MINUTES
Committee of the Whole
Monday, January 27, 2025 @ 5:30 p.m.
Tony Benavides Lansing City Council Chambers

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

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

OTHERS PRESENT
Sherrie Boak, Council Staff
Greg Venker, City Attorney
Lisa Hagen-Lawrence, City Attorney
Mark Lawrence, Mayor's office
Emily Linden, Ovation Representative
Roy Plowman, Mayors Office -Construction Manager
Tyler Baker, Maner Costerisan
Desiree Kirkland, Finance Director
Cynthia Gill, Finance
Jake Brower, Chief Strategy Officer
Jackson Mills, Finance/Budget
Shelbi Frayer
Christopher Harkins
Brendon Fox, Dymaxion – Ovation Representative
Bill Tucker, Maner Costerisan

Minutes
MOTION BY COUNCIL MEMBER CARTER TO APPROVE THE MINUTES FROM JANUARY 13, 2025 AS PRESENTED. MOTION CARRIED 8-0.

Public Comment
No public comment.

Presentations

City of Lansing Annual Audit Fiscal Year Ending 6/30/2024

Mr. Tucker briefly referred to the audit presentation financial statements, funding units and opinions.

Mr. Baker went through the findings on the GF, Capital Projects and federal funding. The GF had unassigned balance of 31.3 million or approximately 20% of annual operating. The prior year was 14%. Their recommendation is for 15-20% unassigned fund balance and the City is that. For the income statement for FY, with the GF total revenue 1.668 million, 2.4 % year over year. That is with change in ARPA recognition and taxes. Total expenditures are up 3.5% with the majority driver in wages and FTE increase. Mr. Baker summarized the findings, which were in line with previous years.

Mr. Randall stated he was reiterating what was said by the Internal Auditor and there are the same audit findings as last year. Mr. Baker stated the state filings were submitted prior to the 12/31/2024 deadline, and since the city spends more than limits they are required for an additional audit they are working on due in March.

Council Member Jackson referred to page 17 of 100, there is a positive trend, and asked if their report accounts for the funding from the Cares Act, and other funding. And if it is not there, would the revenue be shorter then the expenditures. Mr. Tucker stated the revenue from the ARPA is part of that findings they are working on now in their single audit. As for the revenue that has been received, a lot was going into state and federal grant revenue funding. Council Member Jackson asked if those funds are accounted for in this report. Mr. Tucker stated it does and portions of that revenue and in prior years. Mr. Baker referred to page 32 of the report with the balance sheet, and as recognized over the last years, revenues and expenditures have agreed. Unearned revenue, the large amount is the remainder of the ARPA funds to be recognized in FY2025 and that will be the end of the five years of recognizing. If there were one time spending it would not have an impact.

Council Member Spadafore noted in the public safety special projects on page 34, 6.5 million in internet 6.4 in expenses and asked if the City is at risk. Ms. Kirkland confirmed they are earning a lot of interest, but are always aware and looking to make sure of the arbitrage.

Council Member Garza asked about the reporting speaking to vacancies, and asked if they are posted to fill. Ms. Kirkland stated that from Finance level she is fully staffed, but will get back with Council.

Mr. Randall referred to the internal control issues, and it is a repeat and asked how the City is working on the corrective action. Ms. Kirkland stated with the new BSA Cloud they are hoping this new system will address the issues and correct the efficiencies. Mr. Randall asked if the retirement funding is on line with others. Mr. Tucker stated that if looked at the State of Michigan where you can go through and see other OPEB and pensions. The state wide average for pension is funded at 73% and the City is at 53% and 51%.

Council President Kost asked if there was a $12 million grant for retirement system, was it in the report. Mr. Baker stated it is on page 122. Council Member Kost referred to the previous external auditor presentations and the same findings. He asked Ms. Kirkland on what her timeframe is when she might see the findings drop off. Ms. Kirkland stated she does not have a timeline, and they work hard to eliminate the findings and not add more. They are working hard with other departments throughout the fiscal year to make sure they are prepared and aware of what the external auditor is finding. Council President Kost asked for quarterly updates on how they addressing the findings. Ms. Kirkland agreed.

Mr. Baker then referred to the letter in the presentation on governance letter, which provides estimates in the financials and discloses those. The letter speaks to the audit process, any disagreements, difficulties and in this case they did not have any issues with the City.

<u>Lansing Entertainment and Public Facilities Authority Financial Statements Year End 6/30/2024</u>
Mr. Tucker and Mr. Baker spoke briefly on the LEPFA audit. There was a reference to the five year trend on LEPFA, and they presented to the LEPFA Board on 1/21/2025. They began with stating the financials are in accordance with GAP, consistent with last year. In the current year there were two findings; material weakness and matter of timeliness in submitting sales taxes to the State. Two findings in previous years fell off because they rectified. New this year was a grant, and they spent $2 million of those grants in the year.

Mr. Randall asked about the findings and if they were reoccurring. Mr. Baker stated the material weakness last year was due to transition in the finance office, and the sales tax remittance can be corrected, and the reason for the finding was remitted as of 6/30, and they hope it will be corrected. Mr. Randall noted there are material journal entries, and are these issues the same ones. Mr. Baker stated a lot of the journal entries revolved around the new grant for assets, keeping on the balance sheet until earned.

Council Member Spadafore stepped way at 6:09 p.m.

<u>Update on the Ovation Project</u>
Ms. Linden started the quarterly update on the project, first noting that in September there were new designs.

Council Member Spadafore returned to the meeting at 6:11 p.m.

Ms. Linden’s presentation summarized property and project.

Dymaxion confirmed they have been working through the design project, completed maximizing efficiency, submitted plans to building department on the plans and work on the build out on the current building. They are tracking the budget with milestones changing with changes and working in budget.

Ms. Linden stated $28 million total construction cost, with spent $1.4 million and they have private fundraising on task.

Dymaxion stated they have paid for the design costs at estimated earn value for $1.17 million for architect, 23% value beyond what paid thus far.

Mr. Plowman stated they have engaged all trades, and any bid package goes to Building Trades Council, builders exchange and when they do not get the response they work diligently to assist.

Council Member Garza asked why the bidding is not public visibility. Mr. Plowman stated that he is not aware of why it is not, they could look into make it accessible.

Ms. Linden stated the economic impact at $17.5 million, 209 FTE, and taxes generated. The estimated economic impact of $12.5 million generated annually.

Council Member Jackson asked if fully funded, why continue to fund raise, do they expect changes in the future. Ms. Linden stated that it is funded, but they are looking to have a safety net.

Mr. Randall asked about other phases, timelines, so they can know what is going on. Dymaxion stated they are working on building permits for the build out of 520 and then the new building. He believes that they can track once it permits. Mr. Randall asked what cost until construction. Dymaxion stated that looking at architecture, there would be $550,000 in design yet. Mr. Randall asked if it all has to be spent or at the same time as construction.

Council Member Carter asked if there is a time frame of the groundbreaking. Dymaxion stated this spring and have bids back for site demolition and site preparation. Council Member Carter asked how the marketing is going for use. Ms. Linden stated that Mr. Cochran has been building relationships, but contracts aren't done until 9 months out. Council Member Carter asked what the cost would be for tickets. Ms. Linden did not have an answer but want to make sure it is accessible and cost to consumers is fair and accessible.

Council President Kost referred to the list of projects spent year to date, asked Ms. Linden where she is paid. Ms. Linden stated she is an employee of the Media Center. Council President Kost noted spring of 2025 for groundbreaking, what does that mean, and what does that mean. Dymaxion there are multiple packages on site work, asphalt removed, dirt getting moved, and there will be meaningful construction. Council President Kost asked about the ground testing, and it was confirmed it was done.

Council Member Garza asked for names of contractors, and Dymaxion stated they have not signed with contractors. Council Member Garza asked for local contractors.

Council Member Jackson noting Council Member Garza works for the 333 Plumbers Union, and the appearance if there can be a problem. Mr. Venker asked if the question is there a conflict, and it was confirmed it was. Mr. Venker stated it is not a conflict, but if Council speaks to their requests, it is not a conflict or improper in this presentation. Council Member Jackson if in future, would OCA look for it. Mr. Venker stated he would stop something is improper. This body can only act when it votes, something specific to give funds to any of the Council members employers. Council Member Jackson noted it is difficult that Plumbers and Pipefitters do a lot of work on City projects and confused it could not be a problem.

Council President Kost noted that there have been Council members who have had some tie or another to a project, and they have reaccused themselves.

Council Member Garza stated that he is VP of Local 333, unpaid, and paid from Plumbers and Pipefitters Association and would not be an employee on the project.

Discussion/Action

RESOLUTION – ACT-8-2024; Easement for Use of Right of Ways on S. Washington Avenue and W. Lenawee Street. Ovation Center for Music and Arts

Dymaxion representatives spoke on the right of way encroachments and presented a site plan of the location. It includes a building roof overhand encroachment over the right of way. The design was done to address barrier free access.

Council Member Carter asked if this is the final design and if changes impact this easement or encroachments, and Dymaxion stated they do not foresee and changes.

MOTION BY COUNCIL MEMBER CARTER TO APPROVE THE RESOLUTION TO APPROVE ACT-8-2024 FOR THE USE OF RIGHT OF WAY FOR OVATION CENTER. MOTION CARRIED 8-0.

RESOLUTION – Appointment; Christopher Harkins; At Large Member; Lansing Board of Water and Light; Term to expire June 30, 2028

Mr. Harkins summarized his residency in Lansing for 18 years, spoke briefly on his belief in community and serving on Greater Lansing Arts Council, and Habitat of Humanity. Currently work at MSU with CFO and Treasurer and prior to that worked for the State of Michigan legislature, and prior the Governor Budget Director. Interested in this position with LBWL that he can work with large complex organizations and provide oversight.

Council Member Garza asked Mr. Harkins if he would attend the monthly ward constituent contact meetings, and Mr. Harkins confirmed.

Council Member Jackson spoke about the role of the LBWL Board and asked about Board he currently sits on and asked if he has the time to gain the expertise. Mr. Harkins confirmed and said the Statewide boards he no longer serves on. He only sites on Michigan History Commission and State Policy Board which is quarterly. Council Member Jackson asked for his experience on environmental regulations, and Mr. Harkins admitted his experience is in funding. Council Member Jackson asked if he read the recent strategic plans, and Mr. Harkins confirmed and will continue to do so. Council Member Jackson asked who is in charge of BWL, and Mr. Harkins stated the rate payers, then the Board. Within the organization the Board is in charge. Council Member Jackson asked if he knew the clean energy goals, and Mr. Harkins acknowledged he has started to make himself aware of those and goals of 2035 and 2040 goals. Council Member Jackson asked if he would support BWL changing the goals if the federal administration made it possible. Mr. Harkins stated the consistent review of those goals is possible and looking at them to make them achievable. He believes they are on track to make the goal and did some review of the projects for solar and wind, but at this point do not know their plans. Council Member Jackson asked if he was aware of any struggles the BWL faces to meet their goals. Mr. Harkins noted he is aware of additional draw on power that are coming online, and understands there are plans to offset that, but nothing specific.

Council Member Pehlivanoglu asked about his thoughts on the rate payer being in charge of the utility, and recently the rate payers believe they did not have a say in the rate increase. She asked if he would meet with residents to make sure they are heard, and Mr. Harkins acknowledged.

MOTION BY COUNCIL MEMBER CARTER TO APPROVE THE RESOLUTON FOR THE APPOINTMENT OF CHRISTOPHER HARKINS TO THE LBWL TERM TO EXPIRE 6/30/2028. MOTION CARRIED 7-1.

RESOLUTION – Appointment; Shelbi Frayer; At Large Member; Lansing Entertainment and Public Facilities Authority Board; Term to expire June 30, 2025.

Council Member Carter stepped away from the meeting at 6:54 p.m.

Ms. Frayer spoke briefly about her work experience in finance and her interest in serving.

Council Member Garza asked if she would attend constituents meeting, and she confirmed she would. Council Member Garza then referred to her past experience as an employee with the city leaving employment twice, what can they expect. Ms. Frayer stated she will make the arrangements and was notified of the vacancy.

Council Member Carter referred to the application and noted other board interests and asked why LEPFA first. Ms. Frayer stated that is board is the one she was told had the vacancy.

MOTION BY COUNCIL MEMBER CARTER TO APPROVE THE RESOLUTION FOR THE APPOINTMENT OF SHELBI FRAYER TO THE LEPFA BOARD. MOTION CARRIED 6-2.

OTHER
No other topics.

Adjourn
The meeting adjourned at: 6:57 pm
Respectfully Submitted by,
Sherrie Boak, Recording Secretary,
Lansing City Council
Approved by the Committee February 10, 2025