

April 12, 2016 Budget Work Session –

The budget this year has a different format and provides not only proposals for 2017, but projections for 2018, 2019, and 2020 to see where we are going in the future. Five times in the budget the word “unustainable” is used – where projected revenue is short of expenses and demand is placed on the reserve fund.

Appropriations are over \$247,000 if this year’s budget. That’s up \$70,000 over last year because of the appropriation for the Ramsdell as opposed the previous operational subsidy where it was listed as a business. There is a project \$73,000 fund balance for June 30<sup>th</sup> in the Ramsdell account, \$20,000 of which will be returned to the general fund, the rest retained by the new governing board along with the \$70,000 appropriation for an operating fund of \$123,000 for the year. The debt for the roof and HVAC system continues to be paid from the Capital Improvement fund (last roof payment in 2017 and HVAC through 2027).

Alliance for Economic Success (AES) – I proposed ending the additional City payment of \$46,500 that is in addition to the \$90,000 provided by County taxes. It is simply a “show me the value” issue. What does the City get over and above what the rest of the County communities for the additional funding? No other community provides AES funding in the County. I’m told “it’s hard to quantify,” or “we can’t measure their value” in economic development. We’re still waiting for the \$14,000 refund on the failed Ramsdell study they facilitated for us. I’ll still pose the question, “what are we getting for our dollars”?

2-1-1 is another appropriation that duplicates the County – and the City is the only additional payer in the County. Why? What value is this service to the City taxpayer over and above their contribution through County taxes? It’s “only” \$3,000 so it does not get much attention, but it’s money that could be applied to something else.

Other appropriations – they are varied; Public Broadcast (PEG), Alternates for Area Youth (Teen Center), Manistee Recreation Authority (MRA), Paine Pool, Manistee Saints, County Baseball, and others. They add up and serve small portions of the City population.

More vehicle purchases are planned; a front end loader (to be financed), a police SUV, a special body pick up for the Fire Department. I wanted the purchases reduced to the level of cash payment – we don’t need to finance (go into debt) for any more vehicles. I seldom see the current police SUV on the road and with three cruisers, why is it needed? There is seldom a time when more than three officers are on duty at the same time and the Chief gets a vehicles allowance and detective sergeant has an unmarked car. Just asking why this is necessary in light of needing to take \$40,000 out of the reserve fund to balance the budget.

Departments are not charged enough to cover their vehicle purchase and maintenance costs, which somewhat understates the cost of providing the services.

I’ve thoroughly reviewed the budget and Capital Improvement Plan and have concerns about sustaining the level of spending that will put additional pressure on the reserve fund. We have \$1,300,000 in unfunded retirement liabilities and increasing contributions to fund retirement plans in the next three years. In the past Council borrowed for Marina cost overruns, the Ramsdell roof and HVAC, and the Arthur Street boat launch because resources to pay those expenses were not available. A new Fire truck was demonstrated yesterday with an estimated cost of more than \$800,000 that would require a special

millage to fund (voter approval). The Street Committee recommendation of a “dedicated millage” for City street repairs was also mentioned in the work session. I’m not sure I feel support for either.

The session lasted about 2 hours and 45 minutes – with pretty much an “old versus the new” member divide. We don’t have funds to spend because of obligations made in the past, and can’t seem to get out of that decision making mode.

I hope to see a lot of people at the Public Budget session next week, ready to share some opinions. I welcome your suggestions and comments - Jim