1. City Council Goal Setting Agenda

    Documents:

        A - 12-07-15 GOAL SETTING AGENDA.PDF

2. City Council Goal Setting Packet

    Documents:

        GOAL SETTING PACKET 12-7-15.PDF

City of Ypsilanti
City Council Goal Setting Agenda
Monday, December 7, 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** – Peter Letzmann, Facilitator

- Fiscal Year 2015/2016 Goal Setting Discussion

IX. **AUDIENCE PARTICIPATION –**

X. **REMARKS FROM THE MAYOR –**

XI. **ADJOURNMENT** –

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XI. **ADJOURNMENT** –

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

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

December 7, 2015

Table of Contents

- Introduction (2)
- Street Lighting Assessment
- Principal Interest Payments
- Total Interest Savings on Refunding
- Total Annual Savings Per Million
- Annual and Total Savings at 4%
- Annual and Total Savings at 4.25%
- Annual and Total Savings at 4.5%
- Reductions in Payments at 4%
- Reductions in Payments at 4.25%
- Reductions in Payments at 4.5%
- Repayment Schedule of $1,827,000 Over a 3 year Period
- Value of $1M Based on a Cost of a Police Officer

Introduction to 12-7-2015 information:

This information is being provided to answer questions raised during the second goal setting session. Please see following pages. It is also adjusting the recovery plan to reflect the willingness of City Council to approve a 5 year $347,000 Street light operating assessment verses the proposed $300,000. Other updated features of the revised plan that take into account other comments made by City Council during the last meeting include but are not limited to:

Refinance $8,000,000 in debt as originally proposed

The payoff schedule for the proposed $1,827,000 will now be by:

12-31-2016 $609,000 plus interest

12-31-2017 $609,000 plus interest

12-31-2018 $609,000 plus interest

The city will spent less money on interest charges with the above repayment schedule for the $1,827,000 it will not refinance verses the last version of this plan (approximately $185,000 versus $123,000).

This plan calls for finding $156,000 in additional revenues verses $149,000 (last plan).

This plan calls for cutting $200,000 in operating costs verses $300,000 (last plan).

This plan would leave a projected annual deficit of $100,000 verses $0 (last plan).

The interest rate of 4.25% has been doubled checked and confirmed as a reasonable number to work with.

We have included two other interest rates for comparison 4% and $4.5%

We have savings P and I per million dollars paid down on the water Street debt

The City staff would include three full time employees' in the Economic Development and Planning Department, 17 in the Fire Department (we would keep the Fire Marshall position) and 32 sworn officers in the Police Department.

The plan still needs the state to waive or delay the city's debt payment of approximately $300,000 starting in 2017.

We have not had time to update the balanced budget pages or have Mr. Kaczor do a new six year future General Fund projection but we will do this if City Council supports this course of action Monday night at the third goal setting meeting.

The City staff would have to manage this plan and all the city's resources extremely carefully and run a successful economic development effort for this plan to succeed.

The City staff has done an outstanding job of managing all the city's resources successfully over the last three and one half years. I am asking that City Council support this plan and let us continue to do the job you need us to do in order to keep the city solvent over the long term and provide a reasonable level of services to our citizens. Thank you.

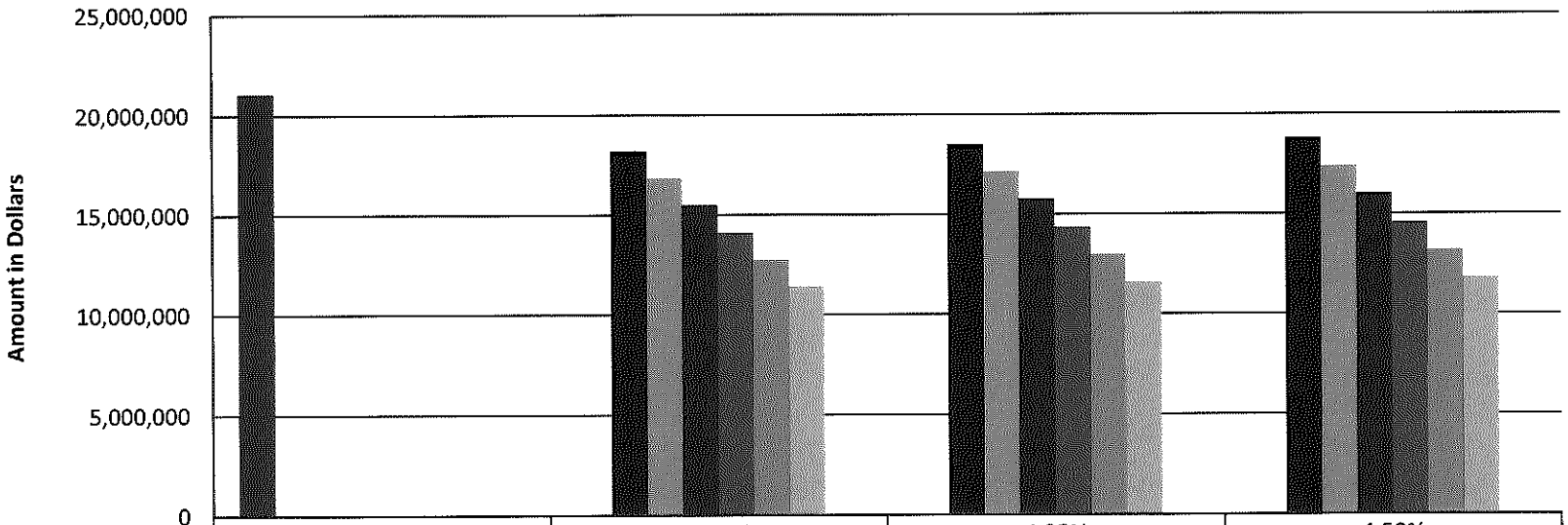
Street Lighting Assessment

Classification	Total		Weighted (Com/Ind/Non *2)	Total Not Weighted
	201	310	620	310
	202	40	80	40
	204	137	274	137
	301	37	74	37
	302	14	28	14
	401	3987	3987	3987
	402	161	161	161
	701	110	220	110
	702	29	58	29

	Parcels Weighted		5502	63.0679753	# of Parcels 4825
			Price Per Year	Total	Price per Year $71.92
Residential		4148	$63.07	$261,605.96	
Com/Ind/Non		677	$126.14	$85,394.04	Price Per Month **$5.99**
					Price Per Year **$78.88**
Res/Month/Year		**$5.26**	**$63.12**		
Other/Month/Year		**$10.51**	**$126.12**		

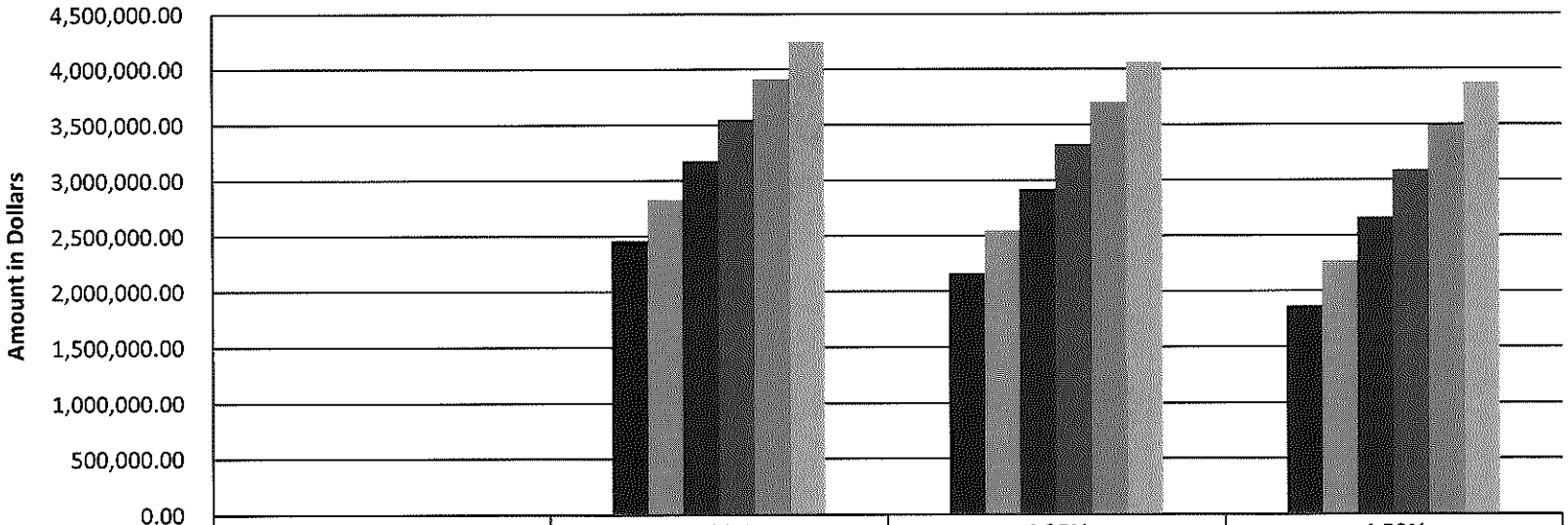
$347,000.00

Principal and Interest Payments



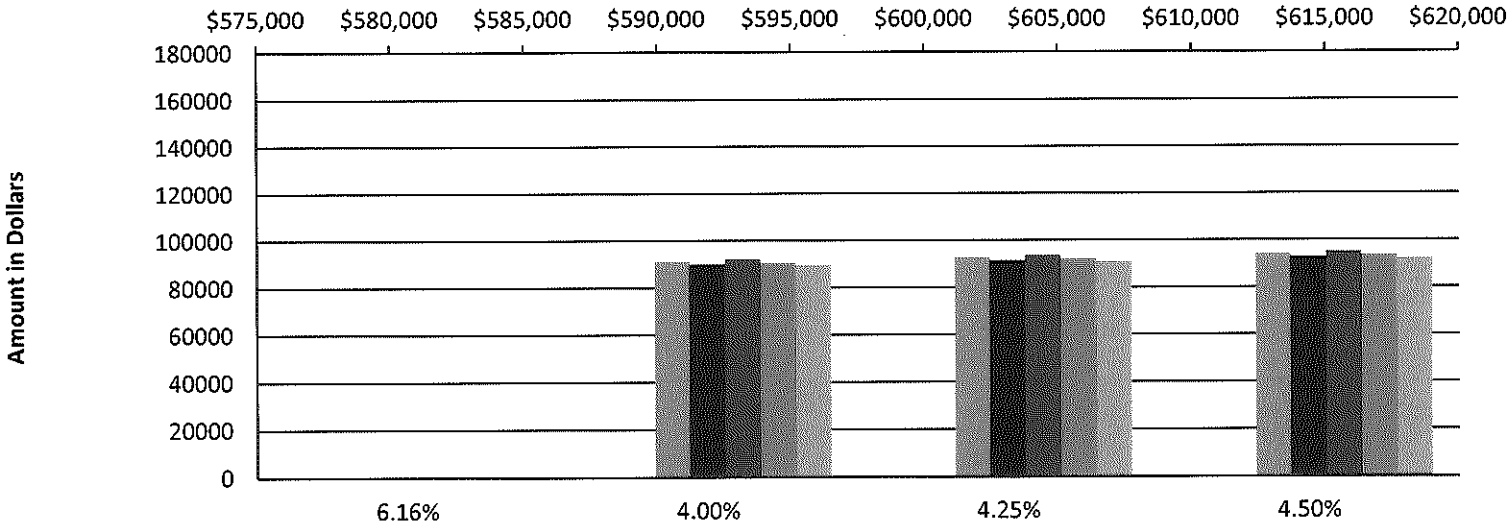
	6.16%	4.00%	4.25%	4.50%
ORIGINAL BOND	21,077,896			
NO DOWN		18,212,533	18,511,441	18,810,351
$1M DOWN		16,846,000	17,122,625	17,399,250
$2M DOWN		15,497,467	15,752,933	16,008,401
$3M DOWN		14,117,933	14,350,304	14,582,726
$4M DOWN		12,761,233	12,971,623	13,182,013
$5M DOWN		11,419,467	11,609,434	11,799,400
TOTAL				

Total Interest Savings on Refunding



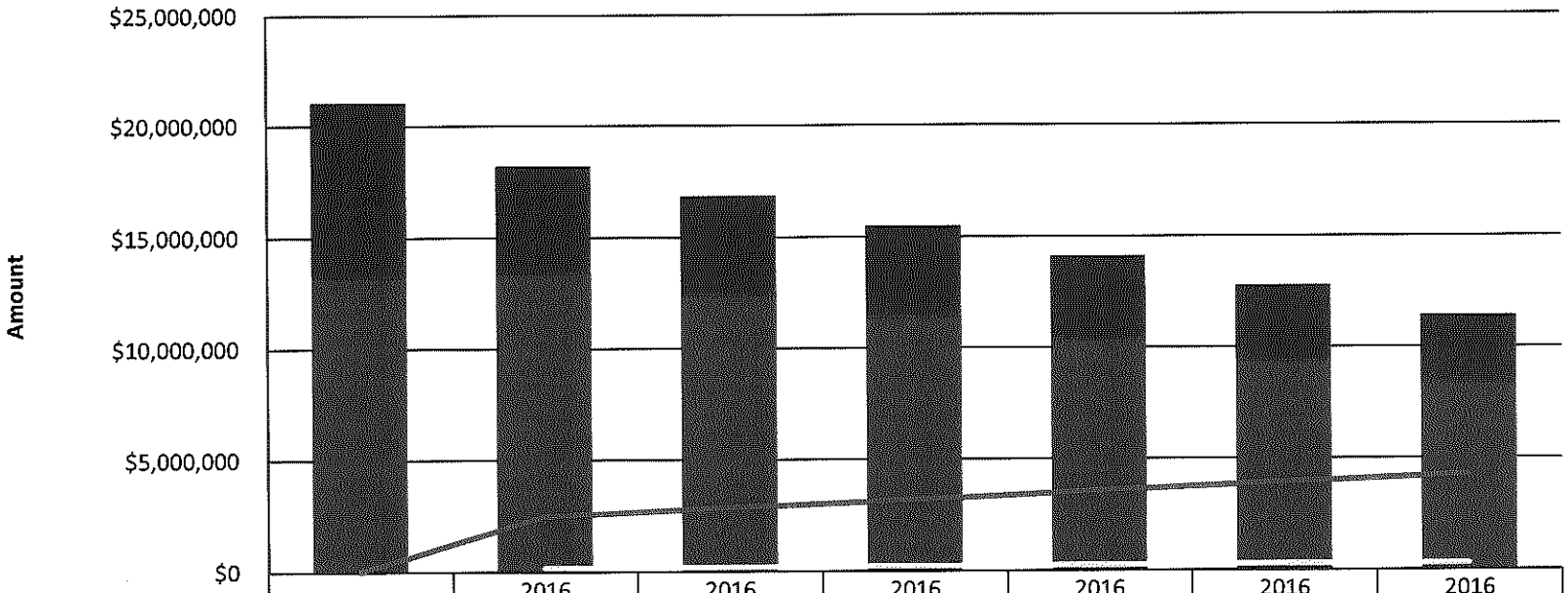
	6.16%	4.00%	4.25%	4.50%
ORIGINAL BOND	0.00			
NO DOWN		2,460,192.00	2,161,283.00	1,862,375.00
$1M DOWN		2,826,725.00	2,550,100.00	2,273,475.00
$2M DOWN		3,175,258.00	2,919,792.00	2,664,325.00
$3M DOWN		3,554,792.00	3,322,421.00	3,090,050.00
$4M DOWN		3,911,492.00	3,701,102.00	3,490,713.00
$5M DOWN		4,253,258.00	4,063,292.00	3,873,325.00
TOTAL				

Total Annual Savings Per Million



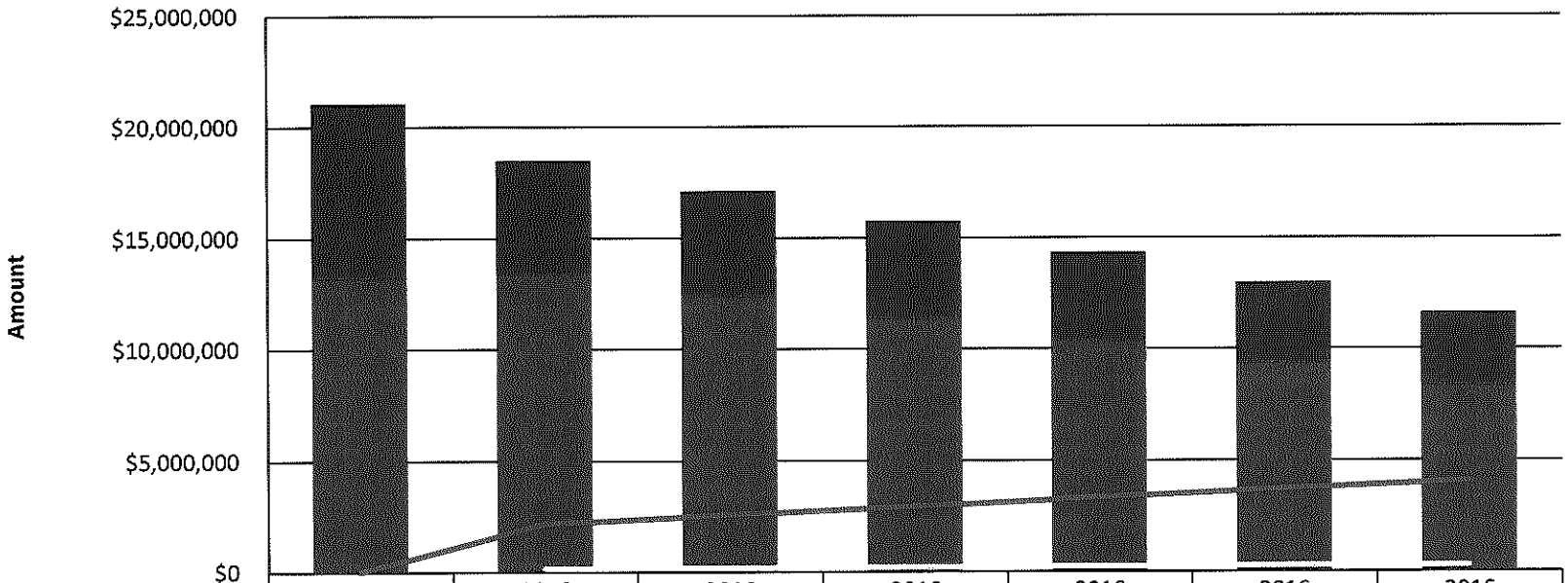
	6.16%	4.00%	4.25%	4.50%
ORIGINAL BOND				
NO DOWN		$164,013	$144,086	$124,158
$1M DOWN		$91,102	$92,588	$94,073
$2M DOWN		$89,902	$91,313	$92,723
$3M DOWN		$91,969	$93,509	$95,045
$4M DOWN		$90,447	$91,912	$93,381
$5M DOWN		$89,451	$90,813	$92,174
TOTAL		$616,884	$604,219	$591,555

Annual and Total Savings at 4% at Different Levels of Down Payment



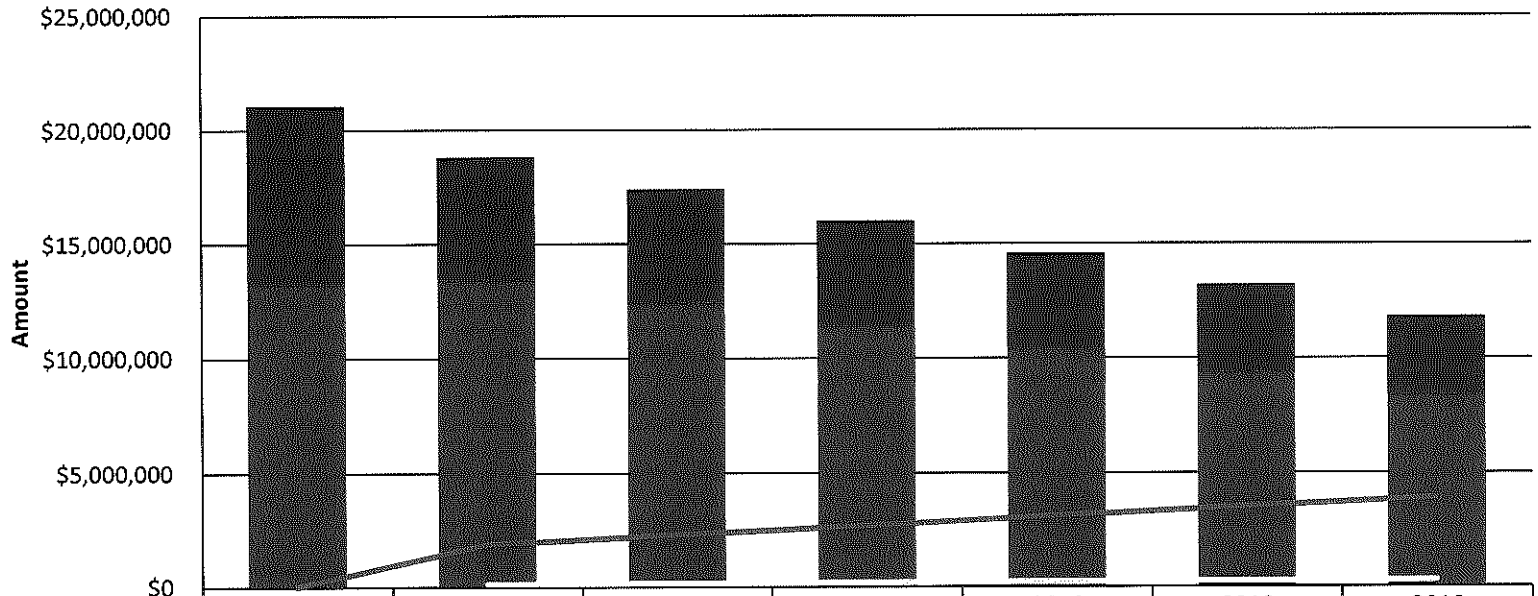
	ORIGINAL BOND	2016 REFUNDING NO DOWN	2016 REFUNDING $1M DOWN	2016 REFUNDING $2M DOWN	2016 REFUNDING $3M DOWN	2016 REFUNDING $4M DOWN	2016 REFUNDING $5M DOWN
INTEREST	$7,832,896	$4,782,533	$4,426,000	$4,087,467	$3,717,933	$3,366,233	$3,039,467
PRINCIPAL	$13,245,000	$13,430,000	$12,420,000	$11,410,000	$10,400,000	$9,395,000	$8,380,000
TOTAL	21,077,896	18,212,533	16,846,000	15,497,467	14,117,933	12,761,233	11,419,467
TOTAL SAVINGS	$0	$2,460,192	$2,826,725	$3,175,258	$3,554,792	$3,911,492	$4,253,258
ANNUAL SAVINGS		$164,013	$188,448	$211,684	$236,986	$260,766	$283,551

Annual and Total Savings at 4.25% at Different Levels of Down Payment



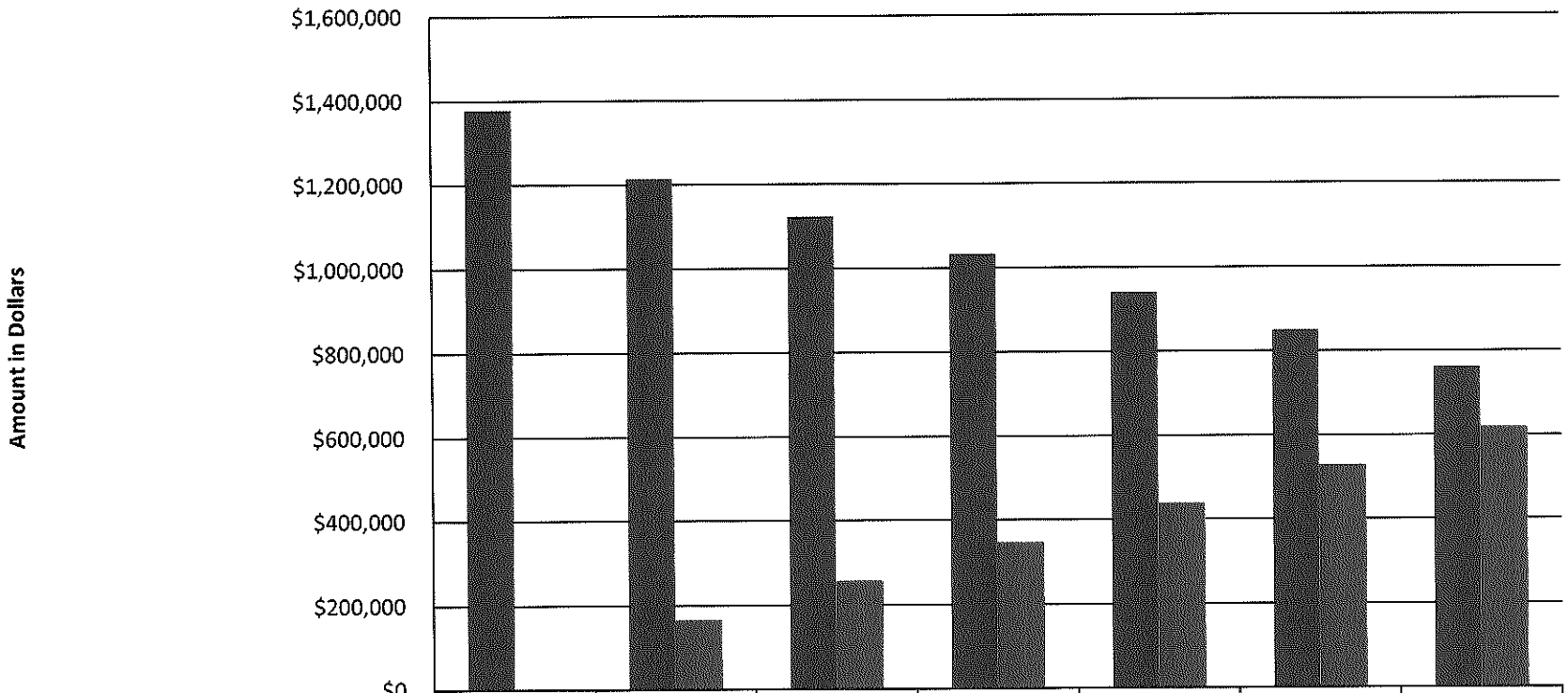
	ORIGINAL BOND	2016 REFUNDING NO DOWN	2016 REFUNDING $1M DOWN	2016 REFUNDING $2M DOWN	2016 REFUNDING $3M DOWN	2016 REFUNDING $4M DOWN	2016 REFUNDING $5M DOWN
INTEREST	$7,832,896	$5,081,441	$4,702,625	$4,342,933	$3,950,304	$3,576,623	$3,229,434
PRINCIPAL	$13,245,000	$13,430,000	$12,420,000	$11,410,000	$10,400,000	$9,395,000	$8,380,000
TOTAL	21,077,896	18,511,441	17,122,625	15,752,933	14,350,304	12,971,623	11,609,434
TOTAL SAVINGS	$0	$2,161,283	$2,550,100	$2,919,792	$3,322,421	$3,701,102	$4,063,292
ANNUAL SAVINGS		$144,086	$170,007	$194,653	$221,495	$246,740	$270,886

Annual and Total Savings at 4.5% at Different Levels of Down Payment



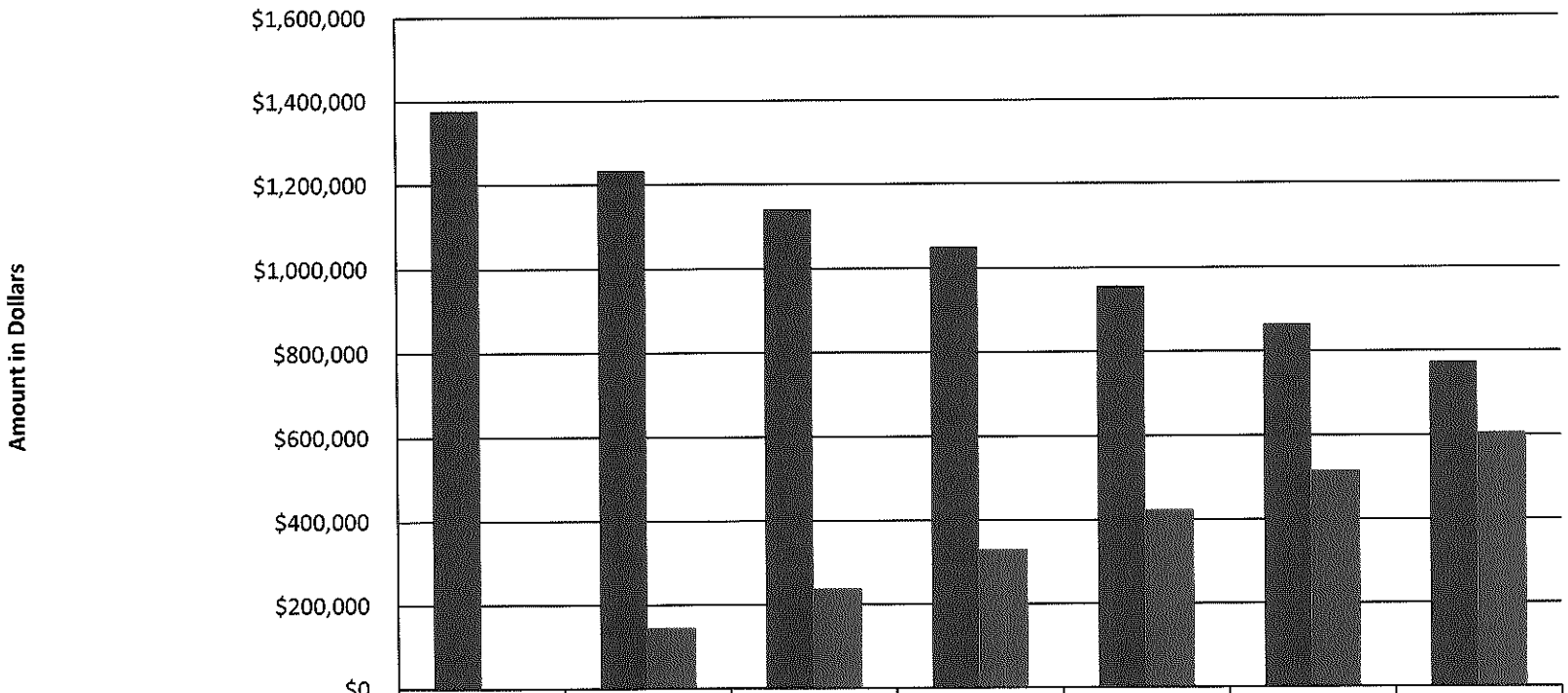
	ORIGINAL BOND	2016 REFUNDING NO DOWN	2016 REFUNDING $1M DOWN	2016 REFUNDING $2M DOWN	2016 REFUNDING $3M DOWN	2016 REFUNDING $4M DOWN	2016 REFUNDING $5M DOWN
INTEREST	$7,832,896	$5,380,351	$4,979,250	$4,598,401	$4,182,726	$3,787,013	$3,419,400
PRINCIPAL	$13,245,000	$13,430,000	$12,420,000	$11,410,000	$10,400,000	$9,395,000	$8,380,000
TOTAL	21,077,896	18,810,351	17,399,250	16,008,401	14,582,726	13,182,013	11,799,400
TOTAL SAVINGS	$0	$1,862,375	$2,273,475	$2,664,325	$3,090,050	$3,490,713	$3,873,325
ANNUAL SAVINGS		$124,158	$151,565	$177,622	$206,003	$232,714	$258,222

Reduction in Payments at 4%



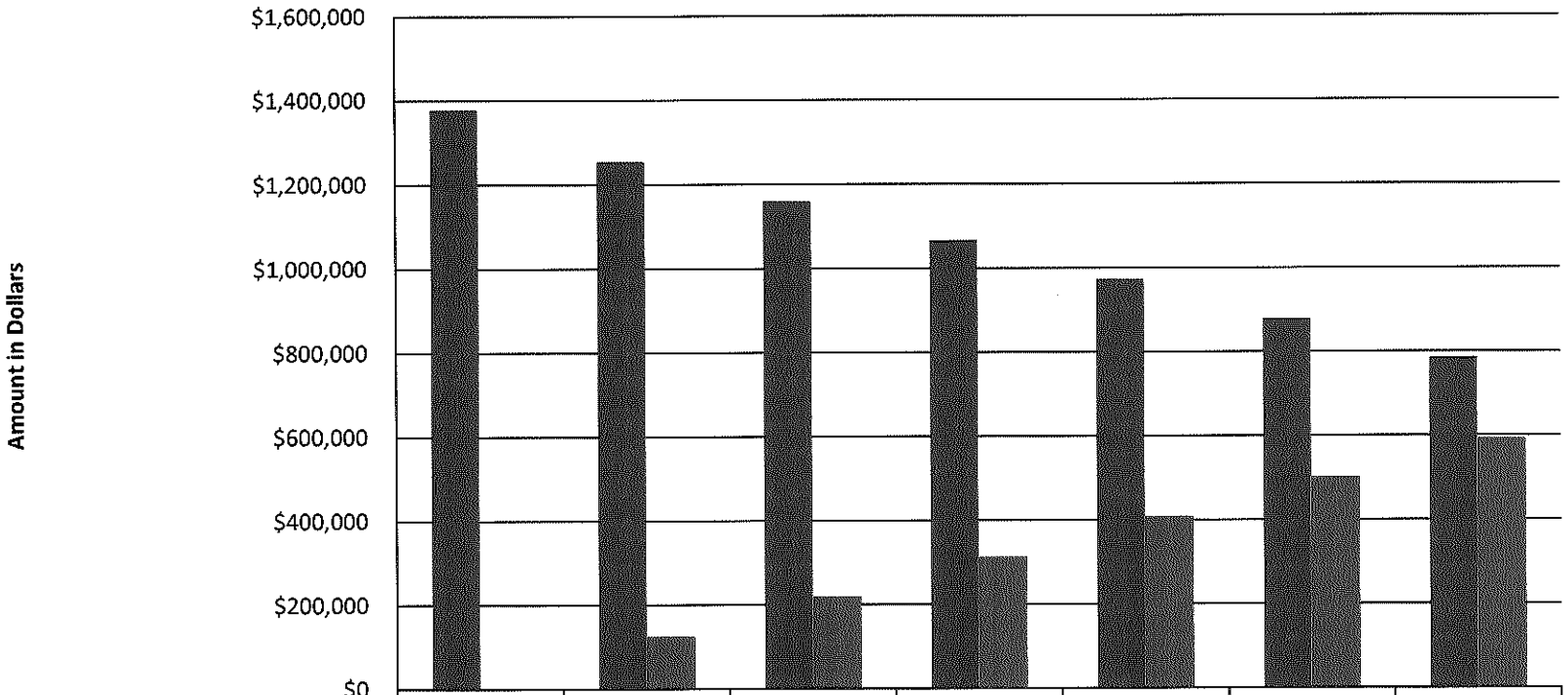
	ORIGINAL BOND	2016 REFUNDING NO DOWN	2016 REFUNDING $1M DOWN	2016 REFUNDING $2M DOWN	2016 REFUNDING $3M DOWN	2016 REFUNDING $4M DOWN	2016 REFUNDING $5M DOWN
AVERAGE ANNUAL PAYMENT	$1,378,182	$1,214,169	$1,123,067	$1,033,164	$941,196	$850,749	$761,298
DECREASE IN ANNUAL PAYMENTS		$164,013	$255,115	$345,017	$436,986	$527,433	$616,884

Reduction in Payments at 4.25%



	ORIGINAL BOND	2016 REFUNDING NO DOWN	2016 REFUNDING $1M DOWN	2016 REFUNDING $2M DOWN	2016 REFUNDING $3M DOWN	2016 REFUNDING $4M DOWN	2016 REFUNDING $5M DOWN
AVERAGE ANNUAL PAYMENT	$1,378,182	$1,234,096	$1,141,508	$1,050,196	$956,687	$864,775	$773,962
DECREASE IN ANNUAL PAYMENTS		$144,086	$236,673	$327,986	$421,495	$513,407	$604,219

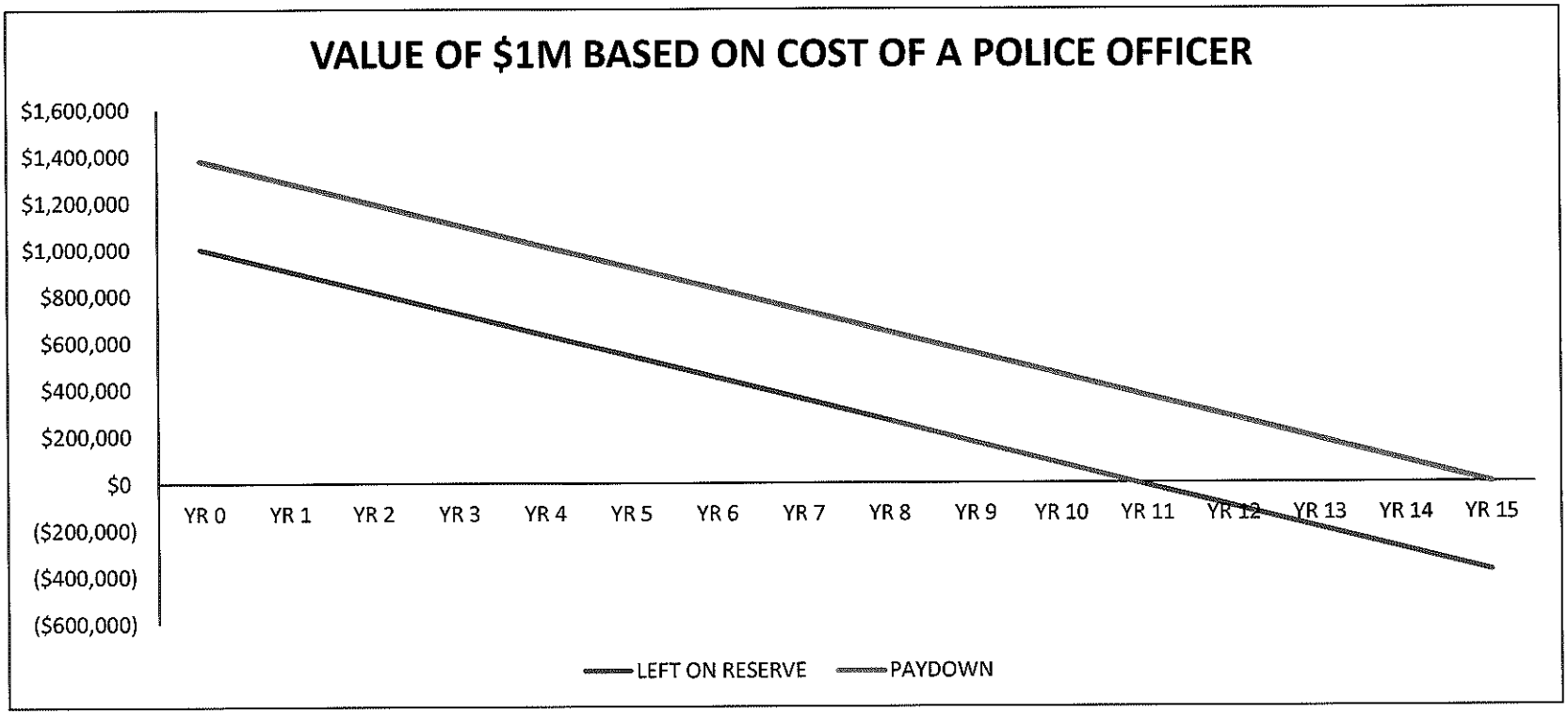
Reduction in Payments at 4.5%



	ORIGINAL BOND	2016 REFUNDING NO DOWN	2016 REFUNDING $1M DOWN	2016 REFUNDING $2M DOWN	2016 REFUNDING $3M DOWN	2016 REFUNDING $4M DOWN	2016 REFUNDING $5M DOWN
AVERAGE ANNUAL PAYMENT	$1,378,182	$1,254,023	$1,159,950	$1,067,227	$972,182	$878,801	$786,627
DECREASE IN ANNUAL PAYMENTS		$124,158	$218,232	$310,955	$406,000	$499,381	$591,555

Repayment Schedule of $1,827,000 Over a 3 Year Period

Fund #	Description	Type	Interest Rate	FY	Date of Transaction	Beginning Balance	Principal Payment	Interest Payment	Annual Required	Ending Balance
477	2006 B GO Refunding	General Obligation Bonds	5.75%	15-16	5/1/2016					1,827,000.00
477	2006 B GO Refunding	General Obligation Bonds	5.75%	15-16	12/31/2016	1,827,000.00	(609,000.00)	(61,280.63)	(670,280.63)	1,218,000.00
477	2006 B GO Refunding	General Obligation Bonds	5.80%	17-18	12/31/2017	1,218,000.00	(609,000.00)	(41,209.00)	(650,209.00)	609,000.00
477	2006 B GO Refunding	General Obligation Bonds	5.80%	18-19	12/31/2018	609,000.00	(609,000.00)	(20,604.50)	(629,604.50)	-
		TOTALS	5.78%				(1,827,000.00)	(123,094.13)	(1,950,094.13)	



This Chart shows how many years before $1,000,000 Cash on Hand will be used up for the Cost of one Police Officer at an average cost of $92,000 per year.
If $1,000,000 is left on the reserve it will be depleted on the11th year while if it used on the paydown this $1M will extend upto the 15th year due to savings for interest expense at 4.25% interest rate.