

# Minutes of the Duluth Local Board of Appeals & Equalization

May 18, 2021, 2:00 PM, Citrix Webex Remote Meeting

## **Members Present:**

Steve Goldschmidt

*Appraiser*

2<sup>nd</sup> Term: 4/1/21 – 4/1/25

Appointed by Mayor

Frank A Messina

*Realtor*

1st Term: 4/27/21 – 3/31/25

Kyle Deming

*Equalization Course*

1<sup>st</sup> Term: 5/14/14 – 5/14/22

Appointed by CAO

Thomas D Henderson

*Realtor*

1<sup>st</sup> Term: 3/23/20 – 3/31/24

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Jen Carlson, Finance Director for the City of Duluth, started the Webex meeting at 2:00 PM when all board members were present. Carlson discussed the meeting information and protocol for joining the meeting, pursuant to the COVID 19 emergency. The Board members then introduced themselves and provided their credentials. Messina/Henderson motion to elect Kyle Deming as Board Chairman. (3/0) Carlson turned meeting over to Mr. Deming at 2:05 PM. Deming explained that all board members have access to all written information submitted by the Appellants. Deming asked the board to begin reviewing the properties on the agenda for appeals hearings.

Appeal #7: Douglas Breiland (Arrowhead House Properties, LLC), 16 S 18<sup>th</sup> Ave E; 010-1480-00910; Appraiser-Mike Busick; Appellant: Appealing the classification from residential non-homestead to commercial. Breiland gave a summary of property classifications throughout the years to justify his classification for his group homes. Appellant felt that his property was being singled out from other similar residential care properties. County: Sipila spoke for the County explaining how, based on property tax law, residential classification is based on the property being someone's primary, permanent place of residence. Sipila felt that Appellant's property was a temporary treatment facility. County recommended that the property stay in the Commercial classification. Messina asked for property clarification on the comparable properties provided by Appellant. Breiland explained that the properties on his list are all temporary living facilities. Discussion continued about permanent vs temporary residences. Goldschmidt and Deming asked for clarification on the temporary living facilities, and verified

with Sipila. Henderson clarified with Appellant that the property operations of his and all listed properties were being operated in the same manor.

1<sup>st</sup> Motion: Henderson motion to revert back to residential non-homestead/Goldschmidt. (3/0)

2<sup>nd</sup> Motion: Henderson motion to request County to verify other properties on Appellant's list and change classification if necessary/Goldschmidt. (3/0)

Appeal #5: Sam on behalf of Twin Ports NECA, Select Homes Inc; 030-3830-07470; Appraiser-Scott Sutherland; Appellant: Dave Orman explained their non-profit mission in operations by providing Senior (over 62 year-old) resident's housing. Property is held in Trust by the Duluth Electrical Vacation Fund, which is part of the International Brotherhood of Electrical workers Pension Family. They operate as a non-profit corporation and reinvest any profits back into the property. Improvements have been made for basic upkeep, but more improvements need to be completed. Rents are kept affordable and at least 60% below market value to help residents afford their housing. Appellant is appealing the increased valuation of the property. County: Sutherland explained that revaluation was completed this year. The County does not decrease building value due to under market rent being charged. Discussed the similarities between the comparables and believes that value is valid and recommends no change to value. Henderson asked Sutherland if comparables have the same restrictions as subject property. Busick stated that the question should not be relevant, as the County does not take that into consideration when determining the value. Sutherland stated that at least one of the other properties on the comparables list do have the same restrictions. Messina/Goldschmidt motion for no change in value. (3/0)

Appeal #27: Scott Tompkins, 2516 E 5<sup>th</sup> St; 010-3090-01960; Appraiser-Franklin Carver. The board was slightly ahead of schedule and wanted to give appellant adequate time to join the meeting.

While waiting for scheduled time to allow appellant time to join the meeting, board discussed minutes from the 2020 LBAE meeting. Henderson/Messina motion to approve last years' meeting minutes. (3/0) Resumed Appeal #27.

Appellant: Discussed that submitted appraisal was done within the past 18 months (6/29/20) and the value came in at \$659,000. Deming, Henderson discussed whether the purpose of the appraisal is relevant and determined that it is not relevant. County: Carver discussed the appraisal and received a copy just prior to meeting. He did find some sq ft discrepancies that the County had on file and corrected and revalued the property at \$669,000. County feels value is fair and valid. Goldschmidt/Henderson motion for no change in value. (3/0) Appellant wants to continue appeal to the County Board and Carver will follow up with Appellant.

Board was 6 minutes ahead of schedule. Discussed and decided that they will work on written appeals as time allows, and fit them in between scheduled appeals as appropriate.

Written Appeal #10: Alexander MacKenzie, 2123 W 4<sup>th</sup> St; 010-1180-04430; Appraiser-Steve Birman; Appellant: Not present. County: Based on comparables and sales in the area, no change from \$97,400 is recommended. Goldschmidt asked if property was inspected. No interior visit; interior photos only. Goldschmidt thought there was quite a lot of unfinished areas in the home. Birman did not know about work being completed due to no permit having been issued for construction. Messina/Henderson motion for no change. (3/0)

Appeal #23: Robert & Ruby Zallar, 2005 N Arlington Ave; 010-0144-01860, 01450; Appraiser-Steve Birman; Appellant: purchased 1977, served by septic system on the back lots, as is today. Properties need to be assessed together due to the septic system being located on the back lots. Traffic flow has increased tremendously over the years. Very few other homes sold or built close to subject property, so limited comparables. County comparables are on quiet streets with City sewer. Feels value should be between \$225,000 - \$250,000. County: Birman stated that County has assessed all parcels together. Also looked at the large amount of land with subject property vs the comparables. Property is currently assessed at \$285,800.00. Henderson discussed comps and that he felt the value should be around \$250,000.00- \$260,000.00. Messina discussed the septic system, but thought value should be higher than Henderson's value. Carver showed visual of subject property for reference. Total land approx. 3 acres. Messina/Goldschmidt motion for no change in value. (2/1) Henderson against.

Appeal #24: Robert & Ruby Zallar, 1907 N Arlington Ave; 010-0144-02050, 02160, 02240; Appraiser-Steve Birman; Appellant: Explained that these encompass the rear lots discussed above. County: Carver explained valuation of all the parcels and that they all are taken into consideration together. Henderson/Messina motion for no change in value. (3/0) Zallar and Carver continued to discuss valuation of the rear lots for clarification.

Board began to review written Appeal #17, but then decided to continue with scheduled appeals after Mr. Jasper joined the meeting.

Appeal #31: Richard Jasper, 21 N 63<sup>rd</sup> Ave W; 010-4540-00660; Appraiser-Franklin Carver; Appellant: Feels that there are problems with equalization on the values of the homes in the area. The home was built in 1928 and no upgrades have been completed. Kitchen is 96 sq ft and one of the bedrooms is only 77 sq ft. Current assessed value is \$106,900. Does not feel comparables are valid and home is located on a terribly busy street, with truck traffic, which was not originally agreed upon when road was widened, and contacted City Engineering about the issue. County: Carver conferred with appraiser who did original inspection. Neighborhood

saw an 18% increase in the area where subject home is located across the board. Feels value is fair and equalized. Messina questioned interior condition, as no interior photos are provided. Carver explained interior condition is built into the value. Henderson agrees with value. Henderson/Goldschmidt motion for no change in value. (2/1) Messina against.

Board is recessing for a break and will reconvene at 4:00.

Meeting reconvened at 4:01, after Messina became available. Board resumed the written appeals and continued to review written Appeal #17.

Written Appeal #17: Thomas Gavin, 914 S Lake Ave; 010-4045-00030; Appraiser-Anne Sims; County: Sims stated that values did not change, were just equalized. It is also an active tax case and so she recommends no change. Sipila stated board can act, but recommends letting tax court decide the action. Messina/Henderson motion for no change in value. (3/0)

Written Appeal #19: Jacqueline Majeski, 202 W House St; 010-3290-00180; Appraiser-Steve Birman; County: Recommends no change of \$105,800.00. Had not received interior photos until just before the meeting and did not have time to review. Henderson/Messina motion for no change in value. (3/0)

Written Appeal #21: Kelly Jakubek, 2035 Adirondack St; 010-3760-00170; Appraiser-Dave Christensen; No interior photos/inspection provided. Board unable to act with no inspection. Messina/Henderson motion for no change in value. (3/0)

Written Appeal #25: Bozena Hellem, 201 E 3<sup>rd</sup> St; 010-0970-00230; Appraiser-Ben Hansen; County: Busick stated that this property has come to an agreement regarding the value at \$172,700.00 and this will be listed on the agreements to be voted on at the end of the meeting.

Written Appeal #30: Bob Wentzel (ME Global Inc), 200 E Carterett St; 010-3430-11310; Appraiser-Ben Hansen; County: Busick stated that there is a foundry on the property and there is a petition in tax court, so recommends no change. Henderson/Messina motion for no change in value. (3/0)

Written Appeal #32: Matt Judnick, 231 E 3<sup>rd</sup> St; 010-0970-00315, 00300; Appraiser-Roy Levitt; County: Busick stated that County has come to an agreement with the appellant and board will vote at the end of the meeting on all agreements.

Written Appeal #33: Diane Anderson, 723-725 E 5<sup>th</sup> St; 010-3830-18170; Appraiser-Mike Busick; County: Busick stated that County has come to an agreement with the appellant and board will vote at the end of the meeting on all agreements.

Written Appeal #34: Diane Anderson, 209 E 4<sup>th</sup> St; 010-0990-00260; Appraiser-Ben Hansen; County: Busick stated that County has come to an agreement with the appellant and board will vote at the end of the meeting on all agreements.

Written Appeal #35: Diane Anderson, 526-526-1/2 E 7<sup>th</sup> St; 010-1050-01020; Appraiser-Mike Busick; County: Busick stated that County has come to an agreement with the appellant and board will vote at the end of the meeting on all agreements.

Written Appeal #36: Joel & Kristine Zamzow, 456 N Hawthorne Rd; 010-0700-00330; Appraiser-Franklin Carver; County: Carver stated that they need more time to review all the information to make any changes. No comps to use and there is a large difference in value between owner's and county's value. Henderson/Messina motion for no change. (3/0)

Written Appeal #37: Luke Miller, 1614 Swan Lake Rd; 010-0530-02300; Appraiser-Steve Birman; County: Birman discussed sq ft price and discrepancies. Also discussed a cracked foundation but could see no evidence of that in the photos. Recommends no change in value at \$138,900. Deming questioned square footage discrepancies. Messina/Henderson motion for no change in value. (3/0)

Written Appeal #39: Cory Binsfield, 1913-1921 E 3<sup>rd</sup> St; 010-2200-01050; Appraiser-Roy Levitt; County: Levitt spoke with appellant regarding rents and units. Expense ratio was the largest discrepancy discussed and higher than average. Messina asked if condition is taken into consideration as well as income/expense. Levitt said yes, condition is taken in consideration. Messina asked about comparables vs subject property for clarification. Goldschmidt asked about expense ratio. County uses a 40% expense ratio, but does depend on the class rate of the building. Carver: County accounts for the property tax rate into the cap rate at the end of valuation. Sutherland: Property taxes are not to be included in the expense totals. Goldschmidt questioned County's expense ratio as being too low. Busick feels no change is justified just based on expense ratio. Sutherland: Many expenses listed on Appellant's expense report are not allowable expenses and Appellant's expense ratio was 63%. Board discussed and asked for Goldschmidt's opinion. Additional discussion regarding values and class values and Henderson inquired on earlier valuations and whether there were interior photos. Henderson/Messina motion for no change due to lack of interior photos. (3/0)

Written Appeal #40: Martin (aka John) & Dorothy Huotari, 921 Timberline Ln; 010-3812-00700; Appraiser-Steve Birman; Appellant: In 2019 the value of their property had been lowered and that the value did not change in 2020 and 2021, but jumped 25.2% in 2022. Discussion with Birman proposed dropping the value to \$422,400 but that would still be a 14.7% increase. Discussed various sales of properties in the area. No significant improvements have been completed on the property. Appellants would like to know basis of appraisal and value's increase. Appellant stated that they were told that values were increasing about 10-12% by a local realtor. County: Carver questioned the realtor's valuation. He feels value is quite reasonable with a 2.2% increase in valuation per year since year of purchase at \$395,000.00. Carver explained county's justification and procedures in determining values, and would not be inclined to lower the value lower than their purchase price, and discussed what areas are taken in consideration as comparables. Appellant frustrated with valuation procedure and lack of disclosure. Deming advised appellants about the next steps if unhappy with the board's decision. Goldschmidt/Messina motion to keep value at \$422,400.00 per agreement with Birman. (3/0)

Appeal #18: Kristi Ducharme, 2222 E 1<sup>st</sup> St (Hillside Manor); 010-3830-13740; Appraiser-Scott Sutherland; Appellant: Discussed that many vacant units were not taken into consideration when determining value and referenced an appraisal that the appellant submitted. Calculated a 22% increase in value over the prior year. Had many questions as to how value was determined. Was concerned about the value of the land decreasing, but the building value increasing by over \$10,000.00 per unit. There have been no major upgrades to the property, and many needed repairs, as well as lead abatement that needs to be done. Questioned the land value vs the land value on the comparables. County: Sutherland discussed sales vs cost approach calculations to justify valuation. Discussed also that some listed expenses should have not been included in the submitted expenses, such as interest and property taxes. Also justified the listed comparables with extensive discussion on comparisons of properties. Appellant submitted appraisal is almost two years old, but still in line with increased valuation that County has determined. Sutherland felt that the value is accurate and recommends no change in value. Henderson feels value should not be over \$1 million but thinks that the County has found valid and justifiable comparables. Deming discussed neighborhood condition and asked if that is taken into consideration when determining the value and Sutherland confirmed that is the case. Board discussed feeling that the value should be under \$1 million, but did not know what value should be. Henderson discussed the comparables with Sutherland. Appellant verified collected rent amounts. Messina/Henderson motion for no change to allow appellant to appeal to the county. (1/2); Motion failed so additional discussion by board to decide what to do. Goldschmidt/Henderson motion to decrease value to \$865,000.00 to match 2019 appraisal. (3/0)



Board continued with the written appeals.

Appeal #41: Michael Jasper, 22 S 64<sup>th</sup> Ave W; 010-4540-02160; Appraiser-Franklin Carver; County recommends no change. Appellant is still hoping to come to an agreement with his appraiser per Leah Blevins. Carver is still willing to discuss basement with appellant. Henderson/Goldschmidt motion for no change in value. (3/0)

Appeal #42: Melissa Janzen & James Bridges, 311 N 2<sup>nd</sup> Ave W; 010-0980-00216, 00223; Appraiser-Ben Hansen; County: County has come to an agreement with the appellant and will be voted on at the end of the meeting.

Appeal #44: Dinesh Korat, 200 S 27<sup>th</sup> Ave W (Motel 6); 010-2515-00110; Appraiser-Mike Busick; County: Busick said sale is taking place on the property very soon, and feels that the value is in line based on the upcoming sale depending on personal property that is selling along with the property. Recommends no change to allow to move forward to County. Messina/Henderson motion for no change. (3/0)

Appeal #45: John Williams, 16 E 8<sup>th</sup> St; 010-1070-00080; Appraiser-Dave Christensen; County: Carver stated that he thought an agreement had been reached, but would confirm that with the Board.

Appeal #46: Eric Hartmack, 204 E 4<sup>th</sup> St; 010-0990-01020; Appraiser-Mike Busick; County: Busick stated that County has come to an agreement with the appellant and board will vote at the end of the meeting on all agreements.

Appeal #47: Matt Judnick, 301 W 3<sup>rd</sup> St; 010-0980-00330; Appraiser-Roy Levitt; County: Busick stated that County has come to an agreement with the appellant and board will vote at the end of the meeting on all agreements.

Appeal #48: Matt Judnick, 120 W 3<sup>rd</sup> St; 010-0980-00580; Appraiser-Roy Levitt; County: Busick stated that County has come to an agreement with the appellant and board will vote at the end of the meeting on all agreements.

Appeal #49: Anthony Pirkl, 824 E 4<sup>th</sup> St; 010-3830-13640; Appraiser-Mike Busick; County: Busick stated that County has come to an agreement with the appellant and board will vote at the end of the meeting on all agreements.

Appeal #50: Mary Courage, 2510 Minnesota Ave; 010-3100-00630; Appraiser-Anne Sims; County: Sims has viewed property several times in past couple of years and explained that no market value adjustments were made out on Park Point this year. Recommends no change. Sims explained comparables used and answered questions by the board members and loaded County information late onto the agenda. Henderson/Messina motion for no change in value. (3/0)

Board went back to Appeal #45: John Williams, 16 E 8<sup>th</sup> St; 010-1070-00080; Appraiser-Dave Christensen; County: Carver confirmed that an agreement had been reached with the appellant and board will vote at the end of the meeting on all agreements.

Appeal #51: Sara Kylander-Johnson, 4110 99<sup>th</sup> Ave W; 010-3980-00800, 01095; Appraiser-Anne Sims; Written appeal was blank and contact was attempted with appellant with no response. Board recommended appellant move on to county appeal process. Goldschmidt stepped away briefly from meeting. Henderson/Messina motion for no change due to lack of information. (3/0-Deming voted in Goldschmidt's absence)

Board discussed length of meeting and when to take a break. Decided to continue for now with meeting being scheduled to run until 8:30 PM if needed. Board continued with no break.

Appeal #52: Ellen Wiss, 1524 Cliff Ave; 010-2826-00310; Appraiser-John Staine; County: Carver stated that appeal was received too late for County to process, and Blevins stated that the remaining appeals arrived so late that the County had no time to process responses. Carver shared screen with board members for viewing late arriving outdoor photos. Staine discussed average sale price and average sq ft price with board members. Henderson first motion to reduce value fails. Henderson/Messina second motion to reduce the value to \$295,000.00. (3/0)

Appeal #53: Nathan Smith, 607 N 1<sup>st</sup> Ave E; 010-1030-00170; Appraiser-Dave Christensen; County: Leah stated that County has come to an agreement with the appellant and board will vote at the end of the meeting on all agreements. *\*\*Revisited*

Appeal #54: Bill Long, 2517, 2521 Minnesota Ave; 010-3110-00680, 00690; 010-3120-02780, 02790, 02811; Appraiser-Anne Sims; County: Sims explained property is on the Bay side and newly rebuilt after a fire a couple of years ago. Also purchased property next door for storage and has a lot of frontage available. No across the board valuation increases in Park Point were completed this year. She recommends no change. Goldschmidt/Henderson motion for no change in value due to lack of photos and information. (3/0)



Appeal #55: Shawn Murphy, 1022 N Basswood; 010-2180-00410; Appraiser-Steve Birman; No board discussion before motion. Goldschmidt/Messina motion for no change in value. (3/0)

Appeal #56: Catherine Van Daele, 1922 E 4<sup>th</sup> St; 010-2200-00940; Appraiser-Al Parrent; County: Carver wants to work with appellant and information was received too late to include in the meeting. Messina/Henderson motion for no change so County can work with Appellant. (3/0)

Appeal #57: Kelly Kairos, 435 W Toledo St; 010-3410-04810; Appraiser-Al Parrent; County: Carver stated that information was received too late to include in the meeting and for the County to process a response. Carver recommends no change to allow time to work with Appellant further. Henderson/Messina motion for no change to allow County to work with Appellant. (3/0)

\*\*Board went back to Written Appeal #53, as no agreement had been reached with the County at this time, as was earlier stated. Board continued to review the submitted information.

Appeal #53: Nathan Smith, 607 N 1<sup>st</sup> Ave E; 010-1030-00170; Appraiser-Dave Christensen; County: Christensen was having technical difficulties and was unable to speak. Carver stated that current County recommendation to appellant for an agreement stands at \$143,900. Henderson/Goldschmidt motion to lower value to \$135,000.00 based on engineering report. (3/0)

Appeal #58: Molly & Andrew Goldfine, 3925 S Lake Ave; 010-3580-00030; Appraiser-Anne Sims; Written appeal was received late and County did not have time to process response. County: Sims again stated that no market adjustments/values were increased on Park Point. She has not inspected the property. She recommends no change due to high appraisal at time of purchase. Henderson/Messina motion for no change due to recent appraisal and sale. (3/0)

Appeal #59: Andrea Kuzel, 4048 Minnesota Ave/21 N Lake Ave; 010-0940-00630, 010-3580-00510, 010-3110-01990, 010-3110-02000; Appraiser-Anne Sims.

010-3580-00510; 448 Minnesota Ave; Sims has been in contact with appellant and has requested purchase appraisal or recent appraisal. Recommends no change at this time. Henderson/Messina motion for no change for lack of information. (3/0)

*These minutes have not yet been reviewed and approved by the City of Duluth Local Board of Appeals & Equalization.  
They will be reviewed at 2022 meeting.*

010-0940-00630; 21 N Lake Ave-Commercial Property; Board feels that there is not enough information to make any adjustments to the valuation. Henderson/Messina motion for no change due to lack of information. (3/0)

010-3110-01990, 02000; Sims explained valuation on the parcels which are Bay Side lots on Park Point vacant land-unbuildable lots, and third parcel on the Lake Side of Park Point. Bayside lots originally offered to adjacent property owners across the road for access. Valuations have fluctuated over the years due to location and size of property; \$63,000 to \$9,000-\$12,000 to \$21,000-\$31,000. Board discussed values with Sims due to Auctions and sales to property owners across the street. Most value is to the owners across the road. Non-contiguous, non-buildable and not a lot of value to the property. Most value is for access to the water. Sims recommends no change. Henderson/Messina motion for no change. (3/0)

Appeal #60: Mark Lambert, 101 Summit St/133 Summit St; 010-3945-00030, 00015, 00020; Appraiser-Mike Busick; County: Busick explained that this is the Blue Stone Development. High rent apartments and using the County's income formula for a Class A rate, value has increased significantly. Discussed comparable sales on buildings similar in size/units. County has not had a chance to evaluate information from Appellant. Messina/Henderson motion for no change in value to allow County more time to work with Appellant. (3/0)

Board moved onto the List of Agreements Received by 2:00 PM, including 71 properties. Henderson/Messina motion to approve the 71 property list. (3/0)

Board moved onto the List of Agreements Received between 2:00 PM and 6:35 PM on 5/18/22, including 22 pages. Henderson/Messina motion to approve the 22 page list. (3/0)

Mr. Deming stated that the board has completed all the appeals and finished all the business required of the board. He passed congratulations on to board members, the County and City employees for the smooth process of the meeting.

Henderson/Messina motion to adjourn the meeting at 6:48 PM. (3/0)