MINUTES
Committee of the Whole
Monday, March 13, 2023 @ 5:00 p.m.
Tony Benavides Lansing City Council Chambers

CALL TO ORDER
Council President Wood called the meeting to order at 5:00 p.m.

PRESENT
Council Member Carol Wood
Council Member Jeremy Garza
Councilmember Adam Hussain
Councilmember Peter Spadafore
Councilmember Patricia Spitzley
Councilmember Brian T. Jackson
Councilmember Jeffrey Brown
Councilmember Ryan Kost

OTHERS PRESENT
Sherrie Boak, Council Office Manager
Lisa Hagen- Lawrence, OCA
Jim Smiertka, OCA
Chief Sosebee, LPD Chief
Desiree Kirkland, Finance Director
Jackson Mills, Budget Analyst
Mr. Dickson, TMO
Mr. Mathany, CFO with Diamond Baseball Holdings (DBH)
Mayor Schor – arrived at 5:24 p.m. and left at 5:49 p.m.

Minutes
MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE MINUTES FROM THE FEBRUARY 27, 2023 AS PRESENTED. MOTION CARRIED 8-0.

Public Comment
No public comment at this time.

Presentations
Lansing Police Department Update on their Acquire ARPA Funds and Budget
Council President Wood acknowledged the Chief and LPD on their work recently in handling a situation inside City Hall and keeping Council updated and aware of the situation.

Chief Sosebee spoke on the ARPA funds that were allocated to the LPD. There was funding for school resources and youth interaction. So far $5,000 has been spent on training and more events will begin later in March. He added to his overview that there were funds towards record digitization for $50,000 and that project has begun. The third item was for the purchase of laptops and making sure LPD had the equipment and are adequately trained to continue on.

This involved purchase of laptops for training and were put in place this week. The next purchase was for trailer barriers which have been purchased and used. Lastly, Lastly, there is a work on of the records management system, and making sure they are filed accurately through the state and federal requirements.

Council Member Jackson asked how the barriers fell under a pandemic need. Chief Sosebee stated that with all the open air events in the streets they are subject to more issues. This has been an elevated concern in law enforcement.

Council Member Spitzley acknowledged the LPD for their role in the MSU shooting incident. She asked if LPD has trauma follow up with the officers. Chief Sosebee confirmed there were 100 officers responding to the MSU incident and there were 15-20 heavily involved in clearing the buildings.

Council Member Spitzley mentioned the project for the digitization of files asked if that included cold case files and if that still kept them active. Chief Sosebee confirmed and noted cold case is a priority. There are proposals in place and those can be shared. Council Member Spitzley asked to hear about those proposals during the budget.

Council Member Spitzley asked about the hiring of the community policing officers, and the Chief stated there are 8 staff right now, and hoping by mid summer to fill vacancies.

Council Member Kost asked for an update on ticketing landlords of red tag homes. Chief Sosebee confirmed they are not currently do it, but have a plan in place as of today with Code and officers.

Council President Wood asked about a data base for dispatch to inform officers if a home is red tagged. Chief Sosebee admitted that it is a discussion being held, but there is an issue with dispatch because they are Ingham County so not an easy fix, but they are helpful and they are working on getting that done.

Chief Sosebee was asked how many officers LPD is down, and he stated there are 15 spots open and several in academy. He acknowledged that they have seen more applicants in this round than the last two combined.

Council President Wood asked for the numbers in retirements, and was told there are going to be 12 in the calendar year 2023 and still working on front loading.

Council President Wood referenced the records systems he mentioned earlier, asking for more details. Chief Sosebee stated that in 2018 they used the SMRS state run records system. It has been a failure and inefficient. He provided examples of the issues. The MSP monitors the program and runs it, but they do not use it. What the city has done, is reach out to vendors over the last couple years to find a system that fits the LPD needs. Part of that is accessibility and data from cameras that the City already has. They all work together and makes the report writing efficient. This was AXON and have done studies and come into department. This would be an extension of that contract to encompass the records with an 8-year contract and save the City $1 million. Council President Wood asked what the time line is now on report vs new, and Chief Sosebee stated it takes 1 hour for a simple report, with the new program they want would cut time 65-70% time. The new system has voice control with dictation for report.

<u>Presentation – Assigning the Take Me Out to the Ballgame, Limited Liability Company (TMO-aka Lansing Lugnuts) Contract and Assumption by New Entity</u>
Council President Wood informed the public and Committee that this was brought to Council leadership less than 10 days ago, and was asked before a press release that all members

receive information so they did not see it in the press first. Council was then asked for this presentation tonight with a goal for a March 27th resolution to do the assignment at Committee of the Whole and Council.

Mr. Dickson went through the establishment of the ball field and their objectives over the 30 years. He noted that nothing will change, and DBH will just be stepping in.

Mr. Mathany went through the presentation in the packet.

Mr. Smiertka confirmed for the Committee that OCA has reviewed and signed off on the documents. There are not changes to the actual terminology. The OCA is interested getting an questions from Council before March 27, 2023, and they support approval of the transaction.

Council Member Garza asked if there will be any capital improvements. They were informed there would be technology, furniture and fixtures.

Council Member Jackson asked how DBH got involved. Mr. Dickson stated they met during baseball winters meetings, and DBH stated they had a interest in acquiring teams, and it was informal.

Council Member Jackson referenced the statement of being here for the long term, but the DBH has not been around long. He asked how they balance 13 teams, and are they personally involved with each community. The representatives gave examples of being actively involved with all cities, and there will be no changes in the front office, local communities have direct line, and if they need to be involved they will be. Have great partnerships with all 13 cities they work in and they are committed to staying here and want to be in Lansing. To move a team is a capital intensive market and they feel the Lansing stadium and team is what drove them to this purchase.

Council Member Kost asked about capital investments in the ball park, and the future investments into infrastructure. The representatives stated they will address those locally with Council when putting in capital improvements. Council Member Kost asked about non-baseball events. DBH supports what the Lansing team does currently but looking in other promotors as well.

Council President Wood asked what other ventures they have been involved in. DBH representative noted private equity, stake in Dell, City Football Group, rugby in New Zealand, Fanatics, UFC Bull Riding, and some technology companies. Council President Wood noted the City owns the stadium and put investments into it, and part in the past has been to meet major league requirements. She asked if either representatives has had discussions with the City Administration on increases in cost, and Mr. Dickson confirmed the potential expenses but there has not been any further discussion.

Mayor Schor stated they have had discussions and Council will see more with the upcoming budget. Those discussions will include who pays for what.

Council President Wood added that Council would be interested in the strategy for more non-baseball events because they have always been told the City recoups more funds from those events. The representatives confirmed they will definitely work with Council on events, but some events would not be cost effective.

Council President Wood reminded the Council that if they had any other questions for information it needs to be provided before March 27.

Mayor Schor asked the owners to update the Council on their MLB relationship. The representatives stated they do have great relationships with the MLB and work daily with MLB on sponsorships, merchandise, improving fan experience, and player experience. Mr Dickson spoke in support of the DBH owners and their connections with MLB.

Council President Wood asked the OCA about the current liquor license at the stadium. Mr. Smiertka stated it is not owned by LEPFA but by the City of Lansing and Take Me Out LLC (TMO). They are currently working with TMO counsel on that, and it will come back to Council. Council President Wood asked if this will have an effect on the signing of a lease, games and the ability for liquor at the stadium. Mr. Smiertka stated that the City is the licensee so it should not be a problem. Mr. Dickson stated that Professional Sports Catering runs the food and beverage vendors and DBH has hired Professional Sports Catering to continue in that role.

Council President Wood closed out the presentation by reminding everyone that Committee of the Whole and Council will both take action on March 27 and the representatives from new owner and old owner should be present.

Council Member Jackson stepped away from the meeting at 5:49 p.m.

<u>CAFR Follow Up Presentation & FY2022/2023 2nd Quarter Update with Vacancy Factor</u>
Council Member Wood referenced questions from the January meeting and asked Ms. Kirkland to go over the follow up from those questions.

Ms. Kirkland went through the questions and answers in packet.

Council Member Jackson returned to the meeting at 5:51 p.m.

Regarding items from the audit implemented, Ms. Kirkland stated that the requirement for direct deposit from manual has not been implemented. Council Member Spitzley asked why it was not implemented and are there additional costs for paper checks. Ms. Kirkland stated it was not a requirement in the CBA's for the City employees so currently they cannot require it. Council Member Spitzley asked for the number retirees on paper checks; direct deposit, then the number employees with paper check and direct deposit.

Ms. Kirkland moved onto the next question on expenditures for 2021 at $119 million and in 2022 it was $146 million. In 2021 there was a number of federal and state grants given to the City to assist them. All the difference differences were to salaries and related expenses. In 2022 it went back up had to allot for the shifting and changes. Council President Wood asked if those increases are ongoing expenditures and can the City sustain. Ms. Kirkland clarified that on paper it was a $27 million increase and the City took the shifting in funds. They took the funds from the GF, and expenditures were $136 million. Ms. Kirkland admitted they cannot sustain a $27 million fund balance budget.

Ms. Kirkland addressed the next topic which was the decrease in fund balance by $6 million. She noted that would be absorbed by the fund balance, and they are not adding to the fund balance.

Ms. Kirkland noted the expenditures of $7.6 million in fringe benefits is an inter service funds, and most surplus is payroll related and not moved to any other fund. It is a timing that it was there, and you will see it move up and down through out the year. Council President Wood asked what the budget percentage of payroll is that they are setting aside for this. Ms. Kirkland explain this line item is employee contributions, health benefits and if withholdings in there until paid out, some are savings. Council President Wood provided an example where this is an open position being offered to someone and the salary cost for the budget would include the % of the fringe. She again asked Ms. Kirkland how they budget for internal systems. Ms. Kirkland attempted to explain that these are actuary numbers, move from employee contribution or fringe. Mr. Mills added that there are different calculations use for fringe, depends on what plan and how to budget for it. Ref. the 2nd quarter budget, could use percentage or actual calculations. Council President Wood asked how they budget for the internal service fund, and Ms. Kirkland was not able to provide an exact answer at this time.

Ms. Kirkland spoke briefly on the unrestricted service for fleet. Based on fleet maintenance, those numbers would not be touched due to maintenance, age of equipment, and updates on equipment. Council President Wood asked if there was a plan. Ms. Kirkland acknowledged there was no plan for finance to touch. Council President Wood asked if there was a plan in fleet on replacement. Mr. Mills confirmed there is a plan, but Public Service would have that plan for vehicle replacement. Council President Wood asked for them to get the plan to Council.

Ms. Kirkland informed Committee that as of 12/31/2022 there was $291,195.47 in interest on the undispersed ARAP funds. Council Member Spitzley asked if that amount was absorbed back into the general fund, and Ms. Kirkland confirmed. Council Member Spitzley went on to state that since that is interest from the ARPA funds it should be used for the public. Ms. Kirkland stated there are not requirements or federal guidelines on what they have to do with the interest.

Council Member Spadafore explained to the Committee that there was no strings or requirements for how the interest funds from the bank must be spent. Council Member Spitzley spoke in support of those funds going to the organizations that did not receive ARAP funds from the Mayor.

Council Member Brown spoke about the interest funds from the unspent ARPA funds and would support spending the interest funds on ARPA applications.

Council President Wood noted that if those dollars are not appropriated in the current budget, the Administration will have to come to Council for an appropriation. She asked the Administration to spell out in the budget they are getting March 27th details on appropriations.

Ms. Kirkland stated the Administration has done a parking analysis of the free parking impact. They will put together a team to look at strategic plan for 3-5 years, which will include parking. These impacts will be reflected in budget on March 27, 2023.

Council Member Spadafore informed the Committee that in City Operations they were told the parking manager informed them they put out an RFP for a parking study and there were six (6) applications. Council President Wood asked how it was getting paid for and Council Member Spadafore responded that the deadline is August so more will be known then.

Council Member Spitzley noted there was $5 million for ARPA into parking and asked when they would move those funds and Mr. Mills stated the ARPA funds were moved to funding. Ms. Kirkland stated this is the first time they have moved parking fund, last year it showed the deficit.

Council Member Brown asked if there was a financial strategy for the fleet. Ms. Kirkland stated they are putting together a group to look at parking, development strategy for the City , long term for stability in the budget. The internal team will be the Chief Strategy Officer, Deputy Mayor and Finance Director. Once the schedule and timeline is worked out they will share with Council.

<u>2nd Quarter Report & Vacancy Factor</u>

Mr. Mills went through the report in the packet on budget revenue and expenditures and which ones that were covered by ARPA reimbursement. Mr. Mills noted continued ARPA revenue lose money is a revenue line item and approved with current balanced budget. Mr. Mills then stated that the BWL revenue sharing funds were $6.8 million in 2nd quarter, but not reflected in this report because they had not received the payment at the time of the report. If they take the 2 payments so far, the budget has $25 million, but it appears it will be closer to $28 million. Mr. Mills noted the decrease in the Marihuana licensing fees on this report is because they are not due until March, and the forfeiture funds are down because the ordinance fines are lower. Regarding department expenditures, it is at 46.1% but the three (3) average is 48%. Regarding the Economic Development and Planning budget, it appears high because they have already provided the first quarter LEPFA payment; the Clerk's office is higher due to two (2) elections, and lastly the parks department is higher due to lower due to pandemic over the last three years.

Council President Wood asked Ms. Kirkland about the library rental in the audit because it states budget is $1,265,000 but there was already $519,000 spent in the quarterly. Mr. Mills stated that the audit was for 2022 and there is a grouping in the line item. The quarterly amount is for 2023. The audit includes multiple line items that are not library rental line items. Council Member Wood asked for the breakdown in the group in the audit report was for.

Council Member Spadafore noted there was already $9.7 million drawn down in fund balance, and the ARPA Funds are now revenue in the fund balance, so he asked how much of the $150,000,000 expenditures are one time expenditures over the revenue and how will it be balanced in the new budget. Mr. Mills stated there will be a financial team addressing expenditures as a onetime thing. The fund balance in the audit report at $23.5 million will cover the $9.7 million by lost revenue from the pandemic with the ARPA. The City will not have a projected deficit of the fund balance of $23.5 million with the next budget.

Council Member Brown asked if they were forming a team to address just the deficiencies in the ARPA and Ms. Kirkland confirmed.

<u>Vacancy Factor</u>
Mr. Mills went over the $700,000 budget, which he stated he was not sure why it was at that amount since in the first quarters they are at $1.5 million. The assumption could be that when the budget was planned they were being conservative.

Council President Wood pointed out the issue again that under "contract" positions they should tell council what impact a contracted employee has on the budget.

Council referenced the recent letter from the State of Michigan provided to Council March 13th. Council Member Spitzley asked for an overview of the letter. Ms. Kirkland admitted that the administration did fail; when the budget was amended they did not put those funds in the general ledger where they belonged, so when the external audit was done those funds were not reflected. There is a corrective plan and systems in place for this not to happen again. Council Member Spitzley voiced her frustration with having deficiencies every year and being told by the administration it will be different the next year.

Council Member Spadafore stepped away from the meeting at 6:31 p.m.

Council Member Spitzley spoke on her frustration with the external audit, budget deficiencies and the potential catastrophe with the City finances.

Ms. Kirkland acknowledged that their audit deficiencies findings went from 8 to three and the have put policies in place and continue to make improvements. She admitted they had a general ledger system that was antiquated and was not updated.

Council Member Garza asked Ms. DiSessa about the creation of the team mentioned earlier to look at items, noting the members of the team included her, Ms. Kirkland and Ms. Frayer. He asked how they will schedule that along with their other duties. Ms. Kirkland noted they are in the process of filling the vacancies in her in Finance, but some people will have to wear multiple hats for awhile.

Council Member Brown asked for their plan on addressing the challenges. Ms. Kirkland acknowledged the new software system they are moving to finance (BS&A) which will take 18 months to switch over. Council Member Brown asked if the new software would streamline the process enough they would eliminate employees, and Ms. Kirkland stated she could not speak to that because they have not implemented the new software yet.

Council President Wood acknowledged the statement that they were seeing progress in their audit, however they still were in violation of the Uniform Finance Act which is unacceptable.

Other
No other topics of discussion.

Adjourn
The meeting adjourned at 6:41 p.m.
Respectfully Submitted by,
Sherrie Boak, Recording Secretary,
Lansing City Council
Approved by the Committee on March 27, 2023