



Memorandum

To: Mayor Schreiber and City Council Members

From: _____
Edward B. Koryzno, City Manager

Date: October 3, 2011

Subject: Council Information Letter

GENERAL INFORMATION -

****Performance Dashboard:** Attached is our completed Performance Dashboard per the state's requirements to remain eligible for state shared revenues.

Our Citizen Guide was completed by Finance Department in mid-August and has been sent to the state. I want to acknowledge the efforts of Joe Gacioch, Manager Intern, who was instrumental in assembling this information.

****Urban Forestry Grant** – Attached is a copy of the press release indicating the tree inventory process is expected to last 4-6 weeks.

Personal Property Tax - Ms. Uy estimates the city would lose the following amount of personal property tax if the legislature eliminates this revenue source.

Personal property Total Tax Revenues, by Millage

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
GENERAL OPERATION	336,635	326,536	316,740	307,238	298,021
POLICE & FIRE	135,774	153,542	174,110	197,621	224,380
TOTAL GEN OPER AND F & P PENSION	472,409	480,078	490,851	504,859	522,401
SANITATION	49,225	47,748	46,316	44,927	43,579
STREETS (2001)	43,717	43,531	43,634	43,672	43,351
STREETS (2003)	45,488	45,657	45,544	45,675	45,985
PUBLIC TRANSIT	17,325	16,805	16,301	15,812	15,337
Total Millage: Personal Property	628,164	633,820	642,646	654,944	670,653

**Hamilton Crossing (Parkview) - Attached is the latest update from Mr. Norris, Executive Director of Housing Commission.

**COPS Grant – Attached is a letter informing the city we were unsuccessful in obtaining this grant. Ms. Uy will amend the General Fund Financial Projections to reflect the loss of this grant.

Community Development Block Grant Downtown Infrastructure Pre-Applications - The Michigan Economic Development Corporation (MEDC) is accepting Pre-Applications for new projects under the State of Michigan's Community Development Block Grant (CDBG) Farm to Food and Downtown Infrastructure Grant (DIG) programs. Submissions for the 2011 program funding cycles will be accepted until October 21, 2011. Staff researched this grant and it was determined that we were not eligible.

**Moody's - Attached is the latest information Moody's on the City downgrade.

2011-12 Purchase of Services Agreement with AATA – the proposed agreement will be presented to Council at the 10/18/11 meeting for your consideration.

Building Department - James Jackson will begin his employment with the City of Ypsilanti on October 10th as our new Ordinance Enforcement Officer. James has most recently been a truck driver with JB Hunt. However, he is a former Ordinance Enforcement Officer with the City from 1999 until 2001. Originally, James was hired on 10/10/97 as a School Crossing Guard for Ypsilanti, after which, in 1998 he became a Parking Enforcement Officer, and finally in 1999 he transferred to the Ordinance position. He is a native and graduated from Ypsilanti High School. He also is a graduate of Cambridge Computer Tech where he received his Computer Information Certificate.

**Beal Properties – Attached is a copy of a letter from Beal Properties regarding payment of \$4,000 pursuant to the consent agreement between the City and Historic Equities, LLC.

City of Ypsilanti - Performance Dashboard

	2008	2009	2010	Trend	Performance
Fiscal Stability					
Annual GF Expenditures per capita	\$632	\$616	\$631	↑ 2.4%	Negative
Fund Balance as % of Annual GF Expenditures	55.0%	75.2%	77.2%	↑ 2.7%	Positive
Unfunded Pension & Retiree health care liability, as a % of annual GF revenue	Overfunded	95%	85%	↓ -10.0%	Positive
Debt burden per capita	\$3,176	\$3,134	\$3,161	→ 0.9%	Neutral
Percentage of road funding provided by the General Fund	0.3%	0.7%	53.0%	↑ 7528.9%	Neutral
Ratio of pensioners to employees	0.77	0.95	0.95	→ 0.6%	Neutral
Number of services delivered via cooperative venture	4	6	6	→ 0.0%	Neutral
Economic Strength					
% of community with access to Wireless Ypsi	6000	21000	130000	↑ 519.0%	Positive
% of students enrolled in a college program anytime in first year after high school graduation	67%	72%	59%	↓ -18.1%	Negative
Average age of critical infrastructure (years)	5.7	6.0	6.2	↑ 2.0%	Negative
Public Safety					
Violent crimes per thousand	14	11	11	↑ 2.8%	Negative
Property crimes per thousand	50	46	47	→ 0.6%	Neutral
Traffic injuries or fatalities	94	118	100	↓ -15.3%	Positive
Quality of Life					
Miles of non-motorized paths as a factor of total miles of local/major road streets	0.07	0.08	0.09	↑ 10.4%	Positive
Percent of GF Expenditures Committed to Arts, Culture and Recreation	4.3%	3.7%	3.6%	↓ -3.9%	Neutral
Acres of park per thousand residents	4.1	4.1	4.4	↑ 5.2%	Positive
Total Yard waste + recyclables as a percentage of solid waste diverted from the landfill	39%	38%	39%	↑ 1.4%	Positive



**CITY OF YPSILANTI
1 SOUTH HURON STREET
YPSILANTI, MI 48197**

FOR IMMEDIATE RELEASE

September 28, 2011

Contact:

Ypsilanti City Manager's Office
1 South Huron Street
Ypsilanti, MI 48197
(734) 483-9646

Subject: Tree Inventory for all public streets and parks in the City of Ypsilanti

On Wednesday, September 28, a City-wide tree inventory of all street trees and trees in parks and other City-owned property. Residents should be aware that two staff members from Davey Tree will accompany six youth workers from Michigan Works while they measure and document existing trees in public streets and areas in the City of Ypsilanti. Staff and youth workers will be wearing traffic vests and be using computer pads and measuring sticks to perform the physical inventory.

The inventory process is expected to last four to six weeks. In addition to performing a physical tree inventory, Youth workers and Davey Staff will also be researching opportunities for future planting sites.

For further information please contact the Planning Department at (734) 483-9646.

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TO: City of Ypsilanti Mayor and City Council
YHC Board of Commission and Community Leaders

FROM: Walter Norris, Jr. Executive Director
Ypsilanti Housing Commission

RE: Update on Redevelopment of Hamilton Crossing

DATE: September 15, 2011

Progress on the redevelopment of Parkview continues. Construction on Phase 2 is on schedule. All interior demolition has been completed on the 8 residential buildings that will be renovated and the management building. The demolition is "down to the studs" so what remains in the interior are the original hardwood floors and the framing of the buildings. Buildings 10 and 11 (in the southwest corner of the site) have been demolished and will be replaced by two newly constructed buildings. These new buildings will offer 1-, 2- and 3- bedroom units that are fully accessible.

All Phase 2 parking lots and sidewalks have been removed and the foundations for the new buildings 10 and 11 and the expansion of the management office have been poured. Work is underway on the new entrance driveway. This driveway will be moved to the right, creating a space for a landscaped berm between the development and Hamilton Street. The grade of this driveway will also be improved. Work is also underway on the improved stormwater retention and management system.

In the interior of the units, rough-in of mechanical, electrical and plumbing systems have begun. Repair work to window frames and interior framing and sheathing damaged by water over the last few years is also in progress.

A twelve month construction period is projected for Phase 2. The management / community building and Building 13 (across from Perry School) will be the first to be completed. It is projected that units will be ready for occupancy before the end of 2011. The property management firm, Millennia Housing, plans to have a leasing trailer onsite in October to begin marketing and leasing the units.

Because of the renewed interest from investors in investing in tax credit projects in the Michigan market, the development team has made the decision to pursue 4% credits for Phase 1. An application for tax-exempt bond financing has been submitted to MSHDA and the project has received a strong Letter of Intent from Great Lakes Capital fund to purchase the tax credits. The other financing for this phase, including the HUD Upfront Grant, a HUD EDI grant, and HOME and NSP funding from Washtenaw County, is all in place. A year-end closing and construction commencement is targeted.

Summer 2011 property taxes for the site have been paid in full.



U.S. DEPARTMENT OF JUSTICE
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES
115 N. Street, NE, Washington, D.C. 20530

COPS

September 28, 2011

City Manager Edward Koryzno
Ypsilanti Police Department
1 South Huron Street
Ypsilanti, MI 48197

RE: COPS Hiring Program Grant Application
ORI#: MI81836

Dear City Manager Koryzno:

I would like to thank you for your grant application under the COPS Hiring Program (CHP). The COPS Office received an overwhelming response to this year's CHP grant application solicitation. The COPS Office received 2,712 CHP applications requesting over 9,000 officers and \$2 billion in funds, while \$240 million was available for the program.

As you may know, the COPS Office CHP award announcement occurred on September 28, 2011. With an abundance of high-quality grant applications and a limited amount of funding available, COPS was faced with many difficult funding decisions. Many applicant requests were reduced due to the high demand relative to the amount of funding available, with the goal of distributing CHP officers to a greater number of jurisdictions. Ultimately, however, COPS was able to fund only 238 (9%) of the 2,712 CHP requests received during the 2011 solicitation. Unfortunately, your CHP proposal was not selected for the September 28, 2011 announcement.

Although your agency was not among those announced, please note that your CHP funding request *has not* been denied. Currently, your CHP application remains under a "pending" status within the COPS Office, which means that the proposal is still under consideration. Once the COPS Office receives our Fiscal Year 2012 appropriations, we will know whether additional hiring funds are available and can then determine how best to proceed with all pending requests. There is no action required of your agency at this time. The COPS Office will contact you if additional information is needed.

Please note that funding selections for this announcement were based upon a variety of factors, including (but not limited to) statutory mandates which govern how CHP and other COPS hiring funds are to be allocated, as well as each applicant's community policing strategy and community need. For more information on the CHP announcement, please visit our dedicated CHP applicant web page at <http://cops.usdoj.gov/Default.asp?Item=2367>. On this site, you will

find additional information about the CHP program, and a more detailed description of how applications were evaluated.

We thank you for your continued interest in CHP grant funding. If you have any questions or concerns regarding this letter or about your pending grant application, please feel free to contact the COPS Office Response Center at 800.421.6770.

Sincerely,

A handwritten signature in cursive script, appearing to read "Andrew A. Dorr".

Andrew A. Dorr
Assistant Director for Grants Administration

MOODY'S DOWNGRADES TO A2 FROM A1 THE CITY OF YPSILANTI'S (MI) RATING ON \$16 MILLION OUTSTANDING RATED GO LIMITED TAX DEBT; ASSIGNS NEGATIVE OUTLOOK

AFFIRMS A1 RATING ON \$9 MILLION GENERAL OBLIGATION UNLIMITED TAX DEBT OUTSTANDING

Opinion

Moody's Investors Service has downgraded to A2 from A1 the rating on the City of Ypsilanti's (MI) \$16 million of outstanding rated general obligation limited tax debt. At this time, Moody's has affirmed the A1 rating on the City's \$9 million of outstanding rated general obligation unlimited tax debt. Concurrently, Moody's has assigned a negative outlook.

SUMMARY RATINGS RATIONALE

The downgrade to A2 on the city's outstanding general obligation limited tax debt rating reflects the city's satisfactory financial position with declining liquidity, declining tax base, and debt burden while currently manageable, is expected to require General Fund support beginning in 2013. The assignment of a negative outlook reflects the ongoing financial challenges from stressed revenue streams including declining property tax and state shared revenues; declining liquidity to meet debt service obligations on its limited tax debt mostly related to the Series 2006 bonds; and significant chargebacks and tax appeals that may further pressure General Fund operations. Previously, the city's lack of rating distinction between general obligation unlimited and limited tax debt reflected the city's sound liquidity. The current rating distinction reflects narrowing liquidity and lack of dedicated levy that may prove challenging to meet debt service obligations for the city's outstanding limited tax debt.

STRENGTHS:

- Currently healthy General Fund reserve levels
- Institutional stability; Eastern Michigan University

CHALLENGES:

- Declining tax base
- Budgetary pressures from debt service payments related to limited tax debt
- Revenue and expenditure pressure due to declines in state shared and property tax revenues and significant chargebacks and tax appeals pending

DETAILED CREDIT DISCUSSION

MODEST, DECLINING TAX BASE LOCATED ADJACENT TO ANN ARBOR; INSTITUTIONAL STABILITY OF EASTERN MI UNIVERSITY

The city of Ypsilanti is favorably located in Washtenaw County (GO rated Aa1) adjacent to the city of Ann Arbor (GO rated Aa1). The city has seen substantial tax base declines, averaging a decline of 6.9% annually for the last five years due to current economic conditions. The city is expects a 7% decline for fiscal 2012 and has budgeted for 3% declines annually until fiscal 2016. The city is also expecting the loss of a portion of taxable value from their third largest taxpayer, Angstrom Capital, an automotive components company. Due to downsizing coupled with unusable property, Angstrom's assessed valuation is expected to drop to \$820,000 from \$5.1 million.

The city's taxbase is modestly sized at \$707 million; however, this figure does not reflect the sizeable presence of Eastern Michigan University (rated A1/Stable) with fall 2011 enrollment of 23,000 students between undergraduate and graduate programs. Resident per capita (\$16,692) and median family (\$40,793) incomes fall well below national figures (77.3% and 81.5% of the U.S. medians, respectively).

SATISFACTORY FINANCIAL POSITION; LIQUIDITY EXPECTED TO NARROW DUE POTENTIAL PRESSURES ASSOCIATED WITH CHARGEBACKS, TAX APPEALS AND FUTURE DEBT SERVICE COSTS FOR LIMITED TAX DEBT.

Moody's expects the city's liquidity to narrow although reserve levels are currently healthy. Total general fund balance increased to \$9.4 million or an ample 66.6% of general fund revenues in fiscal 2010 from \$4.2 million in fiscal 2006. Preliminary fiscal 2011 numbers show a modest surplus of \$349,000 achieved through conservative budgeting and continued expenditure cuts and workforce reductions. Fiscal 2012 will prove challenging as further declines in property tax revenues and state shared revenues will add to budgetary pressures combined with debt service expenditures related to the Series 2006 bonds. In addition to these stresses, the City's liquidity may be affected due to current and pending tax appeals and chargebacks. The City has a total of \$122,400 in chargebacks due to Washtenaw County (G.O. rated Aa1) for fiscal 2011 resulting from uncollected special assessments on foreclosed properties. The city is liable to re-pay a total of \$122,400 of which, the general fund is responsible for approximately \$94,000. In addition to the chargebacks, the City had \$11,423 in tax appeals reimbursements in fiscal 2011 and is budgeting for approximately \$22,000 in tax appeals reimbursements in fiscal 2012. While the city budgets approximately \$70,000 to \$80,000 in the General Fund for these contingencies, the total liability exceeds this amount. The city expects to continue to repay chargebacks and tax appeals in fiscal 2012 and beyond.

Management has built sound General Fund reserves in order to prepare for future debt service payments on the city's outstanding limited tax debt, which is mostly comprised of the Series 2006 bonds. The bonds were originally issued to support infrastructure investment in the Water Street Project, a 38-acre redevelopment project that has yet to see new development. The city's general fund balance includes a \$4 million designation for future debt service on the bonds through fiscal 2013, adding a measure of security for bondholders. Annual debt service on the city's limited tax debt, which is paid from the General Fund, is approximately \$1.3 million. Including the reservation for debt service payments, the General Fund liquidity is much more narrow, with an undesignated balance of \$2.4 million, or 17.2% of revenues at the end of fiscal 2010. Management is planning to go to voters in February 2012 for an additional mill levy for operations that may be used to pay off the Series 2006 bonds. One mill generates approximately \$1.3 million in additional revenues annually. Assuming fiscal operations remain status quo, the city will be pressured with an annual \$1 million budgetary shortfall starting in fiscal 2014. Should the referendum fail, management expects to close the gap through additional expenditure reductions and use of reserves.

MANAGEABLE DEBT BURDEN; NO IMMEDIATE BORROWING PLANS

The city's debt profile is expected to remain manageable, given the lack of additional borrowing plans. After adjusting for the city's current revenue-supported debt, direct debt is an elevated 3.7% of full value. All of the city's debt is fixed rate mode and officials have no immediate plans to issue additional debt over the near term.

Outlook

The assignment of a negative outlook reflects the ongoing financial challenges from stressed revenue streams including declining property tax and state shared revenues; declining liquidity to meet debt service obligations on its limited tax debt mostly related to the Series 2006 bonds; and significant chargebacks and tax appeals that may further pressure General Fund operations

WHAT COULD CHANGE THE RATING UP:

- Material increases in the district's tax base
- Additional revenues leading to structural balance

WHAT COULD CHANGE THE RATING DOWN:

- Declines in General Fund reserves and liquidity
- Further material declines in the district's tax base
- Significant increases to the district's debt burden and inability to meet debt service payments on limited tax debt

KEY STATISTICS

2000 Population: 22,362 (10% decline from 1990)

2010 Population: 19,435 (13.1% decline from 2000)

2011 Full Value: \$707 million

Full value per capita: \$36,352

City of Ypsilanti unemployment (June 2011): 7.7%

2000 Per capita income (as % of MI and US): \$16,692 (75.3% and 77.3%)

2000 Median family income (as % of MI and US) \$40,793 (76.3% and 81.5%)

Direct debt burden: 3.7%

Payout of principal (10 years): 57.1%

FY 2010 General Fund balance: \$9.5 million (66.6% of General Fund revenues)

FY 2010 Unreserved, Undesignated General Fund balance: \$2.4 million (17.2% of General Fund revenues)

General Obligation Unlimited Tax debt outstanding: \$9 million

General Obligation Limited Tax debt outstanding: \$16 million



9/2/2011

Mr. Ed Koryzno, City Manager
City of Ypsilanti
1 S. Huron
Ypsilanti, MI 48197

Dear Mr. Koryzno,

Per the consent agreement in Jon Ichesco and City of Ypsilanti v. Beal, Beal Properties, LLC and The Historic Equities Fund I, LLC, Case No. 20-372:

3. Historic Equities shall pay the sum of \$4,000 to the City of Ypsilanti no later than 9/2/2011.

I have attached a check payable to the City of Ypsilanti for \$4,000. I am glad this matter continues on an excellent path towards resolution.

Our next step will be completing 5. Within three years of the signing of this Agreement, the exterior envelope shall be completed.

Sincerely,

Stewart W. Beal, Managing Member
Historic Equities Fund I, LLC

277 Gratiot, Suite 510
Detroit, MI 48226
(313) 963-8951 x111

221 Felch, Suite 7
Ann Arbor, MI 48103
(734) 662-6133 x111

425 W. Bancroft, Suite 104
Toledo, OH 43620
(419) 386-8578