

April 19th Council Session –

Budget Issues:

There seems little interest in challenging budget items and the “status quo.” Asking questions about budget items and looking at potential equipment replacements seems discouraged. There is not a lot of Council effort (my opinion) in general put into the process. I know several members reviewed the budget thoroughly and saw areas we could save – but “majority rules” and there is agreement with the majority the budget is acceptable and the special work session for April 26th was cancelled – the budget will be voted on in the May 3rd Council session.

I really like the three (3) year out projections in this budget – it gives insight to the future.

What I don't like is consolidating the Downtown Development Authority (DDA) budget in the City Budget. Council should be able to have DDA make a presentation and state approval or disapproval as opposed to taking it as a “package” with the City Budget. There was a recommendation in the budget to reimburse the City \$30,000 for services that was cut to \$10,000. Councilman Zielinski ask if we were only going to provide service to the amount of reimbursement, and was told no. It's like going to the gas station and asking to fill a 30 gallon gas tank at \$2.00 a gallon with only \$20.00. The DDA gets \$277,000 of Tax Increment Finance capture from the City – and over 30% of it is now budgeted for salary and operating expenses. The DDA issue of extension will be coming before the council around June (expires in 2020 without extension or further Bond debt).

Appropriations (\$247,000 worth) should be dealt with in the same manner, have the agencies make a presentation to Council and demonstrate why the expense to tax payers is necessary. Getting the budget, the last week of March, then expecting it to be passed in two or three Council sessions is an unnecessary rush of the process.

There is \$5,000 for “custom software” to track Motor Pool asset maintenance – basically a spreadsheet. When I ask what was recorded now (paper forms), I was told we only have one Mechanic and they didn't want to tie him up filling out forms. Well, someone will need to take the time to enter the data into a computer – much like writing it on a form. It is unbelievable we don't have vehicle maintenance records to refer to in making decisions on replacements, other than what we spent the last time it needed repair.

There is an electric operated gate to secure the City garage (\$20,000). Similar to the one installed at our water tower. It takes too much time to get out of a vehicle and open and close a gate (that already exists). There is an expensive new disabled door in the budget for the Marina (has one now) that may be more expensive to maintain and operate.

A new Police SUV Interceptor to replace the current vehicle, a new ¾ ton pickup for the Fire Department (replaces a “hand-me-down” from Public Works and a high mileage sedan that was specifically bought for the Fire Chief). How many vehicles do we need? Do we need “Police Interceptors” for 2.5 square miles of the City (40 MPH speed limit max) and how much faster do they get there?

There is a need for a new Front End Loader, that will need to be financed (not enough cash in the Motor Pool fund). Departments are not charged enough for the repair and replacement of their vehicles to make “cash purchases.” I voted against the last installment purchase.

The list goes on – but I’m not going to list all of the items in the budget (the 144 page budget is posted on this website and the City of Manistee website). Often time the Capital Improvement Plan explains some of the budget items in greater detail (and future items).

Retirement funding is a glaring issue to me – and was an area of concern with several other Council members – but got no attention. Posted is a spreadsheet where I extracted budget data from 2008 through the current budget (and projections through 2020) and it is an issue. We have \$1.33 Million dollars in unfunded liabilities for retirement now – but it is pointed out we are in the “top 10%” of communities in the State in addressing this issue. In 2009/2010 it was reported going to MERS reduced the average cost to the City to \$49,000 from 2003 – 2005, saving \$88,000 a year over the previous system. The 2010/2011 then reported that average City contribution as \$75,000. This budget has \$300,000 of City retirement contribution, for fewer employees. The past 8 years have seen \$1.3 Million dollars paid in by the City – the current budget and three-year projection reflects an additional \$1.4 Million in payments. I’m told this is not an issue – but the cost increases greatly outpace the growth in revenue. Is it time to look at different plans for new hires – or is this not a concern of Council?

I’ve expressed concern over the ever rising rates for water/sewer. The rates are supposed to build reserves to “pay as we go” in maintenance and repairs of the system – yet there is a “potential bond” to build a retention basin to capture the current Combined Sewer Overflows (CSOs) we experience with almost any significant rain or snow melting. The cost of the current bonded sewer project was estimated at \$800,000 in 2008 (a priority) and is now approved at slightly over \$1.7 Million dollars. Putting important projects off cost us significantly more in the long run.

I apologize for not getting more done in this process. I’m not the lone voice in opposition. The word “consensus” is poorly applied when there is significant disagreement by any member of Council. I’ve spend considerable time and energy looking at budgets as far back as 2003 – it is difficult to track and make “apples to apples” comparisons because department structures have changed over that period of time, functions that were once performed are now contracted, and funding categories have changed. I agree with Councilman Zielinski that I’d rather step off a curb today than a cliff in the future by not paying attention to the issues in front of us. The word “unstainable” appears in this budget five (5) times – and that gets my attention. It is insane to think we are going to achieve different results when we do the same thing over and over again.

The budget sessions as reported by the MNA miss a lot of detail. The nearly 2 hour and 45 minute work session video on PEG is missing the last 45 minutes of the session. While it is not exactly entertaining, I’d suggest watching the Public Broadcast to see who is involved in the process. The public deserves a better effort.

As always – I appreciate your comments – thanks! Jim