

INVESTIGATION

Flint – Apple Valley Connection



September 13, 2016

Apple Valley Citizens for Government Accountability was founded in 2015 over concerns of out-of-control spending and a lack of transparency by the Town of Apple Valley.

Specifically, there was a lack of scrutiny of unelected Town staff who were pursuing multiple eminent domain actions, embarking upon major debt spending projects, and neglecting investment in legitimate Town functions such as infrastructure and public safety in the Town's budget.

Recently, in the shadow of the *#FlintWaterCrisis*, we discovered a connection and a pattern of mismanagement that connected Apple Valley with Flint, Michigan.

Marc Puckett – Current Apple Valley Assistant Town Manager/Former Flint, MI Finance Director

Marc Puckett is currently the Town of Apple Valley Assistant Town Manager in charge of the Town's finances. He is responsible for drafting the Town's budget, for responsibly allocating taxpayer funds, and for investing taxpayer dollars, among other things.



Puckett was also the Director of Finance for the City of Flint, MI, from 1992 to 1999.

The Apple Valley Citizens for Government Accountability group has uncovered a pattern of mismanagement by Puckett during his time in Flint, MI, with direct repercussions for the taxpayers of Apple Valley.

The *Flint Journal* stated that Puckett had been "credited with helping to make up a multi-million dollar deficit by charging various accounts for things the general fund had paid for previously."¹ This same practice has been heavily criticized in the Town of Apple Valley, and the Town is currently being sued for Proposition 218 violations related to its recent sewer rate increases.

Marc Puckett resigns from Flint, MI under cloud

Marc Puckett resigned from his position as Director of Finance for the City of Flint, MI, just days after an unusual \$9 million transfer was made to the City's pension system. According to Flint Journal articles published between January 1999 and September 2000, Flint city officials **discovered that the Finance Department under Puckett had failed to transfer money to the Pension Fund for two years, which ended up costing the City \$1.1 million dollars due to lost interest that the fund would have been making.**²

In an article published February 2, 2009, Puckett claimed that "These funds have always been in the retirement (system)."³ In another article, Puckett called the pension controversy "contrived because someone is running for mayor."⁴

After his resignation from the City of Flint, the amount that had not been transferred to the pension kept increasing, from \$9 million at the time of the report,⁵ to \$17 million a week later.⁶ When the final late transfer was finally made, the total would be up to \$21 million.⁷

Even at the time of his resignation, Puckett claimed that “all monies in question ... have always been on deposit in the retirement fund.”⁸ Then after claiming “full responsibility” for non-transferred pension funds, he continued to blame employees underneath him, stating that he “failed to follow up to ensure that these work assignments were complete,”⁹ and blaming an internal auditor in his department.¹⁰

A *Flint Journal* article from February 24th states that the “**city (of Flint) will deposit an additional \$1.1 million into its retirement system...**the minimum amount of interest officials say is owed to the fund because of past failures to transfer money to the proper pension accounts.”¹¹

This \$1.1 million were funds that came directly out of taxpayers’ pockets, *which would not have been necessary but for the shell game played by Marc Puckett.*

Independent audit reveals true failings of Puckett’s tenure

Upon Puckett’s exit, the Flint City Council immediately called for an independent audit, and in addition to non-transferred pension funds, discovered the following:

- Under Marc Puckett as retirement board secretary, the retirement system accounts had not been subject to a stand-alone audit.¹²
- From 1996 to Puckett’s exit, the City incorrectly misdirected some \$6 million in property tax payments.¹³
- From 1996, to Puckett’s exit, **Puckett as Finance Director failed to pay millions in industry facility and commercial facility taxes to the State Government.** A previous audit done in 1996 determined that the city had not paid \$12 million in taxes for the four previous years, and the payment was later made.¹⁴
- The city violated state law by spending beyond the budget adopted by the City Council in certain areas.¹⁵
- A lack of employees in the City Finance and Budget department resulted in transactions not being recorded on the city’s general ledger in a timely way, making it impossible to compare the city budget to its actual spending on a monthly or quarterly basis.¹⁶

Following his resignation and the fallout, multiple City Council members and city leaders criticized Puckett for the damage done to Flint – especially after Puckett cashed in on \$6,000 of unused vacation time.¹⁷

“(Puckett) should have been terminated, not rewarded.”

- Former Flint City Council President Scott Kincaid ¹⁸

“In previous years ... Puckett often didn’t share information freely.”

- Former Flint Finance Director Matthew Grady (Puckett’s Successor)¹⁹

“Who could forget Marc Puckett, the former finance director who resigned after costing the city a million dollars for screwing up the pension funds?”

- Andrew Heller, Flint Journal columnist ²⁰

“... the problem is they can’t get the figures (from Puckett’s department).”

- Donald Phillips, Former Flint City Retirement Board Member on auditors’ requests ²¹

“The person (Puckett) wasn’t telling us the truth.”

- Barry Williams, Former Flint City Councilman ²²

Puckett’s impact elsewhere

According to the Flint Journal, prior to his tenure in Flint, Puckett was fired from his position as Director of Finance for the nearby City of Eastpointe, MI, for undisclosed reasons.²³

At the time of his resignation from Flint, Puckett claimed that his resignation was not related to the pension flap, but instead due to the fact that he had accepted a governmental position elsewhere.²⁴

That position was as Director of Finance for the City of Costa Mesa, CA, where he served in this position from 1999 to 2009.

Puckett was placed on leave from his position in September of 2009, at which point he abruptly resigned. The city manager at the time stated that it was not for “financial malfeasance,” but could not say “whether a criminal investigation was pending.” ²⁵

Puckett later became head of the Town of Apple Valley’s Finance Department in 2010.

Puckett, Apple Valley, and the #FlintWaterCrisis

The Town of Apple Valley, under Marc Puckett’s leadership as head of the Finance Department, is seeking to take over a multi-million-dollar water company via eminent domain, and take on over \$100 million in revenue bond debt to accomplish this. Also, with the departure of former Assistant Town Manager Dennis Cron,²⁶ there would seem to be no remaining Town staff with water experience.

However, Marc Puckett has experience with the City of Flint's Water Department.

In a *Flint Journal* article on April 3, 1996, entitled "Folks Soaked by Water Bills May Get Relief," customers were complaining about the outrageous increases in water bills by the City. Flint resident Colette Timlick, whose bill went from \$70 to \$700, said "The city has a monopoly. You can't go anywhere else. You're stuck, and that's what angers people."²⁷

In the article, Marc Puckett defended the water meter reads and stated there was a misconception about water meter malfunctions, stating it was "impossible for the meter to advance at a rate of speed faster than the water flow through it", and that it was "resident's responsibility to check" remote readings.²⁸

When the Flint Water Crisis hit, the fault laid not only on a switch to water supplied by the Flint River, but in the lead contaminated pipes that were the result of decades of non-investment in their water system.²⁹

The switch to the Flint River water supply was the direct result of residents and politicians who thought their water bills were too high.

Many point to the start of problems with water bills and water quality to previous Mayor Woodrow Stanley, who was recalled in 2002 due to the financial state in which he left the city.³⁰ The appointment of Flint's Emergency Manager in 2002 (which led to the *#FlintWaterCrisis*) was a direct result of the financial wasteland left by the Stanley administration.

Who was in charge of finances during most of Stanley's term as Mayor?

Marc Puckett

Questions that need to be answered.

This investigation by the Apple Valley Citizens for Government Accountability has led to some serious questions involving the financial health of the Town of Apple Valley, including:

- Did the Town Council know about Puckett's Flint, MI past when he was hired in 2010?
- Why was Marc Puckett put on leave in Costa Mesa before his resignation in 2009?
- Why was Marc Puckett dismissed from his position in Eastpointe, MI, prior to working for Flint?
- Is Marc Puckett's Finance Department making correct pension transfers to its retirement fund?
- Is Marc Puckett's Finance Department paying the appropriate amount of taxes?

- Will Marc Puckett under-invest in the Town’s water system, as he did in Flint, if a takeover is successful?
- With Puckett’s approach to finance—which this group has often called a “shell game”—how do we know that the numbers that Puckett is presenting are reliable?

Lastly...

...will Apple Valley become the next Flint, Michigan?

Sources

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