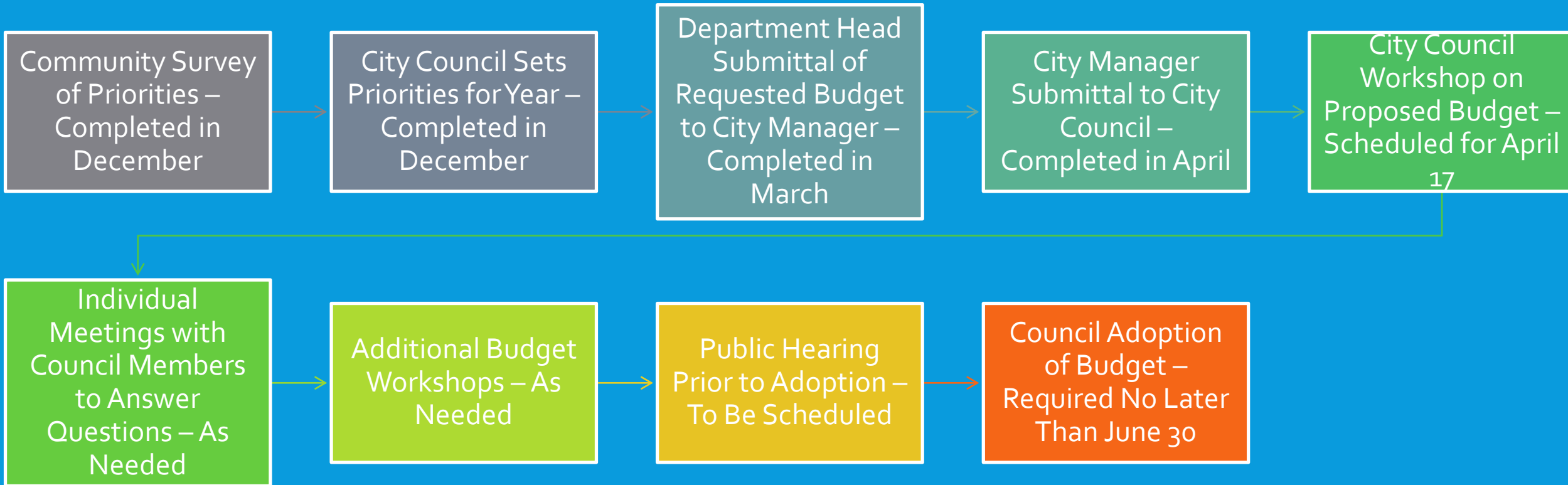




Proposed Budget Presentation
Fiscal Year 2024-2025



BUDGET PROCESS

PURPOSE AND DEVELOPMENT

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

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

GUIDING PRINCIPLES

- **Fiscal Responsibility:**
 - “City Council and staff will serve as stewards of the City’s fiscal resources in safeguarding assets, planning long-term financial stability and maintaining adequate contingency reserves. Fiscal activities will be justifiable, efficient, effective, transparent and accountable.”
- **Maintain and Improve Public Infrastructure and Facilities:**
 - “The City of Saugatuck understands the very basic foundation of any successful municipality is a well maintained and sustainable infrastructure that meets the functional needs of the community.”
- **Friendly, Honest and Transparent Government:**
 - “The City of Saugatuck is committed to providing timely and accurate information about City services and openly sharing information about City actions, events and decisions to our residents and businesses in the most friendly, honest and transparent manner possible. Our commitment is to our customers.”
- **Position Saugatuck as a Recreational and Cultural Center That Attracts Visitors:**
 - “The City of Saugatuck will capitalize on our diverse community and our respect for the City’s history, unique character and natural resources. We will develop facilities and amenities that promote Saugatuck as a small-town tourism destination.”
- **The City’s Employees are its Most Valued Asset:**
 - “None of the high level of services that Saugatuck City residents, businesses and visitors enjoy would be possible without the City’s small but highly trained and dedicated workforce. The City of Saugatuck strives to treat all employees fairly in their job position classifications in order to recruit and retain the best employees who are focused on public service and are always willing to work with all stakeholders in achieving success”

FUNDS

The City of Saugatuck currently has six separate funds.



101 - GENERAL FUND

Largest Fund

Government resources and activities not listed in other funds



202 - MAJOR STREETS

Maintenance and construction of the Major Streets System



203 - LOCAL STREETS

Maintenance and construction of the Local Streets System



301 - DEBT SERVICE

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



592 - WATER/SEWER

Fees collected for water/sewer



661 - MOTOR POOL

Maintenance of the Motor Vehicle Fleet

ORGANIZATION

11 Full Time Staff

- City Manager
- City Treasurer
- City Clerk
- Director of Planning and Zoning
- Department of Public Works Superintendent
- Assistant DPW Supervisor
- Deputy City Clerk/DPW Administrative Assistant
- DPW Maintenance Workers
- DPW Maintenance Worker/Oval Beach Manager

5 Seasonal DPW Maintenance Staff

25 Seasonal Oval Beach Staff

Contracted City Attorney

Contracted Sheriff's Deputies

Contracted Engineer

Contracted Planner

Contracted Assessor

CITY AT A GLANCE

Census Population: 865

Square Miles: 1.47

Housing Units: 916

Median Household Income: \$113,309

Median Age: 58

Parks: 330 acres

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

Roads: 11.5 miles.

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

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

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

WHERE DOES EACH TAX DOLLAR GO?

CITY OF SAUGATUCK OPERATING	10.803
CITY OF SAUGATUCK ROADS	1.7772 (VOTED EXPIRES 2031)
CITY OF SAUGATUCK ROAD BOND DEBT	1.4000 (VOTED EXPIRES 2028)
SCHOOL STATE EDUCATION	6.0000
SCHOOL OPERATING	18.000
SCHOOL DEBT	3.4500
SCHOOL BLDG/SITE	0.5000
SCHOOL RECREATION	0.2500
SCHOOL INTERMEDIATE DISTRICT	6.1546
ALLEGAN COUNTY OPERATING	5.1619
ALLEGAN COUNTY ROADS	0.9654
ALLEGAN COUNTY SENIORS	0.4759
ALLEGAN COUNTY MED CARE	0.2448
ALLEGAN COUNTY CONSERVATION	0.0979
INTERURBAN TRANSIT AUTHORITY	0.5000
DISTRICT LIBRARY	0.4553
DISTRICT LIBRARY DEBT	0.3300
FIRE DISTRICT	2.5000

Principal Residence Exemption Properties



63%
Other Taxing
Entities

37%
City of Saugatuck

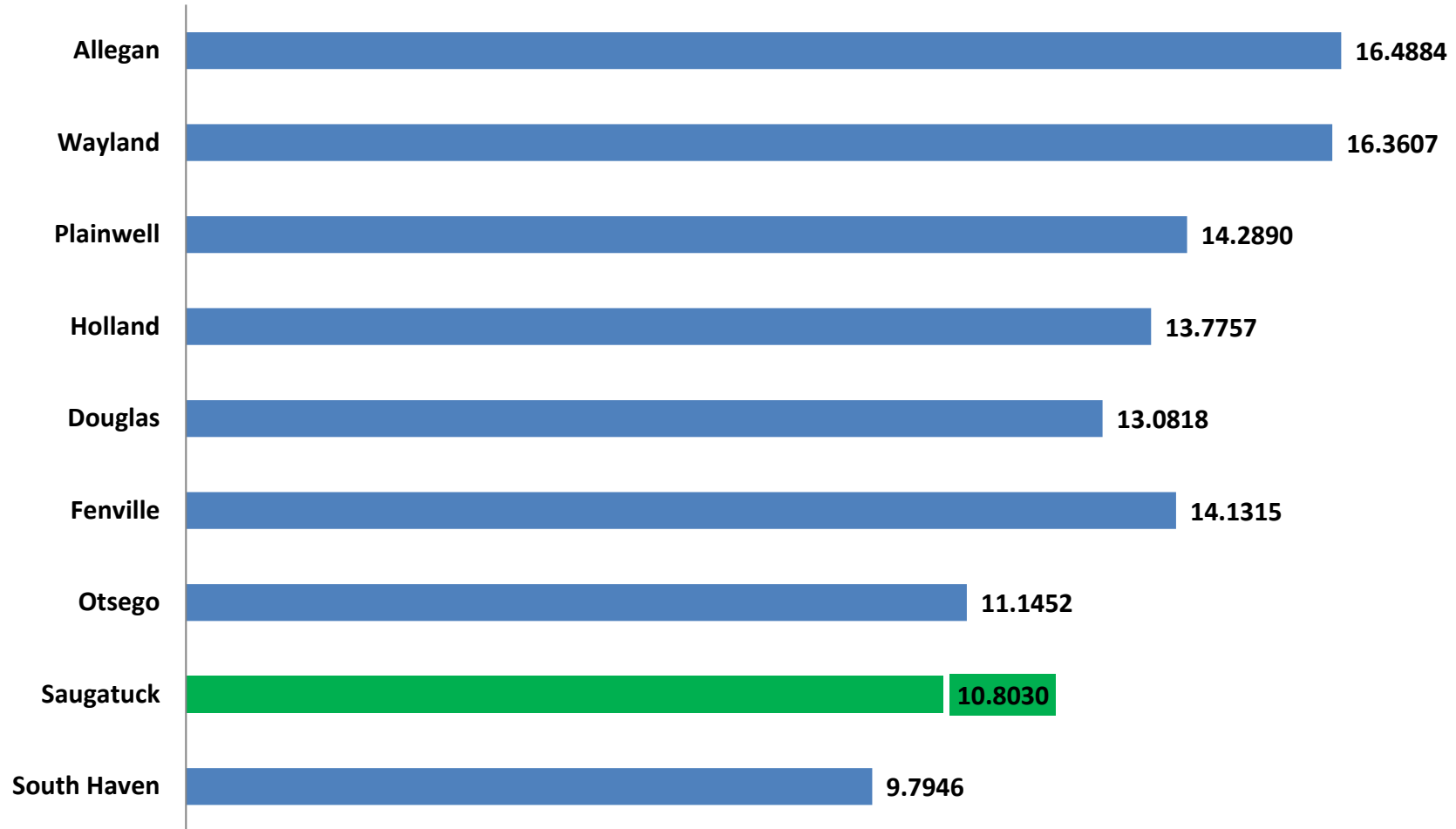
Non-Principal Residence Exemption Properties



75%
Other Taxing
Entities

25%
City of Saugatuck

HOW DOES OUR OPERATING TAX RATE COMPARE?



GENERAL FUND

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

101 COUNCIL

173 CITY ADMINISTRATION

215 CITY CLERK

253 CITY TREASURER

257 ASSESSING

265 CITY HALL

301 POLICE

441 PUBLIC WORKS

721 PLANNING/ZONING

723 HISTORIC DISTRICT COMMISSION

730 HARBOR

751 PARKS & RECREATION

756 OVAL BEACH

758 OVAL CONCESSION

760 SPEAR BOAT LAUNCH

965 TRANSFERS

GENERAL FUND BALANCE

City savings/cash reserves.

Total: \$5,828,000

- Restricted
 - Parks - \$1,000,000
 - Policy decision. Request may be made to apply Playground expenses against this.
 - Rose Garden - \$113,000
- Unrestricted: \$ 4,715,000

Very healthy.

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

GENERAL FUND REVENUE HIGHLIGHTS

Estimated Operating Millage Rate **Reduction** to: 10.588 mills

- Decrease of .215 mills due to Headlee Rollback

Real Property Tax Revenue **Increase** of \$111,500

- Largely due to required 5% CPI increase.

Permit Revenue **Up** Over Prior Years - \$100,000

- Largely due to zoning and historic district fee schedule adjustments in 2023, street dining, and increased fees for short-term rentals.

Interest Income - \$100,000

- Return on cash reserves has produced higher interest income than prior years. Interest rate reductions will have an impact.

Federal and Other Grants

- TAP and DNR Trust Fund for Blue Star Trail - \$1.6 million
- EGLE TMF for Lead Service Lines Inventory - \$175,000

Fund Balance Transfer - \$421,585

- Use of reserves to fund capital projects.

OVAL BEACH FEES

In 2021, the City Council reviewed the option to increase parking fees at Oval Beach. The conclusion of that review lead to no price increase for parking fees. At the Strategic Planning session held in December of 2023, it was decided that the City Council would like to revisit this topic to potentially increase the parking fees beginning 2024.

A historical summary of the City’s Oval Beach parking fee structure is below:

	<u>2008-2014</u>	<u>2015-2016</u>	<u>2017-Current</u>
Daily Pass	\$6	\$8	\$10
Season Pass	\$40	\$50	\$50
Taxpayer Season Pass	\$20	\$20	\$20

This table shows that there has been no price increase in Daily Pass fees since 2017 and no price increase for Season Pass fees since 2015. To keep up with maintenance needs, maintain competitive employee wages, and to continue funding park projects, and to maintain compliance with City policy, a price increase is being recommended by staff.

Options for City Council to consider are:

1. No price increases.
2. Follow staff recommended price increases as stated below.
3. Set alternative price amounts (policy amendment may be required for “Taxpayer” Season Passes).

Recommendation: Parking fees at Oval Beach in the amount of \$15 for Daily Passes, \$75 for Season Passes, and \$37.50 for Taxpayer Season Passes (increase per policy).

GENERAL FUND APPROPRIATION HIGHLIGHTS



Investment in Staff

Salary/Wage increases that will allow for both a cost of living adjustment and merit increases



Tablets for Boards

- \$5,000

To reduce packet printing costs



Contribution to July 4

Fireworks -
\$4,000



Elections - \$25,000

Early voting in August and November and needed voting equipment



File Scanning - \$10,250

Scan all historical files in basement so they are digital and searchable

LEGAL FEES

- **Reduced by \$125,000 from last years budget.**
 - City Council - \$250,000
 - City Manager - \$60,000
 - Planning/Zoning - \$65,000
 - Note: Portion of permit, license, and escrow fees covers these legal costs.
- **City remains in litigation with Dune Ridge**
 - Majority of legal fees are budgeted for this purpose
- **Other uses of legal:**
 - Reviewing agreements as required by City code.
 - Drafting ordinances.
 - Legal research related to various matters that arise.
 - Updated Water/Sewer Agreements
 - Supporting Enforcement
 - Attendance at meetings
 - Moving to Zoom for most meetings to reduce cost.

PLANNING/ ZONING

- **STR Enforcement and Inspections - \$63,000**
 - Granicus Third Party, Contracted Code Enforcement, Fire Department Inspection Fees
 - Revenue source to support through STR license fees
- **Project Coordinator/Executive Assistant - \$70,000**
 - An Officer Manager position was budgeted for the current fiscal year but not filled due to City Manager transition. Title, details, salary/benefits to be further reviewed with Council.
- **Zoning or Master Plan Updates - \$25,000**

Blue Star Trail – \$1.6 Million

- TAP and DNR grants covering most of cost.

Traffic Signal at Lake/Blue Star - \$200,000

- In conjunction with Blue Star Trail installation. Not grant funded.

Mt. Baldhead Park - \$500,000

- Replace bathrooms, upper deck, and retaining wall

Invasive Species - \$100,000

- Milfoil and others.

City Hall - \$10,000

- Review of internal space and options for remodel.

GENERAL FUND PROJECTS

MAJOR AND LOCAL STREETS

- **Funding Sources**
 - Act 51 – State Gas Tax/Registrations - \$190,000
 - County Road Millage - \$190,000
 - Local Road Millage - \$388,000
- **Major Street Fund Balance - \$777,000**
- **Local Street Fund Balance - \$2,000,000**

MAJOR STREET PROJECTS

- **Maple Street - \$100,000**
 - Engineering for water main and road replacement. Will also be evaluating sidewalk installation.
 - From the Engineer: Given the nature of the project and the number of other projects that are anticipated to be ongoing during this one, we anticipate the schedule will be somewhat fluid. In big picture terms, we anticipate:
 - Completing planning work in 2024 into early 2025
 - Formal design work in 2025
 - Construction in 2026
 - We expect a large use of streets (and possible water) fund balance (\$2.4 million) to fund this project in fiscal year 2025-2026.

LOCAL STREET PROJECTS

- **Contractual Services - \$384,000**
 - Street painting
 - Asphalt resurfacing (mill and fill) work in 2024:
 - Lucy Street near Holland Street
 - Francis Street, from Water Street to Butler Street
 - Francis Street, from Holland Street to near Elizabeth Street
 - Griffith Street, from Culver Street to Mason Street
 - Mason Street, from Grand Street to Elizabeth Street

MOTOR POOL

- **Cash On Hand - \$727,000**
- **Equipment**
 - Replace Wheel Loader \$500,000
 - Resale of old loader will help offset some of the cost.
 - New Pickup Truck - \$50,000
 - Salt Spreader for Pickup - \$15,000
 - New Zero Turn Mower - \$15,000

WATER – ASSET MANAGEMENT PLAN REVENUE

- **City Water Infrastructure Charge - \$300,000**
 - The recently approved Water Asset Management Plan included a recommendation by Baker Tilly that the City implement a water infrastructure replacement fee.
 - The revenue would help cover the cost of water main and lead service line replacements. It could only be used for water infrastructure purposes.
 - Two options were presented:
 - \$23 charge per month per Metered Equivalency Unit
 - \$20 charge per month per Metered Equivalency Unit
 - Saugatuck Township already had this fee for some.
 - Douglas has already implemented a similar fee consistent with Baker Tilly's recommendation to them.
 - **Staff will be bringing forth a request to implement the \$20 per month per MEU recommendation.**

OTHER IDEAS?

- **Park Street – \$34,000**
 - Engineering has submitted a proposal for conceptual design work on Park Street from Campbell Road through the Mt. Baldhead area.
 - Planning would incorporate a separate non-motorized path or sidewalk, to the extent practical, to improve safety for non-motorized users of the corridor. Consideration would also be given to removal of encroachments in the right-of-way and retaining the character of the corridor, balancing competing goals, where required.
 - The design team would include engineering professionals for the technical aspects of the project and landscape architecture on the project context, landscape, Mt. Baldhead and Chain Ferry area integration, etc. The Engineer advised this will be a somewhat iterative process as ideas are developed and feedback is received from the PPWC, Park Street Study Group (PSSG) and City Council.
 - This was not budgeted due to long term funding of the project not yet being identified and other projects ahead of it on the capital improvement plan. Council may still wish to move forward with further study.

QUESTIONS/COMMENTS/CHANGES