



September 19, 2011

Dear Ypsilanti Neighbors:

I write to provide an update on the fiscal condition of the city of Ypsilanti. First, I invite you to attend the next two financial goal setting meetings:

**September 27, 6 p.m., Ypsilanti City Council Chambers**

- Discussion of expenses, potential reductions, acceptable service levels, financial condition of other funds, and recent legislation impacting the city's financial condition.

**October 11, 6 p.m., Ypsilanti City Council Chambers**

- Discussion of options.
- Selection of a long-term financial policy which eliminates the projected deficit.

Interested citizens are welcome to attend these meetings. The meeting information packets can be **downloaded from the Ypsilanti city Web site.**

What follows is a summary of the financial background and budget projections discussed at the first financial goal setting meeting on August 23.

**Summary of Financial Background and Budget Projections**

The city of Ypsilanti must deal with a structural budget deficit for the foreseeable future (see graphs below). General fund revenues are projected to fall from \$14.2 million in 2011 to \$10.4 million in 2017. Property taxes, the largest source of general fund revenue, are projected to fall from \$9 million in 2010 to \$6.6 million in 2017. General fund expenditures are projected to increase from \$14.2 million in 2011 to \$16.3 million in 2017. Even though the city of Ypsilanti has a healthy \$9 million in general fund reserves, the current track will exhaust those reserves by 2015.

Property taxes were historically a reliable source of revenue. This is no longer the case. Falling property taxes and state revenue sharing cuts have created a severe structural budget deficit that must be addressed now. In six years, in 2017, if the planning and zoning departments and all city hall staff were

eliminated, revenues would still not cover expenses for public safety (fire and police) and the Water Street bond payment.

Over the past decade Ypsilanti has significantly cut its budget. In 2003 the city Parks and Recreation Department was eliminated as well as funding for human services. In 2008 fourteen vacant staff positions were eliminated, including six in the Police Department. In 2010 two police officers were laid off. City hall is now a very lean organization with no redundancy. For example, the assistant city manager also serves as the director of human resources, the planning department director, and the building official. Further cuts to staffing will result in the loss or delay of planning, zoning, and infrastructure services. Clearly, city council must consider budget cuts and revenue increases for the long-term sustainability of our city.

Ypsilanti city council and staff will discuss options and create a long-term plan over the next two months. Citizen input is vital to making informed decisions that affect the future of our city. I invite everyone to attend the next two goal setting meetings or contact me or other **city council members** with your comments.

Best regards,  
Paul Schreiber  
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