



AGENDA
Committee of the Whole/Budget Hearing
City Council Conference Room
Monday, April 5, 2010
7:00 p.m.

Council President A'Lynne Robinson
Council Vice President Kathie Dunbar

- I. Call to Order

- II. Approval of Minutes

- III. Roll Call

- IV. Public Comment

- V. Discussion/Action
 1. Overview of 2010/2011 Proposed Budget
 2. Budget Hearing on Revenues
 3. Administration's Updates
 4. Resolution Setting the Public Hearing for April 26, 2010 in Consideration of the 2010/2011 City Budget
 5. Request to purchase Hanging Basket with Organizational Name on Dangler from Old Town Commercial Association
 6. Committee Reports

- VI. Adjourn



OFFICE OF MAYOR VIRG BERNERO
124 W. MICHIGAN AVENUE – NINTH FLOOR
LANSING, MI 48933

March 22, 2010

President A'Lynne Robinson and Council Members
Lansing City Council
124 W. Michigan Avenue
Lansing, MI 48922

Dear President Robinson and Council Colleagues:

As you know, cities across Michigan are facing historic challenges. The national economic crisis and the shrinking of Michigan's auto industry have hit urban communities particularly hard, causing record unemployment and home foreclosures, as well as rising poverty and homelessness. Even as pressure increases on local governments to address these issues, sharp revenue losses due to the weak economy challenge our ability to continue providing essential services to our citizens.

The good news is that even in this time of severe financial distress, our local economy continues to undergo a steady transformation toward a more stable and sustainable future. New job-creating developments are already delivering significant economic benefits to our residents and local businesses. From the revitalization of the downtown waterfront, to renewed growth in key sectors of commerce and industry, to an increasing interest by young people and suburbanites in living and working in the urban environment, a number of positive trends bode well for the future of our city.

Lansing is indeed fortunate to have fared better than most cities in Michigan. Yet we are by no means immune to the extraordinary challenges of our times. Even before the onset of the national economic collapse, city revenues from all sources were consistently and considerably lower than the rising cost of providing traditional city services. The recent sharp decline in property values, combined with persistently high unemployment, makes that structural budget gap even wider and more difficult to resolve.

Over the past four years we have taken significant steps toward reducing the structural imbalance in the city budget. In partnership with the City Council, we have made the tough decisions to retool city operations and create a more effective organization that delivers core city services more efficiently. Since FY2007, we have eliminated more than \$30 million in projected budget deficits and reduced our workforce by 15% without layoffs. Thanks to the dedicated efforts of our city leaders and employees, the impact of these necessary reductions on our residents, businesses and visitors has been minimal.

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In addition, as the result of prudent financial management, our city government remains financially stable, with minimally adequate reserves. We continue to maintain a strong credit rating, at least in part because we have successfully balanced each of the last four city budgets without raising taxes or draining all of our reserves.

And yet, despite our best efforts to reduce the city's structural deficit, even the most optimistic forecast points to a continued and substantial imbalance between revenues and expenses for several more years. The coming fiscal year in particular represents the toughest budgetary challenge we have faced yet. The Fiscal Year 2011 Executive Budget Recommendation I am proposing today very much reflects that reality.

Due to historic revenue losses stemming from the unprecedented economic conditions and continually increasing costs, for the fiscal year beginning July 1, 2010 we project a \$12 million gap between revenues and expenses in the General Fund, as well as continued weakness in Michigan's economy. As required by our City Charter, my budget proposal eliminates that projected gap and results in a balanced budget for FY11. My plan anticipates a \$109.4 million General Fund budget, which represents a 6.6% reduction from the FY10 adopted budget, and a total city budget of \$183.2 million (including restricted funds), which represents a 7% decrease from the current fiscal year.

Even under today's challenging circumstances, my budget plan nonetheless ensures that we will continue to provide all essential city services without interruption. Police, fire, and emergency services personnel will respond promptly to 9-1-1 calls around the clock. Streets will be maintained, swept and plowed. Our sewer system will operate and trash will be collected. Our parks system will be maintained, and we will continue to offer recreational activities, support worthy community agencies, and help the less fortunate in our community during these historically tough times.

My budget plan also ensures that we will not just stand on the sidelines and hope that our local economy improves. We will continue to make forward-looking, strategic investments that help build a more prosperous future for the city and all its residents. In collaboration with regional public and private partners, the Lansing Economic Development Corporation will continue to relentlessly seek opportunities to grow and reshape our local economy, to spark the creation of new jobs, and to attract new residents, businesses and visitors, while supporting those who are already here.

My plan also recognizes the extraordinary economic pressures facing our city's residents. At a time when so many Lansing families remain under considerable financial stress and strain, I cannot in good conscience propose balancing the budget by increasing the overall property tax rate.

In addition, in keeping with the prudent financial management practices we have followed over the past four years, my budget does not include the planned use of reserves. As we have seen in recent years, the city's reserve funds provide a cushion to draw against when unexpected events occur, such as mid-year cuts in state revenue sharing, shortfalls in projected city tax revenues, or a natural disaster like the recent tornado. Even though we have taken steps to offset unexpected revenue losses, it remains possible that the expenditure of additional reserves could be necessary before the end of the current fiscal year.

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My proposed budget also recognizes that we must continue to change the organizational structures we have relied on for many years. Simply put, we cannot afford to operate separate management structures where consolidation can work more efficiently. Accordingly, my budget recommendation provides for the restructuring of several city functions:

- Consolidates grounds maintenance activities for roads, sidewalks and parks into one division in the Public Service Department.
- Transfers the Transportation Division of the Planning and Neighborhood Development Department to the Public Service Department.
- Transfers city support of arts and cultural organizations and events to the Lansing Economic Development Corporation.
- Provides funding for the consolidation of the city's two service garages to operate in partnership with the Lansing Board of Water and Light.
- Consolidates City TV into the new Office of Community Media.

In addition to these structural changes, some of which will be implemented by Executive Order, the long-term nature of the economic and budgetary challenges we face makes it clear that further reductions in the city's workforce are unavoidable. To minimize involuntary layoffs and maintain as much employment as possible, it is also clear that our remaining employees will be required to make significant and painful sacrifices.

To achieve the cost savings needed to balance the budget, my administration will continue to work in good faith with all of our employee unions through the collective bargaining process. As a first step forward, we recently announced an early retirement incentive, developed jointly by labor and management, which focuses on employees with more than 25 years of service. The success of this incentive will be a small but meaningful factor in resolving the overall budget gap for FY11.

Additional savings will be achieved by continuing the cost reduction measures currently in place, including a hiring freeze, reduction of capital and non-personnel related expenses, and other measures enacted as part of the deficit elimination plan adopted for the current fiscal year. In addition, for FY11 we propose to implement a Medicare wraparound plan for city retirees that is projected to create significant savings without diminishing retiree benefits.

Yet even these measures, taken together, are insufficient to achieve the savings required to balance the FY11 budget. Therefore, in lieu of the scheduled monthly furlough days that were implemented as part of the FY10 deficit elimination plan, my FY11 budget recommendation includes reducing the normal work week for non-emergency city personnel from 40 hours to 36 hours. Under this proposal, city offices will be open 4 days a week, Monday through Thursday, from 8am to 6pm.

These changes will not apply to 24-hour emergency personnel, including police, fire, EMS and 9-1-1 dispatch operations. My administration will continue to work with our public safety unions to achieve comparable budgetary savings while maintaining around-the-clock services.

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The serious challenges we must face in the year ahead will require an unprecedented level of cooperation between all stakeholders, including our citizens and business community, our city employees, my office and executive team, and the Lansing City Council. As difficult as the choices we must make will be, I remain confident that we can and will work together to remain on the path of fiscal stability and build a more prosperous future for all of our residents.

I look forward to discussing my proposed budget with you over the next several weeks.

Sincerely,

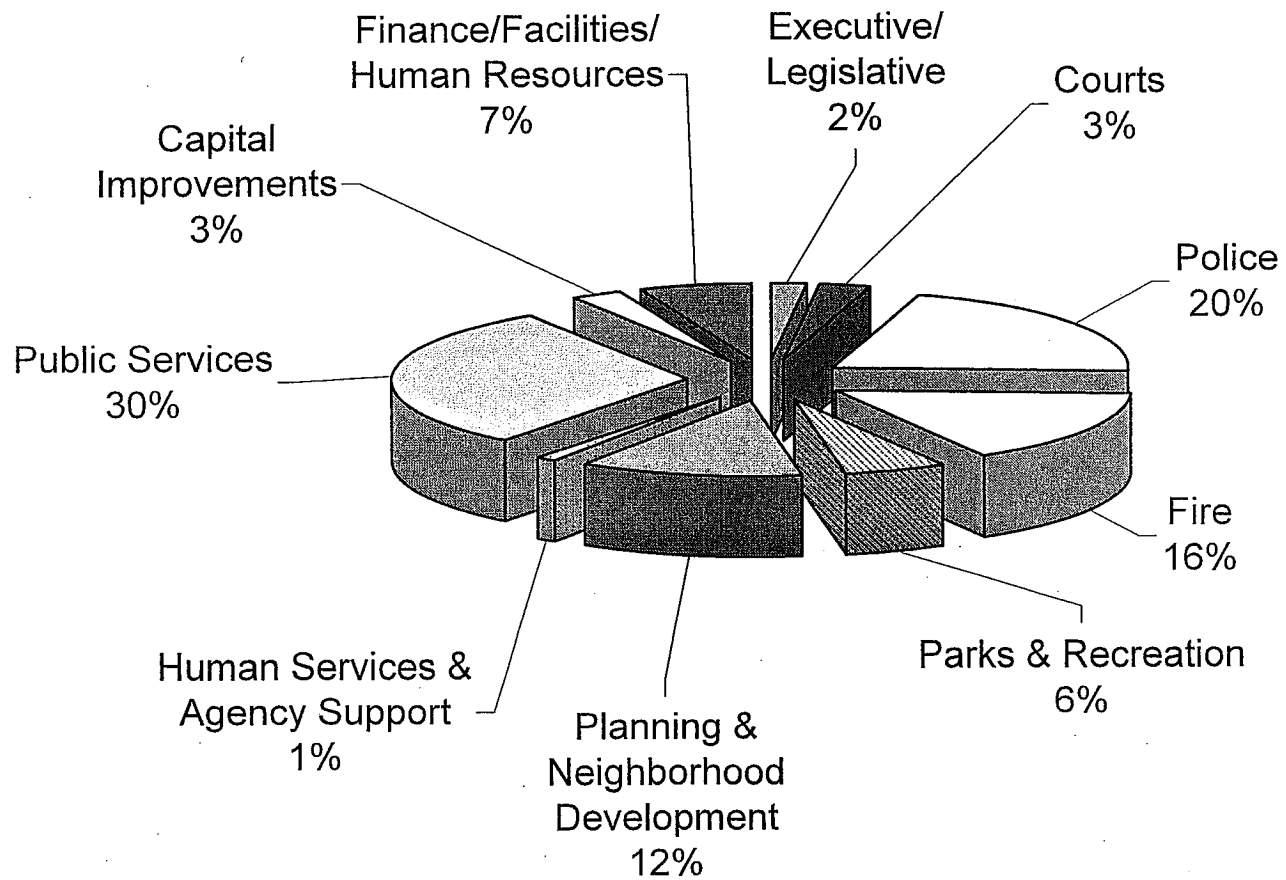
A handwritten signature in black ink, appearing to read "Virg Bernero", written over a horizontal line.

Virg Bernero
Mayor of Lansing

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Fiscal Year 2010/2011 City-Wide Budget

\$183,177,000



FY 2010/2011 Proposed City-Wide Budget by Department/Service Type

<u>Department</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>	<u>Percent of Total Budget</u>
City Council	601,683	-	601,683	0.33%
Internal Auditor	145,710	-	145,710	0.08%
Mayor's Office	705,042	-	705,042	0.38%
Office of Community Media	187,406	-	187,406	0.10%
Attorney's Office	1,260,920	-	1,260,920	0.68%
City Clerk	819,812	-	819,812	0.44%
Subtotal - Executive/Legislative	<u>3,720,573</u>	<u>-</u>	<u>3,720,573</u>	2.01%
Courts	5,065,427	-	5,065,427	2.74%
Police	33,172,749	538,120	33,710,869	
Police - 911 Dispatch	261,422	5,183,218	5,444,640	
Subtotal - Police	<u>33,434,171</u>	<u>5,721,338</u>	<u>39,155,509</u>	21.20%
Fire	28,996,300	-	28,996,300	15.70%
Parks & Recreation - General Fund	7,644,145	-	7,644,145	
Parks Capital Improvements	1,375,500	(190,500)	1,185,000	
Parks - Golf	-	707,000	707,000	
Parks - Cemeteries	451,334	275,266	726,600	
Subtotal - Parks	<u>9,470,979</u>	<u>791,766</u>	<u>10,262,746</u>	5.56%
Planning & Neighborhood Development	2,998,818	4,828,737	7,827,555	
Parking	-	11,833,900	11,833,900	
Economic Development Corporation	462,565	-	462,565	
Principal Shopping District	39,180	431,700	470,880	
LEPFA/Stadium	1,696,667	395,800	2,092,467	
Subtotal - Planning & Neighborhood Dev.	<u>5,197,230</u>	<u>17,490,137</u>	<u>22,687,367</u>	12.28%
Human Relations & Community Services Dept.	664,770	-	664,770	
Human Services	1,410,000	-	1,410,000	
City Supported Agencies	73,400	-	73,400	
Subtotal - Human Relations/Agency Support	<u>2,148,170</u>	<u>-</u>	<u>2,148,170</u>	1.16%
Public Services	6,232,000	-	6,232,000	
Public Services - Roads	1,604,816	11,797,989	13,402,805	
Public Services - Sewer	815,000	31,212,000	32,027,000	
Public Services - Refuse	-	1,494,400	1,494,400	
Public Services - Recycling	-	3,178,700	3,178,700	
Subtotal - Public Services	<u>8,651,816</u>	<u>47,683,089</u>	<u>56,334,905</u>	30.50%
Capital Improvements	740,000	1,360,000	2,100,000	
Library Building Rental	160,000	-	160,000	
Debt Service	1,941,860	709,670	2,651,530	
Subtotal - Capital Improvements	<u>2,841,860</u>	<u>2,069,670</u>	<u>4,911,530</u>	2.66%
Finance (Includes Property & Fleet Mgmt)	9,698,704	-	9,698,704	5.25%
Human Resources	1,695,770	-	1,695,770	0.92%
Vacancy Factor	(1,500,000)	-	(1,500,000)	
	<u>109,421,000</u>	<u>73,756,000</u>	<u>183,177,000</u>	

Note: Transfers from other funds are netted out from expenditures so as not to overstate total funding.

BY THE COMMITTEE OF THE WHOLE
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, the Mayor presented his budget to the Lansing City Council on Monday, March 22, 2010; and

WHEREAS, the City Charter provides that citizens be afforded the opportunity to comment on proposed city spending to the adoption of the annual City Budget; and

WHEREAS, Public Act 5 of 1982, as amended, provides that units, such as the City of Lansing, which are in compliance with Section 16 of the Uniform Budgeting and Accounting Act (P.A. 2 of 1968, as amended) must provide appropriate public notice that a public hearing will be held on the budget and on the property tax millage rate necessary to support the budget;

NOW, THEREFORE, BE IT RESOLVED that the Lansing City Council, hereby, sets a public hearing to be held on Monday, April 26, 2010, at 7:00 p.m. in the City Council Chambers on the 10th Floor of City Hall in consideration of the City of Lansing's FY 2010/2011 Budget.

From: Terese Horn
To: A'Lynne Robinson
Subject: Fwd: Use of Council Promotional Funds

Forwarding a request for the next COW meeting. Let me know if it is okay to put it on the agenda.

Terese

>>> Eric Hewitt 3/25/2010 4:00 PM >>>

I would like to have the following submitted to A'Lynne to be added to the next COW agenda for consideration. I would like Council to buy a "dangler" and hanging basket with the request to OTCA that it be placed close to the City parking lot.

Eric

March 24, 2010

Hello Old Town Member,

The Old Town Commercial Association (OTCA) would like to invite you to be a part of our ever-growing community by purchasing a dangler. Old Town, Lansing was once the home of vacant buildings and high crime and is now home to unique boutiques, thriving festivals and great galleries. Creative and independent businesses continue to flock to the historic Old Town district.

✓ A dangler is great exposure for your organization because it is an additional banner that hangs from the main banner on street lampposts located in downtown Old Town. The dangler will list your organization's name and will be displayed on the lampposts for one year. The cost of a dangler for one year is \$150.

✓ In the spirit of spring, VanAtta's Greenhouse is planting and selling hanging baskets at a reduced price to all supporting businesses. These baskets hang on the lamppost throughout Old Town and complement your new dangler for an additional \$25.

As a point of reference, current festival sponsorships start at \$100, which provide exposure for only one festival. By purchasing a dangler, your organization's name would be viewed by the thousands of people who visit Old Town on an annual basis. Crowds come to Old Town year round for our numerous events, such as Shmooze on Tues., Taste & Tour of Old Town, Farmers Market, First Sunday Gallery Walks, in addition to our many festivals.

If you would like to have your name associated with our great community, please contact me at (517) 485-4283. The locations of the danglers are on a first come first serve basis for our 74 streetlights. Feel free to contact me with any other questions.

Sincerely,