

South Lyon Special Council Meeting
Pre-budget workshop
March 2, 2022

Mayor Pelchat called the meeting to order at 6:00 p.m.

Mayor Pelchat led those present in the Pledge of Allegiance

Roll Call: Mayor Pelchat, Councilmembers: Dilg, Hansen, Kennedy, Kivell, Kurtzweil, Mosier

Also Present: City Manager Zelenak, Finance and Benefit Administrator Tiernan and Clerk/Treasurer Deaton

NEW BUSINESS

1. ARPA Funds

City Manager Zelenak stated tonight we'll be discussing the American Rescue Plan Act and the allowable uses for the funds. Finance and Benefit Administrator Tiernan explained there was \$350 billion dollars given to state and local and tribal governments to support their response to and recovery from the COVID-19 public health emergency. She stated the city was rewarded \$1,237,287. We received \$618,643.50 in October 2021. We then received an additional \$2,490.44 in January 2022 due to some communities declining to participate. She explained the funds are not counted as revenue until eligible expenditures are incurred, so currently, we are acting as custodian of the funds. She further stated the funds must be obligated by December 31, 2024 and expended by December 2026. Reporting begins in April 2022. It may trigger a single audit, which will be accounted for in the 2022 budget. Plante Moran can do the single audit, they have a special division that handles that. She stated the State is telling jurisdictions to not rush on spending the funds. She then stated once the reporting begins in April, we will have more information at the May meeting regarding what is allowable. Some communities are already spending their funds, and after reporting begins, they may find that the State will reject their projects and they will have to find other funds to cover it. It is a good idea to wait until the reporting begins to see what other communities' projects will be approved, and which projects are not approved. Councilmember Kurtzweil asked if we can get prior approval. Finance and Benefit Administrator Tiernan stated they will not give prior approval unless doing a major project over a million dollars, but there is no other mechanism for approval. She stated they want communities to feel free to spend the money, but they are vague about what will be approved. We have to stay within the themes of what are the approved areas. Councilmember Kennedy asked if we could pay off the ladder truck, then put away whatever the finance cost would have been and use it for whatever projects we need to do. Finance and Benefit Administrator Tiernan stated the funds cannot be used for a project that was planned before March 2021 and it is considered a debt, and the funds cannot be used for any form of debt. City Manager Zelenak stated one of the main things to remember is after the reporting begins, we will see what other communities are doing and getting approved or not approved for. If they are not approved, they have to pay the funds back. We will have a better idea in May. City Manager Zelenak gave an overview of the program. It is difficult to determine our actual revenue loss based on COVID-19. He further stated they have not determined what government services the money can be used for. Councilmember Kivell asked if we have a package of projects being considered. City Manager Zelenak stated he has not put together anything until after the reporting begins. We always have a lot of projects that need to be done, but we want to make sure we use the funds for a project that will be approved. They are not clear if roads will be approved. Councilmember Kennedy stated there are many things that are approved, such as helping small businesses, back pay and etc. He further stated he would like to make sure the money is used to benefit our residents for things such as cross walks, the rail trail and filling in the missing sidewalks. City Manager Zelenak stated its possible to use some funds for

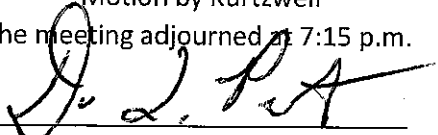
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small businesses to improve their buildings and facades, or to offer loans or grants for businesses that lost revenue due to the pandemic. He further stated that also brings up the issue of picking and choosing one business over the other, who is going to make the decision, who is going to be keeping track of everything. It would also take up a lot of staff time. He further stated it is something we can look into. Mayor Pelchat suggested they pay for it up front, then after a certain amount of time, we could reimburse them. City Manager Zelenak stated you are allowed to use the funds for workers other than the first responders. Finance and Benefit Administrator Tiernan stated we were able to give each of our firefighters and police officers a one-time premium pay of \$1,000 to each person from the CARES act last year. He then stated it does open it up for other employees, but then you would be picking some employees over other employees. All our employees did more during COVID. He then explained some of the uses can be for security, such as gates and cameras, green infrastructure, new community water systems, storage of drinking water and other items. He further explained other items that may be covered is broadband infrastructure, cyber security and other security measures. He then explained the prohibited items that will not be covered. The funds cannot be used to cover a reduction in tax revenue, it cannot be used for pension funds, debt service, or for revenue loss. Discussion was held regarding the idea of allocating some money to the businesses for improving the façade of their buildings. Discussion was held regarding communities pooling their money together to work on projects together such as sidewalks and bike paths, including the bridges along the trail. City Manager Zelenak stated if it becomes an allowable use, we can look into it. Things may continue to change as this moves along. Discussion was held regarding adding free broadband at the Whipple Street parking lot for visitors and residents that don't necessarily have internet. It was mentioned that the library has free internet now that people can utilize. Councilmember Hansen stated that Marquette also has free internet. Mayor Pelchat mentioned that could be a problem as we move along due to changing technology. Finance and Benefit Administrator Tiernan mentioned it could also be a problem working the upgrades into a budget every so many years. Councilmember Kurtzweil stated she would like us to look into infrastructure such as sidewalks, bike paths, and the lot next to Heinanen. She likes the façade program and the security is an important issue. She has brought that up in the past. She was shocked the city didn't have security cameras. City Manager Zelenak stated that has changed, we now have security cameras installed at all of our buildings. Further discussion was held regarding the world we live in now and that cameras are everywhere and how important they are to protect our assets. Discussion was held regarding the Whipple Street parking lot. Suggestions were made to put up a new fence, new lighting, update the greenspace, electric charging stations and making part of it more of a venue for our events. City Manager Zelenak stated he has been speaking with the Early Childhood Center regarding a joint sidewalk between the parking lot and the ECC's parking lot to help when the parking is busy. He further stated he will be bringing a presentation at a future Council Meeting after they have more information.

CM 3-1-22 MOTION TO ADJOURN

Motion by Kurtzweil

The meeting adjourned at 7:15 p.m.


 Mayor Dan Pelchat


 Lisa Deaton City Clerk/Treasurer