

It is an election year and a majority of people on this Council are up for reelection. There are a few things that the voters in this City need to know before they go to the poles to vote.

As many of you know, there was an audit completed in December of 2016 by Edward VanderVries and a report submitted to the City of Menominee dated January 26, 2017. This audit indicated a significant number of deficiencies in the tax rolls for the City of Menominee. It is important to point out that the deficiencies cited were not created by Robert Desjarlais, Mari Negro, or Peg Bastien, but by the former long-time assessor Jill Schwanz. What many people are not aware of is how this investigation came to be ordered by the Michigan State Tax Commission. The City of Menominee owes a debt of gratitude to Councilman Josh Jones and his supporters for continually harassing their local state elected representatives, insisting that an investigation take place into the issues with the City's tax rolls and suggesting that the successors to Jill Schwanz were the cause of these issues. He, and his supporters, also did their own analysis of the City's tax rolls alleging problems created by Mari Negro when Negro removed preferential land value adjustments made by Schwanz. Those adjustments were made EXACTLY according to the plan she submitted to and was accepted by the State Tax Commission. But, because Jones and his group alleged that Negro was incorrect in her actions and insisted an investigation was warranted. Eventually the State Tax Commission ordered the tax roll audit and appointed VanderVries to conduct the audit. The outcome of the audit in no way supported the allegations made by Jones and company which put the City in a position of having to issue notices of assessment for a 2<sup>nd</sup> and 3<sup>rd</sup> time this year depicting the results of the recent audit. Jones and company cost the taxpayers of this City \$25,000 for the audit. The conclusion of VanderVries in his cover letter..... "After the field inspection and considering the adjustments, I have concluded that the majority of adjustments were sporadic and not based on market analysis. They probably should have been removed but with careful consideration and analysis."

Why was this audit important to the City of Menominee and its tax-paying residents? The audit identified, once and for all, that the tax roll issues were created by one individual; that being Jill Schwanz and no one else. It also exposed the extent of favorable tax treatment that was afforded to friends and acquaintances of Schwanz.

There are a significant number of members of this Council who were identified in the VanderVries audit as well as city officials.

Those officials were Rob Jamo who was being assessed at 90% of the land value of his neighbors.

Susan Johnson – land value assessed at 80% of the land value of her neighborhood

Council Member Heather Nelson – 1403 1<sup>st</sup> Street, land value assessed at 75% of her neighbors. She and her fiancée purchased the property in August of 2014. When purchased the assessed valuation of the property increased from \$108,500 to \$113,700. But, instead of the taxable

value increasing to \$113,700, where it should have been, it decreased to less than its current taxable value and set at over \$5,700 less than it should have been.

Council Member Bill Plemel combined 2 adjacent lots in 2010, one lot was his home and the other lot was vacant. His home parcel was assessed at \$48,800. The adjacent vacant parcel was assessed at \$5,100. When the parcels were combined the resulting combined parcel was assessed at \$50,500 rather than the combined value of \$53,900. And as a result the taxable value was decreased by almost \$2,500.

Council Member Doug Robinson was being assessed at 90% of the land value for his neighborhood

Council Member Dennis Klitzke was being treated real well. His land value was assessed at a flat rate value for his home on 1<sup>st</sup> Street of \$9,000. The assessed land value for his neighborhood was \$38,979. A little quick math shows he was paying 23% of the established land value for his neighborhood. Great Lakes Specialty Services (Klitzke), 3120 10<sup>th</sup> Street – land value set at 90% of true value.

Council Member Frank Pohlmann was exposed in the audit, but for the wrong reason, He was not a supporter of Jill Schwanz so he was being assessed at 25% more than the land value rate for his neighborhood and 30 to 35% more than his neighbors who were being assessed at either 90 or 95% of the established land value.

The family of Council Member Josh Jones, by and large are the grand prize winners. A parcel at 3112 22<sup>nd</sup> Street was assessed at 50% of the per acre rate in the area. A parcel on 10<sup>th</sup> Street in the name of Black Acre Holdings LLC was assessed at 50% of area land value. A parcel at 3128 10<sup>th</sup> Street, Great Lakes Acquisitions, assessed at 50% of land value. A parcel at 3120 10<sup>th</sup> Street, in the name of Clearview Capital, was not being taxed at all. Another parcel at 3120 10<sup>th</sup> Street, Krygoski Construction, was taxed at 25% of area land value. A parcel at 3800 18<sup>th</sup> Street, Krygoski, had a portion taxed at 50% of the front footage rate and the remainder at ZERO percent of the per acre rate. Another Krygoski parcel with merely an address of 18<sup>th</sup> Street consisting of 18.5 acres, assessed at a flat rate of \$50,000, \$2,700 per acre, when other similar parcels in the area is assessed at \$9,800 per acre.

A couple of other notable tax favors: Menominee Abstract on 1<sup>st</sup> Street, owned by former Prosecuting Attorney, now Probate Judge, Dan Hass was being assessed at 65% of the land value of other parcels in that neighborhood.

Lloyd Factory, managed by former council member Mark Erickson was able to have their parking lot on the West side of 10<sup>th</sup> Street assessed at 80% of the land value in that neighborhood.

There were many, many other tax favors discovered during my complete examination of the tax rolls including a significant number of reductions in assessed valuations at the time of property

sales in the city. These reductions either kept the taxable value the same as before the sale, or in a number of cases lower than the taxable value before the sale which had a significant impact on the City's tax revenue. Other favors like escalated property depreciation rates for friends, ignoring personal property for family, falsifying building information on parcels owned by family members, and the list goes on and on,

Now, where is the outrage!

The audit report contains a couple of key sections. The first is in "ATTACHMENT 1" which lists the City of Menominee property parcel numbers, addresses, and contains the percentage of reduction or increase in the per acre tax rate and the Front Footage tax rate percentage increase/decrease for properties. A value in either the Frnt/Lot Adj. or Ac Adj (Front Footage or per Acre) of less than 100 means that owner is paying less than comparable properties and a number greater than 100 indicates the owner is paying that much more than the established rate. "ATTACHMENT 8" of the report indicates the properties within the City that were assigned a flat rate tax value rather than a complete neighborhood land value. The report also contains a link to the online tax database for the City of Menominee. Clicking on the parcel number in "ATTACHMENT 1" and "ATTACHMENT 8" will direct you to the online database so that the complete tax record can be examined. The report also contains maps showing the scattered locations where land value adjustments were made.

[The 220 page audit report can be accessed by clicking here.](#)

**NOTE: The report is very large and will take some time to load so be patient.**