Detroit mayor demands city’s poor foot bill for garbage pick-up

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Detroit Mayor Kwame Kilpatrick’s budget address on Wednesday constituted an arrogant affront to city residents and workers, who have suffered years of budget cuts, decimation of city services and layoffs. Under conditions where city employees and working-class families have seen their standards of living plummet at the expense of gentrification and tax breaks for the wealthy, the mayor requested the Detroit City Council implement new fees for services, and threatened to impose a 10 percent wage cut on city workers if they refused to accept it “voluntarily.”

The budget plan is aimed at wiping out $44 million in budget deficits carried over from the past two years as well as a current-year deficit estimated by the mayor’s office at $60 million. City council fiscal analysts put this year’s deficit at between $160 million and $180 million.

Detroiters reacted with outrage and a measure of disbelief to Kilpatrick’s proposal for the 2006-2007 fiscal year to charge households a whopping $300 a year—or $25 a month, billed quarterly—for the basic city service of curbside trash collection. The city recently eliminated bulk trash pick-up in the city whose neighborhoods are filled abandoned and decaying homes. The mayor made no mention of what would happen to the trash—or the delinquent household—if the fees were not paid.

The proposed trash pick-up fee needs to be placed in perspective: A 2004 study revealed that close to 40 percent of residents of midtown Detroit earned less than $10,000 a year—the $300 yearly tab for such an individual would amount to 3 percent of his or her salary! The proposed trash pick-up fee would replace a 3-mill property tax in place since 1976 earmarked for trash collection. The new per-household fee would disproportionately burden poor families, as under the present system homeowners are levied according to their property’s value.

Another cruel request came in the form of proposal to charge the handicapped—who have previously ridden on buses for free—a 75 cent fare to access the city’s infamously dilapidated and unreliable transit system. In a move that will negatively impact city neighborhoods, two recreation centers will be closed, and private groups are being sought to help operate others.

In an open threat to the city’s workforce, Kilpatrick is demanding that unionized city workers—aside from police and firefighters—agree to a one-year, across-the board, 10 percent pay cut. The cut has already been imposed on nonunion city employees. The mayor warned that if city unions do not agree to the wage-cutting by the end of June he will implement it unilaterally, claiming he has the power under Michigan law to break a bargaining deadlock with some government employee unions. “The reason we’re going to get a deal [with the unions],” he commented, “is because I have the ability to impose.”

The mayor is also pressing for drastic cuts in health care and pensions for city workers. Taking his cue from auto companies like General Motors and Delphi, he has been in negotiations with the leadership of the largest union representing city employees, AFSCME (American Federation of State, County and Municipal Employees), for an agreement on an “Alternative Health Care Plan” to slash benefits for current employees and “legacy” costs for retirees.

Detroit city workers have been attacked in the media and by city politicians in much the same way as autoworkers have been derided for wanting to maintain unrealistic “middle-class lifestyles.” In reality, the average city worker earns in the area of $15 an hour, and by generous estimates—taking overtime pay into account—about $30,000 annually, before taxes. (The mayor’s proposed cut would slash this gross pay by about $3,000.)

In his State of the City address on March 14, Kilpatrick bemoaned the fact that for every dollar paid to a salaried Detroit Department of Transportation employee, the city paid 92 cents in benefits. He indicated his goal was to reduce these benefits costs to the prevailing private sector rate of 30 cents on the dollar, by increasing “employee co-pays to levels that reflect the realities of the workplace in the new century.” According to this scenario, the average worker’s benefits package would be gutted by about $18,000!

Kilpatrick indicated in his budget address that he intends to impose these cuts as well if city union leaders are unable to convince their memberships to accept them.

Comparisons are valuable here. While workers are asked to sacrifice thousands of dollars in wages and benefits, last year Kwame Kilpatrick made the token gesture of cutting his own $176,000 salary by 10 percent. The director of the Detroit Water and Sewerage Department, Victor Mercado, who refused to take a pay cut, pulls in $240,000. And the benefits package for the average City Council staffer, which the mayor is not requesting be reduced, costs the city an average of $41,580 on a $50,000 salary.

For workers and residents of the city, however, economic “success” is measured by how much can be hacked away—both in working conditions and city services. In a sign of the dramatic economic decline of the City of Detroit, Kilpatrick began his budget address by pointing to the “Major reductions achieved” during his administration over the past four years: the reduction of city employees from 20,000 to less than 15,000 (including 2,400 layoffs); reduction of gross payroll costs by $272 million; privatization “spin-offs” of the Detroit Zoo and Detroit Historical Museum; the closure of fire stations.

By this twisted logic, the slow death of an American city is hailed as a rebirth. As the city’s infrastructure and services deteriorate, residents continue to leave in a steady march, with Detroit’s population having shrunk from some 2 million in the 1950s—when the city bustled with auto production—to 900,000 today. The demise of the city has closely paralleled the hemorrhaging of the auto industry, which has seen the loss of hundreds of thousands of jobs over the last quarter century. General Motors, headquartered in Detroit, has only one production facility left within city limits.

Ignoring this reality, local politicians and the media continually point to the city’s revival or, as the mayor calls it—the “Next Detroit.” Recent years have seen the construction of two professional sports stadiums and three gambling casinos—all built with huge tax breaks. Small pockets in the downtown area of the city have been carved out to serve as oases for the well-to-do, sporting refurbished theaters, upscale restaurants and new high-priced loft apartments. Directly adjacent to these areas, urban blight and poverty persist.

In the past year the city hosted both the Super Bowl (the American professional football championship) and Major League Baseball’s All-Star Game. Both were promoted by city authorities and the media as opportunities to inject new life into the city. But within days of these events—after the celebrities and their entourages had fled, leaving a somewhat distasteful sensation in their wake—the city was none the better economically.

Conditions for students and teachers in Detroit schools are an indication of the city’s economic health. Recent weeks have seen rallies and sick-outs by Detroit Federation of Teachers members, fed-up over having their paychecks docked to bail out the financially strapped district. Last month, hundreds of students walked out of Mackenzie High School on the city’s west side to protest a lack of books and appalling building and bathroom conditions. Thirty-two students were arrested or detained; eight charged with disorderly conduct and one with inciting a riot.

As Detroit city workers are being asked to sacrifice their wages and benefits, massive tax breaks continue to be doled out to individuals moving into high-priced houses, condos and lofts. A recent *Detroit News* analysis of State Tax Commission records found that the city is losing more than $63 million in annual revenues because of property tax breaks. This has cost the city and school district more than $400 million since 2000, according to the *News*.

The paper cites the case of Pamela Rodgers, who owns one of the most lucrative Chevrolet dealerships in the country. Rodgers purchased a $1.3 million house along the Detroit River in 2002 in the exclusive Grayhaven Marina Neighborhood Enterprise Zone. “Because of several exemptions,” the *News* reports, “she pays $2,738 a year in property taxes, a break that saves the businesswoman $41,999 a year. When the breaks expire in 2011, Rodgers will have saved $371,345 in property taxes. She receives the biggest residential tax break in Michigan.”

The 51 properties in Grayhaven have a combined value of $21 million, averaging more than $400,000 apiece. While the collective tax bill should be $709,000, the owners pay a total of only $98,000 a year in taxes.