

Bankruptcy judge moves to privatize Detroit public lighting system

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The plans by Detroit Emergency Manager Kevyn Orr to privatize the city's lighting system moved ahead last week when the federal judge overseeing the bankruptcy proceedings approved the sale of hundreds of millions in bonds.

The plan, announced by Orr in June, aims to reduce the lighting system in Detroit from 88,000 streetlight fixtures down to 46,000, and will see the 120-year-old Detroit Public Lighting Department closed down and its operations taken over by utility giant DTE Energy.

After years of budget cuts and official negligence half of the city's streetlights are inoperable. A 14-year-old girl was struck and killed by a car early last Friday morning on the city's northeast side in the latest fatal accident to occur at a blacked out intersection without operating streetlights.

Under the new plan, streetlights will not be restored to entire neighborhoods deemed too under-populated and poor, while others will have to wait at least until 2016 to have lights. According to the *Detroit Free Press*, "The city's Public Lighting Department will continue to respond to outage calls and e-mails in areas that have yet to receive the upgrades. But the 120-year-old department will be phased out once the overhaul is completed."

While Detroit's streetlights will technically continue to be owned by the city, for now, they will be "operated and maintained" by DTE, which will essentially be subsidized with public money. The bankrupt city will pay for this by incurring another \$210 million in debt from the bond sale, which profited Citibank, which oversaw the deal.

DTE has repeatedly demonstrated its ruthlessness to the city's population, routinely shutting off thousands of Detroit's most vulnerable residents, a barbaric practice which has resulted in numerous fires and deaths. The company refuses to invest in and maintain infrastructure in poor neighborhoods throughout the city. In a characteristic move, DTE actually repossessed streetlights

owned by Highland Park, a Detroit enclave, in 2011, leaving more than 10,000 residents without lighting.

So blatant is the conflict of interest that on November 27 Judge Rhodes suspended his hearing on the public lighting plan when he found out that the same law firm—Miller Canfield—which had been hired by Orr to represent the city was also representing the entity set up by the state to expedite the privatization of the public lighting system.

Two of the members of the Public Lighting Authority of Detroit were appointed by sitting mayor David Bing who served on the DTE board of directors for two decades before becoming mayor. Bing negotiated with Governor Rick Snyder and his operative Richard Baird, to arrange the DTE takeover as part of the imposition of Orr as Emergency Financial Manager.

Bing's former employer stands to gain tens of millions of dollars in new revenue from the arrangement. According to *Deadline Detroit*, a portion of this revenue jump will derive in part from the transition of the city from wholesale to market retail rates.

The massive planned reduction in Detroit streetlights is part and parcel of the plans being advanced by the political establishment to downsize or "right-size" Detroit and other major metropolitan areas, cutting off services to and demolishing large areas which are deemed to be no longer "viable." Residents of these—invariably poor and working class—neighborhoods will be left to fend for themselves as the bulk of investment and services are routed to areas catering to the wealthy and the upper-middle class.

The selloff of the public-owned lighting system is a blatant violation of the Detroit City Charter. In Sec. 7-905, "Limitations on Sale of Assets" the Charter states:

"1. The city may not sell or in any way dispose of any property needed to continue the operation of any city owned public utility furnishing lighting, unless approved

by a majority of city voters voting on the question at a regular or special election.”

“2. The City may not grant any public utility franchise for public lighting which is not subject to revocation at the will of the City Council unless the proposition is first approved by three-fifths (3/5) of city voters voting on the question at a regular or special election.”

“3. All contracts, franchises, grants, leases or other forms of transfer in violation of this section shall be void and of no effect against the city.”

In another section, “Privatization of City Services” the City Charter states that privatization of any city services requires an extensive review process and a two-thirds vote by the legislature, which by voting in favor would “certify that it was its determination that the availability and quality of the subject services would be likely to equal or exceed the quality of services which could be provided by regular agency employees.”

These prohibitions have been brushed aside to divert public resources to the politically connected utility monopoly DTE. The privatization of the public lighting system is part of a whole series of similar measures, which include the threatened privatization of the Detroit Institute of Arts and the selloff of its cultural treasures, the privatization of trash collection and public transportation and the potential sale of the Detroit Water and Sewerage Department to private equity firms.

The state’s emergency manager law gives Orr dictatorial powers to override the City Charter and other legal obstacles to the wholesale privatization of the city. In his December 3 ruling US Bankruptcy Judge Steven Rhodes explicitly upheld the constitutionality of this anti-democratic law.



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