



DTE TAXABLE VALUE APPEAL

Governing Boards & Community
Update

December 4, 2018



Introductions

Welcome:

Monroe Mayor Robert E. Clark

Frenchtown Township Supervisor Jim McDevitt

Thank you to taxing jurisdiction's Governing Boards for support and help in working toward best possible community outcome



Agenda

1. Introductions
2. Meeting Purpose
3. Update of Actions to Date
4. Where do we stand today
5. What is Next
6. Review Financial Impact
7. Open Idea Exchange
8. Public Comment
9. Adjournment



2. Meeting Purpose

- Inform Governing Boards & Community
- Share information to form basis and support of future decisions/actions-listen for consensus/agreement
- Uniform Transparency of what is taking place to all Community Stakeholders
- Outline Possible Next Steps:
 - Intergovernmental Cost Sharing Agreement
 - Pro-rata cost sharing amount local units
- Platform for Broader Input from Governing Boards as applicable



2. Meeting Purpose

Impact of DTE's Request for Tax Adjustment

MONROE POWER PLANT REDUCTION **\$15,667,148**

FERMI PLANT REDUCTION **\$11,648,551**

TOTAL **\$27,315,699**

Above figures include \$12,062,548 in State Education Tax & School Aid Fund Tax Revenue potential reductions



3. Update of Actions to Date

Formed Leadership Team to help guide direction and response

- Requested by utility & necessary for community
- Sought request for qualifications from law firms specializing representing municipalities in these types of appeals
- Consensus was selection of Foster Swift Collins as most qualified to represent the community in defense

Since above actions, Michigan Department of Treasury (through Attorney General's Office) has intervened in the matter



3. Update of Actions to Date - Leadership Team Structure

MONROE UTILITY STAKEHOLDER TEAM DEFENSE MUSTD

Stakeholder Leadership Team
Members:
Michael Bosanac, County of Monroe-*Captain*
Vince Pastue, City of Monroe
Stephen McNew, Monroe ISD
Jim McDevitt, Frenchtown Township
Julie Everly, Monroe Public Schools
Kojo Quartey, MCCC

Message/Communications Team:
Members:
Sue Wetzel, MCCC-*Captain*
Mark Cochran, City of Monroe
Stephen McNew, Monroe County ISD
Jodi Egen, City of Monroe
Andy Clark, County Museum
Andrew Hoppert, Monroe Public Schools
Joe Verkennes, MCCC
Al Barron, Monroe Township
Vince Pastue, City of Monroe

Legal Defense & Strategy Team
Members:
Kerry Bondy, Frenchtown Township-*Captain*
Betsy Taylor, Monroe ISD
Sam Guich, City of Monroe
Michael Woolford, County of Monroe
Matthew Budds, City of Monroe

Cost Sharing Team
Members:
Vince Pastue, City of Monroe-*Captain*
Ed Sell, City of Monroe
Jim McDevitt, Frenchtown Township
Stephen McNew, Monroe ISD
Michael Bosanac, County of Monroe
Larry Smith, Frenchtown Resort Authority
Nancy Bellaire, Monroe Library

Public Meetings Team
Members:
Bob Clark, City of Monroe-*Captain*
Michelle LaVoy, City of Monroe
Sue Wetzel, MCCC
Michael Bosanac, County of Monroe



3. Update of Actions to Date

Engaged in efforts to exchange/dialogue with utility outlined as follows:

City of Monroe/Local Taxing Representatives

- September 7, 2017 -- Initial meeting w/representatives requested by DTE
- October 12, 2017 -- Second meeting with DTE (provided general idea of reduction request)
- January 30, 2018 -- heard from DTE's appraisal consultant on the natural gas market
- May 29, 2018 DTE files tax appeal on both Monroe County Plants
- July 31, 2018 -- Meeting with Monroe City Mayor, Assessor, City Manager and DTE representatives. Meeting did not result any real negotiations.



3. Update of Actions to Date

City of Monroe Assessor's Efforts with DTE

- 83 e-mails with DTE Lead
- Numerous phone calls mostly with DTE Lead
- 4 face-to-face meetings with DTE tax personnel
- September 27 – City Assessor & City Tax Attorney met face-to-face with DTE Lead & Tax Attorney
- Numerous contacts between the City's Tax Attorney and DTE's Tax Attorney

Frenchtown Township

Various emails and phone calls including:

- Face-to-face meeting August 27
- November 9 Conference call with Twp consultants and attorney
- Requested certain plant information needed for Twp consultants to fairly value the plant - DTE advised they are working on the request
- 2nd Conference call scheduled December 7



3. Update of Actions to Date

- City of Monroe has provided its full updated valuation of the Monroe Power Plant to DTE
 - ✓ Sent this valuation to DTE November 1, 2017
- DTE has not yet provided its valuation and basis in like format to the City
 - DTE not yet provided Fermi valuation to Frenchtown
 - Discussions held about obtaining valuation



4. Where Do We Stand Today

Parties have made little or no progress to resolve matter

Could characterize the parties as being diametrically opposed in each of their positions

Taxing Jurisdictions –

- The City provided their valuations of the plant based on several different methods of calculating the value
- Frenchtown...in progress through consultants

DTE –

- Has not provided any supporting analysis. Discussions have not addressed why current value is incorrect;
 - rather how to get to a de-valued amount over a short time duration just assuming the valuation will be lower



4. Where Do We Stand Today

Municipalities are interested in resolution sooner than later...

- Share DTE President/COO's theme of resolving prior to MTT litigation
- Local officials sent letter November 26 to ask for real dialogue to work towards a framework for resolution
- Looking for certainty in our business planning-public service budgets are forward looking 1-2 years or more



4. Where Do We Stand Today

Impact being felt already in public organizations:

- Budgets amounts are being reserved for the potential loss
Dates back to filing with Michigan Tax Tribunal
- Remember: Initially DTE committed to resolving Monroe Power Plant valuation before moving on to Fermi
- With both plants filing with MTT at nearly same time, any tax adjustment reverts back to date the tax was paid. (2018 tax year)
- So, budgets have to reflect potential now for what may occur in future resolution. Need to have funds for any possible refund plus interest costs at 5.9% on refunded amount



4. Where Do We Stand Today

However...

- Obligation to community requires continued preparation for mounting the most qualified defense of the plants' values
- Also, appraisals & engineering assessment provides for best negotiating position should constructive negotiations move forward
- Clock is ticking from MTT to have motions filed-
 - Valuations from parties due prior to May 3, 2019
- Long lead time to assemble and prepare quality filings to support valuation of local assessors
- City & Frenchtown are leading efforts to prepare the best defense & expending initial layer of expenses from tax administration funds; as effort continues, more resources needed-Intergovernmental cost sharing



4. What is Next?

- Remain focused on efforts for best defense and negotiating position
- Remain open and optimistic to opportunity to resolve issue with DTE short of going through expense of full Michigan Tax Tribunal process
- Governing Board's asked to participate in financial resources to defense by acting on Intergovernmental Agreement
- Keep Governing Boards informed and involved in what is taking place-feedback to chief administrative officers



5. What is Next? Intergovernmental Agreement - Cost Sharing with State Support

<u>Public Entity:</u>	Property Tax Revenue	% of Total	\$1.0 Million Defense Cost	Annual Revenue at Risk 58.21% Loss	Annual Contribution
City of Monroe	\$ 8,375,556	29.99%	\$ 404,950	\$4,875,411	\$ 134,984
County Operating - All	\$ 2,671,222	9.57%	\$ 81,312	\$1,554,918	\$ 27,104
Lake Erie Transit	\$ 346,771	1.24%	\$ 10,556	\$ 201,855	\$ 3,519
Frenchtown Township	\$ 197,731	0.71%	\$ 6,019	\$ 115,099	\$ 2,006
Monroe Township	\$ 4,561	0.02%	\$ 139	\$ 2,655	\$ 46
County Library	\$ 489,963	1.75%	\$ 14,914	\$ 285,207	\$ 4,971
Monroe Schools Debt	\$ 469,419	1.68%	\$ 14,289	\$ 273,249	\$ 4,763
Jefferson Schools	\$ 28,044	0.10%	\$ 854	\$ 16,324	\$ 285
MCCC	\$ 1,484,293	5.32%	\$ 45,182	\$ 864,007	\$ 15,061
Monroe ISD	\$ 2,329,331	8.34%	\$ 70,905	\$1,355,904	\$ 29,829
State Education Tax	\$ 2,939,775	10.53%	\$ 89,486	\$1,711,243	\$ 87,131
School Non-Homestead	\$ 8,587,241	30.75%	\$ 261,394	\$4,998,633	\$ 23,635
Total	\$27,923,906	100.00%	\$ 1,000,000	\$16,254,505	\$ 333,334



5. What is Next? Intergovernmental Agreement - Cost Sharing without State

<u>Taxing Entity:</u>	Property Tax Revenue	% of Total	\$1.0 Million Defense	Annual Revenue at Risk 58.21% Loss	Annual Contribution
City of Monroe	\$ 8,375,556	51.08%	\$ 584,181	\$4,875,411	\$ 194,727
County Operating - All	\$ 2,671,222	16.29%	\$ 138,474	\$1,554,918	\$ 46,158
Lake Erie Transit	\$ 346,771	2.11%	\$ 17,976	\$ 201,855	\$ 5,992
Frenchtown Township	\$ 197,731	1.21%	\$ 10,250	\$ 115,099	\$ 3,417
Monroe Township	\$ 4,561	0.03%	\$ 236	\$ 2,655	\$ 79
County Library	\$ 489,963	2.99%	\$ 25,399	\$ 285,207	\$ 8,466
Monroe Schools Debt	\$ 469,419	2.86%	\$ 24,334	\$ 273,249	\$ 8,111
Jefferson Schools	\$ 28,044	0.17%	\$ 1,454	\$ 16,324	\$ 485
MCCC	\$ 1,484,293	9.05%	\$ 76,944	\$ 864,007	\$ 25,648
State Education Tax	\$ -	0.00%	\$ -	\$1,355,904	\$ -
School Non-Homestead	\$ -	0.00%	\$ -	\$1,711,243	\$ -
Monroe ISD	\$ 2,329,331	14.21%	\$ 120,750	\$4,998,633	\$ 40,250
Total	\$16,396,889	100.00%	\$ 1,000,000	\$16,254,505	\$ 333,333



6. Review of Financial Impact

Monroe Power Plant Revenue Reduction

LINE ITEM

.418% TAXABLE VALUE

City General:

Operating

\$ 4,718,280

LETC

\$ 193,536

County General:

\$ 1,310,058

County Allocated –Senior Citizens, etc.

\$ 215,556

Community College

\$ 595,416

Community College Maintenance/Repair

\$ 232,222

County Library

\$ 273,202

Monroe Special Education

\$ 950,142

Monroe Intermediate Schools

\$ 79,147

Technology

\$ 269,541

State Education Tax

\$ 1,639,212

Monroe Public Debt Issue

\$ 273,202

Local Operating School Millage

\$ 4,917,635

Education



\$ 6,556,8471

TOTAL MONROE POWER PLANT REDUCTION \$15,667,148



6. Review of Financial Impact

FERMI Revenue Reduction

<u>LINE ITEM</u>	<u>.40% TAXABLE VALUE</u>	
Township Operating	\$ 979,166	
Fire Dept	\$ 688,213	
LETC	\$ 168,842	
Resort District	\$ 677,981	
County General:	\$ 1,100,039	
County Allocated -Senior Citizens, etc.	\$ 181,000	
Community College	\$ 499,964	
Community College Maintenance/Repair	\$ 194,994	
County Library	\$ 229,404	
Monroe Special Education	\$ 797,822	
Monroe Intermediate Schools	\$ 66,458	
Technology	\$ 226,330	
State Education Tax	\$ 1,376,425	
Jefferson Recreation	\$ 114,702	
Jefferson Debt Sinking Fund	\$ 217,934	
Local Operating School Millage	<u>\$ 4,129,276</u>	
		Education ↓ \$5,505,701

TOTAL FERMI PLANT REDUCTION \$ 11,648,551



6. Review of Financial Impact

Impact of DTE's Request for Tax Adjustment

TOTAL MONROE POWER PLANT REDUCTION	\$ 15,667,148
TOTAL FERMI PLANT REDUCTIONS	<u>\$ 11,648,551</u>
TOTAL	<u>\$ 27,315,699</u>

- *Above figures include \$12,062,548 in State Education Tax & School Aid Fund Tax Revenue potential reductions*

Impact Statement:

- *Potential loss equates to 300 employee positions ; Or 630,240 annual public service support hours in our community*



7. OPEN IDEA EXCHANGE



8. PUBLIC COMMENT



ADJOURNMENT