

**EAST BETHEL CITY COUNCIL MEETING
LOCAL BOARD OF APPEALS AND EQUALIZATION – CONTINUED**

April 15, 2015

The East Bethel City Council Local Board of Appeals and Equalization reconvened the April 15, 2015, meeting on April 15, 2015, at 6:00 PM for the regular City Council meeting at City Hall.

MEMBERS PRESENT: Steve Voss Ron Koller Tim Harrington
 Brian Mundle Tom Ronning

ALSO PRESENT: Jack Davis, City Administrator
 Mark Vierling, City Attorney
 Ken Tolzmann, City Assessor
 Alec Gugenberger, Anoka County
 Diana Stallmach, Anoka County

1.0 The meeting was called to order by Mayor Voss at 6:00 p.m.

Call to Order

2.0 **Harrington stated I'll make a motion to adopt tonight's agenda. Koller stated I'll second.** Voss stated any discussion? All in favor say aye?" **All in favor.** Voss stated any opposed? That motion passes. **Motion passes unanimously.**

**Adopt
Agenda**

3.0 Kenneth A. Tolzmann, SAMA #1939, City Assessor, stated good evening, I'd like to welcome you to this 2015 East Bethel Board of Appeal and Equalization. My name is Ken Tolzmann, your City Assessor, and here representing Anoka County is Alec Gugenberger. The purpose of this meeting tonight is to hear any valuation questions surrounding the 2015 assessment, which represents your taxes payable in 2016. This is the first step in establishing next year's property taxes. Once this process is complete, the City will begin working on the new City budget. Once the new budget has been established, Truth in Taxation notices will be sent out in November.

**Assessor's
Letter and
Report**

Tolzmann stated one of the things I'd like to take a minute to explain is the relationship between your estimated market value and your taxes. The most important thing to know is that the only purpose your market value serves is to establish what your fair share of the cost of services will be. The next step is for the City and the County to go through their budgeting process this summer and fall. Then when all proposed budgets have been established, a Truth in Taxation notice is mailed out in November listing the proposed property tax for 2016.

Tolzmann stated as your City Assessor, I work for the City of East Bethel. It's my priority to advocate on behalf of the taxpayers of this community while, at the same time, maintaining a duty to uphold the Property Tax Laws of the State of Minnesota. I'm available during normal business hours and on weekends by appointment.

3.0 Tolzmann stated I'm sure a lot of you are wondering just how do we come up with these market values. The whole process surrounds getting good information on sales that take place in the community. For this year, we're using sales that took place between October 2013 and September 2014. This is the process Statewide. All these sales are reviewed and determined to be either qualified or unqualified. A qualified sale is one that is not a bank sale, relative sale, foreclosure sale, or any other type of sale that would not be representative of market value. These good sales are used comparatively with unsold properties to reach

these new estimates of market value. For this 2015 assessment, overall, there were 212 sales of which 115 were considered good sales. Overall, after this assessment was complete, these sales deviated on the average by only 8% from the average sale price. With the average assessed market value for this 2015 assessment being at 93% of actual market value, as established on January 2 of this year.

Tolzmann stated overall, the City's tax base increased this year by 7% to an overall taxable market value of \$842,450,620. As it stands now looking at the new sales going into next year's assessment, we have 62 qualified sales with an average ratio of 94%, which is a good indication that the real estate market in the City is continuing to rebound. In my opinion, this upturn of real estate values in the City is due, in large part, to the continued reduction of the number of bank owned properties for sale in the City. For this past year, there were 52 such bank sales as compared to 82 bank sales that we had last year.

Tolzmann stated in closing, I would just like to say and take this opportunity to thank the City of East Bethel for their continued support as your City Assessor. Thank you. Any questions?

Voss asked any questions from Council for Mr. Tolzmann? Can you talk about what sales you included in terms of market value? In fact, the bank sales aren't included in that. I know years ago, when the vast majority of sales were bank sales or short sales. Right? Tolzmann stated we went through some times when I think we had probably close to 150 bank sales in one year. It was brutal and it affected the market values considerably. Probably the 2010-2011 were probably the worst years.

Voss stated it affected market value for the fact that the housing stock was the bank sale properties. Right? Tolzmann stated exactly. Voss stated it wasn't even then taken into account in terms of determining market value. Tolzmann stated well they affected market value indirectly because of the supply and demand. If someone was going out to buy a property and they could buy it from a bank for \$120,000 and the guy across the street had the same house for sale for \$180,000.

Voss stated right but in terms of determination of the market valuation for a house, you didn't compare the bank sales just like you don't now. Tolzmann stated we only look at qualified sales. Voss stated so the way I kind of interpret it now, tell me if I'm wrong, because the regular sales are becoming more stronger percentagewise, the market value seems to me to be more stable and increased because of that. Tolzmann stated right, it's going back to a normal market situation. Voss stated that's good.

Voss asked do you know how we compare with other cities in terms of that balance? Tolzmann stated I think, I'm just going from, I believe St. Francis probably had more foreclosures than East Bethel did. You get up into Isanti County and I think it was even more of a problem up there. You get closer in and it was less of a problem. You go down towards Blaine, they didn't see the kind of affect with the recession that we did. It's a different market area. I would say Oak Grove, East Bethel, probably are very similar and had similar situations.

Mundle asked how do you see the rest of 2015 playing out for market sales? Tolzmann stated based on the sales, I've got 62 qualified sales right now. For the year before, we only had 85 good sales for 2013. So, we're almost to that right now. We're at 94%. I would look for that ratio to probably tick down a little bit. The State wants us to be a 100% of

values so I'm looking at another year similar to what we've got now. Or, we can look at City value, tax base increase of probably 5%-7%, probably somewhere in there. That's what I'm thinking.

Ronning asked did you explain when these bad sales become good sales, how that, we all come up together? Or does, I'm trying to think how to say the ratio of, are the good sales now higher or will stay higher than what the good-old sales that were bad? Tolzmann stated let's say that some of those bank sales that took place a few years ago, in a lot of cases the homes were, there were problems with them. Investors came in and bought those homes, fixed them up, now they're back up for sale. Now they're considered good sales. If they're on the market, if they're offered for sale, there's nothing to, if it's not a relative sale or it doesn't involve a bank or anything like that, it's probably a good sale.

Ronning stated I think I've seen some that look like good sales but somebody's got to come in and put a lot of work into it. So what happens with them? They're tax based on the sale? Tolzmann stated if somebody has a property, let's say they are going to lose to foreclosure but it hasn't technically happened yet, I usually check into those and talk to the buyer and seller to find out just what's going on there. If it looks like what we call a 'forced sale,' in other words pending, there may have been a Sheriff's certificate on the property, or the bank might have filed on the property in an attempt to foreclose, those are indications that it will probably be a forced sale.

Ronning stated for example, there's one in our neighborhood that they did the 'midnight move' and left the water on. So, there was a big mess to deal with but they bought the house as a good sale for probably 30%-50% less than. Tolzmann stated once in a while some sale will come through that it's a good sale and it might be in worse condition than it was when I was last out there. That's something we just try to work with it.

Ronning asked does that bring the rest of the market area down, up, doesn't change it? Tolzmann stated it has negligible effect on that because in each zone, we've got probably a half a dozen zones in the City ranging from, depending on the size of the site primarily, one for lakeshore, but you get 30, 40 homes in the sales area it's not going to effect the outcome of the entire zone.

Ronning stated that kind of begs the question. How large is a sale area or housing area? Tolzmann stated it's the entire City. I look at homes that are, say on one to two acres, the small tract. I look at two to four. I look at above quality homes in some of the nice areas like Bear Hollow, lakeshore, Coon Lake Beach is a separate area, properties over ten acres. They're all looked at individually so that we can satisfy the sales ratio using that. So, each one of those zones is equalized to the same percentage of the overall City. In this case, roughly 93% for each one of those zones.

Ronning stated they're part of the 4,000 house bucket so that many homes doesn't really effect the. Tolzmann stated each zone is part of the City so we look at the City as a whole but then we break it up into different zones within the City so that we can do the best we can to make sure that equalization is being served in all the different areas of the City.

Voss stated we've got a number of residents so why don't we open the hearing.

Appeal and Equalization, is required to hear resident concerns regarding assessed values for properties in the City.

Mr. Ron Koller and Mr. Tom Ronning are Councilpersons who have completed the required Department of Revenue training for Board of Appeal and Equalization Hearings.

At this hearing, the Council must make a decision on requests for adjustments in valuations based on materials presented by residents and the City Assessor.

Davis stated at this time we can open the floor for those who wish to speak about their assessments.

Voss opened the public hearing at 6:13 p.m. He stated there was a sign in sheet so we'll start with the persons that did sign in.

Dan Archibald, 4644 Fawn Lake Drive, Bethel, stated good evening members of the City Council. I got to talk to Ken today. We've been playing 'phone tag' back and forth for the last couple of days. Anyway, my biggest concern was the increased valuation of the property without any improvements and everything. I don't remember this from before. We were burdened with having that power line put in front of our homes. We ended up having to sign the property over to Connexus Energy and Great River Energy. We were compensated for it, a little bit. But, in the meantime we lost a lot of our trees and it doesn't make the property any more valuable with these big power lines in front of our homes. It's going to be harder to sell so I don't feel that the valuation of the home is comparable to the other ones in the area in that respect.

Voss asked Ken, did you look at any properties along that route by chance? Tolzmann stated I was out there last year. Mr. Doug Archibald is the neighbor of Dan, and I did make adjustments on both properties. Doug's property is more severely impacted with the loss of trees than Dan's property. With Doug's property, I allowed a 15% adjustment because of that and for Dan's property, I allowed a 7% adjustment because he was more back in the trees and it wasn't, I guess what you might say 'in your face' kind of situation. The increase that Mr. Archibald is seeing for this year is basically, it would have been roughly 7% more had I not put those adjustments on last year because the market did go up this year even though it did have an adjustment for the loss of trees. There was still increases. But not as much as it would have been had he not had an adjustment for that. I, basically, was explaining that to Mr. Archibald.

Voss asked Dan, what was the change in your market value. Dan Archibald answered the change in the market value from, you want the estimated market value or are you looking for the taxable market value? Tolzmann stated the taxable market value isn't really the market value.

Tolzmann stated you want to look at your PIN number there Dan and tell me what your PIN number is. Dan Archibald stated I don't have it with me. Tolzmann asked what is your address. Dan Archibald responded 4644 Fawn Lake Drive. The one that this came from, 2014 to 2015 has gone from \$165,900 to \$171,700, which is up \$5,800. Then the proposed for 2015 to 2016 is going from \$171,700 to \$176,400, an increase of \$4,700. So in the two year time, the value of the home has gone up \$10,500 with no improvements, no changes whatsoever.

Voss stated that's what, roughly 8% over two years? Tolzmann stated yeah and it would have been a greater increase. For this assessment, he's at \$176,400. Had he not had an adjustment for the loss of the trees, it would have been up around \$190,000. I felt that was a just allocation for the loss of the trees on his property.

Voss stated so Dan, your concern is, are you looking at other properties in your area in terms of? Dan Archibald stated correct, I'm looking at other properties in my area. I know just west of me they just sold that property but I believe it's on how many acres, 30? 30 acres. The property across from me is for sale. That's on 10 acres and the one diagonally across from me, I think they're waiting for their insurance company to rebuild. That home burned down six months ago and it's been sitting vacant and it's half burned out.

Ronning stated you started to say what they sold for or what they're marketing for? Dan Archibald stated I'm trying to find what they sold for because I know Mrs. Jones' place just sold.

Voss stated so Ken, all the properties along that route saw last year a downward adjustment? Tolzmann stated these two properties were impacted more severely. Voss stated just these too. Dan Archibald stated I had a smaller easement but they took more of his land than they did mine. He ended up with three power lines on it.

Voss asked so was that adjustment based on loss of trees? Or, the fact that the power lines? Tolzmann stated based on what I judged to be the impact of the power line on that particular property. Voss stated but for these properties that was done last year, correct? Tolzmann stated correct and that adjustment remains in effect.

Dan Archibald asked what is the average adjustment for increase in Anoka County for properties over this next year? Tolzmann asked over this next year? Dan Archibald responded yeah. Tolzmann stated it depends on which zone. For, I'd say probably, around 7%-8%. Archibald stated 7-8%. Tolzmann stated yours went up from \$171,700 to \$176,400, which is not even 5, it's about 3.5%.

Ronning stated you mentioned \$169,900. What year was that for? 2009? Dan Archibald stated \$169,500, 2014 to 2015. Tolzmann stated for pay 2014 he was at \$165,900. Dan Archibald stated correct. Tolzmann stated for pay 2015 it went to \$171,700. For this current assessment, it went to \$176,400.

Voss stated so it roughly, if I'm doing the math in my head right, it's roughly 1.5% last year increase in market value and about 3-3.5% this year. So, it would seem that in terms of comparison with the rest of the City, you're relative market value is on the low end in terms of change. Even with the second year. If the Assessor made the adjustment for the last year, this year you're only going up 3-3.5%. If you just look at that comparison to the average for the City, it's pretty good. No one wants your property value to go up until you sell, I know that.

Dan Archibald stated if you increase the market value, you get more tax money. Voss stated that's not the individual goal, and if the whole City increases by the same amount of value, it doesn't change, all it does is change the distribution of everyone's percentage. What we take in is based on what we set our budgets on. Dan Archibald stated these were just my concerns on it and that's why I'm here.

Voss stated Dan was the only one that signed in. Is there anyone else that's interested tonight in speaking? Can you come up to the microphone please and state your name and address please?

Douglas Archibald, 4610 Fawn Lake Drive NE, East Bethel, stated I only came here because I didn't think he was going to make it because he was working down in Bloomington. I came here to represent him and talk to the City Council and talk to Ken. That's the only reason I'm here.

Voss asked so you don't have any concerns on your assessment? Douglas Archibald stated no. Voss asked or your market value? Douglas Archibald stated no, well, no not really. You know, the stuff I have to say, I can talk to Ken about. It's not really City Council's concern because it's something we have to talk about. I have no complaint on mine at all. I'm retired. I've been retired. I'm 70 years old. You know, and you 'can't fight City Hall.' You can't, there's a lot of things you can't do so I just 'roll with the flow.' I didn't think he was going to make it here tonight. I just came here to represent him. Voss stated okay. We like to think we work with residents, not fight them so thanks for coming up.

Douglas Archibald stated I have no complaints. Ken did a good job on that. But some of the houses in our neighborhood really, I think they bring down the value. I have one across the street from that's garbage from that property line to that property line. Mattresses, cars, junk.

Voss stated although that's, I agree, that's not directly what we're here for tonight but I think the entire Council and staff have that concern across the City too. Douglas Archibald stated right and I think every member here, including Ken, has this problem in their neighborhood.

Ronning stated that's kind of a good point though. If he's going to sell his house and the neighborhood is not going to help him sell it, that affects his value and everybody's value. Tolzmann stated that's right. Typically, it would show up, that's Citywide, in lower prices. If the homes in the City are dumpy and not kept up, it's reflective of market values.

Ronning stated right but if his area, his neighborhood, his market area is affected by one or several homes like that and then you compare that to something over on the golf course, some such thing like that, that's not an 'apples and apples.' Even though we're all lumped into a pie. Tolzmann stated if I see a place where there's mattresses stacked up against the neighbor's fence and it's a nice place, the other ones, I, chances are, would put an adjustment on it, make a note that the adjacent property has some issues, that type of thing. You see it once in a while but quite honestly, I don't see it a lot. It's more the exception than the rule. The City, overall has got some very nice, very nice places. But there's one, you see one once in a while. That's normal.

Jake Mattakat stated I actually have two properties in East Bethel. One at 4905 South Tri Oaks Circle, which was my residence for about 14 years and I recently bought a home on 19427 East Front Boulevard back in July of 2014. Looking at the market value in these areas, the 4901 South Tri Oak Circle address, market value goes up about 3% to 4% for 2014 to 2015, even less in 2016. However, we're looking at a 15% increase on my other property at 19427 East Front Boulevard. \$100,000 difference from 2014 evaluation to 2016 projection. We have a 15% increase right now for 2015 and we're looking at, on par again, for another 15% coming in to 2016, picking up over \$100,000.

Voss asked Jake, for the East Front Boulevard, what were the evaluations for those years. Mattakat stated \$311,000 to \$362,000. This is on East Front Boulevard. The Mayor knows it well. He drives by it every day.

Ronning asked \$300 and how much? Voss stated actually both of them. So 2014 it was \$311,000? Mattakat stated 2014 was \$311,400; 2015 is \$362,200; and then we jump to \$414,200 for 2016. Now in comparison to the 4905 property, which is not on the lake. Voss stated not on the lake. Across the street from the Lake. Mattakat stated no, maybe not. Voss stated Ken will tell you why in a second here. Mattakat stated you're looking at a \$7,000 increase on that property over the course of 2014 and 2016. My main concern isn't what market value is.

Mattakat stated my main concern is where are we going with these taxes because we start looking at the value of these homes went down, my house was marketed at over \$200,000 at one time and then we had a crash. We watched taxes pretty much stay stable for the most part but the values went down. Now our houses are going back up. Now exponentially is that going to be minor raises in our taxes or is that going to be huge raises in our taxes when you're looking at \$100,000 difference in a house from when I bought it, not even year ago.

Tolzmann stated I got the 4901. What was the other address that you had there? Mattakat responded 19427 East Front Boulevard. The actual tax amount didn't go up much from 2014 to 2015 but it was a rental prior to me buying it and it's a residence now. My family lives in it. My other house was my residence for almost 15 years and it now has to be a rental because I wasn't able to sell it, which we need to work on that. Being able to sell houses in East Bethel isn't easy.

Voss stated I'm familiar with the neighborhood. Jake's East Front house is on the Lake, Coon Lake, which, understand the lake properties had their own adjustments in themselves. Mattakat stated the market only called for 10%. We're looking at 15% on the market value.

Tolzmann stated the property at 19427 Front Boulevard, the increase that he saw there was a result in the increase in the land value. The building value stayed essentially the same. It went from \$208,000 to \$211,000. The land went from \$154,000 to \$202,000 on that property. Now, if I go to the other property, the one on Tri Oak, that's from last year to this year. 4905 Tri Oak, that's not on the lake. Voss stated yeah, the one on Tri Oak is across. Tolzmann stated 4905 is not on the Lake so you can't compare the increase or decrease because you've got two different kinds of property.

Voss stated so the land value, if I've got the number right, went from \$154,000 to \$208,000. Is that right? Tolzmann stated that's correct. Voss stated that's a 30% increase or so. Are all the properties along the Lake seeing land values. Tolzmann stated the entire Lake was adjusted accordingly based on the sale data. Voss stated so all the properties went up. Tolzmann stated all of them. Voss stated and so why were Lake properties adjust this year? Tolzmann explained because of the sales that were coming through. We had over a dozen good qualified sales on the Lake this past year. With looking at those sales, it convinced me that an increase in the land value was necessary if we were to meet market value.

Voss asked so is it just Coon Lake? Or, is it lake properties in general? Tolzmann answered just Coon Lake. There are other lakes but I looked at Coon Lake individually.

4.0

Ronning asked did you give the address 19437 or 27? Mattakat answered 27.

Board of

Equalization

Voss stated I'll vouch. I've got property on the Lake there too and it went up. I don't know what the percentage was but the land, the home value didn't change but the land value did. Mattakat stated that may be but it's still going up quite high. I'm just wondering where our taxes are going to be going with that. I know the taxes didn't go up much. They only actually went up roughly about \$63 per year or something like that on the actual overall taxes for that. But, where are we going to be going with our taxes when we have to pay for a water tower, all the other stuff? Now we have that full market value. It's been in a down market for so long and we've been paying the same amount of taxes on that same type of property. The tax amount has been over \$4,000 on that property for quite a few years. So, where are we going to go when we have higher taxes? Where are those taxes going to go?

Voss stated, again, the purpose of tonight's meeting is from an assessment standpoint of the property. We're going to have a whole another set of meetings soon. Mattakat stated I couldn't even get an appraisal at \$414,000 on that property right now. I can tell you that right now. I just bought it in July and I already refinanced it and I can't get it for \$414,000. It's way ahead of what market. And, market on the Lake has been 10%. If you actually look at the market on the Lake, it's 10% increase, not 30, not 15, not 20.

Voss stated what I'm trying to do is separate the discussion of, we're trying to say that tonight's not a discussion, a night to discuss taxes and budgets and things like that. That's going to be coming up. In terms of how your tax money is spent, all this is about is how it's distributed around the City. If your values are up, your taxes go up. So long as values don't go up, the taxes are lower.

Mattakat stated but that's obviously going to (*inaudible*) increase. Voss stated I think you heard the reason why everyone around the Lake, it's not just you, it's everyone on the Lake. Mattakat stated yeah, I understand, but I know of other people on the Lake that didn't go up as much as my property did.

Voss stated Ken, I remember, oh maybe not, but years ago that the Lake properties were actually adjusted downward when the market got really bad. Tolzmann stated this property here, in 2008, the land alone was \$233,000. Just kind of give you an idea where we were and where we are now. We haven't seen lakeshore values come back to the extent they were prior to the downturn in the real estate market but we are seeing things coming back. And, for example, he bought his property for \$387,000. Mattakat stated no, \$397,000. Tolzmann stated \$397,000? And, we've got it at \$414,000 so allowing for some appreciation between then and now I'd say we're 'right in the ballpark.' From my perspective, I think we're okay.

Mattakat stated my main concern is when our taxes adjust to actual market value, the way those are going up because anybody that looks at that at \$100,000 increase over two years. I mean, that's ridiculous. You don't see that. I mean, that doesn't follow market value whatsoever. That doesn't follow the market. But, you could get \$414,000? I know I couldn't sell it for \$414,000 right now. I had a hard time getting a VA loan for even close to that. So, it won't happen. That's my 'two cents' worth but I'm hoping you guys control the taxes and work with Anoka County and Minnesota to control the taxes on these as it's going up because I think East Bethel is taxed right out of the market right now for properties on that Lake. I know other people on that Lake that pay less than what I do for my 4905 Tri Oak Circle home. I know they didn't go up as much as I did.

4.0

Voss stated okay, thanks. Is there anyone else that's interested in speaking?

Tolzmann asked Jack, did you have a letter from Nelson? Davis stated I do. I have a letter from Joyce Nelson, 4126 Viking Boulevard, property ID 26-33-23-44-001. Mrs. Nelson couldn't attend tonight's meeting but I would like to read her letter into the record.

Gentlemen,

I've talked with Mr. Ken Tolzmann about the change of classification and he suggested I write a letter about this change.

We have had this piece of property since 1902 and the farmhouse was started in 1872 and now all of a sudden, the classification is changed from Residential Non-Homestead to Commercial, which will triple the tax basis.

I ask you to reconsider this change as I do not feel this change is in order.

Thank you for considering as I cannot attend the meeting on Wednesday evening, April 15, 2015.

*Joyce Nelson
4126 Viking Boulevard NE
Wyoming, Minnesota*

Davis stated I think that Mrs. Nelson has had a conversation with Ken. Tolzmann stated that's correct. Davis stated and you've worked your, or you've resolved her issues. Is that correct? Tolzmann stated that's correct. It's not a valuation issue. Rather, it's a classification issue. Prior she was classed as a mom and pop resort, which has some special qualifications to it. It has to open a certain number of...it can't be open longer than a certain number of days. And, this came up for a review last year and I think it was Kelsey that I worked with on that. What Mrs. Nelson is asking that we take and relook at that to see if we can't do something to get her back on the 4C5, I think it is, the mom and pop seasonal. I think it was 4C5. I could look it up. That's what she's asking for is if we can't work with her on this. So instead of having it all Commercial, her taxes will probably triple if that goes to straight Commercial on that property.

Off mic comment from the audience was inaudible.

Tolzmann stated that's all she's asking. Davis stated for those that are unfamiliar with this property, this is the Norquist Campground.

Voss asked what was it classified earlier as? Tolzmann stated it was a mom and pop resort, 4C5. Voss asked that's the technical term for that classification? Tolzmann stated that's a State term. They're open only a certain number of days. In other words, a seasonal type of business that surrounds a lot of the resorts up north are on 4C5.

Voss asked and so why was it changed? Tolzmann stated well, it was determined that a Commercial class was more appropriate and she's asking that we take another look at that.

Voss stated so there hasn't been any change to the operations so why would the classification change? Tolzmann stated I guess I can't really answer that. Voss asked who sets the classification? Tolzmann stated I think it was Kelsey that I was working with on it last year. I don't know if you were involved with that Diana? (*Diana's Stallmach's off mic comment inaudible.*)

Voss stated I'm sorry, I didn't catch that. Stallmach stated (*inaudible*) it's my understanding from, I only remember the e-mails (*inaudible*) that she has some commercial storage going on there. Is that correct? Tolzmann stated she allows the trailers to stay there year round and they've got a few boats that they put in a shed but they've been doing that for 50 years.

Voss stated they continue to not be open in the winter, right? Davis responded they're open from May 1st until September 30th. Voss stated so it's definitely seasonal. Davis stated that's correct. Voss stated that's less than half a year. Davis stated they're open roughly five months, 150 days.

Davis stated for your information, this is Diana Stallmach. She's with the County Property Records Division and with her is also Alec Gugenberger. So, they are attending the meeting representing the County tonight.

Voss stated okay. So if I understand right, this issue is being reassessed? Davis stated as explained to me by Mr. Tolzmann, he is working with Mrs. Nelson to see if this classification can be readjusted. Is that correct Ken? Tolzmann responded in the affirmative.

Voss stated it seems to me that discussion would be at the County to be reclassified, not with Mrs. Nelson. Davis stated this isn't so much a question of assessment but we did want to read this into the record. Tolzmann stated that's correct.

Ronning stated if in the terms of 50 years, whatever reality is, if they've been doing this X amount of time, did they come into being incorrectly cataloged? Or, has it always been?

Gugenberger stated those guidelines or requirements have changed over the past several years depending on what the State Legislature does, whether or not it has to be opened X number of days, whether or not there's a commercial operation is going on at that property. For example, I believe, if I remember the e-mails correctly, the storage that she had going on there wasn't just for the owners that were there. One of the requirements of 4C5 is that they have to provide recreational activities that's not associated, necessarily, with the camping. They have to provide, like with the boats for use. They're very specific guidelines for meeting that mom and pop resort. If those guidelines changed, have changed, over the last 50 years, so that she no longer met that, she would be (*inaudible off mic*).

Ronning stated part of my question is how long has she been off. Is that recent? Has she, a couple years, last year or two? Stallmach stated the review was in the last four months. Tolzmann stated this is current.

Voss stated it was in the news. I remember it affecting a lot of resort owners up north too. Well my concern is just because of a classification change, the potential for losing the resort that's been here for 50 years. I'd hate for that to be the reason they shut down. They haven't changed their use. They still provide a service within the City.

Stallmach stated I think it's something that we need to know more details about the property to be able to review it. She may not qualify for the 1C1 mom and pop resort. She may qualify for a different classification based on commercial resort, which is a lesser rate, rather than the straight up commercial rate. If there is a, I'm familiar with the property but memory of that property is 25 years old now, probably, since I've been there so I can't

address whether or not it's changed since the last time I was on the site. Let's say she had some commercial storage there that was not associated with the campground. That would be a 3-A commercial endeavor but that doesn't mean the property can't be split class though being those uses, that part of it would be seasonal commercial and part of it would be regular commercial storage.

Stallmach asked is there still a house there on that property? Tolzmann answered yes. Stallmach asked and is that house rental? Tolzmann stated there's no rent involved. I think her son lives there. Stallmach stated so then we're potentially dealing with, has her son applied for relative homestead there? Tolzmann stated that I can't tell you.

Stallmach stated that's also another possibility. Until I have all the facts, I wouldn't be able to tell you that. But, if she's got a qualifying relative living in that house, there's a possibility of having another split classification that would be a relative homestead.

Voss stated okay, just so we're all working together on this one. Okay? All right, anyone else here tonight to speak to the Board of Equalization? If not, we'll close the public hearing.

Voss closed the public hearing at 6:49 p.m.

Voss asked do you want action? Davis responded yes, if you want to take action on these items, now is the time to do so. Voss stated so we've got two properties that we'll be discussing then. Any thoughts?

Ronning stated it's kind of a tough thing. You don't have a whole lot of information and I don't know how we can get a whole lot of information. The one with the \$100,000, what happened with the neighbors? What happened with the five doors down or something? When it comes to lots, that would be how many square feet? Or, how many feet of lakeshore? Tolzmann stated those lakeshore lots were all proportionally increased.

Voss asked around the entire Lake? Tolzmann responded the entire Lake, in East Bethel anyway. Voss asked do we know if Ham Lake did? Tolzmann stated no, they've got a different market area over there than we do. But we're, along with Columbus. Columbus has the same rate as East Bethel. Those were increased as well.

Voss asked any thoughts? I think Mr. Archibald, through that discussion, figured it's actually pretty, I wish mine only went 3%. The Lake property is a little more problematic because, probably have what, 400-500 properties on the Lake that are all adjusted by that same percentage, including one of mine.

Harrington asked Ken, is that just Coon Lake? Or, would it be Rice Lake too? Any lake? Tolzmann stated well, each lake is it's own market area. In other words, lots on these lakes vary. But lakeshore, as a whole, did go up. And, these rates were all adjusted proportionately. Harrington stated okay.

Voss stated there were quite a few sales around the Lake in the last year or two, which said you had good data then. Tolzmann stated if you're asking for my recommendation, I don't see a problem with it. If he wants to take it to the County Board for further review, he's certainly welcome to do that. But, given the fact that all the properties around the Lake have been treated equally, this would throw that one outside the range.

Ronning asked is that Lake involve Columbus, East Bethel, Coon Lake Beach, and Ham Lake? Ham Lake's the south end? They're the same adjustments? Tolzmann stated I'm not sure what they did in Ham Lake but Columbus and East Bethel have the same rate per front foot. They're treated the same.

Ronning asked do you know what that is off the top of? Tolzmann stated I believe it's \$2,385 per front foot. Ronning asked 2385, any decimals in there? Voss stated two thousand three hundred eighty five. Tolzmann stated I can tell you exactly what it is. Just a second. \$2,584, excuse me. The rate last year was \$1,950 a front foot. This year it went to \$2,584 a front foot.

Voss stated Ken, you talked about that Columbus is at the same rate. Tolzmann stated correct. Voss asked did they have the same increase then? Tolzmann stated same increase, correct. Voss asked why is Ham Lake different? Tolzmann explained that's a different market area over there. I think it's muddy. They are working on the sales that they have over there. But, given the fact that Columbus and East Bethel have very similar lakeshore, I felt it was appropriate to look at them equally.

Ronning asked who sets the \$2,584 from \$1,950? Tolzmann stated I did. Ronning asked you did? Tolzmann stated yup. Ronning stated it would be interesting to know what Ham Lake did. It's kind of hard to charge East Bethel disproportionately than Ham Lake even through there are different people doing different valuations. Googenberger stated I believe Ham Lake is very similar. (*Stallmach off mic comment inaudible.*)

Ronning stated as far as assessments, a community can't raise assessments on a property more, without relationship to what the value to the property owner is. We can't just 'jack up' the price like crazy. Does the State have any obligations like that? Tolzmann stated we need to meet the test for market value. In other words, if we look at good sales, qualified sales, and those sells are telling us here's what the property is worth. I've got to go with the data. It's not about personalities or who or any of that. It's about, we try to do the best we can to estimate the market value. In this case, the market on Coon Lake indicated that this was an appropriate change.

Ronning asked can you identify the source for those data? Tolzmann asked for the sales? Ronning stated yeah. Tolzmann stated we keep a listing of all the sales we look at. Sure.

Stallmach stated Ham Lake actually has a range. Like Mr. Tolzmann was alluding to, there are parts of the Ham Lake/Coon Lake frontage that are bulrushes and docks are a million miles out or whatever. And there is some really nice stuff too. So, they have a couple different rates in Ham Lake depending on what the shoreline is like. Those range from \$3,100 per front foot down to \$1,850.

Ronning stated part of this is looking at what it is but if you are giving an answer based on something, you have to be able to explain what's behind your answer, from us. Tolzmann stated based on the sales that we've had this past year, these are the changes that were necessary in order to meet the qualification market value for the lakeshore district. That's what it came down to.

basis for the multiplier? If it's times 30% or if it's times 32%? Tolzmann stated if we take a look at those sales that took place during that period, through that we can come up with what the rate should be if we're going to meet the State qualifications for market value.

Ronning asked and when you have the data for what the sales were, how does that compare with what the assessments come out to be? Tolzmann stated right now, Citywide, we're at 93%.

Ronning asked about Coon Lake? There were a number of sales on Coon Lake that affected the values so once you adjust the values for everybody, how does that compare with what people are paying for the homes for the market value? Tolzmann stated that's where we're coming out to 93%. Then there's very little variation with the sales that are out there. Applying these new rates basically brought every property on the Lake, not just Coon Lake but the other lakes too, in compliance to the 93% that we are seeing right now for a sales ratio.

Ronning asked what's the 93%? Like he says, he can't qualify for what the tax value is. So if, what is there, if there's 100 and these 100 sales are adjusted for property, after the fact, is that property worth what the assessment went up? Tolzmann stated well, statistically, there's about a 90% chance that it's in the 'ballpark' assuming that it's a qualified sale and not a bank sale or something like that. Statistically, we're pretty accurate. I don't want to 'toot my horn,' but it really is.

Voss stated so it seems to me we're talking about an entire class of properties. Not just Jake's property. Is there any, notion from Council about (*too far from mic, inaudible*). Jake's next option would be to go to the County? Tolzmann stated yeah. Voss asked when is that hearing? Tolzmann stated that's June 15th at 6 p.m.

Ronning asked the records for these sales, are they public at the County? Tolzmann stated I keep a file of all these sales, sure. Ronning asked can you forward that? Tolzmann stated sure, I can send a listing to Jack. Ronning stated that would be good and no doubt, but like I say, if we do something, we have to have some reason behind it. We can't be arbitrary, capricious in your actions. Tolzmann stated absolutely.

Voss asked any other discussion? There's no action. Right? We're done? Davis stated you're ready to close. Voss asked anything else you want to add Jack? Davis responded no. Thank you. Voss asked Ken, you want to add anything? Tolzmann stated I can't think of anything.

Voss stated we will then close the Board of Equalization hearing.

5.0 Adjourn

Harrington stated I'll make a motion to adjourn. Mundle stated I'll second. Voss stated any discussion? All in favor say aye?" **All in favor.** Voss stated opposed? Hearing none motion passes. **Motion passes unanimously.**

Meeting adjourned at 6:56 p.m.