
I. CALL TO ORDER

A meeting of the Board of Equalization was held on Wednesday, May 14, 2014, at the Dillingham City Council Chambers, Dillingham, Alaska. Mayor Alice Ruby called the meeting to order at 5:31 p.m.

II. ROLL CALL

Mayor Alice Ruby was present.

Council Members present and establishing a quorum (a quorum being three):

Holly Johnson
Chris Maines
Keggie Tubbs

Staff in attendance:

Janice Williams, City Clerk

Guests:

Marty McGee, Alaska Assessment Assistance
Janet Armstrong-Schlagel and Tom Schlagel

III. APPROVE THE AGENDA

MOTION: Chris Maines moved and Holly Johnson seconded motion to approve the agenda as presented.

GENERAL CONSENT: The motion passed without any objection.

IV. ASSESSOR'S COMMENTS

The assessor did not have any comments at this time.

V. APPEALS FOR CONSIDERATION

A. Personal Property - Refer to Attached List

1. Settled Appeals

Clerk's Note: Assessor McGee provided a review of the assessor's exhibits containing the appeal forms and assessor's report. The assessor had reached a written agreement of valuation with the appellants on Case Nos. P-2014-02, P-2014-04, P-2014-05, P-2014-06, P-2014-07, P-2014-08, P-2014-10, A, B, C & D, and P-2014-11.

MOTION: Keggie Tubbs moved and Holly Johnson seconded the motion to concur with the assessor's determination on the settled appeals.

GENERAL CONSENT: The motion passed without objection.

2. Outstanding Appeals

There were no outstanding appeals.

3. Late-Filed Appeals

There were no late filed appeals.

B. Real Property – Refer to the Attached List

1. Settled Appeals

Clerk's Note: Assessor McGee provided a review of the assessor's exhibits containing the appeal forms and assessor's report. The assessor had reached a written agreement of valuation with the appellants on Case Nos. R-2014-01, R-2014-08, R-2014-09, R-2014-10 A, and R-2014-10 B.

MOTION: Keggie Tubbs moved and Holly Johnson seconded the motion to concur with the assessor's determination on the settled appeals.

GENERAL CONSENT: The motion passed without objection.

2. Outstanding Appeals

Mayor Ruby provided a review of the hearing process, noting the appellant would speak first, limited to three minutes; the assessor would then speak to the appeal; BOE would be allowed to ask questions during both presentations; BOE would then debate and take action on the appeal; the burden of proof would lie on the appellant to explain why the value should be adjusted based on it being unequal, excessive, improper, or undervalued.

Hearing on Case No. RP-14-02; Appellant: Janet Armstrong-Schlagel and Tom Schlagel; Property Location: Ahklun View Estate B2 L5.

Appellant presentation; the Appellants' exhibit was included in the board meeting packet. Tom Schlagel stated with costs going up in value, small turnover and demand, a two percent increase was subjective in his opinion, and his land value should be less than the assessed value.

The appellant responded to questions from the Board.

Assessor McGee provided the assessor's presentation. His appeal response was included in the board meeting packet. He explained last year the land value was appealed and was adjusted from \$33,000 to \$14,900 to take into consideration drainage and soil conditions. Land values were uniformly increased by 2% for all properties in 2014, which was supported by economic indicators, including 2% CPI increase, cost to build had increased by more than 4%, and property values didn't stay stagnant when the rest of the economy moved.

The assessor responded to questions from the Board. The hearing was closed and the Board deliberated on the matter.

MOTION: Keggie Tubbs moved and Holly Johnson seconded the motion for the Board to grant the appeal and ask for a no vote [on appellant's request to adjust the property value from \$15,200 to \$12,000] for the reasons provided by the assessor, that the burden of proof by the appellant was not met, that the value was unequal, improper, excessive or undervalued.

Board Members provided the following findings of fact:

1. Statement of appellant requesting a decrease in property value was not justified.
2. The land value was fair and an increase of 2% was uniformly applied to all lots.

VOTE: The motion to uphold the assessor's determination passed unanimously.

Hearing on Case No. RP-14-03; Appellant: Janet Armstrong-Schlagel and Tom Schlagel;
Property Location: Bernie L2.

Appellant presentation; the Appellant's exhibit was included in the board meeting packet. Tom Schlagel agreed costs had increased, but as a commercial piece of property it had brought his bottom line done. Tom felt the land value increase of 2% was hypothetical, since the assessor had not provided any hard appraisals on like-kind properties, which was what the increase was based on.

Assessor McGee provided the assessor's presentation. His appeal response was included in the board meeting packet. He explained the 2% increase was uniformly applied to all lots, based on the economic indicators he noted earlier. As an income producing property, he noted the best way to estimate the apartment's value was by an income approach, but the owners had not produced documentation of rents and expenses. After speaking to other apartment owners, he was convinced apartment rents were not high enough to warrant new construction, even though most apartments were occupied. He did not increase the value of the improvements.

The assessor responded to questions from the Board. The hearing was closed and the Board deliberated on the matter.

MOTION: Keggie Tubbs moved and Holly Johnson seconded the motion for the Board to grant the appeal and ask for a no vote [on appellant's request to adjust the appeal from \$38,100 to \$30,000] for the reasons provided by the assessor, that the burden of proof by the appellant was not met, that the value was unequal, improper, excessive or undervalued.

Board Members provided the following findings of fact:

1. Statement of appellant requesting a decrease in property value was not justified.
2. The land value was fair and an increase of 2% was uniformly applied to all lots.

VOTE: The motion to uphold the assessor's determination passed unanimously.

Hearing on Case No. RP-14-04; Appellant: Janet Armstrong-Schlagel and Tom Schlagel;
Property Location: Bernie L1.

Appellant presentation; the Appellant's exhibit was included in the board meeting packet. Tom Schlagel explained the lot was adjacent to Bernie L2 where the apartment was built, and had a well on it to serve the apartment building. The land was such that it was not buildable, well was in the middle of the property which sloped to a swamp and was mainly covered with alders, and was of the opinion the land value was excessive.

The appellant responded to questions from the Board.

Assessor McGee provided the assessor's presentation. His appeal response was included in the board meeting packet. He explained there was a possibility the lot could be built on, and other units added, so it contributed value, but questioned how much it was encumbered by the fact there was a well site used to support the other lot. He noted there was a gravel pad that was used for parking. He explained there was no legal limitation on the use of the lot, it could be sold by itself, but another well would have to be built to serve the other lot, or an agreement made.

The appellant and assessor responded to questions from the Board.

MOTION: Keggie Tubbs moved and Chris Maines seconded the motion for the Board to grant the appeal and ask for a no vote [on appellant's appeal to adjust the appeal from \$31,400 to \$25,000] for the reasons provided by the assessor, that the burden of proof by the appellant was not met, that the value was unequal, improper, excessive or undervalued.

MOTION: Keggie Tubbs moved and Chris Maines seconded the motion to withdraw the previous motion.

MOTION: Keggie Tubbs moved and Holly Johnson seconded the motion for the Board to grant the appeal and ask for a yes vote to adjust the land value from \$31,400 to \$26,700, because appellant had provided the burden of proof that the value was excessive because of testimony provided by appellant.

Board Members provided the following findings of fact:

1. Appellant made a good case that the value was too high compared to other comparable properties, limited uses of the lot, constrained by being tied to the adjoining lot.
2. The adjustment was calculated by comparing the size and assessed value of both lots; apartment lot was 2.4 acres and well lot was 1.7 acres.

VOTE: The motion passed unanimously to adjust the value to \$26,700.

Hearing on Case No. RP-14-05; Appellant: Janet Armstrong-Schlagel and Tom Schlagel;
Property Location: Ahklun View Estates N L1.

Appellant presentation; the Appellant's exhibit was included in the board meeting packet. Tom Schlagel explained the lot housed an apartment complex, Raspberry Flats, and needed a fair amount of gravel to raise the parking lot above the road, which had sunk away. He commented the land value was excessive, with prices going up and the dollar worth less.

Assessor McGee provided the assessor's presentation. His appeal response was included in the board meeting packet. He explained the property had been appealed last year, did not find any deficiency when he looked at the property, and the 2% increase was on the land value which was consistent across all lots.

The hearing closed and the Board deliberated on the matter.

MOTION: Keggie Tubbs moved and Chris Maines seconded the motion for the Board to grant the appeal and ask for a no vote [on appellant's request to adjust the appeal from \$22,400 to \$20,000] for the reasons provided by the assessor, that the burden of proof by the appellant was not met, that the value was unequal, improper, excessive or undervalued.

Board Members provided the following findings of fact:

1. Statement of appellant requesting a decrease in property value was not justified.
2. The land value was fair and an increase of 2% was uniformly applied to all lots.

VOTE: The motion to uphold the assessor's determination passed unanimously.

Hearing on Case No. RP-14-06; Appellant: Janet Armstrong-Schlagel and Tom Schlagel;
Property Location: Ahklun View Estates Lot TR A.

Appellant presentation; the Appellant's exhibit was included in the board meeting packet. Tom Schlagel explained the lot was excessively overvalued even over last year, was all swamp, had a gravel runway that was sinking, and had no legal access.

The appellant responded to questions from the Board.

Assessor McGee provided the assessor's presentation. His appeal response was included in the board meeting packet. He explained the property was mostly muskeg, difficult to walk on, and did not know the condition of the soil under the gravel runway. He commented since he was able to get to the lot, assumed it had legal access, and since the appellant owned the adjacent lot he had a way of curing the access problem. He noted he had not made any adjustment in the value, except to recognize the 2% increase in land values across all lots.

The assessor responded to questions from the Board. The hearing closed and the Board deliberated on the matter.

MOTION: Holly Johnson moved and Chris Maines seconded the motion for the Board to grant the appeal and ask for a yes vote to adjust the land value from \$31,200

to \$20,000, because appellant had provided the burden of proof that the value was excessive because of testimony provided by appellant.

MOTION: Keggie Tubbs moved and Holly Johnson seconded the motion to amend the land value to reflect an adjusted value of \$22,000.

Board members provided the following findings of fact:

1. Statement of appellant requesting a decrease was justified due to the type of terrain mainly wetland and lack of access.
2. The adjustment was calculated by adding a 1% increase in value over a twenty year period on the purchase price presented by the appellant in their appeal.

VOTE: The motion to approve the amendment passed unanimously.

VOTE: The motion to grant the appeal and adjust the value to \$22,000 passed unanimously.

Hearing on Case No. RP-14-07; Appellant: Janet Armstrong-Schlagel and Tom Schlagel; Property Location: Sampson Estates L9.

Appellant presentation; the Appellant's exhibit was included in the board meeting packet. Tom Schlagel commented the value was excessive, that the land had devalued over the last twenty years. He commented with no new building going on, it was not worth what it was being valued.

Assessor McGee provided the assessor's presentation. His appeal response was included in the board meeting packet. The land value was increased by 2% which was consistent across all lots, based on his comments made earlier.

MOTION: Keggie Tubbs moved and Holly Johnson seconded the motion for the Board to grant the appeal and ask for a no vote [on appellant's request to adjust the appeal from \$26,900 to \$20,000] for the reasons provided by the assessor, that the burden of proof by the appellant was not met, that the value was unequal, improper, excessive or undervalued.

Board Members provided the following findings of fact:

1. Statement of appellant requesting a decrease in property value was not justified.
2. The land value was fair and an increase of 2% was uniformly applied to all lots.

VOTE: The motion to uphold the assessor's determination passed unanimously.

Hearing on Case No. RP-14-12; Appellant: Elizabeth Pirillo; Property Location: Fireweed L1.

The appellant was not present.

Assessor McGee provided the assessor's presentation. His appeal response was included in the board meeting packet. He explained the appellant had raised the issue that the house was not completed. He had made an adjustment to complete the house and then discounted it based on the cost to complete. The land value was increased by 2% which

was consistent across all lots, based on his comments made earlier. He did not get a response from the appellant to withdraw the appeal.

MOTION: Keggie Tubbs moved and Chris Maines seconded the motion for the Board to grant the appeal and ask for a yes vote to adjust the assessment to the assessor's recommended value on improvements [from \$275,600 to \$144,400] for the reasons he provided in his testimony.

VOTE: The motion to accept the assessor's adjusted value passed unanimously.

3. Late-Filed Appeals

There were no late filed appeals.

VI. CITIZEN DISCUSSION (Prior Notice or Agenda Items)

There was no citizen's discussion.

VII. MAYOR/COUNCIL COMMENTS

A. Are two meetings, an organizational meeting and a hearing date, warranted?

Keggie Tubbs:

- commented he really liked the process the way it was conducted this year;
- complimented the Assessor on a job well done, that it had been an educational process;
- commented he recognized the process was new, but would hope to be better prepared next time; and
- concerned with the appellant's comments he felt he had to defend himself, but understood they had to follow a process.

Alice Ruby:

- commented she liked having two meetings although the appellants missed the assessor's beginning comments at the organizational meeting;
- voiced concern about prior years of undervaluation and questioned if the State's process of calculating full and true value determination was accurate.

Assessor McGee explained the State's process and was comfortable it was being done correctly.

Assessor:

- commented the hearing was a quasi-judicial proceeding, the Board was creating a record, because every decision being made could be appealed to the court; if there was a procedural error it could be handed back;
- commented if the appellant felt their value was not fair, they needed to produce something material, whether it was a sale, an appraisal, a contractor's estimate;
- explained next year he would have a procedure in place to deal with adjusting for well lots or wetlands and it was proper for the BOE to remand an appeal back to the assessor to recalculate; and

- commented the City would be challenged with adjusting property values next year, and it would be his intent to prepare a notice to educate the public on the reason for the adjustments and work with the BOE to prepare for the hearings.

VIII. ADJOURNMENT

Mayor Ruby adjourned the meeting at 7:48 p.m.

Veggie Ruby Mayor Pro Tempore

Mayor Alice Ruby
[SEAL]

ATTEST:

Bernadette Packa, Acting City Clerk

Janice Williams, City Clerk

Approval Date: 6.5.14

