



MINUTES
Committee of the Whole
Monday, May 10, 2021 @ 5:30 p.m.

<https://us02web.zoom.us/j/85940036219>; ID: 859 4003 6219; or Dial in: (646) 876 9923

Held virtually in an effort to protect the health and safety of the public & to mitigate the spread of COVID 19

CALL TO ORDER

Council President Spadafore called the meeting to order at 5:31 p.m.

PRESENT- via audio/video

Councilmember Peter Spadafore remotely from Lansing, Michigan
Councilmember Adam Hussain remotely from Lansing, Michigan
Councilmember Carol Wood remotely from Lansing, Michigan
Councilmember Patricia Spitzley remotely from Lansing, Michigan
Councilmember Kathie Dunbar remotely from Lansing, Michigan
Councilmember Brandon Betz remotely from Lansing, Michigan
Councilmember Jeremy Garza remotely from Lansing, Michigan
Councilmember Brian T. Jackson remotely from Lansing, Michigan

MEMBERS PRESENT- via audio/video

Sherrie Boak, Council Staff
Mark Lawrence, Mayors Representative
Lisa Hagen, City Attorney
Jim Smiertka, City Attorney
Eric Brewer, Council Internal Auditor
Robert Widigen, Finance Director
Jake Brower, Budget Director
Judy Kehler, Chief Strategy Officer

Minutes

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE MINUTES FROM MAY 3, 2021 AS PRESENTED. ROLL CALL VOTE, MOTION CARRIED 8-0.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE MINUTES FROM MAY 8, 2021 SPECIAL MEETING AS PRESENTED. ROLL CALL VOTE, MOTION CARRIED 8-0.

Public Comment

No public comment at this time.

Presentations:

Budget Presentation – Chief Strategy Officer

Council President Spadafore noted the plan was to talk about the work the CSO is doing can be worked into the budget they are doing.

Ms. Kehler provided an update on OPEB, long term projections and long term items with the City. Ms. Kehler began with the City of Lansing Other Post Employment Retirement presentation and what the City has done in the past to reduce OPEB. Some of those items was reduced benefits and eligibility, decreased plan assume rate of return, and addressed unfunded liability. The presentation highlighted a table from 2019 and one from 2020 with assets, liabilities, unfunded, funded ratio and actuarial. The pensions highlighted were ERS, Police and Fire, and then Healthcare. After the breakdowns, she referenced what the City is doing now for costs savings, carriers, rebid pharmacy benefit, methods to decrease management costs, multiplier management, plan costs decreases, amortization schedule moved from 21 to 20, and then moving all new hires from Defined Benefit to HCSP benefit platform. With the decrease of costs through plan design save the City \$3.4 million. Ms. Kehler then provided a slide on the breakdown on what the healthcare system looked like for retirees prior to Humana and PHP. The conclusion of the presentation was on the next steps including exploring different design options, look at enterprise funds to pay for appropriate pension and retiree participants, additional plan design, collaborative solution idea meetings, and sell assets or lease land and use proceeds to help fund retiree healthcare. There are several local municipalities have used PA 435 for a millage to levy for police and fire pension; those included Jackson, Iron Mountain, Oak Park, Redford Township, and Southgate to name a few.

Council Member Betz asked Ms. Kehler asked about the funding ratio, if the City is trending towards 100% or trending down over the last few years, then also asked what amount of the budget is going out towards the funding ratio this year. Ms. Kehler noted concerning the budget \$33.5 million, and OPEB is \$24 million.

Council Member Betz asked what would lead to the increase in the funding ratio to get to 100%. Ms. Kehler stated she did not have the numbers but could get that to Council. Council Member Betz then asked Ms. Kehler is there “double dipping” that would spike their pension and what has been done to stop that, and also what about an employee where they receive a pension, then go to another municipality and collects. Ms. Kehler spike pensions is part of the contract negotiations, and Council President Spadafore stated that the contract and overtime, but there the Administration is making efforts to address the overtime. Mr. Smiertka confirmed it is part of negotiating. Ms. Kehler stated regarding collecting from multiple municipalities the City does not have any control over that, but if there are two spouses they have addressed those pensions so there is not double dipping.

Council Member Spitzley asked about the percent funded for the OPEB, and if there is a best practice for 100%. Ms. Kehler stated 60% and above, with healthcare 40% and above, the documents would not have to be submitted, and that is the first threshold the City is working towards. There are also discussion on when to pay funding from the trust, and the Administration is working with the actuarial. She also noted she would like to look at other municipalities because they are performing better, so would like to see what they are doing. Council Member Spitzley referenced the PA 435, and if there are equivalent to the City that are also performing better. Ms. Kehler stated she did not have the specific comparison, and would not be able to speak to actually projecting on utilizing PA 435. Council Member Spitzley noted, regarding leaving the City and going to another municipality, not sure if there is nothing written how to address it. Regarding the inventory of property and land the City owns for funds, and at the time of the ordinance for Chief Strategy Officer, the Council was looking for an evaluation of properties, and hoped that office is still doing that.

Council Member Wood explained to the Committee, that the contracts are negotiated with the Union, that over a five year period, they look at the income not the last year. All retirees are required to turn in their income, and if it exceeds, then their pension is reduced. So if they are working, that could affect their pension. Regarding Police and Fire, per State law, they do not

collect social security, so they find jobs when they retire to have social security. Lastly, she referenced the assumption rate, and if there is a loss it is spread over a period of time. Council Member Wood spoke to support of an audit on self-funding. For the funding for the OPEB, was done by the Defined Contribution Board, and therefore Council Member Wood asked Mr. Brewer and Ms. Kehler to look into what that Board is doing and investments they are making. She also asked that a comparison be done with MERS and the State as have done in the past.

Council Member Dunbar asked for confirmation on the OPEB liabilities of \$736 million in 2019, and \$906 million 2020, and Ms. Kehler confirmed. Ms. Kehler stated it is hard to compare, so she asked the actuary for the amounts based on the new numbers with the HUMANA costs, and self-funding. They plan from this point forward to provide actual data, because the numbers in 2019 were under the old health care. Under 2019 there were 8 different medical plans, so from going down to 1 plan, it does cost less and is reflected that way now. It is not reflected that way in 2019 because there were 8 plans. Council Member Dunbar asked if the \$736 was under the new plan and since it is higher, what the reason was for the difference. Council President Spadafore stated all the variables changed at once, and there was a GASB rule change, and had to carry more liability. Council Member Wood stated that the mortality tables had not been updated since the 1990's, so those had to be updated which changed the liability tables. The Board just adopted the new table. Council Member Dunbar then asked Ms. Kehler if moving forward, is the amount we anticipate as an increase, is the City is close to stopping the gap button. Ms. Kehler noted she is looking at alternatives she is looking at with the actuary, but right now the City is making up for times when it was not funded even at 80%. Ms. Kehler noted she would like to return in June to provide better details.

Council Member Jackson asked if any of the recommendations from the FHT still relevant, and also asked what the projected savings would have been if the first health care switch happened, and lastly asked if changes in the projections would change the amounts for the City. Ms. Kehler spoke in support of the options and opportunities, and how Lansing can grow out of those issues with creating a vision. The stock market does have something to do with the changes, and in 2018 there was a law that OPEB has to appear on the balance sheet, so the City needs to look at how to grow.

Council Member Garza asked Ms. Kehler if the American Rescue plan helps with the unfunded liability, and was told no they cannot be utilized for pension or OPEB, but there are ways to make additional payments.

Council Member Betz referenced a statement by Ms. Kehler on economic growth, and his concern is making sure employees are getting paid, and future impact if there are changes in the plans and what costs might go up. He then asked what percentage of payment to liability is over on the increase to the funding ratio.

Council President Spadafore asked if an extensive plan audit has been done or planning to do. Ms. Kehler stated there has been some, but supported a comprehensive audit to make sure people are covered and on the right plan. Council President Spadafore asked if there is a process is making sure the employees sign a document for coverage of insurance. Council Member Wood stated that with the contract language, the employees cannot be on two plans.

Ms. Kehler asked for suggestions on the community meetings and constituents meetings, and Council President Spadafore suggested speaking to the Ward members on how they run their Ward meetings. Ms. Kehler spoke then on the internal audits she is performing, the best services, and the best way to reduce processes in the City.

Council Member Dunbar asked Ms. Kehler when City taxes will go to electronic filing, and if there is something through MML, a network of CSO and Treasurers that brain storm OPEB. Ms. Kehler acknowledged she has been reaching outside of the State.

Discussion/Action:

Budget Review/Budget Policies/Budget Wrap Up

Council President Spadafore asked for any recommendations on the budget for amendments. Council Member Spitzley proposed an amendment for \$250,000 towards the creation of a Cold Case Unit, based on recently finding out there are 80+ cold case files in the City and only one staff. She proposed 1 additional detective, part time support, part time investigative support, a full time IT position and 1 time full time administration support. She noted she did speak to the Mayor before the meeting about using the COVID funds, but was told from the Mayor those funds have been utilized already. She concluded that if it is not added to the budget this year, but to make a priority in future years to address this unit, because always hearing police do not prevent but investigate so is looking for this to be added.

MOTION BY COUNCIL MEMBER SPITZLEY TO AMEND THE BUDGET PRIORITIES TO INCLUDE THIS.

Council Member Wood asked for clarification that it not amend the budget but part of the policies to look at funding sources over the next year to look for those funds. Council Member Spitzley confirmed. Council Member Wood wondered if this should be assigned to Ways and Means or Public Safety to investigate to bring back to Committee of the Whole, and Council Member Spitzley concurred, and hopes that if going through that Committee it can be added to those Budget Priorities.

Council Member Hussain noted in January there was a crime partnership with Detroit, and if that was discussed with the Mayor, and what that means with the cold case unit. Council Member Spitzley concurred it was discussed, but this would be funding specific, and encouraged the Committee on Public Safety, have the Chief brought back to discuss.

Council Member Dunbar spoke in support of making it a priority in this current budget, and take funds something else.

Council Member Betz acknowledged the recommendation and asked how it was going to be written since the funds are already allocated, so is she looking for new funding from the General Fund or from the Police budget. He recommended putting in the budget policies. Council Member Spitzley stated she wants it included in the budget priorities.

Council President Spadafore noted that COVID funds are not allowable for personnel but are for one time funds. Council Member Spitzley noted she does not like one time funding, but wants to get this started for this year, and weave into the budget process next year definitely. She is interested in putting in a budget priority to create a cold case.

Council Member Wood reminded Council that they cannot dictate to a department how they use their personnel, Council can look at grants that are specific to the fact they are meeting certain requirements, Council can add personnel items on what the intent is they want it to be used for, and the Mayor could veto that. She supported the idea of the concept makes sense, and trying to find the funds or resources are options.

Council Member Dunbar agreed Council cannot dictate, but can put in a priority, and supported a road cop off the street to make a detective.

Council Member Betz asked Council Member Spitzley is this something that goes into the budget policies document, reallocating investigators. Council Member Wood noted there is a budget resolution does the appropriations, then there are follow ups to those. The budget priorities are due in October which are what Council wants to see. In this document, the budget policies could state to do a study to see if there is a criteria to create a cold case unit. The same thing could be done in October with the Budget Priorities for the allocation.

Council Member Hussain looking to clarify for Budget Policies and Budget Priorities. Supported adding this to the budget policies now, and then also put in priorities for the Administration to work into the budget.

Council Member Spitzley withdrew the action, take all the discussions and will rework and bring back on May 17th.

Council Member Wood asked about the Teamsters contract which was not settled with increases, and when asked before the Mayor stated he was meeting with the Teamsters on that increase, and asked now if that has been done; were there increases and was it written into the budget. Mr. Lawrence stated he was not aware of any conversations, but would check with the Mayor. Mr. Brower confirmed the potential increase was looked at when develop the budget, and stated they are discussing options. Mr. Widigan stated, per Mr. Tate, they have not finalized anything yet. Council Member Wood asked for those figures before the budget is adopted. Council Member Wood then asked about the \$300,000 diversity and equity funds, and proposed those funds put into a control account. This would include a budget policy that says the control account, before appropriated, would have to come back to Council to review how those dollars would be spent. Council President Spadafore asked for something written to clarify the control. Council Member Wood stated she can provide to Council, unless the Mayor wants to draft something since he has already agreed.

Council Member Jackson proposed a budget amendment that would not take funds from LPD budget, but the vacant positions not be filled but those funds be used towards a social worker and the difference to the LPD operating. Council President Spadafore referenced the email from Council Member Jackson which appears to add another social worker. Mr. Brewer explained the document which shows the proposed budget has one social worker, so Council Member Jackson wants to add one more social worker, so the allocation would be from the Police budget. To fill the position would take some from miscellaneous operating and some from the vacancy for a position in LPD. Everything stays the same in the LPD budget, just taking funds from vacancy to new position of social worker. Council Member Jackson clarified that there would be one social worker in the budget proposal, and with his amendment there would be a total of two social workers. Council President Spadafore asked Mr. Brewer without reducing where the other money was. Mr. Brewer stated that was already allocated for the social worker, in the personnel line item in the LPD. This amendment would take a position already allocated in the budget, but reallocate it to a social worker. This would increase the personnel item from the miscellaneous operating. Council President Spadafore asked if the Mayor's proposed social worker not budgeted, and Mr. Brewer stated it was in the proposed. Council Member Jackson asked if there is any funds left over from this amendment, he is open to talk about where those funds should go.

MOTION BY COUNCIL MEMBER JACKSON TO AMEND FOR THE SOCIAL WORKER POSITION.

Council Member Wood noted that there is one in the current budget, one in the Mayor's proposed budget and then one that Council Member Jackson is asking for, so a total of 3 social workers. Mayor Schor stated there is one, he is proposing a new one, but Council Member Jackson's amendment is how to pay for the position proposed by the Mayor. He then explained the vacancy, because sometimes there are more, because they front load when they know vacancies are coming, they always try to stay at 205. Council Member Jackson stated in the past there has been conversations in the past that the positions in LPD cannot be filled, the HR process is not competitive, so why add to the Police budget.

Council Member Betz asked if the salary and fringe take into account uniform, vehicle, etc. for the social worker. Then he also asked for clarification that the Mayor is taking a temporary vacancy for a social worker, and also fill the officer to keep at 206 officers, or is Council

Member Jackson to reduce officers to 205 and fill one position with social worker. Council Member Jackson stated the officer count will not change, so move an open position to the social worker. Council Member Betz asked for clarification on Mayor's intent to keep officers at 206. He then asked again for details on the fringe.

Council Member Dunbar supported for filling a vacancy with a social worker, but if there is the ability to reallocate for a social worker, then there should be the option to do the same with the cold case unit. Earlier it was stated Council cannot tell departments where to put their staff, and so no guarantee. She then asked how there is an ability in this case, but not for cold case. Council President Spadafore concurred they cannot, it would rely on the Mayor making that determination. Council Member Dunbar then asked the Mayor if he can make those changes in the vacancy factor for the social worker or cold case detective. Council President Spadafore confirmed the social worker is funded in the budget, but was not sure he would support the change.

Council Member Hussain asked if Council Member Jackson had spoken to the Chief, what budget impact moving forward, and asked if Officer Backus could speak to this.

Council Member Betz suggested a budget option where there is a section specific to social workers, so it is separate since Council cannot tell the Mayor to spend funds on social worker directly.

Council Member Jackson confirmed he has not spoken to the Chief but spoken to him in the past when he has stated he needs more officers. The money that is put into the budget does not correlate to reduced crime rates, and there is a call to action for Council to scrutinize spending for the police and reallocate towards equity. He concluded by stating in his opinion with a social worker, they would not take officers off the streets, so why increase the budget when there is no need to.

MOTION BY COUNCIL MEMBER JACKSON TO MOVE \$22,015 from LPD operating budget into LPD personnel line item.

Instead of funding the social worker, and funds left over go to the HRCS budget.

Council President Spadafore asked to pull the motion until all the language is clear and work with Mr. Brewer.

Council Member Jackson withdrew his motion.

Council Member Wood asked for information that there was a vacancy factor presented to the unions, and certain positions were highlighted that were going to be vacant in the upcoming year. Told the vacancy factor was a rotation of funds, and asked if the Administration is proposing particular positions remain vacant, and if not asking for clarification on how it was interpreted to the unions.

Council President Spadafore noted his amendment for \$20,000 for an expungement unit in the OCA to help people expunge their records. The language will be presented at the next meeting.

Adjourn

The meeting adjourned at 7:38 pm

Respectfully Submitted by,
Sherrie Boak, Recording Secretary
Lansing City Council

Approved by the Committee on May 17, 2021