

MINUTES

LOCAL BOARD OF APPEAL & EQUALIZATION CITY OF OWATONNA

City Adm. Bldg. Owatonna, Minnesota Tuesday, April 24, 2018 7:00 o'clock p.m.

Council Members Present: Dave Burbank, Doug Voss, Jeff Okerberg, Nate Dotson, Greg Schultz

Council Members Absent: Kevin Raney and Brent Svenby

Present: Steele County Assessor William Effertz; Assistant County Assessor Tyler Diersen;
County Property Appraiser Brian Anderson; and City Administrator Kris M. Busse

Council President Schultz called the meeting for the Local Board of Appeal and Equalization to order at 7:00 p.m. Council received the 2018 City of Owatonna Assessment Report prepared by the Steele County Assessor's Department. County Assessor Effertz read the report advising there are two reasons that valuations change each year. The most common reason is due to the ever-changing market conditions of the real estate market. The second reason for a valuation change is, even in a stable market, if a property value based on analysis of sales, is thought to be under assessed either in relation to other properties or to a range of acceptable guidelines, the valuation may increase or decrease. Different types of real estate changes at different rates. The objective of the assessor is to be both accurate and uniform. The Commissioner of Revenue requires all property types be assessed between 90-105% of selling price. In the 2018 Assessment, assessed values expanded by 5.6% from 2017 for a total Estimated Market Value of \$1.9 billion. This increase is a result of a combination of market adjustments and new construction.

Residential: When considering the total housing stock in 2018, the typical home in the City of Owatonna is valued at \$151,600, was constructed in 1973 and contains 1,318 square feet. For the fifth consecutive year that single family residential market has shown growth. In 2018, the residential market grew 5.6%. This represents the change in residential properties in total, not all properties changed in the same manner as each neighborhood and each property type had their own story to tell with regard to market changes.

There were 26 new single-family homes, two townhomes and nine patio homes constructed during 2018. This very positive economic indicator should continue to rise as the existing housing market continues to improve.

Residential Vacant Land: For the 2018 assessment there were 30 vacant lot sales of these 21 were deemed to be "arm's length" transactions. Of the 21 sales, the median sale price was \$30,000 and our median ratio for valuation is 99.28%. As of April 1, 2018, there are 450 vacant lots within the city; 28 are bank owned and 280 are raw land parcels available for potential development.

Valuations which did not include new construction increased in all property types during 2018 including:

Total Ag/ Rural	4.32%
Total Residential	4.18%
Apartments	9.30%
Commercial	5.93%
Industrial	3.04%

Conclusion: The assessor's office is in the business of gathering, analyzing and processing real estate market data. The collaborative efforts between the City of Owatonna and Steele County greatly enhances our ability to perform our statutory duties. The goal is to provide open and transparent property tax administration. All the assessment data is available to the public at the Steele County website under "Tax Information and Parcel Data". The GIS interactive mapping provides a web based mapping system that interested parties can search for specific information about properties in Steele County.

One of the main objectives in property tax administration is an equalized assessment (sales ratio's between 90-105%). It is important that maximum equalization be attained both among local property owners and between taxing districts because the assessment serves as a basis for:

1. Tax levies by overlapping governmental units (i.e. counties, school districts, and special taxing districts).
2. Determination of net bonded indebtedness restricted by statute to a percentage of either the local assessed value or market value.
3. Determination of authorized levies restricted by statutory tax rate limits.
4. Apportionment of state aid to governmental units via the school aid formula and the local government aid formula.

An equitable distribution of the tax burden is achieved only if it is built upon a uniform assessment. The result of a non-uniform assessment is a shift in the tax burden to other property owners.

The County Assessor's Office presented the attached listing of 37 appeals received protesting the proposed property valuations for property within the Owatonna City Limits prior to this meeting. The Assessor's Office is recommending these adjustments:

Local Board of Equalization - City of Owatonna April 24th, 2018

Parcel	Deedholder	Address		\$Change	Adjusted Valuation
17-178-0116	Alice Spinler, Rita Fisher & Joseph Miller	515 Mc Indoe St	Corrected Condition	-\$9,600	\$130,500
17-188-0206	Terry & Jill Pelovsky	746 South Street E	No Change		\$140,800
17-264-0109	Jason Sarazine	408 Morning Dr	Property Inspected	-\$ 6,700	\$142,500
17-326-0104	Nathan & Arianna Findholz	435 26 th St NE	Value High – both land/bldg.	-\$82,800	\$235,500
17-488-0408	Glenn Andesen	2120 Sunflower Lane	Property Inspected	-\$7,200	\$242,600
17-506-0109	Paul & Judienne Schwab	1850 3RD AVE NW	No Change		\$ 257,100
17-517-0201	James & Karen Soukup	1090 Clover Lane SE	No Change		\$ 335,700
17-524-0105	Brent & Elizabeth Svenby	2120 Mineral Springs Parkway	Property Inspected	-\$22,800	\$ 330,900
17-525-0301	Joyce & Lowell Bauer	2075 Deer Trail Lane NE	Property Inspected	-\$29,200	\$420,000
17-525-0302	Kurt & Judith Welker	2045 Deer Trail Lane Ne	No Change		\$530,000
17-538-0108	Richard & Susan Strom	1925 Whitetail Run PL NE	Value High – both land/bldg. .	-\$21,100	\$397,500
17-573-0225	Weston & Jodi McMains	2571 Mossy Creek Dr NE	No Change		\$262,400
17-574-0409	John & Becky Rauen	135 Hickory Lane NE	No Change		\$513,700
17-578-0213	Welker Construction Service LLC	1585 Wood Duck Lane NE	No Change		\$27,400
17-578-0218	Welker Custom Homes Inc	1715 Wood Duck Lane NE	No Change		\$27,400
17-578-0308	Welker Construction Service LLC	1630 Wood Duck Lane NE	No Change		\$28,000
17-578-0309	Welker Construction Service LLC	1610 Wood Duck Lane NE	No Change		\$28,000
17-579-0124	John & Patricia Keahey	1875 Creek View Lane	Value High – both land/bldg.	-\$17,000	\$427,700

Parcel	Deedholder	Address		\$Change	Adjusted Valuation
17-582-0308	Craig & Amy Rappe	2485 Stony Creek Drive	Property Inspected	-\$18,400	\$296,000
17-588-0315	Cody & Kathleen Fischer	2465 Linhaven PL NE	Property Inspected	-\$14,600	\$200,500
17-594-0210	Colin & Sherri Whalen	2435 Briarwood Place NE	Property Inspected	-\$14,500	\$516,500
17-635-0102	Mark & Nancy Pettman	2790 St Paul Rd	No Change		\$82,200
17-649-0101	Spt Prairie %Starwood Property Trusts	3900 Cabela Dr	Value High – both land/bldg.	-\$1,008,700	\$8,298,800
17-980-0012	High Tech Aero LLC	Aircraft hanger	Value High – both land/bldg.	- \$10,000	\$25,100
17-980-0013	General Equipment Co	Aircraft hanger	Value High – both land/bldg.	- \$14.800	\$35,100
17-980-0014	Carair, LLC	Aircraft hanger	Value High – both land/bldg.	- \$14.400	\$43,300
17-980-0015	JPF Ventures, LLC	Aircraft hanger	Value High – both land/bldg.	- \$9.600	\$27,800
17-980-0016	Redro Inc	Aircraft hanger	Value High – both land/bldg.	- \$19.200	\$38,500
17-980-0017	Brent & Danielle Langer	Aircraft hanger	Value High – both land/bldg.	- \$25.800	\$64,100
17-980-0018	Donald & Karen Myers	Aircraft hanger	Value High – both land/bldg.	- \$10,400	\$29,500
17-980-0019	Brent & Danelle Langer	Aircraft hanger	Value High – both land/bldg.	- \$44,700	\$113,900
17-980-0025	OWACS Holdings LLC	Aircraft hanger	Value High – both land/bldg.	- \$22,100	\$54,700
17-980-0028	Tade & Theresa O'Sita	Aircraft hanger	Value High – both land/bldg.	- \$9,000	\$32,200
17-980-0030	Jon Lindholm	Aircraft hanger	Value High – both land/bldg.	- \$13,600	\$39,000
17-980-0031	Allan Routh	Aircraft hanger	Value High – both land/bldg.	- \$25.200	\$72,000
17-980-0032	Manuel Barbosa	Aircraft hanger	Value High – both land/bldg.	- \$18,800	\$52,600
17-980-0047	John Klatt Air Shows Inc	Building on Leased Property	Value High – both land/bldg.	- \$79,000	\$188,400

Lowell Bauer, 2075 Deer Trail Lane NE was present and requested an additional review of the adjustment made to his property. Originally, the proposed property valuation showed an increase of 16.13%. He appealed this increase and after inspection of the property, the proposed increase was adjusted and lowered to 8.6%. Mr. Bauer presented three comparable properties showing an average adjustment increase of 4.5%, which he believes, should also be the rate of increase applicable to his property. The County Board will hold another appeal process on June 14th at 7:00 p.m.

Council Member Dotson made a motion to accept the list of changes as presented; Council Member Okerberg seconded the motion; all council members present voting aye and the motion passed.

At 7:30 p.m., a motion was made by Council Member Burbank and seconded by Council Member Dotson to adjourn the 2018 LBAE Meeting. All council members present voting aye, the motion passed.

Dated April 30, 2018

Respectfully submitted,

Kris M. Busse, City Administrator