

# The Detroit News

## Pontiac to pay \$7.3M to end Phoenix Center fight

[Mike Martindale](#), The Detroit News

Nov 12, 2018



(Photo: Detroit News file)

*Pontiac* — Six years, several federal and state lawsuits and a failed condemnation effort later, the city of Pontiac has reached a resolution with Ottawa Towers over the use of the city-owned Phoenix Center parking structure in the Pontiac business district.

In the end, Ottawa Towers was awarded \$7.3 million in damages from the city, including \$350,000 in legal fees expended to keep Pontiac from demolishing the 2,500-space parking structure.

Earlier this decade, a series of emergency financial managers sought to end red ink in Pontiac's finances and provide fiscal stability. Towards that goal, they sold off several city-owned properties, including the Pontiac Silverdome at auction and the city's water department.

They also felt the Phoenix Center structure, built in the 1980s, was too expensive to operate, structurally unsound and so in need of repairs that it would be better for the city to tear it down.

The owners of the two Ottawa Towers office buildings, connected by walkways on the south side of the structure, pushed back, arguing the structure was physically fine and the parking spaces essential to the towers' viability.

They began a legal battle over egress rights of their tenants, primarily 300 state employees who worked out of one of the 200,000-square-foot towers once occupied and owned by General Motors.

Ottawa Towers initially filed a lawsuit in U.S. District Court in 2012 and transferred it to Oakland County Circuit Court, where the building owners obtained an injunction blocking the planned demolition.

That and subsequent favorable rulings were appealed by the city of Pontiac to the Michigan Court of Appeals and the state Supreme Court, which dismissed the appeals.

“It’s been quite a saga,” said Ottawa Towers attorney Michelle Harrell, of the Southfield-based firm of Maddin Hauser Roth & Heller. “It’s hard to believe our clients and the city can finally move forward.”

The two sides went into extensive mediation, supervised by retired U.S. District Judge Gerald Rosen for more than a year.

Harrell said in the end, the city retains all ownership rights for the Phoenix Center, including a rooftop amphitheater, and is responsible for all repairs that have been neglected since 2012.

“Those (repairs) are estimated at around \$6 million to be done over 10 years,” she said.

Ottawa Towers and its tenants will have free parking there for 10 years. One of the eight-story towers is about two-thirds occupied while the other is vacant, said Steve Sallen, president and CEO of the Maddin Hauser firm, who also worked on the case.

“It has been difficult for our client to find tenants with the parking structure’s legal problems unresolved,” Sallen explained. “...They say you can’t fight city hall but Michelle Harrell has stood up to unchecked municipal authorities before and she’ll do it again...”

Pontiac Mayor Deidre Waterman could not be reached for comment Monday but issued a news release last month concerning the city council’s approval of an agreement resolving the long-fought legal battle.

“While my administration was in no way involved in the initial decision to demolish the Phoenix Center, which started the litigation, I am pleased that we have achieved a fundamentally sound resolution to bring a close to this final chapter of emergency manager control of the city of Pontiac,” Waterman said.

“I am most pleased with the fact that the city will retain ownership of the Phoenix Center and in the coming months will oversee the necessary repairs and improvements to regain full use of the property as a valuable asset for the city.”

John Clark, the city’s attorney on the complaint, could not be reached for comment Monday.

