MINUTES
Committee of the Whole
Monday, October 1, 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
Councilmember Adam Hussain
Council Member Brian T. Jackson
Councilmember Peter Spadafore
Councilmember Patricia Spitzley
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
Lisa Hagen, Assistant City Attorney
Greg Venker, Assistant City Attorney
Mayor Schor
Brett Kaschinske, Parks & Recreation Director
Nick Grueser, Lansing Lugnuts
Joe Vitale
Elaine Womboldt
Kathy Miles
Loretta Stanaway

Minutes

Council Member Jackson stepped away from the meeting at 5:30 p.m.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE MINUTES FROM SEPTEMBER 24, 2018 AS PRESENTED.

Council Member Jackson returned to the meeting at 5:31 p.m.

MOTION CARRIED 8-0.

Public Comment on Agenda Items
Ms. Miles spoke against the proposal for the stadium and the USL Soccer Club because of the financial impact.

Ms. Stanaway supported the sale of the Cooley Haze house, then spoke on her financial impact concerns with the stadium

Council Member Spitzley stepped away from the meeting at 5:34 p.m.

Ms. Womboldt stated that Rejuvenating South Lansing supported the sale of the Cooley Haze House.

Council Member Spitzley returned to the meeting at 5:35 p.m.

Ms. Womboldt continued by stating she was opposed to tax payers paying for the costs proposed for the stadium and USL Soccer Club, asking them to consider lowering ticket prices.

DISCUSSION/ACTION
RESOLUTION - Sale of Property; Cooley-Haze House, 213 W Malcom X Street
Mr. Kaschinske provided an overview of the bidding process which began in June 2017 when the Park Board decided to sell and brought that proposal to the Council, who in turn put on the ballot. The residents, by vote, agreed to sell. An RFP was done for bidders in March 2018, where they published in social media, held open houses, worked with Preservation Lansing, Michigan Preservation Network, and Old House Dreams social media site. The first RFP did not receive any bids, so they sent out again for a longer period of time and got two bids. One bid was for $10,000 and to maintain as a single family home, and the bid before Council is one for $20,000 and a use of retail. The proposal also contains a historical covenant which includes the home stay on site and the exterior maintained historically. Council President Wood inquired into if the home was on the Historic Registry and was informed it currently was not. Mr. Kaschinske added that in addition to the home staying on site, the 30 year historic covenant also states the exterior of the house shall remain of the same material, etc. Council President Wood asked if the property is zoned for retail, and Mr. Kaschinske stated it would need to be rezoned. Mr. Vitale introduced himself and provided a brief history of his work in the City. His proposal for the property, he informed the Council, was to create a retail of historic building materials for people to purchase as they remodel and renovate their historic homes. These materials would consist of trim, windows, doors, knobs, fixtures and anything too large would be stored off site. Council Member Jackson asked if an appraisal was performed and it that was the rationale of the price. Mr. Kaschinske confirmed no appraisal was done but they did speak to the City Assessor and their value was assessed at $50,000-$65,000. One issue the City had in the past as the owner was that with the structure needing work, the City covered 70% of the repairs. Prices on repairs had come in at $142,000 for siding and a boiler at $25,000. Council Member Washington spoke in support of the sale and proposed use. Council Member Dunbar asked if the entire space will be used, and Mr. Vitale confirmed it will be a store front for the materials and some will be stored off site. Council Member Hussain spoke in support of the project and protecting the historic structure. Mr. Vitale at that point informed the Committee is plan is to get the home on the Historic Registry and then it will be protected in the far future as well. Council President Wood asked Mr. Smiertka the legal opinion on no appraisal. Mr. Smiertka answered that the Charter does not require an appraisal for a sale, but if the City wanted to purchase it would, and if it is less than

$50,000 in sale price there is no 30 day waiting period. Council President Wood encouraged Mr. Vitale to work with the Cherry Hill Neighborhood on attaching to their historic district.

MOTION BY COUNCIL MEMBER WASHINGTON TO APPROVE THE RESOLUTION FOR THE SALE OF THE PROPERTY LOCATED AT 213 W MALCOM X STREET; COOLEY-HAZE HOUSE FOR $20,000. MOTION CARRIED 8-0.

Discussion/Resolution - Stadium Soccer License Agreement; City of Lansing & Lansing Soccer Club, LLC as United Soccer League Division Three Club; Thomas M. Cooley Law School Stadium
Mr. Smiertka took the Committee through a brief overview of the agreement, nothing there are numbering changes that have to be corrected, Page 24 line 20, should be 500 tickets no 1,000; it is a 16 year agreement with USL D3 and Mr. Grueser stepped in stating it was just changed to USL League 1. Mr. Smiertka continued noting that the agreement will expire on the same term limit as the Lugnuts, the USL will play 15 homes games at the stadium. And there are two (2) conditions must be fulfilled for the City obligation; a proof of franchise and a ticket manifest which the City will have 10 days to object to. The agreement outlines that the City will get $2 per each premium tickets, the City will make marketing payment for the first five (5) years, and the USL will market the stadium as a desirable venue. In connection with the marketing payment, if the attendance achieves a certain level over the years, then a soccer service credit is applied to offset the marketing payment. The other financial conditions listed in the agreement included the City will buy the soccer conversation equipment, so it will be owned by the City; the City can solicit sponsorships for any costs; the City will reimburse up to $36,000 annual for soccer conversions; and the City agrees to pay $20,000 for utilities for the first 5 years, then it is a split. Mr. Smiertka and Mr. Grueser then both confirmed that the have agreed to have the Lansing Soccer Club engage with the youth in Lansing and the schools for soccer related activities. Lastly, the Committee was informed that the agreement states in the covenants that the Lansing Soccer will maintain the franchise in Lansing and not move, and it will default if the covenants are breached.

The Committee began the review of the document.
Page 1 line 1-24 no comments.
Page 2, line 1-6., the Committee inquired into what the ticket manifest was and Mr. Grueser offered to get it to the Committee and stated it basically listed seating locations and prices.
The definitions began on page 2, line 8-22, and Council Member Spitzley inquired into the broadcast rights. Mr. Smiertka clarified it is a separate agreement with the Soccer Club and City, and could be a revenue generator. Council Member Spitzley pointed out that the City already has an agreement with TMO (Take Me Out to the Ball Game) for the Lugnuts, so would this be applicable and if not to remove it. Council President Wood clarified that this agreement is separate then the Lugnut agreement and separate from what the City currently gets from baseball broadcast rights. Mr. Smiertka explained that they did use the TMO agreement as a template for this agreement and some items are identical but other items are different. When the agreement gets to the CIP, some of those items do merge with the two organizations. Council Member Dunbar asked why they pulled the liquor license details out of this agreement, and Mr. Smiertka noted it was not necessary because soccer will not be holding liquor concessions on their own.
Page 3 line 1-7 no comments.
Page 3 line 8-14, Council President Wood inquired into the sponsorship sections in the stadium. Mr. Gruese confirmed if it is sponsored by PEPSI the City gets revenue through TMO, and the suite level is sponsored by Auto Owners and they receive revenue for that as well. The Chevrolet Terrace is exempt from that revenue because it is not a venue seat.
Page 3 line 15-21 no comments.
Page 4 line 1-22 no comments.

Page 5 line 1-12 no comments.
Page 5 line 13 spoke to suites and Council Member Spitzley asked if those would be provided or purchased, and Mr. Gruese confirmed that condition is similar to the TMO agreement. There was then a question into the language of LEPFA as an entity, and Mr. Smiertka explained that the City has an operating agreement with LEPFA and they are the City's agent so LEPFA can execute any agreements that are under 5 years, but anything over that comes to Council.

Council Member Spadafore stepped away at 6:23 p.m.

Page 5 line 15-22 no comments.
Page 6 line 1-3, regarding the suites, Council President Wood asked if the same offer would be made to the people who have them at Lugnuts and she was informed they will have first rights of approval.
Page 6 line 4-5 no comments.
Regarding the naming rights item, Council President Wood asked who had them, and Mr. Gruese stated they will stay the same for the field and stadium through the 2020 year, and Mr. Smiertka confirmed that the agreement states the USL has to honor the naming rights.

Council Member Spadafore returned to the meeting at 6:25 p.m.

Page 6 line 8-21 no comments.
Page 7 line 1-2 no comments.
Page 7 3-4 on premium tickets and Council Member Spitzley inquired into how many there were. Mr. Gruese stated 100 luxury suite tickets, 60 clubhouse, 152 PEPSI porch and 100 banquet center. The stadium capacity is 12,500 and their goal is to sell 6,000.
Page 7 lines 5-16 no comments.
Page 7 line 17-18 addressed other events and Mr. Gruese confirmed that there is no intent for special events to filter through Lansing Soccer.
Page 7 line 19-22 no comments.

Council Member Washington stepped away from the meeting at 6:32 p.m.

Page 8 line 1-22 no comments.
Page 9 line 1-21 no comments.
Page 10 line 1-15 Ms. Hagen confirmed that the term of the agreement coincides with the TMO which would end 12/31.2034 beginning for soccer 11/1/2018. The conditions to terminate were listed on lines 8-15. Council President Wood asked if there was language that spoke to the City being reimbursed on their equipment purchase if the agreement is terminated. Mr. Smiertka stated that under Section 23, the City seek remedy of the damages from the default. Council Member Spitzley requested that it be added to this Section so that the City would not have to go to Court, and Council Member Spadafore added that it could violate the purchasing ordinance on depreciation of assets.

Council Member Washington returned to the meeting at 6:38 p.m,

Council Member Spitzley again asked for language specific in the event of default they have to reimburse the purchase of the sod equipment. Mr. Smiertka confirmed it could be done, but he did not like a reimbursement clause in a default clause because it could be limited. Council Member Spitzley stated she would defer to law on that decision and language. Council President Wood made it known her concern was if they defaulted in the first 2 years.
Page 10 line 17 through page 11 line 17 Mr. Smiertka noted this section dovetails with the TMO agreement and this will be the amounts the City will use to make capital improvements to the stadium. M.s Hagen added this can be for field replacement and the funds can be carried

over. Mr. Gruese pointed out the amounts listed are the maximum, not the additional. The TMO agreement set the limits, but this agreement asked for the maximum. Mayor Schor added that the intent of the language was due to the action of flipping the field, and the field life span could be shorter, so they are banking funds as the field gets older to help in the future. The budget will reflect the maximum amount listed. Mr. Gruese then provided a list of Short Term Capital Improvements (attached)
Page 11 line 18-22 referenced maintenance and Council Member Spitzley asked what kinds of maintenance they envisioned that would be different than what is under and covered by TMO. Mr. Gruese admitted there was not a lot at this time, the intent with the CIP funds is to have funds for future repairs and maintenance to the stadium. Council Member Jackson asked how the CIP is different from stadium maintenance, Mr. Gruese explained that maintenance is under LEPFA, and general maintenance; CIP is a planned improvement to the ball park, not regular maintenance. Mr. Smiertka added that the City is not responsible for damage by USL, they are responsible for the major maintenance.
Page 12 line 1-10 no comments.
Page 12 line 14-17, Council Member Dunbar asked that the language be changed to reflect "shall not", not "is not intended". Council Member Jackson ask language be added to reflect their commitment to work with the community. Mr. Smiertka acknowledged they had language they could add to page 13 under subsection D. Mr. Gruese confirmed of their three (3) goals is community engagement. Mayor Schor acknowledged they have had the discussions but did not draft language until the meeting today in case there were other options.
Page 12 line 22 to page 13 line 4 no comments.
Page 13 line 14-20 no comments. Council Member Hussain asked if there were any other additional needs other than the equipment it already states the City will own.
Page 13, Council Member Spitzley asked if TMO or USL would staff the concessions and if there was a budget. Mr. Gruese assured them it would not be a City expense.
Page 14 line 20-22 no comments.
Page 15-line 1-20 no comments.
Page 15 line 21 through page 16 and 17, and Council Member Jackson asked if they had made efforts to make the ticket prices reasonable. Mr. Gruese stated it was based on a market analysis and they believe the prices are reasonable. Once the ticket manifest is submitted they will see a breakdown. Council President Wood asked if they thought of a block of 50 seats for low income or child rates, and Mr. Gruese stated they would be open to it, and could do a ticket donation program similar to baseball.
Page 17 line 4-22 no comments.
Page 18 no comments.
Page 19 no comments.
On page 20, Council Member Spitzley asked what they thought marketing as a desirable venue. Mr. Gruese stated it would be highlight the stadium as a key entity, and USL will only market soccer. Mayor Schor noted that some of the intention of the language was to focus on utilizing the asset in downtown. Council Member Hussain asked if there was a responsibility on the team to pay for marketing. Mayor Schor stated the $125,000 for the City is based on 4,000 tickets.

Council President Wood passed the gavel and stepped away from the meeting at 7:19 p.m.

Mr. Smiertka added to the discussion that this amount is for 5 years and there is soccer credit to reduce it. Their debt is 13 years; through the end of the contract. Council Member Spitzley referenced the agreement and reminded them that it says that the City is paying $125,000 to market it.

Council President Wood returned to the meeting at 7:20 p.m. and Council Member Washington passed the gavel.

Council Member Washington stated her concern with the amount, and asked how that fits in with the funds budgeted to LEPFA, and asked how they plan to market it since it is known as the “Lugnut Stadium”. Mr. Gruese admitted it was not worked out yet, but they are marketing the stadium as a year round venue. Council President Wood asked if the $125,000 is similar to anything the TMO agreement for baseball, and Mr. Gruese stated it was not. Council Member Washington asked again how these funds fit with what is already given to LEPFA, and Mayor Schor stated LEPFA funds pay for maintenance and operations. Council Member Spitzley stated her concern on making a payment of $125,000 but only getting $2 per premium ticket. Mr. Gruese assured Committee that the $2 per premium was for the duration of the contract. The Committee then reviewed the graph on page 25 of the document and its’ breakdowns.

Council Member Spitzley and Spadafore stepped away from the meeting at 7:32 p.m.

Council Member Hussain asked if there was the potential of getting revenue from the soccer field, and did not agree with the $2 per premium ticket.

Council Member Spitzley returned to the meeting at 7:34 p.m.

Council Member Hussain then asked for another option since the ticket prices will not always be fixed over the term of the contract, so he asked for Mr. Gruese to provide a modified language that might include a percentage of a ticket instead of a set price of $2.

Council Member Hussain stepped away from the meeting at 7:35 p.m.
Council Member Spadafore returned to the meeting at 7:35 p.m.

Council Member Garza asked Mr. Gruese how much the USL planned to put in for marketing, and he was told $150,000-$200,000 but since they do not have their budget set yet, he could not confirm. Mr. Smiertka informed the Committee that each party is responsible for their own marketing.

Council Member Hussain returned to the meeting at 7:37 p.m.

Mayor Schor stated that when they first start the discussions on the USL, $125,000 was based on the equivalent to the debt payment but will only go five (5) years.

Council Member Garza stepped away from the meeting at 7:38 p.m.

Council Member Spadafore asked if they could adjust the ticket fee, and Council Member Spitzley asked for a 1/3 -2/3 split on the marketing cost so it is equitable. Council President Wood asked if they could commit to spending the same amount as what the City is giving. Mr. Gruese stated he would have to consult with ownership.

Page 21 lines 1-17; Council Member Spadafore asked if sponsorships could be obtained for the turf machine, etc. and was told it was possible.

Council Member Garza returned to the meeting at 7:42 p.m.

Page 21 lines 18-21; Council Member Spitzley asked if the City gets part of the revenue for broadcasting.

Council Member Jackson stepped away from the meeting at 7:43 p.m.

Mr. Gruese stated that the league requires them to stream all matches at the Lansing Soccer League expense at about $102,000, and they will not come to Council to pay for broadcasting. Page 22; Council Member Spitzley asked how they were going to break out utilities for TMO and Lansing Soccer. Council President Wood stated per the agreement, TMO is responsible and Mr. Smiertka added it is shared equally.

Council Member Jackson returned to the meeting at 7:45 p.m.

Mr. Gruese admitted they are looking at smart meters, at usage not on rates. Council Member Hussain noted the agreement stated the City would pay $20,000 for first 5 years. Mr. Gruese assured the Committee this was something similar to the TMO agreement.

Council Member Spitzley stepped away from the meeting at 7:48 p.m.

Page 22 line 7-17 no comments.

Council Member Spitzley returned to the meeting at 7:49 p.m.

Council Member Hussain again asked for a percentage on the tickets instead of $2. Council President Wood asked Mr. Brewer was the inflation rate was, and he stated 2.5%-3%, then admitted that an agreement can be reviewed every so often. Council Member Washington suggested Mr. Gruese look at what percentage $2 is of a $35 premium ticket and use that as the across the board percentage. Mr. Gruese stated he was open to that change and could draft language to make the change, but the problem with basing it on an inflation rate does not work on the ticket prices. He confirmed he would send the new language with the ticket manifest by Thursday at noon.
Page 23 line 8- page 24 line 8; Mr. Smiertka directed the Committee to line 13 on page 23 which spoke to the letter of credit or security bond.
Page 24 line 9-21; the Committee was reminded of the earlier stated change from 1,000 tickets to 500.
Page 25 was the chart on average number of tickets.
Page 25 line 12-16 no comments.
Page 26; Council Member Spitzley read lines 1-4; "LEPFA shall provide and make available equipment necessary to transition a sod-based minor league baseball field at the Stadium to a USL sod-based soccer field at the Stadium, not to exceed a one-time capital equipment cost of one hundred fifty thousand dollars." She then asked if the City would buy and pass through to LEPFA then to Lansing Soccer Club. Mr. Smiertka explained that LEPFA is the City's agent, so this is saying the agent will make the equipment available. The Committee then discussed the one time use of the sod and options for the sod after it is removed for a baseball game. Mr. Gruese noted they offered the option to MSU but they declined so they have reached out to sod farmers in the surrounding area in Michigan. Mayor Schor assured the Committee they will work on language for the agreement that provides options on where the sod can be taken to, to be re-used on City properties and parks. Mr. Gruese asked to speak to his grounds superintendent first to see the requirements on moving sod.
Page 26 line 5-15 on the sod conversion, Council Member Spitzley inquired into how many they will have and Mr. Gruese confirmed 12. She then asked since the City is buying the equipment if there should be a shared cost on the switch over. Mayor Schor acknowledged that his office is actively looking for sponsorships for the machine. Council Member Spitzley asked for a shared cost in the conversation not to $36,000. Mr. Gruese reminded the Committee the information from the earlier meeting that if they were to pay someone to do the conversions it would be $40,000-$50,000 if the City does not buy its own equipment. Mayor Schor pointed out that after the first five (5) years, this conversation cost will be the only expense.
Page 26 line 17-22 no comments.

Page 27 line 8-19 no comments.
Page 27 line 20-22 no comments.
Page 28 line 1- 8; Council Member Hussain asked how City residents are measured, and Mr. Gruese confirmed that when they look at staffing they look at local high schools and the majority of the staff will be shared staff from TMO and LSC. He concurred that when they do the recruiting they will make it available to be stated they are looking for Lansing residents. Council President Wood asked Mr. Gruese to provide current stats on how many are Lansing residents.
Page 28 line 10-22 no comments.
Page 29 line 1-22 no comments.
Page 30 line 1-22 no comments.
Page 31 line 1-22 no comments.
Page 32, renumber the Sections.
Page 32 on line 6, Council Member Spitzley asked if the contract was assigned to LEPFA for administration, and Mr. Smiertka stated that LEPFA already has the responsibility of operating the Stadium, the intent in this agreement is to be assigned to LEPFA.
Page 33 line 1-3; Council Member Jackson asked if they can be confident there will be 15 games, and if not can the agreement be terminated. Mr. Gruese stated the Leagues stated they will have 12-14 home league matches, but that will not be finalized until December 1st. He assured them that they will also plan to fill open days with expedition games.
Page 33 line 1-22 no comments.
Page 34 line 1-22 no comments.
Page 35 line 1-22 no comments.
Page 36 line 1-22 no comments.
Page 37, it was confirmed that there are improvement planned for a locker room.
Page 38 line 1-22 no comments.
On Page 39, under the Review Board, Council Member Spitzley inquired into why there is no City of Lansing resident on it. Mr. Smiertka explained that the model of the Board came from the TMO agreement and LEPFA is the agent of the City. In the case of the board if there is no agreement on a dispute, they will hire a mediator. Council Member Spadafore inquired into the same statement in the TMO agreement, which he pointed out that TMO would have two appeal options, so he recommended one review board with adding TMO to this Board.

Council President Wood read the changes needed in the document based on this discussion.

- Provide a ticket manifest
- Provide an option for the City to receive a percentage of the ticket sales, not the proposed $2/ticket.
- Include the proposed language that stated the players and organization would be working with the schools and local youth.
- Include language on reusing the sod from the change-over on other City properties.
- Statistics on the number of City residents who are currently employed with Lugnuts organization.
- Add “TMO” to the Review Board
- Change any reference to “D3” or “Division 3” to “League 1”.
- Page 12, line 19 should be corrected to state “shall not” not “not intended”.
- Page 24, line 24 change to 500 tickets.

The item will reappear on the Committee of the Whole agenda for 10/8/2018 for action and also on the Council agenda for action the same night.

Council President Wood asked and it was confirmed that the new documents would be provided to Council staff by Thursday, 10/4 at 12:00 p.m.

Other:

No topics.

ADJOURN

The meeting was adjourned at 8:41 p.m.
Respectfully Submitted by,
Sherrie Boak, Recording Secretary
Lansing City Council
Approved by the Committee on October 8, 2018

Cooley Law School Stadium
Short Term Capital Improvement Plan (CIP)
2019-2023

Item/Sub-Group	2019	2020	2021	2022	2023	*5 Year Total*	*Notes*
Structural							
roof replacement-curved metal roof							
winterization of clubhouse (suite level bar/kitchen)							
roof repairs/replacement-flat roof							
concrete repairs/improvements							
Update ball park lighting				$200,000			
LED Field lighting			$400,000				
***Subtotal-** Structural*	$0	$0	$400,000	$200,000	$0	$600,000	
HVAC							
replace HVAC equipment							ballpark HVAC equip is almost 25 years old
***Subtotal-** HVAC*					$0	$0	
Architectural							
Concession Stand upgrades	$75,000						
Remodel all stadium restrooms		$300,000					
new carpet suite level			$20,000				
new carpet in locker rooms			$15,000				
renovate elevator interiors			$20,000				
replace carpeting in offices			$7,500				
repaint concourse			$15,000				
repaint suite level			$10,000				
repaint club level (lockerrooms)			$7,500				
***Subtotal-** Architectural*	$75,000	$300,000	$95,000	$0		$470,000	
F, F&E							
new forklift					$35,000		
security camera system		$7,000					
new trivision signage (plaza)					$60,000		
Kitchen Equipment							
***Subtotal-** F,F&E*		$7,000		$0	$95,000	$102,000	
Yearly Totals	$75,000	$307,000	$495,000	$200,000	$95,000	$1,172,000	