

**BOARD OF EQUALIZATION MEETING
CITY OF DICKINSON, NORTH DAKOTA**

MAY 5, 2014

Pursuant to due call and notice, with notice of publication in the Dickinson Press, the Board of Equalization met in compliance with North Dakota State Law. The meeting was held May 5, 2014 commencing at 3:30 P.M., in City Hall located at 99 2nd Street East.

1. CALL TO ORDER

President Dennis W. Johnson called the meeting to order and directed that a copy of the published notice be included as part of the minutes.

2. ROLL CALL

Present were: President Dennis W. Johnson, Commissioners Carson Steiner, Klayton Oltmanns, Gene Jackson and Shirley Dukart; Also present: City Administrator Shawn Kessel, City Assessor Joe Hirschfeld and Dickinson City Attorney Matt Kolling.

3. City Assessor Joe Hirschfeld reported the assessment roll has been completed.

4. City Assessor Hirschfeld presented a power point as well as notes for the power point. Mr. Hirschfeld explained property sales throughout the year by using the sale of a typical apartment building with condos for an example. To show how the assessing office determines the median with additional number of sales. City Assessor Hirschfeld showed sale prices, dates of sales, and also gave reasoning's for the seven 7 units. Unit 1 sold for \$190,000 on 4/1/12 which was a discounted rate to start occupancy. Unit 2 then sold for \$200,000 on 5/5/12. Unit 3 then sold for \$205,000 5/10/12 with poor negotiation. Unit 4 sold for \$200,000 on 5/15/12. Unit 5 sold for \$210,000 on 5/20/12, which was the last on the first floor. Unit 6 was sold for \$200,000 on 5/25/12. Unit 7 was the last unit and it was discounted to \$195,000 to have full occupancy. To find the median sales price City Assessor Hirschfeld arranges by the lowest sale to the highest sale. The median sale of these units would be \$200,000.

When the owners decide to sell their properties that is when the median sales ratio is determined. City Assessor Hirschfeld, takes the unit that sold the most unit 5 \$215,000, then unit 6 \$198,000 that sold the least, and unit 1 sold for \$212,000 in the median and that is where the 6% increase is determined.

City Assessor Hirschfeld then determines a new assessment of properties. City Assessor Hirschfeld then looks at the old assessment of the properties. In the assessment City Assessor Hirschfeld is looking at the sale price of each unit and the original assessment of those units before sale. He then looks at the most recent sale of the condo units; original assessment value, the 6% increase, and the new assessment value of the units are \$212,000.

City Assessor Hirschfeld stated that the true & full value have increased from 2013-2014. Commercial & Residential increased \$412,477,096 (+18%) from last year overall. Residential property value increases were 5% to structure, resulting in an approximate 3.3% across the board for adjustment.

Commercial properties had increased of \$297,856,896 (+30%); in valuation due to increase in land values and cost manual changes, as well as decrease in depreciation; Residential being an increase of \$114,620,200 (+8%). A 10% across the board adjustment was made to commercial structures, with an additional 30% adjustment to the structures of properties with metal buildings or apartments, as they were the furthest out of tolerances.

New Home Owner Exemptions, for 1 year only, for 2014 – 155 properties, \$15,300,000 and 2013 – 193 properties, \$19,400,000, which showed the median ratio for residential being 89.9% and commercial 68.9% which triggered an increase of 92%. Residential property value increases were 5% to structure, resulting in an approximate 3.3% across the board adjustment.

President Johnson asked the commission if there were any questions or comments and there were none.

5. President Johnson opened the meeting for public input to voice valuation concerns:

Vince Ficek was concerned for his law office downtown at 41 1st Avenue W. Mr. Ficek states that he does not agree with the appraised value of his property at \$175,100. Mr. Ficek stated that the roof is from 1982, bought the property in 1982 and paid \$51,000. The bathroom doesn't work and the carpet is frayed. Mr. Ficek put \$35,000 in the building 10 years ago. In May of 2013 Mr. Ficek had an appraisal done for mortgage purposes and the appraisal came back at \$110,000. The appraisal was done by the lending institute. Mr. Ficek did not speak with the city assessor, but did submit his appraisal to the city assessor. The city assessor did not get back to Mr. Ficek before the meeting. The city assessor did look over his appraisal and determined that there was not enough evidence to lower his assessment. He stated that he feels the appraiser used three comparables that were not at market value. City Assessor Hirschfeld said he found three comparables that were not in the report. Mr. Ficek said he doesn't feel that the comparable were comparables at all. City Assessor Hirschfeld said that is why it is crucial that the revaluation be done as soon as possible. The downtown area as well as all commercial property valuations will be done in 2015. The lot size is 3,525square feet and building size is 2,784square

feet and the building is one level. President Johnson knows how the market has increased the value of commercial properties. He said that his business just sold for three times for what he paid for it. He said he feels it is possible for commercial property to increase substantially. He said we have a lot of evidence that properties have increased. Mr. Steiner stated that Mr. Ficek could rebuild his building for \$153,000. President Dennis Johnson said he does not believe that commercial buildings can be built for any less than residential. Mrs. Dukart stated that it would cost \$200.00 per sqft. President Johnson recommended rebuilding high and depreciating it. President Johnson wants the assessor's office to visit this property. Mr. Ficek stated that the City Assessor Hirschfeld had already visited the property last year. Mr. Ficek is asking for a reduction of his property value at the appraised value of \$110,000. President Johnson asked when the County Board of Equalization is. Mr. Kolling, the city attorney, stated that the County Board of Equalization is the first Tuesday of June. President Johnson stated that the city assessor would have to visit the property and review the documentation first before approving the request of Mr. Ficek.

City Attorney Matt Kolling stated that the meeting can be reconvened if and when the final assessments have been completed.

Courtney Olson and Rick Presthus are concerned with their assessed value at 257 6th Street W of \$480,000. Ms. Olson stated that she understands the process and that she has visited with City Assessor Hirschfeld. Ms. Olson and her fiancé just recently purchased the home for \$429,000. Ms. Olson wants the commission to look at the history of the home. The home was listed at \$479,000 for 38 days, and then \$433,000 for 41 days then sat on the market for 264 days at \$429,000. They had an appraisal done on the home recently due to purchasing and it was done by Jason Hanson for \$440,000. It was assessed at \$563,000, but this was a mistake due to the second floor counted twice. The mistake was corrected by the assessing office. The neighborhood is of older homes and small lots. The home only has a small amount of grass in the front of the property. The house sits on a standard lot of 7,057 square feet. City Assessor Hirschfeld states that this is a very unique property. It is a very nice, good quality home. The builder does not have any model homes like this one in Dickinson. The house was built in 2012 and the builder lived in the home while it was under construction. Ms. Olson did not have the certificate of occupancy with her at the meeting. Mrs. Dukart stated that a person cannot get more for a property that it is appraised at. City Assessor Hirschfeld agrees with Mrs. Dukart. City Assessor Hirschfeld stated that there is no obsolescence on this property. City Assessor Hirschfeld asks the Board what kind of external obsolescence should be applied to this home. It is on a smaller lot in an older neighborhood of Dickinson. He did review their appraisal that they brought in for him to look at. He said that their appraiser did not discount for these two areas either. Most comparables sold within 5% of the value. Ms. Olson stated that if she were to sell this property the assessed value would continue to be an issue. Ms. Olson's fiancé stated to look at the grey areas and also to look at the listings which are facts. Mrs. Dukart stated that once the hospital moves the value of the home will go down. Mrs. Dukart suggests that the city assessor visit this home. City Assessor Hirschfeld stated that he cannot discount for the quality of the

home. President Johnson stated that at 429 days on the market it seems a bit harsh to value this home at \$480,000 when it finally sold at \$429,000. Ms. Olson and her fiancé are asking for their home to be lowered to the appraised value of \$440,000. Mrs. Dukart made a motion to change the value to \$440,000.

MOTION BY: Shirley Dukart

SECONDED BY: Carson Steiner

DISPOSITION: Roll call Aye 4, Nay 0, Absent 1

Motion declared duly passed.

Perry Boespflug is concerned about the assessed value of his properties at 1300 East Villard, 1430 East Villard and 1470 East Villard. Mr. Boespflug stated that he is not properly prepared for the meeting, but wanted to come and voice his concern. Mr. Boespflug spoke with City Assessor Hirschfeld on Thursday May 1st about his concerns and stating that the assessment is not fair. Mr. Boespflug bought the 1300 East Villard in 1998 for \$140,000. In 2010 has a concrete exterior, new roof and siding which cost \$50,000. In 2011 it was assessed for \$267,000. In 2014 it is assessed for \$714,000, which is a 217% increase from last year. There have been no improvements done. He feels the raising of the values has gotten totally out of hand. Mr. Boespflug has invested \$165,000 into the property. The other two properties, 1430 East Villard and 1470 East Villard are on the same parcel and in 2008 were assessed at 115,000 and in 2014 it is assessed at \$440,000. His residence is at 225 7th Street SE and that value has gone up 37% in the last 3 years. Mr. Boespflug stated that he does not understand the difference between commercial and residential. Mr. Boespflug is worried about the slowdown of the market and paying high taxes due to the high prices of the property. Mr. Boespflug wants a re-evaluation and doesn't know the system. President Johnson explains the process to Mr. Boespflug. President Johnson stated that residential properties switch hands more and often than commercial properties. Commercial properties were on the low side and excelled due to the market. He states that the values on the commercial properties were appraised on the low side and things have really accelerated since. He states that without Mr. Boespflug having an independent appraisal it is hard for the Board to do anything. City Assessor Hirschfeld states that due to the late call that he received from Mr. Boespflug he did not have a chance to look at his properties. It is hard to make any adjustments on a property due to no appraisal. City Assessor Hirschfeld will make an appointment and visit Mr. Boespflug's property. Mr. Boespflug was going to get an appraisal done and understood that at this time no action could take place. Jason Fridrich has concerns about his Unit D 2478 Sims in a commercial building that is split into condo units. The building is one year old, wood frame, steel roof and siding. The shop consists of 6 lights and hanging heater in the corner. Six months ago Mr. Fridrich purchased the property for \$212,000 now it is assessed at \$397,100. The building is a 3,000 square foot metal building, concrete, and bathroom is not completed. Mr. Fridrich did not get an appraisal on the property due to that the purchase price was lower than \$250,000. An appraisal is not required for properties under \$250,000. He met with City Assessor Hirschfeld to visit with him about this metal building. City Assessor Hirschfeld told him that a commercial appraisal will be done by 2015. Mr. Fridrich doesn't feel he should have to pay taxes on the \$397,100 assessed value until

the commercial appraisal is finished. Carson Steiner stated that he talked to a real estate agent who builds and sells metal buildings and was told that a 6,000 square foot building with a bathroom can be built for \$60-\$80 a square foot. President Johnson did not agree that a metal building could be built for that amount. He stated that it would be more like \$250-\$260 a square foot. City Assessor Hirschfeld stated that this metal building is consistently assessed with the other metal buildings in Dickinson. Mrs. Dukart told Mr. Fridrich that he needs to review this since he is a builder himself, but she stated that she has problems with City Assessor Hirschfeld raising the values.

Mr. Fridrich was also there to share his concern about the percentage increase on the LaQuinta Hotel at 522 12th Street West in Dickinson. Mr. Fridrich purchased the lot in April of 2012 for \$134,500. In 2013 the hotel was valued at \$5.5 million and 2014 \$6.3 million. He said he does not have a problem with the assessed value for 2014 because he said that is about what it cost him to build it; he just has a problem with the high percentage of increase. He said it is hard for a business to budget when the increases are so large. Mr. Fridrich talked again about his condo unit D. President Johnson wants City Assessor Hirschfeld to visit Unit D and all the other Units that are in the building as well. The Board will delay taking any action prior to June 3rd. Mr. Jackson stated that City Assessor Hirschfeld should look at Mr. Boespflug's property as well since it was a similar situation. Mr. Fridrich was worried that if the oil just leaves overnight and the market crashes he is worried about paying high taxes. President Johnson explained the market, when the oil comes into the community prices gradually go up and when the oil leaves the market gradually goes down.

Kevin Lammle representing Butler Machinery spoke early in the morning before this meeting with City Assessor Hirschfeld. Mr. Lammle stated that he was not quite sure how this process goes so he is not quite prepared. Mr. Lammle wants to be on record saying that he would like an appraisal done. He said that they will get an appraisal and then after that time ask the Board to take that amount into consideration. The building was built in 2009. City Assessor Joe Hirschfeld stated that part of the \$500,000 increase was the Butler Machinery building just came off of a new business exemption. He stated that he is fairly well acquainted with this building. Mr. Lammle stated that even though the building was on an exemption there have been increases with the assessed value of the property. President Johnson stated that we cannot look at all properties.

Jim Rice is concerned on the value of his property at 721 4th Avenue W. He stated that it is a little, one bedroom house 700 – 800 square foot with a detached garage. In 2008 he paid \$64,000 and in 2013 the total assessed was \$117,400, in 2014 the total assessed value is \$121,300. Mrs. Dukart was asking Mr. Rice details about the house and randomly stated that the house is worth \$95,000. She feels \$121,300 is way too steep. Mr. Rice stated that this house was moved into town a long time ago. There was no formal appraisal done on the property. Mrs. Dukart agrees with Mr. Rice on the value of his property. Mr. Rice stated that he did not speak with City Assessor Hirschfeld. The city assessor is not familiar with this property and he will contact Mr. Rice and schedule a visit. Mr. Rice stated that he forgot about the meeting until a few hours before. President Johnson stated that the older homes are increasing at higher rates.

People are interested in investing more in an older home than putting money towards rent in apartments. Buyers want homes now, even it is an older home at a higher sale price.

President Johnson asks for more public comment. Hearing none the public hearing is closed.

8. ASSESSOR'S REPORT:

A. To approve the Assessor's Report

B: MOTION BY: Shirley Dukart with the exception of the properties that City Assessor Hirschfeld needs to visit.

SECONDED BY: Gene Jackson

DISPOSITION: Roll call vote 5, Nay 0, Absent 0.
Motion declared duly passed.

9. EXEMPTION APPLICATIONS:

A. To approve the Renaissance Zone Exemption under NDCC 40-63-01

B. MOTION BY: Carson Steiner SECONDED BY: Shirley Dukart

DISPOSITION: Roll call vote Aye 5, Nay 0, Absent 0.
Motion declared duly passed.

A. To approve the One-Year Residential Exemptions under NDCC 57-02-08 (35)
(36)

This does not exempt the land. This is an exemption of the first \$100,000 for one year.

City Assessor Hirschfeld reported that there are 155 One-Year Residential Exemptions for the years 2013-2014.

B. MOTION BY: Gene Jackson SECONDED BY: Klayton Oltmanns

DISPOSITION: Roll call vote Aye 5, Nay 0, Absent 0.
Motion declared duly passed.

A. To approve the Real Estate Property Tax Exemptions under NDCC 57-02-08.

B. MOTION BY: Shirley Dukart SECONDED BY: Gene Jackson

DISPOSITION: Roll call vote Aye 5, Nay 0, Absent 0.
Motion declared duly passed.

10. There are no tax abatements at this time.

11. ADJOURNMENT:

MOTION BY: Klayton Oltmanns SECONDED BY: Carson Steiner

To adjourn the 2014 Board of Equalization meeting at 4:44 PM

DISPOSITION: Roll call vote Aye 5, Nay 0, Absent 0.

Motion carried unanimously. Reconvene meeting until after City Assessor Hirschfeld visits the noted properties, before June 3, 2014.

Reconvene Board of Equalization Meeting @ 3:36pm on May 19, 2014

1. President Dennis W. Johnson called the meeting to order at 3:36pm. Meeting started later due to waiting for property owners to attend.
Present were: President Dennis W. Johnson, Commissioners Carson Steiner, Klayton Oltmanns, Gene Jackson and Shirley Dukart; Also present: City Administrator Shawn Kessel, City Assessor Joe Hirschfeld and Dickinson City Attorney Matt Kolling.
2. There were no property owners present.

President Dennis W. Johnson asked Dickinson City Attorney Matt Kolling to explain the process of continuation. Dickinson City Attorney Matt Kolling stated that the properties listed on Agenda must take action and resolve today. Separate action needs to be taken place on each property. President Dennis W. Johnson asked Dickinson City Attorney Matt Kolling if the meeting was properly noted on the date and time of the meeting. Dickinson City Attorney Matt Kolling stated yes it is properly noted.

Action is to be taken on the valuation of these properties which were brought forward under protest at the May 5th meeting.

- a. 2478 Sims St. Units A-D
- b. 41 1st Avenue West
- c. 721 4th Avenue W
- d. 1300 East Villard and 1430-1470 East Villard

City Assessor Joe Hirschfeld went to visit 1300 East Villard and 1430-1470 East Villard and spoke with Mr. Boespflug. City Assessor Joe Hirschfeld showed Mr. Boespflug his property record and after explanation from City Assessor Joe Hirschfeld on how his values were determined. Mr. Boespflug understood how the values were determined. Mr. Boespflug withdrew his protest. Mr. Boespflug is looking forward to the Commercial Revaluation.

City Assessor Joe Hirschfeld went to visit with Mr. Rice at 721 4th Avenue W. Mr. Hirschfeld stated that the house is in good shape. City Assessor Joe Hirschfeld pulled comparisons for Mr.

Rice to look at. Mr. Rice did not realize the market was still so strong in Dickinson. Mr. Rice withdrew his protest.

City Assessor Joe Hirschfeld went to visit with Mr. Ficek at 41 1st Street W. City Assessor Joe Hirschfeld reviewed the property and determined that the property was below average in grade, instead of the above average condition as it was valued at \$175,100. City Assessor Joe Hirschfeld changed the condition rating to below average condition, which lowers the value to \$150,100. There is adequate data to support the value of \$150,100. Mr. Ficek was in support of the changed value. Mr. Ficek is looking forward to the Commercial Revaluation.

City Assessor Joe Hirschfeld went to visit commercial condominiums at 2478 Sims Street Unit A-D. These units were brought to attention by Mr. Jason Fridrich. Unit A is owned by Cole & Derrick Brew, Unit B and C is owned by Martin, LLC and Unit D is owned by Mr. Jason Fridrich, Legend Real Estate Holdings, LLC. City Assessor Joe Hirschfeld made a correction to each unit, in which decreases in value occurred. Specifically to Mr. Fridrich's property, the evaluation was decreased from \$397,100 to \$302,700. Mr. Fridrich stated that the new value is still higher than what he paid for the property. Mr. Fridrich's new valuation is supported well in the current market place.

President Dennis W. Johnson agreed with the new values and since there were no property owners present President Dennis Johnson asked if there were any questions or comments and there were none. City Attorney Matt Kolling stated that the appropriate action to take place would be to have separate motions on each individual property.

The Assessing Department is asking the Board of Equalization to support a valuation change for:

2478 Sims Street Unit A, owned by Cole and Derrick Brew, from \$397,100 to \$301,900

MOTION BY: Gene Jackson SECONDED BY: Klayton Oltmanns

DISPOSITION: Roll call vote Aye 5, Nay 0, Absent 0.
Motion declared duly passed.

2478 Sims Street Unit B, owned by Martin, LLC from \$397,100 to \$305,300

MOTION BY: Carson Steiner SECONDED BY: Shirley Dukart

DISPOSITION: Roll call vote Aye 5, Nay 0, Absent 0.
Motion declared duly passed.

2478 Sims Street Unit C, owned by Martin, LLC from \$397,100 to \$318,100

MOTION BY: Klayton Oltmanns SECONDED BY: Gene Jackson

DISPOSITION: Roll call vote Aye 5, Nay 0, Absent 0.
Motion declared duly passed.

2478 Sims Street Unit D, owned by Legend Real Estate Holdings, LLC 397,100 to \$302,700.

MOTION BY: Gene Jackson SECONDED BY: Klayton Oltmanns

DISPOSITION: Roll call vote Aye 5, Nay 0, Absent 0.
Motion declared duly passed.

41 1st Avenue W, owned by Vince Ficek, from \$175,100 to \$150,100
MOTION BY: Shirley Dukart SECONDED BY: Carson Steiner

DISPOSITION: Roll call vote Aye 5, Nay 0, Absent 0.
Motion declared duly passed.

The Assessing Department is asking the Board of Equalization to make no changes to the following properties:

721 4th Avenue W, owned by James and Mary Rice, valued at \$121,300.

MOTION BY: Carson Steiner SECONDED BY: Klayton Oltmanns

DISPOSITION: Roll call vote Aye 5, Nay 0, Absent 0.
Motion declared duly passed.

1300 East Villard and 1430-1470 East Villard, owned by Perry and Annette Boespflug. Valued at \$713,400 and \$437,900 respectively.

MOTION BY: Klayton Oltmanns SECONDED BY: Shirley Dukart

DISPOSITION: Roll call vote Aye 5, Nay 0, Absent 0.
Motion declared duly passed.

3. Adjourn. Motion carried to adjourn meeting at 3:48pm

MOTION BY: Klayton Oltmanns SECONDED BY: Shirley Dukart

DISPOSITION: Roll call vote Aye 5, Nay 0, Absent 0.
Motion declared duly passed.

OFFICIAL MINUTES PREPARED BY:

Heather Avers-Davis, Property Appraiser Tech

APPROVED BY:

Shawn Kessel, City Administrator

Dennis W. Johnson, President
Board of City Commissioners

Date: _____