**MINUTES**
**Committee of the Whole**
**Monday, June 12, 2023 @ 5:30 p.m.**
**Tony Benavides Lansing City Council Chambers**

**CALL TO ORDER**
Council President Wood called the meeting to order at 5:30 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
Joseph Abood, City Attorney
Lisa Hagen-Lawrence, City Attorney
Emily Linden, Internal Auditor
Desiree Kirkland, Finance Director
Jackson Mills, Finance
Shelbi Frayer, Chief Strategy Officer
Cynthia Gill, Finance
Michael Lynn
Loretta Stanaway
Kim Coleman, HRCS

**Minutes**
MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE MINUTES FROM MAY 22, 2023.
MOTION CARRIED 8-0.

**Public Comment**
Ms. Stanaway spoke on the FY 2023/2024 budget cuts in Parks and Recreation, asking Council consider funds for that department. Ms. Stanaway spoke on the funding for the new public safety that the constituents voted on, with a concern on relocating Fire Station #9.

Mr. Lynn asked about the budget allocation of $1.8 million and reallocating to departments that had operating budget cuts. Mr. Lynn then spoke on the spending in the Mayor's office, including the creation of the Chief Strategy Officer position funded in that office. He asked Council to look into their spending and role of the Chief Strategy Officer.

**Presentations**

**Chief Strategy Officer City Update**

Council President Wood briefly noted for Council that this position was created in the FY2019/2022 budget, under recommendation from the Financial Health Team. Council at the time was looking at a hiring a legal liaison for $60,000. At that time City Council decided the CSO was more important for the City, and $60,000 at the time would cover half a year by the time was created, posted and filled. At the time the position was placed in the Mayor's office and an ordinance was created. When discussed at Council they were looking for a person to look at all the departments to look for savings, look at redundancies, and ways for departments to raise revenue. Unfortunately the ordinance does not outline the "charge", so the duties the CSO is currently doing is what the ordinance has listed. Council can consider later on making amendments to the ordinance adding tasks and "charges". Tonight Ms. Frayer will be updating the Council on the Public Safety building, and speak to the strategic plan for the City.

Council Member Spadafore stepped away at 5:39 p.m.

Ms. Frayer acknowledged the overview of the role of the CSO. The role now, after the public safety passed in November, 2022, she is providing an update on that.

Council Member Spadafore returned to the meeting at 5:41 p.m.

Ms. Frayer distributed materials which outlined a map, memo from March from River Caddis, and they plan to update Council every few months. The Council reviewed the site concept which depicted the new court house, water quality, fire station 9, parking and new police headquarters. Currently they are working on contracts for construction and architects.

Council Member Spitzley asked for clarification on the map, and if the new footprint is part of the current SWOC. Ms. Frayer the City did purchase the McLaren parcel, and SWOC will be torn down. Council Member Spitzley asked for an overview of the current layout, and Ms. Frayer stated she could look into a current overlay. Council Member Spitzley asked if this overlays the park, and Ms. Frayer stated no, it butts up to it.

Council President Wood asked about the status of City TV and the Clerk Elections when SWOC is demolished. Ms. Frayer stated there are items in the building on retention or destroyed, and they are working with the Clerk's office and City TV on temporary and permanent locations, depending on which department. Council President Wood noted that the City Clerk would need to accommodate the voters.

Council Member Spadafore asked since demolition was not part of the bid, but is now, is this still within the financial, and Ms. Frayer stated it is cheaper to demolish. Council Member Spadafore asked if this is closest to the street, and Ms. Frayer stated this does allow enough parking in front and then secured parking for the courts, police, etc.

Council Member Spitzley asked about them reviewing the records retention schedule and Ms. Frayer confirmed they are following that.

Council Member Hussain stated that if they did a ramp would be $20-$30 million and what is demolition, and Ms. Frayer stated demolition is $329,000 for demolition. Council Member Hussain asked for a plan to consider for elections to stay there because of central locations, along with the 311. Ms. Frayer stated they have met with public service, and the contractor. Right now there is no plan for permanent, but hope to have everyone out by November and December.

Council Member Garza asked if the parking up front meets the Form Based Code. Ms. Frayer stated the concept has been through zoning and EDP for approval and vetted. Council Member Garza asked if Fire Station 9 was part of the original plan, and Ms. Frayer confirmed it was.

Council Member Spadafore stated the Fire Chief stated this location was a good spot for call time. Council Member Spitzley confirmed that same statement, and the current location is in need of repair, and she recalled also the Fire Chief being adamant that this be part of the master plan. Ms. Frayer stated they are also looking at Station 2 and 8 because they have significant repairs, and consider build.

Ms. Frayer asked if Council is interested on a quarterly report unless there is something significant, and Council concurred.

Ms. Frayer then referenced the handout on financing handout for the rating agencies. The City met with them, the City had a A- which was typical with many communities, and there was a positive rating to a stable outlook. Ms. Frayer then touched on highlights in the handout, on the Budget Financial Overview for taxable valuation and taxable value by tax year. The Committee was then referred to page 22 which was the City Tax Levies and Collections on property taxes. The Committee then reviewed the Michigan Local Pension Grant Program details, which stated the City expects to receive a grant of $11-$12 millions assuming the States $750 million cap is not exceeded. Council President Wood clarified that those funds will not go into the City, but into the retirement fund.

Council President Wood asked for clarification that the City will get prevailing wage and local bidding. Ms. Frayer it is specified in all the bidding documents, as for local labor that has not gone out, and the City will follow the ordinances on that. Council Member Garza asked them to make sure the prevailing wages are up to date.

Council Member Spitzley asked the Administration to look at a position to monitor the development agreements to make sure there are compliance, and if they are not there are tools in place to address. Council President Wood reiterated the concerns from Unions earlier, that development agreements are self-monitored and that is a concern.

Council Member Garza asked how much time she devotes to the CSO position. Ms. Frayer, in a role of CSO, daily is on economic growth, and development is about 60-70% on contracts currently. There is a focus on the growth side. Council Member Garza asked about the unfunded liability, and when positions are contracted out there are not as many people putting into it, and asked if there are talks of putting more people into the department. Ms. Frayer stated both systems are 80% funded to 2035, and OPEB is different. There has not been a focus, but there have been talks about it.

Council President Wood asked Ms. Frayer if she has been working in with Finance on the plan that Finance stated they were working on during the budget. Ms. Frayer confirmed the Finance team has met a handful of times, but the focus was for this budget, before multi year. During the budget process, they budget for positions to be budgeted for the entire year. If spend time on what the structural deficit is, before talking about what to cut. The ideas need to be put on paper and then the Mayor shall share with Council. Council Member Spitzley acknowledged the work on contracts and development but as the CSO, she asked if she is involved in the budget negotiations and discussions looking for those efficiencies and looking at departments. Council Member Spitzley asked Council to look at the recommendations from the Mayor on how are the departments doing their part in addressing the structural deficit, and positions if need to be redefined. She then asked Ms. Frayer what her role has been in the budget, and Ms. Frayer in this current role she has not been involved but in her first time here she was Finance Director and CSO, but this time there is a Finance Director who has been in lead of the budget.

**<u>Discussion/Action</u>**
**<u>RESOLUTION – Fiscal Year 2023-2024 Budget Amendment</u>**
Council President Wood recapped the discussion during passage of the budget, there was $1.9 million that was not allocated, and there were some departments that had operational budgets cut to $0. Council President Wood then referenced the Internal Auditor cover memo in the packet outlining

the departments. Per Charter, there needs to be a balanced budget, so Council needs to utilize and make sure those funds are allocated.

Ms. Linden had nothing to add to the explanation.

MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE RESOLUTION FOR THE AMENDMENT TO THE FISCAL YEAR 2023-2024 BUDGET TO REALLOCATE THE FUNDS FOR THOSE DEPARTMENTS THAT HAD THE OPERATING CUTS.

Council Member Spitzley asked where the Parks and Recreation budget will get restored. Council President Wood stated there is not, but there are funds that they will have July 1st, and after the first quarter the administration will bring forward an allocation to address. The only departments that did not take cuts were Police and Fire. Council Member Spitzley reiterated a discussion during the budget about a plan to address the deficit and asked the Finance Director for updates, and if there are external meetings with experts. Ms. Kirkland stated they have had meetings with departments, the CSO and the Mayor, but no outside groups. Council Member Spadafore state that the plan from Ways and Means is to work with departments, and bring back in members of the Financial Health Team. The plan would be to add recommendations to the Budget Priorities.

Council President Wood stated that since this is an amendment, it can be divided for EDP and HRCS.

Council Member Spadafore noted the Clerk's, the Courts and along with Parks and Recreation have significant operating changes.

Council Member Jackson voiced his concern that Parks and Recreation is not on this list for adoption as part of this resolution. Council President Wood clarified that this is from the Mayor's, so Council cannot change where the funds go. This has to be done before end of June because the budget has to be balanced then. It was relayed to Council leadership, that there is potential of carry forwards, by the Mayor there will be funds put back in Parks and Recreation from the vacancy factor in the 1st and 2nd quarter. Ms. Linden stated the goal of the administration was to have every department operational in the first two quarters, and with the adopted budget Parks and Recreation operation has the funds.

Council Member Spitzley concurred with Council Member Jackson on the impact of Parks and Recreation and concern with how the budget came forward.

Council Member Spadafore supported this resolution for a good step forward, and some of the departments on the resolution took cuts in the Budget Resolution to $0 in operating.

Council Member Hussain asked about Treasury and IT and asked if they were good in first two quarters, and Ms. Kirkland confirmed. Council Member Hussain noted that there is an idea that "the sky is falling", and when the budget was passed the plan was put forth by the Mayor and Council leadership, that funds would be put back.

Ms. Kirkland concurred with statements by the Internal Auditor, they looked at what departments had funds for the first two quarters, and the plan is for the Administration to come forward to Council with more amendments.

Council Member Garza asked for an update on a list of unfilled vacant positions, and if those positions have been increased so they can be filled. Ms. Kirkland confirmed, and since not 100% full staffed, they are looking at full staffed budgeting to make sure not large vacancy factors, they are looking at those strategies. Council President Wood encouraged them to look at the positions, and even if there is a position, that means either job is not getting done, or paying someone over time, so positions should not be cut since it has not been filled. Ms. Kirkland stated they are not cutting, but looking at actual costs, including OT and contractual, over the last 5 years. Mr. Mills stated the quarterly vacancy report has the list. Council Member Garza stated Council wants to know that vacant positions are comparable to other municipalities.

Council Member Jackson asked why some departments are fully restored now and Parks and Recreation are not fully restored.

Council Member Kost asked if there is a vacancy number. Mr. Mills stated he estimated 80 vacant positions in the 3rd quarter report. Council Member Kost stated he found there are only 27 vacancies and they are seasonal. Council Member Kost stated he was provided an amount of $10-$20 million in vacancy funds. Ms. Kirkland stated that is not correct.

Council Member Hussain asked for the exact number the City UAL is, and Ms. Frayer referred to page 26. Were at $1 billion and now $600 million.

Council President Wood divided the question.

COUNCIL MEMBER WOOD ASKED TO BE RECUSED FROM THE HRCS BUDGET WITH A CONFLICT DUE TO HER JOB. MOTION CARRIED 7-0.

MOTION ON THE HRCS BUDGET AMENDMENT CARRIED 7-0, 1 RECUSAL.

COUNCIL MEMBER SPITZLEY ASKED TO BE RECUSED FROM THE ECONOMIC DEVELOPMENT AND PLANNING BUDGET WITH A CONFLICT DUE TO HER JOB. MOTION CARRIED 6-1.

MOTION ON THE ECONOMIC DEVELOPMENT AND PLANNING BUDGET AMENDMENT CARRIED 6-1, 1 RECUSAL.

**DISCUSSION– Fiscal Year 2023-2024 City Council Operating Budget**

Council President Wood referenced the handout in the packet that was informational only outlining the original Council operating budget proposed for $250,910, with the adopted amount, this would address breakdown in funding. She expanded that this was proposed for the new budget for that starts July 1, 2023 and if there are carry forwards that will add another $15,000. The consideration for carry forward for City Council would be adding to community funding $6,000, council member's accounts, and promotions $7,000. It was extremely important for Council to have telephones and computers so funds in the attached document increased those.

Council Member Spitzley clarified the proposed for Council operating was $250,910 but adopted at $115,609 with a proposed $15,000 in carry forwards. That was confirmed for the Council operating budget.

**Adjourn**

The meeting adjourned at 6:37 p.m.
Respectfully Submitted by,
Sherrie Boak, Recording Secretary, Lansing City Council
Approved by the Committee June 26, 2023