

**OFFICIAL PROCEEDINGS
CITY COUNCIL
CITY OF ESCANABA, MICHIGAN
Work Session Meeting
Tuesday, January 20, 2015**

Pursuit to a special meeting notice posted January 8, 2015, the meeting was called to order by the Honorable Mayor Marc D. Tall at 8:00 a.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Marc D. Tall, Council Members, Patricia A. Baribeau, Ralph B. Blasier, Ronald J. Beauchamp, and Michael R. Sattem.

Absent: None

Also Present: City Manager James V. O'Toole, City Department Heads, media, and members of the public. Michael Koster and Beau Miller of the Delta/Schoolcraft Intermediate School District.

ADJUSTMENTS TO THE AGENDA

Manager O'Toole asked to take up the discussion of Menards Michigan Tax Tribunal first on the agenda.

CONFLICT OF INTEREST DECLARATION – None

NEW BUSINESS

Discussion – Michigan Tax Tribunal Fining (Menards) – Michigan Court of Appeals

City Manager O'Toole, and City Assessor Daina Norden reviewed the possibility of appealing the recent Michigan Tax Tribunal judgment regarding the Menards property tax assessment to the Michigan Court of Appeals. On November 7, 2014, the Michigan Tax Tribunal ruled in favor of Menards Inc. which appealed its local property tax assessment levied by the City of Escanaba. The Judgment ordered Delta County Taxing entities to refund Menards \$421,000 in taxes paid, of which, \$121,000 was the responsibility of the City of Escanaba. The following was discussed:

- Briefly reviewed history of Menard's Assessment and Tax Tribunal decision;
- Cost, Income, or sales comparison approaches were the three means of assessment. The City of Escanaba used the cost approach;
- When questioned as to whether the City should proceed further to the Court of Appeals, Assessor Norden stated the City appealed its case different than Marquette Township. She further stated the Tax Tribunal's decision on the City Menards property assessment was based on a flawed sales comparison approach;
- Attorney costs were estimated between \$18,000 and \$30,000;
- City's case could lead to a Michigan Legislation law change to correct the

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loophole on the assessment law;

- Reviewed Delta County Taxing entities losses for each unit of government;
- Cost sharing requests for the Court of Appeals Attorney were sent out to the various County Taxing units of government;
- Council Members stated their concern of other businesses in the County following the same as Menards throughout the County;
- Reviewed bio of the Attorney;
- An Attorney General Opinion should also be considered;
- Discussed fighting this and what if only half of the County units participate;
- Costs of filing appeal would be an hourly rate. Since the Tax Tribunal decision affected the entire County, Council Members encouraged other Delta County Taxing units of government to participate in the Court of Appeals process.

After discussion, Beauchamp moved, Blasier seconded, to hire the Attorney Firm of Bloom Sluggett Morgan, Counselors & Attorneys in an amount up to \$30,000.00, to represent the City of Escanaba in its appeal to the State of Michigan Court of Appeals on the Menards Inc. Michigan Tax Tribunal decision.

Upon a call of the roll, the vote was follows:

Ayes: Beauchamp, Blasier, Sattem, Baribeau, Tall

Nays: None

MOTION CARRIED.

Discussion – 2015-16 Operating Budget Preparation.

Administration led a discussion about the upcoming 2015-16 operating budget and sought Council input on items the Council as a whole would like to see considered for inclusion in the budget. Additionally, the various departments updated the Council on budgetary opportunities and challenges for the upcoming year. The following was heard:

- Reviewed key retirements, including the Recreation Director and City Controller;
- Concern of State revenues which were lower than anticipated, Road Funding, Utility Rates, Fire vehicles, and cost funding for the Superior Trade Zone;
- Controller Dewar reviewed concerns on lower than projected State Revenue shortfalls, health insurance costs and employee contracts and pension costs;
- Treasurer Valentine reviewed investments, financials, and discussed the possible use of credit cards;
- Water/Wastewater Superintendent Lampi reviewed continued water loss problems, increasing costs, aging infrastructure, water main repairs and Wastewater Plant updates including digester #2 cleaning;
- Public Works/Engineer Farrell reviewed the City Storm Sewer Drain Project, snow removal, proposed equipment purchases, road projects, and ADA Sidewalk Project;
- Public Safety Director Vanderlinden reviewed replacement of a primary fire truck,

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proposal to replace the bullet proof vests, proposal to purchase in vehicle data terminals. He advised his Department would be seeking all possible grant opportunities;

- Recreation Director Penegor reviewed recreation activities, maintenance on ski trail, and Civic Center building maintenance;
- City Clerk Richards advised the City Clerk's office would continue to budget for education and training, and reviewed State of Michigan possible replacement of voting equipment;
- Assessor Norden reviewed dues and fees, and funds for possible State audit;
- DDA Director Legault reviewed budgeted funds for property acquisition, Market Place Project, professional services for construction and design projects, income survey update.
- Library Director Stacey reviewed public services, continued revenue losses and need to search for other funding sources, looking to restore material fund budget, and maintenance of the interior of the building;
- Harbor Master Gravette reviewed funds for continued Marina/Harbor maintenance;
- Council Members asked Manager O'Toole to increase the EDA Budget, possible additional use for the Yacht Club property, Restore the Library Funding, Council MML for Region meeting, funds for Road repair.

Manager O'Toole stated he would present a balanced budget for review to Council and members of the public, and asked Council to contact him regarding questions on the 2014-2015 fiscal year audit.

GENERAL PUBLIC COMMENT – None

ANNOUNCEMENTS – None

Hearing no further public comment, the Council adjourned at 9:44 a.m.

Respectfully submitted,

Robert S. Richards, CMC
City Clerk

Approved: _____
Marc D. Tall, Mayor