


Haines Borough
Board of Equalization
May 26, 2004
MINUTES

Adopted

1. **CALL TO ORDER/PLEDGE TO FLAG**: Mayor Mike **CASE** called the meeting to order at 6:42 p.m. in the Assembly Chambers of the Municipal Building and led the pledge to the flag.

2. **ROLL CALL Present**: Mayor Mike **CASE**, Assembly Members Stephanie **SCOTT**, Lucy **HARRELL**, Norm **SMITH**, Jerry **LAPP**, Douglas **OLERUD**, and Debra **SCHNABEL**.

Staff Present: Julie **COZZI**/Borough Clerk, Keith **BETTRIDGE**/Borough Manager, Wayne **HAERER**/Contract Assessor, Chad **WILSON**/Contract Assessment Assistant, and Jane **SEBENS**/Borough Attorney.

Appellants and Visitors Present: Tim **JUNE**, Hugh **RIETZ**, and Al **SULLIVAN**.

3. **SWEARING IN**

The Clerk administered oaths to each of the Assembly Members so that they could function as the Board of Equalization. Additionally, the Clerk administered an oath to those that would testify.

4. **INSTRUCTION TO ASSEMBLY ACTING AS BOARD OF EQUALIZATION:**

The Mayor read from the Borough Code concerning the purpose and function of the Board of Equalization.

The Board was asked by **HAERER** to amend the agenda by moving the BOE Appeal No.4 to position one on the agenda. There was no objection. **SCOTT** recused herself from participation in the discussion of and voting on Appeal numbers 4 and 5; she is a part of the Kochu Cove Trust.

5. **BOE APPEAL NOS.4 & 5 - Kochu Cove Trust**

SEBENS explained that the court primarily remanded this because of procedural issues at the board level. A date for a remand hearing needs to be set. She requested that the Board schedule the court-ordered hearing for August 11, 2004. She added that she is primarily here for the 2003 remand hearing issue. **HAERER** referred the Board to the packet and said that the two Kochu Cove Trust appeals go hand in hand --- the 2003 remand and the 2004 appeal. He requested a continuance for the 2004 appeal. If the 2003 remand hearing is scheduled for August 11, **HAERER** would like to have the 2004 continued to that date, as well.

JUNE requested that the remand hearing occur at this hearing. He said that the court decision was issued in February and the Borough has had reasonable time to review the court documents

and to schedule a remand hearing. **SCHNABEL** asked what the procedural errors were. **SEBENS** gave a summary and pointed out that all documents are a matter of public record. She said that there was no tape recording. Also, Karen Harvey functioned as assessor AND prepared the minutes. The errors are important enough that the Board needs to be prepared by reading through all of the pleadings. The court did not specify a timeframe for the remand hearing. She added that the court was concerned that there was no clear record of the proceedings.

M/S **HARRELL/OLERUD** Motion to schedule the Kochu Trust 2003 Remand Hearing for 8/11/04 and to hear the 2004 appeal on the same date.

SMITH said that he is unprepared to hear the appeal tonight. **LAPP** said that he would like time to study.

M/S **SCHNABEL/SCOTT** Motion to amend the motion to schedule the 2003 Remand to June 2 at 6:00pm and to hear the 2004 appeal to 8/11/04.

HARRELL expressed concern about the short timeframe for making preparation. **SCHNABEL** said that the current assessor is not weighing in on the 2003 appeal. **HAERER** said that it is his interpretation that the borough does not have to go through rediscovery. **SEBENS** said she looked at the scope of the remand hearing. The court decision does not say that clearly. It could be taken two ways --- start over or maintain the same arguments. It would be important to have Karen Harvey available. "Karen Harvey was not qualified, and that was one of the problems." **JUNE** said he agrees with **SEBENS**. He presented to the court four procedural deficiencies and 11 substantive errors. The court said that the procedural problems were so egregious that Kochu Cove Trust was not able to have their case properly heard. **HARRELL** asked who **SEBENS** is representing. **CASE** said that **SEBENS** represents the Haines Borough. **LAPP** asked who would present the facts. **SEBENS** said it would have to be testimony from Karen Harvey.

The amendment motion failed 3-2 with **OLERUD** and **HARRELL** opposed. The mayor asked for a roll call vote to clarify it. Because **SCOTT** was recused, 4 votes were needed to pass (a majority of those seated).

The main motion carried unanimously.

RIETZ asked if the Board needs to approve the agenda. **CASE** ruled that the agenda does not need to be approved and may be adjusted as seen fit. **REITZ** asked if his case, Appeal No.7, could be moved up in the agenda. It was approved.

6. BOE APPEAL No.7 - Cannery Cove LLC

RIETZ said that he is here to appeal the assessment of the property which is double what the purchase price was. **CASE** said

that the assessment price is not necessarily the same as a purchase price. **SULLIVAN** said that this property was on the market for over 6 months represented by a real estate firm in Anchorage. "The sales price should be considered the true market value." There were no mitigating factors. **HARRELL** asked what the prior assessment was and what type it was.

[At this point, the Clerk swore in Chad **WILSON** who arrived late.]

HAERER said that the original assessed value for the four lots was \$1,030,050. It sold for \$600,000. The assessor completed an interior and exterior inspection of the subject property on May 20, 2004. The conditions of the sale and anticipated use (along with highest and best use) was examined. "The nature of the sale may not be indicative of its highest and best use that it may have been purchased for." The amount of insurance placed on the buildings was considered, also. **WILSON** said that the warehouse is insured for \$270K, the dock for \$1M. **HAERER** said they chose not to use an income capitalization approach to determine appraisal value. He believes that an income capitalization approach would actually have resulted in a higher assessment. **HAERER** added that not all aspects of the sale conditions were made known to him. The probability of a much higher value relative to determining its highest and best use refutes that this assessment supports a fair market value. Six months is not unusual for single family dwellings in Haines to be on the market. It is not an excessive amount of time for residential let alone a large commercial property. **RIETZ** said that the cabin is a "garage" that is about to fall down. He are getting ready to tear it down. The water tanks are rotting and need to be torn down, as well. The largest building on the property was built in 1917. The buildings are antiquated and they are being "over-assessed." **SULLIVAN** asked what their property is zoned. [commercial] He said that he agrees that there are bigger and better things, but they have to go before the Planning Commission to get a conditional use to process fish. **HARRELL** said "that is ridiculous." **LAPP** asked if they have any source of income right now. **RIETZ** said that they will make \$22K this year on a lease. **SCOTT** asked if the assessor compared the property to the adjoining properties. **HAERER** said there were no like or similar sales to do a cost approach. The income approach was not used because there was not enough information available to put together an assessment using that method. Therefore, they used replacement cost less depreciation. They looked at reasonably comparable structures, applied standard age-life depreciation, and looked at what insurance would pay for replacement. They looked at potential for the property --- evaluating the surrounding neighborhood to consider what is being done with the property. **SCOTT** said that she is confident that the property is zoned commercial. The adjoining properties are residential. The assessor has the

capacity to determine for the landowner the highest and best use for the property. She asked the appellants what their plans are for the property. **SULLIVAN** asked what the property should be taxed at considering a \$20K/year income. (He did not respond to **SCOTT**'s question.) **HARRELL** said that she feels uncomfortable assessing land on what it MAY be used for in the future; she believes that it should be taxed for what it is right now with the understanding that if/when it's use changes that the assessment will change, as well. **SCHNABEL** spoke in favor of the assessor's appraisal.

M/S **SCHNABEL/HARRELL** Motion to accept the assessor's adjusted assessment of the Cannery Cove properties in total to \$703,600.

SMITH said that he would be supportive of the Cannery Cove owners being given a tax break. He believes that they are essentially asking for that. "No body wants to pay more taxes." "Ward's Cove was like a fire sale." He asked **HAERER** what his system of property assessment prioritization was. **HAERER** addressed the chair and said that the BOE authority and responsibility is limited to valuations; it does not extend to tax exemptions. He said he did not single out this property. He said he did not raise any values in the Borough for 2004. The only exceptions are new properties or properties that were not on the tax rolls. **CASE** added that **HAERER** did not go out to assess the property. It was assessed at the same rate as it was for years. As a result, the owners appealed it and because of that appeal, the assessed value was dropped. However, they are still appealing the amount that is over the \$600K sales price. **SCOTT** said that she does not believe the assessment is excessive, but she doesn't agree with the method of determination.

The motion carried 4-3 with **OLERUD**, **SCOTT**, and **SMITH** voting "no" in a roll call vote; the Mayor broke the tie with a "yes" vote.

The mayor called a brief recess at 8:14pm.

7. BOE APPEAL No.1: - William Joiner

HAERER said the appeal reason was that the appraisal is "excessive." He said he attempted to contact the property owners. **WILSON** said that the only contact information the borough has is an email address and they have been unresponsive to two messages. **HAERER** said that **WILSON** used comparable sales and reassessed it. Procedurally it had to come before the Board of Equalization since they have been unsuccessful contacting the owners.

M/S **SCOTT/LAPP** Motion to accept the assessor's reassessment of the Joiner property in the amount of \$156,000.

SMITH asked if it is typical to assess property without entering the structure. **HAERER** said that it is if access is not granted or is not possible. They were unable to gain entry to this property and unable to make contact. **SCHNABEL** asked how the square-footage discrepancy was resolved. **HAERER** said that the land valuation remains the same; the dwelling is devalued. Uniformity and equity are the goal right now. To determine what the market and sub-market stratas are for the future will take indepth study.

The motion carried unanimously with a roll call vote.

8. BOE APPEAL No.3 - Phyllis Brown

HAERER said that Ms. Brown believes that the \$24K appraisal is excessive and valued improperly. Her estimate of value is \$0. The property is located between Main Street and Dalton Street on the west side of Sixth St. It abuts State property. Sawmill Creek came down through the first two or three lots on the upper portion. The City of Haines two years ago proceeded to divert Sawmill Creek and spent \$50K to rechannel it and place new culverts enhancing the estuary. The property was appraised a year ago by an independent fee appraiser for \$42K, subsequent to the rechanneling and the enhancement. That removed the wetlands classification. Even though the lots are still low-lying, they still have marketability and usability. The appraisal is equitable compared to similar low-lying properties. It would lend itself to development with the addition of fill, and that would increase the value of the property. It is roughly three-quarters of an acre for \$24K.

M/S **LAPP/OLERUD** Motion to approved the assessor's appraisal of \$24,000.

The motion carried unanimously with a roll call vote.

8. BOE APPEAL No.2 - Phyllis Brown

M/S **LAPP/OLERUD** Motion to accept the assessor's appraisal of \$39,050.

The motion carried unanimously with a roll call vote.

9. BOE APPEAL No.6 - Henry Jacquot

HAERER said that he and **WILSON** have not done a site inspection. The property is river-access-only. They have been unsuccessful making contact with the owner. It is located in the north 1/3 quadrant of Section 2 --- one mile in on the Kelsall. The owner says that the appraisal is excessive.

M/S **OLERUD/LAPP** Motion to accept the assessor's recommendation.....

SCHNABEL said she is concerned about the comparative properties used in the appraisal. The assessor cites the Chilkoot Valley properties even though the property in question is in the Chilkat area. **WILSON** said that the Chilkoot area properties were the closest and most comparable properties. **LAPP** asked if Chilkat Lake properties were used to compare. **WILSON** said he looked at them but did not use them because they are a lot smaller properties. The overall range of both sales and listings of all comparable properties is in the ballpark of the appraisal.

The motion carried 5-1 in a roll call vote with **SCHNABEL** opposed.

15. **ADJOURNMENT** - 9:48pm

Mike Case, Borough mayor

ATTEST:

Julie Cozzi, Borough Clerk