



AGENDA
Committee on Ways and Means
Wednesday, May 4, 2016 @ 8:15 a.m.
10th Floor Conference Room, City Hall

Councilmember Judi Brown Clarke, Chair
Councilmember Carol Wood, Vice Chair
Councilmember Tina Houghton, Member

- 1. Call to Order**
- 2. Roll Call**
- 3. Minutes**
 - April 6, 2016
 - April 20, 2016
- 4. Public Comment on Agenda Items**
- 5. Discussion/Action:**
 - A.) Place on File – Lansing Housing Commission Financial Statements
 - B.) Discussion - Lansing Housing Commission Recovery Agreement with HUD and the City of Lansing-
 - C.) Review of Budget FY2017 Policies
 - D.) Update on Tie-Bar Memo Status
 - E.) Update on Recycling Contracts
 - F.) Setting Threshold on Council Approved Separation Agreement
 - G.) Internal Auditor Structure and Policies Update
- 6. Other**
- 7. Adjourn**



MINUTES
Committee on Ways and Means
Wednesday, May 4, 2016 @ 8:15 a.m.
10th Floor Conference Room, City Hall

CALL TO ORDER

The meeting was called to order at 8:16 a.m.

ROLL CALL

Councilmember Judi Brown Clarke, Chair
Councilmember Carol Wood, Vice Chair
Councilmember Tina Houghton, Member

OTHERS PRESENT

Sherrie Boak, Council Staff
Joe Abood, Deputy City Attorney arrived at 8:18 a.m.
Jim DeLine, Interim City Council Internal Auditor
Lori Welch, City Operations and Maintenance/Recycling
Victor Rose, Operations and Maintenance/Recycling
Denise Estee, Retiree
Steve Maloney, Retiree
Angela Bennett, Finance Director

PUBLIC COMMENT

No public comment

Discussion/Action

Place on File – Lansing Housing Commission Financial Statements

Council President Brown Clarke clarified that originally the item was to be placed on file, however due to some recent issues and the next item, Recovery Agreement, the Committee is asking for Lansing Housing Commission to come in and present their Financial Statements. Ms. Baines Lake and a HUD Representative should be present at the next meeting. Council Member Wood suggested that Law send a letter to LHC and HUD informing of their presence required at the next meeting.

Discussion - Lansing Housing Commission Recovery Agreement with HUD and the City of Lansing-

Council President reiterated the same comments from the earlier item, and noted the LHC and HUD representatives will be required to attend the next meeting for both items. Mr. DeLine distributed his review of the LHC Financial Statements.

Council Member Wood asked Mr. Abood if the Recovery Agreement is not met, is there liability to the City, and noted LHC has already been fined per the auditor report. If there is liability, what is it, and on a side note she asked if the City Attorney office had signed off on the agreement for the Mayor to sign. Mr. Abood stated he was not aware if they signed off but would check with his department. Council President Brown Clarke asked for coordination on Law sending a letter to LNC and HUD to attend on both these topics.

Update on Recycling Contracts

Ms. Welch went thru the documents that the Committee received from Mr. Gamble at 4:30 p.m. May 3, 2016. Council Member Brown Clarke asked Ms. Welch to provide a visual description of the overall recycling process. Ms. Welch outlined the process stating that the City collects at the curb, returns to the City recycling station site, and processor. There is a contract with a hauling vendor and a vendor for processing. The City trucks pick up at the curb; take to the transfer station, and then there is a City operator that puts into the container, then the hauler vendor hooks up to the container with their trucks. The material goes to Ann Arbor or Detroit depending on where the hauler can go based on the amount. In regards to the single stream, the sorting is done at the station for any contaminates, then the vendor sorts by machine and manual labor. In the end there are separate piles. The City currently does not have a machine that contaminates, and so they pull out what they can. The City has not received any fines for being rejected for contaminates or for even being over.

Mr. DeLine referenced the vendor invoice which noted a market threshold price per ton, and asked if that is measured before the sorting. Mr. Rose confirmed it is based on raw weight, so before items are sorted, and Ms. Welch added it is based on an average commodity revenue and threshold price. They utilize that formula to determine the floor price.

Council Member Wood asked who drives the vehicles when at the City station. Ms. Welch stated the City employee drives and loads the trailers, but the vendor drives his trucks. Mr. Rose noted that the City extracts contaminates on their site so it never gets to the hauler. Residents are given one notice then the City takes the cart. A cart does get returned after the situation is resolved. If a rate is imposed and the contamination is fined the City pays only if we exceed 6% we have to pay. Mr. Rose then went into the hauling contract which was entered into before he started with the City. This requires the vendor provide enclosed haulers 2 loads a day, 4 days a week. Ms. Welch did add that the last RFP was in 2013 and the City is currently looking at another RFP now because the current contract ends the end of June 2016. There were five (5) companies that took out proposals, but only one submitted, and it was from the current vendor. So the City is reviewing and is negotiating with the vendor who has proposed a 10% increase.

Council Staff printed out and distributed the Stansley documents on single stream that were not distributed earlier. Council President Brown Clarke asked why the City is not seeking a one year extension on the current contract, and Ms. Welch stated that Ms. Robinson in purchasing did not want it bid that way in the hopes that there would be more interest with the lower gas prices, however it did not result that way and only bid was submitted. Mr. Rose noted that right now they pay \$130/hour and it is one hour to dump and one hour to drive back.

Council Member Brown Clarke asked if there had been any discussions on moving recycling from every two weeks to every three weeks. Ms. Welch agreed it had not been discussion; however they are trying to work with the industry standards and already receive complaints between the two week periods.

East Lansing has been bringing in their loads to the City station since fall 2015 and they do share in the cost of hauling, processing and administrative fees.

Council Member Wood asked if Freedland had submitted a bid because they were the previous vendor. Ms. Welch admitted they had not gotten any proposals from Freedland or spoken to them. Mr. Rose admitted that recycling market is down and our market will follow the global market.

Mr. DeLine noted that if the City signs another 3-year contract they are held to not looking at other alternatives. Mr. Rose noted that if the City were to purchase the vehicles and haul themselves the added cost of vehicles, employees, benefits, and maintenance on the fleet it would exceed what the cost is now. Ms. Welch added to the conversation by stating it is in the best interest of the City to negotiate with the existing vendor to make business happen today. It was also agreed that there should be a way out of the contract. Mr. DeLine asked for Ms. Welch to direct him to the line item in the financial system software where East Lansing revenue will be reflected.

Mr. Rose informed the Committee that the active proposal for the next 3 years that is currently in discussion is for hauling with a 10%, 5%, 3% increase, and an escape clause on contractor side. Mr. Rose was not sure of the time frame on that clause, but would provide that once he is sure.

Council Member Wood asked about enforcement of carts sitting at the curb after pick up date. Ms. Welch went thru the enforcement policy which included contacting Code Compliance for enforcement unless the cart violation involves contaminates, then operations and maintenance gets involved for letters, fines and taking of the carts. Council Member Wood asked for an electronic copy of the flyer sent to residents on the procedures.

Council Member Brown Clarke recapped that the outstanding items that need to be submitted is verification of "get out clause" in the contract from the hauler, direction on where the revenue from East Lansing can be found in the financials, and providing an electronic version of the flyer that is distributed to the residents on recycling.

Update on Tie-Bar Memo Status

Mr. Abood acknowledges that the claims that have been presented are in process with Human Resources. Mr. Abood admitted he had spoken to the Administration on the Committee inquiry into where the memo was. Currently his role is to pass the claims to HR to make the determination and if a policy needs to be made the Administration needs to do that. Law will become involved if they are asked for a determination. Council Member Brown Clarke reminded Mr. Abood that Ms. McIntyre the former City Attorney and Interim HR Director had already gone thru the process so the determination should have already been made by Law and HR and now with the Administration. Mr. Abood was then asked if he was able to access Ms. McIntyre computer to find the missing Tie Bar memo. Mr. Abood admitted he was able to review the computer but was not at liberty to indicate that such a document exists.

Council Member Wood asked Mr. Abood if he had asked the Administration a second time for the memo. Mr. Abood stated he had follow up with a second request, and told them that HR is reviewing the claims and the Administration will have a policy decision to make. The Administration did not inform him that they that they found the memo and they did not say they would look for the memo, Mr. Abood noted that is not where the discussion went. Council Member Wood then asked Mr. Abood if there was a memo. Mr. Abood stated his belief that

there could be several documents regarding this issue. Council Member Wood reminded Mr. Abood that the memo they are looking for was written after June 2015, and asked if there was one dated after that. Mr. Abood stated he did not know, and he had areas as City Attorney he could not breach. Council Member Brown Clarke asked what he would breach by communication with Council. Mr. Abood clarified that some ways an Attorney communicates is labeled "not FOIA able, not for release, work product." When it is labeled as such it gets to a point where it cannot be acknowledge. Council Member Brown Clarke reminded Mr. Abood of times in the past where a document was labeled "privileged and confidential" and Committee went into closed session to discuss. Mr. Abood noted that "privilege" could be held by Administration not by the legislative branch. Until the Administration releases what is privileged it is not available. Council Member Wood then reminded Mr. Abood that there are minutes from the public meeting of the Committee on Ways and Means where Ms. McIntyre stated there was a draft memo and it was going to the Mayor and she couldn't release it until it was signed off, so does the Committee need to bring in the Mayor. Mr. Abood stated that a memo of this nature could have a privilege of the Administration to release or not release. Mr. Abood concluded that the memo may exist or may not exist.

Council Member Houghton asked if the Committee knows what the memo would have said and Council Member Brown Clarke noted it should have said information that anchored and operationalized Ms. McIntyre decision as HR Director and City Attorney on the Tie-Bar and the CBA. Council Member Houghton asked if Law could just draft a letter now, since it appears the Committee will never see or know if the memo ever existed. Council Member Brown Clarke asked Mr. Abood what guidance the Committee was supposed to give to the retirees at this point. Mr. Abood referred to the Charter and stated it is clear that CBA is an administration function, and the designated bargaining unit for the Mayor is the HR department. Claims that are coming in are being addressed by HR, and the Administration is going to have to make a policy determination. He has had this discussion with the Administration. Council Member Wood asked how long the Committee has to ask the retirees to wait since this was started during the time HR and Law Director was the same person and there was the intention of bringing closure to it. Council understands the Charter on contracts, however Council signs off on those contracts, so Council is also responsible for upholding the decisions. Mr. Abood stated his goal of resolving in weeks not months.

Council Member Brown Clarke set the next Committee for May 25th instead of May 18th. This meeting is when LHC and HUD should attend to address the two items on Lansing Housing Commission and the Recovery Agreement. Ms. Bennett stated should not be available to attend on the May 25th and Council President Brown Clarke asked her to send a representative in her place.

Mr. Abood confirmed the direction that was given to him to have the City Attorney office contact the Lansing Housing Commission requesting their presence at the next meeting to address the annual audit and the Recovery Plan. Council Member Wood referred Mr. Abood to the City Ordinance that requires they present to Council.

Council Member Brown Clarke passed the gavel to Council Member Wood and left the meeting at 9:33 a.m.

Ms. Estee spoke in opposition to the Tie-Bar memo topic being placed back with Human Resources because that is where the discrepancies and issues started. Ms. Estee also outlined the 1% group time line and pointed out to the Committee it is "Open Enrollment" and the fee sheet references state mandated taxes.

Review of Budget FY2017 Policies

The members reviewed the document proposed by the Administration for this year and the approved Budget Policies from FY2016. The Committee agreed to keep the same policies as FY2016 except to remove the policy establishing the Ad Hoc on Housing since it is now established and to remove the item on Board of Water and Light that established the allocation of funds for a an audit.

MOTION BY COUNCIL MEMBER HOUGHTON TO RECOMMEND THE CHANGES TO THE POLICIES. MOTION CARRIED 2-0.

Setting Threshold on Council Approved Separation Agreement

Mr. Abood stated that he could not find anything in the Charter that allows Council to weigh in on contracts. Workers Compensation is different because it is self-insured. Any changes to allow approval by Council on contracts would be a Charter amendment. Council Member Wood asked Mr. Abood to research if they changed the policy for Council to “review” would that would require. Council Member Houghton asked if the workers compensation weren’t self-insured would the Council see them. Mr. Abood noted there are no provisions for Council to weight on settlements when they meet certain thresholds.

Internal Auditor Structure and Policies Update

Mr. DeLine referenced the earlier binder he had given to the Committee and then stated he would submit the next section to them to review. Council Member Houghton asked if the mission statement he is proposing follows the Charter, and Mr. DeLine stated no, so Council asked Mr. Abood to have Law review it because it would reflect on why the decisions and intent were made on this position in the Charter. Ms. Bennett had suggestions and Council Member Wood asked her to forward those to Mr. DeLine in writing.

MINUTES

Action on the minutes from April 6, 2016 and April 20, 2016 were moved to the May 25, 2016 meeting.

ADJOURN

Adjourn at 9:50 a.m.

Submitted by,

Sherrie Boak, Recording Secretary

Lansing City Council

Approved by the Committee on June 1, 2016

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MINUTES

**Committee on Ways and Means
Monday, April 6, 2016 @ 8:15 a.m.
10th Floor Conference Room, City Hall**

CALL TO ORDER

The meeting was called to order at 8:15 a.m.

ROLL CALL

Councilmember Judi Brown Clarke, Chair
Councilmember Carol Wood, Vice Chair
Councilmember Tina Houghton, Member –arrived at 8:29 a.m.

OTHERS PRESENT

Sherrie Boak, Council Staff
Joseph Abood, Deputy City Attorney
Jim DeLine, Council Internal Auditor
Angie Bennett, Finance Director
Scott Taylor, BWL
Richard Peffley, BWL
Denise Estee
Eric Lacy, LSJ
Dean Johnson, Public Service

MINUTES

Council Member Brown Clarke passed the gavel.

MOTION BY COUNCIL MEMBER BROWN CLARKE TO APPROVE THE MINUTES FROM MARCH 23, 2016 AS PRESENTED. MOTION CARRIED 2-0.

Council Member Wood passed the gavel.

PUBLIC COMMENT

No public comment

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Discussion/Action

BWL Commissioners Regarding Designation of BWL Auditor for FY2016-2020

Mr. Taylor informed the Committee of the review and procurement process the BWL staff did for the search of an auditor, the Charter requirements and their recommendation of Baker Tilley.

Mr. Peffley added that they chose Baker Tilley partly because of the vast experience with utilities. The BWL Board of Commissioners approved the recommendation March 22, 2016.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE RESOLUTION SELECT BAKER TILLEY AS THE BWL OUTSIDE AUDITOR FOR THE YEARS OF 2016, 2017, 2018, 2019 AND 2020. MOTION CARRIED 2-0.

Internal Auditor Structure and Policies

Mr. DeLine confirmed he made the changes recommended by Law and the Committee from the last meeting. The recent version dated March 24th was distributed.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE STRUCTURES, POLICIES AND PROCEDURES OF THE CITY OF LANSING INTERNAL AUDITOR TO BE PRESENTED AS A COMMITTEE REPORT FROM WAYS AND MEANS. MOTION CARRIED 2-0.

Mr. DeLine then presented the proposed mission statement. Council Member Brown Clarke noted to the group that the mission statement along with the objective will provide guidance on what the process will look like and provide a template for all to use that is concise. The goal is to have in place by end of calendar year.

Ms. Bennett asked for changes to page 3, 3.a.i. rewording to have it state "Department Heads, Council Committee, etc." so it went to Departments first. Council Member Brown Clarke clarified for Ms. Bennett that the step she referred to was the Final Draft, and therefore the document goes to all entities at the same time, it is past the time of comments and input.

RESOLUTION- MDOT Local Bridge Program Funding

Mr. Johnson outlined the funding that occurs every year for State funding for up to 5 bridges.

The proposed resolution is written for five bridges, and must accompany the application.

Mr. DeLine asked why Cavanaugh over Sycamore Creek was removed from the list from 2015.

Mr. Johnson confirmed they were able to secure other funding for that bridge and therefore removed it and added a different one. Other bridges in the que for funding and design has begun on include Jolly/Sycamore Creek, Elm/Grand River, and Aurelius/Sycamore Creek. The bridges in this MDOT Bridge Program are:

Aurelius/Pawlowski Creek

Aurelius/GTW Railroad

E Elm Street/Red Cedar River

S. Washington/ Grand River

N. Grand River/Grand River

Council Member Wood asked what makes the bridges critical. Mr. Johnson noted it used to be a grading level system which made them critical, but the City bridges are good shape, so most funding is preventative.

The Committee and Mr. Johnson spoke briefly on specific locations, and then it was confirmed all are complete replacements with road closure and detours, except S. Washington/Grand River which is preventative replacement.

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MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE RESOLUTION FOR THE MDOT LOCAL BRIDGE FUNDING FOR FIVE (5) BRIDGES. MOTION CARRIED 3-0.

Council Member Wood asked for a list of local streets that will be paved in 2016, and Mr. Johnson referred the Committee to the Public Service website where the list and maps are.

Discussion – Tie Bar Memo

Council Member Brown Clarke asked Mr. Abood for an update. Mr. Abood confirmed he had been speaking to Council Member Wood about an email dated January 7th from former City Attorney McIntyre about the topic and also had received a claim from Denise Estee dated April 1, 2016. Mr. Abood referenced the June 24, 2015 memo from the City Attorney office and its recommendations. Council Member Brown Clarke noted to Mr. Abood that in August or September of 2015 Ms. McIntyre stated there was a tie bar memo that stated how the retiree health care was tie-barred and also stated she sent it to the Mayor and, informed the Committee she was waiting on the Mayor to approve before she could give to the Committee. This topic is the second issue with the retirees, which was also reflected in the email from January sent to Mr. Abood from Council Member Wood. Mr. Abood acknowledged he had never discussed this issue with Ms. McIntyre. Council Member Brown Clarke asked if he had asked the Mayor for the memo yet, and Mr. Abood stated he had not, but is working with Ms. Riley in HR to review this. Council Member Brown Clarke clarified for Mr. Abood that Ms. McIntyre was past that step of review with HR and Ms. McIntyre had stated this as the Attorney. Mr. Abood was asked to meet with the Mayor's office and ask where the memo is, then take that memo to Ms. Riley and determine what else needs to be done because until he has that memo in his hand there is nothing to talk about. Mr. Abood stated he would ask the Administration for clarification on when the memo was received from the City Attorney.

Ms. Estee recapped her notes from December 2, 2015 where Ms. McIntyre presented info to the Committee that she was done with 2004 tie bar issue, and stated it was given to the Mayor. Ms. Estee noted she too was told directly from Ms. McIntyre that a memo was sent to the Mayor and once he signed off she would send to the retirees, which was a correspondence, dated December 7th, 2015. Ms. Estee sent a letter to the Mayor's office on March 9th and again on March 30th with still no response.

Council Staff was directed to provide the past Ways and Means minutes from 2015 to Mr. Abood. An update is expected from the City Attorney at the April 20th Committee meeting.

Discussion – Health Care Re-Selection Option

Council Member Brown Clarke updated Mr. Abood on the 2015 information that was provided to the Committee and the retirees by Ms. McIntyre representing the HR Department which stated that since her offices were in the process of clarification on health insurance for the retirees and it was open enrollment time, Ms. McIntyre informed the retirees that if there was no resolution by the time open enrollment ended, the retirees could sign up for insurance, and if the clarification changed things they could make changes to their benefit. This has never happened, and therefore the Committee wants an update and an update provided to the retirees. The retirees now need the HR department assistance in making those changes. Mr. Abood stated he would have to check with HR. Council Staff was directed to provide Committee minutes to Mr. Abood.

Ms. Estee reminded the Committee that in 2010 the Mayor and Jerry Ambrose came up with the new policy, and predated it 6 years, effective February 20, 2004 that all retirees are tied to all active employees.

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Ms. Bennett reminded the Committee that there is open enrollment every year, and Council Member Brown Clarke reminded Ms. Bennett the Committee was aware of that, but the issue was not the annual open enrollment, but the clarification and its effect on the choices they made while they waited for the clarification.

Mr. Abood asked for clarification on if it was limited to 2015, and Council Member Brown Clarke confirmed everything prior was addressed. Mr. Abood then asked Ms. Estee if there were other claims from her, and she confirmed there were multiple claims filed and no response on any.

Discussion- Recycling Contract (Revenues and Expenses)

Mr. DeLine distributed an IFAS spreadsheet on the recycling fund, and acknowledged that he was not able to obtain a copy of the contract with vendor ReCommunity, and the Clerk's office did not have it either. There has been no response from Laurie Welch or Chad Gamble for it either. Mr. DeLine then outlined the report noting that revenues should meet the expenses. Mr. DeLine then was asked to provide an understanding of the process, and Mr. DeLine noted it was a single stream process and the best explanation would be for the Council to watch the video on the City website. He did go on to note that the recyclables are sorted by the vendor into categories and they determine the value and pay the City by the ton for the overall weight. Council Member Brown Clarke asked Mr. DeLine what matrix was used to anticipate projected revenue of \$130,000 in 2013. Mr. DeLine could not provide an answer. Ms. Bennett stated to the Committee that recycling material is market driven and it fluctuates. Council Member Brown Clarke outlined the report noting the line item of Sale of Recycled Materials at FY2013 Actual at \$3,368.01; 2014 at \$11,060.73 and 2015 at \$0, leading to the question on when does the City revisit it when it is evident it is not performing the way we anticipate. Ms. Bennett defended that the budget is prepared for projections 18 months before it ends, so things change and projections were downgraded as anticipated. Council Member Wood noted that when the program started it was promised to residents that the sale of recycling would pay for the system, than asked Mr. DeLine what the details were for contractual services. Mr. DeLine and Ms. Bennett did not have an answer for the amounts that were FY2013 Actual \$79,282.31; 2014 \$125,495.66 and 2015 \$165,169.87. Council Member Wood asked them to provide answers for what the contractual expenses were for.

Council Member Wood then asked Mr. DeLine to update the Committee on the status of the recycling in East Lansing, and Mr. DeLine distributed a report he found on the East Lansing website, and the referenced page 5-6 which stated "The components included a fixed fee per ton from Lansing, consisting of \$45/ton (subject to change), a \$3.44 ReCommunity environmental fee (subject to change- not charged to Lansing)". Since Mr. DeLine was not able to obtain the contract with ReCommunity he could not verify what Lansing pays, and Ms. Bennett could not provide the information either.

Again Council Member Brown Clarke asked in a competitive marketplace, and what point does the City revisit it.

Ms. Bennett then asked to refer back to the first spreadsheet that was handed out, noting it was not accurate due to the fact it was not done with the comprehensive financial reports. The conversion from modified to accrual for financial statements needs to be done and she can work with Mr. DeLine to show him. Council Member Brown Clarke encouraged the filling of an IT Director that could address this in a simple manner which computer science allows anyone to perform individual searches. Ms. Bennett was directed by Council Member Brown Clarke to sit down with Mr. DeLine to redact the items she referenced and produce the correct report by the

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next meeting. Ms. Bennett noted she was not able to meet with him personally until the week of April 11th.

Council Member Brown Clarke asked Ms. Bennett how many vacancies she had in Finance, and Ms. Bennett confirmed she had three vacancies with contractual employees filling them.

Setting the Threshold on Council Approved Separation Agreement

Council Member Wood clarified why she requested the item on the agenda, noting that during the process of the departure of Ms. McIntyre, Council has run into issues in finding out why and they want to make sure it does not happen again. In the past the ordinance was changed to address the “golden parachute” to allow Council to have a say in the executive management plan. Therefore she asked to look at an ordinance to allow Council to look at any separation or litigation. A similar example would be the current process on workers compensation claims. Mr. Abood stated he had already met with Council Member Wood and is currently reviewing the Charter and past City Attorney opinions. Currently Law is finding it hard to find the authority for Council to enter into this area or review or approve because everything points to it as an administrative function. Council Member Brown Clarke asked the review to include how does Council do their oversight, and legislatively what is Council’s role. Mr. Abood agreed to target the May 4, 2016 Committee meeting to report back, however will continue to keep the Council updated.

ADJOURN

Adjourn at 9:29 a.m.

Submitted by,

Sherrie Boak, Recording Secretary

Lansing City Council

Approved by the Committee on _____

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MINUTES

**Committee on Ways and Means
Wednesday, April 20, 2016 @ 8:15 a.m.
10th Floor Conference Room, City Hall**

CALL TO ORDER

The meeting was called to order at 8:17 a.m.

ROLL CALL

Councilmember Judi Brown Clarke, Chair
Councilmember Carol Wood, Vice Chair
Councilmember Tina Houghton, Member

OTHERS PRESENT

Sherrie Boak, Council Staff
Joseph Abood, Deputy City Attorney
Jim DeLine, Council Internal Auditor
Angie Bennett, Finance Director
Lisa Thelen, HR
Lynne Meade, Teamsters 243
Denise Estee, Retiree
Steve Maloney, Retiree
Mary Lou Andrews, Retiree
Lynn Doerr, Retiree

MINUTES

Moved to the next meeting.

PUBLIC COMMENT

No public comment

Discussion/Action

Workers Compensation Claim WC2062876-00610

Workers Compensation Claim WC2062876-00735

Council President Brown Clarke asked Mr. Abood for clarification on if the two claims could be discussed in open meeting since his cover memo states "Personal and Confidential Attorney Client Privileged Communication". He was also informed this was the first time the memos have been labeled that way for Workers Compensation Claims. Mr. Abood acknowledged that even though it had his name and letter head it was not from his office. He was aware the claims were coming to Council but they did not come from his office. Council Member Wood asked if the

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“Personal and Confidential.....” information could be stricken and the Committee can discuss and take action. Mr. Abood asked that he have time to talk to the HR Department because he was not willing to waive that condition until he is aware of the particulars. Council Member Brown Clarke asked Mr. Abood to confirmed why they are now coming in this format, and if they are time sensitive. If they are time sensitive there can be a Committee on Ways and Means scheduled for Monday, April 25th, before Council to address them. Mr. Abood confirmed he would provide Council with the answer to the questions, and noted they did not appear to him to be urgent.

RESOLUTION – Defined Contribution Plan Restatement

Ms. Bennett stated that the plan is restated every six (6) years and it also addresses then any amendments.

Council Member Brown Clarke recused herself due to her connection with 54-A District Court. Council Member Wood recused herself since personally is part of the plan.

Council Member Brown Clarke discharged any discussion or action on the item to Committee of the Whole for Monday, April 25, 2016. Mr. Abood was then asked if he had signed off on the Resolution and he had. Ms. Bennett noted that Ms. Thelen had just clarified that judges are not part of the defined plan. Council President Brown Clarke affirmed it was discharged to Committee of the Whole and she requested language from law for Monday night that would clarify for the public that she can or cannot discuss the item or will or will not be recused from discussion and a vote. Mr. Abood stated he will provide her with that language.

Discussion – Tie Bar Memo

Council Member Brown Clarke recapped that Ms. McIntyre in late summer 2015 stated that she had written a memo that clarified retirees earlier than 2/20/2004. This was told to the Committee that she had submitted it to the Mayor and once he signed off on it for public distribution she would provide it. Mr. Abood stated he was not aware of a memo and if in the administration hands, they are the ones that would have to be asked to release it. Mr. Abood did claim to have two claims from Ms. Estee and another individual, and he had also spokn to Mr. Maloney. Since this is collective bargaining these were referred to HR.

Council Member Brown Clarke outline the two questions, one being the memo that Ms. McIntyre crafted and sent to Administration related to this, therefore has law asked the Mayor if he has the memo. Mr. Abood acknowledged the request to Administration if it even exists, and he is waiting on their response. Council Member Brown Clarke asked Mr. Abood if Ms. McIntyre returned her City owned computer and if they had search that hard drive yet. Mr. Abood stated he does have the computer and IT is aware they need to change the password so law can get into it, however if the memo was written on that hard drive, that is currently beyond his knowledge. Currently his office is unable to locate such a memo. The June memo that the Committee has and is aware of was found on the shared drive. The request to IT was made within the last 10 days however he is not aware if the password was reset yet. Council Member Brown Clarke asked the Mr. Abood continue to pursue the search of Ms. McIntyre computer for the missing memo. Mr. Abood stated he would approach the Administration again on the memo and will have IT look into the computer. Council Member Brown Clarke stated that the Council staff can put in a request if that would help speed up the issue for resetting the password so the Committee can get resolution, and a 10 day wait is unacceptable. Mr. Abood stated it would not be appropriate for Council, so he will ask. Council Member Wood added to the conversation that during the budget hearings IT can be asked why the delay, but in regards to this topic, obtaining from the Administration would be the fastest and easiest since the Committee was told

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months ago it was already in their hands. Mr. Abood was then asked when he asked the Administration for it, and Mr. Abood noted he could not recall the exact date, however he did have a meeting on April 19th with Mary Riley, Sue Graham, Lisa Thelen and Randy Hannan. Currently the administration has not informed Mr. Abood if the memo exists, however Mr. Abood stated he is committed to getting answers, and will weigh in on the claims filed if HR requires.

Ms. Estee briefly outlined her frustration with the process and her role for the last 6 years. This included letters to the administration, Mayor and even working with the Union, who cannot help the retirees either. Ms. Estee approached the City Internal Auditor in 2014 and the Administration still has not answered his questions from 2 years ago. Ms. Estee concluded by stating that to pursue with the claims in HR now is frustrating, since the HR Department is the department that failed to correctly implement retiree benefits in the first place. Ms. Estee then distributed a time line to Mr. Abood.

Mr. Becicka spoke in opposition to the process thus far, stating when he was an employee he gave up raises to help the City save money, then when he retired what he was promised when he walked out the door is no longer in effect.

Ms. Meade added that the Union asked Ms. McIntyre for the list of retirees and the insurance plans they were receiving however were never given that information, therefore now does she need to approach Ms. Riley for that information. Mr. Abood stated the request should go to HR, however there may be an issue with releasing the names of the retirees and benefits publicly. Ms. Meade suggested an option of no names, but numbering the retirees with their dates and benefits. Mr. Abood again stated he would check with HR but it might be a FOIA request. Council Member Brown Clarke told Ms. Meade that if they are required to complete a FOIA request she as Council President is in full support of fulfilling the request.

Mr. Maloney asked what the reason for the list would be. Ms. Meade clarified that the Union would then know who is being charged what and if there are issues for bad charges they can help with consistency.

Mr. DeLine acknowledged meeting with HR to do a spot audit back to 2010. Council Member Brown Clarke noted that this phase is now 2004-2009. Ms. Thelen informed the Committee that when the decision was made in March 2015, a letter was sent to retirees signed by Ms. McIntyre stated that after a review they might have a refund, and that letter also noted and included the new rate sheets for the open enrollment for 2015. Mr. Maloney acknowledged he got the letter and reimbursement check but never knew if the new rates were correct. Council Member Brown Clarke asked Ms. Thelen to audit 2004-2009 and Ms. Thelen acknowledged their office did do anyone from 2004 forward to see if they had overpaid. The letter was form letter with no specifics on individuals noted in the letter.

Ms. Estee presented Ms. Thelen with an envelope for the HR Director.

Council Member Brown Clarke advised Ms. Meade to submit her request for information prior to the next Committee meeting on May 4th. Mr. Abood was also advised to obtain access to the City computer used by Ms. McIntyre to locate the tie-bar memo, directly ask the Mayor if he has the memo because this memo will determine everything. Mr. Abood clarified he had already asked and was waiting on a response. Council Member Brown Clarke instructed Mr. Abood to review the tie-bar memo to make sure it will determine everything, justify the decisions, co-pays, etc. and if he concurs. Mr. Abood agreed.

Discussion – Health Care Re-Selection Option

DRAFT

Council Member Wood brought everyone up to speed on the topic, which started in May 2015 during open enrollment and there was still the outstanding issue on the retiree healthcare corrections. Ms. McIntyre at that time stated that since it was during open enrollment retirees should sign up and if there is anything that needed to be corrected or they needed to change their new choice in plans they could do so. If the open enrollment was closed at that point, it could be opened up. Ms. Thelen stated that the retirees received their clarification letter in March along with the new rate sheets based on the findings they had made in March. Council Member Wood reminded the group that Ms. McIntyre did not release the memo of findings until June, and the Committee was told the retirees could reevaluate the options in case they wanted to change their plans. Ms. Thelen stated that the letter in March stated the new rate sheet with the letter was based on the decision. She acknowledged that there were no personalized letters sent but general information to all that it applied to.

Council Member Houghton asked if the memo can't be found can it just be done. The Committee census was yes, however Council Member Brown Clarke pointed out that Mr. Abood will still look in Ms. McIntyre's electronic files so as not to have to recreate. Mr. Abood acknowledged and stated he would also address the outstanding claim. Council Member Brown Clarke directed Mr. Abood that if he does not find the memo in the Mayor's office or Ms. McIntyre computer to scribe one.

Ms. Andrews asked Mr. Abood how long it would take to get answers on the claims, and Mr. Abood stated he was actively working on them and hoped to get an answer from HR quickly.

Discussion- Recycling Contract (Revenues and Expenses)

Mr. DeLine distributed a cover sheet outline and copies of purchase orders and invoices regarding the recycling contracts. Ms. Bennett clarified her comment from the last meetings, noting that the reason it appears we have no revenue is that the revenue is posted against the expenses and any balance after that we have revenue for. Council Member Wood asked where on the spreadsheets that amounts would show up, and Mr. DeLine and Ms. Bennett referenced contractual services.

Council Member Houghton referenced an invoice from Community Detroit which shows the calculation and an amount of (\$9,455.40). This reflects what the City paid them. Council Member Brown Clarke pointed out that the credit is not off-setting the processing and therefore the contract is not benefiting the City. Ms. Bennett was then asked how long the City is locked into the contract. Ms. Bennett assured the Committee it was bid out, this was the company chosen, but she was not sure how long the contract was for. Council Member Brown Clarke noted for the record it appeared their performance was not fiscally responsible for the City.

Council Member Wood requested that Ms. Bennett provide by April 29th the RFP for the recycling, the bids that came in, and the contract that was issued for both processing and hauling. This item will be placed on the agenda for May 4th. Council Member Houghton asked if there are only two categories. Ms. Bennett stated she would ask. Council Member Houghton also asked that they bring someone in to outline the process on recycling so the Committee understands the costs and contracts.

Ms. Bennett asked to speak to the handout from Mr. DeLine for clarification and Council Member Brown Clarke told her to email her questions.

Internal Auditor Structure and Policies Update

Mr. DeLine will address at the next meeting.

DRAFT

ADJOURN

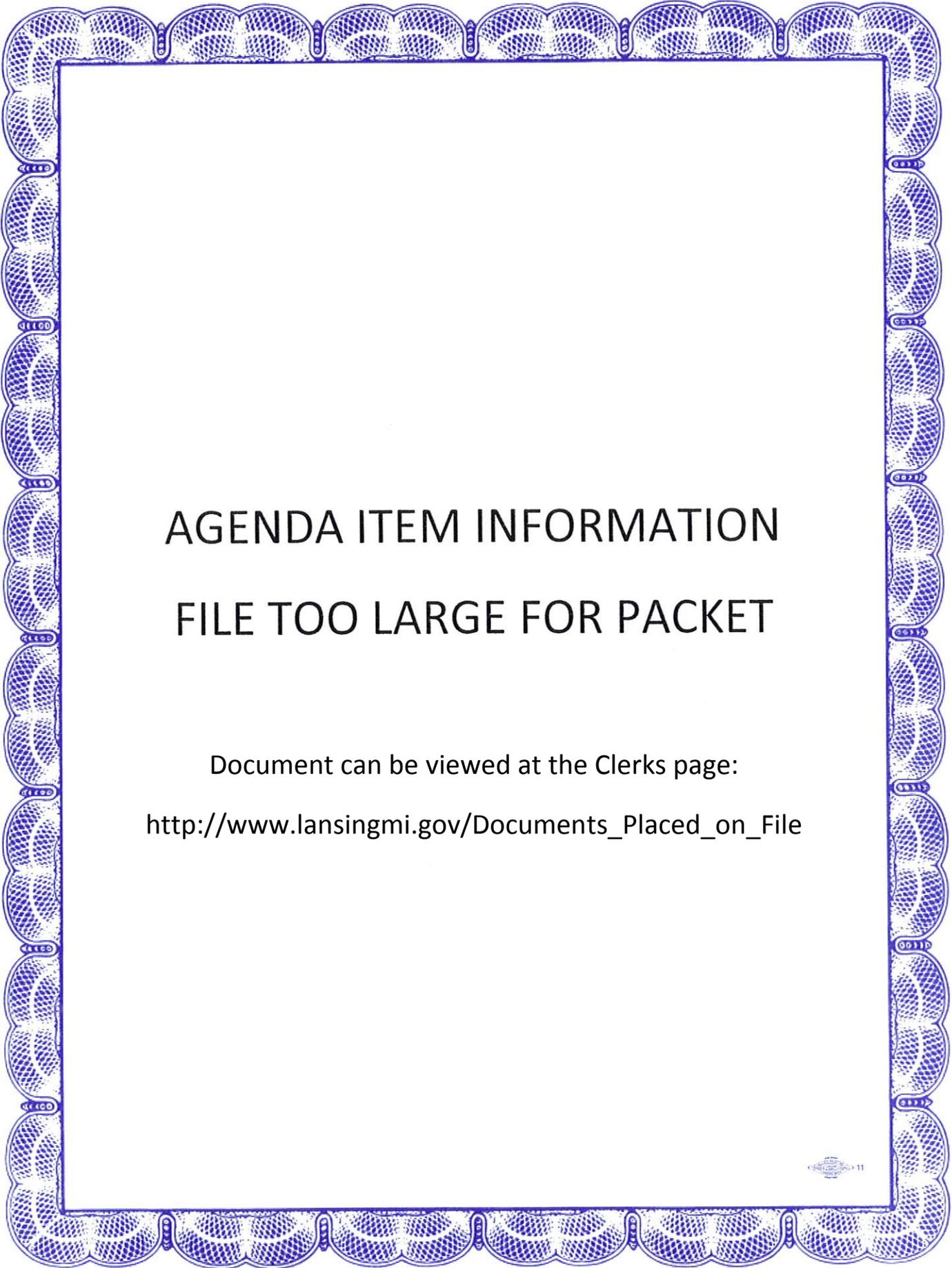
Adjourn at 9:45 a.m.

Submitted by,

Sherrie Boak, Recording Secretary

Lansing City Council

Approved by the Committee on _____



AGENDA ITEM INFORMATION

FILE TOO LARGE FOR PACKET

Document can be viewed at the Clerks page:

http://www.lansingmi.gov/Documents_Placed_on_File

RECEIVED

2016 APR 15 PM 4:49

LANSING CITY CLERK

Recovery Agreement between
Lansing Housing Commission

And

the United States Department of Housing and Urban Development

And

the City of Lansing

This Recovery Agreement is entered into between the Lansing Housing Commission, the UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ("HUD") and the City of Lansing as of this 1 day of March, 2016.

RECITALS

WHEREAS, under the United States Housing Act of 1937, as amended, ("Act"), 42 U.S.C. § 1437 *et seq.*, the United States Department of Housing and Urban Development ("HUD") is responsible for administering low income housing programs, and pursuant to the Act, HUD has entered into an Annual Contributions Contract ("ACC") with the Lansing Housing Commission to develop and operate public housing projects of the Lansing Housing Commission; and

WHEREAS, pursuant to the Act, HUD must evaluate public housing performance and has instituted the Public Housing Assessment System ("PHAS"); and

WHEREAS, on the basis of an annual PHAS score, the Lansing Housing Commission has been designated Troubled or Substandard for financial, physical and/or management indicators, or other such deficiencies as HUD has identified; and

WHEREAS, the Act requires HUD to enter into agreements that establish performance targets, set out strategies for meeting targets, provide for incentives and sanctions for effective implementation of the strategies leading to recovery of performance and attain an improved status of at least a Standard Performer; and

WHEREAS, the recovery of performance is intended to lead to a sustainable sound fiscal management and good governance; and

WHEREAS, the parties desire to correct all HUD-identified deficiencies through the implementation of this Recovery Agreement, ("Agreement");

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, HUD, the Lansing Housing Commission and the City of Lansing agree as follows:

- I. The Lansing Housing Commission agrees to achieve the outcomes outlined in the Action Plan and incorporated into this Agreement as Exhibit A.
- II. The Lansing Housing Commission and the City of Lansing agree to work together to develop and implement a Sustainability Plan if necessary to achieve recovery.

- III. The Action Plan describes the results following HUD's review and assessments of PHA performance, the measures that need to be implemented to improve the performance and the desired outcomes to be achieved and establishes a timetable to achieve those outcomes. The Action Plan also identifies the available remedies to resolve HUD's determination of non-performance.
- IV. Upon execution of the Agreement, the Lansing Housing Commission will commence with the required actions listed in the Plan within the timeframes set forth therein.
- V. The Lansing Housing Commission will cure identified deficiencies within the timeframes established in the Action Plan.
- VI. Subject to section XII, regardless of possible changes in the Lansing Housing Commission's Board composition, or the decision-making individuals for HUD or the City of Lansing, the term of this Agreement is effective as of the execution date of this document and will continue until completion of the Action Plan in accordance with 6(j) (2) and (3) of the Act, and any agreed upon extensions. This Agreement will remain in effect until the Lansing Housing Commission has completed all items listed in the Plan, even if HUD removes the Lansing Housing Commission's troubled/substandard designation.
- VII. HUD, in its discretion, may provide technical assistance, including training or contract support, to the Lansing Housing Commission to facilitate accomplishment of the items in the Action Plan. The Lansing Housing Commission's compliance with the Action Plan, however, shall not be contingent on HUD's provision of any technical assistance or other discretionary assistance.
- VIII. The Lansing Housing Commission shall provide HUD with written progress reports as identified in the Action Plan. The report shall detail the Lansing Housing Commission's progress towards the completion of the items required by the Action Plan. The reports shall identify those items that have been completed and provide any necessary documentation to support this determination.
- IX. HUD will review the Action Plan progress reports submitted by the Lansing Housing Commission and supporting documentation. HUD will confirm in writing to the Lansing Housing Commission the items that HUD determines to have been successfully completed, those that require additional documentation and those that are past due.
- X. If the Lansing Housing Commission disagrees with HUD's determination concerning the completion of any item, the Lansing Housing Commission may request a reconsideration of the determination and submit additional information to support its position. HUD will provide the Lansing Housing Commission with a written notice of its decision.
- XI. The failure of the Lansing Housing Commission, its employees, officers, agents, or contractors to comply with this Agreement, including the failure to achieve the agreed upon outcomes or to take the actions or comply with the time frame set forth in the Action

Plan, may result in HUD seeking any available remedies, including any of the following actions sequentially or simultaneously:

- a. Consolidation;
 - b. Consortia/Joint Venture;
 - c. Contraction of Operational Activities;
 - d. Cooperative Endeavor Agreement;
 - e. Debarment;
 - f. Deliver possession and control of project(s) to HUD;
 - g. Limited Denial of Participation;
 - h. Receivership; and/or
 - i. Suspension.
- XII. The parties by mutual written agreement may agree to extend the timeframes set forth in the Action Plan from time to time. In the event said timeframes are extended, HUD agrees that it will not take any of the actions against the Lansing Housing Commission as set forth in this section of the Agreement for noncompliance with original timeframes.
- XIII. Communication related to the Recovery Agreement and Action Plan shall be provided to the Public Housing Director and the HUD Recovery Team leader, if applicable.
- XIV. HUD, the Lansing Housing Commission and their employees, subcontractors, partners or assigns, and the City of Lansing shall comply with all applicable federal, state, and local laws and regulations relating to the performance of this Agreement to which their activities are subject.
- XV. Notwithstanding any provisions of this Agreement to the contrary, the parties shall not be held liable for any failure or delay in the performance of this Agreement that arises from fires, floods, strikes, embargoes, acts of the public enemy, unusually severe weather, outbreak of war, riots, civil commotion, force majeure, acts of God, or for any other cause of same character which is unavoidable through the exercise of due care and beyond the control of the parties, provided that said failure or delay in the performance of this Agreement attributed to any of the events described herein is acknowledged in writing by HUD. Upon the issuance of HUD's written acknowledgement, the failure to perform shall be deemed excused during the continuance of such circumstances as determined by HUD, but this Agreement shall otherwise remain in effect.
- XVI. In the event of any conflict between terms in this Agreement, including all exhibits, attachments and all other documents specifically incorporated by reference, and HUD's applicable Public Housing requirements including, but not limited to, the Act, HUD regulations there under (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the ACC, HUD notices, the HUD-approved Declaration of Trust or

Declaration of Restrictive Covenants in favor of HUD, and all applicable Federal statutory, executive order and regulatory requirements, as those requirements may be amended from time to time, the applicable Public Housing requirements shall prevail. HUD reserves the right to resolve any conflict.

- XVII. Any modification or amendment of any condition or provision in this Agreement by either party will not imply or constitute a further modification or amendment of the same or any other condition or provision, nor shall it relieve the parties from performing any subsequent obligations strictly in accordance with the term of this Agreement. No modification or amendment shall be effective unless in writing and signed by the party against whom enforcement is sought. Such modification or amendment shall be limited to provisions of this Agreement specifically referred to therein and shall not be deemed a modification or amendment of any other provision. No modification or amendment of this Agreement shall constitute a HUD-approved waiver of regulatory requirements.
- XVIII. Should any term or provision of this Agreement be held, to any extent invalid or unenforceable, as against any person, entity or circumstance during the term hereof, by force of any statute, law, or ruling of any forum of competent jurisdiction, such invalidity shall not affect any other term or provision of this Agreement to the extent that the Agreement shall remain operable, enforceable and in full force and effect to the extent permitted by law.
- XIX. To the extent authorized by the Act and HUD regulations, HUD can unilaterally amend this Agreement. Otherwise, this agreement may be amended by mutual agreement of the parties.
- XX. This Agreement states the entire understanding and agreement between the parties and supersedes any and all written or oral representations, statements, negotiations, or agreements previously existing between the parties with respect to the subject matter of this Agreement. However, this Agreement does not supersede, modify or amend the ACC as further described in Paragraph XXII. The parties recognize that any representations, statements or negotiations made by the staff of either party does not suffice to legally bind either party in a contractual relationship unless they have been reduced to writing and signed by their authorized representative(s). This Agreement shall inure to the benefit of and shall be binding upon the parties, their respective assigns, and successors in interest.
- XXI. This Agreement may be executed and delivered in separate counterparts, which, when so executed and delivered, shall be deemed an original.
- XXII. This Agreement does not supersede, modify or amend the ACC between HUD and the Lansing Housing Commission, or in any way excuse the Lansing Housing Commission from complying fully with its obligations under the ACC. HUD does not waive its statutory, regulatory or contractual rights. Nothing contained in this Agreement shall serve to limit, modify or preclude HUD's right to take any remedial action allowed by the ACC or any provision of the Act or related regulations. Nothing contained in this Agreement

shall serve to limit, modify or preclude HUD or the Lansing Housing Commission's right to take any remedial action allowed by the Agreement.

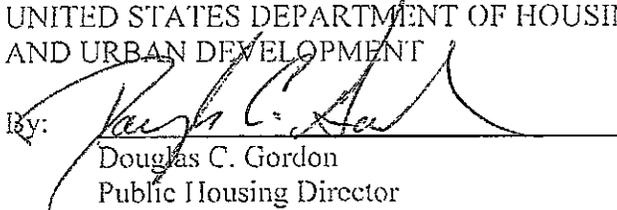
XXIII. The parties agree that any cost associated with the implementation of this Agreement, the Action Plan and the Sustainability Plan shall be their individual responsibility unless specifically agreed in writing between the parties.

XXIV. The City of Lansing, through its Appointing Authority, acknowledges the importance of effective governance as part of the recovery and sustainability of the Lansing Housing Commission. As a signatory of this Agreement, the City of Lansing commits to oversee and monitor its duly appointed agents, the appointees to the Lansing Housing Commission Governing Board, in the discharge of their duties. Upon the discovery of any failure of the Lansing Housing Commission Board to discharge its duties under this Agreement, the City of Lansing will take all necessary steps to correct the Board's actions or omissions and ensure compliance with the terms of this Agreement.

IN WITNESS WHEREOF, the parties or their duly authorized representatives hereby execute this Agreement on the date first written above.

UNITED STATES DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

By:



Douglas C. Gordon
Public Housing Director
Detroit Field Office

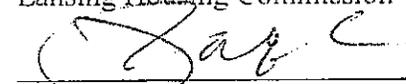
Lansing Housing Commission
ATTEST: BY ITS BOARD OF
COMMISSIONERS

By:



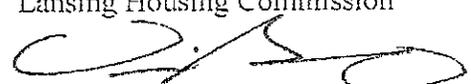
Tony Baltimore
Board Chair
Lansing Housing Commission

By:



Patricia Baines-Lake
Executive Director
Lansing Housing Commission

By:



Virg Bernero
Mayor
City of Lansing

Action Plan--Exhibit A to the Recovery Agreement between the Lansing Housing Commission and HUD

Item Number	Results and Determinations from Assessment	Desired Outcome	Statutory Measurement		Target Accomplishment Date	Actual Accomplishment Date	Remedies	Comments /Accomplishments
			Baseline Data and PHAS Score as of 6/30/2014	Required PHAS Score				
AREA: GOVERNANCE								
G001	The Board is ready, willing and capable to govern but is unable to provide sufficient oversight of the PHA's finances, budget, and use of funds as evidenced by the lack of financial reports, the Housing Commission's history of substandard Financial Assessment Subsystem Scores, and low reserves. The LHC has failed the Financial Assessment Subsystem Score since 2012 and has not submitted financial information timely as required by regulation and statute since 2009.	The Board becomes more prepared to perform its fiduciary duty of overseeing the finances of the PHA. The Board participates in trainings for capacity building, Board roles and responsibilities, and PHA financial management. PHA must have 15 points out of 25 to pass the Finance Indicator. PHA must have 15 points out of 25 to pass the Management Indicator. PHA must have 25 points out of 40 to pass the Physical Indicator. PHA must maintain an occupancy rate of 96.0%	Current Finance Score: 0 Current Mgmt Score: 17 Current Physical Score: 27 Current Occupancy Rate: 94% (12.30.15 rate)	Required Finance Score: 15 Required Mgmt Score: 15 Required Physical Score: 25 Required Occupancy Rate: 96%	6/16/2016		If the Housing Commission fails to provide oversight and attend training, HUD will seek any available remedies as set forth under the terms of the agreement under article XI	The board has completed HUD's Lead The Way Training. HUD provided board training on August 26, 2015
G002	The Housing Commission lacks the ability to effectively manage the LHC's finances, as evidenced by the lack of financial management knowledge and leadership at the Commission, the inability to facilitate the preparation of statements and reports to permit timely and effective audits; in addition, to its failure to maintain a complete and accurate general ledger.	a) The Board provides adequate oversight of the Housing Commission's financial actions as evidenced by a passing FY 2015 FASS score and timely submission of reliable unaudited and audited financial statements. b) The Board identifies Members to "specialize" in reviewing financial reports and providing feedback about finances to the balance of the Board. Meaningful financial reports with an emphasis on FASS and cash flow, are provided to the Board at least 10 days prior to the monthly meeting. c) The Board reviews the annual audit and tracks required correction of findings and management letter issues. d) The Commission provides updated financial policies and written procedures to HUD and will incorporate recommendations identified in the financial review conducted by the Departmental Enforcement Center (DEC).	Current QR Score: 0 Current Menar Score: 0 Current DSCR Score: 0	Minimum QR Score: 7.2 Minimum MENAR Score: 6.6 Minimum DSCR Score: 1	a) 3/30/2016 b) 4/30/16 c) 5/31/2016 d) 7/31/2016		If the Housing Commission fails to show substantial improvement the Department will consider administrative sanctions as provided in the ACC and Section 6(j) of the Housing Act.	
AREA: FINANCE								
F001	The Commission has not received a standard financial score since 2011. The Housing Commission lacks the ability to effectively manage the LHC finances, as evidenced by the inability to facilitate the preparation of statements and reports to permit timely and effective audits resulting in LHC receiving Late Presumptive Failures (LPP) resulting in a FASS score of 0 for three consecutive reporting periods, FY 2012, FY2013 and FY 2014.	a) The Executive Director and financial management staff will be trained in financial management. b) Monthly financial statements including a year-to-date budgeted to actual revenue and expense statement and balance sheet should be prepared for each AMP and program area for the Board meeting and the AMP managers by no later than the 15th of the succeeding month. c) The Commission must provide monthly accounting reports to HUD by the 30th of the succeeding month showing assets and liabilities, and must also include its year to date balance sheet, revenue and expense statement, and statement of cash flows. All monthly reports must contain and a comparison of budgets to actual costs. d) Prepare an annual budget prior to the beginning of the new fiscal year and submit the respective Board resolution form to the HUD Field Office prior to the beginning, of the fiscal year. e) Complete bank reconciliations by the 12th of the succeeding month. f) Unaudited financials are submitted no later than 2 months after the Commission's fiscal year end. g) Audited financials are submitted that audited financial statements within 9 months after its fiscal year end. h) The PHA receives a standard FASS score and establishes a reasonable plan to achieve and sustain Standard Performer performance scores in FASS.	Current QR Score: 0 Current Menar Score: 0 Current DSCR Score: 0	Minimum QR Score: 7.2 Minimum MENAR Score: 6.6 Minimum DSCR Score: 1	a) 3/31/2016 b) - h) beginning 4/30/2016		If the Housing Commission fails to provide the required reports, the Department will consider administrative sanctions as provided in the ACC and Section 6(j) of the Housing Act.	Monthly reports must be submitted until the Commission obtains a standard FASS score.
F002	The Housing Commission lacks effective internal financial controls. The Housing Commission does not have effective internal controls, as evidenced by the Executive Director's lack of knowledge of the Housing Commission's day-to-day finances leading to an excessive number of unpaid invoices and extremely low reserves.	a) The Housing Commission effectively creates, executes, and maintains plans, policies, and written financial procedures, including a cost allocation plan, that result in an efficient internal controls process as corroborated in annual independent audit. b) Document that internal controls have been instituted, all staff have been trained on these internal controls, and that said controls are sustainable. This is to include improvement in vendor payment documentation, quality controls, personnel costs, other contract administration, etc. c) Increase reserves at all AMPs by increasing occupancy to 96% and analyze expenses to achieve all cost savings possible.	Current QR Score: 0 Current Menar Score: 0 Current DSCR Score: 2	Minimum QR Score: 7.2 Minimum MENAR Score: 6.6 Minimum DSCR Score: 1	a) 5/31/2016 b) 6/30/2016 c) immediately and ongoing		If the Housing Commission fails to ensure that internal controls are properly instituted as evidenced by an independent audit and/or HUD review, the Board will contract out the day-to-day management of the finances of the Commission, no later than December 31, 2016.	
F003	FSS escrows are not being tracked accurately and files do not contain adequate supporting documentation.	The Executive Director needs to set up a system whereby the Finance Division and the FSS coordinators meet on a quarterly basis to review the FSS participant's escrow account and to make any necessary adjustments. The outcome of each of these meetings should be documented in the tenant and financial files.			3/31/2016			
AREA: MANAGEMENT								

Action Plan--Exhibit A to the Recovery Agreement between the Lansing Housing Commission and HUD

Item Number	Results and Determinations from Assessment	Desired Outcome	Statutory Measurement		Target Accomplishment Date	Actual Accomplishment Date	Remedies	Comments /Accomplishments
			Baseline Data and PHAS Score as of 6/30/2014	Required PHAS Score				
M001	Based on the historical review of its occupancy rates of its public housing portfolio, the Housing Commission lacks capacity to manage its public housing units effectively.	a) The Executive Director enhances the housing commission's team knowledge, skills and abilities of the PH program area to effectively manage the LHC's entire Public Housing inventory via a training plan. B) The Housing Commission will adopt a timeline to re-occupy or demo/dispo vacant units as of the date of this executed agreement. Each vacant unit will require a target date for occupancy or resolution and the identification of funding to ensure the Housing Commission has allocated appropriate resources to the plan.	Current occupancy score 94.0%	Increase Occupancy rate to 96%	a) 6/30/2016 b) 3/31/2016		If the LHC does not improve its occupancy rate, on a consistent monthly basis, the PHA will work the Department to consider alternatives including but not limited to securing a private management firm to oversee its PH program.	
M002	The Housing Commission has failed to institute the required asset management model that includes project-based funding, project-based budgeting, project-based accounting, project-based management, and project-based performance assessment.	a) The Executive Director will provide the board an organizational structure with revised position descriptions and performance criteria that provides for project based budgeting, project based accounting, project based management and project based performance matrix. b) Ensure performance evaluations are conducted for each employee in accordance with LHC policy.		Adopt organizational structure and performance requirements of LHC staff.	a) 6/30/2016 b) 9/15/2016			
M003	There is a significant loss of revenue from rental income and operating subsidy generated by the high level of vacancies.	The Executive Director will provide the board monthly occupancy reports, cash flow statements and budget to actual financial statement for each AMP and provide an action plan to mitigate financial losses at the project level. This will be part of the regular board package.		Adopt project based reports for the board to review monthly.	4/30/2016			
AREA: SUSTAINABILITY								
		Long-term standard performer or higher for all PHAS indicators		Develop and implement a Sustainability Plan in conjunction with the local governing entities and other community partners that supports the PHA's mission, addresses outstanding compliance deficiencies, and ensures sustainable performance of the PHA				
The Housing Authority shall submit monthly progress reports to the Field Office using this Action Plan as the reporting template commencing 3/1/16 and every Month thereafter until the Recovery Agreement is terminated."								

Recommended FY 2017 Budget Policies

In accordance with the State Uniform Budget and Accounting Act (Public Act 2 of 1968), the City of Lansing's annual appropriations, as set forth in the annual budget resolution, shall be made in accordance with Generally Accepted Accounting Principals (GAAP) and shall apply to all funds except internal service funds, debt service funds, permanent funds, and trust and agency funds.

The City's fiscal year is July 1 through June 30. In accordance with the City Charter, on or before the fourth Monday in March, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. No later than the third Monday in May, the Council adopts the budget and sets the property tax rates for the ensuing fiscal year.

Appropriations are set forth in the annual budget resolution. Authority to transfer between appropriations is dictated by City Charter; however, additional administrative budget transfer authority is granted for the following instances. The Administration is requested to submit to Council quarterly reports of such transfers.

Wastewater Funds – the transfer residual State Revolving Fund (SRF) loan and/or bond proceeds between projects and project segments.

Flood Control – the transfer of funds for flood control and/or storm sewer purposes to address flooding or unanticipated storm sewer maintenance needs.

Major and Local Street (Act 51) Funding – Transfer authority is not limited by departmental allocation, and administrative authority is included for appropriation of MDOT special authorization funding.

Parking System – the transfer of capital project accounts from operating accounts is permitted to meet bid or unforeseen capital needs.

Debt Service Funds – the transfer of residual balances between general obligation bond debt service accounts.

In addition, administrative authority is granted for the transfer of wage and fringe benefit reserves to departmental budgets upon settlement of a collective bargaining agreement.

Carryforwards

Authority is granted to reappropriate available capital project balances as of June 30, 2014 into the FY 2015 budget. All non-capital balances require City Council approval to carryforward, except for encumbered (purchase order) obligations less than \$5,000 and not more than 8 months old.

General Fund Reserve Policy

The City's General Fund reserves consist of the General Fund fund balance and the Budget Stabilization Fund. Use of and contributions to the Budget Stabilization Fund are dictated by Ordinance section 218.05.

The targeted unrestricted balance for the combination of the General Fund fund balance and the Budget Stabilization Fund is a minimum of 12% of General Fund expenditures and a maximum of 15% of General Fund expenditures. If events necessitate that the combined balances drop below 12% of General Fund expenditures, annual appropriations of a minimum of \$500,000 will be made until the 12% target is reached. In the event that combined reserves are projected to exceed 15% of General Fund revenues, the excess amount will be used to supplement retiree healthcare prefunding.

Debt Management

Appropriations are made to adequately fund annual debt service obligations. Adherence will be made to required debt service reserves, where applicable, as well as to the provision of annual disclosures as required by outstanding bond obligations.

Investment Policy

Management of cash investments is governed by the City's investment policy and in accordance to State statute, with the objective being the maximization of return on the City's governmental funds through pooling of funds where appropriate and permitted, monitoring of interest rates and fee structures. Investments of the Employee Retirement System, the Police and Fire Retirement System, and the VEBA, are governed those respective boards and dictated by their respective investment policies.

Strategic Planning and Budget Development

In working toward the goal of the incorporation of strategic planning into the budget process, this next year, Administration is encouraged to work towards developing a multi-year budgeting process. This process should align the City's master plan, strategic goals, and performance metrics to short-term and long-term budget priority-setting by Council in accordance with Financial Health Team recommendations.

RESOLUTION #2015-129

	FY 2016 Proposed	Council Changes	FY 2016 Adopted
Women's Historical Center - Exterior Siding	90,000		90,000
Citywide Maintenance & Repair	160,000		160,000
Transfer to Cemeteries Fund	425,800		425,800
Transfer to Golf Fund	518,350		518,350
Total Appropriations	1,664,150	-	1,664,150

BE IT FINALLY RESOLVED, that the following policies are hereby established for the 2015/2016 fiscal year:

FY 2016 Adopted Budget Policies

In accordance with the State Uniform Budget and Accounting Act (Public Act 2 of 1968), the City of Lansing's annual appropriations, as set forth in the annual budget resolution, shall be made in accordance with Generally Accepted Accounting Principles (GAAP) and shall apply to all funds except internal service funds, debt service funds, permanent funds, and trust and agency funds.

The City's fiscal year is July 1 through June 30. In accordance with the City Charter, on or before the fourth Monday in March, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. No later than the third Monday in May, the Council adopts the budget and sets the property tax rates for the ensuing fiscal year.

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Major and Local Street (Act 51) Funding – Transfer authority is not limited by departmental allocation, and administrative authority is included for appropriation of MDOT special authorization funding.

RESOLUTION #2015-129

Parking System – the transfer of capital project accounts from operating accounts is permitted to meet bid or unforeseen capital needs.

Debt Service Funds – the transfer of residual balances between general obligation bond debt service accounts.

Vacancy Factor/funded and unfilled Positions - The budget includes an attrition vacancy allowance of \$800,000. The Administration is requested to provide Council on July 1, 2015 and every month, thereafter, a list of vacant positions by department. The Administration is also requested to provide, on a quarterly basis, a detailed list by Department of all positions by title, FTE, wages and fringes, and impact on programs and/or services which are included within this allowance. The personnel wages and fringes associated with all positions identified above as of July 1, 2015 and any such position vacated, thereafter, shall be placed in a budget control account, and will require City Council approval for expenditure.

In addition, administrative authority is granted for the transfer of wage and fringe benefit reserves to departmental budgets upon settlement of a collective bargaining agreement.

Carryforwards

Authority is granted to reappropriate available capital project balances as of June 30, 2015 into the FY 2016 budget. All non-capital balances require City Council approval to carryforward, except for encumbered (purchase order) obligations less than \$5,000 and not more than 8 months old.

• Human Services and Community Supported Agencies Funding

The plan for funding Agencies submitted to Council designate particular Agencies. If any agency does not apply for or use their funding, all funds will remain in their respective account(s) for additional appropriation and approval by Council for Human Services and Community Supported Agencies use pursuant to the Charter transfer authority. The Administration/Human Relations Community Services Department is requested to submit to Council a quarterly report on the status of the Human Services and Community Supported Agencies' funding. This report should include the accounting level detail appropriation; amount spent, balance, and a notation as to whether the balance of funds is expected to be spent by the end of the Fiscal Year; if not, why?

General Fund Reserve Policy

RESOLUTION #2015-129

The City's General Fund reserves consist of the General Fund fund balance and the Budget Stabilization Fund. Use of and contributions to the Budget Stabilization Fund are dictated by Ordinance section 218.05.

The targeted unrestricted balance for the combination of the General Fund fund balance and the Budget Stabilization Fund is a minimum of 12% of General Fund expenditures and a maximum of 15% of General Fund expenditures. If events necessitate that the combined balances drop below 12% of General Fund expenditures, annual appropriations of a minimum of \$500,000 will be made until the 12% target is reached. In the event that combined reserves are projected to exceed 15% of General Fund revenues, the excess amount will be used to supplement retiree healthcare prefunding.

Debt Management

Appropriations are made to adequately fund annual debt service obligations. Adherence will be made to required debt service reserves, where applicable, as well as to the provision of annual disclosures as required by outstanding bond obligations.

Investment Policy

Management of cash investments is governed by the City's investment policy and in accordance to State statute, with the objective being the maximization of return on the City's governmental funds through pooling of funds where appropriate and permitted, monitoring of interest rates and fee structures. Investments of the Employee Retirement System, the Police and Fire Retirement System, and the VEBA, are governed those respective boards and dictated by their respective investment policies.

Strategic Planning and Budget Development

In working toward the goal of the incorporation of strategic planning into the budget process, this next year, Administration is encouraged to work towards developing a multi-year budgeting process. This process should align the City's master plan, strategic goals, and performance metrics to short-term and long-term budget priority-setting by Council in accordance with Financial Health Team recommendations.

Civil Actions, Claims, and Damages

Whenever a claim is made or any civil action is commenced against the Mayor, a City Council member, a non-bargaining unit employee, or a Lansing retirement board trustee (collectively in this provision "the Employee") for damages caused by an act or acts of the Employee within the scope of his or her authority and while in the course of his or her employment with the City or his or her duties on behalf of the retirement board, the City will pay for, engage, or furnish the services of an attorney to advise the Employee as to the claim and to appear for and represent the Employees in the action. If the City

RESOLUTION #2015-129

Attorney does not provide the attorney services, the attorney selection shall be made by the City Attorney in the manner the City Charter requires. The City may compromise, settle, and pay a claim before or after the commencement of any civil action. Whenever any judgment for damages caused by the act or acts of the Employee covered under this provision is awarded against the Employee as the result of a civil action, the City will indemnify the Employee or will pay, settle, or compromise the judgment. The City's obligations under this provision, however, is contingent upon the Employee giving prompt notice of the commencement of the action and upon the Employee cooperating in the preparation, defense, and settlement of the action. The term "scope of authority" under this provision does not include any act or acts of Employee (i) fraud, (ii) dishonesty, (iii) willful, intentional, or deliberate violation of the law or breach of fiduciary duty, (iv) criminal act, or (v) traffic violation; nor does this provision abrogate or diminish governmental immunity.

Grants

The Administration shall present to Council every application for any grant and, upon notification of the award of a grant, shall submit the grant to Council for acceptance. Administrative authority is given to create the necessary accounts and transfers in accordance with the requirements of the grantor. Any grant that can be applied for administratively should be submitted for Council review within 10 days of the application.

Board of Water & Light

After much deliberation, the intent of Council is to allocate funds not to exceed \$200,000 for an audit of the BWL by an external agency. Bench marks, duties and scope of services shall be determined by the administration and Council on or before July 1, 2015, with an anticipated start date on or before September 1, 2015. Once the administration identifies and vets an external audit agency, the selection process shall be forwarded to Council for final approval by a three-fifths vote (3/5) of its members. The selected external audit agency identified by the Administration shall report regularly to both the Administration and Council regarding findings in the areas including but not limited to: strategic planning, project management, facilities, emergency planning and preparations, revenue and expenditures, personnel utilization, capital improvements, holdings, rates, and the overall welfare of the publicly held utility.

At the conclusion of the one year contract of the selected external audit agency both Council and the Administration shall review in earnest the work, findings and necessity. At which time a determination is to be jointly made by both bodies as to the need for additional contracts or the desired future. Any monies of the \$200,000 account not used for the external audit agency go to the rainy day fund.

Ad Hoc Committee on Housing

Council establish an Ad Hoc Committee on Rental and Land Contract Housing conditions for the purpose of conducting a City-wide outreach, group facilitation,

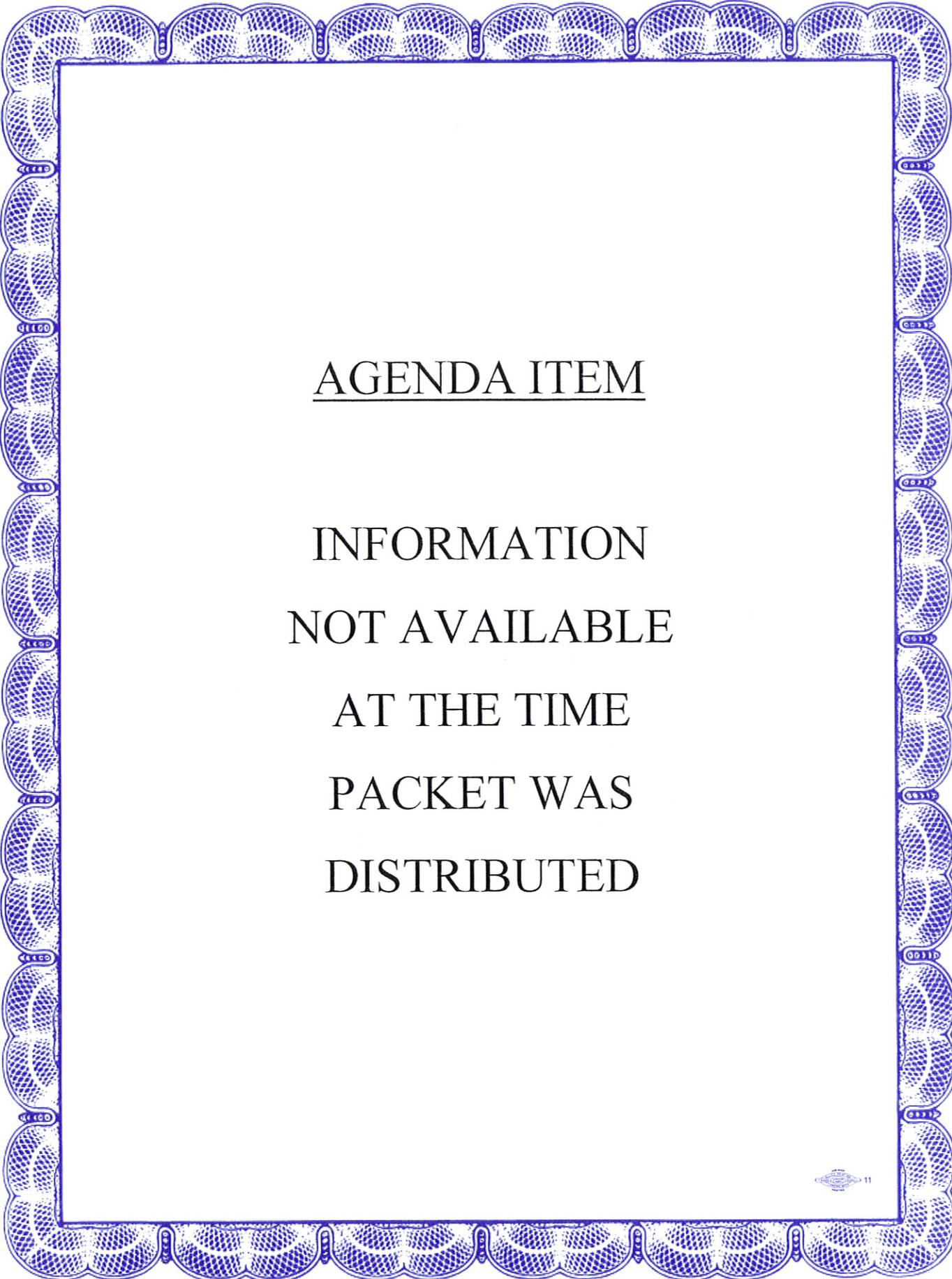
RESOLUTION #2015-129

surveys, and public input process to engage renters, refugees, people with disabilities, low-income residents, landlords and other residents in meaningful discussions and development of solutions to address rental housing conditions in Lansing. This Ad Hoc Committee must be established by August 1, 2015 and have four (4) Council Members named to the Committee and invited members of interested groups to providing discussion on rental property re-inspections and unregistered rental property investigations, pending determination by a citywide community engagement process to lift up the voices of people affected by poor housing conditions.



6/5/2015
2:56:39 PM

SIGNED BY
CHRIS SWOPE
LANSING CITY CLERK



AGENDA ITEM

INFORMATION
NOT AVAILABLE
AT THE TIME
PACKET WAS
DISTRIBUTED

RECYCLING FUND		FY 2013	FY 2013	FY 2014	FY 2014	FY 2015	FY 2015	FY 2016
Account #	Description	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Revenues								
597.000000.639100.00000	RECYCLING COLLECTION FEE	3,410,500.00	3,421,147.52	3,578,650.00	3,481,728.26	3,600,450.00	3,592,195.98	3,600,000.00
597.000000.679000.00000	INTEREST INCOME	0.00	(1,031.03)	0.00	0.00	0.00	0.00	0.00
597.000000.679100.00000	FROM FUND BALANCE	608,325.00	0.00	236,350.00	0.00	326,350.00	0.00	382,200.00
597.000000.680000.00000	MISCELLANEOUS REVENUE	23,535.00	10,105.70	62,000.00	15,747.12	18,800.00	32,474.58	23,000.00
597.000000.682001.00000	SALE OF RECYCLED MATERIALS	130,000.00	3,368.01	80,000.00	11,060.73	12,000.00	0.00	6,000.00
597.000000.695200.00000	LOAN PROCEEDS	0.00	0.00	0.00	1,737,700.00	0.00	0.00	0.00
597.000000.698000.00000	CONTRA-BOND PROCEEDS	0.00	0.00	0.00	(1,737,700.00)	0.00	0.00	0.00
	Total Revenues	4,172,360.00	3,433,590.20	3,957,000.00	3,508,536.11	3,957,600.00	3,624,670.56	4,011,200.00
Expenses - Recycling Collection								
597.453685.702000.00000	SALARIES	107,325.00	93,905.75	129,630.00	108,837.74	128,970.00	111,938.56	129,208.00
597.453685.706000.00000	HOURLY WAGES	267,674.00	230,596.16	252,580.00	239,122.74	258,013.00	256,465.75	264,000.00
597.453685.707000.00000	TEMPORARY HELP	21,926.00	47,382.14	21,926.00	33,926.55	21,926.00	20,085.42	21,926.00
597.453685.708000.00000	OVERTIME - SALARY	4,908.00	1,136.90	4,908.00	28,981.25	4,908.00	26,787.63	5,153.00
597.453685.709000.00000	OVERTIME - HOURLY	22,723.00	32,339.69	22,723.00	47,220.72	22,723.00	31,777.87	23,859.00
597.453685.712000.00000	LONGEVITY	7,471.00	12,933.73	7,839.00	12,997.76	6,980.00	7,740.94	8,405.00
597.453685.713100.00000	VACATION/SICK/PERSONAL LEAVE	53,039.00	71,726.72	55,516.00	86,938.11	55,973.00	60,191.91	56,500.00
597.453685.715067.00000	PENSION EXP						143.89	
597.453685.715300.00000	FRINGE BENEFITS - FIXED	466,159.00	431,998.43	511,920.00	604,026.23	536,368.00	544,346.53	553,000.00
597.453685.715400.00000	FRINGE BENEFITS - VARIABLE	201,679.00	165,126.81	169,605.00	174,159.19	173,268.00	167,542.83	174,000.00
597.453685.716000.00000	CHANGE IN ACCRD COMPENSATED AB	0.00	(1,778.00)	0.00	5,882.00	0.00	11,236.00	0.00
597.453685.741000.00000	MISCELLANEOUS OPERATING	50,000.00	53,346.28	125,000.00	112,709.79	120,000.00	98,342.77	125,000.00
597.453685.741600.00000	ADMINISTRATIVE CHARGES	36,808.00	36,808.00	44,016.00	44,016.00	33,930.00	33,930.39	33,930.00
597.453685.741855.00000	BOND ISSUE COSTS	0.00	0.00	0.00	27,214.60	0.00	0.00	0.00
597.453685.742000.00000	SUPPLIES	4,079.00	0.00	4,079.00	0.00	4,079.00	0.00	4,080.00
597.453685.743000.00000	CONTRACTUAL SERVICES	160,000.00	79,282.31	235,000.00	125,495.66	210,000.00	165,169.87	210,000.00
597.453685.743700.00000	ENGINEERING	40,177.00	43,318.11	22,115.00	20,985.23	42,508.00	36,493.87	67,005.00
597.453685.744000.00000	UTILITIES	5,985.00	0.00	15,000.00	0.00	17,000.00	9,131.58	18,000.00
597.453685.745100.00000	BUILDING RENTAL	0.00	0.00	6,750.00	11,196.37	5,700.00	6,044.54	5,241.00
597.453685.745200.00000	EQUIPMENT RENTAL	370,000.00	384,452.01	377,000.00	326,788.63	377,000.00	229,008.73	377,000.00
597.453685.745230.00000	EQUIPMENT RENTAL	0.00	0.00	4,000.00	4,000.00	3,000.00	3,000.00	24,000.00
597.453685.746100.00000	BUILDING MAINTENANCE	3,969.00	115.00	40,000.00	0.00	40,000.00	20,423.96	30,000.00
597.453685.748000.00000	INSURANCE & BONDS	13,533.00	10,129.10	18,195.00	18,996.59	15,939.00	24,664.66	17,060.00
597.453685.749000.00000	DEPRECIATION	0.00	0.00	0.00	150,506.04	0.00	301,012.08	0.00
597.453685.975000.00000	BUILDINGS	250,000.00	0.00	0.00	0.00	0.00	0.00	0.00
597.453685.977000.00000	EQUIPMENT	0.00	0.00	0.00	1,806,072.50	0.00	0.00	0.00
597.453685.981000.00000	PRINCIPAL	0.00	0.00	0.00	69,619.12	394,864.00	208,649.46	212,759.00
597.453685.982000.00000	INTEREST	525,000.00	0.00	525,000.00	27,000.62	59,948.00	30,654.60	27,567.00
597.453685.991640.00000	OPERATING TRANSFER	0.00	250,000.00	0.00	0.00	0.00	0.00	0.00
597.453685.991998.00000	CONTRIBUTED CAPITAL	0.00	707,141.65	0.00	0.00	0.00	0.00	214,486.00
597.453685.998001.00000	CONTRA-FIXED ASSETS	0.00	0.00	0.00	(1,806,072.50)	0.00	214,485.52	0.00
597.453685.998002.00000	CONTRA-DEBT PRINCIPAL	0.00	0.00	0.00	(69,619.12)	0.00	(208,649.46)	0.00
	Total	2,612,455.00	2,649,960.79	2,592,802.00	2,211,001.82	2,533,097.00	2,410,619.90	2,602,179.00
Expenses - Composting								
597.453686.702000.00000	SALARIES	67,560.00	59,112.73	78,920.00	66,489.15	78,057.00	68,148.75	79,250.00
597.453686.706000.00000	HOURLY WAGES	150,858.00	89,325.08	151,430.00	61,986.71	152,689.00	88,888.61	158,000.00
597.453686.707000.00000	TEMPORARY HELP	87,705.00	27,784.53	87,705.00	45,653.35	87,705.00	40,069.42	87,705.00

597.453686.708000.00000	OVERTIME - SALARY	7,560.00	3,644.93	7,560.00	12,260.12	7,560.00	15,329.84	7,938.00
597.453686.709000.00000	OVERTIME - HOURLY	24,885.00	32,468.90	24,885.00	42,752.77	24,885.00	28,194.69	26,129.00
597.453686.712000.00000	LONGEVITY	5,713.00	5,916.31	6,414.00	4,799.10	5,711.00	6,333.60	6,885.00
597.453686.713100.00000	VACATION/SICK/PERSONAL LEAVE	40,559.00	32,810.15	45,422.00	32,099.76	45,796.00	49,247.83	46,250.00
597.453686.715300.00000	FRINGE BENEFITS - FIXED	284,206.00	262,897.38	325,077.00	231,889.30	337,366.00	371,750.46	350,390.00
597.453686.715400.00000	FRINGE BENEFITS - VARIABLE	129,387.00	77,614.65	113,999.00	72,069.83	115,455.00	84,018.23	116,000.00
597.453686.741000.00000	MISCELLANEOUS OPERATING	17,760.00	6,722.23	32,760.00	7,370.98	32,760.00	10,119.58	32,760.00
597.453686.741600.00000	ADMINISTRATIVE CHARGES	27,375.00	27,375.00	30,547.00	30,547.00	23,548.00	23,547.61	23,548.00
597.453686.742000.00000	SUPPLIES	1,856.00	0.00	2,500.00	0.00	2,500.00	0.00	2,500.00
597.453686.743700.00000	ENGINEERING	0.00	0.00	22,115.00	20,985.23	71,045.00	60,993.21	0.00
597.453686.744000.00000	UTILITIES	6,270.00	0.00	9,000.00	0.00	7,600.00	4,082.35	7,600.00
597.453686.744500.00000	LANDFILL FEES	128,000.00	152,277.10	148,000.00	214,227.42	148,000.00	150,196.60	220,000.00
597.453686.745100.00000	BUILDING RENTAL	0.00	0.00	6,750.00	11,196.37	6,750.00	7,158.01	6,206.00
597.453686.745200.00000	EQUIPMENT RENTAL	230,000.00	195,444.82	253,000.00	184,256.31	260,000.00	186,276.92	220,000.00
597.453686.746100.00000	BUILDING MAINTENANCE	3,930.00	0.00	5,390.00	0.00	5,930.00	3,027.85	5,930.00
597.453686.748000.00000	INSURANCE & BONDS	8,670.00	7,969.59	12,724.00	13,846.16	11,146.00	13,345.04	11,930.00
	Total	1,222,294.00	981,363.40	1,364,198.00	1,052,429.56	1,424,503.00	1,210,728.60	1,409,021.00
Expenses - Transfer Station								
597.453687.707000.00000	TEMPORARY HELP	0.00	0.00	0.00	0.00	0.00	1,868.05	0.00
Expenses - Promo, Educ, Mkting								
597.453688.702000.00000	SALARIES	38,181.00	33,407.08	0.00	89.89	0.00	0.00	0.00
597.453688.708000.00000	OVERTIME - SALARY	2,200.00	0.00	0.00	5.81	0.00	0.00	0.00
597.453688.709000.00000	OVERTIME - HOURLY	2,200.00	0.00	0.00	0.00	0.00	0.00	0.00
597.453688.712000.00000	LONGEVITY	1,465.00	1,331.51	0.00	3.36	0.00	0.00	0.00
597.453688.713100.00000	VACATION/SICK/PERSONAL LEAVE	10,400.00	7,384.18	0.00	22.46	0.00	0.00	0.00
597.453688.715300.00000	FRINGE BENEFITS-FIXED	55,458.00	55,723.73	0.00	0.00	0.00	0.00	0.00
597.453688.715400.00000	FRINGE BENEFITS-VARIABLE	23,038.00	16,019.10	0.00	0.00	0.00	0.00	0.00
597.453688.741000.00000	MISCELLANEOUS OPERATING	75,000.00	56,784.15	0.00	0.00	0.00	61.36	0.00
597.453688.741600.00000	ADMINISTRATIVE CHARGES	9,611.00	9,611.00					
597.453688.742000.00000	SUPPLIES	6,395.00	4,188.51					
597.453688.743000.00000	CONTRACTUAL SERVICES	45,000.00	34,876.58	0.00	0.00	0.00	0.00	0.00
597.453688.744000.00000	UTILITIES	5,985.00	0.00					
597.453688.745100.00000	BUILDING RENTAL	35,070.00	35,031.00					
597.453688.745200.00000	EQUIPMENT RENTAL	5,000.00	3,400.00					
597.453688.745230.00000	EQUIPMENT RENTAL	5,258.00	5,258.00					
597.453688.746100.00000	BUILDING MAINTENANCE	7,350.00	0.00					
597.453688.747100.00000	CONFERENCES	2,000.00	317.48					
597.453688.748000.00000	INSURANCE & BONDS	8,000.00	4,600.54					
	Total	337,611.00	267,932.86	0.00	121.52	0.00	61.36	0.00
Total Expenses		4,172,360.00	3,899,257.05	3,957,000.00	3,263,552.90	3,957,600.00	3,623,277.91	4,011,200.00
Revenues less Expenses		0.00	(465,666.85)	0.00	244,983.21	0.00	1,392.65	0.00



CITY OF LANSING

INTERNAL AUDITOR
124 W MICHIGAN AVE FL 10
LANSING MI 48933-1605
(517) 483-4159
Fax (517) 483-7630

Notes on Recycling Contract – Revenues and Expenses

Committee on Ways and Means

April 20, 2016

Jim DeLine, Internal Auditor

1. Contract with ReCommunity (FCR Ann Arbor)

- a. No contract between the City and ReCommunity is on file with the City Clerk
- b. Though requested by email to Lori Welch and Chad Gamble on April 5, no copy of this contract was received.

2. Purchase Orders

- a. Purchase Orders issued both to ReCommunity and Stansley Industries (the transport vendor) were located and are attached. So far this fiscal year, two purchase orders to each vendor have been issued.
- b. No unit pricing was utilized in issuing the purchase orders.
- c. Total for purchase orders issued this fiscal year: ReCommunity (FCR)-\$85,000, Stansley-\$135,000

3. Invoices

- a. Invoices received and paid to the above two vendors were located.
- b. ReCommunity
 - i. The invoice (p. 2) states a threshold of \$71.00 per ton for resale of recycled material.
 - ii. As the threshold was not met, a charge to the City of \$17.00 per ton is invoked.
- c. Stansley Industries
 - i. Freight charges for delivery of single stream materials is charged at a rate of \$455.00 per FLT
 - ii. Delivery is from South Street in Lansing to Ann Arbor

4. Discussion with Local Vendor

- a. A phone call to Friedland Industries was placed on Tuesday, April 19, 2016. My contact person, Larry Bass, was not in but a voice mail was left and I am awaiting a return call. It is unknown if any local vendors can accommodate single stream recycling processing.

5. Financial Reports

- a. At the last Committee on Ways and Means meeting, members were supplied with financial figures for the Recycling Fund from the IFAS accounting system and they are again in this week's packet.
- b. Finance Director Angela Bennett felt the statements found in the City's Comprehensive Annual Financial Report (CAFR) gave a clearer picture and those attached.
- c. The net position of the Recycling Fund on June 30, 2015 was a negative \$2,717,037 per attached CAFR reports.

City of Lansing
PURCHASE ORDER STATUS INQUIRY
 PURCHASE ORDER INFORMATION

Report Date: 07/01/2015

PO Number: P084236
 PR Number: PR011940

Vendor: V006012 **FCR ANN ARBOR**

Addr Cd: PR 809 W HILL ST
 CHARLOTTE, NC 28208

Partially Paid

Confirm: RENEW ANNUAL	Requested by: 21193	Req. Dt: 07/09/2015	Blanket Number:								
Account:	Approved Status: APRV	Apr Dt: 07/09/2015	Blanket Amount: 0.00								
Bid:	Printed by: SROBINSO	Print Dt: 01/20/2016	Blanket Remaining: 0.00								
Contract:			Buyer: B003								
Ship To: S60600	End Use: L WELCH X4599		Req. Codes: <table border="1"><tr><td>NA</td><td>NA</td><td>SA</td><td>AC</td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr></table>	NA	NA	SA	AC				
NA	NA	SA	AC								
Bill To: S60600	Terms: NET 30										

ITEMS												
Item	Qty Ordered	Qty Received	UN	Unit Price	Key	Object	Tax1 Tax2	Discount Charges	Extended	Catalog Ship To	F/A Whse	Print Chg
0001	35,000	35,000	LS	1.00	5973685	743000	0.00		35,000.00		N	Y
PROCESSING SINGLE STREAM RECYCLING												

APPROVAL STATUS

This Requisition has been approved

Status	Approver	Received In	Processed Out
Accepted	LEWIS, CYNTHIA D	2015/07/09 8:02:14	2015/07/09 7:49:53
Accepted	Bill Brunner	2015/07/09 9:06:50	2015/07/09 8:06:00
Accepted	Stephanie Robinson	2015/07/09 10:00:05	2015/07/09 9:07:02

ENCUMBRANCES

Item #	Key	Object	Reference #	Post Date	EN Amount	PD Amount	Tp	Pay
0001	5973685	743000	P084236	07/09/2015	35,000.00		EN	
0001	5973685	743000	P084236	08/20/2015		6,672.63	PP	
0001	5973685	743000	P084236	09/10/2015		6,046.04	PP	
0001	5973685	743000	P084236	10/16/2015		9,078.68	PP	
0001	5973685	743000	P084236	11/13/2015		9,969.99	PP	
0001	5973685	743000	P084236	01/26/2016		3,232.66	PP	
					Balance:	-0.00		

OPEN HOLD ACTIVITY

Batch Name	Item #	Key	Object	Check #	Check Date	Amount	Invoice #	Invoice Date
OCL8205A	Paid 0001	5973685	743000	00618794	08/26/2015	6,672.63	LANS0731	07/31/2015
						6,672.63		
OCL9105A	Paid 0001	5973685	743000	00619335	09/16/2015	6,046.04	LANS0831	08/31/2015
						6,046.04		
OCL0165A	Paid 0001	5973685	743000	00620467	10/21/2015	9,078.68	LANS0931	09/30/2015
						9,078.68		
OCLN135A	Paid 0001	5973685	743000	00621149	11/18/2015	9,969.99	LANS1031	10/31/2015
						9,969.99		
OCL1266A	Paid 0001	5973685	743000	00623410	02/03/2016	3,232.66	LANS123115	12/31/2015
						3,232.66		

0.00 *

35,000.00 +
 50,000.00 +
 85,000.00 *

0.00 *

City of Lansing
PURCHASE ORDER STATUS INQUIRY
 PURCHASE ORDER INFORMATION

Report Date: 07/01/2015

PO Number: P084236
 PR Number: PR012242

Vendor: V006012 **FCR ANN ARBOR**

Addr Cd: PR 809 W HILL ST
 CHARLOTTE, NC 28208

Partially Paid

Confirm: AMEND P084236	Requested by: 21193	Req. Dt: 01/19/2016	Blanket Number:										
Account:	Approved Status: APRV	Apr Dt: 01/20/2016	Blanket Amount: 0.00										
Bid:	Printed by: SROBINSO	Print Dt: 01/20/2016	Blanket Remaining: 0.00										
Contract:			Buyer: B003										
Ship To: S60600	End Use: L WELCH X4599		Req. Codes: <table border="1" style="display: inline-table;"><tr><td>NA</td><td>NA</td><td>SA</td><td>AC</td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	NA	NA	SA	AC						
NA	NA	SA	AC										
Bill To: S60600	Terms: NET 30												

ITEMS

Item	Qty Ordered	Qty Received	UN	Unit Price	Key	Object	Tax1 Tax2	Discount Charges	Extended	Catalog Ship To	F/A Whse	Print Chg
0001	50,000	38,225	LS	1.00	5973685	743000	0.00		50,000.00		N	Y

PROCESSING SINGLE STREAM
 RECYCLING. AMEND P084236

APPROVAL STATUS

This Requisition has been approved

Status	Approver	Received In	Processed Out
Accepted	LEWIS, CYNTHIA D	2016/01/19 8:24:07	2016/01/19 8:21:07
Accepted	LEWIS, CYNTHIA D	2016/01/20 8:20:34	2016/01/20 7:53:26
Accepted	Stephanie Robinson	2016/01/20 8:26:04	2016/01/20 8:21:24

ENCUMBRANCES

Item #	Key	Object	Reference #	Post Date	EN Amount	PD Amount	Tr	Pay
0001	5973685	743000	P084236	01/20/2016	50,000.00		EN	
0001	5973685	743000	P084236	01/26/2016		9,379.47	PP	
0001	5973685	743000	P084236	02/18/2016		9,611.63	PP	
0001	5973685	743000	P084236	03/18/2016		9,455.40	PP	
0001	5973685	743000	P084236	04/11/2016		9,779.08	PP	
					Balance:	11,774.42		

OPEN HOLD ACTIVITY

atch Name	Item #	Key	Object	Check #	Check Date	Amount	Invoice #	Invoice Date	
CL4116A	Open Invoice	0001	5973685	743000		9,779.08	LANS1130	11/30/2015	
						<u>9,779.08</u>			
CL1266A	Paid	0001	5973685	743000	00623410	02/03/2016	9,379.47	LANS123115	12/31/2015
						<u>9,379.47</u>			
CL2186A	Paid	0001	5973685	743000	00623940	02/24/2016	9,611.63	LANS013116	01/31/2016
						<u>9,611.63</u>			
CL3186A	Paid	0001	5973685	743000	00625164	03/23/2016	9,455.40	LANS022916	02/29/2016
						<u>9,455.40</u>			

City of Lansing

Report Date: 07/01/2015

PURCHASE ORDER STATUS INQUIRY

PURCHASE ORDER INFORMATION

PO Number: P084237
PR Number: PR011941

Vendor: V007934 **STANLEY INDUSTRIES INC**

Addr Cd: AP 3793 SILICA RD
SYLVANIA, OH 43560

Partially Paid

Confirm: RENEW ANNUAL	Requested by: 21193	Req. Dt: 07/09/2015	Blanket Number:								
Account:	Approved Status: APRV	Apr Dt: 07/09/2015	Blanket Amount: 0.00								
Bid:	Printed by: SROBINSO	Print Dt: 04/04/2016	Blanket Remaining: 0.00								
Contract:			Buyer: B003								
Ship To: S60600	End Use: L WELCH X4599		Req. Codes: <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>SA</td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr></table>		SA						
	SA										
Bill To: S60600	Terms: NET 30										

ITEMS

Item	Qty Ordered	Qty Received	UN	Unit Price	Key	Object	Tax1 Tax2	Discount Charges	Extended	Catalog Ship To	F/A Whse	Print Chg
0001	105,000	104,880	LS	1.00	5973685	743000	0.00		105,000.00		N	Y

HAULING OF SINGLE STREAM
RECYCLABLES JULY 2015 - JUNE
2016. AMOUNT LISTED IS AN
AVERAGE AND IS NOT GUARANTEED

APPROVAL STATUS

This Requisition has been approved

Status	Approver	Received In	Processed Out
Accepted	LEWIS, CYNTHIA D	2015/07/09 8:04:13	2015/07/09 7:55:34
Accepted	Bill Brunner	2015/07/09 9:06:51	2015/07/09 8:06:06
Accepted	Stephanie Robinson	2015/07/09 10:00:17	2015/07/09 9:07:01

ENCUMBRANCES

Item #	Key	Object	Reference #	Post Date	EN Amount	PD Amount	Tp	Pay
0001	5973685	743000	P084237	06/30/2015		2,730.00	PP	
0001	5973685	743000	P084237	06/30/2015		2,730.00	PP	
0001	5973685	743000	P084237	06/30/2015		2,275.00	PP	
0001	5973685	743000	P084237	07/09/2015	105,000.00		EN	
0001	5973685	743000	P084237	07/22/2015		455.00	PP	
0001	5973685	743000	P084237	07/22/2015		2,275.00	PP	
0001	5973685	743000	P084237	08/07/2015		2,275.00	PP	
0001	5973685	743000	P084237	08/07/2015		2,730.00	PP	
0001	5973685	743000	P084237	08/20/2015		1,820.00	PP	
0001	5973685	743000	P084237	08/20/2015		2,275.00	PP	
0001	5973685	743000	P084237	09/03/2015		2,275.00	PP	
0001	5973685	743000	P084237	09/10/2015		1,820.00	PP	
0001	5973685	743000	P084237	09/17/2015		3,185.00	PP	
0001	5973685	743000	P084237	09/25/2015		1,365.00	PP	
0001	5973685	743000	P084237	10/01/2015		2,275.00	PP	
0001	5973685	743000	P084237	10/16/2015		2,730.00	PP	
0001	5973685	743000	P084237	10/16/2015		2,275.00	PP	
0001	5973685	743000	P084237	10/16/2015		2,395.00	PP	
0001	5973685	743000	P084237	10/21/2015		120.00	PP	
0001	5973685	743000	P084237	10/28/2015		455.00	PP	
0001	5973685	743000	P084237	10/28/2015		2,275.00	PP	
0001	5973685	743000	P084237	10/29/2015		2,730.00	PP	
0001	5973685	743000	P084237	11/10/2015				
0001	5973685	743000	P084237	11/13/2015				
0001	5973685	743000	P084237	12/01/2015		0.00	*	
0001	5973685	743000	P084237	12/03/2015				
0001	5973685	743000	P084237	12/17/2015				
0001	5973685	743000	P084237	01/13/2016		105,000.00	+	
0001	5973685	743000	P084237	01/13/2016		30,000.00	+	
0001	5973685	743000	P084237	01/13/2016		135,000.00	*	
0001	5973685	743000	P084237	01/19/2016				
0001	5973685	743000	P084237	01/26/2016				
0001	5973685	743000	P084237	02/03/2016				
0001	5973685	743000	P084237	02/11/2016		0.00	*	
0001	5973685	743000	P084237	02/11/2016		3,640.00	PP	
0001	5973685	743000	P084237	02/18/2016		2,275.00	PP	
0001	5973685	743000	P084237	03/04/2016		2,275.00	PP	

City of Lansing
PURCHASE ORDER STATUS INQUIRY
PURCHASE ORDER INFORMATION

Report Date: 07/01/2015

Number: P084237
R Number: PR012362

Vendor: V007934 **STANLEY INDUSTRIES INC**
Addr Cd: **AP** 3793 SILICA RD
SYLVANIA, OH 43560

Partially Paid

Confirm: AMEND	Requested by: 21193	Req. Dt: 04/01/2016	Blanket Number:										
Account:	Approved Status: APRV	Apr Dt: 04/04/2016	Blanket Amount: 0.00										
Bid:	Printed by: SROBINSO	Print Dt: 04/04/2016	Blanket Remaining: 0.00										
Contract:			Buyer: B003										
Ship To: S60600	End Use: L WELCH X4599		Req. Codes: <table border="1"><tr><td></td><td></td><td>SA</td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>			SA							
		SA											
Bill To: S60600	Terms: NET 30												

ITEMS

Item	Qty Ordered	Qty Received	UN	Unit Price	Key	Object	Tax1 Tax2	Discount Charges	Extended	Catalog Ship To	F/A Whse	Print Chg
0001	30,000	105	LS	1.00	5973685	743000	0.00		30,000.00		N	Y

HAULING OF SINGLE STREAM
RECYLCABLES JULY 2015 - JUNE
2016. AMOUNT LISTED IS AN
AVERAGE AND IS NOT GUARANTEED.
AMEND PO84237

APPROVAL STATUS

This Requisition has been approved

Status	Approver	Received In	Processed Out
Accepted	LEWIS, CYNTHIA D	2016/04/01 12:09:08	2016/04/01 12:08:21
Accepted	LEWIS, CYNTHIA D	2016/04/01 14:34:29	2016/04/01 14:04:42
Accepted	Stephanie Robinson	2016/04/04 14:42:02	2016/04/01 14:34:32

ENCUMBRANCES

Item #	Key	Object	Reference #	Post Date	EN Amount	PD Amount	Tr	Pay
0001	5973685	743000	P084237	04/04/2016	30,000.00		EN	
0001	5973685	743000	P084237	04/11/2016		105.00	PP	
					Balance:	29,895.00		

OPEN HOLD ACTIVITY

Batch Name	Open Invoice	Item #	Key	Object	Check #	Check Date	Amount	Invoice #	Invoice Date
OCL4116A		0001	5973685	743000			105.00	29283	04/01/2016
							105.00		

R

Public Service Dept.

MAR 10 2016

Opert. & Maint.

ReCommunity Detroit

20000 West 8 Mile Road
Southfield, MI 48075

Invoice:

City of Lansing

Dept of Public Works

Lansing, MI 48910

Attn: Lorie Welch

Invoice Date: 29 Feb 2016

Invoice Number: LANS022916

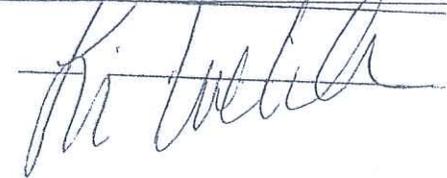
(\$9,455.40)

Sales Code	Tons	Price	Description	Amount
IBSS	556.20	(17.00)	Feb'15 Single Stream Credit/Host Fee	(\$9,455.40)
(Note: if a negative, customer pays us)				
Any questions contact Joy Gibson at: 704-697-2017				
			Subtotal	(\$9,455.40)
			Received	\$0.00
			Total	(\$9,455.40)

VENDOR NO. V006012 P.O.# PO 84236

BATCH 02L3186A

ACCOUNT # 5973685 743000

AUTHORIZATION 

Invoice:
Remit to: PO Box 603031
Charlotte, NC 28260-3031

Monthly Revenue Share Calculation

City of Lansing
For the Month of:

February-16

ReCommunity
p. 2

Revenue Share

ACR

\$37.29

Threshold:	\$71.00
Revenue Share Available	(\$33.71)
Floor:	(\$17.00)
Lesser of Difference/Floor:	(\$17.00)
Rev Share %	100%
Total Revenue Share (Tip Fee)/Ton:	(\$17.00)
Program Tons	556.2
Total Revenue Share	\$ (9,455.40)

(If Neg.. They pay us.)



Bill To:
CITY OF LANSING
601 E SOUTH ST.
LANSING, MI 48910

Transfer Station:
CITY OF LANSING
601 E SOUTH ST.
LANSING, MI 48910

Public Service Dept.

INVOICE: 27997
INVOICE DATE: 3/16/2016
PAGE: 1 of 1

MAR 21 2016

Opert. & Maint.

Delivery Date	Order #	Description	Commodity	BL #	Weight	Bill Qty	Rate	Amount
Shipper:		CITY OF LANSING (Lansing, MI)						
Consignee:		RECOMMUNITY ANN ARBOR (Ann Arbor, MI)						
3/3/2016	443817A	Freight (Flat)	SINGLE STREAM	SHAA124558	24.40	1 FLT	\$455.00	\$455.00
3/4/2016	443816A	Freight (Flat)	SINGLE STREAM	shaa124630	24.36	1 FLT	\$455.00	\$455.00
3/4/2016	445478A	Freight (Flat)	SINGLE STREAM	shaa124728	23.62	1 FLT	\$455.00	\$455.00
3/4/2016	445479A	Freight (Flat)	SINGLE STREAM	shaa124667	23.41	1 FLT	\$455.00	\$455.00
					Total Tons:	95.79	Amount Due	\$1,820.00

SEND REMITTANCE TO:
Custom Ecology of Ohio, Inc.
d/b/a Stansley Industries
3793 Silica Road
Sylvania, OH 43560

VENDOR NO. V007934 P.O.# P084237
 BATCH 0CL3316A
 ACCOUNT # 5973685 743000
 AUTHORIZATION *Chris [Signature]*

Standard terms apply. Thank You!

CITY OF LANSING, MICHIGAN

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2015

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Totals
Assets					
Current assets:					
Cash and cash equivalents	\$ 200	\$ 300	\$ -	\$ -	\$ 500
Equity in pooled cash and investments	220,553	133,105	266,664	1,576,068	2,196,390
Accounts receivable, net	-	2,327	62,165	1,465	65,957
Inventories	55,273	4,202	40,572	-	100,047
Total current assets	<u>276,026</u>	<u>139,934</u>	<u>369,401</u>	<u>1,577,533</u>	<u>2,362,894</u>
Noncurrent assets:					
Capital assets not being depreciated	57,740	446,501	-	-	504,241
Capital assets being depreciated, net	129,981	2,037,183	-	1,354,555	3,521,719
Total noncurrent assets	<u>187,721</u>	<u>2,483,684</u>	<u>-</u>	<u>1,354,555</u>	<u>4,025,960</u>
Total assets	<u>463,747</u>	<u>2,623,618</u>	<u>369,401</u>	<u>2,932,088</u>	<u>6,388,854</u>
Deferred outflows of resources					
Deferred refunding loss	-	4,794	-	-	4,794
Deferred pension amounts	54,963	58,000	133,500	217,671	464,134
Total deferred outflows of resources	<u>54,963</u>	<u>62,794</u>	<u>133,500</u>	<u>217,671</u>	<u>468,928</u>
Liabilities					
Current liabilities:					
Accounts payable	25,197	9,730	4,210	55,255	94,392
Deposits payable	-	-	4,140	-	4,140
Accrued interest payable	-	410	-	7,151	7,561
Accrued payroll	1,196	17,457	-	-	18,653
Due to other funds	-	5,271	100,000	-	105,271
Unearned revenues	-	35,830	149,899	-	185,729
Current portion of:					
Bonds and notes payable	-	100,000	-	212,759	312,759
Total current liabilities	<u>26,393</u>	<u>168,698</u>	<u>258,249</u>	<u>275,165</u>	<u>728,505</u>
Noncurrent liabilities:					
Bonds and notes payable, net of current portion	-	105,000	-	1,246,672	1,351,672
Compensated absences, net of current portion	19,154	28,658	70,823	115,063	233,698
Net pension liability	1,036,630	1,093,905	2,517,861	4,105,363	8,753,759
Total noncurrent liabilities	<u>1,055,784</u>	<u>1,227,563</u>	<u>2,588,684</u>	<u>5,467,098</u>	<u>10,339,129</u>
Total liabilities	<u>1,082,177</u>	<u>1,396,261</u>	<u>2,846,933</u>	<u>5,742,263</u>	<u>11,067,634</u>
Deferred outflows of resources					
Deferred pension amounts	31,445	33,183	76,377	124,533	265,538
Net position					
Net investment in capital assets	187,721	2,283,478	-	(104,876)	2,366,323
Unrestricted (deficit)	(782,633)	(1,026,510)	(2,420,409)	(2,612,161)	(6,841,713)
Total net position	<u>\$ (594,912)</u>	<u>\$ 1,256,968</u>	<u>\$ (2,420,409)</u>	<u>\$ (2,717,037)</u>	<u>\$ (4,475,390)</u>

CITY OF LANSING, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds
For the Year Ended June 30, 2015

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Totals
Operating revenues					
Charges for services	\$ 335,379	\$ 363,559	\$ 1,744,999	\$ 3,624,671	\$ 6,068,608
Operating expenses					
Personal services	360,798	492,506	974,116	1,882,669	3,710,089
Purchase of goods and services	256,964	265,051	738,555	1,194,454	2,455,024
Depreciation	14,723	78,340	-	301,012	394,075
Total operating expenses	632,485	835,897	1,712,671	3,378,135	6,559,188
Operating income (loss)	(297,106)	(472,338)	32,328	246,536	(490,580)
Nonoperating revenues (expenses)					
Interest revenue	-	7,120	-	-	7,120
Interest expense and fees	-	(16,737)	-	(30,655)	(47,392)
Capital contribution to others	-	-	-	(214,486)	(214,486)
Total nonoperating revenues (expenses)	-	(9,617)	-	(245,141)	(254,758)
Income (loss) before transfers	(297,106)	(481,955)	32,328	1,395	(745,338)
Transfers in	416,695	555,677	-	-	972,372
Transfers out	(27,887)	-	-	-	(27,887)
Change in net position	91,702	73,722	32,328	1,395	199,147
Net position, beginning of year, as restated	(686,614)	1,183,246	(2,452,737)	(2,718,432)	(4,674,537)
Net position, end of year	\$ (594,912)	\$ 1,256,968	\$ (2,420,409)	\$ (2,717,037)	\$ (4,475,390)

CITY OF LANSING, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2015

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Totals
Cash flows from operating activities					
Cash received from customers	\$ 335,379	\$ 362,484	\$ 1,815,640	\$ 3,623,206	\$ 6,136,709
Cash payments for goods and services	(267,664)	(256,199)	(701,716)	(1,195,837)	(2,421,416)
Cash payments to employees	(373,311)	(519,749)	(953,075)	(1,871,289)	(3,717,424)
Net cash provided by (used in) operating activities	(305,596)	(413,464)	160,849	556,080	(2,131)
Cash flows from noncapital financing activities					
Transfers in	416,695	555,677	-	-	972,372
Transfers out	(27,887)	-	-	-	(27,887)
Net cash provided by noncapital financing activities	388,808	555,677	-	-	944,485
Cash flows from capital and related financing activities					
Acquisition of capital assets	-	(5,943)	-	-	(5,943)
Capital contributions to others	-	-	-	(214,486)	(214,486)
Principal paid on long-term debt	-	(100,000)	-	(208,650)	(308,650)
Interest paid on long-term debt	-	(14,440)	-	(31,678)	(46,118)
Net cash used in capital and related financing activities	-	(120,383)	-	(454,814)	(575,197)
Cash flows from investing activities					
Interest and dividends received	-	7,120	-	-	7,120
Net change in cash and cash equivalents	83,212	28,950	160,849	101,266	374,277
Cash and cash equivalents:					
Beginning of year	137,541	104,455	105,815	1,474,802	1,822,613
End of year	\$ 220,753	\$ 133,405	\$ 266,664	\$ 1,576,068	\$ 2,196,890
Reconciliation to statement of net position					
Cash and cash equivalents	\$ 200	\$ 300	\$ -	\$ -	\$ 500
Equity in pooled cash and investments	220,553	133,105	266,664	1,576,068	2,196,390
	\$ 220,753	\$ 133,405	\$ 266,664	\$ 1,576,068	\$ 2,196,890

continued...

CITY OF LANSING, MICHIGAN

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2015

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (297,106)	\$ (472,338)	\$ 32,328	\$ 246,536	\$ (490,580)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	14,723	78,340	-	301,012	394,075
Changes in operating assets and liabilities that provided (used) cash:					
Accounts receivable	-	2,965	(11,581)	(1,465)	(10,081)
Inventories	3,566	2,012	(17,447)	-	(11,869)
Accounts payable	(14,266)	6,840	(45,714)	(1,383)	(54,523)
Accrued payroll	181	2,016	-	-	2,197
Due to other funds	-	-	100,000	-	100,000
Unearned revenues	-	(4,040)	82,222	-	78,182
Compensated absences	(12,730)	(29,298)	20,953	11,236	(9,839)
Net pension liability and related deferred amounts	36	39	88	144	307
Net cash provided by (used in) operating activities	\$ (305,596)	\$ (413,464)	\$ 160,849	\$ 556,080	\$ (2,131)

concluded



PUBLIC WORKS AND ENVIRONMENTAL SERVICES

Quality Services for a Quality Community

MEMORANDUM

TO: George Lahanas, City Manager
FROM: Scott House, P.E., Director of Public Works
DATE: September 1, 2015
SUBJECT: Recommendation for RFP 003-15 Single Stream and Source Separated Recycling Processing

City of East Lansing
PUBLIC WORKS AND
ENVIRONMENTAL
SERVICES
1800 E. State Road
East Lansing, MI 48823

Mailing Address:
410 Abbot Road
East Lansing, MI 48823

(517) 337-9459
www.cityofeastlansing.com

On June 4, 2015, the City of East Lansing issued a Request for Proposal (RFP/003/15) to invite interested firms to submit proposals for the Receive, Transfer, Haul, Process, and Market Single Stream Commingled Recyclables and Source Separated Recyclables. Notice of the request for proposal was distributed to qualified firms.

Proposals were received from two firms:

1. Granger Container Services
2. ReCommunity (partnering with City of Lansing)

Following the return of the RFP where the results were higher than anticipated discussions regarding an municipal recycling agreement were started with the City of Lansing. On August 18, 2015 the City of Lansing provided the basis for an intergovernmental agreement. A verbal update was provided during the August 18th City Council work session. Since the work session the municipal recycling agreement has been developed and is ready for consideration.

Below is a summary of the RFP review process and that of the municipal recycling agreement.

RFP Evaluation:

The City formed a proposal evaluation team who met and reviewed the proposals. The review team was comprised of Cathy DeShambo, Ken Johnson, Mary Haskell and myself. Clarifying questions were issued to each group. Thereafter, each vendor was interviewed. In addition, a site visit was performed at material recovery facility (MRF) where single stream material is processed and separated and prepared for market and or reuse. The review team then evaluated the proposals in totality.

PUBLIC WORKS AND ENVIRONMENTAL SERVICES

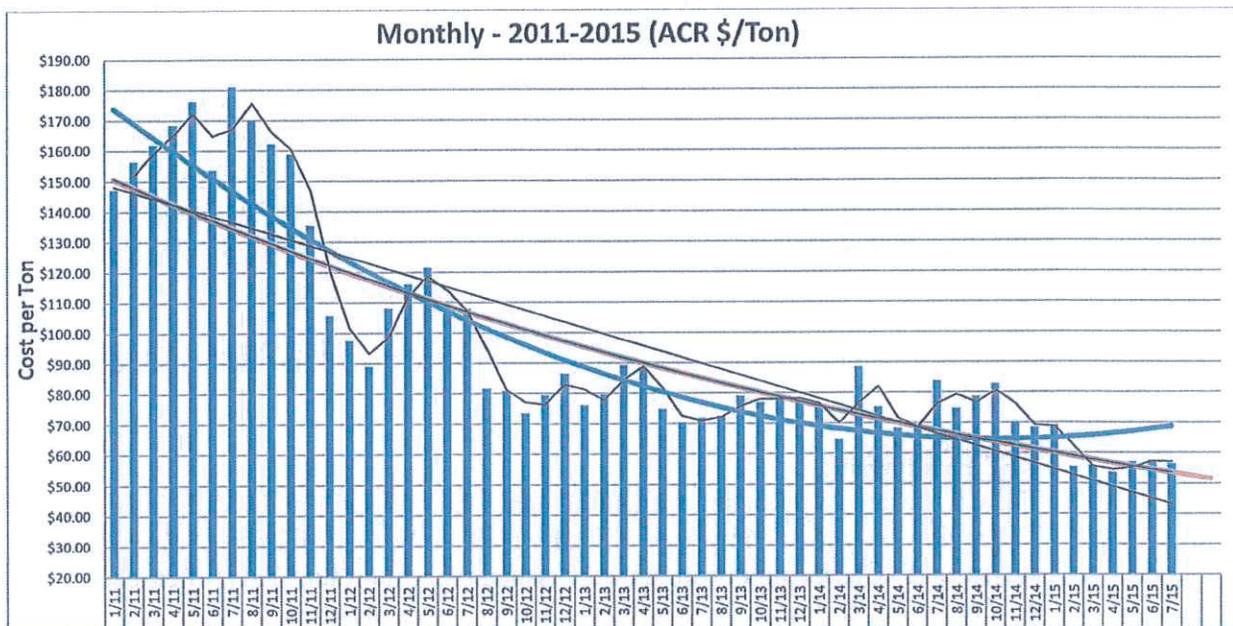
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The proposals were reviewed based on the following factors:

1. 30 % -Recycling Experience: Demonstrated strength and experience in processing and marketing recyclables dual and/or single stream;
2. 30 % - Cost Proposal: Revenue sharing arrangements and cost;
3. 20 %- Proposal: Completeness of proposal in addressing and meeting the needs of the City of East Lansing providing the greatest opportunity for material recovery;
4. 20 % -Location: Efficient access to major transportation routes (The closer to East Lansing the better)

The proposals were reviewed using a joint scoring of the proposals, out of a maximum of 1000 points. Both proposals were reviewed for compliance with city purchasing policy. Granger is a regional and locally owned business. All proposers limit the extension of benefits to legally married couples. Before reviewing proposals, I would like to first discuss recycling markets.

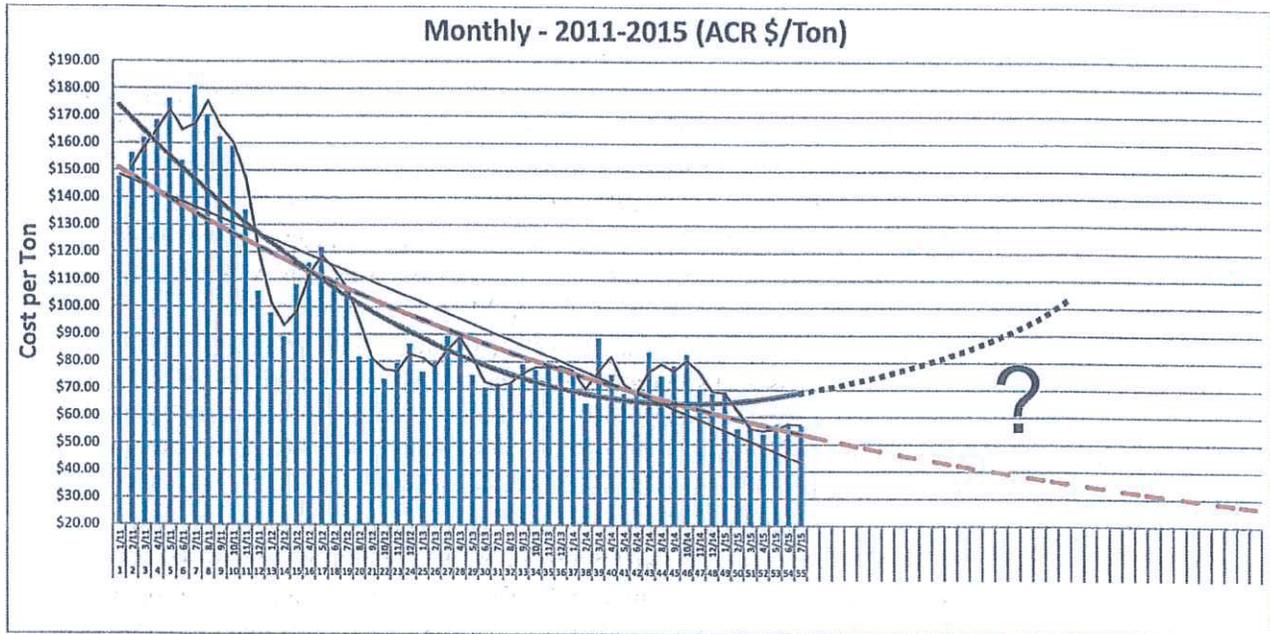
Market Conditions: The average commodity revenue (ACR) for single stream recycling materials has been trending downwards since August of 2011, correcting to new normal in August of 2012, were they have been experiencing a slight steady slide until January of 2015. The January correction saw a sharp drop from \$69.20 to \$55.60, with a slight upward movement reaching \$55.70 in June of 2015, ending at \$56.63 in July of 2015.



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At our current point in time we do not know if the market will continue to drop or if we are at the bottom of the curve with the potential for growth.



The decrease in ACR can be associated to several causes. First, the decrease in oil prices which reduces the demand for and value of plastics. Second, the "greenwall" of China that has limited many recyclables from being exported for reuse, with an increase demand on quality for material allowed. Last, changes to packaging where less expensive material is used. Further, the recent devaluation of the Chinese yuan with a slowing Chinese economy makes American exports more expensive and reduces demand for commodities, potentially having a negative impact on domestic recyclable commodities in the near term. The preceding changes in the industry have changed revenue sharing agreements, and we have seen tip fees rise for single stream recycling. Of note, the Kent County MRF raised their tip fee from \$10/ton to \$25/ton. A further indication of the weakness of the recycling market is that no one offered a 5 year proposal to capture material flow. When this was discussed during the budget process the planning factor was \$45 a ton based on then existing pricing and the assumption was that revenue would be received for drop off materials. However, even at the increased costs, and despite recent negative press regarding single stream recycling, the benefits far outweigh the negatives.

Collection Projections: The City currently collects approximately 1,200 tons of recyclables a year, 660 tons curbside and 540 drop off. It is projected that drop-off material will decrease by 40% to 324 tons and curbside materials will increase to 150% (2.5X) to 1,650 tons, for a projected program total of 1,974 tons.

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Proposals:

Granger: Granger is a private company that is locally owned and operated that has been a partner with the city for over 15 years in recycling. They provide regional recycling services to the vast majority of the surrounding communities. Granger has partnered with American Waste in Traverse City to provide processing services. Granger would manage the receiving, baling and hauling of the materials to the American Waste material recovery facility (MRF). Granger's tip point is located on Wood Street, 1.7 miles from the City of East Lansing's Department of Public Works. The tipping facility is in an easily accessible area that is secure and well maintained, with no flood threats, with alternate arrangements for transfer available through regional partners. Collection trucks would weigh in, unload and weigh out. The loose material is baled and loaded into shipping trailers and transported to the American Waste MRF in Traverse City. The empty freight truck receives a load and back hauls material and goods to the mid-Michigan area. American Waste would in turn process and separate the recyclable material for market and reuse, and would dispose of residue at a landfill. American Waste has two locations in Michigan, the primary in Traverse City and the secondary in Kalkaska. All material delivered to Granger, curbside and drop-off, would be processed in the single stream system, with a price break for drop off material. The Granger proposal includes material above and beyond the required list, to include film (i.e. grocery bags, boat tarps, etc..) and Styrofoam. Recovered materials are sold in regional and national markets. These additional materials (films, styrofoam, etc..) are typically extremely difficult to recycle, and are usually excluded from single stream systems, here they are reused as engineered fuels at approved facilities.

The proposal included two fixed fee structures, with an annual inflation rate up to 4%, with limited revenue share for card board. However, they will provide the city a starter tree valued at \$70 for every 100 tons of recycling processed, a projected value of 20 trees or \$1,400. The single stream cost per ton is \$55 a ton and the drop off material is \$35 a ton. The cost for single stream is 24% higher than the existing contract with Granger. In discussions with Granger they said the increase in cost was due to an internal review of their operating costs and adjusted their price accordingly to cover recycling operating costs, exaggerated due to the slump in the recycling market. The drop-off pricing differs as well from the prior contract, where we currently receive revenue of 75% for material less the processing, Granger proposed a fixed fee per ton, with the exception of cardboard with a \$55/ton processing cost. In discussion with Granger it was pointed out that our drop-off tonnage is delivered loose and is anticipated to greatly decrease, while the processing costs compete with loading and bailing of single stream materials, and that our drop-off containers are often contaminated (i.e. plastic mixed with card board), all leading the reasoning behind their proposal, with the exception of cardboard. Overall, the Granger proposal is predictable and has limited risk, and there may be regional opportunities to obtain revenue from the high value drop-off program while using the arrangement provided by Granger to divert low value material.

The travel distance from the Department of Public Works to Granger is a distance of 1.7 miles, or 3.4 miles round trip, with the assumption of 2 minutes per mile at a cost for labor and equipment of \$100/hour for curbside and \$77/hour for drop-off, increases indirect costs by:

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Curbside:

\$100/hour x 1 hour/60 minutes x 1.7 miles x 2 x 2 minutes/mile = \$11.33/day

Curbside Ton Cost: \$11.33/10 Ton x 1/2 = \$0.57/Ton Haul Cost Differential

Drop-off:

\$77/hour x 1 hour/60 minutes x 1.7 miles x 2 x 2 minutes/mile = \$8.72/trip

Drop-off Ton Cost: \$8.72/5 Ton = \$1.74/Ton

Prospective Cost for Granger using the maximum rate of inflation and passing all drop off material through the single stream system. Includes a haul cost differential per ton (\$0.57 curbside, \$1.74 drop-off).

	Curbside (Tons)		Drop-off (Tons)		Total (Tons)
Baseline tonnage	660		540		1200
Effects of Carts (150% Increase curbside (2.5X), 40% reduction drop-off)	1650		324		1974
Granger	Curbside \$/ton	Curbside Total	Drop Off \$/ton	Drop-off Total	Total Cost
Year 1	\$55.57	\$91,690.50	\$36.74	\$11,904.02	\$103,594.52
Year 2	\$57.79	\$95,358.12	\$38.21	\$12,380.18	\$107,738.30
Year 3	\$60.10	\$99,172.44	\$39.74	\$12,875.39	\$112,047.83

The strength of the proposal is that Granger is locally owned and operated company, the expanded material list, predictable costs, and proximity to the Department of Public Works. The weakness is a lack of revenue sharing, and the price increase from base agreement. In addition, another weakness is the unknown longevity of using hard to recycle items as engineered fuels and the divergence from traditional recycling practices that material placed in a recycling cart will be reused in a more orthodox manner, i.e. repurposed in the supply chain. Score: 714.93

ReCommunity: ReCommunity is privately owned national recycling processing firm with extensive experience and presence in the mid-west and Michigan. They partnered with the City of Lansing (hereinafter "COL") in submitting their proposal. The COL would manage the receiving, loading and hauling of the materials to a ReCommunity material recovery facility (MRF). ReCommunity has five (5) Michigan locations: Ann Arbor, Roseville, Detroit, Huron and Saginaw, with three of them operating as MRFs. The COL tip point is located at 601 East State Street, in the heart of Lansing, 6.6 miles from the City of East Lansing's Department of Public Works. The tipping facility is accessible and secure; however, access could be limited during a flood, with an alternate location in the city. Collection trucks would weigh in, unload and weigh out. The loose material would be loaded into 120 cubic yard transfer trailer loaded with a compactor fed by COL employees. The hauling would be performed by a contractor hired by the COL, and hauled to ReCommunity processing facility. ReCommunity would in turn process and separate the recyclable material for market and reuse, and would dispose of residue at a landfill. Recovered materials are sold in national and international markets. All material, curbside and drop-off, would be treated the same, with the same cost for processing and transporting. The proposal, which ReCommunity provided different conditions from that offered to Lansing, included a three part fee and revenue sharing agreement. The components include a fixed fee per

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ton from Lansing, consisting of \$45/ton, (subject to change), a \$3.44 ReCommunity environmental fee (subject to change-not charged to Lansing), and a revenue share based on the average commodity revenue (hereinafter "ACR"), a trigger price of \$75/ton used to cover the costs of processing and marketing material (Lansing has \$71/ton) and a revenue share of 45% (Lansing has a 55% revenue share). Under this pricing scheme if the ACR is below the trigger price we pay to process; when the ACR is above the trigger price we receive 45% of the revenue. The ACR for the past six months has averaged \$56.12/ton.

Applying the pricing with the recent ACR, the cost per ton to East Lansing in year 1 is:

$$\text{\$75 (Trigger Price) - \$56.12 (ACR) + \$3.44 (Environmental Fee) + \$45 (COL-RTH Fee) =}$$
$$\text{Cost to recycle= \$67.32/ton}$$

In 2011 the ACR was \$147.20/ton, the revenue to East Lansing would be:

$$[\text{\$147.20 (ACR) - \$75 (Trigger Price)}] \times 0.45 - \text{\$3.44 (Environmental Fee) - \$45 (COL-RTH Fee) =}$$
$$\text{Cost to recycle = \$16.25/ton}$$

Using the same formula, if the ACR drops further to \$50/ton, the cost per ton to East Lansing would be:

$$\text{\$75 (Trigger Price) - \$50.00 (ACR) + \$3.44 (Environmental Fee) + \$45 (COL-RTH Fee) = Cost to recycle=}$$
$$\text{\$73.44/ton}$$

What is missing from the proposal is a floor price, or a maximum liability that the city would face, typically \$15-\$20 a ton. Without a floor price, the city assumes risk with market variations, especially as the revenue has decreased over the past few years, making budgeting extremely difficult.

There are additional costs not included in the above, consisting of transport time to Lansing. The distance is 6.6 miles, or 13.2 miles round trip, with the assumption of 2 minutes per mile at a cost for labor and equipment of \$100/hour for curbside and \$77/hour for drop-off, increases indirect costs by:

$$\text{\$100/hour} \times \text{1 hour/60 minutes} \times \text{6.6 miles} \times \text{2} \times \text{2 minutes/mile} = \text{\$44.00/day to tip}$$
$$\text{Curbside Ton Cost: \$44.00/10 Ton} \times \text{1/2} = \text{\$2.20/Ton}$$

Drop-off:

$$\text{\$77/hour} \times \text{1 hour/60 minutes} \times \text{6.6 miles} \times \text{2} \times \text{2 minutes/mile} = \text{\$33.88/trip}$$
$$\text{Drop-off Ton Cost: \$33.88/5 Ton} = \text{\$6.77/Ton}$$

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Prospective Cost for ReCommunity using 6 month ACR average with total costs = \$56.12/ton and passing all drop off material through the single stream system. Includes a haul cost differential per ton (\$2.20 curbside, \$6.80 drop-off).

	Curbside (Tons)		Drop-off (Tons)		Total (Tons)
Baseline tonnage	660		540		1200
Effects of Carts (150% Increase curbside (2.5X), 40% reduction drop-off)	1650		324		1974
Year 1	\$69.52	\$114,712.51	\$74.11	\$24,012.84	\$138,725.35
Year 2	\$71.61	\$118,153.89	\$76.34	\$24,733.22	\$142,887.11
Year 3	\$73.76	\$121,698.50	\$78.63	\$25,475.22	\$147,173.72

The strength of the proposal is the potential to partner with Lansing to develop a regional solution, and to work with a national firm like ReCommunity, who has redundancy in processing. However, the weakness of their proposal is the down market, risk of cost fluctuation, variable fees, lack of equity if proposed pricing between Lansing and East Lansing, and the distance from the Department of Public Works. Score: 501.17

Intergovernmental Agreement - City of Lansing: Another option was presented following the release of the RFP, consisting of an intergovernmental agreement with the City of Lansing. The agreement would allow East Lansing to use Lansing's terms and conditions for processing with ReCommunity with a direct pass through of costs, with associated fixed administrative cost of \$500/month subject to yearly inflation of 4%. Under this scenario the pricing for processing would mirror Lansing's. The trigger would be \$71/ton, with a 3% annual increase, a 55% revenue share for when the ACR is greater than the trigger. The receive, transfer and haul costs would be a direct pass through or pro-rata costs as well. The basic planning factor is that we would use current hauling costs divided by the average load. Using current prices the cost to haul material is \$455 a trip with an average weight of 22 tons, equaling a unit cost of \$20.68 a ton. Overall, the estimated cost per ton is \$37.36 using the seven (7) month ACR value. This is a very appealing option for curbside materials, and is below budget estimates. However, this cost is subject to fluctuation based on the ACR and is not a complete solution for drop off materials other than single stream processing. In addition, the weakness remains of not having a floor price in the revenue share model, as mentioned above. The ACR for the past six months has averaged \$56.12/ton.

Applying the pricing with the recent ACR, the cost per ton to East Lansing in year 1 is:

$$\text{\$71 (Trigger Price) - \$56.12(ACR) + \$20.68 (COL-RTH Fee)+\$3.00 (Admin fee) = Cost to recycle= \$38.56/ton}$$

Using the same formula, if the ACR drops further to \$50/ton, the cost per ton to East Lansing would be:

$$\text{\$71 (Trigger Price) - \$50(ACR) + \$20.68 (COL-RTH Fee)+\$3.00 (Admin fee) = Cost to recycle= \$44.68/ton}$$

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Previously mentioned indirect costs remain for the travel to and from Lansing, 6.6 miles away, one-way.

$\$100/\text{hour} \times 1 \text{ hour}/60 \text{ minutes} \times 6.6 \text{ miles} \times 2 \times 2 \text{ minutes}/\text{mile} = \$44.00/\text{day}$
 Curbside Ton Cost: $\$44.00/10 \text{ Ton} \times 1/2 = \$2.20/\text{Ton}$ Haul Cost Differential

Drop-off:

$\$77/\text{hour} \times 1 \text{ hour}/60 \text{ minutes} \times 6.6 \text{ miles} \times 2 \times 2 \text{ minutes}/\text{mile} = \$33.88/\text{trip}$
 Drop-off Ton Cost: $\$33.88/5 \text{ Ton} = \$6.80/\text{Ton}$

Prospective Cost for Intergovernmental Agreement using projected ACR average decreasing at -0.5% per month and passing all drop off material through the single stream system. Includes a haul cost differential per ton (\$2.20 curbside, \$6.80 drop-off).

	Curbside (Tons)		Drop-off (Tons)		Total (Tons)
Baseline tonnage	660		540		1200
Effects of Carts (150% Increase curbside (2.5X), 40% reduction drop-off)	1650		324		1974
City of Lansing (6 MO ACR AVE, - 0.5% Mo/ ACR)	Curbside \$/ton	Curbside Total	Drop Off \$/ton	Drop-off Total	Total Cost
Year 1 (Ave)	\$44.09	\$72,747.74	\$48.66	\$15,765.69	\$88,513.43
Year 2 (Ave)	\$48.35	\$79,770.14	\$52.92	\$17,144.63	\$96,914.78
Year 3 (Ave)	\$52.46	\$86,551.33	\$57.03	\$18,476.21	\$105,027.55

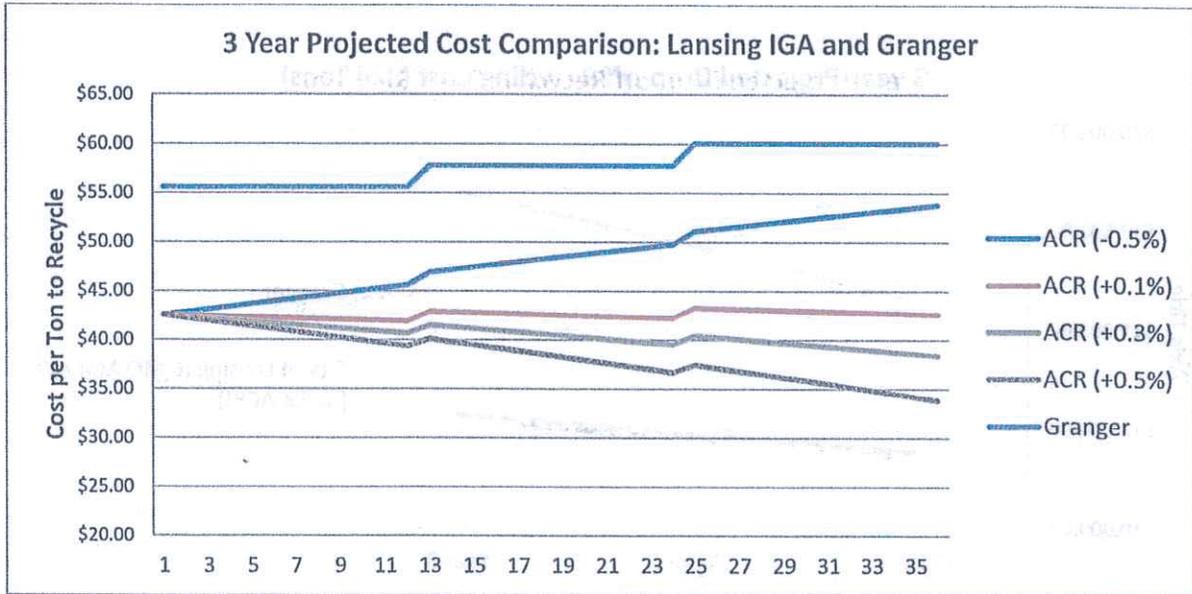
The strength of the proposal is the potential to partner with Lansing to develop a regional solution and to benefit from their agreement with ReCommunity who has redundancy in processing. In addition, by partnering with Lansing who we have common interests, we can benefit through joint purchasing. However, the weakness of their proposal is the down market, risk of cost fluctuation, and the distance from the Department of Public Works.

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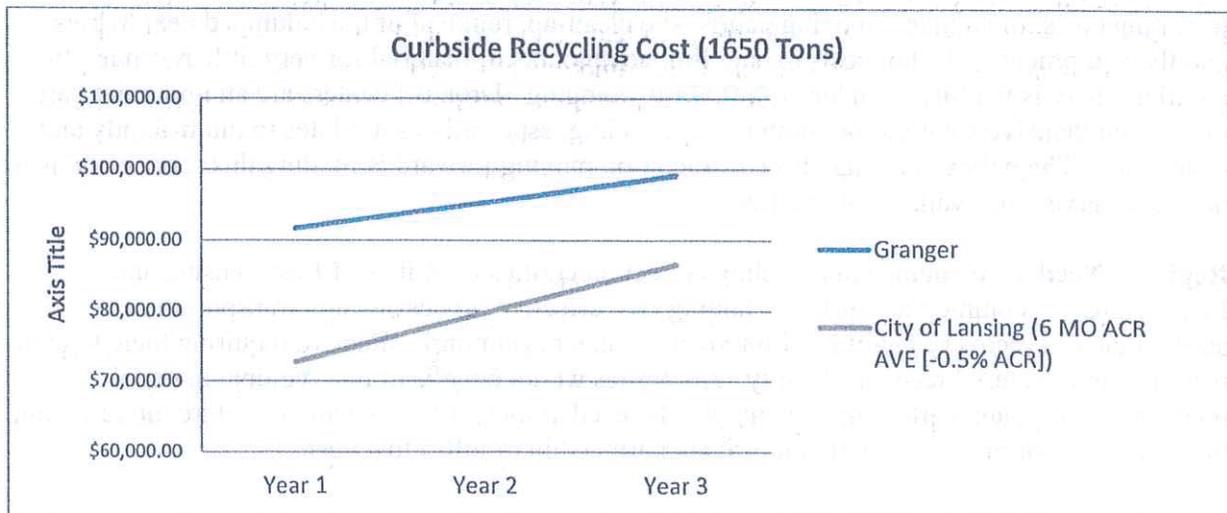
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Analysis and Comparison:

Curbside Material: Focusing solely on the Granger RFP proposal and the City of Lansing intergovernmental agreement, the Lansing proposal is superior for curbside material even with the haul differential adjustment per ton, providing a current cost per ton of \$42.56 (July 2015 ACR \$56.63) as compared to the Granger cost of \$55.57 a ton.



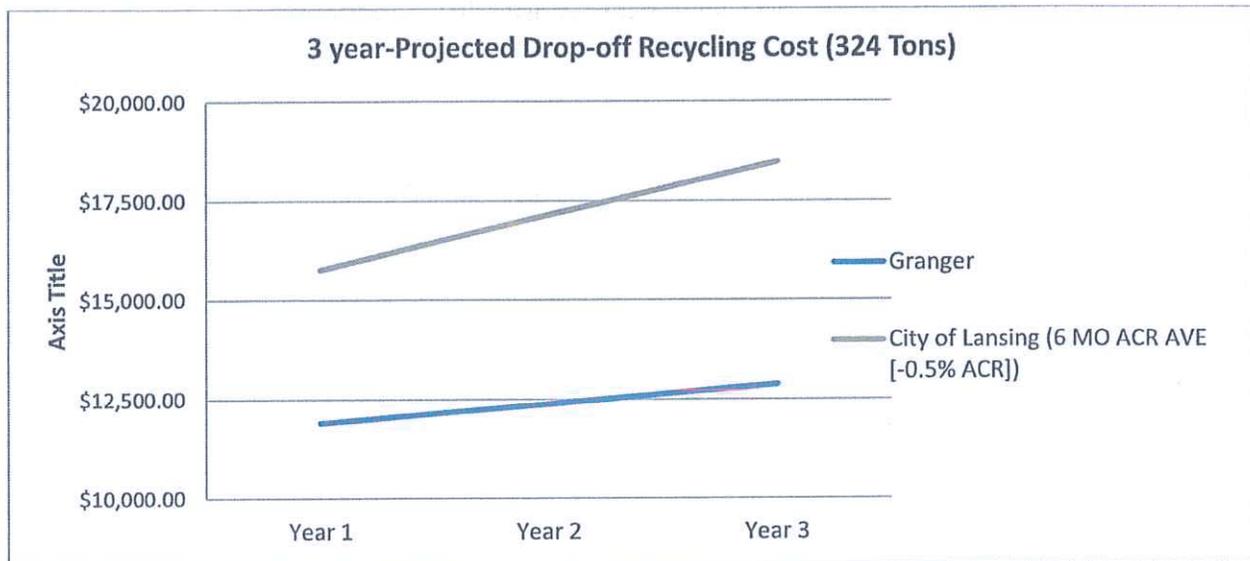
If the recycling market were to continue to drop further we have significant room before the cost advantage of the intergovernmental agreement is diminished. Using a projected ACR decrease over the next three years of -0.5% per month, the City still comes out ahead, but there is no way to predict where the market will be in three years.



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Drop-off Material: In both options the biggest surprise was found in proposals for drop off material handling. The intergovernmental agreement option treats drop off material like curbside material. The Granger proposal is the best price during the current market, however, the departure from the revenue sharing agreement for materials other than cardboard is not attractive, but is convenient due to the location and for material providing minimal revenue. However, we will seek to find a better option for source separated materials of value, and will seek pricing from additional vendors.



With the deployment of carts we are meeting the needs of the recycling millage rate payers, and the question arises - who does the drop off center serve and how is it funded? MSU Surplus provides a comprehensive service in the core of the city and Granger has a full service drop off center 1.7 miles from our current location that could serve the users of our current center. The City's current drop-off center is an area already served. Drop-off centers have significant indirect operating costs, to include removing debris, site clean-up, removal of trash dumped next to bins and the equipment and labor costs to haul limited amounts of material for very little revenue. In addition, there is liability from hazardous waste dumping. Drop off centers are an important part of a comprehensive solution for community recycling, especially as it relates to multi-family and businesses. The policy challenge for consideration moving forward is funding this service and is it necessary given the available alternatives.

Regional Needs: As municipal recycling collection entities the Cities of East Lansing and Lansing share a common interest in obtaining cost effective processing and transportation to access material recovery facilities. Moreover, Granger is similarly situated, requiring them to haul materials to a material recovery facility. All parties would benefit from a regional material recovery facility, and partnering now maybe the needed foundation to generate future interest from the private sector or a possible public-private partnership to fulfill that need.

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Below is summary of costs over the next three years. Focusing solely on Granger and the City of Lansing, we see that the Granger costs are predictable and fixed, whereas the City of Lansing's are more competitive, but are subject to variation and may increase or decrease over time.

Projected Cost per Ton to Recycle with Haul Differential Included					
	Curbside (Tons)		Drop-off (Tons)		Total (Tons)
Baseline tonnage	660		540		1200
Effects of Carts (150% Increase curbside (2.5X), 40% reduction drop-off)	1650		324		1974
Granger	Curbside \$/ton	Curbside Total	Drop Off \$/ton	Drop-off Total	Total Cost
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Year 3 (Ave)	\$52.46	\$86,551.33	\$57.03	\$18,476.21	\$105,027.55

Projected Cost per Ton to Recycle					
	Curbside (Tons)		Drop-off (Tons)		Total (Tons)
Baseline tonnage	660		540		1200
Effects of Carts (150% Increase curbside (2.5X), 40% reduction drop-off)	1650		324		1974
Granger	Curbside \$/ton	Curbside Total	Drop Off \$/ton	Drop-off Total	Total Cost
Year 1	\$55.00	\$90,750.00	\$35.00	\$11,340.00	\$102,090.00
Year 2	\$57.20	\$94,380.00	\$36.40	\$11,793.60	\$106,173.60
Year 3	\$59.49	\$98,155.20	\$37.86	\$12,265.34	\$110,420.54
City of Lansing (6 MO ACR AVE, -0.5% Mo/ ACR)	Curbside \$/ton	Curbside Total	Drop Off \$/ton	Drop-off Total	Total Cost
Year 1 (Ave)	\$41.89	\$69,117.74	\$41.89	\$13,572.21	\$82,689.95
Year 2 (Ave)	\$46.15	\$76,140.14	\$46.15	\$14,951.15	\$91,091.30
Year 3 (Ave)	\$50.26	\$82,921.33	\$50.26	\$16,282.73	\$99,204.07

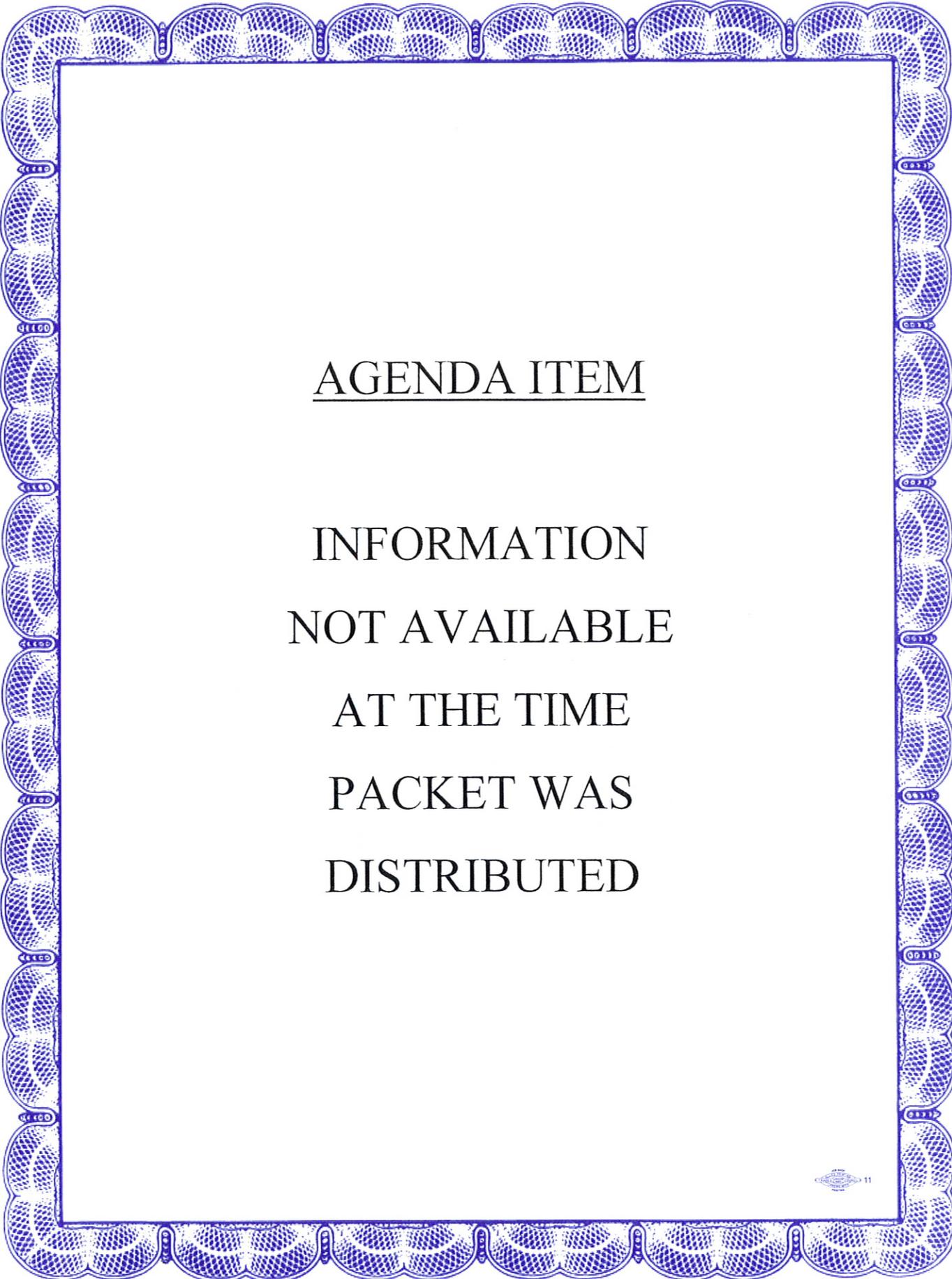
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There are two options available here for the consideration of Council:

1. Contract with Granger: Authorize the City Manager to enter into or extend the current recycling contract with Granger Container Services for three (3) years. This has low risk and fixed prices.
2. Municipal Recycling Agreement: Enter into an municipal recycling agreement with the City of Lansing. This has competitive costs and regional benefit, but is subject to risk from fluctuating market conditions, and costs may increase or decrease in the future.

The staff recommendation is option two, the municipal recycling agreement with the City of Lansing.



AGENDA ITEM

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CITY OF LANSING

INTERNAL AUDITOR
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REVIEW AND RECOMMENDATIONS ON STRUCTURE, POLICIES AND PROCEDURES FOR THE CITY OF LANSING OFFICE OF THE INTERNAL AUDITOR

Jim DeLine
Internal Auditor
March 30, 2016

- I. Mission Statement: *"The mission of the City of Lansing Internal Auditor's office is to follow the City Charter, to improve the accountability for public funds and to improve operations of City government for the benefit of the citizens of the City of Lansing."*
- II. Objectives:
 - a. To ensure City programs are meeting goals and objectives by conducting performance audits which make recommendations based on criteria established and evidence obtained.
 - b. To ensure the integrity of City finances by conducting financial and cash audits focusing on economy, accuracy and efficiency in the use of resources used to achieve program results.
 - c. To provide City Council with information necessary to performing its legislative charge.