MINUTES
Committee of the Whole
Monday, February 12, 2024 @ 5:30 p.m.
Tony Benavides Lansing City Council Chambers

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

PRESENT
Councilmember Peter Spadafore
Councilmember Adam Hussain
Councilmember Tamera Carter
Councilmember Trini Pehlivanoglu
Councilmember Jeffrey Brown
Councilmember Ryan Kost
Councilmember Jeremy Garza
Councilmember Brian T. Jackson- excused

OTHERS PRESENT
Sherrie Boak, Council Staff
Jim Smiertka, City Attorney
Mark Lawrence, Mayor's office
Lisa Hagen-Lawrence, OCA
Kris Klein, LEDC
Scott Keith, LEPFA
Kirby Doidge, LEPFA
Lt. Moore, MSP
Chris Swope, City Clerk
John Hindo, Boji
Shelbi Frayer, Deputy Mayor
Emily Linden, Internal Auditor
Jake Brower, Finance
Desiree Kirkland, Finance Director
Norma Bauer
Nick Zande
Loretta Stanaway
David Ellis
Deputy Chief Backus
Karl Dorshimer, LEDC
Victoria Unku

Minutes
MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE MINUTES FROM JANUARY 22, 2024 AS PRESENTED. MOTION CARRIED 7-0.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE MINUTES FROM FEBURARY 5, 2024 AS PRESENTED. MOTION CARRIED 7-0.

Public Comment
Ms. Bauer questioned the per diem proposed for the Charter Commission and if not used if it could be put back into the budget. Ms. Bauer questioned the proposed location of City Hall.

Ms. Stanaway questioned the budget amendment for funds used for LPD advertising. She then spoke on the City Hall relocation and the current building.

Mr. Zande spoke on the location of the Charter Commission, and then spoke on his concerns with the proposed use of a former religious building for government buildings.

Mr. Ellis spoke with his concerns on the ACT -1 -2024 agenda item and the parking lot purchase price which is $1.35 million to make sure it is not developed.

Presentations
Tri-County Metro Narcotics Squad Financial Report 2022-2023
Chief Backus and Lt. Mark Moore with MSP who oversees the Tri County Metro. Lt. Moore summarized the Tri County Metro Task Force collectively working the narcotics in the Tri-County area, and over the years have also done crime investigations. Lt. Moore spoke on the grants they have received, including a JAG grant for $140,000 which covers some employees, and equipment. They also receive funds from investigation forfeitures, and they also get off-sets from Clinton, Eaton and Ingham County, which can be 16%, 23% and 60% all depending on how they do financially with their forfeiture income. He concluded by noting there are no funds in their financing from the City, and since the City is the fiduciary, they have their audit under the City and have a clean audit for the last three (3) years.

Lansing Entertainment and Public Facilities Authority Financial Report 2022-2023
Mr. Keith and Kirby Doidge the LEPFA Finance Director, gave a brief overview of the audit, and they in turn also follow with the City Finance department. There was a preliminary audit in late November which was reviewed by the LEPFA Board and then submitted. The net position of LEFPA did increase based on a grant from the State, all properties had increases in revenues. Mr. Keith went over the audit and notation on the change in net position with all facilities. There was a clean audit, and a couple findings and they have begun the processes to correct those findings.
Mr. Doidge noted there were three findings, one on material journal entries, getting information late to the auditors, and those were provided. He noted that due to turn over in staffing, materials were late, but once they were turned in, they had a clean audit. Corrections have been put in place.

Ms. Linden asked with the total net for Groesbeck at $680,000 if they anticipate any capital expenses for the upcoming budget cycle. Mr. Keith confirmed they are working on upgrading the course because there are six (6) holes currently using 1970’s irrigation that will need to be replaced. They also anticipate increasing the cart storage. Council Member Kost asked if carts were added this year. Mr. Keith stated they have added carts but are being stored in maintenance area not near the clubhouse. Council Member Kost asked if the awning that was proposed in the past was built. Mr. Keith stated they have not. The former subsidy funds were used for replacement of the steps at the club house because of safety issues. Council Member Kost asked Ms. Linden if the credit card findings were an issue because of no receipts. Mr. Doidge explained an employee left and when they reconciled the credit card statement there was no back up, but they were able to get the receipts from searching the

emails and obtaining receipts from the vendors. Council President Garza asked if they considered no receipts an impropriety. Mr. Doidge stated the employee left, but they were able to obtain all invoices and receipts.
Council Member Brown asked if they received grants, and if they did would they need more funds in subsidy from the City. Mr. Keith stated that if they make a profit, it is put in operating reserves per the agreement with the City. Council Member Brown asked if they are supporting themselves without a subsidy from the City. Mr. Keith stated they require funds an operating fund from the City. Mr. Doidge stated the stadium gets $600,000 and LEPFA does not get any revenue from the stadium so they are all expenses. The Lansing Center gets $1.3 million $96,000 for the golf course. Council Member Brown asked if there is a marketing strategy to increase volumes and has that been put into place. Mr. Keith confirmed they are working with Choose Lansing, which is the former Lansing Convention Bureau.

<u>Lansing Brownfield Redevelopment Authority Financial Report 2022-2023</u>
<u>Tax Increment Finance Authority Financial Report 2022-2023</u>
Mr. Klein and Mr. Dorshimer presented on the component units, and noted both are operated under the City financial system. The City manages the audit process, LEDC works with the City and audit providing the disbursements. These are both tax increment finance authorities, and all income is from tax capture and authorized by state statues and they do not receive any city funds. They authority does receive grants and loans. The findings in the audit are shared with the LBRA and TIFA authority and both were report approved by the boards respectively.

<u>Discussion/Action</u>
<u>RESOLUTION - Budget Amendment; Fiscal Year 2023-2024 Second Quarter</u>
Council President Garza noted this was tabled initially and since that time any questions from Council Member have been answered.

MOTION BY COUNCIL MEMBER HUSSAIN TO REMOVE FROM THE TABLE THE RESOLUTION FOR BUDGET AMENDMENT, FISCAL YEAR 2023-2024 SECOND QUARTER. MOTION CARRIED 7-0.

Council President Garza noted this will fund public infrastructure for rehabilitating a community pool, funding for a sports infrastructure, addition spending for the Charter Commission election and to utilize advertising, recruitment and training for Fire, Police and Public Service. This will be a total of $7,700,000.

Council Member Spadafore asked for a date on the start of the pool at which Mr. Lawrence was not able to provide that timeline but stated it would be open by 2025. Mr. Brower referred Council to the packet which included grant forms which include detailed information.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE BUDGET AMENDMENT FISCAL YEAR 2023-2024 SECOND QUARTER. MOTION CARRIED 7-0.

<u>RESOLUTION – Charter Commission, Meeting Location and Per Diem Rate</u>
Mr. Swope referred to the resolution which sets the location to Tony Benavides Lansing City Council Chambers and the per diem rate. He explained that when proposing the rate he went with the rate from the last time there was a Commission, inflation, what a Council salary would be per meeting and that determination was worked into these proposed rate so they are reasonably compensated.

Council Member Hussain acknowledged the explanation and spoke in support of the resolution. He then noted the 1975 resolution spoke to funds for administrative expenses, and asked if those were considered. Mr. Swope stated the budget amendment they just approved address an amendment in his budget for those anticipated expenses. Lastly, he added they will have 90 meetings through 2 ½ years.

Council Member Spadafore noted this should total $18,000 for those 90 meetings and spoke in support of the resolution.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE CHARTER COMMISSION MEETING LOCATION AND PER DIEM RATE. MOTION CARRIED 7-0.

<u>RESOLUTION – ACT-1-2024; Purchase Agreement; Masonic Temple, 217 S Capitol Avenue</u>

Council Member Pehlivanoglu and Brown stepped away from the meeting at 6:06 p.m.
Council Member Pehlivanoglu returned to the meeting at 6:07 p.m.
Council Member Brown returned to the meeting at 6:08 p.m.

Ms. Frayer began her presentation in the packet on the proposed property purchase at 217 S Capitol Avenue.

Council Member Kost asked for confirmation that the funding is not specific to the purchase of the Masonic building. Ms. Frayer confirmed. She then went back to the presentation focusing on identifying the building and space for a "one- stop shop" for all citizens. The building is 20,000 sq. ft. smaller, courts and lock-up will be relocated, and then leaving only the administration portion. In 2016 there was a study done on renovating the current building, and with inflation they believe it would be $70-$100,000 million to renovate, and in her opinion the cost would not be efficient. Council Member Hussain asked if those were hard costs and police and courts were pulled out, and she said it was done in 2016, so no. Ms. Frayer then went into the presentation on the new potential building with downsizing to use the space efficiently. In the presentation Ms. Frayer spoke on three options to consider. One being $42 million for the first 4 floors and would take 12-18 months to renovate. The top floors would be unoccupied for a future tenant. Option 2 Ms. Frayer stated would be a Brownfield putting dollars putting Economic Development & Planning (EDP) into this new space as well, which would then leave the current EDP location on N. Capital vacant. Lastly, option 3 a Brownfield with leasing to the Lansing School District, for the upper floors. Council Member Hussain asked for clarification the 3rd option because it was Council's understanding that the Lansing School District (LSD) has backed out of the discussion. Ms. Frayer explained the initially spoke to the LSD about buying as a condo but she believed they are still interested in renting. Ms. Frayer then spoke on the current City hall appraised at $2.78 million. Council Member Hussain referenced a previous City Hall sale where they were entering in to a 99-year lease with $200,000 annual income, and therefore asked what the offer was currently on the current City Hall. Ms. Frayer did not have that information but stated she would get that information to Council.
Council President Garza referenced an earlier statement by Ms. Frayer that this new location would be a "one stop shop", and asked how that would be feasible without EDP or the Fire department located there. Ms. Frayer explained it would be on the customer service area, however they do not have the logistics worked out. Council President Garza then asked about the metal detectors that the school district can utilize, and asked if the school does not rent would there be a need for metal detectors. Council Member Spadafore explained that the City can have metal detectors cannot have a weapon free zone. Mr. Smiertka added that there is a recent court of appeals that speaks to government buildings and the ability to prevent guns without violating the 2nd amendment.
Council President Garza spoke on the proposed Option 2, with EDP relocating to the new location also, and asked if the Administration had done any market study on selling their current location. Mr. Frayer stated they have not done anything with an appraisal on that

property, but the developer interested in City Hall might be interested in it for the parking ramp, if the Council takes the direction of Option 2. Council President Garza then asked about the parking lot located next to the Masonic building owned by BCBS. Ms. Frayer confirmed that BCBS is interested in selling, and once the Masonic purchase is done, they can start negotiations on that.

Council Member Spadafore asked for verification on the square footage of 109,820 and Ms. Frayer stated that is the lower floor up to the 7^{th} floor. He then asked how much square footage in the Option 1, and Ms. Frayer broke down the 70,000 sq ft. Council Member Spadafore asked Ms. Frayer to explain how a Brownfield could work for the City. Ms. Frayer stated it would be a Brownfield on the current building with the renovation, and there would be \$23 million max to renovate those three floors, and those dollars could be use. Council Member Spadafore asked for the timeline on renovating City Hall before they can actually capture the funds, and Ms. Frayer stated the plan would be to ideally have everyone out of the current City Hall by 2026, so that delays the capture. Council Member Spadafore noted that with that timeline it would delay usability of a new City Hall if they planned to use those Brownfield funds they capture in 2026, so it would not make sense to partial renovate. Ms. Frayer stated they could get a construction loan.

Council Member Hussain asked why there is a visibility easement involved. Ms. Frayer stated the \$1.3 million is the space between two buildings so no building can be built there, and when the City started working with Boji on the location, Boji took the Masonic building off the market and made it unavailable, so they are looking for reimbursement on that.

Council Member Kost asked Mr. Bondi when Boji bought the building and was told 2019. Council Member Kost asked for confirmation of the \$1.3 million in visibility and Mr. Hindo stated it was a \$1 million speculation. Council Member Kost noted that there was a bid process after the time Boji bought up the land and therefore made it unavailable before the bid based on “talks”, so it makes it appear not transparent to the people. Mr. Hindo stated it was common knowledge the City was looking and they bid in the Bernero administration and bid twice under the Schor administration knowing the need was always there. As a developer he explained they forecast a project and see what best buildings could be used for certain uses. In doing their due diligence, that it would only make sense the building would be a City hall; has all features, historical registry, took an educated guess as a developer. Council Member Kost asked about the offer from the City Rescue Mission for purchasing the Masonic. Mr. Hindo acknowledged there was an offer, but they did not accept it because they felt this would be better for State or government as part of developer forecast. Council Member Kost asked Ms. Frayer how much the City owes on the current building, and Ms. Frayer stated they just have operating costs. Council Member Kost noted his thoughts on a purchase with moving EDP into it also, would not make sense because then it leaves another building empty owned by the City. Ms. Frayer stated she did not believe there would be issues with that building. Option 1 Ms. Frayer explained would be for the City to move in and wait on a tenant for the other floors, and doing the next option with a Brownfield would get all the work done in the building. Council Member Kost asked why they cannot renovate the current building and just move employees around from floor to floor temporarily similar to what is done in large stores. Ms. Frayer admitted they have not looked into that option, but voiced her concern with what she thinks would be health concerns in the current building during a renovation. She also noted there is currently no funding for a renovation of the current building. Council Member Kost asked if they have done an actual feasibility study since 2016 on the current building, and Ms. Frayer stated they have not.

Council Member Carter asked if they have looked at other areas in the area, and if Boji has any other locations that were not applicable. Mr. Hindo noted they do have a location at the former Davenport on Grand Avenue, and that location was proposed twice to the City which would also encompass taking some neighboring property and build a new building. When they bid that option, the City told them it was not affordable. Council President Garza asked if that bid was before the City was offered the \$40 million, and Mr. Hindo acknowledged yes it

was before; under the Bernero administration, and the original RFP with the Schor administration. Council President Garza asked, if now that the City has the $40 million can they look back at that option for a new building. Mr. Hindo stated they have not been approached about the since the first bid. He added that their bid would be different because of construction cost and inflation would be higher but can get that to Council.
Council Member Hussain asked Ms. Frayer on a comparison with the current location having a $600,000 operating costs, what the annual operating expenses would be for the new location. Ms. Frayer stated she hoped it would be half, but they could not predict that until it is occupied and have a potential tenant would have in splitting those costs. Council Member Hussain asked if they could purchase contingent on selling the current City hall. Mr. Frayer stated with Option 1, they would decrease the budget of the project, and the only way to generate funds is to move out of the current and capture Brownfield funds to then finish additional floors at the new location. Council Member Hussain voiced his concern on the purchase, moving then having the current building sit vacant. Ms. Frayer felt confident it would not sit vacant, and they could put language with a timeline in the sale document of the current building to where the City could buy it back if it is not occupied. Council Member Hussain asked Ms. Frayer if a study has been done backing out the courts, police administration and lock up determining what the City would need for the current building, and Ms. Frayer admitted they have not done anything since the 2016 study, but with adding in inflation they are making their assumptions. Council Member Hussain noted to Ms. Frayer that when she was hired as the Chief Strategy Officer, the ordinance was written and she was hired to keep politics aside from the role and since has been hired she has taken on budget and long term financial. Ms. Frayer explained her belief that the age of the Masonic was concern to her, but based on the historical nature of the building, the work Cooley Law School did when they owned it, having a possible tenant contribute and getting the funds from the State, she believes this purchase is the best thing.
Council Member Kost asked the last year there were renovations at the Masonic, and Mr. Hindo stated roughly 2010 when it received a new roof and new chiller by the then owner Cooley Law school. Council Member Kost asked again what the use of the EDP building would be utilized for if they moved into the new location and Ms. Frayer stated there could be an interest with the purchaser of the current City hall to utilize that as their parking.
Council Member Brown asked how the location of the Masonic was determined during the bidding process. Ms. Frayer stated in 2017 and 2022 this administration put out a bid request to find a new location and funding. Boji replied both time and were successful both times in the bidding process, it was just if the City had the funds. Council Member Brown asked how many other bids were received, where were those proposed locations and what was their proposed bid. Ms. Frayer stated there were two others in 2022 and she can send those to Council, and she was not here in 2017 but would look for those as well. Council Member Brown asked what matrix was used in the bidding to determine that that Boji would get the bid. Ms. Frayer the bids were evaluated on feasibility, move in and price. Council Member Brown asked how if Boji bought from Cooley for $1.2-$1.3 million why is the purchase $5 million. Ms. Frayer and Mr. Hindo explained that when Boji bought from Cooley they purchased three buildings at once in a package purchase of $3.4 million, and when the title work and deeds were done the seller, Cooley, determined to put a price of $1.7 million on the Masonic building. Ms. Frayer stated they have done a third-party appraisal and assessment. Council Member Brown asked if there has been an environmental study done for option 1 and option 2, and Mr. Hindo confirmed they have done a hazmat study and Council Member Brown asked for a copy. Council Member Brown asked about the plans for the current auditorium in the Masonic, and Mr. Hindo noted that is on the 6th floor and the option 1 currently to consider is renovation of the lobby to 4th floor. Ms. Frayer the initial programming is to still have discussion with the LSD to take over those floors. Council Member Brown asked if the LSD chooses not to move there what the plan would be, and Ms. Frayer assured the Council that the LSD is still interested in renting.

Council Member Spadafore asked if the Administration has looked into the renovation costs for the current building, modernizing it, and it appears at the high end it would be $35.4 million to renovate, and that is without having to factor in the detention costs would be different. He also noted that the State funds being offered can be used for plans, assessments, etc.
Council Member Carter asked when the Administration provides the matrix on how the bid was determined to include the reason why the other bids were not chosen. Ms. Frayer stated they typically do not document why a bid was not selected.
Council Member Spadafore noted for the Committee that there is 129,000 sq. foot in current building, and at $500 per sq foot, it is much less, and he was under the impression from Administration that a study had been done since 2016.

Council Member Kost stepped away from the meeting at 6:53 p.m.

Council Member Brown inquired into the plaza area in front of the current City hall.

Council Member Kost returned to the meeting at 6:54 p.m.

The Committee spoke briefly on what used to be in the location, why it was not developed at the time of construction, and it was noted by Council Member Spadafore there at one time was a Federal covenant that it could not be used for anything other than a public space, but that could have expired. The OCA was asked to look into if the Federal covenant has expired.

MOTION BY COUNCIL MEMBER HUSSAIN TO TABLE ACTION ON THE AGENDA ITEM.

Council Member Spadafore reminded Council that this is a substantial investment and they should get all their questions answered before accepting the resources, but there is an opportunity for resources and funds.
Council President Garza asked if there is a timeline to appropriate the funds, and Ms. Frayer stated they were supposed to receive and appropriate in January but have asked for an extension. Council President Garza asked the date of the extension, and Mr. Lawrence stated he did not know that date, Council President Garza asked what the original date was, and Mr. Lawrence stated somewhere around the end of January, and he believed the City is okay.
Council Member Spadafore noted to Ms. Frayer that there is a difference between spending and appropriating, and asked what the State is looking for from the City. Ms. Frayer stated they are looking for the City to take and spend the funds. Council Member Spadafore noted to the Committee that the City can appropriate money to purchase but can delay the purchase agreement. Ms. Frayer acknowledged the statement adding they can ask for half up front.
Mr. Smiertka stated there is one thing to accept the grant, but the Mayor cannot sign a grant agreement without action of appropriation. Council Member Spadafore reiterated that Council can say yes to the appropriation but would not have to agree to a building purchase agreement. Mr. Smiertka stated again that the State would want to know that the Mayor has the authority to sign. Council Member Hussain noted he had a motion on the floor to table, and that this action would not affect the timeline.

MOTION APPROVED TO TABLE ACTION ON THE RESOLUTION FOR ACT-1-2024 7-0.

OTHER
No other topics.

Adjourn
The meeting adjourned at: 7:01 pm
Respectfully Submitted by, Sherrie Boak, Recording Secretary,
Lansing City Council
Approved by the Committee February 26, 2024