

**MINUTES OF BOARDS OF REVIEW OF THE PRINCETON CITY COUNCIL HELD ON
APRIL 2, 2009, 4:30 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

Mayor Riddle called the meeting to order. Council members present were Mayor Jeremy Riddle and Councilors Paul Whitcomb, Dick Dobson, Victoria Hallin, and Lee Steinbrecher. Staff present was Mark Karnowski and Katie Hunter.

SHERBURNE COUNTY BOARD OF APPEAL AND EQUALIZATION HEARING – 4:30 P.M.

Present at the hearing was John Cullen; the Sherburne County Chief Deputy. He was filling in for Jerry Kritzek; the Sherburne County Assessor.

Cullen reported that this is the first year that the general property tax building schedule was lowered. The overall values were brought down 10-12%, or in some cases more.

Cullen reported commercial/industrial values are at 97%, which is based on vacancies at previously occupied businesses. There were two permits/increases in the commercial/industrial area of Princeton: Fairview Hospital, located 911 Northland Dr, and Anoco Metal Services, located at 1105 19th Ave S.

There were no changes with Apartment buildings.

Cullen provided a letter from Princeton Lodging Partners/AmericInn asking for a reduction in value. Based on the income information provided, Cullen suggested a reduction of \$182,900. Steinbrecher reiterated that the reduction in assessment can be based on a decline in income over the past years. The AmericInn actually is requesting a reduction considerably more than that, but the County hopes that with this reduction, AmericInn could continue business in this tough economy. Hallin made sure that the business owner was ok with the numbers presented at the meeting, which Cullen stated that they were. Steinbrecher asked Cullen why the value of property would go down based on the income of the business. Mayor Riddle made the point that with a hotel, the business of non-vacancy makes up the entire business. Income-producing properties would include a shopping center with 10 bays, an apartment building, or a hotel/motel. The original estimated market value was set at \$1,398,500. The county is requesting a decrease in EMV to \$1,215,700. The new per unit value would be \$27,016.

RIDDLE MOVED TO REDUCE THE VALUATION BY \$182,900 ON THE BUILDING LOCATED AT 910 7th AVENUE SOUTH (P.I.N. 90-406-0115) BASED ON INFORMATION PRESENTED AT THE MEETING. HALLIN SECONDED THE MOTION. THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

There were no citizens present to discuss their property values.

HALLIN MOVED TO CLOSE THE PUBLIC HEARING. DOBSON SECONDED THE MOTION ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

MILLE LACS COUNTY BOARD OF APPEAL AND EQUALIZATION HEARING – 5:00 P.M.

Pat Stotz, Mille Lacs County Assessor, and Assessor staff members Mary Jo Coleman, and Steve Chmielewski were present.

Kevin Bell, 24-750-0090, 300 19th Avenue North, stated he owns the Dollar Bell business in town. Fifty percent of the building currently sits vacant, as he is unable to rent it out at this time.

Sales are also down for the Dollar Bell. The last assessed value of his property was just under \$600,000. But, the solar panels that Bell installed when he built the building are worth \$200,000. Bell estimated the current value to be at \$400,000, if you subtract the \$200,000 value of the solar panels. Bell requested a reduction in order to keep the discount store in Princeton. Mayor Riddle asked if any comparative market values were put in writing, but Bell stated that they won't put them in writing unless the property is going to put on the market. Last year, Bell's property taxes were in a year of grace. The 2009 taxes are set at \$24,000 or \$2000 a month. Bell stated the business cannot afford a monthly payment that large. The Council asks to see the tax statement that was sent to him. Riddle clarified that the council can only look at the valuation of the property and not the actual tax amount. The building is 10,000 square feet. The entire project when it was constructed was \$1.5 million, including the land. Riddle stated that the solar panels were not included in the valuation from the appraiser of just under \$600,000. Bell stated that the solar panels cannot be taxed, according to state law.

The assessors from Sherburne County stated that the value that they've come up with is based on 9200 square feet and that the land was assessed at \$167,000 and purchased for \$212,250. The buildings are assessed at \$415,500. Sherburne County asked Bell if there are any special programs for assistance through The Department of Revenue. Bell stated that there are none that would benefit his business. Riddle asked if the dispute is over the value being set at \$582,000. Steinbrecher asked the county officials if there are any considerations that nearly half of his building is not rented at this time. Would the County look at reducing the value because part of building is not being operated? Stoltz replied, no. Right now, a value of \$40/square foot on the entire building is being used. The income approach is only used for apartment buildings with the County of Mille Lacs. Steinbrecher asked the officials if the city can ask the county to reduce the value based on vacancy. The county explained that they would have a concern because there are other businesses in town that also have vacancies and there is not enough data to use. Riddle suggested two options to Bell; the city could come up with a number today, maybe a 10% reduction, or give Bell some time to obtain a commercial appraisal and/or a compared market analysis, to gather the information from the State of MN that states that solar panels are not taxable, and to have a target value ready based on this data. Riddle suggested getting the documentation together and presenting that to the county. Bell agreed with the second suggestion from the Mayor. Bell will attend the county meeting in June.

The County meeting is on Monday, June 15, 2009 at 5:40 pm at the Mille Lacs County Courthouse in Milaca.

Donald Porter, 24-201-0070, 810 North 2nd Street, stated his value went up in 2008, whereas his neighbors have stayed the same or been lowered. The new evaluation was stated at \$137,900, an increase of \$22,900.

Porter stated that he obtained a comparative market value with homes sold in Princeton since March 1, 2008. The homes were dated from 1920 to 1960, at 1300 square feet and 4 out of 15 were not sold over \$100,000. Porter's home was built in 1948 and has a comparative square footage.

Porter stated that no improvements have been done to his home in the past two years, except a new roof put on because of hail damage last year.

The County stated that there were no improvements, but updating compared to last time the property was appraised door to door was four years ago. The county compares other market values from year to year. Every four years, a drive by or door to door appraisal is done. The county had an effective year of 1937 for the last market value. The effective age of a home can change if any improvements have been made. Porter purchased the house from his father for

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\$170,000 two years ago. Although, Chmielewski with the county stated that new windows were noted this year, hard board siding was replaced with vinyl, and the roof. The county suggested that Chmielewski compare the neighbor's house value and actually enter the home for a complete appraisal.

Riddle asked how many years history does the County have with. They have three years.

Riddle suggested comparing the price per square footage of neighbor's homes and to document the improvements. If the improvements were in 2001, check the 2002 taxes. Porter will be at the June 15 meeting as well.

Bradley Schumacher, 24-761-0090 and 24-761-0050, 409 and 405 4th Avenue South respectively, stated that he resides in Baldwin Township, but owns two properties in town that are similar and side by side. The foundation on one of the homes is rocks. The original windows are single pane. Schumacher paid \$109,000 for the home. One home has a foundation for a garage and storm windows that the other home does not have. The County stated that both homes have gone down in value from the previous year's valuation. Schumacher stated his problem is that the homes should be closer in valuation because they are so similar in build.

The county stated that one home is a story and a half and the other is story and three quarters. The roof pitches are not the same, according to the county. On the other hand, Schumacher stated that the homes are a story and a half and the other is a story and quarter.

Riddle asked why Schumacher did not show up in 2008 when the properties were actually valued further apart than this year. Schumacher stated he did not come in 2008 because he had other properties to worry about. Schumacher stated that he is disputing how the county came up with the stories of the homes.

Riddle stated that this board of adjustment, by state statute, is only here to consider a dollar amount, not how they got there. Pat Stotz stated that she will come down herself and look at both homes with an inside visit accompanied by Chmielewski.

Karnowski stated that the intent here is that all the properties in the city are valued equally. Karnowski suggested that Schumacher compare other homes that are listed as a story and a half or a story or a story and a quarter that look like his to make sure that the same criteria are being used for all houses in the city.

Curtis Winkelman, 24-761-0440, 511 4th Avenue South, not present.

Robert Beattie, 24-690-0120, 404 1st Street, not present.

Gerald Nelson, 24-040-1810, 706 7th Avenue North, is okay with his value. Nelson did not speak in front of the council, but spoke individually with Chmielewski.

Patrick Hoagland, 24-032-2600, 1406 1st Street, stated that his home went up in value from \$188,000 to \$199,000. There have been no improvements to the home. The county stated that the deck and living quarters over the garage were not on the last time that a drive by valuation was done. The improvements were done in 2003-2004. Hoagland stated that his neighbor's home is currently selling for \$145,000 and is comparable to his own home. Hoagland's home is 2600 square feet with a half basement unfinished.

The Mayor asked the County officials if the 54% increase was taken into effect the year the improvements were made, six years ago. The County will take a look at the records from the past.

There were four letters submitted to the County. The residents could not be present.

Don Koskey, 24-040-0210, 127 Rum River Drive N, stated in a letter that only two out of eleven of his spots are being rented. Koskey's property value was dropped \$5000 this year. Koskey will be present at the June 15 meeting at the County.

Luther Dorr, 24-041-0890, 308 6th Avenue South, stated in his letter that he wants his avenue of appeal left open to the County Board in June.

Thomas Brown, 24-040-0700, 202 Rum River Drive N, stated in his letter that the old legion building that he owns in town sat vacant for ten months out of the year. The taxes are being estimated at \$21,000 for the year. The county stated that they would go through structure with him in person. With this property being vacant, the county can possibly look at income and vacancies. Brown stated in his letter that he wants his avenue of appeal left open to the County Board in June.

Eric Brandt, 24-690-0100, 114 A Rum River Drive N

Brandon Heins, 24-690-0130, 102 Rum River Drive North, in their letter, both owners questioned the values of their businesses. The owners requested in their letter that their avenue of appeal be left open to the County Board for June.

COUNCIL DISCUSSION

Kevin Bell – Information will be put together by Bell for County Board on June 15.

Donald Porter – Porter will give Chmielewski a call with the county to check on past tax amounts and if they included the improvements in 2003-2004 or not.

Bradley Schumacher – Call Pat and go out with Steve, look at other homes.

Pat Hoagland – Look back in records on the improvements.

There being no further business, DOBSON MOVED TO ADJOURN AT 6:40 P.M. STIENBRECHER SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

Respectfully Submitted,

Katie Hunter, City Clerk

ATTEST:

Jeremy Riddle, Mayor