

**MINUTES OF BOARDS OF REVIEW OF THE PRINCETON CITY COUNCIL HELD ON
MAY 3, 2012, 4:30 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

Mayor Riddle called the meeting to order. Council members present were Paul Whitcomb, Dick Dobson, Victoria Hallin, and Thom Walker. Staff present was Administrator Mark Karnowski, Police Chief Brian Payne and City Attorney Dick Schieffer.

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

Present from Mille Lacs County Assessor's Office were Pat Stotz; County Assessor, Dave Vidgal; Appraiser and Bob Heinrich; Appraiser Trainee. Stotz introduced Bob Heinrich who will be the new appraiser for the City of Princeton.

Pat Fitzpatrick; 508 5th St N 24-040-1220

Mr. Fitzpatrick said he owns the vacant lot behind Wholesale Auto, which is his business. Fitzpatrick has been talking with Carie Fuhrman, Community Development Director, about building a garage on the property, but there are so many rules and regulations. Fitzpatrick said he was asking the council for help with getting lowered taxes. The 2012 payable are \$860, although that number will go down a little bit because there was one line item removed. Fitzpatrick said that his motivation to sell the property has been diminished because of the market, what it is zoned at, and now the taxes. The property is zoned commercial. If it were to be changed to residential, would the value decrease? The allowed usage for the property is not practical and would be hard to accommodate especially being behind the car lot. Right now, allowed uses are a barber shop, tanning salon, for example.

Fitzpatrick said that he and Assessor Stotz had discussed combining the parcels. Stotz said the value was listed at \$18,800 and is valued on the same basis as other residential lots in the city. There is nothing that Stotz can recommend or propose, besides the combining of the lots. If the two lots were to be combined, \$3,300 would be added to \$12,540 which is the existing lots' value. Whereas, stand-alone, the property is valued at the \$18,800. There are drawbacks to combining properties. There may be steps to rezone and if the owner ever wanted to separate them again, it may not be allowed.

Walker asked if Fitzpatrick owned Parcel A, and Fitzpatrick verified that he does own Parcel A which is Wholesale Auto.

Mayor Riddle asked Fitzpatrick what it is that he was looking for. Fitzpatrick said he had wished to build a garage on back lot, but as it is now, the garage cannot be built on a lot by itself. If the two lots were combined, the garage could be built. Fitzpatrick said he wanted to try to keep the two lots separate for in the future. For example, if Fitzpatrick ever wanted to use the garage for personal use. If the car lot was ever sold, the garage could still be of use to him.

Fuhrman stepped forward to say that Mr. Fitzpatrick was correct in that an accessory building cannot be the only structure on a lot. A variance would have to be obtained. As far as combining the lots, Fuhrman said that issue had not been discussed much and Fitzpatrick is not sure if he wants to do that or not.

Riddle asked what characteristics consider a building "accessory". Maybe Fitzpatrick could conform and still get use out of the garage. Fuhrman said that an allowed use would be considered principal, a portion would have to be used for storage, or a Conditional Use Permit (CUP) would have to be permitted. Fitzpatrick said he only wants to use the garage for storage at this time.

Fitzpatrick went on to add that he tried to market the vacant land in 2007 and 2008 as commercial. There was no positive feedback. Fitzpatrick's thought is that if the vacant lot was residential, it may make more sense because it's located in a residential-type area. But, lots aren't sell-

ing because people can buy a home for 25% less than building one. Fitzpatrick said that he just wants a garage.

Fuhrman said that the City Attorney will need to be contacted because auto sales lot are no longer allowed in the B2 district in which Fitzpatrick's , so there cannot, can't' be used for car sales lot, there might be an issue about that.

Riddle reiterated that the taxes are the only portion of the request that the City Council can act on tonight. If Fitzpatrick wishes to take the tax issue a step further to the county, he can. Riddle added that proof of similar property's taxes are a good back up. Fitzpatrick said that a house recently closed just two lots over for \$53,000 and it is 1700 square feet with an attached garage. It was an estate sale, not a foreclosure. Realtors are telling Fitzpatrick that his vacant property would have a value of \$8000 residentially.

Walker verified that the property was classified residential but zoned as commercial. Stotz added that there are no bare lot sales in the city, so it is hard to have comparables.

Stotz added that the City Council would struggle with the face that if they dropped Fitzpatrick's property by one-half, then all of the other residential would have to be dropped as well.

Fitzpatrick asked if the assessment was based on square feet of the property. Stotz said this year; the assessments were dropped from \$1.75 to \$1.50, not because of sales though. There was no justification on lowering 10% on buildings, so the land was adjusted slightly.

Fitzpatrick said that what he knows of the market that he is to the point that it makes sense to walk away from this land. It doesn't do the county any good if there are all of these vacant properties, if there is no outlet for them because no one is paying taxes on them.

Stotz said that typical residential lots are two-thirds the size of Fitzpatrick's bare land. Stotz said that research would have to be done at the county to see when the last bare land sales were and even so, the market has changed since then.

Hallin asked Fitzpatrick how long he has owned the property. Fitzpatrick said eight years.

Stotz reiterated that if the properties were combined, the value would be considerably less. At a stand-alone land, it is marketable alone.

Stotz explained that the first 4.5 acres (based on a regular residential lot size property) on a property are valued on a square foot basis (19,000 square feet). Anything over that amount goes on a different schedule, which is why if the properties were combined, only \$3,300 would be added to the other property versus \$18,800 stand-alone value.

Walker asked Fitzpatrick if there was a residence on the site and it was confirmed that only a business is located there.

Stotz said she has a form for combining lots and will supply Fitzpatrick with it if he decides to go that route. One hang up would be if there is a mortgage on one lot and not on the other, she mentioned.

WALKER MOTIONED TO MAKE NO CHANGE WITH THE MILLE LACS COUNTY BOARD OF APPEAL. DOBSON SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

Dobson suggested that Fitzpatrick continue to talk to Ms. Fuhrman to consider different options.

John Stenslie 1701 1st Street 24-032-2200

Bob Heinrich stated that he visited a site about three weeks ago to a recently purchased piece of property located at 1701 1st Street which is meant as a rental property. The inspection was done fully inside and outside of the home. The recommendation to the City Council is to reduce the condition from normal to fair.

The property had an original value of \$73,400 and the request is to lower it to \$66,700 based on the condition.

Hallin asked what type of home it was. Heinrich said it is a single family dwelling with an unattached garage.

Heinrich said that the owner, Stenslie, has been notified of the information given.

RIDDLE MOTIONED TO ACCEPT THE APPRAISER'S RECOMMENDATIONS TO LOWER THE CONDITION OF THE PROPERTY LOCATED AT 1701 1ST STREET IN PRINCETON, MN. HALLIN SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

Bank of Elk River 507 1st Street 24-041-0230

Dave Vigdal said that he has a recommendation for a property that a site inspection was done on as well. The property used to be the fireplace store, turned into a pet store, and then left in disarray. There are many issues with the property including roof leaking; floor is in rough shape, functional problems, and uneven floors. Vigdal said he gave a ten percent (10%) functional on the property until corrected. Another five percent (5%) because it is incomplete and the property will be looked at again this fall. The recommendation is to bring the value of \$146,700 to \$128,500, with a total of a \$18,200 reduction.

The owners are aware of the reduction and are fine with the reduction in value.

Dobson asked if the smell was out of the building. Vigdal said that the building's walls and floors were heavily coated with Kills and painted, heavily coated with kills so, it really wasn't that bad when he was there. On the other hand, the individual who rehabs homes for a living said that this was the worst property he has ever seen.

Dobson asked if any deadline was given to the property owners as to when construction would need to be completed and Vigdal said there was not.

WHITCOMB MOTIONED TO ACCEPT THE APPRAISER'S RECOMMENDATIONS TO LOWER THE VALUE OF 507 1ST STREET TO \$128,500 IN PRINCETON, MN. HALLIN SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

The City Council closed the Board of Appeal hearing at 5:00 pm.

2012 SEAL COATING

Bob Gerold said that there was \$133,000 budgeted for this year's sealcoating. Gerold was before the City Council to suggest going out for bids. The Council received an attached map where the square yardage totals 104,751. The number is kept low not knowing what the current price of oil will be coming in at.

HALLIN MOTIONED TO APPROVE GOING OUT FOR 2012 SEALCOATING BIDS. WHITCOMB SECONDED.

Dobson said he likes the choice of streets.

Walker asked if there was any excess rock from last year to be used. Gerold said that when the bids are awarded on base price, the contractor and Gerold will measure for what is clean and useable in the extra rock and the company can purchase it from the city. They pay a little less than screening cost for that rock.

CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

Ordinance 684 Sewer Rates

Karnowski explained that the City Council had authorized in August of 2011 for the increase in sewer rates to be done in two steps, one in October of 2011 and the other set for April of 2012. Ordinance 669 was set, approved, and published for the first step from \$3.90 to \$7.20 per thousand gallons. It was noticed that another ordinance will need to be passed regarding the second increase (from \$7.20 to \$10.50 per thousand gallons.)

HALLIN MOTIONED TO APPROVE ORDINANCE 684 SETTING THE FEE SCHEDULE WITH THE INCREASE IN SEWER RATES TO \$10.50. WHITCOMB SECONDED THE MOTION. CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

Local Government Aid Update

Karnowski said that perhaps the Council Members may get emails from various lobbying groups urging them to contact local legislators and ask them to make sure that LGA is addressed before the close of this legislative session.

If the legislature does nothing, many cities will have a reduction in their LGA for 2013. Interestingly enough, Princeton would actually get an additional \$76,684 in LGA (according to a Minnesota House Research document).

The recommended modification pushed by at least one lobbying group would be that cities receive the higher of their 2012 or 2013 LGA amount. The proposal does not indicate what impact that might have on the State's deficit situation. Still, Council Members may want to weigh the positives and negatives for the city before contacting our legislators.

ADJOURNMENT

There being no further business:

WALKER MOVED TO ADJOURN THE MEETING. DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY AT 5:10 PM. (5 AYES, 0 NAYS).

Respectfully Submitted,

Katie Hunter
City Clerk

ATTEST: _____
Jeremy Riddle, Mayor