

May 4<sup>th</sup> –

City Council meeting yesterday was interesting – one council member was absent, so a majority vote of 4 was required to pass motions. Three votes for and three votes against a motion results in a “failed” motion – we had two of those votes on the MSDDA (Main Street Downtown Development Authority) and City of Manistee budgets. The City Attorney is reviewing the implications on the MSDDA budget, but the City budget will be adopted as submitted by the City Manager if not approved by City Council by May 15<sup>th</sup> (by City Charter).

I’ve requested a Special session for the budget and need a second Council member to do the same (requested the 10<sup>th</sup> of May) for it to happen. A special session can be called for by the Mayor or any two Council members. Waiting for some support –

The proposed budget is clearly “unstainable.” The concerns of several Council members have not been addressed, and a term I object to - “consensus” – has been used too often in place of “majority” to reflect dissent and opposing points of view. Consensus indicates agreement, harmony, consent, or even unanimity – which does not exist when there are opposing points of view. What does a “sustainable” budget look like? We don’t know because Council leadership decided not to ask for one and had majority support.

Motor Pool spending for the proposed budget is 61% for debt – past purchases that were not paid for. The budget call for buying a \$200,000 front end loader, to be financed, to increase the amount of next year funding dedicated to debt instead of cash purchases. That rivals the Capital Improvement Fund, that has been “leveraged” to pay for Marina cost overruns, Ramsdell roof/heating and cooling, Arthur Street Boat Launch improvements, with 72% of the available funds committed to past event debt service in 2017. The committed funds remain at 64% through 2026 (the next 9 years). Two expensed listed from the Capital Improvement Fund this year are ½ the costs of an electric gate for the Department of Public Works (\$6,500) and an automated Marina Access Door (already has a disabled access door) with a costs of \$6,500. Necessities or wants? When the recycle center was moved, the thought was the Garage could now be secured after normal business hours to protect equipment and keep people from dumping at that site – someone can’t get out of a vehicle and unlock/lock a gate twice a day?

The budget includes \$75,000 for purchase of a Crack Sealing Machine – we currently partner with the County Road Commission to reduce costs and expand the streets completed. The County Road Commission is experiencing financial challenges and is reluctant to continue the partnership at this time. We pay County taxes and should get services. I guess our “unstainable budget” does not meet the standard of “experiencing financial challenges” like the County. By the way, the Public Works department has expended over \$82,000 (includes Water/Sewer and Parks) in overtime year to date – so where are the hours going to come from to operate this new piece of equipment? We’ve bought equipment to grind stumps, trained to pour concrete for sidewalks and beach foundations, and now trim trees where we used to contract in the past.

There is a Sewer Camera planned for 2017 at a cost of \$28,000. One was budgeted last year for \$17,000 but not purchased – technology advances so quickly that it would have been “obsolete”. Why not rent a camera when we need one, or contract the service when needed, and save the expense of having an expensive piece of equipment become obsolete on the shelf?

The Appropriations also got little attention – why is Manistee the only government duplicating payments for services the rest of the County gets with County tax dollars only? This is \$247,000 out of the budget.

The budget is complex, with a lot of detail (also need to look at the Capital Improvement Plan for 2017 items which are part of the budget).

I've posted a spreadsheet of past and project Retirement Costs (MERS) for City employees and the increases are significant. It was promoted in 2008 as a great cost savings – averaging only \$49,000 a year from 2003 – 2005 and saving over \$88,000 a year. This year it is \$300,000 and we've gone from a surplus (over 100% funded) to a \$1,330,000 unfunded liability. It is time to have a serious discussion on a Defined Contribution plan for future employees – I want to protect those currently in the system, but this costs are certainly unsustainable going forward. We won't be able to afford the cost of services in the future as our rate of revenue is well behind our cost growth. We're on the hook for the "legacy" costs and funding in this system and it is a growing concern across the State (and Nation).

I don't go along with the thought that "we'll be okay this year" and support the budget as presented. There is not "consensus."

The MSDDA budget has over 30% dedicated to overhead – salaries and office expenses. Façade grant money is greatly reduced. What is available to promote downtown growth? It fails to reimburse the City for Public Safety and Public Works services – a proposed \$30,000 was cut to \$10,000. Why not consolidate this function with AES (\$46,500 appropriation) to save money and partner in providing services?

These are my thoughts on the session and the issues of budgets. I vote no on both budgets. I appreciate your support and encourage you to communicate with me and other Council members. Hope to hear from you soon - Jim