



1 Mayor Willcox asked how to account for someone overpaying for a property. Mr.  
2 Erickson couldn't say whether they did or did not overpay, but there were very few sales and  
3 comparables to back up the sale price. Mayor Willcox said the land value should not go up 20%  
4 based on comparable properties. Mr. Dickel said the tax was based on the actual value.

5 Mrs. McCarthy asked for an estimate of how much Wayzata land sold for per acre. Mr.  
6 Erickson said in the neighborhood of \$600,000.

7 Mayor Willcox asked the Council to share their thoughts. Mr. Plechash struggled with  
8 the request to reduce the valuation further. He thought it was an appropriate number.

9 Mr. Koch made some comparisons to other vacant lakeshore properties that supported the  
10 valuation by the Assessor.

11 Mrs. McCarthy said it was a bargain compared to other Wayzata land prices and she was  
12 not in favor of reducing the valuation further.

13 There being no further discussion, Mayor Willcox called for the motion. Mr. Plechash  
14 made a motion, seconded by Mrs. McCarthy, to accept and affirm the Assessor's valuation of the  
15 property at 639 Bushaway Road (PID#: 08-117-22-23-0001) at \$4,888,000. Upon roll call vote,  
16 the motion carried 3/2 (Buchanan, Willcox).

### 17 18 **B. 319 Barry Avenue and 201 Lake Street**

19 City Assessor Melody Devine, Senior Commercial Appraiser – Hennepin County, said  
20 she had talked today with Lowell Zitzloff and they were in agreement to reduce the valuation of  
21 319 Barry Avenue from \$6,875,000 to \$5,900,000. The reduction was based on loss of tenants  
22 due to loss of view caused by Wayzata Blu construction and some deferred maintenance. Mr.  
23 Zitzloff confirmed they had come to an agreement. Ms. Devine said she recommended no change  
24 in valuation for 201 Lake Street E at \$8,120,000. Mr. Zitzloff disagreed. He said the number one  
25 way to evaluate a property was by income. In 2019 his taxes were 65% of the income.

26 Mayor Willcox asked what his recommendation for the valuation would be. Mr. Zitzloff  
27 said \$7,057,098. Mayor Willcox asked Ms. Devine if she looked at income approach valuation.  
28 Ms. Devine said yes, the most weight was placed on an income approach. But she also looked at  
29 land value and sales. She said there was a cap because of deferred maintenance and the age of the  
30 building.

31 Mr. Koch asked what cap break was used in the valuation and asked about a vacancy  
32 factor. Ms. Devine said she valued property as stabilized with a 10% vacancy rate and 7.25% cap  
33 rate. Mr. Zitzloff explained he used a cap rate based on mortgage, debt service on building, and  
34 income. He said he had a higher cap rate.

35 Mr. Dahl recommended a motion on just 319 Barry Avenue since there was an  
36 agreement, and a separate motion for no change on 201 Lake Street East so Mr. Zitzloff could  
37 proceed with an appeal on that action at Hennepin County if he so desired.

38 Mayor Willcox asked Ms. Devine for further clarification on the 201 Lake Street East  
39 valuation. Ms. Devine explained that Mr. Zitzloff was looking at the debt service ratio whereas  
40 she was doing a straight pro forma. She also mentioned that 94% of the value was from the land.

41 Mayor Willcox asked for a motion on 319 Barry Avenue. Mr. Koch made a motion,  
42 seconded by Mr. Buchanan, to reduce the valuation of 319 Barry Avenue 06-117-22-23-0331  
43 from \$6,875,000 to \$5,900,000. Upon roll call vote, the motion carried 5/0.

44 Mr. Koch made a motion, seconded by Mr. Buchanan, to accept the valuation of the  
45 property at 201 Lake Street E (PID#: 06-117-22-23-0364) at \$8,120,000. Upon roll call vote, the  
46 motion carried 5/0.

### 47 48 **C. Other Properties**

49 Mr. Koch, referencing a Hennepin County memo dated April 15<sup>th</sup>, and property list, noting  
50 275 Lake Street E Unit 101 had a value reduction of 10.34% and Unit 102 had a value reduction of  
51 29.88%. He asked if all the units were overvalued by 10 – 30%. Ms. Devine explained those were

1 the only two commercial units in the building and a higher rent was used than what was actually  
2 being captured.

3  
4 Mr. Dahl recommended moving through the rest of the listed properties that had agreements quickly  
5 unless the Council wanted more information.

6 Mayor Willcox asked for a motion on the first property. Mr. Buchanan made a motion,  
7 seconded by Mr. Plechash, to reduce the valuation of the property at 15810 Holdridge Road E  
8 (PID#: 04-117-22-32-0031) from \$544,000 to \$512,000. Upon roll call vote, the motion carried  
9 5/0.

10 Mr. Plechash made a motion, seconded by Mr. Buchanan, to reduce the valuation of Vacant  
11 Lot (PID#: 05-117-22-34-0030) from \$726,000 to \$399,000. Upon roll call vote, the motion carried  
12 5/0.

13 Mr. Buchanan made a motion, seconded by Mr. Plechash, to reduce the valuation of Vacant  
14 Lot (PID#: 05-117-22-34-0031) from \$726,000 to \$389,000. Upon roll call vote, the motion carried  
15 5/0.

16 Mr. Buchanan made a motion, seconded by Mr. Koch, to reduce the valuation of the  
17 property at 260 Ridgeview Drive E (PID#: 31-118-22-33-0005) from \$683,000 to \$633,000.  
18 Upon roll call vote, the motion carried 5/0.

19 Mr. Plechash made a motion, seconded by Mr. Buchanan, to reduce the valuation of the  
20 property at 368 Margaret Circle (PID#: 31-118-22-34-0023) from \$666,000 to \$600,000. Upon  
21 roll call vote, the motion carried 5/0.

22  
23 Mr. Dahl encouraged those who missed out to continue the appeal process with Hennepin  
24 County. Mr. Erickson clarified that only people who had appealed to the City could appeal to the  
25 County.

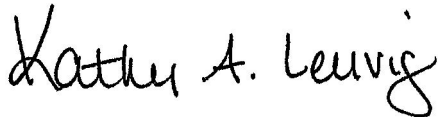
26  
27 **AGENDA ITEM 4. Recess.**

28 There being no further business, Mayor Willcox asked for a motion to adjourn.

29  
30 Mrs. McCarthy made a motion, seconded by Mr. Koch, to adjourn the Local Board of Appeal and  
31 Equalization. There was no further discussion. The motion carried 5/0 on roll call vote.

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33 The meeting was adjourned at 6:46 p.m.

34  
35 Respectfully submitted,

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37  
38 Kathy Leervig  
39 City Clerk

40  
41 Drafted by Sarah Peterson  
42 *TimeSaver Off Site Secretarial, Inc.*