

1. City Council Work Session Agenda

Documents: [2-26-13 FINAL WORK SESSION AGENDA.PDF](#)

2. City Council Work Session Packet

Documents: [2-26-13 COUNCIL PACKET.PDF](#)



City of Ypsilanti
City Council Work Session Agenda
Tuesday, February 26, 2013
City Council Chambers, 1 S. Huron St., Ypsilanti, MI
CLOSED SESSION: 7:00 – 7:30 p.m.
WORK SESSION: 7:30 p.m.

I. CALL TO ORDER –

II. ROLL CALL –

Council Member Jefferson	P A	Council Member Robb	P A
Council Member Moeller	P A	Council Member Vogt	P A
Council Member Murdock	P A	Mayor Schreiber	P A
Mayor Pro-Tem Richardson	P A		

III. INVOCATION –

IV. PLEDGE OF ALLEGIANCE –

"I pledge allegiance to the flag, of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all."

V. AGENDA APPROVAL –

VI. CLOSED SESSION – (7:00 – 7:30 p.m.)

Closed Session to discuss confidential attorney opinion. OMA 15.268, Section 8(h)

VII. AUDIENCE PARTICIPATION –

VIII. REMARKS FROM THE MAYOR -

IX. WORK SESSION –

City Manager's Report

- A. Streetlight Special Assessment District Presentation
- B. Discussion

X. AUDIENCE PARTICIPATION -

XI. REMARKS FROM THE MAYOR -

XII. ADJOURNMENT –

Resolution No. 2013-039, adjourning the City Council meeting.



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CITY OF YPSILANTI



Streetlight Special Assessment District

City Manager's Report

By Ralph A. Lange, City Manager

February 26, 2013



Executive Summary

City Council, during the 2012 budgeting process, determined that given the City of Ypsilanti's current financial condition, a special assessment district for streetlights will be an important consideration for ensuring the City's fiscal stability. This document, the City Manager's Report, lays out facts and figures about the City, a brief history and summary of streetlight assessing in Michigan before explaining the methodology City staff used for proposing an equitable streetlight special assessment. Staff recommends the special district encompass the entire City as the community as a whole receives the benefit of streetlighting. Staff recommends that the streetlight assessment be calculated using perimeter of individual parcels combined with a percentage of the total City land area in developing either 5 or 10 classes of fees. The City will also factor in future capital improvement costs for upgrading current light fixtures to more energy-efficient measures. This method will provide an equitable way of distributing lighting costs across the community, making sure that the cost for streetlighting does not exceed the benefit received. Under the staff recommendation, costs for most residents will be approximately \$52 in Fiscal Year (FY) 2013-2014 and approximately \$66 each year from FY 2014-2015 to FY 2021-2022 when capital improvement costs will be factored in.

Public Benefit

Streetlights primarily benefit the property served - the adjoining property, but also provide a public benefit to all, residents, visitors and students. Streetlights are present throughout the City's grid including all residential areas and in particular, among commercial corridors in the City's prime business districts. The City's trunk line include Washtenaw Avenue, portions of West Cross, Hamilton, Huron, Ecorse and Michigan. These trunk lines handle between 15,000 and 30,000 cars per day. Much of this through traffic; however, Eastern Michigan University is the primary trip generator in City limits due to its 23,000 students (more than 10,000 on campus on any given school day).

Based on this public benefit, the special assessment district is proposed for all parcels within City limits.

Fiscal Background

Though the economy has been slowly rebounding after the Great Recession, many state and local governments are still struggling to fund programs and services at pre-2010 levels. The City of Ypsilanti is no exception. FY 2008-2009 was the last budget where the overall budget had a surplus; all others since that time have been in a deficit, including the projected figures for FY 2013-2014. The General Fund is projected to operate with a deficit for at least the next three to four years. To avoid this deficit from becoming larger, more cuts or additional revenues need to be identified. Currently, the annual bill for streetlighting to the City is \$523,051. The cost includes electricity, maintenance and replacement when necessary. The total budget for general fund expenditure is approximately \$11.5million, exclusive of approximately \$2 million in pension millage.

History of Streetlight Assessment District

In 1909, the Michigan Legislature passed the Home Rule City Act, or Public Act 279, providing certain powers and duties to cities. The ability of cities to create special assessment districts was written into the Home Rule City Act in 1929 as section 117.4d. Specifically, city charters may provide the city powers "for assessing the cost, or a portion of the costs, of installing a boulevard lighting system on a street upon the lands abutting the street." This special assessment is not charged on an *ad valorem* basis, or in

other words, the amount is not calculated based upon taxable value. Rather, it is the calculated based upon the exact cost of the service the local entity provides.

Special assessment districts have been created by local governments in Michigan for a variety of different purposes. These include assessments for streetlights, waste water management, sidewalks, etc. In recent times, more and more Michigan local governments have utilized special assessment districts for streetlights as ways of avoiding major budget shortfalls. For example, local entities like Bangor Township and Henrietta Township have extended their special assessment districts to pay for the installation of new streetlights while the municipalities of Flint, Garden City, Park Township and Romulus are just a sampling of some of local governments that have implemented special assessment districts for existing streetlights. The following chart gives a brief breakdown of some of the cities' demographics and an estimated special assessment charge to provide context to Ypsilanti's proposed numbers.

	Population	Cost per Parcel
Flint, Michigan	102,434	\$66.05
Garden City, Michigan	27,692	\$35
Park Township, Michigan	17,802	\$20-\$25
Romulus	23,989	varies

Ypsilanti Facts and Figures

The City of Ypsilanti is 4.2 square miles with a population of 19,435 as of the 2010 U.S. Census count. There are a total of 4,951 parcels within the city, the majority which are occupied residential buildings (classification 401). Close to 40% of the city's total land area is property-tax exempt. While these parcels are exempt from property tax, they are required to pay special assessment fees if the parcel is located in the district. The City will pay its share of the special assessment based upon the fee per parcel calculated with the methods described below.

Costs to the city streetlights totaled \$501,651 in FY 2010-2011 and \$523,053 in FY 2011-2012. Costs are estimated to be \$511,131 in FY 2012-2013; all proposals in this report use the costs estimated for FY 2012-2013. The entire figure represents what DTE Energy, the electricity-provider, bills the City for electricity each month. Within those costs are built in maintenance, operation and replacement (when necessary) fees.

Key Numbers

Parcels in City Limits:	4,951
Estimated Electricity/Maintenance/Operating Costs:	\$523,051 ¹
Number of Streetlights:	1,719
Capital Improvement Costs (Climate Action Plan):	\$1,100,000.00

GIS

¹ FY2013-14 electricity costs are based upon invoices from DTE for FY2011-12, the most current year in which the City has an actual cost rather than an estimate.

Staff reviewed data available through City Assessing and County Equalization records. The review of frontage data on individual properties was incomplete, and was not utilized. However, county equalization records are used through the County's Geographic Information Systems (GIS) program to define individual parcel areas for each parcel in the county. These parcels have corresponding perimeter values for every parcel in the county with lengths in feet. Staff used this perimeter data of individual parcels to categorize all city parcels in either 5 or 10 equal parcel categories.²

Methodology

Staff made six different special assessment estimates as represented in the table below (resident costs).³ Four were calculated using information from GIS while two were calculated as a flat fee per parcel (total cost divided by number of parcels). The GIS-derived categories, as noted above, were found by dividing the range of perimeters into 5 or 10 equal categories. All of the City's parcels were ranked based on size of perimeter and then the total range from smallest parcel to largest parcel were cut into 5 or 10 equal categories. The majority of residential parcels, which have the smallest perimeter, are in category 1 for both scenarios. Institutional or industrial parcels have the largest perimeter in the city and are often found in category 5 or 10 respectively.

Within each category, staff totaled the land area of each parcel in square feet, found the total area in each category and determined what percentage of the city all the parcels in each particular category were and used that to calculate the share of total electricity costs all owners in that category would pay. Staff then divided the total electricity costs by number of parcels within the category to determine the fee per parcel.

Estimates including capital improvement costs (how capital improvement costs are calculated are described in the next section) were calculated with the same method, except an additional \$133,375 was added to the total electricity cost. This gives an estimated total cost of \$656,426.

Method	Cost per Parcel (Category 1)
Flat Fee Per Parcel w/o Capital Improvements	\$105.65
Flat Fee Per Parcel w/ Capital Improvements	\$132.58
5 Categories w/o Capital Improvements	\$62.52
5 Categories w/ Capital Improvements	\$78.46
10 Categories w/o Capital Improvements	\$52.43
10 Categories w/ Capital Improvements	\$65.80

Capital Improvement Costs

It is the opinion of the City Attorney that the extra costs for capital improvement can be included within the special assessment for streetlights. Thus, the special assessment will not only include the costs of providing electricity, maintenance, operations and replacement of streetlights, but it will include a small fee that will pay for the installation and retrofit of streetlights in the future. Beginning in 2012, the City began an aggressive streetlight conversion program with the goal of changing existing high-pressure sodium and mercury vapor streetlights to LED. Those first lights were installed along West Cross Street. In 2013, the City has scheduled a conversion of 260 mercury vapor streetlights to LED along East

² Appendix B.

³ More detailed estimates can be found in Appendix A.

Michigan Avenue and Ecorse area. Beginning in 2014, and as represented in the capital improvement costs, these streetlight conversions to LED will be part of the special assessment. The City plans on phasing upgrades of all 1,719 streetlight fixtures to LED (or another low-cost, energy efficient technology) in 8 years starting FY 2013-2014.

The Climate Action Plan, which the City adopted in July 2012, estimates that upgrading all fixtures would cost approximately \$1.1 million. Discounting the 260 streetlights that will be upgraded to LED through a separate program later this fiscal year, capital improvement costs are estimated to add an additional \$133,375 to the special assessment each year.⁴

Estimates

The estimates in this report are conservative relative to the projected cost to customers. Electricity costs will most likely be lower than the \$523,051 cost used in this report. It is expected that this cost will continually decrease as the proportion of City streetlights using LED technology increases. The special assessment will be recalculated every year to determine a more precise fee relative to capital improvement and actual electricity use, especially as a portion of the City streetlights increase.

⁴ Note this is a high estimate that does not include any DTE rebate or special conversion rate programs.

Appendix A

	Values	# Parcels	Total Area (sqft)	% of City Area	Total \$
5 Categories	0-2556.558083	4906	56313041.71	58.64%	\$ 306,699.15
Without Capital Improvements	2556.558084-5003.025149	32	13639805.19	14.20%	\$ 74,286.82
	5003.025150-7449.492214	8	7948248.554	8.28%	\$ 43,288.75
	7449.492215-9895.959280	3	6149037.132	6.40%	\$ 33,489.66
	9895.95281-12232.335327	2	11987721.73	12.48%	\$ 65,289.03
		4951	96037854.31		\$ 523,053.41
5 Categories	0-2556.558083	4906	56313041.71	58.64%	\$ 384,905.25
With Capital Improvements	2556.558084-5003.025149	32	13639805.19	14.20%	\$ 93,229.43
	5003.025150-7449.492214	8	7948248.554	8.28%	\$ 54,327.07
	7449.492215-9895.959280	3	6149037.132	6.40%	\$ 42,029.28
	9895.95281-12232.335327	2	11987721.73	12.48%	\$ 81,937.27
		4951	96037854.31		\$ 656,428.31
10 Categories	0-1344.333652	4839	46581070.27	48.50%	\$ 253,695.67
Without Capital Improvements	1344.333653-2567.567185	67	9731971.434	10.13%	\$ 53,003.48
	2567.567186-3790.800718	27	9782887.138	10.19%	\$ 53,280.79
	3790.800719-5014.034251	5	3856918.051	4.02%	\$ 21,006.03
	5014.034252-6237.267783	6	6073678.664	6.32%	\$ 33,079.23
	6237.267784-7460.501316	2	1874569.89	1.95%	\$ 10,209.52
	7460.501317-8683.734849	3	6149037.132	6.40%	\$ 33,489.66
	8683.734850-9906.968382	0	0	0.00%	\$ -
	9906.698383-11130.201914	1	6054303.355	6.30%	\$ 32,973.71
	11130.201915-12232.335327	1	5933418.377	6.18%	\$ 32,315.33
		4951	96037854.31		\$ 523,053.41
10 Categories	0-1344.333652	4839	46581070.27	48.50%	\$ 318,386.26
With Capital Improvements	1344.333653-2567.567185	67	9731971.434	10.13%	\$ 66,519.00
	2567.567186-3790.800718	27	9782887.138	10.19%	\$ 66,867.01
	3790.800719-5014.034251	5	3856918.051	4.02%	\$ 26,362.42

5014.034252-6237.267783	6	6073678.664	6.32%	\$ 41,514.20
6237.267784-7460.501316	2	1874569.89	1.95%	\$ 12,812.87
7460.501317-8683.734849	3	6149037.132	6.40%	\$ 42,029.28
8683.734850-9906.968382	0	0	0.00%	\$ -
9906.698383-11130.201914	1	6054303.355	6.30%	\$ 41,381.77
11130.201915-12232.335327	1	5933418.377	6.18%	\$ 40,555.51
		4951		\$ 656,428.31

Flat Fee Per Parcel

Without Capital Improvements	4951	\$ 523,053.41
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Flat Fee Per Parcel

With Capital Improvements	4951	\$ 656,428.31
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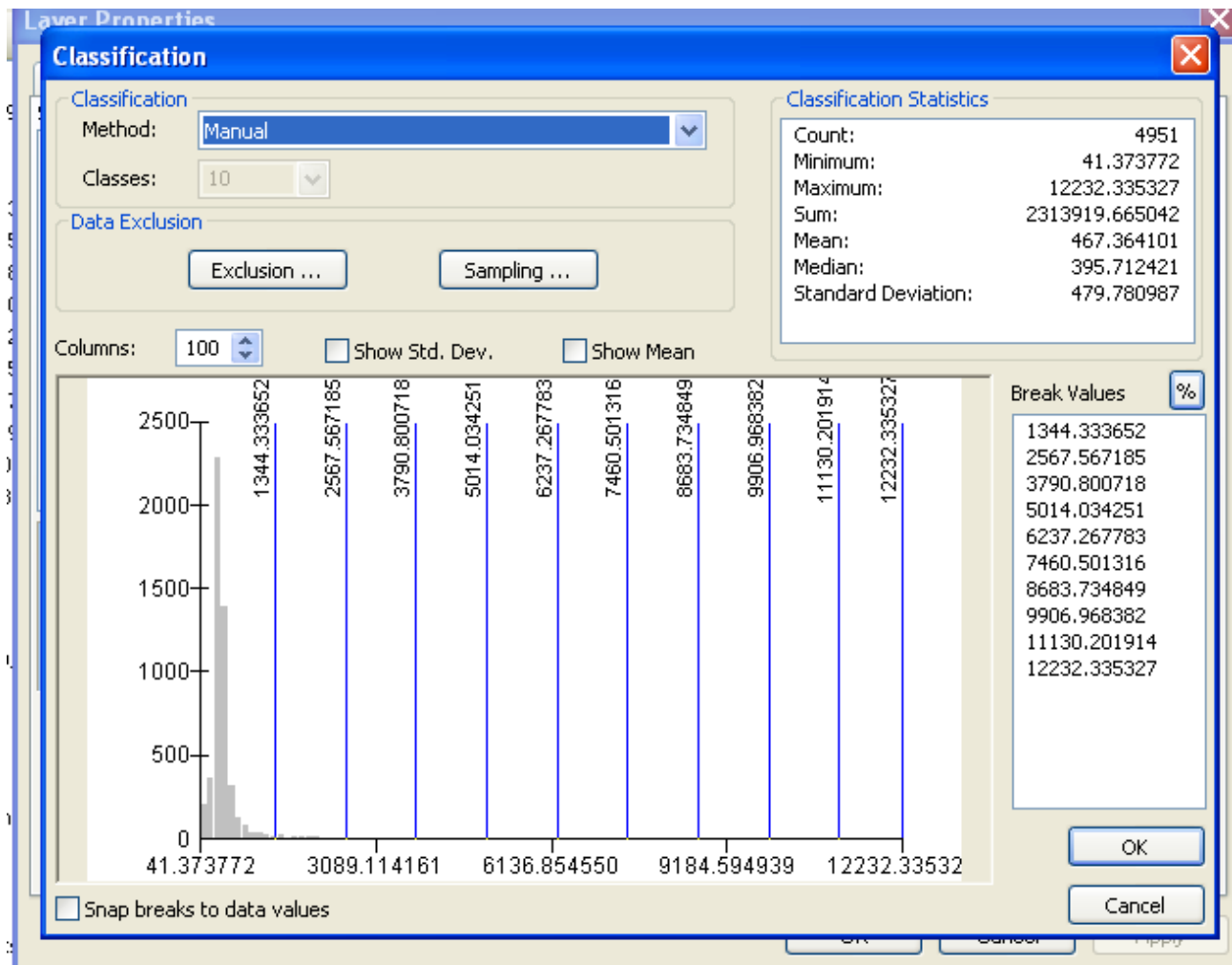
\$ per parcel	# City Parcels	\$ per category for City
\$ 62.52	58	\$ 3,625.88
\$ 2,321.46	6	\$ 13,928.78
\$ 5,411.09	1	\$ 5,411.09
\$ 11,163.22	0	\$ -
\$ 32,644.52	0	\$ -
	65	\$ 22,965.75
\$ 78.46	58	\$ 4,550.45
\$ 2,913.42	6	\$ 17,480.52
\$ 6,790.88	1	\$ 6,790.88
\$ 14,009.76	0	\$ -
\$ 40,968.64	0	\$ -
	65	\$ 28,821.85
\$ 52.43	52	\$ 2,726.22
\$ 791.10	6	\$ 4,746.58
\$ 1,973.36	4	\$ 7,893.45
\$ 4,201.21	2	\$ 8,402.41
\$ 5,513.21	1	\$ 5,513.21
\$ 5,104.76	0	\$ -
\$ 11,163.22	0	\$ -
	0	\$ -
\$ 32,973.71	0	\$ -
\$ 32,315.33	0	\$ -
	65	\$ 29,281.87
\$ 65.80	52	\$ 3,421.39
\$ 992.82	6	\$ 5,956.92
\$ 2,476.56	4	\$ 9,906.22
\$ 5,272.48	2	\$ 10,544.97

\$ 6,919.03	1	\$ 6,919.03
\$ 6,406.44	0	\$ -
\$ 14,009.76	0	\$ -
	0	\$ -
\$ 41,381.77	0	\$ -
\$ 40,555.51	0	\$ -
	65	\$ 36,748.54

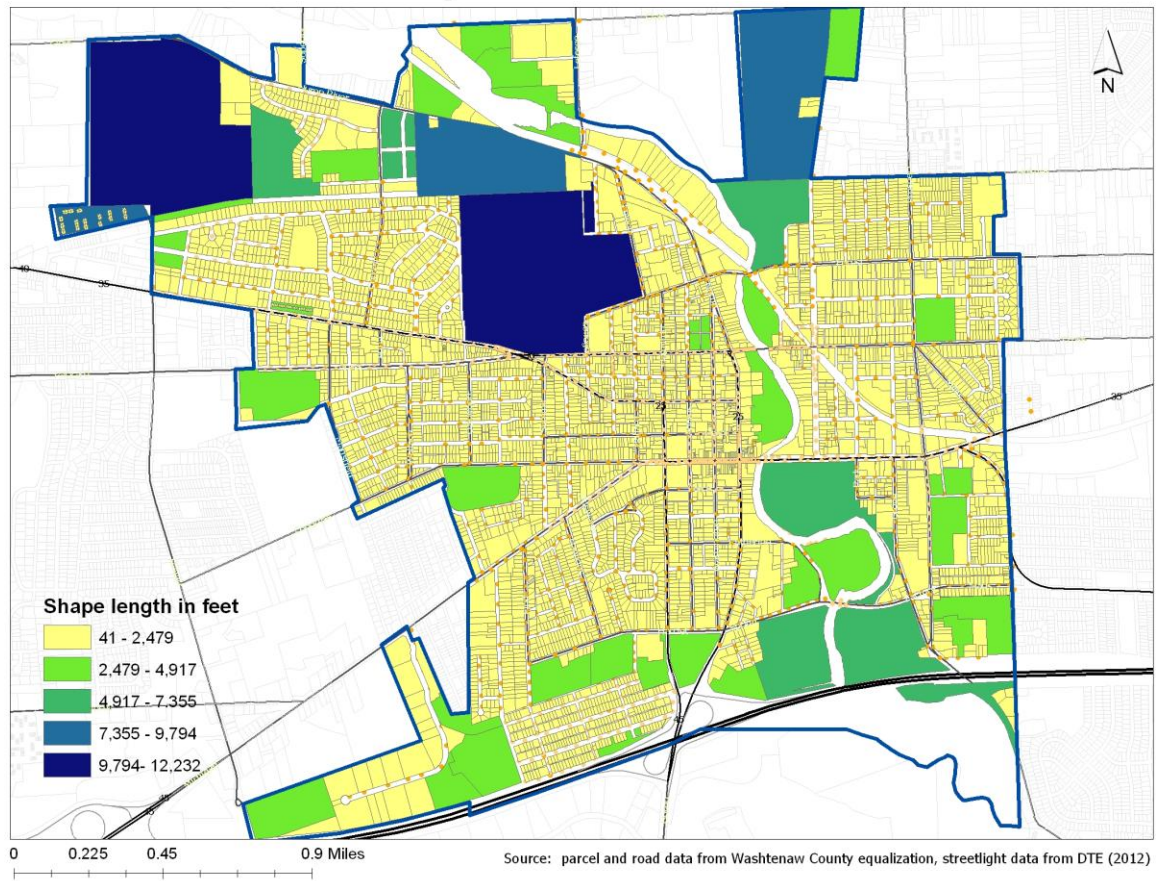
\$ 105.65

\$ 132.58

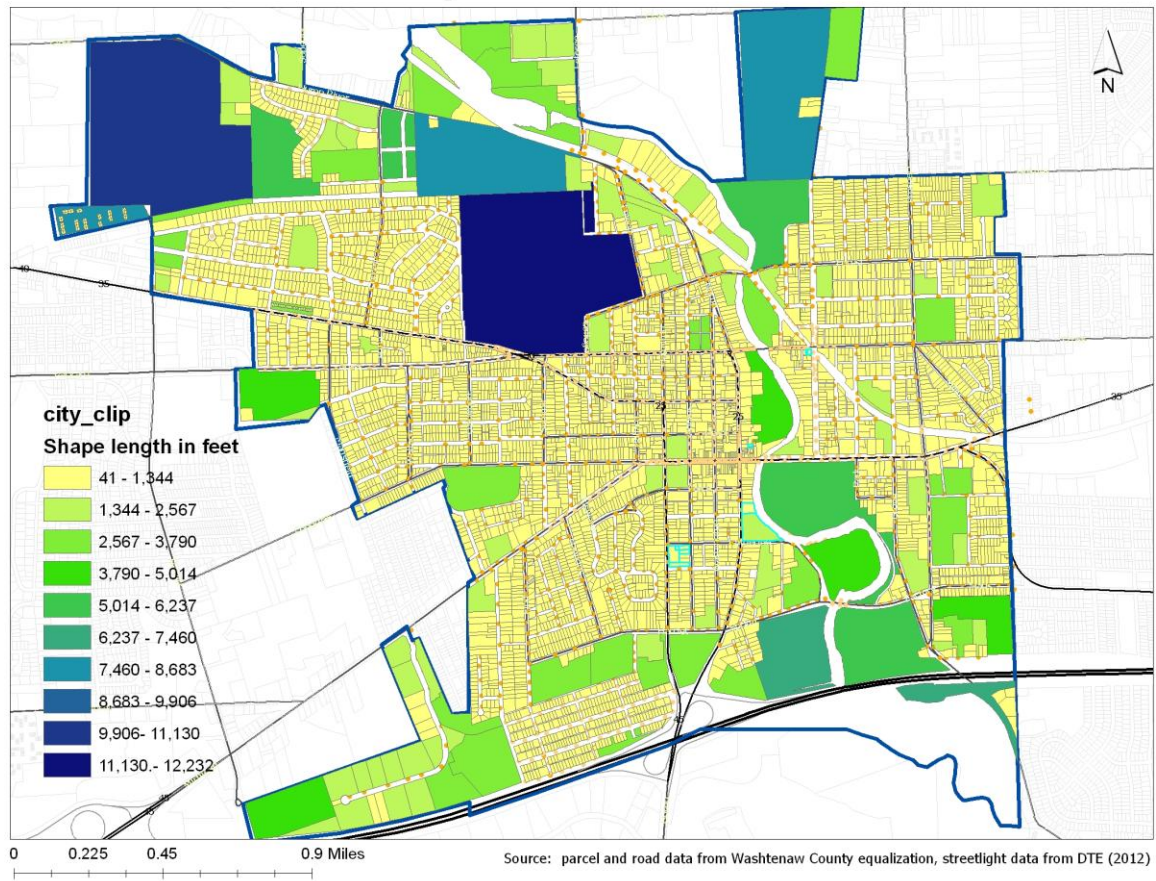
Appendix B



Parcel Classification by Perimeter



Parcel Classification by Perimeter





Resolution No. 2013-038
February 26, 2013

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

That the City Council Meeting be adjourned, on call, by the Mayor or two (2) members of Council.

OFFERED BY: _____

SUPPORTED BY: _____

YES: NO: ABSENT: VOTE: