

Bond Case Briefs

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Are Michigan's Municipal Finance Problems Spreading?

Gov. Rick Snyder on Monday declared a financial emergency in Lincoln Park, the latest Michigan city that could come under the control of a state-appointed emergency manager.

On April 4, a review team reached the same conclusion in a report to Snyder.

The governor cited the city's negative fund balance, "a trend of over-spending from the general fund," and city projections that the general fund deficit will likely increase by at least another \$1 million this year.

Under state law, the city has seven days to request a hearing if it wants to appeal the finding.

If the finding is confirmed, city leaders can opt for one of four options: an emergency manager, a consent agreement under which it promises to take certain steps within certain time frames, evaluation by a neutral party, or a Chapter 9 bankruptcy.

Lincoln Park City Manager Joseph Merucci said the seven-member City Council will hold a special meeting Tuesday to discuss the finding. Based on his conversations with council members, he said an appeal is unlikely and the city is most likely to opt for a consent agreement.

The city has been cutting back services for several years, and starting last year the City Hall is closed on Fridays, Merucci said. Public works employees have been reduced to 13 from 30-35 four or five years ago, he said.

City employee contracts expired last June and the city has been seeking concessions, he said. Agreements have still not been reached with police command officers and patrol officers.

Four cities — Detroit, Allen Park, Flint and Hamtramck — are under emergency managers.

Three others — Benton Harbor, Ecorse and Pontiac — are under transition back to self-government after being under the control of emergency managers.

Inkster and River Rouge are under consent agreements. Royal Oak Township and Highland Park are under review.

By Paul Egan

BY [MCCLATCHY NEWS](#) | APRIL 15, 2014

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