

LOCAL BOARD OF APPEAL AND EQUALIZATION  
MAY 10, 2011

The continuation of the Local Board of Appeal and Equalization was called to order at 4:45 P.M. by Mayor Byrnes in the Professional Development Room at Marshall Middle School, 401 South Saratoga Street. In addition to Byrnes the following members were present: Hulsizer, Sanow, Doom, DeCramer, and Ritter. Absent: Boedigheimer. Staff present included: Ben Martig, City Administrator; Thomas M. Meulebroeck, Finance Director/City Clerk; Jane DeVries, Deputy City Clerk; Lorna Sandvik, City Assessor; and Carole Snyder, City Appraiser.

Doom moved, Ritter seconded, that the minutes of the Local Board of Appeal and Equalization held on April 25, 2011 be approved as filed with each member and that the reading of the same be waived. All voted in favor of the motion.

Lorna Sandvik, City Assessor, indicated that the following property owners appealed and/or requested a review of their property valuation or classification at the 2011 Local Board of Appeal and Equalization or contacted the office prior to it.

Ben Martig, City Administrator, indicated that there was a concern from a council member on Conflict of Interest due to a council member having a contract with one of the businesses that is requesting a valuation review of their business property. Mr. Martig forwarded this concern to Dennis Simpson, City Attorney. In conclusion, if a council member believes he or she cannot properly vote on an issue then that council member may abstain from voting. While Board of Equalization and Review present situation is not a technical conflict of interest, the council member may feel more comfortable abstaining from a particular vote and may do so at that council member's wishes.

**27-599117-0 - Ziegenhagen Investments, LLC (100 North Highway 59)**

Mr. Ziegenhagen submitted a letter of appeal at the April 25<sup>th</sup> meeting. This property consists of 1.97 acres of land and two buildings. Mr. Ziegenhagen purchased this property at an auction on March 15, 2007, for \$230,000. The purchase price also included an adjacent .73 acre vacant land parcel. Several building permits have been taken out since the property was purchased for demolition and both exterior and interior remodeling at reported construction costs totaling \$86,000. No cost was reported for the demolition work. Both buildings were inspected with the owner on January 20<sup>th</sup>, 2011. The proposed 2011 estimated market value is \$423,600.

The northern building, built in 1964, is 7,200 square feet and was vacant with an unfinished interior ready for build-out on the inspection date.

The southern building, estimated to be built in the 1940's/50's with additions added in 1960, 1973, and 1977, is approximately 51,047 square feet on the main floor with 9,984 square feet of basement with wide interior ramp access. There is approximately 1,200 square feet of old office finish on a second level. A majority of the space was unheated on the inspection date.

When arriving at the 2011 estimated market value for the structures, the base rate for this property was compared to the Coca-Cola warehouse on East Main Street. The Coke building is similar in that it was built in 1948 (additions added in 1976 and 1985), is of similar construction quality, and suffers from similar functional issues when compared to newer warehouse construction. The Coke building has approximately 26,035 square feet on the main floor, no

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basement area, and an upper level old office finished of 5,258 square feet. The 2011 proposed estimated market value for the Coke building is \$8.06 per square foot (considering main and second floor total square footage of 31,293), or \$9.69 per square foot (considering main floor square footage only of 26,035). After adjusting for differences in the structures including location and ease of access, Mr. Ziegenhagen's buildings were valued at an average of \$5.80 per square foot (considering main and second floor total square footage for both buildings of 59,447), or \$5.92 per square foot (considering main floor square footage only of 58,247 for both buildings).

For this year's assessment, the method used to value other commercial and industrial properties in the city was used to value Mr. Ziegenhagen's property. An income approach to value is based on capitalization of the potential net income a property could generate. Market rental rates, vacancy rates, expenses, and selecting an appropriate capitalization rate are all part of this valuation approach. A review of the income approach for this property supports a valuation in excess of the current proposed estimated market value of \$423,600.

Ms. Sandvik indicated that according to information on LoopNet as of April 13, 2011 the asking price was listed at \$1,500,000 and as of April 25, 2011 the asking price on LoopNet had been reduced to \$299,000.

Ritter moved, DeCramer seconded, to affirm the 2011 proposed estimated market value at \$423,600. All voted in favor of the motion.

**27-710012-0 - Anita Arzdorf (1200 Dublin Street)**

Ms. Arzdorf appeared at the Local Board of Appeal and Equalization regarding the increase in the 2011 assessed market value of her property to \$185,800. This is a 1,595 square foot rambler constructed in 2003 in Parkway Addition. It has an attached 3-car garage. The home was inspected and an increase in the amount of basement finished area was noted. Information on sales in Parkway Addition and sales of homes similar to Ms. Arzdorf's in size and quality in other areas of the city were reviewed with her.

Council Member Hulsizer questioned why the property value was increased and not decreased as requested by the property owner. Ms. Sandvik indicated that per the request of Ms. Arzdorf the home was inspected and an increase in the amount of basement finished area was noted, therefore increasing the value of the property.

Ritter moved, Doom seconded, to increase the 2011 estimated market value from \$185,800 to \$188,600. All voted in favor of the motion.

**27-757080-0 - Marcia Johnson (416 North 4<sup>th</sup> Street)**

Mrs. Johnson appeared at the Local Board of Appeal and Equalization concerning the 2011 estimated market value of her home partly because of the location. The assessed estimated market value of her home has been at \$196,100 since 2008. The home is a good quality 2-story, built in 1945 with 768 square feet on each level and a full basement. A 126 square foot 2-story addition (no basement) was added after initial construction. It has an attached 2-car garage. It also has a large 1,200 square foot pebbled concrete slab patio with narrow wood strips between

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the slabs. The concrete slabs are sinking below the wood strips, making walking on the patio difficult in places. The home was inspected and compared to others in the neighborhood. Adjustments were made for the patio and other items to bring the valuation in line with others in the neighborhood.

Doom moved, DeCramer seconded, to decrease the 2011 estimated market value from \$196,100 to \$183,800. All voted in favor of the motion.

**27-156006-1 – Thomas VanderHagen (112 Parkview Drive)**

Mr. VanderHagen appeared at the Local Board of Appeal and Equalization with a concern about the proposed 2011 estimated market value of \$163,900 for his home. A phone message was left by staff on April 26<sup>th</sup> for Mr. VanderHagen to set up an appointment for staff to inspect his home and review sale information. Carole Snyder spoke with Mr. VanderHagen on May 3<sup>rd</sup> regarding his concerns about foreclosures and bank sales and how they are affecting the local market. He has reviewed the information from the equalization meeting and will contact our office if he wishes staff to conduct an interior inspection of the home for possible valuation adjustment.

Sanow moved, Ritter seconded, to affirm the 2011 proposed market value of \$163,900. All voted in favor of the motion.

**27-148025-0 – First Independent Bank (606 Genesis Avenue)**

This property is a vacant lot currently listed for sale by First Independent Bank for \$19,900. The lot has been for sale and actively marketed since the bank acquired it in 2009. The proposed 2011 estimated market value is \$21,600. A representative from the bank contacted our office and made us aware that the sanitary sewer main at this location is not deep enough to accommodate gravity sewer service to a full depth basement. A sewer lift pump would likely be required for some types of new home construction if the owner had plans for a basement bathroom. According to the bank, this issue has caused difficulty in selling this lot. The bank is aware of our recommendation to this Board.

DeCramer moved, Ritter seconded, to reduce the 2011 estimated market value from \$21,600 to \$17,300. All voted in favor of the motion.

**27-837029-0 – Allen & Deborah Gratz (303 Carrow Street)**

This property was purchased 11-8-10 from Federal Home Loan Mortgage Corp. for \$123,250. The assessed market value for the 2011 assessment was \$175,100. Mr. Gratz contacted our office and requested an inspection because of the condition of the home. The home which had been vacant for over a year is in need of substantial updating and general maintenance both inside and outside. Mr. Gratz has been notified of the recommendation to this board.

Doom moved, Ritter seconded, to reduce the 2011 estimated market value from \$175,100 to \$151,300. All voted in favor of the motion.

**27-604130-0 – Cheryl Morgan (1401 South Saratoga Street)**

Ms. Morgan contacted our office concerning the 2011 assessed market value of \$159,000 for her property. It consists of a 1 story rambler built in 1965 with a 1 story addition, rear enclosed

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porch, and a 2-car attached garage. There is also a 1,610 s.f. metal storage building built in 1965. The home has been well maintained with newer siding, windows and interior updates, but the location is an issue. The mobile home park is to the rear, it has the mini storage buildings across the street and 2 large metal storage buildings with construction equipment in the front. This would impact the value of the property. Ms. Morgan has been notified of the recommendation to this board.

Sanow moved, DeCramer seconded, to reduce the 2011 estimated market value from \$159,300 to \$145,500. All voted in favor of the motion.

**27-937-029-0 – Nathan & Heather Miller (1119 David Drive)**

This split-entry home had been purchased by the Millers on September 30, 2011 for \$257,700 after being on the market for about a week. The estimated market value for the 2011 assessment was \$233,400. After the assessment had been completed, we became aware that the lower level of the home had been finished by the previous owner. Mr. Miller was contacted and agreed to allow an inspection to be completed. The lower level has about 1,200 s.f. finished consisting of 2 bedrooms, a bathroom, a large family room with built-in cabinets, a bar area and a gas fireplace. This resulted in an increase in the estimated value to \$274,000. Mr. Miller has been notified by letter of the recommendation to this board.

Council Member Hulsizer questioned why the recommendation was to increase the market value. Ms. Sandvik indicated that the increase was due the improvements of the lower level of the home. Doom moved, Hulsizer seconded to increase the 2011 estimated market value from \$233,400 to \$274,000. All voted in favor of the motion.

**27-710027-0 - Adam Hess (225 London Road)**

Mr. Hess owns a 1,593 s.f. 1-story home in Parkway Addition with a 3-car garage. He contacted our office with a concern about the 2011 estimated market value of \$189,400. An inspection of the home showed the basement had recently been finished with 2 bedrooms, a bathroom and large family room with cabinets and bar. This resulted in an increase to the value of the property. Mr. Hess has been notified by letter of the recommendation to the board.

Ritter moved, DeCramer seconded, to increase the 2011 estimated market value from \$189,000 to \$211,000. All voted in favor of the motion.

**27-925056-0 – Roger & Latiefa Bentz (401 Viking Drive)**

Mr. and Mrs. Bentz purchased the property July 27, 2010 for \$158,900. Since this time they have had numerous problems with water in the basement and the electrical system. They requested an inspection to determine the loss in value to the basement finish which would impact the estimated market value. The owners have been notified by letter of the recommendation to this board.

Doom moved, DeCramer seconded, to reduce the 2011 estimated market value from \$149,000 to \$147,300. All voted in favor of the motion.

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**27-600084-0 – CDI of Marshall (1213 West Main Street)**

The owner contacted the Assessor's office to review information regarding this property. It was discovered that a shed that had been previously removed and was still being assessed to the property. The owner was informed that a reduction in value would be recommended to reflect the removal of the shed.

Sanow moved, Doom seconded, to reduce the 2011 estimated market value from \$109,900 to \$109,000. All voted in favor of the motion.

**27-3020170 – Susan Arp & Donna Barry (102 East Main Street)**

Mr. Robert Arp, husband of Susan Arp, contacted our office concerned about the 2011 assessed market value of their home. The home had been rented for about 4 years and is presently listed for sale. It is in need of repairs and maintenance. The owners have been notified by mail of the recommendation to this board.

DeCramer moved, Ritter seconded, to reduce the 2011 estimated value from \$144,600 to \$130,000. All voted in favor of the motion.

**27-928009-0 – Federal Home Loan Mortgage Corp. (603 Viking Drive)**

Ms. Karen Burch of Action Realty in Slayton contacted the Assessor's office regarding the home at 603 Viking Drive which they have listed for the Federal Home Loan Mtg. Corp. She requested an inspection because of the condition of the home. The home does have some items needing repair and also a functional issue with the design on the first floor and the basement finish. Ms. Burch has been notified by mail of the recommendation to this board.

DeCramer moved, Doom seconded, to reduce the 2011 estimated value from \$274,500 to \$245,500. All voted in favor of the motion.

**27-119002-0 – Customer Elation Inc. (305 South 2<sup>nd</sup> Street)**

Ms. Sandvik indicated that she spoke with Pete Hainey from Customer Elation Inc., regarding the call center property that was purchased from Schwan's in April of 2010. The proposed 2011 estimated market value for this property is \$2,585,400.

The structure was built in 1972 and was originally a Shopko retail store (30,420 square feet). In 1989, a steel frame addition was added to the building (7,224 square feet). The land area is 3.337 acres. Approximately 79,900 square feet is a paved parking/loading dock area. Schwan's purchased this property in 1995 (building and 3.5 acres) for \$675,000. After the purchase in 1995, remodeling permits were issued over the years to renovate the building at a reported cost of construction totaling \$1,306,200. Approximately 80% of the interior is finished into good quality office space with the remaining 20% (the 1989 steel frame addition) at a less costly type of finish. Overall, the building is in good condition.

Mr. Hainey purchased the call center business and all assets associated with the business, including the building, from Schwan's for an undisclosed amount. \$2,000,000 of the total paid for the acquisition was allocated to the building purchase. According to both the seller and Mr. Hainey, no real estate appraisal was done in connection with the purchase. The seller confirms

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they obtained a Broker's Opinion of Value when the details of the sale were being negotiated dated August 31, 2009. The Broker's Opinion of Value for this real estate came in at \$2,575,000.

Customer Elations currently leases back approximately 23,000 square feet to Schwan's.

In his letter, Mr. Hainey compares his building to the adjacent Western Printing building (owned by Schwan's). The original part of this building was constructed in about 1960, with an addition added in 1993. The interior of the Western Printing building is approximately 20% light to average quality office type finish with 80% mainly unfinished print shop production/storage area.

Ms. Sandvik indicated that she contacted the commercial appraiser in Martin County regarding the property that Mr. Hainey feels is comparable to the call center. The Fairmont property was a grocery store in substandard condition at the time of sale. After purchase for \$1,200,000, the interior of the building was completely gutted down to the building frame, including removal of the buried drain pipes. The buyer then replaced the interior finish and drains to open a new grocery business.

Mr. Hainey is correct in that our highest purchase price for commercial and/or industrial property in our current study period was \$390,000.

Ms. Sandvik indicated that she supplied information to Mr. Hainey regarding other single-story office building values in Marshall. Building values ranged from \$31.47 per square foot on the lower quality end to \$84.29 per square foot on the higher quality end. The call center building only is valued at \$54.39 per square foot. Most buildings were much smaller than the call center.

Ritter moved, DeCramer seconded, to affirm the 2011 proposed estimated market value at \$2,585,400. All voted in favor of the motion.

**27-144035-0 – Brian & Jolene VanDeveire (520 Jaguar Court)**

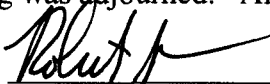
The VanDeveire's have been trying to sell their home for over a year. They contacted the Assessor's office concerning the assessed market value of their home of \$305,600 which is less than their asking price. The home was inspected and there were several improvements to the property which increased the value. Mr. VanDeveire was contacted by phone regarding the new value of his property.

DeCramer moved, Ritter seconded, to increase the 2011 assessed market value from \$305,000 to \$317,100. All voted in favor of the motion.

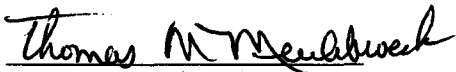
Ms. Sandvik indicated that all the property owners will be notified by mail by the Assessor's office of the final decisions made by the Local Board of Appeal and Equalization and their right to appear at the Lyon County Board of Appeal and Equalization.

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Upon motion by Ritter, seconded by DeCramer, the meeting was adjourned. All voted in favor of the motion.

  
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Mayor of the City of Marshall

ATTEST:

  
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Financial Director/City Clerk