

**LOCAL BOARD OF APPEAL AND EQUALIZATION RENCONVENE MEETING
MAY 19, 2020**

Local Board of Appeal and Equalization Members Present Byrnes.

Local Board of Appeal and Equalization Members Present via zoom: Schafer, Meister, DeCramer, Labat, and Lozinski

Staff Present: David Parsons, Carolyn Runholt, Kyle Box.

Staff Present via zoom: Sharon Hanson and Mark Buysse.

Public Present: none

The 2020 City of Marshall Board of Appeal and Equalization (LBAE) was reconvened at 5:30 p.m. by Mayor Byrnes at the Marshall-Lyon County Library with a verbal roll call and confirmation of Certified LBAE members. Mayor Byrnes outlined the purpose of the meeting, which was a reconvene of the LBAE meeting of April 7, 2020 to review the Assessor recommendations. Mayor Byrnes indicated that if the owners do not agree the recommendation of the LBAE, they may appeal at the County Board of Appeal and Equalization on June 16, 2020.

27-209048-0 – Linda McGrath (401 Kathryn Avenue)

The above property owner contacted our office prior to the April 7th LBAE meeting regarding the value. At the time of our April 7th meeting the homeowner had not yet been able to send us photos of the property. Since then, the property owner has sent photos giving a clear picture of the finished areas and condition of the interior. Based off these photos, changes to the overall condition and the square footage of basement finish were applied. Prior to this year, our office has not been allowed an interior inspection since 1990.

MOTION BY MEISTER, SECONDED BY DECRAMER, to reduce the proposed 2020 Estimated Market Value from \$150,800 to \$116,800 for Parcel 27-209048-0 located at 401 Kathryn Avenue. ALL VOTED IN FAVOR OF THE MOTION.

27-289004-0 – Jordan Marron (312 6th Street South)

The above parcel was an estimate from the 2019 Quintile inspections. The homeowner contacted our office on April 8th. Carolyn Runholt reviewed photos and sketches of property with the owner and made the proper changes to the property. In addition to the property not having any basement finish, one of the main contributing factors in the larger decrease in value was due to the increase in depreciation that was applied city wide. Once the condition was changed from above normal to normal, the amount of depreciation increased substantially.

MOTION BY SCHAFFER, SECONDED BY LOZINSKI, to reduce the 2020 proposed Estimated Market Value from \$108,300 to \$83,900 for Parcel 27-289004-0 located at 312 6th Street South. ALL VOTED IN FAVOR OF THE MOTION.

27-677211-0 – Christine Bump (208 Lyon Street East)

The above parcel had been a prior estimate. In 2019 we were able to view the property during our quintile inspections. The EMV was reduced from \$116,900 to \$97,700. The homeowner contacted our office on May 12th questioning why the value had decreased. The property owner supplied our office with photos of the interior of the home. Carolyn Runholt reviewed photos and sketches of the property with the owner and with comparable properties. As known, our office works with averages and comparables in which some of our data is objective and some is subjective. In some situations,

such as this, we could justify a range of value from \$97,700 to \$106,400. The property has been previously listed for sale with a sale price starting at \$106,000 down to \$94,000. It is not currently listed. Because the property owner is looking to sell her property and has the mindset that a higher EMV will increase her sale price, our office is hesitant to make any changes to avoid the DOR targeting us for sales chasing. We have analyzed an acceptable EMV to fall in a range of \$97,700 to \$106,400.

MOTION BY SCHAFFER, SECONDED BY LOZINSKI, to affirm the 2020 proposed Estimated Market Value of \$97,700 for Parcel 27-677211 located at 208 Lyon Street East. Discussion followed the motion. MOTION PASSED 5-2 WITH BAYERKOHLE AND LABAT VOTING NO.

27-794009-0 – Jonathon & Christina Kunkel (224 Whitney Street North)

The above parcel was an estimate from the 2019 Quintile inspections, the homeowner contacted our office on May 12th. Carolyn Runholt reviewed photos and sketches of property with the owner and made the proper changes to the property. The main contributing factor to the change in the value was the basement finish which was adjusted from 1,150 sq. ft. to 360 sq. ft.

MOTION BY SCHAFFER, SECONDED BY DECRAMER, to reduce the 2020 proposed Estimated Market Value from \$201,000 to \$168,300 for Parcel 27-794009-0 located at 224 Whitney Street North. ALL VOTED IN FAVOR OF THE MOTION.

27-812024-0 – Brian & Laura Pehrson (400 Southview Drive East)

The above property owner contacted our office prior to the April 7th LBAE meeting regarding the value. When reviewing the value, it was mentioned there was more basement water damage which had occurred since the last inspection. Photos were provided. Based off those photos, a reduction from \$167,100 to \$163,900 was recommended at the April 7th LBAE meeting. The owner, in attendance at that meeting, mentioned there was additional water damage which had not been revealed to our office prior. The Board requested further review. Additional photos were sent to our office and the final recommendation reflects those.

MOTION BY MEISTER, SECONDED BY SCHAFFER, to reduce the 2020 proposed Estimated Market Value from \$167,100 to \$162,200 for parcel 27-812024-0 located at 400 Southview Drive East. ALL VOTED IN FAVOR OF THE MOTION.

27-937019-0 – David & Gwen Sturrock (1142 David Drive)

The above parcel experienced basement damage from the 2019 flooding. The homeowner contacted our office on April 7th. Carolyn Runholt reviewed the photos and sketches of property with the owner and made the proper changes to the property.

MOTION BY DECRAMER, SECONDED BY SCHAFFER, to reduce the 2020 proposed Estimated Market Value from \$252,600 to \$244,000 for Parcel 27-937019-0 located at 1142 David Drive. ALL VOTED IN FAVOR OF THE MOTION.

27-598017-0 & 27-598044-0 D & K Marshall Rentals (1112 - 1126 Birch Street)

Also known as RC Square, the owner contacted our office regarding the increase in his parcel from \$1,489,000 to \$1,699,200. An increase of \$210,200 or 14%. This increase was applied to all large unit apartments. Even with the increases, we still are not within our 90% - 105% ratio criteria. The property owner was mostly concerned with the large increase in one year. I explained that we did

not have the sales data to gradually increase the values and are not allowed to make incremental increases to reach market valuations.

MOTION BY LOZINSKI, SECONDED BY DECRAMER, to affirm the 2020 proposed Estimated Market Value of \$1,699,200 for Parcel 27-598017-0 located at 1112 - 1126 Birch St. ALL VOTED IN FAVOR OF THE MOTION.

MOTION BY LOZINSKI, SECONDED BY LABAT, to affirm the 2020 proposed Estimated Market Value of \$5,900 for parcel 27-598044-0 located at 1112 Birch St. ALL VOTED IN FAVOR OF THE MOTION

27-527014-1 – Angeline Taft (203 Jewett Street#2) Taft Optical

The above property owner contacted our office prior to the April 7th LBAE meeting regarding the value of his office condominium. Being it is currently vacant; I was able to complete an interior inspection of the property. The unit was a former eye doctors office, the building was built in 1986 and has had minimal improvements. The single permit for the structure was a re-roof in 2010. The unit is shared with two other units, one being an office and the second being a chiropractor. The overall condition of the property was likely overstated at above normal and was changed as the building appears to be in normal condition for its age. I also reviewed the very few prior sales of office condos in that area and found a range of sale from \$94.84 per square foot to \$156.80 per square foot. Of the three comparable sales the median sale price was \$114.23 with the average sale price per square foot being \$121.95. The median sale was given the most consideration as it was a condominium office also. After lowering the condition, the price per square foot for Unit #2 is \$115.53. This property has also been listed for sale for some time and is currently listed for \$185,000. The proposed change will place the value close to the asking price. However, in this case we will be recommending that we change the valuation for all three units in the condominium to maintain equalization. Further sales analysis has also warranted the adjustments and personal interviews with potential buyers have occurred. It is likely that we will be seeing market changes regarding office trends in the future.

MOTION BY SCHAFFER, SECONDED BY LOZINSKI, to reduce the 2020 proposed Estimated Market Value from \$193,600 to \$184,400 for Parcel 27-527014-1 located at 203 Jewett #2. ALL VOTED IN FAVOR OF THE MOTION.

MOTION BY MEISTER, SECONDED BY SCHAFFER, to reduce the 2020 proposed Estimated Market Value from \$203,800 to \$194,600 for parcel 27-527014-0 located at 203 Jewett St. ALL VOTED IN FAVOR OF THE MOTION.

MOTION BY SCHAFFER, SECONDED BY DECRAMER, to reduce the 2020 proposed Estimated Market Value from \$204,300 to \$195,100 for parcel 27-527014-2 located at 203 Jewett #3. ALL VOTED IN FAVOR OF THE MOTION.

27-677141-0 and 27-677143 - Scott Hiller
27-677142-0 - Marshall Area YMCA

The above parcel(s) consist of one building that spreads over three parcels. Parcels are as follow:

1. 27-677141-0 (John Scott Hiller Trust) consists of 9 office/retail rental shops along West Lyon St and North 3rd Street, second and third floors consist of 14 apartment units, 6 efficiency units, 7 -1 bedroom units and 1- 2 bedroom unit, and 5,376 sq. ft. of the 6-screen movie theatre.

2. 27-677142-0 (Marshall Area YMCA) consists of 5,600 sq. ft. of the theater. Also, in the rear of the property is a three-car garage.
3. 27-677143-0 (John Scott Hiller Trust) consists of a 1996 addition of 3,308 sq. ft. It is also part of the 6-screen movie theatre.

An exterior inspection of the property was performed on May 11, 2020. The main part of the building, including the apartments, consist of a brick exterior, standard exterior doors on office/retail businesses. Apartment windows have a metal clad exterior, screens are in poor condition. The condition of the roof is unknown, permit in 2010 for re-roof of the theatre section of the roof. Overall the exterior appears in "average/normal" condition for its age. The "middle parcel" of the theatre has had minimal updates and the 1996 addition on parcel 27-677143-0 appears to be in "average/normal" condition for its age. All three parcels were adjusted downward through making changes to the overall condition. Information from the Building Inspection Department was also used in determining that the apartments are likely in normal condition on the exterior and below normal on the interior. No interior inspection was made, and no information was supplied by the property owner.

With the theatre providing the most value of the building, we currently are valuing all three parcels as one building as the theatre is spread out over all three parcels. The value was extracted on the theatre portion; and, after adjustments, the value of just the theater and the land is \$856,159.

I researched sales of similar Cinema Theatres across Minnesota and the rest of the nation. I was able to find 6 listings and 1 sale of non-leased fee simple properties with downtown similarities. These ranged from \$72,570 to \$715,000. In most of the research I found, the listings were all advertised by "per screen", of these 7 comparables the screen number ranged from one screen to four. The range, median, and mean respectively for price per screen were \$72,570 - \$357,500, \$199,500 and \$196,111. The square footage of the theatres ranged from 3,202 to 15,162 with a median price per square foot of \$58.18.

The single sale in Minnesota that I could find was in Kasson, MN. This was a 4,400 sq. ft. single screen downtown building that sold for \$150,000 with \$77,430 listed for personal property, for an adjusted sale price of \$72,570, or \$72,570 per screen or \$16.49 per square foot. This is a private theatre, with no leasehold, and the lowest outlier of the comparable set. While data is very limited and hard to find for cinema theaters, and the above-mentioned comps would likely not be upheld in court, it does provide a range of values. The proposed value for the theatre portion of the building seems appropriate at \$56.82 per square foot (15,068 sq. ft.) or \$142,000 per screen.

The remaining portion of non-theatre is being valued consistently with the rest of the downtown properties.

MOTION BY DECRAMER, SECONDED BY MEISTER, to reduce the 2020 proposed Estimated Market Value from \$645,200 to \$586,600 for Parcel 27-677141-0 located at 230 Lyon Street West. Discussion followed. Assessor Parsons explained the situation with the three parcels and the involvement with the YMCA. ALL VOTED IN FAVOR OF THE MOTION.

MOTION BY MEISTER, SECONDED BY SHAFER, to reduce the 2020 proposed Estimated Market Value from \$309,900 to \$254,500 for Parcel 27-677142-0 located at 230 Lyon Street West. ALL VOTED IN FAVOR OF THE MOTION.

MOTION BY DECRAMER, SECONDED BY LOZINSKI, to reduce the 2020 proposed Estimated Market Value from \$274,000 to \$256,500 for Parcel 27-677143-0 located at 204 Lyon Street West. ALL VOTED IN FAVOR OF THE MOTION.

27-420005-0 – Paul & Joanne Stoneberg (Vacant lot on Susan Drive)

The above property is a vacant commercial lot consisting of 8.45 acres that is currently being farmed. The property is consistently valued with neighboring commercial property. However, when reviewing the property some deficiencies were discovered that are not consistent with neighboring parcels.

1. There is approximately 1.9472 acres that are low lying areas with standing water and marshy soil. These acres are not deemed wetlands by the DNR, but for assessing purposes will be addressed as if they were, and no value was applied to these acres. If developed, the area would most likely be used as a holding pond which also carries no value. The cost to mitigate would exceed the maximally feasible usage.
2. The remaining acres suffer inadequacy's in topography compared to neighboring vacant lots and obsolescence was applied.
3. There are deed restrictions on this property. In conversations with commercial fee appraisers, the difficulty in valuing the reduction of value due to the deed restrictions was discussed. Until 2007 this parcel was receiving a 10% discount due to the deed restrictions. After further investigation, I feel it warranted to re-apply the 10% deduction to the parcel due to the deed restrictions.

MOTION BY SCHAFFER, SECONDED BY DECRAMER, to reduce the 2020 proposed Estimated Market Value from \$655,600 to \$488,000 for Parcel 27-420005-0 located on Susan Drive. MOTION PASSED 6-1, WITH LABAT VOTING NO.

MOTION BY SCHAFFER, SECONDED BY MEISTER, TO ADJOURN THE 2020 LOCAL BOARD OF APPEAL AND EQUALIZATION AT 6:05 P.M. ALL VOTED IN FAVOR OF THE MOTION.

Mayor

Attest:

City Assessor