



# CRC Memorandum

## THE PROPOSED CITY OF DETROIT CHARTER

### In Brief

The Charter Revision Commission, elected in November 1993, has proposed a new charter for the City of Detroit to be presented to Detroit voters on the August 6 Primary ballot. The proposed charter does not represent a significant break with the past, but rather a revision of the present charter, which was adopted in 1973. The Commission is proposing about 80 changes ranging from minor or technical to substantive and significant. (The scope of the proposed charter has been highlighted in the center page spread of this publication. The background and history of home rule charters for Detroit, as well as the significant changes proposed are described in the main text.)

In the proposed charter, the strong mayor-council form of government would be left intact, with only slight alterations in the balance of power between the executive and legislative branches. The most significant political change is the option given to voters to elect City Council members by districts or at-large. The most significant fiscal change may be the proposal for distribution of excess earnings on pension investments. This section is the subject of litigation, however (see page 8). Certain obsolete provisions were also deleted. The names of some departments were changed and other new departments were created. Some new provisions are proposed, such as Community Advisory Councils, risk management, and changes in the collection of property taxes.

If the proposed charter is approved, it will take effect on January 1, 1997. If the ballot question fails at the August 6 Primary, the Commission may resubmit a revised draft or the same charter at the November 5 Election. The three-year life of the Charter Commission will then expire. If the question also fails in November, the 1974 Charter will remain in effect. Voters would then be asked in 2009 whether to call for a Charter Revision Commission.

The basic question is whether the proposed charter, in its entirety, is an improvement over the 1974 Charter. In other words, will a change in the charter improve the efficiency, effectiveness and accountability of city government?

### Background

#### What is a City Charter?

A city charter is the basic law of the city, a local version of a constitution. Since the adoption of the Michigan Constitution of 1908 (Article 8, Section 21) and the Home Rule Cities Act (Public Act 279 of 1909), the citizens of a city have been able to exercise local self-government by framing, adopting, and amending a home rule charter to fit their own particular needs.

A charter establishes the form of government, its officials, how those officials are selected, their terms of office, and their duties and powers. It prescribes procedures to be followed in operating the government of the city and establishes safeguards which protect the citizens against misuse of municipal authority.

Changes in the city of Detroit Charter can be accomplished by:

- (1) Single issue charter amendments placed on the ballot by either a vote of the city council or an initiative petition.
- (2) A general charter revision approved by the voters.

Since the Detroit Charter became effective in 1974, 17 amendments have been submitted to the voters by the City Council, of which 13 have been approved.

#### What is Charter Revision?

Charter revision provides an opportunity to reassess the strengths and weaknesses of the current charter. How well do the form and structure of city government established by the charter meet the needs of the citizens? A Charter Revision Commission can recommend for consideration by the voters a revised charter that it believes would make government more effective and responsive

to changing community needs. It can recommend any number of changes, and most importantly, it can evaluate the impact of such changes on other provisions of the charter, and on the governance of the city. But a proposed charter revision, once submitted to the voters, must be voted upon as a whole document.

### The Charter of 1974

The present Charter for the City of Detroit was approved by the voters on November 6, 1973, and became effective on July 1, 1974. It replaced the charter of 1918, which had been

amended over 200 times and had become cumbersome and unresponsive to changing conditions in the community. The sheer number of words was reduced from 145,000 to approximately 25,000. The concept of a strong mayor-council form of government with its traditional separation of powers was continued, although the Mayor was allowed greater freedom to select department heads. A major challenge facing the 1970-73 Charter Revision Commission was the need for improved police community relations. The new charter established a civilian police

board, appointed by the mayor with council approval, to oversee the police department and provide a form of civilian oversight.

The present charter also contains provision for automatic submission of the question of calling a Charter Revision Commission 20 years from the date of its adoption, and every 16 years thereafter. The question appeared on the November 2, 1993, Detroit ballot and was approved by 72 percent of the voters. In addition, nine Charter Revision Commissioners were elected at-large.

## The Proposed Charter: Significant Changes

Although the proposed charter is a revision, as contrasted with an amendment, it does not represent the kind of major change brought about by the adoption of the 1974 Charter. It can be viewed as a series of amendments to the present charter, rather than as wholesale change. There are, however, several proposed changes worth noting. The following review is not intended to include all proposed changes, but only those deemed to have a significant effect on City of Detroit government.

### Article 3 - Elections

The proposed charter would create a Department of Elections, to distinguish it from the three-member Election Commission. The elected City Clerk, who directs the Department of Elections and carries out the policies of the Election Commission, would have authority to appoint administrative heads of the Department of Elections.

### Article 4 - The Legislative Branch

**Chapter 1 - City Council.** *Election of the City Council.* Two optional plans for the election of City Council members are offered to the voters (see Ballot Language - page 8).

*Option 1* provides for a continuation of the current method of electing the nine council members on an at-large basis. The member receiving the highest number of votes at the regular city election becomes Council President, and the member receiving the next highest number of votes becomes President Pro Tempore.

*Option 2* provides for the election of 11 members with the President and President Pro Tempore elected at-large and one council member elected from each of nine council districts. Under this option, City Council would have 90 days from the effective date of the Charter to

draw new districts. Redistricting would then occur following each Federal decennial census. Districts would be required to be "compact, contiguous, and nearly equal in population as is practicable."

*If the proposed charter is adopted*, the option receiving the highest number of votes will determine the method of electing city council members. Election of city council members would then take place at the 1997 municipal election. The term of office for all elected officials remains at four years. Terms were not staggered nor was there provision for limitations on the term of office.

The proposed options represent two competing views of representation in local government. Option 1, which would continue the approach adopted initially in 1918, places greater weight on electing members of the Council who would be required to view the city as a whole and

not as a group of smaller entities, each vying for city service provision. Option 2 places greater weight on government “close to the people” that would represent the particular interests of district residents, and on the accountability that election by district is believed to provide.

*Duties of the Council President.* The President of the City Council would continue to preside at all regular session meetings of the City Council. Under a proposed new provision, the Council President would have such administrative duties and responsibilities on behalf of the City Council as provided in the rules of the Council.

*Standing Committee Structure.* The Council could provide by rule for a standing committee structure, instead of the current practice of operating as a Committee of the Whole. The Council President could appoint members of the standing committees, with the approval of the Council as a body which could determine the size and number of committees. The committees could include: Budget and Finance; Neighborhood and Community Services; Human Resources; Law and Public Safety; Planning and Economic Development; and such other committees as Council would deem necessary.

*Special Counsel.* The City Council could obtain the opinion or advice of an outside attorney in any matter pending before it, including instances in which there exists a conflict of interest between the City Council and another branch of government. This section expressly authorizes the City Council to retain

outside legal counsel instead of relying upon the Corporation Counsel. This has been the subject of three previous proposed Charter amendments, all of which failed.

**Chapter 2 - Auditor General.** A change provides that the Auditor General and Deputy Auditor General, who review and audit financial records of the city, be Certified Public Accountants. The Auditor General would be given additional powers to conduct full investigations of city departments, including the power to issue a subpoena.

**Article 5 - The Executive Branch: The Mayor.**

The powers and duties of the office of Mayor would be continued under the Proposed Charter. Powers appropriate to carry out that function, including appointment of department directors, are maintained. In two new provisions, the Mayor would directly appoint the Department Director of (1) Human Resources and (2) Zoological Park. Also, the Department of Environment would be given charter status.

**Article 6 - The Executive Branch: Staff Departments.**

**Chapter 3 - Finance Department. Privatization of City Services.** In many U.S. cities, including Detroit, municipal services once performed exclusively by city employees have been transferred to the private sector in an effort to provide services at a lower cost. This new section would require the adoption of an ordinance by which the city would evaluate proposed privatization efforts prior to such an undertaking in order to determine both direct and indirect

costs, measure or predict the quality of services, provide for employee participation and require annual evaluation of privatized services.

The proposed section poses a number of requirements before such privatization could be adopted. They include comprehensive written estimates of total costs both direct and indirect; requirement for approval of the legislative body to solicit bids for the privatization, after its review of the comprehensive report; and an opportunity for affected employees to organize and prepare a bid to provide the subject services. Other factors to consider would be the access, delivery and quality of services provided, the reduction in the employment level of city residents, differences in work rules and management practices of the workers in the private sector, and any loss of accountability to city residents, resulting from the services being provided by a non-governmental person or entity. Finally, a two-thirds approval of the city council would be required to certify that in its determination, the availability and quality of the subject service would be likely to equal or exceed the quality of services which could be provided by regular agency employees. Further, no provision of this section should be construed to abrogate or limit any legal rights afforded to city employees under the collective bargaining process.

Although ostensibly intended to provide a process for public service privatization, it is questionable whether effective privatization could actually be implemented under the restrictive requirements of this section.

# CRC Memorandum

## The Proposed Charter in Brief

### ARTICLE 1

#### CITY GOVERNMENT

Establishes city government; asserts home rule.

### ARTICLE 2

#### GENERAL PROVISIONS

**Board of Ethics created; standards of conduct set by ordinance;** Qualifications of city officers; four-year terms continued; *candidates to comply with state law which governs campaign contributions and expenditures.*

### ARTICLE 3

#### ELECTIONS

Establishes election schedule; duties of City Clerk. **Department of Elections created; authorizes City Clerk to appoint director and deputy director;** *changes scheduling of special elections to fill Mayoral vacancy.*

### ARTICLE 4

#### THE LEGISLATIVE BRANCH

##### Chapter 1 - City Council

Sets forth meeting requirements and procedures for adopting ordinances. **Alternative ballot proposals for electing city council members. Standing committee structure authorized; Council president shall appoint committee members with approval of council. Council president to have such administrative responsibilities and duties as provided by council rules. Special Outside Legal Counsel Authorized.** Power to override Mayor's veto continued. Mayor must explain why no action is taken on a Resolution.

##### Chapter 2 - Auditor General

Audits City financial operations. **Both Auditor General and Deputy must be C.P.A.s;** *given additional powers to investigate, including issuing subpoenas, one 10-year term.*

##### Chapter 3 - Ombudsperson

Investigates City agencies; **Name changed from Ombudsman. Outside legal counsel authorized.** One 10-year term; *Referendum to continue office at end of term deleted.*

##### Chapter 4 - City Planning Commission

Advises city council on development matters; continues nine-member city planning commission appointed by the council.

### ARTICLE 5

#### THE EXECUTIVE BRANCH: THE MAYOR

Continues strong mayor form of government with appropriate powers and duties. **Department heads required to make timely response to requests for reports.**

### ARTICLE 6

#### THE EXECUTIVE BRANCH: STAFF DEPARTMENTS

##### Chapter 1 - Budget Department

The budget director is responsible for preparation of annual budgets, and management audits of all agencies.

##### Chapter 2 - Planning Department

Planning director is responsible for preparation of development proposals including the city's master plan.

##### Chapter 3 - Finance Department

Finance director coordinates the financial divisions of accounts, assessments, treasury and purchasing. **A new section is added on Privatization** (see page 3).

##### Chapter 4 - Law Department

Corporation Counsel is city's chief lawyer; defends all actions against the city. Also acts as city prosecutor; and provides legal advice to Mayor and city agencies.

##### Chapter 5 - Human Resources Department

Personnel Department changed to Human Resources Department. **Director appointed by Mayor. Civil Service Commission increased to six** (see page 6). Sets forth personnel procedures.

##### Chapter 6 - Environmental Affairs

Department of Environment given charter status. **Purpose, conserve and protect the natural resources of the city; develop a coordinated environmental policy; comply with federal and state laws.**

#### LEGEND:

**Bold Type** - new charter language.

*Italic Type* - revised charter language.

Regular Type - no change in charter language.

### ARTICLE 7

#### THE EXECUTIVE BRANCH: SERVICES AND ACTIVITIES

##### Chapter 1 - General Provisions

Mayor's executive organization plan powers; six staff departments; no more than 36 departments unless changed by ordinance.

##### Chapter 2 - Health And Sanitation

Responsibility for providing an adequate level of health services; and collecting and disposing of wastes.

##### Chapter 3 - Arts

Headed by a seven-member commission appointed by the Mayor, the department shall maintain and operate the Detroit Institute of Arts.

##### Chapter 4 - Building

Department has responsibility for administering and enforcing laws and ordinances relating to land use (zoning). Board of Zoning Appeals continued.

##### Chapter 5 - Community & Economic Development

Responsibility for developing plans to strengthen the city's economy.

##### Chapter 6 - Consumers Affairs

Develop plans for consumer education and protection, investigate complaints, and enforce laws and ordinances. **The Consumer's Council is reduced from 12 to seven members.**

##### Chapter 7 - Public Works

Department is returned to its traditional "public works" function (i.e. garbage collection, streets and traffic engineering, and public buildings). Clarifies sidewalk maintenance reimbursement.

##### Chapter 8 - Fire

Traditional fire fighting duties retained; fire prevention and safety; inspection of buildings.

##### Chapter 9 - Historical

Maintain and operate city's three historical museums. **Size of the Historical Commission increased from five to nine.**

# CRC Memorandum

## Chapter 10 - Human Rights

Investigate complaints of unlawful discrimination; to assure equal protection of civil rights. **Deletes authority to issue cease and desist orders, a state function.**

## Chapter 11 - Police

Traditional police protection duties retained; crime prevention, protection of person's and property rights, enforcing the laws. **Restrictions on out-of-order promotions by chief of police.**

## Chapter 12 - Public Lighting

Supervise public lighting and plants; sale of light, heat and power permitted by law. **Director must be a licensed mechanical or electrical engineer. Limits on sale of assets.**

## Chapter 13 - Recreation

Operate recreational facilities and organize recreational programs.

## Chapter 14 - Transportation

Own, operate and maintain public transportation system above or below ground surface. Strict limitations on sale of property or granting of franchises continued. **Former responsibility for traffic engineering transferred to public works.**

## Chapter 15 - Water and Sewerage

Headed by seven member board of water commissioners, department shall supply water, drainage and sewerage services and set rates to be paid. **Limits sale of assets; requires vote of the people.**

## Chapter 16 - Zoological Park

Operate and maintain city's zoological parks. **Director appointed by Mayor is responsible for operations.** Zoological Parks Commission continued as advisory body.

## ARTICLE 8

### PLANNING AND FINANCIAL PROCEDURES

#### Chapter 1 - Planning Procedures

Mayor proposes; city council approves a "master plan" for total development of city with annual review.

#### Chapter 2 - Budgets

Mayor shall submit both a five-year capital agenda budget and annual budget to city council. **Capital agenda spending plan submitted every other year; certain**

**departments to hold pre-budget hearings; financial accounting to comply with state law, including adoption of a balanced budget.**

#### Chapter 3 - Administration of Budgets

Provides schedule of agency work programs and budget allotments within the year; places limitations on obligations and payments of appropriated funds. **Finance Director authorized to designate person to act on behalf of Chief Accounting Officer.**

#### Chapter 4 - Property Taxation

City is authorized to levy property taxes; duties of board of assessors and board of review are set forth. **Authorizes city to increase its ability to collect delinquent property taxes by selling tax liens to third parties.**

#### Chapter 5 - Borrowing

Continues the authority of city to borrow money, issue bonds, and pledge its full faith and credit for payment, as provided by law.

#### Chapter 6 - Special Assessments

City is authorized to levy special assessments; procedures are provided by ordinance. A technical change included to comply with appeal process to Michigan Tax Tribunal.

## ARTICLE 9

### MISCELLANEOUS PROVISIONS

#### Chapter 1 - Community Advisory Councils

**A new section would permit the city council to establish community advisory councils by ordinance (see page 7).**

#### Chapter 2 - Council of the Arts

A 15-member Council of the Arts is retained to advise the Mayor and city council on all aspects of the cultural life of the city.

#### Chapter 3 - Regulatory Power and Review

In the exercise of its police power, city may regulate, prohibit, or authorize by permit, license, or franchise trade and business activity within the city.

#### Chapter 4 - Specific Responsibilities

Restates city's interest in hospitals, schools; provides for a Board of Review to hear property tax assessment appeals. **The question of a general revision of the char-**

**ter is changed to the primary in 2018, and every fourth such primary thereafter.**

#### Chapter 5 - Specific Powers

Power of eminent domain is retained and other specific powers continued; **parking fines to be set by city council; city to provide incentives to encourage business development.**

#### Chapter 6 - Retirees' Representation

Continues provisions for city employees to be represented in legislative and budgetary proceedings on issues affecting their interests.

#### Chapter 7 - Risk Management

**New section to develop a plan to monitor and minimize claims against the city.**

## ARTICLE 10

### COURTS

Continues authority to provide for courts to deal with violations of this charter or city penal ordinances.

## ARTICLE 11

### RETIREMENT PLANS

Continues existing retirement plans for city employees. **New section would have changed the formula for distribution of excess earnings from retirement investment plan to a proportional distribution based upon respective contributions by the city and by the employees.** This matter is the subject of litigation, however (see page 8). Annual independent audit, by charter, required.

## ARTICLE 12

### INITIATIVE AND REFERENDUM

Initiative and Referendum powers continued; procedures are outlined.

## ARTICLE 13

### SCHEDULE

**If approved, effective date of new charter is January 1, 1997. This transition section provides for protection of public and private rights, city officials and employees rights and effect on existing city legislation. Corporation counsel to recommend changes to implement the new charter.**

**Chapter 5 - Human Resources Department.** The Personnel Department would be renamed the Human Resources Department and the director would be appointed directly by the Mayor, rather than appointed by members of the Civil Service Commission. Significant changes would be made with respect to the composition of the Commission, which currently consists of five members appointed by the Mayor. The requirement that the commission be bi-partisan is deleted. The membership would be increased to six, including the Human Resources Director; the Mayor would appoint two additional members and the City Council would be required to appoint the remaining three members. Human Resources is an executive branch responsibility and the appointment of three new members by the council to a six-member commission could lead to deadlock as well as impinge on the power of the Mayor to manage the executive branch.

**Chapter 6 - Environmental Affairs.** The Department of Environment would be created in the proposed charter and be headed by the Director of Environment. The Mayor, by executive order, has created a Department of Environment as a specific contact point in the city government for communication regarding policy development and implementation. The proposed charter gives the department charter status and lists in detail 11 specific powers and duties for the department to develop and implement a coordinated and comprehensive environmental policy for the City of Detroit. In addition, the department would develop programs

for the protection and conservation of natural resources within the City of Detroit.

### **Article 7 - The Executive Branch: Programs, Services, and Activities.**

**Chapter 11 - Police.** While there was considerable discussion by the Charter Commission on the appointment and role of the Board of Police Commissioners, the Commission decided to propose that the current five-member board appointed by the Mayor subject to approval by the City Council be retained.

*Promotions.* The Chief of Police presently may promote those with lower competitive examination scores over those with higher scores by submitting "written reasons acceptable to the board." A proposed Charter change would require the Chief of Police to file with the Board of Police Commissioners reasons for bypassing one or more persons on the list of officers eligible for promotion. In addition, such "out-of-order" promotions would require approval of four of the five commission members.

### **Article 8 - Planning and Financial Procedures.**

**Chapter 2 - Budgets.** *Capital Agenda.* The proposed change would require that the capital agenda, a five-year spending plan for capital projects, be produced and submitted every other year, instead of annually. The submission would be made during even-number years, permitting the Mayor to prepare and submit an agenda the year taking office.

*Annual Budget.* The current charter requires one formal hearing for citizen input into the budget process. The proposed charter would mandate certain major departments to hold public meetings in the fall of each year, prior to submitting a proposed operating budget for the following fiscal year, which begins on July 1.

*Balanced Budget Requirement.* The present charter requires the budget to set forth all estimated revenues and appropriations and further requires that a surplus or deficit from the previous fiscal year be entered as an item in the budget. The proposed charter would add a provision from state law that requires that the total of proposed expenditures in the budget not exceed the total of estimated revenues.

**Chapter 4 - Property Taxation.** *Collection of Property Taxes.* Delinquent property taxes constitute a major problem for city finances. The proportion of the city property tax levy actually collected has declined gradually over the years, falling to only 88.01 percent in Fiscal Year 1994-95. Although some delinquent taxes are collected each year, accumulated delinquent taxes had grown to \$82.7 million by the end of FY95.

The proposed charter would add a provision to permit the city to sell liens on delinquent properties to third parties. Purchasers of liens would work out payment schedules with property owners but, if such actions were unsuccessful, two years after a sale of a lien, the holder could bring a civil action to foreclose. If the court action were successful, pos-

session of the property would transfer to the lienholder. This approach could add a significant new tool in collecting unpaid property taxes.

### **Article 9 - Miscellaneous Provisions.**

**Chapter 1 - Community Advisory Councils.** A new section would provide for the establishment by ordinance of Community Advisory Councils at the option of each of nine districts. These Councils would be designed to serve as an additional avenue of communication and as a community stabilization resource. The districts would either be the same as districts from which council members are elected, or, if all council members are elected city-wide, then nine compact and contiguous districts nearly equal in population would be created. The ordinance would provide that, upon receipt of a petition from the residents of a district, signed by a certain number of qualified registered voters, a Community Advisory Council shall be created consisting of eight members elected from the district and one member of the city council. The powers and duties of each advisory council would include communicating to city council the concerns of groups, agencies, businesses and residents within its district, with respect to the delivery of programs and services; providing advice to city council on major issues within the Community Council Advisory District, including: (1) housing development, (2) commercial blight, (3) safety and security, and (4) economic opportunity and employment.

The proposed Charter would preclude City appropriations to Community Advisory Councils, but

would permit them to accept grants or donations.

**Chapter 5 - Specific Powers.** *Incentives for City-Based Businesses.* This proposed section would require the City to provide by ordinance for incentives to encourage business development in Detroit. The City would also be authorized to adopt a purchasing ordinance with a system of incentives for Detroit-based businesses, when doing business with the city.

**Chapter 7 - Risk Management.** This proposed new section would seek to aid the city in developing a coordinated effort to address and minimize claims brought against the city. The Risk Management Council would be composed of five key city officials, including the Corporation Counsel, Chief of Police, Finance Director, Human Resources Director, and the Auditor General. At least every two years, the Risk Management Council would determine the effectiveness of activities taken to reduce claims. Reports with recommendations for improvements for each department would be submitted to the Mayor and City Council.

**Article 11 - Retirement Plans.** The four funds that constitute the City of Detroit General Retirement System provide a defined benefit pension plan for City employees. A *funded* plan, such as that operated by Detroit, requires that assets be set aside when benefits are earned by current employees so that when the employees retire, the assets will be available to pay those benefits. In determining how much to set aside each year, actuaries make certain assumptions about such things as re-

tirement rates, death rates, and interest rates.

Inevitably, actual experience will prove to be different than the actuary's assumption regarding these rates. In some cases, the actual rates will prove to benefit the financial condition of the system, creating *actuarial gains*. In other cases, the opposite will hold true, resulting in *actuarial losses*. If, for example, interest earnings are higher than those assumed by the actuaries, the system will gain; if they are lower, the system will lose.

Over a long period of time, actuarial gains and losses tend to offset each other; an unexpectedly low interest rate in one year will be offset by an unexpectedly high rate in some other year. Normally, a funded plan permits this to happen with the expectation that over the long run, it will all average out.

In the Detroit plans, however, a different approach is used. The current interest rate assumption employed by the trustees of the system is 7.5 percent. If the actual rate of return is higher than that, the additional earnings are declared to be "excess" and, rather than going toward improving the financial condition of the funds, most of the excess is distributed to both active and retired employees as a so-called "thirteenth check." Thus, actuarial gains go to city employees. Actuarial losses, however, are absorbed by the General Fund, and therefore by the taxpayers. The result is that the opportunity for offsetting losses and gains with respect to interest earnings is foreclosed, creating a system that is

## BOARD OF DIRECTORS

S MARTIN TAYLOR, Chairman  
ALFRED R. GLANCY, Vice Chairman  
JOHN S. SKUBIK, Treasurer  
RALPH W. BABB JR.  
GEORGE N. BASHARA JR.  
ALBERT CALILLE  
JOHN W. CLARK  
W. FRANK FOUNTAIN  
SHAWN M. KAHLE  
DANIEL J. KELLY  
SUSAN L. KELLY  
DAVID B. KENNEDY  
PATRICK J. LEDWIDGE  
ROBERT F. MAGILL  
ROGER L. MARTIN  
MICHAEL E. MASLYN  
DONALD R. PARFET  
JEROLD E. RING  
IRVING ROSE  
HOWARD F. SIMS  
JOHN E. UTLEY, JR.  
AMANDA VAN DUSEN  
RICHARD C. WEBB  
EARL M. RYAN, President



**Citizens Research Council of Michigan**  
38777 Six Mile Road, Suite 201A  
Livonia, Michigan 48152-2660

NON PROFIT ORG.  
U.S. POSTAGE

**PAID**

DETROIT, MI  
PERMIT NO. 210

much more expensive than it would be otherwise.

From 1985 to 1994, the trustees have distributed \$442 million in “excess earnings” and although the City has made about 77 percent of the contributions to the funds, the City has received only 35 percent of the

distribution. Employees have made about 22 percent of the contributions, but 54 percent of the distribution went to active employees, with 11 percent going to retired employees.

The Charter Commission attempted to resolve this problem by providing

that any excess earnings be distributed in proportion to the respective accumulated contributions in the funds. If City contributions equal 77 percent of the assets in the funds, the City would receive 77 percent of the excess earnings. The employees would receive their proportionate share.

### AUGUST 6, 1996 PRIMARY ELECTION City Of Detroit Charter Proposals

#### PROPOSAL C - PROPOSAL TO ADOPT A NEW CITY CHARTER

Shall the City of Detroit Home Rule Charter proposed by the Detroit Charter Revision Commission, together with voter preference on Proposal D be adopted?

YES \_\_\_\_ NO \_\_\_\_

#### PROPOSAL D - METHOD OF ELECTING MEMBERS OF THE CITY COUNCIL

Vote for only ONE (1) Option, Either 1 or 2

If the proposed City of Detroit Home Rule Charter is adopted, shall it provide for:

OPTION 1: A total of nine (9) members of the City Council elected at-large.

OPTION 2: A total of eleven (11) members of City Council with one (1) Council member elected from each of nine (9) districts, and two (2) members elected at-large, the President and the President Pro Tempore.

OPTION 1 \_\_\_\_ OPTION 2 \_\_\_\_

If this provision had been in effect during the 10-year period, 1985-94, the City would have received an additional \$187 million, which could have been used to reduce the cost of the system to taxpayers.

**Note:** On June 21 the Wayne County Circuit Court issued an order striking this provision of the proposed charter concluding that this was a matter for collective bargaining that could not be dealt with in the Charter. Unless reversed on appeal, this order will prevent this section from being voted on by the electorate.

---

*This analysis of the proposed City of Detroit Charter was prepared by William H. O'Brien and made possible by grants from the Detroit Edison Foundation and NBD Bank.*

---