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State Ends Direct Oversight of Detroit Finances.

- Detroit Financial Review Commission votes unanimously
- Move ends six years of state emergency intervention
- Panel served as check on mayor and City Council after bankruptcy

As David Nicholson left his family-owned PVS Chemicals Inc. headquarters Monday to head to a meeting where the City of Detroit would be released from direct state financial oversight, he saw something out of the ordinary on Detroit's east side: a street sweeper.

"I don't think I've ever seen a street sweeper," said Nicholson, CEO of PVS Chemicals' manufacturing group.

For Nicholson, it was a fitting sight on the day a state commission he serves on voted unanimously to end active oversight of Detroit's finances, less than four years after the state's largest city emerged from bankruptcy.

Mayor Mike Duggan's administration purchased eight street sweepers last year for about \$1.7 million, restoring a neighborhood-level service that had been axed in 2010 amid the city's years-long budget crises.

"I think it comes down to what every business executive looks for, and it's execution. Detroit was never short on planning. Detroit was short on execution," Nicholson told Crain's after the vote. "Over the past three years, whether it was budget process or IT or getting the police on the street or streetsweepers, (Mayor Mike Duggan's) administration has shown it can execute — and that will give businesses a lot of faith. It gives me a lot of faith."

The Detroit Financial Review Commission's vote Monday marks the end of six years of state oversight of Detroit's finances and management that began with the 2012 consent agreement then-Mayor Dave Bing and City Council agreed to, followed by Gov. Rick Snyder's appointment of an emergency manager in March 2013 and the city's bankruptcy declaration in July of that year.

"This is an important day in the history of the city of Detroit," said State Treasurer Nick Khouri, chair of the Financial Review Commission. "... I'm pleased to say this financial emergency is resolved and I look forward to the city's continued success."

For more than three years, the financial review commission has had veto power over city budgets and certain contracts, serving as a check on Mayor Mike Duggan and City Council after their powers were restored at the end of the bankruptcy when state-appointed Emergency Manager Kevyn Orr left town.

Detroit is expected to end the 2018 fiscal year with a \$38 million surplus following three fiscal years where surpluses were deposited into a trust fund to pay for future employee pension obligations.

Under the 2014 law that created the commission, the panel will go into a period of dormancy for 10 years.

At any time during those 10 years, the commission could be reactivated should the city's municipal finances sink back into the years of deficits that prompted Gov. Rick Snyder's declaration of a financial emergency in 2012.

"I appreciate what you've done. I know you'll be at arm's length away," said City Councilwoman Janee Ayers, who chairs the council's budget and finance committee. "And I hope to not see you within that arm's length."

Duggan and City Council members endorsed the Legislature's creation of the financial commission after lawmakers agreed to give them the ability to shed state oversight if they could get auditors to certify Detroit had three consecutive balanced budgets.

The mayor and City Council President Brenda Jones also were able to get seats on the nine-member commission appointed by the governor and majority party leaders of the Legislature.

"We said clearly and unequivocally to the state Legislature: 'We support this bill if we've got a voice on the commission and we can objectively earn our way out,'" Duggan said. "And all I heard over and over was, 'We've never seen this before, this kind of unity.'"

Nicholson, who was appointed by Snyder to the commission a year ago, credits the mayor and City Council with working together collaboratively after Emergency Manager Kevyn Orr ran City Hall during the bankruptcy.

"Over the past three or four years under Mayor Duggan and this City Council, there's been a huge turnaround, and there's a real faith that you're going to be heard as a business and city services are there," Nicholson said.

CRAIN'S CHICAGO BUSINESS

By CHAD LIVENGOD

April 30, 2018