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**EMERGENCY MANAGER
CITY OF FLINT
GENESEE COUNTY, MICHIGAN**

ORDER No. 20

**MEASURES TO RECTIFY FINANCIAL EMERGENCY AND
ALLOCATION OF RESPONSIBILITIES IN THE EVENT OF THE
APPOINTMENT OF A RECEIVERSHIP TRANSITION ADVISORY
BOARD**

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER
("EMERGENCY MANAGER") FOR THE CITY OF FLINT, MICHIGAN ("CITY")
PURSUANT TO MICHIGAN'S PUBLIC 436 OF 2012, LOCAL FINANCIAL
STABILITY AND CHOICE ACT, ("PA 436"); GERALD AMBROSE, THE EMERGENCY
MANAGER, ISSUES THE FOLLOWING ORDER:

Pursuant to PA 436, the Emergency Manager has broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the City of Flint and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare; and

Pursuant to PA 436, the Emergency Manager acts in place of local officials, specifically the Mayor and City Council, unless the Emergency Manager delegates specific authority; and

Pursuant to PA 436, the Emergency Manager has broad power to manage the local government, and may issue orders to elected and appointed officials necessary to accomplish the purpose of the Act; and

Pursuant to Public Act 436, the Emergency Manager is issuing this order to rectify the Financial Emergency and allocate responsibilities in the event of the appointment of a Receivership Transition Advisory Board:

- 1) The purpose of PA 436, which became effective on March 28, 2013, is to safeguard and ensure the financial accountability of local units of government; to preserve the capacity of local units of government to provide or cause to be provided necessary services essential to the public health, safety, and welfare; to provide for review, management, planning, and control of the financial operation of local units of government and the provision of services by local units of government; to authorize a declaration of the existence of a financial emergency within local units of government; to prescribe remedial measures to address a financial emergency within local units of government; to provide for the appointment and to prescribe the powers and duties of emergency managers for local units of government; and to provide for the termination of a financial emergency within a local unit of government.
- 2) Section 23 of PA 436 authorizes the Governor, before removing a local government from receivership, to appoint a Receivership Transition Advisory Board (Board) to monitor the affairs of the local government until the receivership is terminated.
- 3) By letter dated April 28, 2015, I recommended that Governor Snyder appoint a Receivership Transition Advisory Board for the City.
- 4) In the event that the Governor appoints a Receivership Transition Advisory Board (Board), this Order is issued to facilitate the effective and efficient operation of the City for the duration of the period that the Board is monitoring the affairs of the City and the City remains in receivership. City officials shall be governed by and perform the duties and functions set forth as follows:
 - (a) **The Mayor and City Council shall implement all of the following financial best practices within the City and do all of the following:**
 - 1) Safeguard the financial stability of the City by seeking out, approving, and implementing cost-saving measures recommended by the City Administrator, the Board, or both.
 - 2) Work with the City Administrator and other City or State officials to successfully transition the City from receivership and eliminate financial stress within the City.
 - 3) Ensure that the City makes annually required contributions to the City's pension funds. Any changes to the City's pension plans, including an annual

contribution which is less than is actuarially determined, may only be made with the approval of the Board and the State Treasurer.

- 4) The City Council shall not interfere with the employees of the City. The City Administrator shall be the authorized management contact for all employees.
- 5) Fill within 120 days and with the approval of the Board, any vacancy in the Office of City Administrator with an individual that meets qualifications outlined in the job position description and established by the Board. Upon such a vacancy the City shall engage a Board-approved and professionally recognized search firm to identify and locate qualified candidates. Without the approval of the Board, neither the City Council nor the Mayor may terminate the City Administrator, or any other City officer or employee.
- 6) Shall observe the budgetary process as detailed in ordinance. Any budget adoption or subsequent amendment must be submitted for Board approval prior to implementation. The City shall comply with the two-year budget, which the Emergency Manager adopted pursuant to §21(1) of PA 436; however the two-year budget may be amended by approval of the Board and State Treasurer. Proposed budget amendments must be submitted to the Board at the next Board meeting that follows the event or discovery that necessitates the amendment.
- 7) Adopt ordinances and resolutions not inconsistent with this Order and Michigan law. Ordinances and resolutions are subject to a approval of the Board before taking effect, except as otherwise directed by the Board,

including but not limited to, ordinances of resolutions providing for the appointment of reappointment of individuals to City offices.

- 8) Issue or otherwise incur debt with the approval of the Board. As used in this paragraph, “debt” means that term as defined under the Revised Municipal Finance Act, 2001 PA 34, MCL 141.2101 to 141.2821.
- 9) Post City Council meeting agendas on the City’s website no less than 24 hours prior to each meeting.
- 10) Document all of the City’s outstanding liabilities, including payables and debt obligations. The City shall provide a report on the liabilities to the Board upon request.
- 11) Adopt or alter policies and procedures for conducting the operations of the City Council, as needed, subject to approval by the Board.
- 12) Verify the qualifications and eligibility of any individual being considered for appointment or reappointment to the City Council or any other City board, commission, or committee prior to said appointment or reappointment. An individual not eligible for appointment or reappointment shall not be approved.
- 13) Review not less than annually an inventory of City assets.
- 14) Review not less than annually a report on business licenses issued by the City.
- 15) Review licensing fees and all other City fees on an annual basis and make recommendations for any adjustments, subject to approval by the Board.
- 16) Annually review the status of tax collections and outstanding property taxes owed to the City and report findings to the Board. The City must maintain

adequate assessment records in compliance with state statute, State Tax Commission rules and guidelines, and implement any corrective actions necessary. The City shall implement a full reappraisal within a time frame agreed to with the State Tax Commission.

- 17) City owned parcels shall be appraised prior to sale and sold by a sealed bid process absent approval by the Board to sell by another method.
- 18) Review election precinct sites and approve expenses associated with elections, consistent with the budget then in effect for the City.
- 19) Review and act by resolution on proposed economic or redevelopment projects recommended for approval by the City Administrator. In the event that the City Council fails to approve such a recommended action, the Council shall record the rationale for its disapproval in writing and submit this document to the Board within 14 days of the council meeting in which the economic or redevelopment project was voted upon. The Board shall then evaluate the City Administrator's recommendation for the economic or redevelopment project and the City Council's rationale against it. The Board shall select the course of action which, in the Board's sole discretion, best serves the interests of the citizens of the City of Flint. If the Board endorses the proposed economic or redevelopment project, the City shall implement it promptly without Council approval.
- 20) Review and act by resolution on proposed intergovernmental agreements or service consolidation plans recommended by the City Administrator. In the event that the City Council fails to approve such a recommended action, the

Council shall develop and submit an alternate proposal which achieves equal or greater savings to the Board within 14 days of the council meeting in which the proposed intergovernmental agreements or service consolidation plan was voted upon. The Board shall then evaluate the City Administrator's recommendation and the City Council's proposal and select the course of action which best serves the interests of the citizens of the City of Flint. That proposal shall be implemented without Council approval.

- 21) Comply with local ordinance concerning the purchase of and contract for goods and services.
- 22) Approve any changes to the job description of the City Administrator, any contract with the City Administrator, and any policies or procedures applicable to the City Administrator with the approval of the Board.

(b) The City Administrator shall implement all of the following financial best practices within the City and do all of the following:

- ~~1) Fulfill the responsibilities and duties of Emergency Manager Order Number 3, dated April 10, 2015.~~
- 2) Be responsible for effectively overseeing the day-to-day operations of the City, consistent with Emergency Manager Orders.
- ~~3) Be the sole authority concerning modifications to compensation, including appointed officers and other City employees. This provision does not apply for elected officers within the City.~~

- ~~4) Notwithstanding to provisions of paragraph 20 of Emergency Manager Order No. 3 (issued April 10, 2015), termination of any department head shall require the approval of the Board.~~
- 5) Negotiate and recommend approval to the Board proposed collective bargaining agreements, subject to limitations on collective bargaining under MCL 141.1567(3).
- 6) Submit regular reports to the Mayor, City Council, and Board regarding the overall operation and direction of the City and regularly report on his or her activities to the Mayor, the City Council, and the Board.
- 7) Serve as the official City representative to the Board on behalf of the Mayor and the City Council.
- 8) Work with the City Council, the Mayor, and other City of State officials to successfully transition the City from receivership and eliminate financial stress within the City.
- 9) Ensure that the City is in full compliance with Public Act 436, all Emergency Manager Orders, local ordinances, and applicable state and federal laws.
- 10) The City Administrator may be removed only in accordance with the provisions set forth by Emergency Manager Orders and the City Administrator's Employment Agreement. Complaints or grievances against the City Administrator from the Mayor or City Council shall be provided to the City Administrator in writing. The City Administrator may not be terminated, suspended, or placed on administrative leave without the approval of the Board.

- 11) Shall observe and comply with the Purchasing Ordinance, Ordinance #3865
However in the event that the Board documents abuse of the process outlined in ordinance, the Board may resolve to review all purchases over \$15,000. If this occurs, Board approval is required in addition to approvals required by ordinance.
- 12) Provide to the Mayor, City Council, and the Board by the 20th calendar day following the end of each month, or when directed by the Board, monthly budget-to-actual reports, balance sheets, and a cash balances report by fund and by bank account, as prepared by the Finance Director. These reports are to be reviewed monthly with the Mayor. Additionally, if requested by the Board, monthly reports shall be submitted to the Board which detail all of the overtime expenses that the City has incurred during the previous 30 days.
- 13) Provide the Board with a plan to address and resolve all deficiencies reported in the most recent audited financial statements.
- 14) Serve as the primary contact between the Mayor, City Council, and the employees of the City.
- 15) Faithfully execute the duties of the City Administrator.

(c) The Mayor, City Administrator, and City Council shall implement all of the following financial best practices within the City and do all of the following:

- 1) Comply with all financial policies and ordinances, including but not limited to, the development and update of the Strategic Plan, Ordinance #3854; Development and Adoption of Biennial Budgets and Three-Year Financial Forecasts, Ordinance #3855; Amendment of Adopted Budgets, Ordinance

#3856; Fund Balance Policy, Ordinance #3851; Budget Stabilization Fund, Ordinance #3853; Other Post-Employment Benefits, Ordinance #3852; and the Purchasing Ordinance, Ordinance #3865. Additionally, continue to adopt, subject to Board approval, any policies and procedures necessary to implement best financial practices by the City.

- 2) Work with the Board to successfully transition the termination of receivership for the City by supporting, implementing, and maintaining the financial and operating plan and the reforms instituted by the City's emergency managers, including but not limited to, the financial and operating plan for the City and by providing appropriate training and explanation of City operations.
- 3) Provide to the Board, in a timely manner, any documents, records, or other information requested by the Board or its staff. Appear before the Board to provide testimony, documents, records or other information when requested by the Board or its staff.
- 4) Per previously adopted Orders, continue to develop and maintain a rolling five-year financial operations plan, in coordination with the City Administrator and City Finance Director, and ensure that the financial operations plan is prepared in accordance with applicable law. The five-year financial operations plan and any subsequent amendments are subject to Board approval.
- 5) Per previously adopted Orders, continue to develop and maintain a rolling six-year Capital Improvements Plan (CIP), in coordination with the City Planning Commission and ensure that the CIP is prepared annually in accordance with

applicable law. The CIP, and any subsequent amendments, are subject to approval by the Board.

- 6) Annually budget for and receive training on the Open Meetings Act, effective meeting management and parliamentary procedures, council-manager relations, analyzing financial statements, and reports from professionally recognized organizations. The City will pay for training costs. Budget for and ensure that all planning commissioners, zoning board of appeals members, and members of the board of review annually receive proper training to assist them in the fulfillment of their roles and responsibilities and remove members who fail to receive adequate training.
- 7) Annually review, upon preparation and adoption of the budget, all fees and make recommendations subject to approval of the Board. Should the City Council fail to adopt a budget by the first (1st) Monday in June, fail to approve a proposed budget amendment in a timely manner, or fail to ratify a fee schedule recommended by the City Administrator, the City Administrator shall present such budget, budget amendment, or fee schedule to the Board for approval, and the Board may approve the budget, budget amendment, or fee schedule on behalf of the City.
- 8) Continue to implement any steps necessary to successfully complete the district court consolidation process.
- 9) Take all steps necessary to successfully establish, develop, and complete the Karegnondi Water Authority (KWA) project.

- 10) Take action at the same meeting on all items duly submitted by the City Administrator to the City Council agenda unless the City Administrator agrees that the items should be postponed to the next subsequent meeting.
- 11) All City elected officials, officers, and employees shall abide by all State regulations and statutes.

(d) Limitations upon the City Council, Mayor, and the City Administrator:

- 1) The City Council, Mayor, or City Administrator shall not revise any Order that was implemented by the Emergency Manager during his or her term prior to one year after the termination of receivership. Amendments to Emergency Manager Orders may be made pursuant to the procedures identified in Section 5.
- 2) There shall be no funding for the Office of the Ombudsman or the Civil Service Commission.
5. Except as otherwise provided in this paragraph, the power to rescind or amend any order issued by the Emergency Manager shall rest solely with the Board, with approval by the State Treasurer, to the extent permitted under PA 436. This Order may be amended, modified, repealed, or terminated by a subsequent Order issued by an Emergency Manager.
6. This Order amends all previous Emergency Manager Orders to the extent that they are inconsistent.
7. This order shall have immediate effect.

Date: 4/25/15

By: 
Gerald Ambrose
Emergency Manager
City of Flint