

January 9, 2017

A New Year is upon us with great opportunity to move forward! I thank the citizens of Manistee for reelection to a second term on City Council and my fellow Council Members for the privilege of serving this next year a Mayor. Mayor Pro Tem Roger Zielinski led all Council Members with total votes in the election (the last two elections) and was a unanimous choice for Mayor Pro Tem.

Developments:

Edgewater continues toward completion, work will soon begin on the North Channel Apartments and Brewery, work will soon begin on the 13 “cottage condominiums” at the former Hotel Chippewa site, and the Joslin Cove County Brownfield project has been approved. I’ve added a Brownfield TIF presentation on Edgewater/North Channel to show that tax capture (that would have gone to the DDA/City) will mostly pay for City infrastructure projects that were necessary anyway, in addition to compensating the developer for reimbursable expenses under Brownfield). That represents approximately 84 housing units, with the first to be available early 2017. Green Acres has started the first phase (five phases planned) of expansion for their assisted living complex, and two other multi-apartment complexes have been identified for potential development, one at the former Glik site (400 River Street, Hollander Development), and the other at the former Oleson site (Council On Aging Service Center).

I’d like to very much see some job opportunities in addition to the housing. The Sunday Grand Rapid Press (January 8, 2017) had a great article on page A8 titled “City’s tax breaks working, report says,” over 4000 jobs averaging from \$26.30 in one example, to over \$32.63 in another – without the temporary construction jobs, were created since 2010. They are not building housing hoping people will come, they are building it because people (and jobs) have come. The City of Manistee continues to lose population, and lower tax millage townships and villages have been gaining that population at our expense.

Budget:

Work has started on updating the Strategic Plan and the first added Work Session has been scheduled for the 4th Tuesday in January to start budgeting. A priority will be sustainability (last year the term “unstainable” occurred five times in the Budget). I also hope to avoid any further erosion of the General Fund Balance, used for “cash flow” and a reserve for unexpected expenses – so will resist effort to use part of it to fund budgeted expenses. The City of Manistee was ask to present a plan to the State, based on three consecutive years of deficit budgets – I want to make sure we reverse that trend and proceed in a fiscally responsible manner. I encourage the public to be present and express their opinions during the process.

I’ve been researching Budgets as far back as 2004 - 2005 to see what changes took place, and it is informative. The discussions will be more detailed this year and every expense will be evaluated. A review of the City of Manistee Purchase/Salvage policy is scheduled for the January 10th Work Session as part of the process. With Mayor Pro Tem Zielinski now Chair of the Audit Committee, I anticipate a thorough review of expenditures and regular scheduled Audit Committee meetings that are posted and open to the public. Other documents of interests are a posted Operational Services Assessment conducted January 12, 2010 and Benchmarking the City of Manistee. These documents shed light on

the financial challenges of the City of Manistee and how Manistee compares to other communities – well worth the time it takes to review them. While other communities were cutting back, Manistee was “investing” during the peak decline period, and now has debt to service from a number of those projects. Some of the attached reports shed light on actions taken, it takes some time to read them – but there is nothing like being informed in the decision making process.

Services:

Public Safety Director David Bachman and Deputy City Clerk Mary Bachman have submitted their retirement notices, to be effective March 31, 2017. City Manager Thad Taylor plans to retain the current structure of Public Safety Director, rather than revert to separate Police and Fire Chief positions and has placed advertisements for that position. The Deputy City Clerk position will likely be filled by promoting an existing Finance Department employee and filling that vacancy with a new hire. The Public Safety Director interviews will be conducted by Mr. Taylor and at least two other Public Safety representatives from other communities. I requested public interviews, but there is no requirement for that format, and the City Manager is charged with selecting the candidate (with Council approval) by City Charter. Mr. Taylor has indicated the interviews and a “meet and greet” of candidates will not take place. He intends to offer a reception for the individual selected. The Deputy City Clerk is a City Manager position to fill.

Services will be discussed during the Budget process. I get pro and con feedback from citizens on the Police and Fire/EMS Departments – some think we can no longer afford the costs of these services at the level or format they are currently delivered, others state their willingness to bear the costs. What is the most cost effective method of delivery? Ludington has a “paid on call” Fire Department and a similar insurance fire rating to Manistee, at a substantially lower costs. Ludington has the same 3.3 square mile area as Manistee, with a higher population density.

Is it more cost effective to provide “in house” services, or contract? What collaboration can take place with other municipalities to better benefit the community and provide “economy of scale”? What resources (equipment and personnel) can be shared for better efficiency? There are a lot of options to be evaluated going forward.

Questions:

Where will we find the \$600,000 a year to maintain our streets recommended by the 2014 Street Commission?

How long can we continue to support the Ramsdell with citizen tax dollars without seeing some improvement in revenue?

How can we justify the various appropriations for non-government agencies?

MAPS Paine Pool - \$40,000 a year (10 year obligation)

Alliance for Economic Success (AES) - \$46,518 a year (County taxes pay also)

2-1-1 - \$3,000 a year (County taxes pay also)

Manistee Recreation Authority – \$28,500

Alternative for Area Youth (Youth Center) - \$13,000

Manistee County Baseball League - \$3,500

Manistee Saints - \$6,000

Manistee County Historical Museum - \$10,500

Public, Education, Government (PEG) channel - \$25,500

United Veterans Council - \$1,000

Ramsdell - \$70,000

When will we address the “unstainable” City employee retirement system that has been a concern for the past 8 years, with recommendations that have not been taken?

How much longer can we afford the current level of services in the City?

How will we grow our tax base with the constant pressure to provide abatements or payment in lieu of taxes to lure developers?

If we don't have livable wage job growth, how are we going to attract people and stop the decline in population we are experiencing?

It is easy to see areas of progress within the City – new businesses opening, investment interest are picking up and previous stalled projects (Edgewater/North Channel and Joslin Cove) are back on track for completion and should add to the growth of the community.

DDA:

The Downtown Development Authority (DDA) has a new Economic/Executive Director who is working to update bylaws and get committees moving on issues in the downtown area. I've reviewed a 2008 DDA Strategic Plan and brought it to his and the City Manager's attention – a lot of information and suggestions that were never followed up on in the past. We can't keep paying for assessments and reports, then ignoring the guidance offered.

Housing

A lot is being offered in need for housing in Manistee County, but little is specific to the City of Manistee. With over 84 units currently approved, how much more do we need? Previous surveys on how many apartments are available downtown over store fronts have not been completed – nor any indication of what the potential count could be. Statistics show slightly more than 37% of our Manistee's 1100 rental units available for \$499.00 (not including utilities) or less (includes Century Terrace Housing, 216 total units). What are the housing needs for Manistee?

As always, thank you for your support. I'll try to be more frequent with updates - Jim