



MINUTES
Committee of the Whole
Monday, August 13, 2018 @ 5:30 p.m.
City Council Chambers, City Hall 10th Floor

CALL TO ORDER

Council President Wood called the meeting to order at 5:30 p.m.

PRESENT

Councilmember Kathie Dunbar
Councilmember Jeremy A. Garza- excused
Councilmember Adam Hussain
Council Member Brian T. Jackson
Councilmember Peter Spadafore- excused
Councilmember Patricia Spitzley - excused
Councilmember Jody Washington
Councilmember Carol Wood

OTHERS PRESENT

Sherrie Boak, Council Staff
Eric Brewer, Council Internal Auditor
Jim Smiertka, City Attorney
Samantha Harkins, Mayor Executive Assistant
Scott Keith, LEPFA
Elaine Womboldt
Kathy Miles
Loretta Stanaway
Deb Parrish
Chris Swope, City Clerk
Lisa Hagen, Assistant City Attorney
Mary Reynolds

Minutes

MOTION BY COUNCIL MEMBER DUNBAR TO APPROVE THE MINUTES FROM AUGUST 6, 2018 AS PRESENTED. MOTION CARRIED 5-0.

Public Comment on Agenda Items

Ms. Parrish asked the Committee to find out if Common Ground receives financial benefits, questioned the salary of the LEPFA Director, than referenced the audit report in the packet wondering if the parking services and the LPD get reimbursed for their time. Ms. Parrish then suggested the City Market only be open for 6 months.

Ms. Miles spoke in opposition to the Eaton County annexation. Her next opinion was to remove Common Ground, Sister Cities, LEPPA and the position held by Bishop Maxwell from the next budget.

Ms. Stanaway inquired into further information on where the City Market funds were going, along with the funding from Common Ground. Ms. Stanaway then spoke in opposition to the annexation from Eaton County.

Ms. Womboldt spoke as a the representative from Rejuvenating South Lansing, stating the group was in opposition to tax payers funding the Common Ground, and they also oppose the annexation of the property from Eaton County.

Ms. Reynolds spoke in support of new management for the Common Ground event and supported continuing the event.

PRESENTATIONS

Eaton County-Delta Township Annexation Information on the November Ballot

Mr. Swope outlined the information noting the petition filed is to annex eight (8) properties in Delta Township, Eaton County contiguous to the City. The County attorney reviewed the petition and the determination of the analysis was that under the Charter Township Act, for this type of petition, 20% of the voters in that area needed to sign a petition for it be placed on the ballot. The Eaton County clerk verified 100% signed, so that requirement was met. According to State law, the Eaton County clerk has to direct the ballot to the election officials and place it on the November ballot. The votes will be all those registered voters in the City of Lansing, and the registered voters in that area, which is two (2). It has to pass separately in both areas for it to occur. Council President Wood presented a map of the area to Council which highlighted the beginning of the 6 parcels on Waverly from *Quickie Stop* to the *Dollar Store*, and then two residential properties on Jolly. Mr. Smiertka went over the current zoning of those eight (8) parcels, and if it is annexed it will come in with the most resembled zoning (F-Commercial) and will have to come before Council for rezoning. Council President Wood stated she had heard that the applicant approached the township for a grow facility and the township was not interested, and that is why they are looking to annex. Mr. Smiertka noted that the F-Commercial it would come in as does not allow a grow facility but would allow for provisional centers. If the owners want a grow facility, they would have to apply for a rezoning to City Council. Council Member Dunbar asked Mr. Swope for clarification that there would only be two people who had to vote in the township. Mr. Swope confirmed it would be only for the registered voters in the affected area, and there are only two (2). Council Member Jackson asked if Law had any communication with the Eaton County Sheriff or the prosecutor on continued enforcement and patrol in that area. Mr. Smiertka confirmed there is already joint enforcement in the area, he was not aware of any additional discussions now with this being proposed, and he did not believe this annexation would discourage it. Council Member Jackson asked if after the annexation if Lansing would start patrolling that area. Council President Wood stated that would be a discussion with the LPD if and when it is annexed. Council Member Washington asked if Mr. Ken Fletcher with Delta Township had provided an opinion. Council President Wood confirmed she had a discussion with him, and Delta Township does not support it. Council Member Hussain then asked Mr. Smiertka if anyone in his office had worked with the attorney that drafted the language and petition for the annexation. Mr. Smiertka replied that he was not aware of anything formally, and a year ago there was an inquiry on annexation, but he could not confirm it was this specific area. He confirmed he had not been in contact with this applicant. Council Member Hussain went on to stated he had spoken to a property owner next to *Quickie Stop* who informed him the township was not being cooperative, and he had been approached by a prospective purchaser for a

medical marihuana facilities, and/or grow facility. Council Member Hussain went on to state that this property owner told him that Jack Roberts in the City Attorney office was working with them on annexing into the City. Mr. Smiertka again stated that law does not actively engage in putting in marihuana facilities. He was aware that there was a contact made to his office in 2017 regarding a developer that wanted to know how to annex into the City, and they spoke with the person in law who deals with real estate, but there was no active process on annexation, just provided them with information. Mr. Smiertka stated he would follow up with his office on these statements and report back.

Council President Wood reiterated to the public and Committee that there will be no action from Council, it will be on the ballot for all registered voters in the City to vote on.

Council Member Washington spoke on her concerns with the annexation.

Internal Auditor Presentation on Audit Findings for:
Common Ground

Council President Wood began by stating that even before the budget process there were questions on Common Ground and in the past Council was told that eventually Common Ground would support itself by generating revenues. Currently there are funds appropriated in budget for Common Ground, so Mr. Brewer was asked to create a report and Mr. Keith was invited to address any specific questions.

Mr. Brewer began his review of the audit that was preformed, noting it was for information purposes and is objective, he added that the review does not provide an audit or speculation on the economic impact, but is financial information only. Mr. Brewer continued by stating that the review was to look at procedures, tax returns and information provided by LEPFA. In his review he included the entities involved in the event which included Center Park Productions and a contract with MI Entertainment. In regards to Center Park Productions, Mr. Brewer confirmed they filed a 990 and that what he used for his audit. In the report the salaries were listed for LEPFA and Council President Wood asked if that was for Common Ground or LEPFA work as a whole, and Mr. Keith confirmed he completes a volunteer form for Common Ground, so the salary listed on the 990 is strictly for LEPFA. The Committee was referred to page 6 of the report which spoke to the financial performance for revenues and expenses for 2014, 2015 and 2016. This included a discussion on ticket sales, labor reimbursement, advertising and promotions, artist fees, and even production which brought in the net assets for 2014 at (\$375,296), 2015 at (\$558,957) and 2016 at (\$1,092,535). Regarding details on 2018, it was noted to the Committee that the process to reconcile with MI Entertainment and Center Park Productions is still in the process. Mr. Brewer then had the Committee move onto page 7, which reflected the line items for miscellaneous revenue- labor reimbursement. With 2014 at \$130,000, 2015 at \$132,500 and 2016 at \$138,550 the City expenses continue to come in at 4.89%. Mr. Brewer concluded his overview by stating in his recommendation, he would suggest they get more support from the community.

Mr. Keith gave a brief history of the event since it started with the River Fest, then the Michigan Festival before they were combined and became Common Ground. Mr. Keith also noted that Adado Park does not have any infrastructure so for every event they have to rent stages, fences, trailers, bathrooms, bring in temporary electricity, water and security which could come in at about \$140,000 per night. The event does bring in 200 temporary jobs for 2-3 weeks around the festival. Mr. Keith then explained the increased cost of the artists who are now charging more because they are no longer selling records and performing, but performing and their music is getting downloaded for cheaper costs. Council President Wood asked about the reserves and if those are used for the losses. Mr. Keith admitted the reserves were not noted in the audit report, but they do use them to some point. The amount has

accumulated over the 19 years of the event. Council President Wood asked about the circumstance in 2016 that made the expense higher, and Mr. Keith explained that it was weather related, which is the potential at every year. Insurance does not help because it is restrictive and extremely costly. Council Member Jackson inquired into how they determined there was a \$3 million economic impact. Mr. Keith stated they used the formal Visitors Convention Bureau survey for dollars for overnight, and dollars for daytrips. Council Member Dunbar asked if the "reserve" is reported as "Assets". Mr. Brewer confirmed that the spreadsheet in his audit was a summary, not all the line items, and admitted there is a cash balance, which is an asset, and he noted he did not do a review of the financial but of the 990 form they are required to file annually. Council Member Dunbar referred the Committee to the report and the final page after page 11 of 11. Council Member Dunbar then asked Mr. Keith if he was recommending the City invest in the Adado Park infrastructure, and he confirmed, and added that the City and the Arts Council are currently working on grants. Council President Wood acknowledged that later at the Council meeting there is referral for a grant.

Council Member Hussain asked Mr. Keith if it was possible to get a breakdown on the economic impact just for the City. Mr. Keith acknowledge that would be hard to obtain because the hotels, restaurants and businesses do not ask that specific question of location when people visit their business during that time. Council Member Hussain encouraged regional support of the event in the future.

Internal Auditor Review of the City Market

Due to time constraints, this item was moved to the September 10, 2018 Committee meeting.

DISCUSSION/ACTION

DISCUSSION – Council Rule Amendments

Council President Wood outlined the amendments which were to change Rule 4 from four (4) members on a standing committee and ad-hoc committee to three (3) members.

MOTION BY COUNCIL MEMBER WASHINGTON TO INTRODUCE THE COUNCIL RULE AMENDMENTS TO COUNCIL FOR CONSIDERATION AND ADOPTION AT THE AUGUST 27, 2018 MEETING. MOTION CARRIED 5-0.

OTHER

Draft Budget Priorities for FY2019/2020 _Adoption due by Sept. 24, 2018

Council President Wood asked that Committee members review the budget priorities at their committee meetings and report back to Council staff by September 7, 2018 for discussion at the Committee of the Whole on September 10, 2018 and adoption at Council at September 24, 2018.

ADJOURN

The meeting was adjourned at 6:51 p.m.

Respectfully Submitted by,

Sherrie Boak, Recording Secretary

Lansing City Council

Approved by the Committee on August 27, 2018