

DETROIT MAYOR KENNETH V. COCKREL JR.
COBO RESOLUTION VETO REMARKS

March 4, 2009

Good afternoon.

Most of you are aware of the letter I sent to Detroit City Council on Monday that urged them to reconsider their resolution to reject the transfer of Cobo Center to a regional authority – namely, the Detroit Regional Convention Facility Authority, which was created by state legislation last December and approved by the governor in January.

My letter indicated that if no member of Council filed for reconsideration by 4 p.m. Monday, I would exercise my Charter authority to veto the council's resolution. Obviously, no Council member came forward to file for reconsideration.

Nevertheless, I delayed any action until I could hold more discussions with individual council members about the issues that prevented them from supporting the Cobo deal.

In fact, over the past week, I, along with labor representatives and members of the business community -- many of whom are standing with me now -- continued to work with several Council members to secure their support.

Unfortunately, we were not successful in that effort. As a former Detroit City Council member and its president, I know that despite what others do to inform or influence council members, their final vote is theirs to make. I am disappointed by the reluctance of a small number of Council members to take a fresh look at the important benefits the Cobo deal offers Detroit.

Frankly, I'm dismayed by their lack of focus on the issues important to this city, the region and the state.

I am, therefore, following through on the promise I made on Monday. Based on authority given to me as Mayor, under the Detroit City Charter, earlier today I vetoed the Detroit City Council's resolution to reject the Cobo expansion plan.

I fully expect my veto to stand. I therefore look forward to moving ahead with the expansion of Cobo and attracting bigger and better conventions and shows to Detroit and the region.

As we do so, I look forward to working with Detroit City Council, the new Cobo Conference Center Authority, and labor, business, government and community leaders -- to create new jobs and a stronger economy for Detroit and the region.

Because I respect the actions of City Council, and the fact that they are direct representatives of Detroit's citizens, I want the people of Detroit to fully understand why the Cobo deal is good for the city, and why it must go forward.

- First of all, the Cobo deal preserves an important City asset – a convention center that is responsible for \$600 million in revenue and about 16,600 jobs of all kinds for our city and our region each year.
- Some have said we’re trying to give Cobo away – but it’s just the opposite: this deal allows us to keep Cobo, and everything it does for the city and the region.
- You see, the City of Detroit is responsible now for all of the costs connected to Cobo. But we can’t afford those costs; not now, and no time in the foreseeable future. Cobo costs us about \$15 million a year out of our general fund, and we need to invest about \$200 million in maintenance and repair right now. That’s pretty hard to justify, when the City faces a deficit of up to \$250 million.
- Under the Cobo deal, the new regional authority will pay for the \$279 million in expansion and renovation we need right now. It will pay for additional maintenance and expansion in the future.
- The authority will also take over Cobo’s debt: about \$100 million the City owes will disappear from our books, and we’ll have more room for new bonds for new projects.
- The authority will pay Detroit \$20 million as compensation for Cobo parking revenue we will no longer collect. But that revenue – about \$4 million a year – doesn’t compare to the \$15 million we pay out for Cobo each year. This deal allows us to cut our losses.
- It is true that the authority will own and operate Cobo. But don’t believe the myth that the authority could take the valuable riverfront land Cobo sits on and do something new with it. The legislation calls for the Cobo property to revert back to City of Detroit ownership if Cobo should ever cease operating as a convention center. So the regional authority can’t do anything but manage a major Detroit asset – at no significant cost to Detroit. That’s what I call a win-win, folks.
- Furthermore, the authority will not be able to do a thing without Detroit approval. Detroit will have its own representative on the five-member authority board, and each member will essentially have veto power. I have full confidence that my appointee to the board, Waymon Guillebreaux, will promote Detroit workers and Detroit contractors, and act in the best interests of Detroit at all times. I feel the same way about Governor Granholm’s appointee, Larry Alexander, who is president and CEO of the Detroit Metro Convention and Visitors Bureau. Larry’s commitment to and involvement in Detroit is well known and highly respected.
- Finally, and importantly, the deal preserves the jobs of Cobo workers. Cobo employees will have the choice to continue working at Cobo as Authority

workers, without the loss of their benefits, pensions or seniority. Or they could transfer to new positions with the City, depending on their seniority; or they could choose to retire. The presence of the outstanding union members and officials here today speaks to the broad labor support for the Cobo deal – which some City Council members have chosen to ignore.

And with that point in mind, let me say this about the injection of race into this debate when Council voted on this issue last week. As the son of a Detroit City Council member who had no reservations about identifying and attacking institutional racism, I have some strong opinions on the subject. I say crying “wolf” on racism is an insult to those who, like my father, fought truly racist practices in the past. It is wrong for anyone to play the race card just to promote a political position they happen to hold, and those who do so should be ashamed of themselves.

The fact is working together as a region will strengthen Detroit. We can and we will bargain and negotiate with our neighbors in a position of strength. But without relinquishing any of our true assets, we can become a richer, greater city through regional cooperation.

The need for regional involvement in the final expansion plan for Cobo has been obvious to anyone who has paid attention to the statewide debate on the issue – which has proceeded for several years now. So Council members who had problems with the regional nature of this deal have had ample opportunity to talk with legislators and others for several weeks. The key points of the Cobo legislation were public and easily available to City Council members when the legislation was developed late last year.

As Council Member Kwame Kenyatta noted in a newspaper column published yesterday, the Council did not voice any major concerns about this issue at all until we neared the deadline for their possible rejection of the legislation.

People of Detroit, we face extraordinary challenges. The very future of our city is at stake. At a time when we need to grab every economic advantage available to us, walking away from a solid Cobo deal makes no sense – especially when we already negotiated compromises and concessions from the region and the state.

The Cobo expansion deal is good for the region – but it is even better for Detroit and the people of Detroit. That’s why I have acted to make this deal a reality. That’s why I was compelled to veto a resolution that would only kill jobs, hurt the City’s budget, and damage Detroit’s image for years to come.

We can no longer afford the political games, the us-versus-them, the blaming and finger-pointing that make progress impossible. It’s time to put Detroit first.

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