APPROVED

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 –

The Meeting was called to order at 6:10 p.m.

II. ROLL CALL –

Council Member Anne Brown		Present	Council Member Robb	Present
Council Member Nicole Brown	(6:16)	Present	Council Member Vogt	Present
Council Member Murdock		Present	Mayor Edmonds	Present
Mayor Pro-Tem Richardson		Absent		

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

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

III. INVOCATION –

Mayor Edmonds 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 introduced Pat McGow from Miller Canfield.

Pat McGow, Miller Canfield, provided an overview of the Water Street debt and possible bonding issues.

Council Member Anne Brown asked what are the negatives of a governmental entity purchasing taxable bonds. Mr. McGow responded purchasing a taxable bond is an investment and does not harm. Ms. Anne Brown asked if the County could purchase the City's taxable bonds. Mr. McGow responded in the affirmative.

Mayor Edmonds asked for clarification of the process of how a governmental entity purchases bonds. Mr. McGow responded essentially an underwriter and brokerage team will provide their customers with bond information to make a decision to purchase the bonds. Mr. McGow said it would be very unusual for a single entity to purchase the entire debt because the bonds mature at different rates. Mr. McGow stated there are buyers out there for bonds at all levels of the rating spectrum.

Facilitator Peter Letzmann stated buyers will look at the finances and the rating of the bond and added the stability of the government that owns those bonds is also examined. Mr. McGow stated people are much more skeptical since the 2008 mortgage crisis.

Council Member Murdock stated in May 2016 the entire Water Street Debt is callable. Mr. McGow responded in the affirmative. Mr. Murdock stated the City can either refinance or pay down the debt. Mr. Murdock said the Bond Council has created payment schedules under different scenarios and asked if Council could be provided that information. Mr. Lange responded in the affirmative. Mayor Edmonds stated the packet includes one scenario and Council would like to examine other possibilities. Mr. McGow stated the numbers that are outstanding now ignoring the payment due May 1st is about $13.1 million that will mature between 2017 and 2031. Mr. Lange added staff will provide Council with further analysis.

Economic Development Director Beth Ernat asked if the City sold the entire property at value in two years would there be any way to pay off the bonds. Mr. McGow responded the way it is proposed probably not and the property does not secure the bonds. Mr. McGow stated even though bonds were used to acquire property there is no mortgage or security interest in the property. Mr. McGow said if the bonds are unable to be called for in ten years the City would not be able to pay the bonds but the City would have the ability to sell the bonds, but there would be an interest rate penalty. Mr. McGow said if the City wants to make the bonds callable at any time the City will need to pay a higher rate which will reduce the savings. Mr. Lange said it is the City's intention to sell the land before it pays off the bonds.

Mr. McGow stated another possible scenario is if the City feels that it would have another $1 million to $2 million in the fall, the plan could be structured where those bonds were not called and leave $2 million outstanding. Mr. McGow stated that would be a better strategy then making the bonds callable at any time. Mr. McGow added a downside to that strategy is if the City is unable to sell any land it becomes more costly to refinance the $1 million or $2 million.

Ms. Ernat asked if in a scenario that the City is able to sell the property and it is sitting on $8 million would it be in the best interest of the City to purchase other entities municipal bonds to make up the interest rate. Mr. McGow responded if the City has $8 million there might be other things the City would want to do with that money. Ms.

Ernat replied the fear is the City sits on the money and an emergency would happen and the funds would not be used to pay off the bonds. Ms. Ernat asked if there would be a way to take something that would be a high interest yield for the City to not only pay off the City's bonds but create revenue. Mr. McGow responded the short answer is yes the City would have the ability to invest, but cautioned bonds with high yield also means high risk. Mr. McGow added the City should make sure that what it invests in aligns with its investment policy and is prudent, but if the City purchases bonds of another Michigan government at a high investment grade category would be something the City could do.

Council Member Vogt asked if the bonds are bought and sold on the market similar to stocks. Mr. McGow responded in the affirmative and said municipal bonds can be traded if someone is willing to sell. Generally an institutional buyer might not be interested in selling however, there is a secondary market.

Mayor Edmonds asked if there would be an issue if the County wanted to buy some of the City's bonds is it possible to make an agreement that any revenue created off of the City's bonds could be reinvested in Ypsilanti. Mr. McGow responded that can be negotiated, but if the County Treasurer invested County funds they have a fiduciary responsibility to get a good return for the taxpayers, and they will want a market return on the bonds they purchase. Ms. Edmonds added that market return could be pledged to be spent in the City. Mr. Lange stated he has been in discussions with the County Treasurer for around a year and a half and the greatest advantage the City could get is for the County to purchase the bonds for five years. Mr. Lange added the quicker the City can execute this plan the sooner it will be able to begin marketing the bonds.

City Manager Lange provided a balanced budget plan presentation. **(See Website)**

Council Member Murdock commented that Mr. Lange's analysis is not the City's policy for fund balance and said the policy is 10% which does not include unspendable funds. Mr. Lange responded he will make that adjustment.

Mayor Edmonds asked for clarification of the drop program. Mr. Lange responded employees from the Police of the Fire Department have an opportunity at a certain point at retirement age to freeze their pension and continue to work for up to five years. Mr. Lange added at the end of five years those individuals are required to retire and three firefighters are in this program who are required to retire between November 2016 and May 2017.

Mayor Edmonds asked what the effect on overtime the drop-off program will have on the Police and Fire Departments. Chief Tony DeGiusti responded it is hard to say because it is also dependent on other factors and is difficult to predict. Mr. Lange added the first round of cuts is not asking for a decrease in the Police department and the minimum size staff of the Fire Department is 15 firefighters for suppression with four minimum on duty, a Fire Marshall, and Fire Chief. Ms. Edmonds asked what the impact will be on the Fire Department. Chief Anthouard responded he is addressing that with Mr. Lange but it is difficult to evaluate because the department has Tier 2 personnel who have less vacation and historically do not take much sick time but he estimated around $60,000 a year.

Council Member Murdock asked if the City were only to buy down the debt by $1 million and not refinance what will that save the City. Mr. Lange responded the combination of less principal and less interest would produce $124,000 in savings. Mr. Murdock stated by reducing the debt it will reduce the payments if the City refinances or not, but if the City refinances it will reduce the payments even further and said he is concerned to know what the payment would be under several different scenarios. Mr. Lange stated he can provide further information to Council.

Council Member Robb asked if Mr. Lange is asking Council to commit $535,000 for the underground electrical until the Herman Kittle project is able to reimburse the City. Mr. Lange responded in the affirmative. Mr. Robb asked if the Herman Kittle project is a year behind why the City isn't waiting a year to put in the underground electric. Mr. Lange responded because the underground grid needs to serve the Recreation Center. Mr. Robb asked is there a risk that Council would be asked to finance the entirety of the underground electric. Mr. Lange responded no, and said if Herman Kittle and the Recreation Center don't happen he will not ask Council to finance the underground electric. Council Member Murdock stated he was under the impression the recreation center was already committed. Mr. Lange responded that was the case until the MSHDA email regarding the environmental issues.

Council Member Murdock asked if the decrease in employees in the Fire and Planning Departments would account for another $300,000 on top of what was already being proposed. Mr. Lange responded in the affirmative and if he had to make more cuts they would come from the Police Department.

Facilitator Peter Letzmann stated having sat through the first and half of the second goal setting meetings it seems the first prerequisite is to figure out what money the City has. Mr. Letzmann proposed that sooner or later there needs to be a resolution to support or approve the City Manager's plan, approve the plan with some modifications, or start again from the beginning. Mayor Edmonds responded she has spoken with the City Manager and the goal for today is to have the discussion during goal setting and approve a resolution at an upcoming Council Meeting. Mr. Letzmann added if staff is not given direction staff will not know how much funding it will have to plan. Mr. Letzmann stated there are three ways of approaching planning: provide additional money for goals, ask existing staff to perform more tasks as the labor force is being cut, or eliminate something the City is doing now to generate more resources. Mr. Letzmann stated staff needs to know the resources it will have to plan for the next Fiscal Year. Mr. Letzmann asked if Council would like to set goals for the City, goals for Council, and goals for individual Council Members.

Mayor Edmonds recommended continuing any further discussion regarding the budget. Mr. Letzmann agreed that a decision needs to be made in order to properly assess what goals can be accomplished. Ms. Edmonds responded she sees it differently and bases it on what goals are instrumental in the City becoming fiscal solvent.

Council Member Murdock stated the City does not have much money to work with, but Council does need to come to a consensus on how to resolve the debt issue. Mr. Letzmann agreed. Mr. Murdock stated six to seven years ago the Water Street debt came due and the City needed to begin making payments that coupled with the housing crash of 2008. Mr. Murdock stated at that point the City was strategizing how to make the $1.2 million to $1.4 Million a year for payments on the Water Street debt plus an almost equal amount in structural deficit. Mr. Murdock stated the City has taken steps to increase revenue, but now needs Water Street to begin generating revenue to pay for itself. Mr. Murdock stated if that does not happen none of this will matter because the City will have zero revenue, or the taxes will be so high that all residents will move out of the City. Mr. Murdock said his concern with this proposal is that it will take at least three years for Water Street to generate any tax revenue. Mr. Murdock stated the initial strategy was to set aside three years of payments on the Water Street debt, but the fund balance decreased to a point creating a question of whether that could be done consistently. Mr. Murdock said there is still merit to that strategy because it buys the City time, and said what is recommended is to take virtually the entire fund balance and the Water Street Fund to buy down the debt. Mr. Murdock said that would leave the City zero flexibility with the fund balance, and next year the debt payment would be $934,000 and the City's unallocated funds would be a little over $600,000. Mr. Murdock stated if the City is able to sell property it would reduce the payment to around $700,000 which the City will still not be able to pay. Mr. Murdock added he is reluctant to use much or any of the fund balance for this proposal because it will leave no resources for the City. Mr. Murdock stated he would be more apt to refinance part of the debt assuming the City is able to sell some property which would still take time for the City to receive the revenue from that sale.

Council Member Robb stated on November 20, 2012 the letter of intent was executed to negotiate a sales agreement with Family Dollar, and asked when that check went into the City's account. Mr. Lange responded in 2014. Mr. Robb said he is concerned about the $1.827 million because if the City is unable to sell property as a result of the negative publicity caused by the MSHDA report. Mr. Robb stated the plan is contingent on the sale of this property by 2017 and even if the City is able to sell the property it will not have that revenue until two years after the sale. Mr. Lange responded the City has other assets other than Water Street. Mr. Robb responded he understands that, but selling the Water Street bonds is in the proposed plan, and no matter how hard staff works it is impossible to have the revenue necessary for the plan in eighteen months. Mayor Edmonds asked for Economic Development Director Ernat's opinion on Mr. Robb's statements. Ms. Ernat responded the statements are accurate, and the City should consider a longer period in the plan. Ms. Ernat added it is possible to have a deal in eighteen months but it is unrealistic to have the revenue that sale produces, and she is in agreement of reserving a portion of the bond. Mr. Robb responded he simply wants the plan to reflect reality. Mr. Robb said there are 13 parcels on Water Street and four are spoken for, and asked if staff can get top dollar for the remaining sites and what will that produce for the City. Mr. Robb added he would also like a more realistic view of what the sale of the remaining parcels will garner the City. Mr. Murdock stated the issue is the City needs to sell the property in order to produce development on Water Street and what pays the bond is the taxes on the development not the sale of property. Mr. Lange responded he does not feel that $300,000 to $350,000 per acre on Water Street is not unreasonable, but the key is completion of the infrastructure. Mr. Lange stated he needs another couple of months if revenue produced from a signed deal is removed from the plan. Mr. Lange added if Council is asking for guarantees for the success of his plan he cannot provide that.

Mayor Edmonds stated if all available acreage is sold on Water Street for on the low end of the spectrum it would produce $2.145 million and asked if that was what Council Member Robb is asking for. Mr. Robb stated he is asking for what is reasonable for what the sale of the remaining Water Street parcels can produce in sale. Mr. Robb added if the plan includes selling all remaining parcels it is not realistic and he will not buy-in to that plan. Mr. Murdock stated the plan accounts for the sale of six acres at $300,000. Mr. Lange also would like to include a sign deal for Adam's Outdoor on Water Street which would account for two acres. Mr. Murdock asked if Mr. Lange would like to include that in the plan. Mr. Lange responded in the affirmative and said that would produce $1.8 million in revenue, but since he is unable to guarantee that it will be successful it has been removed from the plan at this point. Council Member Murdock stated that reinforces his thoughts on leaving a lot of flexibility in fund balance because of the unknowns. Mr. Murdock stated it is time to stabilize rather than make future cuts in services because providing services is the purpose of the City.

Council Member Anne Brown stated if the City was able to sell all Water Street properties it would still need to refinance the bond. Ms. Anne Brown stated she understands the concerns of Mr. Murdock but Council needs to consider the City Manager's proposal with some amendments. Mr. Murdock stated he is not opposed to refinancing he doesn't want to use the fund balance particularly at the amount being recommended.

Mr. Letzmann asked if Council would approve the City Manager's plan subject to amendments. Council Member Robb stated at the beginning of the meeting Council Member Murdock asked for several different scenarios, and until Council has that information it would not be able to provide direction to staff. Council Member Nicole Brown agreed with Mr. Robb. Mr. Letzmann responded he would like to understand what Council would like to do moving forward. Mr. Murdock replied Council has only been discussing bonding for the Water Street debt and there are several issues within the plan that still need to be discussed.

Council Member Vogt stated he believes an agreement can be made in an amount of $3 million to $5 million for buy down of the Water Street debt because that is a permanent elimination of interest which will save money in the long run. Mr. Murdock responded the City might not have time to see those savings. Mr. Vogt agreed, but there must be a balance and he believes that is in between $3 million to $5 million. Mr. Vogt said the streetlight assessment needs to be increased slightly higher than what has been proposed, to closer to $400,000. Mr. Vogt said he thinks the City needs to decrease funds flowing out of the General Fund and into capital expenditures. Mr. Vogt said once all requested data is provided Council can make a decision on how much it is able to buy down the Water Street debt, and said the City will not be able to avoid risk entirely through this process. Mr. Vogt added if these things can be achieved it can be expressed to the public the City is doing everything it can to become fiscally solvent and this might come with sacrifices.

Mr. Letzmann asked if the rage of the buy down amount would be up to $5 million. Council Member Murdock responded he does not believe $5 million is an option to buy down. Mr. Lange added the range would be up to $3.4 million. Mr. Letzmann asked if the feedback Council wants is in million dollar increments. Mr. Murdock added the budgetary issues discussed by Mr. Vogt will need to be examined no matter what is decided on how to proceed with the Water Street debt.

Council Member Robb stated according to the plan, the first year the City will pay $185,000 in interest and at the end of the 2017 budget year that will be paid off. Mr. Robb said that is unrealistic and the City will need to account for another $185,000 in interest for the 2018 budget if the City can sell $2 million in property in two and a half years. Mr. Robb added that will change the plans projected fund balance as well. Mr. Lange responded it isn't an all or nothing scenario because anytime the City accrues revenue it can be used to pay the interest.

Mayor Edmonds asked if a final decision should be made in the beginning of 2016 in order for Council to be provided with more information to make a more realistic decision. Mr. Lange responded in the affirmative, and said there are many moving parts to this plan and will provide those numbers as quickly as possible.
Council Member Murdock stated often tax abatements are made available to entice development to an area and the way this plan is designed these would not be available.

Mr. Lange responded the brownfield provides for that. Mr. Murdock responded the brownfields are minimal, and all taxes would be dedicated to the debt. Mr. Murdock stated the only leverage the City has in making a deal is the price of property. Council Member Robb stated if there were a developer interested in constructing a large multiuse building he would be willing to sell it for free. Mr. Murdock said what should be accomplished is the right development at the right value.

Mr. Letzmann stated that is one possible variable and Council Member Vogt suggested a street lighting assessment and asked if there is a consensus for either of those variables. Mayor Edmonds stated she is more willing to support a streetlight assessment if it is paired with the road millage sun setting, and a decision should be made on those two items at the same time. Ms. Edmonds stated that would make it easier to sell to the community. Council Member Robb stated the 4.5 mils will not fall off until 2018. Ms. Edmonds clarified part will fall off in 2017 and the remainder in 2018. Mr. Robb responded that the first part will fall off in 2016 and the remainder two years after that. Mr. Lange stated that is Council's decision and if that is that Council's wish the City will need to make do with what is in the road fund. Mr. Lange added he feels the street light assessment is more important to the General Fund and the salvation of the City then the roads. Council Member Murdock stated the way the state's road fund is going could create $700,000 in funding for roads. Mr. Murdock stated that $700,000 plus the $300,000 from the Transportation Alternative Program (TAP) Grant should help to supplement what is lost when the road millage ends. Mr. Lange agreed, and said that will help to buy the City some time. Mr. Murdock said the City will not be able to count on the road funding from the County. Mr. Lange agreed.

Council Member Murdock stated when the City undertook the initial conversion of street lights several communities were examined and some did base the assessment on the class of property. Mr. Murdock said of the 4,800 properties in Ypsilanti around 60% are residential class properties and the way the assessment is designed all properties would pay the same amount. Council Member Robb added he would pay the same amount for this assessment as St. John's Hospital. DPS Director Stan Kirton stated to get to St. John's Hospital a person would drive on City streets and would benefit of the street lights. Mr. Robb responded he understands, but the perception is a small residential property pays the same as a very large building. Mr. Murdock stated a case could be made to separate residential and non-residential because the street lights are primarily located on commercial strips.

Mr. Letzmann asked for a description of Council Member Vogt's three tier system for a street light assessment. Council Member Vogt responded a base rate would consist of properties that do not have any street lights within about 150 feet, if there were a street light within that 150 feet radius that would be the second tier, if there were two lights within that radius it would increase to another tier, and possibly another tier if there were multiple lights within that same radius. Council Member Murdock asked if that assessment covered the cost of the analysis to create this system. Mr. Vogt responded this should not cost anything to create except around an hour of staff time. Mr. Vogt added it would also relate to the legal issue of service received. Council Member Robb alluded to Mr. Kirton's point that when using City streets a person receives the benefit of the street lights, and said his point is a small residential property would be assessed the same amount as a property that has a value of $15 million. Mr. Robb said the way the initial assessment was originally designed the assessment was based on the square footage of the lot, and added that is the easiest way for staff to create the procedure for the assessment. Mr. Lange stated if the principal point of street light assessment is accepted, staff will create the procedure directed by Council for the distribution of the assessment. Mr. Lange added the lot assessment is the proven item and has survived the legal test. Ms. Ernat stated two options are being discussed: One would be a commercial versus a residential assessment and the other would be a primary street versus a non-primary street assessment. Ms. Ernat said the majority of primary streets would be located in the commercial districts and many of commercial properties would fall into this bracket.

Mr. Letzmann asked if there is a consensus the City would like to raise $300,000 to $400,000 through the street light assessment. Mr. Letzmann stated if a goal can be established the formula for how to achieve that goal can be developed. Mr. Murdock stated the question is what the needed amount is. Mr. Lange responded the total needed is $400,000 a year. Mr. Murdock stated he is certain any communities cover 100% of the cost with the assessment. Mr. Lange responded 75% of the cost would be $300,000, which would be his recommendation. Mayor Edmonds asked how much the proposal of $62 a year per parcel would produce. Mr. Lange responded $300,000. Council Member Vogt suggested the amount be $360,000, which is still substantially lower than $400,000. Mr. Vogt stated this will assist in funding one staff member so the City will not have to cut that position in two years. Council Member Anne Brown suggested the amount should be $347,000. Mr. Letzmann asked if there was a consensus at $347,000.

Council Member Robb stated his issue is he asked for alternatives for the street light assessment and the only options that were provided were cuts. Mr. Robb added health care was again postponed till next year and that is low hanging fruit, and currently health care costs are rising 12% each year. Mr. Robb stated the plan being presented states that the City will continue the current health care and search elsewhere for revenue. Council Member Vogt asked what the target date is for resolving that issue before making a decision next fall. Mr. Vogt suggested May or June to allow Council to go through the options before making a decision. Mr. Lange stated the City has open enrollment for different health care options and will see if there are any employees interested. Mr. Vogt stated after that information develops the City should get ahead of the game and speak with brokers about other possible options.

Mayor Edmonds asked if Council Member Robb is against a $347,000 street light assessment. Council Member Robb stated he doesn't think that he would be able to support a street light assessment, but a consensus can be made without him.

Mayor Edmonds stated she is not in favor of the assessment based on distance but could support an assessment based on residential and non-residential class properties. Ms. Edmonds added residential would also include rentals. Mr. Vogt responded residential should only be owner occupied homes. Mr. Murdock added any residential property over four units should be considered commercial. Mr. Letzmann asked if there is something in the zoning ordinance that would describe residential structures over four units as commercial. Mr. Murdock responded in the assessments those structures would be classified as commercial. Ms. Ernat added any multi-unit dwelling over three units would be considered commercial on the assessment.

Council Member Murdock asked how a non-profit would be classified for this assessment. Mayor Edmonds responded non-profits are categorized as commercial. Ms. Ernat responded taxable properties are either residential or non-residential and non-tax payers will not pay into the assessment. Council Member Vogt stated every structure that uses the light and are allowed to be charged by law should be charged. Assistant City Attorney Dan DuChene responded essentially any user of the service can be charged for the assessment except for state owned land. Mr. Vogt asked how non-profits should be charged. Ms. Ernat responded all chargeable parcels should be either residential or non-residential. Mr. DuChene asked if non-profits were charged in the previous capital improvement. Ms. Edmonds responded in the affirmative.

Mayor Edmonds stated she spoke with the City Manager about the possible cuts in staff levels and feels that it might not be appropriate to cut staff in the Planning Department with the possible issues the City might face in two years. Council Member Murdock stated he was under the impression that if Council wanted to cut another $300,000 through a staff reduction it would not be for two years and it might be a moot point. Mr. Lange responded at minimum the City will lose the firefighters to drop off, and after that the City will need to be as economical as possible with staff.

Council Member Anne Brown asked for more information on what capital projects are necessary. Mr. Lange responded staff will bring those items up one at a time for Council review and approval. Mayor Edmonds asked if Cross Street Bridge will need to be added as a capital project. Mr. Lange responded in the affirmative. Ms. Edmonds asked if that is something the City should be planning. Mr. Lange replied that bridge will not need to be repaired for five years.

Council Member Murdock stated the Huron River Drive Corridor which runs from Cornell to Forest would be the next major road needing repairs, which would be a large reconstruction. Mr. Murdock said the intersection at Huron River and Oakwood will need to be realigned as well as Huron River and Leforge. Mr. Murdock said sidewalks and Border to Border Trail connections will be other additions needed in that corridor. Mr. Murdock stated a scenario will need to be devised that will include many funding mechanisms. Mr. Murdock added there is also a possibility of development at Lowell and Huron River Drive which could create a necessity for changes to that corridor. Mayor Edmonds stated there might be a chance to use Urban County funding to create sidewalk connections in that corridor. Mr. Murdock added there are other grants, road funding, and park funding and the City needs to open communications to those various entities to begin the planning process for that project.

Mr. Letzmann asked Mr. Lange what other directions he and staff would need to move forward to provide Council with a plan. Mr. Lange responded staff should be prepared by December 1^{st} or the 15^{th}. Council Member Murdock added there is also a third goal setting meeting scheduled for December 7^{th} where the items could be discussed. Mr. Letzmann stated that will provide three meetings in December for Council to approve the City Manager’s plan.

Mr. Letzmann stated the City should put its focus on capital projects that it is able to achieve, or it’s simply an act of futility. Mr. Letzmann asked Council opinion on what direction goal setting should take at this point. Mayor Edmonds responded Water Street is the City’s number one priority and takes up time of staff, but not all of staff. Ms. Edmonds stated as Council Member Murdock stated what residents want from the City is to provide services. Ms. Edmonds suggested Council examine the 2015 goals and decide which goals best help to provide services.

Mayor Edmonds stated she would prefer to examine the goals by understanding what would be needed to achieve the goal. Mr. Lange responded he feels the answer is fairly straightforward and once the City has resolved the environmental issue it will be able to move forward with the development of Water Street. Ms. Edmonds replied beyond Water Street the question is what does the City need to do to achieve the goals listed.

Mayor Edmonds asked what needs to be done to sell City owned properties. Ms. Ernat responded the article written describing the property disposition policy received the most views this particular reporter had received on any article. Ms. Ernat responded because of the interest in this program she believes the City should be able to sell 70% of its property. Council Member Robb asked who is leading that process. Ms. Ernat responded she would be leading that process. Mr. Robb stated his issue is Ms. Ernat's number one goal is to sell Water Street property and this program would cut into her time selling Water Street. Ms. Ernat responded that is why another person was hired in the Planning Department, and said Joe Meyers, who was recently employed by the MEDC, will be taking over the neighborhood enterprise zone (NEZ) and the property disposition programs so that she can concentrate her efforts on Water Street. Mr. Robb replied but that creates an issue of Mr. Meyers being able to sell enough property to cover his salary as well as create revenue for the City. Mr. Lange added the City does need to concentrate on developing Ward 1 as well as Water Street. Ms. Edmonds stated she sees this goal as neighborhood stabilization. Chief DeGiusti agreed and said the goal is to help stabilize that area which will assist in reducing crime. Chief DeGiusti added that area has been called the most deadly in Washtenaw County which can make it difficult to promote other parts of the City when it was that negative image and there is intrinsic value to that which cannot be seen on a ledger.

Council Member Anne Brown asked if developers interested in Water Street have been offered additional properties elsewhere in the City. Ms. Ernat responded in the affirmative, and said the former Boys and Girls Club has received a great deal of interest. Also, the City has received many calls from companies interested in relocating in Ypsilanti. Ms. Anne Brown said in meeting with the MEDC who informed her that the City has been marketing its properties at a high level. Ms. Ernat replied realistically the market has just started to return and this is a prime time for Ypsilanti. Ms. Ernat added she is not certain the City can achieve the sale prices it would like but it can achieve development. Mayor Edmonds stated much of her time is sparking interest in Ypsilanti, which is why the City needs to focus on its strategy of how to communicate to the community regarding negative press and how to create positive press.

Mr. Letzmann stated the primary focus of goals should be on Water Street and secondarily on other City owned property. Ms. Ernat responded in the affirmative.

Mayor Edmonds stated a goal from 2015 lists the Downtown Development Authority (DDA) as the lead on marketing Water Street and that is not a role the DDA has played. Mr. Lange added the DDA does not have the capacity to perform that task. Ms. Ernat responded the DDA filled in those responses. Ms. Edmonds stated the City is performing the marketing of Water Street not the DDA. Ms. Ernat responded in the affirmative. Ms. Edmonds replied then the City should be listed as the lead on that goal. Ms. Ernat replied at some point the DDA might take of a leadership role. Ms. Edmonds added when she first became a board member on the DDA the only interest in Water Street was the development of streetscape guidelines, and its current strategic plan does not include marketing Water Street. Council Member Murdock stated the Water Street Tax Increment Financing Plan it is a project. Ms. Edmonds responded it is one of the four TIF districts of the DDA, which produces no revenue, and the DDA will need direction from the City on the role it wishes the DDA to play in that marketing.

Mayor Edmonds stated primarily the City's capital projects have been successful in leveraging public partnerships to accomplish those projects. Mayor Edmonds stated there might be a point the City is no longer able to leverage public partnerships and it needs to begin strategizing how to leverage private partnerships. Ms. Ernat added the City needs all hands in corporately to be successful. Mr. Letzmann asked other than making that a priority what would need to be accomplished to be successful at that goal. Ms. Ernat responded staff is actively pulling together the lending institutions as a starting point. Mr. Letzmann asked if this is something done in staffs daily work. Ms. Ernat responded in the affirmative. Council Member Anne Brown asked if there is evidence of that anywhere in Washtenaw County. Ms. Ernat responded no, and said that is something she is hoping to get information on how lending institutions are spending their Community Reinvestment Act (CRA) funds. Ms. Edmonds stated these institutions are required to spend those funds within the County. Ms. Ernat responded there is no way to force them to do so other than file a complaint which is not always effective. Ms. Edmonds replied at lease these institutions should be approached to discuss possible use for the funds.

Council Member Anne Brown asked if there is a report that Ms. Ernat has seen as evidence of this possibility. Ms. Ernat responded no, and that she would like to employ a softer strategy to access these funds. Ms. Edmonds stated she pulled the reports from several financial institutions but was unable to interpret them well enough.

Mr. Letzmann asked if the park system is still a priority. Council Member Anne Brown responded it is an issue of finding and developing partnerships to assist in the development of the park system. Ms. Anne Brown stated the Riverside and Frog Island Parks are both listed in the TIF plan that was recently approved. Council Member Murdock stated it is a lower priority and the priority for TIF funds would be the rail stop. Mr. Letzmann asked if that is a priority that should be scratched or is it something that can be postponed. Mayor Edmonds responded the item is in the TIF plan and the DDA could still work on some of those projects.

Mr. Letzmann stated in the goal of fiscal stability the main strategies are through the sale of property. Council Member Murdock stated the sale of property will help to relieve the debt service without needing to cut half of the City services. Mayor Edmonds stated the park system was looked at as an economic development tool and asked if that is a tool that the City would still want to use. Mr. Lange stated the Border to Border Trail helps to tie the park system together in Ypsilanti. Council Member Anne Brown stated the park system is an expense and it does require improvements so that it can yield some economic value. Mr. Letzmann stated the neglect of the park system was a sore in the side of the City of Detroit. Council Member Murdock stated some of the maintenance of the park could be completed with private partnerships. Mayor Edmonds asked what the strategy is in order to direct staff. Ms. Anne Brown stated staff does not have the time to dedicate to any major projects on the park system and suggested any tasks be smaller and easily completed. Mr. Murdock stated a lot of the smaller items will come from the neighborhood groups. Ms. Edmonds asked will the park system fall under the purview of Joe Meyer. Ms. Ernat responded in the affirmative. Mr. Lange added the City has investment money into the repair of lawn mowers to help maintain the parks. Council Member Robb stated there are items other than grass that need to be addressed in the parks. Mr. Letzmann asked who would be the lead on this goal. Mr. Lange responded DPS Director Stan Kirton. Mr. Kirton added a quality park system can be a major pull factor in bringing people to the City. Ms. Ernat added schools and parks drive neighborhoods.

Ms. Ernat stated one of the biggest concerns regarding community development is the Southside of the City, and said the status of the Southside is crucial to the health of the community as a whole. Ms. Ernat explained the difference between community development and economic development is community development is a ground up approach while economic development deals with retention and development. Ms. Ernat added an aspect of community development is quality of life and that cannot be ignored, because if that is ignored the City will fail at economic development. Mr. Letzmann asked what resources the City has to devote to community development. Mr. Lange responded the City has a four person staff that can be devoted to that task. Mr. Lange agreed the City needs to work to stabilizing Ward 1.

Mayor Edmonds asked what other strategies are the most important community development strategies the City should identify. Ms. Ernat responded increase awareness in the blight elimination grant. Ms. Ernat said the City needs to maintain its properties because if it doesn't there is no reason for homeowners to maintain theirs. Ms. Ernat added the Police, Public Services, and Community Development Departments need to work together to identify strategies at grants that will assist in accomplishing this goal. Ms. Edmonds responded all of those strategies include physical improvements. Ms. Ernat replied physical improvements are important to the revitalization of Ypsilanti and must be accomplished before the City addresses the prosperity issues. Ms. Edmonds stated she is thinking beyond bricks and mortar because 33% of the City's residents live below the poverty line and there are priorities that would address that issue. Chief DeGiusti replied the Police Department will enforce the law, but that will not solve the problem. Chief DeGiusti said what will assist in solving the issues are programs like those being development at the Parkridge Center. Chief DeGiusti stated lack of opportunity, poverty, and crime goes hand-in-hand, which is why the solution must be an entire community piece and what the Economic Development Department is doing in the Southside is key to the remainder of the community.

Council Member Anne Brown stated Washtenaw Community College and Ypsilanti Public Schools are both holding programs at the Parkridge Community Center, but there also must be jobs and job training and all of these partners need to come together to successfully approach community development. Ms. Anne Brown stated community development begins with building the capacity of the individual not just bricks and mortar and offering programs. Ms. Anne Brown stated community development is about going door to door to assess who lives in each house and that is something the City does not have the capacity to do which is why partnerships with Ypsilanti Public Schools and Washtenaw to access that information. Chief DeGiusti responded there is a good group of people that are very engaged in their neighborhood who do cooperate and provide information.

Mayor Edmonds asked what Council Member Anne Brown suggests City government and City staff role should be in accomplishing that goal. Council Member Anne Brown replied the City can partner with the agencies that were already listed, and go to community meetings and approach residents in the community. Ms. Anne Brown stated when she was growing up the police would play basketball with the community in the Police Athletic League.

Mr. Letzmann asked what department will take the lead or act as coordinator, or what other resources are needed to further goal. Chief DeGiusti replied it is currently functioning very well and will not need additional resources. Mayor Edmonds added although there are no changes it is important and should be reflected in the goals of the City.

IX. <u>AUDIENCE PARTICIPATION</u> –

1. Will Teepen, 424 Madison, stated there has been a great deal of discussion regarding Ward 1 but little action. He said there are several groups operating in Ward 1 that are doing some great things but there is not a connection to the different programs. He added there is a lot of finger pointing in City government and other agencies regarding development on Water Street. He asked how bad the City's finances are and said the presentation did little to convey the City's fiscal health.

X. <u>REMARKS FROM THE MAYOR</u> –

— Mayor Edmonds thanked Mr. Teepen for his comments.

XI. <u>ADJOURNMENT</u> –

On a voice vote, the motion carried, and the meeting adjourned at 9:43 p.m.