

AGENDA REPORT

TO: Mayor Pat Humphrey & City Commissioners
FROM: Jeremy Howard, City Manager
DATE: August 3, 2023
RE: Comprehensive Reappraisal of Industrial Properties

For the Agenda of August 7, 2023

Background. The city contracted for assessing services with Michigan Assessing Coalition (MAC), LLC three months ago (in May of this year) for onsite services for four hours per week, and thus far, we are very happy with the services they have provided. Prior to contracting with MAC, the City experienced a turnover in Assessing staff over the past few years and experienced a severe dampening of assessing services during the COVID Pandemic. The State of Michigan recommends that 20% of a governmental unit be reviewed each year. The review of city parcels has fallen behind at no fault of MAC.

The city has also experienced a tremendous amount of growth with new construction, renovation, and rehabilitation in all sectors of the city, including industrial, commercial, and residential properties. As such, MAC will have difficulty catching up with a review of assessed values through the regular annual review process, thus the city will continue to lose tax dollars. Over the past several years private development within both the North and South Industrial Parks has increased to the point that all lots have now been sold and businesses are newly operational or nearly ready to become fully operational. Through a review of some parcels with the new Assessor, it was found that several properties (especially industrial properties and the Industrial Parks) have not been updated or correctly assessed for several years.

Due to this fact, MAC has proposed an additional day and an additional employee be temporarily added to ensure that new and updated assessments can be done and completed in time for them to be added to the role for next year. Any incorrect/missed assessments can also be looked at for the previous 2 years. Based on some of the preliminary observations the Assessor and Treasurer feel that they have found that the increase in taxes from the assessing updates and corrections will more than pay for the cost of the proposed additional 6-month contract. These new tax revenues will then continue for the future by adding the correct tax assessment revenue for the parcels to the general fund.

Issues & Questions Specified. Should the City Commission approve the proposed contractual agreement with Michigan Assessing Coalition, Inc.?

Alternatives.

1. Approve the contractual agreement.
2. Do not approve the contractual agreement.
3. Defer this matter to a subsequently scheduled City Commission meeting.

Financial Impact. The cost to the City is \$14,250 and is a one-time cost for the project.

Recommendation. I recommend that the City Commission approve the service agreement with MAC, Inc., authorize the City Manager to sign all necessary and related documents, and authorize the Treasurer/Finance Director to apply any and all necessary budget amendments by adoption of Resolution 2023-061 (*copy att'd*).

Attachments.

1. Professional Services Agreement.
2. Resolution 2023-061.

PROPOSAL FOR PROFESSIONAL SERVICES

CITY OF CLARE, MICHIGAN

1. Michigan Assessing Coalition, Inc. (hereafter referred to as MAC, Inc) agrees to provide a comprehensive reappraisal of the industrial property in the City of Clare.
2. MAC, Inc has the knowledge and experience to deliver these services in accordance with State of Michigan laws and State Tax Commission Rules.
3. MAC, Inc has experience with BSA software as well as accepted mass appraisal techniques.
4. MAC, Inc has extensive experience with Michigan Tax Tribunal procedures as well as extensive experience with individual valuation procedures and best practices.
5. MAC, Inc agrees to perform the following reappraisal functions:
 - a. Complete site visits to all industrial property.
 - i. Obtain building plans whenever possible.
 - ii. Field measure all buildings.
 - iii. Perform interior inspections when possible.
 - iv. Update all record cards with sketches and photos.
 - v. Develop a meaningful land value table for uniform application.
 - vi. Develop meaningful and up to date economic conditions factors.
 - vii. Review results with the county and city manager.
6. MAC, Inc. shall maintain records and processes according to best practices as reviewed by the State of Michigan in their audit of local municipalities.
7. MAC, Inc shall maintain liability insurance, both property and professional.
8. MAC, Inc. will complete this project for the 2024 assessment roll and make applicable corrections to the 2023 and 2022 assessment rolls as allowed by 211.53b (omitted property).
9. The City agrees to pay MAC, Inc the following:
 - a. \$14,250 for the total project, payable at completion of the project.

Respectfully Submitted

Accepted



Sharon Frischman, MMAO, AI-GRS
Executive Director
Michigan Assessing Coalition, Inc.

Jeremy Howard
City Manager
City of Clare

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RESOLUTION 2023-061

A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING THE COMPREHENSIVE INDUSTRIAL PROPERTY APPRAISAL AGREEMENT FOR PROFESSIONAL SERVICES WITH MICHIGAN ASSESSING COALITION, INC. (MAC, INC.)

WHEREAS, it has been determined that the City has experienced a turnover in Assessing staff for the past several years and experienced a severe dampening of assessing services during the COVID Pandemic; and

WHEREAS, it has been determined that the City has had a tremendous amount of growth with new construction, renovation, and rehabilitation in all sectors of the city, including industrial, commercial, and residential properties; and

WHEREAS, it is believed that some properties (especially industrial properties and including the Industrial Parks) have not been updated or correctly assessed for several years; and

WHEREAS, the city's contracted Assessing firm has provided a professional services agreement to the City of Clare for the comprehensive review, updating, and appraisal of all industrial property in the City of Clare; and

WHEREAS, the City Staff has reviewed said agreement and determined it meets the City's requirements; and

WHEREAS, the City desires to enter into an additional one-time agreement with MAC, Inc. for expanded Assessing Services as outlined herein for the City of Clare; and

WHEREAS, the cost for said services is reasonable and prudent; and

WHEREAS, said services provided by MAC, Inc. are deemed necessary to assess and collect the correct tax assessment revenue for said parcels.

NOW THEREFORE BE IT RESOLVED THAT the City Commission of the City of Clare hereby approves an agreement between the City of Clare and MAC, Inc.

BE IT FURTHER RESOLVED THAT the Mayor and City Commission of the City of Clare hereby formally authorizes the City Manager to sign all necessary and related documents and authorizes the Treasurer/Finance Director to apply all necessary budget amendments as needed.

ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INsofar AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.

The Resolution was introduced by Commissioner _____ and supported by Commissioner _____. The Resolution declared adopted by the following roll call vote:

YEAS:

NAYS:

ABSENT:

Resolution approved for adoption on this 7th day of August, 2023.

Diane Lyon, City Clerk