

**CHARTER TOWNSHIP OF YPSILANTI  
MINUTES OF THE JULY 21, 2009 WORK SESSION**

The meeting was called to order by Supervisor Brenda L. Stumbo at approximately 5:00 p.m. in the Ypsilanti Township Civic Center Board Room, 7200 S. Huron River Drive, Ypsilanti Township.

**Members Present:** Supervisor Brenda L. Stumbo, Clerk Karen Lovejoy Roe, Treasurer Larry Doe, Trustees Jean Hall Currie, Stan Eldridge, Mike Martin and Dee Sizemore

**Members Absent:** None

**Legal Counsel:** Wm. Douglas Winters

**2008 AUDIT PRESENTATION**

Alan Panter, Township Auditor gave a summary presentation of the 2008 Audit.

**2010 & 2011 FINANCIAL FORECAST PRESENTATION**

David Williamson, Post, Smythe, Lutz and Ziel provided an in-depth presentation on the Township's financial forecast for 2010 and 2011 (see attached).

**REVIEW AGENDA**

Supervisor Stumbo reviewed the Board agenda and further discussion was provided for the following items:

**PUBLIC HEARING**

**7:00 P.M. - REQUEST OF SENSITILE (ANUTTARA LLC), LOCATED AT 1735 HOLMES ROAD IN YPSILANTI TOWNSHIP, FOR THE CREATION OF AN INDUSTRIAL DEVELOPMENT DISTRICT, RESOLUTION NO. 2009-17** (Public Hearing set at the June 16, 2009 Regular Meeting)

Supervisor Stumbo provided a brief overview of the request from Sensitile for the creation of an Industrial Development District.

Trustee Martin requested clarification of the Industrial Development District. Discussion followed.

Attorney Winters explained the requirement for an Industrial Development District and the agreements utilized when granting a tax abatement. Discussion followed.

**CLERK REPORT**

Clerk Lovejoy Roe said her staff continued to update the qualified voter file. She stated Department Heads were addressing record retention requirements and had met with a couple of companies regarding their digital imaging systems. She reported results from the Cobalt survey were expected the week of August 3<sup>rd</sup>.

**OLD BUSINESS**

**2<sup>ND</sup> READING RESOLUTION NO. 2009-13, PROPOSED ORDINANCE NO. 2009-392, REGULATING PHOSPHORUS FERTILIZER** (1<sup>st</sup> reading held at June 16, 2009 Regular Meeting)

Supervisor Stumbo provided a brief summary of the ordinance. She explained the ordinance would be effective on December 1, 2009, which would allow time to get the application process in place and the fee schedule set. Supervisor Stumbo stated a brochure, which was currently being prepared, would be placed in businesses that sold fertilizer that contained phosphorus.

**NEW BUSINESS**

**REQUEST TO CONSIDER PARK ENTRANCE FEE ADJUSTMENTS FOR 2010  
PARK SEASON**

Art Serafinski, Recreation Director provided a brief overview regarding the increase request. Discussion followed.

**PA 116 FARMLAND AGREEMENT APPLICATION – PINTER PROPERTIES,  
LLC, GREENHOUSE OPERATIONS – YPSILANTI TOWNSHIP (116-PAB-865-  
2009)**

Clerk Lovejoy Roe explained the agreement would give Pinter Properties an income tax break and would have no financial impact on the Township.

**REQUEST OF COMMUNITY HOUSING ALTERNATIVES AND COMMUNITY  
LIVING NETWORK FOR APPROVAL OF A CHARITABLE GAMING LICENSE**

Clerk Lovejoy Roe explained that charitable gaming licenses provided non-profit organizations a way to generate revenue but State approval required support from the local government.

**PROFESSIONAL SERVICE CONTRACT WITH HURON RIVER WATERSHED  
COUNCIL FOR PHASE I & II STORM WATER SERVICES FOR 2009-2010 IN  
THE AMOUNT OF \$10,188, BUDGETED IN LINE ITEM #101.780.000.801.000**

Supervisor Stumbo gave a brief overview of the services provided by this contract.

**APPOINTMENT OF A DELEGATE AND ALTERNATE TO THE  
AEROTROPOLIS DEVELOPMENT CORPORATION BOARD**

Supervisor Stumbo briefly summarized Aerotropolis and explained that the participating members form a large economic corporation with the sole purpose of attracting businesses. She stressed that because of the legality and technicality of most of the issues, it was her recommendation to appoint Attorney Winters as delegate and herself as alternate. Supervisor Stumbo informed the Board that Attorney Winters' participation would be included in his retainer fee and would not involve any additional cost to the Township.

**OTHER BUSINESS**

Clerk Lovejoy Roe asked that the following item be added to the agenda at the request of Ron Fulton, Building Director.

**AUTHORIZATION TO WAIVE BID POLICY TO EXPEDITE ABATING PUBLIC  
NUISANCE AT PROPERTY LOCATED AT 101 LAMAY**

The Board agreed to add the item under Other Business.

**AUTHORIZATIONS AND BIDS**

Clerk Lovejoy Roe provided a brief overview of the request which had been tabled at the June 16, 2009 Regular Meeting.

**ADJOURNMENT**

The meeting adjourned at approximately 6:30 p.m.

Respectfully submitted,

Brenda L. Stumbo, Supervisor  
Charter Township of Ypsilanti

Karen Lovejoy Roe, Clerk  
Charter Township of Ypsilanti

# Charter Township of Ypsilanti Revenue Forecasts and Discussion

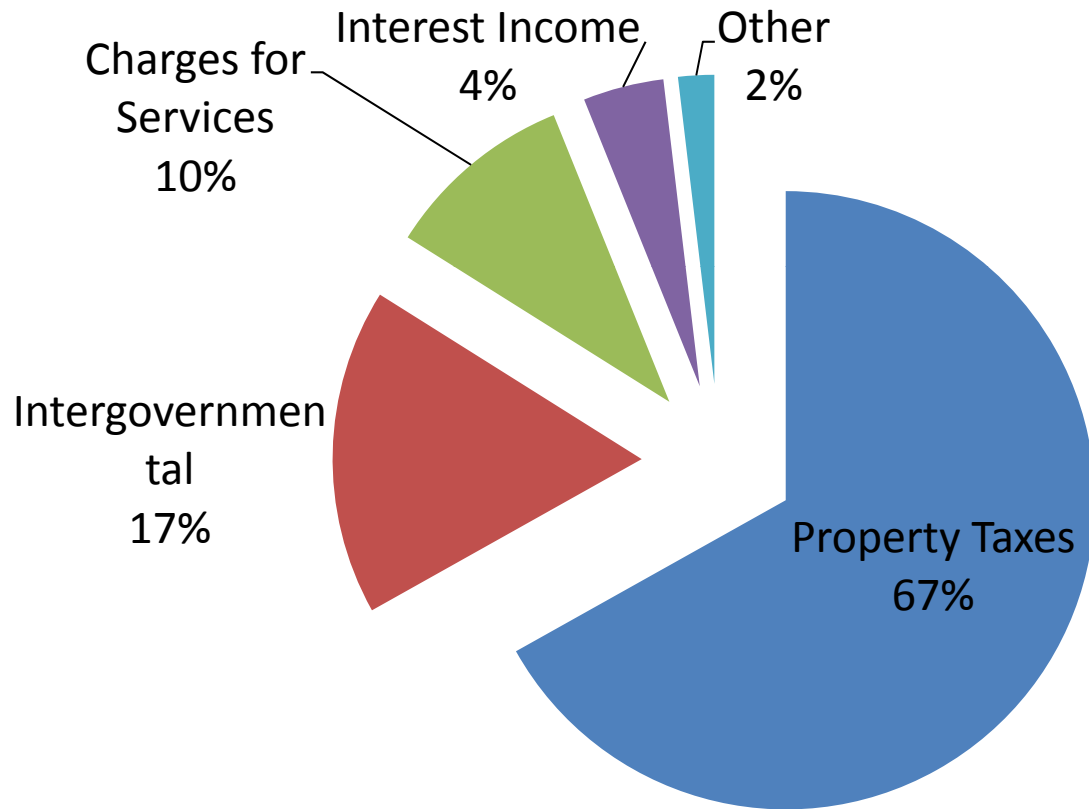
David R. Williamson, CPA  
Post, Smythe, Lutz and Ziel of  
Plymouth, LLP

# Overview of 2008 Township Revenues

- Accounted for in Several “Funds”, as Shown on pages 6-7 of your Audited Financial Statements.

	Revenue
Property Taxes	\$ 18,855,113
Intergovernmental	4,808,978
Charges for Services	2,808,359
Interest Income	1,191,059
Other	530,999
	\$ 28,194,508

# 12/31/08 Governmental Revenues



# Discussion of Township Revenue Sources-Property Taxes

- Township is a “Charter Township”, yet has the taxing authority of a general law township (1 mill-\$1.00 of tax for every \$1,000 of value)
- General law taxing authority increased by a variety of special voted taxes

# Detail of 2008 Tax Revenue

Fund	Rate	2008 Revenue
General Fund:		
General Operating	1.0322	\$ 1,779,816
Tax Administration Fee		804,825
Penalties		42,743
		<b>2,627,384</b>
Fire Operating	2.7930	4,818,554
Fire Pension	0.4045	697,427
	<b>3.1975</b>	<b>5,515,981</b>
Solid Waste	1.6758	2,891,290
Law Enforcement	3.4912	6,023,656
BSR	1.0033	1,730,854
Special Assessments		
Reported as Taxes		65,948
	<b>10.4000</b>	<b>18,855,113</b>

# Township Revenue Sources-2008

## Continued

- “Intergovernmental” –second highest revenue sources after property taxes
- Consists of “unrestricted” revenues, such as State revenue sharing, and restricted grants, such as Liquor Enforcement revenues

# Intergovernmental 2008

Intergovernmental		
General Fund:		
State Shared Revenue		\$ 4,354,658
Other State and Local Assistance		119,629
		<u>4,474,287</u>
CDBG Federal Funds		243,028
Michigan Recreation Grant		15,000
Other Federal Grants-Fire		19,989
Capital Improvement Grant		37,878
Liquor Enforcement		18,796
		<u>\$ 4,808,978</u>

# State Revenue Sharing Portion of Intergovernmental Revenues

- Unrestricted Revenues, which are receipted in the General Fund, to augment the 1 Mill allocated tax in running general township operations.
- Consists of two amounts: Statutory-additional appropriations by the legislature and constitutional-those required to be returned to Cities, Villages and Townships by the Michigan Constitution (15% of all sales tax collected).

# Other Revenue Sources

- Interest and Rents-consist of investment earnings (\$886,564) and Rents from Cell Towers and YCUA (\$304,495).
- License and Permits Total \$362,537
- Fines (\$37,027), and Other (\$131,438)

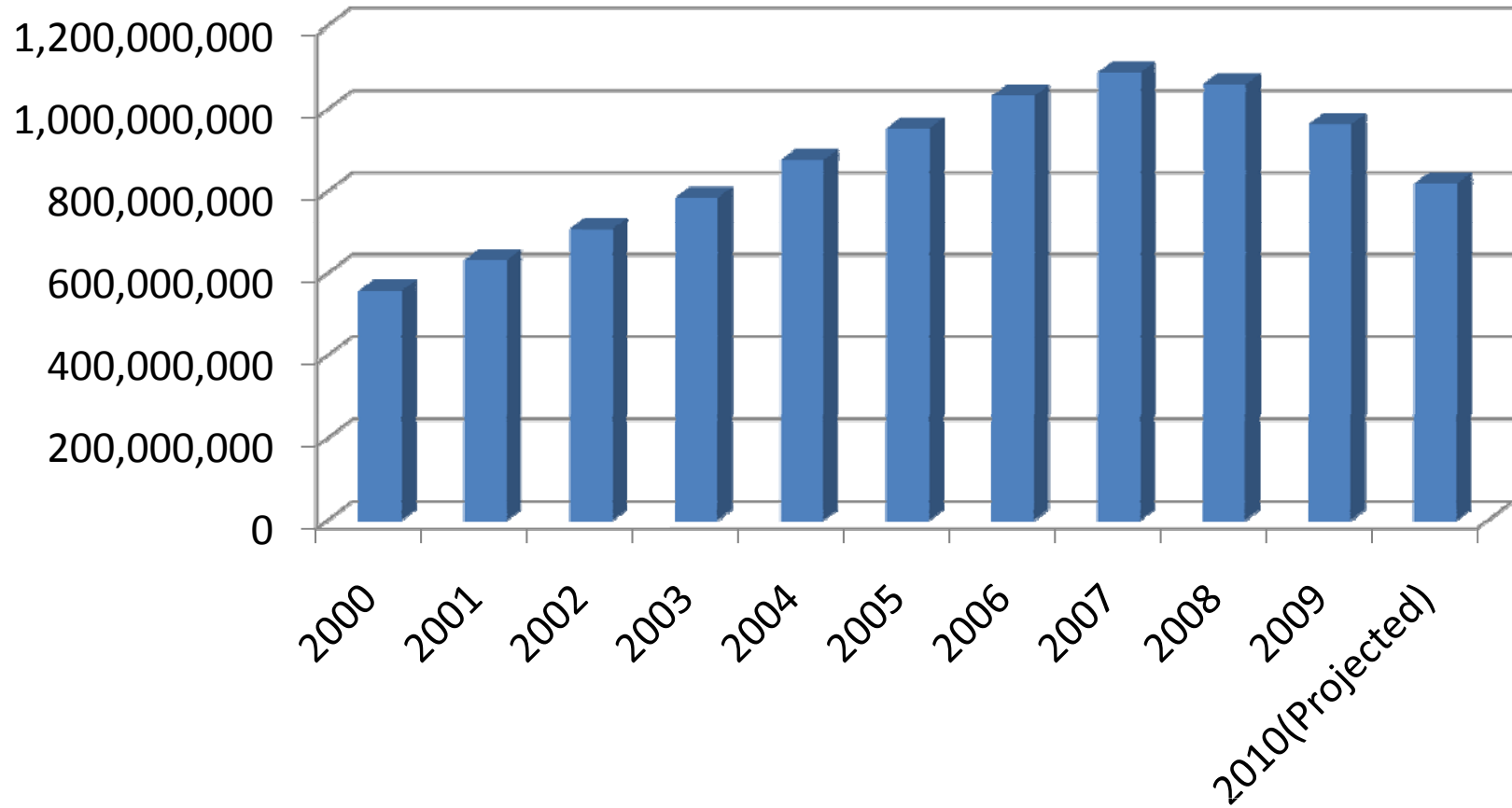
# Significant Revenue Challenges-2009 and Beyond

- Decline in Property Tax Revenue due to Reduction in Tax Valuations
- Loss of State Shared Revenues
- Likely Decline in Investment Income

# Tax Valuation Issues

- Collapse of Residential Real Estate Values
  - Township enjoyed growth over past number of years in residential valuations
  - Buffer between ‘assessed valuations’ and ‘taxable value’ has disappeared
  - Residential real estate market not likely to recover in the near term, given the extent of foreclosures, and short sales
  - 2009 taxable valuations declined by over \$97M(9.2%)-2010 forecasted to be 15% decline

# Residential Taxable Values



# Residential Real Estate Taxable Values

	Taxable Values Residential
2000	556,567,538
2001	631,686,049
2002	707,173,118
2003	784,126,966
2004	876,046,810
2005	953,365,195
2006	1,032,926,043
2007	1,088,731,664
2008	1,060,973,194
2009	963,111,524
2010(Projected)	818,644,795

# Tax Valuation Challenges

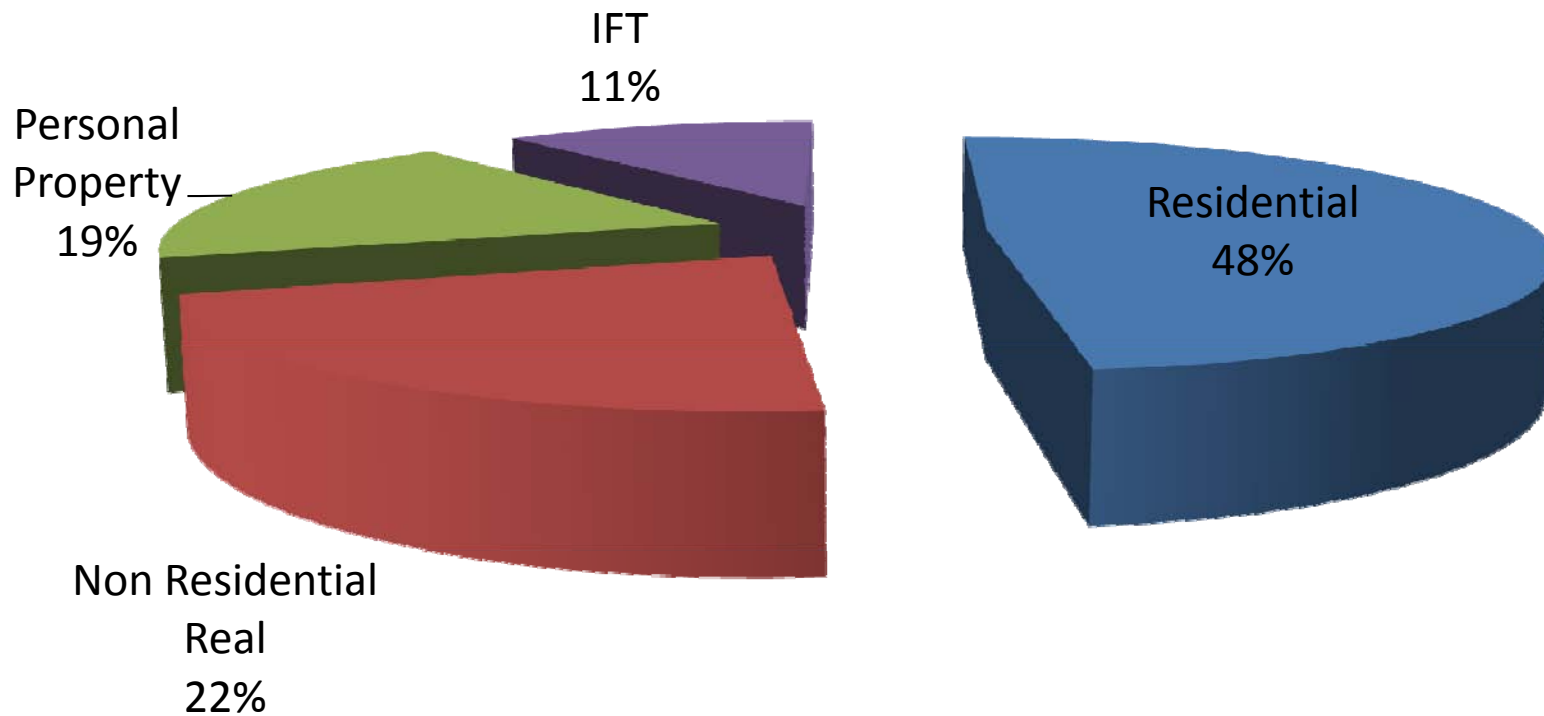
- Non Residential Values are Concentrated in a Few Tax Payers, Who are Challenging Their Assessments(33% of Non Residential Values)
  - Significant Litigation is in process with ACH/Ford and other taxpayers over prior and current valuations (nearly \$70,000,000 of potential taxable value loss)
  - GM Plant Closure and Litigation over values (over \$100 Million dollars in 2009, and over \$115 Million dollars in 2010)

# Composition of Taxable Values

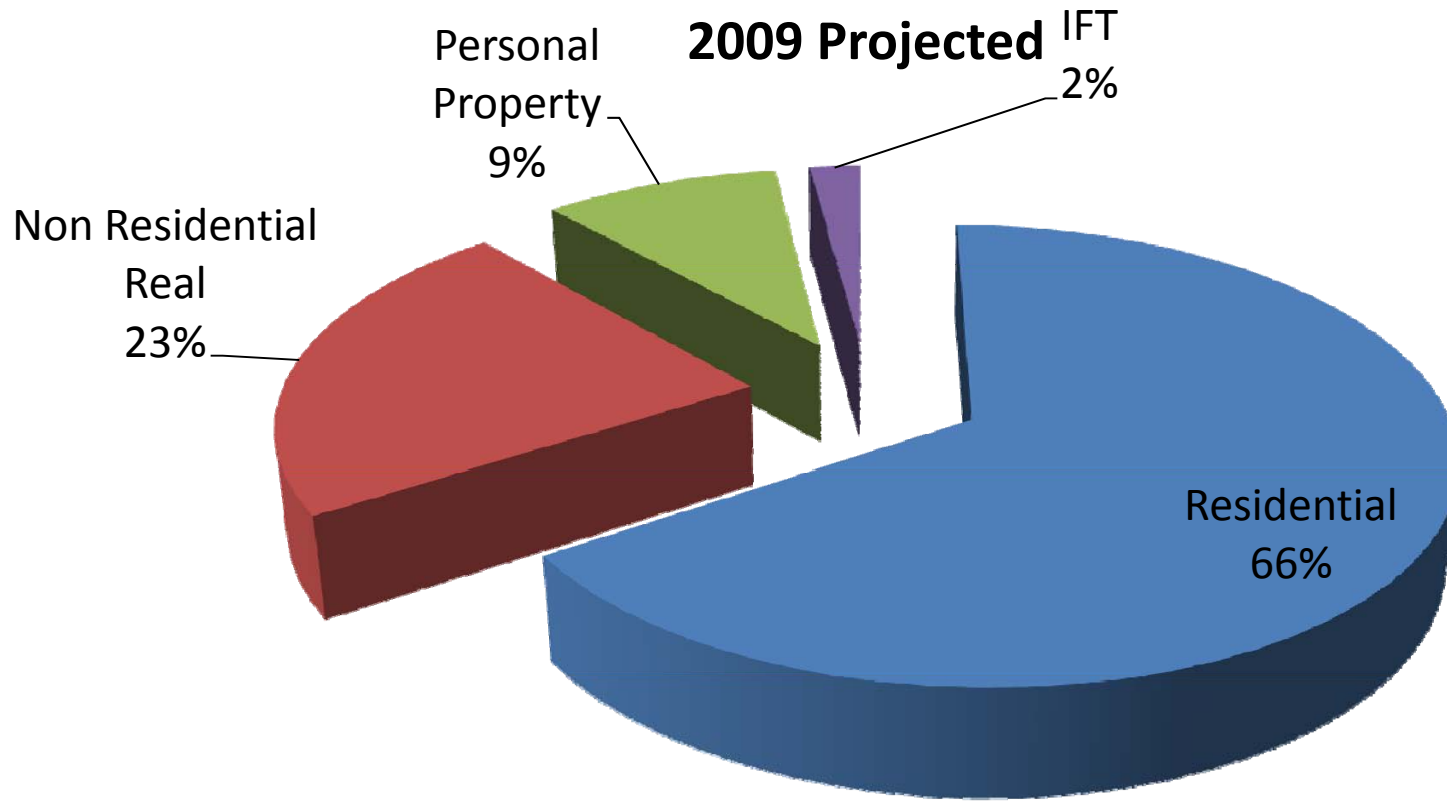
- Ypsilanti Township Taxable Values are Traditionally heavily Weighted in Commercial & Industrial Sectors
- Conclusion of Litigation and GM Plant Closure will Result in much lower Taxable Values and a Shift in the Composition

# Taxable Value by Type

2000



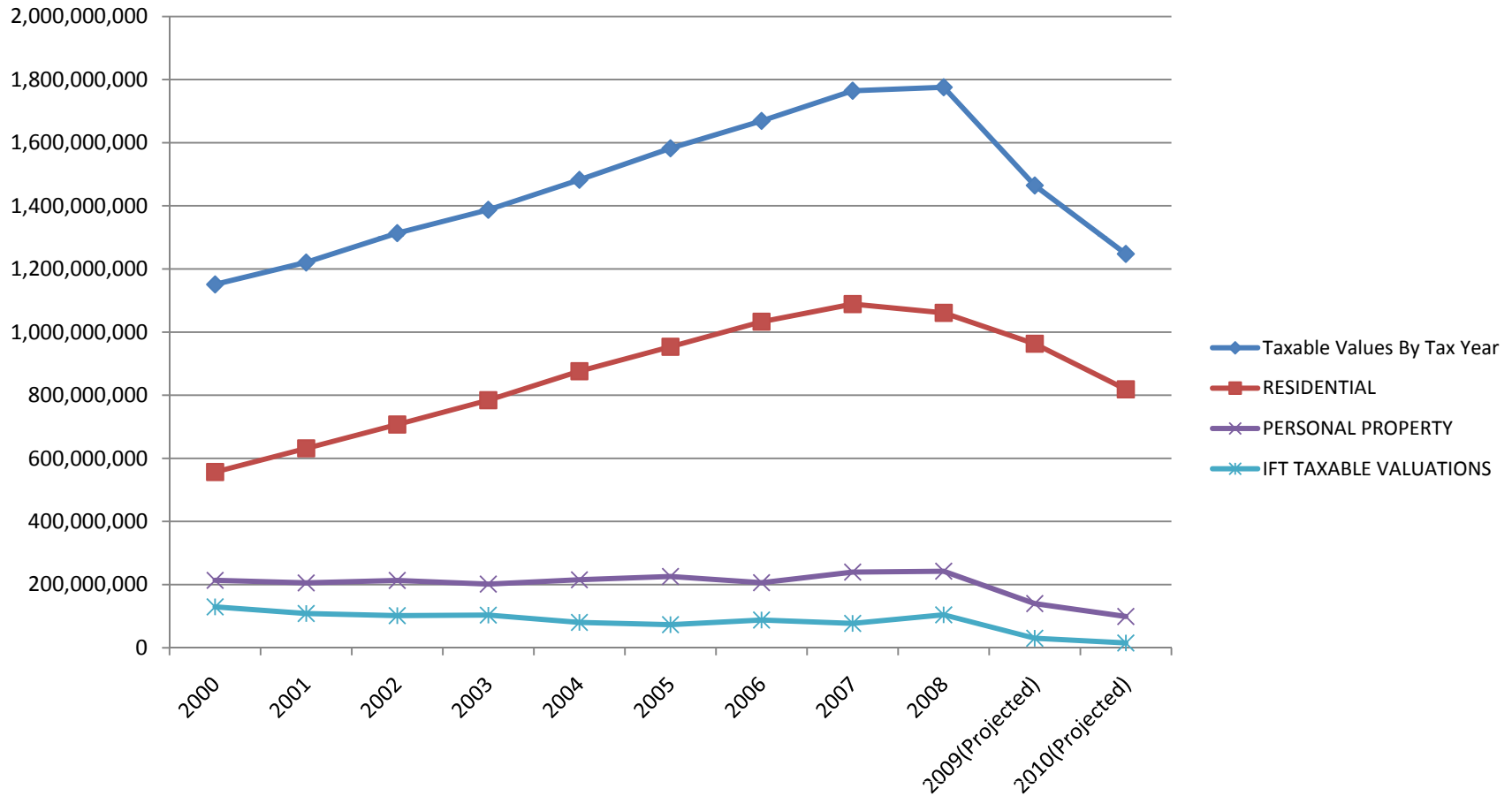
# Taxable Value by Type



# Combination of Factors- Spells Steep Declines in Future Tax Revenues

- Collapse of Residential Real Estate Market and Related Values
- Significant Litigation from Large Taxpayers
- GM Plant Closure
- Impact of First and Third Bullet Points on Commercial Valuations?

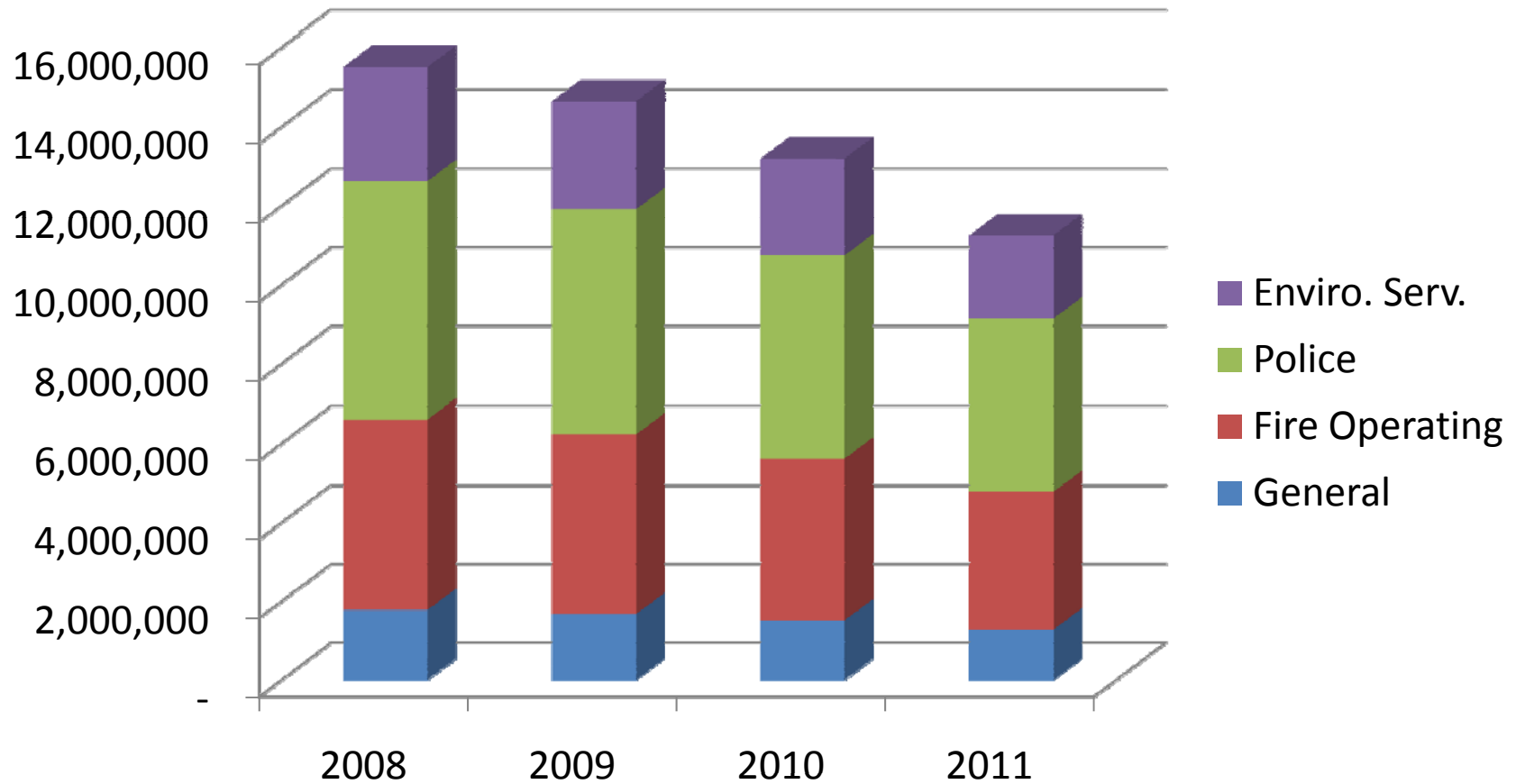
# Total Taxable Value Projections



# Forecasted Valuations Assumptions

	2010 TAX ROLL
Residential	15% Loss
Commercial and Industrial	5% Loss (GM Closed 2009)
Note, assumes GM Plant closed in 2009, and litigation settled	

# Anticipated Revenue-Taxes



# Anticipated Revenues-Taxes

	<b>General</b>	<b>Fire Operating</b>	<b>Police</b>	<b>Enviro. Serv.</b>
<b>2008</b>	<b>1,779,816</b>	<b>4,818,554</b>	<b>6,023,656</b>	<b>2,891,290</b>
<b>2009</b>	<b>1,681,310</b>	<b>4,549,410</b>	<b>5,686,675</b>	<b>2,729,645</b>
<b>2010</b>	<b>1,511,777</b>	<b>4,100,925</b>	<b>5,126,157</b>	<b>2,460,555</b>
<b>2011</b>	<b>1,288,064</b>	<b>3,494,071</b>	<b>4,367,588</b>	<b>2,096,442</b>

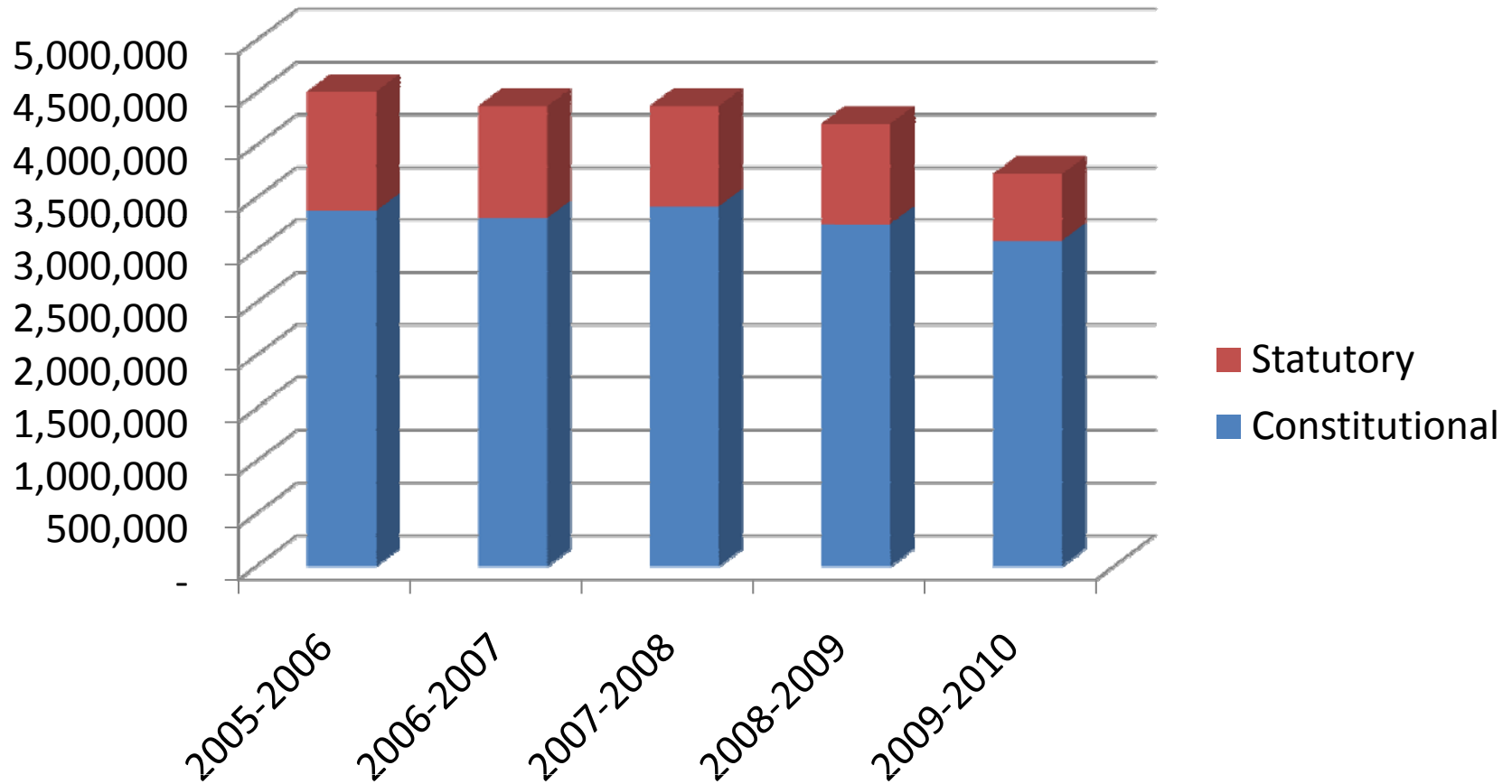
# Revenue Losses will be Substantial

	General	Fire(op only)	Police	Enviro. Serv.
Anticipated Losses	2008=Base			
2009	98,506	269,144	336,981	161,645
2010	268,039	717,629	897,499	430,735
2011	491,752	1,324,483	1,656,068	794,848

# Likely Reduced State Revenues

- Michigan State Government's deficits must be remedied and a likely source of balancing the budget would be statutory revenue sharing.
- Slow down in State's economy means less sales taxes collected

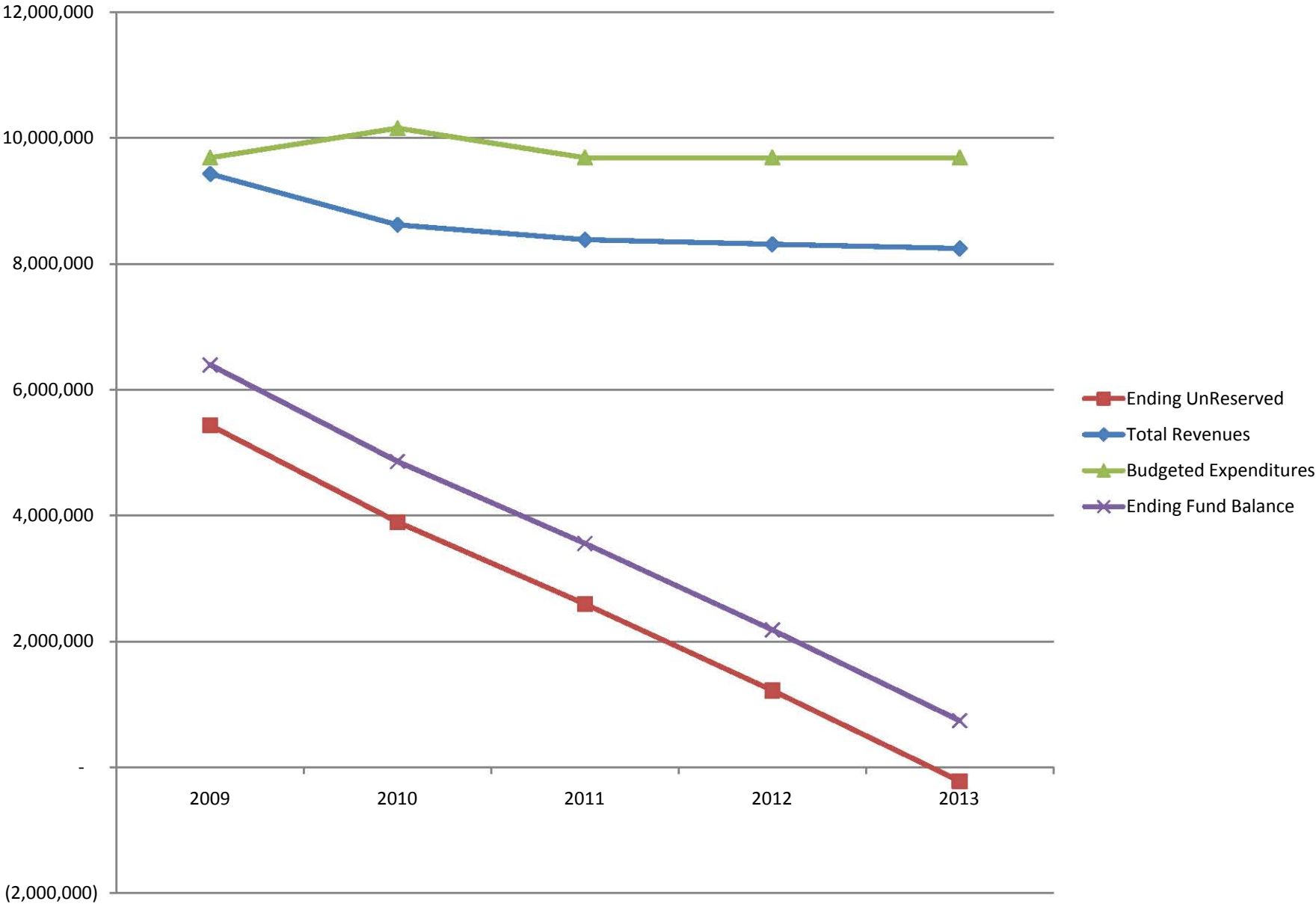
# State Shared Revenues-By State's Fiscal Year



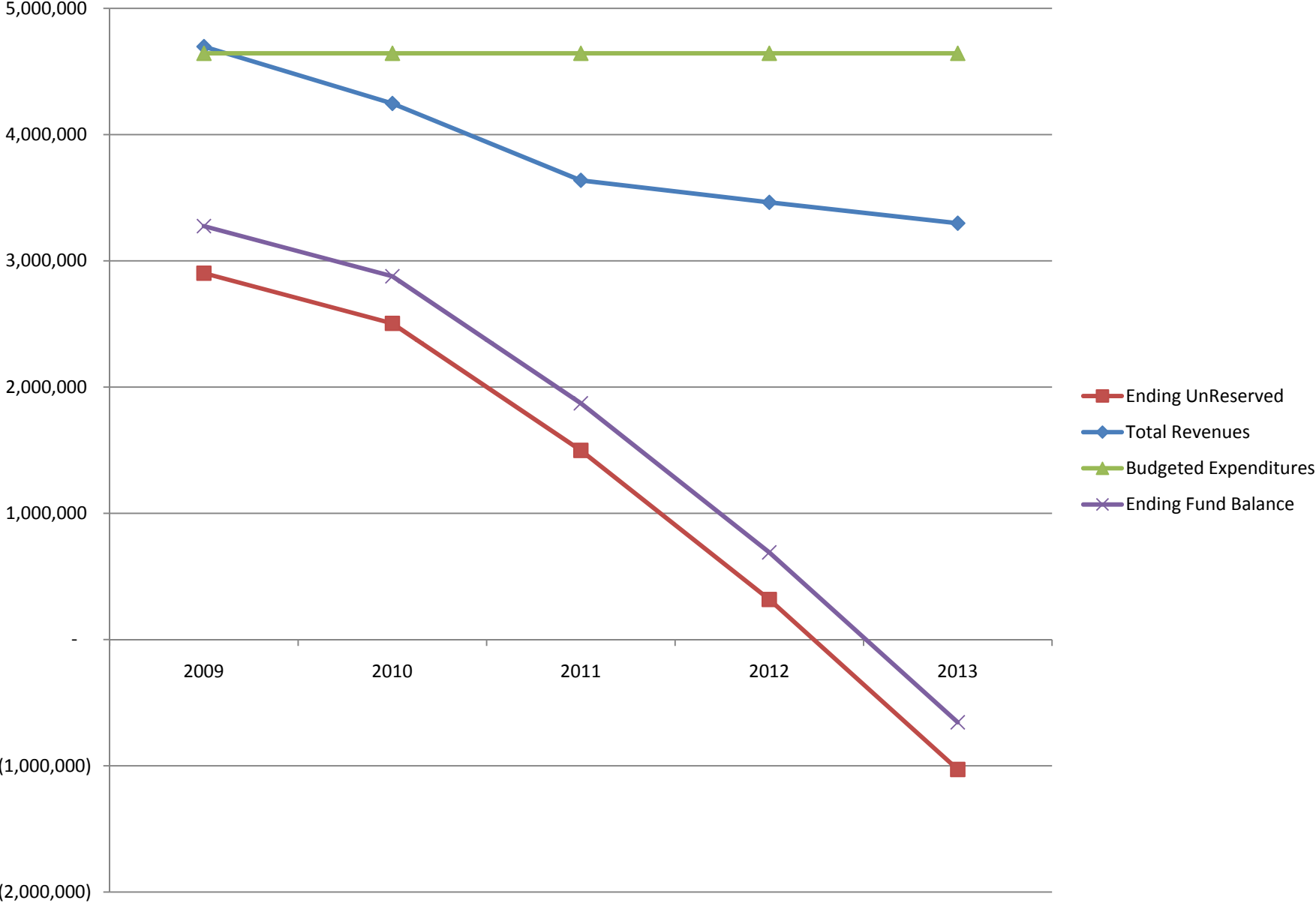
# Revenue Losses Will Result in Deficit Fund Balances Without Cost Reductions

- All “Major Funds” Will Show Near Term Deficits Based on Actual and Projected Revenue Losses, and Anticipated Expenditures.
- Following Slides Were Prepared Showing Projected Revenues, and “Frozen Expenditures” at 2009 Budget Levels.

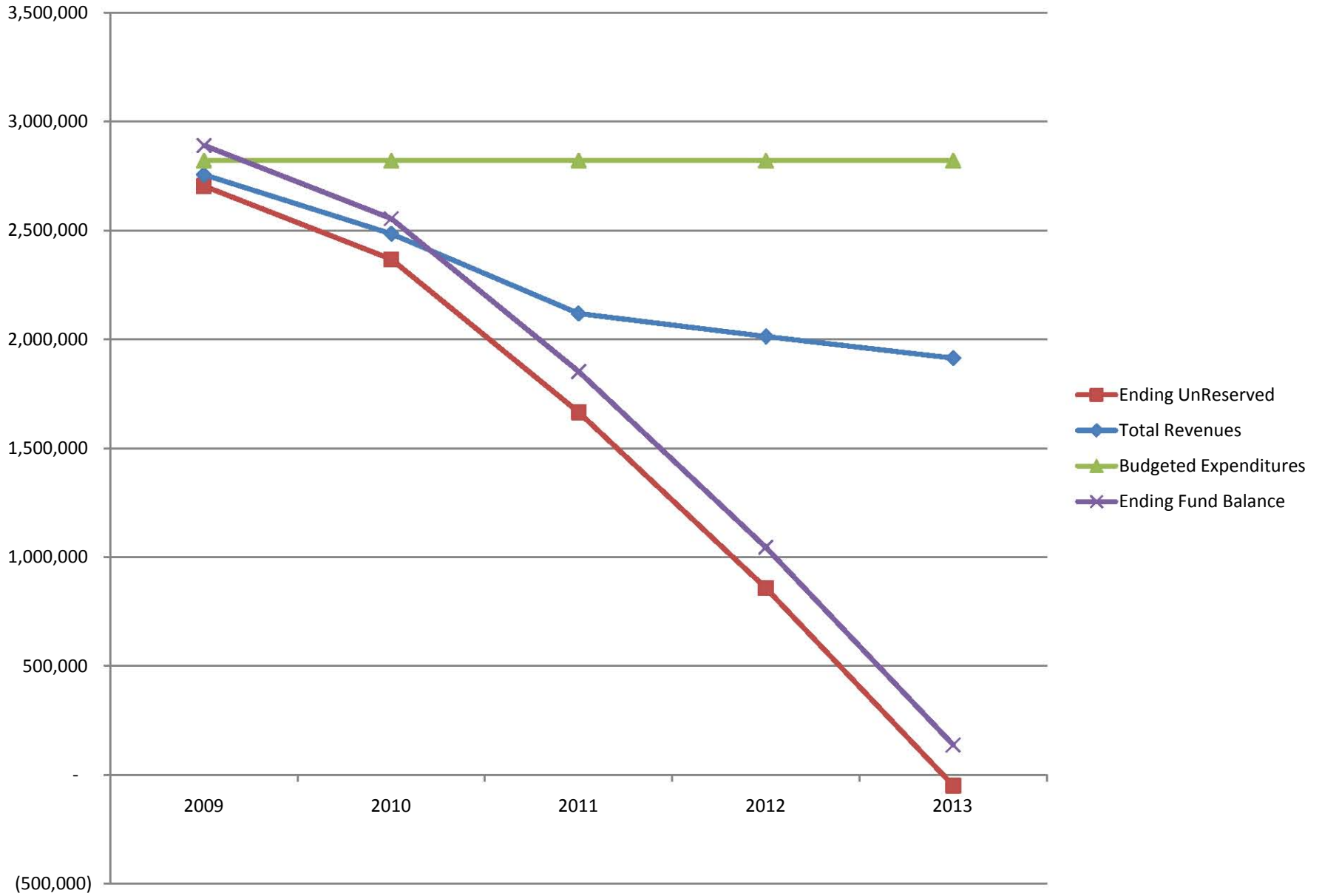
# Projected General Fund Results



# Projected Fire Fund Results



# Projected Solid Waste Fund Results



## Projected Law Enforcement Fund Results

