

**OFFICIAL PROCEEDINGS**  
**City of Williston**  
**Local Board of Equalization**  
**May 3, 2017 6:00 pm**  
**City Hall – Williston, North Dakota**

1. Roll Call of Commissioners

**COMMISSIONERS PRESENT:** Deanette Piesik, Tate Cymbaluk, Chris Brostuen, Brad Bekkedahl, and Howard Klug

**COMMISSIONERS ABSENT:**

**OTHERS PRESENT:** John Kautzman, Chief Peterson, Darcy Anderson and County Support Staff

Mayor Klug presented a quorum.

Darcy Anderson, Williams County Tax Director, presented the following:

2. Present Assessment Roll and Related Paperwork  
Ms. Anderson presented the Board with Assessment Roll, the 2017 Assessment Report of the City of Williston and other related documents

3. Present Annual Report  
The Williams County Assessor's Office has prepared this 2017 Assessment Report of the City of Williston. This report includes specific information regarding the 2017 assessment as well as general information about the assessment process.

North Dakota statutes establish specific requirements for the assessment of property. The law requires that all real property be valued at True and Full Value, which is defined as the market value as of the February 1st assessment date.

The estimated market values are established using the market trends taking place from January 1, 2016 through December 31, 2016. From these trends, the mass appraisal system is used to determine individual property values.

The main valuation technique used is the sales approach, also used by the State Tax Commissioner's Office. The starting point of the assessment of real property is True and Full Value. For property classified as residential or commercial, True and Full Value means its market value, defined as the price a property would bring if it were offered for sale in the open market for a reasonable length of time and purchased by a willing buyer from a willing seller, etc.

Assessors are historians, which is important to note. Assessors do not create the market nor predict what the market will do; rather, the Assessor follows the patterns set by the real estate market. For example, the sales that occurred between January 1, 2016 and December 31, 2016 are used to establish the 2017 assessed values.

Information on the sales of real estate is of paramount importance to the Assessors in a market-based property tax system. The sales that occur within this time period, each year, are closely scrutinized by the Assessor's Office. Evidence suggesting a forced sale, foreclosure, a sale to a relative, or anything other than an arm's-length transaction requires the sales to be discarded from the sales study. This is important, because the real estate sales information constitutes the database for the statistical comparisons necessary to make the property assessment.

The Assessor's Office is charged with setting estimated market values for tax purposes at actual market value. The relationship between sales prices to estimated market value is called the sales ratio. North Dakota State statute requires (for all classes of property) a median ratio of 90-100%. The Assessor's Office makes every effort to ensure that each class of property in Williston meets this target as consistently as possible, ensuring an equitable distribution of the property tax burden for all Williston city taxpayers.

State statute also requires the Assessor's Office send a notice of increase to all property owners whose property value increased 10% and \$3,000.00 over last year's assessment. There were 148 notices sent for 2017, compared to 443 in 2016 and 5,000 in 2015.

#### 2017 Residential Sales Study Statistics:

Sales prices declined over the year with the average sale price being \$236,642.00 during 2016 (approximately 15% lower than last year), while the number of usable sales increased. There were 232 useable residential sales in 2016 (compared with 142 in 2015). These 2016 sales are what the 2017 assessments are based upon. The sales have been assembled into a ratio study which is attached within the report. Residential properties in Williston sold, on average, 10% lower than they were valued.

The overall Sales Ratio for residential properties was 112.3%. As the Sales Ratio required by the State Board of Equalization must be between 90% and 100% of market value, this necessitated a reduction in valuation.

In an attempt to determine where changes were needed; sales were analyzed by class, style and story. Adjustments were made based on this analysis. Residential True and Full Value decreased approximately \$215,000,000.00. \$6,612,000.00 in valuation was added to the tax roll from new construction.

#### 2017 Commercial Sales Study Statistics:

The State Tax Department requires a sales study of at least 30 sales, and in the absence of adequate current market sales, 2013, 2014, and 2015's sales data was considered. The True and Full Values of the prior year sales were adjusted to 2016's True and Full Value. All the required usable data for Williston has been assembled into a ratio study which is attached within the report.

The overall commercial ratio is 98.5%. Of the 39 sales considered "usable" to be included in the ratio study, 8 sales occurred during 2016. Analysis of these 8 sales indicated a ratio of 104.84%.

Commercial True and Full Value decreased approximately \$188,400,000.00. Approximately \$51,000,000.00 of new construction was added to the commercial valuation of the city.

The Income Approach to Valuation was applied to apartment buildings across the city. Questionnaires regarding income and expenses were sent out. The Assessor's Office analyzed the information received from the 76 returned questionnaires (out of 164 sent out) and created our model. Apartment buildings on average were reduced 25% from 2016's valuation.

As requested by the State Board of Equalization, the Assessor's Office also gave an economic obsolescence of 25% to the hotels and motels in town.

Commissioner Bekkedahl asked if the 25% economic obsolescence given to hotels and motels was in addition to the 25% reduction on apartments. Ms. Anderson clarified that the two are separate and an income approach is not applied to hotels and motels.

4. Present Recommendations

A. Residential

The Assessor's Office recommends residential property be left, as a class, at the level presented. In reviewing the Ratio Adjustment Worksheet included in the report, residential property is assessed at 94.87% of market and would need an increase of 5.4% to reach the statutory level of 100%. The State Board of Equalization allows a 10% tolerance level.

B. Commercial

The Assessor's Office recommends commercial property be left, as a class, at the level presented. In reviewing the Ratio Adjustment Worksheet included in the report, commercial property is assessed at 86.82% of market and would need an increase of 15.19% to reach the statutory level of 100%. The State Board of Equalization allows a 10% tolerance level. However, this number reflects the directive by the State Board of Equalization to closely monitor the market for apartments and hotels. If the value of hotels and apartments is removed from the worksheet, commercial property is assessed at 93.52% of market and would need an increase of 6.92%. This is within the tolerance level. An adjusted worksheet for commercial property without apartments and hotels has been included in the report for review.

Ms. Anderson reviewed the 2017 Assessment Summary of True and Full Values of each class of property in Williston. Commercial property makes up the majority of the total valuation at 59.06% and residential is at 36.13%.

Ms. Anderson also reviewed the historical True and Full Value data for 2008-2017 and the 2017 Summary of Privileged Exemptions included in the report. These exemptions are allowable by century code and include churches, low income rentals, blind residences, etc. Commissioner Bekkedahl asked about the graph included in the summary, specifically the percentage of total exempt. Ms. Anderson explained the graph summarizes the different century code designations and how each relates to the total number of exemptions granted in 2017.

Ms. Anderson further reviewed the 2016-2017 Mobile Home Court Occupancy data included in the report. There has been a decrease in 2017 with a significant increase in moving permits to

move out of the city and county. Mobile homes are taxable, however, are not included in the report. A separate report is provided to the State, as mobile homes are not taxed in arrears, as real estate is.

Ms. Anderson explained that the makeup of the property tax system is simple. It contains only three primary elements: budget, valuation and tax. The amount of tax to be collected is calculated by dividing the budget by the taxable valuation. An example of a tax bill estimate is included in the report, based on a \$225,000.00 residence. Mayor Klug asked Commissioner Bekkedahl about the percentage of state relief expected in the next year based on the most recent Legislative Session attended by Commissioner Bekkedahl. Commissioner Bekkedahl explained with the passage of county funding to the State for Social Services and the loss of 20 mills to the counties coupled with movement of the excess amounts in the county social service funds into the general fund, there is a corresponding decrease in property tax levy. Williams County is expected state relief is 16.2% to go into effect the first year of the biennium, not the second.

Finally, Ms. Anderson also reviewed the historical mill levy data for 2006-2016, as well as, a mill comparison of major cities in North Dakota with Williston being the lowest.

Mayor Klug opened the hearing for public comment and protests.

## 5. Open Public Hearing

### A. Audience Comments & Protests

1. Stewart Lanager spoke regarding the office property he owns located at 50 25th Street East. The increase was 37% of the total value of the previous assessment. The reason stated was due to a remodel upgrade, however, there have not been any recent remodel upgrades to the building. Ms. Anderson stated there was a bookkeeping issue in regards to a deduction that was not removed on a portion of the property in previous years. Mr. Lanager agreed to follow-up with the Assessor's Office for further clarification.
2. Bill Lacrosse spoke regarding his property at 416 W 2nd Street. The 2016 assessed value was \$128,700.00. The change in the assessment for 2017 was \$170,500.00, for a total assessment of \$299,200.00. This is roughly a 130% increase. Mr. Lacrosse stated he has used the property as office building in the past, however, did not use the property as office space for all of 2016 and any of 2017. Ms. Anderson stated in previous years the property was assessed as a residential property rather than commercial. The property was reclassified as commercial for 2017. Ms. Anderson stated that classification is based on use and since the majority of the property was used for commercial office space, then it needs to be a commercial assessment. Commissioner Cymbaluk suggested that the Assessor's Office may want to visit the property and re-evaluate the assessment because the market in that area cannot bear such a high valuation. Commissioner Bekkedahl asked what the City's zoning was for the property. He believed it to be commercial; however, based on what Ms. Anderson stated, that has no bearing on the assessment. Ms. Anderson and Mr. Lacrosse agreed to make arrangements for the Assessor's Office to inspect the property and possibly adjust the assessment.

3. Brent Tabor spoke regarding the South Ridge Apartments on 7th Ave. In 2016 the property was assessed without buildings and in 2017 the assessment included the finished buildings. They've sent in the appraisal and income and expense statements. They are protesting the decrease of 20% of the assessed value based on the appraisals sent in. Commissioner Cymbaluk asked who completed the appraisals and how was the appraisal calculated. Mr. Tabor stated CBRE completed the appraisals on a sales approach. Commissioner Bekkedahl asked if there was standardization in place now regarding an income approach vs a market sales approach or was the City allowing owner's to make an election each year. Ms. Anderson confirmed an income approach was the standard in place. Mr. Tabor stated he believes the standards are in line now and that the purpose of his protest was so that he could move forward to the next set of hearings in June.
  
4. Jerome Etzel spoke regarding his property at 507 2nd Ave East. Mr. Etzel stated he demolished the original residence and put in a manufactured home on a new foundation. He also stated the project is still not complete. Mr. Etzel is questioning his assessment as he only lived in the house for a total of 8 days in 2016. Mr. Etzel also had questions regarding the specials assessed on his property regarding the sewer line. Mayor Klug suggested he contact the City Engineer's Office regarding the sewer issue, as this meeting was regarding valuation and not specials. Commissioner Bekkedahl asked Mr. Etzel that although the home was not complete when he moved in in December, was the home complete by the February 1st assessment date. Mr. Etzel confirmed the house was not complete and is still not complete. Commissioner Bekkedahl asked Ms. Anderson if the Assessor's Office had access to the interior of the house to look at percentage of completion during valuation. Ms. Anderson confirmed they did not. Mayor Klug asked Ms. Anderson to take a look at the valuation to determine percentage complete. Ms. Anderson stated her office follows the building permit and if the permit was closed out, then it is considered 100% complete. Mr. Etzel stated that the permit could not be closed out because he has not had a final inspection which he is working on. Ms. Anderson stated she will check with the Building Department regarding the permit and will contact Mr. Etzel regarding a reduction, if any.

Mayor Klug asked if there were additional audience comments or protests. There was no response from the audience. Mayor Klug restated the public hearing was still open and the Board would now hear formal protests received prior to equalization.

**B. Formal Protests Received Prior to Equalization**

Ms. Anderson presented the formal protests to the Board. A complete list of protests was included in the 2017 report:

- Kraft Real Estate Holdings, LLC - 300 11th St W
- IP S&B Williston Properties - 621 42nd St E
- RAH Property Owner, LLC - 42nd St E
- WRH Holdings; IRET-WRH 1 LLC - 45th St W
- IRET Properties - 123 30th St E
- UC Property Owner, LLC - 32nd St E
- IRET - Williston Gardens Apts, LLC - 18 42nd St E
- KRE HH Prairie Pines MFR, LLC - 3401 Harvest Hills Ave

- The Bluffs of Williston - 3017 31st Ave W
- Bakken 42nd St, LLC – 1100 42nd St W
- Dowell Schlumberger Inc. - 12 Dakota Pkwy E
- Schlumberger Tech Corp - 5922 Dakota Pkwy W
- Site-West Properties #3 LLC - 5212 Dakota Pkwy W
- MYA Legacy, LLC - 5101 2ND Ave W
- National Oilwell Varco LP - 5125 2nd Ave W C
- Stinger Wellhead Protection - 301 26th St E

6. Close Public Hearing

Mayor Klug asked if there were any comments. Hearing no response, Mayor Klug closed the public hearing.

7. Board Actions Regarding Public Hearing

A. Individual Actions – Audience Comments & Protests

**Motion by Cymbaluk, Seconded by Bekkedahl to approve the audience comments and protests regarding Stewart Lanager, Bill Lacrosse, and Jerome Etzel to be re-evaluation prior to the County Commission Tax Equalization meeting on June 6, 2017.**

**AYE: Piesik, Cymbaluk, Brostuen, Bekkedahl, Klug**

**NAY: None**

**ABSENT AND NOT VOTING:**

**CARRIED: 5-0**

B. Individual Actions – Formal Protests Received Prior to Equalization

**Motion by Brostuen, Seconded by Cymbaluk that a finding be made that the formal comments and protests as noted in the minutes have been reviewed by the City of Williston Board of Equalization.**

**AYE: Piesik, Cymbaluk, Brostuen, Bekkedahl, Klug**

**NAY: None**

**ABSENT AND NOT VOTING:**

**CARRIED: 5-0**

C. Concerns & Comments Received Prior to Equalization

Mayor Klug asked if the previous motion also applied to Item 7C. Ms. Anderson confirmed.

8. Corrections

Ms. Anderson presented corrections and changes to the Board. A complete list of corrections was included in the 2017 report.

- A. New Hope Wesleyan Church - 721 26th St W  
The church did not have the exemption paperwork in prior to February 1st. The church has since turned in the required paperwork.
- B. Kraft Real Estate Holdings, LLC - 300 11th St W  
This was a keying error.

- C. Amerco Real Estate Company - 5125 2nd Ave W  
This was a missed assessment and the valuation will be increased.
- D. Daniel Dustin - 2311 17th Ave W  
This was a missed assessment due to a change in ownership.
- E. Felicia Reed and Cletus Reed - 517 4th St W  
Felicia has turned in her homestead credit form for her half ownership of the house.
- F. Nina Heen  
The lease on the land for the pipes and the pipes themselves are gone and has been returned to agriculture land.
- G. Angela Baker - 80 72nd St E  
There was a fire on 4/1/2017. There were two garage values taken off one because it was burned down and the other because it is no longer there. The house was given 30% obsolescence because of the roof and west side of the house.
- H. *Martin Reiger*  
*The land is currently is being assessed as commercial and will be re-classed to agricultural.*
- I. *Hagen Family Trust*  
*The land is currently is being assessed as commercial and will be re-classed to agricultural.*

**Motion by Brostuen, Seconded by Cymbaluk that a finding be made that the corrections and changes as noted in the minutes have been reviewed by the City of Williston Board of Equalization, including the additional notations of the Martin Reiger property and Hagen Family Trust property as presented to the board orally.**

**AYE: Piesik, Cymbaluk, Brostuen, Bekkedahl, Klug**

**NAY: None**

**ABSENT AND NOT VOTING:**

**CARRIED: 5-0**

- 9. Exemptions  
Ms. Anderson presented exemptions to the Board.

**Motion by Cymbaluk, Seconded by Piesik that a finding be made that all exemptions applications have been reviewed by the City of Williston Board of Equalization and find them proper as presented or corrected as noted in the minutes.**

**AYE: Piesik, Cymbaluk, Brostuen, Bekkedahl, Klug**

**NAY: None**

**ABSENT AND NOT VOTING:**

**CARRIED: 5-0**

- 10. Homestead Credit Applications  
Ms. Anderson presented homestead credit applications to the Board.

**Motion by Cymbaluk, Seconded by Brostuen that a finding be made that all homestead credit applications have been reviewed by the City of Williston Board of Equalization and find them proper as presented or corrected as noted in the minutes.**

**AYE: Piesik, Cymbaluk, Brostuen, Bekkedahl, Klug**

**NAY: None**

**ABSENT AND NOT VOTING:**

**CARRIED: 5-0**

11. Veteran's Credit Applications

Ms. Anderson presented veteran's credit applications to the Board.

**Motion by Cymbaluk, Seconded by Bekkedahl that a finding be made that all veteran's credit applications have been reviewed by the City of Williston Board of Equalization and find them proper as presented or corrected as noted in the minutes.**

**AYE: Piesik, Cymbaluk, Brostuen, Bekkedahl, Klug**

**NAY: None**

**ABSENT AND NOT VOTING:**

**CARRIED: 5-0**

12. Office Personnel Properties

Ms. Anderson presented the office employee properties to the Board. A complete list of properties was included in the 2017 report.

**Motion by Piesik, Seconded by Cymbaluk that a finding be made that the valuation of properties owned by employees of the Williams County Tax Equalization Office have been reviewed by the City of Williston Board of Equalization and find them proper as presented or corrected as noted in the minutes.**

**AYE: Piesik, Cymbaluk, Brostuen, Bekkedahl, Klug**

**NAY: None**

**ABSENT AND NOT VOTING:**

**CARRIED: 5-0**

13. Findings & Motions

**Motion by Cymbaluk, Seconded by Bekkedahl that a finding be made that all classifications of property have been reviewed and find them proper as assessed or corrected as noted in the minutes.**

**AYE: Piesik, Cymbaluk, Brostuen, Bekkedahl, Klug**

**NAY: None**

**ABSENT AND NOT VOTING:**

**CARRIED: 5-0**

**Motion by Cymbaluk, Seconded by Piesik that a finding be made that the overall Assessment Roll for the City of Williston for 2017 has been reviewed and find it proper as assessed or corrected as noted in the minutes.**

**AYE: Piesik, Cymbaluk, Brostuen, Bekkedahl, Klug**

**NAY: None**

**ABSENT AND NOT VOTING:**

**CARRIED: 5-0**

**Motion by Bekkedahl, Seconded by Cymbaluk the corrections and changes be made as noted in the minutes.**

**AYE: Piesik, Cymbaluk, Brostuen, Bekkedahl, Klug**

**NAY: None**

**ABSENT AND NOT VOTING:**

**CARRIED: 5-0**

**Motion by Bekkedahl, Seconded by Brostuen, based on the preceding findings and a thorough review of the Assessment Rolls and Statistical Reports, the City of Williston Board of Equalization declare the City of Williston Assessments for 2017 Equalized as assessed or corrected as noted in the minutes.**

**AYE: Piesik, Cymbaluk, Brostuen, Bekkedahl, Klug**

**NAY: None**

**ABSENT AND NOT VOTING:**

**CARRIED: 5-0**

14. Adjourn

**Motion by Bekkedahl, Seconded by Brostuen to adjourn the meeting.**

**UNANIMOUS BY VOICE VOTE**

APPROVED:

\_\_\_\_\_  
Howard Klug, President  
Board of City Commissioners

ATTEST:

\_\_\_\_\_  
John Kautzman, City Auditor