



February 25, 2007

Ypsilanti Neighbors and Friends:

This February 2007 edition of the Ypsilanti Mayor's Update is a commentary on the state of the city. If you have questions or comments, please email me at [Mayor@CityofYpsilanti.com](mailto:Mayor@CityofYpsilanti.com) or call me at (734) 277-5446.

The state of Ypsilanti is strong although the city remains financially challenged.

Community spirit in the city of Ypsilanti is thriving. Two successful Shadow Art Fairs in July and December showcased alternative artistic talent in the region. Both events were hosted at the new and hugely popular Corner Brewery at the site of the former Motor Wheel office building. Distributor G. W. Kent moved into the vacant Exemplar building near I-94 during the summer. The sale of the Historical Museum in September to the Historical Society will preserve a treasured community asset for generations to come. The YpsiVotes group sponsored a mayoral forum in July that drew approximately 250 people and a downtown business development forum in November that drew 100 people. The Friends of the Rutherford Pool had another successful summer season providing affordable swimming for the community. The Friends of the Senior Citizens' Center held numerous fund-raisers, including the Rock-a-thon in April, to keep senior programming alive. Mr. John Barfield, a local businessman who grew up playing at the Parkridge Community Center, stepped up to provide funding to keep the Parkridge center open for youth in the Gateway community. The Friends of the Ypsilanti Freight House prepared a condition assessment report that will enable the FOYF to apply for renovation grants and funding.

The recent tragic fire that displaced five families and claimed the lives of three children at Paradise Manor public housing drew a quick response from our public safety mutual aid network. The network included the city of Ypsilanti, Ypsilanti Charter Township, Pittsfield Charter Township, Superior Township, Washtenaw County, and Eastern Michigan University. Support services and donation centers were sponsored by Washtenaw County, the Washtenaw County Red Cross, Ypsilanti Public Schools, the Paradise Manor Emergency Response Team, the Charter Bank Fund, Aubree's Saloon, and countless other individuals. Humanitarian efforts like these are among the reasons people like living in the city of Ypsilanti.

## **Financial Challenges**

Ypsilanti, however, is facing a dire financial crisis. Since 2002 state revenue sharing funds to the city have decreased. Property tax revenues are capped at or below the rate of inflation. Costs have risen faster than inflation. The largest employer in Ypsilanti, Eastern Michigan University, does not pay taxes. The city's second largest employer, ACH (formerly Visteon), will close in 2008. Heavy industries like Motor Wheel and Exemplar have left the city, along with their personal property tax revenues. Cost savings, service cuts, a tax revenue increase, or a combination of all of these are necessary to balance the city budget.

## **Cost Savings**

Regional cooperation between the city and surrounding townships can provide cost savings in some instances. The city of Ypsilanti, Ypsilanti Township, and Superior Township have started to discuss a combined waste collection contract that could save up to 10 percent.

However, issues of local control and differences in urban and rural services make regional cooperation for police and fire protection much more difficult. For example, over the last couple of years Washtenaw County has been investigating the formation of a countywide central dispatch system for police and fire protection. The discussion is currently stalled, but the city hasn't given up on public safety regional cooperation. City manager Ed Koryzno has been attending meetings with Superior, Ann Arbor, Northfield, Salem, Augusta, and York townships to explore creating a regional police authority. A request for proposals for a cost benefit study is in the works, but progress will be slow.

Regional cooperation is not always cheaper. For example, contracting the Washtenaw County Sheriff's Department for city police services would be more expensive than the Ypsilanti Police Department. The current cost for the Ypsilanti Police Department is \$4.1 million per year including facilities and overtime (30 percent of the city's operating budget). The Sheriff's Department, at \$4.6 million per year, would cost \$500,000 more (this price includes the 30 percent county subsidy for police services that other townships receive). The Ypsilanti Police Department is providing excellent service that is tailored to the needs of the community at a good price.

The city must also preserve established regional cooperation like its contract for services with the Ann Arbor Transportation Authority. The AATA bus service is subsidized by state and federal money. Operational expenses are funded by local contracts and fares, but capital purchases like buses, facilities, and equipment are funded 80 percent by the federal government and 20 percent by the state of Michigan. Ypsilanti is lucky to have access to these subsidized funds through the AATA. City council has cut the contract payment in half, and the AATA has generously (but only temporarily) made up the difference. City council must find a way to retain and even improve bus service.

City council will continue to look for cost savings in providing city services, although cost savings alone won't balance the budget. Only service cuts or tax revenue increases will balance the budget.

### **Service Cuts**

City Council has been cutting services since 1999. Police and firefighter staff have been reduced and the recreation department has been cut. If city finances stay on their current course, further cuts in the police department would end community policing and lengthen response times. Further cuts in the fire department would eliminate immediate interior-attack firefighting; firefighters would now stay outside of burning buildings and try to keep the fire from spreading. Elimination of utility payments would hamper the efforts of Friends groups to maintain affordable recreation in the city. The city manager's sobering [three-year solvency plan](#) further outlines cuts required to balance the budget.

### **Tax Revenue Increase**

The state of Michigan allows its cities to levy only property taxes and income taxes. The Ypsilanti property tax is within 1 mil of the statutory limit. Redevelopment of Water Street and other business locations will not provide a property tax revenue increase to close the city budget gap. Even if development at Water Street started today, increased tax revenues would be deferred for years.

The only option for significantly increasing Ypsilanti tax revenue is a city income tax. The income tax is fairer than the property tax because it is based on ability to pay rather than time of purchase and value of property. Social security, insurance, annuities, pensions and retirement benefits would not be subject to income tax. An income tax would also generate tax revenue from EMU to compensate the city for the fire protection it provides the university.

City council has set a goal of placing an income tax question on the ballot in August or November of this year. City council only has the power to put an income tax question on the ballot. The voters have the power to enact or reject it.

In summary, the city of Ypsilanti will survive its fiscal crisis with the same community spirit that was on display after the Paradise Manor fire. Ypsilanti will continue its transformation from a twentieth-century industrial city to a twenty-first century urban city with a strong cultural edge. But the question we must ask ourselves is "What will the city of Ypsilanti look like in the future and what services will it provide to its residents?"

With Best Regards,  
Paul Schreiber  
Mayor, [City of Ypsilanti](#)