

SUBSTITUTE FOR
HOUSE BILL NO. 5567

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 FINANCIAL REVIEW COMMISSION CREATED IN THE MICHIGAN FINANCIAL
7 REVIEW COMMISSION ACT. THE CHIEF FINANCIAL OFFICER SHALL HAVE
8 SUBSTANTIAL EXPERIENCE WITH SOPHISTICATED MUNICIPAL FINANCIAL
9 TRANSACTIONS, COMPLEX MULTIDIMENSIONAL GOVERNMENTAL RESTRUCTURINGS,
10 GOVERNMENTAL LABOR RELATIONS, HEALTH CARE BENEFITS OR PENSION
11 MATTERS, AND LOCAL GOVERNMENT MANAGEMENT WITH GOVERNMENTAL UNITS

1 HAVING AGGREGATE REVENUES OF \$250,000,000.00 OR MORE. NOTHING IN
2 THIS SECTION SHALL BE CONSTRUED TO PREVENT A CITY WITH A POPULATION
3 OF MORE THAN 600,000 FROM ADOPTING A CHARTER PROVISION OR ORDINANCE
4 PROVIDING THE RESPONSIBILITIES FOR A CHIEF FINANCIAL OFFICER THAT
5 ARE NOT INCONSISTENT WITH THIS SECTION.

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

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

9 (B) COORDINATE THE CITY'S ACTIVITIES RELATING TO BUDGETS,
10 FINANCIAL PLANS, FINANCIAL MANAGEMENT, FINANCIAL REPORTING,
11 FINANCIAL ANALYSIS, AND COMPLIANCE WITH THE BUDGET AND FINANCIAL
12 PLAN OF THE CITY. IF APPLICABLE, THE FUNCTIONS AND RESPONSIBILITIES
13 OF THE CHIEF FINANCIAL OFFICER SHALL BE SUBJECT TO APPROVAL BY THE
14 FINANCIAL REVIEW COMMISSION CREATED IN THE MICHIGAN FINANCIAL
15 REVIEW COMMISSION ACT.

16 (C) CERTIFY THAT THE CITY'S ANNUAL BUDGET COMPLIES WITH THE
17 UNIFORM BUDGETING AND ACCOUNTING ACT, 1968 PA 2, MCL 141.421 TO
18 141.440A, AND, IF APPLICABLE, SUBMIT THAT CERTIFICATION TO THE
19 FINANCIAL REVIEW COMMISSION CREATED IN THE MICHIGAN FINANCIAL
20 REVIEW COMMISSION ACT.

21 (D) SUBMIT IN WRITING TO THE MAYOR AND THE GOVERNING BODY OF
22 THE CITY HIS OR HER OPINION ON THE EFFECT THAT POLICY OR BUDGETARY
23 DECISIONS MADE BY THE MAYOR OR THE GOVERNING BODY OF THE CITY WILL
24 HAVE ON THE CITY'S ANNUAL BUDGET AND ITS 4-YEAR FINANCIAL PLAN
25 DESCRIBED IN SECTION 4T.

26 (3) THE LOCAL ELECTED AND APPOINTED OFFICIALS AND EMPLOYEES OF
27 THE CITY SHALL PROMPTLY AND FULLY PROVIDE FINANCIAL INFORMATION

1 REQUESTED BY THE CHIEF FINANCIAL OFFICER.

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

5 (A) THE CITY AND ITS OFFICERS, EMPLOYEES, AGENTS, AND
6 CONTRACTORS SHALL COMPLY WITH THE MICHIGAN FINANCIAL REVIEW
7 COMMISSION ACT, IF APPLICABLE.

8 (B) FOR EACH FISCAL YEAR BEGINNING AFTER THE EFFECTIVE DATE OF
9 THE AMENDATORY ACT THAT ADDED THIS SECTION, THE CITY SHALL ADOPT A
10 FINANCIAL PLAN COVERING THAT FISCAL YEAR AND THE NEXT 3 FISCAL
11 YEARS. IF A 2-YEAR BUDGET IS IN EFFECT FOR THE CITY UNDER SECTION
12 21 OF THE LOCAL FINANCIAL STABILITY AND CHOICE ACT, 2012 PA 436,
13 MCL 141.1561, THE FINANCIAL PLAN MUST BE CONSISTENT WITH THE 2-YEAR
14 BUDGET. THE FINANCIAL PLAN SHALL BE PROPOSED BY THE MAYOR AND
15 APPROVED BY THE GOVERNING BODY OF THE CITY. IF APPLICABLE, A
16 FINANCIAL PLAN MUST BE APPROVED BY THE FINANCIAL REVIEW COMMISSION
17 CREATED IN THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT BEFORE IT
18 TAKES EFFECT. A FINANCIAL PLAN SHALL INCLUDE, BUT NOT BE LIMITED
19 TO, ALL OF THE FOLLOWING INFORMATION FOR EACH OF THE 4 FISCAL YEARS
20 COVERED BY THE FINANCIAL PLAN:

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

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

24 (iii) A SCHEDULE OF PROJECTED CAPITAL COMMITMENTS FOR EACH
25 FISCAL YEAR.

26 (iv) MEASURES TO ASSURE THAT PROJECTED EMPLOYMENT LEVELS,
27 COLLECTIVE BARGAINING AGREEMENTS, AND OTHER EMPLOYEE COSTS ARE

1 CONSISTENT WITH PROJECTED EXPENDITURES AND AVAILABLE REVENUE.

2 (v) MEASURES TO ASSURE COMPLIANCE WITH MANDATES UNDER STATE
3 AND FEDERAL LAW CONSISTENT WITH PROJECTED EXPENDITURES AND
4 AVAILABLE REVENUE.

5 (vi) MEASURES TO ASSURE ADEQUATE RESERVES FOR MANDATED AND
6 OTHER ESSENTIAL PROGRAMS AND ACTIVITIES IN THE EVENT OF AN
7 OVERESTIMATION OF REVENUE, AN UNDERESTIMATION OF EXPENDITURES, OR
8 BOTH.

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

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

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

15 (i) PROJECTED REVENUES AND EXPENDITURES FOR EACH FISCAL YEAR
16 COVERED BY THE FINANCIAL PLAN SHALL RESULT IN A BALANCED BUDGET
17 ACCORDING TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, INCLUDING
18 COMPLIANCE WITH THE UNIFORM BUDGETING AND ACCOUNTING ACT, 1968 PA
19 2, MCL 141.421 TO 141.440A.

20 (ii) INCLUDE CONTRIBUTIONS NECESSARY TO ASSURE THAT PENSION
21 SYSTEMS FOR EMPLOYEES AND RETIREES OF THE CITY ARE ADEQUATELY
22 FUNDED.

23 (iii) PROVIDE FOR THE ISSUANCE OF OR INCURRING OF DEBT BY THE
24 CITY ONLY IN COMPLIANCE WITH THE REVISED MUNICIPAL FINANCE ACT,
25 2001 PA 34, MCL 141.2101 TO 141.2821, AND THE MICHIGAN FINANCIAL
26 REVIEW COMMISSION ACT, IF APPLICABLE.

27 (iv) PROVIDE FOR THE PAYMENT IN FULL OF DEBT SERVICE ON ALL

1 DEBT ISSUED OR INCURRED BY OR ON BEHALF OF THE CITY.

2 (v) PROVIDE FOR OPERATIONS OF THE CITY TO BE CONDUCTED WITH
3 PROJECTED CASH RESOURCES BASED UPON PROJECTED CASH FLOW FOR EACH
4 FISCAL YEAR.

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

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

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

14 (ix) RELY UPON CASH FLOW PROJECTIONS BASED UPON REASONABLE AND
15 APPROPRIATE ASSUMPTIONS AS TO SOURCES AND USES OF CASH, INCLUDING
16 TIMING.

17 (D) THE CITY SHALL HOLD A REVENUE ESTIMATING CONFERENCE IN THE
18 SECOND WEEK OF SEPTEMBER AND IN THE THIRD WEEK OF FEBRUARY OF EACH
19 YEAR. A REVENUE ESTIMATING CONFERENCE SHALL BE SUBJECT TO ALL OF
20 THE FOLLOWING:

21 (i) THE PRINCIPALS OF A CONFERENCE SHALL BE THE CHIEF FINANCIAL
22 OFFICER OF THE CITY, THE STATE TREASURER OR HIS OR HER DESIGNEE
23 FROM WITHIN THE DEPARTMENT OF TREASURY, AND A PERSON AFFILIATED
24 WITH ANOTHER PUBLIC ENTITY, INCLUDING A STATE INSTITUTION OF HIGHER
25 EDUCATION, WITH EXPERIENCE IN ECONOMIC FORECASTING AND REVENUE
26 PROJECTION SELECTED BY THE CHIEF FINANCIAL OFFICER OF THE CITY AND
27 THE STATE TREASURER.

1 (ii) A CONFERENCE SHALL ESTABLISH AN OFFICIAL ECONOMIC FORECAST
2 OF MAJOR VARIABLES OF THE NATIONAL, STATE, AND LOCAL ECONOMIES. A
3 CONFERENCE ALSO SHALL ESTABLISH A FORECAST OF ANTICIPATED REVENUES
4 OF THE CITY AS THE CONFERENCE DETERMINES.

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

14 (iv) THE CONFERENCE MAY REQUEST AND SHALL RECEIVE FROM
15 OFFICERS, DEPARTMENTS, AGENCIES, AND AUTHORITIES OF THE CITY THE
16 ASSISTANCE AND DATA NEEDED TO ENABLE THE CONFERENCE TO FULFILL ITS
17 DUTIES.

18 (v) THE PRINCIPALS OF THE CONFERENCE SHALL DETERMINE
19 PROCEDURES TO BE USED BY THE CONFERENCE INCLUDING PROCEDURES FOR
20 CONFERENCE SESSIONS AND PRESENTATIONS BY PERSONS, EXCEPT THAT ANY
21 FINAL ACTION ESTABLISHING AN OFFICIAL FORECAST SHALL REQUIRE THE
22 UNANIMOUS SUPPORT OF ALL PRINCIPALS. A CONFERENCE SHALL COMPLETE
23 ITS WORK WITHIN A PERIOD OF NOT MORE THAN 5 DAYS UNLESS EXTENDED BY
24 CONSENSUS OF THE PRINCIPALS.

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

27 (vii) A PRINCIPAL SHALL PRESIDE OVER CONFERENCE SESSIONS,

1 CONVENE CONFERENCE SESSIONS, AND SPECIFY TOPICS TO BE INCLUDED ON
2 THE CONFERENCE AGENDA. THE RESPONSIBILITY OF PRESIDING OVER
3 SESSIONS OF THE CONFERENCE SHALL BE ROTATED ANNUALLY AMONG THE
4 PRINCIPALS, WITH THE INITIAL CHAIRPERSON BEING ELECTED BY THE
5 PRINCIPALS. THE CHAIRPERSON PRESIDING OVER A CONFERENCE IS
6 RESPONSIBLE FOR SETTING THE CONFERENCE DATE AND PREPARING AND
7 DISTRIBUTING THE NECESSARY DOCUMENTS BEFORE THE CONFERENCE,
8 INCLUDING COMPARISONS BETWEEN ALTERNATIVE INFORMATION WHERE A
9 COMPARISON IS WARRANTED. UPON THE WRITTEN REQUEST OF A PRINCIPAL, A
10 CONFERENCE SHALL BE CONVENED BY THE CHAIRPERSON.

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

15 (ix) A CONFERENCE SHALL DISTRIBUTE ITS ECONOMIC AND REVENUE
16 FORECASTS TO THE MAYOR OF THE CITY, THE GOVERNING BODY OF THE CITY,
17 AND, IF SUBJECT TO THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT,
18 THE FINANCIAL REVIEW COMMISSION. THE CITY SHALL PUBLISH THE
19 FORECASTS ON ITS WEBSITE.

20 (x) IF THE CITY IS SUBJECT TO THE MICHIGAN FINANCIAL REVIEW
21 COMMISSION ACT, THE CITY MAY BE REQUIRED TO AMEND ITS REVENUE
22 ESTIMATES PURSUANT TO AN ORDER OR DIRECTIVE OF THE FINANCIAL REVIEW
23 COMMISSION CREATED IN THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT.

24 (E) THE MAYOR OF THE CITY MAY VETO A LINE ITEM APPROPRIATING
25 MONEY IN AN APPROPRIATIONS ORDINANCE. THE PORTION OF THE
26 APPROPRIATION APPROVED IS EFFECTIVE. THE ITEM DISAPPROVED IS VOID
27 UNLESS REAUTHORIZED ACCORDING TO THE PROCEDURES PRESCRIBED IN

House Bill No. 5567 (H-2) as amended May 22, 2014

1 CHARTER OR LAW FOR THE ADOPTION OF ORDINANCES OVER A VETO.

2 (F) IF, DURING A FISCAL YEAR, EXPENDITURES FOR THE CITY EXCEED
3 REVENUES, THE MAYOR MAY, SUBJECT TO THE APPROVAL OF THE GOVERNING
4 BODY OF THE CITY, AUTHORIZE BY EXECUTIVE ORDER THE REDUCTION OF
5 LINE-ITEM EXPENDITURES DURING THAT FISCAL YEAR.

6 (G) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
7 ADDED THIS SUBDIVISION, THE CITY SHALL POST ON ITS WEBSITE COPIES
8 OF BOTH OF THE FOLLOWING:

9 (i) [WITHIN 30 DAYS OF THE CONTRACT AWARD, EACH CONTRACT] ENTERED
10 INTO BY THE CITY DURING EACH FISCAL
11 YEAR.

12 (ii) ALL CONTRACTS IN WHICH THE CITY IS A PARTY THAT ARE IN
13 EFFECT DURING EACH FISCAL YEAR.

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