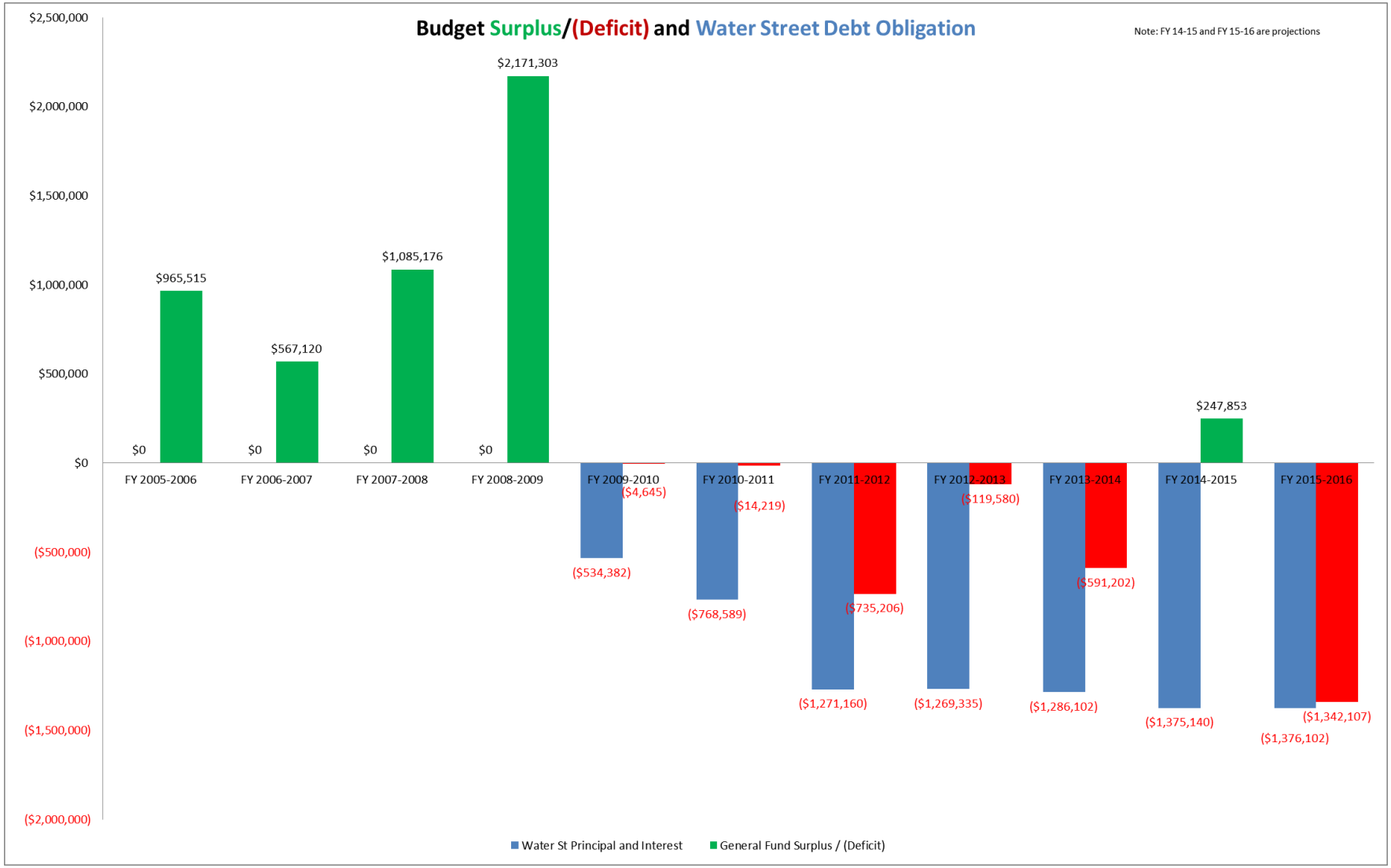
Water Street Debt Status Update
Ralph A. Lange, City Manager

March 2016


Budget Surplus/(Deficit) and Water Street Debt Obligation
Note: FY 14-15 and FY 15-16 are projections
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
($500,000)
($1,000,000)
($1,500,000)
($2,000,000)
$0
$965,515
$0
$567,120
$0
$1,085,176
$0
$2,171,303
($534,382)
($4,645)
($768,589)
($14,219)
($1,271,160)
($735,206)
($1,269,335)
($119,580)
($1,286,102)
($591,202)
($1,375,140)
$247,853
($1,376,102)
($1,342,107)
FY 2005-2006
FY 2006-2007
FY 2007-2008
FY 2008-2009
FY 2009-2010
FY 2010-2011
FY 2011-2012
FY 2012-2013
FY 2013-2014
FY 2014-2015
FY 2015-2016
Water St Principal and Interest
General Fund Surplus / (Deficit)

Highlights of City's efforts to control costs and increase revenues

General Budget Categories	Financial Impact
Conversion of LED Streetlights	$120,000*
Medicare Advantage – P/F Pension/Gen Fund	$250,000*
Sell off surplus city equipment (at least)	$200,000+
Police – 4 yrs* – 11 new officers @ $19,000/yr	$209,000*
Fire – 3 yrs *– 7 firefighters @ $20,000/yr	$140,000*
Trash contract & DPS pick-up	$235,000*
Police/Fire overtime reduction from 2014-2015	$300,000*
Safer Grant – Chief Anthouard secured	$800,000 (2 yrs)+
Sales of first Water St Property – net revenue	$178,000 approx.+
Sale of Historic House	$120,000+
Interior city facility lighting to LED	$ 25,000*
Street lighting special assessment	$555,000 (2 yrs)+
Three years of Water Street debt paid	$3,930,577
General Fund balance as of 6-31-2015	$8,184,000
Raised private donations for the Heritage Bridge project	$100,000+
For FY 2014-15 the city's General Fund achieved a surplus	$240,000

* = money saved

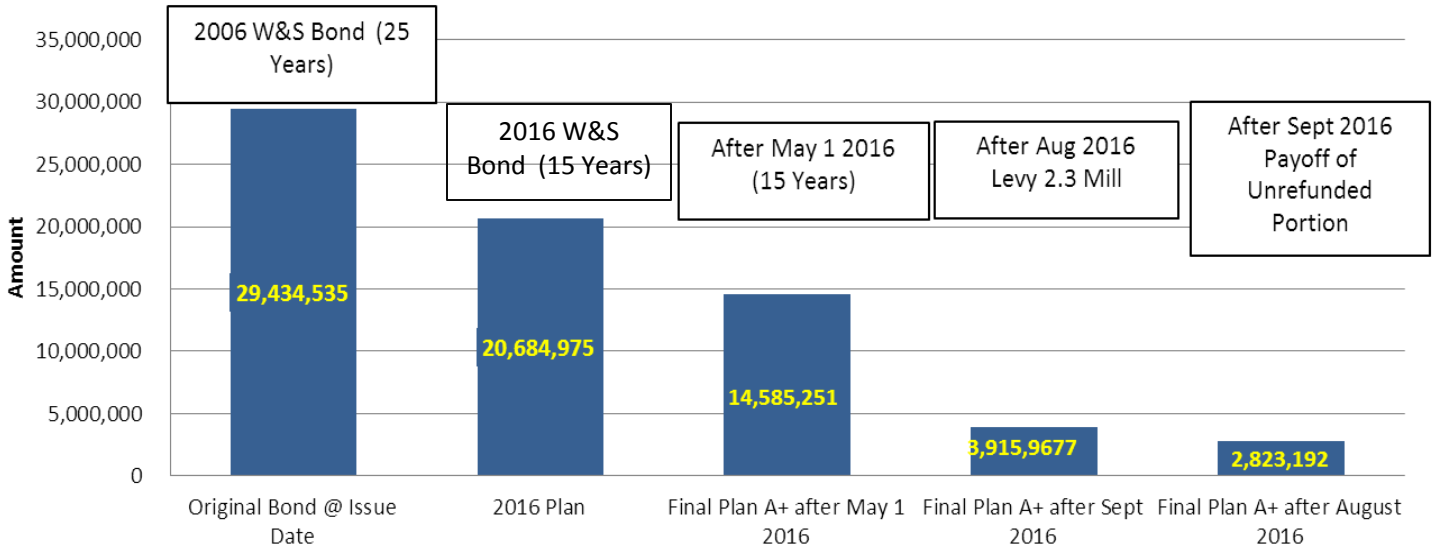
+ = additional revenue

City of Ypsilanti
Pride. Diversity. Heritage.

Highlights of City's efforts to control costs and increase revenues

- School Resource and DDA Police Officers are securing approximately $116,000+ in outside revenue for the city per year.
- Highland Cemetery solar project should increase annual city revenues $20,000+
- Tier II Pay/Benefits Structure – New employees Since 2012-2015
  - 62 Tier I – 66.6%, 31 Tier II – 33.3% total 93
- Police/Fire Pension Millage reduction from 8.92 to 7.54 total 1.38 mills (2 years)
- MERS Pension is still 140% overfunded

Comparison of Required Payment Water Street Debt

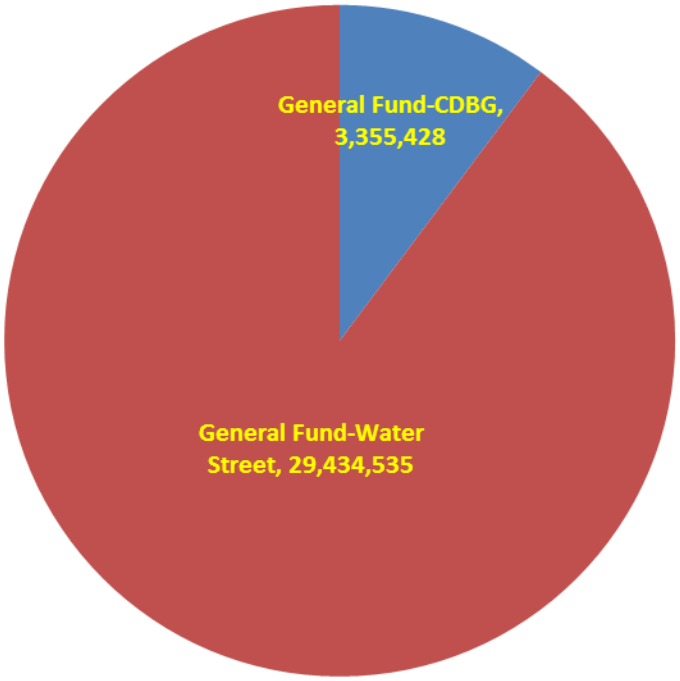


Series A Bond			10,669,284		
Unrefunded Portion			1,092,775	1,092,775	
Series B Bond			2,823,192	2,823,192	2,823,192
General Fund	**29,434,535**	**20,684,975**	**14,585,251**	**3,915,967**	**2,823,192**

Water Street and CDBG Debt

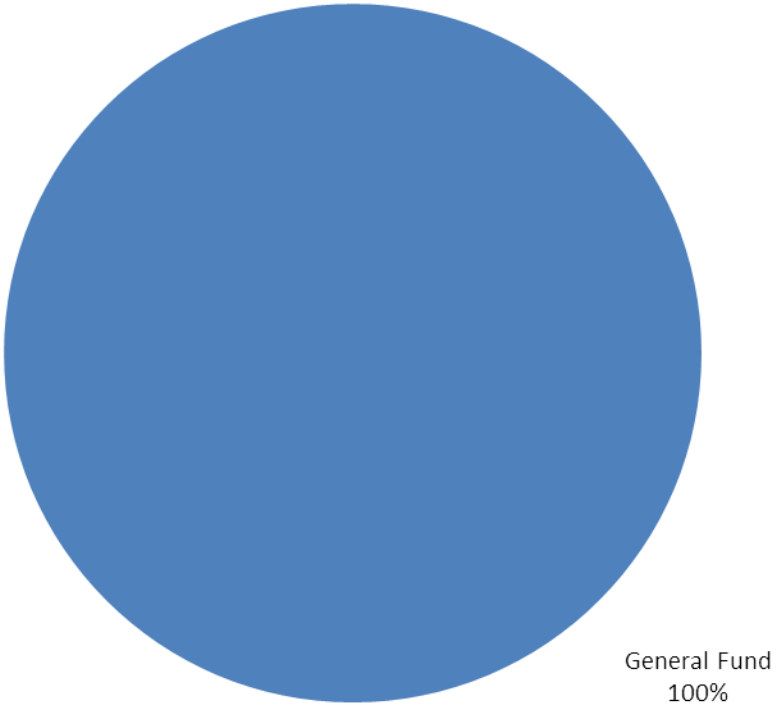
Plan	Original Bond plus CDBG

Row Labels	Total Amount to be Paid
General Fund-CDBG	3,355,428
General Fund-Water Street	29,434,535
Grand Total	**32,789,963**



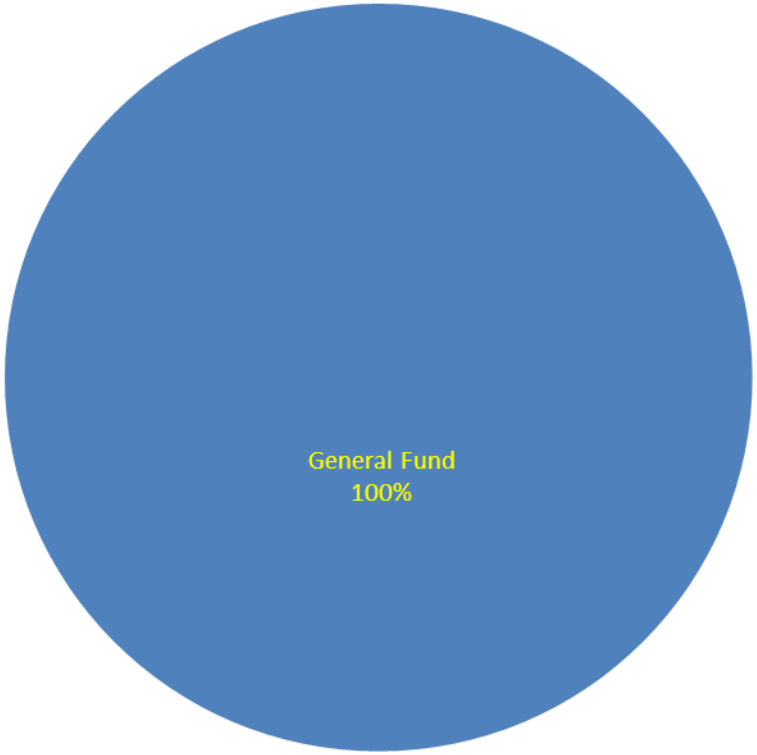
Water Street Bond At Issue Date (FY 2006)

Row Labels	Total Amount to be Paid
General Fund	29,434,535
Grand Total	**29,434,535**



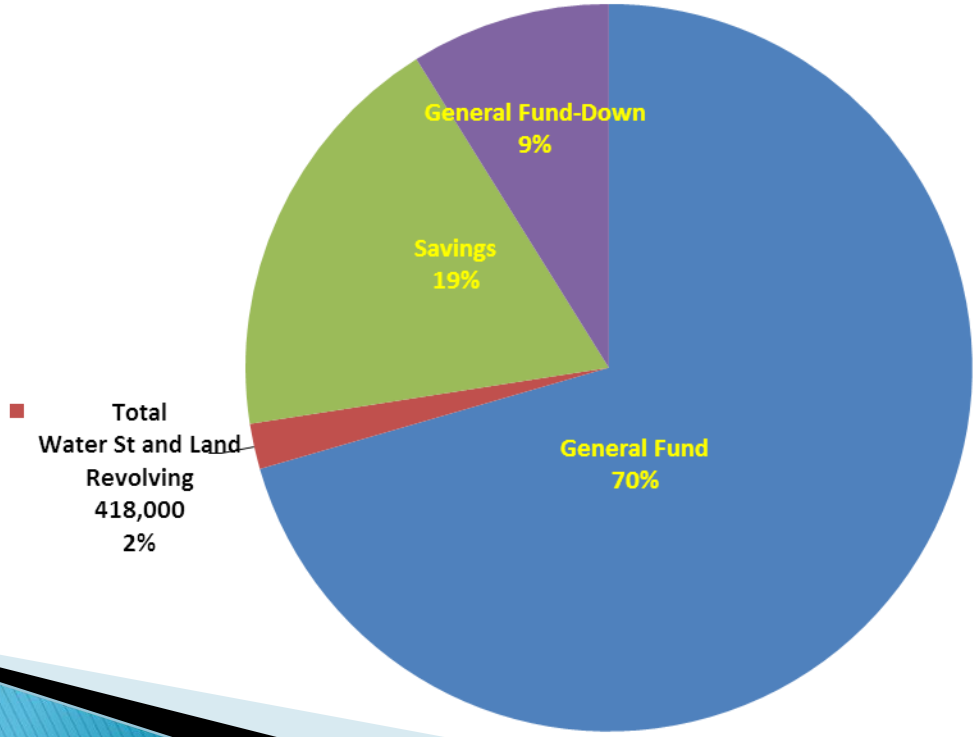
No Refunding; Debt Covered by the General Fund (as of FY 2016)

Source	Total Amount to be Paid
General Fund	$20,684,975
Grand Total	**$20,684,975**



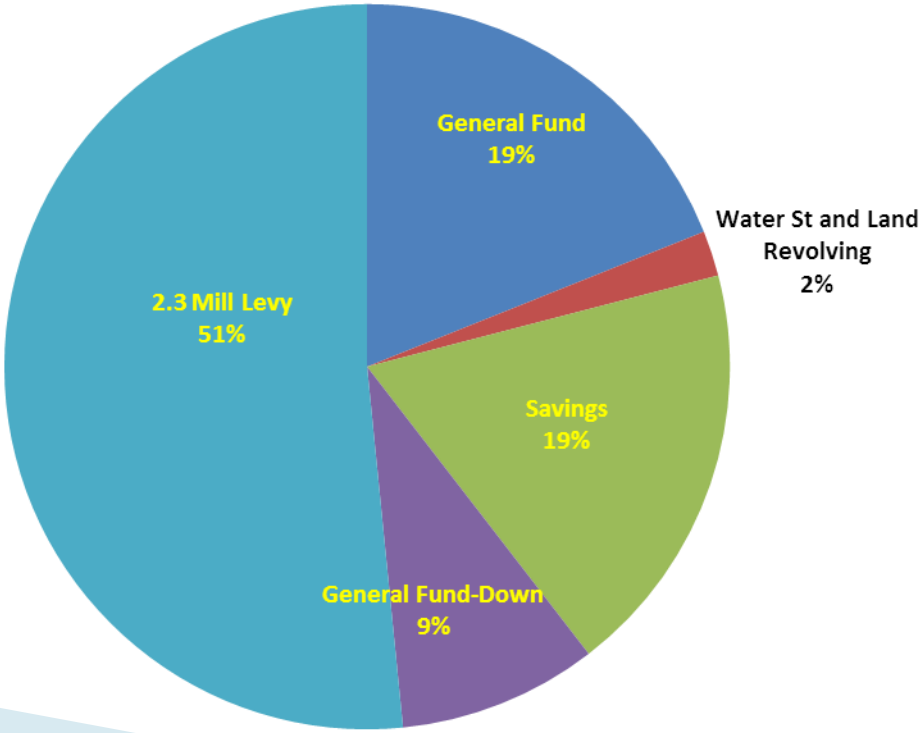
Water Street Bond after Refinancing May 1, 2016

Row Labels	Total
General Fund	**14,585,251**
Water St and Land Revolving	418,000
Savings	3,844,724
General Fund-Down	1,837,000
Grand Total	**20,684,975**



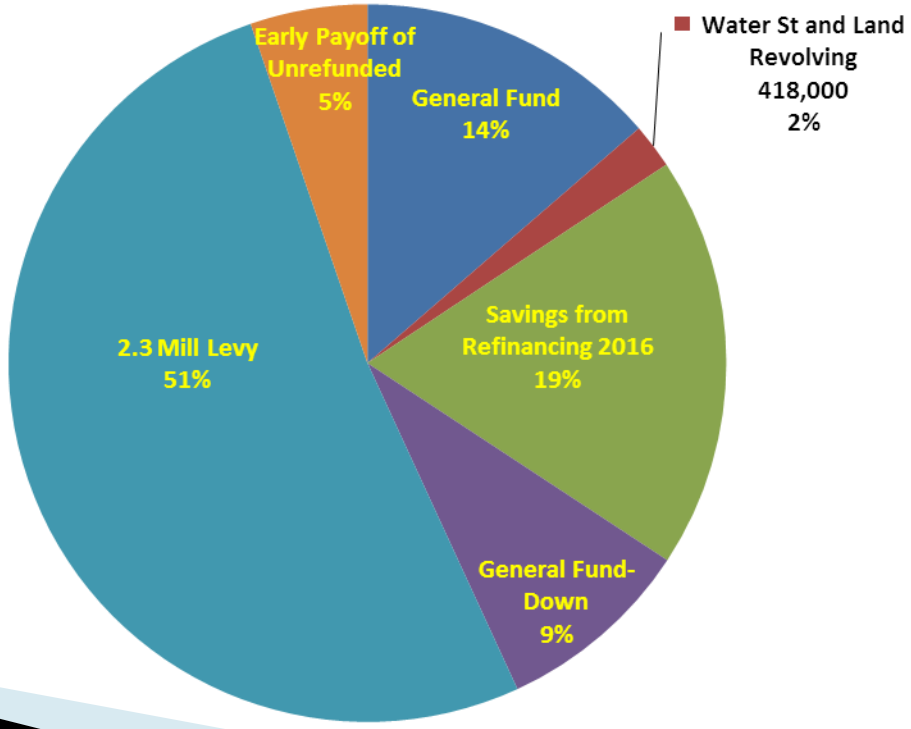
Water Street Bond after 2.3 Mill Revenue August 2016

Row Labels	Sum of Total Amount to be Paid
General Fund	**3,915,967**
Water St and Land Revolving	418,000
Savings	3,844,724
General Fund-Down	1,837,000
2.3 Mill Levy	10,669,284
Grand Total	**20,684,975**



Water Street Debt after early Payoff of Unrefunded Portion September 2016

Row Labels	Sum of Total Amount to be Paid
General Fund	**2,823,192**
Water St and Land Revolving	418,000
Savings from Refinancing 2016	3,844,724
General Fund-Down	1,837,000
2.3 Mill Levy	10,669,284
Early Payoff of Unrefunded	1,092,775
Grand Total	**20,684,975**



Summary of Water Street Debt Refinancing

- City successfully reduced 30% of its Water Street Debt through bonds.
- March 1, the City submitted over $10M of debt refinancing bonds to the Bond Market, the new bond interest rate is 3.33%.
- The City now has an approximate $6.1M reduction in principal interest payments over the next 15 years.
- This is a 30% reduction in the original amount
- Annual payment reduced from $1,375,340 to approximately $924,500.
- Did not refinance $700,000 in bonds, if these bonds can be paid off by 9/2016 a resulting additional 5% annual savings or approx. $73,000 would be realized.

Summary of Water Street Debt Refinancing

No Increase in Current Taxes

- City is still required to pay 65% of remaining Water Street Debt over next 15 years.
- City Council plans to transition 2.3 mills, currently dedicated to the Street Program, to the Water Street Debt with the support of the citizens of Ypsilanti.
- If the plan passes then 51%, or approximately $10.6M of the Water Street Debt, would be covered by a dedicated revenue source, leaving only 14% to be covered by the General Fund Revenue.

Additional Questions

- What is the total remaining debt principal?

Total Debt Principal	11,140,000

- What is the refinanced amount and interest rate tied to the millage (potentially)?

Principle	Interest	Interest Rate	P&I
8,240,000	2,429,283.82	3.34%	10,669,283.82

- What is the refinanced amount and interest rate of the part not tied to the millage?

Principle	Interest	Interest Rate	P&I
2,200,000	623,192.19	3.31%	2,823,192.19

- What is the amount and interest rate of that part that was not refinanced?

Principle	Interest	Interest Rate	P&I
700,000	392,776	6.13%	1,092,776

Reactions to Debt Refinancing

- “We finally got to the finish line with incredible results” Paul Stauder, Managing Director of Public Financial Management
- “You worked hard to craft a solution that is long term, results in significant savings, and provides a more certain path to financial stability for the City of Ypsilanti” John Kaczor, Municipal Analytics
- “This is huge!! Congratulations! All of your hard work paid off.” Joyce Parker, Consultant
- “This is huge, so much hard work has gone into this…on behalf of our community, I am so grateful to the City staff who worked on this, their teams, and consultants.” Amanda Edmonds, Mayor