



MINUTES
Committee of the Whole
Monday, October 14, 2019 @ 5:30 p.m.
Tony Benavides Lansing City Council Chambers

CALL TO ORDER

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

PRESENT

Councilmember Kathie Dunbar- arrived at 5:35 p.m.
Councilmember Jeremy A. Garza
Councilmember Adam Hussain
Council Member Brian T. Jackson
Councilmember Peter Spadafore
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
Nick Tate, Litigation Attorney
Loretta Stanaway
Bob Trezise, LEAP
Kris Klein, LEAP
Hannah Bryant, LEAP

MINUTES

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE MINUTES FROM SEPTEMBER 30, 2019 AS PRESENTED. MOTION CARRIED 6-0.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE MINUTES FROM THE OCTOBER 7, 2019 MEETING AS PRESENTED. MOTION CARRIED 6-0.

PUBLIC COMMENT

Ms. Stanaway spoke on items on the Council agenda including brownfields and in opposition to offer funding towards developers.

Presentations

Economic Development & Planning Updates including LEAP

Mr. Trezise distributed handouts to the Committee, and then began his presentation on Brownfields, capturing taxes, reimbursement of taxes and incentives. Council Member Spadafore mentioned that there have been examples in the past where a developer has had issues even to the extent of a complaint to the State, and in those cases is there an inspection when LEAP is providing incentives to do a due diligence on the project. Mr. Trezise did confirm there are inspections. Council President Wood noted that LEAP has acknowledged the developer pay back for addressing the environmental issues but those funds are not going back into the general fund for normal business of running the City and encouraged the City Council Auditor to research this practice. She then admitted that under Mayor Hollister the City did not do the amount of OPRA's or Brownfields and the City did suffer because of that. Council Member Spadafore asked how long the City has been doing Brownfields and which of those are back to paying taxes to the City, not to the project. Mr. Trezise stated they have approved 78 Brownfields in the last 25 years with the first one in 1999. Currently there are 26-28 that are active Brownfields that are still be captured. Reimbursement is done only when they tear down and rebuild. Council Member Spadafore asked how many of the 78 were 30 year Brownfields and Mr. Trezise was not able to provide that information, but his opinion was that most were a 15-year range. Council Member Spadafore asked LEAP to follow up to let Council know of the 78, which are not active and which were successful. Council Member Hussain asked who was responsible for inspecting and checking up on the Brownfields, confirming they provided the jobs they stated they would, transparency in bidding, etc. He too asked LEAP to follow up with Council on historical data, so when Council can use it to vet applications. Mr. Trezise acknowledged they do audit all incentives projects and have information on their website. He was then asked if they "self-audit" and Mr. Trezise state they review what Council puts in the agreements and the developer has 2 years to do the project per the agreement, so LEAP performs an audit every 2 years on the project. He then admitted they do not have the resources to have "boots on the ground" of the project, but they do a deep audit and monitoring. Council Member Washington asked if there has been a discussion with the Treasury on the audit of the income taxes for the projects. Mr. Trezise admitted in 2006 the process was taken from the HRCS Department and shifted to LEAP, but would welcome another Department to take that task on, at which he was encouraged to speak to the Mayor. Mr. Smiertka confirmed that the universal development agreement does have provisions that address collection of income taxes, place in the contract, and post on the job sites the requirement for income tax and reporting. Council President Wood stated that she understood that some of the Unions have offered to do the monitoring also. Council Member Jackson encouraged negotiating 15 year Brownfields instead of 30, the so funds would increase sooner, or consider a way to have incremental increases. Council Member Hussain asked if other municipalities have ever taken possession of properties, done the abatement themselves and gotten the Brownfield incentives. Mr. Trezise stated that sometimes there are a lack of incentives, and some states still utilize eminent domain and obtain property that way. Council President Wood asked if there is anything currently happening in the Michigan Legislature that would allow a community to collect a public safety fee in the Brownfield.

The presentation moved into the strategy that LEAP does to attract businesses and economic development. Council President Wood asked about the work LEAP does regionally and if they receive funds from other municipalities. Mr. Trezise confirmed they have a 8 year contract for the City of Lansing, and they have three counties where they collect \$3,000 - \$15,000. LEAP does regional practices that the City and those other municipalities all benefit from. He then stated when approached by potential businesses, they already have a certain criteria of where they want to be or can be. Council Member Hussain asked if there have been any attempts to coordinate with LEDC, Public Service and MDOT on their projects and providing outreach, information and resources to the businesses that will be effected by their forthcoming projects. Mr. Trezise admitted they focus more regionally on businesses with 500 or more customers

and it is hard to go door to door with small businesses. He added that they could consider programs.

DISCUSSION/ACTION:

Executive Order 2019-07- Adoption of Universal Development Agreement

Council President Wood provided an explanation that this was an Executive Order that does not require Council approval in any form, and therefore the purpose of this discussion is to make sure Council can have a discussion and get any questions answered. Mr. Smiertka outlined the document, noting that this was for use for developing projects that use economic incentives. This would not apply to real estate transfers because those are covered under the development agreements. The Executive Order itself is done by the Mayor to implement projects with performance measures, timelines, reporting, and objectives. There are no direct City funds involved with this order or agreement, and it has been vetted through labor, the Chamber of Commerce and OCA. The Committee proceeded with a review of the document. On page 4, Council Member Garza asked who is responsible for making sure the incomes taxes are required and paid, and Mr. Smiertka stated it would appear later in the document. The Committee continued review and Mr. Smiertka referenced page 6, Section 3 the application and Section 5 with the term and conditions of completion. Also included in the document was the commitment to hire local labor on page 10 and the commitment to pay taxes on page 11. Council Member Jackson asked, if this was an Executive Order with no Council action, why were not all Council Members approached, because if approached he would have asked that the document incorporated mitigation on the climate crisis, and an incentive for building with high energy standards. Council President Wood informed Council Member Jackson that since 2008 the Council has been working on a Universal Development Agreement on the books and this was based on the Administration addressing past recommendations, communications with the Chamber and other universal agreements. Council Member Dunbar stated that having an Executive Order in place does not preclude Council from amending what Council has adopted in the past to add climate action. Mr. Trezise was then asked if the agreement offers any incentives for those standards, and he stated no. Council President Wood noted that with the previous Executive Order with the past Administration, the Council adopted a universal agreement, however that is no null and void since the Executive Order. In addition, since the Executive Order is now in place, Council cannot create another document unless they write an Ordinance.

Adjourn

The meeting adjourned at 7:05 p.m.

Respectfully Submitted by,

Sherrie Boak, Recording Secretary

Lansing City Council

Approved by the Committee on October 28, 2019