



September 10, 2025

Douglas City Council and City Manager  
City of the Village of Douglas  
86 W. Center Street  
Douglas, MI 49406

### **Request to Purchase Wastewater-Treatment Capacity**

Dear Mayor and Council Members,

Saugatuck Township greatly values our partnership with the City of the Village of Douglas and appreciates our joint commitment to solving regional challenges.

As the Council may be aware, the Township is rapidly approaching its allotted capacity in the regional Wastewater Treatment Plant (WWTP).

There is sewer infrastructure in the Township sufficient to carry wastewater to the WWTP, although the Township lacks necessary contractual capacity in the plant for treating wastewater. At present, the plant is operating at 47% of its design capacity, leaving substantial treatment space unused.

With the City of Saugatuck essentially built-out, future population growth and economic development will be divided chiefly between Douglas and the Township. Accordingly, the Township seeks to purchase additional treatment capacity to meet immediate capacity needs while delivering long-term financial and operational advantages to Douglas.

The Township respectfully requests to purchase **55,000 gallons per day (gpd)** of Douglas' unused treatment capacity. Consistent with the valuation method jointly adopted by our three communities, we are prepared to remit **\$252,340.00**.<sup>1</sup>

### **Background and Capacity Rationale**

The Township's immediate challenge is straightforward: projects already approved or pending will raise our flow to roughly 98,617 gpd within the next 18–24 months. Beyond committed capacity, we project a need for an additional 36,575 gpd for parcels previously reserved capacity that have yet to connect and parcels that will have sewer access upon an extension of the sewer system to serve a new residential development.

---

<sup>1</sup> Valuation of sewer capacity was calculated by adding the value of KLSWA capital assets (\$5,162,136) with sewer cash reserves (\$2,055,939), subtracting the outstanding debt (\$2,630,090) and dividing by the plant design capacity (1 mgd). Capacity is valued at \$45,879.85 per 10,000 gpd or \$252,340.00 for 55,000 gpd.



Per the existing Tri-Community Sewer Agreement, once a community exceeds 75% of its sewer allocation, a good faith effort must be made to secure additional sewer capacity from a municipality with unused excess capacity.

To stay ahead of that threshold, the Township secured a 14,000 gpd lease from the City of Saugatuck—raising our total capacity to 104,000 gpd—but leasing is a temporary measure.

Douglas currently owns 496,000 gpd of treatment rights, yet the WWTP is running at 47 percent utilization. Transferring 55,000 gpd to the Township would satisfy the Township's immediate capacity needs and provide a modest buffer to accommodate existing properties with reserved capacity while the feasibility of a plant expansion is studied.

After the transfer, Douglas would retain 441,000 gpd, supporting its long-range growth forecasts. To support Douglas in evaluating this request, the Township commissioned an independent Wastewater Capacity Study, which is enclosed with this proposal for Council's review.

### **Making Best Use of an Under-Utilized Plant**

The WWTP can treat 1 million gpd and is currently operating at 47% of that capacity. Making unused capacity available to the Township has strong advantages for Douglas:

- **Add new user-equivalents.** Every new Township account broadens the revenue base and eases future rate pressure on Douglas residents.
- **Provide funding to establish sewer project fund.** The \$252,340.00 payment for acquisition can be used to establish a Douglas Sewer Capital Fund devoted to main replacements and long-term system planning, protecting the General Fund from utility costs.
- **Shift future liabilities fairly.** By increasing its ownership stake, the Township will assume a proportionally larger share of any major repair or expansion costs, thereby reducing Douglas' fiscal exposure.
- **Preserve a unified, sewer-served growth pattern.** Granting capacity keeps development in the Township on public sewer; without it, new projects would default to community-septic systems, eroding KLSWA revenue and leaving Douglas residents to shoulder rising plant costs alone.

We believe this proposal puts existing infrastructure to work, lowers long-term costs for Douglas residents, and supports balanced regional growth. Thank you once again for your partnership and for considering this request. We strongly believe that we can solve even the most challenging of issues facing our communities with a collaborative, regional approach. I would be pleased to answer any questions or to meet with Council at its convenience.



Sincerely,

*Daniel DeFranco*

Daniel DeFranco  
Township Manager