CALL TO ORDER
Council President Spadafore called the meeting to order at 5:01 p.m.

PRESENT- via audio/video
Councilmember Peter Spadafore
Councilmember Adam Hussain
Councilmember Carol Wood
Councilmember Patricia Spitzley
Councilmember Kathie Dunbar- arrived after the start of the meeting
Councilmember Brandon Betz
Councilmember Jeremy Garza
Councilmember Brian T. Jackson- arrived at 5:02 p.m.

MEMBERS PRESENT- via audio/video
Sherrie Boak, Council Staff
Mayor Schor
Jim Smiertka, City Attorney
Samantha Harkins, Deputy Mayor
Shelbi Frayer, Chief Strategy Officer
Jack Brower, Budget Director
Lisa Hagen, Assistant City Attorney
Brian McGrain, EDP Director
Don Kulhanek, EDP
Andy Kilpatrick, Public Service Director
Linda Sanchez, HR Director
Brett Kaschinske, Parks Director
Chief Green, LPD
Sharon Frischman, City Assessor
Kim Coleman, HRCS Director
Chief Mackey, LFD Director
Judy Kehler, Treasurer
Anethia Brewer, 54-A District Court
Bryan Lefler, Bond Counsel
Jarrod Smith, Bond Counsel
MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE MINUTES FROM APRIL 27, 2020 AS PRESENTED. ROLL CALL VOTE 7-0.

Public Comment
No Public Comment at this time.

Presentations
FY 2020/2021 Budget – Continued Discussion with Q&A
Ms. Frayer noted that department directors were present if Council Members had questions. Mr. Brower offered the line item budget, going through each department highlighting certain line items with changes, increases and decreases. Council President Wood proposed to the Committee Members that if they would consider additional Committee meetings they could discuss future Committee dates before May 18th.

Mr. Brower began the presentation with the line item budget. This presentation first focused on the general fund line items, first with property taxes, income taxes, state revenue sharing, and the return on equity. The state revenue, they expect a 15% decline in these line items, and regarding the BWL return on equity, Mr. Brower noted is a flat rate. Mr. Brower’s presentation moved onto permits, charges for services, and recreation fees. Council Member Betz asked Mr. Brower for what the amount revenue for marihuana permits would be. Mr. Brower noted that at this time they are not counting on funds, but currently do see $600,000 from medical marihuana.

Council Member Wood noted that with the 54-A District Court their revenues help offset the cost of the court, but with the requirements needed recently, has the City held discussions with the Courts on what changes need to be made and the impact on the budget. Mr. Brower confirmed they have spoken to Ms. Brewer in District Court, but there are currently moving forward with the uncertainty. Council Member Wood voiced her concerns on the presented budget, noting there are revenues and expenditures projected pre-COVID, but the City now knows there will be a decrease in revenue and increase in expenses. Council Member Wood hoped that the City Council would be seeing realistic figures, instead of asking to pass a budget with figures that do not truly represent. Council Member Wood then asked how the lack of park recreation fees and revenues will affect spending out of the park millage. Mr. Brower acknowledged a conversation with Mr. Kaschinske on options to review operations going forward next year. At which point Mr. Brower noted the Administration is working on a short list of budget changes to the proposed budget that they will go over on May 11th. Council President Spadafore noted that the State Revenue Conference is May 15th, so there are additional items that might need to be revised in the budget. Mayor Schor confirmed all line items being evaluated, and reviewed to see what can or cannot be done this summer. His office will attempt to bring amendments or options to restructure the budget to Council for consideration. The Administration noted their intention is to have the changes to Council May 11 so to adopt on May 18, 2020.

Council Member Wood asked why there was an increase in ambulance fees. Mr. Brower stated it was based on historical trends. Council Member Wood asked how much of the fees does the City actually received in comparison to debt. Chief Mackey noted it was 28%, and this amount in the fees was a 6-7% increase every year based on the trend. Council Member Wood then asked Mr. Brower if there are any new fees that standout that they should tell Council about. Mr. Brower noted that most fees are standard increases, however there is an unusual note for a fee in EDP. There used to be an EDP tech fee for $10 that was included in all permits, however now they are proposing to eliminate that fee and
include it in the base fee. Mr. Brower concluded that all other fees look standard to other years.

Council Member Spitzley referred back to the April 27th meeting where Council was presented with a loss in revenue, and acknowledged the Administration for looking at revising the budget, also asking for Council to have it at the end of the week so Council can review it over the weekend.

Mr. Smiertka noted to the Council that the OCA is prosecuting income tax cases. Council Member Wood asked what process are they encouraging for payment of the taxes in Court, and Ms. Brewer came onto the meeting stating they are working with the defendants on a timeline to pay, doing payment plans and making arrangements for people.

Mr. Brower moved the presentation into the expenditures and quickly outlined the details of the reports for the public. He then outlined each department and their total proposed budgets. Council Member Spitzley asked for more details on the fund balances and the line where there are larges changes. Examples were given in Neighborhood and Citizen Engagement where it went from $136,000 to $214,000 for salaries. She also asked Council leadership for an update on the Council Internal Auditor vacancy. Council Member Hussain explained that there was an RFP that went out before the Stay Home Order was in place for the hiring of a consultant during the budget season, but once the stay home extended the Committee discussed it and determined it would not benefit to try to get a service provider in a short period of time for the budget. Council President Spadafore noted that right now it is not feasible to do, but it is a position in the Charter and they will need it filled in the next fiscal year. Council Member Spitzley provided another example for an increase, which came in Code Compliance where it was increased by $70,000. Mayor Schor stated both those positions were in the budget process last year.

Council Member Wood asked Ms. Frayer and Mr. Brower if there were any changes in the City operations that would be stopped or changed in any department, that have not been incorporated yet into the budget. Mr. Brower stated there have been no operational changes yet.

Council Member Wood referred now to the IT budget, and noted that in the past Council was told that the IT fund line item was created for replacement of computers. The NCE budget was then referred to and she asked why it went from $7,211 to $42,302. Also she noted the Media IT line went from $14,421 to $52,000. She asked for an explanation on what the huge increases were for. Mr. Brower stated that the IT is allocated in three (3) parts; departments per person capture and software billed. Regarding the increase in NCE, he stated he would look into that, and speculated that an increase could be in software purchases. Council Member Wood noted that last year the Council was told by the Administration that the software purchases were directly coming out of each department specifically, so if it is a large increase she asked for details on the purchases. For example, she referenced the line item for Treasury which went from $81,000 to $104,000 and asked for an explanation on these types of increases.

Council Member Wood asked for line item breakdown for the HRCS budget on the $1.25 million. It was also noted that on April 27th the LHC stated they were requesting reimbursement on the admin fee they pay since the City is not doing the work. She asked what the Administration had determined on that, and if so how much the budget would be readjusted for that.

Mr. Mumby came onto the meeting to explain the formula used on the department IT line item for each department, where they have created a formula of charging each department roughly $3,500 per person in the department and $3,500 for each computer, in addition to building in a four (4) year replacement plan. Council Member Wood acknowledged the information from Mr. Mumby but recalled being given a formula that stated would help pay for replacements, however Council is now finding out that has not been happening. Lastly she asked if there was a part time employee do they get charged for their computer and the other part time sitting at the computer get charged $3,500 also, so the department is being double charged.
Council Member Wood moved onto her next question, and asked if LEPFA will be asking the City for more funds since their rentals have been reduced. Ms. Frayer stated that for next year they are still trying to figure out the impact. Council Member Wood asked how many rentals have been canceled for next fiscal year.

Mr. Keith came onto the meeting, and stated there has been 60 either canceled or postponed events since March 12th. But, he added, 60% have rebooked for yet this fiscal year or next. Mr. Keith noted that at this time they are not able to predict how many people will be attending those events due to the State requirements on gatherings.

Council Member Wood asked Chief Green if he had reduced the overtime budget to pay for the proposed additional officers, and how much of the overtime budget has to do with not being able to fill positions, vs. how much is used towards crime or public safety to utilize OT. Chief Green came onto the meeting and stated it is a bulk of the patrol staff, where there is 3,400 hours of overtime. He continued to explain that normally the budget is high for special operations and special investigations. Council Member Wood asked the Chief how long it would take to have the officers working once the budget is passed. Chief Green outlined the process if there were already sworn officers (4 months) or if they had to go to the academy which could take up to 9 months. Council Member Wood then noted the department was taking three (3) officers out of the schools, and asked if those would be from Sexton, Everett and Eastern. Chief Green confirmed they would no longer be there full time, but officers will make frequent visits while on patrol and community policing.

Council Member Wood asked Chief Mackey how many fire fighters he was front loading, and Chief Mackey stated they plan to hire ten (10). Regarding his departments OT, he stated it is cheaper to have six (6) vacancies and pay OT.

Council Member Wood then referred back to Ms. Frayer and Mr. Brower noting the statement by Chief Green that they were taking three (3) officers out of the schools. She noted that is why she asked earlier what services were changing and the impact, but was told nothing. Mayor Schor responded that they are in discussions with the schools now, and have asked them to share the cost of keeping the officers in those three (3) schools. He added that they hope to continue those discussions over the summer, and it is not part of these budget discussions. Council Member Wood acknowledged the statements by Mayor Schor but referenced last year’s budget discussions where Council was not told that there was going to be a service discontinued; the blue bags. Therefore, any changes will have an impact on the budget and the City, and she believed it was relative for Council to have all the information. Council Member Spitzley asked Mr. Mumby if he had shared their determination and work on the formula he spoke about when it comes to charging the departments, because this was the first time she had heard it. Mr. Mumby confirmed he spoke to all departments when they were working on their budget and also reviewed it with Ms. Frayer and Mr. Brower. When working with the departments they worked together to determine programs they had they were no longer using. Lastly, Mr. Mumby admitted it is not a new formula, but one that was calculated in the past, but never utilized. Council Member Spitzley asked for clarification on the statement of charging per person and per computer. Mr. Mumby used an example of $5 million in charges and they take $2.5 million and divided it by the number of people supported by IT, but since not all employees have a computer, the balance is split based on the computers in each department.

Council President Spadafore recapped that at this point Council is looking for the HRCS breakdown along with revised budget the Administration mentioned earlier in the meeting. He then asked if there are increases in the budget for hiring positions, if those could be held off but still keep in the proposed budget. Mr. Brower stated that would be up to the Administration.

Council Member Betz asked the Administration to speak to how the HRCS department is going to be impacted by COVID-19, regarding the impact on their services and expenses. Mr. Brower noted that any projected loss would appear in the general fund, and it could be associated to a $1.25 million loss effecting the HRCS line. Council Member Betz then asked if
the proposed budget reflects any increases in HRCS service due to the COVID. Ms. Frayer confirmed it does not, and the budget the Council has currently does not reflect the COVID impact on revenue or expenses.

Council Member Hussain asked if the recently announced Sustainability Officer, housed in Public Service, will be anticipating administrative assistance. He also asked if that employee that was promoted to this position would continue with their current duties. Mayor Schor stated the employee is someone who does the work already, and now will be allowed more time to do that. Mr. Kilpatrick added that it is the intention to not add, but they are shifting existing duties. Therefore he confirmed they are not anticipating a new position in FY 2021 because of this employees shift. It is possible that over the next couple years after the sustainability study is done and the employee has been in the role, the Administration could come back for a higher salary.

Council Member Wood asked for a discussion on income tax, projection of revenues, figuring the percentages, and if the City has a plan for a phased approach on income tax revenues. Ms. Kehler briefly outlined what she has changed in her department to maintain the duties and tasks required in a Treasurers office. Council Member Wood noted she was interested in the City revenue base, the impact of not seeing income taxes until July, the impact of businesses being phased back into opening, projections and if there is discussions on phasing as far as the revenues are concerned. Ms. Kehler stated that she has put in a process on strategic planning, and the tax season. She noted that the withholding is still coming in, and there are some taxes coming regardless of people working from home. Ms. Kehler added that in 2019 a large amount of income tax did come in during the month of April, but this year it will be seen more in July, and the City can captures an accrue through August 15th.

Council President Spadafore referenced a spreadsheet from the April 27th meeting from Ms. Frayer that spoke to the COVID impact and asked Ms. Kehler if she had looked at projections for people not paying income tax. Ms. Kehler confirmed she had not seen the spreadsheet he referenced, but she could state that it is not just income taxes the City will not see come in, but the corporate funds and withholdings. Council Member Wood asked if Ms. Kehler could have something for Council on this for the May 11th meeting and she confirmed.

Council Member Wood asked Mr. Kilpatrick about the impact of the assessment of the Montgomery Drain and its effect in this proposed budget. Mr. Kilpatrick confirmed the City has taken the first two steps to collect on the assessment, which is half to the property owners and the City paying the rest. He offered to provide figures at a future meeting. He did add that since this project is split into 9-10 divisions, the costs have not come in less than what anticipated. The final cost might have to be increased, which the City can address when doing the preliminary roll. Council Member Wood asked for the presentation before the budget is adopted since it will be part of this proposed budget. Mayor Schor confirmed he had a call with the Drain Commissioner, and the City does not control the costs, but they come from the Drain Commissioner. Mayor Schor continued stating that the Drain Commissioner thinks they have negotiated lower bids. He encouraged Council inviting the Drain Commissioner in to provide details. Council staff was asked to contact the Drain Commissioner to attend the May 11th meeting.

Discussion/Action:
RESOLUTION – CDBG Budget Adoption
MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE CDBG BUDGET AND ANNUAL ACTION PLAN FOR 2020. MOTION CARRIED WITH ROLL CALL VOTE 8-0.

RESOLUTION – Funding Application: Local Bridge Program for FY2023
Council President Spadafore noted the 6 projects in the resolution. Those included Aurelius over Pawlowski Creek, E Elm Street over Red Cedar River, Enterprise Drive over Pawlowski
Creek, Pennsylvania Avenue over Jackson and Lansing RR, E Cesar Chavez Avenue over Grand River and Beech Street over the Red Cedar River. If awarded the City will receive state or federal funding to finance 95% of the construction cost and the City would fund the remaining 5% of the construction and 100% of the engineering.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE FUNDING APPLICATION; LOCAL BRIDGET PROGRAM FOR FY2023.

Council Member Wood asked Mr. Kilpatrick if he knew how many of the 6 projects the City could win the award for. Mr. Kilpatrick acknowledged they always apply for multiple but are not sure how many they will get awarded. Generally he noted, they have usually gotten funding for 1. Unfortunately a lot of these go on multiple times before the project rises to the top. Mr. Kilpatrick noted they look at details on the criteria and what was submitted in the past so they can look at how to apply again in the future for a project they did not get awarded. Mr. Kilpatrick stated he would get details to the Council after the meeting.

MOTION CARRIED WITH ROLL CALL VOTE 8-0.

RESOLUTION – Authorization of Tax Anticipated Notes for Cash Flow Borrowing Purposes

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE AUTHORIZATION OF TAX ANTICIPATED NOTES FOR CASH FLOW BORROWING PURPOSES.

Council President Spadafore noted this resolution would not obligate, but authorize the City to get low interest rates and is designed for cash flow to provide City services since the City will experience a delay in tax collection. He then asked Ms. Frayer if the Administration would have to come back to the Council to initiate distribution of the funds. Ms. Frayer explained that this option will provides a backup for cash, and the City might not need to use it. This would allow the City to have funds available to make payments if needed. Council Member Wood asked if the Administration is asking for a blanket approval and will they have to come back to Council when they want to borrow. Ms. Frayer explained that this resolution authorizes them to look, and if they secure the financing will do it then, and it will also give them the authority to use it. She added they can provide updates to Council. Council Member Wood stated she would not support the resolution unless it comes back to Council so Council understands what the Administration is doing. Mr. Lefler added to the discussion that this resolution will allow the Finance Department to move forward with sealed bids for the sale of fixed rate bonds. With this, they are giving the City an option to finance for what the working capital needs. There is a “not to exceed amount” in the resolution, but they will be working with Finance to monitor the weekly cash flow, and if they need to borrow, that amount is within that. Mr. Smith noted this is authorized by Act 34, by statute it is limited to 2 times coverage and the statute allows to repay on a percentage based on those received. They anticipate to be a draw down note and necessary to fill in short falls. Council Member Spitzley asked again if Council approved to seek funding, and they get the funding will the Administration come back before Council on the funds. Mr. Smith noted that they can report the results, but right now they are asking for the resolution and authority to be in place so if have to move quickly on the funding they can. Council Member Spitzley asked if there is a process that Finance has that states they will determine what, when they have to request the funds and if there is a timeline. Mr. Lefler stated that they anticipate shortly after July, which is when the City might see the lowest cash flow, therefore this would be enough revenue to pay the expenses. The process is to keep updating weekly cash flow and working with Finance and the Treasurer. Mr. Lefler continued explaining that they reach out to commercial banks, and ask them to bid on the note. Council Member Wood asked Mr. Smith with the Bond Counsel if a phrase can be added to the resolution that states they have to report to Council. Mr. Smiertka stated there was no reason to add that, and for the receipt of bonds, they have to come back to Council so
they can see then. Mr. Smith stated that any funds received would be part of the report and budget. As the resolution is currently drafted there is no subsequent approval required to approve the amount or purchases. Mr. Smith acknowledged that he anticipated reports would be forthcoming to Council to keep them informed, and Mr. Lefler added that as a fiduciary duty they have to provide results of the sale, and this will go to Finance. Council Member Wood asked if there is an additional appropriation, because if the City is already budgeting for a shortfall, she was concerned when it would come back to Council. Mr. Smiertka stated if it is over it would come back. Ms. Frayer noted they were not budgeting for it so it is not a budget issue. Council President Spadafore asked Mayor Schor to present to Council when it goes to market and sells. Council Member Spitzley if what would happen if the Council did not take action at this time, but address in June or July where there might be a better understanding of where the City is. Ms. Frayer stated this a being proposed now for the timing perspective because it could take 30-45 days to issue, and there are terms and conditions they will go back and forth on. It was explained the Administration wants to move now with approval to authorize so they are ready if they need to be.

MOTION CARRIED VIA ROLL CALL VOTE 8-0.

Adjourn
The meeting adjourned at 7:01 p.m.
Respectfully Submitted by,
Sherrie Boak, Recording Secretary,
Lansing City Council
Approved by the Committee on May 11, 2020