

Utility Co. Appeals Lead to Lost Revenue for Schools, Hospitals, Townships in County

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dated Schools, which lie within Garfield Township, were available, however. The district paid back \$5,298.07 in taxes collected from SEMCO over several years.

Further, an article published in *The Saint Ignace News* on January 17, 2005, states that the Garfield Township board voted unanimously to settle a five-year personal property tax multiplier appeal with Edison Sault Electric Company by paying them \$2,740.71.

In Moran Township, a positive settlement is pending between SEMCO Energy and the township. Owing to underpayment between 2002 and 2004, SEMCO is expected to pay \$3,600 in back taxes, but because of changes in the assessed value of SEMCO's distribution systems, the township will receive \$2,000 less from the company in future years. According to

Superintendent Bill Peltier, roughly half of that money is lost revenue for Gros Cap School.

The St. Ignace school district payback has not been settled, since it receives some of its funding from the City of St. Ignace, which has not yet settled with SEMCO.

SEMCO and Edison Sault Electric are not the only energy companies seeking paybacks, however. Other companies appealing are Enbridge, Cloverland Electric, and American Transmission.

Wherever these companies have distribution systems, townships and schools and hospitals within their borders will have to pay back tax money.

It is in companies' financial interest to find ways to devalue their assets, said Mr. Fenlon. The more a given energy distribution system is worth, he said, the more counties and townships can collect

in taxes. In some townships, where large portions of a gas pipeline or other distribution facilities are located, this amounts to a great deal of money.

Energy distribution systems are taxed as personal property, the same way that desks and computers and inventory at other businesses are taxed, and the value is depreciated as the equipment gets older. To calculate this changing value year by year, Mr. Fenlon said, tax assessors must have a method, and that is where the multiplier comes in. It determines the percentage of the original value that the personal property is worth in any given year.

"For example," Mr. Fenlon said, "a pipeline may be valued at one million dollars when it is first built. Fifteen years later, using a specific multiplier, it may be worth \$840,000.

"However, using a different multiplier, it may be valued at

only \$350,000. Therefore, the multipliers assessors use have a great deal of impact concerning how much a township may collect in taxes on such an asset."

In 1994, Great Lakes Gas Transmission Company appealed the value of its pipeline to the Michigan Tax Tribunal. It won the appeal and, in 1997, new gas transmission multipliers were issued.

Owners of other utility companies, such as SEMCO, noted Great Lakes' successful appeal. They began appealing, also, leading to an avalanche of appeals which affected taxing jurisdictions throughout Michigan. In 2000, the Michigan State Tax Commission issued yet another set of multipliers, again devaluing the assets of energy companies. This time, the Intergovernmental Utility Defense Fund (IGUDF), a coalition of members of various assessing jurisdictions throughout

Michigan, realizing how much tax money would be lost by means of the new multipliers, questioned the validity of the valuation methods used to arrive at the new multipliers.

They brought their case to the Michigan Tax Tribunal. Township assessors had been mailed the new multipliers, but the IGUDF recommended that the townships not accept the new multipliers until their case had been decided.

IGUDF representatives said that the new tax commission multipliers did not give an accurate projection of the value of companies' assets, and if taxing jurisdictions such as townships used them, the companies would be underpaying.

Some assessors accepted the new multipliers, and charged companies considerably less in taxes. Others heeded the IGUDF and continued using the old multipliers, set higher values and, thus, higher tax revenues. This money was used to fund schools, the hospital, township government, and county government.

tax collections aside in a separate fund until it was clear whether the IGUDF would win its appeal, Mr. Fenlon said.

This led to a serious quandary for townships. If companies were taxed according to the old multipliers, and IGUDF lost, money would have to be paid back. On the other hand, if companies were taxed according to the new multipliers, and the IGUDF won, companies would not be required to pay more in taxes than they had already been charged, so townships would lose revenue they could have used to help entities such as struggling school systems.

In fact, when the ruling was made, the Michigan Tax Tribunal said that the multipliers should be set even lower than their already devalued levels. Companies were to pay even less.

Companies such as SEMCO offered townships the opportunity to settle out of court, and many have been doing so. Therefore, in many cases, the taxing units continue to send money to energy companies throughout Mackinac County.

Some assessors kept the higher

Heckman Recalls Accomplishments During City Manager Term

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mer (Downtown Development Authority) director, and, of course, as city manager, Pete has gained a lot of knowledge about the city and how it works," said Mr. Dodson. "He and I had a good working relationship. We didn't always agree on things, but in the end, we always worked it out."

The ability to compromise on issues, said Mayor Pro Tempore Don Gustafson, was perhaps Mr. Heckman's biggest asset.

"For Pete to be in the top management role for that many years says a lot about him and how he was able to work with various people, organizations, and governmental boards over the years," said Mr. Gustafson, who has been on the city council for 20 years. "He did a real nice job."

Mr. Heckman has been a lifelong resident in the St. Ignace area, attending Rabbits Back elementary school and the Ursuline Academy in St. Ignace, now both gone. He was graduated from LaSalle in 1965.

His grandfather, Miros Butcher, was the first in his family to reside in St. Ignace, emigrating from Yugoslavia in 1918. Mr. Heckman's mother followed him, moving to the small town in the 1930s.

Mr. Heckman need only to look around his hometown to see what has been accomplished over the years since he became city manager.

He remembers the first big issue after he took office, a failed local campaign to save the historic coal-burning railroad ferry and ice breaker *Chief Wawatam* from being decommissioned and dismantled.

Chief Wawatam's hull now serves as a barge for a Canadian shipping company, Mr. Heckman is proud of the city's effort to preserve the ship's history with plans to convert the Chief dock into a public park, preserving the remnants of the old track elevator that are still there.

Mr. Heckman also remembers the hard work it took to upgrade the city's water and sewer system.

St. Ignace purchased the its water and sewer systems from Edison Sault Electric in the early 1980s, as the city was eligible for state and federal grants for the expensive upgrades, something the private electric company was not eligible for.

Because of its deteriorating condition, the Department of Public Health required the city to upgrade the systems, and a new water plant and five miles of new water and sewer main were installed. The sidewalks downtown were replaced in the process and a sewage treatment lagoon was built near the Mackinac County Airport.

Other significant projects Mr. Heckman either led or supported was settling a contractual agreement with Life-Link ambulance of Petoskey in 1991 after the local volunteer ambulance crew dissolved, owing to salary and benefit disputes with the city; enclosing a community pool at the high school in 1992; re-establishing the Museum of Ojibwa Culture, and extending a Huron Boardwalk along the shoreline through downtown, which was started in 1982.

Mr. Heckman also remembers striking a deal with the Sault Ste. Marie Tribe of Chippewa Indians to build Little Bear East Ice Arena and Conference Center in 1994.

Other developments since 1985 include the enhancement of Kewanis Beach and the American Legion Veterans Park, building a new public library, expanding the St. Ignace Marina from 22 slips to 136 slips, and upgrading the public park at Dock 3 near the Coast Guard station.

He said he leaves the position with many promising ideas and projects yet to be developed, which he trusts his successor, Eric Dodson, will see through. Mr. Dodson took office Tuesday, January 3.

"As far as the city manager position goes, Eric is qualified and I believe in him, but there will be a learning curve," said Mr. Heckman. "The first thing he will have to deal with as a new city manager is establishing relations with the community people. I know as soon as he sits at this desk, he's going to have all kinds of people wanting him to fulfill their concerns."

The ability to listen to all sides of an issue and make a fair decision based on what was presented to him is one of Mr. Heckman's best qualities as a city manager, said city attorney Prentiss M. Brown, Jr., who has served the city for 50 years.

"He was a very easy person to work with," Mr. Brown said. "He was courteous and polite. He was very reserved and was very helpful in solving issues to the benefit of the city."

"I don't think Pete took enough credit for helping find the common ground with many of the issues and projects we've done over the years," added Mr. Gustafson. "It's really hard sometimes to get everyone to agree on something. He was able to do that many times."

Mr. Gustafson said Gary Heckman will be greatly missed as a friend and co-worker, and for his institutional knowledge of the city.

"He should have a well-deserved retirement," Mr. Gustafson said. "I hope he enjoys it with many years to come."

City Clerk Renee Vonderwerth said Gary Heckman was the one person who could always be depended on to be there for other city officials.

"With everything that we've

gone through as a staff, Pete was always there for us," she said. "We have established a long-time camaraderie with him. We are going to really miss him."

Mr. Heckman's philosophy is to always choose what is best for the entire community, even if it is not the most popular choice.

"They say that a city manager normally upsets about a third of the community each year," said Mr. Heckman, half-joking, "and that after three years, everyone is upset with him. According to my calculations, I only upset about 150 people each year, however, after 20 years, I've probably managed to upset all 3,000 residents in St. Ignace at one time or another."

His last year he admits was probably the most difficult, with several debated issues, from a \$500,000 shortfall in the water and sewer budget, causing the city council to raise rates, to the promising idea of tapping into a new economic market with a wooden schooner build-

ing and cruising project, which, after many confusing and frustrating incidents, fell through.

"It was a tumultuous year," Mr. Heckman admits.

He is retiring now, he said, because "it's just time."

"I've been thinking about retiring for a couple of years now," he said. "This year, though, especially wore me out. I just felt that it was time for me to hang it up."

He added, "St. Ignace is a unique community. It has so much to offer. It's a very, very, very nice place to live. I just hope that I've helped at least somewhat in establishing that over the years."

Mr. Heckman will be spending time during the winter in Tennessee with his wife, Darlene, where they have a second home. He said he may assist his wife with her campground operations in Chippewa County or, he said, he may work as an assessor or real estate agent as a side job. He is still certified for both.

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"Be more concerned with your character than your reputation, because your character is what you really are, while your reputation is merely what others think you are."

John Wooden

Steven Lesatz was someone whom was more concerned with his character than his reputation, even though both were outstanding. He was a very loving, caring, and giving person whom sought only to help others, and rarely did something solely for himself. He was a great husband, father, son, brother, uncle, teacher, coach, and of course, friend.

Those who knew Steven know that his passion was basketball, and he spent much of his time coaching. He did many great things focusing on fundamentals and giving an understanding of the game. Even in the classroom at Malcom High he focused on teaching fundamentals helping students to better themselves. He touched many lives and would teach life lessons to those that would listen, and even a few that wouldn't.

Steven will be kept in the hearts and memories of many, and we would like to express our appreciation to the community for their support in our time of deep sorrow.

*Thank you,
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