



Detroit's Spruce Goose – City Airport

By Michael Farren

Summary

Detroit's first task right now should be recovering from bankruptcy, and an important step would be to address the City Airport. After years of bad policy and mismanagement, the airport should either be passed to another owner, mothballed, or closed permanently to benefit taxpayers most.

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In 1805, a calamitous fire destroyed the young city of Detroit, giving rise to the city's motto, "*Speramus Meliora; Resurget Cineribus*" — "We Hope For Better Things; It Shall Rise From the Ashes."

Today Detroit struggles to recover from a different kind of disaster: Bankruptcy.

Detroit's modern downfall came not from natural events, but from adopting financially ruinous policies, continual mismanagement and failing to change course, even in the presence of clear signals foretelling a future fiscal collapse.

But one way to move Detroit forward during and after bankruptcy is by unloading municipal assets, especially the assets that have been dragging the city down. By shedding assets, the city can generate or save revenue that might best be used reimbursing creditors — including retirees and pension funds.

A good example of such an asset can be found at the city-owned Coleman A. Young International Airport, or City Airport, as it was originally known. The airport has consistently overspent its budget each year for more than two decades, but almost every year the city bailed it out. From 1992 through 2012, Detroit gave the airport subsidies totaling \$33.3 million (\$42.2 million in 2012 dollars). Requiring Detroit taxpayers to pay for services that the vast majority of them never use or benefit from is bad fiscal policy.

Detroit officials recognized that City Airport was a problem. Mayors Young, Dennis Archer and Kwame Kilpatrick attempted to expand the airport's runway length or update the airport, but they all failed or found the efforts fiscally unsustainable. More recently, Mayor Dave Bing sought to contract City Airport's management to a private corporation or to the Wayne County Airport Authority, but he also was unsuccessful.

A serious effort to free the city of the burden of the airport was made in 2002 when Mayor Kilpatrick demanded that it "compete or close." If the airport had been closed, the city could have saved enough money through 2012 to pay the salaries of 20 to 25 additional police officers every year.

Over the same time period, Detroit's police force shrank by almost 40 percent while the violent crime rate and average police response time climbed to five times higher than the national average. But City Airport neither competed nor closed.

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One way to move Detroit forward during and after bankruptcy is by unloading municipal assets, especially the assets that have been dragging the city down.

Bankruptcy provides the motivation and opportunity to create a permanent fix to Detroit's flawed airport policy. The three best options are: transfer ownership to another organization, mothball it, or close the airport permanently.

Up to date, there's been no real effort to transfer all ownership and divest Detroit of the property completely. This could be the city's best option in the long run, as it would remove the asset from Detroit's books permanently, but keep the airport operational, maintaining the benefits it offers to the local economy.

If the city gave up actively managing the airport — mothballing it — the operational costs would become negligible, and this may eliminate the need for annual multi-million dollar subsidies. Federal Aviation Administration contractual obligations generally prohibit completely closing an airport or selling the property for profit. But many county airports are operated on a very minimal basis, and City Airport could be too, until such a time as another public or private organization showed interest in restarting active management.

It is possible to completely close an airport, however. Although FAA contracts require that the airport be maintained to serve the nation's air traffic, the city can appeal to be released from that requirement. A good case could be made that City Airport does not provide any service that could not be accommodated by the half dozen other airports located within 30 miles of it. Detroit's bankruptcy status could be used as additional leverage in the FAA appeal to close the airport.

Detroit needs to make a fresh start after bankruptcy and break the cycle of bad policies that caused the financial disaster in the first place. Relieving the city's taxpayers of the burden of City Airport would be a good start.

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