



March 16, 2010

Dear Ypsilanti Neighbors and Friends:

The state of the City of Ypsilanti in 2010 is a mix of good and bad. Michigan's economic crisis is forcing expenditure reductions and layoffs for Ypsilanti as well as many other Michigan cities. But Ypsilanti's geographic, cultural, and urban advantages are attracting businesses and families and will keep Ypsilanti thriving.

In the first half of this message, I will feature the many good things happening in our city. In the second half, I will discuss the fiscal challenges facing Ypsilanti.

## Retooling in Ypsilanti

Last year I cited the former Ford automotive parts plant as an example of Michigan's economic crisis coming to Ypsilanti. Since then, **Angstrom USA**, an automotive supplier that produces aluminum tubing and needle bearing assemblies, has purchased the property. As part of the sale, the oldest building on the site will be demolished. The retooled facility will provide jobs and tax revenue again, but on a smaller scale.

Angstrom USA is one of many retooling efforts happening in Ypsilanti.

For example, in downtown:

- the **Corner Health Center** celebrated its renovations and expansion into the next store front,
- **Mix**, a collection of clothes and other items new and used, opened on the corner of Michigan Avenue and Adams Street,
- **SPARK East**, a hub of small business entrepreneurship in Ypsilanti, opened last spring on Michigan Avenue,
- The **Ypsilanti Downtown Development Authority** installed attractive decorative lighting along Michigan Avenue,
- **Puffer Reds** on Michigan Avenue took advantage of the state façade grant to spruce up their east store front, and
- **Thomas Blondi** opened a very sharp looking styling salon on North Huron Street.

North of downtown:

- **VG Kids** found a larger space on Railroad Street and will move their printing operation from their downtown Michigan Avenue location,
- James Marks, owner of VG Kids, has fully leased **Spur Studios**—a collection of private work spaces for artists on Lowell Street,
- **Schoolpictures.com**, at the former Ave Maria Campus on West Forest, is expecting to be designated the first pre-1950 building in Michigan with Silver LEED status for environmental friendliness, and
- The **LeForge Street bridge** has been repaired.

In the Depot Town area:

- The **Friends of the Freight House** received a \$500,000 stimulus grant for exterior repairs to the Freight House and will be hosting “**The Train Stops Here**” fundraiser at the **Firehouse Museum** on Thursday, April 9,
- Plans for the **East and West Cross streetscape renovation project** are being drawn up, and
- The **Friends of Prospect Park** won the **Keep Michigan Beautiful Award** for programs and activities that substantially contribute to environmental improvement, clean up, beautification, site restoration, and historic preservation.

South of Michigan Avenue:

- The **HOPE Clinic** on Harriet Street continues their expansion,
- The former **Cannon’s** store at South Hamilton and Harriet streets has been remodeled and is ready for retail tenants,
- **Parkridge Community Center** has been renovated with \$78,000 in federal funds,
- The Harriet Street corridor is slated to receive \$20,000 in federal funds through the **Washtenaw Urban County** to pay for the planning of pedestrian-access improvements, healthy food initiatives, and job creation, and
- The **Ypsilanti Housing Commission** is negotiating with the Federal Department of Housing and Urban Development to renovate **Parkview Apartments**.

On the West Side:

- **College Place** will be finally be repaved,
- A sidewalk has been installed in front of **West Middle School**,
- **Mansfield Street** repaving will continue this year, and
- The **Friends of Rutherford Pool** held their **Seeking a Clear Vision** event to drum up support for renovating Rutherford Pool.

## **Fiscal Challenges**

Ypsilanti property owners recently received their property value assessments. The good news: property taxes are going down. The bad news: property tax revenues for the city of Ypsilanti are declining.

Although the Water Street bond payments are kicking in with no compensating tax revenue in sight, lower tax revenues are the major cause of Ypsilanti's economic crisis. Reductions in property tax and state revenues will create annual deficits starting in 2011 (Figure 1).

This stark economic scenario has prompted Ypsilanti City Council to cut expenditures starting in 2011. These cuts, representing 10 percent of the budget, will save up to \$1.4 million per year. City council's target expenditure reductions delay annual deficits until 2012 (Figure 2).

Fortunately, the city has budgeted conservatively through the years and has \$10.4 million in reserves as of 2009 (Figure 3). Cutting expenditures now will keep Ypsilanti sustainable until 2015 and buy time for collaboration with neighboring municipalities who are also facing lower tax revenues.

## **City Staff Changes**

In 2008 the city cut a dozen vacant staff positions without layoffs. But this year the tough expenditure cuts include closing City Hall for thirteen furlough days and laying off five police officers and three to six firefighters. In spite of these reductions, emergency response and public safety will continue to be top priorities in the city of Ypsilanti.

In January, Ypsilanti police lieutenant Amy Walker was sworn in as the city's police chief. At a recent neighborhood meeting her leadership was on display. Speaking of personnel cuts in the police department, Chief Walker assured residents that "we will be here for you." She could have easily been speaking for the entire city.

With best regards,  
Paul Schreiber  
Mayor, City of Ypsilanti  
734.277.5446

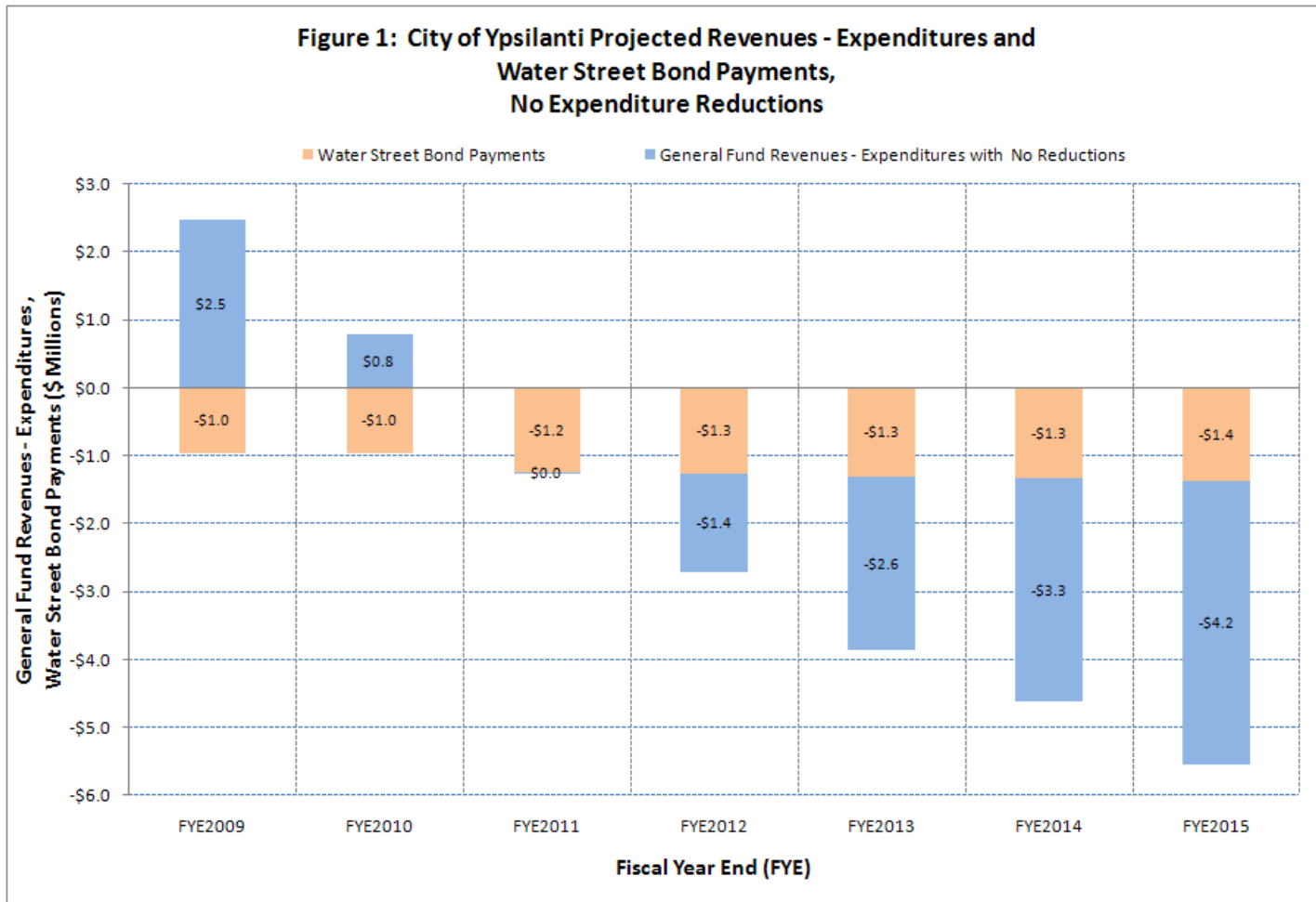


Figure 1 is a graph of the city of Ypsilanti general fund projected revenues minus expenditures in blue and the Water Street bond payments in orange. With no expenditure reductions, lower property tax and state revenues will create annual deficits starting in 2011.

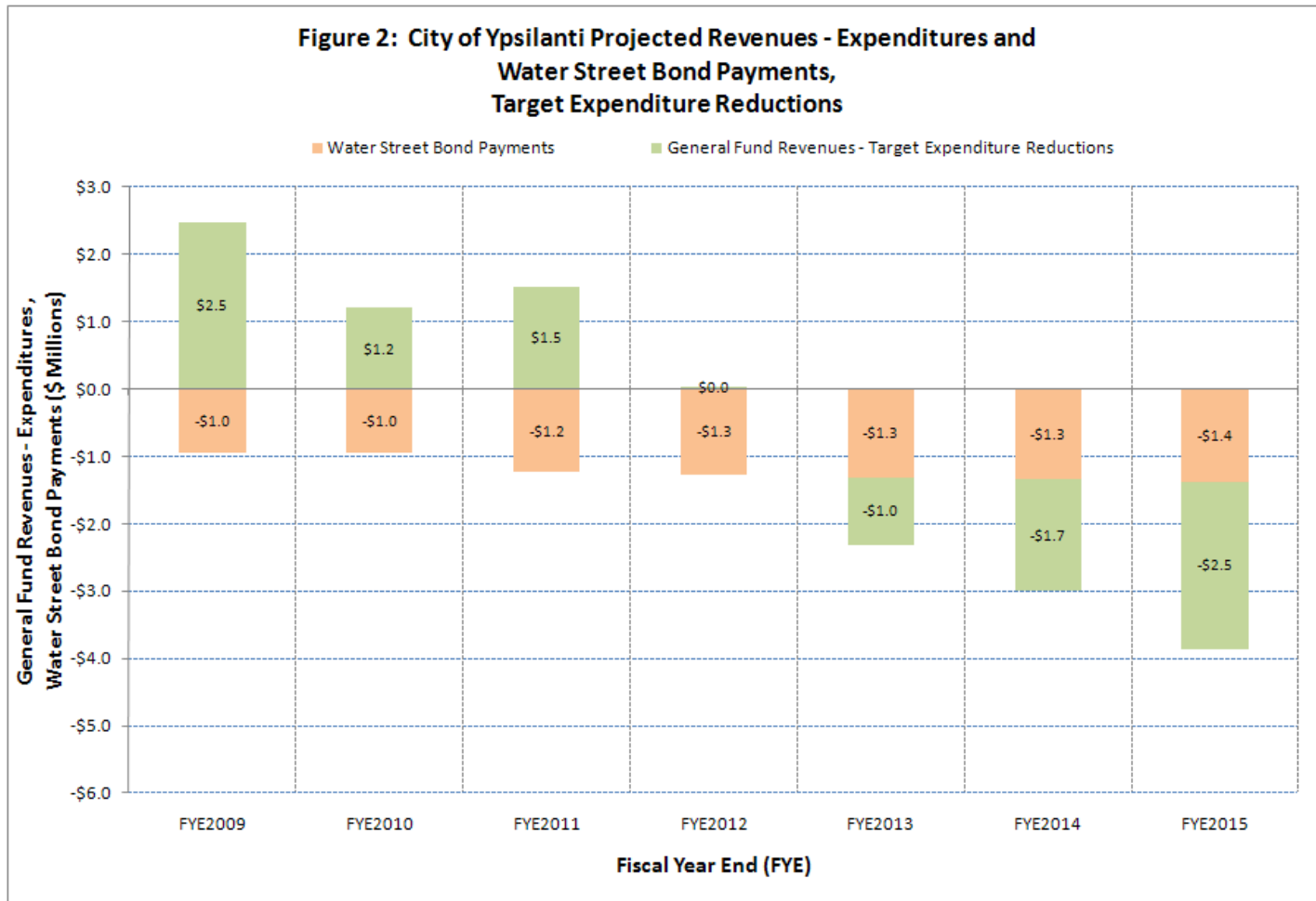


Figure 2 is a graph of the city of Ypsilanti general fund projected revenues minus expenditures at targeted expenditure levels in green and the Water Street bond payment in orange. City council's target expenditure reductions delay annual deficits until 2012.

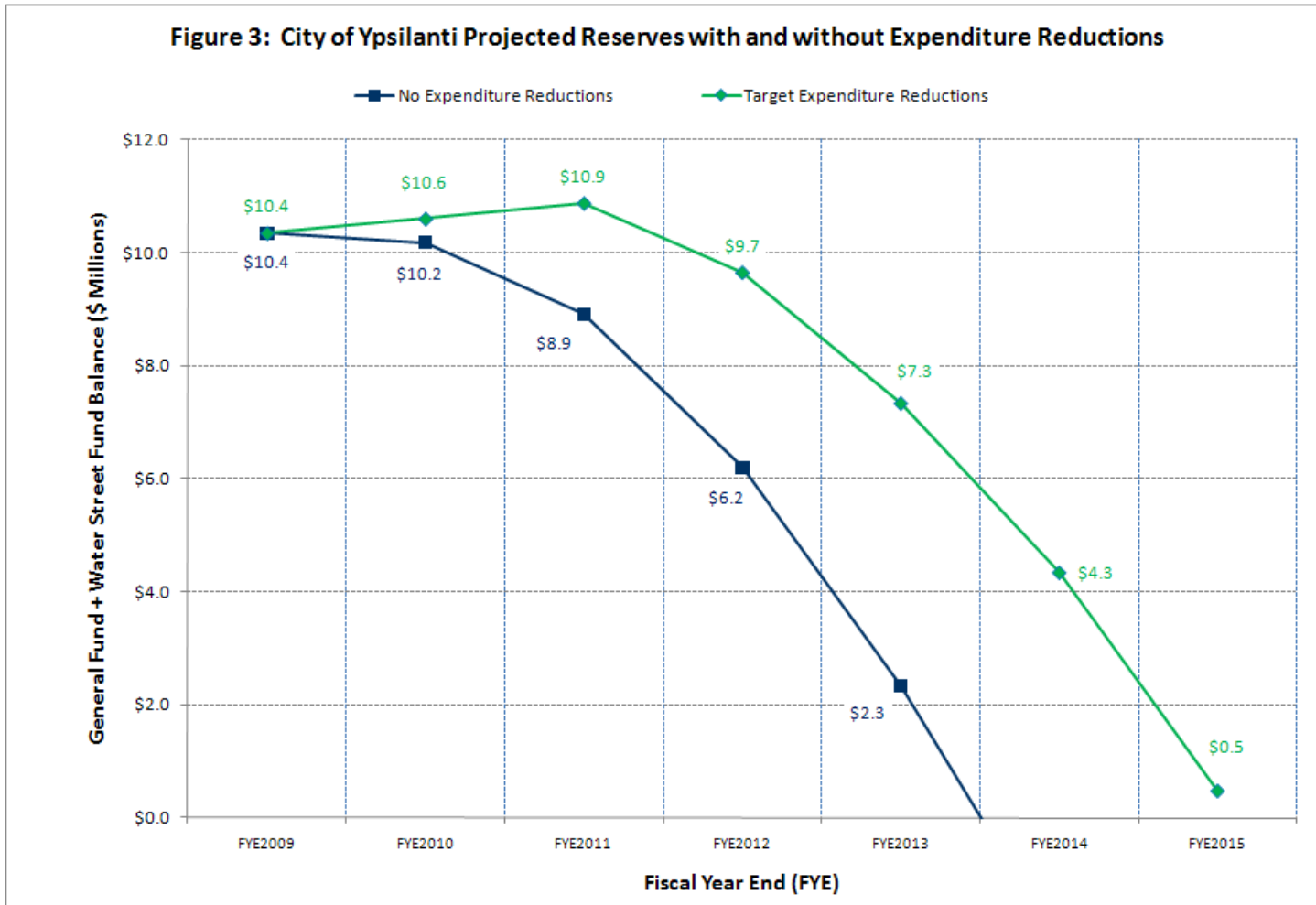


Figure 3 is a graph of the city of Ypsilanti’s combined reserves using projections for declining tax revenue and two options for expenditures. The blue line shows reserves without expenditure reductions and the green line shows reserves with expenditure reductions. Cutting expenditures now will keep Ypsilanti sustainable until 2015 and buy time for collaboration with neighboring municipalities who are also facing lower tax revenues.