# AGENDA

## Committee on Ways and Means
**AGENDA FOR SEPTEMBER 17, 2021 AT 3:15 PM**

Lansing City Hall
124 W. Michigan Avenue, 1st Floor Lobby
To provide input or ask questions on any item that is listed on the agenda,
members of the public may contact the City Council at city.council@lansingmi.gov or (517) 483-4177 prior to the meeting.

**Based on the recommendations from the Centers for Disease Control (CDC)**
**City Council President Spadafore is requesting members of the public, City Staff and Council Members wear face coverings at meetings of the City Council and their Committees.**

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Council Member Wood, Chairperson
Council Member Hussain, Vice Chairperson
Council Member Spadafore, Member

1. **Call to Order**
2. **Roll Call**
3. **Minutes**
   A. September 10, 2021
4. **Public Comment on Agenda Items (Up to 3 Minutes)**
5. **Discussion/Action:**
   B. RESOLUTION - Grant Acceptance; Project Safe Neighborhood Grant for the Lansing Police Department to distribute backpacks to the Lansing Youth Football League
   C. RESOLUTION -Donation Acceptance; Lansing Police Department Special Tactics and Rescue Team in honor of Retired Detective Ronald Seyka to upgrade Unit's ballistic shields
   D. RESOLUTION - Grant Acceptance; U.S. Geological Survey Grant for installing a streamgage on Sycamore Creek
   E. RESOLUTION - Grant Acceptance; Financially Distressed Cities, Villages, and Townships (FDCVT) Grant for the Core Switches Project
   F. Sole Source Purchase; Human Resources Department request to use Public Sector Search & Consulting (PSSC) as the vendor for the search for a new Police Chief
   G. Sole Source Purchase; Human Resources Department request to use Strategic Government Resources as the vendor for the search for a new Fire Chief
6. **Other**
7. **Adjourn**

Persons with disabilities who need an accommodation to fully participate in these meetings should contact the City Council Office at 517-483-4177 (TTY 711) 24 hour notice may be needed for certain accommodations. An attempt will be made to grant all reasonable accommodation requests.

**MINUTES**
**Committee on Ways and Means**
**Friday, September 10, 2021 @ 3:15 p.m.**
**City Hall 1st Floor Lobby**

**CALL TO ORDER**
Council Member Wood called the meeting to order at 3:16p.m.

**PRESENT**
Council Member Carol Wood, Chair
Council Member, Adam Hussain, Vice Chair - excused
Council Member Peter Spadafore, Member

**OTHERS PRESENT**
Renee Richmond, Council Administrative Assistant
Eric Brewer, Council Internal Auditor
Jim Smiertka, OCA
Toni Young, HRCS
Kim Gillespie, HRCS
Rob Backus, Captain LPD
Joe McClure, LPD

**Minutes**
MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE MINUTES FROM AUGUST 20, 2021 AS PRESENTED. MOTION CARRIED 2-0.

**Public Comment**
No public comment at this time.

**Discussion/Action:**
RESOLUTION – Grant Acceptance; US Department of Housing and Urban Development Continuum of Care
Kim Gillespie of HRCS stated that this is a continuum care grant for permanent housing and rapid rehousing for homelessness. She continued that there are about 11 projects serving different rapid rehousing for people with highest needs and chronic homelessness and families. Ms. Gillespie added there is one step that goes through a long process in which they determine which is in most need and implement a strategic plan. Council Member Wood asked how HRCS is keeping track and making sure their review process in making awards to the applicants are being done. Ms. Gillespie stated they have an ongoing process that monitors each agency every year and a HUD tool to look at financials and it is done every year before they apply for a grant. Council Member Wood said her last question was based on COVID dollars, is there a point where HRCS

is concerned they are limited to use. Ms. Gillespie indicated there are some concerns but they are 1½ years in and they are reassessing the progress an being looked at as of now and don't see a problem with the funds. Council Member Spadafore asked if there was a match and Ms. Gillespie confirmed there is an in-kind 25% match of just over $31,000. Council Member Wood asked if Mr. Brewer had any concerns and Mr. Brewer stated the biggest concern in the City has to satisfy the documents and requirements for HUD.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR THE GRANT ACCEPTANCE FOR US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT CONTINUUM OF CARE. MOTION CARRIED 2-0.

RESOLUTION - Grand Acceptance; STOP Violence Against Women Grant- 2022

Captain Backus stated this grant is a renewal for funding for one detective investigator for domestic violence on the police side and one analyst to support the domestic violence investigation team, there is a 25% match. Council Member Wood asked if there is potential this grant be used for anything else besides these two positions like outside organizations. Captain Backus stated no this is a three step approach with police, specialty court and the prosecutor's office. Council Member Spadafore stated in the resolution he would like to strike the BE IT FINALLY RESOLVED and have the paragraph above that the final one. Council Member Spadafore then asked Judge Ward if she had some data on domestic violence and she stated not with her and Captain Backus said he could provide that. Council Member Wood asked that he email Ms. Richmond that information.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION AS AMENDED FOR GRANT ACCEPTANCE FOR STOP VIOLENCE AGAINST WOMEN GRANT – 2022. MOTION CARRIED 2-0.

PLACE ON FILE – Sole Source Purchase; Lansing Police Department request to use All City Management Services as the vendor for School Crossing Guard Services

Mr. McClure stated that Michigan law requires law enforcement to provide school crossing guards and this company provides services for 34 intersections. Mr. McClure continued that the total cost is $300,801.60 and that this year the rate went up to $23.21 per hour.

MOTION BY COUNCIL MEMBER SPADAFORE TO PLACE ON FILE. MOTION CARRIED 2-0.

OTHER

Budget Priorities 2022/2023

Council Member Spadafore stated he would like to continue support of the expungement clinics and commended Mr. Brewer on his deep dive with payroll and asked if he was receiving cooperation. Mr. Brewer said he had a meeting with Bryan Kauffman and was flexible and supplied documents and is keeping Mr. Tate and Ms. Sanchez-Gazella informed.

**ADJOURN**

Adjourned at 3:33p.m.
Submitted by,
Renee Richmond, Council Administrative Assistant
Lansing City Council
Approved by the Committee ________________________

# LANSING CITY COUNCIL

# GRANT INFORMATION FORM

## (Required for all grant applications and acceptances)

REFERRAL DATE: 9/13/2021

GRANT NAME: Project Safe Neighborhood - Backpacks

DEPARTMENT: POLICE

CONTACT PERSON (INCLUDE EMAIL AND PHONE): Joe McClure (Joe.Mcclure@Lansingmi.gov 484-4808)

APPLIICATION DATE: October 28, 2020 AWARD DATE: August 30, 2021

GRANT CYCLE: _8/30/2021 – 8/30/2022______ Check One: ___Annual _✓_One-Time

FUND AMOUNT: _$6,420.00____ (Breakdown below should total this amount)

| | |
|---|---|
| GOODS & SERVICES | $6,420.00 |
| PERSONNEL | |
| CONSTRUCTION | $0.00 |
| LAND | $0.00 |
| OTHER (Training) | |

CITY MATCH (IF APPLICABLE): N/A

GRANT PAYS FOR: Backpacks with LPD logo to be given to youth participating in the Lansing Football League

FUND ALLOCATIONS (Please describe the purpose of the grant and allowable uses):

The Battle Creek Community Foundation and the U.S. Attorney's Office of the Western District of Michigan through Project Safe Neighborhoods (PSN) Task Force Community Project Fund have available funding for reducing gun violence, improving neighborhoods, reducing crime and promoting neighborhood safety.

Allowable expenses are those for reducing gun violence, improving neighborhoods, reducing crime and promoting neighborhood safety.

Battle Creek Community Foundation
For good. For ever. For all.

32 W. Michigan Avenue
Suite 1
Battle Creek, Michigan
49017-3505

269.962.2181 tel
269.962.2182 fax

bccf@bccfoundation.org
www.bccfoundation.org



August 30, 2021

Ellery Sosebee, Chief of Police
Lansing Police Department
120 West Michigan Avenue
Lansing, MI 48933

**Grant Number: 35336 (Thank you for referring to this number in all correspondence regarding this grant.)**

Dear Chief Sosebee:

On behalf of the Battle Creek Community Foundation and the U.S. Attorney's office of the Western District of Michigan, we are pleased to inform you that the Project Safe Neighborhoods Task Force Grant Review Committee has approved a 2018 Project Safe Neighborhoods grant to the Lansing Police Department ("PSN Sub-grantee") in the amount of $6,420.00 from the Project Safe Neighborhoods Grant Community Project Fund for the Lansing Youth Football League project. This grant is supported by the grant funding from the Bureau of Justice Programs and represents their investment, in coordination with the Battle Creek Community Foundation, in initiatives that reduces gun violence, improves neighborhoods, reduces crime, and promotes neighborhood safety. The check is enclosed.

**It is important to refer to the correspondence to the State Policy Advisor (attached) as slight budget modifications were made for OJP approval. The budget for your project in this letter has been approved and is the one that you should use when implementing your project.**

This grant award is for the period of 8/30/2021 through 8/30/2022.
Once the check is deposited/cashed, the following conditions will apply.

1. Your organization, as a PSN Sub-grantee, agrees to the terms and conditions of the grant which are attached in the PSN Program Award Agreement. A Signed copy of the award agreement is to be returned to the Battle Creek Community Foundation.

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Battle Creek Community Foundation

*For good. For ever. For all.*



2. The Battle Creek Community Foundation and their respective offices, Board, successors, assigns, representatives, and designees are hereby released and discharged from any and all liability relating to these funds and/or the related program or project.

3. PSN Grant funds provided by the Battle Creek Community Foundation (including grant interest earned) will be accounted for separately by your organization and will be used for the purpose specified in your grant application to which this award applies.

4. Lansing Police Department will complete a BCCF grant report by 9/30/2022.

   a. Grant reporting, in coordination with the evaluation consultant Policy link, should be submitted digitally through the Battle Creek Community Foundation's website at: http://www.bccfoundation.org/grants/grant-reporting-information. If you have questions regarding grant reporting, please contact the Battle Creek Community Foundation or email Katherine Blocker (Katherine@bccfoundation.org).

5. If at the end of the commitment there remain any unexpected funds, they are the be returned to the Battle Creek Community Foundation and may not be transferred to any other agency fund.

6. No part of these funds may be paid to any Battle Creek Community Foundation employee or official for any purpose.

7. As you speak about you grant with the media and the larger community, please use the following language: "This program/project was made possible by the U.S. Attorney's Office of the Western District of Michigan and the U.S. Office of Justice in coordination with the Battle Creek Community Foundation." If you wish to use our logo for sponsorship or event-related materials, please call us at 269-962-2181 and ask for marketing. Review of press releases regarding your grant and use of our logo is not required; if you desire assistance or clarification in this area, please contact BCCF marketing.

Battle Creek Community Foundation

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Please contact us if you have questions regarding this correspondence. We wish you success in this important initiative for your community!

Sincerely,

Annette Chapman
Senior Vice President

Jennifer VanValkenburg
Program Officer

Enclosure

LANSING POLICE DEPARTMENT
OFFICE OF THE CHIEF OF POLICE

**CHIEF DARYL GREEN**

120 WEST MICHIGAN AVENUE
LANSING, MI 48933
PHONE: (517) 483-4801
FAX: (517) 377-0162
daryl.green@lansingmi.gov

Andy Schor, Mayor

Daryl Green, Chief

| | |
|---|---|
| To: | Annette Chapman |
| From: | Daryl Green |
| Proposal: | Additional Grant Monies - $6,420 |
| Date: | October 28, 2020 |
| Subject: | Youth Football League |

The Lansing Police Department seeks a grant to support its partnership with the Lansing Youth Football League. **Part I Violent Crime hotspots** are persistent around three locations that service youth in this football league: <u>*Risdale Park*</u>, <u>*MLK & Jolly Intersection*</u>, *and* <u>*Pleasant Grove & Holmes Intersection; and*</u> Part I **Property Crime hotspots** are persistent around two locations: <u>*Risdale Park*</u> *and* <u>*MLK & Holmes Intersection*</u>. Based on 2012-2015 juvenile data, hotspots for juvenile crimes are also concentrated around *Risdale Park* which is home to the football league's main stadium.

The hotspot near Risdale Park is further located around a public housing site that has low surveillance and no boundary, and single-family residences are on another side. Additionally, there is a high level of mistrust between residents and LPD related to reporting crime as was discovered during recent engagements with neighborhood residents. Some of this stems from the demographic and racial differences between LPD and this community. <u>This mistrust was exacerbated by an incident in 2019 when a white officer used force on a resistant African American teenage runaway</u> to get her in a police car. This incident seriously damaged the Lansing Police Department's relationship with youth, particularly young African American boys in the above communities.

As a result, the Lansing Police Department seeks the following grant monies to support the area youth football league as a way to empower parents and their children with a healthy police-community relationship. With the grant money, the department will deploy an engage with residents and juvenile stakeholders in an ongoing series of relationship building. The current proposal seeks increased positive interactions with the local youth football league through a marketing campaign that includes the dissemination of backpacks to the youth football players.

The Department would purchase 225 backpacks with the Lansing Police Department logo and interact with the players through a mentoring and social skill development program. The branded police logo backpacks would further serve as a visible indication that the Lansing Police Department supports youth in the community. Officers from our Community Services Unit would adopt the three youth football teams and present a series of social skill development trainings to the youth and their parents on a regular basis throughout the year. The Lansing Police Department would further increase its social media marketing to demonstrate its relationship with the football teams and community.

*"Neighborhood Strong"*

Andy Schor, Mayor

**Lansing Police Department**
Office of the Chief of Police
***Chief Daryl Green***
120 West Michigan Avenue
Lansing, MI 48933
Phone: (517) 483-4801
Fax: (517) 483-4617
daryl.green@lansingmi.gov

Daryl Green, Chief

**Budget Detail**

Backpacks – 225 x $25 each backpack (includes logo) = $5,625

Each football player would be provided a bag with the team name and police logo on it. The Lansing Police Department would present the players their bags during their social skill development trainings.

Banner and Tent with Police Youth Branding - $795

The Lansing Police Department would purchase multiple tents and banners to facilitate a marketing campaign at all of the youth football team events. Officers would staff the games and interact with the players and their families.

**Budget Total - $6420**

Program Manager – Community Neighborhood Officer Anthony Vandevoorde – Anthony.vandevoorder@lansingmi.gov
Office – (517) 483-6812

Respectfully,

Daryl Green

Chief of Police Daryl Green
Lansing Police Department

***"Neighborhood Strong"***

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

WHEREAS, the Battle Creek Community Foundation and the U.S. Attorney's Office of the Western District of Michigan through Project Safe Neighborhoods (PSN) Task Force Community Project Fund has available funding for reducing gun violence, improving neighborhoods, reducing crime and promoting neighborhood safety; and

WHEREAS, the Lansing Police Department applied for a Project Safe Neighborhood grant on October 28, 2020; and

WHEREAS, the Lansing Police Department was informed on August 30, 2021, that it has been selected to receive PSN funding in the amount of $6,420; and

WHEREAS, the grant period is 8/30/2021 through 8/30/2022; and

WHEREAS, local match funds are not required; and

WHEREAS, the grant funds will be used to support a marketing campaign that distributes 225 backpacks to the Lansing Youth Football League; and

WHEREAS, each backpack would contain the team name and the police logo on it; and

WHEREAS, the Lansing Police Department would present the bags to each team member; and

WHEREAS, the backpack, branded with the police logo, would serve as a visible indication that the Lansing Police Department supports its community youths.

NOW, THEREFORE, BE IT RESOLVED, the Lansing City Council approves acceptance of the PSN Grant from the Battle Creek Community Foundation in the amount of $6,420 for the grant period August 30, 2021 through August 30, 2022; and

BE IT FINALLY RESOLVED, that the Administration is authorized to create appropriate accounts and to make the necessary operating transfers for the expenditure and control of the balance of the awarded grant funds.

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

**WHEREAS,** deceased Retired Detective Ronald Seyka serviced on the Lansing Police Department's Special Tactics and Rescue Team (START) from 1996 through 2010; and

**WHEREAS,** Detective Seyka's position in the department included a volunteer assignment that required hours of additional training per month as well as call backs in the middle of the night; and

**WHEREAS**, Detective Seyka participated in the safe resolution of 107 high risk incidents; and

**WHEREAS**, on March 5, 2020, Detective Seyka lost his battle with cancer; and

**WHEREAS**, this year, for the second consecutive year, the family of deceased Detective Ronald Seyka, along with Mr. Chaz King, a family friend, hosted the Annual Ron Seyka Memorial Golf Outing in Mason, Michigan in honor of Detective Seyka; and

**WHEREAS**, last year, $6,367.26 of the funds from the golf outing were donated to LPD's START Unit; and

**WHEREAS**, this year, Mr. King is donating $10,614 to LPD's START Unit as a result of the June 18, 2021, Second Annual Ron Seyka Memorial Golf Outing ;and

**WHEREAS**, the START Unit also received a donation of $2,500 on July 16, 2021, from Modern Woodmen of America; and

**WHEREAS**, START intends to use the combined $13,114 donation amounts to upgrade the Unit's movable ballistic shields from Level IIIA to Level III because Level III provides better protection for officers.

**NOW, THEREFORE, BE IT RESOLVED**, the Lansing City Council approves acceptance of the two donations to the START Unit totaling $13,114; and

**BE IT FINALLY RESOLVED**, that the Administration is authorized to create appropriate accounts and to make the necessary operating transfers for the expenditure and control of the balance of the awarded grant funds.

BY THE COMMITTEE ON ____________
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, the last flood data for the Sycamore Creek was completed in 1978 and the Federal Emergency Management Agency (FEMA) has determined that this data no longer reflects the current potential flood risk for this stream;

WHEREAS, it has been determined that the installation of a new streamgage in Sycamore Creek, located at Holt Road near Holt, Michigan, is necessary to take measurements through the US Geological Survey (USGS) National Water Information System;

WHEREAS, the City of Lansing has entered into a Joint Funding Agreement with USGS for the purposes of installing a streamgage on Sycamore Creek, performing field and analytical work, and updating maps and reports based upon data collected between 2020 and 2025 (the “Project”);

WHEREAS, this Project benefits the City of Lansing, the Board of Water and Light, Delhi Charter Township, and Ingham County (the “Parties”);

WHEREAS, the Parties have entered into a subagreement to address cost-sharing of the Project;

NOW, THEREFORE, BE IT RESOLVED, that the Lansing City Council approves acceptance of the subagreement;

BE IT FINALLY RESOLVED, the Administration is authorized to receive the funds, create the necessary accounts, and make necessary transfers for administration in accordance with the requirements of the subagreement.

# LANSING CITY COUNCIL

# GRANT INFORMATION FORM

## (Required for all grant applications and acceptances)

REFERRAL DATE:

GRANT NAME: Capital City Comeback – Core Switches Project

DEPARTMENT: Finance

CONTACT PERSON (INCLUDE EMAIL AND PHONE): Jake Brower, jake.brower@lansingmi.gov, 517-483-4511

APPLIICATION DATE: 5/17/21 AWARD DATE: Anticipated, advance funding requested

GRANT CYCLE: _FY2021_ Check One: ___Annual _X One-Time

FUND AMOUNT: ___$30,000___ (Breakdown below should total this amount)

| | |
|---|---|
| GOODS & SERVICES | $30,000 |
| PERSONNEL | |
| CONSTRUCTION | |
| LAND | |
| OTHER (Training) | |

CITY MATCH (IF APPLICABLE): All costs above and beyond FDCVT funding will have to be appropriated before 2025.

GRANT PAYS FOR: Replacing core switches.

FUND ALLOCATIONS (Please describe the purpose of the grant and allowable uses):

The City of Lansing's core switches are aging and there have had two outages in the past 6 months. The core switches support Police, Fire, Public Works, and the rest of the City and it is crucial to have the network up and running. This grant will allow the City to replace the core switches and eliminate down time. Updated core switches will make a hardware failure less likely, increase network speeds, and support all City infrastructure.

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

July 26, 2021

Robert J.F. Widigan
Finance Director
City of Lansing
124 West Michigan Avenue, 8th Floor
Lansing, MI 48933

Dear Mr. Widigan:

Re: **Grant No. 210104-21**
**Notification of Intent to Award – FDCVT Grant FY 2021**

The Michigan Department of Treasury (Treasury) – Revenue Sharing and Grants Division received your grant application for the Financially Distressed Cities, Villages, and Townships (FDCVT) grant program. We are pleased to inform you that the proposal your governmental unit submitted entitled ***Capital City Comeback - Core Switches*** has been selected for a grant award in the maximum amount of ***$30,000.00***.

Enclosed are two original copies of the Financially Distressed Cities, Villages, and Townships Grant Agreement and a sample Board Resolution.

An electronic fillable version of the sample Board Resolution is located on Treasury's website: http://www.michigan.gov/treasury/0,4679,7-121-1751_2197_58826_69378---,00.html

**Next Step**

To receive the Final Award, Treasury must receive two original signed copies of the Grant Agreement and a Board Resolution (as indicated in the Conditions of the grant application packet) by Friday, September 24, 2021.

Submission of the signed Grant Agreement and a Board Resolution will signify acceptance of the grant award and will be considered agreement to all provisions specified in the grant application packet, the Notification of Intent to Award letter, and the Grant Agreement.

Please send the required documents by mail to:

Michigan Department of Treasury
Revenue Sharing and Grants Division
PO Box 30722
Lansing, MI 48909

Upon Treasury's review and acceptance/approval of the signed Grant Agreement and Board Resolution, Treasury will sign the Grant Agreement. Treasury will return one executed copy of the Grant Agreement along with the Final Award letter, after which time the grantee will be responsible for the submission of grant compliance reporting and reimbursement requests.

Awarded funds will not be released until a completed grant agreement has been finalized. Reminder, grant funds are distributed on a reimbursement basis.

Congratulations on the grant award. We appreciate your interest in the FDCVT and look forward to working with you on this project. If you have any questions, please let us know. We can be reached at (517) 335-7484.

Sincerely,

Evah Cole

Evah Cole, Division Administrator
Revenue Sharing and Grants Division

Enclosures

**FINANCIALLY DISTRESSED CITIES, VILLAGES, AND TOWNSHIPS**
**GRANT AGREEMENT**
BETWEEN THE
MICHIGAN DEPARTMENT OF TREASURY
AND CITY OF LANSING

This Grant Agreement (“Agreement”) is made between the Michigan Department of Treasury, Revenue Sharing and Grants Division (“Treasury”) and City of Lansing (“Grantee”).

The purpose of this Agreement is to provide funding to a financially distressed municipality with conditions that indicate probable financial distress. Legislative appropriation of funds for grant assistance is set forth in 2020 Public Act 166. This Agreement is subject to the terms and conditions specified herein.

| | |
|---|---|
| Grant #: | 210104-21 |
| Project Name: | Capital City Comeback - Core Switches |
| Amount of grant: | $30,000.00 |
| Start Date: | October 1, 2020 |
| End Date: | September 30, 2025 |

**GRANTEE CONTACT:**

Robert J.F. Widigan, Finance Director
Name/Title

City of Lansing
Municipality Name

124 West Michigan Avenue, 8th Floor
Address

Lansing, MI 48933
City, State, Zip Code

(517) 483-4594
Telephone Number

Fax Number

financedepartment@lansingmi.gov
E-mail Address

CV0047783
Vendor/Customer Number

**TREASURY CONTACT:**

Evah Cole, Division Administrator
Name/Title

Revenue Sharing and Grants Division
Division

P.O. Box 30722
Address

Lansing, MI 48909
City, State, Zip Code

(517) 335-7484
Telephone Number

(517) 335-3298
Fax Number

TreasRevenueSharing@michigan.gov
E-mail Address

## I. AGREEMENT SCOPE

This Agreement and its appendices constitute the entire Agreement between Treasury and the Grantee and may be modified only by written agreement between Treasury and the Grantee.

(A) The scope of this agreement is limited to activities specified in Appendix A, and such activities as are authorized by Treasury under this Agreement. Any change in agreement scope requires written approval in accordance with Section III (Amendments) of this Agreement.

(B) By entering into this Agreement, the Grantee commits to complete the project identified in Appendix A within the time period allowed for in this Agreement and in accordance with the terms and conditions of this Agreement.

## II. CONTRACT PERIOD

The Agreement shall be effective from the Start Date until the End Date specified on page 1. Treasury shall have no responsibility to provide funding to the Grantee for project work performed except between the Start Date and the End Date specified on page 1. Expenditures incurred or paid by the Grantee prior to the Start Date or after the End Date of this Agreement will not be reimbursed under the Agreement.

## III. AMENDMENTS

Any desired amendments to this Agreement shall be requested by the Grantee in writing and shall not be effective unless approved in writing by Treasury. Treasury reserves the right to deny requests for amendments to the Agreement or to the appendices. No amendments can be implemented without written approval by Treasury.

## IV. GRANTEE DELIVERABLES AND REPORTING REQUIREMENTS

The Grantee shall submit deliverables and follow reporting requirements specified below and in Appendix A of this Agreement, if applicable.

(A) The Grantee must complete and submit semiannually the *Financially Distressed Cities, Villages, and Townships Narrative Report* (Form 5196) and the *Financially Distressed Cities, Villages, and Townships Financial Status Report* (Form 5198). These forms shall be due according to the following schedule:

| Reporting Period | Due Date |
|---|---|
| October 1 – March 31 | April 30 |
| April 1 – September 30 | October 30 |

The forms shall be submitted to Treasury's contact at the e-mail address on page 1.

(B) For a payment reimbursement, the Grantee must complete and submit a *Financially Distressed Cities, Villages, and Townships Reimbursement Request* (Form 5199). The reimbursement request must include supporting documentation (copies of original invoices, cancelled checks, and any other report that would support the request) of eligible project expenditures.

The form shall be submitted to Treasury's contact at the address on page 1.

Treasury shall make reimbursements upon receipt of a reimbursement request form, not more than once a month, provided that the Grantee is in compliance with all terms and conditions of this Agreement, and dependent upon state appropriations.

Funds may not be released to the Grantee, if the Grantee:

1. Has not filed its annual financial report (F65) or audit per the Uniform Budgeting and Accounting Act, 1968 Public Act 2, as amended (MCL 141.421 to 141.440a) or the Uniform System of Accounting Act, 1919 Public Act 71, as amended (MCL 21.41 to 21.55), or

2. Has not filed its financial plan (deficit elimination plan) per the Glenn Steil State Revenue Sharing Act, 1971 Public Act 140, as amended (MCL 141.921), or

3. Is delinquent in making payments that are due on loans issued pursuant to the Emergency Municipal Loan Act, 1980 Public Act 243, as amended (MCL 141.931 to 141.942), or

4. Has a payment due and owing to the state.

(C) The Grantee must complete and submit a final *Financially Distressed Cities, Villages, and Townships Narrative Report* (Form 5196) and *Financially Distressed Cities, Villages, and Townships Financial Status Report* (Form 5198). The Grantee shall submit the final reports, including any outstanding deliverables, within 30 days from the End Date of the Grant, specified on page 1.

The forms shall be submitted to Treasury's contact at the e-mail address on page 1.

(D) One year after the date of the Final Closeout letter from Treasury, the Grantee must complete and submit a *Financially Distressed Cities, Villages, and Townships Final Follow-up Report* (Form 5197).

The form shall be submitted to Treasury's contact at the e-mail address on page 1.

## V. <u>GRANTEE RESPONSIBILITIES</u>

(A) The Grantee agrees to abide by all local, state, and federal laws, rules, ordinances, and regulations in the performance of the activities funded by this grant.

(B) All local, state, and federal permits, if required, are the responsibility of the Grantee. Award of this grant is not a guarantee of permit approval by the State of Michigan or any other entity.

(C) The Grantee shall be solely responsible to pay all taxes, if any, that arise from the Grantee's receipt of this grant or from any expenditure of grant funds.

(D) The Grantee is responsible for the professional quality, technical accuracy, timely completion, and coordination of all designs, drawings, specifications, reports, and other services furnished by the Grantee or its contractor(s) under this Agreement. The Grantee or its contractor(s) shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in designs, drawings, specifications, reports, or other services.

(E) Treasury's approval of drawings, designs, specifications, reports, and incidental work or materials furnished hereunder shall not in any way relieve the Grantee of responsibility for the technical adequacy of the work. Treasury's review, approval, acceptance, or payment for any of the services shall not be construed as a waiver of any rights under this Agreement or of any cause of action arising out of the performance (or failure of performance) of this Agreement.

(F) The Grantee acknowledges that it is a crime to knowingly and willingly file false information with Treasury for the purpose of obtaining this Agreement or any payment under the Agreement, and that any such filing may subject the Grantee, its agents, and/or employees to criminal prosecution, civil suit, and/or termination of the grant.

(G) The Grantee must comply with all Conditions contained in its application for the grant, a copy of which is attached as Appendix B.

## VI. USE OF MATERIAL

Unless otherwise specified in this Agreement, the Grantee may release information or material developed under this Agreement, provided it is acknowledged that Treasury funded all or a portion of its development.

Treasury retains an irrevocable license to reproduce, publish and use in whole or in part, and authorize others to do so, any copyrightable material submitted under this grant whether or not the material is copyrighted by the Grantee or another person. The Grantee will only submit materials that Treasury can use in accordance with this paragraph.

Unless otherwise specified in this Agreement, the Grantee may not patent products or processes developed under this Agreement.

## VII. ASSIGNABILITY

The Grantee shall not assign this Agreement or assign or delegate any of its duties or obligations under this Agreement to any other party without the prior written consent of Treasury. Treasury does not assume responsibility regarding the contractual relationships between the Grantee and any contractor.

## VIII. CONTRACTS

Treasury reserves the right to deny the use of any consultant, contractor, associate, or other personnel to perform any portion of the project. The Grantee is solely responsible for all contractual activities performed under this Agreement. Further, Treasury will consider the Grantee to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Grant. All contractors used by the Grantee in completing the project shall be subject to the provisions of this Agreement and shall be qualified to perform the duties required.

## IX. NON-DISCRIMATION

The Grantee shall comply with the Elliott-Larsen Civil Rights Act, 1976 Public Act 453, as amended (MCL 37.2101 et seq), the Persons with Disabilities Civil Rights Act, 1976 Public Act 220, as amended (MCL 37.1101 et seq), and all other federal, state, and local fair employment practices and equal opportunity laws. The Grantee agrees to include in every contract entered into for the performance of this Agreement this covenant not to discriminate in employment. A breach of this covenant is a material breach of this Agreement.

## X. LIABILITY

(A) The Grantee, not Treasury, is responsible for all liabilities as a result of claims, judgments, or costs arising out of activities carried out or to be carried out by the Grantee under this Agreement, if the liability is caused by the Grantee, any contractor, or anyone employed by the Grantee.

(B) All liability as a result of claims, demands, costs, or judgments arising out of activities carried out or to be carried out by Treasury in the performance of this Agreement is the responsibility of Treasury and not the responsibility of the Grantee, if the liability is caused by any Treasury employee or agent.

(C) In the event that liability arises as a result of activities conducted jointly by the Grantee and Treasury in fulfillment of their responsibilities under this Agreement, such liability is held by the Grantee and Treasury in relation to each party's responsibilities under these joint activities.

(D) Nothing in this Agreement may be construed as a waiver of any governmental immunity by the Grantee, Treasury, their agents, or their employees as provided by statute or court decisions.

## XI. ANTI-LOBBYING

The Grantee shall not use any of the grant funds awarded in this Agreement for the purpose of lobbying as defined in the State of Michigan's lobbying statute (MCL 4.415(2)). "Lobbying" means communicating directly with an official of the executive branch of state government or an official in the legislative branch of state government for the purpose of influencing legislative or administrative action. The Grantee shall not use any of the grant funds awarded in this Agreement for the purpose of litigation against the State of Michigan.

## XII. DEBARMENT AND SUSPENSION

By signing this Agreement, the Grantee certifies to the best of its knowledge and belief that it, its agents, and its contractors:

(1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from transactions by any federal department or the state.

(2) Have not within a three-year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or agreement under a public transaction; violation of federal or state

antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.

(3) Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses enumerated in subsection (2).

(4) Have not within a three-year period preceding this Agreement had one or more public transactions (federal, state, or local) terminated for cause or default.

(5) Will comply with all applicable requirements of all other state or federal laws, executive orders, regulations, and policies governing this program.

## XIII. AUDIT AND ACCESS TO RECORDS

Treasury reserves the right to conduct a programmatic and financial audit of the project, and Treasury may withhold payment until the audit is satisfactorily completed. The Grantee is required to maintain all pertinent records and evidence pertaining to the Grant Agreement, including grant funds, in accordance with generally accepted accounting principles and other procedures specified by Treasury. Treasury or any of its duly authorized representatives must have access, upon reasonable notice, to such books, records, documents, and other evidence for the purpose of inspection, audit, and copying. The Grantee will provide proper facilities for such access and inspection. All records must be maintained for a minimum of seven years after the Final Closeout letter has been issued to the Grantee by Treasury.

## XIV. INSURANCE

(A) The Grantee must maintain insurance or self-insurance, satisfactory to Treasury, that will protect Treasury from claims that may arise from the Grantee's actions under this Agreement or from the actions of others for whom the Grantee may be held liable.

(B) The Grantee must comply with applicable workers' compensation laws while engaging in activities authorized under this Agreement.

## XV. OTHER SOURCES OF FUNDING

The Grantee guarantees that any payments for which claims for reimbursement are made to Treasury under this Agreement will not be financed by any source other than Treasury under the terms of this Agreement. If funding is received through any other source, the Grantee agrees to delete from the Grantee's reimbursement request(s), or to immediately refund to Treasury, the total amount representing such duplication of funding.

## XVI. COMPENSATION

(A) A breakdown of costs allowed under this Agreement is identified in Appendix A. Treasury will reimburse the Grantee a total amount not to exceed the amount on page 1 of this Agreement, in accordance with Appendix A, and only for expenditures incurred and paid. All other costs necessary to complete the project are the sole responsibility of the Grantee.

(B) Expenditures incurred or paid by the Grantee prior to the Start Date or after the End Date of this Agreement will not be reimbursed under the Agreement.

(C) Treasury will approve reimbursement requests after approval of reports and related documentation as required under this Agreement.

(D) Treasury reserves the right to request additional information necessary to substantiate reimbursement requests.

(E) Reimbursements under this Agreement may be processed by Electronic Funds Transfer (EFT) at Treasury's discretion. In order to be eligible to receive reimbursements by EFT, the Grantee must register at the SIGMA Vendor Self Service website (www.michigan.gov/SigmaVSS).

## XVII. CLOSEOUT

(A) A determination of project completion, which may include a site inspection and an audit, shall be made by Treasury after the Grantee has satisfactorily completed the activities, and provided products and deliverables described in Appendix A.

(B) Upon issuance of the Final Closeout letter from Treasury, the Grantee releases Treasury from all claims against Treasury arising under this Agreement. Unless otherwise provided in this Agreement or by State law, the Final Closeout letter shall not constitute a waiver of Treasury's claims against the Grantee.

(C) The Grantee shall immediately refund to Treasury any reimbursements in excess of the costs allowed by this Agreement.

## XVIII. CANCELLATION

This Agreement may be cancelled by Treasury, upon thirty (30) days written notice, due to Executive Order, budgetary reduction, other lack of funding, upon request by the Grantee, or upon mutual agreement by Treasury and the Grantee.

## XIX. TERMINATION

(A) This Agreement may be terminated by Treasury as follows.

(1) Upon thirty (30) days written notice to the Grantee:

a. If the Grantee fails to comply with the terms and conditions of the Agreement, or with the requirements of the authorizing legislation cited on page 1, or other applicable laws or rules.

b. If the Grantee knowingly and willingly presents false information to Treasury for the purpose of obtaining this Agreement or any reimbursement under this Agreement.

c. If Treasury finds that the Grantee, or any of the Grantee's agents or representatives, offered or gave gratuities, favors, or gifts of monetary value to any official, employee, or agent of

Treasury in an attempt to secure a contract or favorable treatment in awarding, amending, or making any determinations related to the performance of this Agreement.

d. During the thirty (30) day written notice period, Treasury will withhold reimbursement for any terminations under subparagraphs a through c, above.

e. If the Grantee or any contractor of the Grantee appears in the register of persons engaging in unfair labor practices that is compiled by the Department of Licensing and Regulatory Affairs or its successor.

(2) Immediately, upon written notice, and without further liability to Treasury, if the Grantee, or any agent of the Grantee, or any agent of any contractor is:

a. Convicted of a criminal offense incident to the application for or performance of a State, public, or private contract or subcontract;

b. Convicted of a criminal offense, including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees;

c. Convicted under State or federal antitrust statutes;

d. Convicted of any other criminal offense which, in the sole discretion of Treasury, reflects on the Grantee's business integrity; or

e. Added to the federal or state Suspension and Debarment list.

(B) If a grant is terminated, Treasury reserves the right to require the Grantee to repay all or a portion of funds received under this Agreement.

## XX. DISCLOSURE OF INFORMATION

All reports or other printed or electronic material are public information under the Freedom of Information Act, 1976 Public Act 442, as amended (MCL 15.231 to 15.246).

## XXI. CERTIFICATION

The individuals signing below certify by their signatures that they are authorized to sign this Grant Agreement on behalf of their agencies, that the parties will fulfill the terms of this Agreement, including the attached appendices, as set forth herein, and that no part of the agreement has been altered or changed.

FOR THE GRANTEE:

Signature ______________________ Date ______________

Name/Title ______________________

FOR TREASURY:

Signature ______________________ Date ______________

Name/Title ______________________

## APPENDIX A –
## APPROVED BUDGET AMOUNTS

***Capital City Comeback - Core Switches***

Below is the approved budget for your grant project. Please note, we have assigned budget categories to each of your original budget line items. Use these categories when submitting your reimbursement requests*.

| Budget Category | Budget Description | Application Budget Amount | Award Budget Amount | Comments |
|---|---|---|---|---|
| Equipment - Replacement | Core Switches | $290,000.00 | $30,000.00 | |
| | Labor | $40,000.00 | $ .00 | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | **Budget Total** | **$330,000.00** | **$30,000.00** | |

*Reimbursement requests must include copies of invoices and cancelled checks (or equivalent) supporting the costs.

**Work plan/timeline:** Prior to the release of funds, the grantee will provide to Treasury an updated work plan / timeline, related to the line items for which grant funding was received. The work plan / timeline should include estimated completion dates and a description of the deliverable for each step.

# Financially Distressed Cities, Villages, and Townships Application (FY 2021)

Issued under authority of 2020 Public Act 166

## CONDITIONS

**Implementation of Proposal:**
Within sixty (60) days following the Michigan Department of Treasury's Notification of Intent to Award letter, the grantee agrees to submit the signed Grant Agreement and Board Resolution, indicating approval of the proposal and Financially Distressed Cities, Villages, and Townships grant funding, or be subject to automatic cancellation of the grant. No grant funding will be released until the required signed Grant Agreement, Board Resolution, and a final work plan pertaining to the funds awarded have been received by Treasury.

**Proposal Clarification:**
The Michigan Department of Treasury reserves the right to award funds for an amount other than requested and/or request changes to, or clarification of, any and all applications received.

Prior to executing any changes to the scope of the proposal, the selected grantee must inform (in writing) the Michigan Department of Treasury of the proposed changes. The department will notify the grantee within thirty (30) days whether the proposed changes fall under the original grant award.

**Eligible Expenditures:**
Grant award funds must be used to make payments to reduce unfunded accrued liability; to repair or replace critical infrastructure or equipment owned or maintained by the city, village, or township; to reduce debt obligations; for costs associated with a transition to shared services with another jurisdiction; or to administer other projects that move the city, village, or township toward financial stability. The focus will be on the repair or replacement of obsolete critical infrastructure or equipment, and service consolidation(s).

**Expenditures:**
1. The grantee understands and agrees that all expenditures from the grant will:
   - Be used to ensure efficient administration of the proposal.
   - Be permissible under state and federal law and consistent with statewide policies, regulations, and practices.
   - Be adequately supported by source documentation, including invoices, cancelled checks and electronic payment confirmations.
   - Only be for items approved in the Grant Agreement.

2. The grantee agrees to use the approved purchasing practices and bid procedures required by the "Grantee" for expenditures involving proposal activity.

3. The grantee agrees to maintain accounting records following generally accepted accounting principles for the expenditure of grant funds. The grantee agrees to record all revenues and expenditures in a fund or account separate from the grantee's other funds or accounts.

4. The grantee agrees to maintain all documentation for costs incurred for a seven-year period following the Michigan Department of Treasury Final Closeout letter.

**Release of Funds:**
Payments to the "Grantee" may be made on a monthly reimbursement basis, providing the grantee is in compliance with all terms and conditions of the grant, and dependent upon state appropriations.

For a payment reimbursement, a completed *Financially Distressed Cities, Villages, and Townships Reimbursement Request* (Form 5199) must be submitted to the Michigan Department of Treasury. Source documentation supporting the requested reimbursement amount must be attached to the reimbursement request form. At a minimum, the source documentation should include copies of the original invoices, cancelled checks, and any other report that would support the request.

# Financially Distressed Cities, Villages, and Townships Application (FY 2021)

Issued under authority of 2020 Public Act 166

**CONDITIONS CONTINUED**

The "Grantee's" Chief Financial Officer or Chief Administrative Officer must sign and date the *Financially Distressed Cities, Villages, and Townships Reimbursement Request* (Form 5199).

Funds may not be released to the "Grantee" if the grantee:

1. Has not filed their annual financial report (F65) or audit per the Uniform Budgeting and Accounting Act, 1968 Public Act 2, as amended (MCL 141.421 to 141.440a) or the Uniform System of Accounting Act, 1919 Public Act 71, as amended (MCL 21.41 to 21.55), or
2. Has not filed their financial plan (deficit elimination plan) per the Glenn Steil State Revenue Sharing Act, 1971 Public Act 140, as amended (MCL 141.921), or
3. Are delinquent in making payments that are due on loans issued pursuant to the Emergency Municipal Loan Act, 1980 Public Act 243, as amended (MCL 141.931 to 141.942), or
4. Has a payment due and owing to the state.

**Forfeiture and Repayment of Grant Funds:**
If any conditions and provisions in the Grant Agreement are not met by the grantee, the grantee agrees to forfeit any future grant funds for this proposal and agrees that any grant funds previously reimbursed to the grantee may be required to be repaid to the State. At the discretion of the State Treasurer, repayments may be fulfilled by the Michigan Department of Treasury through the diversion of revenue sharing payments issued to the grantee under the Glenn Steil State Revenue Sharing Act of 1971 (1971 PA 140) or the Michigan Department of Treasury's FY 2021 appropriation act (2020 PA 166), until all grant funds previously reimbursed for this project have been repaid to the State.

**Reporting Requirements:**
1. *Semiannual Narrative and Financial Status Reports* – The awarded grantee shall submit to the Michigan Department of Treasury semiannually, signed and dated, narrative and financial status reports. The reports are due April 30 and October 30.

   a. *Narrative Report (NR)* (Form 5196) – should present the following information:
      i. Name of Grantee and Grant Number
      ii. Reporting Period (i.e. October 2021-March 2022, April 2022-September 2022, etc. ...). The initial filing will be due on October 30, 2021, and cover the period of October 1, 2020, to September 30, 2021.
      iii. The percentage (%) completed of the proposal's work plan
      iv. The estimated proposal completion date. For the final report, indicate the actual proposal completion date
      v. A brief outline of the work accomplished during the reporting period (or grant period, if this is the final report) relative to the proposal's work plan and timeline
      vi. A brief outline of the work to be completed during the subsequent reporting period
      vii. A brief description of any problems or delays, real or anticipated, experienced

   b. *Financial Status Report (FSR)* (Form 5198) – should present the following information:
      i. Name of Grantee and Grant Number
      ii. Reporting Period (i.e. October 2021-March 2022, April 2022-September 2022, etc. ...). The initial filing will be due on October 30, 2021, and cover the period of October 1, 2020, to September 30, 2021.
      iii. The percentage (%) completed of the proposal's work plan
      iv. The estimated proposal completion date. For the final report, indicate the actual proposal completion date
      v. The amount of funds expended through the reporting period (i.e. from the beginning of the grant proposal to the end of the reporting period)
      vi. The projected future expenditures for the proposal
      vii. Total projected expenditures for the proposal
      viii. Original or amended (per grant award) budget per Appendix A of the Grant Agreement
      ix. The difference between current projected proposal expenditures and original or amended budget

## CONDITIONS CONTINUED

2. *Final Narrative Report* (Form 5196) and *Final Financial Status Report* (Form 5198) – The awarded grantee shall submit to the Michigan Department of Treasury final, signed and dated, narrative and financial status reports. The reports are due within thirty (30) days after the completion of the proposal.

   a. The reports shall include the information as indicated under *Semiannual Narrative and Financial Status Reports* (above).

   b. Indicate "Final Report" on the top of the Final Narrative and Financial Status Reports.

   c. In addition to the items listed above, the final narrative report must include a description of the proposal's accomplishments and any unanticipated benefits/difficulties experienced while completing the proposal. Additionally, attach a copy of the proposal deliverables, if applicable (i.e. pictures of completed construction or equipment, etc. ...).

3. *Final Follow-up Report* (Form 5197) – One year after the date of the Final Closeout Letter from the Michigan Department of Treasury, the grantee agrees to provide a Final Follow-up Report to the Michigan Department of Treasury on the status of the proposal. The report will include:

   a. A detailed description of service changes and improvements.
   b. A detailed status update on the goals and measures used to determine the success of the proposal and outcomes presented in the application (i.e. have they been met, what has changed, etc. ...).
   c. A detailed description of set-backs or difficulties experienced in implementing the proposal.
   d. An analysis of cost savings realized related to the implementation of the proposal.
   e. A detailed description of how the funding was utilized and assisted the grantee toward financial stability.

**Audit and Review:**
The grantee agrees to allow the Michigan Department of Treasury and the State Auditor General's Office (and/or any of their duly authorized representatives) access, for the purposes of inspection, audit, and examination, to any books, documents, papers, and records of the grantee which are related to this proposal.

The Michigan Department of Treasury may conduct periodic program reviews of the proposal. The purpose of these reviews will be to determine adherence to stated proposal goals and to review progress of the proposal in meeting its objectives.

The grantee agrees to submit semiannual and final progress reports, along with a final follow-up report to the Michigan Department of Treasury. The grantee understands that failure to submit any required reports may result in the termination of the grant.

**Grant Termination:**
The grantee understands that this grant may be terminated if the Michigan Department of Treasury concludes that the grantee is not in compliance with the conditions and provisions of this grant, or has falsified any information. The Michigan Department of Treasury will extend an opportunity for the grantee to demonstrate compliance. Notification of termination will be in writing.

The grantee acknowledges that continuation of this grant is subject to appropriation or availability of funds for this grant. If appropriations to enable the Michigan Department of Treasury to effect continued payment under this grant are reduced, the Michigan Department of Treasury shall have the right to terminate this grant. The Michigan Department of Treasury shall give the grantee at least thirty (30) days advance written notice of termination for non-appropriation.

City of Example

County of Example

RESOLUTION ACCEPTING THE FDCVT GRANT

Minutes of the regular meeting of the City Council of the City of Example County of Example, State of Michigan, (the "Municipality") held on July 26, 2021.

PRESENT: Members: Allen, Jones, Nelson, and Smith

ABSENT: Members: None

Member Allen offered and moved the adoption of the following resolution, seconded by Member Nelson.

WHEREAS, the State of Michigan Department of Treasury has given preliminary notice of its intent to award a Financially Distressed Cities, Villages, and Townships (FDCVT) grant in the amount of up to $245,000 toward reimbursement of expenditures required to implement the FDCVT Application Proposal Title (project title), and

WHEREAS, the State of Michigan requires each municipality's governing body to adopt a resolution authorizing participation in the proposed project prior to finalizing the award of grants from the State of Michigan's FDCVT grant program, and

WHEREAS, City of Example (local unit name) acknowledges that it:

1. Has filed its annual financial report (F65) or audit per the Uniform Budgeting and Accounting Act or the Uniform System of Accounting Act,
2. Has filed its financial plan (deficit elimination plan) per the Glenn Steil State Revenue Sharing Act, as applicable,
3. Is not delinquent in making payments that are due on loans issued pursuant to the Emergency Municipal Loan Act, and
4. Does not have a payment due and owing to the state

And thus is eligible to participate in a FDCVT grant funded project;

NOW, THEREFORE, BE IT RESOLVED THAT the City Council (governing body) hereby authorize participation in the FDCVT Application Proposal Title (project title) and on behalf of the City of Example (local unit name) authorizes John Doe, City Manager, (designee) to provide this resolution indicating its approval to the State of Michigan, and to submit and execute documents requested by the State of Michigan relating to the FDCVT requirements.

YEAS: Members: Allen, Jones, Nelson, and Smith

NAYS: Members: None

RESOLUTION DECLARED ADOPTED.

I hereby certify that the foregoing is a true and complete copy of the resolution adopted by the City Council of the City of Example, County of Example, said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being 1976 Public Act 267, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

____________________________________

Jane Doe (name)

City of Example, Clerk

City of Example County of Example

**Application Due Date:**
**May 17, 2021**

# Financially Distressed Cities, Villages, and Townships Application (FY 2021)

Issued under authority of 2020 Public Act 166.

## PART 1: APPLICANT INFORMATION

| | |
|---|---|
| 1. Applicant Name<br>City of Lansing | 2. Applicant Local Unit Code<br>33-2020 |
| 3. SIGMA Vendor Number<br>CV0047783 | 4. Applicant County<br>Ingham |

| | | | |
|---|---|---|---|
| 5. Mailing Address<br>124 W Michigan Ave, 8th Floor | 6. City<br>Lansing | 7. State<br>MI | 8. ZIP Code<br>48933 |

## PART 2: PROPOSAL OVERVIEW

9. Proposal Title
Capital City Comeback - Core Switches

| | |
|---|---|
| 10. Estimated Start Date<br>05/31/2021 | 11. Estimated Completion Date<br>08/31/2021 |
| 12. Estimated Total Proposal Cost<br>$ 330,000.00 | 13. Grant Amount Requested<br>$ 330,000.00 |

14. Additional Local Units, if Participating in a Shared Service Project (include county and local unit code). **Attach letters of support from each of the participating local units.**

The city works collaboratively with all of the surrounding cities, villages, townships, and counties. Services, training, and other resources are shared across many departments. Specifically, the city of Lansing has 425 agreements with Alaedon, Delta, DeWitt and Meridian Townships, and a Mutual Police Assistance Agreement with Ingham County.

15. Is the applicant(s) willing to devote appropriate resources and time to this proposal?

☒ Yes ☐ No If no, explain why the applicant(s) is unable to devote appropriate resources and time to the proposal.

16. Plan for Partial Funding: Can the applicant go forward with the proposal if partial funding is awarded?

☒ Yes ☐ No If no, explain how the applicant will fund the proposal.

17. Other Funding Sources: Has the applicant requested federal funding or funding from other sources for this proposal?

☐ Yes If yes, explain the funding that has been requested. ☒ No

## PART 3: PROPOSAL CONTACT INFORMATION

**Note:** The proposal contact individual should be a vital part of the grant proposal and will be the Michigan Department of Treasury's contact.

| | |
|---|---|
| 18. Contact Name<br>Robert J.F. Widigan | 19. Contact Title<br>Finance Director |
| 20. Contact Telephone Number<br>(517) 483-4594 | 21. Contact Fax Number |

22. Contact E-mail Address
FinanceDepartment@lansingmi.gov

23. Contact Entity Name
City of Lansing

## PART 4: CONDITIONS OF PROBABLE FINANCIAL DISTRESS

24. Indicate the conditions affecting the applicant that indicate probable financial distress (check all that apply and **attach proof of existence for each condition checked**).

- [ ] 1. The governing body or the chief administrative officer of the city, village or township has requested a preliminary review. The request shall be in writing and shall identify the existing or anticipated financial conditions or events that make the request necessary.
- [ ] 2. The state financial authority has received a written request from a creditor with an undisputed claim, that remains unpaid 6 months after its due date, against the city, village, or township that exceeds the greater of $10,000.00 or 1% of the annual general fund budget of the city, village, or township, provided that the creditor has notified the city, village or township in writing at least 30 days before the creditor's request to the state financial authority of the creditor's intention to submit a written request.
- [ ] 3. The state financial authority has received a petition containing specific allegations of financial distress signed by a number of registered electors residing within the city's, village's, or township's jurisdiction equal to not less than 5% of the total vote cast for all candidates for governor within the city's, village's, or township's jurisdiction at the last preceding election at which a governor was elected. The petition shall not have been filed within 60 days before any election of the city, village, or township.
- [ ] 4. The state financial authority has received a written notification that the city, village, or township has not timely deposited its minimum obligation payment to the city's, village's, or township's pension fund, as required by law.
- [ ] 5. The state financial authority has received a written notification that the city, village, or township has failed, for a period of 7 days or more after the scheduled date of payment, to pay wages and salaries or other compensation owed to employees or benefits owed to retirees.
- [ ] 6. The state financial authority has received a written notification from a trustee, paying agent, bondholder, or auditor engaged by the city, village, or township of a default in a bond or note payment or a violation of 1 or more bond or note covenants.
- [ ] 7. The state financial authority has received a resolution from either the senate or the house of representatives requesting a preliminary review of the city, village, or township.
- [ ] 8. The city, village, or township has violated a requirement of, or a condition of an order issued pursuant to, former 1943 PA 202, revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140, the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, or any other law governing the issuance of bonds or notes.
- [ ] 9. The city, village, or township has violated the conditions of an order issued by the local emergency financial assistance loan board pursuant to the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942.
- [x] 10. The city, village, or township has violated a requirement of sections 17 to 20 of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.437 to 141.440.
- [ ] 11. The city, village, or township has failed to timely file an annual financial report or audit that conforms with the minimum procedures and standards of the state financial authority and is required for cities, villages, and townships under the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.
- [ ] 12. The city, village, or township is delinquent in the distribution of tax revenues, as required by law, that it has collected for another taxing jurisdiction, and that taxing jurisdiction requests a preliminary review.
- [ ] 13. The city, village, or township is in breach of its obligations under a deficit elimination plan or an agreement entered into pursuant to a deficit elimination plan.
- [ ] 14. A court has ordered an additional tax levy without the prior approval of the governing body of the city, village, or township.
- [ ] 15. The city, village, or township has ended a fiscal year in a deficit condition as defined in section 21 of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.921, or has failed to comply with the requirements of that section for filing or instituting a financial plan to correct the deficit condition.
- [ ] 16. The city, village, or township has been assigned a long-term debt rating within or below the BBB category or its equivalent by 1 or more nationally recognized credit rating agencies.
- [x] 17. There is an existence of other facts or circumstances that, in the state treasurer's sole discretion for a city, village or township, are indicative of probable financial stress.

| PART 5: PROPOSAL DETAILS |
| --- |
| 25. Describe Current State of Affairs: What is working well? What is not working? Explain the current condition of infrastructure/equipment.<br>Core Switches aging and are near end of life. We've had two outages in the past 6 months. Our department supports Police, Fire, Public Works, and rest of the City. Crucial to have network up and running. |
| 26. Describe Project or Service Proposal:<br>Core Switches near end of life (7 years old) -core switches are getting older and we've had two outages in the past 6 months. |
| 27. Describe How Grant Funding will Lead the Applicant Toward Financial Stability:<br>This grant will allow us to replace switches and reduce/eliminate down time. |
| 28. Goals, Measures, and Business Objectives of this Proposal: What are the outcomes you hope to achieve? How will you measure the outcomes? Provide the measures which will be used to determine the success of the proposal.<br>By adding updated core switches less likely of a hardware failure. By updating these it will increase speeds. Supports entire City Infrastructure (LPD, Courts, etc.). |
| 29. Potential Barriers: Describe any barriers that currently exist that may have an impact on the implementation of the proposal.<br>Will need assistance from a third party to install. Included in request. |

## PART 5: PROPOSAL DETAILS, CONTINUED

30. Continuity of Proposal: How do you plan to fund the proposal going forward once awarded grant funds are exhausted?

New switches should last 6-10 years at least. Will allow us plenty of time to build in replacement plan for future.

31. Cost Savings: Will the proposal save money? **Attach a detailed calculation of the cost savings and provide an explanation of how the cost savings were calculated. Do not include any anticipated Financially Distressed Cities, Villages, and Townships grant funding as part of the cost savings calculation.**

☒ Yes ☐ No

| | | | |
|---|---|---|---|
| A. SHORT-TERM (1 year or less) | ☒ Yes | ☐ No | Estimated Short-Term Savings<br>$ 15,000.00 |
| B. LONG-TERM (Greater than 1 year) | ☒ Yes | ☐ No | Estimated 5 Year Total Savings<br>$ 75,000.00 |

32. Work Plan and Proposal Timeline: What are the implementation steps to ensure this proposal's success? What are the projected outcomes at each step? **Attach a detailed work plan, if the narrative will not fit in the space provided.**

The core switch replacement will involve professional services with the vendor. The plan is to connect the new core to the existing and then we'll start migrating connections to the new core until each switch is empty and can be decommissioned.

33. Total Grant Budget Worksheet: **For each budget category, attach a detailed list of proposed expenditures, including an indication of the priority for each budgeted item. Explain how the expenditures support and are essential to the proposal.**

| Budget Category | Estimated Total Proposal Cost | Grant Budget Amount Requested |
|---|---|---|
| Equipment Costs | $ 290,000.00 | $ 290,000.00 |
| Labor | $ 40,000.00 | $ 40,000.00 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | **TOTAL ESTIMATED PROPOSAL COST**<br>$ 330,000.00 | **TOTAL GRANT AMOUNT REQUESTED**<br>$ 330,000.00 |

34. Additional Information and Comments:

## PART 6: ATTACHMENTS

35. Check the appropriate boxes and attach the following items to the application. All attachments must be included and labeled appropriately.

| | | |
|---|---|---|
| ☐ Attached | ☒ N/A | 1. Letter of support from each of the participating local units identified in Part 2, Box 14 |
| ☒ Attached | | 2. Proof of existence for each condition of probable financial distress checked in Part 4, Box 24 |
| ☐ Attached | ☐ N/A | 3. Detailed calculation of cost savings and an explanation of how the cost savings were calculated in Part 5, Box 31 |
| ☐ Attached | ☒ N/A | 4. Detailed work plan, if the narrative will not fit in Part 5, Box 32 |
| ☒ Attached | | 5. Detailed list of proposed expenditures to support Part 5, Box 33, including an indication of the priority for each budgeted item and an explanation of how the expenditure will support and is essential to the proposal |

## PART 7: CERTIFICATION

*36. I certify that all statements in this application, including all requested supplemental information, are true, complete and accurate to the best of my knowledge. If awarded, I agree to allow the Michigan Department of Treasury and the State Auditor General's Office (and/or any of their duly authorized representatives) access, for the purposes of inspection, audit, and examination, to any books, documents, papers, and records of the grantee which are related to this proposal. I agree to allow the Michigan Department of Treasury to conduct periodic program reviews of the proposal. The purpose of these reviews will be to determine adherence to stated proposal goals and to review progress of the proposal in meeting its objectives. I agree to submit semiannual and final narrative and financial status reports and a one-year Final Follow-up Report to the Michigan Department of Treasury. I understand that failure to submit any required reports may result in the termination of the grant and repayment of grant funds. I understand that this grant may be terminated if the Michigan Department of Treasury concludes that I am not in compliance with the conditions and provisions of this grant, or have falsified any information. By way of signature, I agree with all conditions of this grant program.*

| Applicant's Chief Administrative Officer Signature (as defined in MCL 141.422b) | Date |
|---|---|
| Robert Widigan | 05/17/2021 |
| **Printed Name of Applicant's Chief Administrative Officer (as defined in MCL 141.422b)** | **Title** |
| Robert J.F. Widigan | Finance Director |

Applications are due May 17, 2021. Completed applications submitted via email or fax must be received by the Michigan Department of Treasury no later than 11:59 p.m. on Monday, May 17, 2021. Incomplete applications may not be considered.

A signed and completed application (including attachments) can be submitted by e-mail to **TreasRevenueSharing@michigan.gov** or by fax to 517-335-3298.

# Justification of Probable Financial Distress

**No. 10. The City has violated sections 17 to 20 of the uniform budgeting and accounting act (PA 2 of 1968):**

Finding 2020-008 noted expenditures had exceeded the amounts appropriated for various areas of the General Fund and one Special Revenue Fund caused by not adequately monitoring expenditures in relation to budgeted amounts in the areas where the overages occurred. Over this period there was a significant level of staff turnover in the Finance department which has stabilized but remains majority remote due to public health recommendations at this time.

**No. 17. There is an existence of other facts or circumstances that are indicative of probable financial stress:**

The City was required to submit a corrective action plan proposal to the Michigan Department of Treasury in January 2019 to comply with PA 202 of 2017 due to the underfunded status of both pension and OPEB systems across the City. In 2020 the City reported $343M in unfunded pension liabilities and $564M in unfunded OPEB liabilities for total of $907M. The annual costs amount to approximately 26% of the City-wide budget proposal for FY 2022 (31% of General Fund).

The City has acted to update mortality tables and adopt more conservative estimates in estimating its outstanding pension and OPEB liabilities which has recognized a higher, more realistic, and responsible estimate of outstanding liability. At the same time this does result in an increase of the actuarially determined annual contribution in the short term. The net effect being that retirement liabilities are growing to be a larger fraction of governmental expenditures at this time.

In addition to recognizing more conservative and realistic assumptions, the City has taken actions to reduce its OPEB liability including reducing plans and eligibility, negotiating insurance premium sharing, health care plan changes, and pension contributions, change dependent coverage, and reduce administrative costs by consolidating plans to mirror active and retired employee health care.

Further, the City's income tax collections, parking collections, and broader economy have broadly impacted from the global COVID-19 pandemic. As of June 30, 2020 there existed unassigned fund balance deficits in the City's Cemetery, Trash, Recycling, and Parking System Funds and a deficit in the City's Special Assessments Fund requiring a deficit elimination plan.

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

July 8, 2020

Honorable Mayor Andy Schor
City of Lansing
124 W Michigan Ave
Lansing, MI 48933

Dear Mayor Schor:

The purpose of this letter is to provide an overview of some of the services that Treasury's Community Engagement and Finance Division (CEFD) has available to local governments, as well as provide key financial information for the City of Lansing and a few recommendations.

Based on fiscal year 2019 financial reporting[1], we would like to note the following key metrics:

- At 7.7%, the City's unrestricted general fund balance ratio was in the bottom 2% for cities statewide. The median general fund ratio was 42% for Michigan cities. The City's general fund ratio declined from 13.2% in fiscal year 2018.
- At $736.6 million, the City's combined net (unfunded) pension and OPEB liability was in the bottom 1% for cities statewide. The median combined net pension and OPEB liability was $10.4 million for Michigan cities.
- At 30% of governmental revenues, the City's combined pension and OPEB actuarially determined contribution (ADC) was in the bottom 10% for cities statewide. The median combined pension and OPEB ADC as a percent of revenue was 10% for Michigan cities.
- At -277%, the City's governmental net position was in the bottom 2% for cities statewide. The median governmental net position was 168% for Michigan cities.
- At 104%, the City's general fund cash ratio was in the bottom 10% for cities statewide. The median general fund cash ratio was 552% for Michigan cities.
- At $18,350, the City's taxable value per capita was in the bottom 25% for cities statewide. The median taxable value per capita was $25,698 for Michigan cities.

As you are aware, Treasury has contacted the City of Lansing several times to discuss reimbursement grant opportunities and other support. Our mission with the community engagement program is to reach out to communities that may be experiencing fiscal distress,

[1] While statewide financial reporting was nearly complete at the time of this writing, some cities had not yet filed annual financial reports. Financial metrics were based out of 275 cities and retirement metrics were based out of 233 cities. Source: Local Annual Financial Reports (F65), Retirement System Annual Report (Form 5572)

and to explore partnerships that are beneficial to local governments as they address budget challenges.

Toward that goal, Treasury would like to outline some recommendations and opportunities, as follows:

1. We recommend that the City actively monitor its fiscal year 2021 adopted budget. Treasury recommends convening budget sessions monthly, including any necessary amendments for the fiscal year 2021 budget. We also recommend implementing a 5-year forecast if the City has not already done so and updating the forecast monthly as well. Given the current economic uncertainty facing local governments, timely budget sessions will help the City more effectively address potential deficits, as necessary.

2. Review the recommendations provided by the City's Financial Health Team and pursue action as appropriate to help ensure current and past employees are supported in retirement and city residents continue to receive public services and support.

3. Consider enlisting Treasury's assistance in further evaluating the City's pension and OPEB systems and outlining current options for funding and design. Upon request, Treasury may assist through either an internal or external review of the City's retirement valuations by utilizing expertise and analysis, such as independent actuaries.

4. We encourage the City to attend Treasury's next webinar. Updated information on all our webinars can be found on the Treasury website, including information on PA 123 of 2020 (supplemental state appropriations for water utility assistance, first responders hazard pay, public safety and public health payroll expenditures).

5. In partnership with the City, Treasury may consider reimbursement for certain eligible projects and expenditures.

6. The City is encouraged to apply for Treasury grant opportunities if available, such as the FDCVT grant.

In light of the ever-changing economic conditions facing Michigan's cities, we encourage the City of Lansing to continue its efforts in evaluating its financial and operational health.

We look forward to working with the City of Lansing and we will follow-up in approximately three months to see if we can be of further assistance.

Thank you for the work that you do in serving the residents of your community and the State of Michigan.

Sincerely,

Rod Taylor

Rodney H. Taylor
Division Administrator
Community Engagement & Finance Division
Michigan Department of Treasury
517-241-7029
TaylorR23@michigan.gov

*Dan Horn*

Dan Horn
Analytics and Outreach Section Manager
Community Engagement & Finance Division
Michigan Department of Treasury
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# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and
Members of the City Council
City of Lansing, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lansing, Michigan (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 18, 2020.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiencies to be material weaknesses:

2020-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Condition: Material journal entries for the proper recognition of various financial statement amounts within the City's accounting records were proposed by the auditors. In addition, we received several revisions to the City's trial balance (the final version coming in early December 2020), each of which contained material corrections to previous trial balances.

Criteria: Management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the recording of all appropriate journal entries to assure the trial balance from which the financial statements are prepared, reflect amounts that are in conformity with U.S. generally accepted accounting principles.

Cause: Over the past several years, the City's Finance Department, who prepares the reconciliations of all accounts, has reduced in size due to budget reductions, staffing reductions and staffing turnover. These changes have placed a significant burden on the month and year end close processes, and have contributed to journal entries not being completed or reviewed timely.

Effect: The City's accounting records were initially misstated by amounts material to the financial statements. Necessary adjustments were brought to the attention of management and were subsequently recorded in the City's general ledger.

Recommendation: We recommend that the City take steps to assure that material journal entries are not necessary at the time future audit analysis is performed.

Corrective Action Response: Management of the City will continue to review auditor recommendations/ corrections and internal procedures related to the identification and correction of potential errors in the financial statements prior to the beginning of future audits. The Finance team will meet to review adjustments made to this year's financial statements and will develop a plan to address the most significant issues in a timelier manner going forward. Within budget constraints, Management will look to increase staffing levels and/or obtain temporary assistance earlier in the fiscal year, in order to perform more timely analyses of the various account balances.

2020-002 BANK RECONCILIATIONS

Condition: Throughout the year, the City failed to complete bank reconciliations on a timely basis for most of its cash accounts. Several individual bank account reconciliations were not completed for the entire fiscal year until approximately four months after fiscal year end while audit fieldwork was ongoing. It was also noted that while the City has made improvements from prior years in this area, several accounts still had multiple old outstanding reconciling items present that had not yet been investigated and corrected by the City.

Criteria: Completion of timely bank account reconciliations and review thereof, represent an important control used to detect and prevent misstatements and errors. Such reconciliations should be completed and reviewed monthly for all accounts and all reconciling items investigated and resolved as quickly as possible.

Cause: Over the past several years, the City's Finance Department, who prepares the reconciliations of all accounts, has reduced in size due to staffing reductions and staffing turnover. These changes have placed a significant burden on the month and year end close processes, and have contributed to reconciliations not being completed or reviewed timely.

Effect: As a result of this condition, all activities that have cash transactions have an increased risk that misstatements in the accounting records, whether caused by error or fraud, would not be detected and corrected on a timely basis.

2020-02 BANK RECONCILIATIONS (concluded)

Recommendation: We recommend the City take steps to assure all bank reconciliations are completed and tied to the general ledger in a timely fashion and all differences be resolved in a timely manner.

Correction Action Response: Management of the City will work on several areas of improvement to alleviate this issue.

a. We will continue to review the need for the various bank accounts that have been established over the years with the view toward more consolidation.

b. We will assign the responsibility for each of the bank accounts to various Finance staff members, including using City Treasury staff, who will be responsible for reconciling those statements in a timely manner.

c. We will review the old outstanding reconciling items with the view toward clearing them up before the end of the next fiscal year.

d. We will look to increase staffing levels in Finance and/or obtain temporary assistance earlier in the fiscal year, in order to perform more timely analyses of the various bank statements.

2020-003 PENSION AND OPEB ACTIVITY

Condition: Actuarial valuations for the pension and other postemployment benefit (OPEB) plans, the GASB 67/68 related information for the defined benefit pension plans, and the GASB 74/75 related information for the other postemployment benefit plans were not completed until December 2020, and the related account balances were not adjusted until the end of audit fieldwork. Also, as of the completion of audit fieldwork, the City had not verified that pension census data and other information provided to the Actuary were properly recorded by the Actuary. Also, it appeared the City may not be in full compliance with P.A. 202 of 2017 in regards to the length of time the Actuary has conducted the calculations without bidding of these services. We also attempted to verify the accuracy of the pension contributions (employer and employee) made to the respective plans during the year and we were unable to reconcile the amounts contributed back to any supporting data at the City and the contributions were only made annually to the plans.

In addition, during our census data testing we noted that the census information for the retiree healthcare plans was contained in a manual spreadsheet that does not appear to be updated timely as we noted an instance where an employee was marked as active, but they no longer worked for the City and should have been shown as deferred. This same individual's entire file could not be located for us to perform other census testing on. Census data includes date of birth, date of hire, separation date, retirement date, service credits, final average salary, benefit multiplier, pensionable wages, accumulated employee contributions, and benefits selected. Finally, we noted that there was no documentation of an independent review over pension and OPEB benefit calculations after they are calculated by the Pension Office.

Based on the information that we could analyze; these discrepancies did not materially impact the final valuations, or the amounts reported in the audited financial statements, but these systemic issues increase the risk that errors could occur that would materially affect the amounts reported in the financial statements and those errors would go undetected.

2020-003 PENSION AND OPEB ACTIVITY (concluded)

Criteria: The City is required to obtain actuarial valuations and other reports for its various pension and other postemployment benefit (OPEB) plans each year. These valuations and other reports should be obtained far enough in advance to be audited and used to calculate amounts to be included in the audited financial statements in a timely fashion. Management is responsible for accurate and timely compilation of data necessary for the contracted actuary to process and complete reporting necessary for the proper reporting of pension and OPEB information in the annual financial statements and should assure all files are maintained as required. The City should also have proper segregation of duties in place regarding the preparation and review of census information and underlying reports that are essential for accurate and complete reporting of pension and OPEB information in the annual financial statements. P.A. 202 of 2017 has specific language that the City shall follow.

Cause: Proper internal control procedures and related policies have not been developed and put in place by the City surrounding a multitude of aspects of the pension and OPEB activities under the control of the City.

Effect: Without proper internal control procedures and related policies related to the pension and OPEB activity, there is a risk that material misstatements of the financial statements would go undetected.

Recommendation: We recommend that the City take steps to assure that all data be submitted timely to the Actuary and the valuation and other reports returned be reconciled to the underlying submitted documentation and that they follow P.A. 202. We also recommend all pension/OPEB plan contributions be made on a monthly basis and the fiduciary plan statement be reconciled with the general ledger. The City should also assure that all employee related files be retained and available for audit purposes. We further recommend that internal control procedures be established to verify employee data so there is proper segregation of duties for calculating and approving benefits.

Corrective Action Response: Management of the City will have discussions with the Chairs of the Retirement Boards and will develop an action plan to provide the Actuary with more timely information for preparation of the FY21 Actuarial Reports and we will evaluate the requirements of P.A. 202 of 2017, P.A. 314 of 1965, and other applicable Public Acts to ensure compliance and implement any necessary changes accordingly. Management will develop a procedure for calculating and remitting to the Plans on a quarterly basis rather than annually, the employee contributions net of fees paid. Management will work to develop internal control procedures to establish proper segregation of duties for calculating and approving benefits.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described below to be significant deficiencies:

2020-004 RECONCILIATION OF CERTAIN REVENUE TRANSACTIONS

Condition: During our analysis of water utility revenues that the Lansing BWL processes for the City, it was determined that BWL handles all aspects of water utility billings and collections and provides the City with "equity payments" for a portion of this activity. We were unable to verify the procedures performed by the City to reconcile and verify the accuracy of the amounts remitted to the City by BWL.

Criteria: Sufficient internal controls should be in place so that all receipt transactions are adequately supported, reviewed, approved, and reconciled to assure inappropriate activity, whether intentional or unintentional, is mitigated.

Cause: Specific internal controls over these revenue sources were not put in place by the City to account for and reconcile these transactions.

2020-004 RECONCILIATION OF CERTAIN REVENUE TRANSACTIONS (concluded)

Effect: The City is susceptible to the potential of inappropriate transactions occurring or there being material misstatements to financial data as the internal controls and segregation of duties in these areas appear to not be sufficient.

Recommendation: We recommend that the City evaluate all aspects of their accounting functions in this area and consider taking action to correct the above deficiency, such as implementing reconciliation processes for all material revenue streams coming into the City. A comparison and analysis of funds received from BWL with the City's expected collections should be conducted.

Corrective Action Response: The City has started a process to verify that we are actually receiving revenue from BWL facilities (primarily the REO Cogeneration facility) and then will develop a process to verify the sewer revenue data. We will always rely on BWL water meter data since there is no direct metering of sanitary sewage volume by customer. We will set up a meeting with BWL to determine how we can get the necessary information to audit this revenue.

2020-005 RECONCILIATIONS OF ASSET AND LIABILITY ACCOUNTS

Condition: We noted the City did not reconcile various material liability accounts to supporting documentation on a monthly basis and adjust the general ledger as needed. We also determined that the City had not recorded the assets and liabilities for certain activities under the control of the City in the general ledger.

Criteria: The City is required to have a comprehensive accounting system to account for all financial information under its control. All activity under the control of the City must be included in the general ledger and ending asset and liability balances should be reconciled to supporting documentation on a monthly basis.

Cause: Over the past several years, the City's Finance Department, who prepares the reconciliations of all accounts, has reduced in size due to budget reductions, staffing reductions and staffing turnover. These changes have placed a significant burden on the month and year end close processes, and have contributed to account analyses not being completed or reviewed in a timely manner.

Effect: The City general ledger was incomplete prior to auditor proposed journal entries. There is a potential for material misstatement when material accounts are excluded from the general ledger or are not reconciled to supporting documentation on a periodic basis.

Recommendation: We recommend all accounts be included in the general ledger and material accounts be reconciled monthly to supporting documentation.

Corrective Action Response: Management of the City will continue to review auditor recommendations/ corrections and internal procedures related to the identification and correction of potential errors in the financial statements prior to the beginning of future audits. The Finance team will meet to review adjustments made to this year's financial statements and will develop a plan to address the most significant issues in a timelier manner going forward. Within budget constraints, Management will look to increase staffing levels and/or obtain temporary assistance earlier in the fiscal year, in order to perform more timely analyses of the various account balances.

2020-006 WRITTEN PROCEDURES AND POLICIES

Condition: We noted that the City has not formally adopted certain written procedures and policies for the following areas: business continuation, electronic funds transfer, compensated absences, fund balance, debt management, and receivables/allowances.

Criteria: Documenting specific policies and procedures allows employees to have a clearer understanding of management's expectations.

Cause: Unknown.

Effect: By not having a business continuation plan in place, the City has no formal plan in place if critical business processes were interrupted. Also, by not having an electronic fund transfer policy in place the City is not in compliance with Public Act 738 of 2002 that requires local units of government that utilize electronic transactions to adopt a written resolution. Finally, by not having policies that relate to debt management, compensated absences, receivables/allowances, and fund balance, all key and material financial areas of the City, there are no formal expectations set for employees by City management.

Recommendation: We recommend the City develop and adopt the policies as noted above.

Corrective Action Plan: We will review the items noted in this Finding and work with the appropriate department, OCA, and City Council to develop a comprehensive electronic fund transfer policy and other noted policies to properly address this Finding.

2020-007 PAYROLL PROCESS

Condition: The City currently has procedures in place to ensure that employees are being paid at the correct rate and for the actual number of hours worked, but much of the data entry of this process is manual and payroll can be submitted and paid before applicable department management reviews and approves their departmental staff payroll data. While no inappropriate transactions were noted during our testing of the payroll process, this is a systemic issue.

Criteria: Payroll should be reviewed and approved prior to disbursement of funds.

Cause: Proper up-front detective internal controls over the payroll process were not put in place to prevent inaccurate amounts being paid to an employee.

Effect: Unauthorized amounts could be disbursed either as a result of an error or fraud and those transactions could go undetected by management until "after the fact".

Recommendation: We recommend an appropriate level of management, with no other access to the payroll process, be authorized to approve payroll for their respective departments. There also should be an overarching review of the payroll reports prior to each disbursement and that review should be documented.

Corrective Action Response: The Human Resources Department, to whom Payroll reports, will work to implement appropriate corrective action over the payroll process noted above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

2020-008 UNFAVORABLE BUDGET VARIANCES

Condition: We noted that expenditures had exceeded the amounts appropriated for various areas of the General Fund and one Special Revenue Fund.

Criteria: The Uniform Budgeting and Accounting Act requires the City to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined." The Act also states that "an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body."

Cause: The City did not adequately monitor expenditures in relation to budgeted amounts in the areas where the overages occurred.

Effect: Having unfavorable budget variances as described above, the City is not in compliance with Public Act 621 of 1978, as amended.

Recommendation: We recommend the City monitor expenditures against adopted budgets in all applicable funds and make appropriate budget amendments as needed.

Corrective Action Response: The City always wants to have a tighter reign over revenue and expenditures. We budget conservatively in order to stay solvent, though we will monitor finances closer in the next year to be certain we are as close to actual as we feel comfortable projecting. For example, following last year's audit the City implemented a mid-year budget amendment rather than strictly waiting until the end of the fiscal year.

**City of Lansing's Responses to Findings**

The City's responses to the findings identified in our audit are described above. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maner Costerisan PC

December 18, 2020

## City of Lansing - IT - Core Switch

| Department | Cost Description | Qty | Unit Cost | Year One Savings | 5 Year Savings | Notes |
|---|---|---|---|---|---|---|
| IT | Budgetary/Time Savings | 1 | 15,000.00 | 15,000.00 | 75,000.00 | Will see savings from improved uptime, reliability, and speed. |
| | **Total** | | | | **75,000** | |

Will also realize unspecified savings from reduced risk of outages which may disrupt City operations including Public Safety and Public Works

| Department | Equipment | Qty | Unit Cost | Total Cost | Notes |
|---|---|---|---|---|---|
| IT | Purchase & replacement of Core Switches | 1 | 290,000.00 | 290,000.00 | Core Switches near end of life (7 years old) - core switches are getting older and we’ve had two outages in the past 6 months |
| IT | Labor to Replace | 1 | 40,000.00 | 40,000.00 | Labor and cost to replace switches out |
| | **Total Cost** | | | **330,000.00** | |

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

That the following grant acceptance is approved:

WHEREAS the State of Michigan Department of Treasury has given preliminary notice of its intent to award a Financially Distressed Cities, Villages, and Townships (FDCVT) grant in the amount of up to $30,000 toward reimbursement of expenditures required to implement the Capital City Comeback – Core Switches Project.

WHEREAS the State of Michigan requires each municipality's governing body to adopt a resolution authorizing participation in the proposed project prior to finalizing the award of grants from the State of Michigan's FDCVT grant program.

WHEREAS the City of Lansing acknowledges that it has filed its annual financial report (F65) or audit per the Uniform Budgeting and Account Act or the Uniform System of Accounting Act, has filed its financial plan (deficit elimination plan) per the Glenn Steil State Revenue Sharing Act as applicable, is not delinquent in making payments that are due on loans issued pursuant to the Emergency Municipal Loan Act, and does not have a payment due and owing to the state and thus is eligible to participate in a FDCVT grant funded project.

NOW, THEREFORE, BE IT RESOLVED, the Lansing City Council hereby authorize participation in the Capital City Comeback – Core Switches Project and on behalf of the City of Lansing authorizes Jake Brower (Interim Finance Director) to provide this resolution indicating approval to the State of Michigan, and to submit and execute documents requested by the State of Michigan relating to the FDCVT requirements.

BE IT FINALLY RESOLVED, the administration is authorized to create appropriation accounts and to make the necessary operating transfers for the expenditure and control of the balance of the awarded grant funds.

Andy Schor, Mayor
Linda Sanchez-Gazella,
HR Director

# CITY OF LANSING
## DEPARTMENT OF HUMAN RESOURCES

8th Floor, City Hall
124 W. Michigan Avenue
Lansing, Michigan 48933

Benefits/Classifications
Labor Relations/Recruitment
Safety/Selection/Training
Worker's Compensation

(517) 483-4004 (Voice/TDD)
(517) 483-6064 (General Fax)
www.lansingmi.gov (Website)

# MEMO

To: Andy Schor, Mayor
Nicholas Tate, Deputy Mayor

From: Linda Sanchez-Gazella, HR Director

Date: September 2, 2021

Subject: Public Sector Search & Consulting Contract for Police Chief

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Please let this memo serve as justification for obtaining a sole source contract with Public Sector Search & Consulting (PSSC) for the search of a Police Chief. The contract is for a period of ninety to one hundred twenty days (90 – 120 days) at a cost of forty thousand dollars ($40,000).

The contract with PSSC is important to ensure we obtain the most qualified Police Chief to lead our department. We are currently facing a law enforcement shortage in Michigan. Candidates with diverse and progressive backgrounds are especially in demand. Taking the high demand into consideration, it is important for the City to begin the search for a Police Chief as soon as possible.

Human Resources contacted multiple recruiting agencies to assist in our hiring process of a Police Chief. However, many of the agencies who responded quoted an average wait time to begin the process of two to three months. PSSC is available to begin the process immediately. PSSC has ample experience and knowledge in recruiting the best possible candidates with a focus on progressive and inclusive operational and hiring processes, through a national search. Furthermore, PSSC offers a performance guarantee which states, "If the Chief of Police voluntarily resigns or is dismissed for cause within one year after the appointment, PSSC will conduct another search without additional professional service charges."

For the reasons stated above I respectfully request that you grant approval for this sole source contract. If you have any questions or concerns, please direct them to my attention.

Thank you.

Andy Schor, Mayor
Linda Sanchez-Gazella,
HR Director

# CITY OF LANSING
## DEPARTMENT OF HUMAN RESOURCES

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# MEMO

To: Andy Schor, Mayor
Nicholas Tate, Deputy Mayor

From: Linda Sanchez-Gazella, HR Director LSG

Date: September 2, 2021

Subject: Strategic Government Resources Sole Source Contract for Fire Chief

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Please let this memo serve as justification for obtaining a sole source with Strategic Government Resources (SGR) in our search for a Fire Chief. The contract is for a period of fifteen (15) weeks and the cost of twenty-four thousand nine hundred dollars ($24,900).

The contract with Strategic Government Resources (SGR) is important to ensure we obtain the most qualified Fire Chief to lead our department. We are facing a law enforcement and first responder shortage in Michigan. Candidates with ~~a~~ diverse and progressive backgrounds are especially in demand. Taking the high demand into consideration, it is important for the Lansing to begin the search for a Fire Chief as soon as possible.

The Human Resource Department contacted multiple recruiting agencies to assist in our hiring process of a Fire Chief. However, many of the agencies who responded quoted an average wait time to begin the process of two to three months. SGR is available to begin the process immediately. SGR has ample experience and knowledge in recruiting the best possible candidates with a focus on progressive and inclusive operational and hiring processes, through a national search.

For the reasons stated above I respectfully request that you grant approval for this sole source contract. If you have any questions or concerns, please direct them to my attention.