

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

April 17, 2013

The East Bethel City Council Local Board of Appeals and Equalization meeting was held on April 17, 2013 at 6:30 P.M on City Hall.

MEMBERS PRESENT: Bob DeRoche Ron Koller Richard Lawrence (6:40 PM)
 Heidi Moegerle Tom Ronning

ALSO PRESENT: Jack Davis, City Administrator
 Ken Tolzmann, City Assessor
 Diana Stellmach, Anoka County

Council Member Moegerle called the meeting to order at 6:30 PM.

Moegerle made a motion to adopt the April 17, 2013 Local Board of Appeals and Equalization Agenda. Ronning seconded; all in favor, motion carries.

Davis explained that Ken Tolzmann, the City Assessor is here to give the Assessor's report.

Tolzmann, "Good evening, I'd like to welcome you to this 2013 East Bethel Board of Appeals and Equalization. My name is Ken Tolzmann, your City Assessor, and here representing Anoka County is Diana Stellmach. The purpose of this meeting tonight is to hear any valuation questions surrounding the 2013 Assessment, which represents your taxes payable in 2014. 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. Then once the new budget has been established, Truth in Taxation Notices will be sent out in November."

"One of things I'd like to take a minute to explain is the relationship between your estimated market value and your taxes. As many of you are well aware of, market values have dropped considerably, but your taxes have remained pretty much the same. The reason for this is that the only purpose your market value serves is to establish your fair share of the cost of services. So that being said, if all properties value changes proportionately as they have, and the costs of the County and City remain the same, your taxes will remain pretty much the same."

"As your City Assessor, I work for the City of East Bethel. It is 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 am available during normal business hours, and on weekends, by appointment."

"I'm sure a lot of you are wondering just how we come up with all these market values. The whole process surrounds getting good information on sales that take place in the community. For this year, we are using sales that took place between October 2011 and September 2012 to determine your market value. 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 then are used comparatively with unsold properties to reach these new estimates of value."

“One of the more popular questions I’ve been receiving lately has surrounded the purchase of foreclosed properties. Just because this property is purchased for a certain price doesn’t mean that it automatically qualifies for being put on the tax roll accordingly. It must be valued comparatively to a qualified sale to maintain equalization of the property tax code.”

“For this 2013 assessment, overall, there were 217 sales, of which 81 were considered good sales. Overall, after this assessment was complete, these sales deviated from our new market values by only 8.2% with the average assessed market value being at 95.1% of the sale price. Overall, values declined by 2.8%, a dramatic improvement from last year’s 7% drop in market value. As it stands now, looking at the new sales going into next year’s Pay 2014 assessment, there is a good possibility that the worst of the real estate market in East Bethel is behind us.”

“That being said, I’d like to thank the City of East Bethel for the opportunity to serve as your City Assessor. Thank you!”

DeRoche, “What is a distressed home?” Tolzmann, “I would take that as being a bank sale, foreclosure, etc.” DeRoche, “I would like to know how the state looks at that. With the downturn of the economy, how does the state calculate that into their budget? They got to know we have that many sales and only 81 sales are good.” Tolzmann, “We extract that information from the 81 and the other ones countywide. From that we value on the distressed sales. Just because it sells for a certain price, doesn’t mean we will put it on the property rolls for that price.” Moegerle, “Are the distressed properties being reduced in East Bethel? What is the trend of the distressed homes?” Tolzmann, “They are going down every year. His experience is the number of bank sales that are offered for sale directly impacts the competing prices for a homeowner. It is his thought as we see the supply of under priced homes, bank properties, etc, as we see those numbers go down, we will see a real estate market come back. It won’t be what it was 4-5 years ago. There is a direct correlation between bank properties for sale and sales prices.”

Ronning, “Did you say distressed homes don’t go into the mix for valuation?” Tolzmann, “Yes, correct, they sell for below market value, because of that; it would not figure in on what we are basing our values on. That is statewide.” Ronning, “If there are ten houses on the block and six homes on the block are carrying the value and the others are distressed. He is curious on what happens to the distressed homes.” Tolzmann, “When those homes are sold, they will fix them up, use them as a rental property and fix them up or live in them themselves. If you have six homes for sale on a block and three that are distressed the other three are for sale by the home owners, it will drag down the value of the houses on the block.” Ronning, “It drags down the value.” Tolzmann, “When they come into the picture is because they affect the good home sales. So they are coming in through the back door, basically is what is happening.”

DeRoche, “My property values have gone down about \$130,000. Lakeshore has seen property values reduced. Tolzmann, “It was necessary, sales basically said something had to be done with that.” Moegerle, “It is another situation, we reduced the taxes as a City, the County reduced the values, and our value stayed the same and the taxes went up.” Tolzmann, “Tonight determines everyone’s fair share. We put the share on one side of the table. Whatever taxing district does their budget. Once the budgets are done, and you see what they need to operate. You take the tax base, and divide it by the amount, and you get the tax rate.” Moegerle, “Can you explain fiscal disparities?” Tolzmann, “Diana is involved in it.” Stellmach, “Are there specific questions?” Moegerle, “DeRoche, Lawrence and she understand it, but others don’t, such as the residents.” Stellmach, “I will provide a high level explanation. Essentially all commercial and industrial properties pay fiscal disparities tax. That is determined by relationships that existed many years ago.”

The thought was to distribute the commercial tax base out to the outer lying areas. There is an expert in Anoka County. All the commercial taxpayers pay in, and it is distributed out to the seven county area. Some cities are winners, their commercial taxpayers, they might pay in \$50,000 and they get paid \$70,000. They get more than what is paid in. There are others that are losers, and there are some of each in Anoka County.” Moegerle, “What will it level?” Stellmach, “Everyone was a winner at the start. It was to distribute the commercial and industrial to the bedroom communities, where people work in the areas, and they contribute at their work place, and they don’t have anything at home.” Davis, “East Bethel is a winner in this. Losers are the commercial and industrial in this.” Stellmach, “If you look at one of their tax bills, they pay on a percentage of their taxable value. They pay an area wide tax rate. That tax rate is probably much higher than the East Bethel tax rate.” Davis, “They did a sample study, and state property tax is 60% of the tax bill.” Stellmach, “They would much rather pay in at a regular rate. It is a hard one to follow.”

Ronning, “The dead houses come out of the mix over all. Do they come in to the mix again?” Tolzmann, “What houses?” Ronning, “The foreclosed and such.” Tolzmann, “I look at 20% of the houses each year. Outside of that 20%, those values are applied on the statistical basis. 20% each year gets physically reviewed.” Ronning, “The empty homes get spread out on the other home then?” Tolzmann, “Typically their home values are higher than what they will go for. Every five years their value can be reduced considerably. From my experience the value is higher than what they will sell for.”

Ron Braastad – Regarding Property IDs 17-33-23-24-0002 and 8-33-23-43-0007

Property Addressed: 17-33-23-24-0002

Braastad, “I have some values that are too high. In 2011, I had some houses that were valued at \$110,000 and I paid \$60,000 and they keep rising in values.” Tolzmann, “This must be some vacant land on Hwy 65.” Braastad, “I went through eminent domain by the City of East Bethel. I was forced into giving property off the backside of the property. They took 40 feet off the south side of the property and I don’t have four acres there anymore. There is probably three acres not including the road.” Tolzmann, “I show it with 4.5 and that doesn’t include the road. The gentleman has an issue with the amount of usable acreage. The database shows 4.5 acres and there is probably some roadway there that he would like to look into in order to see what is usable property. This property I would like to take a look at further.”

Property Addressed: 8-33-23-43-0007

Braastad, “The pole buildings were built in 1971. The property is on Sims and Hwy 65. It is a convenience store.” Tolzmann, “What is the issue with that?” Braastad, “I have an issue with the value.” Tolzmann, “The value of \$164,000 of which \$98,000 in land value and \$75,000 being building value.” Braastad, “You can buy a building like that for \$28,000. Land on Hwy 65 right now you can’t sell it for anything. You can buy Fat Boys for \$400,000.” Tolzmann, “This is a business you operate there.” Braastad, “I don’t like to. I am 77 years old.” Tolzmann, “I would like to find some comparable sales in another location. To find out if the value is appropriate.” Moegerle, “Where would you look, Lino Lakes or Centerville?” Tolzmann, “Probably near Oak Grove or Nowthen.” Moegerle, “You might know places that are comparable.” Braastad, “There is one in Finlayson. He doesn’t know of any other.” Tolzmann, “That would be the best way to approach it.”

Tolzmann, “There are two properties he wanted reviewed. My recommendation would be to do some investigation on it. Then report back in on it.” DeRoche, “That is the same thing we did last year. We came back and it would give you time to check things out.”

Greg Bayard – Regarding Property ID 32-34-23-43-0013

Bayard, “The property is located on the frontage road of Hwy 65 on 229th. Ken came over last June and assessed the property. The last time he was out there was 12 years. He added \$9,500 new construction on the building. We haven’t done anything to our house. Some of the things that Anoka County added, what totaled up, was the driveway, the front bricks to my house, which inspector would have never closed on the building without the front facetae bricks. The air conditioning and furnace, which Shade Tree did in 2002. That should be in the building file and my deck, and the bottom sliding glass doors, which he thought were a second fire escape. He wants to get the bogus \$9,500 off his property tax. When my wife and I bought it 3 years and 7 months ago, we bought it on a short sale for \$200,000. In the years we have lived there, we seen it go from \$156,000, to \$178,000, then to \$182,000 and then this bogus charge to \$187,000 and in 2010, it was worth \$211,000. Can someone make sense of this?”

Lawrence, “What kind of driveway?” Bayard, “It is asphalt. They all have facetae brick. No one has class five driveways.” DeRoche, “How does your property tax compare with your neighbors?” Bayard, “I haven’t had the time to go to Anoka and compare. That is beside the point, from the \$9,500 for new construction. The lady said it was prorated. He doesn’t care if it was old material. This is 2002 material that you added to my property. How could you miss my tar driveway and front facetae bricks? So that is my point, and then overhearing the talk, can’t you guys go to the government and get government assistance for how they screwed up the market? Is that something that can be suggested? That highway that was put on Hwy 65 that was ridiculous. I get more highway sound. If you go north and south, it is the same.” DeRoche, “That was a State project.” Bayard, “Does the State have that much money to piss in the wind? That was supposed to add \$10,000 value to my property. I don’t want to go to an appeal in Anoka or in Minnesota. Then two weeks after I talked to all these people, there was a glitch in the computer that my basement was charged twice. They had it at \$198,000, then the computer charged something twice and now it is \$180,000. So this has all happened in two years. \$156,000, \$178,000, \$182,000, \$198,000, \$211,000 so, I don’t know.”

Lawrence, “What is your comment?” Tolzmann, “When I was out there in 2011, there were some items that hadn’t been on our record earlier. That is why we view 20% every year. So we can keep the information current. The problem arose when the database valuing the physical basement twice. It was discovered this spring in a routine maintenance. There were six properties in East Bethel that we made changes to due to the glitch. I called Bayard and told him what was going on. He was putting through an abatement that would adjust his property taxes. He would also adjust for 2014. The revised value for this year is in the process of being sent out. His value will be for \$180,400.” Lawrence, “Everyone is losing value, and he is gaining value. Living on Hwy 65 is not a really attractive thing. Originally it was \$198,000 and has been adjusted to \$180,400.” Tolzmann, “It is the same as his neighbors. The first year it started was for pay 2013.” Bayard, “What is the structural basement?” Tolzmann, “It is for the block, etc in the basement. I took the new improvements off.” Bayard, “It doesn’t show yet.” Tolzmann, “I took it off.” Bayard, “Why did you take it off?” Tolzmann, “Because I took it off.” Bayard, “If the value would have gone up, you would have left it on there. I don’t know where you came up with it, if comparing other houses is another thing, the \$9,500.” Tolzmann, “I added the air conditioner, the brick, the driveway and the facetae. Those items were not on the value.” Bayard, “It is like me coming over to the property and saying I am going to bump your taxes up, because you don’t have a garage on there. I don’t have anything against you. It is a mistake that you made.” Moegerle, “If we recess, we can come back to this issue.” Tolzmann, “The problem would have been an issue this year. All you have to do is pay the first half as you normally pay them and the second half will be adjusted.” Bayard, “The homeowner before him got a good deal; maybe he should knock on his door and get the past property taxes. I and my wife are paying the extra portion. I will get another revised, revised, revised, etc, on property

taxes. Can you give me a call, when you enter my property and you didn't tell me that you took the \$9,500 off?" Tolzmann, "I did tell you that." Bayard, "Thank you." Tolzmann, "This has been resolved."

Dennis Schumacher – Regarding Property ID 36-33-23-24-0268

Shumacher, "I don't know if I have a problem after hearing all that." Tolzmann, "You're in Coon Lake Beach." DeRoche, "That is the lot next to the store." Shumacher, "It is an empty 100x100, with an asparagus patch." DeRoche, "It is an unbuildable lot if he is not mistaken." Shumacher, "All it is is a place for me to mow." Tolzmann, "It is a residential property, so you pay lower taxes." Shumacher, "We should pay almost \$700 per year. There are some people with homes that pay the same taxes." DeRoche, "I don't know where they would put a sewer system." Moegerle, "They are adjacent to the tribal lot." Tolzmann, "It looks like it is right on the corner, right by the convenience store. Looks like there is another lot across the street." Shumacher, "It was left for a street to go through. East of us looks like it is part of the neighbor's." DeRoche, "Is that the big building that they couldn't live in." Tolzmann, "You don't know if it is a buildable site?" Shumacher, "We don't know, but DeRoche said he doesn't think so." Tolzmann, "I will talk with Nick and Colleen." Moegerle, "When we reconvene we can discuss it then, does that sound okay to you?" Shumacher, "If it is buildable does it cost us more?" Tolzmann, "No, it would be the same."

Sharon Ornquist – Regarding Property ID 29-34-23-32-0009

Ornquist, "I live at 24024 Filmore St NE. PID 293423320009. The proposed evaluation for 2014 is \$162,600. I purchased it for \$150,000 and have an appraisal for \$158,000. I would like it reduced to \$158,000." Tolzmann, "Looks like you bought it for \$145,500. It looks like it was a good sale at that point." Ornquist, "That is not an issue. I just want it be reduced to the appraisal amount." Tolzmann, "I would recommend taking a look at it. I was just out there in 2011. It may not have been maintained for 3 years. It probably is not in the same condition that it was when I was out there." Ornquist, "I have been painting, and ripping out the carpet. For 2014 she would like it estimated at her appraisal, and then she would be willing to have it brought back up. At this point as she is doing those repairs. We are talking about pay 2014. You are taking those values as of January 2, 2013. So if that is the case, I bought it for \$145,000 and it was listed at \$149,000. I would love to have it at that amount, but that wouldn't be fair." Tolzmann, "It is really not that far off, I have it at \$162,600. She is talking about \$4,000 less. I don't have a problem with that." DeRoche, "That is fine and then come back after the improvements." Tolzmann, "I will flag it."

Heidi Moegerle – Regarding Property ID 36-33-23-21-0266

Moegerle, "I have an issue. In February, we purchased 553 Lakeshore. This is adjacent to our property. There were a couple of offers on this; all the sales failed because the septic system on the property fails. No one could find a way to put a septic system on the property. The realtor came and asked if we would like to purchase it as green space. In 2011 the septic system failed. It was not feasible or possible to get it up to standards. In February 23, 2013 we did a permit to demolish the building. I have talked with Tolzmann about to reassess the 2014 because the realtor and mortgage company didn't bring it to the assessor's attention. We want it listed as uninhabitable and reassess when it was demolished." Tolzmann, "I did review the property prior to this assessment, and made an adjustment to the land because there is no septic system on the property, and took a look at the condition of the house. It is 50% usable. They would have to remodel it and put in a well and septic." Moegerle, "The land doesn't meet the high water setbacks, and there are issues with the shoreland overlay district." Tolzmann, "Can the property be used as residential property?" Moegerle, "There have been a lot of discussions on that. My understanding is there would be more space for a septic system. You can't put a septic system for a system, but you can't put it where the house was. The four people who tried to purchase it found this out." Davis, "A holding tank is the only option for that

property. There is no place to put in a system.” Moegerle, “A holding tank wasn’t appropriate because of logistics, feasibility, and you have to pump it every month.” DeRoche, “What would happen with the retaining wall?” Davis, “The City granted the owner a license to use City property for their drainfield. The retaining wall and a portion of the drainfield is on the City property.” Moegerle, “That is an agreement for system in the right of way. That system was put in with out a permit. There are all kinds of issues with the property. Because our name is not in the property records yet, since we closed in February, I wanted to bring this to Tolzmann’s attention here.” Tolzmann, “Hopefully can get the issues resolved.”

He doesn’t have anyone else on the list.

DeRoche made a motion to recess the Board of Appeals and Equalization to the next meeting, which would be on May 1, 2013. Davis, “We also have the completion of the emergency management plan. Do you want to schedule this a little earlier, like 6:00 p.m.?” Tolzmann, “I will have everything prepared for the Board. I don’t anticipate needing a lot of time.” Davis, “There is also an HRA board meeting for next meeting.” Tolzmann, “Whatever works for the City is fine with him.” DeRoche, “Do we need to include the PIN number?” DeRoche withdraws his motion.

DeRoche made a motion to recess the Board of Appeals and Equalization until April 24, 2013 at 6:00 p.m. Moegerle seconded, all in favor, motion carries.

Submitted by:

Jill Anderson
Recording Secretary

**April 24, 2013
Board of Appeals and Equalization Meeting**

The Board of Appeals and Equalization was reconvened on April 24, 2013 at 6:00 p.m. In attendance were Council Member DeRoche, Council Member Koller, Council Member Ronning and Mayor Lawrence. Council Member Moegerle arrived at 6:07 p.m. Also in attendance were Jack Davis, City Administrator and Ken Tolzmann, City Assessor.

Lawrence made a motion to reconvene the Board of Appeals and Equalization meeting. DeRoche seconded; all in favor, motion carries.

City Assessor, Ken Tolzmann explained that the April 17, 2013 Board of Appeals and Equalization meeting was recessed so that he could take a look at some properties and come back tonight and report on his findings.

Tolzmann, “I have given you a list of my recommendations that parallel the appeals that we had last Wednesday. The first one we have is the Ron Braastad land only parcel 17-33-23-24-0002. Mr. Braastad was present on April 17th to appeal the value of said parcel. In discussion, it was noted that his property had recently been subject to road improvements that limited the amount of useable area associated with said site. The gross area of this commercially zoned site is 4.5 acres and valued by the square foot (196,020 square foot). Upon review of the aerial survey information, it was determined that said site is subject to 1.06 acres of roadway. The useable area has been adjusted by say 1.06 acres to 3.44 acres or 149,946 square foot. Therefore it is the City

Assessor's recommendation that an adjustment to the land value from \$98,000 to \$74,900, to allow for the new calculation of useable land is appropriate."

Ronald Braastad, "I had the surveyor there and I only have 3.1 acres." Tolzmann, "Do you have a copy of that survey?" Braastad, "I can get it for you, but I don't think it will do you any good." Lawrence asked Tolzmann, "How many acres did you figure he had?" Tolzmann, "I figured he had 3.4 acres. Would you rather that I calculate it on the 3.1 like he is saying?" Braastad, "Where did you come up with your figure?" Lawrence, "Could there be an error on the aerial survey?" Braastad, "There has been for years." Tolzmann, "Well, I wasn't aware that he had a survey done on the property. It is unclear just where the easement line was when I looked at the plat it came in at 3.4 acres. If it is 3.1 I am fine with that." Lawrence, "That works for me." Tolzmann, "I will recalculate it. The new amount at 3.1 acres is \$67,500." DeRoche, "If that is what it comes up to, I think that is what it should be." Lawrence, "So do we need a motion to accept it?" Davis, "Yes, you would approve that."

DeRoche made a motion to approve the recommendation as proposed by the city assessor to adjust the land value for the Ronald Braastad parcel PID 17-33-23-24-0002, 3.1 acres to \$67,500. Koller seconded; all in favor, motion carries.

Tolzmann, "The next parcel is Mr. Braastad property at 1452 Sims Road, NE corner of Highway 65 and Sims Road. The property is 1.37 acres and presently valued at \$164,800 or \$42/square foot (land and building). There were three comparables I used. The first was at 18729 Highway 65 and sold recently for \$50 a square foot (land and building). It is comparable to the subject in land size as well as quality of building. The second at 1990 Main Street in Centerville recently sold for \$75 a square foot (land and building) but, is newer and a larger, better quality building. It also promotes gas sales. The third is the business at Coon Lake Beach, 552 Lincoln Drive. It recently sold for \$46 a square foot (land and building). While this building is better quality than the subject, the location of Braastads is far superior to the Coon Lake Beach location. Therefore, it is my opinion that the square footage at \$42 with the sales coming in at \$46 to \$50 is appropriate. My recommendation is that no action be taken on this property."

Braastad, "Your comparison of buildings, I can't see that you compared. This is a pole building. Are any of those pole buildings?" Tolzmann, "The one on Highway 65 was the one that sold for \$50 a square foot." Lawrence, "What kind of condition was that building in?" Tolzmann, "It was older, mid 70's and very comparable. Mr. Braastad's \$98,000 is in the land. It is because of the superior location there. There is not an awful lot in the building. That is my recommendation." Lawrence, "Your recommendation is to leave it as it was at the beginning." Tolzmann, "Yes, but by being on the list, Mr. Braastad can take it to the county if he wishes to appeal to them." Braastad, "And that is what I will do."

Moegerle make a motion to approve the recommendation of the city assessor for the Ronald Braastad parcel PID 08-33-23-43-0007 that no action be taken regarding the value of the property. Lawrence seconded. DeRoche, "When you say, 'No action is taken,' is it that we just agree with the assessor? But then he can still take it to the county, right?" Davis, "Yes. And he can still appeal it to the county when they convene on June 10th." All in favor, motion carries.

Tolzmann, "The next appeal we saw was from Greg Bayard. He was present at the April 17th meeting to appeal his market value of \$205,400. It was explained to Mr. Bayard that a reduction in value had already been initiated on his behalf which lowered his estimated market value for pay 2014 to \$180,400. It was also noted that abatement for pay 2013 had also been initiated on his behalf. Therefore, it is my recommendation that no action be taken."

Moegerle made a motion to approve the recommendation of the city assessor for the Greg Bayard parcel PID 32-34-23-43-0013 that no action be taken. Lawrence seconded; all in favor, motion carries.

Tolzmann, "The next appeal was from a Sharon Ornquist. She was present to appeal her pay 2014 value of \$162,600. Ms. Ornquist explained that she had just purchased the property and it had been valued at \$158,000. It was noted that the property suffered excess depreciation since it was last viewed in 2011. The board at the meeting last Wednesday approved a reduction in value to \$158,000."

Tolzmann, "The next appeal was Heidi Moegerle. She was present on April 17th to appeal the value of 553 Lakeshore Drive. The subject was inspected by me August 8, 2012. At that time it was noted that the property was vacant and that the condition had deteriorated. Therefore, in my opinion, the current value of the subject at \$44,300 is appropriate." Moegerle, "I spoke with Tolzmann today and agree. And, I will abstain from any vote." Ronning, "How many square feet is that lot? And is it on the lake or across the road?" Moegerle, ".16 acres or 7500 feet or less." Tolzmann, "There were a lot of questions about the well and septic and if they are not functioning and need to be replaced. How you do that I think was the subject of last week's meeting. The house is roughly half depreciated because of the condition of it."

Koller made a motion to approve the recommendation of the city assessor for the Heidi Moegerle parcel PID 36-33-23-21-0266. Lawrence seconded. Moegerle abstained, rest in favor, motion carries.

Tolzmann, "Mr. Schumacher was present at the April 17th meeting to appeal the current value (\$32,900) of his 100 x 100 vacant lot located adjacent to Coon Lake Beach Store on Lincoln. The property is zoned B1 which does not permit construction of a single family residence. Sales of similar vacant land in Coon Lake Beach are nonexistent. The current vacant land value \$47,900 of the store next door is consistent with the subjects. The use of the property is considered vacant land which is taxed at the same rate as residential. Therefore, it is my recommendation that no action be taken. But, it is certainly within the scope and authority of this board if you decide you want to modify the value. I just can't give you a recommendation on what the amount would be, if anything."

DeRoche, "Did you say is or isn't a buildable lot?" Tolzmann, "It is a buildable lot, but you can't put a house on it." DeRoche, "So what can they do with it? It is a separate parcel and if you can't put anything on it. What are they going to do with it?" Lawrence, "What can you build on it?" Tolzmann, "It is zoned for commercial, so you can put a commercial building there. You just can't put a house on there." Moegerle, "How much would it cost the property owner if they were to apply to the City to have the property rezoned?" Davis, "Probably at least \$1,000 to go through the entire process. Maybe more to get the rezone done." Tolzmann, "In terms of the highest and best use of the property, right now it is a commercial parcel. And, what the value of a

commercial parcel in Coon Lake Beach would be, as far as it is utilized, that is an income producing property. In terms of equalizing the property between commercial and residential, we are doing that." Moegerle, "Were there any comparables?" Tolzmann, "I really couldn't find anything even close. It is a unique property. Schumacher has a valid point, but it is a commercial property." DeRoche, "I thought it was on the website for property taxes as residential?" Tolzmann "He probably has it homesteaded with his house next door. Or it could be that it is considered 1A vacant land which is taxed the same as a homestead. But, the zoning is commercial, so he is being taxed as a vacant piece of property." Moegerle, "And this would never be rezoned by the City saying this is not commercial property? And, would it make a difference in the taxes?" Davis, "If it was rezoned residential it would make a difference in the taxes." Tolzmann, "Yes, because the value would go down." DeRoche, "I can't say it is never going to be rezoned. That area down there is unique. This is like the one down by the lake, 1A residential and that property could have had a holding tank put on it. But, because the house is so dilapidated, now we devalued the house. This piece of property, who knows if sewer and water will ever go through there? If it is, I can see a house going there before I can see another business." Moegerle, "That, or an expanded business of the existing market."

Davis, "If I could offer a compromise. On Mr. Braastad's property it looks like there was a reduction of about 30%. Maybe you would like to consider that type of reduction here."

DeRoche, "That works for me." Moegerle, "Ken what is your view on that compromise?"

Tolzmann, "I think that makes a lot of sense to me. I just couldn't present any figures to the board on what is appropriate. 30% off of \$32,900 would put it at \$23,000. I think that is a good idea, I would support that."

DeRoche made a motion to adjust the value of the Dennis Schumacher parcel PID 36-33-23-24-0268 by 30% from \$32,900 to \$23,000. Ronning seconded; all in favor, motion carries.

Moegerle made a motion to adjourn. DeRoche seconded; all in favor, motion carries.

Attest:

Wendy Warren
Deputy City Clerk