



Draft

**CITY OF YPSILANTI
CITY COUNCIL WORK SESSION MEETING MINUTES
TUESDAY, FEBRUARY 26, 2013
CITY COUNCIL CHAMBERS - ONE SOUTH HURON ST.
YPSILANTI, MI 48197
7:00 P.M. – CLOSED SESSION
7:30 P.M. – WORK SESSION**

I. CALL TO ORDER

The meeting was called to order at 7:06 p.m.

II. ROLL CALL

Council Member Jefferson	Present	Council Member Robb	Present
Council Member Moeller (7:18)	Present	Council Member Vogt	Present
Council Member Murdock	Present	Mayor Schreiber	Present
Mayor Pro-Tem Richardson	Absent		

Council Member Vogt moved, supported by Council Member Jefferson to excuse the absences.

On a voice vote the absences were excused.

III. INVOCATION

The Mayor asked all to stand for a moment of silence.

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

The agenda was approved as presented.

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

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

On roll call, the vote to adjourn to closed session was as follows:

Council Member Jefferson	Yes	Council Member Robb	Yes
Council Member Moeller	Absent	Council Member Vogt	Yes
Council Member Murdock	Yes	Mayor Schreiber	Yes
Mayor Pro-Tem Richardson	Absent		

VOTE:

Yes: 5 No: 0 Absent: 2 (Moeller, Richardson) Vote: Carried

The meeting adjourned to closed session at 7:08 p.m.

Open session resumed at 7:43 p.m.

VII. AUDIENCE PARTICIPATION

1. James Blair, 525 Second Ave., stated that he is in favor of the special assessment as long as all property owners are equally responsible for paying the special assessment. He stated that there were two shootings in the past twelve months on areas of the street without streetlights. He mentioned that there is a church on his street that benefits, perhaps more than the private home owners, from the streetlights and they should be equally responsible.

VIII. REMARKS BY THE MAYOR

Mayor Schreiber stated that Mr. Blair's comments are something that Council is considering and part of the reason for the Work Session is to go over the various options available and to figure out the most equitable way to institute it.

IX. WORK SESSION

City Manager's Report

City Manager Ralph Lange introduced his report by stating that the City has been experiencing a continuing reduction of revenues for half a decade which has forced the City to make difficult decisions the level of service that can be provided. He stated that costs have been cut in every way possible and avenues the City has explored to bring in extra revenue have been shot down, leaving the City struggling to provide basic services. He said the last way to reclaim revenue for a service that the City provides is to explore the street lighting, which costs the City approximately \$520,000 a year.

A. Streetlight Special Assessment District Presentation

(Presentation on File with the Clerk's Office)

City Planner Teresa Gillotti and Management Intern Jessica Teng made a presentation to Council regarding the Streetlight Special Assessment District. Points highlighted during the presentation included:

- Reasons for a Streetlight Special Assessment District
- Research and findings from other communities with Special Assessment Districts
- Requirements for a Special Assessment District
- Proposal for Ypsilanti's Streetlight Special Assessment District
- Next Steps

B. Discussion

Ms. Teng stated that during the 2012 budget session City Council identified the street lighting as a possible way to help with the City's budget problems. She added that FY2008-09 was the last year with a budget surplus. She shared that the City's DTE bill equates to approximately 5% of the total general fund budget.

Mr. Lange added that the DTE bill was simply operating and maintenance costs and did not include and capital costs.

Council Member Robb stated that the reason the street lighting is being looked at is because it is a massive technological advancement and said the focus should be on that, rather than on the budgetary concerns. He added that this would be the biggest thing in lighting in the state and would have a massive technological and environmental impact.

Ms. Teng discussed other communities in the state that have street lighting assessment districts and how they distribute the assessment amongst their tax payers. She also discussed the methodology used in the report and stated that it was based on the distribution that seemed to make the most sense for the City of Ypsilanti.

Council Member Robb asked for more information on how Flint instituted the street lighting special assessment because he felt they were a good example, as they also have Colleges and Universities in their jurisdiction.

Ms. Teng explained the methodology used by the City of Flint as laid out in the Emergency Manager's report.

Mayor Schreiber asked Ms. Teng which jurisdiction she felt most closely resembled the City of Ypsilanti.

Ms. Teng answered that she felt Garden City was most similar to the City of Ypsilanti in terms of size. She outlined the requirements for a special assessment district and the methodology that staff recommended be adopted by Council for distributing the special assessment. She shared the staff's recommendation for a 10 category special assessment district and to include the capital improvement costs. She added that the Climate Action Plan estimates a 30% reduction in electricity costs by retrofitting the streetlights to LED bulbs.

Ms. Gillotti explained that the methodology used in the report was based mostly on the information that was available to them. She said there was data available on all of the street lights in the City as well as their type and actual cost, along with parcel data from the Assessor's database and the parcel perimeter data from County Equalization. She stated that the data on street frontage for each parcel was not available so they used the perimeter information that was available for each parcel. She mentioned that though costs would be going down as the lights were retrofitted with the LED bulbs, the cost estimates in the report are on the high side, however she felt this was better for general consideration. She showed a map of streetlights in the City and described the types of properties shown on the map. She explained that the estimated cost to retrofit all of the streetlights is \$1.1 million and the Climate Action Plan estimated a return on investment within seven years, though it could be sooner if the City becomes involved in the DTE rebate program. She further explained the methodology and options outlined in the report.

Ms. Teng explained that they calculated the percentage of the City that each of the 10 categories comprised and distributed that portion of the bill to be equally divided amongst the parcels in that category. This produced an average cost per parcel, which, she explained, was more efficient, due to staff time constraints as well as the amount of rounding that would be involved to get an exact cost per parcel which would make the amount more inaccurate.

Mayor Schreiber asked how to tie the perimeter, which is being used as the measure, to the amount of benefit received, which is a requirement for creating a special assessment district.

Ms. Gillotti stated that while the most ideal method would be to use the street frontage of a parcel and tie it to the closest streetlight to determine the amount assessed the information was not available. She stated there was no perfect method to be used.

Council Member Murdock stated that he anticipated this would create a lot of appeals.

Ms. Gillotti stated that the method was not perfect and there definitely would be appeals, however, though each parcel may not have a light, there is usually one close enough to constitute a benefit. She added that there are other methods they could explore depending on the amount of time Council wanted staff to spend working on the project.

Council Member Murdock asked how much additional work would be required and inquired whether or not each parcel would have to be looked at individually.

Ms. Gillotti answered that there may be specific properties where they may want to figure out a way to accommodate a special assessment amount that was representative of their property's location to streetlights.

Council Member Murdock stated that everyone would have an opportunity challenge their assessment and asked if that would be an appropriate time to figure it out, instead of going through 4,900 properties individually to determine the street frontage that is lit by streetlights.

Council Member Vogt stated that his understanding was that the assessment has to be linked to the benefit each particular property gets. He said that dividing the amount among the parcels does not do that because all parcels do not have equal access to City streetlights so the charge would not be proportionate to the benefit.

Council Member Murdock stated that he agrees with Council Member Vogt's point of view however it seems that the other streetlight special assessment districts within the state were able to divide the assessment charge everyone equally. He added that another consideration was to upfront the conversion cost to get the savings as soon as possible. He also stated that we should review the street lighting system to identify gaps in the lighting system or areas where there may be too many lights.

Mr. Lange stated that he had questioned whether doing the conversion all at once was possible and he has learned that DTE does have the capacity to do so and is enthusiastic about the project. He stated that there are more possibilities available today than there were six months ago. He mentioned there was a rebate program that was very important as it could lessen the capital costs of the project. He added that he feels that using the perimeter as a measure was far more equitable than a flat fee to all parcels and he also thinks it is more defensible.

Mayor Schreiber asked for confirmation that, under the 10-category option, residential parcels made up about 50% of the City, which puts a bigger burden the larger parcels.

Ms. Teng stated that residential parcels took up about 48.5% of the City under the 10 category option and the methodology used ensured the assessment was proportionate to the percentage of the City comprised of those parcels.

Mayor Schreiber asked for the reasoning behind using 10 categories instead of 5 categories.

Ms. Teng answered that the breakdown becomes more exact and gives you a more precise number.

Council Member Robb stated that the report used a capital cost estimate of \$1.1 million spread over 7 years and asked how many years could that cost legally be spread across.

Attorney Barr stated that it could be considered like depreciation and spread across the time frame that the lighting is good for.

Mr. Lange stated that all of the quantitative analysis is likely to change, in the next couple of weeks, in the favor of the City.

Council Member Murdock stated that he thinks the capital cost would come in much less than the estimated \$1.1 million based on advancements in the industry. He asked when and how the assessment would be added to the tax bill.

Ms. Gillotti stated that an estimate for that year's capital project could be used and then the next year's bill could be adjusted accordingly once the actual cost of the project was billed.

Council Member Murdock asked what the next steps would be.

Ms. Gillotti and Mr. Lange stated that they were looking guidance from Council.

Ms. Teng explained the steps in the process and said that the goal is to have this in place by July 1st.

Mayor Schreiber asked what process would need to be followed if Council wanted to change the methodology used to calculate the assessment.

Attorney Barr stated that the ordinance could be modified in the same manner as any other ordinance. He said that he guessed the special assessment would be charged annually, so it would be best to analyze the figures on a yearly basis to determine if Council wishes to modify the ordinance. He stated that he thinks staff is looking for input on the method they would like to begin with at this time.

Ms. Gillotti outlined a date-specific timeline, shown in the presentation, for how the project could move forward from its current standing, keeping with the goal of having the ordinance in effect by the beginning of the next fiscal year.

Mayor Schreiber stated that the perimeter seems like the best method to use though he is just struggling with whether to use the 10 categories or 5 categories, as he felt the latter burdens larger properties a little less.

Council Member Moeller stated that she had shared the project with members of the College Heights and Normal Park neighborhood lists and received a lot of complaints about the proposal stating that they did not understand why they needed to pay for streetlights.

Council Member Robb asked Council Member Moeller how she felt, as their Council representative.

Council Member Moeller answered that the numbers are not convincing to her yet.

Mr. Lange stated that the special assessment and the capital improvement are separate and, based on operating and maintenance costs alone and not including the capital improvement costs, the City could save \$490,000 a year by implementing the street lighting special assessment districts. He stated that this was a service that the City used to be able to provide but now must be looked at as an assessment. He said that adding the capital improvement would save the City even more money.

Council Member Moeller stated that some people may not be able to see the direct benefit of the assessment for their property and shared that many neighbors expressed concerns over additional assessments being added for other services.

Council Member Robb stated that there were already other assessments and millages for trash, transportation, road improvements, and library services.

Council Member Moeller stated that a lot of the details have not been clear and she feels it should be clarified for the citizens.

Mr. Lange stated that there were many ways in which this could all have been presented and the assessment is the big advantage to the City while the capital improvement is the big advantage to technology improvement and further money savings.

Council Member Moeller stated that the technology improvement and energy savings should be the focus, as people might be more willing to pay, instead of mixing up the details so much that it becomes confusing.

Ms. Gillotti summarized the points that could be looked into further, to be addressed in the future, based on the questions and concerns addressed by Council.

Council Member Robb stated that staff shouldn't look any further into assessing a flat fee.

Ms. Gillotti asked if there were any particular reason he wished to drop that option from consideration.

Council Member Vogt stated that it was hard to relate it to the benefit.

Council Member Murdock stated that it was the least defensible option.

Ms. Gillotti stated that staff could look at other municipalities and how they manage their special assessments to answer further questions. She added that, unless Council wanted to stick with a more aggressive timeline, other options could be explored and the assessment could be added to the tax bill in December, instead of rushing to have it placed on the July tax bill.

Council Member Vogt stated that he was in favor of a hybrid model where there is a certain flat fee assessed to all properties and then have the remaining portion of the assessment based on street frontage or distance to a street light which is a direct benefit. He also expressed his similar concern for the larger parcels finding reason to file lawsuits based on the assessment.

Council Member Robb stated that would be very difficult to calculate and would take a lot of time.

Council Member Murdock stated that other municipalities seemed to find a way to calculate the assessments that was much simpler and they did not seem to have any problems.

Council Member Vogt stated that perhaps there are other municipalities that also have a University who have implemented special assessment districts that could be used as examples for how the City of Ypsilanti can move forward.

Mr. Lange stated that an option the City could look at was assessing a flat fee for simply being a member of the community and benefiting from the lights being in and around the different neighborhoods. He likened the assessment to a water hook-up fee that all property owners must pay in order to have the meter on their property. He asked City Council if they wanted to move forward with a special assessment for the operating and maintenance costs and whether or not they wanted include the capital improvement costs in the special assessment.

Council Member Vogt stated that his answer depends on whether this helps the City survive the next five years and if it meets the legal requirements.

Mr. Lange stated that this is absolutely critical to the City's long-term survival.

Council Member Vogt stated that it needs to be done.

Council Member Murdock stated that the reason Council began considering the project was that it would increase revenue and would also reduce costs, so the special assessment and capital improvement project both need to be done and they need to be done together.

Mayor Schreiber stated that he also wanted to do both.

Council Member Moeller stated that she would like to see the numbers before making a decision.

Mr. Lange stated that staff would work hard to make everything more transparent. He asked if Council agreed with the hybrid method where a certain, minimum, flat fee was assessed to all parcels.

Council Member Moeller stated that she doesn't think people will understand it.

Council Member Vogt stated that he thinks it makes sense and is logical, as long as it is a very small fee.

Council Member Murdock stated that he doesn't think it makes any sense.

Mayor Schreiber stated that he is worried about the spread of cost where some parcels would have a low fee and others would have a much larger fee. He said he feels there should be some system where the residences all pay the same amount.

Council Member Robb stated that Council needed a list of the 67 properties that comprise the list of larger parcels to understand the situation better.

Council Member Murdock stated that he thought those larger parcels were mostly comprised of schools, parks, and property owned by Highland Cemetery and Eastern Michigan University.

Council Member Robb stated that they way to counter people who argue against the assessment is to tell them that it is for the greater good.

Council Member Vogt asked if staff was clear on how to move forward.

Mr. Lange stated that staff would analyze the different options and come back with more information.

X. AUDIENCE PARTICIPATION

1. James Blair, 525 Second Ave., stated that he thinks the City needs streetlights and needs the assessment. He shared that he has no problem paying for the assessment costs, including the capital improvements, and stated that his rate should go down proportional to the amount saved by the City. He stated that all City services should be included in the special assessment and be equally distributed to all properties, including nonprofits in the City that are using the City services the most by drawing more people into the City. He added that the City is a wonderful place to live and he wants to see everyone pay their fair share to

make the City competitive with the communities adjacent to it. He mentioned that he is in the electric industry and there are many incentives the City could explore.

XI. REMARKS FROM THE MAYOR

Mayor Schreiber stated that Mr. Blair's comments had encapsulated years of discussion on the topic. He mentioned that the four ways the City could raise revenues were through property taxes, for which the City has reached the constitutional limit, fees for services or special assessments, revenue sharing, and an income tax, which the City does not have. He stated that it is imperative for the City to raise revenue in order to provide basic City services and keep the City budget stable. He shared that Council is aware of the challenges the City is facing and trying to do things more efficiently with the resources the City does have.

XII. ADJOURNMENT

Resolution No. 2013-038, adjourning the City Council meeting.

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: Council Member Jefferson

SUPPORTED BY: Council Member Vogt

On a voice vote the motion carried and the meeting adjourned at 9:25 p.m.