

Some Ramsdell and Marina numbers –

Many comments are directed toward the City of Manistee funds that subsidize the Ramsdell Theatre and Manistee Municipal Marina. People call for those funds to be put toward infrastructure (streets) and other citizen service needs. Make no mistake, these are significant resources! The building envelope (roof) was addressed in 2009 at a cost of \$485,000 and the HVAC in 2011 at an additional cost of \$1,260,000. The 2015/2016 budget estimates a \$500,000 need for other work that was being addressed through budgeted “Capital Improvement” funds (\$25,000 in 2013/2014) that has been removed effective the 2014/2015 budget cycle and not restored. The Capital Improvement fund makes the annual installments for the roof and HVAC notes in the amount of \$178,830 (the roof note runs through 2019/2020 - \$69,880, and the HVAC through 2028/2029 - \$108,950). The City of Manistee subsidy to “keep the Ramsdell operating” is \$90,000 (down from \$107,000 in 2013/14 and \$100,000 in 2014/2015). There is only one current City Council member who served during those decisions to long term obligate the taxpayers. The dates of election are posted on the City of Manistee website if you wish to see who has been there longest.

The Municipal Marina was replaced and Arthur Street Boat Ramp improved – the Marina experienced cost overruns that required a commercial loan (\$380,000 - \$32,386 installment through 2026) and an internal Oil & Gas Fund “investment” loan (\$274,482 - \$30,587 installment through 2021). The Boat Ramp has \$135,000 “internal” loan - \$20,874 installment through 2018. Marina Building note support of \$40,000 a year is projected through 2028/2029. The Marina was projected for a cash shortage of \$55,000 for the year – requiring subsidy in addition to Capital Improvement funds. The harbor Commission has twice requested status on the installation of “pay tubes” at the Arthur Street Boat Launch site, as this site (currently used without fee) is being used more since there is a charge or need for a launch pass at First Street – thus a further loss of revenue. The issue will again be addressed at the next City Council meeting and Harbor Commission meeting.

Not subsidizing the Ramsdell, Marina, and Boat Ramp would result in defaults on obligations of the City of Manistee. Simply not operating these facilities would still result in paying the debt and funds to preserve the investments – not a good option if there is ever any hope of generating positive cash flow.

Tax Increment Financing (TIF) -

Tax Increment Financing (TIF) is mentioned as a means to “generate revenue.” Let me explain what TIF is. A property is developed or improved that has a tax value in its current state at one level (say \$100,000 for example) and generates tax revenue on 50% of that value. The newly developed property then has a tax value at a higher level (say \$500,000 now) and generates greater tax revenue based on the increased taxable value. To get a developer (or the city) to invest in this improvement, the city issues a bond (debt) and pledges the increased tax revenue to pay the bond obligation over a long period of time (20 or 30 years), with the city retaining only the original tax collected for general revenue. In some circles, this is called “revenue neutral” because it costs nothing out of pocket and produces no revenue for an extended period of time (except the new or improved structure and value it brings to the condition of the community).

This action often is used to create business space to attract new businesses or provide housing to meet targeted needs. If property values decrease (as we have had in the last recession) the tax difference captured between the original value and the enhanced value may not be sufficient to meet the debt

obligation (and require taxpayer support). Thirty year projections are not without risks. Sometimes cities role other needs into these projects (or incentives to the developer – like utility hook-ups or infrastructure improvements) to get the work done on “borrowed money” that does not take away from the general revenue fund. In an ideal world, a developer would have the financial stability to complete their project and such incentives (at the expense of tax revenue to the general fund) would not be necessary by the taxpayers. There is a lot of competition for developer dollars out there – and this has unfortunately become an accepted way of “doing business” in many communities.

Traverse City has been redeveloping the old State Hospital with \$100,000,000 in grants and such financing (and another \$80,000,000 planned). The condominiums on Washington Street and the old North Channel Outlet were Downtown Development Authority (DDA) candidates for such assistance (utilities, “street scape”, etc.) and it has been reported by the director the developer is in the “late stages” of securing the grants to get the project moving (if the TIF is approved). It will take a vote of City Council to issue the bonds (debt) – and it becomes a city obligation no matter what you call it.

You have to jump around in the budget (on the City of Manistee website) to find all of the numbers I’ve quoted here – but they are real. Past management stated in Capital Improvement Plans and Budget forwards that all of this building and obligation was not “required”, but it was “the right thing to do” for the community. A “world class destination” has a “world class price tag” as they stated. And we’ll be paying for it well into the future at the expense of potholes and other citizen needs going unattended.

This represents my point of view and you don’t have to agree. But closing the doors to the Ramsdell without an earnest effort to provide the right leadership and direction, and giving up on the Marina before we have a chance to turn a profit are not the answers – the debt service makes the task considerably more difficult (and longer term). We can learn from the mistakes and decisions of the past. The intent is to make Manistee a better community – but that objective should not be at the expense of the citizens who live here and pay the taxes to improve their community. There are no simple solutions or quick fixes to years of decision making that has incurred debt and encumbered the current elected officials and staff from maintaining our infrastructure and providing an attractive environment to businesses and residents. Again, just some facts and history of how we got to the financial condition we now have to deal with.

Committees and Commissions -

There is a need for citizens to serve on commissions and consider running for local elected offices. Too often City Council seats are uncontested and a select few are empowered to continue the policy of debt while ignoring needs of the citizens who live here.

Some Commissions have had long term vacancies and it has been suggested that several could be consolidated (Parks and Harbor have been mentioned) as a way of filling the vacancies and providing enough members for differing points of view and fuller participation. It’s worth mentioning again, if you have the time and interest, please visit the City Clerk to find out what vacancies exist and what the requirements may be. Commission and Committee meeting dates/times should be posted on the City of Manistee website along with agenda and minutes from meetings. City Council agendas are posted the Friday (afternoon) prior to a regular or work session along with previous meeting minutes.

Recycling –

When the new contracts for refuse collection were signed several changes took place. First, a single large (bulk) item can be placed with your regular refuse on the first scheduled pick-up each month (no appliances or hazardous materials). Easy way to get rid of that old chair, sofa, or other oversized item that does not fit in a container.

At the same time, recycling was to be moved from the current City Garage location (to permit security for the garage and bulk stored items) to a location in the Industrial Park that was fenced, lighted, and provided surveillance with a video camera. Since the City of Manistee taxpayers pay for recycling through their collection fees and a millage – recycling is limited to city residents. I'll again inquire about the status of this location change and ask that sufficient notice be given so residents know where to go and how to properly drop off recyclable materials.

Election –

The Election will be held Tuesday, November 3rd and the City Council meeting will be held Wednesday, November 4th due to the election. Please come out and vote! There are three City Council seats up for election (2nd, 4th, and 6th precincts) but only the 2nd precinct is “contested.”

City Manager –

Thad Taylor from Spring Lake, MI has been made a conditional offer (and accepted) with the required background checks and negotiations for an employment agreement beginning to take place. Thad was previously City Manager at Alpena and has an extensive police/firefighter background.

General –

As always – thank you for your support and continued input. It is a pleasure to hear from residents throughout the city and assist with their concerns. Enjoy the beauty of the Fall Season! Jim