



Draft

**City of Ypsilanti
City Council Goal Setting Minutes
Monday, December 7, 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 6:06 p.m.

II. ROLL CALL –

Council Member Anne Brown	Present (6:17)	Council Member Robb	Present
Council Member Nicole Brown	Present (6:59)	Council Member Vogt	Present
Council Member Murdock	Present	Mayor Edmonds	Present
Mayor Pro-Tem Richardson	Absent		

Council Member Murdock moved, seconded by Council Member Robb 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 –

Economic Development Director Beth Ernat introduced Joe Meyers

VI. AUDIENCE PARTICIPATION –

None

VII. REMARKS FROM THE MAYOR –

None

VIII. DISCUSSION ITEMS – Peter Letzmann, Facilitator

— Fiscal Year 2015/2016 Goal Setting Discussion

City Manager Ralph Lange provided a presentation regarding the Water Street Debt.
(See Website)

Mayor Edmonds asked if the proposed streetlight assessment would be on the 2017 Summer Taxes. Mr. Lange responded the last payment will be in October of 2016.

Council Member Murdock asked what the millage would be. Mr. Lange responded 2.3236 mils.

Council Member Vogt asked what the amount proposed to pay down the debt. Mr. Lange responded \$3 million out of the General Fund and \$418,000 out of Non-General Fund. Mr. Lange said that would leave \$1.827 million that would be paid over the next three years.

Council Member Robb stated when this plan began 18 months ago part of the strategy was to sell \$4 million worth of City owned property and to date nothing has been sold. Mr. Robb added now Council is being told that another \$1.8 million will be sold in three years, and because the City beat budget projection those funds will be used to subsidize the \$600,000 a year. Mr. Robb stated his issue is Council budgets what should be spent and the reason there were funds from the budget not expended is because the City has not hired the police officers Council budgeted. Mr. Robb stated if the plan is to use these funds it is a dangerous plan because if the City hires those officers those funds will not be available. Mr. Lange responded the plan should be evaluated every six months to a year in order to manage it effectively and the City should be flexible with the assets it uses for this plan.

Council Member Robb replied what he would like to see is a plan the City can deliver. Mr. Lange responded the City will sell some property. Mr. Robb said when the City does sell property it will take at least two years to receive revenue. Mr. Lange responded he does not disagree. Mr. Robb replied then that amount of time should be a variable in the plan. Mr. Lange stated the reason the sale is moving slowly is the nature of the product, and once the issues of Water Street have been resolved the property will sell more quickly. Mr. Robb stated the \$600,000 that the City will raise by next year includes part of the fund balance and sale of City owned property but not Water Street properties. Mr. Lange responded in the affirmative.

Council Member Robb explained the language that is being used should reflect the plan and staff should not refer to paying down \$5 million when the plan is to pay down \$3.4 million. Mr. Lange replied there have been so many versions of this plan once the final version is decided upon the language used can be solidified. Mr. Lange added if the City is unable to sell anything the City will bankrupt and the plan will not matter. Mr. Lange added he is trying to give the City the best odds to be successful but there is no guarantee.

Council Member Robb stated bond payments are not consistent and when the City refinances how much will the rates increase. Mr. Lange responded for the last 15 years the payments have been consistent and the bond will be structured the same way.

Mayor Edmonds asked for further clarification on the \$600,000 payments made each year for the next three years. Ms. Ernat responded she does not have confidence that the City will be able to sell enough property a year to raise \$600,000 but does have confidence that over three years it will be able to sell enough property to raise \$1.8 million. Council Member Robb asked how much of the \$1.8 million will be General Fund

money. Ms. Ernat responded those funds will not come from the General Fund, they will come through the sale of property. Mr. Lange stated if the City has funds from the budget that were not expended it should be used to pay down the debt. Mr. Robb agreed, however, he does not want that to be included in the \$1.8 million it should be used in addition to that. Mr. Robb added the plan has been changed from using \$4 million in property sales to using \$3.4 million from the General Fund and use of General Fund money should not be part of the fall back plan. Mr. Lange replied each year it can be assessed of what the best use of the money is.

Ms. Ernat stated she does not feel anything from the General Fund or additional property sales revenue should go into paying down the debt. Ms. Ernat said the City should look to purchase bonds it could generate revenue through interest to use for bond payments during the callback period. Ms. Ernat added the \$1.8 million is not the goal it is what is needed to make the payment.

Mayor Edmonds stated how to use budget surplus is a general policy question and should be kept separate to this plan. Mr. Lange responded the plan is based off of the sale of property.

Council Member Murdock stated there are two parts to this discussion; the Water Street Debt and the taxable value of Water Street after the effects of the 2008 housing market crash. Mr. Murdock stated the City then needed to make reductions in employees and in services and asked if Council wishes is it even possible to make additional cuts in services. Mr. Murdock stated a source of revenue tied to Water Street needs to be developed beyond the Tax Increment Financing already in place, but in order to do that the City needs time more than money. Mr. Murdock said he is apprehensive to using the majority of the reserve because it could produce the time the City so badly needs for Water Street to begin producing revenue. Mr. Murdock suggested as the road millage drops off it should be replaced with a water street debt millage, and if Council does not want to put that on the ballot it could create a Water Street Debt Assessment. Mr. Murdock said a special assessment for streetlights will not raise the funds necessary to have any real effect on the debt. Mr. Murdock warned that if Council begins to use its General Fund it will drop below the 10% reserve threshold. Mr. Murdock added if the City keeps a larger fund balance it will assist in unknowns the City might face.

Mr. Lange stated the minimal staff levels to deliver adequate service is 32 police officers, 17 fire fighters, and 3 in the Community and Economic Development Department. Mr. Lange said the plan does not include any TIF capture from Water Street because it would take five years before it produces revenue. Council Member Murdock replied that is why he wants to keep three years of debt payment. Mr. Lange stated he doesn't disagree, but his proposal is based off of the interest rate which would just keep decreasing the General Fund. Mr. Murdock responded by paying more now might provide the City more time. Mr. Lange agreed.

Council Member Robb stated the original \$15.74 million was separated into four separate bonds and asked if the bonds were for the \$15.74 million or the original Water Street bonds. Ms. Uy responded that was the four bonds plus the capital interest. Mr. Robb asked if the plan details holding back the \$2 million bond. Mr. Lange responded that is a technical question for the bond counsel. Mr. Robb asked if the \$1.86 million was an arbitrary number or if it is tied to one of the bonds. Mr. Lange replied that would be a question for bond counsel and said they are working on how to structure the \$8 million. Mr. Robb asked if there is a way to know the breakdown of what bonds each payment goes to. Ms. Uy responded when the bonds are lumped together the calculations are

different. Ms. Ernat added when the bonds were refinanced it becomes a single payment for all the bonds. Mr. Robb responded what he is trying to understand is if the hold back amount is different how that will affect the interest payments.

Mayor Edmonds asked how much of the General Fund would be used if the infrastructure for a train stop in Depot Town is created. Mr. Lange responded there is another revenue source for planning for that possible project, and there has been strong support from both MDOT and SEMCOG for the train stop. Mr. Lange said the struggle between the Downtown Development Authority and the City was to ensure funding would be available as a match to leverage grants. Ms. Edmonds replied she does not believe that happens without the City being a core contributor to that project, and said it is difficult to solicit funds without being a partner. Mr. Lange said if the train stop happens the increase in property levels in that neighborhood could produce additional private funds. Mr. Lange added that there are too many unknowns involved in that project to provide an accurate estimate. Council Member Murdock added there are additional projects that would be needed as a part of the larger project such as parking. Ms. Edmonds stated that project could potentially occur next year and she wants to ensure the City is planning for that.

Mr. Letzmann stated in terms of goal setting and planning the City Manager's plan is a prerequisite to other goals the City might have. Mr. Letzmann stated during the last goal setting meeting the bond counsel advised to get the process moving as soon as possible and to do that the City Manager needs direction on how to proceed. Mr. Letzmann said there are three major options, do nothing, approve the City Manager's plan as is, or approve the plan with amendments.

Council Member Anne Brown stated she is not in favor of doing nothing, and asked what the City's options are in terms of refinancing amounts. Mr. Lange responded options are 4%, 4.25%, and 4.5%, and added the amounts depend on what City Council is comfortable with. Mr. Letzmann asked if a resolution including a dollar amount will be enough to begin the process. Mr. Lange responded in the affirmative. Mr. Letzmann asked how much the City Manager would like to hold back. Mr. Lange responded \$1.8 million to be paid over the course of three years through the sale of property and excess assets, not the General Fund. Mr. Lange added he would like to also have direction on how much of the debt the Council would like to pay down. Mr. Letzmann asked how much the City Manager recommends. Mr. Lange responded \$3.4 million. Council Member Murdock stated Council was not provided how each pay down amount would affect future years. Council Member Robb added information was not provided on how each option would affect the fund balance.

Council Member Robb asked if all scenarios include the City holding back \$1.827 million. Mr. Lange responded in the affirmative.

Mayor Edmonds asked if the amount should be more than \$1.827 million. Ms. Ernat responded that is a difficult question to answer. Ms. Ernat said it is risky to do more than \$1.827 million, and said it is more worthwhile to be conservative. Ms. Ernat said if the City has \$3 million at the end of the same three years then she would recommend a higher risk investment.

Mayor Edmonds stated she would like to breakdown the plan to see if there is consensus with pieces of the plan. Ms. Edmonds stated she is comfortable with the \$1.8 million over three years and budget for the interest for the entire three year period. Mr. Letzmann asked if at least four Council Members can agree on this part of the plan. Council Member Vogt responded he would be in support of that aspect of the City

Manager's Plan. Council Member Robb stated no information was provided that illustrated what this would do to the fund balance, and asked how can there be support for the plan without knowing the details of the plan. Mr. Vogt responded because independently this is a rational piece based off of future property sales and does not affect the General Fund. Council Member Murdock stated it is difficult to agree to this piece without knowing the other pieces to the plan. Mr. Murdock added he doesn't have an issue with holding that amount back and would prefer to hold back more and pay less down.

Council Member Robb stated the different scenarios he was hoping to see were an addition to the \$1.8 million over three years. Mr. Robb said he would have liked to see scenarios such as \$2.7 million over five years or \$6.2 million over nine years in order to understand more completely. Mr. Robb stated the proposed plan would put the City below the \$4 million fund balance as a result of the interest the City would be required to pay on the \$1.8 million.

Council Member Vogt stated he would agree the City needs to make \$300,000 in cuts and not reduce that to \$200,000 and that the assessment of streetlights needs to be raised to 95% of actual cost. Mr. Vogt stated every element of the budget needs to be aligned with the elimination of the Water Street debt and continue to work on this on a monthly basis. Mr. Vogt stated elements that have been discussed that Council was not provided data is what would be a realistic set aside amount for rail and other capital projects. Mr. Vogt stated the other aspects are unknown, it is impossible to know what the economy is going to do, what the state is going to do, or what the interest rate will be once the City refinances.

Mr. Letzmann asked what the next steps will be of this process. Council Member Robb stated Council Member Vogt is assuming the streetlight assessment will be passed by Council when there are three members that are against the assessment. Council Member Vogt replied it must be passed. Mr. Robb responded than one of the Council Members opposed must be convinced otherwise. Mr. Vogt replied the data that have been presented should do that. Mr. Robb stated at this point the streetlight assessment is dead, and the City needs to determine how to move forward without that aspect of the plan. Mr. Vogt replied he did not read that there were three Council Members were opposed to the plan. Mr. Robb asked if Council Member Anne Brown was opposed to a streetlight assessment. Council Member Anne Brown responded she received ten emails over the weekend from Ward 2 residents that are very opposed to a streetlight assessment. Ms. Anne Brown added it is something that needs to be discussed and not assumed that it is a done deal. Mr. Lange replied after the last goal setting meeting he was under the impression that there was a consensus regarding the streetlight assessment, and every time a piece of this plan is modified it requires a modification of all other pieces contingent on said piece.

Council Member Vogt stated this is a time for political courage. Council Member Murdock responded Council Member Vogt should show political courage and recommend a Water Street Debt assessment that would solve the problem of the Water Street debt. Council Member Vogt responded he would be in favor of that if that is the direction Council wishes to take. Mr. Murdock stated those that are opposed to an assessment will be opposed no matter what the amount is, so the assessment should be an amount that will have a real effect. Mr. Vogt stated that might be something that Council should be talking about, and the City must be on track to solve this problem. Mr. Murdock stated one of the reasons he is in favor of the millage proposal is it is tied to Water Street debt and the millage would disappear with the debt, however, a special assessment could go

on forever. Mr. Vogt responded that is alternative to waiting to see if staff is able to sell property, and Council could approve a streetlight assessment now and if staff is unable to sell enough property a millage could be created. Mr. Murdock responded in order to solve the problem the City will need to sell property and have a special assessment. Mr. Vogt replied if that is the decision he would like to approve a plan that will solve the problem.

Council Member Murdock asked what it would look like if the City held out \$5.2 million and refinanced the rest of the debt. Mr. Murdock clarified the City would then postpone the buy down until the City raises revenue. Mr. Letzmann responded those two issues are the largest aspect of the plan that need to be decided upon. Council Member Robb stated he needs to run the numbers to understand exactly what he would be voting, and if the City held out \$5.2 million the payment each year would be around \$1.1 million. Mr. Murdock said under the City Manager's proposal the payments are around \$900,000 which is not much less. Mr. Robb stated this alludes to Ms. Ernat's strategy to purchase other municipalities governmental bonds to create revenue from the interest only and Mr. Murdock is proposing to buy down the debt of the City.

Mr. Lange stated it will be difficult to make any more staff cuts as most departments are operating at a bare minimum. Council Member Murdock responded there have been staff cuts but there are other places the City can make cuts. Mr. Murdock stated at some point the Water Street Debt must be out of the equation. Mr. Lange responded the debt competes with fire and police services and streetlight costs.

Council Member Anne Brown stated the plan states that the State still needs to waive the \$300,000 in Community Development Block Grants so the City needs to consider if that does not happen. Ms. Anne Brown asked if the Fire Department could consolidate or share services with the surrounding townships. Chief Anthouard responded the City shares operation with the townships now. Ms. Anne Brown asked how much that will save the City. Chief Anthouard responded nothing. Council Member Murdock added the system operates as a combined response. Chief Anthouard added if the departments were merged it would not create additional personnel and the department is already under the national standard. Mr. Lange stated the operating costs of the Fire and Police Department are about as low as possible which is why the City employs Mutual Aid.

Mr. Letzmann asked if there is a consensus on the City Manager's plan. Council Member Robb responded there are three Council Members who oppose the streetlight assessment. Council Member Anne Brown asked if the plan includes the cost of infrastructure that will be needed on Water Street. Mr. Lange added the City will not expend funds for infrastructure on Water Street until there is a project ready for development. Mr. Robb stated at some point in the future there is \$271,000 in infrastructure costs the City will need to allocate funds for, and added he does not know what will be needed for the rail stop. Mr. Lange responded staff will work on developing an amount that will be required for rail. Mr. Robb stated of all the capital improvements on Water Street the City needs to hold back the \$271,000 for infrastructure. Council Member Murdock stated if that project does not happen then there will be issues in the recreation center and will require a roadway. Mr. Lange responded the road to the recreation center will cost around \$360,000. Mr. Robb stated then the City would need to hold back \$360,000 for that project.

Mayor Edmonds stated in the next two to three years the City will need around \$1 million for capital projects. Council Member Vogt asked if that should be the set aside amount until more data is provided by staff and Ms. Edmonds responded in the affirmative.

Council Member Murdock stated portions of the fund balance can be reserved for capital projects.

Mr. Lange asked if Council would like to use only \$2 million of the General Fund to pay down the debt and make it a four year plan rather than a three year plan.

Council Member Anne Brown asked if Council had come to a conclusion on a streetlight assessment. Mayor Edmonds responded she is not opposed to Council Member Murdock's suggestion of a larger assessment that would be tied to the Water Street debt itself, but she is more willing to pass a streetlight assessment once the road millage ends. Council Member Robb responded any savings that will be made by the ending of the road millage will be erased by the increase in the police and fire pension fund.

Mr. Letzmann asked what package Council Member Robb would support. Mr. Robb responded he has received enough information from this meeting to create a spreadsheet to better understand the information.

City Attorney John Barr stated it seems that Council has a consensus on refinancing some of the debt and pay down some of the debt but the detail of the amount needs to be decided. Mayor Edmonds added Council is also in agreement that some money needs to be held back. Mr. Letzmann stated if the City decides to refinance the opportunity begins in January so that amount needs to be solidified.

Council Member Anne Brown asked the timespan for the streetlight assessment is, to which Mr. Lange responded five years.

Council Member Vogt stated at some point the City is going to be able to sell some property and once the Water Street Debt has been erased the City will be operating in a surplus.

Council Member Murdock asked if the City does not refinance certain amounts if it could be refinanced in five years, to which Ms. Ernat responded in the affirmative. Mr. Letzmann added this could be a two stage process. Ms. Ernat noted that the only issue is it might have a higher interest rate. Mr. Lange stated a major goal of the City was to eliminate overhead and the largest overhead that does not add value to the City is the debt. Mr. Lange added the City owes \$21 million over the next 15 years and anything the City can do to cut down that debt would be useful to the community.

Mr. Letzmann stated there are no guarantees with this plan. Council Member Vogt responded there is one guarantee, no matter what is done there will be people who are angry and people that will be hurt by the plan, however, this cannot be a reason Council decides not to move forward with a plan.

Council Member Murdock suggested \$4.8 million be held out and refinance the rest. Mr. Murdock added that does not mean the City will not pay down the debt it would just not do it immediately. Council Member Vogt asked what the pay down amount would be. Mr. Lange responded the City would only pay down \$418,000 in that scenario. Mr. Vogt asked if \$418,000 was all that would be paid on the principal. Mr. Lange responded in the affirmative.

Ms. Ernat stated bond counsel should be a part of this discussion to be certain that what is being suggested is even possible. Council Member Murdock stated he believes this is

all based on information that bond counsel already provided. Mr. Lange stated it would be worth checking with bond counsel to ensure it is possible.

Ms. Ernat stated she has always been in favor of holding out more as long as the City is able to make the payments.

Mayor Edmonds asked what the advantages and disadvantages would be for Mr. Murdock's scenario. Ms. Ernat responded the advantage is being able to pay the debt down quicker if the City is successful, the disadvantage is if the City is not successful a higher payment will cut in to the fund balance at a higher level than the safer approach. Mr. Lange added that strategy would also create a higher interest rate for the City, but the advantage is that it would provide on hand cash. Ms. Ernat stated it is impossible to know what the interest rates will be in three to five years. Council Member Robb responded the interest rates will not be higher than 6.1%.

Mayor Edmonds asked Ms. Ernat for further clarification on why Council Member Murdock's proposal is more risky. Ms. Ernat responded that it makes it risky because it diminishes the possible savings. Ms. Ernat explained the payments the City will be required will be similar to what the City is already paying. Ms. Ernat added it might be possible that staff is unable to sell the amount of property needed. Council Member Murdock replied if staff is unable to sell enough property it will not matter what plan Council decides.

Council Member Vogt asked what the proposed hold back of \$4.8 million would consist of. Mr. Murdock responded it is the principal on the debt. Mr. Vogt replied he is trying to compare that amount to fund balance totals. Mr. Murdock replied \$3 million will not be removed from the fund balance in order to keep cash on hand. Mr. Vogt responded all this would do is to hold money back to potentially pay back later.

Mr. Letzmann asked if this is a direction Council would like to take. Council Member Murdock responded it is the direction that leaves the City with options. Mayor Edmonds replied she likes the idea of holding more money back but said she would prefer something in the middle of Council Member Murdock's suggestion and the City Manager's plan. Mr. Lange stated the City could pay only \$2 million down which would keep another \$1 million in the fund balance. Council member Vogt replied that is his line of thinking and said he would hate to miss the opportunity of current interest rates. Mr. Murdock stated the City will need to have a fund balance to balance the budget over the next few years and at that point the City will have a better idea of what the fund balance will look like.

Ms. Ernat suggested a second scenario that the City does a pay down of \$2.5 million, refinance \$8 million, and hold out \$2.3 million. Ms. Ernat said that would leave the City with around \$5 million in fund balance. Council Member Murdock responded next year the City will have around a \$600,000 deficit, maybe more. Mayor Edmonds said she likes the idea of a \$2 million pay down.

Mr. Letzmann stated Council Member Murdock's scenario does not save the City money. Council Member Robb responded that Mr. Murdock's scenario is not about saving money it's about buying time. Mr. Robb added each of these scenarios should include \$1 million for capital projects that the Mayor suggested.

Mayor Edmonds suggested a third scenario with a pay down of \$2 million, refinancing \$8 million, and a holdout of \$2.8 million. Ms. Edmonds added this would leave the City with

a \$5.2 million fund balance which would provide a buffer of \$1 million for capital projects.

Mr. Lange stated the four items in each of the scenarios is what needs to be decided to provide bond counsel information on how to move forward. Council Member Vogt stated he still wants to move forward with a street light assessment but he could either support the second or third scenarios.

Council Member Murdock asked if Mayor Edmonds was no longer interested in the \$1 million pay down. Mayor Edmonds responded in her scenario the \$2 million pay down is made up of \$1.6 million plus the \$418,000. Mr. Murdock asked if it signified \$1 million out of the general fund. Council Member Vogt stated all of this is based off of bond counsel approval of these scenarios. Mr. Letzmann responded this is only to provide the City Manager with direction on how to move forward. Council Member Robb replied the only thing the City Manager needs at this point is to tell bond counsel that the City wants to refinance \$8 million. Mr. Murdock added there is time to build consensus on the other items of this plan. Ms. Edmonds asked if the City Manager has enough direction to move forward. Mr. Lange responded goal setting informs staff on how to move forward with goal setting, and the direction given will be helpful, however, knowing the other variables would be helpful but staff can move forward until Council makes a decision. Council Member Robb stated once Council is able to see the impact each scenario will have it can make a decision on a plan.

Council came to a consensus to refinance \$8 million and pay down at least \$418,000.

Mayor Edmonds asked what other information is needed for Council to make decisions on other aspects of the plan. Council Member Vogt asked for information for amounts recommended for rail, possibilities for \$300,000 in cuts, and what 95% of cost for streetlights would be. Mr. Lange stated his understanding is there was already a consensus for a streetlight assessment and said there must be new revenue in this plan.

Mayor Edmonds asked Council Member Nicole Brown her opinion on the streetlight assessment. Council Member Nicole Brown responded that she was in support of it during the budget sessions and that the City needs a new revenue source to not disrupt service levels. Ms. Nicole Brown added she is still in support of the assessment but she is uncertain at what level. Council Member Anne Brown stated she was in support of the assessment during the budget session but is uncomfortable with the amount for the assessment. Mr. Lange stated during the last goal setting meeting there was a consensus for an assessment of \$400,000. Council Member Vogt stated he believes there is a consensus of four Council Members for an assessment at \$347,000 and asked if the assessment should be higher. Council Member Robb stated the City has streetlights they own themselves and asking residents to pay for City owned streetlights might cause a greater issue which is why the last streetlight assessment was for 75% of cost for the capital improvement. Mr. Lange stated the assessment covered the cost of the item. Mr. Robb asked if the City's portion of that capital improvement capitalized into the resident's share. Mr. Lange responded the net cost of the first assessment was slightly under \$600,000, and the City paid \$35,000 of that amount. Mr. Robb replied residents did not pay for 100% of the streetlight capital project. Mr. Lange responded in the affirmative. Council Member Vogt stated the taxpayers should pay for what the things that they get in the City.

Council Member Anne Brown stated it would be her preference to implement the streetlight assessment when the road millage ends. Mayor Edmonds agreed. Mr. Lange

added the final road millage will roll off in Fiscal Year 2017-2018. Mr. Lange asked if a consensus can be made regarding the amount of the assessment. Council Members Vogt, Anne Brown, Nicole Brown, and Mayor Edmonds agreed on \$347,000. Mr. Lange responded that amount could account for three firefighters or three police officers which will have a great impact. Mr. Lange stated the plan for staffing changes is 32 police officers, 17 firefighters, and 3 in the Planning Department and asked if there is a consensus from Council for those staffing levels. Council Member Vogt responded given the difficulty of finding quality officers the City will probably not achieve 32 officers for a while. Mr. Lange responded staff will work towards that goal but at the moment the department is on hold and some of the newer officers are looking for a new job. Ms. Anne Brown asked if without the streetlight assessment the City would lose 3 officers. Mr. Lange responded in the affirmative.

Mayor Edmonds asked Chief DeGiusti's his opinion on the Police Department staffed at 32 officers. Chief DeGiusti responded the department is doing quite well with overtime since the restructuring of the department and are \$20,000 better than the department was last year. Chief DeGiusti said the department is watching every penny because the department is aware that those funds will help continue to hire officers. Chief DeGiusti stated it is difficult to assess how much overtime will be needed at a certain level and more officers could mean more overtime because of time in court. Chief DeGiusti added as per the SEMCOG report, the officers in this City take a third more calls than any of the neighboring jurisdictions and any more officers to help do that work the department needs and will take.

Mayor Edmonds asked Human Resources Manager Kevin Welch his opinion on staffing levels in the City compared to other municipalities. Human Resource Manager Kevin Welch responded it is difficult to compare municipalities regarding staffing needs. Mr. Welch said since he has been here it has become clear that somewhere down the road the City needs to look at employee retention and employee engagement. Mr. Welch stated his feeling is that staffing is low in every area. Mr. Welch stated there is a great cost in employee turnover, engagement, and retention should be a goal of the City. Mr. Welch stated the City should be careful not to think the City can take down the debt pay reducing staff levels to far because there will be other costs associated with staff reduction. Chief DeGiusti stated the applicate pool is not what police administrators would like it to be, it lacks both quality and diversity. Chief DeGiusti added the cuts that are being discussed tonight are making officers very skittish because they do not know if they will have a job in five years. Mr. Welch stated another thing the City needs to avoid is being the stepping stone for new officers because the City does not want to spend the money to train officers if it is unable to keep them. Mr. Welch suggested that in the future a Classification and Compensation study be performed to see where the City stands. Council Member Robb stated Assistant to the City Manager Ericka Savage performed that last year. Mr. Lange suggested that it be updated. Mr. Welch responded that should be performed every couple of years.

Mr. Lange stated if there is a consensus around his suggested staff levels a budget can be built around that. Mr. Lange stated if there are any further cuts Council will not be pleased with the level of service. Mayor Edmonds added Council will not be pleased with the level of turnover either if further cuts are made. Council Member Vogt stated he is in favor of the City Manager's request.

Council Member Murdock stated when this conversation began he stated the City needs to avoid the deterioration of service levels. Mr. Murdock stated using a special assessment for operating is a misuse of the special assessment, but as a revenue source

Council should do something that will have an effect and a special assessment should be created that would solve the problem. Mr. Murdock added he is not against a special assessment but he does not support it as is. Mayor Edmonds agreed that this special assessment does not mean that there would not be a substitute for something similar to Council Member Murdock's suggestion it would act as a place holder until something is solidified. Mr. Lange added he would be in favor of any revenue source that would be \$347,000 or more.

Council Member Murdock asked if the five year projections could be changed. Mr. Lange responded that the other scenarios will alter the five year projections. Mayor Edmonds asked for information on how the different hold back amounts will affect the interest levels for those five years. Mr. Lange responded he would speak with bond counsel.

Mayor Edmonds stated the City needs to dig deep for capital projects especially the rail stop, and said it is important to show partners of those projects the City is willing to put money into them. Council Member Vogt stated it is his opinion the amount designated in the Tax Increment Financing Plan will be directed towards rail and should be considered to be the City's first contribution to that project and if there is an additional amount beside that, it should be discussed. Ms. Edmonds responded TIF funds will be a part of the package but that will not be seen by other possible partners as the City's contribution. Mr. Vogt agreed and said that is why he asked the City Manager to provide estimates on what the City contribution should be for rail. Council Member Robb stated the City committing to amounts now for the rail would equate to the City negotiating against itself and said this discussion is premature. Mr. Lange added the City needs to have some idea of cost before having these discussions. Council Member Murdock agreed with Mayor Edmonds that the rail stop is the largest development project other than Water Street, and the City absolutely needs to be a partner in the process and be willing to provide some funding. Mr. Murdock said the idea the Downtown Development Authority would be able to bond for the full amount is not likely. Mr. Murdock added the amount that would be needed from the City is unknown but the City must prepare to be a contributor. Ms. Edmonds stated when she first met with Amtrak she asked for cost comparison between stations and platforms. Mr. Murdock stated a basic platform with connector could be around six figures but once all the other amenities are added in the cost will be around seven figures.

Mr. Letzmann stated to try and minimize the work for Council he created several bullet points created for City goals and wants to make sure that they are consistent with Council's current goals. Mr. Letzmann listed the bullet points:

1. Sale of Water Street Properties.
2. Sale of other City owned properties.
3. Public safety and interagency cooperation.
4. Enhance community outreach by all involved.
5. Staff wellness and satisfaction.
6. Community sustainability.
7. Meaningful regular accountability and reporting of staff to the City Manager and the City Manager to Council.

Mr. Letzmann asked for input for his listed goals. Council Member Anne Brown asked for clarification on interagency cooperation. Mr. Letzmann responded it involves the Police Department to utilize other levels of government and neighboring communities in investigation.

Mr. Letzmann asked what Council would like to list as goals for themselves, or is there anything Council feels to do better to enhance its operations. Council Member Nicole

Brown responded she would like to Council to undergo additional training on how Council communicates with each other. Mr. Letzmann stated there are trainings Council could undertake. Mayor Edmonds stated she would also like training on how Council can better communicate with the public. Ms. Nicole Brown added there are times Council needs to come through as a unified body. Mr. Letzmann responded Council should represent the community and can speak as a part of Council or as an individual and said there is training for both of those items. Ms. Edmonds stated there were issues that arose during the summer that the City did not effectively respond to. Mr. Letzmann replied training might also be needed on how to speak to the media.

Council Member Anne Brown asked for an update on an economic development toolbox. Ms. Ernat stated she has not yet prepared that but it will be completed in the near future. Ms. Anne Brown stated she, Council Member Nicole Brown, and former Council Member Ricky Jefferson have been working with minority contractors and would like a goal to include making a disadvantaged business a priority. Ms. Anne Brown added that would add to more inclusion. Mayor Edmonds agreed, and said the City should also concentrate more on hiring locally. Ms. Anne Brown stated the economic study performed by Washtenaw County show that development will be coming east because there is no more room on the Westside for development, and the City needs to have everything in order to be prepared for future development. Ms. Edmonds stated greater external and internal communication would help to convey what the City is willing to offer to potential developers. Mr. Letzmann agreed, and said two items the needs to do to ensure its reputation is transparency and experience good government over the course of a few good years to establish trust.

Mr. Letzmann stated he will redefine the goals per Council's suggestions and forward them to Council.

Mayor Edmonds asked if Council Member Anne Brown's suggestion could be presented as more overall equity. Mr. Letzmann stated Council should be careful with equal protection and the treatment of non-resident versus resident. Ms. Edmonds added equity goes much further than just residents and non-residents. Mr. Letzmann agreed.

Council Member Murdock agreed with Council Member Nicole Brown that Council needs to work on its communication, however, he is not sure that a special session needs to be held for that training. Council Member Nicole Brown responded she feels that Council does require training.

IX. AUDIENCE PARTICIPATION –

None

X. REMARKS FROM THE MAYOR –

None

XI. ADJOURNMENT –

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

On a voice vote, the motion carried, and the meeting adjourned at 9:44 p.m.