



CITY OF EAST LANSING

The Home of Michigan State University

History of the Former East Lansing Department of Public Works Site at Park Lake and Merritt Roads

March 6, 2019

The former East Lansing Department of Public Works (DPW) 19.7-acre site, located at Park Lake and Merritt roads, was vacated by the City of East Lansing in 2004 when the new DPW facility was opened on State Road. The site was approved for a redevelopment project in 2007 that never materialized. In 2011, the City sold 10.4 acres of the site, including the main building, to Spartan Technology, LLC for \$350,000. Spartan Technology undertook extensive renovations to the building for Working Bugs (a bio-based products manufacturer) and later added Red Cedar Spirits – a distillery and tasting room.

In 2016, the City received and accepted an offer to purchase the northern 6.4 acres of the site for \$850,000 for purposes of building a small retail center. After the potential buyers completed their due diligence, they indicated the need for significant brownfield tax increment financing (TIF) support of more than \$3 million. The bulk of the cost was largely to address poor soils on the site. East Lansing City Council was not supportive of that request and the potential buyers let the purchase agreement expire.

After adoption of the Medical Marihuana Provisioning Center overlays in 2018, which encompassed this site, a number of interested parties came forward, with several providing unsolicited purchase offers. Recognizing this renewed demand, the City placed the property on eBay auction with a minimum bid of \$850,000. eBay was selected as the auction site as they do not charge the typical 10 percent of sale price for land auctions, only a nominal \$150 listing fee. Interested parties (approximately 12) were directly notified of the auction. The auction took place from January 7, 2019 to February 6, 2019. Three parties made 17 bids, with the winning bid coming from Kodiak Landarc, LLC in the amount of \$1,000,900.

City Council has now approved a purchase agreement with Kodiak Landarc, LLC for the winning bid amount and the prospective buyer has 90 days to complete their due diligence. It is the prospective buyer's intent to establish a Medical Marihuana Provisioning Center on the site and, to do that, they are required to go through the standard City approval process, which includes submitting a site plan and Special Use Permit application, public hearings, review by the East Lansing Planning Commission and review for potential approval by the City Council. The City still retains nearly three acres of the site adjacent to a county drain and conservation easement.

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