MINUTES
Committee of the Whole
Monday, April 10, 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
Jim Smiertka, OCA
Emily Linden, Internal Auditor
Chris Mumby, Information Technology
Barb Kimmel, EDP
Shelbi Frayer, EDP
Chief Sturdivant, LFD
Desiree Kirkland, Finance
Jackson Mills, Finance
Jane DiSessa- arrived at 5:13 p.m.
Cathleen Edgerly
Doris Witherspoon, EDP
Kim Coleman, HRCS
Dominic Cochran, City TV
Greg Venker, OCA
Chris Swope, City Clerk
Hal King, Parking Manager

Minutes
MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE MINUTES FROM THE April 3, 2023 AS PRESENTED. MOTION CARRIED 8-0.

Public Comment
No public comment at this time.

Presentations

Council President Wood noted that during the presentations Council will have an opportunity to ask questions. During department presentations the Internal Auditor has questions and then it will be turned over to Council for questions.

CDBG Budget Presentation

Ms. Witherspoon spoke on the Annual Action Plan for Fiscal Year 2023/2024. She outlined the one-year plan which functions as an annual application to HUD to request funds. The document covers HOME dollars, EMS grants and Block grants. The programs provide funding for community revitalization, addressing three objectives for community needs. CDBG funds addressing housing, public services, public facilities, and the HOME program for downpayment assistance, new construction that creates home ownership opportunities for low and moderate income households. Ms. Witherspoon referenced the page in the presentation on the funding breakdown since 2015, noting there is a slight increase from previous year in CDBG and HOME funds. The annual action plan is citizen driven, and they have held multiple public hearings. Currently the plan is in draft form, and comment period form 3/23-4/24/2023, and the document is due to HUD on May 14, 2023. Ms. Witherspoon spoke briefly on what is submitted and how. The document is submitted via HUD reporting tool (IDIS), where there is a template they have to respond to who is the lead agency, sections on the plan for supporting documentation, Mayor certification, executive summary, and an overview of the consultation process. Included in their goals are the items for homelessness, public facilities, program administration and public services, and they have action plans.

Council President Wood noted that this is a draft and once they determine the final results it will come back to Council.

Ms. Witherspoon stated they did receive their actual allocations, so the numbers are the actual. Council Member Spitzley asked their involvement with the COC and strategic plan, and Ms. Witherspoon confirmed she is involved and makes sure everything is included. Council Member Spitzley asked them to speak on blight, and acquisition and if the CDBG goes to demolition of homes. Ms. Kimmel stated it can, and sometimes funds have been provided to Ingham County Landbank, and utilized funds for homes in the flood plan. Council Member Spitzley asked if it funds the Make Safe and Demolish, and Ms. Kimmel stated no. Council Member Spitzley asked if they are fiduciary only and Ms. Kimmel stated sometimes, they are, but sometimes they carry out programs in their office. Ms. Spitzley asked for the list of the programs by the department. Council Member Spitzley asked how they audit the grant dollars. Ms. Kimmel stated for every organization they execute a written contract, do annual monitoring, where applicants provide their annual audits, current financial statements, chart of accounts, billing audit, and audit on reimbursement based. Council Member Spitzley asked about the consultation process with the City and the COC, and what that entails. Ms. Witherspoon they consult with MSHDA and COC on a regular basis in meetings, not a defined, but ongoing process.

Council Member Brown asked about ARPA funds and congregate housing, and asked if CDBG funds could be used for that housing as well. Ms. Kimmel for HOME funding for non-congregate housing and the 2021/2022 plan was just amended with Council. This is pretty flexible funding. Council Member Brown asked about assistance for groups that want to use those funds, and making sure agencies have technical assistance with support for administratively assistance. Ms. Kimmel stated that they do not provide formal technical assistance but make staff available if they need it.

Council Member Garza referenced the presentation where it references the rental rehabilitation, and asked if CDBG was being used to demo the blight. Ms. Kimmel reiterated they provide Ingham County Landbank with funds to demolish properties they have received for tax foreclosure. The City receives a FEMA grant from MSP that allows the City to purchase and demolish homes in the flood plain, and sometimes these funds are supplementing. HUD recently came into the office and monitored this process and funding and did not have any issues.

Council Member Jackson asked with the Emergency Solutions Grant (ESG) goals, if there are specifics how the funds are suppose to address that. Ms. Witherspoon stated the City gets CDBG and ESG grants, then HRCS manages the ESG program. HRCS is responsible for managing the grant and funds. A notice was just sent out to let people know there is funding available, and there was an information meeting today to talk about the ESG program run through the City and MSHDA. The interested parties were able to ask questions and deadlines on the applications were provided. Council Member Jackson asked for specifics on allocation, and the applicants this year were the same as last year. He asked for confirmation the funds were used for what is requested, and Ms. Witherspoon stated they funds have to be used for that. Council Member Jackson asked for specifics on who gets what, and Ms. Witherspoon stated she has the information but not with her. The process just started and until the process is over, she will not have the final distribution until after the scoring. Council Member Wood asked for them to provide what funding went out this fiscal year.

<u>Fiscal Year 2023/2024 Budget General Overview (Fees, Revenues, Fringe)</u>
Mr. Mills provided a presentation which outlined the process, historical trends based on fees, actuals and estimated what the FY 2023/2024. Regarding projections assuming a 5% property and income increase, and stricter enforcement in income tax. There is also an assumption of 3% wage increase this year, and the 3.9 mills with over $10 million coming, which was confirmed with Baird, the bond counsel. The City wide budget is $275 million which is up 13% increase due to DLI Grant, higher capital expenditures and public safety buildings that were voter approved. The presentation went to the main source of revenue graph which is $152.9 million, and main sources of revenue is $50,606,500 in property tax; income tax $39,350,000; ROE at $26,800,000 and State shared revenue at $22,424,475. Mr. Mills then outlined the property tax breakdown in the presentation, along with the general fund revenue breakdown. The interest and rents are up 88.2% due to the ARPA funds being located in that line. The General Fund Budget will be $163.9 million with increases in equipment and basic needs. Mr. Mills then spoke briefly on the fringe benefits, which are hard to predict based on vacancies, new positions added or removed. Fixed fringes are at $59.5 million, with variable fringes at $16.2 million. This all represents overall a $1 million increase over the current budget. Funds were reviewed and provided by Boomershine. Mr. Mills stated to the Committee the departments will speak to their fees, then he spoke briefly on the CIP projects including CSO, Parks millage, Stadium improvements, parking and vehicle and equipment. Mr. Mills corrected the presentation stating the CSO should be $7 million not $6 million.

Ms. Linden asked the following questions:

- What date did Joe McClure retire, and Mr. Mills stated he retired the end of February 2023.
- Why is he listed on the budget book but the Finance Director is not and what involvement did the Finance Director have in preparing this budget. Ms. Kirkland stated she followed along and made sure the numbers were correct.
- Can you please explain the formulas or reasoning behind the increases to property tax revenue, income tax revenue, state revenues, and BWL return on equity. Also the 5% increase in property tax revenue. Ms. Kirkland stated that ever year they file for the State tapes, in addition, any new businesses have holdings and are being collected. There is a 5% increase in income tax revenue, 4% increase in state revenues.
- The BWL return on equity is projecting their return on equity payment to be $25,038,022 in FY24 – why is the City's budget projecting $26,500,000? (At another place is says $26,800,000 – page 126) Ms. Kirkland stated they spoke to the BWL CFO and confirmed the number. Ms. Linden stated she spoke to the BWL CFO last

week and it is not the same number. Ms. Kirkland will follow up, and Mr. Mills stated that there is also $300,000 in that overall number from the sewer return on equity.

- Why isn't the five-year budget projected included? Please provide a five-year budget projection to Council with assumptions included. It has always been included in the past. Ms. Kirkland confirmed it can be provided.
- Without ARPA funds it appears the general fund would be decreasing $12M and even with the $8M it is reducing fund balance by 3.6M. We've been hearing about the City's structural deficit since 2019, why hasn't anything been done to address this issue? – Page 7 (PDF page 24) Mr. Mills stated they equal out to the $18 million with revenue lose. Ms. Linden referenced an LSJ article that quoted Ms. Kirkland stating $11 million was going to be used for revenue loss. Ms. Kirkland stated she would have to get back on that, and after the calculations it goes back to a reduction the fund balance by $2.8 million. Ms. Linden asked where the ARPA interest was reflected and Mr. Mills referred her to the table on the general fund breakdown in the budget.
- Ms. Linden asked for the five- year projection plan. Ms. Kirkland stated she would provide that.
- Can you explain the reason and formula that went into the vacancy factor increase to $1,500,00? – Page 3 (PDF page 20) and please provide historical vacancy factors used and what is used to estimate that amount. What has been budgeted for vacancy factors in other funds (besides GF)? Have any vacancies been factored into enterprise funds? Mr. Mills stated the FY 2022 was $1.4 Million, FY 2023 went to $700,000, and since the vacancy has been larger, they wanted to increase it to $1.5 million. Ms. Linden asked what the formula was to get that. Mr. Mills stated there was not formula, they just looked at the vacancy factor and what HR was doing in postings.
- Has anything been done in this budget to address the structural deficit the City is facing. Ms. Kirkland stated not in this budget, but there is a team working on it. Ms. Linden pointed out the City Council has heard about the deficit since 2019, and asked why they are not addressing it. Ms. Kirkland stated they are aware of it, and have a team working on it.
- Local Streets Fund – Why the 70% increase to major maintenance? Does finance have a plan for the rapidly depleting Act 51 fund balances? – Page 11 (PDF page 28) Mr. Mills stated they have talked to Public Service and they wanted to have one line item for those items.
- Why the significant decrease in expenditures for Tri-County Metro? - Page 14 (PDF page 31) What is the City's financial relationship and obligations related to the Tri-County task force? Mr. Mills stated that Mr. McClure worked on that with LPD and he would get the answer from the LPD. Ms. Linden asked him to also ask what he City obligations are to the Task Force.
- Why the projected decrease in revenues for the building safety fund? – Page 15 (PDF page 32) What is the strategy behind having a significant fund balance in this fund? Mr. Mills stated permits were down $100,000 in revenue, plan review was down $100,000, and he can have EDP explain why the projected them lower. Ms. Linden asked what the financial strategy is to address this. Ms. Kirkland stated that is part of the plan the team is working. Mr. Mills stated they are also looking at the enterprise funds.
- Why does the City parking fund continue to run at a structural deficit? Does the City have a plan to address this? When do you estimate the parking fund will be out of money and into a deficit? Mr. Mills confirmed they are running at a proposed $775,000 deficit, and EDP can speak to that. Ms. Kirkland stated it is all part of the discussions and part of the plan.
- Can you explain how the opioid settlement funds will be used in the police and fire departments? Are those funds included in general fund revenues? Have the funds

been received? What was the dollar amount? Ms. Kirkland confirmed the City did receive $368,000, and they will do a budget amendment this FY, but they are proposing it to go to LPD, LFD and HRCS.

- Can you please provide a general explanation of how the public safety fund works for the new millage? Is the City planning on paying off the debt service in the first year or is that supposed to be capital? (Page 25) Ms. Kirkland they are restricted funds and will be set aside in a separate bank account, to pay debt, with the first debt payment due 12/2023. Ms. Linden asked if they will pay off the first year, or is that line item supposed to be capital on page 25. Ms. Kirkland stated she is not sure what the total draw downs will be the fiscal year, they will pay as the debt comes. The amount is the estimate based on total taxable values int eh city.
- Can you please explain how IT charges or split between departments? Mr. Mills states that IT does those allocations, and Mr. Mumby stated he would speak to it.
- Why is the City initiating $2.2M in capital project improvements while the fund balance is falling? – page 116 (PDF page 133) Mr. Mills explained that some CSO projects are through administrative orders from the State and have to be done. Most are mandatory, these have been ongoing issues, state is requiring.
- Can you please share the debt payment schedule? How does changing from pay go to ADC impact OPEB liability? Ms. Kirkland stated they are still in the process of switching over this FY, they would ideally pay down debt and liability sooner. Whatever the City pays goes directly into investment, and working with insurance carriers and actuaries. At this time it will pay down liability. Ms. Linden asked for a breakdown how it impacts both.
- Were CREC (Consensus Revenue Estimating Conference) and the Governor's recommendations for revenue sharing taken into account? If so, what data was used? Mr. Mills confirmed the Mayor received a report on the estimated sales tax, and those were taken into account.
- Have we updated our chart of accounts to comply with the new Department of Treasury Standard? Ms. Kirkland stated they are working a CPA firm and Central Square working on that and the timeline is to have it done by the end of this current fiscal year.

CM Spitzley asked why the author of the budget book was done by Mr. McClure who retired in February. Mr. Mills confirmed he did start working November and Mr. McClure worked with him until he retired.

CM Spitzley referenced the "plan" Ms. Kirkland keeps referencing, and asked if that plan will address the parking because there was already a study to shore up ARPA dollars. She asked if they have looked at the feasibility of selling off the surface lots. Mr. Mills confirmed in the proposed budget, there is $75,000 for a study and the RFP process just occurred, and a vendor was chosen. The parking manager can confirm.
Council Member Spitzley referenced the presentation that was provided where in the table it noted there were Administration fees, but the Administration is the Mayor's office, so what kind of fees does that office have. Mr. Mills stated it is the administration in the Parks and Recreation department not the Mayor's office. Council Member Spitzley referred to the table gain noting that other items on the table are also all Parks and Recreation, so why the separate Administration.

Council Member Spitzley stated that since there has been a structural deficit for years, has the departments been asked to reduce spending. Ms. Kirkland acknowledged the statement there is a deficit, but also stated the department have not been asked to reduce spending.

Council Member Spadafore referenced the GF Revenue breakdown graph, for interest/rents and other revenues; asking where that increase comes from. Mr. Mills stated that is from the Mayor's Ramadan event. Council Member Spadafore asked about the increase in growth in income tax, what changes have occurred when there is a structural deficit. Ms. Kirkland stated there has been an increase in businesses and a withholding tax increase. Council Member Spadafore asked if the amendment to FY 2023 will reflect that. Ms. Kirkland stated it does not but she will follow up on that. Council President Wood sked if the FY 2023 amendment will be presented before this budget is adopted on May 15th and Mr. Mills confirmed that is the proposal. Council President Wood reiterated the importance of having the amendment for FY2023 before the FY2024 budget is adopted. Council Member Spadafore pointed out that the budget currently has a lot of discrepancies.

Council Member Spadafore stepped away from the meeting at 6:12 p.m.

Council Member Hussain stated that per Charter Article 7, Section 103 states that as part of the budget there would be a budget message and explanation as to why Council priorities were addressed and if they were not, why not. He asked where that document was, since it was conveyed in October 2022 under an adopted resolution and conveyed to the mayor at that time. Mr. Mills stated he was not aware of that and would follow up on that.

Council Member Hussain asked what was in the budget to address the structural deficit and where the city current is. Ms. Kirkland reiterated again there is a group working on a long-term plan. It is not in the budget, and they will present it when it is available. Council Member Hussain asked for a timeline. Ms. Kirkland stated she understands the urgency, but here goal is within the next couple months and it will have a short term and long term plan.

Council Member Spadafore returned to the meeting at 6:13 p.m.

Council Member Hussain reminded Ms. Kirkland that the Council has to adopt the budget per Charter by the 3rd Monday in May. Ms. Kirkland admitted they do not have a plan but meet bi-weekly and will get it to Council.

Council Member Hussain stepped away from the meeting at 6:14 p.m.

Council Member Spitzley voiced her concerns that they continue to whittle down the fund balance, spend beyond needs, and when questioned on having the departments take cuts, Council is told they are not being asked to take cuts. The "plan" needs to be provided before Council approves this budget and have direction on how to address the structural deficit, including not having ARPA funds in the future. She added to her concerns that not having a "plan" before approving the budget is problematic and there is a strong concern with going again into another year with reliance of FB to balance the budget.

Council Member Hussain returned to the meeting at 6:16 p.m.

She concluded that she cannot recall in the last eight (8) years asking departments to consider cost savings.

Council Member Brown asked who was on the "team" she keeps referring to, and Ms. Kirkland stated Mr. Mills, Ms. DiSessa and Ms. Frayer and they will meet weekly.

Council President Wood asked if the interest from the ARPA funds was in the revenue , so that any expenditures that the City got, that interest was being eaten up in the expenditures. She asked why they are not separated out. Ms. Kirkland confirmed they are not separated out. Council President Wood asked what the City has collected over the last three (3) years from the purchase of State tapes on Income Tax. Ms. Kirkland could not provide that information. Council President Wood asked what was collected this fiscal year, and Ms.

Kirkland could not provide that information. Council President Wood asked for that information ASAP because Council is considering adopting this budget on getting those additional funds, so they need to see exactly what the City is getting out of the State tapes.

Department Budget Presentations

Council President Wood referenced the seven (7) question document in the folder and asked each department to address those and any separate reports should be submitted to Council but not for discussion tonight.

Information Technology

What is the difference with your budget from current fiscal year to the proposed budget?

Council Member Kost stepped away from the meeting at 6:19 p.m.

Mr. Mumby there will be hardware and software increases, no changes. They are not asking for anything new, but Microsoft is charging more, and hardware costs are higher.

Are there any changes in services that your department is responsible for and if so why?

Mr. Mumby confirmed there are no changes.

Are there any rate or fee increases and if so why?

Mr. Mumby stated this does not apply to them because they do not have fees or rates.

Are there any major equipment purchases proposed in your budget?

Mr. Mumby stated there will be standard computer replacements for departments.

Council Member Kost returned to the meeting at 6:21 p.m.

Are there any eliminating, combining or contracting of positions in your budget, and if so provide specifics.

Mr. Mumby stated they have not proposed changes. Council President Wood noted that in the chart of employees it says he has 14 employees now but will have 16. Mr. Mumby stated the thought that was a mid-year change in the current fiscal year. There Communications Director is in the Mayor's office but housed in IT, and the Grant position is also in IT.

Did your department receive any ARPA funding in the current fiscal year, and if so how was it spent.

Mr. Mumby stated they did not get any ARPA funds.

Does your proposed budget include a carry forward of ARPA funds and if not how will your department programs change because of not having those ARPA funds.

Mr. Mumby stated this question does not apply to them.

Ms. Linden asked how the IT allocations work for the departments and how he comes up with those. Mr. Mumby stated charges are specific to department items to dept. directly, and general software is spread amongst the entire City department. The other fees are based on ½ on employees and the number of computers.

Council Member Brown noted that the 311 Program was added into the budgets in the current fiscal year and asked him how it was impacting his department. Mr. Mumby admitted that 311 is not assisting IT, IT did assist with the startup and specific hardware and software used in the call center part of IT allocations.

Council Member Spitzley asked about the difference in the IT fund balance that went from a $200,000 projected in FY 22/23 to a proposed $300,000 for FY23/24. Mr. Mumby stated that

IT is an internal service fund and maintains a separate fund balance. When they do not spend it, it rolls over so they are comfortable stating it will be $300,000 and offset. Council Member Spitzley asked how they handle the fund balance and Mr. Mumby explained they tend to ask for less in the future year. Council Member Spitzley asked if their funds do not have to have a formal approval process and Mr. Mumby stated it is not unique to IT but unique to the budget. There is a need for an appropriation for internal funds administratively, and this department can do that.

Council Member Spitzley asked about the fleet line item increasing by 5%, and Mr. Mumby stated that Public Service has changed how they allocate the use of the vehicles.

Council Member Spitzley asked if IT charges each department for each person and computer; especially in the case in some departments where there could be 5 people on one computer. Mr. Mumby admitted it is an imperfect model.

Council Member Jackson stepped away from the meeting at 6:30 p.m.

He added that they use a snapshot of a current date, and another method might be the number of authorized users. They pull out specific programs, and the split costs to all registered computers, then the other half is by the number of employees.

Council Member Spitzley noted an increase in telephone charges. Mr. Mumby stated they have done an RFP for the call base phone. The hardware cost is in his budget, but the overall reduction is to the City, and hardware is an upfront cost. This will change how they allocate those costs but will work with finance.

Council Member Spadafore asked if the phone change will the ability for multi locations, and Mr. Mumby confirmed it would allow you to answer phones from multiple locations. Council Member Spadafore asked why the budget had $3,000 for the vehicle, but now it is $5,500, but it is not reflected anywhere.

Economic Development & Planning
Council Member Jackson returned to the meeting at 6:35 p.m.

What is the difference with your budget from current fiscal year to the proposed budget?
Ms. Kimmel stated that the Parking Department had a moderate increase in special event revenue. There is no impact with the Planning Department and Development; Building Safety has proposed a slight increase due to wages and increase in proposed fees and Code Enforcement has no changes.

Are there any changes in services that your department is responsible for and if so why?
Ms. Kimmel confirmed there were no changes in the departments of parking, building or code.

Are there any rate or fee increases and if so why?
Ms. Kimmel confirmed that Parking, Building and Code departments do anticipate fee changes and those are part of the draft resolution. The code change is for failure to register as a rental.

Are there any major equipment purchases proposed in your budget?
Ms. Kimmel stated there are not planned purchases for parking but there is for building safety.

Are there any eliminating, combining or contracting of positions in your budget, and if so provide specifics.

Ms. Kimmel stated that parking did eliminate a maintenance worker position and replaced it with a field supervisor. Building safety will have no changes.

<u>Did your department receive any ARPA funding in the current fiscal year, and if so how was it spent.</u>
Ms. Kimmel stated that the Parking Department did get $5,000,000 in 2023 to replenish the depleting parking fund. There are no funds for the Building Department or Code.

<u>Does your proposed budget include a carry forward of ARPA funds and if not how will your department programs change because of not having those ARPA funds.</u>
Ms. Kimmel stated that there was no carry forward in parking, building safety or code and their programs will not change.

Ms. Linden asked if anything was being done internally to address the structural deficit for the parking facilities. Ms. Kimmel confirmed they are moving forward with the parking study on the recommendations. The proposals have been evaluated. Mr. King confirmed he is working with the firm that was rewarded and hope to have done in the budget year. He added that they proposed sell parking lots, and one recommendation is to have a RFP to have the firm selected, bring in a commercial real estate agent so they can review properties as they stand now to suggest a good way to dispose and address services. Ms. Linden questioned the parking again and Ms. Kimmel admitted she was not sure who prepared the budget and Mr. King started in January.

Council Member Spitzley made the statement that it is unusual that no one knows who prepared budget. She then asked about the $5,000,000 in ARPA funds for the parking deficit, and asked if it ran a deficit the year before. Ms. Kimmel stated she was not sure and could get that for Council. Council Member Spitzley asked if there was a study to address the structural deficit that has been ongoing since 2019, and asked how much the budget has increased this year. Ms. Kimmel confirmed she did not have those numbers, at which Council Member Spitzley referenced the budget document which stated 7.7%, and Ms. Kimmel acknowledged if that was what the document said.

Council President Wood referred to the line item budget for Parking Lot #37 asking why the revenue stated for the projected fiscal year 2022/2023 is $300,000 but they project revenue in the next fiscal year of 2024 to be $450,000. She also pointed out the North Grand Ramp fiscal year 2022/2023 revenue is noted at $700,000 and they propose revenue in fiscal year 2023/2024 at $900,000. Lastly, Council President Wood pointed out they are proposing parking fine revenues up $200,000, which then brings all the projected revenue in fiscal year 2023/2024 closed to a quarter million. She asked for an explanation for those revenue projections, and if they are not able to answer that at this time, they will need to locate the numbers that were put together for that projection, how it was determined and provide to Council.

Council Member Garza asked how they can propose no changes in the budget but there is talk of a Deputy Director. Ms. Kimmel confirmed the costs for the deputy director is covered due to vacant positions. Council Member Garza asked if they were still going to replace Mr. McGrain and she confirmed they were. The fund of $120,000 for this upcoming fiscal year they will pull from the vacant positions.

Council Member Spitzley referenced their budget and asked Ms. Kimmel to confirm their budget is increasing by .7% and Ms. Kimmel confirmed.

Council Member Spitzley asked for confirmation that Building Safety is proposed to increase by 6%, and Ms. Kimmel stated she would look into that, but it could be the vehicle charges that increased.

Council Member Spadafore noted to the Administration that it appears in every budget where the vehicle line item increased, the proposed FY2024 amount is in line with the FY2022, but not FY2023. He asked for clarification on if there is a different model being used.

Council Member Garza stepped away from the meeting at 6:49 p.m.

Ms. DiSessa explained to the Council that the Economic Planning and Development budget was prepared by Mr. McGrain who worked in conjunction with Finance.

Council Member Garza returned to the meeting at 6:51 p.m.

She continued explaining that the numbers were looked at closely by staff at the time, and finance at the time. Council President Wood stated that unless the Administration was going to bring back Mr. McClure and Mr. McGrain the questions need to be answered. Ms. DiSessa acknowledged they will get the answers to the questions tonight, but assured the Council that the numbers were looked at and prepared by individuals familiar with the department. Council President Wood stated to Ms. DiSessa that until the formula they used for the budget is provided, Council cannot substantiate any of the numbers are correct.

Council Member Spitzley asked why they put Mr. McClure name on the budget after he retired, and every time the departments cannot answer a questions or there is something wrong they blame him, even though he is retired.

Fire

What is the difference with your budget from current fiscal year to the proposed budget?
The Chief stated there are no major operating changes, outside of and increases for fuel and equipment rental, but no program increases.

Are there any changes in services that your department is responsible for and if so, why?
The Chief stated the changes were a decision based on line items that could support, and move funds to support programs.

Are there any rate or fee increases and if so why?
The Chief stated there are no rate of fee changes.

Are there any major equipment purchases proposed in your budget?
The Chief stated that outside of the approved CIP of $24,000 to replace swift water rescue boats and all terrain vehicles for events, there is no other major equipment proposed.

Are there any eliminating, combining or contracting of positions in your budget, and if so provide specifics.
The Chief stated they have no plans to eliminate, combine or contract positions.

Did your department receive any ARPA funding in the current fiscal year, and if so how was it spent.

The Chief confirmed they did receive $300,000 for turnout gear, $1.7 million for a fleet upgrade which went towards an aerial truck, and $780,000 to help support the 10 year Stryker program.

<u>Does your proposed budget include a carry forward of ARPA funds and if not how will your department programs change because of not having those ARPA funds.</u>
The Chief confirmed they do not have a carryover from ARPA.

Ms. Linden pointed out that the fire suppression line was $100,000 in the last years, but they are only proposing $10,000. The Chief confirmed that is not correct, and FLSA is a federal mandate so he will need to look at that, ask questions and get back to Council. Ms. Linden then stated that under the Public Safety expenses, the LFD had a decrease of 1.5%. The Chief could not provide an explanation for that as well, and stated he would get back to Council within the week.

Council Member Spitzley questioned the fleet equipment charges that were increased, assuming it was the same reason given earlier that Public Service was charging more for fuel, etc. She then noted that the total operating increased by 6.4 %, and the IT charge was a 5% increase. The Chief confirmed they have bought new hardware to update the EMS computers on the ambulances.

Council President Wood asked if the union contact was settled, and it was confirmed it was not. She then pointed to page 74 where is shows a 2.3% reduction, and asked if there is a potential for wage increases with that contract, where else in the budget is that reflected. The Chief admitted that they are currently sitting at 15 vacancies over the course of the next 6 months and that will double based on selected attrition. They have submitted a grant application to address this and one discussion with the board is the currently the LFD does not have a deferred plan, and so the candidate pool us reduced because of benefits the City cannot offer compared to other Fire Departments that are hiring.

<u>City Attorney</u>
Moved to next meeting.

<u>Finance Department</u>
<u>What is the difference with your budget from current fiscal year to the proposed budget?</u>
Ms. Kirkland stated that Treasury and Finance do not have differences, the only changes would be the IT charges that went up.

<u>Are there any changes in services that your department is responsible for and if so why?</u>
Ms. Kirkland stated that Treasury and Finance do not have any changes.

<u>Are there any rate or fee increases and if so why?</u>
Ms. Kirkland stated that Treasury and Finance do not have any increases.

<u>Are there any major equipment purchases proposed in your budget?</u>
Ms. Kirkland stated that Treasury and Finance do not have any proposed purchases.

<u>Are there any eliminating, combining or contracting of positions in your budget, and if so provide specifics.</u>
Ms. Kirkland stated that Treasury and Finance do not have any changes in positions.

<u>Did your department receive any ARPA funding in the current fiscal year, and if so how was it spent.</u>

Ms. Kirkland confirmed that they received $1,000,000 for BS&A updates and $200,000 for the ARPA Grant personnel.

Does your proposed budget include a carry forward of ARPA funds and if not how will your department programs change because of not having those ARPA funds.
Ms. Linden asked if BS&A is on schedule and in the budget, and Ms. Kirkland confirmed stating they do not have a kickoff date yet, hope to that kick off this summer. They are currently working on the current system (One Solutions) so it can roll over to the new system. Ms. Linden asked if the kickoff date was moved, and Ms. Kirkland confirmed it was initially planned for this spring, but the City is waiting for the BS&A to provide their final dates.

Ms. Linden referenced the temporary and contract line items are over budget by around $137,000. She asked for an explanation and if it is ongoing and why they are proposing the same budget for fiscal year 2024. Ms. Kirkland noted they have changes in personnel.

Council Member Spitzley stepped away from the meeting at 7:07 p.m.

There are two (2) vacancies in Treasury and two (2) vacancies in Finance, and both currently have temporary staff in them. She stated they do not anticipate to go over budget in the proposed FY 2024.

Council President Wood stated Council was informed the contract with BS&A was signed in January 2023, and therefore what is the understanding for the delay. Ms. Kirkland stated BS&A has other projects and initially thought they could be here in the spring, but now their communications say summer. Council President Wood asked if they have requested a reduction in the cost of the contract since it is BS&A that is delay the kickoff, and Ms. Kirkland stated the City has not but can.

City Council and Internal Auditor
Moved to another meeting.

Council Member Spitzley stepped away from the meeting at 7:08 p.m.

Discussion/Action
RESOLUTION – Set Public Hearing for Fiscal Year 2023/2024 City of Lansing Budget
MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR MAY 8, 2023 FOR THE FISCAL YEAR 2023/2024 CITY OF LANSING BUDGET. MOTION CARRIED 8-0.

RESOLUTION – Set the Public Hearing for Community Development Block Grant (CDBG) Annual Action Plan for Fiscal Year 2023/2024
MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR APRIL 24, 2023 FOR THE CDBG ANNUAL ACTION PLAN FOR FISCAL YEAR 2023/2024. MOTION CARRIED 8-0.

RESOLUTION – Participation Agreements for Master Settlements
Mr. Smiertka explained this is a resolution for the City of Lansing as a participant vs. 4 defendants in a class action regarding OPIODS. The four (4) defendants include Walmart, CVS, Allergan and TVA. The City is with the State in the case and the result of this will be the City will receive 50%, and the State will get 50%. Mr. Smiertka confirmed the City has already received one settlement. This resolution will authorize the City to enter into the settlement agreement.

Council Member Spadafore asked if this will authorize the acceptance of funds and expenditure of those funds, and Mr. Smiertka stated it will not, the appropriation will have to come back to Council.

MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE RESOLUTION FOR THE PARTICIPATION AGREEMENT FOR MASTER SETTLEMENTS ON THE OPIOD CLASS ACTION CASE. MOTION CARRIED 8-0.

<u>RESOLUTION – ACT-2-2023; City Purchase of Real Estate; NE Corner of S. Washington Avenue/Lenawee St. RE: Facilitate the construction of the Public Media Center and Ovation Concert Venue</u>

Mr. Venker explained that this is a purchase of property for a future Public Media Center and Ovation venue, which the City does not do often. To purchase property by the City is different then selling. When the City purchases they do not have to wait, there is no time for the offer to be placed on file, they have to have the appraisal, pay the appraisal price and this resolution will approve the purchase.

Council Member Spadafore asked who 500 Washington LLC is, and Mr. Venker confirmed it is the LLC related to the development of the entire block. People include Pat Smith, Westpak and Dymaxian. This will be separate from the Lake Trust Building. Council Member Spadafore asked if this is property the City authorize tax abatements for, and Mr. Venker stated there is a brownfield plan that occupies the entire block, but this is buying a parcel.
Council Member Spadafore asked if this was then taking taxable property and making it tax exempt, and Mr. Venker confirmed.

Mr. Cochran explained the funding as:
PEG fee bonding portion against future PEG fees – $6 million
PEG fees on hand - $2.5 million
State appropriation - $2 million
MEDC Grant - $5 million
Federal Appropriation- $750,000
Private fundraising - $900,000
They have done a market and fundraising and feasibility study which projected them to raise $3.5 million in fundraising however they have only met $900,000. There is a version of the project that will be built with what funds are on hand, and right now the project can be built with the funds on hand.

Council Member Spadafore acknowledged they appear to be short of their fundraising goal, and the MEDC grant was reliant on the fundraising goal being met. Mr. Cochran stated the fundraising is an enhancement. Council Member Spadafore again referenced the grants that were contingent and reliant on the fundraising goal being met.

Council Member Spitzley asked if there were any environmental conditions on the site. Mr. Cochran acknowledged it is a building rehab, and there will be asbestos removal and remediation. It was surprisingly in good condition and can even utilize the basement.

Council Member Brown asked if all funding for the project has been secure, and Mr. Cochran confirmed it was, and if they did no more fundraising it would still be economical. Any additional fundraising will add to the project. They have the capital to match the $16.9 million construction budget.

Council Member Jackson stepped away from the meeting at 7:22 p.m.

Council Member Brown inquired into why the City was building a new building when there are existing structures owned by the City that can be utilized for these events. Mr. Cochran stated it was because they have an $8 million investment by the State and Federal government tied to this location. They have also gotten $5 million from the MEDC for urban core and revitalization tied to this idea. He also stated his belief that the Lansing Center is getting busier and will utilize their square footage and not have any for events he is proposing for the Ovation. Council Member Brown asked if they proceed with this and they never receive any more fundraising dollars; what is that impact on the City. Mr. Cochran stated if there are no more funds obtained, they have the pro-forma to operate the black and will build the building through debt service and paid back by PEG. Once the doors open there will be no debt payment. If the attendance is not there, he believes they could sell the facility worth $18 million.

Council Member Jackson returned to the meeting at 7:25 p.m.

Ms. Linden had no questions at this time, but was still waiting on funding information.

Council President Wood reminded Council that at the Council meeting later, there would need to be five (5) votes for passage.

Council Member Brown asked again who the owners of the property are, and Mr. Venker reiterated 500 Washington LLC is owned by Pat Smith, Westpak LLC who is a developer for the entire block.

MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE RESOLUTION FOR ACT-2-2023; NE CORNER OF S WASHINGTON AVENUE/LENAWEE ST. RE: CONSTRUCITON OF THE PUBLIC MEDIA CENTER AND OVATION CONCERT VENUE TO BE PLACED ON COUNCIL AGENDA. MOTION CARRIED 7-1.

Other
No other topics of discussion.

Adjourn
The meeting adjourned at 7:27 p.m.
Respectfully Submitted by,
Sherrie Boak, Recording Secretary,
Lansing City Council
Approved by the Committee on April 24, 2023