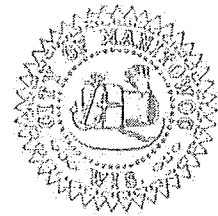




# CITY OF MANITOWOC

WISCONSIN, USA  
www.manitowoc.org



TO: Citizens of the City of Manitowoc  
Eric Sitkiewitz, Common Council President  
Scott McMeans, Chair of the Finance Committee  
Members of the Manitowoc Common Council  
Employees of the City of Manitowoc

FROM: Mayor Justin M. Nickels  
City of Manitowoc

DATE: October 5<sup>th</sup>, 2015

RE: 2016 Executive Budget

Citizens of the City of Manitowoc, Manitowoc Common Council and City Employees, I am proud to introduce the 2016 Executive Budget.

As Mayor I am required by State Law and Municipal Code to provide an annual Executive Budget to the Common Council for your consideration. My budget was done reasonably and realistically, understanding the economic conditions of our community while recognizing the inherent need to provide quality services to the citizens we represent. It was also completed by understanding the need to invest in our community, whether that's building our infrastructure or removing eye-sores that taint our entire community for citizens and visitors alike.

Below are a few highlights included in my 2016 Executive Budget:

- 1.) The 2016 Budget began with a \$750,000 shortfall between; deficits going into the year, increased required expenses, and increased department requests. The Executive Budget as proposed closes this gap and is balanced.
- 2.) The largest proposal that is a change of course from previous years is borrowing. Borrowing is proposed at \$7,579,750. We will be paying off \$7.58 million in previous debt in 2016. This means we will not go further into debt, however we will not cut our overall debt by as much as we had projected. The City will have roughly \$51 million in overall general fund debt by the end of 2016, down from \$76 million in 2009 (the height of our overall debt). There are two main reasons for the proposed level of borrowing:

Mayor Justin M. Nickels – Phone (920) 686-6980  
CITY HALL • 900 Quay Street • Manitowoc, WI 54220-4543 • Fax (920) 686-6989



needed/required items and the Mirro Building. When I received the initial borrowing proposal it included \$1.2 million for the Newton Gravel Pit remediation projects and roughly \$1.5 million for the Dewey Street reconstruction project. These two items alone would have put us above our self-imposed \$2.5 million borrowing cap and we wouldn't have had the capability of doing any other needed projects throughout the city. I removed these two items from the \$2.5 million cap because I feel we should not hamper our investments in the community due to things outside our control or major infrastructure projects which we already planned to complete. A special thanks to the TIF Joint Review Board for approving \$1.24 million of the total \$2,719,750 project cost in TIF funds to complete the entirety of the Dewey Street reconstruction project in one summer and one fiscal year. The gravel pit is something we have no choice but to spend money on in 2016 and I did not feel this should be considered as a part of our \$2.5 million cap. Other items in borrowing include new transit busses which are covered by a vast majority of state and federal funds, marina dock improvements, a comprehensive parks plan, and several road/sidewalk/sanitary sewer improvements. The other large item is the Mirro Building. I am recommending borrowing \$2.4 million (\$1.9 million for demolition and \$500,000 for asbestos/contamination removal) to complete demolition of this building. This would allow us to begin demolition the first quarter of 2016 for complete demolition of the site before the end of 2016. I have assessed several different options on how to fund the demolition costs and I believe this is the best course to complete demolition per our raze order on the property. I am aware of several other proposals to fund this cost which I am open to discuss. I will not, however, accept pushing off demolition to another year. We need to handle this issue today and cannot afford to push this problem in our community off another year.

- 3.) We are removing several items we have typically borrowed for and placing them into the Capital Equipment and Buildings and Other Capital Improvements funds (levy dollars) to the tune of roughly \$296,000. These items include, but are not limited to; police cars, parks, fire and public works equipment, and buildings and grounds upgrades.
- 4.) The assessed tax rate would increase 1.95% over last year from \$7.8993/1000 to \$8.0533/1000. This means an average \$100,000 home would see a \$15/annual increase, or \$1.25/month. This is the same exact increase as last year. This increase has been discussed by the Finance Committee during planning sessions for the 5-year outlook of the city's finances. A similar increase was proposed as part of the plan during the 2015 budget deliberations to alleviate high debt repayments without having to cut even further from the general fund. This increase is also necessary to complete the transition from borrowing to a pay as you go approach by 2018.
- 5.) We will be sending 1 additional Sworn Police Officer to our County Metro Drug unit to help deal with the increased drug usage in our community.

- 6.) The proposed Executive Budget includes all the recommended changes to our Health Insurance Plan and provider/clinic which I anticipate Common Council approval of on October 5<sup>th</sup>, 2015.
- 7.) The Building Inspection Department and all its employees are proposed to be transitioned completely to the Fire Department. The Fire Department would be responsible for overseeing all aspects of the Building Inspection Department including housing inspections. There is a proposal for a full-time Electrical Inspector within the budget (increasing the position from .5 FTE to 1 FTE). I look forward to beginning discussions on this proposed transition at our Committee of the Whole meeting scheduled for Tuesday, October 6<sup>th</sup>, 2015.
- 8.) The Library allocation increases by \$47,442 to offset the increases in their compensation plan and workers comp/property insurance.
- 9.) No layoffs/furloughs for any city department. Total FTE city-wide has a proposed increase of 1.5 FTE from 2015 to 2016. This increase is a .5 FTE Electrical Inspector and to increase the City Electrician by .5 FTE (both are now proposed at 1 FTE each). The other .5 FTE would be allocated to the Attorney's Office for a part-time paralegal/attorney in lieu of our contracted services. We currently budget \$32,400 for prosecution services, which allows for up to 27-hours of prosecution work per month. If a paralegal/attorney were to be brought in-house as a part-time exempt employee at 20-hours/week, the cost would be \$36,355. For an additional \$3,955 per year, the City could receive an additional 59.6-hours of legal work each month, or 715-hours per year. The paralegal/attorney would not just prosecute, but could assist with drafting resolutions and ordinances and providing legal services to city departments, as well as serve as a backup to the City Attorney. This is a budget neutral proposal in the City Attorney's budget.
- 10.) I have added in \$10,000 for a tuition reimbursement plan for employees/recruits and also \$5,000 for a rewards and recognition plan for employees. These would be administered by the Human Resources Department and the People Committee.
- 11.) I have added in \$750 to the City Council budget for our annual employee/volunteer recognition picnic.
- 12.) I have added in \$3,000 to the Mayor's Budget for inclusion of the City of Manitowoc in the Great Lakes and St. Lawrence Cities Initiative for the specific purpose to help get a National Marine Sanctuary headquartered in the City of Manitowoc.
- 13.) Includes a contingency fund of \$148,750 for unbudgeted expenditures. This is an increase from 2015 of roughly \$30,000 for what we budgeted for in contingencies. The overall undesignated reserves for the city are projected to be at \$1.65 million by the end of 2016, which is up from \$16,000 in 2011.

- 14.) I will be asking the Common Council to approve moving forward with requests for proposals for assessment services in the future versus an in-house assessor/office. The purpose for this is my concern for services provided by this department over the next few years. We will be investing large sums of money into assessments over the next few years (revals) and we will only have 1 FTE available to maintain everything once this is done. I am asking the Common Council to look at other alternatives as we move forward in this department.
- 15.) I am proposing keeping the Mini Golf Course open later on weekends. The costs will be offset by the increased revenues we expect to see.
- 16.) I will be recommending utilizing dollars from the Capital Equipment fund to add another meeting room with Granicus equipment (camera, server, etc.).
- 17.) I am recommending increasing the revenue line for TIF Administrative Fees to capture some dollars to offset internal costs of administering TIF, especially since we have now created TIF 18 and will require a lot of staff time over the course of 2016.
- 18.) Room Tax budget includes *Discover Manitowoc* Grant Program, improvements in downtown including, but not limited to; new signage for pedestrian walk lanes to encourage drivers to slow down and stop for pedestrians, garbage/recycling cans, bicycle racks, funds for murals, and an ice skating rink. Also a new welcome sign on Waldo Blvd (portions also paid by service clubs) and funding for all special events held in the City of Manitowoc. The largest item in the proposed room tax budget includes \$80,000 for a comprehensive downtown study (which includes parking), and dollars for a sign and kiosk at the Manitowoc Public Library for visitor information. We also need to begin discussions amongst ourselves no later than January of 2016 on the agreement we have with the Manitowoc Area Visitor and Convention Bureau. Any changes to the current agreement need to be communicated to the MAVCB by no later than June 1<sup>st</sup>, 2016.

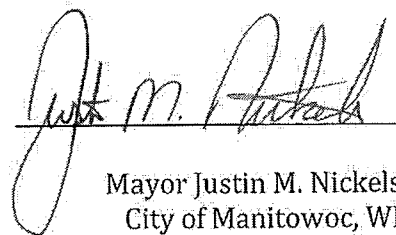
We have made great strides over the past few years to get a handle on our debt, control our spending and increase revenues to meet the needs of our community. We have ended an era of massive debt and spending and entered an era of debt reduction, controlled spending and mapping out a course to once again be able to invest in our community without massive tax increases, drastic cuts to services or relying on increased debt year after year. I am proud to say that the 2016 Executive Budget is balanced with an eye on the future, realizing that we cannot change the spending habits of the past overnight. This budget also reflects priorities throughout our community; downtown, removing the Mirro Building, infrastructure improvements, improvements in Building Inspections and drug enforcement and employee morale. I believe we have all shown ourselves to be good fiscal stewards of the public's money and I believe this budget utilizes those dollars in the best manners possible.

Some may question the higher level of borrowing from previous years and their concerns would be warranted. I would argue that we have potentially set ourselves up for failure by holding back on much needed infrastructure improvements. We have gotten a massive grip on our overall debt the past few years, reducing it by \$25 million in just four years. I believe this proposed borrowing plan is responsible, it will not add to our overall debt, and it will help maintain our infrastructure needs for the upcoming year while removing a major eyesore in our community. Some will argue that tax dollars should not go toward demolishing the Mirro Building, my response is simple – who else will then? Several thousand Manitowoc residents were employed in this building for the better part of a century. These men and women were employed there, paid taxes in this community, and spent their hard earned dollars to help this community thrive for decades. I believe it is in the best interest of the entire community for this Mayor and Common Council to spend the necessary funds to remove this blighted building and move onto the next chapter in this city's history.

The creation of this budget could not have been possible without the assistance of our outstanding city employees, especially Finance Director Steve Corbeille, Comptroller Kim Lynch, and all the Department Heads.

The 2016 Executive Budget is now in your hands. Best wishes as you move forward on your deliberations of this very important document which sets our priorities for the next fiscal year. I look forward to the discussions we will have over the next few weeks and feel free to contact me any time if I can be of assistance in the budget process.

Respectfully Submitted  
this 5<sup>th</sup> Day of October  
Two Thousand Fifteen,



Justin M. Nickels  
Mayor Justin M. Nickels  
City of Manitowoc, WI

*"The budget is not just a collection of numbers, but an expression of our values and aspirations." ~ Jacob Lew*