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Is the Projected Budget Deficit a Manipulated Crisis to Control the City?

Questions Regarding the Budget, Part 2b

Detroit, Michigan

The city of Detroit has projected a deficit in the budget for the upcoming fiscal year. The recommendations by Mayor Bing and endorsed by council members Pugh and Brown, and not challenged by others, are drastic measures and continues a transfer of wealth by those who can least afford it to corporations and others whom do not live in or support the City of Detroit.

In the budget process, the budget should not begin at last year's numbers but instead begin at zero and have each department show cause as to why they require the requested funds. Many times budgeted money is not spent and then used for other purposes. The budgets should be funded to the minimum requirements and then forced to go back to council if additional money is needed. Detroit can then maintain a small rainy day fund for instances where the minimal budgeted amount needed to be increased. Starting at the maximum only encourages waste abuse.

The following solutions are part of the necessary planning for a long term, long lasting framework where the citizens of Detroit benefit and people visiting and non-residents working in Detroit are in a complimentary arrangement instead of an adversarial situation.

A) On the issue of pensions.

Detroit should pay the money owed the pension funds. Then, the city can borrow the money back from the pension funds thereby meeting the pension obligations and providing a sound vehicle for pension investments. This is preferable to borrowing money from banks not in Detroit, paying interest to companies outside of Detroit and entering into a lose-lose arrangement. Paying and borrowing from the pension funds is a win for everyone.

B) Eliminate all city vehicles not needed for specific functions of city services. Vehicles for office workers, appointees, council members and the mayor are not needed for performing city business and should be the first things to be eliminated. If Bing and some on council want to run the city as a business, then as a business they should use their own cars and take the tax credits for fuel on the their federal taxes like everyone else. Other perks should also be eliminated. In any business these are the first things that need to be cut.

C) Eliminate the TIFA (Tax Increment Financial Authority) for downtown Detroit and all tax entities in the city which are removing tax revenue from the city, seclude it for private development. During the crisis, this is a luxury no longer afforded. Private development should be sustained by the private free market economy. This has been Mayor Bing's position in words yet not in action. Therefore if these people who want to run the city like a business, they should stop using tax dollars for private business development.

- D) Reconcile all money owed to the city.
- i) The state has never settled money owed the city from a decade ago which totals over \$200 million.
 - ii) DTE is reported to own Detroit \$20 million.
 - iii) DPW is reported to have overpaid GDRRA \$42 million (Incinerator Operator)
 - iv) Vanguard is purchasing DMC, but Detroit owns Receiving Hospital. The city needs its \$500 million investment. The arrangement with DMC is null now that a private company has taken over ownership.
- E) Eliminate corruption, mismanagement, waste and perform the necessary Performance and Forensic Audits to discover any fraud.
- i) The Detroit Fire Department in recent past years has budgeted money for projects that either were not done or could not be done. A reported \$2.8 million for building work was not used on the project and part of that was designated to a fire station that had been closed for thirty years.
- F) Revenue generation should resume restoring income neglected and ignored in past years.
- i) Sell electricity
 - ii) Sell transportation services too neighboring suburbs through DDOT, saving the suburbs tax dollars and gaining fare revenue
 - iii) Sell city services, forestry, park maintenance, etc. also to neighboring suburbs
- G) Eliminate all of the authorities that govern or control city property. These cost money that is paid for by city tax dollars. The result of these authorities was to increase the size of government, introducing another layer that uses funding that would otherwise go towards the city of the city property. These authorities duplicate functions that used to be served by existing city departments outlined in the city charter. Some of these are;
- Downtown Development Authority (DDA)
 - Detroit Brownfield Redevelopment Authority (DBRA)
 - Economic Development Corporation (EDC)
 - Neighborhood Development Corporation (NDC)
 - Local Development Finance Authority (LDFA)
 - Tax Increment Finance Authority (TIFA)
 - Port Authority
 - Cobo Hall Authority
 - Water Board Authority
 - Authority over the DIA
 - Authority over the Detroit Public Zoo
 - Building Authority

- H) The NEW employees in downtown or coming downtown add tax revenue to the city of Detroit. Yet the mayor has projected a decrease in tax revenue. The mayor has not said that the city is losing jobs or that as business open and expand downtown that other businesses are leaving Detroit. So where is the origin of the decrease? A proper projection should show the increases expected and then origin of any decrease. Thereby allowing the mayor to target any decrease for proactive actions to reduce or prevent an increase. The mayor and some on council would accept any decrease without taking any actions. This is not helping. This is not even trying. This is called doing nothing in the face of a problem that only they are projecting.
- J) Reduce the number of offices and buildings used by city departments. Consolidate into underused areas.
- i) The city clerk has multiple offices which are not necessary. Each department, directory, appointee and elected person only needs a single office. With today's technology, some may not even need an office with their use of cell phones and laptop computers.
 - ii) Why do some appointees have cell phones, office phones and other duplicate equipment? Are any being issued multiple computers instead of a single laptop computer?
 - iii) The city needs to end all leases and move back into city owned buildings. When all space is consumed in city owned buildings, the currently empty schools buildings should be considered. This removes an empty building in some neighborhoods, locates city employees in neighborhoods, helps the school district from having to pay to monitor and secure empty buildings and helps to tie together Detroiters whom are being pulled apart from the negativity existing from the multiple state takeovers and plans which are dissecting our community.
- K) Eliminate the newer departments created that are not stated in the city charter. These new departments 1) cost more money on top of charter mandated departments, 2) have not performed to the level as promised. The Department of Administrative Hearings is reportedly \$40 million behind in collections from when the money used to be collected before the department was created.
- L) Additionally the departments are top heavy and employ too many appointees and too many in managerial positions which do not add value in these times of the projected deficits. Appointee salaries should be reduced to levels matching average government salary. Department budgets with non-allocated funds need to be eliminated. Trips need to be eliminated. Any personal reimbursement which cannot be tied to a specific delivery of city services or charter mandated actions need to be eliminated.
- M) Close all bank accounts and reopen with banks within the city of Detroit.
- i) First this saves money because the numbers of bank accounts now open are hard to manage, unknown to all who are supposed to track and allow for too much fraud or abuse.
 - ii) Second, locating the money in banks that are based in Detroit, not merely have a branch in Detroit, will retain money in our community. Each time a dollar leaves our community it drains the community of needed funds. Our community is run down because the money that people need is not there. When Detroit homeowners and business owners go to apply for a loan, they must then go to banks outside of Detroit and interest flows into someone else's city and state to tax and use for their benefit.

N) Stop Outsourcing and privatization which has caused money to leave Detroit. The increase in Outsourcing and privatization has caused money to leave Detroit. Doing business with companies not in Detroit and who don't hire Detroit residents is an automatic drop in city revenue. This has not been considered in the true cost of the efforts to privatize and outsource city services.

O) City vehicles should not leave the city boundaries unless delivering city services. This becomes a very small list. This list is also recorded in daily logs, service calls and other means of tracking vehicles to ensure that city vehicles are used for business and not for pleasure. Too many city vehicles leave the city and attend private residence or suburban business. When DPD officers leave the city and purchase coffee or donuts at suburban restaurants, they 1) increase police presence in the suburban neighborhood, 2) decrease police presence in Detroit, 3) by patronizing suburban businesses on city time they are being paid by Detroit to take money out of the city. This is on top of other problems with this practice including, liability, respect for the community and interest in their job.

In Conclusion, the mayor should include in the budget line items for all money owed instead of treating this money as off the books. Then initiate a plan to collect. If city cars are needed for office personal that is not in the effort to provide city services, the city should institute a motor pool for all uses and track when and where city vehicles are being used.

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