BOARD OF EQUALIZATION
THE CITY AND BOROUGH OF JUNEAU, ALASKA

Monday, July 24, 2017 at 5:30 PM
Municipal Building – Assembly Chambers

Minutes

I. Call to Order

Chair Nowlin called the meeting to order at 5:30 p.m.

II. Roll Call

Board of Equalization Panelists Present: John Gaguine, David Epstein, Stephen Moseley, and Paul Nowlin.

Staff Present: Robert Palmer, Assistant Attorney; Laurie Sica, Municipal Clerk; Robin Potter, Assessor; Donna Prince, Appraiser II.

III. Approval of Minutes

There were no minutes for approval.

IV. CBJ Attorney Memos/Board Questions

Mr. Palmer introduced himself and said he was available to assist the board with any questions.

V. Property Appeals [Note: the record reflects the order of the meeting, not of the agenda]

Appeal Tracking #:	**2017-0328**	[Panelists: Epstein, Gaguine, Nowlin]
CBJ Parcel #	2D04020E0051	
Physical Location	2100 2ND ST	
Appellant Name	Imbsen, George	
Type:	Vacant Parcel	

2017 Assessed Value:	Site:	$226,800
	Improvements:	
	Total:	$226,800
Appellant's Estimate of Value	Site:	$164,000
	Improvements:	
	Total:	$164,000
Assessor's Recommended Adjusted Value:	Site:	$174,100
	Improvements:	
	Total:	$174,100

Mr. and Mrs. Imbsen were present to provide information to the Board. Mr. Imbsen said his property is next to lot 6a which was assessed at $184,100 and Coldwell Banker has it listed at $189,000 for at least five years. This is the market value and no one is buying it. His lot is next to it with typical rough terrain, less beach front and slightly less area, so that is how he arrived at his value. He noted the Assessor's adjustment and said he did rough numbers on ratios of the frontage and the area, similar to the calculations done by the Assessor. He said he had emailed, but had not done any in person discussions in negotiation with the Assessor.

Donna Prince described the lot and said she had been on site. She explained the contents of the packet and said the topography of the lot drops off to the beach. She arrayed the properties in the area and arrived at an $8.42 per sq. ft. valuation for this lot and the median market in the area calls for $16.19 per sq. ft. valuation, so this lot is $8.00 under market now for similar properties. She said the original assessment was derived at a per square foot price with a view, vacant lot and a topography adjustment. Upon appeal, she walked the property and said the lot has topography issues so she adjusted down for those.

Mr. Epstein asked the Assessor to explain the method of valuing land. Ms. Potter said all property is valued on a land model. There are still parts of the Borough still to be reviewed. Douglas was modeled in 2013 and re-reviewed in 2016 in order to apply the methodology. The Assessor determines what a typical lot within a neighborhood, including the typical slope, soil type and they develop the base rate based on market sales. They extract out structure values, find the residual for the land value and consider the prior year value to develop a base rate model based on medians. With the range and median, they find that the smaller the lot, the higher the rate will be per square foot to develop the overall base rate. The base rates do graduate up. Many times there will be a minimum, and the lot will be a set amount regardless of size because there is a minimum site value for the neighborhood. As lot sizes increase, the rate per square foot diminishes although the overall value will still be higher for the larger lot than the smaller lot. This sets the base rate. They then look at adjustments to that model. The model in Douglas was based on an upland lot. We consider waterfront lots to have their own adjustment and when we review sales we find that waterfront lots can sell for almost twice as much as upland lots. We develop that percentage adjustment and on a waterfront they generally apply three adjustments – location, view, and waterfront, to add up to take up that amount of the ratio that makes the difference between if it was an inland lot or a waterfront lot. Other adjustments are slope, access, shape and wetlands adjustments. With this property we look at the slopes on contour maps to help us identify whether a slope adjustment is necessary. This lot has a substantial steep slope in the middle of the lot, as do the lots adjacent. All the lots will receive a slope adjustment in 2018, as this was brought to our attention. This slope adjustment lowered the valuation. Ms. Potter referred to the history of values on this parcel, and the parcel value went from $110,000 in 2013 to $193,800 and stayed at this value until 2017 when updates to the land model raised the value to $226,800. The slope adjustment lowers the value to below the value in 2013.

Mr. Imbsen said just because I have paid more previously and did not have time to appeal before should not matter. He spoke about the neighboring property owner who could afford to pay more and has no need to appeal, so that should not affect his property's value. I think he is paying too much too – those are very steep lots. Lot 6 next to it has not sold because people view it as a problem and it will take a lot of money to put in the foundation. He felt that the prices were increasing each year and he finally felt it was time to appeal.

<u>MOTION</u>, by Gaguine, to grant the appeal. He recommended a "no" vote for the reasons articulated by the assessor.

Mr. Gaguine spoke about the standard of review and said that in light of the substantial reduction that had been provided by the Assessor, he felt the assessment was reasonable.

Mr. Epstein referred to Mr. Hartle's memo, which states that for the appeal to be granted, the Board would have to state that the assessor used a flawed method of valuation or that it was fundamentally wrong. The assessors are trained, and he did not think the valuation had been done fraudulently, nor was it excessive.

All members voted no, the appeal was denied.

Appeal Tracking #:	**2017-0553**	[Panelists: Epstein, Gaguine, Nowlin]
CBJ Parcel #	2D04020C0020	
Physical Location	2113 2nd St.	
Appellant Name	Imbsen, George	
Type:	Improved Parcel	

2017 Assessed Value:	Site:	$147,100
	Improvements:	$339,900
	Total:	$487,000
Appellant's Estimate of Value	Site:	$127,400
	Improvements:	$314,400
	Total:	$441,800
Assessor's Recommended Adjusted Value:	Site:	$132,400
	Improvements:	$320,200
	Total:	$452,600

Mr. Imbsen spoke about an appraisal on this property from October, 2016 that he provided a copy of it in the packet. He said that the appraiser is a professional, too, working in the market all the time, so I accept the appraiser's value.

Ms. Prince said the property was a two-unit residence with one side owner occupied and the other is used as a rental. She said she visited the site and made a land adjustment for the drainage ditch on the site. Ms. Potter said the appraisal indicates a sales comparison price of $510,000, an income approach valuation of $517,500 and a cost approach of $564,300. The final reconciliation was $510,000 as of October 31, 2016. The post assessment adjustment of $452,600 was far below the fee appraisal amount. Responding to Mr. Gaguine's question, Ms. Potter said that the 2016 assessment shown in the appraisal was valued at $441,800. The 2017 initial assessment was $487,000.

MOTION, by Gaguine, to grant the appeal. He recommended a "no" vote for the reasons articulated by the assessor.

All members voted no. The appeal was denied.

Appeal Tracking #:	**2017-0108**	[Panelists: Gaguine, Moseley, Nowlin]	
CBJ Parcel #	4B2701030043		
Physical Location	4341 Windfall Avenue		
Appellant Name	Gehring, Loren K & Israa S		
Type:	Improved Parcel		

2017 Assessed Value:	Site:	$142,120
	Improvements:	$176,990
	Total:	$319,110
Appellant's Estimate of Value	Site:	$
	Improvements:	
	Total:	$250,000
Assessor's Recommended Adjusted Value:	Site:	$134,100
	Improvements:	$181,500
	Total:	$315,600

No one was present to represent the appellant.

Ms. Prince said the appellant's stated basis for the appeal was "The building is a box. Garage. Nothing special. No kitchen. No rooms." Ms. Prince distributed additional photos of the exterior and interior of the building provided by the appellant.

Ms. Prince said the building was converted from a church to a daycare. She described the floorplan. Ms. Prince visited the site, noted the change of use and assessed the building as commercial property, and the exempt status was removed from the property.

Mr. Moseley said he saw there is information on filing a 501c3 status. Ms. Prince said that the documents in the packet were informational, that she had assessed the site according to Marshal and Swift category of school / nursery / daycare. This property is an income producing property used as a daycare, and the operation was not a 501c3.

MOTION, by Moseley, to grant the appeal. He recommended a "no" vote for the reasons articulated by the assessor.

All members voted no, and the appeal was denied. [Mr. Moseley left the meeting.]

Appeal Tracking #:	**2017-0330**	[Panelists: Epstein, Gaguine, Nowlin]
CBJ Parcel #	2D04020E0030	
Physical Location	1764 Capital View Ct.	
Appellant Name	Imbsen, George	
Type:	Vacant Parcel	

2017 Assessed Value:	Site:	$163,900
	Improvements:	
	Total:	$163,900
Appellant's Estimate of Value	Site:	$111,500
	Improvements:	
	Total:	$111,500
Assessor's Recommended Adjusted Value:	Site:	$135,500
	Improvements:	
	Total:	$135,000

Mr. Imbsen showed a stack of files about 8 inches high on this parcel of property. He has appealed this before. A contractor installed a driveway right in front of his lot and it limits the options of what can be done on his lot. He displayed a plat map showing the lot and a driveway that he said is very steep, has a rock wall and limits his options to develop his property. He said he and the other property owner both have attorneys on this issue and the city no longer allows this type of driveway development. He showed a picture of the view of the lot access. Mr. Imbsen said that he did have access to the lot but it was very limited and he would have access to the other owner's driveway but it is way too steep and substandard as it has been built.

Ms. Potter and Ms. Prince looked at the information Mr. Imbsen provided. Ms. Potter said it is not a plat map, and she said that a plat map would show a recorded easement. Ms. Prince explained her site visit and said there were no buildable issues with this lot. Ms. Potter explained the drop on the property and Ms. Prince said she walked the entire property without issue. The other lots that Mr. Imbsen owned were steeper than this lot. She said there is plenty of room for a driveway to go in. Ms. Potter said that the contour lines on the map before the BOE are provided by a large company through GIS and they do not always relate to reality. It is important for us to view the property to understand the real nature of the situation.

Mr. Imbsen referred again to a photo he provided to the board that explained more about the rock wall.

Ms. Potter said the base rate on the property was originally $121,600 before any adjustments were made. When waterfront was added it could come up to an 80% positive adjustment because of the percentage for location, view and saltwater. This has a $13,926 positive adjustment. There is a slope adjustment in this compensating for the slope. Otherwise, there would be a much larger adjustment for the waterfront. He is receiving a slope adjustment and a vacant land adjustment on this property. The slope adjustment accounted for the change from the original assessed value to the recommended value. She did not see an access issue as long as there was a road adjacent to the property.

Mr. Epstein asked Mr. Imbsen for the basis of his estimate. Mr. Imbsen said he looked at how things came down and was splitting the difference between his original and what they came back with. Mr. Imbsen said it was the ratio of shorefront and the increased cost of going around the driveway that had limited his options.

<u>MOTION</u>, by Moseley, to grant the appeal. He recommended a "no" vote for the reasons articulated by the assessor.

Mr. Gaguine said the assessors had given a substantial reduction. There was access, but it doesn't look impossible, and the $135,500 is within the range of reasonableness.

All voted no and the appeal was denied.

Appeal Tracking #:	**2017-0491**
CBJ Parcel #:	4B2001060051
Physical Location	NKN Fritz Cove Rd.
Appellant Name:	Greenough, Lisa B

Chair Nowlin noted the information provided by the Assessor that there had been an error in the 10 day notice for notifying appellants and all appellants had been contacted an offered the opportunity to delay to a future meeting or to be scheduled for this meeting. Ms. Potter provided information that Ms. Greenough had affirmed her attendance then withdrew it early this day, stating that she would not be present and could appear at a future meeting.

Appeal Tracking #:	**2017-0390**	[Panelists: Epstein, Gaguine, Nowlin]
CBJ Parcel #	5B1601010320	
Physical Location	9061 Miner Court	
Appellant Name:	McKinley, Sophie	
Type:	Improved Parcel	

2017 Assessed Value:	Site:	$132,800
	Improvements:	$216,800
	Total:	$349,600
Appellant's Estimate of Value	Site:	$ 16,100
	Improvements:	$ 79,200
	Total:	$ 95,300
Assessor's Recommended Adjusted Value:	Site:	$132,800
	Improvements:	$180,500
	Total:	$313,300

No one was present to represent the appellant. The written appellant's basis of appeal included the location of the property in a flood zone and flooding in the basement, and improperly operating fireplace and the location of the house in a wood smoke restriction zone, and roof leaks.

Ms. Prince said that the original assessed value was $349,600 and was reduced to $313,300, which was arrived at through an array of assessed parcels in the area and sales in the area of 87 parcels. The median price per square foot is $9.15 and this property is at $7.32 and is in the median range of the neighborhood. All of the properties in the Tongass Subdivision are in a flood area and her property and all others were adjusted down because of that. An adjustment was also made for the effective year on the house. Upon inspection, I noted some issues with the home and added depreciation.

Ms. Potter explained assessments and adjustments in flood zones based on the need for obtaining flood insurance.

<u>MOTION</u>, by Gaguine, to grant the appeal. He recommended a "no" vote for the reasons articulated by the assessor.

All members voted no. The appeal was denied.

Appeal Tracking #:	**2017-0461**	[Panelists: Epstein, Gaguine, Nowlin]
CBJ Parcel #	5B2401010080	
Physical Location	8537 Steep Place	
Appellant Name:	Burkhardt, Walter and Debra	
Type:	Improved Parcel	

2017 Assessed Value:	Site:	$118,700
	Improvements:	$143,100
	Total:	$261,800
Appellant's Estimate of Value	Site:	
	Improvements:	
	Total:	$220,000
Assessor's Recommended Adjusted Value:	Site:	$118,700
	Improvements:	$143,100
	Total:	$261,800

No one was present to represent the appellant. The appellant's basis for appeal included, "Neighbor is valued at $216,000. Can't get any federal funded loans due to Amerigas – so we can't sell."

Ms. Prince stated the property was a duplex and one side was being rented for $1800 per month. The subject property was not in a flood zone. The packet provided a map showing the location of the house and the Amerigas property. Ms. Prince said in mass appraisal, the location of the gas company is not a factor and the sales record of the properties in the area does not show that the gas company is a factor in sales price. Ms. Potter said that the appellant did not provide any documentation to back up the appellant's statement.

<u>MOTION</u>, by Gaguine, to grant the appeal. He recommended a "no" vote for the reasons articulated by the assessor.

All members voted no. The appeal was denied.

Appeal Tracking #:	**2017-0462**	[Panelists: Epstein, Gaguine, Nowlin]	
CBJ Parcel #	5B2401010090		
Physical Location	8539 Steep Place		
Appellant Name:	Burkhardt, Walter and Debra		
Type:	Improved Parcel		
2017 Assessed Value:		Site:	$ 94,400
		Improvements:	$153,200
		Total:	$247,600
Appellant's Estimate of Value		Site:	
		Improvements:	
		Total:	$220,000
Assessor's Recommended Adjusted Value:		Site:	$ 94,400
		Improvements:	$153,200
		Total:	$247,600

Mr. Nowlin noted that the appellant was not present. No one was present to represent the appellant. The appellant's basis for appeal included, "House next door is at $216,000 and it's a bigger lot. Also we can't sell this place due to Amerigas - Can't get any federal funded loans."

Ms. Prince said that this is the appellant's personal home and attached to the previous case parcel. Ms. Potter said it is being valued as a zero-lot, not a duplex. Ms. Prince said the parcel was getting a downward adjustment for being in a flood zone.

Mr. Gaguine questioned the Assessor staff about the table on page 5 of the appeal case. Ms. Potter noted that he had identified an error and this parcel should have only received a $20,000 flood adjustment, but it looks that the rate is out of synch. She noted in addition another error on the chart. Mr. Gaguine said the rate per square foot in the chart was all over the place. Ms. Potter said the chart had not been arrayed by size and this caused a difficulty to view the information. Ms. Potter said that the rates look correct, but the site value did not look correct to her. The structures on the chart were basically the same size as well.

Mr. Nowlin said the appellant had not made this argument, so he was not comfortable making the argument for the appellant. Ms. Potter suggested that if she had looked at this, she would have identified that this is an inequity, that the Assessor had made an error, and when there is an error, she provides the benefit to the appellant. Ms. Potter recommended that the appellant's rate be reassessed from $94,400 to $65,800 based upon the appellant notifying the assessor of an error that created an inequitable assessment. Ms. Potter said she could not make an adjustment to assessed values after the first meeting of the Board of Equalization. Ms. Potter said there were other parcels on the chart that were under-valued.

Mr. Gaguine said he did not believe that any adjustment was warranted and the other matter upon appeal had already been decided. Ms. Potter was adamant about the need to reduce the assessment based upon an inequitable situation that was brought to her attention through the appeal process. Mr. Gaguine asked if she was suggesting that she re-open the previous case and she said no, it was already settled, but it was the Board's prerogative.

Mr. Palmer said AS 29.45.210(b) says, "the appellant bears the burden of proof, the only grounds for adjustment of assessment are proof of unequal, excessive, improper or under-valuation based upon facts statement in a valid written appeal or proven at the appeal hearing. If the valuation is found to be too low, the Board of Equalization may raise the assessment." He said it does give the Board a broad range of reasons if the Board wants to adjust the assessment and it is up to the Board to decide the just and fair valuation for this parcel is, if it is a fair value or reduce to other similarly valued ones.

Mr. Epstein said there are two incorrectly valued properties and the equity is in making the appellant's property also an under assessment, and that was not illegal. Mr. Palmer said that was a fair interpretation and you can also state a different value based upon findings and it was the burden of the appellant to state why it should be reduced.

Mr. Epstein asked Ms. Potter if she believed this was an inequitable situation. Ms. Potter said that the appellant found her mistake and therefore could benefit from catching her mistake. If she had caught it within the time frame she would have revised the other two assessments and offered a new assessment with a new 30 day period for appeal. The office was very behind on processing appeals.

<u>MOTION</u>, by Epstein, to grant the appeal. He requested a yes vote, to adjust the assessment to $219,000, consisting of a site value of $65,800 and improvement value of $153,200 in order to achieve equity with other properties that were incorrectly assessed in the neighborhood.

Mr. Gaguine seconded the motion and argued against it as he did not think a few outlying mistakes entitled anyone under any theory of equity to get a windfall.

Roll call:
Aye: Epstein, Nowlin
Nay: Gaguine
Motion passed, 2 ayes, 1 nay.

Chair Nowlin asked if the Board was interested in revisiting the previous case.

Following a brief recess to review the rules, Mr. Palmer understands that the board would like to make a motion for immediate reconsideration and typically that is made after the vote on the main motion but before the next case is called. He suggested the Board could consider a vote to suspend the rules, which would take a 2/3 vote, and the next question would be a vote for immediate reconsideration, which would require a 2/3 vote, and if both passed, the Board could revisit the vote on the previous case.

MOTION, by Epstein, to suspend the rule.

Roll call:
  Aye: Epstein, Nowlin
  Nay: Gaguine
Motion passed, 2 ayes, 1 nay.

MOTION, by Epstein, to reconsider the action in the first Burkhardt appeal.

Mr. Gaguine said the appellant already received a large windfall on one parcel and it did not entitle her to any.

Roll call:
  Aye: Epstein, Nowlin
  Nay: Gaguine
Motion passed, 2 ayes, 1 nay.

Mr. Palmer said the Board, in voting to reconsider, took the meeting back to the point in which the motion was on the floor, as if no vote had taken place. The motion on the floor at the time was to grant the appeal and a no vote had been requested.

Mr. Nowlin said the Board was discussing the Burkhardt Appeal 2017-0461, CBJ Parcel # 5B2401010080, Physical Location, 8537 Steep Place.

Mr. Epstein restated the motion was to grant the appeal and request a no vote, based on the reasons provided by the Assessor.

Ms. Potter said that this parcel is not in a flood zone and has no flood adjustment. The property was valued fair and equitable with all of the other parcels that are non-flood parcels. She did not recommend any change in value.

All members voted no. The appeal was denied.

IV. Adjournment

There being no further business to come before the Board of Equalization, the meeting was adjourned at 7:34 p.m.

Submitted by Laurie Sica, Municipal Clerk