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Lincoln Park Becomes Latest City Under Michigan's Control.

Michigan Governor Rick Snyder appointed an emergency manager for Lincoln Park, a Detroit suburb that's struggled with deficits and rejected an agreement to bring its finances under control.

Snyder named Brad Coulter, a Detroit-area finance consultant, to oversee the city of 37,000, which, like other Michigan municipalities, has been squeezed between the cost of employee pensions and falling property-tax revenue to pay for basic services.

Coulter, 54, is an independent contractor for O'Keefe & Associates, a turnaround consultant in Bloomfield Hills. He has 25 years experience in corporate finance and restructuring, according to a release from the state Treasury Department.

"Brad will work collaboratively with city officials to address the financial emergency and to ensure Lincoln Park residents receive the critical services they expect and deserve," Snyder, a 55-year-old Republican, said in the release.

The city diverted \$2.5 million from water and sewer funds to prop up pensions in fiscal 2013, according to an April state report. The pensions were only 28 percent and 34.6 percent funded, and retirement health care was underfunded by more than \$100 million, according to the report. Standard & Poor's in December cut the city's debt rating seven steps to two levels below investment grade.

The city must find a way to raise property values to increase revenue long-term, Coulter said in a phone interview. "It can't be a 100 percent cost-cutting exercise," he said, added that rising retirement costs must be constrained.

Council Rejection

The city council in May rejected a state consent agreement that would have given a new manager power to create a deficit-reduction plan, including the ability to restructure government, terminate union contracts and honor debt obligations. It's better to let the state appoint its own manager with more experience, said Councilman Tom Murphy, who opposed the deal.

"A state manager knows how to get things done and save money, and that's what we need," Murphy said in a phone interview.

Although Lincoln Park adopted a balanced budget for its fiscal year beginning July 1, it will create a deficit of "a couple million dollars" by next year, said City Attorney Ed Zelenak.

Four other Michigan cities and three school districts, including Detroit and its schools, are under state-appointed emergency managers. A 2012 law gave emergency managers broader authority, including the power to nullify union contracts. The law gives distressed cities and school districts more choices to address fiscal crises, including bankruptcy.

By Chris Christoff Jul 3, 2014 8:38 AM PT

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