

Looking forward -

Big Issues: Big issues will continue to command attention. You can be sure I'll be attending meetings where appropriate to speak out on them and promote the interest of the City. I may have lost the election – but didn't lose my voice and enthusiasm!

**The Budget** – continued growth of expenses without growth in revenue. Projections show use of Fund Balance (below target 20% now) to meet rising expenses. Page 31 of the 2018 – 2019 Budget addresses three key factors in maintaining a Healthy Fund Balance. Just thinking – when was the last time the Fund Balance exceeded 20% and excess funds transferred to the Capital Improvement Fund?

A quote from 2018 – 2019 budget, page 16 **General Fund:** *Projections show the general fund having increasing deficits moving forward. General fund revenue is not expected to grow at an adequate rate to maintain service levels and fund priorities moving forward, despite cost containment efforts. Adjustments will be needed in service levels or prioritization of resources.*

A quote from 2016 – 2017 budget page,7 **Transmittal Letter:** *To offset the decline in our taxable value and essentially stagnant State revenue sharing, the budget shows an increased reliance on inter-fund transfers to balance the budget. **This scenario is unsustainable, especially given that the City is levying the maximum millage allowed by City Charter and the constraints of Headlee and Proposal A.***

My last posted update highlighted the increased “Charge for Service” being levied from ACT 51 Street Funds received from the State and Refuse funds. When you need more revenue, just tap the Street Fund (instead of using to fix streets) or draw down the surplus in the Refuse Fund and raise the fees charged for Refuse. This “rob Peter to pay Paul” approach is not forward thinking. It's a “lets save today and worry about tomorrow when it gets here” approach.

I've got Budgets all the way back to 2003 and have invested hundreds of hours into research and study on the them – so you can be assured I'll be publishing on this site, writing letters to the Manistee News Advocate, and attending City Council sessions to speak out on Budget issues.

DDA quote from 2018 – 2019 Budget, page 16 **DDA:** *The DDA TIF plan is set to expire and further discussion about whether the DDA should sunset as planned or continue on need to occur. If it does continue, discussion between the DDA and City on focus areas, prioritization of capital projects and adequate reimbursement for City services needs to occur.*

The most recent budget that gives a perspective on the DDA is the 2015 – 2016 Budget, page 26.

It is interesting the estimated services provided by the City to the DDA exceed the revenue captured. As part of the TIF Committee, Public Works submitted an estimate of \$214,000 in “over and above services” they provide to the downtown district. The DDA Tax capture is only \$160,000 and they have been making a yearly bond payment of \$140,000 for Street Scape. I was shocked to hear that it cost the DPW \$40,000 a year to maintain the Public Restrooms downtown and at the Marina. We task the Beach Shelter vendors with cleaning of the adjacent restrooms during their operation, and they pay the City \$500 a month to operate the concessions. The DDA sunseting would result in the loss of \$100,000 of County and millage captured revenue. *The value of the DDA is grossly underestimated by staff.* The DDA is also a form of City Government. If the City was not desperately in need of additional revenue for

rising personnel costs, the DDA would not be an issue. Personnel cost have outpaced inflation and the pay scale needs a good independent review/overhaul to bring it in line with other municipalities.

It is even more interesting the City provides services to not-for-profits without reimbursement and is reluctant to recover those expenses (some of which are extensive as much as \$12,000). The City (taxpayer) provides the service and the not-for-profit banks the event profit without reimbursement to the City. If a resident needs assistance from DPW, they will be charged for it – reference the City Directory for the current hourly rates.

***Staffing Trends from 2018 – 2019 Budget, page 23*** *The City workforce has been reduced by 8.5 employees or 13% from 2004 to 2018. Staffing has been relatively stable since 2013. The biggest reduction has been in upper management where the number of department heads has been reduced from eight to five through consolidation of departmental oversight. Most of the reductions were the result of attrition, or not replacing an employee when they retire or resign. Future headcount reduction cannot be ruled out if general fund revenues do not start growing at a faster pace, or resource demands on the general fund lessen.*

This has been a recurring statement from past budgets, yet staff feels we can continue to offer abatements and long-term PILOTs for subsidized housing. There are two PILOTs existing now, Manistee Place and Rietz Park in addition to the Housing Commission. There are 500 existing subsidized housing in the City currently with 550 total units in the County. Can we really afford to continue surrendering tax base while adding to the service level? Does having 90% of the subsidized housing in the County have any bearing on the City median household income being \$6,100 below the County? It is interesting that municipalities complain about the loss of State revenue sharing, then give tax base away that equal or exceed that loss. Is this Economic Development? How many job opportunities do we create locally with these developments? Is the taxpayer responsible for subsidizing housing cost so employers can attract low wage staff? Manistee Township would be an ideal location for adding low income housing with Meijer's and Munson so closely located.

Need to continue eliminating Unfunded Liabilities – Defined Benefits show increasing cost and the next contract up is USW (2020). Need to transition to Defined Contribution for new hires, rehires, and transfers as was done for City Staff. *The current unfunded liability is \$3,272,588. 2018-2019 Budget, page 26.* I've pushed for retirement reform without majority Council support – it is the fastest growing expense in the budget and has gone from a surplus to an unfunded liability due to lack of action. The inequity of the MERS retirement is appalling – all employees contribute 4% of earnings, but the City contributes as little as 3.35% (United Steel Workers Union – Public Works) to more than 28% for the IAFF (Firefighters). The PW is near 100% funded and even with the outsized contributions to the IAFF, it is only 60% funded and bears the largest unfunded liability. The budget has indicated for years a need to increase employee contributions, without action.

2018 – 2019 Budget, page 58, **Police:** *Currently there are 4 patrol cars which patrol 50 miles of City streets. The department also has a car for the detective sergeant's use. During the summer months there is a bike patrol for community policing and summer events. Officers are expected to do foot*

*patrols daily throughout the downtown area, the Riverwalk and local beaches. A Polaris Ranger beach vehicle allows officers to patrol the beaches more effectively and respond to emergencies more quickly. Officers also assist the fire department at structure fires. Over the past several years, reductions in sworn officers have reduced road patrol time significantly. This results in less police presence and lower revenue from fees and fines. The department averages 1,400 documented complaints annually.*

There is growing discontent over lack of Ordinance enforcement. There is a dramatic falloff in citations and lack of statistical measures. Residents keep asking “what are we doing”? For the officers we have, vehicle miles we travel, 215 traffic violations a year is incredible – that’s .59 traffic citations per day for the entire police force (13 sworn officers) and an average of .05 a day for 11 officers (removing the PSD and Detective). That equates to each officer issuing a traffic citation every 20 days. But we do have an officer to spare for SSCENT (\$8,600 grant versus \$75,905 average POAM annual cost). Why did we max out our millage to hire an additional officer due to need for community safety when we loan one out, largely at our expense? A serious update of the Budget is needed for Police as there has not been a reduction in personnel in the past several years. Have you ever tried to call a Police Officer? Good luck! You call Central Dispatch and they decided if you need an officer dispatched. The bicycles were transferred to the Marina for guests use several years ago, so bicycle patrols do not exist. How many hours a week do officers spend on foot patrol. We have not had a reduction in officers since 2012 (the last 6 years) and added one in 2014. The 1400 complaints average 3.8 per day average. We must have the most law abiding, safest driving community in the nation!

	Performance Dashboards							
	2010	2011	2012	2013	2014	2015	2016	2017
Felony Arrest	75	106	86	102	136	138	107	102
Misdemeanor Arrest	559	804	479	448	493	576	433	378
Crimes Against People	512	531	130	350	585	593	684	728
Property Crimes	359	357	297	338	425	748	203	221
Tickets	872	1015	458	434	299	546	244	215
Fire Runs	28	26	20	29	23	19	25	15
Medical Runs	780	921	860	903	1192	972	940	971
Other (assist) Runs	117	176	131	139	86	271	238	233

**Revenue Sharing:** The \$5,300,000 in lost revenue sharing since 2002 equates to \$311,765 per year average. The City build a new Marina (\$800,000 cost overrun), new Beach Houses on 1<sup>st</sup> Street and 5<sup>th</sup> Avenue Beaches, and a new Fish Cleaning Station as well as \$2,000,000 in a roof and heating and cooling system for the Ramsdell. We continued appropriations of more than \$172,000 a year when many municipalities were cutting them. The City took on debt when it did not have funds to pay for improvements at the Arthur Street Boat Launch. Past decisions put us where we are – not the lack of revenue sharing. City Staff did not make recommendations (hard choices) and City Council did not press the issue. Roger Zielinski has repeatedly ask “what staff and service cuts are we looking at” and repeatedly been told “it depends on Council priorities.” You can be assured Street Funding will be the first target of staff. The idea of a Headlee Override Millage (higher taxes) to take the place of current tax support is a priority of the City Manager due to the lack of revenue growth to support expenses that are

not being aggressively managed. Someone has to “step-up”. Street funding has increasingly become revenue through rising “charge for service” and depreciation dollars have not been set aside. It’s all about decision making.

Ludington set aside \$40,000 a year for three years to rebuild a Beach restroom – they didn’t borrow tomorrows dollars. What a novel idea!