On their Friday night broadcast, NBC Nightly News featured the City of Pontiac in a special report on municipal fiscal crisis. Pontiac has been under emergency management by the state for nearly three years, losing 10% of its population in the last decade as the city's employment base, and life, has largely dried up. The City reported a property tax revenue decline of $2.6 million last year (for FY2010), and to add insult, currently owes over $1.8 million in tax refunds to GM. [1] "In a struggling city synonymous with the American car, a fire sale," reports Kevin Tibbles for NBC News, "Today in Pontiac, Michigan, you can buy the police station, library, golf course, cemetery, even city hall… so far, nothing's sold." [2] The city website has a message that reads "If any person has a suggestion how to address the deficit in a different manner, please submit those suggestions in writing at any time to the Emergency Manager."
[3]

According to the financial and operation plan submitted last year by Emergency Manager Louis Schimmel, in addition to attempting to sell off 'nonessential' city real estate holdings, the City of Pontiac this year aims to consolidate the entire city government into four main functions and outsource the rest, either to private entities or to the county level. The remaining functions include depleted Finance and Public Works Departments, a consolidated Clerk and Human Resources division, and a City Administrator to assume the roles of overseeing public safety, planning and building code, and economic development.
The city has already contracted out the fire department to adjacent Waterford Township, consolidated its health care plans, renegotiated its union contracts, and contracted out legal and payroll services.

The actions of the Emergency Manager have not gone without controversy. In recent weeks it was reported that Mr. Schimmel had given up Pontiac's share of Federal Housing and Urban Development funds, better known as Community Development Block Grants, -a sum of about $1.4 million a year (2011).
As part of the Emergency Manager's agreement, the grant money was to go to Oakland County as a whole for three years and Pontiac would've likely only seen a fraction of it.
U.S. Congressman Gary Peters, whose district includes Pontiac, expressed outrage over the agreement, saying that Pontiac citizens stood to lose out on vitally needed funds amounting to $690,000 a year.
[4] [5]
Mr. Schimmel argued that the funds have been perpetually mismanaged because of the city's condition, and that Pontiac would have lost all the funds if he hadn't negotiated the agreement. In a press release to the city, Schimmel wrote that the loss was closer to $250,000 a year and that HUD had "strongly suggested" the action. [6] Last week, Congressman Peters reported that he had worked out a new agreement with Oakland County to keep Pontiac's share of the

grant money separate from county funds, and lamented Emergency Manager Legislation as causing bad decisions and a lack of input in local government.

Meanwhile, down the street in Detroit, the discord between state and local government is continually becoming heated. The city is currently undergoing an official Financial Review by the state and a team has been assembled which will report back to the Governor by the end of February on whether or not the city's fiscal distress constitutes a financial emergency. However, State Treasurer Andy Dillon is not waiting for the results.
He issued an ultimatum to the City to reach a concessions deal with the city's employee unions by early February, weeks before the Review Team reports back, in order to avoid an Emergency Manager. [7] The city stands to run out of cash to pay its immediate obligations by April.
Mayor Bing recently announced plans to lay off 1,000 city employees, and in seeking union concessions, the city ordered that only vendors that are "deemed critical to keeping the city running" will continue to be paid. [8] Bing has suggested a 10% pay cut to city employees and contractors in renegotiations, which has garnered little support.

In the background, the state government is trying to contend a popular referendum petition against Public Act 4, the Emergency Manager enabling legislation. Senate Bill 865 is currently moving through the Legislature and, at least partly, aims to negate the effects of a freeze on Public Act 4 from the referendum process.
The legislation would allow the Governor to replace an Emergency Manager with a "Receivership Transition Advisory Board" (RTAB) which would have some of the same powers of an Emergency Manager including the ability to approve or reject budgets and collective bargaining agreements. [9] The RTAB would consist of a representative of the State Treasury, a representative of the State Department of Technology, Management, and Budget, and whoever else the Governor chose to designate.
The Bill was passed by the Senate just before the winter recess by a margin of 26-12 and is currently in House committee.
Meanwhile, the State Treasury recently released an 18 minute Youtube video on the benefits of Emergency Manager Legislation (which you can view
here
)
and Governor Snyder just appointed Michigan's sixth Emergency Manager on Friday, former U.S. Department of Education CFO Jack Martin, to take over Highland Park's Public School District. [10]

[1] Schimmel, Louis " Pontiac Update" City of Pontiac, Michigan, 3 Nov 2011. http://www.pontiac.mi.us/pdf/PontUpdate%20_11-3-11.pdf

[2] Tibbles, Kevin "Michigan Town For Sale –Live Report" NBC Nightly News, 27 Jan 2012. http://video.msnbc.msn.com/nightly-news/46169922/#46169922

[3] City of Pontiac http://www.pontiac.mi.us/info/efm.html

[4] Satyanarayana, Megha. "Takeover of Pontiac HUD funds criticized, but emergency manager calls the move necessary" Detroit Free Press, 12 Jan 2012. http://www.freep.com/article/20120112/NEWS03/201120606/Takeover-of-Pontiac-HUD-funds-criticized-but-emergency-manager-calls-the-move-necessary

[5] "News Release" Office of Representative Gary Peters, 18 Jan 2012. http://peters.house.gov/index.cfm?sectionid=22&parentid=21&sectiontree=21,22&itemid=483

[6] Schimmel, Louis. "Congressman Peters Misinformed about Pontiac's Federal Funds" City of Pontiac, 11 Jan. 1012. http://www.pontiac.mi.us/pdf/EM_federalfunds2.pdf

[7] Bell, Dawson and Steve Neavling. "State to Detroit: Get a deal by Feb." Detroit Free Press, 11 Jan 2012.

[8] Hackney, Suzette "City of Detroit will pay only most 'critical' bills" Detroit Free Press, 27 Jan 2012.

[9] "As Passed by the Senate" Michigan Legislature. http://www.legislature.mi.gov/documents/2011-2012/billengrossed/Senate/pdf/2011-SEBS-0865.pdf

[10] Egan, Paul and Lori Higgins. “Snyder appoints emergency manager for Highland Park schools” Detroit Free Press, 27 Jan 2012. http://www.freep.com/article/20120127/NEWS02/120127036/emergency-manager-Highland-Park-schools