AGENDA
Committee on Ways and Means
Thursday, January 25, 2018 @ 8:00 a.m.
Council Conference Room, City Hall

Councilmember Jody Washington, Chair
Councilmember Kathie Dunbar, Vice Chair
Councilmember Carol Wood, Member

1. **Call to Order**

2. **Minutes**
   - November 21, 2017
   - November 27, 2017

3. **Public Comment on Agenda Items**

4. **Discussion/Action:**

   A.) RESOLUTION – Special Assessment for Floodplain Mapping Project

5. **Pending**
   - Report from Internal Auditor and City Attorney on Retiree Reimbursement
   - Teamsters 580 Retiree Healthcare Coverage

6. **Other**

7. **Adjourn**

PUBLIC COMMENT AND SIGN IN SHEET

COMMITTEE ON WAYS AND MEANS

DATE Jan 25, 2018

Please print

NAME	ADDRESS	Purpose for Attending	Email Address	PHONE
Elaine Womboldt		RSL		
Kathy Miles		RSL		
STEVE MALONEY				
Denise Estee		retiree		
Teresa Frassetto		retiree		
Suzanne Elms				
Dean Brailey				
Sarah Riggs				

MINUTES
Committee on Ways and Means
Tuesday, November 21, 2017 @ 3:30 p.m.
10th Floor Conference Room, City Hall

CALL TO ORDER

The meeting was called to order at 3:30 p.m.

ROLL CALL

Councilmember Jody Washington, Chair
Councilmember Kathie Dunbar, Vice Chair – arrived at 3:32 p.m.
Councilmember Carol Wood, Member

OTHERS PRESENT

Sherrie Boak, Council Staff
Sid Scinger, Public Service
Elaine Womboldt
Joseph Abood, Chief Deputy City Attorney
Gregory Venker, Assistant City Attorney
Mike Tobin, LFD

Public Comment

Public Comment will be made during each agenda item.

Minutes

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE MINUTES FROM THE NOVEMBER 13, 2017 MEETING AS PRESENTED. MOTION CARRIED 2-0.

Discussion/Action

RESOLUTION- Emergency Management Program Grant (EMPG)

Mr. Tobin outlined the history of the grant with the City which as going into its' 16th year. The funds are from FEMA and go through the State, who currently have 104 projects. These funds cover 35% of the salary and benefits for the Emergency Management Coordinator.
Council Member Wood asked about the grant cycle. Mr. Tobin explained that FY17 is coming from the Federal Government in this budget. The City reports to the State, than they get reimbursed for the previous year, which is the work through September 30, 2017. Public Act 390 does not apply because the City is part of the earlier mentioned 104 programs through the State, so the State is awarded the funds, and then they share the funds without the local municipalities having to reapply, they just submit quarterly reports.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE RESOLUTION FOR THE EMERGENCY MANAGEMENT PROGRAM GRANT (EMPG). MOTION CARRIED 3-0.

RESOLUTION – Deficit Elimination Plan; Special Assessment Capital Project Fund
Council Member Wood outlined the project fund to the Committee. The overview detailed that Due to a special assessment on sidewalks, owners were allowed to pay overtime. The Department of Treasury wants to confirm the funds are there and the City must show the General Fund has the funds to cover the assessments.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE RESOLUTION FOR THE DEFICIT ELIMINATION PLAN; SPECIAL ASSESSMENT CAPITAL PROJECT FUND. MOTION CARRIED 3-0.

RESOLUTION- Workers Compensation Claim #20628760002014530001
Mr. Abood informed the Committee that the claimant is not currently on the job, not on disability, and was not offered another job or the same job. The Claimant is not on the City retirement so they are not entitled to any retirement benefits. Mr. Abood added that the claimant worked for the City a short period of time, and then went onto work for a local municipality where they filed a claim also. Both municipalities have decided to settle with the claimant.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE RESOLUTION FOR THE WORKERS COMPENSATION CLAIM OF 2062860002014530001. MOTION CARRIED 3-0.

Sole Source; Kennedy Industries, Flygt Pump Replacement; Public Service
Council Member Wood asked Mr. Scringer if he was aware of the new Sole Source Ordinance and if the sole source purchase was done prior to that adoption. Mr. Scringer noted he was aware of the ordinance, and they had obtained the quote September 20, 2017 and the Ordinance was adopted after that in October 2017. Mr. Scringer then went onto outline the purchase which is from the vendor who is the most familiar with the station, and the Departments goal is to get all the pumps as common as they can so the staff can work on them in a timely manner. Kenney Industries is the sole provided of the Flygt Pump. Flygt has been used since 1976 and the largest supplier, with other options less reliable. Council Staff obtained the Ordinance and the Committee confirmed that the new ordinance outline of specifics were met.

Council Member Wood asked Mr. Abood what training was being proposed to the Administration and Departments on the ordinance changes, and if they could offer any assurance that the Departments are getting training. Mr. Abood stated he was not aware of any training but would follow up with the City Attorney.

MOTION BY COUNCIL MEMBER WOOD TO PLACE ON FILE. MOTION CARRIED 3-0.

Update on Michigan Tax Tribunal Cases (City Attorney Office)
Mr. Abood informed the Committee that works with the City Assessor on the MTT cases. Current cases include one from 2015 (Charter Development) and 7 appeals from 2016. One of those cases will be in court soon, but the City has a good standing position on that claim. The other cases from 2016 should be resolved in the 1st -2nd quarter of 2018. Regarding the recent JNL case, there was some information in the ACT 425 when JNL expanded, and the City was using the appraised value from that 425. There was a provision that was challenged.

Lastly, Mr. Abood mentioned that his office is currently considering having the County play a role in the appraisal costs, etc. since the MTT would also settle their taxes.
Council Member Wood asked if there were any single family residences at the tribunal. Mr. Venker stated that there are some in December but appear to be rentals, and in terms of private ownership there is a low number. The City Attorney office stated they would find out the number and report back.

OTHER

PENDING
The following items will remain pending until January 2018, and Council Member Washington asked the City Attorney office to be prepared to speak to them at that time.

- Report from Internal Auditor and City Attorney on Retiree Reimbursement

- Teamsters 580 Retiree Healthcare Coverage

ADJOURN
Adjourn at 4:07 p.m.
Submitted by,
Sherrie Boak, Recording Secretary
Lansing City Council
Approved by the Committee on________________

MINUTES
Committee on Ways and Means
Monday, November 27, 2017 @ 4:45 p.m.
10th Floor Conference Room, City Hall

CALL TO ORDER
The meeting was called to order at 4:45 p.m.

ROLL CALL
Councilmember Jody Washington, Chair
Councilmember Kathie Dunbar, Vice Chair- arrived at 4:54 p.m.
Councilmember Carol Wood, Member

OTHERS PRESENT
Sherrie Boak, Council Staff
Eric Brewer, Council Internal Auditor
Angie Bennett, Finance Director
Sara Lehr, LSJ
Elaine Womboldt
Kathy Miles
Greg Venker, Assistant City Attorney– arrived at 4:49 p.m.

Public Comment
Public Comment will be made during each agenda item.

Discussion/Action
RESOLUTION- Third Amendment to the Defined Contribution Plan
Ms. Bennett informed the Committee that the plan is what can be considered a retirement savings account or 401K. The proposed amendments have already been done with the Teamsters and District Court. These amendments are for the non-bargaining group members who started after January 1, 2017. The benefit provisions that were changed reduced the multiplier from 1.6 to 1.25.

Council Member Wood asked for confirmation if it was only for employees hired after January 1, 2017 because she was a member of the plan and would need to abstain herself. Mr. Venker arrived and was asked to research if it would be a conflict for Council Member Wood to vote on.

Council Member Washington confirmed with Ms. Bennett that this was a modification that took effect January 1, 2017 for non-bargaining units and brings them in line with the Teamster Groups and District Courts. The modification is for the filing with the IRS.

Council Member Wood asked if this was reflected in the Executive Management Agreements, and Ms. Bennett clarified it was not currently because it was not for the highest level of managers, but one tier down from the Executive Management, which will affect less than 20 people. This amendment will not diminish any assets for those already in the plan.

Mr. Venker asked Ms. Bennet if this amendment was for the IRS filing, and that the amendments have already taken place and Ms. Bennett confirmed. Mr. Venker then confirmed with Council Member Wood that his opinion was that there was no conflict of interest in regards to Council Member Wood. Council Member Wood stated she will still abstain because her belief was that it was a conflict.

MOTION BY COUNCIL MEMBER DUNBAR TO APPROVE THE RESOLUTION FOR THE THIRD AMENDMENT TO THE DEFINED CONTRIBUTION PLAN. MOTION CARRIED 2-0, WITH ONE ABSTENTION.

OTHER

ADJOURN
Adjourn at 4:56 p.m.
Submitted by,
Sherrie Boak, Recording Secretary
Lansing City Council
Approved by the Committee on________________

Red Cedar Floodplain Remapping Project

The goal of the project is to correct the flood maps on the Red Cedar River to reflect a base flood elevation that is three feet lower in the City of Lansing, and up to three feet lower in neighboring communities; and to identify possible corrections on the Grand River and Sycamore Creek.

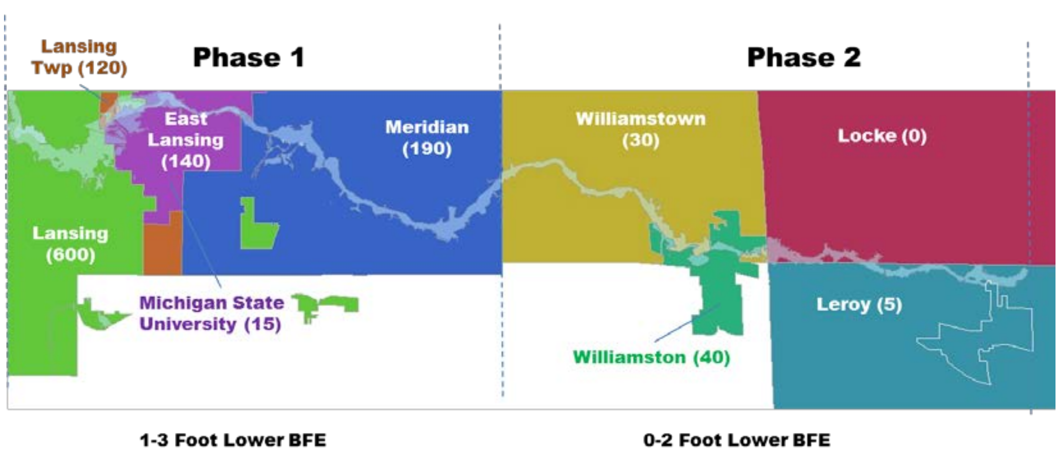
The City will contract with the US Geological Survey to produce new flood studies and updated flood insurance rate maps. Current maps were adopted in 2012, but based on flood studies performed in 1978. The process is expected to take five years, including 18 months for a flood study to be performed and approximately three years for map approval.

Background

Changes to base flood elevations were identified by the USGS during development of the City's Flood Inundation Mapper in 2015. The changes are primarily due to bridge replacement since 1978. The USGS has made a proposal to develop and deliver to FEMA the data needed to create new flood maps.

Benefits

Base flood elevations are expected to be reduced by one foot or more on the Red Cedar River from the Grand River to the eastern boundary of Meridian Township. Base flood elevations may be reduced as far upstream as Gramer Road on the east side of Webberville.



Cost

Under the proposed cost share, 50% of the project's cost will be borne by public agencies and 50% by property owners in the affected area, who are the direct beneficiaries. Once the first phase of the project is complete, the USGS will determine whether there are sufficient benefits for downstream communities to warrant going forward with the second phase. Payment is due at the completion of the study.

	% Total	Phase 1	Phase 2	Total Cost
Public	**50%**	**87,200.00**	**94,300.00**	**181,500.00**
USGS	*10%*	*17,440.00*	*18,860.00*	*36,300.00*
City of Lansing	*16%*	*27,904.00*	*30,176.00*	*58,080.00*
Michigan State University	*7%*	*12,208.00*	*13,202.00*	*25,410.00*
Ingham County	*6%*	*10,464.00*	*11,316.00*	*21,780.00*
BWL, East Lansing, Meridian	*11%*	*41,856.00*	*45,264.00*	*87,120.00*
Private Property Owners	**50%**	**87,200.00**	**94,300.00**	**181,500.00**
Total	**100%**	**174,400.00**	**188,600.00**	**363,000.00**

Assessment of Private Property

There are approximately 600 properties in the floodplain of the Red Cedar River in Lansing. Seventy of those are commercial or commercial residential properties; the remainder are single family homes.

The assessment for both phases of the project amounts to less than 10 cents per square foot of each property. The average homeowner would be assessed $45 for each of the project's two phases (if both prove to be necessary). The highest amount that would be assessed to a single homeowner for both phases would be $260.00.

Square Footage	Average Assessment $	Average Flood Insurance Reduction
2,000 to 3,000	208.00	28%
1,000 to 1,999	113.00	29%
800 to 999	79.00	22%
600 to 799	61.00	24%
599 or less	45.00	25%

Some property owners will see immediate benefits when the remapping is completed, either in lower flood insurance rates or by being removed from the floodplain and no longer being required to have flood insurance. All property owners will have long-term financial benefits.

Financial Benefits: Flood Insurance

The cost of flood insurance policies has been subsidized by the federal government since the City of Lansing joined the National Flood Insurance Program (NFIP) in 1981. Under this program all floodplain policy holders paid the same rate (per square foot of the structure), regardless of where in the floodplain they were located. In 2012 legislation was passed to end the subsidy program and increase premiums to reflect the actual risk of each individual property. These risk-based rates are known as 'actuarial' rates. Commercial and rental properties are expected to reach actuarial rates within the next few years, while owner-occupied residential properties are increasing at a slower rate. Those properties will reach actuarial rates in the next 10 to 25 years.

Insured properties at higher elevations may see immediate benefits through lower insurance rates or being removed from the floodplain. Insured properties in lower-lying areas would not see a rate reduction, but rates will increase by about 25% less over time.

Properties that are required to have flood insurance because of a mortgage, but which are not insured, could be required to buy insurance at actuarial rates at any time. FEMA has increased audits of lenders for flood insurance compliance. Lenders must enforce the flood-insurance requirement or risk sizeable fines. When this happens, property owners will be able to purchase insurance for about 25% less than they would currently.

Even properties which are not mortgaged may be forced to purchase flood insurance as a requirement for accepting FEMA assistance after a disaster.

Average annual flood insurance premium for Lansing homeowners:

Current (subsidized)	$1,100
Actuarial (without remapping)	$4,400
Actuarial (after remapping)	$3,600

Financial Benefits: Property Values

The rising cost of flood insurance will have a significant impact on property values. The average single family home will have lost 84% of its value when actuarial rates are reached. That loss is estimated based on the offer that a purchaser would have to make in order to offset the cost of flood insurance on the property. At a 100% loss the monthly flood insurance premium is roughly equal to the monthly mortgage payment.

The table below shows the expected loss of property value for homes, based on home value. Although remapping will not completely address the problem of property devaluation, it is one way to help minimize the effect.

Home Value	Average Reduction in Value (%)	Average Loss After Remap	Average Value ($)	Number of Homes in price range
$12,000 - $24,000	1.73	1.47	21,100	73
$25,000 - $49,000	1.08	0.88	35,700	314
$50,000 - $74,000	0.60	0.51	61,400	141
$75,000 - $99,000	0.42	0.33	87,100	127
$100,000 - $124,000	0.34	0.25	110,600	62
$125,000 - $149,000	0.28	0.21	132,100	18
$150,000 - $210,000	0.27	0.19	176,100	14
All Floodplain Homes	0.84	0.70	89,157	749

Prepared by:

Ronda Oberlin, CEM CFM
Hazard Mitigation Coordinator
City of Lansing Office of Emergency Management

Parcel Number	Prop Owner	Bldg Address	Occupancy	Sq Ft	Phase 1 Bldg Total	Owner Total	Phase 2 Bldg Total	Owner Total	TOTAL
33-01-01-14-328-071	2400 Kzoo LLC	2417 E KALAMAZOO	Store, Retail	2666	153.72	**153.72**	166.24	**166.24**	**319.97**
33-01-01-13-151-002	3301 E Michigan Partnership (CBRE)	3301 E MICHIGAN AVE	Store, Warehouse Discount	96636	5572.14	**6978.55**	6025.84	**7546.76**	**14525.31**
33-01-01-13-151-038	3301 E Michigan Partnership (CBRE)	3315 E MICHIGAN AVE	Office Building	24391	1406.41		1520.93		**0.00**
33-01-01-13-151-014	3335 E MI LLC (Bigby/PNC)	3335 E MICHIGAN AVE	Bank - Central	1895	109.27	**109.27**	118.16	**118.16**	**227.43**
33-01-01-21-231-052	521 E Hazel LLC	521 E HAZEL ST	Office Building	1980	114.17	**1408.37**	123.46	**1523.05**	**2931.42**
33-01-01-21-232-042	521 E Hazel LLC	617 E HAZEL ST	Industrial, Engineering	10106	582.72		630.17		**0.00**
33-01-01-21-232-042	521 E Hazel LLC	617 E HAZEL ST	Office Building	4356	251.17		271.62		**0.00**
33-01-01-21-232-042	521 E Hazel LLC	617 E HAZEL ST	Warehouse, Storage	3648	210.35		227.47		**0.00**
33-01-01-21-232-080	521 E Hazel LLC	619 E HAZEL ST	Industrial, Light Manufacturing	4335	249.96		270.31		**0.00**
33-01-01-21-278-093	Bee's Prep & Asphalt	1035 BEECH ST	Garage, Service/Repair	8820	508.57	**508.57**	549.98	**549.98**	**1058.55**
33-01-01-21-228-003	BJ Property	419 SPRING ST	Warehouse, Storage	4865	280.52	**515.95**	303.36	**557.96**	**1073.91**
33-01-01-21-228-003	BJ Property	419 SPRING ST	Office Building	4083	235.43		254.60		**0.00**
33-01-01-22-176-003	CAMAO Properties	1115 S PENNSYLVANIA	Warehouse, Distribution	21899	1262.72	**1262.72**	1365.53	**1365.53**	**2628.26**
33-01-01-21-230-012	Campbell, Robert	925 RIVER ST	Warehouse, Storage	21536	1241.79	**1993.40**	1342.90	**2155.71**	**4149.11**
33-01-01-21-230-012	Campbell, Robert	925 RIVER ST	Warehouse, Storage	13035	751.61		812.81		**0.00**
33-01-01-22-176-143	Chapman, David	1159 S PENNSYLVANIA	Warehouse, Storage	71040	4096.25	**4096.25**	4429.77	**4429.77**	**8526.02**
33-01-01-14-226-015	Corr	300 FRANDOR AVE	Shopping Center, Community	142143	8196.13	**16695.72**	8863.47	**18055.12**	**34750.84**
33-01-01-14-226-015	Corr	300 FRANDOR AVE	Shopping Center, Neighborhood	63461	3659.23		3957.17		**0.00**

33-01-01-14-226-015	Corr	300 FRANDOR AVE	Shopping Center, Neighborhood	47040	2712.38		2933.23		**0.00**
33-01-01-14-226-015	Corr	300 FRANDOR AVE	Bar - Cocktail Lounge	25851	1490.60		1611.97		**0.00**
33-01-01-14-226-015	Corr	300 FRANDOR AVE	Bank - Central	7454	429.81		464.80		**0.00**
33-01-01-14-226-015	Corr	300 FRANDOR AVE	Office Building	3600	207.58		224.48		**0.00**
33-01-01-21-278-102	Crown Enterprises	612 E HAZEL ST	Warehouse, Transit	4840	279.08	**279.08**	301.80	**301.80**	**580.88**
33-01-01-14-178-232	Feldman	2801 E MICHIGAN AVE	Garage, Service/Repair	17648	1017.60	**2929.76**	1100.46	**3168.31**	**6098.07**
33-01-01-14-178-232	Feldman	2801 E MICHIGAN AVE	Garage, Service/Repair	8050	464.17		501.97		**0.00**
33-01-01-14-178-232	Feldman	2801 E MICHIGAN AVE	Auto Dealership - Complete	6800	392.10		424.02		**0.00**
33-01-01-14-178-232	Feldman	2801 E MICHIGAN AVE	Garage, Service/Repair	4688	270.32		292.32		**0.00**
33-01-01-14-178-232	Feldman	2801 E MICHIGAN AVE	Shed, Utility, 4 Wall	4100	236.41		255.66		**0.00**
33-01-01-14-178-232	Feldman	2801 E MICHIGAN AVE	User-Defined	1440	83.03		89.79		**0.00**
33-01-01-14-178-241	Feldman	2827 E MICHIGAN AVE	Automotive Center	8084	466.13		504.09		**0.00**
33-01-01-21-279-041	Ferguson Enterprises	1121 RIVER ST	Warehouse, Distribution	36484	2103.71	**2103.71**	2275.00	**2275.00**	**4378.71**
33-01-01-14-226-021	Gillespie	3131 E MICHIGAN AVE	Store, Discount	154644	8916.95	**11143.65**	9642.98	**12050.99**	**23194.63**
33-01-01-14-226-021	Gillespie	3131 E MICHIGAN AVE	Warehouse, Storage	32299	1862.40		2014.04		**0.00**
33-01-01-14-226-021	Gillespie	3131 E MICHIGAN AVE	Garage, Service/Repair	6318	364.30		393.97		**0.00**
33-01-01-21-231-032	Green, Betty	511 E HAZEL ST	Restaurant	1604	92.49	**92.49**	100.02	**100.02**	**192.51**
33-01-01-22-176-032	Hager Fox	1137 HACO DR	Warehouse, Storage	18941	1092.16	**1092.16**	1181.09	**1181.09**	**2273.24**
33-01-01-14-329-052	Hayhoe, William	2505 E KALAMAZOO	Garage, Service/Repair Shed	1440	83.03	**83.03**	89.79	**89.79**	**172.82**
33-01-01-21-279-022	Hicks, Russell	420 E ELM ST	Garage, Service/Repair	15132	872.53	**872.53**	943.57	**943.57**	**1816.10**
33-01-01-22-176-131	Knapt Property	1149 S PENNSYLVANIA	Warehouse,	12828	739.68	**739.68**	799.90	**799.90**	**1539.58**

	Group		Storage						
33-01-01-14-226-031	Lansing Properties/ Carrigann Dev	3165 E MICHIGAN AVE	Automobile Showroom	11180	644.65	**644.65**	697.14	**697.14**	**1341.79**
33-01-01-14-377-161	Maguire, Bruce	2516 E KALAMAZOO	Garage, Service/Repair	1118	64.47	**64.47**	69.71	**69.71**	**134.18**
33-01-01-22-308-172	Manuel Nohad	1440 S PENNSYLVANIA	Garage, Service Station, w/Bays	1226	70.69	**70.69**	76.45	**76.45**	**147.14**
33-01-01-14-309-111	PARO Party Store	2221 E KALAMAZOO	Store, Retail	1344	77.50	**77.50**	83.81	**83.81**	**161.30**
33-01-01-21-326-002	Quality Dairy	1314 S WASHINGTON	Warehouse, Storage	19656	1133.39	**1133.39**	1225.67	**1225.67**	**2359.06**
33-01-01-21-227-001	River St Industrial LLC	830 RIVER ST	Industrial, Light Manufacturing	4200	242.18	**1219.99**	261.90	**1319.33**	**2539.32**
33-01-01-21-229-013	River St Industrial LLC	300 SPRING ST	Warehouse, Storage	4960	286.00		309.29		**0.00**
33-01-01-21-229-034	River St Industrial LLC	315 E HAZEL ST	Office Building	1274	73.46		79.44		**0.00**
33-01-01-21-230-003	River St Industrial LLC	905 RIVER ST	Industrial, Light Manufacturing	10724	618.36		668.71		**0.00**
33-01-01-21-229-023	SBA Towers/AT&T	910 RIVER ST	Warehouse, Storage	1092	62.97	**62.97**	68.09	**68.09**	**131.06**
33-01-01-14-256-064	Shaheen	3003 E MICHIGAN AVE	Store, Discount	21408	1234.41	**1779.88**	1334.92	**1924.81**	**3704.69**
33-01-01-14-256-080	Shaheen	125 N CLIPPERT ST	Store, Retail	9460	545.47		589.89		**0.00**
33-01-01-21-279-004	Simmons Properties LLC	1101 RIVER ST	Warehouse, Storage	7491	431.94	**824.73**	467.11	**891.88**	**1716.61**
33-01-01-21-279-004	Simmons Properties LLC	1101 RIVER ST	Office Building	5612	323.59		349.94		**0.00**
33-01-01-21-279-050	Simmons Properties LLC	1105 RIVER ST	Industrial, Light Manufacturing	1200	69.19		74.83		**0.00**
33-01-01-22-151-111	South St LLC	701 E SOUTH ST	Warehouse, Storage	46800	2698.54	**4528.30**	2918.26	**4897.00**	**9425.31**
33-01-01-22-151-111	South St LLC	701 E SOUTH ST	Warehouse, Storage	22483	1296.40		1401.95		**0.00**
33-01-01-22-151-111	South St LLC	701 E SOUTH ST	Warehouse, Storage	9250	533.37		576.79		**0.00**
33-01-01-21-276-031	Spirit SPE	1008 S CEDAR ST	Shed, Office Structure	314	18.11	**18.11**	19.58	**19.58**	**37.69**
33-01-01-22-105-001	Tranter Commons	735 E HAZEL ST	Warehouse, Storage	144851	8352.27	**8352.27**	9032.33	**9032.33**	**17384.60**

33-01-01-21-256-032	Union Bldg Corp	1010 RIVER ST	Office Building	4800	276.77	**276.77**	299.31	**299.31**	**576.08**
33-01-01-22-308-191	Wenco	1414 S PENNSYLVANIA	Office Building	1610	92.83	**92.83**	100.39	**100.39**	**193.23**
33-01-01-21-276-022	Wolverine Deveoptment	421 E ELM ST	Warehouse, Distribution	21433	1235.85	**1235.85**	1336.48	**1336.48**	**2572.33**
33-01-01-21-230-022	Zoeller-Maguire	401 E HAZEL ST	Warehouse, Storage	8054	464.40	**464.40**	502.22	**502.22**	**966.62**
33-01-01-16-460-161	K&D Enterprises	600 RIVER ST	Multiple Residence	8332	480.43	**480.43**	519.55	**519.55**	**999.98**
33-01-01-21-203-025	206 E Main St LLC	206 E MALCOLM X ST	Multiple Residence	29482	1699.97	**1699.97**	1838.38	**1838.38**	**3538.35**
33-01-01-21-203-030	300 E Main St LLC	300 E MALCOLM X ST	Multiple Residence	36366	2096.90	**2096.90**	2267.64	**2267.64**	**4364.54**
33-01-01-21-204-006	Washington Ave Apartments	927 S WASHINGTON	Multiple Residence	43920	2532.48	**2532.48**	2738.68	**2738.68**	**5271.15**
33-01-01-22-308-182	1420 S Pennsylvania LLC	1420 S PENNSYLVANIA	Multiple Residence	13284	765.97	**765.97**	828.34	**828.34**	**1594.31**
33-01-01-21-132-001	Fountain Place Limited Partnership	920 S WASHINGTON	Multiple Residence	99180	5718.83	**5718.83**	6184.47	**6184.47**	**11903.30**
			TOTAL	**1512284**	**87200.00**		**94300.00**		**181500.00**

BY THE COMMITTEE ON WAYS AND MEANS
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, National Flood Insurance Program premiums for homes and businesses in the floodplain will be significantly increased over the next twenty years, creating financial hardship for floodplain property owners through higher insurance rates and reduced property values; and

WHEREAS, the United States Geological Survey (USGS) has determined that the flood model data designating the base flood elevation for the Red Cedar River is no longer correct and that correcting this data will, over time, result in lower flood insurance rates and preserve property values; and

WHEREAS, the City of Lansing Office of Emergency Management has proposed a contract with the USGS to provide the corrected data to the Federal Emergency Management Agency for the purpose of issuing revised flood maps showing the corrected base flood elevation; and

WHEREAS, flood model data constitutes publicly owned property, the improvement of which will provide direct financial benefits to the owners of more than 500 properties in the Red Cedar River floodplain in the City of Lansing; and

WHEREAS, the total amount of the contract is $363,000, the City of Lansing has established a need for a special assessment district which includes all commercial and residential properties in the floodplain of the Red Cedar River, to pay for fifty percent of that contract ($181,500) over two years; and

WHEREAS, the special assessment will be based on the square footage of the home or business, a determining factor in flood insurance rates.

NOW THEREFORE BE IT RESOLVED, that the City Council hereby determines there is a public necessity to engage in a contract for work which will result the correction of the base flood elevation for the floodplain of the Red Cedar River, and hereby establishes the Red Cedar Floodplain special assessment district, which includes all parcels within the currently mapped floodplain of the Red Cedar River.

Property Type	Total Number of Properties	Total Assessment for Property Category Based on Square Footage
Commercial	63	$112,913
Apartment Buildings	6	20,312
Single Family Residential	529	48,275

Impact of NFIP Substantial Damage Regulations on1-2 Family Floodplain Homes in Lansing, MI

Prepared by the Lansing Office of Emergency Management | January 2018

submitted @ mtg

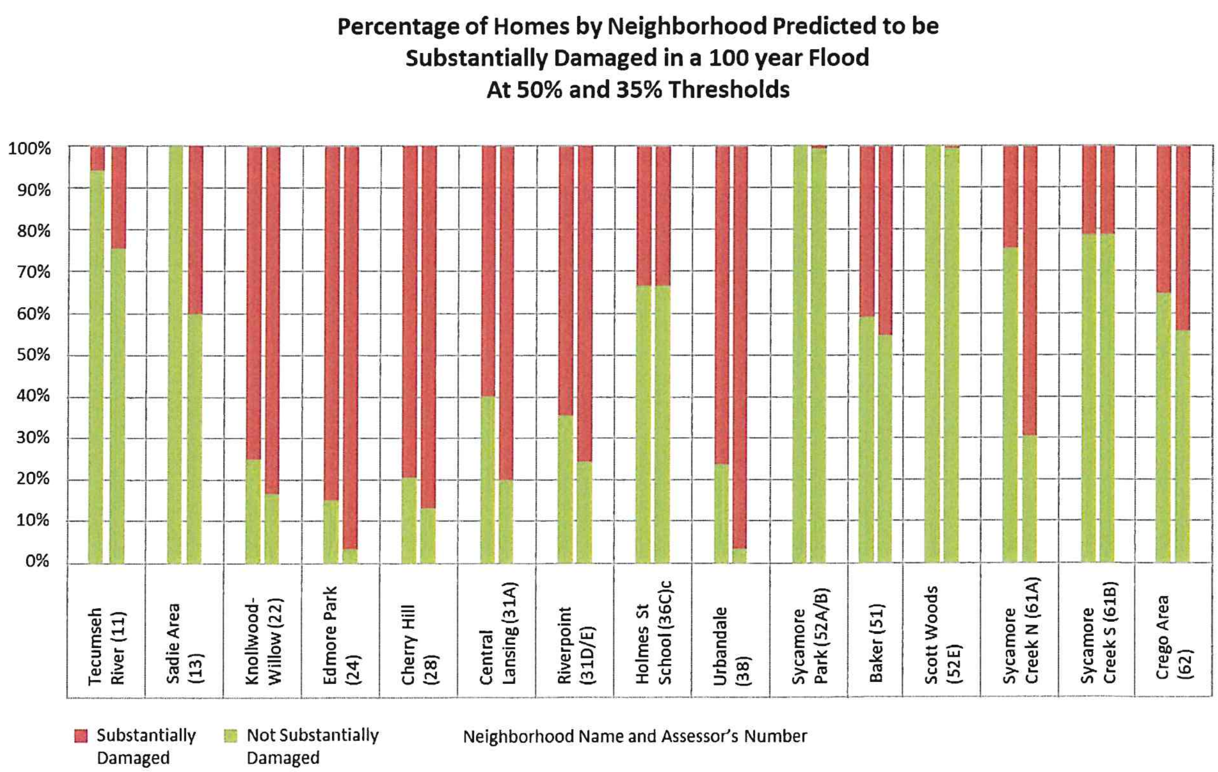
Impact of NFIP Substantial Damage Regulations on 1-2 Family Residential Property in Lansing, MI

The Lansing Office of Emergency Management is proposing that the City's floodplain ordinance be changed to reflect a substantial damage threshold of 35%.

Under federal law, when floodplain homes are substantially damaged they must be brought into compliance with floodplain regulations—meaning, among other things, that the lowest floor must be elevated to at least one foot above the base flood elevation. If this cannot be done, the structure must be demolished.

The federal definition of substantial damage is damage that is equal to or greater than 50% of the value of the home, not including the value of the land on which the home is located. The damage must be calculated based on the cost of a contractor to make the repairs, even if the homeowner does the work themselves or materials are donated.

The chart below shows the number of homes expected to be substantially damaged in each floodplain neighborhood in a 100 year flood at the current federal threshold of 50% damage, and if the threshold were lowered to 35% in Lansing. Additional information is shown in the table on page 3.



Revised 1/18/2018

Benefits of a Lower SD Threshold

About 60% of the properties expected to be substantially damaged are rentals. The substantial damage designation would keep these properties from being reoccupied unless they could be made safer. This would include almost 70% of the substantially damaged properties in Urbandale, the deepest flooding neighborhood in the city. Although many of the highest risk homes have been acquired and removed, there are still at least 20 homes in Urbandale which would experience 8 to 10 feet of flooding above the first floor in a major flood. The majority of these highest risk properties are rentals.

The City is in the process of applying for FEMA's Community Rating System program. Under this program, communities earn points for actions such as lowering the substantial damage threshold. These points are used to reduce flood insurance rates for residents.

Conclusion

It seems counterintuitive that it would be beneficial for more homes to be considered substantially damaged rather than fewer. However, homes that are low-lying enough to incur substantial damage will be subject to severely reduced property values as flood insurance costs continue to rise over the next 10 to 25 years. The substantial damage designation will create a requirement for action on these properties at a time when the greatest number of resources is available to support such action.

Substantially Damaged 1-2 Family Homes - 100 year flood
By Substantial Damage Threshold

All Floodplain Homes	**SD Threshold**		**Neighborhood**	
Neighborhood Name/No	**50%**	**35%**	**Total Rentals**	**Total Homes**
11 – Tecumseh River	2	10	0	42
13 – Sadie/Coolidge	0	2	0	5
22 – Knollwood-Willow	43	48	39	57
24 – Edmore Park	22	25	15	26
28 – Cherry Hill	11	12	14	14
31 – Central Lansing/Riverpoint	32	33	22	36
36 – Holmes St School	1	1	1	3
38 – Urbandale	205	227	173	258
51 – Baker	35	38	44	85
52AB – Sycamore Park	0	1	36	145
52E – Scott Woods	0	12	24	85
61A – Sycamore Creek N	9	25	20	45
61B – Sycamore Creek S	2	2	5	9
62 – Crego	4	5	4	11
Total	356	424	397	821
% of Total Floodplain Homes	0.44	0.52	0.48	

Rental Only	**SD Threshold**		**Neighborhood**	
Neighborhood Name/No	**50%**	**35%**	**Total Rentals**	**Total Homes**
11 – Tecumseh River	0	0	0	42
13 – Sadie/Coolidge	0	0	0	5
22 – Knollwood-Willow	24	31	39	57
24 – Edmore Park	8	14	15	26
28 – Cherry Hill	8	11	14	14
31 – Central Lansing/Riverpoint	15	18	22	36
36 – Holmes St School	0	0	1	3
38 – Urbandale	137	146	173	258
51 – Baker	14	16	44	85
52AB – Sycamore Park	0	0	36	145
52E – Scott Woods	0	3	24	85
61A – Sycamore Creek N	4	8	20	45
61B – Sycamore Creek S	2	2	5	9
62 – Crego	1	1	4	11
Total	208	245	397	821

Methodology

To determine whether or not a home is expected to be substantially damaged in a 100 year flood, the estimated first floor elevation was compared to the base flood elevation for that location. The difference between those numbers represents the estimated flood level above the first floor. Calculations were done using both the current and the anticipated corrected base flood elevation (after remapping). Differences were minimal and only the corrected numbers are used in this report.

Figure 3. Expected Damage by Home Size (Sq Ft) and Flood Height

Flood level above 1st floor (ft)	C 1500+	B 1000-1499	A 500-999
4+	$33,500	$23,500	$13,500
3	30,000	21,000	12,000
2	28,000	19,500	11,000
1	25,000	16,500	9,000
0	15,000	10,000	5,000
Less than 0	2,500	1,750	1,000

Expected flood losses were estimated using a flood damage calculator from the website www.floodtools.com. Other such calculators exist, and it would be advisable to check these estimates against other sources in the future.

Each home was categorized based on flood height and square footage, rounded to the nearest values shown in Figure 9. An X designation was used for properties expected to be removed from the floodplain by remapping, and a default damage amount of $1,000 was used. Two homes still qualified as substantially damaged in this category. Without better information on the elevations of those homes it was not possible to say with certainty that they would be out of the floodplain after remapping, so they were left in the substantially damaged category. Both were of low-enough estimated value that relatively little damage would be needed in order for them to meet the substantial damage threshold.

Lowest floor elevations used to estimate flood height were based on the two foot contours from the City's 2015 LIDAR data. This data is considered accurate to +/- 18 inches. The first floor was calculated at one foot over lowest adjacent grade for structures with a basement or on a crawl space, and equal to lowest adjacent grade for structures built on a slab. Foundation type was drawn from the Assessor's database.

The formula used to calculate substantial damage was:

If $(M\text{-}L)^{*}.5 < D$, THEN substantial damage is expected

Where M is the market value of the property, L is the value of the land, and D is the expected damage shown in Figure 3. Land and property values were drawn from the City of Lansing Assessor's database. The market value was estimated by doubling the State Equalized Value.

Contacts

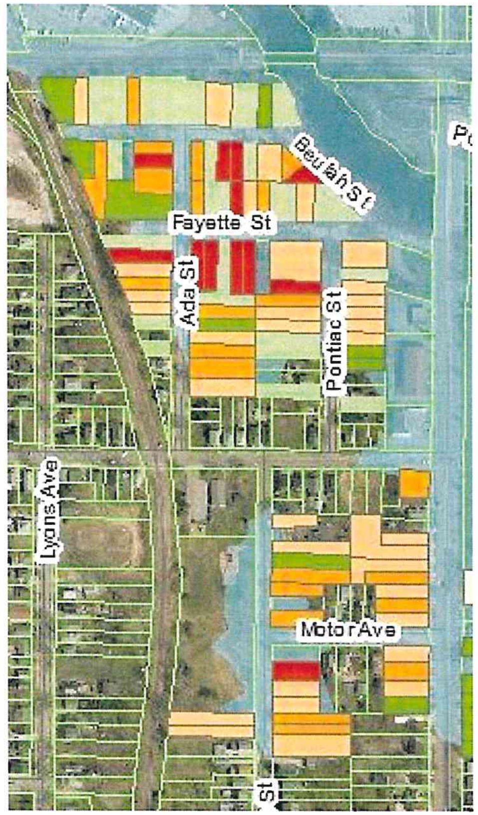
This report was prepared by:

Ronda Oberlin, CEM CFM
Hazard Mitigation Coordinator
Lansing Office of Emergency Management
815 Marshall St | Lansing, MI 48912
517-483-4110
ronda.oberlin@lansingmi.gov

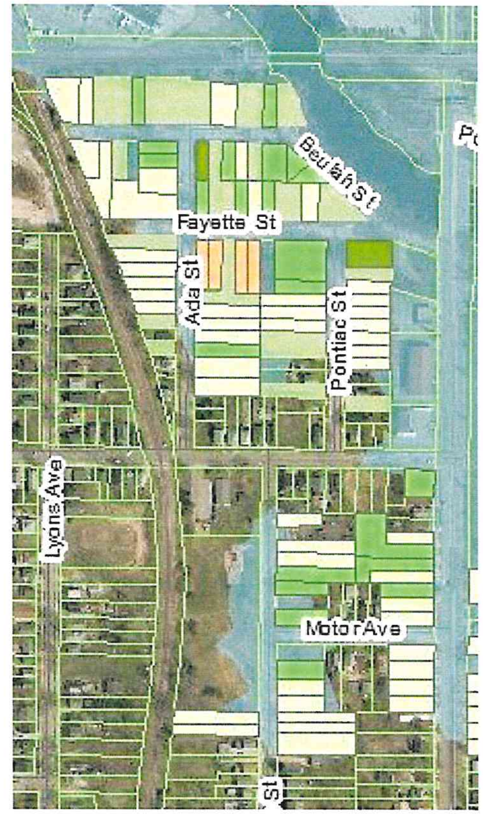
Baker Neighborhood Flood Insurance Impacts

Projected property value reduction due to the rising cost of flood insurance

Actuarial Rates at Current Base Flood Elevation (BFE)



Actuarial Rates at Expected BFE After Remapping



Actuarial Rates with Property Owner Mitigation

Expected Reduction in Property Value at Actuarial Rates

- -100% to -168%
- -75% to -99%
- -50% to -74%
- -25% to -49%
- -10% to -24%
- -3% to -9%
- Vacant/Agricultural
- Regulatory Floodplain (100y)

Average Monthly Premium

Subsidized (Today)	$74.00
Actuarial (Future)	$319.00
Actuarial After Remap	$248.00
Actuarial with Mitigation	$41.00

How Loss is Calculated

Lansing residents currently pay subsidized rates for flood insurance (the same rate for all, regardless of elevation). Rates are being increased over a 20 year period to reflect actuarial risk (based on the home's elevation).

The reduced values shown here reflect the purchase price that would have to be paid, below market value, to keep the purchaser's monthly mortgage payment the same as it would be without flood insurance, when the home is sold.

At 100% loss the flood insurance payment will be equal to the monthly mortgage payment; at 50% it will equal to half the monthly mortgage payment, etc.

Submitted @ mtg

Urbandale Flood Insurance Impacts

Projected property value reduction due to the rising cost of flood insurance

Actuarial Rates at Current Base Flood Elevation (BFE)

Actuarial Rates at Expected BFE After Remapping

Actuarial Rates with Property Owner Mitigation

Expected Reduction in Property Value at Actuarial Rates

- -100% to -245%
- -75% to -99%
- -50% to -74%
- -25% to -49%
- -10% to -24%
- -5% to -9%

Vacant/Agricultural

Regulatory Floodplain (100y)

Average Monthly Premium

Subsidized (Today)	$76.00
Actuarial (Future)	$343.00
Actuarial After Remap	$245.00
Actuarial with Mitigation	$140.00

How Loss is Calculated

Lansing residents currently pay subsidized rates for flood insurance (the same rate for all, regardless of elevation). Rates are being increased over a 20 year period to reflect actuarial risk (based on the home's elevation).

The reduced values shown here reflect the purchase price that would have to be paid, below market value, to keep the purchaser's monthly mortgage payment the same as it would be without flood insurance, when the home is sold.

At 100% loss the flood insurance payment will be equal to the monthly mortgage payment; at 50% it will equal to half the monthly mortgage payment, etc.

Submitted @ mtg