

**The Consolidated Government Committee Addresses
Consolidation Review Criteria
for the
Proposed Consolidation of the City of Saugatuck and
the City of the Village of Douglas, Michigan**

July 17, 2012

The cities of Saugatuck and Douglas natural boundaries are not only contiguous, but both cities share great similarities in demographics, land uses, assessed valuations, topographies, and overall needs. They are, in fact, one community.

1. Population

The City of Saugatuck has a population of 925 (2010 Census) within a total area of 1.5 square miles, of which 0.3 square miles is water. This results in a population density of 770/sq. mi. There is a substantial summer home population as shown by the large number of occasional use housing units in the census data.

The City of the Village of Douglas has a population of 1232 (2010) within a total area of 1.9 square miles, of which 0.1 square miles is water. This results in a population density of 684/sq. mi. There is also a substantial summer home population.

The Saugatuck population decreased by 140, or 13.1%, in the last decade and the Douglas population increased by 18, essentially remaining the same.

As is shown in the demographic reports, not only are both cities very similar in physical size, population, and population density, but also in race, age, income, and housing distributions. (See Appendix 1a and 1b)

2. Land Use

Both Saugatuck and Douglas have transitioned from their historic land uses of commercial fishing, boat building, fruit packing, and machine tool manufacturing to primarily summer resort and tourism-related activities of second homes, restaurants, shopping, and pleasure boating.

The City of Saugatuck has minimum buildable vacant land. The primary land use is residential with 908 residential tax parcels, 173 commercial parcels, and no industrial parcels.

The City of the Village of Douglas is also primarily residential with 1140 residential parcels, 146 commercial parcels, and seven industrial parcels. Douglas has relatively substantial vacant parcels some of which are in the development process.

Both cities have built up waterfronts with marinas, condominiums, and residential properties reflecting their summer resort character.

The primary pedestrian entertainment/dining/shopping district is downtown Saugatuck, while the more automobile-oriented shopping/service/light industry district is along the Blue Star Highway corridor in Douglas. Center Street in Douglas, which serves the City Hall, library, police station, post office and history center, has the parking and vacant land to further expand as a governmental service center.

The two cities have numerous non-duplicated land use assets which are needed to make a viable community. (See Appendix 2a)

3. Assessed Valuation

Based on the 2012 Allegan County Equalization Report, the assessed valuations of Saugatuck and Douglas are nearly identical:

City of Saugatuck \$160,767,900

City of the Village of Douglas \$156,696,800

4. Topography

Most of the Saugatuck/Douglas area is relatively flat, but local variations exist between the uplands and the flood plain of the Kalamazoo River.

An area of Saugatuck between the Kalamazoo River and Lake Michigan contains considerable difference in elevation due to sand dunes. The highest point in this area is Mt. Baldhead, which rises 200 feet above Lake Michigan. (See Appendix 4a)

5. Natural Boundaries & Drainage Basins

Both Saugatuck and Douglas lie within the Kalamazoo River Basin. All of the watercourses within the area drain into the Kalamazoo River, which flows westward between Douglas and the eastern section of Saugatuck. The river then bisects the eastern and western sections of the City of Saugatuck before flowing into Lake Michigan.

Lake Michigan is the natural western boundary for both Saugatuck and Douglas. Due to the bridge placement over the Kalamazoo River, vehicles leaving the eastern section of the City of Saugatuck must travel through the City of the Village of Douglas to reach the western portion of the City of Saugatuck. This significant "exclave" includes 2.5 miles of roadways which, during winter, requires Saugatuck's snowplows with "plows raised" to drive over a mile before they can lower their plows and resume plowing in the exclave.

6. Past and Probable Future Urban Growth

For over two decades now, tourism has been the primary engine that drives the economic and cultural vitality of the Saugatuck and Douglas community today. Tourism is at the core of what continues to compel people to our community. The vitality of tourism is highly dependent on the Kalamazoo River including its harbor and channel, and Lake Michigan.

As tourism began replacing commercial fishing, boat building, and fruit packing as the community's most significant economic driver, population and commercial growth accompanied by civic revitalization accelerated – between 1950 and 2000 Saugatuck's population grew from 770 to 1,065, a 38.3% increase, and Douglas grew from 447 to 1,214, a whopping 172.5% increase. The 2005 Update of the Tri-Community Plan (Appendix 6a-2-page1) assumed growth, albeit slower, would continue, predicting a 15% population growth rate between 2000 and 2020. The 2010 census revealed, however, that stagnation has set in over the past ten years or so. With Douglas' population increasing to 1,232 there virtually has been no population growth (an increase of 18 people), and Saugatuck with 925 people has experienced a 15% decline.

Statistical indicators of business health are not easily found locally. One reason for this is that Saugatuck does not have a defined economic planning/development activity and also stopped issuing business licenses a few years ago for legal reasons. At the same time Douglas created an economic planning/development activity and began issuing business licenses, so there is no current information available in Saugatuck and there is no historical information available in Douglas. One indicator of business health, however, is the number of commercial real property parcels. Between 2005 and 2012 these parcels declined from 206 to 173, or 16.1%, in Douglas and from 161 to 140, or 13.1%, in Saugatuck.

Last, but not certainly least considering its singular effect on the Saugatuck Douglas community, is the contribution of the Kalamazoo River--including its harbor and channel--and Lake Michigan on our past and future growth. The River and Lake Michigan were as critical to the commercial fishing, boat building, and fruit packing/distribution industries as they have become to the growth of tourism. In 2002 the Saugatuck City Council memorialized their vision in their ten-year strategic program (Appendix 6b) of what Saugatuck would look like in 2012:

"The first thing a visitor from 2002 would probably notice (in 2012) is how well we have preserved our harbor and waterfront areas. We have managed development along the waterfront so that we have a balanced mix of marinas, home and parks. In addition the Kalamazoo River has been cleaned, the harbor has been dredged, and we have built dinghy docks and shopping docks adjacent to the community pier where many a resident and visitor alike take in the beauty of our harbor. We have done such a wonderful and well-rounded job of managing our harbor that Saugatuck has become the preeminent destination of boaters on Lake Michigan."

The 2005 Tri-Community Plan Update (Appendix 6a-8-pages19-20) also recognized the importance of the river and harbor to the tri-communities and as such identified 1,179 slips/docks available between Saugatuck and Douglas; on closer examination, though, 349 were identified as closed or expired (i.e., Pier Marina 148 slips, Singapore Yacht Club 50 slips, East Shore Harbor Club 54 slips), netting available slips of 830. Since that time with the condition of the river channel and harbor continuing to deteriorate due to siltation and the discontinuation of the Army Corps of Engineers dredging in 2010, the number of dockages has not materially increased and the watercraft in the harbor have been for the most part smaller. These facts point not only to economic stagnation but also significant negative economic impact. This is documented by a 2010 study of Saugatuck Harbor by Michigan State University

Recreation Marine Research Center (Appendix 6c). Using 2007 data, the study quantified the difference in economic impact between 847 power/sail boats and 1030 power/sail boats. This reduced number of boats in the harbor results in 44 fewer jobs (178 vs. 222); a \$1 million loss in labor income growth (\$4.3 million vs. \$5.3 million); and, a \$1.8 million loss in value added growth (\$7.0 million vs. \$8.8 million).

7. Comparative data for the incorporating municipality

Just as significant demographic, physical, and economic similarities exist between Saugatuck and Douglas, similarities also exist in the structure of the two cities current governments.

In 2011, total revenues (net the “one-time” Other Revenue in Saugatuck that was derived from bonds raised for road repairs) were \$2.9 mil in Saugatuck and \$3.2 mil in Douglas; expense categories mirror one another also (again adjusting for the one-time Public Works road repair expense in Saugatuck), with total expenses in Saugatuck of \$3.2 mil and in Douglas of \$2.5 mil (Appendix 7a). With the advantage of the scale that will be created with the consolidation of the two cities, it is expected economies will be realized in the particular areas of Public Works, Community & Economic Development, Recreation & Culture, and Capital Outlay at a minimum.

Additionally, within the expense category of General Government, Douglas expended \$399,117 and Saugatuck \$488,015, which is purely duplicative; two separate Plante Moran studies (Appendix 7b) forecasted a minimum annual savings of \$500,000 in this area alone if Saugatuck and Douglas were to consolidate.

8. Need for organized community services

Most important organized community services are being met effectively today, largely thru cooperative but independent authorities and contracted services (Appendix 8a). Ironically, two duplicated municipal structures, e.g. City Council, City Manager, Clerk, Treasurer, etc., still remain in place each serving roughly 1000 citizens and providing the same services with each costing on average \$445,000. Consolidation, then, is the logical next-step to build on the success of the joint-service paradigm already in place across the community. Indeed, the most challenging aspects of consolidation of multiple city services have already been accomplished.

9. Present cost and adequacy of government services

Present cost of government services is \$3.2 million in Saugatuck and \$2.9 million in Douglas for Police, Public Works, Health & Welfare, Community Economic Development, Recreation & Culture, Other, Utilities, Debt Service, Capital Outlay, and General Government (Appendix 9a). Judgment regarding adequacy of these services is mixed. While the Lake, Sewer & Water Authority; the Fire District; the Interurban Transit Authority; and the Library seem to be effective in the services they provide, it is hard to judge their efficiency (assuming efficiency is part of the judgment of adequacy). Community Economic Development, however, is only achieved in Douglas with an Economic Development dedicated staff whereas in Saugatuck there is no one person/office with responsibility for Economic Development.

10. Probable future needs for services

Future needs that are not only probable but pressing are:

10-1 -- Joint Economic Planning

- There is no Joint Economic Planning body that cohesively and collaboratively makes certain that critical infrastructure elements (i.e., waterways, roads and bridges, 21st century communication support, medical care) are being addressed. Such infrastructure will be necessary to support economic and job growth, the needs of residents and, at the same time, attract newcomers who are excited to invest in homes and businesses in our lake shore community. Only in Douglas is there a dedicated office/person responsible for Economic Planning. Saugatuck published in 2002 a Ten-Year Strategic Development Program (Appendix 6b), somewhat consistent with but separate from the Tri-Community Plan Updates. In the program Harbor Management, Waterfront Revitalization and a Business Improvement District were identified as the key priorities with a Steering Committee to coordinate described as the single most important element of the Program. Today there is no nor has there been a Steering Committee, nor is there a Waterfront Revitalization and Business Improvement District in effect. A Harbor Committee comprised of Saugatuck, Douglas and the Township, was formed in 2008, which was dissolved in 2011 when a Harbor Authority (without taxing authority and without the Township) was created.

10-2 -- Joint Planning Commission

- While the Joint Planning Commission (responsible for updating the 2005 Tri-Community Study) has been held up as one of the shining examples of cooperation and collaboration among the two Cities and the Township, until May 2012 the Commission had not met for 14 months based on their inability to convene a quorum. At their May meeting, quorum requirements were reduced to enable the Commission to meet every sixty days to complete the Update of the 2005 Plan (Appendix 5b). The Update is late by almost two years. In the meantime, the cities and Township are unable to access any benefits that would be available to them, i.e., grants, as a result of having completed the update. As important (since this adds more time to the process), this Commission is without real authority. It reports to the various jurisdictions' planning commissions who then recommend the update to their respective governing body for approval.

10-3 -- Harbor Committee and Harbor Authority

- A **Harbor Committee** was formed in July 2008 (Appendix 10-3a) comprised of Saugatuck, Douglas and the Township to address the following problem as described by Dr. Meadows, Professor and Graduate Program Chair, University of Michigan Naval Architecture & Marine Engineering (Appendix 10-3b):

"Given the current physical constraints of the Kalamazoo watershed, it is likely that the deposition of sediment will continue to occur throughout Kalamazoo Lake, eventually reducing the lake to nothing more than a narrow river channel."

This committee identified a “preferred” dredging plan (developed in 2007) estimated to cost between \$35 mil and \$45 mil (Appendix 10-3c).

- Based on a number of unique obstacles (that do not face most other harbor communities) such as dealing with the fact that the Saugatuck Douglas Harbor is on the Environmental Protection Agency’s list of Superfund sites because of PCB contamination deposited within soil sediments stemming from paper mills located upriver from the harbor and preventing the community from receiving grants or Great Lakes Restoration funds, the Harbor Committee was not successful in obtaining funding for its plan.
- The **Harbor Authority**, replacing the Harbor Committee, was officially constituted in November 2011 (Appendix 10-3d) with only Saugatuck (3.2 miles shoreline) and Douglas (1.6 miles shoreline) being members. The original intention was that the Township with 3.1 miles of shoreline downriver and 5.3 miles of shoreline upriver would be a part of the Authority; citing financial reasons, the Township declined.
- The vision of the Authority is stated as follows (Appendix 10-3e):

“The Saugatuck-Douglas Harbor is integral to the economic vitality of the community. Issues of water quality and navigability must be funded and addressed in the near term, and a sustainable long-term plan for maintaining water quality and navigability long into the future must be established.”
- The Authority presented a dredging plan in September 2011 proposing a path forward that reduced the dredging costs from \$40 mil to around \$12 mil, achieved in \$2-4 million phases, with annual maintenance dredging costs ranging from \$50,000 to \$150,000 per year. As stated in their plan, “The problem is now smaller, but funding remains a challenge.” (Appendix 10-3f) With the constraints of the EPA Superfund and the pullout of the Army Corps of Engineers in late 2010, the only way to raise funding is thru public/private funding -- the Authority’s suggested funding sources are Boat Slip Allocation, Shoreline Property Owner Assessment Community Tax Base, and/or County Tax Base (Appendix 10-3g).
- The Authority, however, has no taxing authority (Appendix 10-3h -- Cunningham-Dalman opinion).

10-4 -- Primary Urgent Health Care

- With the exception of the Fire District’s First Responder capability, there is no medical care available today in Saugatuck or Douglas. If there is a need for services that prime and/or urgent care provides, people must drive to Holland Hospital. If a child or adult is hurt during the summer while on holiday, one must drive to Holland (not very tourist sensitive); or if Saugatuck and Douglas desire to continue to attract as residents retiring baby boomers who bring important health care needs, both primary and urgent health care must be local; and, finally, if it is the hope of not only the cities but also the

township to attract entrepreneurs and young families, primary and urgent health care availability must be local if we are going to successfully compete with surrounding communities. A robust Economic Development Planning capability would prioritize this health care need as part of their infrastructure strategy.

11. Practicability of supplying such services

- Given the level of shared services today, as well as the fact that Saugatuck Douglas has provided such services before (hospital), and that other communities like our own have successfully demonstrated competency in planning and addressing critical infrastructure issues, it seems eminently practicable especially considering the amount of annual savings that can be invested to attract and/or build such services.

12. Probable effect of proposed incorporation on cost and adequacy of service

- Assuming minimum level of savings of \$500,000 annually, these savings can be invested in a combination of tax reduction and economic development that prioritizes investment in the drivers of economy, job growth, and cultural vitality. For instance, whatever the cost is to properly dredge and maintain the harbor, a part of the annual savings could be used to float a bond that would permit the City of Saugatuck Douglas to address the issue now without raising taxes in a community where taxes are already too high.

13. Probable increase in taxes in the area to be incorporated in relation to the benefits expected to accrue

- No increase in taxes and the likelihood is a decrease in taxes will be realized.

14. Financial ability of incorporating municipalities to maintain urban type services

- Not only can services be maintained, but they can be improved upon while new services can be added.

15. General effect on the entire community of proposed actions

- Monetary – given the investment that is going to be required to address the infrastructure issues that will shape the future of our community in an environment where taxes are already too high and federal or state funding is either not available or insufficient, being able to invest the \$500,000 minimum annual savings without any deterioration in services provided today, **the effect is positive.**
- Focus – instead of frittering away precious resources of talent, energy and time in two directions, consolidation will give our shared future a singular focus ... the single focus necessary to ensure that we not only survive but indeed thrive, successfully facing the challenges of today and tomorrow ... **again, a positive outcome.**
- Emotion –
 - In 2002, the Saugatuck City Council with the Executive Director of the Saugatuck-Douglas Convention & Visitors Bureau identified in their Ten-Year Strategic Development Program SWOT analysis as a weakness “Three Local Governments” citing overlap in service, added costs, and responding effectively to common issues such as

the harbor (Appendix 15a). As a solution they wrote: "One of the solutions that has been offered is to merge the three governments into one, or at least to merge the City and Village ... there are good reasons to support such a solution ... however, judging the feasibility of and political support for such an option is beyond the scope of this document." Of the council members who signed off on this program at the time, four (out of seven) are council members today – J. Spangler, M. Bekken, B. Johnson, and H. VanSingel; Felicia Fairchild remains Executive Director of the S-D CVB.

- The consolidation of Iron River, Stambaugh and Mineral Hills is instructional. Citizens of those three communities were afraid of losing services that they individually valued and of losing their individual community identity – their arguments were not unlike many that we've heard from the opponents of consolidation in Saugatuck and Douglas. In fact, following the SBC hearing, we received an e-mail (Appendix 15b) from Dr. Lynn Harvey, who was instrumentally involved in the Iron River consolidation, and who wrote: "After reading the follow-up on the SBC hearing I felt like I was back in the West Iron High School in Iron River listening to all the nay sayers listing all their fears and opposition, such as everything is fine; nothing is broken so why move forward; can't trust outsiders who advise a course of action, etc., etc., etc." Dr. Harvey also advised us that in addition to the \$1.3 million annual savings realized in Iron River from consolidation, there was a survey taken five years following consolidation where citizens were asked "Are you satisfied with the consolidation?" ... every one asked answered "yes" ... there was not one "no" nor even one "not sure".

Perhaps longer to be realized, but emotionally the outcome will also be positive.

Appendix

- 1a & 1b -- City of Saugatuck and Douglas demographic data
- 2a -- Non-duplicated community assets
- 4a -- Saugatuck/Douglas contour map
- 5a -- Saugatuck/Douglas natural boundaries map
- 6a -- 2005 Tri-Community Plan Update
 - Demographics – 6a-2-page 1
 - Waterfront—6a-8-pages 19 & 20
- 6b -- 2002 Saugatuck Ten-Year Strategic Development Program – Executive Summary, Vision, Goals
- 6c -- MSU Recreation Marine Research Center 2010 Saugatuck Harbor Study
- 7a -- Saugatuck and Douglas 2011 Revenues and Expenditures (F65)
- 7b -- Two Plante Moran Studies projecting annual cost savings
- 8a -- Consolidated Service Providers
- 10-3a -- Harbor Committee formation 2008
- 10-3b -- Dr. Meadows, University of Michigan Naval Architecture & Marine Engineering Quote
- 10-3c -- Harbor Committee "Preferred" Dredging Plan and Costs
- 10-3d -- Harbor Authority formation 2011
- 10-3e -- Harbor Authority Vision
- 10-3f -- Harbor Authority Dredging Plan and Costs
- 10-3g -- Harbor Authority Funding for Dredging Plan
- 10-3h -- Cunningham-Dalman Opinion – Responsibilities of Harbor Authority
- 15a -- 2002 Saugatuck Ten-Year Strategic Development Program – SWOT Analysis Weakness-3 Local Governments
- 15b -- Dr. Lynn Harvey e-mail

Current Demographic Report

Saugatuck, MI

Population

Race & Origin (Hispanic)

Sex

Age

Households

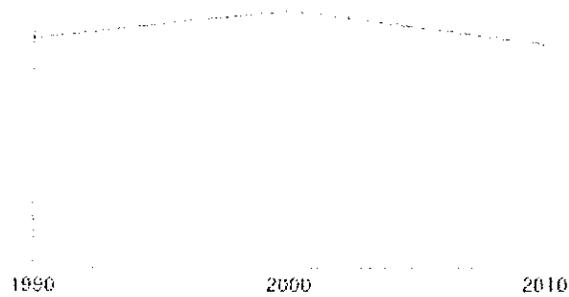
Income

Poverty

Housing

CUBIT

Population

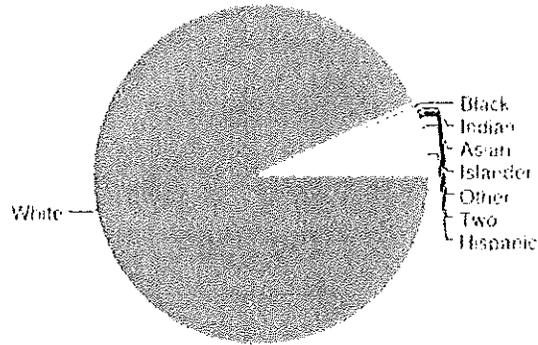


	Count
1990 Population	954
2000 Population	1,065
2010 Population	925

1,065 people lived in Saugatuck city in 2000. By 2010, the number of people living in the Saugatuck city was 925, which is a change of approximately -13.1%.

Sources: 1990 U.S. Census Data: SF1 Table P001; U.S. Census 2000 Data: SF1 Table P1; 2010 Census: Summary P4-1 - Saugatuck city (population and density) prepared by the U.S. Census Bureau, 2011 - Table P1

Race & Origin (Hispanic)



	Count	%
Non-Hispanic		
White	860	93.0%
Black	6	0.6%
Indian	4	0.4%
Asian	4	0.4%
Islander	0	0.0%
Other	2	0.2%
Two	14	1.5%
Hispanic	35	3.8%
TOTAL POPULATION	925	-

The majority of non-Hispanic residents in our jurisdiction are White (93.0%). Other non-Hispanic American Indian and Alaska Native, Asian, Black, Native Hawaiian and Other Pacific Islander, and Some Other Race categories (Two or More Races) are also present, but are very rare. See 2016 Census data here: <http://www.census.gov/data/tables/2016/cen16/race.html>

2016 Census Summary File 1 - Michigan (table 0001) - Hispanic or Latino population by race and origin. Bureau of Economic Analysis

Sex

	Count	%	Median Age
Male	467	50.5%	53.2 years
Female	458	49.5%	53.4 years
TOTAL POPULATION	925	-	53.3 years

2010 Census Summary File 1 - Michigan (public use data file) prepared by the U.S. Census Bureau, 2011. Table P12 & 13

Age Breakdown

	Count	%
Under 10 Years	54	5.8%
10 to 19 Years	74	8.0%
20 to 29 Years	58	6.3%
30 to 39 Years	68	7.4%
40 to 49 Years	154	16.6%
50 to 59 Years	198	21.4%
60 to 69 Years	192	20.8%
Over 69 Years	127	13.7%

2010 Census Summary File 1 - Michigan (public use data file) prepared by the U.S. Census Bureau, 2011. Table P12

Households

Average Household Size **1.8 persons**

A household includes all the people who occupy a housing unit. It excludes people who are temporarily absent (see 2010 Census Summary File 1, Technical Documentation for details and information on the definition of households).
<http://www.census.gov/p2010/states/mi.pdf>

2010 Census Summary File 1 - Michigan (machine-readable data file) prepared by the U.S. Census Bureau, 2011. Table P11 & P19.

Household Types

	Count	%
1 Person Households	222	43.3%
2+ Person Households		
Husband & Wife	190	37.0%
Male Householder, No Wife	12	2.3%
Female Householder, No Husband	41	8.0%
Nonfamily Households	48	9.4%
TOTAL HOUSEHOLDS	513	-

A household that has at least one member of the household related to the householder by birth, marriage, or adoption is a "family household." Same-sex cohabiting households are included in the family households category if there is at least one additional person related to the householder by birth or adoption. Same-sex cohabiting households with no relatives of the householder present are tabulated as nonfamily households. Responses of "same sex spouse" were added during processing to "married partner." Nonfamily households consist of people living alone and households which do not have any members related to the householder.

2010 Census Summary File 1 - Michigan (machine-readable data file) prepared by the U.S. Census Bureau, 2011. Table P11.

Income

Median Household Income

Census 2000	\$44,318
American Community Survey (ACS) 2006-2010	\$50,862

Source: U.S. Census Bureau, 2000 SIF, Table H001, 2000 Census of Economic Conditions; 2006-2010 American Community Survey, Table S11001, and S11002. ACS Annual Income Reports use different definitions of income than the 2000 Census. The 2000 Census uses a different definition of income than the ACS.

Income Distribution (in thousands)

2010 Federal Poverty Guidelines for a family of 4	%
\$24,000-\$28,800 in Annual Income	
Less than \$10	59
\$10 to \$14.9	46
\$15 to \$19.9	25
\$20 to \$24.9	13
\$25 to \$29.9	6
\$30 to \$34.9	21
\$35 to \$39.9	13
\$40 to \$44.9	12
\$45 to \$49.9	21
\$50 to \$59.9	56
\$60 to \$74.9	32
\$75 to \$99.9	67
\$100 to \$124.9	34
\$125 to \$149.9	18
\$150 to \$199.9	14
\$200K+	15

Current Demographic Report, Saugatuck, MI

Poverty

Total Population For Whom Poverty Status is Determined	821
Population with Income in the past 12 months below poverty level	167

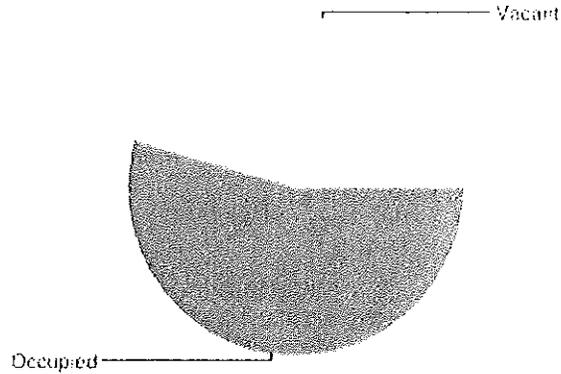
Source: U.S. Census Bureau, 2006-2010 American Community Survey, Table B17001. ACS data are estimates; they are not counts. Percentage of people whose income in the past 12 months is below the poverty level.

Housing

Total Housing Units

942

Source: 2010 Census, Summary File 1. Housing units are defined as those that have been prepared by the U.S. Census Bureau for housing purposes.



Occupied Housing Units

	Count	%
Owner Occupied		
Mortgage or Loan	223	43.5%
Free & Clear	119	23.2%
Renter Occupied	171	33.3%
TOTAL OCCUPIED HOUSING UNITS	513	-

A housing unit is classified as occupied if it is the usual place of residence of the individual or group of individuals living in it on Census Day, or if the occupants are only temporarily absent, such as away on vacation, in the hospital for a short stay, or on a business trip, and will be returning.

2010 Census Summary File 1. *Middle-aged and young adults* (reliable data file) prepared by the U.S. Census Bureau, 2011, Table 04.

Vacant Housing Units

	Count	%
For Rent	55	12.8%
Rented, Not Occupied	0	0.0%
For Sale Only	25	5.8%
Sold, Not Occupied	2	0.5%
Occasional Use	341	79.5%
Migrant Workers	0	0.0%
Other Vacant	6	1.4%
TOTAL VACANT HOUSING UNITS	429	-

A housing unit is classified as vacant if no one is living in it on Census Day, unless its occupants are only temporarily absent, such as away on vacation or in the hospital for a short stay, or on a business trip and will be returning.

2010 Census Summary File 1 - Michigan (public use data files) prepared by the U.S. Census Bureau, 2011. Table HE.

1b

Current Demographic Report

Douglas, MI

Population

Race & Origin (Hispanic)

Sex

Age

Households

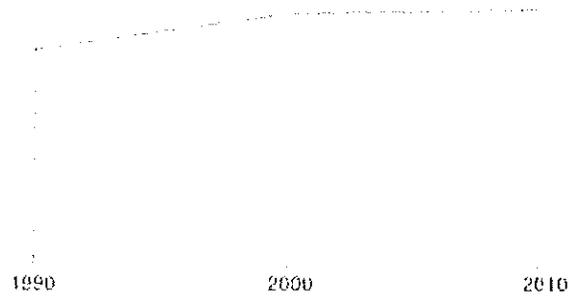
Income

Poverty

Housing

CUBIT

Population

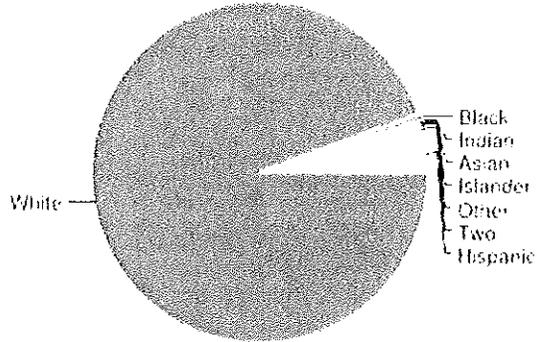


	Count
1990 Population	1,040
2000 Population	1,214
2010 Population	1,232

1,214 people lived in Douglas city in 2000. By 2010, the number of people living in the Douglas city was 1,232, which is a change of approximately 1.5%.

Sources: 1990 U.S. Census Data; SF1 Table P001, U.S. Census 2000 Data; SF1 Table P1, 2010 Census Summary File 1 - Douglas city [machine-readable data files] prepared by the U.S. Census Bureau, 2011 Table P1

Race & Origin (Hispanic)



	Count	%
Non-Hispanic		
White	1,164	94.5%
Black	7	0.6%
Indian	2	0.2%
Asian	3	0.2%
Islander	0	0.0%
Other	0	0.0%
Two	11	0.9%
Hispanic	45	3.7%
TOTAL POPULATION	1,232	-

Due to multiple race response, high percentages add to 100% White, Black, American Indian, African American, American Indian and Alaska Native alone, American Indian, Black, Islander, and Other Pacific Islander, and Some Other Race alone, and two or More Races. Hispanics may be of any race. See 2010 Census User Guide, Fig. 3. For detailed instructions for additional information about race, visit <http://www.census.gov/c2k10/doc/2010br041.pdf>.

Source: Census Bureau, Dec. 1, 2010. Population by race and Hispanic or Latino ethnicity. Census 2010 Summary File (SF 1) Table P001.

Sex

	Count	%	Median Age
Male	616	50.0%	52.9 years
Female	616	50.0%	56.3 years
TOTAL POPULATION	1,232	-	54.3 years

2010 Census Summary File 1 - Michigan (public use) released 2012. Prepared by the U.S. Census Bureau, 2010. Table P12-5-12.

Age Breakdown

	Count	%
Under 10 Years	92	7.5%
10 to 19 Years	100	8.1%
20 to 29 Years	49	4.0%
30 to 39 Years	85	6.9%
40 to 49 Years	178	14.4%
50 to 59 Years	278	22.6%
60 to 69 Years	223	18.1%
Over 69 Years	227	18.4%

2010 Census Summary File 1 - Michigan (public use) released 2012. Prepared by the U.S. Census Bureau, 2010. Table P12.

Households

Average Household Size

1.82 persons

A household includes all the people who normally live together in the same place, including people who do not usually live there. 2010 Census Summary File 3. For more information on the data and related maps, visit the data browser at <http://www.census.gov/ipeds/data/cen2010/dbr.html>

2010 Census Summary File 3 - Michigan (includes readable data files) prepared by the U.S. Census Bureau, 2011. Table P110. P19

Household Types

	Count	%
1 Person Households	297	46.0%
2+ Person Households		
Husband & Wife	215	33.3%
Male Householder, No Wife	19	2.9%
Female Householder, No Husband	45	7.0%
Nonfamily Households	69	10.7%
TOTAL HOUSEHOLDS	645	-

A household that has at least one member of the household related to the householder by birth, marriage, or adoption is a "family household." Same-sex couple households are included in the family households category if there is at least one additional person related to the householder by birth or adoption. Same-sex couple households with no relatives of the householders present are tabulated as nonfamily households. Responses of "same sex spouse" were edited during processing to "unmarried partner." "Nonfamily households" consist of people living alone and households which do not have any members related to the householder.

2010 Census Summary File 3 - Michigan (includes readable data files) prepared by the U.S. Census Bureau, 2011. Table P19.

Income

Median Household Income

Census 2000	\$41,250
American Community Survey (ACS) 2006-2010	\$42,583

Source: U.S. Census 2000 State Data Profile (SDP) and American Community Survey (ACS) 2006-2010 American Community Survey (ACS) 2006-2010 Summary File. ACS data are based on a 1% sample of the population aged 18 and over. SDP data are based on a 100% sample of the population aged 18 and over.

Income Distribution (in thousands)

2012 Federal Poverty

Guideline for a family of 4:

\$20,000 - \$25,820 (e)

Above \$25,820 (e) (web)

	%
Less than \$10	39
\$10 to \$14.9	51
\$15 to \$19.9	35
\$20 to \$24.9	17
\$25 to \$29.9	31
\$30 to \$34.9	33
\$35 to \$39.9	11
\$40 to \$44.9	24
\$45 to \$49.9	9
\$50 to \$59.9	38
\$60 to \$74.9	49
\$75 to \$99.9	19
\$100 to \$124.9	20
\$125 to \$149.9	15
\$150 to \$199.9	23
\$200K+	39

Current Demographic Report - Douglas, Ill

Source: U.S. Census Bureau, 2012, U.S. American Community Survey, Table

S11001-108 (with adjustments for 2012 and 2013 data)

Poverty

Total Population For Whom Poverty Status is Determined	850
Population with Income in the past 12 months below poverty level	61

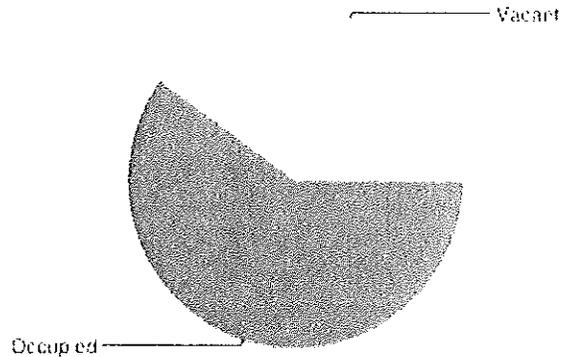
Source: U.S. Census Bureau, 2005-2010 American Community Survey, Table B07001. ACS data are estimates; they are not counts. Percentage of people whose income in the past 12 months is below the poverty level.

Housing

Total Housing Units

1,075

Notes: 2010 Census of Housing Units. Data on housing units are from the 2010 Census prepared by the U.S. Census Bureau, 2010, Table H001.



Occupied Housing Units

	Count	%
Owner Occupied		
Mortgage or Loan	302	46.8%
Free & Clear	179	27.8%
Renter Occupied	164	25.4%
TOTAL OCCUPIED HOUSING UNITS	645	-

A housing unit is classified as occupied if it is the usual place of residence of the majority or group of individuals living in it. Census Day and March 1st are only temporary absents, such as away on vacation, in the hospital for a short stay, or on a business trip, and will be returning.

2010 Census Summary File 1. (Merged) includes available data files prepared by the U.S. Census Bureau, 2010, Table H01.

Vacant Housing Units

	Count	%
For Rent	42	9.8%
Rented, Not Occupied	5	1.2%
For Sale Only	22	5.1%
Sold, Not Occupied	2	0.5%
Occasional Use	348	80.9%
Migrant Workers	0	0.0%
Other Vacant	11	2.6%
TOTAL VACANT HOUSING UNITS	430	-

A housing unit is classified as vacant if no one is living in it on Census Day, unless its occupants are only temporarily absent, such as away on vacation, in the hospital for a short stay, or on a business trip, and will be returning.

2019 Census Summary File 1 - Michigan (headline-readable data file) prepared by the U.S. Census Bureau, 2011, Table H5.

Citations

2010 Census Summary File 1 - Douglas city[machine-readable data files] prepared by the U.S. Census Bureau, 2011. Table P1.
2010 Census Summary File 1 - Douglas city[machine-readable data files] prepared by the U.S. Census Bureau, 2011. Table P1.
2010 Census Summary File 1 - Douglas city[machine-readable data files] prepared by the U.S. Census Bureau, 2011. Table P1.
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2010 Census Summary File 1 - Douglas city[machine-readable data files] prepared by the U.S. Census Bureau, 2011. Table P1.

U.S. Census 2000 SF1 Table P1
U.S. Census 2000 SF3 Table P52
U.S. Census 2000 SF3 Table P53
U.S. Census 1990 SF1 Table P001

U.S. Census Bureau, 2006-2010 American Community Survey, Table B1501
U.S. Census Bureau, 2006-2010 American Community Survey, Table B1701
U.S. Census Bureau, 2006-2010 American Community Survey, Table B1901
U.S. Census Bureau, 2006-2010 American Community Survey, Table B1903

Feenail Register, Vol. 11, No. 1, January 16, 2012, p. 3036

retrieved 1/28/2013, 49

2a, 4A, 5A

Non-duplicated Community Assets

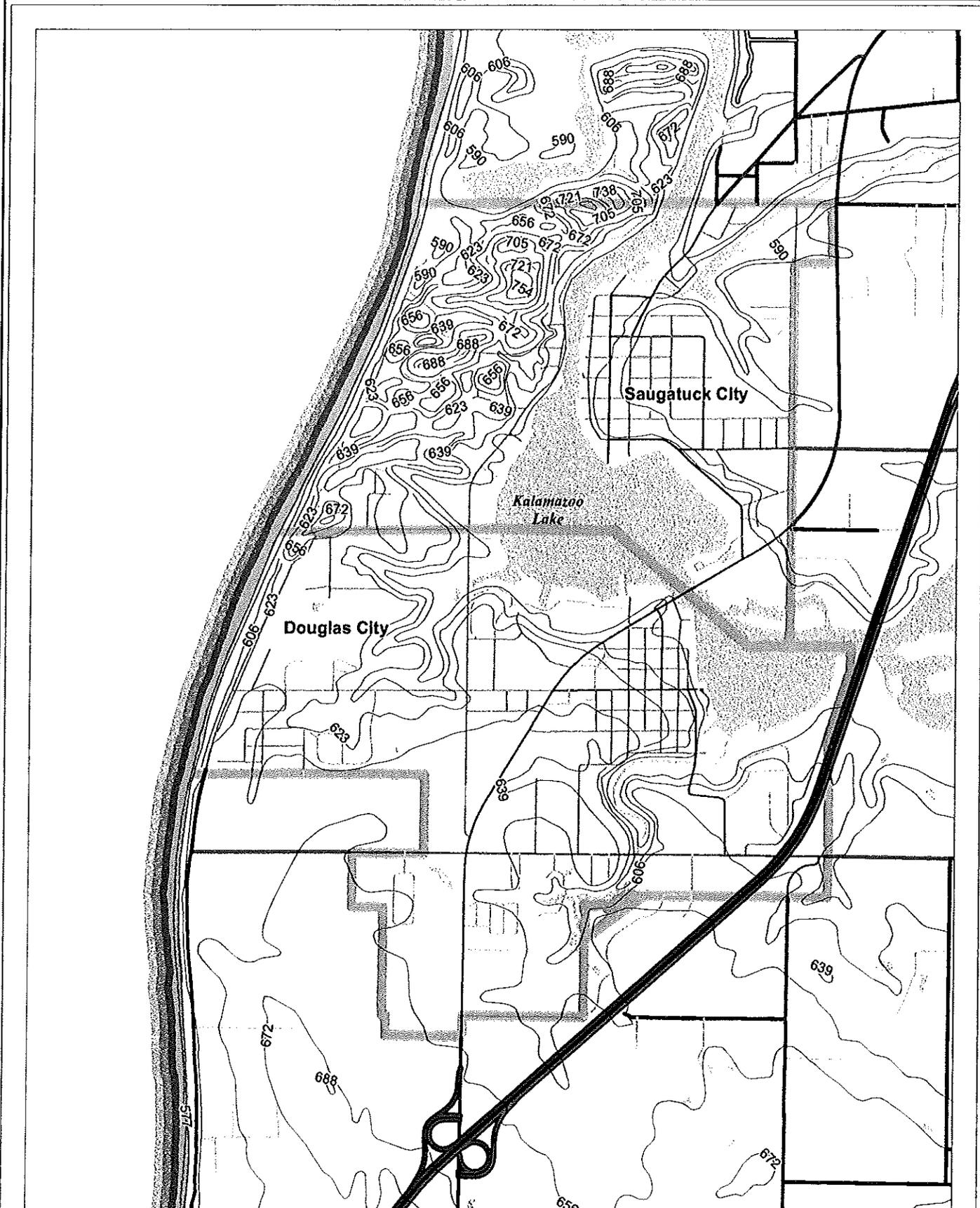
City of Saugatuck

Middle/High School	Furniture/Appliance Store
Drug Store	
Performing Arts Center	
Entertainment/Dining/Shopping District	
Funeral Home	
Oval Beach	
Museum	
River Cruise	

City of Douglas

Elementary School	Assisted Living Facility
Grocery Store	Medical Lab
Gas Station	Physical Therapy Facility
Library	Mobile Home Park
Police Station	Light Industry Capacity
Laundromat	Dentist
Bowling Alley	
Optometrist	

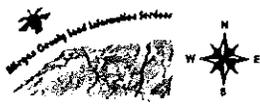
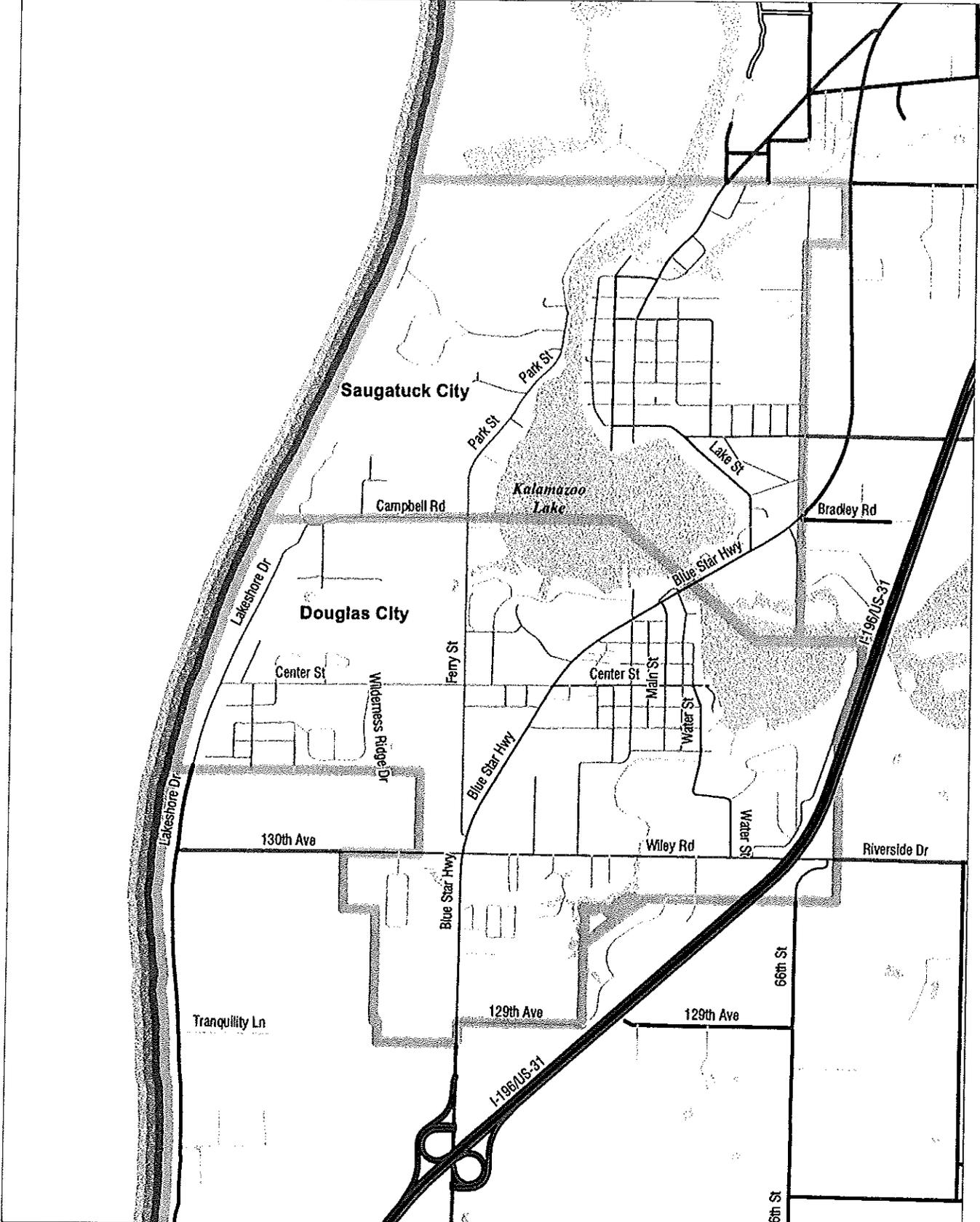
Aa



Saugatuck-Douglas Area
Allegan County Land Information Services assumes no liability for the conclusions drawn from the use of these data

1 inch equals = 2000 feet
Contour Interval = 10 meters
Contour Elevation is in feet
Map Printed: 07/10/2012

5A



Saugatuck-Douglas Area
 Allegan County Land Information Services assumes no liability for the conclusions drawn from the use of these data

1 inch equals = 2000 feet
 Map Printed: 07/10/2012

Chapter 2 DEMOGRAPHICS

INTRODUCTION

This chapter presents information about the size and other characteristics of the population of the City of Saugatuck, Saugatuck Township and the City of the Village of Douglas. It also presents information about how the population in the three communities has changed over time and how it may change in the future. Where possible, information about the Tri-Communities is compared to Allegan County. For some demographic information, the City of the Village of Douglas is grouped with Saugatuck Township because the data was not separated by the US Census.

POPULATION SIZE

The population of the Tri-Communities was 4,655 persons in 2000, 20% larger than in 1990 and an increase of nearly eight hundred persons. The population of Douglas Village was 1,214 in 2000, an increase of 17% or 174 persons between 1990 and 2000. Saugatuck City increased by 111 persons between 1990 and 2000 to 1,065 persons, a gain of 12% while Saugatuck Township gained 500 persons to 2,376 persons, a rise of 27%. See Table 2-1. The population increase in the Tri-Communities was 5.2% of the total increase in Allegan County from 1990-2000. The County population grew by 15,156 persons or 17% during this period.

Table 2-1
Population in the Tri-Communities, 1990-2000

Community	1990	2000	Total Change 1990-2000	% Change 1990-2000
Douglas City	1,040	1,214	174	17%
Saugatuck City	954	1,065	111	12%
Saugatuck Township	1,876	2,376	500	27%
Tri-Community Total	3,870	4,655	785	20%
Allegan County	90,509	105,665	15,156	17%

Source: US Census

PROJECTED POPULATION

If the growth rate experienced by the Tri-Communities were to continue into the future, the population of the three communities would reach 6,225 by 2020 (an increase of 1,570 or 34% above 2000 population) and 7,795 by 2040 (a 65% increase, or 3,140 more persons than in 2000). While 2040 is quite distant, 2020 is not that far away (think back to 1984). If the current trend continues, that means that roughly 1 in 4 persons in the Tri-Communities would be a new resident in 2020. See Table 2-2. This population increase depends on many factors remaining constant (including market demand, the economy, land availability and others) and the actual rate could be higher or lower than the trend over the past decade.

6a - Water front 8-19, 20.

Table 8-4
Saugatuck/Douglas Marinas

Marina Name	Marina Address	City of Village	Water Body	Status	Expiration Date	Slips	Broadside Dockage (Lineal Feet)	Mooring Buoys
Ship'n Shore Motel & Boatel	528 Water St.	Saugatuck	Kalamazoo River	Issued	12/31/2004	0	349.5	0
Pier Marina	855 Lake St.	Saugatuck	Kalamazoo Lake	Closed	N/A	148	0	0
Point Pleasant Marine	201 Washington St.	Douglas	Kalamazoo River	Issued	12/31/2004	15	82	0
Sergeant Marina Condo. Assn.	31 Butler St.	Saugatuck	Kalamazoo Lake	Issued	12/31/2004	47	0	0
Tower Marina	216 St. Peters Dr.	Douglas	Kalamazoo River	Pending	N/A	320	600	0
Skippers Cove	419 Lake St.	Saugatuck	Kalamazoo Lake	Issued	12/31/2005	12	100	1
Bill Enery Inc.	685 Lake St.	Saugatuck	Kalamazoo Lake	Closed	N/A	6	0	0
Waterside Condo. Assn.	515 Lake St.	Saugatuck	Kalamazoo Lake	Issued	12/31/2004	12	0	0
Naughtin's Marina	19 Water St.	Douglas	Kalamazoo River	Expired	12/31/1998	22	150	0
Saugatuck Yacht Club	833 Park St.	Saugatuck	Kalamazoo River	Issued	12/31/2004	23	0	0
Douglas Marina & Boat Club	16 Wall Street	Douglas	Kalamazoo River	Issued	12/31/2004	28	0	0
Casa Loma	405 Park St.	Saugatuck	Kalamazoo Lake	Issued	12/31/2004	12	90	0
Gleason's Marina	650 Water Street	Saugatuck	Kalamazoo River	Issued	12/31/2004	9	0	0
Saugatuck Yacht Service	868 Holland St.	Saugatuck	Kalamazoo River	Issued	12/31/2005	86	0	0
Coral Gables Marina	220 Water St.	Saugatuck	Kalamazoo River	Issued	12/31/2004	3	265	0
Jack Hedglin	807 Lake	Saugatuck	Kalamazoo Lake	Closed	N/A	16	0	0
Windjammer Marina Condo.	335 Culver St.	Saugatuck	Kalamazoo Lake	Issued	12/31/2004	12	0	0
Landings of Saugatuck Inn & Marina	726 Water Street	Saugatuck	Kalamazoo Lake	Issued	12/31/2004	10	0	0

Table 8-4 (Continued)
Saugatuck/Douglas Marinas

Marina Name	Marina Address	City or Village	Water Body	Status	Expiration Date	Slips	Broadside Dockage (Lineal Feet)	Mooring Buoys
Singapore Yacht Club	40 Butler St.	Saugatuck	Kalamazoo Lake	Issued	12/31/2004	51	0	0
West Shore Marine, Inc./ Singapore Harbor LLC	841 Park	Saugatuck	Kalamazoo Lake	Issued	12/31/2005	81	0	0
Singapore Yacht Club	40 Butler St.	Saugatuck	Kalamazoo Lake	Closed	N/A	50	0	0
East Shore Harbor Club	971 Lake Street	Saugatuck	Kalamazoo Lake	Expired	12/31/1999	54	0	0
V & L Properties	379 E. 26th St.	Holland	Kalamazoo Lake	Closed	N/A	N/A	N/A	N/A
Back Bay Marina	643 Lake Street	Saugatuck	Kalamazoo Lake	Issued	12/31/2005	12	0	0
Bridges of Saugatuck	455 Culver	Saugatuck	Kalamazoo Lake	Expired	12/31/1996	8	0	0
Coral Gables	220 Water St.	Saugatuck	Kalamazoo River	Closed	N/A	29	0	0
Dock Foundry Wharf	483 Park St.	Saugatuck	Kalamazoo Lake	Extend	12/31/2000	9	90	0
Saugatuck Shores Condos	555 Lake St.	Saugatuck	Kalamazoo River	Expired	12/31/1994	16	0	0
Ferry Store	116 Riverside Drive	Saugatuck	Kalamazoo River	Closed	N/A	0	145	0
Main Street Docks	102 Butler Street	Saugatuck	Kalamazoo River	Pending	N/A	10	0	0
Heron Bay Condo	PO Box 986	Saugatuck	Kalamazoo River	Issued	12/31/2006	6	0	0
Dockside Marketplace	PO Box 369	Douglas	Kalamazoo River	Pending	N/A	N/A	N/A	N/A
Riverview Marina	868 Holland St.	Saugatuck	Kalamazoo River	Issued	12/31/2005	34	0	0
Shore Harbor Marina	800 Holland St.	Douglas	Kalamazoo River	Closed	N/A	N/A	N/A	N/A
Tower Harbor Marina Condo	219 Ferry St.	Douglas	Kalamazoo River	Issued	12/31/2005	38	0	0
Total Slips						1,179		

Source: Michigan Department of Environmental Quality, 2004

Notes: Closed- File was closed due to incomplete information or a duplicate file; Extend- MOP expiration was extended indefinitely due to staff shortage; Pending- Permit application review is pending resolution of other violations or submittal of additional information from marina owner/operator; Saugatuck Yacht Club also has a launch ramp.

Saugatuck 10-Year Strategic Development Program

City of Saugatuck, Michigan

**in Cooperation with
Saugatuck – Douglas Convention and Visitors Bureau**

24 June 2002

Prepared By:



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(616) 382-4443

Abstract

This Strategic Development Program analyzes the local economy in the Saugatuck-Douglas area in Michigan and concludes that tourism is *the* base industry. The Program next analyzes the community's internal strengths and weaknesses, and external opportunities and threats. Based on these analyses and on the community's values and desires as expressed through a variety of forums, the Program describes the community's vision of itself in 2012, and the goals aimed at realizing its vision. The Program next describes objectives designed to implement those goals, including a detailed action plan for each objective, which action plan identifies the responsible party, the completion date, and the results that will indicate success. This Program next sets forth an operations plan that identifies the key organizations in the community and describes the roles of each in implementing this plan. This Program the establishes a marketing plan targeted to those segments of the tourism market capable of sustaining and enhancing the tourism product that the area provides. Finally, this Strategic Development Program establishes a capital improvements program to assure that the City's capital investments complement the basic economic sector, tourism.

Executive Summary

The Program calls for the establishment of two new organizations. A joint Harbor Commission, representing the three units of local government, will be an effective tool to preserve and improve the harbor and waterfront areas. It can not be overemphasized how important the harbor and the waterfront are to Saugatuck and Douglas, as a tourism strength and as valued element of the community image. The program recommends that the Harbor Commission undertake and implement a Harbor Management Plan and a Waterfront Revitalization Plan. From these will flow many needed projects such as dinghy docks, a community pier, and the preservation of this unique resource.

The retail businesses in the downtown recognize that there is a lot they would like to accomplish as a business community. However, some of their efforts have been hampered in the past by the lack of a dedicated funding stream. This Program recommends the establishment of a Business Improvement District as a solution to this problem. Such a district will allow a special assessment of commercial properties in the downtown. This financial resource will enable the business

community to address the needs of downtown retailers. The result will be a unique downtown retail market that attracts higher income consumers whose spending makes local business profitable, even in light of high property costs.

In the past the division of marketing responsibilities for overnight visitors and day trip visitors between the Saugatuck – Douglas Convention and Visitors Bureau and the Saugatuck Area Business Association has been problematic. This is particularly relevant in consideration of tourism data collected for this Program. The area has been very successful at attracting affluent visitors from the overnight markets of Chicago and Detroit. However, visitors from the primary day trip markets are predominantly midscale in terms of affluence.

This is an appropriate time to discuss the issue of the affluence of visitors. Much is made in this Program of attracting higher-income and more affluent visitors. The intent is not to transform Saugatuck into an exclusive, snobby resort. Rather, the point is in recognizing that the community's high property values can only be sustained over the long term by a market that generates a substantial level of sales of high margin products and services. Furthermore, in terms of marketing the community, promotions aimed at higher income groups tend to also attract tourists from lower levels of affluence. However, marketing targeted at lower income levels rarely generates much enthusiasm among the more affluent.

In regard to marketing the Saugatuck area, there has, in the past, been a somewhat unclear and ineffective division of responsibilities. The Marketing Plan included in this Program, recommends that the CVB be responsible for marketing and promoting the community in both the day trip markets and the overnight markets. At the same time, the two downtown organizations should focus more on the tourism product and improving the quality and attraction of the area.

This Program is comprehensive and, by its very nature, encompasses a wide variety of projects and programs. The schedule that is recommended is very heavily loaded on the front end. When a Strategic Development Program is adopted, there is often a great deal of enthusiasm and much will be accomplished early-on. However, there is no way to know at first which projects will be picked

up and implemented right away and which ones will take more time. It is envisioned that the scheduling will be revisited in a year or two and some tasks will be moved down the priority list.

The single most important element of this Strategic Development Program is the Steering Committee. If nothing else gets done, this program will be a success if the organizations involved form the Steering Committee and use it to coordinate area-wide efforts. This Program is a plan and as such it is a guide. There should be no doubt that action plans, priorities and even the very projects themselves will change over time. It is through consensus building at the Steering Committee level that such changes can be weighed in regard to the community's tourism product and be effectively implemented.

Finally, it is worth noting what this Program does not cover. The projects, programs and activities recommended herein do not replace or supplant the Comprehensive Plans of the three units of local government. Continued cooperative land use planning, and effective implementation of the Tri-Communities Plan is vitally important to preserve the quality of the community and the quality of life that is so important to residents and that is such a draw to tourists.

Section 7 Vision Statement

The preceding six sections of this document have all been building to this point. The culmination of all of the community analysis and all of the community input is the vision statement that is presented below. It encompasses the community's values and desires and describes the Saugatuck that the *community* wants to become. The remainder of this document flows from this vision statement: it is the plan that the community will follow to realize its vision.

The Community's Vision of the Saugatuck of 2012

As we look back from 2012 to 2002, when we began this strategic planning program, there is one single and important change in our community that truly embodies all that we have accomplished. Saugatuck is once again the most fun and eclectic small town in America! While there are many achievements from the last 10 years, the one of which we are most cognizant, the one that we carry with us every day, and the one of which we are most proud, is that every resident and every visitor has fun and enjoys life in our quaint little town.

Indeed, looking at the physical structure of Saugatuck, it can be hard to find many differences. The first thing a visitor from 2002 would probably notice is how well we have preserved our harbor and waterfront areas. We have managed development along the waterfront so that we have a balanced mix of marinas, homes, and parks. In addition the Kalamazoo River has been cleaned, the harbor has been dredged, and we have built dinghy docks and shopping docks adjacent to the community pier where many a resident and visitor alike take in the beauty of our harbor. We have done such a wonderful and well-rounded job of managing our harbor that Saugatuck has become the preeminent destination of boaters on Lake Michigan.

Strolling down Butler Street one would hardly notice a change in past ten years. We have been successful in maintaining the quintessential small town America feel of our community. And this is no plasticized, Disneyesque version of Norman Rockwell; rather, Saugatuck is the real thing. We

have assured that new construction respects our architectural integrity, heritage and culture. Yet, at the same time, every building, commercial and otherwise, is unique; each reflects the values, tastes and character of its owner and inhabitants. Furthermore, the smooth, well-maintained roads and the many, many landscaping projects enhance the charm and ambiance.

Yet take an even closer look at our downtown. Do you see that? Most of the businesses that were here in 2002 are still here 10 years later. We are proud that our community has worked together to make Saugatuck a profitable yet reasonable place to do businesses. And why are our businesses still here? Because tourists' spending has increased. No, we aren't a year-round tourism town; the winter is still a very quiet time of year. But the number of tourists staying in our community in the off season has increased. It is the extra spending of these visitors in April and May, and in October, November and December, that makes our businesses sustainable.

Well, at least the statisticians tell us that there are more tourists. But to those of us who have lived here the last ten years, it is hard to believe that there hasn't been a decrease in visitors. Well-conceived, well-built and well-landscaped parking projects on the outskirts of downtown, coupled with the local bus, the numerous walking and biking paths that we have constructed, and our easy navigation system, have dramatically reduced congestion to the point that it feels like there are fewer people here than there were ten years ago.

It is no wonder that there might actually be more visitors. Building on our arts heritage, our community is now known for a full range of cultural offerings, from theatre to literature, to a variety of types of music. And our community now offers a full complement of services including a luxury spa, culinary institute and some of the finest cuisine available. Indeed, Saugatuck is now as well known for culinary arts as it is for fine arts. And the residents are the grateful beneficiaries of this latest art form.

More important than the buildings and arts, though, is the true sense of community that we have fostered over the last ten years. The city's residents once again feel like the downtown belongs to them and that they belong downtown. Special events and programs for residents, especially in the off-season, bring us out in droves. The community has worked together to build bridges and not walls. Residents, businesses, government and the schools collaborate for the betterment of all. Local gathering places, both the bars, restaurants and coffee shops, and the public spaces like our parks and community pier, foster civilized dialogue, or at least animated discourse and polite disagreements.

The key is that we have all worked together to build the kind of community where we want to live; a community where the quality of life is measured with dancing, music and sunsets; a community that has made its home the funnest, grooviest little town in America.

Section 8 Goals

The remainder of this document is dedicated to setting forth the action plan that the community will implement in order to make the preceding vision a reality. This section uses the vision statement as the foundation for setting forth goals. Each goal is a positive statement of future conditions in a particular functional area. The next section will describe specific, measurable objectives that, upon their implementation, with further the achievement of the goal and, consequently, effect the realization of the community's vision.

Harbor / Waterfront

To become the pre-eminent destination for boaters on Lake Michigan by managing and developing our harbor and waterfront areas.

Small Town Atmosphere

To maintain and enhance the existing ambiance, charm, and attractiveness of our traditional, small town.

Business Development

To increase the profitability of area businesses to enable them to keep their prices moderate, to expand employment opportunities, and to stay open for a greater portion of the year.

Off-Season Tourism

To increase tourism in the shoulder seasons.

Circulation

To improve the circulation throughout the City in order to reduce congestion, increase capacity, and improve the tourist experience.

Enhance the Tourism Product

To improve the quality of life for residents and to enhance the tourist experience by improving the tourism product and increasing cultural and culinary opportunities and related services.

Sense of Community

To develop and foster an improved sense of community.

Economic Impact Analysis

SAUGATUCK HARBOR

Analysis conducted using the on-line Boating Economic Impact Model
developed by

Drs. Ed Mahoney (mahoney@msu.edu), Dan Stynes
(stynes@msu.edu) and Yue Cui (cuiyue@msu.edu)

Recreation Marine Research Center
Michigan State University

The On-line Boating Economic Impact Model is sponsored by
Association of Marina Industries, Great Lakes Commission, U.S. Coast Guard and the
National Marine Manufacturers Association

November 15, 2010

Executive Summary

This report provides estimates of the economic impacts of the SAUGATUCK HARBOR. The marina produces direct and indirect revenues for many different types of businesses (e.g., retail, restaurants) in the local area. It also contributes to the visual character of the waterfront and contributes to the community's quality of life. Unfortunately, the economic contributions of marinas like this often go unrecognized or are undervalued. This report provides estimates of the direct and indirect economic impacts associated with the spending by the owners of boats that rent seasonal and annual slips during 2007 at SAUGATUCK HARBOR.

Economic impacts are estimated using a boater spending and impact model. Boater spending averages on a per day basis for trip spending and per boat basis for annual craft spending are adapted from spending profiles developed from two different national boater surveys conducted by the Recreation Marine Research Center (RMRC) at Michigan State University in 2005. Estimates of annual craft spending for boats kept at marinas are taken from a national survey of more than 12,500 boaters conducted in 2005 and 2006.

Annual craft spending averages were price adjusted to 2007 using consumer price indices for each spending category. Annual craft spending includes storage (during the boat season), insurance, taxes, replacement outboard motors, trailers, fuel, repairs & marine services and accessories. Loan payments for the year are included, but purchases of new boats are not. Since most boats, trailers, motors and other equipment purchased by boaters are not manufactured in the local area, only the retail and wholesale margins on these purchases are included as local impacts.

Trip spending estimates, including what boaters spend on groceries, lodging, entertainment and restaurants, came from a 2006 national survey of more than 6,000 boaters that gathered information about more than 13,000 boating trips. Trip spending includes what boaters spend on boating trips for fuel, groceries, lodging, entertainment, and restaurants. Spending averages were price inflated to 2007. Spending profiles were developed for different size and type boats in different regions of the country. The craft and trip spending averages used here are for boats kept at marinas in Great Lakes Region.

The spending averages are applied to the number of slip renters and transient boaters at SAUGATUCK HARBOR. Distinct spending averages are used for power and sail boats divided into two size classes. Spending is divided into 12 trip spending categories and eight craft spending categories.

Total spending by these boaters who rent slips seasonally or annually or are transient renters is applied to a set of economic ratios and multipliers that reflect the local economy. The impact region is defined to include roughly a 30 mile radius of the marina. Economic ratios and multipliers were estimated with the IMPLAN input-output modeling system. Because the size of multipliers differ depending on the size and nature (e.g., types of businesses) of the local economy distinct sets of multipliers were developed for rural (population less than 100,000), small metro (populations 100,000-500,000), and larger metro regions (population over 500,000). Multipliers representing "Small Metro Areas" were selected for this analysis. Economic ratios translate the spending into wages and salaries and jobs supported by the boater spending. Multipliers estimate the secondary effects as this spending flows through the local economy. Total effects include the (1) direct sales, jobs and income in firms selling directly to boaters, (2) indirect effects in firms that supply goods and services to boating businesses, and (3) induced effects resulting from household spending of income earned directly or indirectly from boater spending.

A total of 1,030 boats will be kept at SAUGATUCK HARBOR during 2007. This includes 1,030 power boats ranging from 16' to more than 40' and - sailboats. It is estimated that the 1,030 seasonal/annual slip renters will take their boats out on the water a total of 32,343 days in 2007. The average number of boating days per boat is 31 days.

The boaters who rent slips for the season or annually contribute to the local and state economies through spending on the upkeep and maintenance of their craft and also spending on their boating trips. Boaters who keep their boats in slips will spend about 17,080 thousand dollars annually on craft upkeep and maintenance not counting fuel. This spending is broken down as follows: 22% on slip/storage fees, 38% to loan payments including principal and interest, 17% for repairs, 7% for insurance, and 12% for accessories. Combining trip and craft spending, a typical boat spends \$5,812 per year on boating trips and \$16,583 per year on craft-related expenses.

Total trip spending by these boats kept at the marina is estimated to be \$6 million, with 13% spent on marina services, 19% on restaurants and bars, 17% groceries, 6% auto fuel and 38% boat fuel.

The direct economic effects on the local economy of this spending are 166 jobs¹, \$3.7 million in labor income and \$6.0 million in value added². The marina's non-labor operating costs such as purchases of supplies and services from other firms are not included as value added by the marina. Direct effects cover the impacts in businesses selling goods and services directly to these boaters. This includes 81 jobs in marina services, 27 jobs in restaurants and bars, and 27 jobs in retail stores.

Including secondary effects, the total impact on the local economy is 222 jobs, \$5.3 million in labor income and \$8.8 million in value added.

¹ Jobs are not full time equivalents, but include full time and part time jobs. Seasonal positions are adjusted to an annual basis, e.g., two jobs for six months equates to one job on an annual basis. Labor income includes wages and salaries, payroll benefits and income of sole proprietors. Value added includes labor income as well as profits and rents and sales taxes and other indirect business taxes.

² Value added is the income accruing to households in the region plus rents and profits of businesses and indirect business taxes. As the name implies, it is the net value added to the region's economy. For example, the value added by a marina includes wages and salaries paid to employees, their payroll benefits, profits of the marina, and sales and other indirect business taxes.

Summary of the Economic Impact Analysis Result

Table 1 - Number of Boats Kept at the Marina and Their Estimated Number of Boating Days

Boat Type and Size	Number of Boats	Average Days Per Boat	Total Boat Days
Power <40'	350	29	10,319
Power 40'+	680	32	22,024
Sail <40'	-	-	-
Sail 40'+	-	-	-
Total	1,030	31	32,343

Table 2 - Total Spending on Boat Trips by Boats Kept at the Marina (\$ Thousands)

Category	Total	Percentage
Lodging	16.9	0.3%
Marina services	794.4	13.3%
Restaurant	1,149.0	19.2%
Groceries	1,025.3	17.1%
Boat fuel	2,246.8	37.5%
Auto fuel	359.8	6.0%
Repair & Maintenance	-	-
Marine supplies	-	-
Recreation & Entertainment	147.0	2.5%
Shopping	179.6	3.0%
Other services	-	-
Other goods	67.6	1.1%
Total	5,986.4	100%

Table 3 – Total Annual Craft Spending by Boats Kept at the Marina (\$ Thousands)

Category	Total	Percentage
Slip	3,745.0	21.9%
Loan Payments	6,416.7	37.6%
Motors	39.5	0.2%
Trailers	12.0	0.1%
Insurance	1,135.1	6.6%
Repairs	2,895.5	17.0%
Accessories	2,117.3	12.4%
Taxes	719.3	4.2%
Total	17,080.3	100%

Table 4 – Economic Impacts of Trips Spending and Annual Craft Spending by Boats Kept at the Marina

	Trip Spending	Annual Craft Spending	Total
Direct Effects			
Sales (\$ Thousands)	3,032.7	7,810.7	10,843.5
Jobs	56.3	109.6	165.8
Labor Income (\$ Thousands)	1,175.1	2,479.8	3,654.9
Value Added (\$ Thousands)	1,590.4	4,405.5	5,995.8
Total Effects			
Sales (\$ Thousands)	4,568.2	11,385.4	15,953.6
Jobs	73.3	149.1	222.4
Labor Income (\$ Thousands)	1,669.7	3,648.0	5,317.6
Value Added (\$ Thousands)	2,439.4	6,362.2	8,801.6

Table 5 - Economic Impact of both Craft and Trips Spending by Boats Kept at the Marina

Sector/Spending category	Sales (\$ Thousands)	Jobs	Labor Income (\$ Thousands)	Value Added (\$ Thousands)
Direct Effects				
Lodging	16.9	0.3	7.4	12.0
Marina Services	4,539.4	81.4	1,666.0	2,791.7
Restaurant	1,149.0	26.7	451.6	510.2
Recreation & Entertainment	147.0	2.6	53.9	90.4
Repair & Maintenance	2,895.5	19.2	553.0	1,271.1
Insurance&Credit	310.4	3.3	145.4	263.5
Gas Service	581.3	5.5	225.0	292.4
Other Retail Trade	1,204.0	26.7	552.6	764.6
Wholesale Trade	-	-	-	-
Other Local Production of Goods	-	-	-	-
Total Direct Effects	10,843.5	165.8	3,654.9	5,995.8
Secondary Effects	5,110.1	56.6	1,662.8	2,805.8
Total Effects	15,953.6	222.4	5,317.6	8,801.6

Detailed Results of the Economic Impact Analysis

Input to the Economic Impact Analysis Model

Table 1 - Number of Boats Kept at the Marina and Their Estimated Number of Boating Days

Boat Type and Size	Number of Boats	Average Days Per Boat	Total Boat Days
Power <40'	350	29	10,319
Power 40'+	680	32	22,024
Sail <40'	-	-	-
Sail 40'+	-	-	-
Total	1,030	31	32,343

Spending Profiles by Boats Kept at the Marina

Table 1 - Average Spending on Boat Trips by Boats Kept at the Marina (\$ Per Boat Day)

Category	Boat Type and Size			
	Power <40'	Power 40'+	Sail <40'	Sail 40'+
Lodging	1.0	0.3	1.6	2.4
Marina services	18.5	27.4	11.0	19.5
Restaurant	26.4	39.8	17.7	33.3
Groceries	22.1	36.2	16.3	27.3
Boat fuel	51.9	77.7	4.5	10.1
Auto fuel	11.6	10.9	7.3	8.4
Repair & Maintenance	-	-	-	-
Marine supplies	-	-	-	-
Recreation & Entertainment	4.0	4.8	2.2	7.0
Shopping	3.1	6.7	3.1	5.6
Other services	-	-	-	-
Other goods	2.5	1.9	2.0	2.9
Total	141.1	205.7	65.7	116.5

Table 2 - Average Spending on Annual Craft Spending by Boats Kept at the Marina (\$ Per Boat Per Year)

Category	Boat Type and Size			
	Power <40'	Power 40'+	Sail <40'	Sail 40'+
Slip	1,317.2	4,829.4	1,675.3	3,965.7
Loan Payments	1,408.3	8,711.4	1,092.1	5,175.1
Motors	36.4	39.3	11.3	14.0
Trailers	17.5	8.7	7.0	6.1
Insurance	376.7	1,475.4	338.4	1,620.5
Repairs	966.9	3,760.4	1,089.3	5,070.6
Accessories	605.0	2,802.3	948.6	3,525.4
Taxes	66.7	1,023.4	66.3	610.7
Total	4,794.7	22,650.3	5,228.3	19,988.1

Estimates of Total Spending by Boats Kept at the Marina

Table 1 - Total Spending on Boat Trip by Boats Kept at the Marina (\$ Thousands)

Category	Boat Type and Size				Total	Percentage
	Power <40'	Power 40'+	Sail <40'	Sail 40'+		
Lodging	10.3	6.6	-	-	16.9	0%
Marina services	190.9	603.5	-	-	794.4	13%
Restaurant	272.4	876.6	-	-	1,149.0	19%
Groceries	228.0	797.3	-	-	1,025.3	17%
Boat fuel	535.5	1,711.3	-	-	2,246.8	38%
Auto fuel	119.7	240.1	-	-	359.8	6%
Repair & Maintenance	-	-	-	-	-	-
Marine supplies	-	-	-	-	-	-
Recreation & Entertainment	41.3	105.7	-	-	147.0	2%
Shopping	32.0	147.6	-	-	179.6	3%
Other services	-	-	-	-	-	-
Other goods	25.8	41.8	-	-	67.6	1%
Total	1,456.0	4,530.4	-	-	5,986.4	100%

Table 2 - Total Spending on Average Annual Craft Spending by Boats Kept at the Marina (\$ Thousands)

Category	Boat Type and Size				Total	Percentage
	Power <40'	Power 40'+	Sail <40'	Sail 40'+		
Slip	461.0	3,284.0	-	-	3,745.0	22%
Loan Payments	492.9	5,923.8	-	-	6,416.7	38%
Motors	12.7	26.7	-	-	39.5	0%
Trailers	6.1	5.9	-	-	12.0	0%
Insurance	131.8	1,003.3	-	-	1,135.1	7%
Repairs	338.4	2,557.1	-	-	2,895.5	17%
Accessories	211.8	1,905.6	-	-	2,117.3	12%
Taxes	23.3	695.9	-	-	719.3	4%
Total	2,911.9	9,060.9	-	-	17,080.3	100%

Table 3 - Numbers of Boats, Boating Days and Craft and Trip Spending by Different Size and Type Boats Kept at the Marina

Category	Boat Type and Size				Total
	Power <40'	Power 40'+	Sail <40'	Sail 40'+	
Number of boats	350	680	-	-	1,030
Annual craft spending per boat	\$4,795	\$22,650	-	-	\$16,583
Total craft spending (\$ Thousands)	\$1,678	\$15,402	-	-	\$17,080
Average days per boat	29	32	-	-	31
Total boat days	10,319	22,024	-	-	32,343
Average trip spending per boat day	\$141	\$206	-	-	\$185
Total trip spending per boat per year	\$4,160	\$6,662	-	-	\$5,812
Total trip spending (\$ Thousands)	\$1,456	\$4,530	-	-	\$5,986
Total craft & trip spending per boat per year	\$8,955	\$29,313	-	-	\$22,395
Total craft & trip spending (\$ Thousands)	\$3,134	\$19,933	-	-	\$23,067
Pct of spending by boats	14%	86%	-	-	100%
Pct of boats	34%	66%	-	-	100%
Pct of boat days by boats	32%	68%	-	-	100%
Pct of spending on trips by boats	46%	23%	-	-	26%

Economic Impact Result/Tables

Table 1 - Economic Impact of Trips Spending by Boats Kept at the Marina

Sector/Spending category	Sales (\$ Thousands)	Jobs	Labor Income (\$ Thousands)	Value Added (\$ Thousands)
Direct Effects				
Lodging	16.9	0.3	7.4	12.0
Marina Services	794.4	14.2	291.5	488.5
Restaurant	1,149.0	26.7	451.6	510.2
Recreation & Entertainment	147.0	2.6	53.9	90.4
Repair & Maintenance	-	-	-	-
Grocery Stores (Margin&Sales)	259.4	4.9	105.6	140.9
Gas Service Stations (Margin&Sales)	581.3	5.5	225.0	292.4
Sporting Goods/Equipment Retail Margins	-	-	-	-
Other Retail Trade (Margins&Sales)	84.8	2.0	40.1	56.0
Wholesale Trade (Margins&Sales)	-	-	-	-
Local Production of Goods	-	-	-	-
Total Direct Effects	3,032.7	56.3	1,175.1	1,590.4
Secondary Effects	1,535.5	17.0	494.6	849.1
Total Effects	4,568.2	73.3	1,669.7	2,439.4

Table 2 - Economic Impact of Annual Craft Spending by Boats Kept at the Marina

Sector/Spending category	Sales (\$ Thousands)	Jobs	Labor Income (\$ Thousands)	Value Added (\$ Thousands)
Direct Effects				
Boat Manufacture	-	-	-	-
Slip	3,745.0	67.1	1,374.4	2,303.2
Repairs	2,895.5	19.2	553.0	1,271.1
Insurance	227.0	2.9	111.2	197.5
Credit Intermediaries	83.4	0.4	34.2	66.0
Retail Margins	859.8	19.8	406.9	567.7
Wholesale Trade	-	-	-	-
Manufacture: Motors, Trailers, Accessories	-	-	-	-
Total Direct Effects	7,810.7	109.6	2,479.8	4,405.5
Secondary Effects	3,574.6	39.5	1,168.2	1,956.7
Total Effects	11,385.4	149.1	3,648.0	6,362.2

Table 3 - Economic Impact of both Trip and Annual Craft Spending by Boats Kept at the Marina

Sector/Spending category	Sales (\$ Thousands)	Jobs	Labor Income (\$ Thousands)	Value Added (\$ Thousands)
Direct Effects				
Lodging	16.9	0.3	7.4	12.0
Marina Services	4,539.4	81.4	1,666.0	2,791.7
Restaurant	1,149.0	26.7	451.6	510.2
Recreation & Entertainment	147.0	2.6	53.9	90.4
Repair & Maintenance	2,895.5	19.2	553.0	1,271.1
Insurance&Credit	310.4	3.3	145.4	263.5
Gas Service	581.3	5.5	225.0	292.4
Other Retail Trade	1,204.0	26.7	552.6	764.6
Wholesale Trade	-	-	-	-
Other Local Production of Goods	-	-	-	-
Total Direct Effects	10,843.5	165.8	3,654.9	5,995.8
Secondary Effects	5,110.1	56.6	1,662.8	2,805.8
Total Effects	15,953.6	222.4	5,317.6	8,801.6

Shown below are multipliers selected in this economic impact analysis.

Sector	IMPLAN Sector	Jobs/ MM sales	Direct effects				Total effects multipliers					
			Personal inc/sales	Property Inc/sales	Value Added /sales	Sales II	JobsII/ MM/sales	IncII/ sales	VA II/sales	Sales I	RPC	
Hotels and motels* including casino hotels	479	19,250	0.437	0.183	0.708	1,431	24,154	0.580	0.954	1,153	100%	
Marina Services	478	17,930	0.367	0.198	0.615	1,459	23,214	0.519	0.874	1,208	100%	
Food services and drinking places	481	23,214	0.393	-0.004	0.444	1,524	28,681	0.550	0.719	1,259	100%	
Other asement* gambling* and recreation industri	478	17,930	0.367	0.198	0.615	1,459	23,214	0.519	0.874	1,208	100%	
Automotive repair and maintenance* except car wash	483	6,648	0.191	0.224	0.439	1,459	11,372	0.337	0.674	1,296	100%	
Food and beverage stores	405	18,923	0.407	0.046	0.543	1,527	24,983	0.587	0.847	1,246	100%	
Gasoline stations	407	9,467	0.387	0.012	0.503	1,544	15,727	0.573	0.817	1,268	100%	
Sporting goods* hobby* book and sic stores	409	26,861	0.346	0.048	0.475	1,538	33,056	0.531	0.786	1,284	100%	
General merchandise stores	410	23,233	0.473	0.083	0.661	1,485	28,804	0.637	0.941	1,183	100%	
Nondep credit intermediaries	425	4,867	0.410	0.325	0.791	1,355	8,987	0.530	1.002	1,068	20%	
Other accommodations	480	6,592	0.121	0.162	0.290	1,569	12,806	0.307	0.609	1,420	100%	
Wholesale trade	390	8,713	0.377	0.095	0.659	1,418	13,590	0.521	0.901	1,170	-	
Insurance agencies* brokerages* and related	428	12,866	0.490	0.380	0.870	1,350	16,988	0.600	1.080	1,070	20%	
Boat building	358	7,857	0.220	0.148	0.341	1,337	11,153	0.327	0.525	1,178	-	
Other engine equipment manufacturing	286	2,797	0.150	0.130	0.290	1,337	3,973	0.230	0.470	1,178	-	
Travel trailer and camper manufacturing	349	5,274	0.183	0.067	0.249	1,429	8,955	0.307	0.449	1,283	-	
Sporting and athletic goods manufacturing	381	6,719	0.185	0.061	0.249	1,505	11,598	0.351	0.518	1,331	-	
auto dealers	401	11,837	0.489	0.030	0.611	1,528	17,910	0.668	0.916	1,209	100%	
All other food manufacturing	84	3,851	0.125	0.082	0.191	1,523	8,776	0.271	0.449	1,389	-	
Cut and sew apparel manufacturing	107	7,222	0.182	0.122	0.290	1,348	10,836	0.296	0.484	1,205	-	

Terms used in this Economic Impact Analysis

Term	Definition
Sales	Sales of firms within the region resulting from boater spending.
Jobs	The number of jobs in the region supported by the boater spending. Job estimates are not full time equivalents, but include part time positions. Seasonal jobs are adjusted to annual equivalents, e.g. four jobs for three months each equates to one job.
Income	Labor income, including wages and salaries, payroll benefits and incomes of sole proprietor's
Value added	Income accruing to households in the region plus rents and profits of businesses and indirect business taxes. As the name implies, it is the net value added to the region's economy. For example, the value added by a marina includes wages and salaries paid to employees, their payroll benefits, profits of the marina, and sales and other indirect business taxes. The marina's non-labor operating costs such as purchases of supplies and services from other firms are not included as value added by the marina.
Direct effects	Direct effects are the changes in sales, income and jobs in those business or agencies that directly receive the boater spending.
Secondary effects	These are the changes in the economic activity in the region that result from the re-circulation of the money spent by boaters. Secondary effects include indirect and induced effects.
Indirect effects	Changes in sales, income and jobs in industries that supply goods and services to the businesses that sell directly to boaters. For example, restaurant supply firms benefit from boater spending in restaurants.
Induced effects	Changes in economic activity in the region resulting from household spending of income earned through a direct or indirect effect of the boater spending. For example, marina employees live in the region and spend their incomes on housing, groceries, education, clothing and other goods and services.
Total effects	Sum of direct, indirect and induced effects. <ul style="list-style-type: none"> ▪ Direct effects accrue largely to boating and tourism-related businesses in the area ▪ Indirect effects accrue to a broader set of businesses that serve these firms. ▪ Induced effects are distributed widely across a variety of local businesses that provide goods and services to households in the region.
Multipliers	Multipliers capture the size of the total effects relative to the direct effects. A sales multiplier of 2.0 means that for every dollar of direct sales, there is another dollar of sales in the region due to secondary effects. Direct effect multipliers convert sales to the associated income, jobs and value added by using simple ratios. For example, nationally 34 cents of every dollar of sales in restaurants goes to wages and salaries and 48 cents to value added. There are about 22 jobs for every million dollars in restaurant sales. These ratios are used to convert estimates of sales in each economic sector to the associated income, jobs, and value added. The job to sales ratios vary from region to region.

7a.

Saugatuck-2011

United States > Michigan > 08 WMRPC > Allegan County > Saugatuck > 2011

Revenue Categories	All Fund Types	Expense Categories	All Fund Types	Comments	Auditing Procedures Report	Value
Federal		Police Cost	\$567,315		Population	925
State Revenue Sharing	\$79,725	Fire Cost			General Fund Revenues	\$5,581,229
State (Other)	\$115,668	General Government	\$488,015		General Fund Expenditures	\$5,359,732
Other Local Gov'ts	\$187,478	Public Works	\$1,229,173		Fund Balance	\$1,231,485
Personal Income Tax		Health & Welfare	\$49,620		Taxable Value	
Property Taxes	\$1,910,339	Community & Economic Development	\$92,212		Major Fund Deficit	
Other Taxes		Recreation & Culture	\$348,748		Governmental Activities Long-term Debt	\$3,888,694
SUB TOTAL	\$2,293,210	Library			Indicator Score	
Licenses & Permits	\$275,880	Other			Debt & Equity	
Utilities		Utilities	\$70,796		Nonspendable Fund Balance	
Sewage & Trash		Debt Service	\$263,095		Restricted Fund Balance	
		Capital Outlay	\$617,159		Committed Fund Balance	
Recreation & Culture	\$309,503	TOTAL EXPENSES	\$6,726,133		Assigned	
Hospitals		Transfers In	\$50,000		Unassigned	
Other Services	\$41,282	Transfers Out	\$160,843		Total Cash & Investments	\$2,504,528
		Compensation			Total Debt	
TOTAL REVENUE FROM SERVICES	\$626,665	Pensioners			Unfunded Liabilities	
Net Interest & Investment Income	\$32,141	Headcount (FTE)			Pensions Actuarial Liability	
Employee Pensions		Benefits			Pension Fund Assets	
Other Revenues	\$3,514,063	Wages			OPEB Actuarial Liability	
TOTAL OTHER REVENUES	\$3,546,204				OPEB Fund Assets	
TOTAL REVENUES	\$6,466,079					
Notes						

Douglas-2011

United States > Michigan > 08 WMRPC > Allegan County > Douglas > 2011

Revenue Categories	All Fund Types	Expense Categories	All Fund Types	Comments	Auditing Procedures Report	Value
Federal		Police Cost	\$644,175		Population	1,232
State Revenue Sharing	\$87,451	Fire Cost			General Fund Revenues	\$2,559,616
State (Other)	\$143,068	General Government	\$399,117		General Fund Expenditures	\$1,872,279
Other Local Govts	\$143,145	Public Works	\$414,920		Fund Balance	\$2,550,072
Personal Income Tax		Health & Welfare	\$7,249		Taxable Value	\$130,974,061
Property Taxes	\$1,860,136	Community & Economic Development	\$167,665		Major Fund Deficit	50
Other Taxes		Recreation & Culture	\$78,388		Governmental Activities Long-term Debt	\$973,059
SUB TOTAL	\$2,233,800	Library			Indicator Score	2
Licenses & Permits	\$21,889	Other	\$452,228		Debt & Equity	
Utilities		Utilities			Nonspendable Fund Balance	\$11,204
Sewage & Trash		Debt Service	\$65,376		Restricted Fund Balance	\$752,828
		Capital Outlay	\$248,956		Committed Fund Balance	\$995,070
Recreation & Culture	\$26,335				Assigned	\$688,938
Hospitals		TOTAL EXPENSES	\$2,478,074		Unassigned	\$916,172
Other Services	\$629,160	Transfers In	\$521,500		Total Cash & Investments	\$3,405,957
		Transfers Out	\$531,500		Total Debt	
TOTAL REVENUE FROM SERVICES	\$677,384	Compensation			Unfunded Liabilities	
Net Interest & Investment Income	\$15,889	Pensioners			Pensions Actuarial Liability	
Employee Pensions		Headcount (FTE)			Pension Fund Assets	
Other Revenues	\$333,465	Benefits			OPEB Actuarial Liability	
TOTAL OTHER REVENUES	\$349,354	Wages			OPEB Fund Assets	
TOTAL REVENUES	\$3,260,538					
Notes	Audited Report Shows GA Long Term Debt at \$981,484, F65 Reconciliation shows \$973,059					

June 11, 2012

Mr. Travis Randolph
Chairman
Consolidated Government Committee
P.O. Box 967
Douglas, MI 49423

Dear Mr. Randolph,

As you know, the Consolidated Government Committee (CGC) engaged Plante & Moran, PLLC to complete an analysis of municipal "overhead" costs for the cities of Saugatuck and Douglas. This report includes that analysis and findings.

Scope of Engagement

The CGC requested two specific analyses as described below.

A. Comparative Analysis with Peer Cities.

The CGC requested that the "overhead" costs associated with Saugatuck and Douglas be compared with like costs of other Michigan cities of the combined size (about 2,157 residents). Further, the CGC stipulated that the peers be located near the shoreline of one of the Great Lakes, and be of a similar legal organization of the proposed combined city (Home Rule City). 11 communities were identified that met these criteria. Plante Moran utilized City financial data as reported to the State of Michigan for this analysis. The results are included in Section A of this report.

B. Organizational Chart/Budget Analysis.

The CGC also requested that Plante Moran develop an organization chart and budget, again only for overhead departments, for the proposed combined City. This chart and budget were then compared with available 2012 budgets and organization charts published by the cities of Saugatuck and Douglas. Cost savings estimates were then calculated by comparing the proposed budget with actual current budgets. The results are included in Section B of this report.

Conclusions

The results of the Comparative Analysis with Peer Cities indicated that an annual cost savings of between \$575,000 and \$700,000 was to be expected through consolidation.

Similarly, the results of the Organization Chart/Budget Analysis showed that a combined city could be administered for less than \$600,000 annually, resulting in a yearly savings of about \$543,000.

*Saugatuck/Douglas
Analysis and Findings*

Based on the results of these two analysis, along with previous study results, we are reasonably confident that a consolidation of Saugatuck and Douglas will result in an annual savings exceeding \$500,000 or \$250 per resident. If you have any questions please feel free to contact me at 248.352.2500.

Very Truly Yours,

PLANTE & MORAN, PLLC



Adam Rujan
Partner

Memorandum

To: Consolidated Government Committee
From: Adam Rujan/Plante Moran
Date: June 8, 2012
Re: Cost Savings Calculation – Shoreline City Comparison

The first method we used to determine savings related to consolidation was to compare the “overhead” costs of Saugatuck and Douglas against those of comparable cities. This memo describes the data used in the comparison and the results.

Overhead definition

We defined overhead as all spending categorized as General Government and Community and Economic Development as defined by the State of Michigan reporting structure. These cost data are reported to the State annually on the form F65. Costs included and excluded in these categories are:

Included	Excluded
• City Council	• Public Works
• City Manager	• Buildings and Grounds
• Treasurer	• Water & Sewer
• Assessing	• Police
• Clerk	• Fire
• Elections	• Library
• Finance	• Parks & Rec
• Economic Development	• Debt Service
• Planning & Zoning	• Various Commissions

Peer Communities

A combined Saugatuck and Douglas is anticipated to be organized as a Home Rule City in the State of Michigan. The combined population would be 2,157 based upon the 2010 census.

We defined peer communities as those with the following characteristics:

- Home Rule City
- Approximately 2,157 residents
- Located near the shoreline of one of the Great Lakes

We found 11 communities in the lower peninsula of Michigan that reasonably fit this description.

- New Buffalo
- Bridgman
- Watervliet
- Ferrysburg
- Montague
- White hall
- Charlevoix
- Hart
- East Jordan
- Harbor Beach
- Sandusky

Results

We found that the combined overhead costs of Saugatuck and Douglas in 2011 were \$1,147,009. In fact, this was consistent over the past 3 years, averaging \$1,191,498.

The 2011 average of the peer group was \$613,020. The average of the past three years for this group was \$541,499. In order to ensure a true comparison, we also calculated the average with the outlier quartiles removed (we removed the 2 highest and 2 lowest spenders from the group). The 2011 average spending of the group of 7 peers was \$558,158, with \$466,815 as the 3 year average.

These comparisons strongly suggest that a combined Saugatuck – Douglas will cost an estimated \$575,000 to, as much as, \$700,000 less to operate than separate municipalities. We believe that it is very reasonable for the combined overhead costs of a consolidated Saugatuck-Douglas city to approximate the average of this group of 11 peers. This equates to a conservative savings estimate in excess of \$500,000, or \$250 per resident, every year.

**Comparison of Overhead Costs with other Shoreline Cities -
2011**

Michigan Shoreline Cities of Approximately 2,200

Residents

Outliers Removed (2 highest/lowest spenders)

<u>City</u>	<u>Population</u>	<u>Municipal Overhead Expenses</u>	<u>Municipal Overhead per person</u>
New Buffalo	1883	\$562,592	\$298.77
Bridgman	2291	\$448,057	\$195.57
Watervliet	1735	\$346,628	\$199.79
Ferrysburg	2892	\$576,429	\$199.32
Montague	2361	\$660,754	\$279.86
East Jordan	2351	\$764,977	\$325.38
Harbor Beach	1703	\$547,625	\$321.56
Average	2174	\$558,152	\$260.04
3 Year Avg		\$466,815	\$214.75
Douglas	1232	\$566,782	\$460.05
Saugatuck	925	\$580,227	\$627.27
D-S Combined	2157	\$1,147,009	\$531.76
3 Year Avg		\$1,191,498	\$552.39

SAVINGS POTENTIAL

LOW

Assume current average
of Douglas and Saugatuck
Expenses =

\$573,505

\$573,505

\$265.88

HIGH

3 Year Average vs.
comparison group
Expenses =

\$466,815

\$724,683

\$335.97

Data Source: Munetrix.com data subscription service, 2011 State of MI Form F65

**Municipal Overhead
includes:
General Government
Community and Economic Development**

**Comparison of Overhead Costs with other Shoreline Cities -
2010**

**Michigan Shoreline Cities of Approximately 2,200
Residents**

Outliers Removed (2 highest/lowest spenders)

<u>City</u>	<u>Population</u>	<u>Municipal Overhead Expenses</u>	<u>Municipal Overhead per person</u>
New Buffalo	1883	\$566,647	\$300.93
Bridgman	2291	\$202,436	\$88.36
Watervliet	1735	\$257,706	\$148.53
Ferrysburg	2892	\$578,899	\$200.17
Montague	2361	\$419,838	\$177.82
East Jordan	2351	\$594,451	\$252.85
Harbor Beach	1703	\$354,203	\$207.99
Average	2174	\$424,883	\$196.67
Douglas	1232	\$512,230	\$415.77
Saugatuck	925	\$563,741	\$609.45
D-S Combined	2157	\$1,075,971	\$498.83

**Comparison of Overhead Costs with other Shoreline Cities -
2009**

**Michigan Shoreline Cities of Approximately 2,200 Residents
Outliers Removed (2 highest/lowest spenders)**

<u>City</u>	<u>Population</u>	<u>Municipal Overhead Expenses</u>	<u>Municipal Overhead per person</u>
New Buffalo	2438	\$589,709	\$241.88
Bridgman	2407	\$271,641	\$112.85
Watervliet	1743	\$138,926	\$79.71
Ferrysburg	3059	\$608,196	\$198.82
Montague	2283	\$438,300	\$191.98
East Jordan	2215	\$581,999	\$262.75
Harbor Beach	1587	\$293,110	\$184.69
Average	2247	\$417,412	\$181.81
Douglas	1182	\$749,888	\$634.42
Saugatuck	1008	\$601,627	\$596.85
D-S Combined	2190	\$1,351,515	\$617.13

Section B
Organization Chart/Budget Analysis



Memorandum

To: Consolidated Government Committee
From: Adam Rujan, Plante Moran
Date: June 8, 2012
Re: Cost Savings Calculation – Organization Chart Comparison

The Consolidated Government Committee requested that Plante & Moran validate expected cost savings that may result from a consolidated Saugatuck and Douglas. This secondary method included careful examination of the 2012 City budget documents, and the preparation of a “consolidated” 2012 budget to determine if cost estimates appear consistent with peer cities.

This analysis focused only on “overhead” departments. We defined these as follows:

Included “Overhead Departments”	Excluded Service Departments
<ul style="list-style-type: none">• City Council• City Manager• Treasurer• Assessing• Clerk• Elections• Finance• Economic Development• Planning & Zoning	<ul style="list-style-type: none">• Public Works• Buildings and Grounds• Water & Sewer• Police• Fire• Library• Parks & Rec• Debt Service• Various Commissions

The 2012 Saugatuck budget prepared by the City includes an organization chart and a detailed budget corresponding to each office. The City of Douglas has a similar document. The organization chart for each are attached, the full budget documents are available on the City websites. Number of positions are shown on the organization chart.

Results

A combined organization chart was prepared, along with a consolidated budget. This organization chart and budget is typical for a city of 2200 population and very consistent with peer communities.

Planned 2012 spending for overhead departments by Saugatuck was \$478,115 and \$653,130 for Douglas, a combined \$1,131,245. As shown in the attached Budget Analysis we are reasonably confident that a combined city could be administered for less than \$600,000 annually, resulting in annual savings of well over \$500,000, or about \$250 per resident.

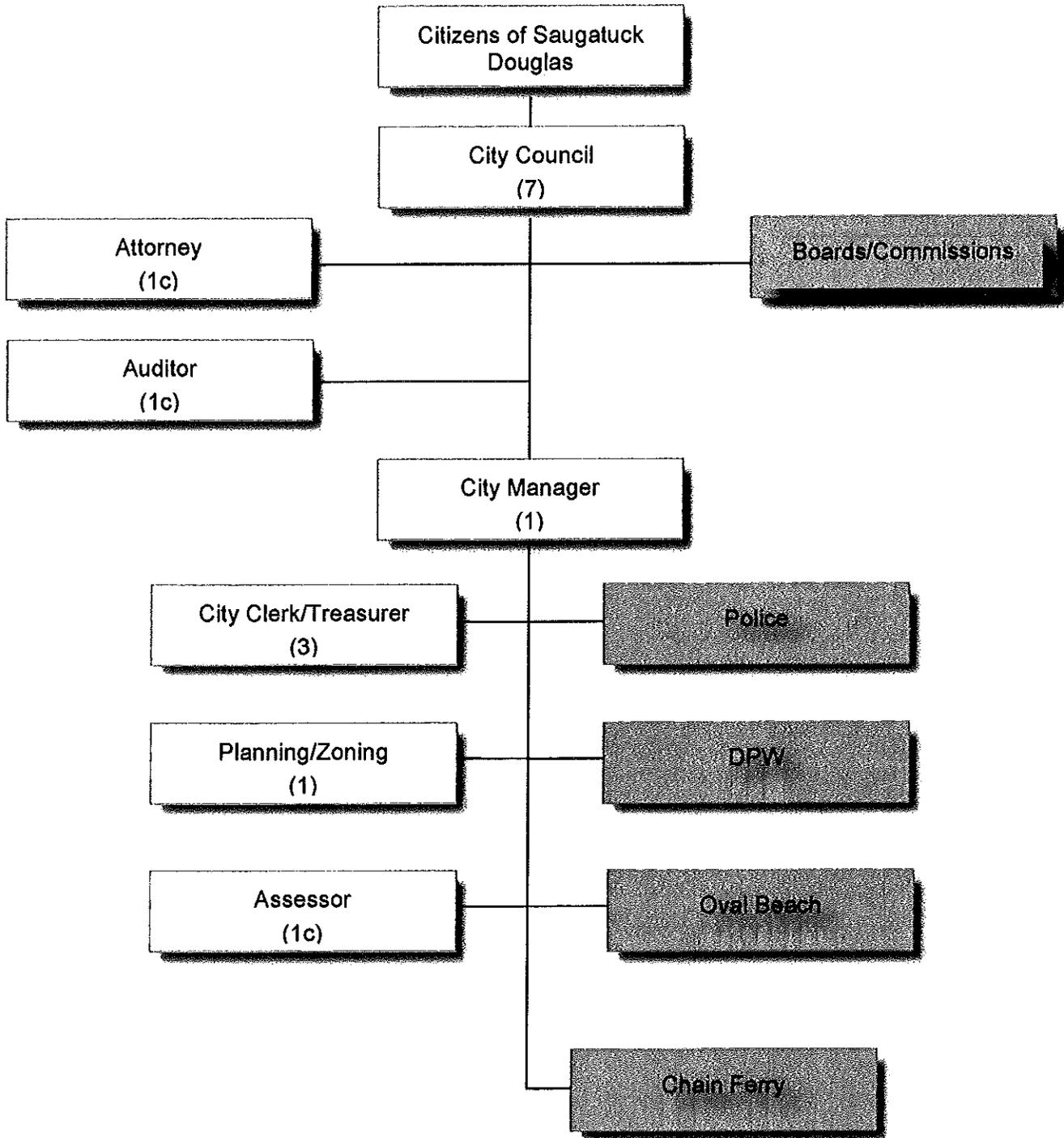
Budget Analysis - Overhead Departments

<u>Department</u>	<u>Saugatuck 2012 Budget</u>	<u>Positions</u>	<u>Douglas 2012 Budget</u>	<u>Positions</u>	<u>Proposed Combined Budget</u>	<u>Positions</u>
City Council	\$18,390	7	\$14,430	7	\$20,000	7
Attorney	\$35,500	1(c)	\$45,000	1(c)	\$45,000	1(c)
City Manager Office	\$136,500	1	\$116,050	1	\$128,000	1
Auditor	\$12,500	1(c)	\$10,500	1(c)	\$12,500	1(c)
Assessor	\$37,625	1(c)	\$45,700	1(c)	\$55,000	1(c)
Planning Office	\$48,950	0	\$170,350	1	\$100,000	1
Elections	\$4,000	0	\$3,600	0	\$7,600	0
City Clerk Office	\$94,850	1	\$247,500	3	\$220,000	3
Treasurer Office*	\$89,800	1	\$0		\$0	
Total:	\$478,115		\$653,130		\$588,100	
Savings:					\$543,145	

***Note:**

Clerk and Treasurer Offices combined at Douglas.

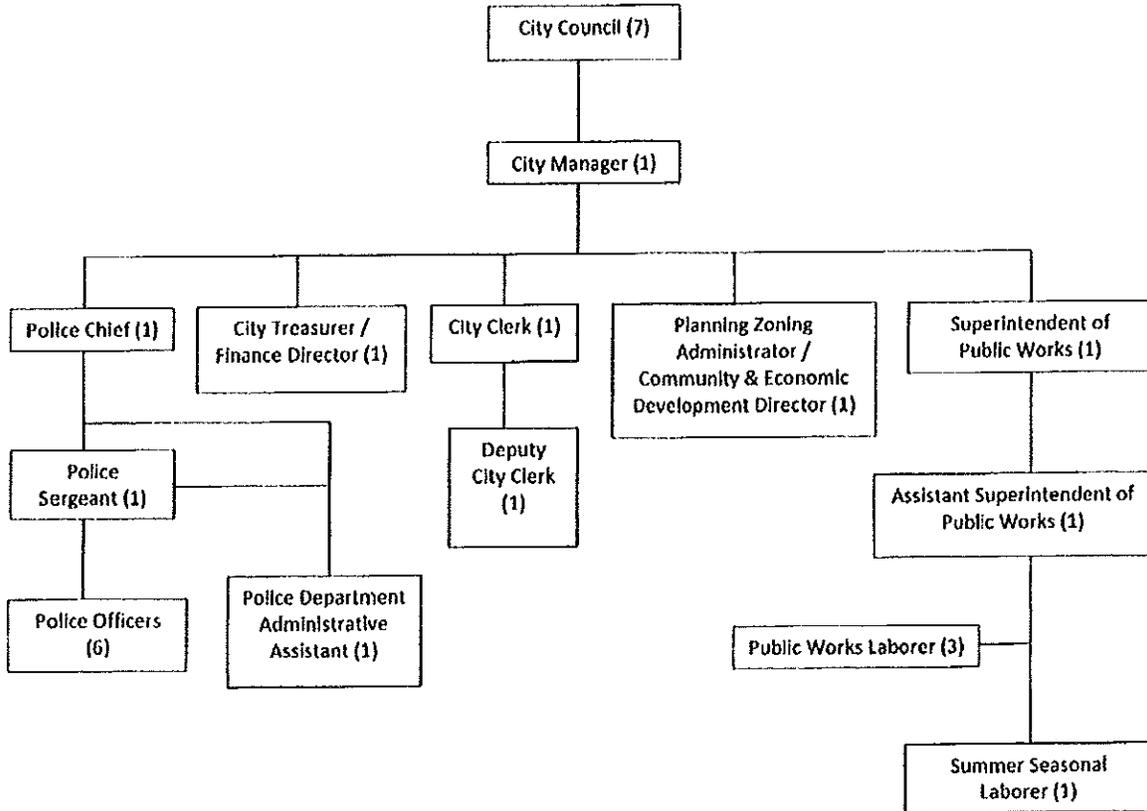
Proposed Combined Organization Chart



C = Contracted Service

 Shaded portions reflect area not examined

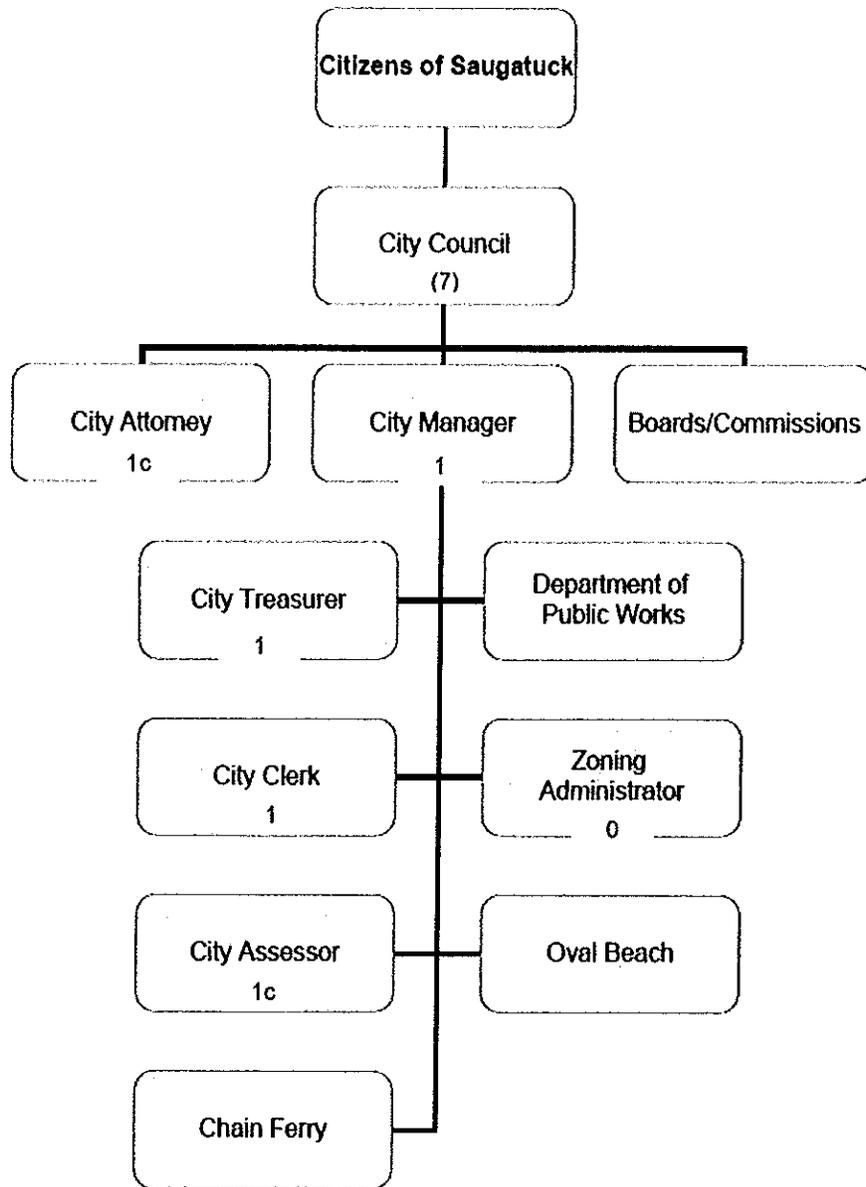
Douglas Organizational Chart



Other:

Attorney	1(c)
Auditor	1(c)
Assessor	1(c)

C = Contracted Service



Other:
Auditor 1c

C = Contracted Service

Shared City Services
in Saugatuck and Douglas

Consolidated Service-Providers with Taxing Authority

Kalamazoo Lake Sewer and Water Authority: The KLSWA is a public utility which provides drinking water and sanitary sewer service to the City of Saugatuck, the Village of Douglas, and selected areas of Saugatuck Township. The KLSWA is governed by a Board of Directors which includes residents of Saugatuck (2), Douglas (2), and Saugatuck Township (1).

Saugatuck Township Fire District: A public utility which provides fire and rescue, and EMT services to the City of Saugatuck, the Village of Douglas, and Saugatuck Township. The Saugatuck Fire District is governed by a five-person board with one member from each community, and two at-large members.

Saugatuck Douglas Interurban Transit Authority provides public-transportation Services (including demand-response, and two-day-a-week point-to-point service to Holland) to residents of the cities of Saugatuck and Douglas, and Saugatuck Township.

Saugatuck-Douglas District Library: Provides service to all residents of Saugatuck Township, the City of Saugatuck, and The City of the Village of Douglas. Card-holding members can check out books, music and movies on discs. Our newest collection includes eBooks and eAudioBooks. The Library offers Wi-Fi and computers on the Internet.

Contracted Service-Providers Without Taxing Authority

Saugatuck Douglas Police Department provides law enforcement and public safety services to the residents of the cities of Saugatuck and Douglas. The department is Operated by the City of the Village of Douglas, with Saugatuck service provided By contract.

The Allegan County News



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The Commercial Record

The Plainwell & Otsego

Union Enterprise

Kal Harbor: Less talk, more action urged

By Scott Sullivan

Wednesday, August 25, 2010 12:54 PM EDT

Editor

Whither the harbor committee? An Aug. 11 letter by member John Phillips to peers calls for them to act in addressing problems cited four years ago as threatening "the economic and cultural lifeblood of our community."

Deliberations, he says, have been many, but solutions few.

The cities of Douglas and Saugatuck in 2006 commissioned Ann Arbor engineering firm JJR to conduct a \$40,000 study meant to help them deal with Kalamazoo Harbor issues, perhaps most urgently siltation choking boat traffic.



Tower Marine employee Brad Fiala stands amid knee-deep waves and weeds, far from shore. (Photo by Scott Sullivan)

The waterway, called the "lifeblood" and "economic engine" of the communities in JJR's subsequent 138-page technical report, was last dredged comprehensively in 1936. Such work today might cause up to \$45 million, the study said.

In July 2008, Douglas—whose then-Mayor Matt Balmer said the process of dealing with issues was "moving as slowly as harbor sludge"—approved creating an Ad Hoc Kalamazoo Harbor Master Plan Committee.

The City of Saugatuck and Saugatuck Township joined Douglas naming three representatives each to a group charged with reviewing the JJR report, working with professionals and providing specific recommendations on how to best implement improvements described therein.

The committee first met in March 2009 and has continued to do so more or less monthly since then. Mem-bers have explored and concurred on

the value of forming a harbor authority to oversee funding, improvements and operations along the waterway, but remain uncertain how best to do so.

They are even less sure where the money comes from.

The good news, if you could call it that, is that Kal Harbor contains PCB-contaminated sediments "thanks" to paper mills upstream—enough so that in 1990 it and the rest of the Kalamazoo River downstream from the mills were named a U.S. Environmental Protection Agency Superfund site, eligible for federal funds through that program.

The bad news is that the EPA, whose money cup has not runneth over, has only released funds so far for river cleanup east of Allegan, nearest the plant sites. "I don't expect to see Super-fund money for Kai Harbor in my lifetime," said committee chair Harold Thieda.

The committee has explored Superfund de-listing so that the harbor might be eligible for Great Lakes Legacy Act funds, and pursuing federal Great Lakes Restoration Initiative dollars to help with dredging, but rolled craps so far.

The group's most-recent meeting last month saw then-Republican-U.S.-Congressional hopeful-now-nominee Bill Huizenga discuss funding options, including ways to help Saugatuck-based Lakeshore Microboost continue testing a bioremediation process that would render PCBs within dredging spoils inert, developments member Felicia Fairchild called "promising."

In the meantime, silt accumulates unabated. Water levels have risen since 2006, but so has sediment beneath them. Tower Marine owner R.J. Peterson, who at age 84 wants to sell his 500-slip marina to a harbor authority yesterday, if not sooner, takes journalists on boat rides to show what he calls "ridiculous" depths and weed growth.

Kal Lake's southeast portion, facing less- and less-used docks in Saugatuck, looks like Bermuda's Sargasso Sea.

Peterson favors what he calls a more cost-efficient plan than harbor-wide dredging, using rebuilt bulkheads on land next to his marina, plus intermittent structures placed strategically in Kal Lake to restrict current flow and increase velocity to a point that silt doesn't settle. The proposal, he says, would flush sediment through to Lake Michigan and alleviate need for constant adjacent dredging.

He applied to the Michigan Department of Environmental Quality (since folded into the Department of Natural Resources and Environment) in 2007 for a permit to install a sheet-piling seawall and backfill in the lake/river just northwest of the Blue Star Bridge, but saw it shot down by the agency nine months later.

"The proposed activity," said DEQ Land and Water Management Division District Supervisor Kameron Jordan, "would destroy existing wetland and negative-impact habitat for breeding, nesting, feeding and cover for a wide variety of wildlife species."

Peterson agrees his proposal needs further research, but feels a functioning harbor will serve the community better than a wetland. Although he applauds the committee's efforts, he believes its reporting to three separate governments hamstringing efforts and represents one more inefficiency that might be addressed through consolidating these entities.

In November, studies funded by Peterson through the Saugatuck-Douglas Chamber of Commerce were presented showing local taxpayers could save \$2.2 million while maintaining or even improving services. A consolidation committee announced Aug. 10 it was preparing maps and petition language to take to the Michigan Boundary Commission, and ultimately to voters of the jurisdictions, seeking sanction of such a



Garden Center Events...

Sat., July 14, 10:00am - Twice as Good: Culinary Herbs w/Medicinal Benefit by Ruth Zwold

Sat., July 14, 1:30am - Insects and Diseases in the Veggie Garden by Barry Andersen

Wed, July 18, 6:30pm - Art in the Arboretum: bring your own artwork to share. Refreshments. Readings begin at 7:00

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merger.

But the process of doing so could take years.

"Our harbor is shrinking," Point Pleasant Marine owner Max Matteson told the Douglas City Council Aug. 16. "Not a day goes by that another boat doesn't get stuck out there.

"If we don't do something soon, we will have a creek running through with wetlands and will no longer be a resort community," Matteson said.

Council that night gave Peterson special venue, in a committee of the whole session, to present his views on the harbor after declining to do so since September 2007 under ex-city manager David Kowal.

Saugatuck City Council allowed Peterson, whose Tower Marine lies in Douglas, to present it a workshop on harbor issues Oct. 8, 2007. Kowal, however, claimed that, "creating a special section on the agenda for a private businessperson to espouse his personal opinions and beliefs about this highly-technical and sometimes-controversial public matter would be inappropriate."

Kowal, who helped spearhead the committee approach instead, resigned May 2. Council, under new manager Bill LeFevere, has been more receptive to the marina owner.

"Since we formed this committee," said Phillips, whose letter was discussed at the Aug. 16 meeting, "our purpose has been to follow and implement the Kalamazoo Harbor master plan (written by JJR four years ago). During this period, we have struggled to come to a tangible action plan that would facilitate the beginning of this implementation."

"We've had lots of discussions that don't get us closer to getting money," said council and committee member Bob Sapita.

Phillips called for:

- Appointing a specific committee member to compile information and serve as a liaison with hired consultant JJR and other key entities.
- Create a tri-community-based authority to govern and improve the harbor.
- Form a plan to obtain and maintain Tower Marine after Peterson retires.

"The authority could and should be doing many things even as we speak," said Phillips, "from positioning buoys, to making depth maps, handling dock permits and organizing fundraisers."

Peterson, he continued, "has stressed to us he would like an exit strategy in place by December of 2010. I feel he is presenting our committee an excellent opportunity to turn our harbor into a truly special place to visit.

"As a long-term marina patron," he said, "I have gotten to know the summer residents who seek out Saugatuck-Douglas and enjoy all of its offerings from the marina life, bringing in guests for the festivals and holidays, restaurants and shops and well-known beaches and dunes. It is the lifeblood of our economy and vital to our sustainability ...

"With an impartial audit and recommendations from experienced marina managers, I feel (acquiring Tower Marine) could be a definite boon to the communities it services.

"We have been appointed to represent our communities, produce a solution and move forward... for the future of our primary commodity, the resource that sustains our community, the Kalamazoo Harbor," Phillips said.

336

Statement of the Problem

“Given the current physical constraints of the Kalamazoo watershed, it is likely that the deposition of sediment will continue to occur throughout Kalamazoo Lake, eventually reducing the lake to nothing more than a narrow river channel.”

- Guy A. Meadows, PhD

Professor and Graduate Program Chair, University of Michigan
Naval Architecture & Marine Engineering, 3/13/2007 Letter

30

2007 "Preferred" Dredge Plan (Alt 2)

- *More comprehensive dredging program for recreational use of Kalamazoo Lake*
- *Initial Dredging of 1,000,000 cubic yards*
- *More incentive for private development, day use of harbor, and economic stimulus for local economy.*
- *Initial Cost: \$35-\$45 Million*
- *Dredging could be completed in stages*
- *Annual maintenance dredging still required*

10-3d

Saugatuck, Douglas sign on to new harbor authority

By JIM HAYDEN

The Holland Sentinel

Posted Nov 16, 2011 at 09:27 AM

Last update Nov 16, 2011 at 11:53 AM

Business News

[JP Morgan's Earnings Quietly Signal Housing Rebound](#)

[10 Fastest-Growing Drunk Nations](#)

[5 Great Cities for Gen Yers](#)

Saugatuck — The Kalamazoo Harbor Master Plan Committee's ship has sailed — and Saugatuck and Douglas residents are now waiting for a new arrival that is designed to revitalize the area's waterfront.

The 3-year-old harbor committee held its last meeting Tuesday at Saugatuck High School to witness the signing of documents that create the new Kalamazoo Lake Harbor Authority.

"It was a lot of hard work," said Harold Thieda, chairman of the now defunct committee. "It took longer than I thought."

Suggested Stories

[Updated: Dave Barry out as superintendent of Zeeland Public Schools](#)

[Fruitport man dead in single car crash](#)

[Cody Maatman, 16](#)

From the Web

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[Tour Brad Pitt's Malibu Home for Sale \(HGTV FrontDoor\)](#)

[Jennifer Aniston's Bel Air Home | Photos Inside the \\$21 Million Estate \(JustLuxe\)](#)

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The committee was originally formed in late 2008 by the cities and Saugatuck Township to find funding to dredge Kalamazoo Lake. Members first met in March 2009 and by that summer realized state and federal dredging and maintenance money was scarce. The group then turned its attention to forming an authority.

Saugatuck Township dropped out of the process as the committee moved toward establishing an authority.

Both cities have held public hearings and approved a Act 94 Water Resource Improvement Tax Increment Finance Authority and an Act 7 Interlocal Cooperation Agreement that creates the new authority to dredge and maintain the harbor. Any funding for projects still would come from the cities because the authority cannot tax. The city councils must approve any expenditure.

On Tuesday night, representatives from Saugatuck and Douglas signed the new interlocal documents. Members will be named to the new authority board either late this year or early 2012, said Douglas City Manager Bill LeFevere.

Video



[Harbor Agreement Signed](#)

"Some people have been working on this for a long time," said Douglas Councilwoman Martha Hoexter. "We really appreciate something is happening."

Besides dredging and maintenance of the harbor, the new authority will have to address possible contamination because the lake and river are part of an Environmental Protection Agency Superfund site. Douglas is also investigating the possible purchase of Tower Marina to make the facility a municipal marina.

After the signing, officials from both cities congratulated members of the disbanded committee.

"You got it done. It's not an easy thing," Saugatuck City Councilman Barry Johnson told Thieda.

"It's a final wrap," Saugatuck Mayor Jane Verplank told members of the old committee. "You're dismissed."

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The Vision

The Saugatuck-Douglas Harbor is integral to the economic vitality of the community. Issues of water quality and navigability must be funded and addressed in the near term, and a sustainable long term plan for maintaining water quality and navigability long into the future must be established.

10-3f

The Problem

The Dredging Analysis presented in September of 2011 summarized years of studies and proposed a path forward that reduced the dredging costs from \$40 million to around \$12 million, achieved in \$2-4 million phases, with annual maintenance dredging costs ranging from \$50 to 150 thousand per year.

The problem is now smaller, but funding remains a challenge.



Kalamazoo Harbor

ECT | Edgewater Resources

I. Initial Costs

A. 2007 Preferred Plan \$35M-\$45M

B. 2011 Community Plan \$4M-\$5M ?

C. Off-Site CDF Cost

10,000 LF Pipeline \$ 500,000

Inlet \$ 50,000

Outlet/CDF \$ 250,000 (park?)

\$ 800,000+

Dredge 120,000 CY

@ \$10/CY \$1,200,000

\$2,000,000 \$2M-\$4M

II. Annual Maintenance Dredge Costs

10,000-36,000 CY/year @ \$5-\$10/CY =

\$50,000 - \$150,000 per year



Kalamazoo Harbor

Costs

Potential Funding Sources

- *Boat Slip Allocation*
- *Shoreline Property Owner Assessment*
- *Community Tax Base*
- *County Tax Base*



Kalamazoo Harbor

Funding

10-35

Funding Potentials

- 1. Boat Slip Allocation**
1,000 slips @ \$100/slip/year
@ \$200/slip/year
Annual
\$100,000
\$200,000
- 2. Shoreline Property Owner Assessment**
Lake Michigan to Blue Star Highway
6.0 miles
of frontage
(\$/LF)
- 3. Community Tax Base**
?
- 4. County Tax Base**
?
- 5. Assessment/Bond Cost**
\$1,000,000 @ 4% @ 20yrs = \$73,582/yr

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June 26, 2012

Sent Via First Class Mail and Fax to (269) 857-1377

Mr. Roland J. Peterson
 Tower Marine
 216 St. Peter Drive
 Douglas, MI 49406

RE: Kalamazoo Lake Harbor Authority, Inc.

Dear R.J.:

From our last telephone conversation, you asked me to put together a summary of what I understand the status is of the Kalamazoo Lake Harbor Authority, Inc. (the "Harbor Authority"). I have an unsigned copy of the document called the "Interlocal Agreement concerning the Kalamazoo Lake Harbor Authority, Inc." There is also information on the website for the Harbor Authority. Lastly, in our conversation with Kirk Harrier, he provided some background of the Harbor Authority and what has been done to date. To the extent it's helpful, I have enclosed an unsigned copy of the Interlocal Agreement and content from their website.

From the conversation with Kirk and as indicated on the website, the Harbor Authority was created in December of 2010. As I mentioned previously, I do not have a signed copy of the Interlocal Agreement mentioned above, or any of the governance documents (which would include the Articles of Incorporation and the Bylaws). I would suggest that we obtain a copy of these documents. Ideally, this could be done informally through Kirk. Otherwise, we would be able to get them through a request under the Freedom of Information Act. Let me know how you would like to handle this.

Based on the unsigned agreement I have, the City of Saugatuck ("Saugatuck") and the City of the Village of Douglas ("Douglas") are the parties to this agreement and members of the Harbor Authority. The agreement created an authority (which is a corporate body) under the Urban Cooperation Act, MCL 124.501 etc. It proceeds to cite as a basis for its existence the Water Resource Improvement Tax Increment Finance Authority Act, Act 94 of 2008 (the "Act"). I have also enclosed a copy of the Act. The Act provides the Harbor Authority with the power to conduct a number of activities, including:

- Marketing and business attraction efforts;

- Assisting developers in applying for loans, grants, or approvals;
- Working with other local governments on economic development programs;
- Working with state and local government in planning and developing infrastructure projects;
- Acquiring property and engaging in various amounts of construction, rehabilitation, and repairs; and
- Accepting grants, assistance funding, or loans.

To have authority under the Act, it requires that a "Water Resource Improvement District" be created. This is done through a process in which each of the members adopts a resolution of intent. Then, a public hearing needs to be set. Finally, the governing body of the members (i.e. their city councils) adopts an ordinance establishing the district. I am not aware that any of these activities have happened. On a "proposed" schedule which was attached to the Interlocal Agreement, it notes that there would be a vote to create the district mentioned above. It would be advisable to ask Kirk if this has been done and even get a copy of the resolutions and ordinance.

The main issue that has not been pursued to my knowledge is established any meaningful funding sources. Under the Act, there are three different financing options. One would include issuing revenue bonds (to finance any improvements). The second would be to establish a tax increment financing plan. The third would be to levy special assessments. Each of these has different requirements and processes to put them in place.

In summary, it would be helpful to obtain the governing documents of the Harbor Authority (Articles of Incorporation and Bylaws). Secondly, we should confirm if there has been any action taken under the Act to establish the Harbor Authority as a Water Resource Improvement District. Lastly, we should find out what the Harbor Authority's plan is to finance its activities.

If you have any questions regarding this letter before your meeting, feel free to contact me at your convenience. Thanks.

Very truly yours,

CUNNINGHAM DALMAN, P.C.

By 
P. Haans Mulder
J.D., M.S.T., CFP®

Enclosures
PHM/sh

Another weakness is the poor quality of development along Blue Star Highway. Development along this corridor does not exhibit any coordination and it is not aesthetically appealing. Furthermore, this corridor has nothing to really distinguish it from any other commercial strip in the United States. To that degree it adds nothing to the tourist's impressions and, to the degree that it is antithetical to the quaint, small town atmosphere, it actually detracts from the tourism experience.

Three Local Governments

A final weakness is that there are three units of local government in the Saugatuck area. The issue has been raised about the overlap in services and the added costs.

Another important issue in this regard is the difficulty in responding to problems. For example, in the issue of development along Blue Star Highway, it passes through all three jurisdictions and each has its own zoning requirements. Or, in the case of harbor management, all three jurisdictions have water frontage. However, as was discussed as a strength, the three local governments have been able to cooperate on some issues, yet there are still many areas in which more joint efforts could be effective.

One of the solutions that has been offered is to merge the three government into one, or at least to merge the City and the Village. This would certainly alleviate some of the problems, such as overlapping services and cooperative response to area wide problems. There are good reasons to support such a solution. However judging the feasibility of and political support for such an option is beyond the scope of this document.

Opportunities

Acknowledgments

Saugatuck City Council

Jeff Spangler, Mayor

Linda Kinnaman, Mayor Pro Tem

Catherine Simon

Mark Bekken

Barry Johnson

Cynthia McKean

Henry VanSingel

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Saugatuck – Douglas Convention and Visitors Bureau

Executive Director

Felicia Fairchild

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From: Frank Lamb <jfslamb@comcast.net>
Sent: Monday, July 02, 2012 12:11 PM
To: Dan Fox; R.J. Peterson; Catherine Simon; Max Mattison; Bobbie Gaunt; Steve Hutchins; Jim Storey; Travis Randolph
Subject: Fwd: Response to the 2 Q's

Begin forwarded message:

From: Lynn R Harvey <harvey1@msu.edu>
Subject: Fwd: Response to the 2 Q's
Date: July 1, 2012 7:41:18 PM EDT
To: jfslamb@comcast.net

After reading the followup on the SBC hearing I felt like I was back in the West Iron High School in Iron River listening to all the naysayers listing all their fears and opposition such as: attempt to discredit any economic analyses and studies; charging that vested interests were behind the consolidation; everything is fine, nothing is broken so why move forward; can't rust outsiders who advise a course of action, etc, etc, etc. It appears the opposition really got out the negative speakers. I'm a bit surprised by Manager LeFevere's castigation with the Plante and Moran study, a bit of a paradox for a city manager that relies on studies to serve as input into the decision making process of a city. Keep the faith and move forward. Lynn

Date: Tue, 19 Jun 2012 13:41:08 -0400
To: jfslamb@comcast.net
From: Lynn R Harvey <harvey1@msu.edu>
Subject: Response to the 2 Q's

Two questions were identified for followup at Monday's meeting:

(1) If the proposed boundaries in the initial petition are reduced, such as, eliminating the township area and leaving jsut the two cities, does a new petition need to be filed?

The answer is no. MCL 123.012a (State Boundary Commission Act) permits the SBC to alter the boundaries subject to the approval of the Director of DLEG. This provision was added subsequent to the Iron River Consolidation.

(2) Who determines whether a Charter Commission is appointed or elected?

The two cities may choose to appoint the Charter Commission. Each city much adopt a resolution indicating their desire to appoint the Charter Commission and file the adopted resolutions with the State Boundary Commission after the SBC authorizes the consolidating units to proceed with the preparation of a charter. If the two cities do not adopt a resolution, the default position is that the SBC orders an election of Charter Commission members.