

**BIG LAKE CITY COUNCIL
BOARD OF APPEAL AND EQUALIZATION MEETING MINUTES**

APRIL 21, 2011

1) CALL TO ORDER

Mayor Lori Kampa called the meeting to order at 5:00 p.m.

2) ROLL CALL

Council Members present: Dick Backlund, Raeanne Danielowski, Lori Kampa, Duane Langsdorf, and Mike Wallen. Also present: City Administrator Scott Johnson, Police Chief Sean Rifenberick, City Clerk Gina Wolbeck, Sherburne County Assessor Gerald Kritzeck and Assessor's Office staff.

3) ADOPT PROPOSED AGENDA

Council Member Langsdorf motioned to adopt the proposed Agenda as presented. Seconded by Council Member Danielowski, unanimous ayes, motion carried.

4) BUSINESS

4A) Board of Review

Gerald Kritzeck addressed Council with the 2011 Board of Review requirements. Kritzeck reviewed the standards used when figuring increases and/or decreases in valuations. Kritzeck noted that State law mandates the assessor to value property at market value and classify it according to its use as of January 2nd of the assessment year. The timeline of the assessment allows for an appeals process and the compilation of tax capacities which are then reported to the Auditor/Treasurer and used to calculate taxes for the following year. The current 2011 Notification of Valuation and Classification statement reflects market values determined as of the January 2, 2011 assessment date which uses statistical data compiled from actual real property sales occurring from October 1, 2009 through September 30, 2010. The County's valuation is a snapshot in time, and during periods in which real estate prices are rapidly changing, mass appraisal assessment values will often lag from what is occurring in the current marketplace. Kritzeck noted the importance that values of similar properties are equalized with one another so that even in challenging markets, valuations of similar properties will be treated fairly in the taxation process. The current market study included analysis of all qualified arm's length, open market sales and also includes qualified short sales.

Kritzeck identified that the Assessor's Office reassessed 646 parcels for the 2011 tax year. Kritzeck explained that there was approximately a .3% reduction to all residential building values and approximately a 25% reduction in residential land values. There was no change in land values with lake frontage, and 2% for commercial/industrial properties. Kritzeck also noted that 17.3% of the property owners contacted refused entry or failed to respond and that those properties of homeowners who failed to respond has their Estimated Market Value calculated by the Assessor, making assumptions believed appropriate concerning the properties finish and condition. John Cullen reviewed the commercial/industrial valuations and noted that the commercial values are reflecting stressed property owners who aren't receiving their full lease payments. Jeanne Henderson reviewed the 2011 Estimated Market Values for Agricultural properties consisting of tillable and pasture lands and explained that the Green Acres valuations are set by the MN Department of Revenue.

Mayor Kampa invited residents to approach the microphone to discuss their grievances regarding the valuation on their properties.

1. **(65-114-4200, 65-114-4300, 65-123-2102, 65-114-2402, 65-114-4201, 65-123-1201, and 65-114-4301); Robert Gramsey - 20440 Highway 10, Big Lake, MN**

Robert Gramsey addressed Council to appeal the Estimated Market Value placed on his agricultural land located in the City. Gramsey questioned why his Ag land located in the City limits increased 33% but his parcels located in Big Lake Township did not. Gramsey explained that he is not asking for a decrease in his valuation, but is asking that tax calculations be fair. Gerald Kritzeck discussed the Green Acres Bill and the Urban/Rural Taxing District the City approved in 2010. Jeanne Henderson discussed the Taxable Market Value on Gramsey's parcels and noted that they are enrolled in the Green Acres Program which is a lower taxable value. These parcels carry a similar Green Acres value as parcels located in Big Lake Township. Henderson explained to the Council that the MN Department of Revenue assigns the base Green Acre value. Sherburne County is assigned a modifier of 75%, or a county average tillable value of \$3,325 per acre. Henderson also noted that when the Gramsey parcels were reassessed for the 2011 Assessment, it was determined that the 2010 valuations were not consistent with other City agricultural lands. Henderson stated that she feels a fair reassessment has been completed on the Gramsey parcels and on other City Ag parcels. Henderson also stated that she met with both the City of Big Lake and Big Lake Township residential appraisers to discuss their rural vacant land values for the 2011 Assessment. Parcels located in the City, which have availability to City services, when developed generally are platted into three building lots per acre versus township Ag parcels, which when developed are platted into 2.5 acre building lots, which supports the belief that there is more value to City lands.. Scott Johnson reviewed the Urban/Rural Taxing Ordinance that was approved by the City Council in 2010 and explained that it was Council's understanding that the undeveloped City parcels would be

treated similar to undeveloped Township parcels. Council discussed their confusion as to why the Estimated Market Values differ between undeveloped City and Township parcels.

Council Member Backlund motioned to reduce the 2011 Estimated Market Value (\$6,000) back to the 2010 Estimated Market Value (\$4,500) for the agricultural properties identified as 65-114-4200, 65-114-4300, 65-123-2102, 65-114-2402, 65-114-4201, 65-123-1201, and 65-114-4301. Seconded by Council Member Danielowski, motion passed with a vote of 4:1 with Council Members Backlund, Danielowski, Kampa, and Langsdorf voting aye, and Council Member Wallen voting nay. Motion carried.

2. **(65-401-0080); Dan Evans**, 22937 – 185th Street NW, Big Lake, MN
Dan Evans addressed the Board to contest the valuation of his commercial property that was formerly owned by Bakken Construction. Evans explained that the purchase price was substantially less than the Estimated Market Value that is placed on the property. Bill Riley from the Assessor's Office did conduct a reassessment of the property and the reassessment does account for a change in the square footage and depreciation of the property. Riley stated that he feels the reassessment is consistent with other commercial properties. Discussion was held identifying that the former owner voluntarily gave the property back to the Bank and that it can't be considered a Bank Sale. Riley also stated that there were no good comparable sales so the reassessment calculation was based on the site inspection. Evans reiterated that the Estimated Market Value is set at 30% higher than the sale price was. Riley explained that the Estimated Market Value on the property should be the "true" value of the property and that liquidations are not a true reflection of the property value.

Council Member Langsdorf motioned to approve "No Action" to the Estimated Market Value on the commercial property identified as 65-401-0080. Seconded by Council Member Wallen, vote passed with a vote of 3:2 with Council Members Kampa, Langsdorf, and Wallen voting aye, and Council Members Backlund and Danielowski voting nay. Motion carried.

3. **(65-459-0150); Doctor Gary Snyder**, 130 Euclid Court
Doctor Gary Snyder stated that he doesn't believe government should have access to personal property to reassess. Snyder informed Council that he will be filing a court case against Sherburne County, and based on Council's decision at tonight's hearing, the City could also be named in the suit. The Sherburne County Assessor's Office explained the Arbitrary Reassessment process and noted that they have not been allowed into the property dating back to when the Snyder's purchased the property, but that the property owner has allowed a private appraiser into the property to conduct an appraisal.

Council Member Wallen motioned to approve “No Action” for the property located at 130 Euclid Court based upon Arbitrary Reassessment information provided by the Sherburne County Assessor. Seconded by Council Member Langsdorf, unanimous ayes, motion carried.

4. **(65-548-0220); Michael Kehn, 20799 Pacific Circle**

Michael Kehn questioned why the Hidden Rivers Development wasn't reassessed last year. Abrahamson explained the process the County follows on a five-year schedule. Kehn also questioned why his property valuation went up, when Council lowered his valuation at the April 2010 Board of Appeal and Equalization Hearing. Abrahamson explained that the property owner constructed a deck on the property and noted that the County Assessor's Office didn't feel the valuation Council placed on this property was equitable to other comparable properties and placed the valuation back at a comparable Estimated Market Value for 2011.

Council Member Langsdorf motioned to reduce the 2011 Estimated Market Value for the property located at 20799 Pacific Circle to \$253,100 which represents the 2010 Estimated Market Value. Seconded by Council Member Wallen, unanimous ayes, motion carried.

5. **(65-537-0154); Justin Boie, 20452 Junegrass Drive**

Justin Boie addressed Council to appeal the Estimated Market Value placed on his home located in the Prairie Meadows Development. Boie stated that the County Assessor has begun to undo Council's Board of Appeal decisions by raising the Estimated Market Value of his home in 2011 when Council lowered his valuation at the April 2010 Board of Appeal and Equalization Hearing. Boie asked that Council re-evaluate his valuation retro active to the price he paid for the property and to enact measures to control the actions of the County Assessor and to require them to use short sales and foreclosures in their calculations. Abrahamson reviewed comparable sales and Kritzeck reminded Council that equalization is key to the assessment process.

Council Member Langsdorf motioned to approve “No Action” to the Estimated Market Value on the residential property located at 20452 Junegrass Drive. Seconded by Council Member Wallen, vote passed with a vote of 3:2 with Council Members Backlund, Langsdorf, and Wallen voting aye, and Council Members Danielowski and Kampa voting nay. Motion carried.

6. **(65-541-0112, 65-541-0114, 65-541-0202, 65-541-0204, 65-541-0206, 65-541-0208,**

65-541-0214, 65-541-0218, 65-541-0222, 65-541-0310, 65-541-0402, 65-541-0406, 65-541-0416, 65-541-0504, 65-541-0506, 65-541-0508, 65-541-0510, 65-541-0520, 65-541-0604, 65-541-0606, 65-541-0608, 65-541-0610, 65-541-0614, 65-541-0622, 65-541-0624, 65-541-0630, 65-541-0632, 65-541-0638, 65-541-0648, and 65-541-0650/65-541-0651 combined); George Sanford, Norland Park Development

George Sanford addressed Council to appeal the Estimated Market Value placed on the vacant residential lots in the Norland Park Development. Sanford discussed the substantial decrease of valuations in residential developments since the downturn in the economy. County staff explained that there have been no good comparable sales since 2009.

Council Member Backlund motioned to reduce the Land Estimated Market Value for the 30 undeveloped residential properties in the Norland Park Development to \$20,000. Motion failed for lack of a second.

Council Member Danielowski motioned to reduce the Land Estimated Market Value for the 30 undeveloped residential properties in the Norland Park Development to \$22,500. Seconded by Council Member Backlund, motion passed with a vote of 3:2 with Council Members Backlund, Danielowski, and Kampa voting aye, and Council Members Langsdorf and Wallen voting nay. Motion carried.

7. **(65-029-2101); James Sanford, 18980 CR 43, Big Lake, MN**

James Sanford asked Council to consider the same decrease on his agricultural land that they approved for the Gramsey property. Sanford indicated that the site is located south of the Northstar Train Station site and is valued by the County Assessor's office at \$8,100 per acre. The County Assessor reminded Council that the Board has the responsibility to equalize property and that changing the value on these types of parcels would create an inequity in the valuation of Ag property with the City. Jeanne Henderson discussed the location of the site compared to the Gramsey property. Council discussed the need to equalize the two properties as they are both used in the same manner.

Council Member Langsdorf motioned to reduce the 2011 Estimated Market Value (\$8,100) by \$1,500 totaling \$6,600 for the agricultural property identified as 65-029-2101. Seconded by Council Member Danielowski, motion passed with a vote of 4:1 with Council Members Backlund, Danielowski, Kampa, and Langsdorf voting aye, and Council Member Wallen voting nay. Motion carried.

Scott Johnson asked for clarification on the requirements that Board of Appeal and Equalization Hearings be held at the local level. Gerald Kritzeck informed Council that they have the option to transfer these duties to the County Board permanently, or for no less than a three year period. If the City gives up its role as the Local Board, the County would hold an "Open Book Meeting" and property owners who are not satisfied with the outcome

of the Open Book Meeting, would be able to continue their appeal to the County Board of Appeal and Equalization.

The Assessor's staff also reviewed residential property valuation changes to the 2010 Assessment for arbitrary reassessment properties that have been reevaluated after the Notices of Valuation and Classification were mailed out. The Assessor's Office is proposing an Estimated Market Value for Parcel #65-471-0246 in the amount of \$123,300, an Estimated Market Value for Parcel #65-494-0155 in the amount of \$124,100, an Estimated Market Value for Parcel #65-498-0310 in the amount of \$139,000, and an Estimated Market Value for Parcel #65-524-0404 in the amount of \$152,800.

Council Member Danielowski motioned to approve assessment valuation changes to the identified residential parcels as discussed. Seconded by Council Member Backlund, unanimous ayes, motion carried.

Assessor's staff reviewed a written appeal of a Commercial property identified as parcel numbers 65-546-0070 and 65-546-0060. The County Assessor's Office proposed an Estimated Market Value for Parcel #65-546-0070 in the amount of \$425,800 and no change to 65-546-0060.

Council Member Danielowski motioned to reduce the Land Estimated Market Value for the commercial property identified as 65-546-0070 to \$425,800 and to approve "No Action" for the property identified as parcel no. 65-546-0060. Seconded by Council Member Langsdorf, unanimous ayes, motion carried.

Assessor's staff reviewed a written appeal of a Commercial property identified as parcel number 65-505-0110. The County Assessor's Office offered to conduct an inspection of the parcel prior to the County Board of Appeal Hearing. The property will have an opportunity to appeal those findings at that hearing if needed.

Mayor Kampa motioned to approve "No Action" for the property identified as parcel no. 65-505-0110. Seconded by Council Member Danielowski, unanimous ayes, motion carried.

Assessor's staff also reviewed proposed changes to Commercial properties identified as parcel numbers 65-449-0102, 65-412-0125 and 65-556-0006. The County Assessor's Office proposed an Estimated Market Value for Parcel #65-449-0102 in the amount of \$293,600, Parcel #65-412-0125 in the amount of \$169,600, and Parcel #65-556-0006 in the amount of \$618,200.

Council Member Wallen motioned to reduce the Estimated Market Value for the commercial

properties identified as Parcel #65-449-0102 in the amount of \$293,600, Parcel #65-412-0125 in the amount of \$169,600, and Parcel #65-556-0006 in the amount of \$618,200. Seconded by Council Member Danielowski, unanimous ayes, motion carried.

5) ADJOURN

Council Member Wallen motioned to adjourn at 7:56 p.m. Seconded by Council Member Danielowski, unanimous ayes, motion carried.

Gina Wolbeck
Clerk

05/25/11
Date Approved by Council