



MINUTES
Committee of the Whole
Monday, March 25, 2019 @ 5:30 p.m.
City Council Chambers

CALL TO ORDER

Council Member Wood called the meeting called to order at 5:30 p.m.

PRESENT

Councilmember Kathie Dunbar- arrived at 5:31 p.m. excused at 7:10 p.m.
Councilmember Jeremy A. Garza-excused
Councilmember Adam Hussain
Council Member Brian T. Jackson
Councilmember Peter Spadafore
Councilmember Patricia Spitzley
Councilmember Jody Washington
Councilmember Carol Wood

OTHERS PRESENT

Sherrie Boak, Council Staff
Chelsea Coffey, Mayor Executive Assistant
Jim Smiertka, City Attorney
Eric Brewer, Council Internal Auditor
Lisa Hagen, Assistant City Attorney
Loretta Stanaway
Eric Helzer, Red Cedar Development
Joel Ferguson, Red Cedar Development
Chris Stalowaski, Red Cedar Development
Jason, Red Cedar Development
Nick Tate, Chief Labor Negotiator

Approval of Minutes

MOTION BY COUNCILMEMBER SPADAFORE TO APPROVE THE MINUTES OF MARCH 11, 2019 AS PRESENTED. MOTION CARRIED 6-0.

Public Comment on Agenda Items

Ms. Stanaway asked Council to inquire into the Red Cedar project on their projections, revenues and what the percentage of the occupancy rate it is based on. Ms. Stanaway opinion was that the developer would come back again for additional financial assistance from an OPRA or another Brownfield. Ms. Stanaway asked the Council to inquire into details on

how the park land would be cleaned up. Lastly she asked for a guarantee that they cannot resell, rent or otherwise dispose of the property.

DISCUSSION/ACTION

RESOLUTION – Correction to Resolution 2019-031; RE: Groesbeck Golf Course

Mr. Smiertka explained that the resolution was adopted as part of a transaction with the State to remove specific resident and non-resident fees. However in the original resolution there was one description that did not match exactly what the State had, so this resolution corrects that.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION TO CORRECT RESOLUTION 2019-031 FOR GROESBECK GOLF COURSE. MOTION CARRIED 7-0.

DISCUSSION – MOU and Ordinance Review on Employees Retirement

Mr. Tate informed the Committee that he was directed by the Mayor to negotiate a MOU with Teamsters 243 with the purpose to allow an individual that came from UAW to use their time, not towards an amount of pension, but to simply use the time they had with UAW towards Teamsters. Council President Wood confirmed the MOU was negotiated with the Union and signed as well by the Administration, then asked Mr. Tate if there was any action needed from Council on the MOU. Mr. Tate confirmed there was no action at this time. The only thing that was done was the City negotiated as part of a new CBA.

Council President Wood then referred the Committee to the Ordinance and Resolution to introduce the amendment to Chapter 292 Section 292.14. It was previously presented by OCA on March 11th, but they had to wait for action until the MOU was addressed to move forward.

Mr. Smiertka asked Mr. Tate to confirm the date of the MOU, which was confirmed as March 15, 2019. Council Member Spitzley asked if it commenced on March 15th, would it cover the person since it was not back dated. Council President Wood referenced the statement that said it covered employees from 1990-2003.

Council Member Jackson asked if the ordinance was action that was requested by those 3 individuals, so the ordinance they are introducing will only covers those, and Mr. Smiertka confirmed.

MOTION BY COUNCIL MEMBER SPITZLEY TO INTRODUCE AND SET THE PUBLIC HEARING FOR APRIL 8TH, 2019 AND PASSAGE ON APRIL 8TH. MOTION CARRIED 7-0.

RESOLUTION – Set Public Hearing; Red Cedar Development; Seventh Amendment to the Amended and Restated Real Estate Purchase and Development Agreement

Mr. Smiertka referenced an email content from Mr. Venker in his office which outlined the changes in the 7th Amendment. This included a price increase by \$21,670.00 due to the closing date to no later than August 30, physical changes to the layout including moving the IBS, two hotels; one full service, one select service, total square footage on restaurants and retail to 35,550, number of market rate units went from 200 to 150, the elimination of the 98 “active senior” housing units, student housing relocated and reduced from 1,222 to 1,100 in three (3) buildings, “senior housing” increased from 116 to 120. The bonding section was changed to reflect the developer is the only one doing the bonding, cap on bonding was removed.

The Committee went through the marked version taking note of the “blue” items which were the newest changes. There were no questions from Committee on pages 1-9.

Page 10- Council Member Hussain inquired into the changes in square footage since during the Brownfield discussion it was noted it increased, but this document reflects a decrease. Mr. Helzer explained that in the hotel space there is a common retail area and that is assessed differently that is in the 45,000 square footage amount referenced at the Brownfield, but it will be 35,550 outside of the hotel. Council Member Spadafore referenced the market rate housing and noted in the original language there was a guarantee on 1bd units. Mr. Helzer stated it is premature to list 1bd and 2bd, they had to make projections for assessing, and those units are not designed yet. Once the construction plans are created they will be in those plans and identified more accurately. Council Member Spadafore asked why they put the numbers in the original development agreement. Mr. Helzer explained they were extracted for taxable value purposes. Council President Wood asked them to provide the numbers they provided to Assessing.

Council Member Spitzley voiced her concern on the change to eliminate the active senior housing and change in market rate housing at the last minute in a 7th amendments.

The group held a discussion on the hotel proposed, that was noted to have shared amenities with separate structures for the hotels. Council Member Spadafore asked for a guarantee on the height of the hotel, and was told five (5) stories, and he was then asked if that should be noted in the development agreement. Council Member Spitzley agreed that it needed to be in the development agreement. Mr. Smiertka stated he would amend the language with the development agreement, but it was not a material change so there would be no delay.

Mr. Helzer moved onto multi-family housing with studio and 1-bedroom units. Council Member Spadafore noted that originally it was noted there would be 55 -1 bedroom and 115-2 bedroom. Mr. Helzer confirmed that this amendment has mostly 1-bedroom and studios. IT was also noted by the applicants that the intent is not to be student housing, their idea is to go to a broader market. Their partner developers are not wanting to make it student housing, and the market rate is separate from student housing. Regarding the statement of "partner developers" Mr. Helzer clarified these are partners for the specific uses such as hotels, restaurants, student housing, assisted living, etc. After being asked for the names of the developers, the applicants stated they have not finalized one person yet. Council Member Washington voiced her concern with the lack of 2-bedroom apartments, heard concerns on student housing and agreed with other Council Members that they will get student in studio and 1-bedroom units. Mr. Helzer acknowledged the 2-bedrooms were changed based on what they heard and reacting to the market. He added that these are minimums, so there could be a change or increase in the site plan process, and that would also help the Brownfield. The applicants stated they would go back to the developer and look at product mix. Council Member Jackson asked what factor was in the determination to cause all the changes.

Council Member Washington stepped away from the meeting at 6:03 p.m.

The applicants acknowledged that every time there is a development there is a market study for the use to confirm what will work. They then compare to the infrastructure cost and look at the tax revenue. They are comfortable where they are now. Council President Wood pointed out to the Committee that when this project discussion began, there was the potential of the City bonding and with the recent changes there is less to bond so now there is no bonding for the City.

Council Member Washington returned to the meeting at 6:05 p.m.

Council Member Spadafore noted he wanted to make sure what is approved is meaningful for that area, and Council Member Spitzley added to the statement that the development

agreement keeps them and the City to their commitments. The applicants were then asked what changed from 9/1/2018 when the developer prepared and presented an economic impact study and market rate housing to this recent Amendment #7. Mr. Helzer explained that the market study is different from the economic study. The market study was conducted by an independent by product types, the economic study is the impact on Lansing residents and what will the development do to the economy. Council Member Spitzley asked if the economic study spoke to people, taxes and housing and it was confirmed, noting it identifies what the market will bear. They take their numbers in housing, hotels, and occupancy projected, and base the numbers. They were using data from product types for output that impact. Council Member Dunbar noted to the Committee that once the City stepped away from the property and bonding, they handed the risk over to the developer and what the lenders think is feasible is what the numbers are worked for. Mr. Helzer acknowledged and said they look at product types and what those generate. Once they have a salable project and build it, they take those numbers to see if there is enough to generate tax dollars. They were able to reduce and make the product cost. Council Member Dunbar asked what the difference was between student housing and efficiency apartments, because apartments cater to students and how would those units be priced vs the market rate. Mr. Helzer said for the student housing if there were 5 beds there would be 5 baths and rates are based on per bed. So overall, he said it would generally be less per bed, instead of if they incurred an entire apartment. Council Member Hussain noted that with the original approval it was planned as a multi-generational, but now it appeared there is more housing for students and very few assisted living. In the terms of market price, if they worked with a partner developer, why is there no market rate partner. Mr. Helzer noted that moving forward on the project they will have one and they are currently talking to multiple developers now. This will be similar to what was mentioned earlier with the hotel, retail and restaurants. Council Member Hussain voiced his concern on moving towards more student housing.

Council Member Spadafore referenced page 11, Section (h) Assisted Living which spoke to now a 2-story building. Mr. Helzer clarified that it will be not less than two (2) up to four (4) stories. There is a proposed three (3) story memory care and assisted living, so it will be two different levels in the buildings.

Page 11 - (j) Council Member Spadafore asked what obligations were expected since it is stated "publicly owned". Mr. Smiertka stated that based on the bonding there would be a maintenance agreement.

Council Member Hussain stepped away from the meeting at 6:21 p.m.

Page 12, no questions.

Page 13 and page 14, 5.9 – Council Member Spadafore asked about the agreement.

Council Member Hussain returned to the meeting at 6:22 p.m.

He then noted it stated there was nothing in the Local Labor Agreement to require the Developer to withhold, so would require a contract or would they comply, and the applicant agreed to comply.

No questions on page 16 – 17. It was clarified that the change on page 18 under 7.4 was a date change from 2018 to 2019. Council Member Spitzley asked if for the incentives the applicant was assuming the City would match funds. Mr. Helzer confirmed that sometimes the State and MEDC will ask for additional supportive information. They are not looking for any matching funds.

Mr. Smiertka noted that this document will be signed with the consent of the City after the hearing and Council approval.

The Committee briefly discussed their concerns with the proposed housing, removal of the “active senior” housing, the interest of housing for people who want to “age in place”

Council President Wood outlined the process from this point, being setting the public hearing later in the evening at Council, holding the hearing on April 8th and then back to Committee of the Whole on April 15th and Council April 22nd.

Mr. Helzer then outlined the phasing for the student housing which he stated would start with 600 beds and if they find it sufficient they will use the 500 unit piece into something else. The applicants added that they will relook at the market study and look at the mix and how it plays out, but these units noted are the minimums and they are working on tax purpose to establish. They acknowledged that they now know understand where they need to look at and will re-evaluate. Council Member Spadafore asked what the cost of phase 2 of the student housing on the back of the site would cost. The applicants stated it was \$18 million in the east, and that was to build it vertical, but they do not anticipate multi-family in that area. Mr. Helzer added to the explanation that in that phase 2 they eliminated the IPS so the cost went down. Council Member Spadafore asked if they were then moving the IPS to the other portion of the lot, and Mr. Helzer acknowledged that phase 2 mentioned was not parking, on the map attached to the 7th amendment it was the “u” shaped building identified as “F”.

Council President Wood referenced other developments in the City where Council was told there would be 1% income tax on residents because they were apartments, however they eventually were utilized as offices. She asked if there would be a guarantee the apartments would not be utilized into offices. The applicants stated that the logic of planning out phase’s products, is to anticipate the mixed use of apartments and retail in the 1st phase then will explore other options.

Council Member Jackson stepped away from the meeting at 6:43 p.m.

MOTION BY COUNCIL MEMBER WASHINGTON TO APPROVE THE RESOLUTUION TO SET THE PUBLIC HEARING FOR THE RED CEDAR DEVELOPMENT 7TH AMENDMENT AND RESTATED REAL ESTATE PURCHASE AND DEVELOPMENT AGREEMENT.

Council Member Spadafore asked the OCA if with the changes discussed, if it would be premature to set the hearing because the agreement could change. Mr. Smiertka confirmed that the changes he had heard thus far are no major changes so there would be no reason to wait, and if there were significant changes, it would have to be placed on file for another 30 days.

MOTION CARRIED 7-0.

{Closed Session}

MOTION BY COUNCIL MEMBER SPADAFORE TO GO INTO CLOSED SESSION AT 6:48 P.M. FOR THE RATIFICATION OF THE TEAMSTERS 214 COLLECTIVE BARGAINING AGREEMENT.

Mr. Smiertka confirmed this closed session was being requested by the City.

ROLL VOTE AND MOTION CARRIED 7-0.

{Reconvene}

Council Member Dunbar left the meeting excused at 7:10 p.m.

Council President Wood reconvened the meeting at 7:12 p.m.

RESOLUTION- Ratification of the Teamsters 214 Collective Bargaining Agreement

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR THE RATIFICATION OF THE TEAMSTER 214 COLLECTIVE BARGAINING AGREEMENT.

MOTION CARRIED 6-0.

OTHER

Council Member Washington stated that after discussions with the Mayor and Parks Director regarding renaming a park in honor of Tony Benavides, it was recommended dedicating and renaming the Council Chambers to Tony Benavides Council Chambers. A tribute resolution will be done the April 8th Committee of the Whole meeting, and the Mayor's office will work a plaque and formal dedication and ribbon cutting at a later date.

ADJOURN

The meeting was adjourned at 7:16 p.m.

Respectfully Submitted by,

Sherrie Boak, Recording Secretary

Lansing City Council

Approved by the Committee on April 8, 2019