

February 10, 2015 Council Work Session

The Street Committee Final Report was the first item for the work session. Of particular interest to me were recommendations on funding – such as a dedicated 2% of the General Budget (estimated at \$120,000, 80% of the unobligated Capital Improvement fund, and increasing the current Oil & Gas fund 4% spending rule to 4.5%, with the additional .5% going to the street fund. We need to generate around \$600,000 a year to make progress on our road conditions (long term at that level) and that would equate to \$200,000 for major and \$400,000 for local street funds. Since it was a work session, no votes took place (standard for work sessions – generally only “support surveys” are taken for further action in regular City Council Sessions) on this issue and surprisingly little discussion took place. I offered support for the 2% General Fund, the 80% of unobligated (and possibly reallocating some of the obligated), and funds above the 4% spending rule based on investment performance, to be evaluated on an annual basis. There is precedence in using funds from Oil & Gas – two loans were granted by the Investment Board for the Arthur Street Boat Ramp (approximately \$118,000) and to cover cost overruns for the Marina (\$274,000) with an interest rate of 2% (to replace loans from the Water and Sewer Fund). These loans were from the earnings, not the investment and royalty portion of the account. A bank loan to cover the rest of the Marina cost overrun (over \$300,000) was taken out at 3.25%. The Oil & Gas Board gave a significant discount in market rate interest to the Boat Ram and Marina. The Marina has been unable to pay principal on the loan in 2012, 2013, and 2014 with the loan being re-amortized on an extended schedule. In 2013 a \$125,000 payment from the Oil & Gas was approved above the 4% spending rule to allow a proposed 15% Water and Sewer rate increase to be held to only 10%. With the 2015/2016 budget a month away, we’ll have an opportunity to assess each element of the budget for street funds. I realistically acknowledge the streets did not get in the condition they are overnight (long term neglect and underfunding) and it will take some time to get them restored – but we need to start now. Make sure you let your precinct councilmember know this is a priority to you!

The Strategic Plan is being updated and will include “stakeholder” input as recommended by Councilman Gustad. In the present format, the “goals” are general, without specifics – more along the line of “objective.” Goals should be realistic, attainable, and measurable. Street improvement for example could be expressed based on known condition (poor, fair, good) and the number of road miles desired to improve ratings. We have general cost values per road mile for crack sealing through complete rebuilding, so with a budgeted number of dollars should be able to set some specific goals each year and measure our success from where we started to where we ended up. The Strategic Plan is a multi-year outline and is adjusted each year (about every three years with “stakeholder,” or citizen input along with City Council activity). The most current document is on the City of Manistee website and also posted as a PDF attachment to this update for your convenience.

The final item on the agenda with the Peninsula District. The Planning Commission has done a great job of evaluating the previous 2007 plan and zoning that has done little to encourage development and presented a revised plan to move development forward. Some “use by right” classifications were added (such as Dog Grooming and Greenhouse) and the issue of shipping or port use recommended as a “special use” option that would require application for specific purposes under specified conditions to the Planning Commission and approval by City Council. A legal opinion from the City Attorney will be offered in a “closed session” prior to the February 17th City Council meeting. This site was originally designated a renaissance zone, the came under a “Cool Cities” grant in 2007 (terms have been met for grant retention), and the remaining concern is due to a prior property sale and potential liability to the

City of Manistee due to the terms of that sale and potential shipping activities (which again would require a recommendation from the Planning Commission and approval by City Council). I favor the improved development potential for this district, but will not support it until satisfied no liability exist to the citizens of Manistee.

Recent documents I've observed indicate Filer City has ceased discussions with the City of Manistee (ongoing negotiations for about four years) on the extension of sanitary sewer service into their community. A recent MNA article indicates the Little River and Filer City have signed an agreement to provide the service to the township. It is not cost effective for Filer City to develop their own sewer treatment facility. The proposed Little River line would run under Manistee Lake and be pumped to the Little River treatment plant. This could potentially impact some of the largest customers the City of Manistee serves (Oaks Detention Facility and other development along the M55 and US31 North corridor). I'll post additional information as it becomes available.

A recent download of the City of Ludington proposed 2015 Budget reflects the city Assessor actual cost in 2013 as \$195,541 and a proposed 2015 Budget for this function of \$207,200. Ludington was promoted as a model for cost savings through contracting, rather than "in house" assessing. By contrast, our Level III assessor (we only require a Level II) with 22 years of tenure was \$119,862. The plan is to replace the retiring Assessor with a Level II in house, and savings should be realized with a corresponding level of personnel cost (average salary from a survey indicated slightly over \$37,000 and could bring our Assessor Department under \$100,000). I'm not sure where the \$60,000 City of Ludington cost came from – but the budget tells a different story.

Ludington is a larger city than Manistee, in area and population. But as a comparison some of the budget numbers stand out. The City of Ludington operates a "paid volunteer" Fire Department and has an estimated 2015 Budget of \$212,000 – versus the \$971,781 budgeted in Manistee for 2015 (Manistee also collected \$217,000 in Transport charges for 2014 and is on track for a similar amount this year as an offset to expenses – it is recorded in the General Fund as revenue instead of income to the Fire Department). I'm not advocating a change – just pointing out how a neighboring community operates with a significant difference in costs. The most recent survey reflects high satisfaction with service and delivery method (in the 80% range).

I'll continue to update and share on personal website and again welcome your questions and comments.