

A CITY ON THE MOVE



UPDATE

Provided by: Joe Harris,
Emergency Manager

April 28, 2011

I have truly been encouraged by the positive tone of our town hall meetings. It is our intention to provide information about the City's administration, finances, operations, plans, and achievements. The question and answer sessions have been informative both for our management team and for the audience. I am hopeful that we will continue to provide a positive atmosphere that encourages our citizens to anticipate the monthly meetings to be informed as well as to share their thoughts and concerns with the presenters and the audience. Thank you for your continued participation and encouragement.

This newsletter focuses on the Local Government and School District Fiscal Accountability Act, which was signed into law last month. The new law will also be the primary topic of discussion at this month's town hall meeting. In addition, we will post information on the City's Web site at www.bentonharborcity.com that will be of interest to those who desire more information on the subject.

Sincerely,

Frequently Asked Questions Regarding Public Act 4 of 2011

1. What is Public Act 4 of 2011?

Public Act 4 of 2011, also known as the Local Government and School District Fiscal Accountability Act is the primary State statute under which State officials are authorized to intervene in units of local government that experience severe financial stress or financial emergencies.

2. Why was the Act adopted?

The State Legislature determined that it is necessary for the public good and a valid public purpose for this State to take action and to assist units of local government in a condition of financial stress or financial emergency so as to remedy the stress or emergency by requiring prudent fiscal management and efficient provision of services.

3. What happens when the Act is triggered?

The State Financial Authority may conduct a preliminary review of the financial condition of a unit of local government. If the preliminary review results in a finding of probable financial stress in the unit of local government, the Governor then appoints a Review Team to conduct a more detailed review of the financial condition of the unit of local government.

4. What is receivership?

If, after statutory due process has been accorded to local officials, the Governor confirms the existence of a financial emergency, the Governor then is required to declare the unit of local government to be in receivership and to appoint an emergency manager.

Please flip over for more information.....

5. What is the role of local officials if a unit of local government is placed in receivership?

If a unit of local government is placed in receivership, beginning then and throughout the receivership, the governing body and chief administrative officer of the unit of local government may not exercise any of the powers of those offices except as may specifically authorized in writing by the Emergency Manager.

6. In general terms, what authority does an Emergency Manager possess?

An Emergency Manager has broad statutory authority in receivership to rectify a financial emergency and to assure the fiscal accountability of the unit of local government and the capacity of the unit of local government to provide or cause to be provided necessary governmental services essential to the public health, safety, and welfare. An Emergency Manager “acts for and in the place and stead of the governing body and the office of chief administrative officer of the unit of local government.”

7. Do Emergency Managers have the authority to hire staff?

Yes. In addition to staff otherwise authorized by law, an Emergency Manager may appoint additional staff and secure professional assistance considered necessary. An Emergency Manager has the authority to create new positions, and complete authority to fill any vacancy in a permanent position by any appointing authority of the unit of local government.

8. Does an Emergency Manager have the authority to direct existing staff?

Yes. Pursuant to Section 17 of the Act, an order issued by an Emergency Manager is binding on officials or employees of the unit of local government to whom it is issued. An Emergency Manager may issue to officials or employees of the unit of local government any orders which the Emergency Manager considers necessary to accomplish the purposes of the Act, including, but not limited to, orders for the timely and satisfactory implementation of a financial and operating plan.

Any other actions considered necessary by the Emergency Manager in his or her discretion to achieve the objectives of the financial and operating plan, alleviate the financial emergency, and remove the unit of local government from receivership.

9. Once appointed, how long does an Emergency Manager serve?

An Emergency Manager serves until he or she is removed by the Governor, the State Legislature, or until the financial emergency is rectified. If an Emergency Manager is removed, the Governor is required, within 30 days of the removal, to appoint a new Emergency Manager.

10. When does a receivership and financial emergency end?

As provided by Section 24 of the Act, a unit of local government that is in receivership is considered to be in a condition of financial emergency until the Emergency Manager declares the financial emergency to be rectified in his or her quarterly report to the State Treasurer, and is subject to the written concurrence of the State Treasurer. The declaration cannot be made until the financial conditions have been addressed and rectified.



For additional information, please contact:

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