



**CITY COUNCIL WORKSHOP MEETING MINUTES**  
**July 3, 2024**

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

**Call to Order:**

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

**Attendance:**

Present: Mayor Stanton, Mayor Pro-Tem Baldwin and Councilmembers Anderson, Dean, Gardner Muncey, White.

Absent: None.

Others Present: Interim City Manager/ Director of Planning, Zoning & Project Management Cummins, Attorney Jake Witte and Clerk Wolters.

**Agenda Changes:** None.

**Guest Speakers:** None.

**Public Comment on Agenda Items Only:**

Seth Arthur, non-resident: spoke on behalf of residents opposed to short-term rental caps.

Tim Straker, resident: thanked everyone for their hard work with the uncomfortable topic of short-term rentals. Confident tourists will not go elsewhere due to terrific work of the CVB.

Joe Clark: in support of short-term rental caps.

Ethan Barde, resident: opposed to short-term rental caps.

Bobbie Guant: supports short-term rental caps.

Steve Manns, resident: opposed to short-term rental caps.

Richard Williams, non-resident: opposed to short-term rental caps.

Tim O'Keefe, resident: opposed to short-term rental caps.

CJ Bagierek, resident: opposed to short-term rental caps.

Jane Underwood, resident: need a resolution to the problem of short-term rental caps.

Gary Kemp, resident: opposed to short-term rental caps.

Lisa Mize, non-resident: opposed to short-term rental caps.

Lisa Freeman, resident: opposed to short-term rental caps.

Sheri Tedaldi, resident: opposed to short-term rental caps.

Christine Murphy Pierce, non-resident: opposed to short-term rental caps.

Kevin Tringali, non-resident: opposed to short-term rental caps.

Jennifer Rhees, resident: opposed to short-term rental caps.

Tammy Kerr, non-resident: opposed to short-term rental caps.

Mark Klungle, resident: opposed to short-term rental caps.

Laura Durham, resident: opposed to short-term rental caps.

Jennifer Davenport, resident: opposed to short-term rental caps.

Dick Waskin, resident: opposed to short-term rental caps.

### **Discussion Items:**

#### Ordinance No. 240708-A, Amending the Water Regulations and Resolution No. 240708-A, Approving a Change in the City's Schedule of Fees to Establish a Water Capital Improvement Charge:

City Manager Cummins presented the following:

- In April 2021, the City agreed in a corrective action plan submitted to the Michigan Department of Environment, Great Lakes, and Energy (EGLE) to submit a Drinking Water Asset Management Plan (AMP) and associated Capital Improvement Plan (CIP) for the water system assets located within our jurisdiction.
- In September 2023, the City completed the AMP and CIP and City Council approved the submittal of a plan to EGLE.

A major component of the AMP was a recommendation from Baker Tilly to implement a water capital improvement charge to provide adequate cash flow to fund necessary future improvements to water mains and lead service lines in the City.

The need for a water capital improvement charge:

- **Aging Infrastructure:** The water infrastructure is aging, necessitating replacement to ensure continued functionality and safety.
- **Environmental Compliance:** New environmental regulations require improvements to the water systems. Complying with these standards is crucial for both regulatory adherence and the well-being of the community.

The rationale for capital improvement charge:

- **User-Pay Principle:** Charging for capital improvements ensures that those who benefit from the enhanced water infrastructure contribute to its costs.
- **Dedicated Funding Source:** Adding a separate line item on water bills for capital improvement charges creates a dedicated funding source specifically for infrastructure projects, ensuring proper and transparent allocation of funds.
- **Long-Term Financial Stability:** Implementing these charges allows us to establish a sustainable financial model for long-term capital improvement projects, reducing reliance on general fund budget allocations.

Baker Tilly's second scenario analysis estimated annual revenue of \$331,680 with a charge of \$20 per month per meter equivalent unit (MEU). A MEU is a water customer with a 5/8" meter size.

According to account information from the Kalamazoo Lake Water-Sewer Authority (KLSWA), 84% of City customers have a meter this size. For those with larger meter sizes, they would pay a higher proportion based on their meter size.

The Ordinance would be an amendment to water regulations and the Resolution would approve a change to the City's schedule of fees effective January 1, 2025.

### Planning Commission Recommendation for Caps on Short-Term Rentals in R-1 Residential Districts:

City Manager Cummins presented the Planning Commission's recommendation for caps on short-term rentals in R-1 residential districts. Planning Commission voted 4-3 in favor of adopting a 20% cap on short-term rental licenses in each R1 Residential District calculated based on the number of dwelling units currently in that district, with a provision to grandfather all existing short-term rental licenses until the property is sold or otherwise changes ownership, and a provision for full-time residents with a PRE to be allowed to short-term rent their home for up to three (3) weeks per year.

Some key features of the Planning Commission's recommendation are:

- It would only impact the R-1 zoning districts, which includes the Community Residential, Peninsula West, Maple Street, Peninsula South, Peninsula North (Duneside) and Peninsula North (Riverside) zoning districts. This recommendation would not impact R-2, R-3, or commercial zoning districts.
- It would be calculated by total dwelling units in each zoning district. By way of example, if a zoning district has 100 dwelling units, the City could not issue new licenses to new STRs if there were 20 or more already licensed within that district.
- It would not be retroactive, meaning that it will have no impact on the validity of issued STR licenses—it would only prohibit the issuance of new STR licenses until the total number of licenses in a given district drops below the cap. STR licenses are nontransferable (and never have been), so until the total number of licenses in a district falls below the cap, a change of ownership would result in a property no longer being eligible for use as an STR.
- Some aspects of this recommendation are open-ended, such as how the cap will be established, how frequently the cap will be adjusted, how available STR licenses will be issued when the number of STRs falls below the cap, and how the fulltime resident PRE exemption will work in relation to existing license requirements and the cap. The Council and City staff may need to fill in these gaps if the Council decides to accept this recommendation.

The City Council has three general options in responding to this recommendation.

- The Council may:
  - Accept the recommendation (with or without changes) and direct staff to implement the necessary ordinance amendments and other documentation for review and approval.
  - Reject the recommendation
  - 3) Remand the issue back to the Planning Commission for additional proceedings.

### **Public Comments:**

Christine Murphy Pierce, non-resident: expressed her concerns regarding her hardscape project on Mary Street.

Steve Manns, resident: thanked Planning Commission and Short-Term Rental Task Force for all their hard work. Noted the percentage does not need to be 20% if the council chooses to change, they can send it back to the Planning Commission.

Joe Leonatti, resident: asked Council to be careful limiting tourist access to walk downtown from short-term rentals on the hill.

Gary Kemp, resident: expressed his concerns that he believes Council sees voters more important than the whole community. He expressed his opposition to short-term rental caps.

Jane Underwood: gave history facts from her time living in Saugatuck.

Richard Williams, non-resident: challenged the statistics on short-term rentals. Noted \$50 per homeowner for the water service charge was too much money, suggested selling the airport property.

Mark Klungle: gave his perspective on the short-term rental surveys and statistics from the Planning Commission meeting.

Melissa Friedl, resident: concerned about property values with a cap, she has lived on the hill for 20 years and have had no issues with short-term rentals.

Dick Waskin, resident: noted there seems to be an elitism that only residents count.

Catherine Simon, resident: commented that Council doesn't want all the information before they vote on short-term rentals. She responded to Mayor Stanton's comment about boutique hotels.

#### **Correspondence:**

- Craig Baldwin
- CJ Bagierek
- Andy Kurrasch #1
- Andy Kurrasch #2
- Mark LaChey
- Doug Rodewald
- Brian Schipper

#### **Council Comments:**

- Mayor Pro-Tem Baldwin: Thanked all for participating. She noted that the City has been working on this for two years, and she doesn't take it lightly. She does not believe that anything they do will not have a negative impact.
- Councilmember Anderson: Thanked everybody for the healthy debate, everyone has learned a lot during the process. Gave a shout out to the Short-Term Rental Task Force for all their great work.
- Councilmember Dean: Wished everyone a great Fourth of July. It is about American democracy and the discussion that just happened is another great example. He was proud of all in the room for having a civil discussion about difficult issues.
- Councilmember Gardner: Thanked everybody for attending the meeting as well as all the comments they shared. Sometimes it's a challenge because people do bring up good questions and good topics which made him rethink things. He is learning more and more and hopefully has become a little bit humbler and have a better understanding of the community. He thinks Council should reject the short-term rental proposal. He does not only represent those who vote for him, he also represents those who come to the community to visit the business owners.
- Councilmember Muncey: Wished all a happy Fourth of July. Everyone has different opinions, but all can remain friends.
- Councilmember White: None.

- Mayor Stanton: Noted as far as her comment about having a boutique on Blue Star Highway. She has a lot of friends that own hotels and bed & breakfast in the area which are all different, lovely and fantastic. If there is room to growth in that area on Blue Star Highway that may be a good idea.

**Adjournment:**

*Motion by Dean, second by Baldwin to adjourn the meeting. Upon voice vote, motion carried unanimously. Mayor Stanton adjourned the meeting at 6:30 p.m.*

Respectfully Submitted

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Jamie Wolters, City Clerk