

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

Thursday, October 10, 2013 at Noon
City Hall Conference Room 224

I. CALL TO ORDER: Chair Ed Kalwara called the meeting to order at Noon.

II. ROLL CALL

Board Present: Michael Boyer, David Epstein, John Gaguine, Ed Kalwara, Paul Nowlin, Pat Watt, Bruce Weyhrauch (12:19 p.m.)

Board Absent: None.

Staff Present: Laurie Sica, Municipal Clerk; Beth McEwen, Deputy Clerk; Jane Sebens, Deputy City Attorney; Robin Potter, Assessor; John Sahnaw, Appraiser III; Kim Campbell, Admin Assistant II; Bob Bartholomew, Finance Director

III. APPROVAL OF AGENDA

Hearing no objection, the agenda was approved.

IV. APPROVAL OF MINUTES

Hearing no objection, the following minutes were approved as a slate, with a minor correction of changing the motions from “accepting the appeal” to “granting the appeal”:

- a. April 24, 2013 Training Meeting Notes
- b. June 26, 2013 Hearing
- c. July 11, 2013 Hearing
- d. July 30, 2013 Hearing
- e. August 13, 2013 Hearing
- f. Sept. 12, 2013 Hearing

The Board agreed in the future to have the clerk distribute the minutes following each panel and have members return any comments to the clerk, and at the next board meeting, regardless of the panel, can approve the minutes. It was important to have minutes available if a case was appealed to court.

Kim Campbell said that she prepared a decision for each case that came before the Board and had the Chair sign those. She would distribute a copy of the template to the Board for their review.

V. BOARD OBSERVATIONS

David Epstein said despite all the training and support, it was difficult to feel comfortable in the Board Member Role until hearing a few appeals. He thought it would be good to get the minutes following the panel hearings. Board service was a lot of work but it was a good experience.

Paul Nowlin would like to see nametags for everyone including the assessors and the appellants.

Pat Watt said she would like to get a copy of Mr. Van Sant's do's and don'ts. The board does not want to appear to be a rubber stamp, but the board upheld the assessor in all cases, with a bit of dissent. She said she would have been challenged to come up with a different number and likely would have to take the appellant's value. Any training on that aspect would be good.

Jane Sebens said that the burden was upon the appellant to provide evidence of the proper value. Lacking that evidence the Board could remand the matter to the Assessor.

John Gaguine asked why Mr. Sahnaw represented the assessor's office in each case and not the person who had done the assessment. Mr. Sahnaw said that the assessment was done by the assessor and field work was done by the appraiser - all contributed and the end product was the analysis of the assessor.

Mr. Gaguine asked why the previous year's assessment had not been considered relevant information and included in the packet. Mr. Sahnaw said that following the meeting at which the comment was made by Mr. Gaguine, that information was included.

Mr. Gaguine said he dissented in two appeals and the one that bothered him was the issue in Eagle's Edge subdivision. He asked if it was required that the assessor put a value on the property and a value on the land. Ms. Potter said yes, in a trailer park, the park owner got the land valuation and the mobile home owner only got the value of the mobile home. Mr. Gaguine said that the property owner in that case was told her trailer had no value, and perhaps was even a negative value, and the property was worth \$100,000. There was evidence that there were larger and better pieces of property were assessed at \$71,000. How could the assessment be justified? If this property and its improvements together were worth X amount of money and not segregated out, that would be better. Was that an option? Ms. Potter said there was a land value and a building value which totaled. She would like to see a third line – a market adjustment value, because the market is what was required to be examined when assessing. Eagle's Edge was a unique market. Several years ago she assessed that area and brought all the values down because she could not justify that amount of money for a mobile home lot, but it had its own market, and she had half of the homeowners in that neighborhood appeal the values in mass that they were vastly undervalued. Looking at the sales prices, they were correct, but it was not logical to her. A lot with a mobile home or manufactured home on that lot can be valued higher than a single family home on a single lot in a neighboring subdivision was unique and had its own market. We have to create models to create equity and then make adjustments to particular locations. The market in Juneau was 25% higher in the market sales on manufactured homes and mobile homes. There was sales data in the packet that supported the values.

Mr. Weyhrauch arrived at the meeting.

Mike Boyer said he had not served on a panel this year and was only an alternate once. After the initial poor publicity in the media about the new valuations, he felt that the Board had done good work. He suggested that the Assessor may want to get ahead of the publicity next year and explain how the assessments are done and the process.

Ed Kalwara asked how the Board should handle confidential information provided by appellants. He suggested that Board members should return the packets to the clerk following recordkeeping and records destruction as appropriate. Ms. Sica said she maintained the Board packets according to the CBJ retention schedule. Bob Bartholomew suggested Board members keeping the information until the minutes were approved, then returning the material.

Mr. Kalwara said there were several cases in which appellants had brought information to the hearing that the Assessor had not seen until the hearing and thought that should be a stopping point.

Mr. Epstein said that when the appeal was submitted it should include all the information the appellant intends to present at the hearing.

Ms. Sebens said that was generally the rule, but having a hard and fast rule is difficult because these hearings are typically informal, and it may be handled on a case by case basis. The assessor could weigh in and ask if the material should be accepted or if they would require more time for review. The notice to the appellants needs to clearly state that the appellant that can provide evidence and a date by which to provide it. The assessor had to have right to review, request continuance, or move forward. There were no objections to that approach.

Bruce Weyhrauch said he did not sit in on any hearings and he thanked the other board members for their work – especially Paul Nowlin who sat in on many. When he reviewed the materials it appeared that it was difficult to fight City Hall. He thought there would be more appeals given the press.

Ms. Watt asked if it was safe to assume the assessor was able to reach agreement with many appellants. Ms. Potter said there were over 1000 inquiries, many were office corrections, or exemptions that were administrative. Of the remaining appeals, the staff worked very hard for resolution. Not all of the appellants got what they wanted but they did get a better understanding of the assessment process. Appeals were helpful to the staff and she said they learned a lot from them.

Mr. Gaguine suggested that a hard and fast time for presentation of an appeal may not be fair.

Ms. Watt said it was very important to explain to everyone what the process was at each meeting. She recommended that any new member gets some type of training beyond the printed material.

VI. ASSESSOR STAFF OBSERVATION

Laurie Sica thanked the board for their time. She spoke about the difficulty of making copies of materials provided by appellants at the meeting and suggested better information to the appellants about how to be prepared for the hearing. She said that Ms. Campbell had done an exemplary job of keeping the appeals and the office organized.

Beth McEwen said that the process for conducting the meeting should be repeated at every meeting at the beginning.

Ms. Potter said she was satisfied with the hearings and the Board's service. She asked for feedback on the packets and the Board was satisfied with the information that they were presented.

Mr. Bartholomew suggested that there needs to be a better way to let the appellant know that they needed to be prepared to present facts and that the burden of proof was upon them

Ms. Watt asked if it would be possible to provide the appellants with an outline of how to prepare their appeal. Ms. Potter said the assessor did provide that information and before appealing, the appellant was working directly with the assessor.

Mr. Bartholomew said there was an evolution of how the assessed value was allocated between the land and the structure. On several the appellant would focus on one or the other, and it was actually the market value of the combined target. Because there was more value going to land this year in the next year people would see this and there would not be the significant movement that was seen this year. Stressing that it is the combined total of the property is important.

Mr. Gaguine asked if there was a requirement that the values were broken in two. Ms. Potter said all real property would at minimum be a land value as structures were optional and this may be how this came about. A third element was a market adjustment. A typical building would be priced similarly and the market would be towards the land or location. When they saw the market go up on a particular neighborhood, the assessor would need to figure how to distribute that increase.

John Sahnnow said it was a new experience for him and he did put significant time into preparing the packets so they were more helpful. He said overall it went well this year.

Ms. Sebens suggested an initial meeting every year for the Board and that the Board elect a chair. The clerk should maintain the scheduling role. Any conflicts should be brought to the attorney early so that any necessary alternate could be determined, and a discussion about conflicts could happen at the initial meeting. The important issue was to have a fair and impartial panel each hearing. The Presiding Officer at each panel needed to review the procedure, standards, rules and any time frames set for the hearing. It set the tone for the hearing and for the authority of the board, and ensured consistency between the panels and make for a better record. She encouraged a time limit on presentations to allow for the main points to be in the record. The Presiding Officer could determine if interruptions were allowed, but she thought it was important to limit interruptions and appellants are new to testifying and may side track their arguments. The same could be said for the Assessor, and the Assessor should be allowed to explain the methodology for each appeal case so the information is on the record. Ms. Sebens said she could help with some type of notice regarding the presentation of materials by the Appellant. Ms. Campbell said that there was a ten day notice to the appellants and they had to have any information to the Assessor within three days of the appeal hearing. Ms. Sebens said most appellants do not have counsel and so they needed to have their "day in court." Ms. Sebens said she felt the Board had done good work to make decisions that were evidence based upon the record and at the hearing.

Mr. Gaguine said that the appointment of the panels had not followed the code language and Ms. Sebens said that had been tempered by practicality. She said that the code also needed to be changed to indicate that an appeal from the Board of Equalization would not be heard "de novo" on appeal to the court.

Ms. Potter explained the flow of work in their office and that they worked on appeals from the time they were filed. As a general rule they tried not to have any appeal go to the BOE. They had to set an initial hearing date by law but did not generally hold a BOE until June. The Board suggested the initial meeting be held in April next year.

VII. BOARD REPORT TO ASSEMBLY (CBJ Code 15.05.185(d))

There were few comments about the draft Board Report.

VIII. ADJOURNMENT – 1:12 p.m.