

**FIRST REPORT TO CITY OF YPSILANTI  
MAYOR AND CITY COUNCIL:  
BLUE RIBBON COMMITTEE ON CITY FINANCES  
JUNE 15, 2004**

**OVERVIEW**

We want to thank Mayor Farmer and the Ypsilanti City Council for the opportunity to look into the finances of the City. As you charged our Committee in your resolution passed February 14, 2004, we are to provide you with recommendations to address the financial challenges facing the City by pursuing the following:

1. Examine the fiscal condition of the City relative to other similar cities;
2. Review the short and long term fiscal challenges that threaten the delivery of necessary City services; and
3. Recommend short and long term strategies to address those challenges, including, but not limited to:
  - a. Potential expenditures reductions and service reductions and/or eliminations;
  - b. Potential improvements in service efficiency and effectiveness; and
  - c. Potential increases in revenues within statutory constraints.

The Committee has covered much ground since our first, organizational meeting on March 3<sup>rd</sup>. In keeping with our charge, we are presenting our first interim report to you 90 days from that first meeting. We have much more work between now and the end of the calendar year. Among the tasks we have undertaken since our formation are:

- ? Reviewed the City budget and financial projections with the City Manager
- ? Examined current revenue sources including property taxes, state revenue sharing, state payments in lieu of taxes, state road funding, fees, events and other sources
- ? Brainstormed revenue options
- ? Reviewed the status of City services and potential impact of future cost reductions with department heads of larger departments
- ? Discussed possibilities for “regionalizing” certain functions or services
- ? Reviewed the status of services, the potential impact of future cost reductions, and revenue opportunities with City union leaders
- ? Reviewed information from SEMCOG, Michigan Municipal League, Eastern Michigan University and others to compare the City of Ypsilanti with other communities and to look for cost saving opportunities
- ? Received comment from the public at all Committee meetings and conducted a first formal public hearing

The Committee wants to thank City Manager Koryzno, Interim City Clerk Lawson, finance staff, Department Heads and the union representatives for the information and support they provided, their candid assessments on City services and finances, and their openness to Blue Ribbon Committee questions and comments. We look forward to continued input and support.

## FINDINGS

We have much more analysis to complete before we conclude our report. However, to date we have made these preliminary observations or findings:

- ? The City of Ypsilanti is well managed and well served by a dedicated city manager and dedicated department heads, union leadership, and employees who have maintained high quality services in the face of significant cuts
- ? The City of Ypsilanti does face a long term, structural financial challenge. Among the causes are:
  - o Limits on property tax revenue imposed by the interaction of the Headlee Amendment and Proposal A (See Appendix A)
  - o The amount of City land not subject to property tax
  - o Continued declines in State Revenue Sharing
  - o Less than full recovery of costs under Act 289 for fire, emergency and hazardous material services for Eastern Michigan University and other state supported projects
  - o Fees that cannot generate sufficient revenue to offset all costs
  - o The challenges on both expenditures and revenues of an older, built out community
  - o Events and establishments that place a demand for City services for which the City does not receive full compensation
- ? The City of Ypsilanti is not alone in these challenges, although the challenges may be amplified by the amount of property in the City not subject to property taxes.
- ? We need to continue the proactive work that has resulted in high quality services and a continually improving image of the City.
- ? Increased private and public development within the City will require additional investment in essential City services to support that development.
- ? We need to be fiscally aggressive during economic downturns so that the City does not suffer when the economy rebounds from, among other things, potential loss of high quality staff.
- ? Additional cuts to departments will jeopardize essential City services, increase safety concerns and adversely impact the quality of life and economic vitality of our City
- ? Due to the financial constraints, the City has been forced to defer maintenance on facilities and equipment that cannot be deferred over the long run
- ? While there will always be opportunities for additional cost cutting, the structural financial problems facing the City will not be resolved by looking only at further expenditure cuts

## RECOMMENDATIONS

The Committee wants to put forward to the Mayor and City Council a number of options for further cost reductions and revenue enhancements. On some, the Committee is sufficiently confident to convey short-term recommendations for consideration and possible implementation. On others, the Committee will engage in additional study between now and the end of the calendar year.

## SHORT TERM

- ? Support the Michigan Municipal League recommendation to amend tax legislation to define “popup” property tax gained when a property is sold as growth not subject to Headlee rollback
- ? Define an education program for City residents and elected officials across the area on City finances
- ? Continue the practice of annually adjusting all fees, where appropriate, relative to recovery of costs and fees of similar communities
- ? Explore charging businesses which generate the extra cost of policing large crowds after hours for that extra cost
- ? Consider increasing fees for festivals and other events in parks to more closely cover costs
- ? Charge for repeated false alarm responses
- ? Evaluate union contracts, feasibility and potential savings of moving to eight hour shifts for police
- ? Explore, with citizens and organizations interested in the City, developing ongoing sponsorship/volunteer policies and programs to relieve the City of certain costs (ie. tree plantings)
- ? Work with neighboring communities on joint grant applications, especially for use of public safety equipment in homeland security grants through FEMA
- ? Seek out additional federal, state and non-profit programs that are looking for “urban core cities” in which to program their efforts (ie. United States Forest Service Urban Connections Program, Michigan’s Cool Cities Initiative, Southeast Michigan Greenways Initiative, and Motor City National Heritage Area)
- ? Expand hours of parking enforcement, increase parking fees to match Eastern Michigan University, expand parking meter coverage to include Depot Town and expand use of monthly permits
- ? Continue implementation of policy requiring a cycle for soliciting requests for proposals for contracts for professional services
- ? Consider centralizing City purchases to promote closer attention to purchasing opportunities for cost reductions (Change from decentralized to centralized itself can produce positive results)
- ? Review use of assets and facilities for consolidation and maximization of use (ie. copiers, vehicles, buildings like the Freight House)
- ? Evaluate the requirements in employment contracts and potential cost savings from the City providing vehicles versus mileage expenses
- ? Explore the use of road salt for potential savings

## ADDITIONAL STUDY

- ? Explore opportunities for regionalizing with neighboring communities certain services or functions including but not limited to:
  - o Building inspections and site plan review
  - o Administration of fee collection
  - o Buildings and operations for motor pool maintenance
  - o Police functions or departments
  - o Fire functions, equipment or departments
- ? Evaluate the feasibility and alternative approaches to instituting a City income tax
- ? Review delivery of emergency medical services for potential upgrading to provide advance life support services and transport
- ? Look into billing for automobile extrications, especially for non-residents
- ? Evaluate charging for building and fire prevention inspections
- ? Enact and enforce a dangerous building ordinance that calls for charging a monthly fee for certain buildings
- ? Evaluate cost effectiveness of the City performing jobs currently done by outside contractors or continuing with those contractors including;
  - o Grass mowing on vacant lots
  - o Weed control on private lots
  - o Tree work for private homeowners
- ? Explore feasibility, safety concerns and cost savings potential of moving to a unified public safety department
- ? Initiate a long term effort to explore feasibility, opportunities and challenges of consolidating governments among neighboring communities

Respectfully submitted by:

Paul Tait, Chair

Peter Fletcher, Vice Chair

Thomas Biggs

Frederick Davis

Dr. James Hawkins

Ingrid Kock

Christian Overland

Steven Pierce

Timothy Robinson

Deborah Strong