

EAST BETHEL CITY COUNCIL MEETING
Reconvened Local Board of Appeals and Equalization

May 11, 2020

The East Bethel City Council met on May 11, 2020, at 7:00 p.m. for the Reconvened Local Board of Appeals and Equalization meeting at City Hall, Virtual.

MEMBERS PRESENT: Steve Voss Tim Harrington Suzanne Erkel
 Randy Plaisance Tom Ronning

ALSO PRESENT: Jack Davis, City Administrator
 Mark Duchene, Fire Department Chief
 Ken Tolzmann, City Assessor
 Diana Stellmach, Anoka County City Deputy Assessor

1.0 – Call to Order

The May 11, 2020, City Council meeting, Reconvened Local Board of Appeals and Equalization was called to order by Mayor Voss at 7:00 p.m.

2.0 – Reconvene Board of Appeals and Equalization Hearing from May 4, 2020

Plaisance stated I'll make a motion to add three additional items to tonight's agenda under 2.0 – Jeff Borstner, 425 189th Avenue NE; Bud Flagstad, 3200 229th Avenue NE; and, Lorraine Galloway, 3163 203rd Avenue NE. Harrington stated I'll second. Voss asked any discussion? To the motion, Erkel, Harrington, Plaisance, Ronning, and Voss – Aye. Voss asked any opposed? That motion passes. Motion passes unanimously.

Voss indicated they had left off at the last meeting with the appeal by Lonnie Eklund.

Lonnie Eklund, PIN 35-33-23-12-0080. Lonnie Eklund, 49480 Azara Avenue NW, Stanchfield, stated he owned land on Coon Lake and was present.

Voss stated at the last meeting Council requested additional information, which had been supplied. He asked if any of the other Councilmembers had any questions. No questions were asked.

Voss asked if there had been any further review of the property subject to this appeal. Tolzmann responded he had gone out and viewed the property since the last meeting. He indicated the property was not, from he could tell, under water and he believed was usable property. He did not believe it was in the flood plain either. He stated he did not have any additional information to add.

Voss asked if the two adjoining properties to the east considered lakeshore property. Tolzmann responded at this point they were.

Voss asked what made them lakeshore property. Tolzmann replied the property at 18740 was part of that over the years and in 2013 the property was acquired from the City and nothing has changed since that time and it was considered lakeshore property. He noted this came to light this past year by the acquisition of the property by Mr. Eklund. He stated he was still in the process of figuring out what to do with it.

Voss asked about the property to the east, which had the home on it, and whether it was lakeshore property. Tolzmann responded it was considered lakeshore property and was valued as lakeshore property, but now with Eklund's property, it would technically not be lakeshore property.

Davis noted with the property to the north of 18734, which was owned by David and Georgeann Meyer, they also own the lot to the north of it, so they actually do have lake frontage.

Plaisance stated it appeared they should be looking at this as property that would be anywhere else in the City where it was considered landlocked. He noted they might not be able to consider this landlocked because it has access to the water, so it was accessible by boat which would make the property worth something. He did not believe they could look at the percentage, but rather look at the property as to what the value was if it was sold. He asked if there were any other properties in the City about the same acreage and what were those comparables.

Davis stated he did a survey of the properties around the lake and found nothing comparable to this property in terms of its access and the unique situation as it was only accessible by water.

Voss stated there might not be any lots around the lake on lakeshore, but there were quite a few lots of similar nature around the lake on East Front Boulevard across the road and across the lake that were about this size. He noted those were not buildable for homes as they were too small. He stated the value there, even though they were attached to lakeshore properties, was not in the tens of thousands of dollars, but more like what this property was. He indicated those properties were accessible also.

Stellmach stated she was looking at a new aerial photo and it looked like there was a building on this parcel and asked was that building still there. Voss stated he saw the same thing on Google Earth.

Ronning asked if there was any way the City would consider a permit to do anything on this property. Davis responded from a zoning perspective the lot was unbuildable. Ronning stated the lot had no purpose. Davis responded the lot could be used for recreational opportunities by the owner or the other value was to the adjacent property.

Erkel believed the increase was not warranted. She stated it should be closer for what he paid for it and if he should sell it and sell it for \$20,000, then it could be taxed on what it was sold for, but not for the minimal purchase he paid for it. She did not think this was a good legitimate increase. She believed an increase of taxes should be based on a percentage of price of last year too and not on a total reevaluation of the property.

Voss stated it was one thing if the adjacent property owners also owned the parcels, he would agree with the assessment, but there was no reasonable way to use these little slivers of land he could not say the land was worth \$26,000.

Ronning stated one of primary things determining the value was Centerville Lake in St. Paul and this property was being compared to those properties. He stated if the taxable market value was \$26,000 there had to be some means of selling the property for that and in looking at this property. He did not believe this property would be sellable.

Plaisance stated the City's responsibility was not to define the taxable market value, but rather the estimated market value and that was all they could control at the Council level. He stated the problem they were having was finding a comparable to find out what the value was for this property. He noted they have seen a couple of values, but he believed Centerville was too far away. He did not think they had a value that would be comparable to what was needed. He stated they needed to come with a number between last year's value and this year's proposed value. Voss stated he was not sure they needed to. He noted a value was put on the property last year and asked what had changed. He did not believe anything had changed since last year other than there was a different owner.

Plaisance asked if they should keep this at the same valuation as last year, even though they have seen all of the properties increase its estimated market value. He stated while this property might

not have a high response from people wanting the property, it was still a piece of property that if put up for sale might get sold. Voss stated he agreed, and they should take last year's valuation and adjust it the same as all of the other lake properties for this year. He stated the value did need to go up, but at the same rate as the other lakeshore properties.

Tolzmann stated the increase for lakeshore was 20 percent. Voss suggested taking last year's value plus 20 percent.

Eklund stated in 2017 the value of the lot before he got the 2 lots was only \$100. He stated it went from \$100 to \$1,600 in 2018.

Ronning asked if there were other unbuildable lots on the lake and if there were other unbuildable lots, how much had those lots gone up compared to this lot. Voss stated staff could not find any lakeshore properties that were landlocked, even though there were lakeshore properties that were not built on yet. Tolzmann stated all lakeshore property in the City had a 20 percent increase to the rate this year whether it was buildable or not.

Plaisance stated if they consider 20 percent from \$1,600, came to \$1,920 for a valuation. He asked if that was satisfactory. Voss believed this was satisfactory.

Erkel asked how the 20 percent was determined as a reasonable number. Tolzmann responded the 20 percent was on land only and did not affect the building and it was based on the change in sales between last year to this year.

Erkel believed a 20 percent increase was unreasonable and how was that number determined. Tolzmann responded it was necessary to meet the Department of Revenue guidelines for sales for lakeshore zone.

Voss stated I'll make a motion to adjust the valuation on the Lonnie Eklund Appeal, PIN 35-33-23-12-0080 to 20 percent of last year's market value of \$1,600 which would bring the valuation to \$1,920. Ronning stated I'll second. Voss asked any discussion? Stellmach indicated the valuation needed to be rounded to the nearest 100 by Statute.

Voss stated I'll make a motion to amend the previous motion to bring the valuation to \$1,900. Ronning stated I'll second. Voss asked any discussion? To the amended motion, **Erkel, Harrington, Plaisance, Ronning, and Voss – Aye.** Voss asked any opposed? That amended motion passes. **Amended Motion passes unanimously.**

To the original motion, **Erkel, Harrington, Plaisance, Ronning, and Voss – Aye.** Voss asked any opposed? That original motion passes. **Original Motion passes unanimously.**

Kevin Lewis, 166 Collen Street. Davis noted Lewis had not reached an agreement with Tolzmann and was requesting his assessment be dropped. He noted Tolzmann was not recommending adjustment on it.

Erkel stated I'll make a motion to adjust the valuation to \$400,000 to the Kevin Lewis Appeal. Ronning stated I'll second.

Voss asked any discussion? Ronning asked what Lewis' previous value was and was this also a 20 percent increase. Tolzmann responded the value two years ago was \$419,800 and then the value went down to \$386,000 and this year it went to \$445,000. He stated over the last three years, his value changed by about \$20,000, which was approximately five percent.

Voss stated everyone's tax values from 2019 to 2020 went up approximately 20 percent. Tolzmann responded the land went up 20 percent.

Erkel stated the last couple of years, she believed the increases were too high.

Voss stated he had a concern with the suggested change was the motion was only based upon it didn't seem reasonable. He stated there might be other properties on the lake that had the same adjusted land value. Tolzmann responded that was correct.

Voss stated he was concerned about changing one property and saying it did not sound right.

Plaisance stated he agreed with Voss and when it was compared to the other properties, it was a reasonable increase. He indicated if this property was given a break, then it meant other properties would need to be increased in order to make up the shortfall that would happen because they were making this change. He stated they needed to be fair, but he did not believe they were being unreasonable.

Ronning stated whatever they did, they had to have some reason and they had to be able to explain it. Voss noted there was an adjustment to all of the lake properties on the land value.

To the motion, **Erkel – Aye**. Voss asked any opposed? **Voss, Plaisance, Harrington, and Ronning** That motion failed. **Motion failed 1-4.**

Voss stated I'll make a motion for PIN 25-33-23-44-0041, Kevin Lewis Appeal that the City Assessor's assessment is upheld. Harrington stated I'll second. Voss asked any discussion? To the motion, **Voss, Plaisance, Harrington, Ronning – Aye**. Voss asked any opposed. **Erkel**. That motion passed. **Motion passed 4-1.**

Bud Flagstad, 3200 229th Avenue NE, PIN: 03-33-23-11-007, presented his appeal. He stated his taxable value went up 39 percent and his neighbors only went up 6 percent. He stated he had spoken with Tolzmann and did not get a good explanation as to why his value went up so much. He stated he would be happy if his taxable value was left where it was at. He indicated he was on a fixed income and could not afford this. He stated he was looking for the same increase as his neighbors had. He noted he also had a \$19,000 new construction increase, but all he did was re-shingle the roof.

Voss asked if any new construction had been performed or if there were any permits pulled the past couple of years. Flagstad responded he had not.

Voss asked what the \$19,000 new construction was increase for. Tolzmann responded this was for last year's value. He stated when he viewed the property in 2018, the property was re-evaluated at that point and part of the increase in the value was shown as new improvements. He indicated it was not because he did anything; it was just the County policy that if the improvements exceed roughly five percent, it was shown as a new improvement. He stated this was last year's value and not what they were discussing tonight.

Stellmach stated their appraisal manual advices them that if all that was done was a roof, there should not be any new improvements added. If a house was resided, new windows, etc. then the value that was attributable to that should be listed as new construction. However, it appeared he had not done any of these improvements. Tolzmann stated this was two years ago and typically he would put in a new improvement if there was an excess of five percent, which was the instruction he received from Anoka County. Stellmach stated she was from Anoka County and she was the one that published the book.

Flagstad stated he would be happy if this would stay the same this year.

Plaisance stated he believed there was a question as to why his valuation went up so high in the previous year. He stated and then he had another increase this year. He believed they should scale this back at least a portion of the difference to make up for that.

Voss asked if he wanted to appeal the new construction cost from last year, was that possible. Stellmach stated the only way that was still possible was for his to file a tax court petition which had been extended due to COVID. Flagstad stated he was not asking for the \$19,200 to be taken away and he was happy with the \$308,290.00 which he could live with for another year.

Voss asked if the \$19,000 value increase was incorrectly applied, could it be abated. Stellmach responded it could if Tolzmann believed he entered the age wrong. She stated the rates, values, and ages on the homes would have gone up and then indexed up based on last year's numbers. She stated the increase this year, if not for what happened last year, probably would not have increased to the same amount. Flagstad stated he was fine to leave the valuation at \$308,000 for next year.

Voss asked if the \$308,000 to the \$326,000 was the \$19,000 construction add-on from last year. Tolzmann responded the \$19,200 did not affect the value of the property and it had to be coincidental. He stated if he took the \$19,200 out it wouldn't change the value of the property. Stellmach stated the overall value was based on the fact that the age was increased.

Plaisance stated in looking at the 2019 and 2020 estimated market value increased by \$65,000. He stated in looking at other properties, their valuations went down. He asked why it increased this amount.

Voss stated a way to avoid the tax court and to resolve the situation was to make an adjustment. He asked if that was something they could or should be doing. Plaisance stated they were supposed to be going by what the estimated market value was. He indicated this was kind of a gray area, but if they consider the estimated market value was inflated without cause the previous year that if they estimate the market value for this year, it wouldn't be as high as it was. Sweeney stated he believed the Council could do this.

Voss stated I'll make a motion on PIN 03-33-23-11-0007, recognizing that there appears to have been an adjustment for new construction on the 2019 valuation of \$19,000, to subtract \$19,000 out of the \$326,384 to equal \$307,184 as a valuation. Harrington stated I'll second. Voss asked any discussion? Plaisance asked if they had to have an even number. Stellmach responded they did. **Voss stated I'll amend the motion to \$307,000. Harrington stated I'll second.** Voss asked any discussion? To the motion as amended, **Erkel, Harrington, Plaisance, Ronning, and Voss – Aye.** Voss asked any opposed? That amended motion passes. **Motion passes unanimously.**

Recommendation 4. Davis stated on Recommendation 4, staff recommended that the City Council, acting as the Board of Review and Adjustment, discuss the City Assessor's LBAE Adjustments settled prior to the May 4, 2020 meeting and either uphold or adjust the valuation reductions as exhibited as Appeal #4.

Plaisance stated I'll make a motion to approve the list of changes for PIN: 22-33-23-11-0003 for Lorraine Galloway; PIN: 04-33-23-14-0028 for Jesberg; PIN: 36-34-23-33-0024 for Potts; PIN: 02-33-23-23-0005 for Platauki; PIN: 29-34-23-34-0008 for DGR Partners; PIN: 30-34-23-31-0006 for Hutchins; PIN: 07-33-23-21-0002 for Martin; PIN: 17-33-23-23-0022 for Highland; PIN: 18-33-23-24-0001 for Hanson; PIN: 34-33-23-41-0007 for Wilson; PIN: 35-33-23-32-0026 for Lindberg; PIN: 33-33-23-42-0002 for Eaton; PIN: 35-33-23-22-0033 for Bangston; PIN: 35-33-23-21-0006 for Taska-Ward; PIN: 25-33-23-34-0013 for Strickler; PIN: 30-33-22-23-0001 for Orfields Landing; PIN: 25-33-23-14-0051 for Tischler; PIN: 24-33-23-43-0006 for Balik; PIN: 24-22-23-42-0003 for Burnell; PIN: 36-33-23-

12-0131 for Pemble; PIN: 29-34-23-11-0003 for Bader; PIN: 36-33-23-24-039 for Steele. Harrington stated I'll second. Voss asked any discussion?

Jeff Borstner, 425 189th Avenue NE. Erkel asked if Borstner should be added to the list. Davis noted Borstner had requested an appeal on his valuation, but he did not show up. He asked if he should be added. Stellmach responded they could be lenient and add him to the list considering what was going on the world today, so if they wanted to appeal to the County Board, they would be able to do that. Plaisance suggested they address this after the vote on this motion as it had not been discussed yet.

To the motion, **Erkel, Harrington, Plaisance, Ronning, and Voss – Aye.** Voss asked any opposed? That motion passes. **Motion passes unanimously.**

Jeff Borstner, 425 189th Avenue NE (continued). Voss asked to add Borstner to the list, was it only to say they wanted to appeal. Stellmach responded that was what she needed. **Voss stated I'll make a motion for to recognize that Jeff Borstner, 425 189th Avenue NE, PIN 30-33-23-34-0010 had indicated they would like to appeal their valuation, but was not present at either of the two Local Board of Adjustment and Equalization meetings. Harrington stated I'll second.** Voss asked any discussion? To the motion, **Voss, Plaisance, Harrington, Ronning – Aye.** Voss asked any opposed. **Erkel.** That motion passed. **Motion passed 4-1.**

BLK Storage LLC, 20563 Aberdeen Street NE. Davis stated they also needed to add BLK Storage LLC who presented an intent to appeal but did not attend the meetings. Plaisance stated BLK Storage's valuation for last year was \$791,100 and this year it was \$1,129,300. **Voss stated I'll make a motion for to recognize that BLK Storage LLC, PIN 17-33-23-43-0007, 20563 Aberdeen Street NE had indicated they would like to appeal their valuation, but where not present at either of the two Local Board of Adjustment and Equalization meetings. Harrington stated I'll second.** Voss asked any discussion? To the motion, **Voss, Plaisance, Harrington, Ronning – Aye.** Voss asked any opposed. **Erkel.** That motion passed. **Motion passed 4-1.**

3.0 – Adjourn

Harrington stated I'll make a motion to adjourn the Board of Appeals and Equalization Hearing. Erkel stated I'll second. Voss asked any discussion? To the motion, **Erkel, Harrington, Plaisance, Ronning, and Voss – Aye.** Voss asked any opposed? That motion passes. **Motion passes unanimously.**

Meeting recessed at 8:15 PM

Submitted by:

Kathy Altman

TimeSaver Off Site Secretarial, Inc.