

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

Thursday, July 11, 2013 at 5:30 PM  
Assembly Chambers, Municipal Building

**I. CALL TO ORDER:** Chair David Epstein called the meeting to order at 5:30 p.m.

**II. ROLL CALL**

Board Present: David Epstein, Chair, Myrna Gardner, Paul Nowlin, and Pat Watt

Staff Present: Kim Campbell, Admin Asst. II – Assessor’s Office; Beth McEwen, Deputy Municipal Clerk; Jane Sebens, Deputy City Attorney; John Sahnnow, Appraiser III; Donna Walker, Appraiser II; Dora Prince, Appraiser.

**III. PROPERTY APPEALS**

Mr. Epstein explained that the Board of Equalization convened was a four member panel of the Board to conduct the hearings, based randomly and on the availability of the members to attend. The job of the board was to hear the circumstances property tax appeals and late filed appeals to determine if the process could be continued for each appellant.

Ms. Sebens highlighted that the Board of Equalization was a “quasi-judicial” body, and deliberation could take place on the record, but executive session was permissible. The burden of proof was upon the appellant, whether to consider an appeal on the merits or the acceptance of a late filed appeal. The standards for late filing were that the BOE must determine the appellant was “unable” to apply in a timely manner. “Unable” would be situations beyond the control of the taxpayer, as in a physical or mental disability, and the duty was upon property owners to keep the city apprised of their current address and to have someone in charge of their mail while away. If the BOE cannot make a finding of “unable,” the right to appeal ceases.

Regarding the merits of an appeal, the grounds for adjusting an assessment were proof, with facts, presented in the appeal or at the hearing, of “unequal, excessive, improper, or under-valuation.” There needed to be facts upon which to base a decision, and the BOE needed to state the reasons on the record for its actions, as the findings were subject to an appeal to court.

Ms. Sebens said that state law required a minimum of three panel members, and one member indicated prior to the meeting a conflict of interest with one of the appellants, so at that time, one member would step down.

**Appeal #1 -**

Subject Property: Parcel # 5B2501530070, Location: 9099 Pinedale Street

Appellant Name: Walter Ullmayer

2013 Preliminary Assessed Value:

Site: \$ 101,000 Improvements: \$ 242,900 Total: \$ 343,900

Owner's Estimated Value:

Site: N/A Improvements: N/A Total: N/A

Assessor's Recommendation: No change to 2013 Assessed Value

Mr. Walter Ullmayer distributed some information for the BOE to read. He said that when he received his 2013 assessment notice that his property was valued at \$343,900, he was surprised it had increased \$28,000 since 2012, or more than 8%. In 2012, the property assessment increased 5%. He was concerned about the methodology and asked for an inspection. Mr. Sahnaw inspected the property and sent him a listing of West Valley neighborhoods showing sales in the area in 2011 and 2012. He did not think it was representative of the area he lived in. He and his wife looked at the properties in the neighborhood and the assessed value of those and the assessed values of the properties Mr. Sahnaw listed for them. The median value of the assessed values Mr. Sahnaw used as comparable was \$359,000. In his area, the median assessed values were \$332,000. His property was assessed at \$343,000, and was somewhat higher than my neighbors. Our neighborhood lots average 10,000 square feet. In the area he showed us, those lots average 11,000 square feet. Mr. Sahnaw also gave Mr. Ullmayer information on the average sale prices of houses in the Juneau area from 2005 – 2012. In 2008, the average price for a house in Juneau dropped about 10%, but Mr. Sahnaw said that was due to a drop in sale prices of higher priced homes above \$500,000, which was a confusing point. Mr. Ullmayer said his home didn't drop during those times, but in 2009, 2010 and 2011, prices went up 8.8% across the board. He felt this should mean that his assessment should be 1.2% lower now than it was in 2007. Mr. Ullmayer said his property has increased in value over 15% in two years but it was supposed to drop 10% in 2008. He did not feel that the assessed increase in one year was equitable. The methodology was still unclear. He said that if his house burned and they did not rebuild, he asked if the remaining lot would be actually valued at \$101,000 for one seventh of an acre of land.

Mr. Sahnaw said in response to the appeal, he inspected the property and spoke with the owners, explained the methodology and answered questions. The graph Mr. Ullmayer referred to was part of a report created by Juneau Economic Development Council and was to show the market in Juneau compared to the Lower 48 states. Mr. Sahnaw said the Assessor's Office uses a cost based

approach to assess the value of the buildings. This was not a new method. They look at the building on-site compared to the information in the files and recalculate the cost basis for the building. During the year the Assessor collects sales information. Alaska was a non-disclosure state so they did not get all of the sale, but did get some, and were provided at the request of the Assessor to recorded sales owners / sellers in Juneau. The known sales in a neighborhood were part of the total sales in the West Valley neighborhood and compare to the assessed value. The building value was subtracted from the sales price and the remaining value was attributed to the land. The Assessors took the land values and used those to calibrate a formula to be able to represent land values within a specific neighborhood. Each neighborhood had specific values. They had reasonable confidence that they were assessing values equitably. If they found the assessments lagged from the sales prices, then they would be valuing the parcels too low. They were adjusting to the market. The recent sales were not a block from the Ullmayer's house, but the Assessor defined the market geographically, and they were looking at the West Valley for this property, not including the Back Loop or the valley on the other side of the Loop Road, and not including the area by the Airport, but all up the West Valley. He was looking at sales that had similar living area as a way to sort the list. 1824 – 2072 square foot homes sold in 2011 – 12, the sale prices ranged from \$300,000 to \$412,000, with the median being \$355,000. The subject property was below the medium value and he thought that was reasonable. The Assessors used a mass appraisal method and he did not feel there was sufficient information to do a mortgage or fee appraisal, so within the current methodology, this property was assessed equitably. He did not recommend any change.

Mr. Ullmayer said on page 4, his calculations showed that the assessor was \$5000 off from median sales price and the median assessed price of the properties.

Ms. Watt asked if the Assessor's methodology was to do the median on the sales price, not the assessed price. Mr. Sahnaw said that the median was just a tool for looking at a group of data and it was not an average. Ms. Watt said she understood that the median did not pick up the out-lyers. Mr. Ullmayer said that if the median assessed price was \$359,000, but that was not how the methodology was done, the assessor looked at sales prices. Mr. Ullmayer said the median sales price was \$355,000 and the median assessment for the properties was \$359,000. Ms. Watt said this suggested that the assessed value was a little below the sales price.

Mr. Nowlin said that this was a small sample and if there was a different sample it could be the opposite. Mr. Sahnaw said that was correct.

Mr. Epstein asked about Mr. Ullmayer's comments regarding an underground oil tank and how that affected the assessed value. Mr. Ullmayer said that the

Assessor said it would give an allowance of half the cost to remove the underground tank and replace it with an above ground tank, which came to about \$5,000, so would adjust the assessed value by \$2,500. Mr. Sahnaw said that was correct, and they discussed this in particular and in general that this is generally handled through a renegotiation of a sale price to take into account about half the cost to cure for the buyer and half for the seller. The Ullmayer's provided a contractor's estimate and he did offer 50% of that cost, as well as removed \$1000 for a shed that would need to be removed, but that offer was rejected by the appellant. There are hundreds of buried oil tanks in Juneau and whether that has an effect on the market was subjective, so he retracted that offer as no one else was getting that type of break.

Ms. Gardner asked about the square foot value of the land in the assessment, in which the Assessor took the sale value less the estimated building cost to derive the land value. In Juneau, had there been sales of just lots. Mr. Sahnaw said there were, but they were rare and out of those few sales, the chances of getting that sales information were slim. He did not have good information on vacant land sales. Ms. Gardner said that the property in question was 7,998 square feet and the value was \$101,000, but another property was listed at 10,454 square feet with a value of \$105,900. The price difference was \$4,900. The cost of the home was a moving target, but land was different. Mr. Sahnaw said that the methodology the Assessors used gave them the best picture of land value in Juneau and it was based on sales, extracting the building value from the sale and working with the residual to come up with a formula to value all the parcels.

Mr. Ullmayer questioned the choice of the comparables used, and said that there were three lots for sale near the river by the Baptist Church that were listed at \$130,000 per lot of a 30,000 square foot lot, which was lower than his value. Mr. Sahnaw said that vacant, raw land had a lower value as there were costs to develop a lot into a buildable building site.

Mr. Epstein said to grant an appeal, the BOE would need to find an assessment excessive, unequal or improper. He saw that the assessment was different, but it did not seem grossly disproportionate. The process used seemed to be applied to all properties equally. Mr. Epstein said he was not convinced that the process was fraudulent or wrong and the Assessor had applied a well-recognized means of assessing property, whether lay people understood it or not.

*MOTION, by Ms. Watt, to grant the appeal, and she requested a no vote based on the reasons provided by the Assessor.* There were no votes in the affirmative. Three members voted no. The appeal was denied.

Chair Epstein noted that he had a conflict of interest regarding the following appeal, and stepped down from the meeting. He passed the chair to Ms. Gardner.

**Appeal #2 -**

Subject Property: Parcel # 6D0701000011, Location: 4770 N Douglas Hwy

Appellant Name: Peter Dukowitz

2013 Preliminary Assessed Value:

Site: \$ 175,100 Improvements: \$ 100,300 Total: \$ 275,400

Owner's Estimated Value:

Site: N/A Improvements: N/A Total: N/A

Assessor's Recommendation:

Site: \$87,600 Improvements: \$93,600 Total: \$181,200

Mr. Dukowitz provided the BOE with written material. He said he purchased the property in 2010 and three months after he bought the property he tried to sell it – he had it listed with a realtor and the buyer backed out. They found out there was an encroachment and the building was on state tidelands. He filed a lawsuit against the Title Company and the previous owner. He said his property is unmarketable but it is still assessed. He provided a chart comparing the properties on both side of his lot and the adjoining property owners are assessed at \$4 per square foot and the current city assessments on his lots are \$22 per square foot for land value only and with the building it is \$35 per square foot. The Assessor recommended dropping his lot value to \$11 per square foot. He said that for a lot that could not be sold, it was still too high. Because the building encroached on state tideland, the property did not meet FHA lending guidelines and had to have a tideland lease from DNR, which would make the property marketable. The property also has a buried oil tank and the banks would not lend for a property with a buried oil tank.

Mr. Nowlin asked if the building Mr. Dukowitz referred to was the main house. Mr. Dukowitz said yes, the building was a duplex and had been there 50 – 60 years. The property was subdivided in 1965, and had been bought and sold several times, it had bank financing on it before but he was denied selling it by the same title company.

Mr. Sahnaw asked for clarification on which property appeal was being discussed. Mr. Dukowitz said both and asked to talk about both at the same time. Ms. Gardner identified the property and said the two parcels would be evaluated separately.

Mr. Dukowitz said that the problems he discussed referred to Lot 2. Lot 1 was joined to lot 2 under a single deed and lot 1 had an abandoned oil tank on it. Lot 1 was tied to lot 2 with a deed of trust and due on sale clause that tied the two pieces together, so he could not market either property.

Mr. Dukowitz said the lots were separated in 1965. In 2010 he purchased them together and they had a single tax ID number. For listing it with a realtor, separate tax ID numbers are required. He requested separate tax ID numbers from the city, as it was a legal subdivision and two separate lots since 1965.

Mr. Sahnnow said there were additional issues raised in the course of the appeal. There is an access challenge as access to both appealed lots was from a third lot which Mr. Dukowitz also owns and there is a question about whether that would continue. Mr. Sahnnow visited the site along with another appraiser. The proposed reduced valued took into consideration, within the assessor office guidelines, a significant adjustment based on the assumption that there might not be direct vehicular access on that site in the future. Based on the site visit we adjusted for a steep slope. There was a base value on the site for that neighborhood, but with saltwater frontage there was an additional calculation applied to the value. The base value calculation was equitable, but did not take into consideration the access challenges or the slope, and both are accounted for in the revised site valuation. The assertion that this property was not marketable was new information to him and he did not know how that would affect the analysis. The cost approach was used for the house.

Ms. Watt asked if Mr. Sahnnow had the information about the marketability of the property, how he would have addressed that. Mr. Sahnnow said that was an analysis he would not attempt to make on the spot.

Mr. Nowlin asked Mr. Dukowitz why he had not addressed that issue with the assessor. Mr. Dukowitz said he did mention the lawsuit but apparently did not make his concern clear. Mr. Nowlin asked what it would take to make the property marketable. Mr. Dukowitz said he would need a DNR tideland lease and access. He has a DOT relinquish application that is on hold. The current driveway is not a public or private access and he is trying to make it a legal access.

Ms. Gardner asked for clarification that Mr. Dukowitz could not legally sell lot 1 and Mr. Dukowitz said that was correct, that it was bound by the deed to lot 2 which had a "due on sale" clause and he had to have legal access and repairs done on lot 1 in order to market it.

Mr. Nowlin asked if a person did not need to have a bank loan and had their own financing if he could sell it to them. Mr. Dukowitz said if someone had enough cash and they accepted the encroachments and defects, yes.

Ms. Watt asked if the BOE could return the matter to the Assessor and Ms. Sebens said yes. Ms. Sebens suggested the BOE could make a motion to remand the matter to the Assessor and it could return to the BOE if the matter was not resolved.

MOTION, by Ms. Watt, to continue the matter until the next BOE meeting. Hearing no objection, it was so ordered.

**Appeal #3 -**

Subject Property: Parcel # 6D0701000012, Location: 4750 N Douglas Hwy

Appellant Name: Peter Dukowitz

2013 Preliminary Assessed Value:

Site: \$ 181,700 Improvements: \$ 197,000 Total: \$ 378,700

Owner's Estimated Value:

Site: N/A Improvements: N/A Total: N/A

Assessor's Recommendation:

Site: \$63,600 Improvements: \$49,200 Total: \$112,800

MOTION, by Ms. Watt, to continue Appeal #3 to the next BOE meeting. Hearing no objection, it was so ordered.

Mr. Epstein returned to chair the meeting.

**IV. LATE FILED APPEALS**

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| 25148 Amalga Harbor | 3B4001020110 | Douglas Larsen |
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Douglas Larsen said that his reason for not filing within the appeal period was because he was out of the country. He understood that was not a reason for being allowed a late file appeal. He wanted to go on the record that the assessed value on his property was excessive for the reasons he indicated in his letter. He also spoke with several neighbors and many of those properties were reduced due to conversations with the assessor, so those reasons would apply to his property. If the BOE was not able to act on this appeal, he asked if he would receive a follow up assessment in one year and at that point he could appeal. Ms. Sebens said there would be no revisiting 2013's assessment, but he would have an appeal right in 2014. He asked if he could get information about if the Assessor would base the assessment on this year's value. Mr. Epstein said the matter was only the timeliness of the appeal, and being out of the country was not a sufficient reason to grant the late filed appeal.

Ms. Gardner asked if all three owners were out of the country. Mr. Larsen said no, they were a partnership and they purposely waited until he returned to discuss taking joint action. Mr. Epstein asked if the two co-owners were suffering from a mental or physical disability that would prevent them from requesting a timely appeal. Mr. Larsen said no.

*MOTION, by Ms. Gardner, to hear the appeal. Seconded by Mr. Nowlin. All votes were in the negative and the request to hear the appeal was denied.*

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| 9041 Ninnis Dr | 4B2901320060 | David Robinson |
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The BOE noted that this matter was incorrectly placed on the agenda, as the matter was addressed at the previous meeting.

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| 25380 Amalga Harbor | 3B4001020021 | John and Sharon Taber |
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Mr. Taber said the reason they were unable to file in a timely manner was that they did not receive the notification of the new assessment as it was sent to a former address. Hearing the explanation of former addresses, he realized the bar he had to rise above. He said he was working in the Foreign Service in Lima, Peru until December 16, 2011, when he moved to Juneau. At that time they were receiving their mail at the diplomatic post office and when they arrived in Juneau they purchased a condo at Spaulding Beach and registered that information with the CBJ, applied for senior sales tax exemptions and so forth. They received mail from the city for hazardous waste at their current address and the assessment on their new property, but this notice was sent to Lima, Peru instead of Auke Bay. We did notify the CBJ of our address change and got mail in Auke Bay, but this one piece did not come to that new address, so we did not know what the assessment was until we asked in the Assessor's office for the information. They have owned the property in Amalga Harbor since 1984 and it was vacant or rented since then. Mr. Epstein clarified the notice not received on the property was for the Amalga Harbor property and not the Spaulding Beach property. The BOE clarified that the notice was sent in 2012 and Mr. Taber said that the taxes were paid through the mortgage. Mr. Taber said that they received the notice for the Spaulding Beach property and in that case it was not a mortgaged property and they paid the taxes directly and all the communications went to him.

Mr. Nowlin asked the Assessor for an explanation. Ms. Campbell said that for the assessment notices to go to the correct address, the assessor required notification for each parcel.

Mr. Epstein said the property owner was responsible for providing the Assessor with the correct address. Mr. Taber assumed that the CBJ had a unified address directory for property.

Mr. Nowlin said that did not seem to be a very efficient system, and could this be a reason to allow the late file. Ms. Sebens said that the CBJ may not have the most efficient system, but courts look to the responsibility being upon the property

owner to provide the correct address. Mr. Epstein said that Mr. Hartle in his memo, and in his comments, did state that it was a “harsh rule.”

Mr. Taber said that only one office did not have his correct address, and he has changed addresses many times and kept in touch and paid his taxes on time. Ms. Gardner said the notice of valuation went to the property owner and not to the bank, regardless of how the taxes were paid.

*MOTION, by Ms. Gardner, to hear the appeal. Seconded by Ms. Watt. All votes were in the negative and the request to hear the appeal was denied.*

Mr. Taber said in his many years of public service, he had never encountered a more responsive, courteous office than the Assessors and thanked the office for their wonderful support.

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| 427 W Ninth St | 1C060C100040 | Marc Wheeler and Jessica Paris |
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No representative of the owner was present. Mr. Epstein read from the appellant’s comments to the BOE, “I do not have any excuses for the late arrival of my appeal, the following were factors: I believed the deadline was May 30 and had some challenges locating the correct date and the required city documents. Additionally, the small postcard on which the assessment information was delivered was misplaced in my house and thus delayed my ability to apply.”

*MOTION, by Ms. Gardner, to hear the appeal. Seconded by Mr. Nowlin. All votes were in the negative and the request to hear the appeal was denied.*

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| 4044 Delta Dr | 5B2401620040 | Michael and Hyun Lundberg |
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No representative of the owner was present. Mr. Epstein read from the appellant’s comments to the BOE, “We asked that the 30 day response for the notice be waived in our case, we know that this is not really a valid reason for not submitting the request in time but it is the truth, hard to just get around that.” They have a property manager tending to their mailbox and were out of state. Mr. Epstein did not see a valid reason for hearing the appeal.

*MOTION, by Mr. Nowlin, to hear the appeal. Seconded by Ms. Watt. All votes were in the negative and the request to hear the appeal was denied.*

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| Bartlett Ave | 7B0801060050 | Hyun Lundberg |
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No representative of the owner was present. Mr. Epstein said the reasons were the same as the previous case and there was not a valid reason for a late filed appeal but they were submitting the request.

*MOTION, by Mr. Nowlin, to hear the appeal. Seconded by Ms. Watt. All votes were in the negative and the request to hear the appeal was denied.*

**V. ADJOURNMENT – 7:21 p.m.**

Submitted by  
Laurie Sica, Municipal Clerk