MINUTES
Committee of the Whole
Special Budget Meeting
Foster Community Center
Thursday, May 4, 2017

CALL TO ORDER
Council President Spitzley called the meeting to order at 5:35 p.m.

PRESENT
Councilmember Brown Clarke
Councilmember Kathie Dunbar – excused
Councilmember Tina Houghton
Councilmember Adam Hussain
Councilmember Patricia Spitzley
Councilmember Jody Washington- arrived at 5:38 p.m.
Councilmember Carol Wood
Councilmember Jessica Yorko – excused

OTHERS PRESENT
Sherrie Boak, Council Staff
Angie Bennett, Finance Director
Eric Brewer, Internal Auditor
Jim Smiertka, City Attorney
Scott Keith, LEPFA
Denise Estee
Jim DeLine
Brian Jackson
Brett Kaschinske, Parks and Recreation Director
Jim McClurken
Alex Rusick

Council President Spitzley introduced Mr. Keith for his presentation on the LEPFA business plan to take over management of Groesbeck Golf Course.

GROESBECK GOLF COURSE
Mr. Keith presented the draft business plan. Council Member Wood asked if there was a business plan before Council asked for it. Mr. Keith admitted there were pieces of it but it was not formalized. Council Member Wood asked if the Park Board saw the plan, and Mr. Keith admitted the only thing they saw was the marketing piece. Council Member Wood then asked if the park subsidy will not be going into Groesbeck Golf Course, if it does will the City subsidy

meet the goal. Mr. Keith stated it would depend on how the agreement is set up. He admitted that in some other locations, such as the Lansing Center, if the City subsidy does not meet the needs for the fiscal year they go into their own bank account to pay for those needs. Council Member Wood asked if they have a threshold for Groesbeck. Mr. Keith admitted he could not answer that at this time, they would need to look at the performance to determine a range. Council President Spitzley asked Mr. Keith to explain the assistance they expect in the first year. Mr. Keith noted in the budget from the City, there is assistance, and Ms. Bennett clarified that there is a half year budget because they will take over in January 2018, but in the next year's budget, FY2018/2019, there will be a full budget and the plan is to decrease it over the years and in turn that would free up funds from the park millage for the parks.

Council Member Brown Clarke asked where the funds were for the proposed concrete platform. Mr. Keith answered it is in the current Capital Improvement budget of the City, and the maintenance will be from the fees. There will be savings with shared services from LEPFA. Mr. Keith pointed out to the Committee that currently 70% of the golfers are non-residents so the park millage is subsidizing rates for non-residents. LEPFA wants to move towards a Regional Authority, and they believe Groesbeck Golf Course will be a good move, similar to Potter Park Zoo. Council President Spitzley asked for their plans for the Authority. Mr. Keith noted they have been working with Baird and Associates on a plan towards an authority.

Council Member Wood asked Mr. Keith what was stopping LEPFA from progressing in their marketing of the Course since they already handle the concessions. Mr. Keith confirmed they work with the Parks Department on the marketing currently and if LEPFA takes it over they can handle all the marketing with their in house marketing department. Mr. Keith then suggested the Council research Baltimore where they have recently done an enterprise model.

Mr. Keith continued on his presentation on the business plan, trends, challenges, demographics, economic impact, cost reductions vs. revenue reduction, competitive challenges, facility challenges, and other competitive challenge of a golf course. The handout outlined the performance measures, which they will evaluate yearly.

Council Member Wood referred Mr. Keith to the financial plan in the business plan, where it showed that in 2018 season the Parks Millage will subsidize $207,550, and asked why they would get a subsidy. Mr. Keith confirmed they will still get the subsidy. Council Member Wood then asked when that would go away. Ms. Bennett confirmed that over the next couple years it will be reduced. Council Member Wood then pointed out with the millage and the payment to LEPFA they will be up to $500,000, which is what the City currently pays the Parks Department to manage it. Mr. Keith stated that LEPFA won't get the subsidy. Ms. Bennett tried to clarify that staring out it will be under the Parks Department, then in the 2018 season in January 2018 LEPFA will take over. Parks millage support is in line with what they have been doing, but the idea over time is that the parks millage will be reduced. Council President Spitzley pointed to the 2017 amount of $411,450 and asked why that was in the LEPFA golf budget, also asked if the City is anticipating a transfer of the $411,450 of park millage to LEPFA, then again in 2018 the $207,550 to LEPFA bringing them a total of $618,999. Ms. Bennett stated that it is the golf fund budget, and would continue to be the golf fund the City has now. The parks millage subsidy of $619,000 will be for the new year in 2018. Council Member Brown Clarke asked if $233,389 that starts in January 2018 will be for six months, and Ms. Bennett confirmed that amount. Council Member Brown Clarke then asked if the $411,450 also includes the concrete foundation, at which Ms. Bennett answered yes. Mr. Kaschinske wanted the Committee to know that project is in the CIP budget, so listed as a separate line item. It falls under the Capital Outlay construction of $75,000. Council Member

Brown Clarke asked for clarification on earlier statements of improvements to the structures. Mr. Keith acknowledged that LEPFA is going to do that out of the LEPFA budget. In addition he confirmed that the marketing and business plan will be out of the LEPFA marketing staff. Council Member Brown Clarke asked if LEPFA is considering a model to address liability, transportation, and the rate to play a round of golf. Mr. Keith admitted they are looking at comparable courses and rates. He added that they will look to the City Attorney to see if there is an option of resident fees and non-resident fees. He then referred the Committee to the fee structure in the plan. Council Member Brown Clarke concluded her questions by asking of LEPFA will take over the equipment of the carts and maintenance. Mr. Keith stated the City currently leases the carts, and LEPFA will continue, and utilize the City for maintenance.

Council Member Wood questioned the $283,000 for a half season, and Mr. Keith confirmed it is a half a fiscal year season, so then Council Member Wood asked what it would be for an entire fiscal year, but Mr. Keith did not have that amount calculated yet. After a comparison to the past and current subsidy to LEPFA for the City Market and its current status, Council Member Wood stated she could not find a good scenario to say this is a good plan for LEPFA to manage the golf course. She added for the staff, public and fellow Committee members that the park millage was adopted; the public understood they wanted to keep the golf courses. Ms. Keith stated again that the public is subsidizing $24 a round of golf for even non-residents, and which Council Member Wood asked if the public knows they are subsidizing a bar at the City Market.

Council Member Washington gave her opinion that her goal would be to defund LEPFA completely and support a Regional Authority. She also continues her support of Parks and Recreation continuing to manage Groesbeck Golf Course, and subsidizing the Parks Department to do so.

Council Member Houghton asked if the transfer of management of Groesbeck passed, can it be reverted or looked at again. Mr. Keith stated it would depend on how the contract was written, but his intention was for a 3 year contract. Mr. Kaschinske added his thought that the City would not want to bounce back and forth from LEPFA to City because it would not be beneficial. Council President Spitzley concurred, but pointed out that if an agreement is entered into, then all concerns need to be addressed prior to that.

Council Member Hussain voiced his concern to Mr. Keith and Ms. Bennett that Council is just receiving the plan right before the budget has to be adopted. He added that he too has heard concerns that residents not happy subsidizing a bar at the City Marker, and that in opposition to a statement made by Mr. Gamble at an earlier meeting, the resident do know that their park millage is paying for the golf course. Lastly he suggested waiting until the new administration is in place in 2018.

Mr. Kaschinske pointed out that the rates on the course currently are a competitive nature based on the number of courses in the area, and LEPFA will go through the same battle when they look at the price points.

Council Member Brown Clarke asked Mr. Kaschinske what the impact of this change would cause on the Parks Department and the staff at the golf course. Mr. Kaschinske assured the Committee that the full staff will continue to have jobs with the Parks Department and they all have knowledge that is beneficial to the department in other areas.

Council Member Wood asked for the potential of a further discussion on an enterprise fund which would reduce a part of the subsidy from the park millage.

Council Member Washington stepped away from the meeting at 6:23 p.m.

Council Member Wood asked if the funds to be paid to LEPFA would be from the park millage, and Ms. Bennett confirmed. Council Member Wood asked Mr. Kaschinske if the Park Board was aware, and Mr. Kaschinske answered it did not go before the Park Board, they were asked to review the issues with the subsidy with Groesbeck and options, and they never reviewed a plan. The Park Board reviews budget items, and they talked about the millage to present to Council. They only look at the CIP projects.

Mr. Keith acknowledge the Council and told them to reach to him if they had any further questions, noting again the plan was only draft.

Council Member Brown Clarke asked what the timeline was so Council would understand what the revenue generating time frame was, and if there was a time line for the Authority which could drive a decision if the Authority would take it all over. Mr., Keith admitted that taking the sites from a City authority to a Regional Authority could take months depending on the funding mechanisms involved.

Council Member Washington returned to the meeting at 6:32 p.m.

Council Member Brown Clarke asked again what the timeline for the contract would be, and Mr. Keith answered it would be 3-5 years when it would finally be cost neutral

Department Budget Presentations
City of Lansing Fiscal Year Budget 2017/2018
Ms. Bennett went over the budget presentation for the public which included submittal date, deadline to adopt, and that the request is for a $206 million budget, noting that $128.5 million is from the General Fund. Ms. Bennett continued noting that resources are constrained, but the City is in a better short term fiscal stability then they have been, and they will have a balanced budget with no predicted shortfalls. Graphs presented for the public included details on progress since 2010, and projected outcome for the next 10 years. Ms. Bennett then referred everyone to the highlights of the budget memorandum the Mayor gave which spoke on Block by Block, Financial Empowerment Center, and the Legacy Report form the FHT, which also could include another study and report based on the recommendations.

Council President Spitzley noted that an additional study by the FHT was not mentioned before to her, and asked Ms. Bennett the reason for that. Ms. Bennett stated the study that will be released next week, after review could require more research into the recommendations, and they have budgeted $150,000 for that.

Council Member Houghton stepped away from the meeting at 6:50 p.m.

Ms. Bennett moved into a discussion on the proposed sidewalk project for upgrades and ADA ramps. This would be a dedicated millage, and the City will ask for a vote on the ballot in November, and if the votes support it then the City will issue a bond over a 6 year period, which will run with the construction period. Ms. Bennett stated bonding it is the only way to do it so as to no exceed the millage cap. Currently the City is at 19.44 mills and there is a State limit of 20 mills.

Public Comment
Mr. DeLine provided his opinion on how important the budget is, and provided information on the recent Mayor Advisory Grant awards wear $40,000 was given out in grants, with the

assistance from Block by Block who gave $20,000 or that. Mr. DeLine asked for a focus on the neighborhoods.

Council Member Houghton returned to the meeting at 6:57p.m

Mr. Rusik asked Council to consider two issues, one being the LEPFA financial situation, where Council should set goals, and if they are not met by LEPFA then there should be consequences. The second issue for Mr. Rusik was the discussion on the bond and millage for sidewalks, where he noted the Administration has mentioned it needs $11 million, but $25 million for acceptable status, so in his opinion the City will never catch up.

Mr. McClurken spoke on behalf of the Park Board Member, informing the Committee that he was surprised to hear of the management of Groesbeck going to LEPFA, because the Park Board was not informed of that. He admitted that the Park Board discussed the intent to take $4 million to build a clubhouse and banquet hall, and the Board voted against it. He continued, stating that there were some small discussions on the concrete pad for an awning, and the Board was ok with that. Mr. McClurken conclude by informing the Committee that the Park Board voted not to make any decision until they saw a business plan for the golf course and he stated that they were told they could not get a business plan unless they approved LEPFA taking it over. Council Member Wood asked Mr. McClurken if they saw a business plan for the club house. Mr. McClurken stated the general conversation was on the running of the course, and the numbers they were given were $4 million to run the golf course.

Adjourn
Adjourned at 7:05 p.m.
Respectfully Submitted by,
Sherrie Boak, Recording Secretary
Lansing City Council
Approved by Committee on May 8, 2017