



STAFF REPORT

DATE: January 16, 2018
REGULAR #20

AGENDA ITEM: Assessor Services

SUBMITTED BY: Kristina Handt, City Administrator

REVIEWED BY: Brian Swanson, Finance Director

BACKGROUND:

The City currently has a contract with Raboin Inc for City Assessor services. Dan Raboin has provided notice that he will be terminating the agreement and plans to stay only through the Local Board of Appeals and Equalization (LBAE) in April.

ISSUE BEFORE COUNCIL:

Who should the council select for providing assessor services?

PROPOSAL:

Upon receiving Mr. Raboin's notice, staff obtained quotes from Washington County and Chase Peloquin for assessor services. Washington County provided a sample billing based upon 2017 parcel numbers and an agreement. Mr. Peloquin provided a written proposal. Copies of both are included in your packet.

Staff discussed the two proposals with the Finance Committee at their January 9th meeting. They suggested looking into having the assessor send notices to those residents who will have their property visited every year. The city is on a rotation to have each parcel visited once in a five year period. Chase Peloquin was willing to add that to his proposal for an additional \$1,500.

Mr. Peloquin's base charge is \$48,500 with additional charges per parcel for newly created parcels and for building permits issued beginning in 2018. Washington County's estimate includes the number of 2017 parcels and their fee schedule which is adopted by the County Board each year. Their estimate for the base is \$56,154.19. Mobile Homes and Personal Property (2018 est \$4,989.05) are required to be covered by Washington County regardless of who provides general assessing services for the city. Even after subtracting for these services, Peloquin's base is still less by a couple thousand dollars. Therefore staff would recommend Council provide direction to staff to bring back a contract for assessing services for the next three years with Peloquin.

FISCAL IMPACT:

The 2018 budget for assessing services is \$53,350. Assuming the same level of growth and permits as 2017, assessing services in 2018 will exceed budget by about \$14,500. Of that amount \$3,700 is the retainer the city will be holding until Dan Raboin completes the LBAE.

OPTIONS:

- 1) Direct staff to prepare a contract for assessing services with Chase Peloquin
- 2) Direct staff to work on a contract for assessing services with Washington County

RECOMMENDATION:

"Motion to direct staff to prepare a contract for assessing services with Chase Peloquin."

ATTACHMENTS:

- Chase Peloquin Proposal
- Washington County Billing Sample and Agreement

**Prepared For:
Lake Elmo City Council
City Administrator - Kristina Handt
3800 Laverne Avenue North
Lake Elmo, MN 55042**

Proposal for Assessing Services

City of Lake Elmo, MN

Prepared By: Chase Peloquin, SAMA



**Date of Proposal:
Friday, January 5, 2018**

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Please send all Correspondence to:

Chase Peloquin
29067 Machmeier Ct
Lindstrom, MN 55045

Email: ScandiaAssessor@outlook.com
Phone: (651) 538-6383

Letter to the Council

Friday, January 5, 2018

Lake Elmo City Council
3800 Laverne Avenue North
Lake Elmo, MN 55042

Dear Council Members & Administrator Handt,

I believe that I am a well-qualified candidate for the City Assessor position because of my extensive background in property tax assessment. As a Senior Accredited Minnesota Assessor (SAMA) I have attained the highest licensure level of MN real estate assessment and property tax administration.

Working as the City Assessor for Scandia over the past several years has given me firsthand experience of the specific needs of City Administration as well as the ability to successfully address important issues that arise with the citizens.

As the Commercial Appraiser for Chisago County I have gained the essential skills and talents that are vital in delivering a quality commercial and residential assessment.

With an excellent understanding of computer applications such as Microsoft Office, Computer Assisted Mass Appraisal (CAMA) systems, and a comprehensive knowledge of Microsoft Excel; I possess the technical skills required to keep up with the information age. My abilities to work well with others, learn new things quickly, and maintain a positive work environment also qualify me for this position.

Please contact me at (651) 538-6383 to set up an interview. I believe my experience and enthusiasm will make me a valuable team member at the City of Lake Elmo.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chase Peloquin', with a stylized, cursive script.

Chase Peloquin, SAMA

Description of Services

Annual Valuation & Classification

Annually value and classify all real property parcels within the City of Lake Elmo per State and County guidelines.

Quintile

Inspect and verify data characteristics of all real property parcels per State and County guidelines. Mail notification post cards to residential properties prior to visiting.

New Construction

Coordinate with the City Building Official to view, value and classify all new construction projects.

Local Board of Appeal and Equalization

Staff an Annual Local Board of Appeal and Equalization meeting.

Splits, Combinations & Plats

Coordinate with the County to process parcel splits, parcel combinations and administration of new plats.

Sales Verification and Ratio Study

Process, verify and analyze Certificates of Real Estate Value. Compile and provide sale information to the MN Department of Revenue for State Sales Ratio Studies.

Taxpayer Relations & Communication

A dedicated phone line and email address will be provided and constantly monitored. All taxpayer calls and emails will be returned within a timely manner. Provide information to citizens, land developers, contractors and government officials to keep them informed of assessment policies and procedures. Serve as an expert resource to city staff and citizens regarding all aspects of real property appraisal and property tax assessment.

Parcel Counts

The following parcel count information was obtained from the 2017 Washington County Assessment Report and the current City Assessor.

Agricultural

There are 113 parcels classified as agricultural.

Apartment

There are 6 parcels classified as apartment.

Commercial/Industrial

There are 201 parcels classified as commercial/industrial.

Residential & Season Residential

There are 3,642 parcels classified as residential or seasonal residential.

Exempt

There are 494 parcels classified as exempt.

Total Parcels

Included in this proposal are a total of **4,377 parcels**.

* Mobile Homes & Other Personal Property are not included in this proposal

Pricing

This proposal is based on the parcel count and classification information in the preceding section. Changes for the 2018 Assessment will be billed per the Parcel Additions section of this proposal.

Annual Assessment Cost

The proposed annual cost for Assessment Services will be:

Forty-Eight Thousand Five Hundred Dollars & 0/100
\$48,500.00

New Construction & Building Permits

The annual cost for Building Permits will be based on the following schedule:

Type	Rate per Permit
Apartment	\$30.00
Commercial/Industrial	\$50.00
Exempt	\$50.00
Single-Family Homes	\$20.00
Single-Family Attached (per unit)	\$10.00
Other Permits	\$2.00
- Windows, Roofing, Siding, Remodels, Decks, Porches, Additions, Accessory Buildings, Basement Finish, Foundation or Structure Alterations.	

* The City will provide copies of all building permits, building plans, and building permit reports including PID's electronically, via email, at a minimum of a monthly basis.

Parcel Additions

The annual cost increase for newly created parcels will be based on the following schedule:

Classification	Annual Rate Increase per Parcel
Agricultural	\$12.00
Apartment	\$20.00
Commercial/Industrial	\$30.00
Residential/Seasonal Residential	\$12.00
Exempt	\$5.00

Payment & Key Date Schedule

While payment and key date schedules are flexible to meet the requirements of the City, the following progression is being proposed for the 2019 Assessment.

Start Date

Services are available to commence on May 1st, 2018.

Monthly Payment Schedule

Beginning May 1st, 2018 monthly payments in the amount of \$3,500.00 will ensue and be due on the 1st day of every month.

May 2018	\$3,500.00
June 2018	\$3,500.00
July 2018	\$3,500.00
August 2018	\$3,500.00
September 2018	\$3,500.00
October 2018	\$3,500.00
November 2018	\$3,500.00
December 2018	\$3,500.00
January 2019	\$3,500.00
February 2019	\$3,500.00
March 2019	\$3,500.00
<u>April 2019</u>	<u>\$3,500.00</u>
Monthly Payment Total	\$42,000.00

Final Payment

Within five business days of the adjournment of the Lake Elmo Local Board of Appeal and Equalization Meeting the balance of the Annual Assessment Cost, including any new construction and parcel addition charges, will be due. The final invoice will be provided to the City on or before February 10th each year.

End Date

The annual assessment will be considered complete upon the adjournment of the Lake Elmo Local Board of Appeal and Equalization Meeting.

Chase B. Peloquin, SAMA

29067 Machmeier Ct

Lindstrom, MN 55045
ScandiaAssessor@outlook.com

651-538-6383

Employment:	City Assessor City of Scandia	Scandia, MN May 2015 - Present
	<ul style="list-style-type: none">• Serve as an expert resource to staff and citizens regarding all aspects of real property appraisal and property tax assessment• Perform market research by gathering data including actual income information, occupancy levels, rental rates, and capitalization rates to determine potential market performance of properties• Effectively identify and evaluate economic trends, market conditions and real estate investments• Provide information to citizens, land developers, contractors, government officials and county departments to keep them informed of assessment policies and procedures	
	Commercial Appraiser Chisago County Assessor's Office	Center City, MN June 2012 – Present
	<ul style="list-style-type: none">• Interview, train, supervise and evaluate Sr. Deputy Assessors and Assessment Assistants• Appraise commercial, industrial, apartment, and complex special use properties using mass appraisal statistical modeling techniques, direct capitalization and discounted cash flow analysis• Negotiate favorable settlements and manage all aspects of countywide tax court petitions	
	Field Appraiser Frank Langer – Scandia City Assessor	Scandia, MN June 2009 – May 2015
	<ul style="list-style-type: none">• Review residential property, collect data on building measurements, cost, building features and neighborhood characteristics• Inspect real estate and record characteristics such as type of property, physical condition, structural component, size, nature and type of improvements to establish the value and classification of property	
	Sr. Deputy Assessor Chisago County Assessor's Office	Center City, MN June 2009 – June 2012
	<ul style="list-style-type: none">• Review residential property, collect data on building measurements, cost, building features and neighborhood characteristics• Inspect real estate and record characteristics such as type of property, physical condition, structural component, size, nature and type of improvements to establish the value and classification of property• Receive and respond to inquiries and complaints from property owners by explaining how property values were established and informing property owners of appeal procedures• Compile and analyze market sales data to allow reliable estimates of property values	
	Field Engineer Kiewit Pacific Company – Northwest Division	Winterhaven, CA June 2008 – March 2009
	<ul style="list-style-type: none">• Plan, schedule, supervise and approve work done by contractor and company crews• Prepare material takeoffs, estimate costs and purchase materials• Coordinate daily construction activities and develop schedules for crews, equipment and materials	
	Project Manager Custom Fit Homes Inc.	Lindstrom, MN December 2005 – June 2008
	<ul style="list-style-type: none">• Effectively work with contractors, surveyors, architects, engineers and building officials• Estimate, contract, manage, budget and supervise all aspects of construction• Schedule, coordinate, inspect and approve work done by subcontractor crews	
Education:	Bachelor of Science Degree	Mankato, MN
Major:	Business Finance	December 2005
Minor:	Business Administration	Cum Laude
	Minnesota State University, Mankato	College of Business AACSB Accredited

Qualifications of the Assessor

Designation:

Senior Accredited Minnesota Assessor License #3336

Appraisal Education:

Minnesota Association of Assessing Officers:

Residential Appraisal Principles	July 2009
Residential Appraisal Procedures	August 2009
Mass Appraisal Basics	August 2009
Assessment Laws & Procedures	January 2010
Assessment Administration	October 2011
Basic Income Approach to Valuation	October 2011
Minnesota Residential Case Study	April 2012
Oral Interview – MN State Board of Assessors	May 2012
Valuation of Big Box Retail	May 2016
Tax Court – Big Box Symposium	May 2016
Minnesota Income Property Case Study	October 2016

International Association of Assessing Officers:

Income Approach to Valuation	September 2011
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Minnesota Department of Revenue:

Professional Assessment Certification & Education	March 2012
Minnesota Tax Calculation Course	December 2012
Ethics for MN Assessors	August 2015
Professional Assessment Certification & Education	September 2015
Minnesota Tax Calculation Course	December 2016

Kaplan Professional Schools:

National USPAP Update Course	May 2012
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McKissock

Appraisal of Fast Food Facilities	May 2016
Appraisal of Self Storage Facilities	June 2016

Appraisal Institute

A little Value for Everyone (Rounded)	November 2017
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Qualifications of the Assessor (Cont.)

Professional Affiliation:

Member of Minnesota Association of Assessing Officers (MAAO)
Region 3 Tax Court Committee Member November 2014
Region 3 Commercial Industrial Committee Member November 2014

Experience:

City Assessor - City of Scandia, MN	May 2015 - Present
Commercial Assessor for Chisago County	June 2012 - Present
Field Appraiser for FXL, Inc.	June 2009 - May 2015
Senior Deputy Assessor for Chisago County	June 2010 - June 2012
Deputy Assessor for Chisago County	June 2009 - June 2010

Education:

Minnesota State University, Mankato

Bachelor of Science - Business Finance	December 2005
Minor Business Administration	December 2005

Chisago Lakes High School

High School Diploma	June 2001
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MN State Assessor License

As of November 2017, I have held an **Senior Accredited Minnesota Assessor** designation. This is the highest licensure level of MN real estate assessment and property tax administration granted by the Minnesota State Board of Assessors.



Professional References

The following individuals are available to the City for professional reference purposes.

Dan Raboin

City Assessor
27697 Woodland Dr
Chisago City, MN 55013
(651) 213-6705

I worked with Mr. Raboin at Chisago County for six years prior to his leaving for full time work as a Local City Assessor.

Neil Soltis

City of Scandia Administrator
14727 209th Street
Scandia, MN 55073
(651) 433-2274

For the past three years I have contracted with the City of Scandia for its Assessing Services.

Frank Langer

Former City Assessor
21870 Olinda Lane
Scandia, MN 55073
(651) 433-3059

For six years I worked for Mr. Langer performing appraisal and assessment services in the City of Scandia, City of Lake Elmo, City of Hugo, City of Marine on St. Croix, and City of Dellwood.

LAKE ELMO

2018

	# parcels	Rate	Total	
Agriculture	32	\$16.88	\$540.16	
Vacant Land	1,354		\$1,871.27	
C&I	63	\$2.41	\$151.83	
Ag	81	\$2.41	\$195.21	
Res	753	\$1.83	\$1,377.99	
Exempt	457	\$0.32	\$146.24	
Multi-Family (Townhome/Condo/Duplex)	79	\$6.04	\$477.16	
Not included in Residential count				
Residential	2,557		\$39,377.28	
<\$500,000	2,695	\$13.88	\$37,406.60	
> or equal to \$500,000	76	\$25.93	\$1,970.68	
Manufactured Homes	508	\$9.66	\$4,907.28	
Personal Property & PILT	17	\$4.81	\$81.77	
C&I	140		\$8,500.90	
<\$999,999	115	\$54.26	\$6,239.90	
> or equal to \$1,000,000	25	\$90.44	\$2,261.00	
Exempt Improved	39		\$235.56	
<\$999,999	20	\$6.04	\$120.80	
> or equal to \$1,000,000	19	\$6.04	\$114.76	
Apartments	5		\$162.81	
<\$999,999	4	\$30.15	\$120.60	
> or equal to \$1,000,000	1	\$42.21	\$42.21	Cost per parcel
2018 Base Fee	4,731		\$56,154.19	\$11.87
New Construction	(count taken out of the lower tier base fee calc)			
Residential				ESTIMATED
Single Family	214	\$31.19	\$6,674.66	Start 2017
Townhome/Condo	51	\$12.06	\$615.06	Start 2017
C&I				
New	1	\$138.70	\$138.70	Start 2017
Apartments				
New	1	\$66.33	\$66.33	Start 2017
Exempt				
New	3	\$120.58	\$361.74	Start 2017
New Construction Fee	270		\$7,856.49	
2018 Billing	5,001		\$64,010.68	\$12.80

AGREEMENT FOR ASSESSMENT SERVICES

THIS AGREEMENT, made and entered into this ____ day of _____, 2018 by and between the City of Lake Elmo, a Minnesota municipal corporation, herein referred to as the “City”, and Washington County, a body politic and corporate, herein referred to as “Washington County” pursuant to the authority contained in Minnesota Statutes 471.59, which authorizes the joint and cooperative exercise of powers common to contracting parties and Minnesota Statute 273.072 Subd. 1, which provides that a county and city or town may, by agreement entered into under 471.59 provide for the assessment of property in the municipality or town by the county assessor.

WITNESS:

WHEREAS, the City desires to retain Washington County and the Washington County Assessor to perform assessment services for the City; and

WHEREAS, Washington County desires to perform assessment services required by the City; and

WHEREAS, the City and Washington County deem it mutually advantageous to set forth the terms and conditions of their relationship in writing;

NOW, THEREFORE, the parties hereto agree that the following shall constitute joint agreement for assessment services:

SECTION ONE-PARTIES

The City hereby contracts with Washington County to perform, and Washington County hereby agrees to perform, the assessment services hereinafter described.

SECTION TWO-SERVICES

Washington County Assessor shall perform all assessment services required by State statute and the City. Such services shall include, but are not limited to the following:

- a. Appraisal of all real and personal property located within the City.
- b. Interprets regulations, rules and legislative changes to the City Council, Realtors, bankers, citizens and civic groups as necessary or upon request.
- c. Answers questions/concerns regarding property values and classifications.
- d. Draws and calculates “splits” of real estate sales reflective of joint ownership of land parcels.

- e. Maintains a listing of the assessment of each and every parcel of property within the City.
- f. Each parcel of property within the City shall be reviewed at least once every five years. It is the intention of the parties that the Washington County Assessor shall make every effort to view and revalue approximately one-fifth of the parcels during each year that this Agreement remains in force.
- g. Holds and staffs an annual Board of Appeal or Open Book Meeting. The format of this appeals meeting will be at the discretion of the City and guided by Minn. Stat. § 274.01, subd. 1.
- h. Interprets and applies regulations, rules and legislative changes to other appraisers, real estate professionals, citizens and civic groups, other governmental bodies and personnel as necessary and upon request.
- i. Answers property owner questions/concerns regarding appraisal practices, property values and classifications. Draws and interprets maps, charts and other descriptions to assist property owners in understanding the process.
- j. Develops land and building valuation schedules; conducts statistical analysis to support appraisal decisions, and oversees Computer Aided Mass Appraisal system (CAMA) table adjustments; and draws and calculates “splits” of real estate and new plats of property, including land areas, classes and valuations. Conducts statistical surveys to support appraisal decision e.g., current sales study using the CAMA system.
- k. Coordinates research of complex appraisal issues, reviews, investigates and makes recommendations on applications for abatement or other reduction of assessed value.
- l. Coordinates collection of sales information and annual assessment activities in apartment, commercial, industrial, residential and personal property markets.
- m. Coordinates the valuation and classification of exempt properties, including interpreting laws applying to exempt organizations and processing exemption requests.
- n. Manages state tax court petitions and coordinates TIF assessment functions with the city. Provides values to city for various projects in which there may be an assessment agreement.
- o. Investigates and handles all applications for abatement or reduction of assessed value.
- p. Provides a report of assessment activities (Assessment Report) each year prior to the appeals period.

SECTION THREE-AGREEMENT PRICE

The City shall pay a fee to the County each year for assessment services based on the parcel mix located within each community. The assessment fee schedule is approved by the County Board each year and establishes the fee associated with each property use. The County will utilize the same fee schedule for all of its contract communities. The City will be billed for assessing services upon the completion of the assessment cycle. The County will provide an invoice to the City no later than June 1 of each year payable on or around July 1.

SECTION FOUR-INDEPENDENT CONTRACTOR

It is understood and agreed between the parties that the Assessor is an independent contractor and not an employee of the City. The Assessor shall be responsible for furnishing its own transportation, books and any other documents or items of personal property required to perform the services. The City shall not be required to maintain any insurance coverage needed in connection with the performance of the Assessor's services, including but not limited to automobile liability insurance, workers compensation insurance and public liability insurance.

SECTION FIVE-DURATION AND TERMINATION

This Agreement shall commence on July 1, 2018 and remain in force until terminated by either party giving the other party a six-month written notice of its intent to terminate the Agreement per Minnesota Statute 273.072 Subd. 4.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement the day and year first above written.

CITY OF LAKE ELMO

WASHINGTON COUNTY

By _____
Mayor

By _____
County Board Chair

Attest _____
City Clerk

By _____
County Administrator

Recommended By:

Jennifer Wagenius
Director, Property Records and Taxpayer Services

Approved as to form by:

George Kuprian
Assistant Washington County Attorney