MINUTES
Committee of the Whole
Monday, January 22, 2024 @ 5:30 p.m.
Tony Benavides Lansing City Council Chambers

CALL TO ORDER
Council President Garza called the meeting to order at 5:30 p.m.

PRESENT
Councilmember Peter Spadafore
Councilmember Adam Hussain
Councilmember Tamera Carter
Councilmember Trini Pehlivanoglu
Councilmember Jeffrey Brown
Councilmember Ryan Kost
Councilmember Jeremy Garza
Councilmember Brian T. Jackson

OTHERS PRESENT
Sherrie Boak, Council Staff
Jim Smiertka, City Attorney
Mark Lawrence, Mayor's office
Dick Peffley, LBWL
Heather Shawa, LBWL
Norma Bauer
Lisa Hagen-Lawrence, OCA
Tyler Baker, Maner Costerisan
Bill Tucker, Maner Costerisan
Jake Bower, Chief Strategy Officer
Desiree Kirkland, Finance Director
Jackson Mills, Budget

Minutes
MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE MINUTES FROM JANUARY 8, 2024 AS PRESENTED. MOTION CARRIED 8-0.

Public Comment
Ms. Bauer spoke acknowledged the reporting done by the Internal Auditor.

Presentations
Board of Water and Light Annual Audit for Fiscal year ending June 30, 2023
Mr. Peffley acknowledged it is again a clean audit and deferred to Ms. Shawa.

Ms. Shawa confirmed it was a successful audit with clean opinions. There is a were clean pension plan audit statements as well. Ms. Shawa outlined the positive financial results, specifically page 9 of the statements, on the net income of $16 million up by $4.5 million from the previous years. There were significant increases in expenses but those were offset by the revenues. There is an energy program where they look out 5 years and that allows them to keep the rates down for the year. Regarding the pension plans, all had strong balances, they are fully funded and at 146% funded balance.

Council Member Spadafore asked about the investment income differences and if things were changed over the years. Ms. Shawa stated it was pre-crash investments in the earlier years.

Council Member Jackson asked if the audit take in to account the financial position to comply within the State law of Clean Energy requirements. Ms. Shawa this is the audit for 2023, and the Climate would be going forward and will be included in the next Strategic Plan. Council Member Jackson asked if it is the same since the BWL goals is the same as the State plan. Ms. Shawa stated the audit does not audit goals but financial practices. Council Member Jackson asked if it takes into account of no finances with the goals, and Ms. Shawa stated it is taken into account in their Capital plan and OPEB. That next plan will go to the BWL Board in May and then they are invited to Council after that.

Maner Costerisan Audit Presentation
Mr. Tucker and Mr. Baker presented the audit and summarized the financial statements from June 30, 2023. First, he referenced the CAFR and the independent audit report. The presentation began with the Certificate of Achievement that is annual and submitted to the State. In the overview of the audit report he focused on the purpose of the audit, the opinion on the 10 units of the City funding. They provided unmodified or clean opinions on those 10 units. The projected reflected the statement of net position, which includes the Component Units which are also included in the Financial Statement.
They pointed out the two areas highlighted for the pension liability and post- employment benefits liability, which they then went through this page, which is page 119 in the audit document. Page 122 in the audit, spoke to defined pension for Police and Fire, which is at 54.9% funded, then they outlined page 125 in the audit which was retirement benefits for employees. For a snapshot of the assets, the statements were page 33 in the audit, and spoke to balance sheet for governmental funds and then the statement of revenues, expenditures and changes in fund balance. The fund balance at year end was $29,661,497 and currently there was $20,917,243 of unassigned.

Mr. Baker went through graphs in the presentation on general fund, etc. He then went through the letter of findings, beginning with the 2023-001 Material Journal Entries, which spoke to cause, criteria, effect and corrective action, noting this was similar to previous years. The next one was 2023-002 payroll process and there are processes and procedures, noting came of note, and that timing was subsequent so the finding should have been done earlier. The last finding was 2023-003 unfavorable budget variances which spoke to general fund and special funding. Exampled included pages 114, 115 and 116 of the audit. A recommendation was that the final budget as not shown as the Council approved. The GFOA wants to see a breakdown in the personnel and operating and in that breakdown, it showed over expenditures.

Council Member Spadafore referred to the budget variances and recalled that the 2022 audit and asked why this was happening, and Finance state then they would not have this happen again. It is noted that GFOA requirements make it reflect negative and asked the Administration rationale why seeing it again. Ms. Kirkland confirmed they met with Mr. Brower and the external auditors, and there is a plan in place and they will come before Council to approve the general policy and principals. They don't completely fully budget for grant funds, and they will start putting those in. Council Member Spadafore asked how the implementation of the new finance software going in, and Ms. Kirkland stated not this FY, one portion July and on portion in September. They hope to get all updates in the GF and fully into the system by close of FY 2024-2025.

Ms. Linden then went through her audit reporting. Ms. Linden asked how pension liability tied to government liabilities. Mr. Baker stated that in regard to Police and Fire would all be allocated towards public safety expense line item, and Employee gets allocated to each department for allocation for expenses. The similar idea for government is based on employees and FTE.

Council Member Brown noted in the presentation there are the same findings as last year, but different definitions. He asked if any recommendations from last year were implemented. Mr. Baker stated that over arching there were improvement in the area, not in the level or removing, but overall regarding payroll the Administration has been in touch with the department. The new accounting software implementation should be able to address some issues. Regarding journal entries and trial balances, they did get them sooner, but still not to the level where they can remove that issue from the findings. Council Member Brown noted that in the past the City was a 5 of ten, and now 70% closer, but there needs to be an understanding what that means. Mr. Baker stated he could not provide the overall, but here have been discussions on reducing from 7 to 3.

Council Member Pehlivanoglu referenced the findings, and it appears there are three remaining, and there are talks about changing processes, training staff, and those are significant and appreciated the work Finance is doing.

Council President Garza asked if they are fully staffed, and Ms. Kirkland stated they had OT during audit season, and should not have more OT until the next audit. They are looking at hiring one more accountant to help with reconciliation and other accounting tasks done in a timely manner. The posting has not been posted yet, but working with other departments because they get a lot of items late and not timely and does not always happen. They are working with departments on having finance person in each department to work with Finance.

Council Member Brown asked if there is a deadline not being met by the Departments. Ms. Kirkland stated they have not set deadlines but will be setting deadlines.

Discussion/Action

RESOLUTION – Elected Officers Compensation Commission; Set First Meeting for 2024 Season

Council President Garza summarized the resolution which outlines the timeline requirements with the first meeting on February 6th at noon.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE FIRST MEETING OF THE 2024 ELECTED OFFICERS COMPENSATION COMMISSION.

Council Member Hussain asked Mr. Lawrence if there are vacancies on the Commission and Mr. Lawrence stated he was not sure.

Council Member Jackson spoke in support of the Commission and the work they do, per the Charter.

Council Member Spadafore stated there is one vacancy which expired in October. Mr. Lawrence stated he would confirm and follow up with Council.

Council Member Hussain noted that the Commission makes a recommendation and Council has to either accept or reject the recommendation. He is encouraged to bring in the Commission to Committee of the Whole to hear about their work before they make a recommendation.

MOTION CARRIED 8-0.

RESOLUTION – Amend Resolution 2023-270 City Council Meeting Schedule
Council President Garza noted the proposed changes would reflect allowing for a full quorum of the Council since he and the Vice President would be absent on March 25th.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION TO AMEND RESOLUTION 2023-270 2024 CITY COUNCIL MEETING SCHEDULE. MOTION CARRIED 8-0.

RESOLUTION - Budget Amendment; Fiscal Year 2023-2024 Second Quarter
Mr. Brower outlined the 2nd quarter adjustment, and acceptance of funds from the State would help to reimburse including adjustments in Police, Fire, Public Service to apply on recruitment side, City Clerks office, Charter Commission, Capital Improvement for the Stadium, revenue grants for Moore's Park Pool, and overall this amounts to an investment from the legislatures.

Council Member Kost noted the public service, fire and police from personnel, and asked if that was the $300,000 Council set aside for sign on bonuses, and asked if they were not using that but use for recruitment. Mr. Brower stated that they thought it would be better used this way. Council Member Kost noted his disappointment that they have not used it in 7 months and now want the funding to be used.

Council Member Garza asked where the interest on the ARPA funds were at, and Mr. Brower was not able to provide that information. Council President Garza stated that when it was decided on signing bonuses last year, Council was told bargaining units were needed to be discussed and he asked if the bargaining units were approached on this new plan. Mr. Brower stated he could check with Finance on that. Council Member Spadafore stated there were contracts settled recently but was this part of the bargaining and was unions involved in making this. Mr. Brower stated this was department lead. Council Member Kost asked if a recruitment issue was, and Mr. Brower stated that is what they want to do. Council Member Kost stated that is why signing bonuses was set aside and he asked again if unions were asked. Mr. Brower stated departments were asked, but he was not sure if unions were asked. Council Member Kost stated it appears that Council asked for the funds be set aside for this, and now seeing it has sat for 7 months and now the administration wants a new plan and was frustrated the funds were not spent. Mr. Brower stated it is their hope that the best way to spend the dollars is to spread the word that people should come work for the City.
Council President Garza stated his frustration with how these funds and directive was handled.

Council Member Hussain stated that Council has fielded questions on this resolution specific to the pool funds, so after discussion with the administration they are working on that and will provide a substitute on February 12, 2024.

MOTION BY COUNCIL MEMBER HUSSAIN TO TABLE THE RESOLUTION UNTIL FEBRUARY 12, 2024.

Council Member Spadafore supported tabling the resolution, but acknowledged the amount of budget amendments the Administration are sending through.

Mr. Lawrence stated that if there are more questions before February 12th, he asked for the questions in advance. Council President Garza confirmed Council leadership has been in discussions with the Mayor and he concurred with the substitute.

MOTION CARRIED 8-0.

RESOLUTION – Grant Acceptance; Transformational Affordable Housing Projects
Council President Garza noted they are approving to accept but are waiting on the appropriation of the funds. They want to have a plan before appropriating.

Council Member Hussain noted there were concerns with if it was in violation of the uniform budgeting act, and Council leadership met with OCA and the Mayor and it is okay.

Mr. Smiertka stated since that discussion, there was an opinion written, which was written with the City of Detroit which has a Detroit City Charter that prevails that the City does not have here. Mr. Smiertka stated since that was determined he does not have a change with the amendments.

Mr. Brower spoke briefly on the grant funding from the State.

The proposed amendments were:

NOW, THEREFORE, BE IT RESOLVED that the Lansing City Council hereby accepts the Housing Development Fund Grant, subject to the terms of the grant agreement.

BE IT FINALLY RESOLVED that the Administration will develop a plan for the use of the grant funds and submit the plan to Lansing City Council for their review before the funds are appropriated by the Council.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE AMENDED RESOLUTION FOR THE GRANT FOR TRANSFORMATIONAL AFFORDABLE HOUSING PROJECTS. MOTION CARRIED 8-0.

DISCUSSION – Grant Acceptance; Transformational Municipal Infrastructure
Mr. Brower spoke briefly on the grant funding from the State.

The proposed amendments were:

NOW, THEREFORE, BE IT RESOLVED that the Lansing City Council hereby accepts the Transformational Municipal Infrastructure Enhancement Grant, subject to the terms of the grant agreement.

BE IT FINALLY RESOLVED that the Administration will develop a plan for the use of the grant funds and submit the plan to Lansing City Council for their review before the funds are appropriated by the Council.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE AMENDED RESOLUTION FOR THE GRANT FOR TRANSFORMATIONAL MUNICIPAL INFRASTRUCTURE. MOTION CARRIED 8-0.

OTHER

No other topics.

Adjourn

The meeting adjourned at: 6:38 pm
Respectfully Submitted by,
Sherrie Boak, Recording Secretary,
Lansing City Council
Approved by the Committee February 12, 2024