MINUTES
Committee on Ways and Means
April 11, 2017 @ 3:30 p.m.
10th Floor Conference Room, City Hall

CALL TO ORDER
The meeting was called to order at 3:30 p.m.

ROLL CALL
Councilmember Jody Washington, Chair
Councilmember Kathie Dunbar, Vice Chair
Councilmember Carol Wood, Member

OTHERS PRESENT
Sherrie Boak, Council Staff
Scott Keith, LEPFA
Jack Alexander
Bryan Crenshaw, Ingham County Commissioner
Jack Schripsema, GLCVB
Eric Decker, GLCVB
Julie Pingston, GLCVB
Eric Brewer, Council Internal Auditor
Angie Bennett, City Finance Director
Jim Smiertka, City Attorney
Brandon Waddell, Assistant City Attorney

Minutes
MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE MINUTES FROM APRIL 4, 2017. MOTION CARRIED 3-0.

Public Comment on Agenda Items
No public comment.

Discussion/Action
Greater Lansing Convention & Visitors Bureau RE: Bed Tax/Stadium
Council Member Washington provided a quick overview to the scope of the meeting which was to provide an opportunity for details on the vision, who the stakeholders are, and what the goals for the topic.

Mr. Alexander provided his opinion that there is $4 million worth of work to be done at the ball park, and they need $500,000 annually for maintenance. He asked the group for a goal to set up additional funding.

Mr. Crenshaw outlined the bed tax which in 1983 the agreement was signed to get 80% of the total bed tax. The last agreement he was in 1984 where they assessed 5% to all hotel rooms rented out. That 5% goes to the Visitors Bureau, and Mr. Schripsema confirmed it is up to $2.6 million. Under PA 263, there are 44 hotels, which generate $2.7 million, of which in 2016 the Radisson Hotel generated $252,758. Of the other Lansing area hotels there are 7, which generated $181,327. He did note that 38 of the 44 hotels are outside of the City limits of Lansing. The hotels in Lansing consisted of America's Best, Burkwood, Causeway, Super 8, Radisson, Red Roof Inn and the Village Inn, which totals 818 rooms. Mr. Smiertka questioned the status of the Burkwood since it was known that is owned by the Homeless Angels. Mr. Decker stated they were informed they are still renting out rooms, and they pay when they rent.

Council Member Washington asked Mr. Crenshaw how the funds are divided. Mr. Crenshaw stated that 80% of the entire tax goes to the Visitors Bureau, 10% to the fair, 5% to the Arts Council for grants, and 5% to the Treasurer.

Mr. Schripsema clarified that the Visitors Bureau uses theirs for promoting and creating economic impact though tourism, promoting the entire region. The Visitors Bureau has 22 staff, and 40% covers their wages, estimated at $2.2 million.

Mr. Crenshaw stated the County as looking at reallocations with 60% to the GLVAC, 10% to the ballpark, and 10% to LEPFA, with the others remaining the same as mentioned earlier. He admitted that it was proposed, but there was not full support from the County committee. If it was done that would provide $270,000 to LEPFA and $270,000 to the ballpark.

Council Member Wood asked GLVAC if there were any funds to the LEPFA or stadium. Mr. Schripsema stated with the sales and marketing agreement, there is a combination of direct payment for sales and marketing and shared costs of employee, so about $357,000 to LEPFA and additional with shared costs $60,000 for employee wages. They are also given incentives to get groups in. Council Member Washington asked if there were any funds for ballpark upkeep, and Mr. Keith confirmed there was not. With ACT 263 there are limits and it speaks to construction and maintenance of stadiums, convention centers, and museums. They have done some research which shows a challenge on if the Lugnuts sales has increased hotel usage. It has shown that less than 2% were from outside of the region, and 2% were school function day games. Less than 1% are staying overnight, and most of the hotel room numbers were the visiting team in town. Therefore, currently it is hard to justify the bed tax should support the stadium.

Council Member Washington asked the group their opinion on what the driving force was for tourism. Mr. Schripsema gave examples of MSU, the Capital, the stadium, museums, golf courses, Warton Center, Michigan Heritage Museum, the Big Ten connections for sporting events, conventions at the Lansing Center, MSU and surrounding hotels. The employee count in the area has gone from 7,000 3 years ago to 11,000.

Mr. Keith acknowledged that there is no income coming out of the stadium and there is $45,000-$50,000 for capital improvements coming out of the City General Fund. They have made changes to the agreement to obtain fees on any ticketed event not baseball. These fees are on a sliding scale based on the cost of the ticket, so anywhere from $1 to $4. LEPFA spends

$70,000 annually on maintenance of the stadium, which this year will require a request for new field equipment to maintain the new field. A realistic need for a surplus for maintenance would range from $50,000 to $100,000. LEPFA tries to manage their budget to use capital funds towards maintenance.

Council Member Wood asked the taxes are in the TIF, and Mr. Schripsema stated he would revisit that.

They were asked what the economic multiplier was and if there was any study done on it. Mr. Schripsema stated they use $100 revenue generated a day per visitor, and $256 for an overnight impact. Mr. Keith stated they estimate lower at $60-$63 a day per visitor.

Council Member Wood asked Ms. Bennett what the bond for the debt was, and Ms. Bennett stated it was $13.5 million. Mr. Keith stated he was not sure of the debt service and if the $13.5 was foundation for the stadium, and then divided by Gillespie and LEAP through a brownfield.

Council Member Wood asked Mr. Keith if LEPFA had thought of creating an authority similar to the Zoo for the stadium and the Lansing Center. Mr. Keith admitted they have had discussions with Ingham County, but the property is the challenge because it is still City property. LEPFA would have to apply with the state to apply with the ACT, which is similar to the stadium in Grand Rapids.

Council Member Dunbar asked if LEPFA had analyzed the sale of the ticket sales to Lansing residents vs. non-residents. Mr. Keith confirmed they had, and actually a large percentage was from Delta Township, Lansing Township, Delhi, Holt and then Manson.

Mr. Smiertka added to the conversation that the easiest way for an authority would be for them to pursue it through Municipal 2012 Partner Act. This allows them to create their own Board, Articles and Administrative Board. The City would still own the property, and contract with the Authority to run it. Currently that is what occurs with the Taxi Authority with Lansing and East Lansing. The Act allows for .5 mils for millage. Mr. Keith then confirmed that LEPFA has currently hired a study to be performed to see if there are funding mechanisms to support a regional authority. Their goal is to have the plan completed by fall 2017. They are utilizing Behr and Associates, and the study was initially started in 2002 but that was geared towards the Lansing Center.

Council Member Wood asked Mr. Schripsema how many new hotels are planned for the next two years. He answered that there will be an increase of about 500 new rooms. Council Member Wood then asked for a discussion on other options to get additional funds to the ball park, not from the City general fund. Mr. Schripsema stated it is a sliding scale based on revenue. He added that GLCVB does not look kindly on spending dollars from the bed tax strictly on the stadium because it is only one draw to Lansing. Mr. Keith provided information that Grand Rapids has options under their authority that allow them to impose fees, and therefore their difference is 3% higher than Lansing.

Council Member Washington wrapped up the discussion noting that with the study currently being performed and a new Mayor in 2018, the Committee meet after that information is complete.

Mr. Alexander voiced his opinion that in 2-3 years the stadium will be kept up.

Mr. Schripsema stated that under PA 59 and 25, the funds from the convention center go towards marketing and tourism.

Council Member Wood asked Council Member Washington to ask Law to perform continued research into an authority. Mr. Keith referred the group to research Oklahoma City which recently created a regional facility tax that supports their assets and infrastructure.

Mr. Keith stated he would locate the last study that was performed and supply a copy to Council Member Washington.

Council Member Washington determined a future discussion would be held after the studies have been completed and a new Mayor is elected.

ADJOURN
Adjourn at 4:33 p.m.
Submitted by,
Sherrie Boak, Recording Secretary
Lansing City Council
Approved by the Committee on April 25, 2017