

MINUTES
BOARD OF EQUALIZATION
THE CITY AND BOROUGH OF JUNEAU, ALASKA

Wednesday, April 30, 2014; 5:00p.m.

City Hall Conference Room 224

I. CALL TO ORDER: Chair Ed Kalwara called the meeting to order at 5:02pm.

II. ROLL CALL

Board Present: Michael Boyer, David Epstein, Ed Kalwara, Paul Nowlin, Pat Watt, Bruce Weyhrauch; Barbara Sheinberg; John Gaguine

Board Absent: None.

Staff Present: Beth McEwen, Deputy Clerk; Jane Sebens, Deputy City Attorney; Robin Potter, Assessor; John Sahnnow, Appraiser III; Kim Campbell, Business Personal Property Appraiser II; Donna Walker, Appraiser II; Dora Prince, Appraiser II; Mary Grant, Appraiser II

III. AGENDA CHANGES

The following items were added to the agenda:

- Oath of Office for boardmembers
- Approval of Minutes of the October 10, 2013 meeting.

Hearing no objection, the agenda was approved as amended.

IV. OATH OF OFFICE

Ms. McEwen administered the Oath of Office to all boardmembers upon the request of Ms. Sebens, who indicated that this was appropriate for boards that serve in quasi-judicial capacities.

V. APPROVAL OF MINUTES

Hearing no objection, the minutes of the October 10, 2013 BOE meeting were approved.

VI. ELECTION OF OFFICERS

Mr. Kalwara said he has served as Chair of the BOE since its inception as a volunteer board and he was ready for someone else to take on those responsibilities. Mr. Kalwara gave information on the role of the chair. Mr. Gaguine asked if the code had been changed since last year to reflect the manner in which the panels are actually set up rather than the manner specified in the code. Ms. Sebens explained that the code has not yet changed but that in practice, it has fallen to the Clerk's staff to organize the panels based on the polling of members for their time availability.

Motion by Mr. Gaguine to elect Michael Boyer as the Chair and Mr. David Epstein as Vice-Chair.

Hearing no objection, the officers were elected.

Mr. Boyer then assumed the duties of the Chair for the remainder of the meeting.

VII. TRAINING ORIENTATION FOR BOARD OF EQUALIZATION MEMBERS

Deputy City Attorney Jane Sebens then provided training to the members. Per a member's request at the end of the training, a copy of her outline was provided as a supplement to the packet materials and is attached to the minutes.

Some of the points she emphasized included:

Due Process, Conflicts of Interest questions, the role of a quasi-judicial body, ex parte contact prohibition, importance of creating a clear, complete and accurate record of decisions that includes findings of fact and conclusions of law. She also went through the board's limited jurisdictional authority and the mandatory legal standards that the board is constrained by. Ms. Sebens encouraged the board members to review Mr. Hartle's memo of June 30, 2009 regarding the legal standards for considering late filed appeals. Ms. Sebens explained that the law gives broad discretion to municipalities on the choice of assessment methods. The board is to consider whether the Assessor's methods are reasonably based and evenly applied. She then explained what type of relief can be granted if the Board determines that the appellant has met the burden of proof.

Ms. Sheinberg asked Ms. Sebens for the code citation for what an appellant must prove/the grounds on which the board can grant an appeal. Ms. Sebens identified the requirements found in State Statute 29.45.210(b) and CBJ Code 15.05.180(d) which states in part (emphasis added):

*"the only grounds for adjustment of assessment are proof of **unequal, excessive, improper, or under valuation** based on facts that are stated in a valid written appeal timely filed or proven at the appeal hearing..."*

Ms. Sebens ended the training session by explaining the hearing process and procedures to be followed including the forms of motions and how the decisions are prepared.

The board members then discussed the process they will follow during appeal hearings and that the format to be followed will be explained at the beginning of each meeting as well as explained to each party at the beginning of an individual appeal hearing. It was also decided for decorum purposes that everyone would be address during hearings by their surname and that the Clerk would provide name plates for each of the members sitting on the panels. Ms. Sebens suggested that in addition to the Oath of Office being administered to the board members that the Clerk also be asked to swear in appellants at the time of each hearing. She said staff is presently developing that process and asked the board's indulgence as we fine tune the procedure.

John Sahnaw, Deputy Assessor then provided training to the board on the work of the Assessor's office and how the appeals come before the board.

Mr. Sahnaw gave a brief overview of the overall work process of the Assessor's Office. He explained that their office is responsible for discovering the listings and valuation of all the taxable real property and business personal property in Juneau and is required to do it in a fair and uniform method. He said there are approximately 13,000 properties within CBJ, of which approximately 9,000 are residential. They conduct field inspections of a certain number of properties each year with the hope of covering every parcel in borough within a 5 year period. In addition to this rotational schedule, they also review all new buildings as well as lots.

He explained that Alaska is a non-disclosure state so homeowners are not required to report sale price of homes so the Assessor's office is constantly reviewing the sales numbers that they do have access to and they maintain a database of all parcels and track ownership. Since Alaska is a non-disclosure state, they often review the State Recorder's website to monitor deed changes to track sales. He said in a typical year 30-40% of the deed changes are non-sale transactions.

When Ms. Sheinberg asked how they do track sales, Mr. Sahnaw explained that they send "market letters" to the buyers and sellers asking if they would be willing to divulge the sales price. They also track real estate listings as well as receive updated information through the appeal process. When they do receive sales price information from one source they try to cross check it for accuracy from another source. In 2013, there were approximately 1,100 deed changes and they received approximately 380 responses to the market letters they send out. He said that part of the process every year is taking the verified sales prices they do get and comparing those to the assessed values they have determined for those properties and they then look at the ratio of all the assessments and do a statistical analysis.

Mr. Sahnaw explained that he is State Certified Appraiser and has worked in Southeast Alaska for 12 years and has been in the CBJ Assessor's office for 4 years and has experience in appraisals other than mass appraisal. He said the three process methods are:

- Sales Comparisons – looking for like items and comparing the sales prices;
- Income Approach – mainly applicable for income producing properties (hotel, apt. complex, etc...);
- Cost Approach Value – used very widely in the valuation of new construction.

He went on to explain the process for assessments of the land vs. the structures. Because Alaska is a non-disclosure state, they have to allocate the value of any residential property between the building and the land. He said many of these steps are happening in parallel with each other that then come together in the end. He said that the Cost Approach Value is used on all properties within CBJ. They use the leading cost data for the United States and they use accepted industry methods of adding up the value of everything in the building and determining the cost replacement value while using statistical testing throughout the process. The land value is modeled in which they are analyzing large groups of parcels broken down into 'neighborhood' sections, taking into account a typical lot size, terrain, views, etc... to develop a typical lot for a base value in a given neighborhood. They then develop adjustments for individual properties based on particular/unique characteristics for those properties. The total assessed value is then determined by adding the land value to the building value. That total assessed value is then tested statistically for "goodness of fit"; if the data and the methodology are working properly, things tend to fall into a pattern that makes sense. He said if they don't fall into a pattern within a narrow range, they see that they need to go back into the system to correct either their methodology or their data. He explained that this is an ongoing process every year and a lot of it hinges on the collection of sale prices. He said the State also looks at that every year. He also explained that this does differ from the method used by fee appraiser for mortgage lending appraisals. He said the board will often see fee appraisals during the appeal process and they rely almost exclusively on the sales comparison approach. He explained that doesn't really work for mass appraisals as 1) they don't have the sales data and 2) with 9,000 parcels, they don't have time to do 9,000 individual appraisals.

He then explained the appeals process. During the appeal period, property owners may petition for review of their assessment. They take in the forms and consider any information they want to

provide at that time and each appeal is then assigned to an individual appraiser. He said almost always it is then appropriate for the appraiser to go out and look at the property. There is discussion and the appellant can provide additional information if they would like. He said that often the issues are resolved before going further. He said if it is not yet resolved with the appraisers it will then go to John are sometimes resolved during that step and if not, those are the ones that then go forward to the board.

Ms. Watt asked over the years, how many appeals have gone beyond the board and what the outcome of those may have been.

Ms. Potter said that in the 8 years she has worked at CBJ, none of the appeals that the BOE has acted upon have been appealed to (Superior) Court. She did say that there were other matters that have gone on to be litigated but none of the BOE appeals.

Ms. Sheinberg asked for clarification that the board deals with not just residential property but commercial and business personal. Ms. Sebens asked how often the appealed properties tends to be commercial property. Ms. Potter explained there is at least one commercial property per year and it is usually the last issue to come before the board in any given year due to the complex nature of the commercial assessments. Often times they come to some kind of settlement agreement before it goes to the board. Ms. Potter said she has not seen any single Business Personal Property appeal go before the BOE.

Mr. Boyer asked if there was some way to get better sales data since Alaska is a non-disclosure state. Mr. Sahnaw said that the Multiple Listing Service (MLS) has made it clear to the realtor community that anyone sharing that information will lose access to the service since it is proprietary information. Ms. Potter said they get a good response from sellers/buyers in reporting what the sales prices are from their market letters.

Mr. Boyer asked how the workload looked for this year's appeals. Mr. Sahnaw said last year there were over 700 appeals filed but this year they have only received approximately 165. The deadline for filing appeals was April 21 and there is the possibility of late filed appeals. Ms. Potter said they tend to find that the appeals tend to originate from the area that they have performed the canvass and the larger the area, the more changes that are made, the more appeals tend to be filed. She gave last year's borough-wide land appraisals as an example and said they had a greater number of appeals due to the large area and changes that were made.

VIII. BOARD MEMBER AVAILABILITY/SCHEDULING OF PANEL ASSIGNMENTS

Ms. McEwen asked members to provide the Clerk's office with their date availability. The tentative meeting scheduled for May 8 had to be cancelled since the 10-day certified letter timeframe had already come and gone without any letters having been sent out. Members agreed to schedule the first panel meeting for Monday, May 12 at 5:30p.m. in the Assembly Chambers with the BOE panel to be made up of Chair Mike Boyer, Ms. Watt, Mr. Nowlin, with Mr. Epstein serving as an alternate if needed. Ms. Sheinberg said she would like to attend that hearing just to observe. For future scheduling purposes, Mr. Gaguine said he would not be available the month of May, Mr. Kalwara was not available on Mondays, Mr. Epstein would not be available the second Wednesdays of each month; Ms. Sheinberg would not be available May 6-7, and May 20-27, and lastly Deputy City Attorney Sebens has conflicts with most Tuesday and Thursday evenings.

IX. ADJOURNMENT – There being no further business, Mr. Boyer adjourned the meeting at 6:08 p.m.