

**OFFICIAL PROCEEDINGS
CITY COUNCIL
CITY OF ESCANABA, MICHIGAN
Work Session Meeting
Thursday, August 13, 2015**

Pursuit to a special meeting notice posted August 10, 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.

ADJUSTMENTS TO THE AGENDA

Beauchamp moved, Sattem seconded, **CARRIED UNANIMOUSLY**, to approve the City Council Agenda as submitted.

CONFLICT OF INTEREST DECLARATION – None

NEW BUSINESS

Discussion – Michigan Tax Tribunal Cases Update.

Mrs. Daina Norden, City Assessor, updated the Escanaba City Council on the Michigan Tax Tribunal Cases that were currently filed against the City of Escanaba. (See Memo, Attachment – A) The following was also discussed:

- Discussed justification for outside appraisals;
- The major concern was that if the City loses the Tax Tribunal cases, many other stores would follow suite. The potential City loss on the four current cases was approximately \$65,000;
- Need legislative action to fix the loop hole in the law. Sen. Tom Casperson, (R-Escanaba), was working with Rep. Ed McBroom (R-Vulcan) and Rep. John Kivela (D-Marquette) to counteract the recent court decisions. Casperson advised he expected to introduce a bill soon after the fall legislative session begins in September;
- The State was also being contacted to get involved to fix the Big Box Stores issue;
- A request for Appraisals and Attorney fees would be put on the next regular Council Agenda, August 20, 2015;
- Council directed Administration to contact other Delta County municipalities for monetary help for the Tax Tribunal cases. In the end, it would affect them also.

No Council action was taken at this meeting.

GENERAL PUBLIC COMMENT – None

ANNOUNCEMENTS

- House of Ludington was hosting a paid music event.

Hearing no further public comment, the Council adjourned at 8:33 a.m.

Respectfully submitted,

Robert S. Richards
City Clerk

Approved: _____
Marc D. Tall, Mayor

City of Escanaba Assessor

Memo

To: City Council
CC: Jim O'Toole, Manager
From: Daina Norden, Assessor
Date: 8/04/2015
Re: Michigan Tax Tribunal

Michigan Tax Tribunal Cases Update Question hiring Attorney and Appraiser

I just wanted to bring you up to date on the Michigan Tax Tribunal Cases that are currently filed against the City of Escanaba. Attached is a complete list of the cases I am working on. Additionally there is a Summary of the 2014 cases set for trial and their potential financial impact on the City of Escanaba.

The first is Menards which we are all familiar with. Currently we have filed a court of appeals on the decision and further down the list we have filed an appeal for the 2015 tax year as well.

The second is the Walgreens personal property appeal. This has been fast tracked and on July 29th I was notified that this is scheduled for a court hearing with a valuation disclosure due 9/17/2015. The Department of Treasury has issued a memo regarding their determination of the proper depreciation schedule for these appeals. Last week we stipulated based on the Department of Treasury decision.

Autozone, Escanaba Country Club, and O'Reilly Automotive are three cases that I propose we hire legal counsel and have an appraisal conducted. I have cost estimates for three cases from our attorney Jack VanCoevering as well as an estimate for the appraisals from James T. Hartman. I went with Mr. Hartman on the advice of Mr. VanCoevering because the Golf Course Appraisal is a pretty specialized item and this firm works with Golf Course valuation regularly. They also offer a discounted price because we are looking to hire them for multiple appraisals. See attached cost estimates. Jack's estimate included Hudson's instead of O'Reilly's however I believe it would be the same based on his estimate. I have notified Mr. VanCoevering of the difference.

The last case with an upcoming trial date is Delta Plaza Mall. This court date is newly added with a valuation disclosure due February 18, 2016. I intend to discuss this case with the Tax Consultants for the mall but ultimately I feel that we will need to hire Counsel and an Appraiser for this case as well if my discussions are unsuccessful.

The next case has not been finalized. The petitioner is in default.

The remaining cases are in the early stages of the process and I have been working on them as well. One that stands out is the Shopko appeal in that the Representative for Shopko is the same Representative that Menards had. I have been gathering data and preparing to send a request to the Michigan Department of Treasury/State Tax Commission for assistance in this Shopko case as well as 4 other Shopko cases in Michigan that were filed by the same firm. As I understand it, they have the ability to get involved in cases with the potential for a substantial impact on tax valuations.

Summary of Pending Michigan Tax Tribunal Cases

1 Escanaba Country Club

| | |
|---|------------|
| 2014 Total Assessed | 590,288 |
| 2014 Taxable Value | 521,163 |
| 2014 Appealed Value | 330,000 |
| 2014 Difference in Tax | (191,163) |
| Total Years being appealed | 2 |
| Total potential revenue loss all years \$ | (6,641.27) |

Total Taxable Value being appealed:

2014 (1,762,279)

Potential City Revenue Loss:

\$ (65,682.03) for all years listed

2 Autozone

| | |
|---|------------|
| 2014 Total Assessed | 268,455 |
| 2014 Taxable Value | 268,455 |
| 2014 Appealed Value | 150,000 |
| 2014 Difference in Tax | (118,455) |
| Total Years being appealed | 2 |
| Total potential revenue loss all years \$ | (4,100.49) |

3 O'Reilly Automotive

| | |
|---|------------|
| 2014 Total Assessed | 390,699 |
| 2014 Taxable Value | 390,699 |
| 2014 Appealed Value | 280,000 |
| 2014 Difference in Tax | (110,699) |
| Total Years being appealed | 2 |
| Total potential revenue loss all years \$ | (4,635.24) |

4 Delta Plaza Mall

| | |
|---|-------------|
| 2014 Total Assessed | 2,536,178 |
| 2014 Total Assessed | 2,286,000 |
| 2014 Appealed Value | 944,038 |
| 2014 Difference in Tax | (1,341,962) |
| Total Years being appealed | 2 |
| Total potential revenue loss all years \$ | (50,305.04) |