MINUTES
Committee of the Whole
Monday, February 26, 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

OTHERS PRESENT
Sherrie Boak, Council Staff
Jim Smiertka, City Attorney-arrived at 5:32 p.m.
Mark Lawrence, Mayor's office
Lisa Hagen-Lawrence, OCA
Chris Swope, City Clerk
Emily Linden, Internal Auditor
Andy Kilpatrick, Public Service Director
Jake Brower, Chief Strategy Officer
Jackson Mills, Budget Director
Tim Damon, Chamber of Commerce
Price Dobernick, Local 333 Plumbers and Pipefitters
Aaron Pangor, Electrician Union
Deshon Leek, Michigan Building Trades
David Ellis
Michael Lynn
Norma Bauer
John Gentilozzi
Mayor Schor – arrived at 5:47 p.m.

Minutes
MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE MINUTES FROM FEBRUARY 12, 2024 AS PRESENTED. MOTION CARRIED 8-0.

Public Comment
Mr. Damon spoke in support of the state funds and downtown development on the agenda.

Mr. Dobernick spoke in support of the state funds and downtown development on the agenda.

Mr. Pangor spoke in support of the of the development on the agenda.

Mr. Leek spoke in the support of the Gentilozzi item on the agenda.

Mr. Ellis spoke in support of the Gentilozzi item on the agenda, but asked for public input on the project.

Mr. Lynn spoke about if the process was followed with the Gentilozzi project, and asked Council to ask the questions, and due diligence. He asked Council to be responsible because this is State funding, and this Council needs to be responsible to all the residents across the State.

Ms. Bauer spoke on housing, homelessness in Lansing.

Presentations

Lansing Building Authority Financial Report 2022-2023

Mr. Kilpatrick acknowledged Council and explained this authority is set in place to develop projects in the City primarily for parking. LBAF owns some of the parking, and the City parking enterprise fund that pays down that debt. The report speak to the debt that are improving and went through a few of the reports. There is debt through 2039-2040 and some bonds were partially refunded, and the assets reflect parking assets. He then referred to page 4 of the document, which speaks to the increase of $4 million which reflects more income then expenses. For long term, page 15 has the schedule, which is the total obligation bonds by year. Mr. Kilpatrick acknowledged there is one finding which is the accounting practices needs to be stronger.

Ms. Linden stated she had not questions.

Council Member Brown referenced the report, and it appears the City is in an upward trajectory, and asked where the City is from 5 years ago to today. Mr. Kilpatrick you would have to look at the leases to see if it is getting worse, and if the LBA is stable then they are not coming to the City to get the funds. He stated he could look into that, and Council Member Brown asked for that to be done. Mr. Kilpatrick stated the parking system was stable until COVID, and not back to 2019, and speaking to long term there is still a concern.

General Fund Status Report; Fiscal Year 2023-2024 2nd Quarter and Vacancy Report

Mr. Brower and Mr. Mills presented to the Committee. It began with Mr. Mills going through the report which began with a $152.9 million revenue, which is now $156.6 million and $165.4 million in expenditures. There is a 13.9% fund balance ratio. The biggest portion of revenue is property taxes largely collected at the beginning of the start of the fiscal year, and income tax is 2% lower than 3 year average. Monitoring that and if needed will provide a budget amendment. Interest is down due to when reconciling bank statements, and last year the interest income was over $588,000.

Council Member Hussain asked why a lower income tax revenue. Mr. Brower stated they are watching it, and if there is an impact from the UAW strike, and what impact from the State of Michigan still using hybrid offices. With the large amount last year, they anticipated a large amount this year, but they will watch and make a budget amendment in the future if need be.

Ms. Linden asked if this low income tax was being taken into account with the budget preparation they are currently working on, and Mr. Brower confirmed. They are anticipating in the next budget taxable values increasing 70%, will take into account the lower current average, the return on equity came in, and the contract with BWL is coming for renewal the end of this year that the Council will have to consider. There are changes in the State revenues, and property taxes.

Council Member Hussain asked if there are internal conversations on fines, fees, and the impact of vacancies. With vacancies there is a lack in service or decrease of service, and impact on revenue streams. Mr. Brower confirmed they do. Council Member Hussain asked if that guides when posting and what posting for jobs. Mr. Brower stated they look at essential and secondly what are revenue generating positions.

Mayor Schor asked Council to look at all positions that are currently posted.

Mr. Mills spoke on the vacancy report, with 57 vacancies which is $1.4 million in savings for this quarter. The overall rate is 9.2% which is lower, due to vacancies recently filled in LPD and LFD.

Council President Garza questioned the cost in savings, and asked for the list of positions, that generate revenue to the City, because not saving if not have filled positions to collect funds. Mr. Brower stated those positions bring in funds, with no general fund support. They are enterprise funds; providing services and then billing for those services.

Mr. Penivanoglu noted LFD went from 34 to 10, and LPD went from 32-20, and asked in the next 3 months – 6 months are there pending retirements coming up. Mr. Brower was not able to respond to that, but the HR Director could speak to it. Mayor Schor explained they can provide numbers that are eligible.

Council Member Brown noted Council has largely articulated the need to hire, and asked for the number of vacancies; 113. Mr. Brower admitted there is a large number, and they do want to reduce. Council Member Brown asked how many open to apply for. Mr. Brower advised him to look at the Lansing website. Ms. O'Leary stated there are 21 posted, but some continuously posted. The specialists are working on 35 in the process. This could be posting, testing, interviews, qualifications, questions on interviews, communications with candidates. Council Member Brown acknowledged the work they are doing, but asked Mr. Mills and Mr. Brower what are they doing strategically to help HR, from 113 to something they can work on. Mr. Brower stated they are in continual discussions with HR, and complimented HR on their equitable hiring. Ms. O'Leary spoke on the HR best practices and ensuring equity and fairness in each of the processes.

Council Member Kost asked the HR Director if there are positions not being filled. Ms. O'Leary stated they ask Department Directors on what to fill priority. Council Member Kost noted there is a vacancy from 2006, and why it is held open. Ms. O'Leary stated she has not been told to hold that electrical position open. Ms. O'Leary stated she has never been told to hold a position, and if there is a position to look at.

Council Member Brown asked the overall question to the Chief Strategy Officer and if they are creating improvement and implementing those improvements to the strategic plan moving forward. He provided an example of finance where they are having findings of deficiencies and encouraging filling the vacancies. Mr. Brower stated it is done through the budget process.

Council Member Kost and Jackson stepped away at 6:16 p.m.

He confirmed that he speaks to the departments on vacancies and if they are not filling them, he asks if they want them removed from the budget.

Council Member Jackson returned to the meeting at 6:17 p.m.

President Garza asked if there have been changes in the process to streamline it.

Council Member Jackson stepped away at 6:18 p.m.

Ms. O'Leary explained the processes on decreasing time to fill.

Council Member Jackson returned to the meeting at 6:20 p.m.

<u>Presentation of a new mixed use/income housing facilities in the downtown area as proposed by Paul Gentilozzi</u>
Council Member Kost returned to the meeting at 6:21 p.m.

Mr. Paul Gentilozzi and Mr. John Gentilozzi went through the presentation in the packet.

Council Member Brown referenced the parking at 110 S. Washington and asked where they would park, and was told 108 S. Washington on two upper floors above retail.

Mr. John Gentilozzi continued on the presentation.

Council Member Jackson asked about the Capital Tower statement on how everyone in the City an enjoy it. Mr. Paul Gentilozzi clarified there will be a restaurant. Council Member Jackson asked about a basketball court. Mr. Paul Gentilozzi stated there will be pickle ball courts and basketball courts. Those will not be public access, but an amenity. Council Member Jackson asked about the easement for the river trail. Mr. Paul Gentilozzi stated they will built a bridge over the river.

Council Member Brown referenced renderings for location of a proposed bridge.

Council Member Spadafore asked about the Grand Tower site, and the original drawings had larger outdoor space and connections, and now they are proposing parking. Mr. Paul Gentilozzi explained it is still there and there will be a covered walkway.

The presentation continued.

Council Member Brown asked about Capital Stacks, guaranteed debt and equity. Mr. Paul Gentilozzi spoke on the cash up front equity, and how the City did the debt is totally up to the City.

Council Member Spadafore asked about the $40 million grant through the City, what is the guarantee that all three projects will go forward. Mr. Paul Gentilozzi stated they have never not performed for the City, and everything they do is their honor. The advantage of the funds is a significant contribution. After the funds are obtained, 10% is reimbursed for what they have already spent, then after that drawn down on legitimate cost. He then reference the schedule in the packet, and they can only spend the State funds on what the State says they can spend the funds on. Mr. Paul Gentilozzi stated that if things go bad, they look to see if they are strong enough to sustain.

Council Member Hussain referenced the Capital Stacks page, and asked if they have breakdowns per development and if so can it be conveyed to Council. Mr. Paul Gentilozzi stated they have confidential situations with MEDC, and there are non-disclosures, and he offered to meet with each Council Member on the financial. The perfoma deals with each individual segment, and if the Council provides specifics he can. Council Member Hussain stated he wants to see everything that they are asking Council to sign a non-disclosure. Mr. Paul Gentilozzi stated he cannot do that; it is not public information.

Council Member Jackson stepped away from the meeting at 7:28 p.m.

Council Member Hussain asked if this is highly dependent on Brownfield, and asked how many TDP are approved by the State on an annual basis. He then asked if there is anything from the State that this will be approved. Mr. Dorshimer stated that is not possible, and believes it is not an issues. Council Member Hussain stated the TDP is 12-18 months, and how can the City par that down to 6 months. Mr. Dorshimer stated that Mr. Paul Gentilozzi is very influential. He expects to get to the Brownfield Board in May or June, then to Council.

Council Member Hussain refenced the housing market downtown, and there are calculated risks, and so they must be leaning on market analysis, and asked for that. Mr. Paul Gentilozzi stated they used the one DLI commissioned. Council Member Hussain asked if they completed an economic impact study for this, and Mr. Paul Gentilozzi stated no and asked why they should. Council Member Hussain stated he heard when they went to the State that they pushed that the City needed housing, and the State agreed. He asked if there is any bidding process with the City and State, and he did not believe that the State supported when it was all for this and asked how the City got here with this specific developer. Mayor Schor stated the Administration was told this week from Governor Whitmer and Sarah Anthony that it was for this project. The legislature cannot write for one specific person, but added that if Council decides they do not want it they can bid it out. But his belief is that the legislation intended for the funds to go to this developer and project.

Council Member Carter asked if the time frame and plan has been provided to the current businesses. Mr. Paul Gentilozzi stated the State building is vacant, and there have been some ineligible demo started, and Mr. John Gentilozzi stated they have spoke to Inta-Print and the DLI for other locations in the downtown area, and they have accepted relocation alternatives with a financial gain.

Council Member Brown asked for recap from Mr. Dorshimer on the eligibility. Mr. Dorshimer stated that since the Brownfield does capture more taxes than normal; State taxes not local or City.

Council Member Brown asked if this project is eligible and Mr. Dorshimer confirmed and the project gives him no concern.

Council President Garza spoke in support of the work they did lobbying the State and the impact it will be for the City. He then asked about labor agreements on this. Mr. Paul Gentilozzi assured them all jobs are union jobs and Lansing jobs. Council President Garza asked if there was a phase project. Mr. Paul Gentilozzi stated the Washington Square project will be first, and the Walnut/Ottawa corner has a complete corner demolition. Those were told to be out by June 1, 2024. They can start the tower on Grand at the same time as Walnut/Ottawa.

Discussion/Action

RESOLUTION – Reappointment; Stephen Young; Elected Officers Compensation Commission (EOCC) Term to Expire October 1, 2030

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE REAPPOINTMENT OF STEPHEN YOUNG TO THE EOCC BOARD. MOTION CARRIED 8-0.

RESOLUTION – Polling Places; Temporary relocation of multiple precincts for the May 2024 Special Election

Mr. Swope explained the reasoning for the request. He noted that per LSD, for the May election and a school day, they asked the City not use their buildings on that day. There are 20,000 registered voters impacted and will be notified in postal mail and email, along with signage at polling locations that will not be active. Under State law, they need to address this 60 days in advance.

Council Member Jackson noted the polling location signage is a QR code, and encouraged addressing the signage for those people.

Council Member Hussain asked about Ward 3 precincts, and what metrics are determined. Mr. Swope stated the looks at the boundaries for what they currently are and what is the best for the temporary location. Council Member Hussain asked if they will also use social media, and Mr. Swope confirmed.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE TEMPORARY PRECINCT CHANGES FOR THE ELECTION ON MAY 2024. MOTION CARRIED 8-0.

RESOLUTION- Grant Acceptance; Michigan State Housing Development Authority (MSHDA) Housing Development Fund Grant for Transformational Housing

Council President Garza noted these are similar to what was approved by Committee on January 22, 2024.

Mr. Smiertka stated the first resolutions came out of Committee and approved based on the OCA advise. After that he looked at the 1996 opinion and history on that, it was contrary to the advice he gave, and he recommended the earlier resolutions should be placed on file.

Council Member Kost asked about Warren City vs. Foust, and Mr. Smiertka stated he is aware of it. Council Member Kost stated in 2022 the Court of Appeals, essentially said the opposite. Mr. Smiertka stated there also has to be an interpretation of the Charter, and the OCA office analysis this and the Boys and Girls Club is not word for word, but on point, even with the City of Warren decision. The City of Lansing has a strong Mayor government, and there has been a long history; the Mayor proposes and the Council disposes. Council Member Kost stated that appeal stated the Mayor had to accept what Council. And asked if an analysis was done with the City of Warren case, and Mr. Smiertka confirmed.

Council Member Hussain noted there are two resolution already on the Council agenda tonight for action and will be placed on file per discussions with OCA. Based on that, he stated there is more information before action on this tonight. One tool could be to accept and appropriate into a reserve account, and however since Mr. Boji is coming into Committee on March 11th, there is potential to table this resolution and the next one.

Council Member Kost stepped away at 7:54 p.m.
Council Member Kost returned to the meeting at 7:55 p.m

MOTION BY COUNCIL MEMBER HUSSAIN TO TABLE ACTION ON THE RESOLUTION.

He added that they have heard from the Administration that the City has a few months to make sure they are doing their due diligence before acceptance.

Council Member Brown asked if Council can accept both these and put in reserve, and move forward March 11th.

Council Member Hussain stated his understanding is there are a couple paths; Council cannot create a resolution; the administration would have to appropriate into a reserve account. Or they can table, and leadership stated tabling would be a cleaner way.

Mayor Schor confirmed they did talk about a reserve account, but OCA had some issues with it, and so they checked with the State and the State said they have a few months. Council Member Brown asked what MSHDA said, and Mayor Schor stated they did not speak to the process. Mr. Smiertka stated there is a control account opinion, and they cannot do that.

Council Member Spadafore acknowledged he would support tabling both, but would suggest acting on the next one to move into the accounts, since it has another set of gate keeping on it. Council Member Hussain acknowledged they did have that conversation, but doing things together would be cleaner.

MOTION CARRIED 8-0.

<u>RESOLUTION – Grant Acceptance; Michigan Economic Development Corporation Transformational Muni Infrastructure for new City Campus</u>
MOTION BY COUNCIL MEMBER HUSSAIN TO TABLE ACTION ON THE RESOLUTION.
MOTION CARRIED 8-0.

OTHER
No other topics.

Adjourn
The meeting adjourned at: 8:02 pm
Respectfully Submitted by, Sherrie Boak, Recording Secretary,
Lansing City Council
Approved by the Committee March 11, 2024