1. Council Goal Setting Meeting Agenda

   Documents:

   1- 11-19-15 GOAL SETTING AGENDA.PDF

2. Council Goal Setting Meeting Packet

   Documents:

   11-19-15 COUNCIL GOAL SETTING PACKET.PDF

City of Ypsilanti
City Council Goal Setting Agenda
Thursday, November 19, 2015
6:00 p.m.
Spark East – 215 W. Michigan Avenue
Ypsilanti, Michigan 48197

I. **CALL TO ORDER** –

II. **ROLL CALL** –

III. **INVOCATION** –

IV. **PLEDGE OF ALLEGIANCE** –

V. **INTRODUCTIONS** –

VI. **AUDIENCE PARTICIPATION** –

VII. **REMARKS FROM THE MAYOR** –

VIII. **DISCUSSION ITEMS** –

- Fiscal Year 2015/2016 Goal Setting Discussion

IX. **AUDIENCE PARTICIPATION** –

X. **REMARKS FROM THE MAYOR** –

XI. **ADJOURNMENT** –

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CITY OF YPSILANTI
City Council
Goal Setting
Facilitator: Peter Letzmann

Goal setting is a powerful process for thinking about the City's ideal future, and for motivating yourself and others to turn the vision of this future into reality. The process of **setting goals** helps you choose where the Council wants the City to go.

- Introduction - Some considerations before we begin.
- What do you want the out come of the Goal Setting Session to be?
- Choosing from the previously established goals.
- Establishing priorities for the chosen goals. (What do we really want).
- Reality checks on achieving the goals. (What can we realistically achieve).

High impact / low $	High impact / high $
Low impact / low $	Low impact / high $

- Establish time lines for the goals. (Plan Due Dates and Completion Date)
- Feedback /Reporting mechanisms. (Mile Markers)
- Sample "report card." (See below)

Priority	Specific Goal	Primary Responsibility Area [i]	Plan Due Date[ii]	Est. Total Cost	Est. Annual Cost	Mile Markers	Completion Date

[i] Ultimately the execution of the Goals established by Council will be the responsibility of the City Manager.
[ii] Depending on conditions and circumstances, the dates and subsequently the mile markers will have to be adjusted accordingly.

PLAN TO REGAIN BUDGETARY AND EMPLOYEE SUSTAINABILITY FOR THE CITY OF YPSILANTI SUPPLEMENTAL INFORMATION

By: Ralph A. Lange, City Manager
Marilou T. Uy, Finance Director
Supported by City Staff and Expert Consultants

November 19, 2015

City of Ypsilanti
City Manager's Office

Memorandum

To: Mayor and City Councilmembers

FROM: Ralph A. Lange, City Manager

Date: November 19, 2015

Subject: Balanced Budget Plan Supplemental Information

On Tuesday, November 10, 2015, I submitted the above referenced plan for City Council's consideration. That plan was modestly updated and certain errors corrected when I provided City Council with a PowerPoint presentation of this plan.

This document is being provided to answer questions brought up during the November 10th goal setting meeting and provide additional supporting documentation for the original plan. The point of all this information is to help City Council make the best decision possible as to whether they should accept, reject, or modify my plan in a timely manner.

REVIEW OF FUND BALANCE DISCUSSION:

The plan calls for approximate $3 million pay down of the Water Street debt principal using $3M in General Fund Reserves. The question arises "will that leave the city with enough financial reserves to still operate efficiently and meet emergency needs" The City staff pegged the General Fund annual operating budget at $14.4M. The original plan still leaves the City approximately $4.2M in General Fund Reserves, or approximately 30%.

The General Fund's annual operating budget is inflated substantially by the amount of the Water Street debt payment and the Police and Fire Pension and Health Insurance Fund that flows through the General Fund but has a dedicated revenue source to pay these costs. Taking these two factors into consideration, the more accurate General Fund annual budget figure should be $11,600,000, 30% of which equals $3,480,000. This means that the General Fund really has an additional approximately $700,000 in reserve funding before it would get to 30% of the more accurate figure for the General funds annual operating budget.

Another way to look at this is to take the new proposed General Fund balance $4,200,000 and subtract the committed part of this Fund balance of $1,700,000 and that leaves an uncommitted fund balance reserve of $2,500,000 even after the debt pay down.

JULY 1, 2017 BUDGET REDUCTIONS AND BACK-UP INFORMATION:

As is now planned, at the height of the surge in city staffing, the maximum number of fulltime employees would be 95, if everyone is hired and no one leaves. By June 30, 2017, the plan presented calls for the reduction of 3 firefighter positions. All three of the individuals who hold these positions must leave due to their participation in the DROP program by no later than May of 2017.

The reduction of the three individuals, in the Tier I category, in question is due to the loss of the SAFER Grant ($405,000 per year) on March 31, 2016. This reduction leaves the Fire Department with a full-time staff of 17; one Fire Chief, one Fire Marshal plus three Captains, three Lieutenants and nine firefighters for a total of 15 firefighters in suppression. This leaves a per shift fire suppression allocation of five with a minimum of four people per shift. The cost savings of this reduction in the Fire Department equals approximately $393,000. This changes the projected staffing model by a negative three from 95 to 92 employees. None of these savings can be applied to the $300,000 in cuts to the General Fund Budget called for in the plan because it is already factored into John Kaczor' s model, as is the loss of the SAFER Grant.

In order to achieve an additional $300,000 in General Fund cuts, more City staff would have to be cut. I would propose the reduction of another three full-time City employees and one part-time City employee, which would reduce the city staff to 89 employees. These reductions, and $30,000 in additional reductions identified by the Finance Department relative to Mr. Kaczor' s model, would equal a total estimated savings of $278,000. The last $22,000 would be cut out of miscellaneous General Fund line item appropriations yielding small increments of savings. This would further reduce the Fire Department by one additional full-time person (Fire Marshal and one administrative assistant). I will do everything in my power to try and identify other cuts in the General Fund Budget equal to the cost of a Fire Marshal in order to save this position.

If the City Council were to insist that an additional $300,000 be cut from the City budget, this reduction would come as a result of reducing the Police Department by three officers. In the case of the Police/Fire Department reductions in staff, these reductions could be postponed if another SAFER Grant or COPS grant is successfully obtained to cover the cost of these positions.

- Cutting part-time employees or interns does not yield a good return to the City from a cost benefit perspective relative to reducing General Fund expenditures.
- The City Management team would have to put together its best budget projection possible each year and then monitor each budget very closely and reevaluate the results at the end of each year.
- The City Management team would also have to monitor capital expenditures extremely closely and only buy what is absolutely required.
- The City Management team would have to continuously look for opportunities to save General Fund dollars and generate new revenue sources for the General Fund as we have all done for the last three years with great success.

ANNUAL SAVINGS IN WATER STREET DEBT BOND PAYMENT PER MILLION DOLLARS OF PRINDICPAL PAY-DOWN:

This annual value of paying down each million in the General Fund at 4.25% is as follows:

- A reduction of $5,345,000 equals a savings of $651,000.
- To get this figure to reflect 'per million dollars of pay down', you divide $651,000 by 5.245, which equals an annual savings of approximately $124,000 per million.

REGARDING THE MILLAGE EQUIVALENT ON THE PROPOSED STREET LIGHTING ASSESSMENT:

Regarding the millage equivalent of the proposed street lighting assessment, if we assume each property owner pays $62/year, the owner of a $100,000 home ($50K Taxable Value) would be paying about 1.24 mills. The owner of a $150,000 home would pay the equivalent of 0.83 mills, and the owner of a $200,000 home would pay the equivalent of 0.62 mills.

STREET LIGHTING SPECIAL ASSESSMENT OPTIONS:

There has not been enough time to adequately research other options but I understand what City Council would like. We will continue to research and hopefully will have more information by Thursday's goal setting meeting.

I understand that several members of City Council believe that a special assessment is a regressive bill for city residents. Please consider the following. A large number of our residents do not own City property. Most residents rent their property and some are homeless. The homeowner with one house on a single lot would pay $62 per year, or $5.20 per month. However, the majority of our property owners do not use the property as their primary residence and/or more than one City lot. These property investors are more than likely able to afford the special assessment, and in many cases, multiple $62 lot assessments. So, thinking about this assessment in these terms, it is not as regressive on City residents as it appears.

ANNUAL TRANSFER COST TO CAPITAL IMPROVEMENT FUND FROM GENERAL FUND:

The annual transfer to Capital Improvement Fund (414) from General Fund that is included in the model:

2017	$	258,632
2018	$	270,782
2019	$	268,605
2020	$	246,349
2021	$	246,349

TRANSFERS FROM THE GENERAL FUND TO THE MOTORPOOL FUND:

Here is a summary of GF transfers to Motor Pool. You can see the model includes about $335,000 per year in GF transfers to MP:

GL Number	GL Description	2015	2016	2017	2018	2019	2020
101-7-1720-943-00	EQUIPMENT RENTAL OR LEASE DEP	1,500	1,500	1,530	1,561	1,592	1,624
101-7-2150-943-00	EQUIPMENT RENTAL OR LEASE DEP	720	1,000	1,020	1,040	1,061	1,082
101-7-2650-943-00	EQUIPMENT RENTAL OR LEASE DEP	14,943	5,500	5,610	5,722	5,837	5,953
101-7-3070-943-00	EQUIPMENT RENTAL OR LEASE DEP	100,000	100,000	100,000	100,000	100,000	100,000
101-7-3370-943-00	EQUIPMENT RENTAL OR LEASE DEP	1,285	276	282	287	293	299
101-7-3390-943-00	EQUIPMENT RENTAL OR LEASE DEP	150,000	150,000	150,000	150,000	150,000	150,000
101-7-3720-943-00	EQUIPMENT RENTAL OR LEASE DEP	10,073	10,000	10,200	10,404	10,612	10,824
101-7-4420-943-00	EQUIPMENT RENTAL OR LEASE DEP	8,089	10,000	10,200	10,404	10,612	10,824
101-7-4442-943-00	EQUIPMENT RENTAL OR LEASE DEP	17,373	21,000	21,420	21,848	22,285	22,731
101-7-7170-943-00	EQUIPMENT RENTAL OR LEASE DEP	33,501	33,000	33,660	34,333	35,020	35,720
Total General Fund Transfers to Motor Pool		**337,483**	**332,276**	**333,922**	**335,600**	**337,312**	**339,058**

COST OF EMPLOYEES BY RANK AND TIER I/TIER II CATEGORY:

Police Tier 1 – Based on 2 Person Coverage:
P01-1A: $114,927.30 annual wages & benefits
P03-1: $137,369.39 annual wages & benefits

Fire Tier 1 – Based on 2 Person Coverage:
F01-1: $110,596.72
F01-6: $133,180.16

Police Tier 2 – Based on 2 Person Coverage:
P01-1A: $90,884.49 annual wages & benefits
P03-1: $113,696.40 annual wages & benefits

Fire Tier 2 – Based on 2 Person Coverage:
F01-1: $85,683.70 annual wages & benefits
F01-6: $109,507.16 annual wages & benefits

Fire Captain: $143,832.43 annual wages & benefits

Fire Lt.: $129,449.44 annual wages & benefits

Fire Fighter: $120,854.12 annual wages & benefits

ADDITIONAL MONEY FOR ROADS PER THE STATE'S NEW ROAD PROGRAM: Per Kirk Profit

Additional dollars for roads for the City if all goes as enacted in the plan:

1) '17 .... $214,000
2) '18............ $310,000
3) '19.............$415,000
4) '20.............$537,000
5) '21.............$728,000
6) '22.............$744,000
7) Total: $2.95 million cumulatively over this period

Additionally, over the same period of time, AAATA can expect to receive a total sum of $17.4 million (cumulatively over this 6 year period) in similarly escalating amounts annually.

Obviously, there are LOTS of contingencies and assumptions (not the least of which is that the future legislatures would have to honor this legislative direction of future funds from the General Fund).

CRITICAL MUST HAVE CAPITAL EXPENDITURES ITEMS LIST:

Underground electric on Water Street (H and K share)	$271,000
Construct River Street from Michigan Ave to Parsons Street (H and K share)	$
Match for Rail Road Station shelter and platform(s) Plus other related items	$
Cost of additional environmental work on Water Street	$
Water Street infrastructure	$
LaForge/Huron River Drive access and roadway	$
B2B Connections	$

2015-2016 Estimated Budget Adjustments as of November 2015:

Please see attached spread sheet.

SUMMARY CONCLUSION AND ADDITIONAL RECOMMENDATIONS:

So that I am absolutely clear, we need every person we currently have or are planning to hire. We actually need even more employees than the 95 figure but, in order to meet the basic requirements of the plan as has been spelled out, the following would have to happen:

<u>Reduction in staff in sequence</u>: My recommendation would be that the following positions would either be laid off, lost by attrition, or a new revenue source is found to pay for the positions. If I **must reduce the city work force** the top positions would have to leave first and the bottom positions would leave last:

- Three positions in Fire Department, followed by a part-time position in Fire Department, followed by two positions in the Planning Department, followed by the Fire Marshal position, followed by three Police Officers. The reduction of the three police officers would be required if City Council did not approve the Street Light assessment for $300,000.

I am firmly convinced that we will have enough Fund Balance remaining in the General Fund, even after paying down $3M on the bond, to give us an adequate cushion in case of un unexpected emergency.

In order to make it easier for City Council and the public to accept the streetlight special assessment, I would recommend, in light of the additional revenues the State will provide to the City as a result of the road package they just passed, that no new road millage be approved to pay for road project(s) debt until FY2019 budget; that is the first year that all 4.5 mills of current road bond millage will drop off. We will just have to make do until that time so as not to unduly burden the taxpayer.

In conclusion, this plan is strongly supported by Mr. Kaczor who has worked with the City for many years, as well as the City Finance Department, which includes Marilou Uy, Rheagan Basabica, Kim Jones and me. If we need to reduce a number of City employees in order to preserve the long term financial viability of the City's General Fund the City staff is willing to make this sacrifice and do all they can to provide a reasonable level of services with not enough resources to meet the demands of City Council and the public. For this plan to be successful, the City staff will have to continue to do an extraordinary job of providing quality City services, save money and find new sources of money with less people. We must continue to work to find a ways to turn the many acres of City owned property (especially Water Street property) into productive high value tax paying property. The City Council will have to pass a Street Light operating special assessment. I know that passing the five year Street Light special assessment is a hard pill for everyone to swallow. If City Council does not vote to add this revenue stream to the plan's equation, it will force the City to cut the Fire Marshal position for sure and not hire the last three Police Officers we are scheduled to hire and truly need. Providing the best possible public safety force is the City Council's top priority.

I strongly urge each member of City Council to support and approve this plan. I am also respectfully asking for a decision from City Council as quickly as possible. It is not possible to do any other meaningful goal setting until this issue is decided.

Thank you for your understanding and consideration.

RAL/ns

Attachment

BUDGET ADJUSTMENTS

DEPT	ACCOUNT #	ACCOUNT DESCRIPTION	FISCAL YEAR 2015-2016 BUDGET AMENDED # 1	BUDGET AMENDED # 2	BUDGET INCREASE (DECREASE)
NON DEPT	101-4-0000-441-05	PILOT PUBLIC HOUSING	(4,000.00)	0.00	4,000.00
NON DEPT	101-4-0000-445-02	INTEREST ON CURRENT TAXES	(60,000.00)	(40,000.00)	20,000.00
NON DEPT	101-4-0000-476-02	CATV FRANCHISE FEES	(230,000.00)	(240,000.00)	(10,000.00)
FINANCE	101-4-1910-664-00	INTEREST EARNINGS	(115,000.00)	(100,000.00)	15,000.00
PARKING ENF	101-4-3110-607-10	PARKING METER REVENUES	(133,000.00)	(125,000.00)	8,000.00
PARKING ENF	101-4-3110-607-10	PARKING TICKET REVENUES	(115,000.00)	(105,000.00)	10,000.00
LAWNET	101-4-3120-501-26	GRANT LAWNET 1	-	(13,000.00)	(13,000.00)
SAFER	101-4-3380-505-00	HOMELAND SAFER EMW2013 FH00191	(300,189.00)	(287,298.00)	12,891.00
BLDG INSP	101-4-3710-461-00	BUILDING PERMITS	(139,000.00)	(180,000.00)	(41,000.00)
BLDG INSP	101-4-3710-461-08	CERTIFICATION OF COMPLIANCE	(115,000.00)	(165,000.00)	(50,000.00)
PLANNING	101-4-7210-607-01	SITE PLAN, REZONING, APPEAL	(8,000.00)	(13,000.00)	(5,000.00)
SENIOR CTR	101-4-7510-653-03	DONATIONS USED - SEN CENTER	(51,570.00)	(41,570.00)	10,000.00
COUNCIL	101-7-1010-728-00	OFFICE SUPPLIES-PLATES	1,500.00	2,500.00	1,000.00
COUNCIL	101-7-1010-864-01	CONFERENCES AND WORKSHOPS	2,000.00	7,000.00	5,000.00
CITY MANAGER	101-7-1720-714-28	ANNUAL REQ CONT PENSION-MERS TIER 2		3,547.80	3,547.80
CITY MANAGER	101-7-1720-728-00	OFFICE SUPPLIES	850.00	1,850.00	1,000.00
CM COM. PROM	101-7-1721-882-00	COMMUNITY PROMOTION	4,000.00	6,000.00	2,000.00
FINANCE	101-7-1910-714-28	ANNUAL REQ CONT PENSION-MERS TIER 2		3,404.82	3,404.82
CLERK	101-7-2150-714-28	ANNUAL REQ CONT PENSION-MERS TIER 2		1,177.32	1,177.32
CLERK	101-7-2150-900-00	PRINTING AND PUBLISHING	12,000.00	17,000.00	5,000.00
TREASURY	101-7-2530-728-00	OFFICE SUPPLIES	1,500.00	3,268.00	1,768.00
TREASURY	101-7-2530-864-02	PROFESSIONAL DEVELOPMENT	500.00	1,000.00	500.00
VOTER REGISTRATION	101-7-2621-714-28	ANNUAL REQ CONT PENSION-MERS TIER 2		1,177.32	1,177.32
DPW	101-7-2650-707-00	TEMPORARY WAGES	-	500.00	500.00
BUILDNG-J.ROE	101-7-2650-815-00	CARPET & PAINT	3,600.00	1,600.00	(2,000.00)
CLERK	101-7-2650-818-00	PAINT STAIRWELL	5,000.00	-	(5,000.00)
GEN-J. ROE	101-7-2650-818-00	CITY HALL BOILER SYSTEM	30,000.00	23,000.00	(7,000.00)
GEN-J. ROE	101-7-2650-818-00	CITY HALL PARAPIT TUCKPOINT	31,000.00	25,000.00	(6,000.00)
DPW	101-7-2650-822-22	FIRE INSURANCE	18,000.00	32,288.00	14,288.00
HUMAN RESOURCES	101-7-2700-714-08	HEALTH CARE COSTS - BLUE CROSS	11,677.00	2,800.00	(8,877.00)
HUMAN RESOURCES	101-7-2700-714-13	EHIM WRAP CLAIMS	3,312.00	361.20	(2,950.80)
HUMAN RESOURCES	101-7-2700-714-14	EHIM WRAP FEES	216.00	54.00	(162.00)
HUMAN RESOURCES	101-7-2700-714-15	EHIM SCRIPTS	2,434.00	742.69	(1,691.31)
HUMAN RESOURCES	101-7-2700-714-16	WAIVER		3,750.00	3,750.00
HUMAN RESOURCES	101-7-2700-714-25	SIGNING BONUS	2,224.00	1,000.00	(1,224.00)
HUMAN RESOURCES	101-7-2700-958-00	MEMBERSHIPS AND DUES	1,000.00	1,300.00	300.00
POLICE ADM	101-7-3050-714-28	ANNUAL REQ CONT PENSION-MERS TIER 2	-	5,121.72	5,121.72
POLICE	101-7-3070-706-00 TO 721-00	PERSONNEL COST	4,399,061.00	4,277,061.00	(122,000.00)
PARKING ENF	101-7-3110-714-28	ANNUAL REQ CONT PENSION-MERS TIER 2		2,411.16	2,411.16
FIRE	101-7-3390-709-00 TO 709-02	OT SAVINGS	90,000.00	75,000.00	(15,000.00)
BLDG INSP	101-7-3710-818-00	CONTRACTUAL SERVICES	95,000.00	100,000.00	5,000.00
DPW	101-7-4420-757-00	OPERATING SUPPLIES	500.00	1,500.00	1,000.00
DPW	101-7-4480-775-01	REPAIRS & MAINTENANCE SUPPLY	5,000.00	30,000.00	25,000.00
DPW	101-7-4480-818-00	CONTRACTUAL SERVICES	430,000.00	400,000.00	(30,000.00)
DPW	101-7-7170-707-00	TEMPORARY WAGES		2,500.00	2,500.00
DPW	101-7-7170-775-01	REPAIR & MAINTENANCE SUPPLY	2,500.00	4,000.00	1,500.00
ECONOMIC DEV	101-7-7210-714-28	ANNUAL REQ CONT PENSION-MERS TIER 2		8,442.24	8,442.24
ECONOMIC DEV	101-7-7210-728-00	OFFICE SUPPLIES	1,250.00	2,250.00	1,000.00
ECONOMIC DEV	101-7-7210-864-02	PROFESSIONAL DEVELOPMENT	2,500.00	4,000.00	1,500.00
PCC	101-7-7520-920-00	PUBLIC UTILITIES	16,740.00	13,240.00	(3,500.00)
INS/VAC/UNEMP	101-7-8510-714-01	UNEMPLOYMENT	10,000.00	6,000.00	(4,000.00)
INS/VAC/UNEMP	101-7-8510-714-11	VACATION AND SICK LIABILITY	193,000.00	93,000.00	(100,000.00)
HUMAN RESOURCES	101-7-9670-999-13/414-7-2280-818-00	SURVEILANCE MAINTENANCE		1,000.00	1,000.00
HUMAN RESOURCES	101-7-9670-999-13/414-7-2280-818-00	ID BADGE MACHINE		1,000.00	1,000.00
HUMAN RESOURCES	101-7-9670-999-13/414-7-2280-818-00	CM PRINTER	3,000.00	1,000.00	(2,000.00)
FIRE	101-7-9670-999-13/414-7-2280-818-00	YFD ROOF REPAIR	135,000.00	155,000.00	20,000.00
Transfers	101-7-9670-999-13/414-4-2651-699-01	CONT. FR GF-ENERGY EFFICIENCY	40,000.00	10,000.00	(30,000.00)
Transfers	101-7-9670-999-13/414-4-4494-699-01	TRANSF FR GF-FOR RIVERS EDGE	75,400.00	-	(75,400.00)
TOTAL SAVINGS					(336,025.73)
PROJECTED DEFICIT FY 2015-16					1,342,107.00
ADJUSTED DEFICIT FY 2015-16					1,006,081.27
GENERAL FUND FUND BALANCE 6/30/2015					(8,184,183.10)
ESTIMATED FUND BALANCE 6/30/2016					(7,178,101.83)

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