

ALLEN PARK GROUP TO FILE PETITION PROPOSING CITY CHARTER AMENDMENT TO REQUIRE VOTER APPROVAL OF BORROWING

ALLEN PARK. A handful of Allen Park residents, incensed that the previous mayor and council, acting entirely on their own authority, sold \$31 million worth of general obligation bonds to invest in a failed movie studio venture, have collected the signatures needed to propose a city charter amendment that would take that power from future, elected officials.

"This is a simple, one sentence addition," said organizer Tim O'Brien, "that will essentially put the same voter-approval requirement on borrowing that the Headlee Amendment already puts on tax increases. Frankly," he continued, "it's hard to believe this restriction wasn't already there. What good does it do to require voter approval of tax increases, if politicians can borrow millions of dollars on the 'full faith and credit' of taxpayers? It's a distinction without a difference."

The informal, volunteer group called *Restore Allen Park* also includes resident Bryan Diebolt whose request a year ago to the state for appointment of an Emergency Manager for the city was rejected by treasury officials as "premature."

"It's too bad Treasurer Dillon's office didn't see the problems back then," noted Justin Mordanski, a *Wayne County Tea Party* activist who is also a member of the Allen Park group. "Another year has gone by and the city is now teetering on the brink of bankruptcy."

A second request for state review, this one by the city council, was made earlier this summer, resulting in a 12-page report issued last week that is a scathing indictment of city officials. Describing the current administration "manifestly dysfunctional," it concluded that the only way to resolve the situation was the immediate appointment of an Emergency Manager. "There is nothing magical about a consent agreement," the letter says, "many of the provisions of which do no more than impose upon local officials conditions already required by state statutes," unabashedly adding, "if not common sense."

Nor was the prior administration that created the crisis spared. "It's not readily apparent why the then Mayor and then City Administrator agreed to purchase the property for \$10.8 million more than the amount they had simultaneously stipulated to be the value in order to settle the valuation appeal." But the letter also notes that the answer to that question was "beyond the scope" of the review team, ominously adding that "further inquiry" should be done by proper authorities.

"It is truly unfortunate that no one in Lansing listened when Bryan went to them more than a year ago," O'Brien added. "But we can only look to the future. I sincerely hope that voters don't overturn the Emergency Manager law this November and we can get someone here to straighten out this mess. But I suppose," he added with a sardonic shrug, "with bankruptcy as the only option left, at least we won't have to worry about elected officials borrowing any more money for a very long time to come."

The *Restore Allen Park* group plans to file the petitions with city clerk tomorrow, August 14th, at 2pm.

Appeal for support of the Allen Park Charter Amendment

Dear liberty loving compatriot,

You are undoubtedly aware of the dire financial straits of the heretofore prosperous, little, suburban community of Allen Park.

There have been widespread media reports of the plan by local, elected officials a few years ago to cash in on state film and education subsidies by getting the city into show business. They partnered with a B movie producer in a visionary project to build studios and sound stages, editing and animation facilities, as well as a school to retrain laid-off auto workers in all of the associated skills, on 104 acres of prime, downtown, real estate.

What has not gotten any coverage, however, is how it is that a handful of politicians managed to come up with the venture capital to fund this scheme. To cut to the chase, as the old-time movie moguls used to recommend, they sold more than \$30 million worth of 30-year bonds.

It wasn't hard to see that this was a disaster epic in the making.

A new administration came to Lansing two years later and instituted a number of cost-cutting measures, among them a drastic reduction of the film subsidy program and complete cancellation of the "No Worker Left Behind" tuition program. Gone in 60 seconds was the politicians' impresario partner, leaving behind a city on the brink of bankruptcy. Indeed, the successor to our TV star governor (who, ironically, has taken production of her own show to California) recently notified the city that he will be appointing an emergency manager to clean up the financial wreckage.

But what is a tragedy without a lesson? And there is certainly one here.

Under local ordinance and charter, state law and constitution, the seven-member Allen Park city council can -- on their own authority -- obligate 28,000 residents, as well as all of the city's business and industry, for as much debt as their combined properties will collateralize.

While the 1978 Headlee Amendment requires voter approval for a tax increase there is no corresponding limitation on the authority of elected officials to borrow on "the full faith and credit" of the jurisdiction they represent. This is, I believe, what is commonly referred to as "a distinction without a difference."

The ironic twist in the plot is that Allen Park -- Michigan's poster child for central planning run amok -- is also the hometown of the Small Government Alliance, a statewide, independent, libertarian PAC that has built a decade-long track record for accomplishing virtually every project, cause and campaign we have taken on.

"Ye will surely say unto me this proverb, 'Physician, heal thyself!'"

We decided to heed the proverb and took the opportunity presented by a May special election (called by the current council to ask for a tax increase to cover the bond payment shortfall) to gather the signatures needed to propose amending the city charter by adding the following sentence:

"No obligations or municipal bonds backed in whole or in part by the taxing power of the city shall be authorized, issued or sold for any purpose or purposes unless approved by a majority of electors at a general or special election."

The proposal has since been certified to appear on the November general election ballot.

Public officials are, of course, loudly and unalterably opposed to any such limitation on their power. As are all the immediate beneficiaries of unrestricted public spending, including both city employees and frequent users of subsidized services such as the city's community center, sports facilities, etc. These comprise a small -- but highly motivated -- fraction of the Allen Park electorate.

It is now essential for those of us who favor small government to make certain that the great, silent majority of the city's taxpayer-residents are aware of the fact this important proposal will appear at the very bottom of a very long ballot

-- one that includes not only the presidential candidates but also a half-dozen, statewide ballot questions.

To that end we must at minimum send a direct mail piece to all 11,000 registered-voter homeowners in the city, split into two mailings -- the first to those who vote by absentee ballot (when these go in the mail early next month), the balance in early November (shortly before the general election.) Such additional components of a successful political campaign as yard signs, outreach to local, small business, etc., while valuable, are supplemental. Directly putting a notice of the proposal into the mailboxes of all voters, however, is vital.

Naturally, all of us who have worked to bring this important question to the people of Allen Park would be very grateful for whatever support you can provide. But this issue is one that ought to be seen in Cinemascope. The precedent of enacting such an important refinement of the Headlee tax limitation amendment has the potential to resound far beyond the precincts of the fictive realm of Hollywood 48101. This is simple, straightforward language that can easily be added to any city or county charter in the state. Perhaps the echoes might even reach all the way to Lansing where a statewide ballot question in the next election could resolve the issue once and for all.

Please feel free to call (313-562-5778) or email (TOBrien321@SmallGov.us) me with any questions. I will be more than happy to provide additional details. I sincerely thank you for whatever contribution you can make to (SGA's new, sister, Ballot Question Committee):

Small Government Committee
Box 118
Allen Park, MI 48101

Tim O'Brien
Executive Director

PS Please forward this email to anyone and everyone you think might share our concerns.

PPS If you were wondering about how that May tax increase proposal fared, it was soundly rejected. However, the mayor and council, apparently trying their hand at the horror genre, are attempting to bring it back from the grave. The very same 4-mills/2-years proposal will also appear on the November ballot as

Prop 1 -- before voters get to the very last item, our "borrowing limitation" amendment that will appear as Prop 2.