



**CITY OF PONTIAC**  
**OFFICE OF THE EMERGENCY MANAGER**  
**LOUIS H. SCHIMMEL**

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**Dated: November 16, 2011**

**ORDER NO. S-113**

**RE: 50<sup>th</sup> District Court Budget**

**TO: Joseph Sobota, Acting City Clerk**  
**John Naglick, Acting Finance Director**  
**Sheryl Stubblefield, Acting Treasurer**  
**Chief Judge Cynthia Walker (50<sup>th</sup> District Court)**  
**Lynette Ward, Court Administrator (50<sup>th</sup> District Court)**  
**Carl Johnson, Controller (Plante & Moran)**

The **Local Government and School District Fiscal Accountability Act (Public Act 4 of 2011)** in **Section 17(1)** empowers an Emergency Manager to issue the orders the Manager considers necessary to accomplish the purposes of the Act and any such orders are binding on the local officials or employees to whom they are issued. **Section 19(1)** provides that an Emergency Manager may take on one or more additional actions with respect to a local government in receivership: **(f)** Examine all records and books of account, and require under the procedures of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, or 1919 PA 71, MCL 21.41 to 21.55, or both, the attendance of witnesses and the production of books, papers, contracts, and other documents relevant to an analysis of the financial condition of the unit of local government; **(g)** Make, approve or disapprove any appropriation, contract, expenditure...; **(dd)** Exercise solely, for and on behalf of the local government, all other authority and responsibilities of the local government of the chief administrative officer and governing body concerning the adoption, amendment and enforcement of ordinances or resolutions of the local government...; and **19(2)** ...the authority of the chief administrative officer and governing body to exercise power for and on behalf of the local government under law, charter, and ordinance shall be suspended and vested in the Emergency Manager.

In fiscal year 2011-12, which commenced on July 1, 2011, the City of Pontiac faces a projected budget deficit in excess of \$12,000,000.

In the prior fiscal year, expenses were reduced by nearly \$8,000,000 due to lay-offs, outsourcing of certain job functions and other cost-cutting measures. However, despite these significant efforts and results in fiscal year 2010-11, there remains a steep financial mountain for Pontiac to climb. The continued erosion of property tax revenue, state and federal revenue sharing

Order No. S-113

cuts due to population decline in the 2010 Census and continually increasing retiree health care costs, all contribute to Pontiac's immediate fiscal challenges.

All City Departments have been affected by this financial crisis. However, the City's District Court, funded by Pontiac, has not made budget cuts consistent with other City Departments.

The approved District Court 2011-12 fiscal year budget is \$3,262,100 for expenses. This figure is a \$949,000 reduction from the District Court's budget request of \$4,211,100.

The District Court 2011-12 approved budget of \$3,262,100 is covered by projected revenues generated by Court operations of \$1,675,300 and a City subsidy of \$1,586,800. If the District Court does not comply with its approved budget and fully spends its requested budget of \$4,211,100, the City's subsidy will skyrocket to \$2,535,800.

The City simply cannot afford a subsidy of \$2,535,800, as suggested by the District Court's requested budget request. The District Court's approved budget of \$3,262,100 will allow a serviceable level of Court operations in 2011-12.

The City's approved budget for the District Court is supported by a recent State Court Administrative Office (SCAO) Judicial Resources Recommendations (August-2011) Report (see attached **Exhibit A**), which stressed the following points:

- (1) SCAO estimates the District Court can operate with 2.2 judges.
- (2) SCAO recommends the number of judges be reduced from four (4) to two (2).
- (3) SCAO makes these recommendations based on the reduction in Pontiac population by 6.8% between 1990 and 2000 and by 10.3% between 2000 and 2010.
- (4) SCAO also emphasizes that between 2003 and 2010, the case filings decreased by 27.3% from 28,725 to 20,869.

Clearly, the SCAO Report supports the City's budget reduction in Court expenses in fiscal year 2011-12.

The City has repeatedly and consistently requested that the District Court provide it with a detailed list of expense reductions totaling \$949,000 to comply with its approved budget and avoid a funding crisis. However, no such expense reduction has been submitted.

Based on current monthly expenses incurred, it appears the District Court will exhaust its approved budget in March, 2012. As we are now in the fifth month of the budget year, actions must be taken to avert a crisis in District Court finances.

**It is hereby ordered:**

- (1) The City Finance Director inform the District Court that the City will not fund operations after its expense budget of \$3,262,100 is exhausted. Further, the full

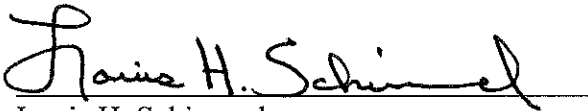
funding of the expense budget is contingent on the District Court fully funding its budgeted revenue contribution of \$1,675,300.

- (2) The City Finance Director request the District Court to provide its line by line cost reductions to reconcile its approved fiscal year 2011-12 budget of \$3,262,100 no later than November 18, 2011.
- (3) The City Finance Director request a copy of the District Court's recently negotiated collective bargaining agreement with the District Court Employees bargaining unit no later than November 18, 2011 and have the District Court provide a status update on projected annual cost savings.
- (4) The City will request the intervention of the State Court Administrative Office to avoid a funding crisis in the District Court.

**The Order shall have immediate effect.**

Copies of the documents referenced in this Order are to be maintained in the offices of the City Clerk and may be reviewed and/or copies may be obtained upon submission of a written request consistent with the requirements of the Michigan Freedom of Information Act and subject to any exemptions contained in that state statute and subject to any exemptions allowed under that statute (**Public Act 442 of 1976, MCL 15.231, et. seq.**).

This Order is necessary in order to carry out the duties and responsibilities required of the Emergency Manager as set forth in the **Local Government and School District Fiscal Accountability Act (Public Act 4 of 2011)** and the contract between the State of Michigan and the Emergency Manager.

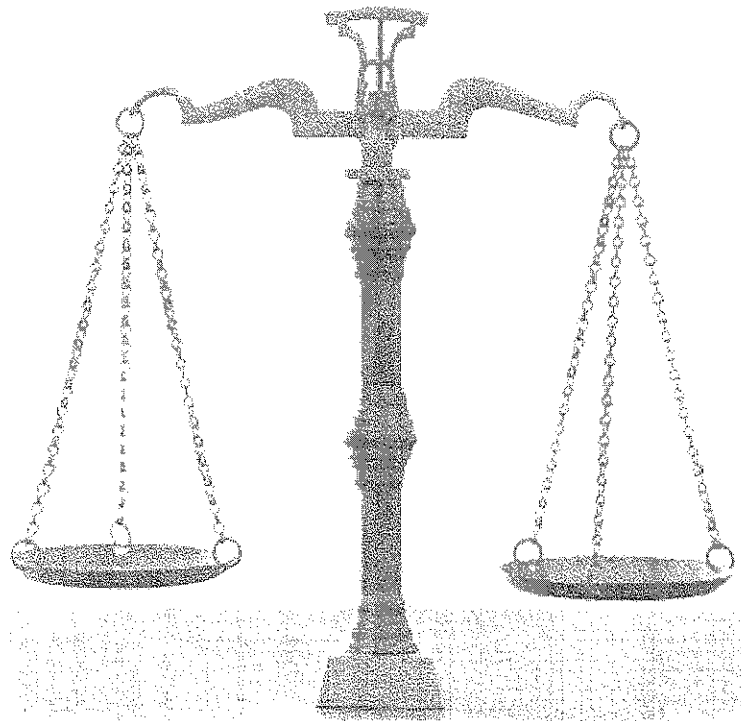


Louis H. Schimmel  
City of Pontiac  
Emergency Manager

cc: State of Michigan Department of Treasury  
Mayor Leon B. Jukowski  
Pontiac City Council

STATE COURT ADMINISTRATIVE OFFICE

# JUDICIAL RESOURCES RECOMMENDATIONS



AUGUST 2011

## 50th District Court – City of Pontiac

Based on the JNAC methodology and an extended analysis, the SCAO estimates that this court can operate with 2.2 judges. The SCAO recommends that the number of judgeships be reduced by attrition from four to two.

Current Judgeships	4
2011 SCAO Recommendation	-2 by attrition
Remaining Judgeships	2

The 50th District Court is a third-class district court in Oakland County serving the city of Pontiac. There are four judges serving this district court.

In 2007, the Michigan Supreme Court recommended the elimination of one district judgeship through attrition.

In 2009, the SCAO recommended the reduction through attrition of one judgeship.

The Legislature did not enact these recommendations.

In 2007 and 2009, the weighted caseload results indicated a judicial excess of 1.7 and 1.9, respectively. In 2011, using the new methodology approved by the JNAC, the SCAO found that the court has an excess of 1.8 judges.

Year	Judicial Excess	Recommendation	Michigan Supreme Court Additional Recommendations
2007	-1.7	No change	-1 by attrition
2009	-1.9	-1 by attrition	
2011	-1.8	-2 by attrition	

The population of the city of Pontiac decreased by 6.8 percent between 1990 and 2000 and by 10.3 percent between 2000 and 2010.

Year	Population
1990	71,166
2000	66,337
2010	59,515

Source: <http://www.census.gov/>.

Between 2003 and 2010, the case filings decreased by 27.3 percent, from 28,725 to 20,869.

Year	District Case Filings
2003	28,725
2004	29,581
2005	21,961
2006	22,358
2007	20,330
2008	21,529
2009	23,102
2010	20,869

Additional case filing detail is within the statistical supplement of the Michigan Supreme Court Annual Report, available at <http://courts.michigan.gov/scao/resources/publications/reports/summaries.htm#statsupp>.