



Dear Friends,

In the next year, you will be hearing a lot about the financial situation of Detroit via television news and the print media. As you know, on July 18th, the governor approved the recommendation of Detroit's Emergency Manager to take the city into Chapter 9 bankruptcy. I never wanted to see Detroit go bankrupt, but in my heart I knew, and have known for some time, that this is where it would end. The problems of Detroit did not just happen; they started five decades ago. I have received many calls, emails and letters over the past three weeks concerning Detroit, how it got in its present condition and why bankruptcy had to be filed. That is why I am writing to you today.

Currently, Detroit is in debt for over \$18 billion. By comparison, the general fund for the entire state of Michigan is \$10 billion. Detroit's debt is totally unsustainable, preventing the investments needed to revitalize the city and promote safety and public health. Currently, 38 cents of every tax dollar collected by Detroit goes to service the debt (interest) and to pay for the city's legacy costs. By 2017, this number would have reached 65 cents of every dollar. The main reason bankruptcy has been avoided until now is because Detroit borrowed money to pay off debt, cut services to the bone and completely ignored the most obvious need to reinvest in the city.

I have always maintained that if an entity is going to move forward in a positive direction it has to recognize the mistakes of the past. You cannot live in denial as Detroit most certainly has. In 1951, Detroit had 1.8 million residents and was the fourth largest city in the United States. It was a thriving Metropolis that was respected worldwide. Today, the city has roughly 675,000 residents which represents a loss of over 1.1 million residents in 63 years. The people in political power should have recognized and dealt with this stunning statistic over the years. It never happened.

For the record, the unemployment rate for Detroit is nearly 20%. Detroit's homicide rate is the highest it has been in 40 years. Citizens wait an average of 58 minutes for police to respond to their calls compared to a national average of 11 minutes. The city has 78,000 abandoned homes and structures. The city has 88,000 streetlights, but only 42,000 work. The city cannot raise taxes because their rates are at the statutory maximum. Detroit is stuck between a rock and a very hard spot. Thus, Chapter 9 Bankruptcy had to be filed and I support the decision.

The question of the day now becomes: Where does Detroit go from here? First, the city will have to go through the Chapter 9 process. Federal bankruptcy court is a very tough place to be because so much depends upon the judge. There is no jury, so I sincerely hope this judge has a sympathetic ear for anyone who has a pension due them. This particular judge has a reputation for fairness, thoroughness and for acting quickly. In other words, he does not sit on cases. This is good for Detroit, because the sooner they get through the process, the better.

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"I AM WORKING FOR YOU!"

Office: 517-373-7670 • Toll-Free: 866-229-4211

senjbrandenburg@senate.mi.gov • www.SenatorJackBrandenburg.com

This coming election, the Detroit City Council will be elected by districts, not on an at-large basis. This has needed to be done for years because it will force council members to be more accountable to the people of their immediate district and therefore transparency will be enhanced. Forget the good old days when you could run for an office and win just because you had good name I.D. Now the members will have to be responsible to a certain amount of people. They now know that they will have to perform and produce.

Detroit has a 139 mile land mass. It has become painfully obvious that the city cannot service this size of an area any longer, not even close. If I were the Emergency Manager, I would propose to make the city much smaller. Give the border cities a chance to purchase large tracts of land from the outer rim to develop for their own use. This would generate capital and Detroit could negotiate with these entities for a cut of all future tax revenues. For example, the city of Grosse Pointe is landlocked and its southern border could easily be expanded for development. Hotels, apartments, homes, office buildings, restaurants and department stores: This is economic development that spells nothing but positive tax revenue. Change has to happen and it is time to start thinking outside the box.

The issue of what will happen to Detroit's assets will certainly be a hot topic of discussion. The Detroit Institute of Arts (D.I.A.), Belle Isle and the Detroit Water Department are three that come quickly to mind. Belle Isle is a jewel that has been left to rot. The fact that Belle Isle is not contributing to the economy of Detroit in a positive manner is a crime. Either make it a state park, whereby it will draw thousands into the city, or sell it for development. Either way, you take an economic negative and turn it into a huge plus. Regarding the Water Department, just privatize it. The amount realized in improved efficiencies would drive down rates.

The D.I.A. will cause more consternation for some people, but not for me. Let's remember, a lot of people loaned money or gave credit to Detroit on the assumption that they would be paid back. A lot of people worked in the city for years and are currently living on their pensions, which in many cases is all they have. Please remember, we are talking about human beings here versus art (for the record, I love art). There are two cases in point that I would like you to know about. First, the D.I.A. has 8000 pieces of art in storage that have never seen the light of day. They have never been shown to the public; their worth is unknown to me. Second, the D.I.A. has a glass encased figure of the carton character Howdy Doody. It is worth \$300,000, but has not been shown in public since 2009. I ask: Do we really need a \$300,000 Howdy Doody?

In closing, I really believe and want Detroit to be a vibrant, robust and financially stable city again. It can happen, but hard decisions have to be made and severe changes to the culture must occur. If you have any suggestions, I would like to hear them. Please do not hesitate to contact me. As always, it is my pleasure and my honor to serve as your State Senator.

Sincerely,

A handwritten signature in blue ink that reads "Jack". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jack Brandenburg
State Senator - District 11