Mayor Mark Meadows, who knew but said nothing about the eBay auction before it ended, at the candidate forum last night. (Photo by Raymond Holt)

Just a few hours before the first of two City Council candidate forums, the City of East Lansing finally answered the question ELi has been asking for weeks: Has the City officially closed on...
the public land it auctioned off on eBay in February for $1,000,900 to marijuana real estate speculators?

According to Mikell Frey, Communications Coordinator for the City, the answer is yes: ?The closing date was Sept. 18.? 

So many questions remain.

There still has never been an explanation provided of why this property was auctioned off on eBay without any public notice of the auction beyond the eBay listing. Before the auction closed, there was no press release, no mention of it on the City's website, and no mention of it at City Council, even though records obtained through the Freedom of Information Act show Mayor Mark Meadows knew about it.

There still has never been an explanation provided of how then-Director of Planning Tim Dempsey chose the handful of people he notified that the monthlong auction was happening, or why Dempsey let some people interested in the land go unnotified.

What we do know

ELi broke this story when we discovered an agreement to sell the property, on Merritt Road near Costco, on the City Council's March 5 agenda. The agreement, calling for the City to sell the property to a company called Kodiak Landarc LLC, showed up without warning on the Council's consent agenda — meaning it was set to go through with little notice or discussion.

A staff cover memo said the property had been auctioned.

Unsure how a million-dollar auction had happened without us knowing about it, we started asking questions from the podium, particularly: Might potential buyers have also missed that there was an auction? If it had been advertised, might the taxpayers have gotten more for the land?

The next day, the City issued a statement meant to quell the questions. But in explaining that the winning bidder had obtained the land through an eBay auction, and saying it had notified only ?approximately twelve interested parties,? public questioning and outrage started to mount.

In defending the recent actions taken, City Manager George Lahanas said it had been difficult over the years to unload this property, in part because of the need for environmental cleanup. (Voters had approved sale of the land — former site of the Department of Public Works — back in 2002.)

But would it have been so hard to sell for more?

The fact that the winning bidders have now offered the property for $12 million suggests it could be worth far more than the last bid received in the auction. There were only three bidders on eBay, and we still don't know who the other two were, because they operated under pseudonyms.

Just a few months before the auction, Council specifically drove up the value of this publicly-owned land through a zoning ordinance that allowed medical marijuana to be sold there. The
land had also recently risen in value because of the opening of the new Costco across the street.

**The buyers lined up their ducks to maximize profits.**

To ensure they could sell the property for top dollar once they owned it, Kodiak Landarc got a contract out of the City saying that if the City Council did not approve its site plan and Special Use Permit applications for a marijuana provisioning center for that land, the buyers could back out.

Council did approve the site plan and special use permit on August 13. In addition to a marijuana provisioning center, the plans also call for a strip mall and hotel – which some say again shows how the land recently increased in worth and should have sold for more.

Before the August 13 vote finalizing the deal, City Manager George Lahanas called the eBay auction an “orderly process” to deal with the numerous marijuana industry bids that had been coming in to the City. He referred to the decision to use eBay as a “cost efficient and somewhat fair” approach.

“To pretend like this is some sort of secret, last-minute deal is just not true,” Lahanas said. He praised Council for having rezoned the property and driven up the value of the land.

Mayor Pro Tem Erik Altmann also defended the deal by saying, “Yeah, we should have put a press release on the City website and blasted one out to all sorts of people in case somebody had maybe $1.2 million in pocket change that they decided would want to drop on this particular property on the spur of the moment, but we didn’t do that, and it didn’t matter, because it wasn’t going to change the value of this property or the outcome. We’ll do it next time.”

Mayor Mark Meadows agreed, saying, “Everybody on Council in twenty-twenty hindsight says ‘yeah, gee-whiz, we should have put out a press release about the sale of the Merritt Road property, ‘and the fact that somebody can jump on eBay and make a bid on it? it didn’t happen. So why are we even talking about it? The real issue is whether we got the result here that was an excellent result for the people of the City of East Lansing.”

At Thursday night’s Council candidate forum, sponsored by the League of Women Voters, Meadows and Altmann avoided the topic. Asked a question about transparency, both said the City is doing a very good job with that.

But challenger Lisa Babcock referred to the eBay land sale in her opening statement, saying it is one reason she is running. Challenger Warren Stanfield joked that he was checking his phone to see if any more public land was going up for sale on eBay just then.

Some people have recently speculated to ELi that the Kodiak Landarc team might not be able to come up with the money to finalize the deal. But apparently they did.

With the official closing of the sale having taken place September 18, the land now belongs to another party. We’re waiting for results of a Freedom of Information Act to find out exactly who.

Meanwhile, City Council is expected to soon take up a new draft ordinance which, if passed, would allow for recreational marijuana sales to be located where medical marijuana facilities are
licensed and operating. If passed, that will make the Merritt Road land even more valuable.

Related Categories:
City Council [12]
Development and Planning [13]
Elections [14]
Government [15]
Public Works [16]
Marijuana [17]

ELi is a member of INN and LION Publishers

Source URL: https://eastlansinginfo.org/content/going-going-gone-public-land-sold-ebay-now-belongs-marijuana-speculators

Links
[1] https://eastlansinginfo.org/content/going-going-gone-public-land-sold-ebay-now-belongs-marijuana-speculators
[2] https://eastlansinginfo.org/content/city-auctioned-million-dollar-property-ebay-notified-only-interested-parties
[3] https://eastlansinginfo.org/eBay_DPW
[5] https://eastlansinginfo.org/content/city-sell-public-land-deal-brokered-marijuana-industry-player
[7] https://eastlansinginfo.org/content/marijuana-industry-player-who-just-bought-public-land-1m-lists-it-12m
[8] https://eastlansinginfo.org/content/ongoing-ebay-land-sale-drama-shows-marijuana-goldrush-has-hit-east-lansing
[12] https://eastlansinginfo.org/citycouncil
[14] https://eastlansinginfo.org/elections
[16] https://eastlansinginfo.org/publicworks