MINUTES
Committee of the Whole
Monday, January 25, 2021 @ 5:30 p.m.

https://us02web.zoom.us/j/85940036219; ID: 859 4003 6219; or Dial in: (646) 876 9923
Held virtually in an effort to protect the health and safety of the public & to mitigate the spread of COVID 19

CALL TO ORDER

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

PRESENT- via audio/video

Councilmember Peter Spadafore remotely from Lansing, Michigan
Councilmember Adam Hussain remotely from Lansing, Michigan
Councilmember Carol Wood remotely from Lansing, Michigan
Councilmember Patricia Spitzley remotely from Lansing, Michigan
Councilmember Kathie Dunbar remotely from Lansing, Michigan
Councilmember Brandon Betz remotely from Lansing, Michigan
Councilmember Jeremy Garza remotely from Lansing, Michigan
Councilmember Brian T. Jackson remotely from Lansing, Michigan

MEMBERS PRESENT- via audio/video

Sherrie Boak, Council Staff
Mark Lawrence, Mayors Representative
Lisa Hagen, City Attorney
Jim Smiertka, City Attorney
Loretta Stanaway
Brett Kaschinske, Parks & Recreation Director
Jake Brower, Budget Director
Chief Martin, LFD
Tom Dickson, TMO
Robert Widigan, Finance Director
Richard Nussbaum, Lugnuts Representation of the League
Brian Lefler, Baird
Susan Stachowiak, EDP
Bob Johnson

Minutes

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE MINUTES FROM JANUARY 20, 2021 AS PRESENTED. ROLL CALL VOTE, MOTION CARRIED 7-0, COUNCIL MEMBER JACKSON ABSTAINED SINCE HE WAS NOT PRESENT AT THAT MEETING.

Public Comment

Ms. Stanaway asked for the details on the presentation on the stadium lease, along with materials in the Council packet for the rezoning on 514 E Erie.
Council President Spadafore stated the materials for the stadium lease are being referred at Council tonight.

Presentation

Second Amendment to Stadium License/Lease/Service Agreement with Take Me Out to the Ballgame, LLC

Mr. Smiertka provided a history, and stated the amendment was proposed by TMO due to COVID and restructuring of the Minor Baseball League. Negotiations began over the last few weeks, and the OCA office is working on the amendment itself. Historically the first agreement goes back to 1995, the City built the stadium with multiple forms of financing, DGR (designated gross revenue), and he outlined the process of naming rights. In 2014 there was a first amendment, the City committee $13.5 million funds to enhance the stadium, and TMO agreed to make an additional cash payment. This amendment would go through 2034, and there is a resource in the OCA office that bullet point the details, and can be shared with Council. Part of the lease will turn into a fixed payment at $175,000 and escalate, and the City will continue to maintain parking revenue and 25% of concessions. The current naming rights with Jackson National Life at 50/50 will stay the same, and TMO has agreed to make their cash payments, but the City will have to finance certain improvements.
Mr. Dickson briefly explained the request, based on the impact of COVID to the 2020 season and the significant impact based on the reorganization of the Minor League Baseball, based on changes with the Major League Baseball taking over Minor Leagues, which means the National Association has been terminated. With this change, the Lugnuts are moving affiliates from Toronto to Oakland, moving up in levels, and now 42 minor leagues have been eliminated, bring it to 120 teams. With these changes there are some requirements for the stadium, one being the lights, and a new batting cage to name a few. Mr. Dickson concluded by explain the urgency, due to only getting the document from Major League Baseball over the last couple weeks, and to be a part of these changes the agreement needs to be enacted and signed by February 10, 2021. The organization wants to have a lease activated before the agreement is signed with Major League Baseball.
Mr. Widigan offered up his time if Council had any questions before the next meeting. The current TMO payment consists of 5 primary components that fluctuate throughout the year. This will change the payment structure, to flat payments and will streamline the process for both parties. The goal is to keep the City at the same obligation as currently have, and hold harmless. The capital improvements dollars to TMO will be significantly reduced with this amendment.
Council Member Wood asked for figures of what current revenues and expenditures are from the team and to the bonding. Mr. Widigan stated they are working on the models, and can sent that with the draft agreement. Council Member Wood, how know held harmless, if no numbers yet. Mr. Widigan stated they ran draft number. Council Member Wood asked if it was similar to the soccer league, and Mr. Widigan stated he was not here then, but could get that comparison. Council President Spadafore asked for a comparison letter on what now and what will get, what is the long term net for the City, and is there anything TMO is not going to have to cover with the amendment. Council Member Wood noted significant expenditures paid out due to the Soccer League, and asked Finance to provide information on what those costs were and if the City was able to recoup any of those. Mr. Widigan confirmed he can get the numbers from the soccer, and will also make sure there are comparison numbers before the next meeting. Council Member Wood asked the information be provided to the City Internal Auditor for a review, and she asked the document from Mr. Smiertka on the point by point from the start of the contract be sent to the Council. Mr. Smiertka stated he does have a point by point of the current lease, and he can prepare a comparison point by point from the beginning. Council Member Wood asked what the charge for Baird was on this analysis. Mr.

Widigan stated it is a flat rate retainer. Council Member Hussain agreed with Council Member Wood on not having documents currently and asked Mr. Widigan on the average lease payment over the last five years, the annual City CIP being paid, and if the soccer marketing payment was made in December, and if there was any payment reimbursement on the turf replacement. He concluded by stating he would submit his questions to Mr. Widigan. Council Member Hussain then asked Mr. Dickson on if the team is moving up in the league, why would there not be more revenue coming in and the marketability of the club. Council Member Jackson asked what security does Lansing Lugnuts have in this league, the referenced the document in the packet where the payments are list. He then asked Mr. Lawrence if there was a representation from the City Administration on why this option is a good thing. Council Member Betz asked Mr. Widigan what the assumptions are being made for revenue growth in the models. Mr. Widigan in the recent past there was an economic analysis and what the Lugnuts generated, and they did a comparison to the team in South Bend. Council Member Betz clarified he was looking for the assumptions in the revenue, not the impact. Mr. Widigan stated there is less then assumption, and with this new lease it is a flat payment, 25% of City event food and concessions. Council Member Betz stated in their comparison document of the old lease and the new lease, what are the assumptions to compare. Mr. Lefler for the 3 major revenue sources, under the current model there was an assumption there would be a 2% growth, in terms of the naming rights there is no growth, in terms of the bond there is a fixed amount. On the expenditure side they know it is a fixed interest rate, the City share of utilities is a 50/50 split at a 3% annual growth rate. In the letter from Mr. Smiertka in the packet were maximum amounts. As it relates to other revenue, there were no projections made. Council Member Betz noted 2% is lower than inflation and asked how they came up with that. Mr. Leflar agreed it is less than inflation, but he made an overall average assumption. Council Member Betz spoke in opposition to the 2% because there is historical information, but is opposed to moving forward on the lease amendment until seeing the economic impacts. Mr. Smiertka was then asked what happens if this is not approved, and Mr. Smiertka stated it stays in effect, and if they do not meet the requirements there are terms of termination in the contract. Council Member Spitzley asked Mr. Widigan when the information was provided to Baird. Mr. Widigan stated around the same time the City got it, late December. Mr. Smiertka stated the first meeting was in December, but the first proposal was around January 4, 2021. Council Member Spitzley referenced the date of the economic impact study, and Mr. Widigan was not able to provide that date and would ask Mr. Keith with LEPFA. Council Member Spitzley referenced the required upgrades, and asked Mr. Dickson if those are wants or requirements. Mr. Widigan stated they are requirements by the MLB, and so Council Member Spitzley asked for the list of all the requirements. Council Member Spitzley asked for the particulars on the Capital Improvement fund, then asked for philosophy on the changes. Mr. Widigan stated that during their analysis they are looking at the normal years and going forward. Mayor Schor was able to respond to the Capital Improvement Fund, and there are dollars in the budget, per the contract. Currently that is $200,000, and will be reduced by half moving forward. Regarding the comparison to Soccer and Baseball; soccer was a risk, and confirmed that the figures were just recently provided. Mr. Lefler was referred to as someone who can provide details to Council. Council Member Dunbar asked how much this would impact the bottom line now and in the future, and what are the revenue projections. Currently, she noted, there are hungry, homeless and unemployed families who might go to baseball when it comes back, and asked what strategy is being considered for seating to comply with COVID. Council Member Wood asked if Baird did the analysis for soccer, and she was told no. She then asked who in the Administration did that analysis. Council Member Wood then asked for the estimate on the improvement, and based on today's sale of bonds, what is the projection on what they could cost and what would that debt would be. Lastly if the lease amendment is approved, when would these MLB improvements need to be done. The Capital Improvement budget for this site was reduced by $250,000 from the three entities per Mr. Keith. Mayor Schor stated in the contract proposed is reducing, but the CIP in the past

was budgeted per the contract. He would speak to Mr. Keith about the funds, the reduction discussion had confusion on what budget year that reduction was taking place. Council Member Garza referenced the proposed reductions and changes, and asked for that in writing. He then asked about the rebranding and something the City can profit on. Mayor Schor asked for details in the contract to be looked at. Mr. Dickson the City asked the team during negotiations to move to a flat fee structure, and under current deal there was 5% of retail sales, and now it will fall under the fixed fee. Council Member Garza asked if the MLB or the MLB team contribute funds to this. Mr. Dickson stated that the affiliation deals between teams are fixed so no negotiation, what can say there is a good relations between the teams. Mr. Smiertka stated the current revenue determination is a percentage and the proposed is going to be a flat rate. Council Member Garza asked the term of the contract with the Oakland A's and was told 10 years. Council Member Jackson asked what security will the City have in the later years of the lease, when it could be more beneficial to the City. Mr. Dickson stated the longest deal with MLB was seven (7) years and this is a proposed ten (10) year lease. Mr. Dickson concluded that this contract with MLB is executing an iron clad contract with the Oakland A's and the MLB.
Council President Spadafore concluded the presentation by recapping to the Administration and OCA that what the Committee is looking for is a side by side comparison of what is currently in place, what is proposed and what will be in place in 2034, and this information needs to be before Council before February 8, 2021. He then asked Mr. Lefler if he had any responses to earlier questions and Mr. Lefler stated his research was of the current contract, but he will review it again based on Council Member Betz's inquiry. This will cover the costs where the City is related to the expenditures over 20 years which includes utility share, capital improvements and other exposures. The side by side comparison will be provided and if there is a different assumption that could add as well.

It was confirmed the February 8th meeting will start at 5 p.m.

Discussion/Action

RESOLUTION – Reappointment; Darlene Fancher; City of Lansing Member of Capital Area Transportation Authority; Term to Expire 9/30/2023

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE REAPPOINTMENT OF DARLENE FANCHER TO THE CATA AUTHORITY. ROLL CALL VOTE, MOTION CARRIED 8-0.

RESOLUTION – Reappointment; Gillian Dawson; Elected Officers Compensation Commission; Term to Expire 10/1/2027

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE REAPPOINTMENT OF GILLIAN DAWSON TO THE EOCC. ROLL CALLVOTE, MOTION CARRIED 8-0.

ORDINANCE - Chapter 1279, Appendix D to expand the Saginaw Street Overlay District

Ms. Stachowiak spoke briefly on the projects for the area. Council Member Jackson referenced the area and asked if St. Lawrence has any future plans for this site, and what initiated the request. Ms. Stachowiak stated this sets the stage zoning wise for redevelopment for the site if someone wants to develop, but there are no plans at this time. Ms. Stachowiak also confirmed this area was overlooked and it should have been included when the overlay district was set. Regarding potential projects, there have been discussion with Sparrow and they have no concerns with developments. Council Member Spitzley outlined what was done with the application with the Committee on Development and Planning in late 2020. Council Member Garza asked if other adjacent property owners were contacted. Ms. Stachowiak stated all effected property owners, occupants and tax payers were notified and there were no comments.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE ORDINANCE TO AMEND CHAPTER 1279, APPEDIX D TO EXPAND THE SAGINAW STREET OVERLAY DISTRICT. ROLL CALL VOTE, MOTION CARRIED 8-0.

<u>ORDINANCE - Z-7-2020; 514 W Erie and 500 N Cedar; Rezoning from H Light Industrial to G-1 Business</u>
MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE ORDINANCE FOR REZONING OF Z-7-2020; 514 ERIE AND 500 N CEDAR.
Council Member Spitzley outlined the proposal for senior housing and a multi-family building. The applicants have spoken to the neighboring residents, the public hearing was held, and the applicant has presented to the Planning Board.

ROLL CALL VOTE, MOTION CARRIED 8-0.

<u>RESOLUTION - SLU-4-2020; 900 Southland Avenue, Suite 910, Church in F Commercial District</u>
MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR SLU-4-2020, 900 SOUTHLAND.
Council Member Spitzley stated the applicant was referred to the Committee on Development and Planning after the public hearing, however with the applicants timing on the lease of a facility, the applicants are looking to move forward into this new site. Council Member Wood asked if, since this is a lease, the property will pay taxes, or be tax exempt. Ms. Stachowiak confirmed there will be taxes because they are tenants not the owners. Council Member Wood then asked if there is sufficient parking, and that was also confirmed. Council Member President Spadafore asked if the property were to sell would the church be allowed and required to pay taxes, and Ms. Stachowiak stated to become tax exempt the church would have to purchase the property.

ROLL CALL VOTE, MOTION CARRIED 8-0.

<u>RESOLUTION – Change of Intent; Townsend Ramp Sale Revenue within the Lansing Fire Department</u>
MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE CHANGE OF INTENT ON THE TOWNSEND RAMP SALE REVENUES TO THE LFD.
Mr. Brower recapped for the Committee that the Townsend Ramp was sold to the State and a portion of the net proceeds went to CIP projects, of which $100,000 went to SWOC for improvements for the LFD. At this time, the request is for the LFD to change how the funds would be spent, and use the balance of the funds towards the purchase of washers for turnout gear. Council Member Wood asked Mr. Martin about the new washers that were purchased over the last couple years and asked if this was an extension of those. Chief Martin stated there are two types of washers at the stations, and they want to segregate the turnout gear. This would implement best practices and minimize risks, and they are in the process of purchasing and leasing additional turn out gear since it has a 10 year shelf life. Council Member Spitzley asked if this would allow for washers in each station. Chief Martin stated the attempt is to put them in all stations. Council Member Garza asked if they are using local labor to install, and Chief Martin confirmed they would use local labor.

ROLL CALL VOTE, MOTION CARRIED 8-0.

<u>RESOLUTION – Parks and Recreation Master Plan 2020-2025</u>
MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE PARKS MASTER PLAN FOR 2020-2025. ROLL CALL VOTE, MOTION CARRIED 8-0.

RESOLUTION – Re-referrals of pending items from the Committee Intergovernmental Relations, General Services and Public Services

Council President Spadafore passed the gavel to Council Vice President Hussain. Council President Spadafore then explained that later at the Council meeting there will be action on the adoption of the Council Committee makeup. There are pending items in those Committees, and this resolution would reassign some action items to the new Committees and if the Rules are adopted then the Council will take action.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION ON THE RE REFERRALS OF THE COMMITTEES. ROLL CALL VOTE, MOTION CARRIED 8-0.

Council Vice President Hussain passed the gavel to Council President Spadafore.

Council Member Wood asked if there would be action to motion a late item for Council out of this Committee and Ms. Hagen confirmed that as long as there are enough votes at Council to add the late item, they would be okay.

Adjourn

The meeting adjourned at 7:20 pm
Respectfully Submitted by,
Sherrie Boak, Recording Secretary
Lansing City Council
Approved by the Committee February 8, 2021