

In the September 11th Work Session, we finally got a majority to agree to move forward with new non-union employees being offered a Defined Contribution retirement program as opposed to the current MERS Defined Benefit program. It should not be so difficult to get people to see the issue. Just some refresher:

- In 2005 under the City of Manistee administered retirement, we were 108% funded
- The 2006 cost to the City was \$22,500 – 2018 Cost is \$447,000, and rising faster than any other budget item
- From 2006 through 2016 (12 years) the City contributed over \$1,760, 000 (about \$147,000 a year average) and from 2017 through 2021 budget estimated (4 years) over \$2,000,000 (\$500,000 a year average) is estimated
- The current Unfunded Liability excess \$3,200,000
- The disparity between employee group funding and liability is remarkable; Public Works contributions are only 3.35% and they are nearly 100% funded, IAFF (Firefighters) contributions are over 28% and are only 60% funded

For years budgets have called for increased employee contributions (4%) and stated the trend is “unsustainable” – yet no action has been taken (other than to reduce multiplier for some “future” retirees). The old City administered system required a 6% employee contribution. The City Charter places responsibility for compensation and benefits on City Council.

It should be noted that no current employee will be impacted by this action, but future liabilities will not be incurred.

Streets: The data is out there, 671 named segments with PASER ratings and some history of past action and dates. Just because you are a PASER 1 does not mean “you’re next” – utility work and resources are the limitations. The CFO says the only effective way to accelerate the process is to have the voters pass a dedicated millage and raise Water & Sewer rates for more depreciation funding. Council has made Streets a priority – now staff indicates we will need to “prioritize” spending to meet that objective or raise taxes and fees. Staff has been asked to provide what cuts in services and personnel need to be made but are reluctant to provide alternatives. Personnel cost is over 78% of the General Fund budget this year and continue to command a greater percent of available resources – when will the proposed budget address it? I feel a little like the movie “Cool Hand Luke” as it appears “what we have here is a failure to communicate.”

Economic Development: I sum it up in simple terms, “good paying, family sustaining jobs.” If you have that, all else will follow. The thought that more low-income or “work force” housing subsidized through tax abatements and Payment In Liew Of Taxes will result in a thriving downtown and add to the General Fund confounds me. The City median family income is \$6,000 less than the County median family income. Is that because the City has 500 of the 550 subsidized units of housing in the County? My last data search indicated 1100 rental units in Manistee – about 38% of our City residents are renters (nearly double the County, State and U.S. level) and 40% were priced under \$499.00 a month (median gross rent was \$531.00). No one in the Housing Commission 219 units pays more than 30% of their adjusted income for rent and utilities but I’m sure many other families exceed that threshold. I’ve been a Housing Director for FiveCAP, Inc. and understand there is poverty (worked Manistee, Mason, Lake, and Newaygo Counties) and a need for services and support. Manistee can’t continue offering the services that make it unique (full time Police and Fire/EMS) without growth in tax base – giving millions in future taxes away does not provide those resources or result in prosperity. I’m not predicting the future or advocating a position, just stating the reality of expenses far outpacing revenue.

At the County Summit Alliance for Economic Success (AES) questioned in their presentation whether or not Manistee was “really a Redevelopment Ready Community.” I immediately objected. Their issue was the proposed development of 400 River Street and the Third Coast project on the former Oleson’s property. I pointed out that Mr. Hollander (400 River Street) withdrew his project in a Historic District Committee meeting (I thought it would pass the scheduled vote). Council passed a 10% Payment In Liew Of Taxes for 30-years for Third Coast (they wanted 2% for 40-years) and Third Coast failed to be awarded the \$8,000,000 in Tax Credits from MSHDA – they subsequently did not re-apply. The Third Coast project would have given the developer \$985,000 in “developer fees” and an additional \$500,000 in “contractor profit.” The \$8,000,000 project was only going to have a \$2,000,000 value (due to 60% adjusted median income limit restrictions to live there, with 40% and 30% units included). The City would have given away nearly \$1,900,000 in tax revenue over the 40-year period - \$47,500 a year. Neither of those projects would have brought jobs to Manistee – outside contractors would have been hired and most materials purchased outside of Manistee. Both required extensive tax abatements or concessions. I have the information for both of those projects and would gladly share them with anyone who is interested in the details. It’s a little like listening to commentator Paul Harvey and getting “the rest of the story.” The City dropped its contract with AES over 18 months ago (\$46,500 a year) and 5 of the 7 objectives in that 3-year contract were not achieved. I was told their value was “difficult to quantify” but I can certainly quantify failure to achieve objectives.

September 18 Council meeting – full of surprises! Dogs on the Riverwalk – thought we would be successful in an Ordinance to prohibit it (rather than signage that says “pedestrian only, no animals”) but 4 members voted to allow dogs from the bridge through the marina area (Councilmember Goodspeed, Beaton, Pontiac, and Mayor Pro Tem Zielinski). I’m aware of 3 recent dog-on-dog attacks in the City, 2 while an owner was walking his dog on City residential sidewalks and 1 outside the City Dog Park near 1st Street Beach. Hard to imagine the narrow confines of the Riverwalk not presenting a potential problem. It was asked if the proposed Ordinance was enforceable – the response was not reassuring, “it won’t be a priority, but will be as time permits.” Ordinance enforcement is a City Manager responsibility. My election opponent spoke at the end of the meeting and offered this is a City-wide issue, not just Riverwalk, and we need an Ordinance that applies to the City. We have an Ordinance that requires pet owners to have a “clean-up bag” in their possession (and to clean-up after their pet) and have the pet on leash but this is another Ordinance that is not a “priority” and I’d be interested to see how many citations there have been in the past. Public Safety and clean-up after pets are concerns.

A Refuse Ad Hoc Committee was appointed by Council to deal with the City-wide and DDA district issue of trash being put out several days before pick-up and bulk items being placed weeks before the 1st pick-up of the month (or excess to the 1 bulk item per month). I expect the committee to offer their recommendations within 60 days, so we can get this resolved.

A contract was approved with Manistee County for Planning & Zoning service upon retirement of our former P&Z Director. It is a 5-year renewable contract with a 90-day “opt out” provision and continues the full range of services. This was another 4-3 vote with Councilmembers Goodspeed, Grabowski and Pontiac voting against it. There is an estimated \$20 - 30 thousand-dollar cost savings. Rob Carlson was heavily involved in our updated Master Plan and should serve the City well in that capacity. Collaboration with other units of government is essential to costs containment in the City. We approved a contract several years ago for Assessing services and I’ve not fielded a single service or availability complaint. Building permits are now issued from the State and Rental Inspections and data management is contracted through the Spicer Group. Without increases in tax revenue, we must act to control expenses without impacting service to our residents.

Now attending the Michigan Municipal League Convention in Grand Rapids (Sep 20-22). I'll post a report in a future update.

As always – I appreciate your support and welcome your questions and input on issues in our community. I'll be back at coffee at 7:00 at the House of Flavors on Sunday so stop by and chat if you can. I have a few campaign signs left and a few buttons and bumper stickers. Jim