

Pressure is on Detroit as state begins financial review

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With time running out and hopes pinned on deep concessions from labor unions, Detroit City Council President Pro Tem Gary Brown said the city soon must enter into a consent agreement, a pact between the state and city that would authorize the council and Mayor Dave Bing to make sweeping budget cuts and eventually impose a contract on labor unions.

As the state begins today to review the city's dire fiscal challenges, the pressure is on Detroit leaders to win union concessions within 30 days to avoid the intervention of an emergency manager who could unilaterally decimate services, sell off assets and fire the mayor and council without local input.

State Treasurer Andy Dillon is sending a representative from his department to city hall today. Dillon's office said that if the city can't win concessions from unions, then it should make a consent agreement its goal.

Under the agreement, the city would outline to the state measures it will take to avoid insolvency. By going that route, the city could impose its final, best offer on unions when most of their contracts expire in June.

"The consent agreement is a powerful tool and incentive to get unions to accept change," Brown told the Free Press on Monday. "It also allows the council and mayor to maintain the democratic process."

Most experts and city officials agree that the state would appoint an emergency manager if unions don't accept cuts in the range of \$100 million a year.

But other council members say they believe the city can reach a deal with unions without a consent agreement.

"The mayor, council, unions and interested parties are meeting every day to work on a plan," Council President Charles Pugh said. "I think most of our unions now understand the urgency. We all want to save the city."

The state has 30 days to complete its preliminary financial review, which is expected to reconfirm city officials' warnings that the city will run out of cash by April unless serious cuts are made.

If unions don't make concessions, the state could begin the final process -- a more thorough review -- before appointing an emergency manager.

Bing said he opposes the consent agreement because he wants swifter concessions from unions.

"A consent agreement does not allow the city to open up contracts" until they expire, Bing spokesman Dan Lijana said. "Mayor Bing has remained consistent that pension, health care and work rule concessions are necessary, and a consent agreement does not address those issues."

Brown said the city is running out of time to draw up a consent agreement, which he hopes to have signed within 90 days -- enough time to negotiate with unions before contracts begin expiring.

Restructuring experts said Brown has the right idea, because anything less than a consent agreement would leave the city where it has been for decades -- without a realistic, enforceable rescue plan.

"If there are breaches in the consent agreement, the state can appoint an emergency manager" with authority to unilaterally impose union contracts, said Charles Moore, senior managing director for Conway MacKenzie, a Birmingham-based turnaround and restructuring firm that has helped reorganize municipalities and school districts. "That's often the incentive to get both parties working toward a solution."

Council members are to meet at 10 a.m. today to debate parts of the rescue plan that they are working on with the mayor. The plan aims to save about \$150 million a year. Signing a consent agreement has been a hot topic at council meetings, with some members saying it's the beginning of an unlawful state takeover not unlike a dictatorship. "It scares the hell out of me," Pugh said of a consent agreement. "It's intrusive. We can do this on our own."

Bing and council members are watching recent developments in Flint, where an emergency manager, Michael Brown, was appointed. His first action this month was to eliminate the salaries of the mayor and City Council.

Gary Brown said Detroit's council members need to stop worrying about their jobs and start fixing the city.

"There are too many decisions being made for political reasons," Brown said. "They are more worried about their jobs than the tools they could have under a consent agreement."

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