



APPROVED

**City of Ypsilanti
City Council Goal Setting Minutes
Tuesday, November 10, 2015
7:00 p.m.
Spark East – 215 W. Michigan Avenue
Ypsilanti, Michigan**

I. CALL TO ORDER –

The Meeting was called to order at 7:08 p.m.

II. ROLL CALL –

Council Member Anne Brown	Present	Council Member Robb	Present
Council Member Nicole Brown (7:18)	Present	Council Member Vogt	Present
Council Member Murdock	Present	Mayor Edmonds (8:05)	Present
Mayor Pro-Tem Richardson	Absent		

Council Member Anne Brown moved, seconded by Council Member Vogt, to excuse the absence of Mayor Pro-Tem Richardson.

On a voice vote, the motion carried, and the absence was excused.

Council Member Robb moved, seconded by Council Member Anne Brown, to nominate Council Member Murdock as temporary Mayor Pro-Tem.

On a roll call, the vote to approve the nomination was as follows:

Council Member N. Brown	Absent	Council Member Robb	Yes
Council Member Murdock	Yes	Mayor Edmonds	Absent
Mayor Pro-Tem Richardson	Absent	Council Member Vogt	Yes
Council Member A. Brown	Yes		

VOTE:

YES: 4 NO: 0 ABSENT: 3 (Richardson, Edmonds, Nicole Brown) VOTE: Carried

III. INVOCATION –

Acting Mayor Pro-Tem Murdock 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. INTRODUCTIONS –

None

VI. AUDIENCE PARTICIPATION –

None

VII. REMARKS FROM THE MAYOR –

None

VIII. DISCUSSION ITEMS –

— Fiscal Year 2015 – 2016 Goal Setting Discussion

City Manager Lange and Principal at Municipal Analytics John Kaczor provided a presentation regarding the Fiscal Year 2015 – 2016 budget. **(See Website)**

Council Member Anne Brown moved, seconded by Council Member Vogt, to turn the meeting over to the facilitator.

On a roll call, the vote to approve the motion was as follows:

Council Member N. Brown	Yes	Council Member Robb	No
Council Member Murdock	No	Mayor Edmonds	Absent
Mayor Pro-Tem Richardson	Absent	Council Member Vogt	Yes
Council Member A. Brown	Yes		

YES: 3 NO: 2 ABSENT: 2 (Richardson, Edmonds) VOTE: Failed

Council Member Robb asked what the \$336,000 staff had estimated in General Fund improvements represents. Mr. Lange responded the whole budget was examined for possible savings. Mr. Robb asked if that information could be sent to Council. Mr. Lange responded in the affirmative.

Council Member Robb stated it might not be politically feasible to set aside \$3 million for debt payment, and said Council had an issue during budget approval setting aside \$2 million. Mr. Robb said in order for this plan to work Council must now be willing to set aside \$3 million for Water Street debt payments. Council Member Anne Brown responded that decision does not need to be made tonight. Mr. Robb replied in the affirmative but the City Manager is asking Council to accept his plan. Mr. Lange added there is a difference in setting money aside and using it to refinance debt.

Council Member Robb asked if the \$1.8 million will be paid off over a 15 years. Mr. Kaczor responded that can be paid anytime. Mr. Robb said that can be paid anytime but it would be able to be stretched out until 2031. Mr. Kaczor replied in the affirmative.

Council Member Robb asked if the street light assessment is approved for five years what will happen on that sixth year. Mr. Kaczor responded that would be up to the City Manager and Council to decide the best course of action. Mr. Robb stated there is a difference in saying the assessment will only be needed for five years and it might need to be renewed after five years.

Mr. Kaczor responded that is the issue that after the five years the assessment might need to be renewed. Mr. Lange added the plan includes millions of dollars in City owned land that it could sell and as that property is sold it will develop revenue for the City.

Council Member Robb stated the plan lays out a \$300,000 reduce in costs and asked if there is an idea of how that will occur. Mr. Lange responded in the affirmative, and said there is a guarantee of three retirements in the Fire Department as the SAFER Grant sunsets. Mr. Lange added the City is currently employing a higher volume of staff in the Planning and Economic Development Department because of the City's need for increased economic development which will eventually be scaled back.

Council Member Vogt asked what aspects of this plan are the least likely to happen. Mr. Lange responded the initial risk is changing the interest rate to 4.25% opposed to 3%. Mr. Lange said it is never easy to make cuts especially \$300,000 and the greatest risk is if the City will be able to sell property. Mr. Lange added as development increases in the City it will generate a great deal of permit fees.

Council Member Murdock asked once the City is able to buy the bond debt off is there a timeframe. Mr. Lange responded there is no window it is indefinite. Mr. Murdock asked for every million dollars the City pays down the debt how that will affect the payment. Mr. Kaczor responded he has not completed that calculation, but reducing the debt from \$13.2 million to \$9.8 million it would reduce the payment from \$1.4 million to \$949,000. Mr. Kaczor added if the City pays another \$1.8 million and the debt decreases to \$8 million the payment drops to \$749,000. Mr. Murdock said there are two parts to reduce the payments: buying them outright and the other is refinancing and said he is worried if the entire fund balance is used the City will not have flexibility in other projects.

Council Member Murdock stated the City has seen some savings in the past few years because some positions have not been filled. Mr. Murdock said the Police Department staff has been short three officers for a number of years and he asked if those officers necessary. Mr. Lange responded the Police Department absolutely needs those officers. Mr. Murdock added with the decrease in staff levels there will be an effect on the service capability. Mr. Lange replied he respectfully disagrees and said it will hurt the service delivery but it will not cripple it as it was in the past.

Council Member Murdock stated he understands the need for the City to create a revenue stream but he is very uncomfortable creating a special assessment to cover an operating expense. Mr. Murdock added he is also against creating a regressive tax that is not equitably distributed. Mr. Murdock added it is more likely a special assessment would need to be longer than five years.

Council Member Anne Brown asked what the timeline is for paying off the Community Development Block Grant Debt. Mr. Lange responded half will be due in 2017 and the remainder will be due in 2018.

Council Member Robb added for every million dollars the City pays toward the Water Street debt the payment goes down \$190,000.

Mr. Kaczor stated there is a lot of hesitancy on Council to bring that fund balance down to what might be perceived as the bare minimum and that is one of the risks of this plan but at the same time the City gets to the point that it's not using the fund balance. Mr. Kaczor stated the goal is stability and if the amount paid toward the debt is decreased the City will need to account for that money elsewhere.

Council Member Murdock asked how much of the fund balance should be used to pay down the debt. Council Member Murdock stated if the debt was only reduced to \$2 million and the remainder of the fund balance was maintained for future debts would it provide the City a cushion because Water Street will not create tax revenue until 2018. Mr. Kaczor responded that is the crux of the issue of what Council decides as the tipping point but Mr. Lange has presented a case that would get the City to a balanced budget. Mr. Kaczor added if the City maintains, it will see \$190,000 depletion in the fund balance.

Mayor Edmonds asked for an anticipated list of projects the City can expect in the next year to move the development process forward on Water Street. Ms. Ernat responded she would provide that list. Mr. Lange added the City is being very cautious with this plan, but he will provide that list.

DPS Director Stan Kirton asked if tax assessments are forecasted to rise. Mr. Kaczor responded it is anticipated there will be an increase of 2.25% annually. Ms. Ernat added property assessments are on a triennial cycle and the values are being restored to the levels before the crisis of 2008.

Council Member Robb asked if projections include any issues that would require the fund balance to increase. Mr. Kaczor responded at this point much of the fund balance commitment is employee benefits and as people retire the City will be paying that down. Mr. Kaczor added new hires do not have that very robust paid leave time benefit and said he does not see anything structurally that will be a negative which would require a higher commitment.

Mr. Lange stated he understands how the public might react to another streetlight assessment, but the original assessment was for two years and the City decided not extend it for another two. Council Member Murdock responded the original assessment was to pay for a capital improvement not operational expense and it could not have been extended because the City paid off the project. Mr. Lange explained the proposed streetlight assessment would not last forever it would only allow time for the tax base to increase which is why he is asking for a five year assessment. Mr. Lange added if Council decides not to create another special assessment it would have to make another \$300,000 in cuts.

Council Member Vogt stated if this plan succeeds the City would be able to tell potential developers who would buy the bonds that the City has a balanced budget or it is potentially balanced. Mr. Vogt said if the budget isn't balanced it might dissuade developers who would be hesitant because of possible looming cuts. Mr. Vogt added he is in favor of instituting a streetlight assessment and the most important thing is to balance the budget.

Council Member Robb suggested that Council request the City Manager to submit a plan for alternative cuts or revenues enhancements to account for the \$300,000 raised by the proposed streetlight assessment. Council Member Vogt agreed.

Mr. Lange stated even though the City has undertaken a lot of capital projects it has found tremendous savings in all of those projects. Mr. Lange added the strategy behind that is during this time the City would not need to expend a lot of capital on possible emergencies. Mr. Lange said another issue is how many mills Council would like the road millage proposal to be and approved by election. Council Member Murdock stated the road millage will need to go to a public vote at some point. Mr. Kaczor said there is a potential reduction in a road millage with the increase special assessment. Mr. Murdock stated it is still unclear what the state passed in its roads bill and how much and when the City will as a result from that bill is still unknown and if the County continues its 0.5 mil is also unknown. Mr. Murdock said there might be funding to replace the road millage but as of today there is uncertainty.

Council Member Murdock stated the road millage is not a millage it is a bonding mechanism and the City is at its maximum for millage rate. Mr. Murdock said the only opportunity is for the City to bond again and either do one massive project or a sinking fund. Mr. Kaczor responded the City would have to bond and pay interest and that is the issue.

Council Member Murdock asked what the timeline is for needing a decision on the buy down of the Water Street Debt and the creation of a special assessment. Mr. Lange responded the formation of a special assessment is a lengthy process and he hopes to have a decision by the second meeting in December. Mr. Murdock stated the decision that needs to be made is how much of the debt the City is going to buy down and how much of the debt is going to be refinanced. Mr. Kaczor responded in the affirmative.

Council Member Murdock stated the other questions concern the possible special assessment and how it's structured. Mayor Edmonds asked if a decision about the road millage should be made at the same time as the special assessment. Mr. Murdock responded they could be made at the same time but he feels there is more time to make a decision on the road millage. Mr. Lange added he would prefer Council to make a decision on the road millage when at least one millage sunset. Mayor Edmonds stated the public would be more willing to accept the special assessment because the road millage will not be renewed. Mr. Murdock responded it will still be a hard sell to the public.

Peter Latzmann, Facilitator, commended Council on what they were able to accomplish tonight and that direction was given to the City Manager for next steps. Mr. Latzmann asked what Council would like to do with the 2015 Council Goals and what will be needed in order solidify goals for 2016. Mayor Edmonds stated she would like to see information on goals that assist in economic development. Mr. Latzmann stated looking through records of the past ten years he has not seen cost attached to any Council goal. Mr. Latzmann said that would allow goals to be more easily prioritized. Ms. Ernat responded that is something that was touched on by the Capital Improvement Budget. Mayor Edmonds replied that is specific to capital projects and has little to do with public safety and other listed goals produced during the 2015 goal setting process. Ms. Ernat responded that process will take a lot of time to quantify which could be better used actually completing those tasks. Mr. Murdock added goals have been historically projects the City would like to accomplish but the City's basic function is a service provider which is not discussed very often. Ms. Edmonds stated prioritizing goals helps to priorities the time of Council.

Council Member Anne Brown stated she would like to see communication with the public as a priority. Mr. Latzmann agreed and said goals should be used as a metric in deciding what projects are in-line with Council priorities. Mr. Latzmann added he grouped each goal from 2015 and found every goal fell into four categories: human resources, public safety, public relations, and finance.

Mr. Lange stated all politics are local and everything is based on service and if Ypsilanti did not have the Water Street debt service would be the primary concern of the City. Mr. Lange added if the City does not get past the Water Street debt Council will not have any decision power.

Council Member Anne Brown stated services are very important and the communication that inform residents about that service are also very important.

Mr. Latzmann asked if during the next meeting Council would like to go through the 2015 goals. Council Member Murdock responded that would be a reasonable starting point. Council Member

Vogt stated he does not believe that Council needs to spend a great deal of time on goals instead each Council Member should make a list of tweaks.

Mayor Edmonds agreed with Mr. Latzmann that a resource cost should be assessed to each goal in order to prioritize effectively.

Ms. Ernat stated she was asked to provide an economic development toolbox presentation that lists priority projects and asked if Council would like that presentation during the next goal setting. Council Member Anne Brown asked if the ability to bond would be something that would be discussed as a part of the toolbox. Ms. Ernat responded in the affirmative.

Council Member Anne Brown stated is Council asking staff to provide information on increase resource needs to accomplish goals and asking Mr. Lange to provide possible cuts at the next goal setting meeting. Mayor Edmonds responded she is not necessarily suggesting a dollar amount in cost more of what actual resources would be needed to accomplish a goal in order for Council to assess if that is a goal worth pursuing.

Council Member Murdock stated Council set guidelines for OPRA and 192 Industrial Guidelines. Ms. Ernat responded there are some guidelines but they should be revisited because a lot has been changed since those were adopted. Mr. Latzmann stated proposed incentives will have an effect on the budget and asked if she could provide an estimation of how much this would impact revenues. Ms. Ernat responded that is a fair question but an accurate estimation is not feasible. Council Member Murdock stated the issue with economic incentives is how the City can assure that it gets in investment that was promised. Ms. Ernat responded there need to be controls in place to assist in avoiding those situations.

City Attorney John Barr stated goal setting can be very difficult and over the years Council has set goals for the administration but he can't remember Council ever setting goals for Council.

Council Member Murdock stated what he hears most for the public is City services not Water Street.

Council Member Robb asked Ms. Ernat to email the economic toolbox presentation to Council and at the next regular meeting Council can decide if they would like to add the presentation to the next goal setting. Ms. Ernat responded in the affirmative.

Deputy Clerk Andrew Hellenga asked if Council would like to schedule the third goal setting meeting date. Council responded they will set it if needed either at the November 17th regular meeting or the November 19th goal setting meeting.

IX. AUDIENCE PARTICIPATION –

None

X. REMARKS FROM THE MAYOR –

None

XI. ADJOURNMENT –

Council Member Murdock moved, seconded by Council Member Vogt to adjourn the meeting.

On a voice vote, the motion carried, and the meeting adjourned at 9:20 p.m.