



March 4, 2011

Dear Ypsilanti Friends and Neighbors:

In a recent magazine cartoon, a bank executive says to a junior executive: "In this economy, it's crucial to begin every sentence with 'In this economy.' "

Well, in this economy the city of Ypsilanti is continuing its transformation from an industrial city to a city of education, arts, and entertainment. To keep this transformation under way in the face of falling tax revenues and uncertain state funding, it is crucial that Ypsilanti continue to renovate, innovate, and collaborate with other municipalities.

In the first half of this message, I will list many examples of renovation, innovation, and collaboration in our city during the past year. In the second half, I will discuss Ypsilanti's shrinking tax and state funding revenues and collaborative initiatives to meet that daunting challenge.

## **Renovation, Innovation, and Collaboration**

Earlier this year, I received twenty-three letters from students at **Ypsilanti New Tech High School**. The letters were a class project with the combined goals of learning Ypsilanti history and formal letter writing and participating in group collaboration and civic engagement. New Tech High is located at the former **Ardis Elementary School**. Renovations have created larger classrooms, where four to six students work in groups at tables. Each student has a laptop computer. Projects cover a range of topics that were formerly taught in separate courses. Ypsilanti New Tech High School is an example of renovation of an existing school, innovation in teaching, and collaboration in funding.

Other examples of renovation, innovation, and collaboration that occurred all over the city of Ypsilanti in 2010 include, in downtown Ypsilanti:

- **Maurer Management** bought the **Mellencamp Building** and started \$2.2 million in renovations for commercial space and upstairs loft apartments with the help of an **Obsolete Property and Rehabilitation Act (OPRA)** tax exemption granted by **Ypsilanti City Council**,

- the vacant T. C.'s Speakeasy bar will open this spring as the **Red Rock Downtown Barbecue** with the help of a **redevelopment liquor license** approved by city council,
- the remaining blighted buildings on the **Water Street property** were demolished with \$1.2 million in federal and state grants,
- the **Ypsilanti Downtown Development Authority** and the **City of Ypsilanti** have jointly funded a police officer assigned to downtown and Depot Town,
- after persistent lobbying efforts by city council and the Ypsilanti Downtown Development Authority, a **Michigan Department of Transportation (MDOT)** pilot program now allows left-hand turns from **Michigan Avenue** onto **Adams** and **Washington** during non-peak hours,
- the **Border-to-Border Trail** now includes the **Water Street temporary walking trail** that was built with recycled materials from the demolished buildings,
- the thriving Tuesday **Downtown Farmers' Market** moved to Ferris Street and continues to grow, and
- the Friday-night **Crossroads Music Festival** had another successful year.

In Depot Town and on the east side:

- the **Ypsilanti Freight House Auction** raised \$45,000 to match an **Ann Arbor Area Community Foundation** challenge grant and MDOT grant for structural supports, a new roof, and a new deck,
- MDOT committed \$150,000 to fund the \$250,000 **East Cross Streetscape Enhancement** project,
- **Riverside Park** hosted a succession of events throughout the summer, including the **Ypsilanti Heritage Festival**, the **Michigan Roots Jamboree Music Festival**, the **Elvisfest**, and the **Michigan Brewers' Guild Summer Beer Festival**,
- **Woodruff's** opened at the former Cady's restaurant; it features live music nightly and hosted the fourth annual **Mittenfest** fund-raiser for **826 Michigan**,
- **Café Ollie** opened in the former **Café Luwak**, and
- the **Ann Arbor YMCA** hosted youth summer camps for five weeks at **Prospect Park** and for another five weeks at **Recreation Park**.

On the West side:

- **College Place** and **Mansfield** streets were finally repaved and received a **Project of the Year** award from the **American Public Works Association Downriver Chapter**,
- **Washtenaw County** and the **Ypsilanti Downtown Development Authority** jointly funded three \$10,000 renovation grants for the **Tower**

**Inn Cafe** and the former **Campus Drugs** and **Cross Street Station** locations,

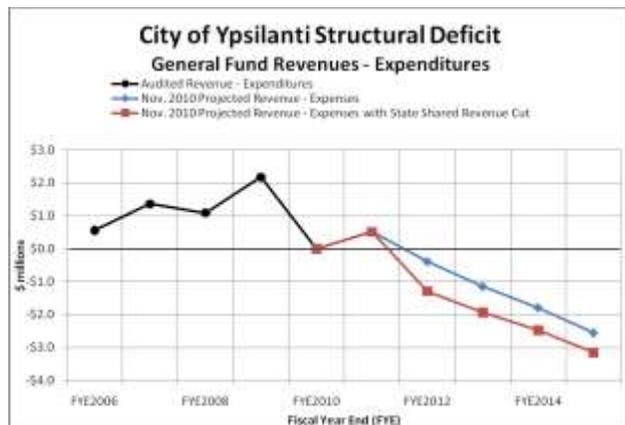
- MDOT committed \$610,000 to fund the \$770,000 **West Cross Streetscape Enhancement** project, and
- the **Ypsilanti Symphony Orchestra**, along with west-side jazz bassist **Paul Keller** and other local jazz musicians, debuted the **Ypsilanti Orchestral Jazz Suite**, an ambitious original composition by Mr. Keller.

South of Michigan Avenue:

- the renovation of the **ACH** (formerly Ford/Visteon) plant by **Angstrom USA** continues with demolition of the older building and the approval of **site renovation plans**,
- the **Ypsilanti Housing Commission** acquired **Parkview Apartments** last spring, and \$12 million in renovations will start this spring, leasing will start this fall, and full occupancy will occur in fall 2012, and
- **Hope Clinic** restarted their Harriet Street expansion construction after a three-year **\$3.6 million capital campaign**.

## The Revenue Crisis and Collaboration

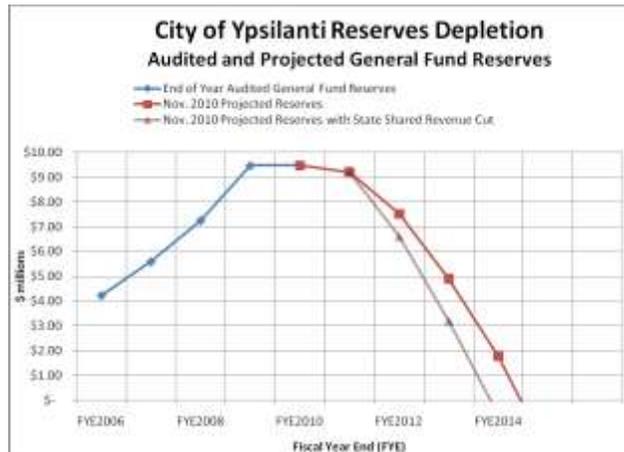
Ypsilanti has done an outstanding job supporting renovation, innovation, and collaboration. However, Ypsilanti is threatened with a revenue crisis. Michigan cities have four main sources of revenue: **property taxes, fees for services, income taxes, and state shared revenue**. None of these sources can substantially increase revenues for Ypsilanti. Ypsilanti already levies the maximum operating property tax rate allowable by state law. Property tax revenues decreased \$500,000 (5%) in 2010 and are expected to decrease another \$1 million (11%) in 2011 and another \$700,000 (9%) in 2012. The total property tax reduction from 2009 to 2012 is projected to be \$2.2 million.



The city charges for services but can't legally charge more than those services cost.

After a spirited campaign in 2007, Ypsilanti voters **rejected an income tax ballot question by two-to-one.**

Finally, **Governor Rick Snyder's 2012 budget** has proposed **eliminating statutory state revenue sharing.** If enacted, Ypsilanti state shared revenues in 2012 would decrease by \$900,000 from city projections and increase the deficit to \$1.3 million. Ypsilanti can withstand only a few years of this structural deficit before its healthy \$9 million reserves are depleted.



In place of \$300 million in statewide statutory revenue sharing, Governor Snyder proposes a \$200 million municipal collaboration fund. The fund will be awarded based on collaboration guidelines to be released in March. Fortunately, Ypsilanti is already sharing services and collaborating on community development projects.

For example, in late January 2011, the **city of Ypsilanti Fire Services** began operating under a **Mutual Aid Box Alarm System** with the **Ann Arbor, Pittsfield Township, and Ypsilanti Township** fire departments. The Mutual Aid Box Alarm System divides the communities into a geographic fire response grid regardless of municipal boundaries. The first response should occur within four minutes of the alarm. If the demand for equipment exceeds the first response, then more firefighters and equipment will arrive at the scene within eight minutes. Each subsequent alarm will send additional resources from the nearest geographic station. The box alarm system will increase the number of fire fighters from five to fifteen at the scene within eight minutes.

The city of Ypsilanti and **Ypsilanti Township** jointly funded a professional study on the costs and options for creating a **regional police authority.** Results of the study are due this spring. It will outline the feasibility of creating a separate police authority and what steps would be required if both municipalities decide to move forward. This is only the first step, and a police authority may or may not be in the best interest of both the city and the township. But it's a significant step for both municipalities to explore the option together.

Another big step forward occurred when Ypsilanti voters overwhelmingly approved a **0.9 mill public transit city charter amendment**. This three-to-one vote in favor of public transportation creates a stable source of revenue for Ypsilanti bus routes that have previously been subject to **annual uncertainties**. Ypsilanti's transportation charter millage complements Ann Arbor's dedicated transportation charter millage. Now the **Ann Arbor Transportation Authority** can plan for **county-wide transportation system** improvements, such as increasing **bus route 4** service.

Further examples of collaboration with other communities include:

- the city of **Ypsilanti, Ypsilanti Township**, the city of **Ann Arbor**, and **Pittsfield Township** are investigating the creation of a **Washtenaw Avenue Corridor Improvement Authority** that would coordinate zoning by municipalities, add sidewalks and bike access, and make Washtenaw more attractive to business and commuters,
- Ypsilanti has contracted with Washtenaw County for information technology services and **police dispatch services**, with **Huron Valley Ambulance** for **fire dispatch services**, and with Pittsfield Township for building inspection services,
- Ypsilanti City Council has asked **AMTRAK** to consider reinstating the Ypsilanti stop on the Wolverine line, and
- Ypsilanti collaborated with Washtenaw County to create the **Washtenaw Comprehensive Economic Development Strategy** that can be used to apply for grants and develop business plans.

In summary, Governor Snyder's budget shifts state-shared revenue, **Michigan Historic Tax Credits, Brownfield tax incentives**, and other funding away from older urban core cities like Ypsilanti. In the face of falling property tax revenues, cities like Ypsilanti desperately need this funding to thrive. Instead of encouraging suburban sprawl, now is the time to invest in urban cities that attract young entrepreneurs and families. We must continue the renovation, innovation, and collaboration that make Ypsilanti an attractive urban city. The city of Ypsilanti will continue to work with neighboring communities, **State Senator Rebekah Warren, State Representative David Rutledge**, and other legislators to make our voices heard at the state level. In this economy, we need everyone's help.

With best regards,  
Paul Schreiber  
Mayor, City of Ypsilanti  
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