

A new council is in place with a lot of work to be done ending 2016 and starting 2017. I'd like to first congratulate Erin Martin Pontiac for election to a full term representing the City from the 7<sup>th</sup> District and welcome Dale R. Cooper as the newest member from the 1<sup>st</sup> District. Erin got some exposure to Council as an able replacement for Eric Gustad, and Dale will get acclimated quickly.

Our first session will be a special session and work session on November 28<sup>th</sup>. Approval for the Sleigh Bell Parade fireworks display is on the special session, as required by the recently enacted Ordinance on Fireworks. This has been a traditional part of the parade activities, but did not require Council approval in the past. Strategic Planning update is the focus of the Special Work Session, as a start to the annual budget process.

Strategic Planning is the roadmap to the future, where we prioritize our objectives for the future. My priority is a "sustainable budget" that does not draw down the fund balance of the City. Past projections indicate a reduction to the fund balance, from over \$1,000,000 to under \$500,000 through 2020 – an undesirable direction. One of the biggest contributors to this is escalating City employee retirement contributions (Michigan Employees Retirement Systems – or MERS). At the same time costs are rising, unfunded liabilities are growing, up from \$1,330,000 at the start of last year's budget to over \$3,000,000 currently (with changes in actuary factors in investment returns). The City of Manistee tax base is not increasing at the same rate as expenses – so some balance of expenses must take place to protect the fund balance that is essential to cash flow and reserves for unexpected needs.

Developments have been proposed for the former Glik site (400 River Street) and Oleson's Market site. In my opinion, the high-density housing proposed for 400 River Street misses the objective of maximizing the residential potential of space over storefronts downtown, and takes one of the most desirable downtown business locations out of play. The proposal for 40% of the units to be "low income" is a concern for that location and changes the character of downtown as a primary retail and business location. I've requested a review of past approved housing "partnerships" that include tax abatements (no taxes paid for a period under specific criteria), payment in lieu of taxes (PILOT) where a developer pays a percent of income as opposed to the tax value, and tax increment financing (TIF) where the developer and City are reimbursed for certain expenses on what would have been general fund or DDA tax revenue for allowable expenses before deciding on any further concessions. It is also important to recognize we just approved a new Manistee Master Plan for zoning and variances must be considered that could potentially impact other businesses in the downtown district. The MSHDA site indicates an 18-year period for low income units to qualify for the developer sought tax credits (\$3,200,000) for the project, so this is a long-term obligation.

Streets and infrastructure remain high priorities – but funding is a significant issue. Our Capital Improvement Fund is obligated to debt service for the next 6 to 8 years (around 80%) and our tax growth minimal to support additional spending for improvements. The rate increases on water/sewer from two years ago, were intended to pay for the bond debt (River Street Sewer Project) and provide a fund balance to pay for depreciation (replacement of old infrastructure) so I do inquire about the balance of those funds and what they are dedicated toward. We need to look at very expense and make sure it is essential (a need instead of want) to our quality of life and community.

I like to get feedback from the citizens of Manistee and remain open to discussion on all issues. I will be meeting weekly with the City Manager, with Mayor Pro Tem Roger Zielinski, and sharing the results of that meeting with other Council members. I'll also continue to post information on this website. The

best email contact for me is [jsmith@manisteemi.gov](mailto:jsmith@manisteemi.gov), I can forward concerns to other Council members and the City Manager easily. My cell phone is 231-690-3948 and it has voice mail, so leave a message if I don't answer your call – or send a text message, I'll get back to you. Thank you for your continued support! Jim