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## Detroit mayor: Concessions vital to avoid takeover

By DAVID N. GOODMAN, Associated Press – 11 hours ago   0

DETROIT (AP) — Detroit Mayor Dave Bing on Wednesday urged municipal unions to accept wage cuts and Michigan leaders to pay the city millions stemming from a decade-old tax agreement, saying Detroit needs the money to avoid an emergency financial takeover.

The city faces a \$45 million cash shortfall by the end of its fiscal year in June, Bing said in a TV and radio address. If Detroit doesn't fix its fiscal problems, the state could appoint a financial manager to make sweeping changes.

Bing's administration has said Detroit has an accumulated deficit about \$150 million in its \$3.1 billion annual budget.

"Simply put, our city is in a financial crisis and city government is broken," Bing said. "That's not new. That's not an opinion. That is a fact. I promised when I ran for this office that I'd tell you the truth, even when it wasn't pretty or popular. The reality we're facing is simple. If we continue down the same path, we will lose the ability to control our own destiny."

A state law passed in March gives state-appointed financial managers more power when fixing the finances of municipalities and school districts. Michigan already has emergency managers in place in the Detroit public school system as well as the cities of Pontiac, Ecorse and Benton Harbor.

In his address, Bing repeated his call for unionized workers to accept a 10 percent wage cut, a 10 percent increase in employee payments for health insurance and changes in work rules. He said the worker concessions would save Detroit \$40 million for the fiscal year.

"This is not an attack on labor or our dedicated employees," he said. "The private sector, including the auto industry was forced to accept tough cuts to survive."

Bing also wants \$220 million from the Legislature and Gov. Rick Snyder that stems from a tax agreement with the state. Bing said the state failed to keep a bargain to maintain state revenue sharing in exchange for the city's cut in income tax rates a decade ago.

Snyder, a Republican, said he remains committed to reviving Detroit's fortunes, in cooperation with Bing, a Democrat elected in a nonpartisan race. Snyder said he continues to seek to avoid the appointment of an emergency financial manager for the city of 713,000 "if at all possible."

"I have consistently said that as we work to reinvent Michigan, the city of Detroit must thrive," Snyder said. "Mayor Bing and I have worked closely over this past year and I remain supportive of the city's efforts to resolve its financial problems."

One member of the city's legislative delegation criticized talk of an emergency manager as premature without Bing and his aides first carrying out a systematic review and overhaul of the city's operations.

"I will go further by adding that any intimation of that need is also reckless," said Democratic state Rep. Maureen Stapleton.

Bing, a former business executive and NBA star, announced immediate steps to speed up repairs on warehoused buses, canceling furlough days for bus mechanics and having them work "nearly around the clock" to increase the fleet size and overcome chronic long delays. He said he also was taking steps to speed up repairs to broken streetlights while moving toward a spinoff of the lighting system.

Jim McTevia, a Michigan business turnaround specialist, said he believes Bing can fix the city's budget crisis.

"He just needs the legal basis, whether it's an emergency manager or a consent decree," McTevia said.

Detroit's troubles are well-known. Between 2000 and 2010, a quarter-million people packed up and moved away. Public school enrollment this fall is roughly 66,000 students, down from 104,000 only four years ago. City officials have put the Detroit unemployment rate as high as 28 percent, more than three times the national average. Run-down houses in all-but-abandoned neighborhoods have sold recently for four figures.

Some say that before an emergency manager is considered, other steps need to be taken, such as layoffs, department consolidations and outsourcing.

McTevia said the mayor seems to be doing his part, and it's now up to the other parties to come together to pull Detroit back from the brink of an outside takeover.

"If they're not willing to do it, the decision is going to be taken out of their hands," McTevia said.

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Associated Press writer Jeff Karoub contributed to this story.

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