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## Council Capsule: December 15, 2015 <sup>[1]</sup>

Wednesday, December 16, 2015, 9:39 am

**By:**

Alice Dreger



*Image: City Finance Director introduced external auditors Joe Heffernan and Dan Block of Plante Moran last night.*

**All present:** Mayor Mark Meadows, Mayor Pro Tem Ruth Beier, Councilmembers Erik Altmann, Shanna Draheim, and Susan Woods.

**Chesterfield Hills restricted parking controversy:** Council received several letters <sup>[2]</sup> and heard comments from two citizens objecting to a proposal from the Transportation Commission to restrict parking to permitted cars only in parts of the Chesterfield Hills neighborhood. Council has a public hearing on this matter set for January 5.

John Roberts, Jr., known as Jack Roberts, reiterated what he told Council last week <sup>[3]</sup>, namely

that the Transportation Commission did not follow the rules about how to move such a proposal forward. For example, he says that the City did not conduct an appropriate study of parking in the area. There are also questions about whether the City appropriately polled homeowners who would be affected by the restrictions.

Tom Caulder, a resident of the area that would be restricted under this plan, said he thought the situation of having this come to Council is "ridiculous" because the Transportation Commission did not follow the required steps for creating a parking area restricted to residents. He and Roberts both said the restriction is not needed because there is ample parking available. Caulder wondered whether the restrictions are being proposed because the neighborhood residents are "99% white" but the parkers "are diverse students or employees of MSU."

Mayor Mark Meadows and Mayor Pro Tem Ruth Beier indicated the parking restriction will not be put in place if the rules for moving forward such a resolution have not been followed appropriately. During Councilmember comments, Beier asked for clearer information on the number of parking spots at issue, and Councilmember Altmann asked for additional information to be provided by staff, including how the streets were chosen, whether restrictions in other neighborhoods had properly followed procedures in terms of studies, and how City staff determined who would be eligible to vote on the plan.

**Rental non-conforming study committee formation:** Council passed unanimously a resolution [4] to appoint a committee for purposes of making recommendations to City Council regarding nonconforming regulations as they pertain to rental properties. The resolution names as members of the committee Doug Jester (former mayor and downtown resident) as Committee Chairperson; Brian Hagan (a landlord) as Vice Chairperson; Dan Bollman (Planning Commission Appointment); Davia Downey (Housing Commission Appointment); Nancy Marr (a landlord); Alex Noffsinger (University Student Commission Appointment); and JoAnne Russell (former president of the Red Cedar neighborhood).

Before the resolution was passed, Mayor Mark Meadows noted that they still had to name a "resident of the Bailey Neighborhood" and "at-large member," so Council discussed and voted in a 3-2 vote to name Sally Silver as the Bailey Neighborhood representative. Meadows, Mayor Pro Tem Ruth Beier, and Councilmember Erik Altmann voted in favor of appointing Silver, and Councilmembers Shanna Draheim and Susan Woods voted against. All agreed Silver is well qualified but Draheim and Woods wanted to name Wendy Sylvester-Rowan who they said is equally well qualified but "brings a fresh perspective."

Meadows said he wants names put forward for the last "at large" member of the committee so that at the next meeting of Council, on January 5, the last member can be named. He said he hopes to have the group start on its work no later than January 15 and to meet twice a month.

**Financial audit presented:** External auditors Joe Heffernan and Dan Block of Plante Moran presented [5] their external audit again this week. It largely duplicated what we covered in our report from last week [6] about their audit. This week, Council members asked a few additional questions, particularly about the City's large retiree-related debt [7] and its "long-term strain on the City's resources."

Mayor Mark Meadows said he wanted people to know Council is actively looking at options for

using bonds to meet our retiree-related obligations. He said they did not want East Lansing to turn into a city that has significant financial problems, so Council is looking forward to creating a financial health team of experts to figure out what to do with the debt.

Heffernan said bonds might pay out, for example, 5%, whereas the investment in the retirement system might earn, say, 7%, which would mean that the bonds would not ultimately lose the City money. He said there are risks involved, including that the investment portfolio might not continue to earn higher interest than the bonds have to pay. He said another concern is that if the City bonds to meet retiree healthcare promises, it can't then decide to back out of its healthcare obligations to retirees, which some cities have opted to do in order to save money. (Legally the City cannot back out of pension obligations but may back out of healthcare retirement obligations to some degree.)

At Councilmember Shanna Draheim's request, Heffernan talked about what some other cities have done to deal with their retiree-related debt. Mayor Pro Tem Ruth Beier asked why we were once fully funded for retiree debt and are no longer. Heffernan said it has to do with retirees living longer and the numbers not being adjusted for that reality. Beier said she thought some of the problem was that MERS (the pension investment system the City uses) was chasing after high returns via the stock market and suffered substantial losses as a consequence. She said that in reality, cutting benefits to current employees doesn't do much to address the big debt because most of the debt is obligations to past and present employees we can't legally get out of. Heffernan agreed.

**Council votes to move \$2 million towards pension obligation:** Council voted unanimously to make a supplemental defined benefit pension contribution to MERS in the amount of \$2.0 million and approve amendments to the General Fund and the Self Insurance Fund to reappropriate equity. (Read the staff memo [8].) City Manager George Lahanas told Council that staff had looked at what to do with this money saved in the last year and that it recommended using this \$2 million to deal with retiree-related debt rather than, for example, putting it towards the City's infrastructure needs.

City Finance Director Mary Haskell explained that the \$2 million is "a drop in the bucket" when you look at our total retirement-related liability, but she said it would keep us from falling further behind by helping us meet the obligations that have accrued this year alone. She said that medical insurance costs have been going up considerably, in part because the City employee base is aging but also because healthcare costs are going up. Mayor Mark Meadows said he wanted to set aside a large block of time during the Council's annual financial retreat to get the story of how we got to where we are in terms of employee-related debt.

**Communications from citizens:** You can read messages written to the City Council in the last two weeks here [9] and here [2]. A number of people also came to speak at Council; some of those remarks are summarized in other sections of this report in order to group those comments into the topics to which they related.

Don Power of Blanchette Drive in the Pinecrest Neighborhood said he appreciated City Council's attention to the pension debt problem. He praised Director of Finance Mary Haskell and encouraged the Council to listen to her. He spoke against having retirees and employees give concessions on retirement benefits. He said that City employees, including those in Police

and Fire, had already been called upon previously during labor negotiations to give up some benefits.

Ray Vlasin of Cricket Lane in the Harrison Meadows subdivision presented a letter from himself and three other civic leaders, including Power, Ralph Monsma, and Gordon Taylor. They commended the Council for trying to deal with the retiree debt problem and infrastructure needs. They recommended convening a Comprehensive Debt Management Policy, Plan and Operating Guidelines that will cover all East Lansing City Departments, Boards and Commissions and that will guide all parties involved including prospective developers and East Lansing citizens and a temporary committee to work on these issues. They offered to help find people to serve on the committee.

Meadows in response said Council and staff are already working towards convening a temporary committee and that the hope is to have a study/policy group or plan for a such a group together by the end of January.

**Other:** Altmann thanked the people who worked on the Rally for Peace and said it was a good way to take on hate. Draheim said she attended the Parks and Rec Advisory Committee, the Commission on the Environment, and the Transportation Commission. She said multiple boards and commissions have vacancies and she recommended good people please come forward to serve. Beier said the Historic District Commission talked about the tree protection ordinance and will be collating their thoughts and sending them on. Meadows noted this is the last meeting in 2015. Lahanas said that anyone who wants a City calendar can get one from a government building or call to ask to have one mailed to them. He praised Mikell Frey for her work on the calendar.

**Consent agenda:** The following items were approved in a consent agenda, which means they were approved in a unanimous block vote without further discussion. For the attachments related to the consent agenda items, click here <sup>[10]</sup>.

- Introduce and refer to Planning Commission Ordinance No. 1359; a City-initiated ordinance to allow an increase in the side yard encroachment for window wells.
- Introduce and set a public hearing for January 5, 2016 for Ordinance No. 1364; an ordinance to expand resident permit parking in the Chesterfield Hills Neighborhood.
- Introduce and set a public hearing for January 5, 2016 to consider an application from Matthew Ao for Special Use Permit approval for the property at 301 M.A.C. Avenue to allow for a game room referred to as an escape room where participants work to solve puzzles as a group in order to win the game.
- Introduce and set a public hearing for January 5, 2016 to consider an application FP Investors, LLC for a Cluster Plan Development for the Falcon Pointe property north of the Hawk Nest Subdivision, west of Thoroughbred Lane and south of State Road; to convert an existing manufactured housing community into a single-family residential development with 102 three-bedroom units.
- Introduce and set a public hearing on January 19, 2016 for Ordinance No. 1365; an Ordinance to amend Section 2-421 of Division 9 - University Student Commission- of Article V - Boards and Commissions - of Chapter 2 - Administration - of the Code of the City of East Lansing to add a member of the Community Relations Coalition as a member.

- Approval to accept the water main easement from the School District of the City of East Lansing for a portion of the vacated Narcissus Drive right-of-way.
- Approval of a resolution recognizing East Lansing Art Festival Foundation as a non-profit organization located in the City of East Lansing for the purpose of obtaining a charitable gaming license from the Michigan Lottery Bureau.
- Approval of the following appointments: Eric Muska to the Zoning Board of Appeals for a full term ending December 31, 2018; Erik Altmann to the Zoning Board of Appeals as an alternate for a term ending December 31, 2018; Ruth Beier to the Michigan Avenue Corridor Authority for a partial term ending December 31, 2017; Giana Carli to the University Student Commission representing the Panhellenic Council for a partial term ending April 30, 2016; Ed Wagner to the Housing Commission for a full term beginning January 1, 2016 and ending December 31, 2018; Alan Wood to the Housing Commission for a partial term beginning immediately and ending December 31, 2017; Bryn Williams to the Planning Commission for a full term beginning January 1, 2016 and ending December 31, 2018; Jon Hansen to the Planning Commission for a full term beginning immediately and ending December 31, 2016.
- Approval of the re-appointment of board and commission members for a full term beginning January 1, 2016 and ending on December 31, 2018 (\*extended appointment): Arts Commission: Michael Teager, Richard Graham-Yooll; Art Selection Panel: Teresa Dunn, Nancy House; Board of Review: Nancy Nelson Knupfer; Building Board of Appeals: Alan Henry, Allen Drouare; Commission on the Environment: John Kinch; Historic District Commission: Charles, Roboski, Amanda Harrell-Seyburn; Housing Commission: \*Leo Sell, Kacie Kefgen; Human Relations Commission: Julia Christensen; Michigan Avenue Corridor Authority: George Lahanas, Janet Lillie, Tony Beyers; Parks & Recreation Advisory Commission: Linda Hegstrom; Planning Commission: Laura Goddeeris, John Cahill; Seniors Commission: Sandra House, Barbara Zynda; Transportation Commission: Daphne O'Regan; Zoning Board of Appeals: Brian Laxton.
- Approval of a contract with Golder Associates for monitoring, operation and maintenance of the Burcham Park Landfill in the amount of \$66,626 and authorize the City Manager to sign.
- Approval of Traffic Control Order No. 471 which will update the seasonal weight restrictions to be consistent with state and county standards with regards to terminology and weights.
- Approval of a technical service support agreement with Physio-Control Inc in the amount of \$53,105.12 per term payable in annual installments for the LIFEPAK monitors/defibrillators and LUCAS Chest Compression System and authorize the City Manager to sign.
- Approval of a settlement of all claims in the amount of \$12,500.

*This week's meeting was videotaped. You can watch the meeting by clicking here <sup>[11]</sup>.*

*Reminder: Citizens can speak at or write to City Council on any issue, including those not on the agenda. Email can be sent to Council by writing to council@cityofeastlansing.com <sup>[12]</sup>.*

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