O'Brien, Kevin M (LARA)

From: wwh71@comcast.net
Sent: Wednesday, July 11, 2012 5:27 PM
To: O'Brien, Kevin M (LARA)
Subject: Comments on State Boundary Commission Docket #11-1-C Allegan County
Attachments: WWH Letter to SBC.doc; WWH Public Hearing Presentation.doc; WWH Public Hearing Rebuttal.doc

Good Afternoon Kevin,

Attached are my comments regarding *State Boundary Commission Docket #11-1-C Allegan County.* Please forward on to the SBC Commissioners.

I have also attached copies of the presentation and the rebuttal I made at the June 20, 2012 Public Hearing.

If you have the opportunity, could you please confirm receipt?

Thanks in advance for your assistance,

Bill Hess

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OFFICE OF LAND SURVEY & REMONUMENTATION

To: Members of the State Boundary Commission

From: Bill Hess, Mayor Pro Tem, City of Saugatuck

Date: July 11, 2012

Re: State Boundary Commission Docket #11-1-C Allegan County

I respectfully request the State Boundary Commission deny the proposed consolidation of the Cities of Saugatuck and Douglas and Saugatuck Township or the Cities of Saugatuck and Douglas into the City of Saugatuck Douglas for the following reasons:

The Petitioner's Failure to Provide the Information Needed for the State Boundary Commission to Approve the Proposal Based on the Commission's 18 Point Criteria (1968 PA 191, SECTION 9 – MCL 123.1009)

The petitioner, the Consolidated Government Committee (CGC), has failed to present key financial and strategic information to the State Boundary Commission and the citizens of our municipalities. They have not provided any detailed plans for issues such as:

- how the new city government would be structured,
- what consolidation would cost the taxpayers,
- what the collateral damages of consolidation would be,
- how long consolidation would take,
- what tax bills would be once the consolidation was completed,
- how municipal asset and liabilities including fund balances, legacy debt and unfunded pension benefits would be assimilated, and
- how union and non-union workforces would be integrated.

The petitioners should have presented a complete plan for consolidation rather than a simplistic report on savings to the State Boundary Commission and our voters.

Lack of the Elected Governments' Support of the Proposed Consolidation

Unlike the consolidation of three municipalities into the city of Iron River and the current proposal for the disincorporation of the Village of Onekama, the affected municipalities have not been participants in developing nor do they support this proposal for consolidation.

The Consolidated Government Committee (CGC) met for months in private without seeking input from the elected governments of the municipalities on their plan for consolidation. The CGC presented their proposal to the municipalities with the understanding that they were going

to proceed with or without the governments' support.

To be successful, government consolidation must have the buy in of the elected governments. The governments ultimately have the accountably and responsibly for the successful implementation of the consolidation. Without the governments' support, the consolidation process will be difficult at best.

Lack of Support for the Proposed Consolation By Local Voters

It was very clear at the Public Hearing on June 20, that the vast number of citizens do not support this proposal. In fact, the only citizens speaking in favor of consolidation at public hearing were members of the CGC and one of their spouses.

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OFFICE OF LAND SURVEY & REMONUMENTATION

State Boundary Commission Public Hearing, June 20, 2012
State Boundary Commission Docket #11-1-C Allegan County
Rebuttal by Bill Hess, Mayor Pro Tem City of Saugatuck

Latest Plante-Moran Study is As Flawed As Initial Studies

In the initial Plante-Moran and the MSU studies that used as the rationale for the consolidation of the three municipalities, both studies specifically stated that road maintenance of the 54 miles of township roads would be contracted with the Allegan County Road Commission.

Unfortunately, the County Road Commission was never not contacted to see if this would be possible. When the cities contacted the County Road Commissioner, it was learned that the Road Commission had no interest in a contract to maintain the township roads in a new city. Additionally the estimated start-up cost for the new city to maintain these roads would be in the range of $2.93-$3.43 million.

This was a MAJOR flaw in the savings story made in the case for consolidation.

What about this newest study that shows a savings of about $500,000? If the first studies were flawed, what about this one? Well, we did some very simple research into the newest study - - this half page analysis. Here's what we found....

Plante-Moran does not provide any detail of what costs are included in each of the "Overhead Department". There is no way to tell if major cost have been excluded. Plante-Moran did not complete a job analysis of any current staff positions at either of the Cities.

A detailed job analysis would be required to determine responsibilities, time needed to complete job and workloads so appropriate staffing levels could be budgeted. For example:

- Currently the two cities have a total of 72 hours of staff for the planning, zoning and code enforcement activities. The study assumes that one 40 hour Planning and Zoning Manager can do the job that is currently being handled by two professional planners.
- The study indicates one City Manager could do the job that now requires two managers. Could only one City Manager manage the combined city? No one asked, they assumed.

Plante-Moran did not contact the cities to verify budget numbers:

- We found the study excluded $70,000 in budgeted contracted attorney fees from Douglas' current budget. This one error would substantially reduce projected annual savings.
- The study incorrectly assumes that Attorney and Auditor fees would be the same as currently budgeted for only one city. Increase in city size will increase these costs.

  We contacted the auditing firm that is currently employed by both cities. The auditors estimate the actual auditing costs would be 84% higher in the new city's first year and 32% higher on a on-going basis than shown in the Plante-Moran budget.
- The current Saugatuck and Douglas City Assessors were also contacted. They both indicated the assessing service budget for the new city was unrealistic.

Just like in the initial studies when the County Road Commission was not contacted, the fact that Plante-Moran did not validate job requirements or obtain budget details from the City staffs or contractors make this study as flawed as the first two.

Is there really any savings from consolidation the two cities? We just don't know. What we do know is

the cost to consolidate will be in the 100's of thousands of dollars. And you can only guess at what the end result will be to you, your city and your tax bill.

EVIP Grant for Disincorporation of Onekama Village

Grant Amount: $355,000

Onekama Population: 411 (¼ size of Douglas and Saugatuck)

Size of Onekama: .6 sq. miles (Douglas and Saugatuck almost 6 times larger @ 3.4 sq. miles)

Grant was awarded based on a detailed 65 page study of the impact of the proposed disincorporation.

If is costs $355,000 to make a village of 411 residents a part of Onekama Township, can you image what it would cost to consolidate Saugatuck and Douglas?

EVIP Grants are not "free money". It is Michigan taxpayers 'money. Why spend 100's of thousands of dollar to recreate a charter, general and zoning ordinances, Historic District ordinances, etc. that are valid and in some cases less than 5 years old.

Savings from the Consolidation of Iron River

The Consolidated Government Committee points to the consolidated City of Iron River's estimated $1,350,000 annual savings as a model for the potential savings from the consolidation of Douglas and Saugatuck. What they fail to mention is:

- As stated on the City of Iron River website, "*Because the consolidation involved multiple units with varying degrees and levels of services which were financially trending in different directions, it is virtually impossible to accurately identify the precise dollar value of consolidation.* "
- The consolidation was of three municipalities, not two, and
- The most of the savings in expenses is from services already consolidated here or not expected to be impacted from consolidation including: Water Department, Sanitation and Waste, Public Works, Fire Department, Police Department, Cemetery and Recreation.

  The only savings that is applicable to this proposed consolidation would be in General City Governance and one municipality building, but there is no validated estimate of what the savings would be.

Clearly, the estimated $1,350,000 savings from Iron River consolidation is not a model for any potential savings from the consolidation of Douglas or Saugatuck.

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OFFICE OF LAND SURVEY & REMONUMENTATION

State Boundary Commission Public Hearing, June 20, 2012
State Boundary Commission Docket #11-1-C Allegan County
Presentation by Bill Hess, Mayor Pro Tem City of Saugatuck

You can clearly see, Saugatuck is a professionally governed city with a strong financial balance sheet and record of accomplishments.

So why are we here today? We have heard a lot of different reasons for this proposed consolidation:

A Vote of the People

First we were told the goal was simply to give the residents of all three municipalities - Saugatuck township, Douglas and Saugatuck - an opportunity to vote on this issue that had been discussed for many years. That's why many residents signed the petition.

That doesn't seem to be the case anymore, since the petitioner without much explanation abruptly announced in April that "Saugatuck and Douglas was in and the Township was out!"

The Harbor

Then we heard that we had to consolidate to save the harbor and the Township was a critical component of that strategy. Well, with the Township now out of the picture its just the two cities.

The good news is that the two cities have already begun to tackle the issues of the harbor by joining together to create a Harbor Authority.

Cost Savings

Then it was the cost savings. First it was 2 million dollars, then 1 million, then $700,000 and now $500,000 per year. It's the ever-changing, ever-shrinking cost savings story.

It seems that each time a new study of the potential savings is held up to the light of scrutiny, the savings just don't stand up.

This is the latest study (June, 2012 Plante-Moran study). *Its essentially one page of assumptions. This is the annual budget for the City of Saugatuck (*City of Saugatuck's 201102012 approved budget*). It's 50 pages of specific detail of what it costs to run our City. How can one page tell you what a new government would cost?*

The Cost to Consolidate

While there seems to a new press release every month or so trumpeting the savings from consolidation, you rarely hear about the costs of consolidation or the collateral damage caused by the consolidation.

It will cost an awful lot of money to consolidate the governments:

- *Essentially each of government's charter, zoning and general ordinances, essentially all public documents would have to be replaced with new ones.*
- *Then we need to add the cost for attorneys, planning and zoning professionals, public hearings, job searches, computers systems coordination and more much.*
- *There might even be the need to build a new, larger City Hall.*

As a City Council Member, I would not vote to approve a proposal like this that provides so little detail.

I would want more information:

- *I would want to know realistic and validated estimates of what the new government and the consolidation process would cost taxpayers.*
- *I would want to know what would happen to our current, well-crafted zoning ordinances that protects our historical character - places like Saugatuck City Hall or the Presbyterian Camp.*
- *I would want to know long the governments would be "in limbo" during the years the consolidation process will take.*
- *I would want to know what the new government will look like. Will Saugatuck residents not only lose their identity, what about loss of control of Saugatuck issues?*

All I know for sure is that we are being asked to write a blank check to create a bigger, less personal government.
Conclusion

When the City asks voters to approve a project like our recent road bond, taxpayers are provided complete details:

- *what the project will entail*
- *what the results will be*
- *what it will cost*
- *who is taking responsibility and accountability for its completion*
- *and how it will affect their tax bill.*

This consolidation proposal does not provide any of that information. All you have is one page of assumptions on cost savings.

We provide our taxpayers with complete details for a project like the road bond.

How can you, as State Boundary Commissioners, be expected to approve this consolidation proposal with such little information.

Until you are provided with have that information, this petition should be denied.

Saugatuck's government works. Why risk trying to fix something that is not broken without complete details of what the end result will be.