

**BOARD OF EQUALIZATION
THE CITY AND BOROUGH OF JUNEAU, ALASKA**

Tuesday, May 17, 2016 at 5:30 PM
Municipal Building – Assembly Chambers

Minutes

I. Call to Order

Chair Epstein called the meeting to order at 5:30 p.m. Steven Moseley was sworn in to office as a Board of Equalization member by Deputy Attorney Jane Sebens.

II. Roll Call

Board of Equalization Panelists Present: David Epstein, John Gaguine, Steven Moseley.

Board of Equalization Members Present: Paul Nowlin.

Staff Present: Jane Sebens, Deputy Attorney; Laurie Sica, Municipal Clerk; Robin Potter, Assessor; John Sahnaw, Appraiser III; Dora Prince, Appraiser II; Mary Grant, Appraiser II; Jack Albrecht, Appraiser I; Kim Campbell, Business Property Appraiser I; Bob Bartholomew, Finance Director.

III. Approval of Minutes

Hearing no objection, the minutes of the July 29, 2015 Board of Equalization meeting were approved as presented.

IV. CBJ Attorney / Board Questions

Ms. Sebens said that each panel shall elect a presiding officer. Hearing no objection, Mr. Epstein was elected chair of the panel. Mr. Gaguine asked about election of officers. Ms. Sebens said there is a provision for the board to elect a chair from the entire board, but this is a panel, and each panel provides a presiding officer.

Ms. Sebens said she is available to the Board for any questions the board might have and provided the CBJ Law Office phone number. CBJ as well as the appellant can appeal a decision of the Board of Equalization, so it is important to create a good record in the minutes. Argument is not the same as evidence, and evidence needs to be presented to allow the board to base its decision upon that evidence. She encouraged the board to approach the matters before it without bias, without a personal opinion of value, without ex-parte communication, and only base the decision on evidence. The Board may accept late-filed appeals only if the appellant provides evidence that he or she was unable to comply with the filing deadline—otherwise the BOE has no jurisdiction to hear the appeal. When reviewing a request to accept a late-filed appeal, the merits of the appeal are not relevant and should not be discussed. If accepted, the appeal hearing would be scheduled for a later date.

The law does not spell out the method the Assessor must use to establish value, as long as there's a reasonable basis for the method, and consistency in its use. The Appellant has the burden to prove with factual evidence that the assessment is unequal, excessive, improper, or under-valued. Motions must be stated in the positive and if you believe denial is in order you may request a "no" vote. If you believe an appellant has established that an error has been made, you may remand the matter back to the assessor, or you may adjust if sufficient evidence has been provided.

She referred to the procedural guideline in the agenda packet. When there are multiple appeal hearings, a good record should be established for each – to note that the appellant has heard the rules. If the appellant is not present, the record should so note.

She said the material in the packet regarding late files was suggested language only.

Mr. Gaguine said he had an appeal pending before the board. He said that his interest is that the assessor looks at his property, but he did not believe he had a conflict.

Ms. Sebens looked to the parties and the board and she said it could present the appearance of a conflict that there was a bias, and since an alternate was present, Mr. Nowlin may sit in. Ms. Sebens said if there is a similar issue presented, that may present a conflict. She said it was not an absolute conflict and the parties should comment. No appellants were present. Ms. Potter said she did not have an objection and she has not been able to get to Mr. Gaguine's case at this time.

Hearing no objection from the panel, Mr. Gaguine was allowed to served.

V. Property Appeals

Attached are the 2016 property appeals being brought before the Board of Equalization for a final value determination. The appellant and the Assessor were unable to reach a value agreement for the parcel values.

CBJ Appeal Tracking #	2016-0040		
Subject Property			
CBJ Parcel #	4B2901300030		
Physical Location	1000 MINK CIR		
Appellant Name	Todd Styrwold		
2016 Preliminary Assessed Value			
Land	\$ 164,200	Improvements	\$ 293,700
Exemptions	\$ -		
TOTAL TAXABLE			\$ 457,900
Owner's Estimated Value			
Land	\$ 154,000	Improvements	\$ 286,000
Exemptions	\$ -		
TOTAL TAXABLE			\$ 440,000
CBJ Assessors Office Recommendation			
Land	\$ 164,200	Improvements	\$ 293,700
Exemptions	\$ -		
TOTAL TAXABLE			\$ 457,900

Chair Epstein provided a 15 minute time allowance for each party to state their case, followed by questions from the Board, and then a motion, discussion, and a ruling to grant or deny the appeal.

Chair Epstein noted that Mr. Styrowold was not present to give verbal testimony. Mr. Sahnnow said that Mr. Styrowold sent an email and suggested that he would not be present. He did not ask for a delay of the hearing.

Ms. Potter referred to the email traffic, which she provided to the board members to review. The Board read the correspondence.

Dora Prince presented the case for the Assessor, reading from the prepared information in the meeting packet.

Mr. Gaguine asked about the math used in the Ms. Prince's "Analysis of Recent Sales" in which she stated that sales throughout the borough over the past three year period were analyze, yielding a rate of change of 3.41% per year, and how she had applied the math to this property in particular. Mr. Sahnnow said there were a number of ways to look at this and the appellant was focusing on the appraisal from 2014. The contract sales price was \$439,000 but the property owner's appraisal price was \$441,000. The only number that is market value is the appraiser's opinion of market value. You can pay less, but that doesn't mean the property is worth less. Ms. Price said the difference also was the timing and the months the valuation was based upon.

Mr. Gaguine asked why the rate was not based on the 2015 appraisal. Mr. Sahnnow said that when the assessor performs a ratio study to determine the rate of change over the previous years, typically sales are used, but there are few sales reports due to Alaska being a non-disclosure state. Therefore, we use three years of sales and take into the time and adjust, this is how we arrive at 3.41% increase over three years. In response to Mr. Gaguine's question, Ms. Potter said if an appraisal is brought in within the last 12 months, the Assessor takes that value as fact and makes no adjustment. Mr. Gaguine referred to another case that was done differently in the past year and Ms. Potter said she had no information on that matter. She explained the greater increases in value recently and said she took a longer look to prevent wild swings in valuation.

In response to Mr. Moseley's question, Ms. Potter said an appraisal is a more accurate reflection of market value than a sale price.

Mr. Sahnnow said the assessments are based on mass appraisal and he explained that the changes in value varied between neighborhoods based on recent information obtained.

Mr. Gaguine said he was trying to understand the relationship between \$439,400 – the 2015 assessed value, and the \$457,900 value this year – it was more than a 3.41% increase and he didn't understand how the 3.41% figure was determined. Mr. Sahnnow said that the difference was a 4.2% and that was a market adjustment for that neighborhood. If it was used as a sale in the sales ratio analysis it would have been adjusted at that 3.41% rate. Mr. Epstein asked if the 3.41% was the percentage of change in the sales price over a period of time, but not the assessed value and Mr. Sahnnow said yes, over a three year period. Ms. Potter said it was an annual trending rate developed out of the software used. Ms. Potter explained her methodology to determine fair market value.

Mr. Epstein referred to Mr. Hartle's memo from 2013, which emphasized the fact that to grant an appeal, the panel needed to find an improper valuation method used, or a fundamentally wrong principle of valuation and he did not see that in this case. There is nothing to show the Assessors Office is acting in a fraudulent manner. There may be differences of opinion, in terms of the dollar amount involved but when the state assessor conducted training he pointed out that the Board had to make a finding that a valuation was grossly disproportionate and that is not shown in this case. The Assessor used a common method for assessing this property, it is not fundamentally wrong and he said this was a fair assessment of the property.

Mr. Moseley said if the appellant could prove improper or excessive, setting aside unequal, that could be a be a valid reason if there was evidence. Mr. Moseley said the appellant wrote that his assessment was excessive. Mr. Epstein said that may be the case but there has to be evidence provided to prove this. Mr. Moseley asked if the appraisal he submitted was part of the appeal.

Mr. Sahnaw said the information on page 5 with the 3.41% and recent sales was confusing, but the intent was to show that if you looked at this valuation from any one of three approaches, the number came out higher than the assessment, and when considered like everyone else, it came out at the noticed valuation and was lower than if merely time adjusting his purchase price. We are recommending no change, as it is not the policy of the Assessor's office to raise values, even if this information is discovered through the appeal process. He explained the methodology for mass appraisal and the assessor can examine a property individually. It was not an error to do mass appraisal, as we are not able to assess similar to fee appraisal methods, due to the amount of time.

MOTION, by Moseley, to grant the appeal, and asked for a no vote, based upon the reasons provided by the Assessor.

Mr. Gaguine said he could not vote no on this motion. He said the assessment was \$439,400 in 2015 and a figure of 3.41% as the increase in value and it seemed arbitrary to say that the proper result was anything other than \$439,400 increased by 3.41%. Ms. Potter said the 3.41% was what was used on sale prices to trend them to January 1. The Assessor applies a value to the properties in mass, and uses the market adjustment as a whole. This particular neighborhood, Montana Creek, has strong sales and that is the market that has nothing to do with that time trended sales price. Mr. Gaguine disagreed with the Assessor's reasoning.

Mr. Moseley said Mr. Gaguine's comments made some sense, but that was not what was under consideration as that was only one mechanism for assessing the price. Mr. Epstein said that the Board does not make it's determine its actions on past assessments and this is a year to year process.

Roll call:

Aye: Gaguine

Nay: Moseley, Epstein

Motion failed, the appeal was denied and the assessment stands as noticed.

CBJ Appeal Tracking #	2016-0216		
Subject Property			
CBJ Parcel #	5B1401000110		
Physical Location	7340 GLACIER HWY		
Appellant Name	Roger Sams		
2016 Preliminary Assessed Value			
Land	\$ 170,200	Improvements	\$ 220,400
Exemptions	\$ 150,000		
TOTAL TAXABLE			\$ 240,600
Owner's Estimated Value			
Land	\$ 120,000	Improvements	\$ 190,000
Exemptions	\$ 150,000		
TOTAL TAXABLE			\$ 160,000
CBJ Assessors Office Recommendation			
Land	\$ 170,200	Improvements	\$ 220,400
Exemptions	\$ 150,000		
TOTAL TAXABLE			\$ 240,600

Chair Epstein noted that Mr. Sams was not present. A letter from Mr. Sams was provided in the packet stating that an increase of value of almost 10% in one year was excessive.

Mr. Sahnnow said that Mr. Sams' property was included in the Lemon Creek assessment area. The property is close to the State DOT property and across the Egan Highway from Sunny Point. The Assessor's Office visited the site and were not asked to visit the inside of the property, which is typical, and the house appears to have adequate or better maintenance. The lot and other lots in that immediate area is larger than typical. The property has a view of the Mendenhall game reserve. The house is assessed by the cost approach with depreciation and the outbuildings have been assessed conservatively. These are older buildings and are not those typically found in a "cookie cutter" neighborhood. His land is valued in the same manner with others, the house in the same way, with an annual market neighborhood adjustment which resulted in a fair market value. Mr. Sams provided the written comments in the packet after he rejected the Assessor's recommendation of no change.

Mr. Gaguine asked the square footage of the house and Mr. Sahnnow said it was 1575 square feet. Mr. Gaguine asked if Mr. Sams was present when the assessors were on site and Mr. Sahnnow said no. Mr. Sahnnow said the assessors offered to do an interior inspection but the offer was not accepted.

Mr. Sahnnow said he looked at the values provided in the neighborhood and said that Mr. Sam's property was lower than others in the area.

Mr. Moseley asked if the value was increased by 10%. Mr. Sahnnow said Mr. Sams' assessed value was increased 8.4%. Mr. Sahnnow explained how property is canvassed, which is the term used for inspecting individual properties from the street. There is a five year cycle to canvass every property in the borough. Mr. Sam's property was canvassed in 2015, after the 2015 assessment, which affected the

2016 assessment. The assessment is based on the data being updated the canvass in 2015 and the market adjustment being applied to that information. A canvass includes going to the property with the property file, reviewing the measurements, account for all buildings on the property, that there has been no removal of buildings and we do a new calculation of replacement cost, which involves new building cost data from Marshall and Swift, and that is depreciated, and all of those canvassed properties values are in the annual ratio study and produces the neighborhood adjustment.

Mr. Moseley said that if there was a case that they are below market value for some time and then a change is made, they could feel it was unfair, but this method seems fair and reasonable.

Mr. Gaguine asked about the age of properties in the area. Mr. Sahnnow said the subject property was estimated to be built in 1944. Mr. Gaguine asked about the depreciation value and Mr. Sahnnow said assumptions are made, especially when no access to the interior is available, that buildings are maintained, and on a roughly 15 year cycle. Major house components are updated, such as bath, roof, siding, etc. Typical depreciation tables are not straight line and reset at a 15 year period. Assuming average treatment, properties have the same amount of depreciation.

MOTION, by Gaguine, to grant the appeal and recommended a “no” vote.

Mr. Gaguine said the assessment seems high, but given that Mr. Sams did not make a presentation and did not allow the assessor into the house, there was no evidence to change the assessment.

Roll call:

Aye:

Nay: Epstein, Moseley, Gaguine.

Motion failed, the appeal was denied and the assessment stands as noticed.

VI. Late Filed Appeals

Chair Epstein said the purpose of this review was to determine if the taxpayer is able to prove that they were unable to comply with the 30 day filing period due to a situation beyond their control, such as a physical or mental condition that prevents a taxpayer from acting rationally regarding the matter.

- o Dvorak, Jonathan – not present. Appellant’s written request was provided in the packet.

Mr. Moseley said the deadline was missed by one day, however, this does not meet the standard. He said that 30 days from mailing does not seem to be adequate to address a matter of this complexity, and although this is not the place to reconsider the rules, he thought a courtesy period was appropriate. Ms. Sebens said the 30 day period is based upon state law. Mr. Gaguine said that it was not necessary to provide all information upon which to make a case about a valuation to make an appeal and that the argument could come later in the process.

MOTION, by Gaguine, to accept the late filed appeal and asked for a “no” vote as the appellant had not proved that he could not comply with the deadline. All panelists voted no and the late filing was not granted.

- o Schutt, Beverly and Lawrence – not present. Appellant’s written request was provided in the packet.

MOTION, by Gaguine, to accept the late file and recommended a “no” vote for the reason that the appellant has not proved that they could not comply with the deadline. All panelists voted no and the late filing was not granted.

- o Gilbert, Teresa – not present. Appellant’s written request was provided in the packet.

Mr. Epstein said it was logical to assume that if she has the capacity to take care of a family member while on medical leave, that she has the ability to take care of her personal affairs, so that since it is unfortunate, it does not meet the standard. Mr. Moseley disagreed and said there was not enough information regarding the disability and the care needed. He felt that her personal medical issues stated could have had an effect on her ability to address her personal affairs. Mr. Epstein said that the decision needed to be based upon facts and the pain medication was not specified – he understood that taking care of a parent with dementia required a person to be on the ball. We can’t go on assumption. Mr. Moseley agreed that there was not enough information. Mr. Gaguine asked about the mailing date of the notice and Ms. Potter said appeals were mailed on March 21. The notice is also published on-line, there is newspaper and radio notice. The assessor will pick up appeals from people who are housebound. The appeal can be accepted on line and over the phone.

MOTION, by Moseley, to accept the late file and recommended a “no” vote for the reason that the appellant has not proved that she could not comply with the deadline. All panelists voted no and the late filing was not granted.

- o Hamrick, Kevin – not present. Appellant’s written request was provided in the packet.

Mr. Gaguine said if Mr. Hamrick had a medical appointment on the last day to file, then that was a reason to file before the last day.

MOTION, by Gaguine, to accept the late filed appeal and asked for a “no” vote as the appellant had not proved that he could not comply with the deadline. All panelists voted no and the late filing was not granted.

IV. Adjournment

There being no further business to come before the Board of Equalization, the meeting was adjourned at 7:11 p.m.

Submitted by Laurie Sica, MMC, Municipal Clerk