Decrease** of voted millage from 1.6726 to 1.6414 (1.86%) due to Headlee Rollback
- **Additional Revenue**
 - Township Cost Share for Maple Street Restoration- \$241,000
 - General Fund Transfers - \$630,000
 - Maple Street Sidewalk
 - EGLE MCMP Grant for Park Street -\$15,000
- **Major Street Current Fund Balance - \$912,302**
 - Use of \$297,350 for Elizabeth Street project.
- **Local Street Current Fund Balance - \$2,564,302**
 - Use of \$838,900 for Maple Street project.

Major and Local Street Fund Balances Over Time



MAJOR AND LOCAL STREET PROJECTS

- **Maple Street - \$2,010,000**
 - Road Restoration, stormwater Improvements, concrete sidewalk
- **Elizabeth Street - \$400,000**
 - Road restoration and stormwater and sidewalk improvements.
- **Updated PASER Ratings- \$8,000**
- **Park Street Planning and Beginning Design- \$70,000**
 - Partially grant funded.
- **Grant St (Holland to Elizabeth) and Elizabeth St (Grant to North) - \$50,000**
 - Design engineering.
- **As Needed Asphalt Repairs - \$50,000**

SEWER CAPITAL IMPROVEMENT FUND

- **Revenue**
 - Tap Fee: \$2,000
 - Interest: \$5,500
- **Use of Fund Balance - \$62,500**
- **Projects**
 - Maple Street Sanitary Sewer Repairs - \$5,000
 - Elizabeth Street Sanitary Sewer Repairs - \$45,000
 - Sewer Agreement and Rate Study - \$14,000

WATER CAPITAL IMPROVEMENT FUND

- **Revenue**
 - Water Infrastructure Fee: \$340,000
 - Tap Fee: \$4,500
 - Interest: \$4,000
 - Township Cost Share for Watermain Replacement: \$435,000
- **Use of Fund Balance - \$330,000**
- **Projects**
 - Maple Street Watermain and Lead Service Replacements - \$848,500
 - Elizabeth Street Watermain Replacement - \$150,000
 - Additional Lead Service Line Replacements - \$100,000
 - Water Agreement and Further Rate Study - \$14,000

MOTOR POOL

- **Cash and Investments – \$997,051**
- **New or Replacement Equipment**
 - John Deere Mower - \$15,000
 - Auger Attachment for Skid Steer - \$5,000
 - Replace Pickup Truck - \$65,000
 - Replace Snow Plow Attachment - \$13,000
 - Various Small Engine Equipment - \$4,000

SUMMARY

- The City has built up healthy savings in its various funds and needs to **invest** in infrastructure needs.
- The proposed budget:
 - Funds all of Council's approved priorities for fiscal year 2026-2027.
 - Adequately funds City services and operations.
 - **Invests** significantly in existing and new infrastructure.
 - Requires **no debt service** to complete projects.
 - Still **maintains healthy reserves** in the general fund that are far above Council's policy requirement.