

OAKLAND PRESS

July 8, 2015

Judge dismisses latest lawsuit in Phoenix Center saga



The Phoenix Center. File photo.

A judge has dismissed a [lawsuit filed earlier this year by the city of Pontiac against Ottawa Towers](#) in regard to \$2.6 million in liens placed on the Phoenix Center.

Oakland Circuit Judge Michael Warren dismissed the suit, in which the city argued that the liens Ottawa Towers placed on the downtown parking garage were not proper.

Pontiac Mayor Deirdre Waterman said the case was dismissed because other litigation between the city and Ottawa Towers involves similar issues.

Those cases include a [2012 lawsuit filed against the city by Ottawa Towers](#), which sought to stop the city's plans to demolish the Phoenix Center, and a [2014 condemnation case](#), which has reached the court of appeals.

“The city questioned liens that were filed on the property based upon repair work at Ottawa Towers,” Waterman said. “The city has no indication of what that work was. That has not been supplied on any grounds that we’d be able to verify the value of (the repairs).”

Mike Stephens, partner with Ottawa Towers, said he was pleased by the dismissal.

“Our family company would prefer to work collaboratively and cooperatively with the city that we are so invested in, but the city has chosen to adopt an adversarial and confrontational stance that needs to end,” Stephens said.

“This week’s ruling is an important victory but unfortunately we’re still entangled in litigation with the city that is hampering local economic development and investment in Pontiac. The real victims of the city’s baseless legal witch hunt are the taxpayers because the city is spending precious taxpayer dollars on frivolous litigation, attempting to smear and destroy our business. Businesses like ours would prefer to spend our time and energy rebuilding Pontiac.”

Blair McGowan, who owns the Crofoot Ballroom, also issued a statement.

“I feel that as a local business owner, this decision is great news,” he said.

“The city of Pontiac’s legal assault on Ottawa Towers sends a terrible message to business owners looking to invest in downtown Pontiac. What we should be doing is working together to bring back our downtown instead of filing lawsuits that tear down and harass local businesses.”

Litigation over the issue began when then-Emergency Manager Lou Schimmel announced plans to demolish the Phoenix Center, citing \$8.1 million in needed repairs and annual losses of \$175,000. Ottawa Towers filed suit, seeking \$9 million in the event of a demolition.

Waterman was not mayor when the Phoenix Center litigation began. She said Pontiac has entered into different times now. She announced a budget surplus during last month’s state of the city address and said Pontiac has more flexibility now.

“Because I inherited this I’m seeking to work it out,” she said.

“The city was still in financial crisis (when the case first reached litigation). That is not the case now, so I have a different set of circumstances I can work under. We still have state treasury, which has maintained receivership, so I have to maneuver to make sure I’m working within the bounds of the state treasury.”

There may be options outside of continued litigation, Waterman said.

“Certainly I’m looking at some of those other alternatives, and I’m trying to convince (the state) treasury there may be some other workable plans that will not put the city in financial jeopardy (and) will be advantageous to the city in terms of economic development and revitalizing the historic downtown as well as the center area of the city, which has great potential and has maintained heightened interest from developers around town.”