

HOUSE BILL No. 5567

May 8, 2014, Introduced by Reps. Kivela and Walsh and referred to the Committee on Detroit's Recovery and Michigan's Future.

A bill to amend 1909 PA 279, entitled
"The home rule city act,"
(MCL 117.1 to 117.38) by adding sections 4s and 4t.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 4S. (1) NOTWITHSTANDING A CHARTER PROVISION OR ORDINANCE
2 TO THE CONTRARY, A CITY WITH A POPULATION OF MORE THAN 600,000
3 SHALL ESTABLISH THE POSITION OF CHIEF FINANCIAL OFFICER. THE MAYOR
4 OF THE CITY SHALL APPOINT THE CHIEF FINANCIAL OFFICER SUBJECT TO
5 THE APPROVAL OF THE GOVERNING BODY OF THE CITY, AND, IF APPLICABLE,
6 THE OVERSIGHT COMMISSION CREATED IN THE OVERSIGHT COMMISSION ACT.
7 NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PREVENT A CITY WITH A
8 POPULATION OF MORE THAN 600,000 FROM ADOPTING A CHARTER PROVISION
9 OR ORDINANCE PROVIDING THE RESPONSIBILITIES FOR A CHIEF FINANCIAL
10 OFFICER THAT ARE NOT INCONSISTENT WITH THIS SECTION.

1 (2) THE CHIEF FINANCIAL OFFICER APPOINTED UNDER SUBSECTION (1)
2 SHALL REPORT TO THE MAYOR AND DO ALL OF THE FOLLOWING:

3 (A) SUPERVISE ALL FINANCIAL AND BUDGET ACTIVITIES OF THE CITY.

4 (B) COORDINATE THE CITY'S ACTIVITIES RELATING TO BUDGETS,
5 FINANCIAL PLANS, FINANCIAL MANAGEMENT, FINANCIAL REPORTING,
6 FINANCIAL ANALYSIS, AND COMPLIANCE WITH THE BUDGET AND FINANCIAL
7 PLAN OF THE CITY. IF APPLICABLE, THE FUNCTIONS AND RESPONSIBILITIES
8 OF THE CHIEF FINANCIAL OFFICER SHALL BE SUBJECT TO APPROVAL BY THE
9 OVERSIGHT COMMISSION CREATED IN THE OVERSIGHT COMMISSION ACT.

10 SEC. 4T. (1) NOTWITHSTANDING A CHARTER PROVISION OR ORDINANCE
11 TO THE CONTRARY, FOR A CITY WITH A POPULATION OF MORE THAN 600,000,
12 ALL OF THE FOLLOWING APPLY:

13 (A) THE CITY AND ITS OFFICERS, EMPLOYEES, AGENTS, AND
14 CONTRACTORS SHALL COMPLY WITH THE OVERSIGHT COMMISSION ACT, IF
15 APPLICABLE.

16 (B) FOR EACH FISCAL YEAR BEGINNING AFTER THE EFFECTIVE DATE OF
17 THE AMENDATORY ACT THAT ADDED THIS SECTION, THE CITY SHALL ADOPT A
18 FINANCIAL PLAN COVERING THAT FISCAL YEAR AND THE NEXT 3 FISCAL
19 YEARS. IF A 2-YEAR BUDGET IS IN EFFECT FOR THE CITY UNDER SECTION
20 21 OF THE LOCAL FINANCIAL STABILITY AND CHOICE ACT, 2012 PA 436,
21 MCL 141.1561, THE FINANCIAL PLAN MUST BE CONSISTENT WITH THE 2-YEAR
22 BUDGET. THE FINANCIAL PLAN SHALL BE PROPOSED BY THE MAYOR AND
23 APPROVED BY THE GOVERNING BODY OF THE CITY. IF APPLICABLE, A
24 FINANCIAL PLAN MUST BE APPROVED BY THE OVERSIGHT COMMISSION CREATED
25 IN THE OVERSIGHT COMMISSION ACT BEFORE IT TAKES EFFECT. A FINANCIAL
26 PLAN SHALL INCLUDE, BUT NOT BE LIMITED TO, ALL OF THE FOLLOWING
27 INFORMATION FOR EACH OF THE 4 FISCAL YEARS COVERED BY THE FINANCIAL

1 PLAN:

2 (i) A PROJECTION OF ALL REVENUES AND EXPENDITURES OF THE CITY
3 FOR EACH FISCAL YEAR, INCLUDING DEBT SERVICE.

4 (ii) A PROJECTION OF CASH FLOW FOR EACH FISCAL YEAR.

5 (iii) A SCHEDULE OF PROJECTED CAPITAL COMMITMENTS FOR EACH
6 FISCAL YEAR.

7 (iv) MEASURES TO ASSURE THAT PROJECTED EMPLOYMENT LEVELS,
8 COLLECTIVE BARGAINING AGREEMENTS, AND OTHER EMPLOYEE COSTS ARE
9 CONSISTENT WITH PROJECTED EXPENDITURES AND AVAILABLE REVENUE.

10 (v) MEASURES TO ASSURE COMPLIANCE WITH MANDATES UNDER STATE
11 AND FEDERAL LAW CONSISTENT WITH PROJECTED EXPENDITURES AND
12 AVAILABLE REVENUE.

13 (vi) MEASURES TO ASSURE ADEQUATE RESERVES FOR MANDATED AND
14 OTHER ESSENTIAL PROGRAMS AND ACTIVITIES IN THE EVENT OF AN
15 OVERESTIMATION OF REVENUE, AN UNDERESTIMATION OF EXPENDITURES, OR
16 BOTH.

17 (vii) A STATEMENT OF SIGNIFICANT ASSUMPTIONS AND METHODS OF
18 ESTIMATION USED FOR PROJECTIONS INCLUDED IN THE FINANCIAL PLAN.

19 (viii) ANY OTHER INFORMATION THE MAYOR, GOVERNING BODY, OR CHIEF
20 FINANCIAL OFFICER OF THE CITY CONSIDERS APPROPRIATE.

21 (C) A FINANCIAL PLAN ADOPTED UNDER SUBDIVISION (B) SHALL
22 COMPLY WITH ALL OF THE FOLLOWING REQUIREMENTS:

23 (i) PROJECTED REVENUES AND EXPENDITURES FOR EACH FISCAL YEAR
24 COVERED BY THE FINANCIAL PLAN SHALL RESULT IN A BALANCED BUDGET
25 ACCORDING TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, INCLUDING
26 COMPLIANCE WITH THE UNIFORM BUDGETING AND ACCOUNTING ACT, 1968 PA
27 2, MCL 141.421 TO 141.440A.

1 (ii) INCLUDE CONTRIBUTIONS NECESSARY TO ASSURE THAT PENSION
2 SYSTEMS FOR EMPLOYEES AND RETIREES OF THE CITY ARE FULLY FUNDED.

3 (iii) PROVIDE FOR THE ISSUANCE OF OR INCURRING OF DEBT BY THE
4 CITY ONLY IN COMPLIANCE WITH THE REVISED MUNICIPAL FINANCE ACT,
5 2001 PA 34, MCL 141.2101 TO 141.2821, AND THE OVERSIGHT COMMISSION
6 ACT, IF APPLICABLE.

7 (iv) PROVIDE FOR THE PAYMENT IN FULL OF DEBT SERVICE ON ALL
8 DEBT ISSUED OR INCURRED BY OR ON BEHALF OF THE CITY.

9 (v) PROVIDE FOR OPERATIONS OF THE CITY TO BE CONDUCTED WITH
10 PROJECTED CASH RESOURCES BASED UPON PROJECTED CASH FLOW FOR EACH
11 FISCAL YEAR.

12 (vi) INCLUDE A GENERAL RESERVE FUND FOR EACH FISCAL YEAR TO
13 COVER POTENTIAL REDUCTIONS IN PROJECTED REVENUES OR INCREASES IN
14 PROJECTED EXPENDITURES EQUAL TO NOT LESS THAN 5% OF THE PROJECTED
15 EXPENDITURES FOR THE FISCAL YEAR.

16 (vii) FOR EACH FISCAL YEAR, PROVIDE FOR THE ELIMINATION OF ANY
17 DEFICIT INCURRED IN THE PRIOR FISCAL YEAR ACCORDING TO GENERALLY
18 ACCEPTED ACCOUNTING PRINCIPLES.

19 (viii) RELY UPON REVENUE AND EXPENDITURE PROJECTIONS BASED UPON
20 REASONABLE AND APPROPRIATE ASSUMPTIONS AND METHODS OF ESTIMATION.

21 (ix) RELY UPON CASH FLOW PROJECTIONS BASED UPON REASONABLE AND
22 APPROPRIATE ASSUMPTIONS AS TO SOURCES AND USES OF CASH, INCLUDING
23 TIMING.

24 (D) THE CITY SHALL HOLD A REVENUE ESTIMATING CONFERENCE IN THE
25 SECOND WEEK OF SEPTEMBER AND IN THE THIRD WEEK OF FEBRUARY OF EACH
26 YEAR. A REVENUE ESTIMATING CONFERENCE SHALL BE SUBJECT TO ALL OF
27 THE FOLLOWING:

1 (i) THE PRINCIPALS OF A CONFERENCE SHALL BE THE CHIEF FINANCIAL
2 OFFICER OF THE CITY, THE STATE TREASURER OR HIS OR HER DESIGNEE
3 FROM WITHIN THE DEPARTMENT OF TREASURY, AND A PERSON AFFILIATED
4 WITH ANOTHER PUBLIC ENTITY, INCLUDING A STATE INSTITUTION OF HIGHER
5 EDUCATION, WITH EXPERIENCE IN ECONOMIC FORECASTING AND REVENUE
6 PROJECTION SELECTED BY THE CHIEF FINANCIAL OFFICER OF THE CITY AND
7 THE STATE TREASURER.

8 (ii) A CONFERENCE SHALL ESTABLISH AN OFFICIAL ECONOMIC FORECAST
9 OF MAJOR VARIABLES OF THE NATIONAL, STATE, AND LOCAL ECONOMIES. A
10 CONFERENCE ALSO SHALL ESTABLISH A FORECAST OF ANTICIPATED REVENUES
11 OF THE CITY AS THE CONFERENCE DETERMINES.

12 (iii) THE OFFICIAL FORECAST OF ECONOMIC AND REVENUE VARIABLES OF
13 THE CONFERENCE SHALL BE DETERMINED BY CONSENSUS AMONG THE
14 CONFERENCE PRINCIPALS AND SHALL BE FOR THE FISCAL YEAR IN WHICH THE
15 CONFERENCE IS BEING HELD AND THE SUCCEEDING 2 FISCAL YEARS. THE
16 CONFERENCE ALSO SHALL FORECAST GENERAL FUND REVENUE TRENDLINE
17 PROJECTIONS FOR THE CITY FOR AN ADDITIONAL 2 FISCAL YEARS.
18 CONFERENCE FORECASTS OF REVENUES AND EXPENDITURES SHALL BE BASED
19 UPON THE ASSUMPTION THAT CURRENT LAW AND ADMINISTRATIVE PROCEDURES
20 WILL REMAIN IN EFFECT FOR THE FORECAST PERIOD.

21 (iv) THE CONFERENCE MAY REQUEST AND SHALL RECEIVE FROM
22 OFFICERS, DEPARTMENTS, AGENCIES, AND AUTHORITIES OF THE CITY THE
23 ASSISTANCE AND DATA NEEDED TO ENABLE THE CONFERENCE TO FULFILL ITS
24 DUTIES.

25 (v) THE PRINCIPALS OF THE CONFERENCE SHALL DETERMINE
26 PROCEDURES TO BE USED BY THE CONFERENCE INCLUDING PROCEDURES FOR
27 CONFERENCE SESSIONS AND PRESENTATIONS BY PERSONS, EXCEPT THAT ANY

1 FINAL ACTION ESTABLISHING AN OFFICIAL FORECAST SHALL REQUIRE THE
2 UNANIMOUS SUPPORT OF ALL PRINCIPALS. A CONFERENCE SHALL COMPLETE
3 ITS WORK WITHIN A PERIOD OF NOT MORE THAN 5 DAYS UNLESS EXTENDED BY
4 CONSENSUS OF THE PRINCIPALS.

5 (vi) MEETINGS OF A CONFERENCE ARE SUBJECT TO THE OPEN MEETINGS
6 ACT, 1976 PA 267, MCL 15.261 TO 15.275.

7 (vii) A PRINCIPAL SHALL PRESIDE OVER CONFERENCE SESSIONS,
8 CONVENE CONFERENCE SESSIONS, AND SPECIFY TOPICS TO BE INCLUDED ON
9 THE CONFERENCE AGENDA. THE RESPONSIBILITY OF PRESIDING OVER
10 SESSIONS OF THE CONFERENCE SHALL BE ROTATED ANNUALLY AMONG THE
11 PRINCIPALS, WITH THE INITIAL CHAIRPERSON BEING ELECTED BY THE
12 PRINCIPALS. THE CHAIRPERSON PRESIDING OVER A CONFERENCE IS
13 RESPONSIBLE FOR SETTING THE CONFERENCE DATE AND PREPARING AND
14 DISTRIBUTING THE NECESSARY DOCUMENTS BEFORE THE CONFERENCE,
15 INCLUDING COMPARISONS BETWEEN ALTERNATIVE INFORMATION WHERE A
16 COMPARISON IS WARRANTED. UPON THE WRITTEN REQUEST OF A PRINCIPAL, A
17 CONFERENCE SHALL BE CONVENED BY THE CHAIRPERSON.

18 (viii) A WRITING PREPARED, OWNED, USED, IN THE POSSESSION OF, OR
19 RETAINED BY THE CONFERENCE IN THE PERFORMANCE OF AN OFFICIAL
20 FUNCTION IS SUBJECT TO THE FREEDOM OF INFORMATION ACT, 1976 PA 442,
21 MCL 15.231 TO 15.246.

22 (ix) A CONFERENCE SHALL DISTRIBUTE ITS ECONOMIC AND REVENUE
23 FORECASTS TO THE MAYOR OF THE CITY, THE GOVERNING BODY OF THE CITY,
24 AND, IF SUBJECT TO THE OVERSIGHT COMMISSION ACT, THE OVERSIGHT
25 COMMISSION. THE CITY SHALL PUBLISH THE FORECASTS ON ITS WEBSITE.

26 (x) IF THE CITY IS SUBJECT TO THE OVERSIGHT COMMISSION ACT,
27 THE CITY MAY BE REQUIRED TO AMEND ITS REVENUE ESTIMATES PURSUANT TO

1 AN ORDER OR DIRECTIVE OF THE OVERSIGHT COMMISSION CREATED IN THE
2 OVERSIGHT COMMISSION ACT.

3 (E) THE MAYOR OF THE CITY MAY VETO A LINE ITEM APPROPRIATING
4 MONEY IN AN APPROPRIATIONS ORDINANCE. THE PORTION OF THE
5 APPROPRIATION APPROVED IS EFFECTIVE. THE ITEM DISAPPROVED IS VOID
6 UNLESS REAUTHORIZED ACCORDING TO THE PROCEDURES PRESCRIBED IN
7 CHARTER OR LAW FOR THE ADOPTION OF ORDINANCES OVER A VETO. THE
8 MAYOR MAY AUTHORIZE BY EXECUTIVE ORDER THE REDUCTION OF LINE-ITEM
9 EXPENDITURES DURING A FISCAL YEAR.

10 (2) FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2015, \$100,000.00
11 IS APPROPRIATED FROM THE GENERAL FUND/GENERAL PURPOSE TO THE
12 DEPARTMENT OF TREASURY TO ADMINISTER THE PROVISIONS OF THIS SECTION
13 AND SECTION 4S.