MINUTES
Committee of the Whole
Monday, November 14, 2022 @ 5:30 p.m.
Tony Benavides Lansing City Council Chambers

CALL TO ORDER
Council Vice President Wood called the meeting to order at 5:30 p.m.

PRESENT
Councilmember Adam Hussain- excused
Councilmember Carol Wood
Councilmember Peter Spadafore
Councilmember Patricia Spitzley
Councilmember Jeremy Garza- excused
Councilmember Brian T. Jackson
Councilmember Jeffrey Brown
Councilmember Brian Daniels

OTHERS PRESENT
Sherrie Boak, Council Office Manager
Jim Smiertka, OCA
Lisa Hagen-Lawrence, OCA
Jane Bias- DiSessa, Deputy Mayor
Dominic Cochran, City TV
Desiree Kirkland, Finance Director
Shelbi Frayer, Chief Strategy Officer
Loretta Stanaway
Karl Dorshimer, EDC
Jessica Tramontana, Consumer Energy
Brad Craboll, Consumers Energy
Kris Klein, EDC
Greg Venker, OCA

Minutes
MOTION BY COUNCIL MEMBER SPITZLEY TO APPROVE THE MINUTES FROM OCTOBER 24, 2022, AS PRESENTED. MOTION CARRIED 6-0.

Public Comment
Ms. Stanaway spoke on the ovation performing center and proposed location and opposed to the vacancy of the former armory in the future, when it could be used for the public safety facility that was just bonded.

Presentations
Ovation Performing Arts Center

Mr. Cochran stated the materials he will go through in the presentation were provided via email after the last meeting and are in the packet. Mr. Cochran began the presentation on the work done over the last two years on a market study, the AMS Planning and Research firm that specialized in identifying. The presentation by Mr. Cochran included stakeholder requirements, vision and the impact.

Council Member Spitzley asked for the details in the packet on the funding. Mr. Cochran referenced the document Ovation Statement.

Council Member Spadafore asked if it was $5 million from the NSF, and Mr. Cochran stated it was, and the needed funding gap is $1.75 million along with fund raising. There will be an RFP process to work with a group to run the restaurant. Council Member Spadafore asked if there is an indoor space for the restaurant, and Mr. Cochran stated it is a hybrid.

Ms. Frayer stated she did not have any additional comments, and supported all three items on the agenda.

Council Member Spitzley asked about comparable event locations in Grand Rapids. Mr. Cochran stated the Intersection and 20 Monroe Live but was not able to provide their performance levels.

Council Member Spitzley referenced the grant resolution asked what the county financial responsibilities are. Mr. Cochran stated the City financing would be the issuance of the bonds to be paid back by the PEG fees. Council Member Spitzley stated the PEG fees are dependent on the State or is it guaranteed. Mr. Cochran stated there are 20 year agreements with those companies. Council Member Spitzley referenced the bond resolution up to $20 million and the "capital need of the City". Ms. Frayer stated that is how it is classified to use the PEG. Council Member Spitzley asked for clarification on the City and the Authority. Ms. Frayer stating classifying it as a Capital Improvement under Act 31. Council Member Spitzley asked again why using an Authority for ovation, with other capitals in the City. Mr. Cochran stated that under State statue PEG fees need to be used for these types of purposes. Funds have been coming in on a regular basis, so they will bond up front, and pay back with the PEG revenue. Mr. Smiertka stated with the ACT 31 for the bonds and stated this is the same structure used for the ballpark and Lansing Center. ACT 31 is a statue set up with the City issue the bonds, build the capital improvement and lease to the authority. Council Member Spitzley asked if there was thought of having this under the LEPFA and if so why not. Mr. Cochran stated by creating the Media Authority, because the City operates a public access media already, and building a facility will help with all the work they think will be coming to this facility.

Council Member Spadafore asked if this pulls City TV out of the City and under only the authority. Mr. Cochran stated that specifically City TV could be pulled out, but it would depend on what makes sense organizationally, and in his opinion he believes it would make more sense for new authority run City TV. Council Member Spadafore asked if general obligation bonds can be done, and Mr. Smiertka stated that as long as they have the authority. Council Member Spadafore asked who the owner of the facility will be. Mr. Smiertka stated the City, and the lease payments will be from the authority. Council Member Spadafore asked what the PEG fees go to now and what is the criteria. Mr. Cochran stated it is influx on debt service, coming in on average on $400,000 per year. Ms. Frayer added that there is 2.4 PEG fees on hand, and they will bond for $500,000-$600,000. Hoping for 4.5% on the bonds and annual payment less than $400,000. Mr. Cochran stated PEG funds are being used current for equipment. Ms. Frayer there are funding sources for this, PEG funds, bonding, MEDC grant, structure grant with funding throughout the project. This bond will give flexibility to have cash on hand but they do not believe they will need it. CM Spadafore- is there early payment fees and Ms. Frayer stated there would be bond notes and have flexibility on when they draw and pay back. Council Member Spadafore asked about the competition radius with Grand Rapids, Detroit and their competition radius clause. Mr. Cochran assured them the radius clauses were accounted for in the Performa.

Council Member Spadafore asked it they will break ground before obtaining all the funding and Ms. Frayer assured them there would be no construction until all funds for project. Council Member Spadafore asked about parking, and Mr. Cochran believed that within 1 full block of the site there are 2,621 spaces to public and if they have to build a ramp they could build one to accommodate 800 spaces.

Council Member Jackson asked if they are cautious on revenue earning and asked about the anticipated 65/35 from local; why 65/3 and what is "local". Mr. Cochran stated their idea of local is the tri-county area, and they plan on an average of one ticketed show a week.

Council Member Brown referenced a performance site currently being remodeled in downtown on S. Washington, and noted that if the revenues are not there over time for this proposed ovation site, who will pay the bond. Mr. Cochran stated they are only obligated to repay the bonds issued and there is a repayment mechanism built in. Council Member Spitzley asked who is responsible for making up the budget to fulfill funding gap. Mr. Cochran stated most funds come from putting on shows. Council Member Brown asked again, who would be responsible for the funds if there are no shows. Mr. Cochran stated the new authority, and the City would only be obligated for the bonds payment through the PEG fees.

Council Member Spadafore noted they would still be on the hook for staff and asked if they plan to privatize City TV and the people operating this. Mr. Cochran confirmed, at which Council Member Brown asked if there will be additional staff hired to work there. Mr. Cochran stated the pro-forma budget includes that and the authority would hire an executive director and staff to run the facility. Council Member Brown pointed out that currently the event center; Lansing Center, does not have a lot of shows and the City is still subsidizing their budget. Mr. Cochran stated yes they would but they could always stream line the staff.

Council Member Jackson stepped away from the meeting at 6:18 pm.

Mr. Cochran stated if there was a bad year it would be streamlined immediately.

Council Member Wood referenced the legislature with the cable franchise, and Council was told they could enter into an agreement with cable companies at the level the same as the State, and if that changed, the State over road what else there was.

Council Member Jackson returned to the meeting at 6:19 p.m.

There is a concern with the legislature making actions where there is a guarantee of no reductions, but there are reductions. She asked if they have had those discussions. Mr. Cochran stated this is separate from regular franchise fee and they have the ability to enter into the 20 year agreement with those cable companies, and the State cannot insert themselves into. Mr. Venker stated the City has recently renewed PEG contracts, and the State can adjust fees under the 2006 act that sets up the current franchise fee and PEG structure, but in his opinion that is not likely and is tied to federal legislation that exists. He confirmed again that currently PEG contracts were renewed. Council Member Wood asked where the City was at in those 20 year contracts, and Mr. Venker assured the Committee they were all renewed over the last 12 months. Council Member Wood referenced a referral later in the Council meeting, which is the quarterly report which noted in the GF the City has only received 11% of the fees in the first quarter report. Ms. Kirkland confirmed noting they have already received more funds since that report ending of September 31, 2022. Council Member Wood acknowledged that however noted that it appears there is a reoccurring issue with cable franchise fees not being timely to the City, yet they plan to use those for this project.

Council Member Wood made a noted of statements made by all the Administrations that the ball park, the Lansing Center and the golf course will be self-sufficient however the City still is subsidizing. Mr. Cochran stated he was aware of those past concerns but he plans on minimal operating costs. Council Member Wood pointed out that the Lansing survey that was done from AMS in 2019 stated there were only 86 respondents, and in 2021 there were 35 respondents. She asked if they were making all these decisions for the City based on 121 respondents. Mr. Cochran attempted to clarify that those are 121 organizations that could potentially use the facility.

Council Member Brown asked if there was anything in the City that has not been subsidized. Ms. Frayer stated there are parts of LEPFA. Council Member Spitzley corrected her, pointing out the City still subsidizes the Lansing Center, ball park, and golf course. She then asked what Grand Rapids subsidizes for the earlier event centers mentioned by Mr. Cochran, and he noted both those are privately owned.

Discussion

RESOLUTION – Act-31; Incorporation of the Lansing Public Media Authorizing Public Media Authority

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR ACT 31; INCORPORATION OF THE LANSING PUBLIC MEDIA AUTHORITY.

Council Member Spadafore noted this action is to move out of Committee and place on the Council agenda for a vote.

MOTION CARRIED 5-1.

RESOLUTION – Grant Acceptance; Michigan Enhancement Grant – Ovation Performing Arts Center

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR THE MICHIGAN ENHANCEMENT GRANT FOR THE OVATION PERFORMING ARTS CENTER. MOTION CARRIED 5-1.

RESOLUTION -Issuance and Sale of Limited Tax General Obligation Bonds for Capital Improvements for Ovation Performing Arts Center

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR THE RESOLUTION FOR THE ISSUANACE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS FOR THE CAPITAL IMPROVEMENTS FOR OVATION PERFORMING ARTS CENTER. MOTION CARRIED 5-1.

RESOLUTION – Setting a Public Hearing; Public Act 425; Windsor Township

Mr. Smiertka briefly explained what a PA 425 is and the role of the City and Township.

Mr. Venker summarized what is involved on the property, which includes a power facility with Consumer Energy and a 25-year renewal. Everything is taxed at the City millage rate and the City would remit to Windsor Twp at whatever the Windsor Twp. millage rate would be, calculated on this assessed value of this property in terms of real and personal capturable property.

Council Member Spadafore asked if it is a set rate or whatever Windsor Twp. rate is at a certain time. Mr. Venker confirmed it will fluctuate in the same way the City could pass the next budget. However the township does have a cap. Council Member Spadafore reiterated and it was confirmed the rate is calculated annually, not what it is today.

Mr. Craboll spoke on the $26 million project cost and it will be transferring jurisdictions paying Lansing income taxes and Lansing taxes. This 425 agreement will allow BWL to service the property with water, and without this Act 425 they cannot get BWL water. Once agreed by both parties, then onto the State, transferred to the City and then Consumers will move forward to construct. While under construction they will remain in North Lansing at their current location. Years in the future, they will move from the old site to the new site. They have committed to cleaning property for redevelopment.

Council Member Spitzley asked what standards they would use for the cleanup of the current site when they move. Mr. Craboll stated it will not be cleaned up to residential standards, but there is a lot of opportunity and Mr. Dorshimer that there are opportunities for the new owner to apply for a brownfield redevelopment and that has standards for clean up to a development level.

Council Member Jackson asked if it can be cleaned up to higher standards, and what the difference is in the standards. Mr. Craboll stated the approach to clean up is consistent with how it aligns with general operating standards. For this site, if there is a need to go further, they will look to partner with the new owner/developer on the property.

Council Member Spadafore asked what the net gain or loss for the City in terms of revenue currently. Mr. Dorshimer said that with the existing site, overlap period, new site, and likely hood for a personal property tax exemption, and they can look over time for the City to be made whole. He added though that it would depend on redevelopment and commitment, and he did not plan for a loss.

Council Member Daniels asked for clarification on if it would be 7-8 years before redevelopment, and Mr. Craboll anticipated they would move into new parcel in 2026, and turning over to environmental on the old site in 2027 and see new development in 2032, of course that is contingent on approval from environmental group.

Council Member Brown asked what type of investment there is for a cleanup for their standards. Mr. Craboll admitted he did not have that information, however manufacturing on site is substantial and they can bring back as issue moves through.

MOTION BY COUNCIL MEMBER SPADAFORE TO SET A PUBLIC HEARING FOR DECEMBER 5, 2022 FOR THE PUBLIC ACT 425; WINDSOR TOWNSHIP. MOTION CARRIED 6-0.

<u>RESOLUTION – Fireworks Display License; ACE Pyro LLC for the City of Lansing's Silver Bells Celebration</u>
MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR THE FIREWORKS DISPLAY AT THE 2022 SILVER BELLS CELEBRATION. MOTION CARRIED 6-0.

<u>RESOLUTION – Introduction and Setting of Public Hearing; Ordinance adding Chapter 291 to establish HUD Conflict of Interest Policy</u>
MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION TO INTRODUCE AND SET THE PUBLIC HEARING FOR DECEMBER 5, 2022 FOR ADDING CHAPTER 291 FOR HUD CONFLICT OF INTEREST POLICY.

There were no presentations from the OCA or Administration, however Council Vice President Wood stated that HUD has asked for this policy and have it enacted as an ordinance.

MOTION CARRIED 6-0.

RESOLUTION – CITY COUNCIL MEETING SCHEDULE FOR 2023
MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR THE 2023 CITY COUNCIL MEETING SCHEDULE. MOTION CARRIED 6-0.

CLOSED SESSION
Per directive from OCA, two separate purposes for closed session, therefore read separately under one vote.

MOTION BY COUNCIL MEMBER SPADAFORE AT 6:53 p.m. Pursuant to MCL 15.268(c) of the Open Meetings Act, the City Council will recess into closed session for strategy and negotiation sessions connected with the negotiation of a collective bargaining agreement between the City of Lansing and the Capitol City Labor Program, Inc., Supervisory Unit, as requested by the City.

With Ms. DiSessa Deputy Mayor/Chief of Staff, Elizabeth O'Leary Labor Negotiator and LPD Assistant Chief Backus joining for this item only.

Pursuant to MCL 15.268(e) the City Council will recess into closed session to consult with the City Attorney in connection with the following specific pending litigation. An open meeting will have a detrimental financial effect on the litigating or settlement position of the City of Lansing concerning these cases.

Atkinson, et.al. v. City of Lansing, et. al.
Lynn v. City of Lansing
OPV Partners v. City of Lansing
Stafford v Klein, et al.

With Mr. Abood, Ms. O'Boyle and Ms. Hagen joining Mr. Smiertka.

ROLL CALL VOTE, MOTION CARRIED 6-0.

RECONVENE
Council Vice President Wood reconvened the meeting at 7:39 p.m.

RESOLUTION – Ratification of the Tentative Agreement; CBA between the City of Lansing and the Union, Capitol City Labor Program, Inc., Supervisory Unit for a period of 7/1/2022-6/30/2026
MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR RATIFICATION OF THE TENTATIVE AGREEMENT AND CBA WITH CCLP 7/1/2022 – 6/30/2026.

Council Member Spadafore outlined the tentative agreement.

MOTION CARRIED 6-0.

Adjourn
The meeting adjourned at 7:42 p.m.
Respectfully Submitted by,
Sherrie Boak, Recording Secretary,
Lansing City Council
Approved by the Committee December 5, 2022