



What is Stop City Income Tax (SCIT)?

SCIT is a group of private citizens advocating alternatives to higher taxes in the City of Ypsilanti. We are the neighbors that you see every day. We are the guy filling up his pickup at the gas pump. We are the couple in the next booth at your favorite restaurant. We are union members and stay-at-home moms. We are professionals, we are students. We are residents of Ypsilanti who love this town and want it to thrive.

What are our values and beliefs, and why are we opposing the proposed income tax and millage?

Ypsilanti is our home and we want it to succeed. We believe in transparency in government and expect our elected officials to be honest about our options. We recognize our challenges, but fear the consequences of higher taxes. We hope to suggest, advise, and make our case for change, but the ultimate responsibility rests with City Hall. To date, it has delivered the Water Street fiasco, pension bloat, and now the proposition that our community must have the highest taxes in the State to survive.

It cannot be emphasized enough that City Hall has no plan. All it has is a two-page spreadsheet of projected revenues and expenses, based on assumptions of property-value trends that it cannot articulate, reproduce, or defend. The entire argument for higher taxes is built upon “various factors” we are not allowed to know. There are no other substantive documents, roadmaps, or proposals. That is not a plan.

Even if City Hall’s estimates of the natural trend in property values over the next five years are correct, they absolutely fail to consider the additional drop in value (i.e. lost tax revenue) that higher taxes will inevitably cause.

Under City Hall’s proposal, the buyer of a \$120,000 home in Ypsilanti would pay an additional \$31,000 over a 30-year mortgage. Home buyers will reflect this fact by reducing offering prices, thereby driving down property values. In other words, while the proposal for higher taxes superficially covers short-term costs on paper, any gains would be quickly lost by erosion of the tax base.

This means Ypsilanti would likely be left with the same or lower revenue, lower homeowner equity, and the stigma of an income tax. This is in addition to the much higher taxes that City Hall already plans to impose (without your vote), to cover past pension giveaways – something it often forgets to mention when selling its “plan.”

SCIT understands that taxes are important to support our community and quality of life. However, the proposal from City Hall is self-defeating, fails to correct any structural issues, and will exacerbate our problems at great cost.

What can we do?

Still, you might ask yourself, “what can we do to put our house back in order?” This is a great question, and one we have been asking our elected officials for many years. They have no answers – at least answers that they are willing to pursue.

While the housing collapse has reduced tax revenues, it is not the source of Ypsilanti’s woes. Current revenue would suffice were it not for unsustainable benefit structures, restrictive rules, distractions, and the failed Water Street development project. These are the areas where we, as a group of concerned residents, have focused many proposals over the last 10 years. It is in these areas where Ypsilanti can still find relief.

Ten years ago, we begged City Hall to stop spending on Water Street. Our concerns were entirely dismissed for “faulty claims” that it would cost \$5 ~ 7 million, when the City was advertising \$3 ~ 5 million. So far, the City has sunk over \$30 million on Water Street, producing massive debt but not a cent in tax revenue. We have asked City Hall to refocus its attention to marketing the property, returning it to the tax rolls, and stemming additional resource bleed.

Six years ago, we suggested eliminating the Downtown & Depot Town Development Authorities, since they had served their purpose. This change would have returned over \$250,000 in annual revenue, or \$1.5 million since the proposal was raised. Now, on the eve of another election, City Hall is telling select business owners that it would consider dissolving the DDA’s in exchange for supporting the tax increases. If it is good public policy, why should it come with the political price tag of endorsing these tax increases?

More recently, we proposed renegotiation of the Water Street debt. In 2006, City Hall paid tens of thousands of dollars for bond insurance. Why was insurance purchased, if there was no chance of default and no risk to investors, under terms allowing no flexibility? We proposed clarifying what that insurance covers, for insight on how to restructure our obligations. Restructuring Water Street debt, in part or whole, should be priority one at City Hall.

Members of SCIT, eager to take action before inaction precipitates a crisis, have offered many cost-saving proposals to address impending trends.

Additional examples include:

- We proposed replacing the planning and economic-development functions with similar services from the County, EMU, and SPARK.
- We proposed eliminating the City Clerk in favor of partnering with the County to run elections and provide clerk services through a satellite office in City Hall. The response? The City Charter prohibits it. So, change the Charter.

- We suggested jointly contracting with Ypsilanti Township for refuse service. This was rejected with the claim that the timing of the two contracts could not be aligned. Coordinating renewal dates for trash collection contracts is not exactly rocket science.
- We have offered alternative and less costly methods of providing comparable fire-protection services, benchmarked to those implemented successfully in other Michigan cities. These were rejected, presumably due to unwillingness to take on the establishment.
- We suggested re-evaluating police services to maximize the return on dollars spent. We supported this position with data, factoring in the public safety contributions by EMU and the Sheriff. As most of the police leadership is retiring at the end of the year, we have a unique opportunity to save \$500,000 annually, while increasing the average number of road-patrol officers on each shift. Again, this was a non-starter, threatening a sacred cow.
- We have pushed for defined-contribution (401k) benefit packages to stop the "pension tsunami" about to hit our shores (itself caused by unwisely generous concessions). Instead, City Hall has only nibbled at benefit costs and has yet to formulate a roadmap to fundamental reform.
- We have urged restructuring of health benefits, as permitted under Michigan law. It is not even on the radar.
- We advised putting the current revenue pinch to good effect in contract negotiations. Instead, City Hall placed the special election before contract finalization, virtually guaranteeing demands for a "fair share" of the new revenue streams if these proposals pass.
- We have argued for zoning changes to strengthen the tax base, in opposition to the garden-club desire to downzone high-value multi-family properties in lieu of tax-subsidized apartment complexes elsewhere.
- We have promoted regulatory reform to make Ypsilanti more attractive to business, thereby increasing the desirability, revenue, and taxable value of business properties.
- We have encouraged the sale of non-essential City-held properties to generate cash and return them to the tax rolls. Too often, City Hall has rejected these proposals for failing to satisfy personal aesthetic tastes or its particular "vision," despite the drain on resources for maintenance and patrolling.

It does not take courage to propose new taxes. It takes courage to exhibit leadership by making fundamental reforms and exhausting every possible avenue before burdening your constituents. Regrettably, City Hall has chosen the easy path, and offers only excuses for why this or that cannot be done. Our goal is to overturn that mindset, and to restore financial stability through a multifaceted set of good policies such as those described above. Our goal is meaningful and sustainable change.

We believe that the residents of Ypsilanti must stand up and become part of the solution. We have to shift the conversation at City Hall, and break down its insular culture with new ideas.

We must keep City Hall from chasing countless pet projects that divert its attention and City resources. We need to refocus on core services, such as public safety, garbage pickup, snow removal, pension/benefit reform, and meaningful progress on resolving Water Street.

When City Hall renewed the call for new taxes, after an overwhelming defeat just five years ago, we warned that this would divide the community, and waste tremendous capital (political, financial, and human) on both the election and campaigns. We hoped to avoid arguing amongst ourselves, and instead stand united in a common cause.

Regrettably, City Hall had other plans, spending half a year preaching hopelessness in pursuit of higher taxes. If they pass, then we know the plan. If not, it means another six months squandered arguing over a solution that would not fix the problem anyway.

We need a group of new voices speaking out and demanding change. It is time to sit down as friends and neighbors to work on solutions. It is time for community input. The issues Ypsilanti faces could have been avoided, had there been a strong contingent of citizens watching City Hall, checking the numbers, asking questions, and expecting action.

What is the timetable?

The election is May 8th, so we can get started on the 9th! With current reserves, we have about two years to act on new ideas. We must act fast.

SCIT stands ready to serve. We will meet anyone, anytime, anyplace to begin the conversation. We have repeatedly offered to meet with any elected official or citizen to work on these issues. So far, City Hall and those advocating higher taxes have only offered a contrived debate, but have declined any dialogue with meaning and depth.

It appears that our only path to change is to force key leaders to the table by defeating these proposals. So that is our singular focus. After May 8th, we are prepared to join hands to move our city forward. But we can no longer tolerate the status quo. The City of Ypsilanti must become efficient, and City Hall must stop spending on projects unrelated to core services.

We are guided by the lessons of history.

It is worth remembering that in 2007, Paul Tait, head of SEMCOG, Ypsilanti resident, and co-chair of the pro-income-tax committee, frequently claimed that the City had “cut to the bone,” and had nothing else to cut. In April 2012, Mike Bodary, Councilman for Ward 2, said exactly the same thing in Ann Arbor.com. We hear this refrain daily from City Hall and the supporters of higher taxes. Yet, after the 2-to-1 defeat of the city income tax in 2007, City Hall managed to eliminate nearly 25 vacant positions over four years. There were no mass firings. When someone retired or quit, the City just changed how things were done.

Were they lying when they said they had cut all they could in 2007? Oh no, far from it. They truly believed that there were no other alternatives. Only when faced with defeat at the ballot

box did City Hall suddenly discover new opportunities. Once again, in 2012, they see no alternative except tax increases. We disagree. We see a number of alternatives, and are ready to roll up our sleeves to make them work.

Final thoughts to consider before voting on May 8th

Many of the reforms we seek, we have been seeking for years, without interest from City Hall. If history is a guide, reform will take a back burner to pet projects the moment more money is available.

Meanwhile, our current leaders are not even asking the right questions. They are not validating the feasibility of their approach. They turn a deaf ear to ideas outside their comfort zone, and will be unwilling to listen until they must. Responsible citizens understand that creating a city that is viable, funded, and fiscally sound requires a wide collection of good habits and policies that, due to temperament, experience, or philosophy, the current leadership is disinclined to consider.

Please help us move the discussion forward! Only by working together can we tackle the very difficult challenges confronting the City of Ypsilanti. It starts with **voting “no”** on both the City Income Tax and Water Street millage on Tuesday, May 8th.

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