



CITY OF MANITOWOC
WISCONSIN, USA
www.manitowoc.org

December 3, 2021

TO: Finance Committee
FROM: The City Attorney's Office
RE: SKD Petroleum (Formerly 205 N. Rapids Road) Property Liens

The City has received a request from the owners of The Dugout Bar & Grill to waive \$10,000 worth of liens against 205 N. Rapids Road to facilitate the Dugout buying this property. This memo summarizes the history of this property and the liens at issue.

SKD Petroleum owned and operated a gas station at 205 N. Rapids Road. Due to a lack of property maintenance, the City began issuing citations to SKD Petroleum in 2018. Between 2018 and 2019, 36 citations were issued totaling \$13,952. SKD Petroleum paid \$2,672 and the remaining \$11,280 remains unpaid. The City filed transcripts of these judgments in Manitowoc Circuit Court allowing the City to recoup these funds upon sale of the property.

On September 24, 2018, the City issued an Order to Raze or Repair the building within 60 days as citations had not induced SKD Petroleum to improve the property. SKD Petroleum did not comply with the order. On January 10, 2019, the City filed a Summons and Complaint in Manitowoc Circuit Court initiating a civil case wherein the City demanded that SKD Petroleum demolish all buildings, remove any structures from the site, and restore the site to an erosion and dust free condition. The City secured a court order on April 24, 2019 directing SKD Petroleum to comply with the City's demands according to a demolition schedule. SKD Petroleum failed to meet these requirements and was sanctioned by the Court on November 11, 2019 (2019CV0020; \$24,500). Ultimately, SKD Petroleum removed the building, underground storage tanks and canopy structure from the property. Since that time, the property has sat mostly vacant. SKD Petroleum did not pay at least one contractor for their services during the demolition so 2020CL0002 is a construction lien filed by Integrity Environmental Services against SKD Petroleum totaling \$6,275.

SKD Petroleum operates as part of a corporate structure that largely evades financial consequences for their actions. The business chooses which expenses to pay and ignore the rest with little consequence. The corporate officers own and freely create new businesses and then transfer assets among them. As such, property liens are the most effective means of recouping expenses from this business. Ultimately, however, this method is not bullet-proof. Property liens remain active for only ten years and dissolve if a property is sold by tax foreclosure. In this case, SKD Petroleum owns only 205 N. Rapids Road as their Sheboygan County locations were sold before the transcripts of judgments were filed. Moreover, SKD Petroleum can afford to simply wait out the ten years if it chose. The property is not highly desirable from a development standpoint given its size and location.

The \$11,280 of City-issued liens relate to unpaid citations and not demolition costs. If the sale proceeds after \$10,000 is waived, the Circuit Court sanctions, the construction lien and \$1,280 of the City's liens would be paid. If the City decides to waive the \$10,000, we strongly encourage directing the City Attorney's Office to work with the buyer to ensure the waiver occurs after the sale has been finalized because once waived, the liens cannot be reinstated.



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