



**CITY COUNCIL WORKSHOP MEETING MINUTES
March 22, 2023**

The City Council met for a Workshop Meeting at 4:00 p.m.
City Hall
102 Butler St., Saugatuck, MI 49453.

1. Call to Order:

The meeting was called to order by Mayor Dean at 4:00 p.m.

2. Attendance:

Present: Mayor Dean, Mayor Pro-Tem Stanton, Councilmembers Baldwin, Gardner, Leo, Lewis and Muncey.

Absent: None.

Others Present: City Manager Heise, Director of Planning, Zoning, & Project Management Cummins, City Attorney Witte, Deputy Clerk Williams.

3. Agenda Changes: None.

4. Guest Speaker: None.

5. Public Comments on Agenda Items Only (Limit 3 minutes):

- Mark Shirey: Non-resident. Question regarding whether residents can apply for STR before construction is completed.
- Alex Maxwell: Non-resident. Not in favor of STR Moratorium.
- Jane Underwood: Resident. In favor of STR Moratorium.
- Richard Doherty: Resident. Not in favor of STR Moratorium.
- Sherry Tedaldi: Resident. Not in favor of STR Moratorium.
- Andy Kurrasch: Resident. In favor of STR Moratorium.
- No name given: Non-resident. Not in favor of STR Moratorium.
- Bill Underdown?: Non-resident. Not in favor of STR Moratorium.
- Heather Conley: Non-resident, Not in favor of STR Moratorium.
- Daniel Panozzo: Resident. Not in favor of STR Moratorium.
- Scott Solberg: Resident. Request to build a dock at 720 Park Street.
- Tammy Kerr: Non-resident. Century 21 affiliate. Not in favor of STR Moratorium.
- Phillip Palazollo: Non-resident. Not in favor of STR Moratorium.
- Brian Elmore: Part-time resident. Not in favor of STR Moratorium.

- Christine Murphy Pierce: Non-resident. In favor of STR Task Force, not in favor of STR Moratorium.
- Steve Manns: Resident, PC Chair. Explained that STR Moratorium only applies to new applications. Nothing would change with existing STR permits, everything would remain active during the STR Moratorium, and all current apps would be processed.
- Chris Peterson: Resident. Not in favor of STR Moratorium.

6. Discussion Items:

A. STR Moratorium:

There has been a steadily increasing number of applications for short-term rental certificates in the City and the City already has a large number of approved short-term rentals. These uses, if left unchecked, have the potential to impact housing availability, create land use conflicts, and alter the character of the City's residential neighborhoods.

The City Council established short-term rental regulations, including minimizing damage with loss of housing stock, as an essential priority for 2023. The Planning Commission established updates to the zoning ordinance regarding short-term rentals as a priority for 2023. The City Council recently approved a recommendation by the Planning Commission to authorize the creation of a Short-Term Rental Task Force to serve as an advisory committee in order to research and discuss the issue of short-term rentals.

City Council is responsible for passing police power ordinances. However, the Planning Commission was asked to make a recommendation to City Council on whether to adopt a temporary moratorium for short-term rentals. The Planning Commission reviewed and discussed the police powers ordinance at their regular meeting on March 16. The Planning Commission voted 5-1 to recommend that the City Council adopt a temporary moratorium ordinance for short-term rentals and that if adopted by the City Council, applications submitted prior to the date of adoption be processed consistent with the current procedures.

The proposed ordinance includes the recommendation by the Planning Commission that applications submitted prior to the date of adoption be an exception. The City Council may make any changes to the draft ordinance that it deems appropriate. The City Council may also decide not to adopt a temporary moratorium.

B. Waterfront Moratorium:

There is a recent increase in the demand to develop or expand structures and buildings along the waterfront. An increase in waterfront commercial development could pose significant environmental risks, due to the close proximity of the Kalamazoo River and Kalamazoo Lake. It is important to ensure that future waterfront commercial development is harmonious with the City by ensuring that existing zoning regulations protect the City's waterways, natural resources, economic land uses, health, safety, and general welfare.

The City Council listed a long-term vision for commercial and residential waterfront development as a desirable priority in their recent strategic planning meeting. In October, the Planning Commission raised concern about waterfront development patterns. The Planning Commission established updates to the zoning ordinance regarding waterfront development as a priority for 2023.

City Council is responsible for passing police power ordinances. However, the Planning Commission was asked to make a recommendation to City Council on whether to adopt a temporary waterfront commercial development and construction moratorium. The Planning Commission reviewed and discussed the police powers ordinance at their regular meeting on

March 16. The Planning Commission voted 5-1 to recommend that the City Council adopt a temporary waterfront commercial development and construction moratorium. The City Council may make any changes to the draft ordinance that it deems appropriate. The City Council may also decide not to adopt a temporary moratorium.

Should City Council impose a moratorium, staff intends to work in partnership with the Planning Commission and our consulting planner, David Jirousek, to:

1. Review of existing ordinance: What does it allow? Will it implement the master plan? Will it result in desirable waterfront development?
2. Review best practices and examples of waterfront commercial development guidelines and requirements.
3. Conduct an online survey with waterfront-focused questions and visual preference options.
4. Prepare zoning recommendations and potentially overlay district boundaries.
5. Conduct a public hearing and approval process.

C. EOADA Letter to Business Owners:

During the course of the COVID-19 pandemic, the City and many other local governments declared emergencies which allowed measures, including suspending specific ordinance requirements, to reduce the risk and spread of the virus. This included creating flexibility to expand dining outdoors. Part of this flexibility allowed restaurants to expand dining onto sidewalks and into the street.

Following the emergency measures and during a time of unknowns as it related to what would happen with the viral spread, the City Council continued to offer flexibility by adopting an expanded outdoor dining ordinance and policy in February 2022. This allowed for a licensee to temporarily occupy City streets.

The Zoning Ordinance considers expansions of restaurant seating into the right of way (which would include streets) as a special land use. A special land use requires a public hearing and site plan review by the Planning Commission. During the pandemic, because of the emergency and continued need for flexibility, zoning approvals were not required.

Staff have discussed that:

- Three summers of licensing approvals and expanded outdoor use by establishments downtown has created a hybrid of approvals, as well as likely some confusion on the necessary approvals for outdoor dining.
- Some establishments obtained prior special use permit approval for expanded dining on the sidewalks, received additional expanded dining on sidewalks under temporary licenses issued during 2020-2022, and additionally received licenses for the use of City streets or parking spaces under temporary approvals.
- Others may only have first started expanded outdoor dining areas based on the temporary licenses authorized during 2020-2022 and have no zoning approval.
- As a result, establishments will be returning for the summer in 2023 for approvals and will be likely operating under the assumption that a temporary license will be sufficient because of the multiple paths permitted by the City over the last few years during and after COVID-19.

- As COVID-19 is no longer at high levels of transmission, many communities are now working through how to bring restaurants with expanded outdoor dining into compliance with zoning code requirements.

Staff wishes to bring these issues to your attention and is seeking City Council feedback and endorsement of the following:

- Continued flexibility and staff discretion for temporary expanded outdoor dining during the 2023 spring/summer/fall tourist season. This would include following the same application process for temporary expanded outdoor dining licensing that occurred in 2022.
- Staff to work with legal counsel over the summer to make sure the zoning and other code requirements for outdoor dining are aligned.
- Provide restaurants with the attached letter advising that the City will continue its flexibility during 2023, but after November 1, 2023 all city codes, including zoning, will have to be followed.
- Staff setting up an open house after November 1, 2023, to further educate restaurants of the zoning and other code requirements for expanded outdoor dining and answer questions on how to apply for zoning approval for the 2024 season. This would allow restaurants to apply for zoning approvals during the winter months.

D. STR Task Force Recommendation:

The City Clerk provided notice that the city was accepting applications for the Short-Term Rental Task Force. Twenty-four applications were received. Fifteen residents applied and nine non-residents applied.

Planning Commission Chair Manns conducted phone interviews with the applicants. Following his interviews, he provided a recommendation to Mayor Dean of who should be invited to a second interview.

During the interviews it was found that many applicants could be considered for multiple stakeholder groups. Following the interviews, Chair Manns and Ryan Cummins discussed their recommendations with Mayor Dean and were able to reach consensus on the six applicants and the two representatives from the Planning Commission and one representative from City Council who should make up the task force. Mayor Dean will be providing the recommendations on who to appoint to the Short-Term Rental Task Force during Wednesday's workshop meeting. It is anticipated that the task force will begin meeting in the second half of April or early May.

E. Solberg Dock Request:

This is a request to extend a five-year street end/parcel structure-dockage license, including construction of a new dock (a portion of parcel number 0357-009-050-00).

F. Dock Agreements/Street End:

Annually the Saugatuck City Council reviews the renewal of Municipal License Agreements. The 2023 rate is calculated by applying the CPI (7.4%) calculated from the Bureau of Labor Statistics to the previous year's rate. Provided is a copy of the new rates. There are five-year agreements currently being reviewed for future staff recommendation.

G. QR Cod ask for CVB:

Request permission to partner with the Saugatuck Convention and Visitors Bureau (CVB) to print a QR Code on the back of Oval Beach and downtown parking day passes. The QR code will direct people to a web page hosted by the CVB specifically designed to provide information about 1) The Interurban 2) Current events 3) Restaurant/retail hours of operations. There were 41,000 day passes sold last season.

7. Public Comments (Limit 3 minutes):

- Alex Maxwell: Non-resident Businessowner. Questioned whether applications were still being processed.
- Steve Manns: Resident. Thanked Council & Planning Commission for helping to determine what is best for the community. He is fully in support of Council's decision.
- Ethan Barde: Non-resident. No one knows the town better than residents/business owners. Enforce current ordinances related to STR.
- Suresh Rajapakse– Resident. Applauds everyone who participated. Very pleased with the Task Force process. Grateful to Council for thinking of negative impacts of STR Moratorium.
- Sevryn Nowicki – Thanked Council for not voting on Moratorium.

8. Correspondence:

- A. Mark Kongrecki & Sevryn Nowicki
- B. Kathryn Sturm
- C. Mark Bubloski
- D. Barrie Schoessel

9. Council Comments:

- Councilmember Baldwin: Thanked Planning Commission and Council for getting the task force together. Thanked everyone who came out to voice their opinions.
- Councilmember Muncey: Happy to be part of the team. Would like as much participation for other board & committees. He appreciates the time going into it.
- Councilmember Gardner: Grateful and very humbled for serving this community. Thanked everyone who came out to speak. Thursday March 30, at the Holland rotary, he and Eric Gollanek with be presenting on Mt. Bladhead.
- Councilmember Leo: Thank You and echoed Baldwin and Muncey.
- Councilmember Lewis: She attended the travel commission meeting in Petosky. Many communities have staffing issues, housing issues and short term rental issues. These are the three major topics that the travel commission discussed.
- Mayor Pro-Tem Stanton: She appreciates the tone of the meeting and hopes that they can continue that same tone in future meetings.
- Mayor Dean: Thanked everyone that came and participated to have their voices heard. There is tomorrow is a court date before Judge Kengis.

10. Adjourn (Voice call):

Motion by Stanton, second by Leo to adjourn, upon voice vote, motion carried unanimously, and Mayor Dean adjourned at 6:53 p.m.

Respectfully Submitted,

Sara Williams
Deputy Clerk/DPW Administrative Assistant