

CITY OF EXCELSIOR  
MINUTES - BOARD OF REVIEW  
TUESDAY, APRIL 8, 2014  
5:00 P.M.

1. CALL TO ORDER

Chair Gaylord called the City of Excelsior Board of Review Meeting to order at 5:11 p.m.

Present: Boardmembers Beattie, Miller, and Chair Gaylord

Absent: Boardmembers Caron, Fulkerson

Also Present: City Assessor Erickson, Hennepin County Assessor Jensen, Assistant City Assessor Mott, Assistant City Assessor Leichentritt, Finance Director Tumberg and City Clerk Johnson

2. FOLLOW-UP TO PROPERTY OWNER QUESTIONS/APPEALS

Tumberg provided a chart with information on surrounding properties that the Board requested at the April 2, 2014 meeting. Erickson said he provided comparisons on all of the lakeshore properties that were reviewed at the April 2<sup>nd</sup> meeting and recommends no change to any of these properties.

Property of Lloyd Bratland, 131 George Street, P.I.D. #34-117-23-210043

Erickson said that the assessor's office looked at comparable properties and, due to those and the surrounding properties, depreciated the value of the property located at 131 George Street. Erickson said he is recommending a valuation for this property of \$247,000 or 20.7 percent. Miller said this is justified, given where the property is located. Miller said properties near 131 George Street went up between 28 and 56 percent. Chair Gaylord questioned the sale price of \$40,000 in 2012. Erickson said this information may be incorrect, but it doesn't factor into the review.

Beattie moved, Miller seconded, to accept the adjusted valuation of \$247,000 for the property located at 131 George Street. Motion carried 3/0.

Lakeshore Properties

The Board discussed lakeshore properties in general.

Erickson said he believes the market is strong for lakeshore properties and mentioned that the property located at 2 Bell Street recently sold for \$2.4 million. Miller asked Erickson if he factored in the square footage of each house when he compared the lakeshore properties. Erickson said yes.

2. FOLLOW-UP TO PROPERTY OWNER QUESTIONS/APPEALS

Lakeshore Properties - Continued

Chair Gaylord asked about a lakefront property on Excelsior Boulevard in St. Alban's Bay. Chair Gaylord said this property is valued at \$1.35 million and another property at \$1.65 million. Chair Gaylord asked Erickson how this property would have been judged if it were located on the bay rather than the lake. Erickson said lakeshore properties are \$18,000 per front foot and bay properties are \$9,000 per front foot because they sell differently.

Chair Gaylord said Steven Bubb provided some information to the Board with numbers that will help the Board understand what is going on with lakeshore properties. Chair Gaylord said this information will be easier for this review process.

Steven Bubb, 174 West Lake Street and 261 School Avenue, addressed the Board. Mr. Bubb said that the property located at 180 West Lake Street was the most out of line, with less land value. Mr. Bubb said his land is priced almost double of what the others are priced at.

Erickson said that there is a problem using the Hennepin County website because their square footages are not accurate. Erickson said the County uses the high water line, which indicates that the homeowner has less land. Erickson said this may or may not be legal.

In regards to 180 West Lake Street, Mr. Bubb said the linear footage was substantially less than the three nearby homes. Erickson said he used 85 effective front feet on that property. (Effective front feet refers to a measurement taken one third the way down the property.) Erickson said he both enjoyed and appreciated the information Mr. Bubb provided.

Lloyd Bratland, 131 George Street and 200 West Lake Street, addressed the Board. Mr. Bratland said a house would not be able to be built close enough to the lake at 200 West Lake Street to be able to put in a driveway. Erickson said a house could be designed to fit, with a tuckunder garage or other design.

Erickson said the only reductions he made were on Mr. Bratland's and Mr. Bowers' properties. In general, Erickson said everyone's land went up 18 percent. Beattie stated that the difference between Mr. Bratland's and Mr. Bowers' land value is not much and asked if the square footage of the lot is much different. Erickson said it's the lakefront footage that makes the difference and what a new buyer would have to do if they were to put a house on the lot. Erickson stated that Mr. Bratland's didn't go up much and Mr. Bowers' had been lowered.

2. FOLLOW-UP TO PROPERTY OWNER QUESTIONS/APPEALS

Lakeshore Properties - *Continued*

Mr. Bubb said the dimensions he has for these homes differs from Erickson's. Chair Gaylord said that Mr. Bubb is using measurements that are one third the way down the property, where Erickson is measuring lakeshore. Mr. Bratland said the measurements need to be clarified. Mr. Bubb said the land values are about a 100 percent difference. Chair Gaylord said Mr. Bubb is making a good argument and that the relative numbers on the land values doesn't make sense.

Beattie said if you compare land to land, the values range from Mr. Bubb's property at \$1.26 million, Mr. Skinner's property at 180 West Lake Street at \$1.53 million, to Mr. Bratland's and Mr. Bowers' properties at \$1 million. Erickson said the difference is because he made a very large adjustment on Mr. Bratland's property. Erickson said the land would need to be improved and worked on in order to build a new home on this site.

Erickson stated that he makes decisions on approximately 8,000 parcels and that these decisions have to fit the neighborhood.

Beattie said it would help to understand the \$250,000 difference between Mr. Skinner's and Mr. Bubb's properties. Beattie asked why there is such a difference when they have essentially the same square footage. Miller said Mr. Skinner's property has 15 feet more effective footage, so this property has a greater land area. Erickson said he weighs more on the effective front footage than the actual area of the lot. Mr. Bubb asked if that is measured one third back. Erickson said yes, approximately, and the difference is the 15 feet of where they measured. Beattie said the measurement is arbitrary.

Erickson said the criterion is to turn in an assessment at market value. Beattie asked Erickson if there are standards used in the assessor's professional group. Erickson said there are ethical standards, but every County assesses a little differently. Erickson said the legislature is trying to create a statewide system for assessments.

Erickson said he used a lower rate for properties on Lafayette Avenue. Miller asked if Tonka Bay is using the \$18,000 per front foot for lakeshore properties. Erickson said Tonka Bay is using a rate of \$16,000. Chair Gaylord asked if cities can enact an ordinance to use the same rate. Erickson said no, that it's State law that cities must assess at market value.

Mr. Bubb said he appreciates that Erickson is consistent in his measurements. Mr. Bubb said what should be considered is why two properties have 30 percent discounts but two other properties that are not significantly different do not get the same discount. Chair Gaylord stated that the discount to Mr. Bratland's property is due to the proximity of the

2. FOLLOW-UP TO PROPERTY OWNER QUESTIONS/APPEALS

Lakeshore Properties - *Continued*

house and garage, the way it's structured, and how the driveway is placed. Erickson said if Mr. Bubb went to the County Board, they will use comparables. Erickson said this is a mass appraisal and is different than having an individual appraiser come out and appraise the property.

Erickson said the Board needs to decide what they want to do and whether they want to raise or lower the values on these lakeshore properties.

Beattie said his concern is that, to do this piecemeal, it's not appropriate and the Board may end up treating people unfairly. Beattie said the Board needs to be consistent in their decisions. Beattie said if there are going to be adjustments, he feels Mr. Bratland's and Mr. Bowers' properties are low, considering this analysis. Beattie said Mr. Bubb made an interesting point when he asked why one property received a discount and another did not.

Miller questioned the land area on the chart that was provided. Beattie said Erickson doesn't consider land square footage as criteria.

Chair Gaylord asked Erickson why he discounted Mr. Bowers' property by 15 percent. Erickson said this was because of the way the house is turned and the access to it. Miller said they also have less effective frontage. Mr. Bubb said Mr. Bowers' property has more footage at the street level, more lakeshore footage, and more total area overall. Mr. Bubb doesn't feel comfortable that this property received more of a discount. Chair Gaylord agreed that there should be an adjustment but that something doesn't seem right.

Chair Gaylord said the Board should consider an adjustment on those properties with land that is difficult to assess or the Board should leave them as is. Miller said he sees the rationale and thinks the argument is right. Miller feels the Board should leave Mr. Bratland's and Mr. Bowers' valuations as they are.

Erickson said there are two properties that are overvalued, Mr. Skinner's and Mr. Bubb's, and said that those are the two that can be adjusted. Miller stated that where the land values really go up are the properties with the effective front footage.

Beattie said if the Board lowers Mr. Skinner's and Mr. Bubb's properties, then the Board cannot do anything with 186 West Lake Street and they will be high. Miller said this property went up by 18 percent. Chair Gaylord agreed.

2. FOLLOW-UP TO PROPERTY OWNER QUESTIONS/APPEALS

Lakeshore Properties - Continued

Erickson said the County does a study of all sales in the area. He said the assessor takes those prices, takes into account the grade of the property, and does their valuation to come to market value. Erickson said they calculate the houses first, then put in the land, look at sales, and essentially build the assessment by using the sales that occurred.

Chair Gaylord said the Board needs to make decisions on all four lakefront properties.

Property of Lloyd Bratland, 200 West Lake Street, P.I.D. #27-117-23-430017  
and

Property of Mark Bowers, 194 West Lake Street, P.I.D. #24-117-23-430041

Erickson recommends no change on 200 West Lake Street and said this is an 11 percent increase.

Beattie moved, Miller seconded, to accept the valuations on 200 West Lake Street and 194 West Lake Street as assessed. Miller asked if Erickson thinks the Board should make consideration for the differences, based on the appraisals that were done by some of the property owners. Erickson said no. Motion carried 3/0.

Property of Steven Bubb, 174 West Lake Street, P.I.D. #27-117-23-430018  
and

Property of Anthony Skinner, 180 West Lake Street, P.I.D. #27-117-23-430043

Chair Gaylord said, in his opinion, this property seems to be outside the range and higher than it should be. Chair Gaylord said the land value is at \$1.26 million and that the Board discussed the measurement at the lake versus a measurement one third back. He said calculations came close for this frontage of 70 effective feet.

Beattie said if the Board does not apply logic to their review, then they need to come to a rationale. Beattie said there was no subjective decrease on this property and Erickson said there never will be. Chair Gaylord questioned why. Erickson said that he has looked at lakeshore properties for 40 years and feels this property will sell similar to others. He said this is based on experience.

Beattie moved to apply a subjective discount of 10 percent to the land for both 180 West Lake Street and 174 West Lake Street, Miller seconded for discussion.

2. FOLLOW-UP TO PROPERTY OWNER QUESTIONS/APPEALS

Property of Steven Bubb, 174 West Lake Street, P.I.D. #27-117-23-430018

and

Property of Anthony Skinner, 180 West Lake Street, P.I.D. #27-117-23-430043 - Continued

Miller said the Board needs to know the actual new market value. Beattie asked if it should apply to the overall value or the land only. Chair Gaylord thinks it should be overall. Erickson said others were only on the land. Chair Gaylord said there may also be some subjective discount to these properties. Beattie said the access and driveway would be the items. Beattie said he's only using a number that was applied to 186 West Lake Street. Tumberg said there needs to be a reason. Beattie said the reason is access. Miller said the analysis is that they shouldn't be that much higher than the discounted properties. Chair Gaylord said it should be based on land and access and how it is configured.

Beattie moved, Miller seconded, to adjust the valuation for the property located at 174 West Lake Street to \$1.568 million and to adjust the valuation for the property located at 180 West Lake Street to \$1.709 million. Motion carried 3/0.

Property of Steven Bubb, 261 School Avenue, P.I.D. #34-117-23-140051

Erickson said he recommends no change for this property. Looking at Mr. Bubb's income, expenses of the property and other properties, Erickson believes that the income this property produces bears out what is listed for valuation. Erickson said he used a cap rate of .5 but with the tax rate, it's actually about .9.

Mr. Bubb said he has lost \$200,000 on the property over the past four years. Erickson said they don't count depreciation or debt service as an expense.

Mr. Bubb provided a comparison of valuations between 261 School Avenue and the Lyman Building located across the street. Erickson said the Lyman Building is a strange building and is completely different. Chair Gaylord said Mr. Bubb's building is difficult to lease inside. Mr. Bubb said both properties were valued the same a year ago. Erickson said he looked at the 261 School Avenue building and, with the condition of the Lyman Building, he dropped the value on the Lyman Building. Erickson feels the 261 School Avenue property is worth more than the Lyman Building.

Chair Gaylord asked if the Lyman Building hadn't been sold, would it have stayed at the high level. Erickson said the Lyman Building is not conducive to having tenants in it. Chair Gaylord said his point is, if the property didn't sell, it would be valued at \$1.9 million.

2. FOLLOW-UP TO PROPERTY OWNER QUESTIONS/APPEALS

Property of Steven Bubb, 261 School Avenue, P.I.D. #34-117-23-140051 -  
Continued

Beattie moved to reduce the valuation for the property located at 261 School Avenue to \$1.45 million. Miller asked Beattie for his rationale for the large deduction. Beattie thinks the buildings are similarly situated and were similarly valued and said that the sale of the Lyman Building did affect this building. Chair Gaylord said if it hadn't sold, it may have stayed at the same value. Motion failed for lack of a second.

Miller moved to reduce the valuation for the property located at 261 School Avenue by \$200,000 to \$1.7 million. Motion failed for lack of a second.

Mr. Bubb said the Lyman Building has 50 percent more square footage and 50 percent more parking area and believes it should be significantly more on an income basis. He said that his building and the Lyman Building have limitations by their own designs. Miller asked Mr. Bubb what his income analysis is. Mr. Bubb said \$1.5 million and he would like \$1.45 million. Chair Gaylord suggested \$1.55 million.

Beattie moved, Miller seconded, to adjust the valuation for the property located at 261 School Avenue to \$1.55 million. Motion carried 3/0.

Property of Mike Roberts, 150 First Street, P.I.D. #27-117-23-440022

Chair Gaylord stated that Mr. Roberts did not speak to the Board at the April 2, 2014 Board of Review meeting. Erickson said he talked with Mr. Roberts and that he is in agreement with the assessed value.

Beattie moved, Miller seconded, to accept the assessed valuation for the property located at 150 First Street. Motion carried 3/0.

Property of Tom Wolfe, 122 Second Street, P.I.D. #34-117-23-120093

Erickson said he spoke with Mr. Wolfe and that he is in agreement with the assessed value.

Beattie moved, Miller seconded, to accept the assessed valuation for the property located at 122 Second Street. Motion carried 3/0.

Property of Ruth Schmudlach, 166 Linwood Avenue, P.I.D. #27-117-23-430008

Tumberg stated that City Manager Luger wanted to check on the utilities issue for this property after the April 2<sup>nd</sup> Board of Review meeting. Tumberg

2. FOLLOW-UP TO PROPERTY OWNER QUESTIONS/APPEALS

Property of Ruth Schmudlach, 166 Linwood Avenue, P.I.D. #27-117-23-430008 - Continued

said the property owners were offered to connect to water and sewer in the past but chose not to do so. Tumberg said this lot was determined to be a buildable lot. Chair Gaylord agreed and said someone could build on this lot.

Beattie moved, Miller seconded, to accept the assessed value for the property located at 166 Linwood Avenue. Motion carried 3/0.

Property of Kenneth Kuhnly, 539 Mill Street, P.I.D. #35-117-23-320014

Erickson said he looked at this property and recommends a small reduction to \$206,000.

Beattie moved, Miller seconded, to accept the adjusted valuation of \$206,000 for the property located at 539 Mill Street. Motion carried 3/0.

Property of Jeff Michaels, 49 Center Street, P.I.D. #34-117-23-110049

Erickson said he spoke with the owner, who agreed with the assessed valuation.

Beattie moved, Miller seconded, to accept the assessed value for the property located at 49 Center Street. Motion carried 3/0.

Property of Peggy Edlund, 159 First Street, P.I.D. #27-117-23-440007

Though he did not speak with the owner, Erickson said he recommends depreciating this house as under-improvement. Erickson recommended a value of \$260,000.

Beattie moved, Miller seconded, to accept the adjusted valuation of \$260,000 for the property located at 159 First Street. Motion carried 3/0.

Property of Rhoda Brooks, 859 Excelsior Boulevard, P.I.D. #35-117-23-210020

Erickson said he spoke with the owner, who agreed with the assessed valuation of \$468,000.

Beattie moved, Miller seconded, to accept the assessed valuation for the property located at 859 Excelsior Boulevard. Motion carried 3/0.

2. FOLLOW-UP TO PROPERTY OWNER QUESTIONS/APPEALS

Property of Rhoda Brooks, 423 Lake Street, P.I.D. #34-117-23-110098

Erickson said he spoke with the owner, who agreed with the assessed valuation for this property. Erickson verified that this is rental property. He said that seasonally used properties that are not rented out will be going to a seasonal rental classification and taxed differently. Erickson said the Board needs to change the classification on this property back to Condominium.

Beattie moved, Miller seconded, to change the classification of the property located at 423 Lake Street to Condominium. Motion carried 3/0.

Beattie moved, Miller seconded, to accept the assessed valuation for the property located at 423 Lake Street. Motion carried 3/0.

Property of Karyn Peterson, 141 First Street, P.I.D. #27-117-23-440004

Erickson recommended no change to the valuation on this property.

Beattie moved, Miller seconded, to accept the assessed value for the property located at 141 First Street. Motion carried 3/0.

Property of Matt Ratliff, 631 Pleasant Street, P.I.D. #34-117-23-130048

Erickson said he tried to talk to the owner but could not reach him. Erickson recommends no change to the valuation for this property. Erickson said he did not create a chart for this property, but the valuations in this area did not change much. Erickson said the valuation for this property went from \$290,000 to \$308,000.

Beattie moved, Miller seconded, to accept the assessed valuation for the property located at 631 Pleasant Street. Motion carried 3/0.

Property of Elmer Schoon, 181 George Street, P.I.D. #34-117-23-120031

Erickson recommended no change to the valuation for this property.

Beattie moved, Miller seconded, to accept the assessed value for the property located at 181 George Street. Motion carried 3/0.

Property of Tom Nye, 35 Center Street, P.I.D. #34-117-23-110045

Erickson recommended no change to the valuation for this property.

Beattie moved to accept the assessed valuation for the property located at 35 Center Street. Motion failed for lack of a second.

2. FOLLOW-UP TO PROPERTY OWNER QUESTIONS/APPEALS

Property of Tom Nye, 35 Center Street, P.I.D. #34-117-23-110045 -  
Continued

Miller said nearby properties went up at a lesser rate. Erickson said he has valued the building lower. Miller said he thinks it should be reduced to \$400,000.

Miller moved to reduce the valuation of the property located at 35 Center Street to \$400,000. Motion failed for lack of a second.

Miller said that properties in this area are deficient. Beattie said the house at 35 Center Street is not deficient.

Beattie renewed his motion to accept the assessed value for the property located at 35 Center Street. Miller seconded. Motion carried 3/0.

Property of Patrick Foss, 456 Lafayette Avenue, P.I.D. #34-117-23-210050

Beattie moved to accept the assessed valuation for this property. Motion failed for lack of a second.

Chair Gaylord said this is a unique property. Erickson agreed and said this property is one of a kind. Miller thinks this property deserves a discount, but it currently has only an 11 percent increase. Beattie asked what the highest value was for this house. Erickson said its highest value was \$899,000. Erickson said the previous high value before the recession was \$830,000.

Miller moved, Beattie seconded, to reduce the valuation for the property located at 456 Lafayette Avenue to \$950,000. Motion carried 3/0.

Property of Christiane Pike, 510 Wheeler Drive, P.I.D. #35-117-23-230054

Erickson recommended no change to the valuation for this property.

Beattie moved, Miller seconded, to accept the assessed value for the property located at 510 Wheeler Drive. Motion carried 3/0.

Property of Bruce Kelly, 165 Maple Street, P.I.D. #34-117-23-120113

Erickson recommended no change to the valuation for this property. Miller said there were quite a variation of increases in this area.

Beattie moved, Miller seconded, to accept the assessed value for the property located at 165 Maple Street. Motion carried 3/0.

2. FOLLOW-UP TO PROPERTY OWNER QUESTIONS/APPEALS

Property of Sue Veazie, 519 Wheeler Drive, P.I.D. #35-117-23-230051

Erickson recommended no change to the valuation for this property.

Beattie moved, Miller seconded, to accept the assessed value for the property located at 519 Wheeler Drive. Motion carried 3/0.

Erickson said if someone calls the assessor's office within ten days of the Local Board of Review, the assessor must bring it to the Board. The following property listings are from property owners who contacted the assessor within the ten day window and should be reviewed by the Board. Erickson said these property owners also have the right to bring their appeal to the Hennepin County Board of Review, if they are not satisfied with the Local Board's decision.

Property of Thomas Fulkerson, 278 West Lake Street, P.I.D. #34-117-23-1420047

Erickson said he received a letter from the owner of this property. Erickson said he looked at the property and it is very typical of the area. Erickson said it is a very nice lot that looks out to the lake and feels it is a premium location. Erickson said this property has a 31 percent increase.

Erickson recommended no change to the valuation for this property.

Beattie moved, Miller seconded, to accept the assessed value for the property located at 278 West Lake Street. Motion carried 3/0.

Property of Ted Hannah, 700 Third Avenue, P.I.D. #35-117-23-230047

Erickson recommended reducing the value of this property to \$104,000.

Beattie moved, Miller seconded, to accept the adjusted valuation of the property located to 700 Third Avenue to \$104,000. Motion carried 3/0.

Erickson said this house was used as a double and needs to be classified as Duplex.

Beattie moved, Miller seconded, to change the classification of the property located at 700 Third Avenue to Duplex. Motion carried 3/0.

2. FOLLOW-UP TO PROPERTY OWNER QUESTIONS/APPEALS

Property of Nicola Craig, 731 Second Avenue, P.I.D. #35-117-23-230029

Erickson said he went through this house and recommended a small change in valuation to \$232,000.

Beattie moved, Miller seconded, to accept the adjusted valuation for the property located at 731 Second Avenue to \$232,000. Motion carried 3/0.

Property of Gerald Kerber, 600 Lyman Place, P.I.D.#35-117-23-310036

Erickson said he reviewed this property and recommended a reduced value of \$262,000.

Beattie moved, Miller seconded, to accept the adjusted valuation for the property located at 600 Lyman Place to \$262,000. Motion carried 3/0.

Property of Gerald Kerber, 610 Lyman Place, P.I.D. #35-117-23-310037

Erickson recommended no change to the valuation for this property.

Beattie moved, Miller seconded, to accept the assessed value for the property located at 610 Lyman Place. Motion carried 3/0.

Property of Brad Hagemo, 620 Lyman Place, P.I.D. #35-117-23-310038

Erickson recommended a large reduction to the valuation of this property because the house has many problems. Erickson recommended reducing the value to \$227,000.

Beattie moved, Miller seconded, to accept the adjusted valuation for the property located at 620 Lyman Place to \$227,000. Motion carried 3/0.

Property of David Lawrance, 825 Hidden Lane, P.I.D. #35-117-23-210012

Erickson recommended no change to the valuation for this property. Erickson said two of the more expensive houses in the area went up 18 to 19 percent and raised building values. Erickson said this is a decent home and lot.

Miller moved, Beattie seconded, to accept the assessed value for the property located at 825 Hidden Lane. Motion carried 3/0.

2. FOLLOW-UP TO PROPERTY OWNER QUESTIONS/APPEALS

Property of Bruce Anderson, 237 Center Street, P.I.D. #34-117-23-110081

Erickson said the owner of this property called him and said he was on vacation. Erickson said the owner agreed with the assessed value and asked that he be put on the list to discuss the property with the Hennepin County Board.

Miller moved, Beattie seconded, to accept the assessed value for the property at 237 Center Street. Motion carried 3/0.

Property of George Perkins, 138 Second Street, P.I.D. #34-117-23-120095

Erickson recommended a small decrease in valuation for this property. Erickson said there is a grading problem with the yard and recommended reducing the value from \$329,000 to \$303,000 to take that into consideration.

Miller moved, Beattie seconded, to accept the adjusted valuation for the property at 138 Second Street to \$303,000. Motion carried 3/0.

Erickson said his office will send a letter to the property owners with the Board's review. Erickson said if the property owners disagree with the review, they can go before the Hennepin County Board of Review to appeal.

3. ADJOURNMENT

Beattie moved, Miller seconded, to adjourn the Board of Review meeting at 6:53 p.m. Motion carried 3/0.

Respectfully submitted,

Shirley Johnson  
City Clerk