



**CITY OF YPSILANTI
BLUE RIBBON COMMITTEE ON CITY FINANCES
MEETING MINUTES
Wednesday, July 6, 2005
Council Chambers, One South Huron
6:30 P.M.**

I. CALL TO ORDER –

The meeting was called to order at 6:30 p.m. by Chairperson Paul Tait.

II. ROLL CALL –

Present: Paul Tait, James Hawkins, Deborah Strong, Timothy Robinson, Steve Pierce, Peter Fletcher, Christian Overland, Frederick Davis, Ingrid Kock

Absent: None

All members present.

III. APPROVAL OF THE MINUTES –

A. Approval of Meeting Minutes of June 15, 2005

Moved by Peter Fletcher, supported by James Hawkins to approve the minutes of June 15, 2005. Motion carried.

IV. PRESENTATIONS/DISCUSSION –

A. Charles Boulard, Building Official, Building and Ordinance Enforcement

Charles Boulard provided a response to the following questions submitted by the Blue Ribbon Finance Committee regarding building and ordinance enforcement:

V. AUDIENCE PARTICIPATION –

There was no audience participation.

VI. INFORMATION/REQUESTS BY THE COMMITTEE

- A. Certifying ballot wording of local or county questions, Michigan Election Law 168-646a.

Chairman Tait informed the committee that Ed Koryzno had provided ballot wording requirements. He informed the committee that August 20, 2005 is the deadline for submitting the wording for a ballot proposal. He suggested that the committee put together a draft proposal for a public meeting, then, based on public input, meet and make a recommendation to City Council.

VII. DISCUSSION/ACTIONS BY THE COMMITTEE

- A. Plante Moran Income Tax Study – Ed Koryzno presented questions and answers from Plante Moran regarding the Income Tax Study. The questions and answers were as follows:

1. **What would be the impact on the potential revenue stream for the city?** The impact to Ypsilanti would be around \$800,000. This is based on a resident rate of \$600.
2. **What is the assumption used for the corporate tax capture?** The tax capture is based on three factors: percentage of real estate, payroll and sales. Plante Moran used an estimate of .03% of sales, which projects to a value of \$200,000, which is in line with the model. Total resident and non-resident collections are projected between \$3 million and \$4 million taking.
3. **What is the appropriate level of staffing for cities the size of Ypsilanti?** Three percent is the average. Jackson, a city larger than Ypsilanti, has two full-time employees. The increase for Ypsilanti would be one or two employees.
4. **What would be the start-up cost for the administration?** Software could run from \$30-\$50,000.
5. **What is the break-down of commuters by major employer?** Numbers were unavailable. The numbers that were provided on Plante Moran's report were taken from the census.
6. **The chart that Plante Moran provided was confusing.** Plante Moran agreed that it could be confusing, and they are willing to come up with a chart that is more reflective of what the committee is requesting.

Ingrid Kock requested additional information on how an income tax would affect different classes of taxpayers such as landlords, low-income families and renters. She requested different scenarios. As an example, she cited the example of a low-income tenant making \$28,000 annually. What would be the impact of an income tax on this taxpayer compared to the impact on a homeowner making \$100,000 annually?

Ed Koryzno read a response from Plante Moran regarding a request to summarize the results of the study for individual classes of taxpayers including several scenarios in a user-friendly format. The response from Plante Moran was: "Our model currently provides information on the shift-share between property taxes and income taxes for residents, non-residents, corporate taxpayers at an aggregate level for any exemption level that the City desires. By changing the exemption level, the shift-share will automatically recalculate."

Ingrid Kock stated that she felt that this was too complicated for the average citizen to be able to translate.

Steve Pierce suggested that there be calculations for single mothers, college students, those married with two children, and seniors.

Deborah Strong asked what the impact would be for businesses. She felt that there should be examples for these as well.

Paul Tait stressed that any initial proposal should be simplistic. He said that providing multiple scenarios would defeat the purpose of simplicity and understanding.

Paul Tait stated that the choices available to the city are: a significant additional source of revenue by means of an income tax, a significant diminution of city services, or receivership. Regionalization was discussed, and it was determined that this was a long-term solution. It would not turn the situation around in time to stop receivership.

Ingrid Kock stated that she is concerned about the impact on low-income tenants with a regressive tax. She felt this would be an unfair impact on low-income tenants.

Steve Pierce suggested that the recommendation to Council be based on a \$1000 exemption with a two mill reduction and the different suggested scenarios.

James Hawkins reminded the committee that the charge from Council was to study the issue and come up with a recommendation. He felt that the committee had fulfilled its responsibility. Further discussion should be initiated by Council.

Ingrid Kock stated that she feels that if the committee is going to make a recommendation there should also be a public meeting. If the committee is not going to make a recommendation, she is comfortable forwarding the information the committee has already received.

B. Preliminary recommendation from the committee.

The present recommendation is a 1% resident, ½% non-resident city income tax, a two mill reduction in property tax, an exemption of \$1000 with a five-year sunset. The long-term recommendation involves regionalization.

Peter Fletcher requested that Ed Koryzno and Paul Tait work together to craft a proposal to present to Council.

The committee agreed to make a recommendation to City Council based on the information included in the Plante Moran report.

- C. Public Meeting date to be scheduled – No public meeting will be scheduled.
- D. Committee completion of charge and exit strategy – The committee will be discussing their exit strategy at the next meeting on July 13, 2005.

VIII. FUTURE MEETING

- A. Next meeting is scheduled for Wednesday, July 13, 2005 at 6:30 p.m.

IX. ADJOURNMENT

Meeting was adjourned at 8:15 p.m.