

*****Monday, July 03, 2017, at 9:00 a.m.,** Commissioners met in regular session with Chairman Dan Dinning, Commissioner LeAlan Pinkerton, Commissioner Walt Kirby, Clerk Glenda Poston, and Deputy Clerk Michelle Rohrwasser.

Commissioners gave the opening invocation and said the Pledge of Allegiance.

The Road and Bridge Department report was cancelled.

Commissioner Pinkerton moved to sign the Certificates of Residency for Mallory Cronshaw, Trey Howland, Dawson Brod, and Nichole Donn. Commissioner Kirby second. Motion passed unanimously.

Chairman Dinning said a matter had been brought up about scavenging at the landfill. The county has an ordinance that states any signs posted at the landfill must be obeyed and Commissioners believe they recall hearing there are signs posted stating no scavenging is allowed.

Chairman Dinning addressed the notice of award for the Idaho Public Defense Commission indigent grant.

Commissioner Pinkerton moved to sign the Idaho Indigent Public Defense Application. Commissioner Kirby second. Motion passed unanimously.

Commissioners mentioned receiving calls from the public about being told the county cannot provide dust abatement as the budget for this had been cut. Clerk Poston said Commissioners just opened quotes for dust abatement last week. The budget for next year has been cut for chemicals, but this year the budget is more than it had been before.

Deputy Clerk Nancy Ryals joined the meeting at 9:15 a.m.

Commissioner Kirby moved to go into closed session pursuant to Idaho Code 31-874. Commissioner Pinkerton second. Motion passed unanimously. 9:20 a.m., Commissioner Kirby moved to go out of closed session. Commissioner Pinkerton second. Motion passed unanimously.

Commissioner Pinkerton moved to approve indigent 2017-13. Commissioner Kirby second. Motion passed unanimously.

Deputy Clerk Ryals left the meeting at 9:20 a.m.

Commissioner Kirby moved to approve the Catering Permit for SHMM Inc., doing business as The Moyie Store for the Bull Bash at Kootenai River Days. Commissioner Pinkerton second. Motion passed unanimously.

Commissioners held a hearing to consider amending the 2017 Alcoholic Beverage License for Love light Creamery and Grille. Present were: Chairman Dan Dinning, Commissioner LeAlan Pinkerton, Commissioner Walt Kirby, Clerk Glenda Poston, Deputy Clerk Michelle Rohrwasser, and Blue Sky Broadcasting Reporter Mike Brown. The proceedings were recorded.

The request to amend this license is due to the fact that the business is relocating from its current location to the location of the Dodge Peak Lodge. All other aspects of the license remain the same. The \$20.00 transfer fee has been received from the business owner.

Commissioner Pinkerton moved to approve the amended 2017 County Alcoholic Beverage License for Love Light Creamery and Grille to do business at 5952 Main Street, Bonners Ferry, Idaho, pending receipt of the amended 2017 State of Idaho Retail Alcohol Beverage License. Commissioner Kirby second. Motion passed unanimously.

The hearing ended at 9:25 a.m.

Chairman Dinning said Commissioners received documentation from the Idaho Department of Lands on the 2017 HFR Westside Temple Deer Dawson project. Commissioners may need to make a motion in the next week pertaining to signing this paperwork.

Chairman Dinning said Commissioners have received a request from the Idaho National Guard in which the Guard is looking to fill a vacancy on the Selective Service Board. The position is currently filled, but will become vacant sometime in years 2017 or 2018.

Commissioners tended to administrative duties.

Commissioner Pinkerton moved authorize the Chairman to sign the Boundary County Trails and Pathways Committee Charter. Commissioner Kirby second. Motion passed unanimously.

Commissioners tended to administrative duties.

10:00 a.m., Solid Waste Department Superintendent Claine Skeen joined the meeting to give his departmental report.

Those present reviewed the Solid Waste Department proposed budget and it was mentioned there is a 16.3% fee increase proposed for solid waste fees for the next fiscal year. The cost for Posi-Shell material is \$18,000 and the applicator for the Posi-Shell will cost \$35,000. The cost for the applicator is located in the capital equipment line item. Also listed in the budget is \$50,000 for a loader and \$30,000 for an excavator.

Those present discussed estimating the life of the landfill. Mr. Skeen said he will see if he can use landfill closure funds for the Posi-Shell. Commissioners asked Mr. Skeen to relay the importance of receiving this information as soon as possible. Those present discussed how more recycling would create a longer life at the landfill.

Chief Probation Officer Stacy Brown joined the meeting at 10:30 a.m.

Those present discussed the use of an excavator at the landfill and Commissioner Pinkerton spoke of getting a used machine. Mr. Skeen said we need to consider that there would be no warranty with a used machine. It was said at the end of a five year lease, the county would own the equipment. Also discussed was excavating the property west of the landfill.

The meeting with Mr. Skeen ended at 10:35 a.m.

10:36 a.m., Chief Probation Officer Stacy Brown provided Commissioners with her department report listing how many people are on juvenile probation, misdemeanor probation and the Youth Accountability Board. There are eight people on the Youth Accountability Board right now, which is a high number and that is good, according to Mr. Brown. Ms. Brown mentioned the community service project of making blankets.

The date for the Probation Department to move to the armory is July 20th. Chairman Dinning said he spoke to the appropriate person at the National Guard about the issue with heating and cooling. Ms. Brown spoke of certain law enforcement radios that will allow communication with all law enforcement as well as what features are available on these radios.

Ms. Brown said State Probation Officer Ron Pell is only in the Bonners Ferry Office two days per week so he will share an office with another Probation Office staff member. Those present discussed security cameras and creating a rental roster for the meeting room at the armory. It was said whoever uses this room must clean it after their use.

The meeting with Ms. Brown ended at 10:47 a.m.

Clerk Poston and Commissioners discussed the need to go through older files in the supply room and to have Planning and Zoning Administrator John Moss take a look at the older Planning and Zoning files.

11:10 a.m. Commissioner Pinkerton moved to go into executive session pursuant to Idaho Code 74-206(1)b, to consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent, or public school student. Commissioner Kirby second. Commissioners voted as follows: Chairman Dinning "aye", Commissioner Pinkerton "aye", and Commissioner Kirby "aye". Motion passed unanimously. The executive session ended at 11:22 a.m. No action was taken.

Commissioners recessed for lunch at 11:46 a.m.

1:30 p.m., Commissioners reconvened for the afternoon session with Chairman Dan Dinning, Commissioner LeAlan Pinkerton, Commissioner Walt Kirby, Clerk Glenda Poston, and Deputy Clerk Michelle Rohrwasser.

Commissioner Pinkerton moved to recess as the Board of Boundary County Commissioners and to convene as the Board of Equalization. Commissioner Kirby second. Motion passed unanimously.

1:30 p.m., Commissioners held a Board of Equalization appeal hearing for parcel #RP60N02W347911A owned by Brian and Susan Hotaling. Present were: Chairman Dan Dinning, Commissioner LeAlan Pinkerton, Commissioner Walt Kirby, Clerk Glenda Poston, Deputy Clerk Michelle Rohrwasser, Assessor David Ryals, Appraiser Jackie Allen, property owners Susan Hotaling, Brian Hotaling and their son, Joshua Hotaling. The appeal hearing was recorded. The Assessor's Office presented one exhibit marked "Appraiser Exhibit #1, consisting of six pages and the appellant presented one exhibit marked "Appellant Exhibit #1", consisting of four pages. Chairman Dinning administered the oath to those giving testimony.

Ms. Hotaling said she prepared a few notes that she read from, which she submitted as Exhibit #1. Ms. Hotaling said her property value increased 22.9% in just two years. Ms. Hotaling said she and her family moved here from Texas in June of year 2015. Over the last 15 years they have owned and sold two

different homes and now they have this home. This is the first time they've ever had a value increase. It seems unreasonable to sustain a 23% increase in only two years, according to Ms. Hotaling, and she questioned why this property value increased 11.3% in year 2016. The valuation records showed there was no increase for four years, 2012 through 2015. Ms. Hotaling said they purchased the home in year 2015 and after the first year living there they saw an 11.3% increase. Ms. Hotaling said it seems like the overall tax burden was placed on the new owners and that it seems that a reasonable approach would be to increase value 2% over each year. Ms. Hotaling said it feels like the county didn't have an accurate assessment when they bought the property due to this increase.

Ms. Hotaling asked why the assessment increased by an additional 11.6% and she added that it seems unreasonable that the county would increase the value almost 23% over the last two years. It's a little unreasonable to think a family can sustain an 11% increase two years in a row. Ms. Hotaling asked if the increase was based on sales data and if so, she would like to see those numbers as well as see the homes these increases were based on. Ms. Hotaling asked if these homes are comparable to her family's property.

Ms. Hotaling said on Page 1 of her exhibit under "land data and calculations" there is item number 2, titled agricultural and it says "TSBAmenities" and she would like to know what that means. The value for this is listed at \$10,000. Ms. Hotaling referred to information she brought with her and realized it is different. Ms. Hotaling asked what items #5 and #6 are on this form and why are they separated. Ms. Hotaling said she also wanted to point out that according to the forest management plan, it says all acreage, except for one acre is eligible for forest management so she wanted to know why that is. Ms. Hotaling said page 2, under "Summary of Improvements", it shows a picture of the home and on the left side under Special Features, there is a Section D and under that is "01". Under Section D it shows a cooktop valued at \$400 and an oven at \$725, but it doesn't seem accurate as the oven is a single unit that is approximately seven years old so it is probably valued at \$300, according to Ms. Hotaling. Ms. Hotaling asked if the items under Section 01 pertain to the cabin and she would like to know what those codes stand for, such as C, E, FB, and H.

Chairman Dinning asked Ms. Allen if she had any questions. Ms. Allen said no, but she thinks she can answer Ms. Hotaling's questions.

Chairman Dinning asked if anyone else would like to speak at this point. Mr. Hotaling said one of the questions he has pertains to the agricultural information provided and he would like to know the justification for there being no increase of .1% or greater in year 2012 as well as no value increase for year 2013. There was no increase at all and he would like to know the justification for that. Mr. Hotaling said he would like to know the justifications for no increases for years 2013, 2014 and 2015 as well. It is more specifically for the four year period where there was no increase of any kind. The Hotalings said when they bought the property it had an old wood shed on it and it was torn down and a new one was built. Mr. Hotaling said when he saw the 10% increase in value last year, it was different. Mr. Hotaling said he also noticed there is a tax authority listed as Boundary County so he wanted to know if that covers fire. What is covered under the county, is it fire protection? Chairman Dinning said no. Of these several taxing districts, the Hotalings go through Bonner County to access to their property and when they get to the gravel portion of the road, they don't have any fire protection for their property and they would like to know if that was included in the Assessor's valuation. That is an elevated insurance cost for having no fire protection. Mr. Hotaling said there is a road maintenance agreement between Boundary and Bonner Counties. There is no dust abatement. Mr. Hotaling said his questions are more-so that he

wasn't sure of other factors and if those factors were used toward valuing the property and comparables.

Chairman Dinning asked the Hotalings if they had contacted the Assessor's Office. Ms. Hotaling said she did talk to Ms. Allen and Assessor Ryals via telephone.

Chairman Dinning asked for a statement from the Assessor's Office. Ms. Allen said the TSB #1 is power, sewer and water. They are the amenities and the amount of 10,000 is standard for every homeowner unless they can prove they don't have these amenities. Ms. Allen said because the Hotalings have the timber exemption, the one acre homesite is automatically removed from that exemption and is listed at full market value. Other rural land has one acre and it is the lowest the Assessor's Office can go. The three other acres are broken down into a rating of low minus 50%. This land isn't quite capable of supporting timber so it was put in the lowest value it could go, which is even lower than combined timber rates. The next page (page 4 of Appraiser Exhibit #1) lists the standard improvements that are assigned to every household such as the flue, where heat escapes from the house. It's a standard improvement and if the Assessor's Office doesn't walk into the home, they take the homeowner's word. Ms. Allen said if the homeowner would have told her, she would have been happy to remove it.

"Other" consist of windows, H stands for heat and then there is sink and water heater, which are very standard for every house unless there is proof these items are not there. Appraisers don't have access to the houses. There is C, E and FB and they stand for concrete slab, electrical and there is no full basement. A basement would have cost more. If you look at the sketch, it shows a basement garage, but it is not being considered a finished garage.

There is a 345 square foot cabin as well and it just says cabin and doesn't describe what is in it. Under dwelling is a flue, cook top, and oven. A question of what MAS stands for was raised. Ms. Allen said whatever MAS is, it is standard so she will get more information on that. Ms. Allen said as far as the land goes, she was trying hard not to overcharge on that. The house is an average minus so that is the absolute lowest she could see to value it. Anything lower would not be fair to the neighbors as it is a decent build. The increase is not due to the woodshed, but is due to everything increasing 5%. The parcel had been undervalued and the state said the county needed to increase rates in order to meet the range. A 5% cost modifier had to be added to all properties. The older homes are selling quickly and they are selling three times what they are valued at.

Assessor Ryals explained modifiers. The appraisal process is a process that describes the property and is based on replacement costs. The market is used to depreciate the home based on age. The state tests the counties every year to see if they are within the appropriate range and if the county is, the state leaves counties alone and makes no adjustment and that is why the Hotaling's property saw no adjustments for those prior years. It was a flat market and nothing was changing. Last year the county was dipping down below acceptable levels so values were raised 5%. The county failed the last test as it was 15% below the market so the county had to raise values another 5% to the cost tables and that increases every property owner's value. It was realized that the older homes were the farther outside of the range.

It was said Ms. Hotaling was shown information on 89 improved sales that were reported voluntarily. It was clarified that the state doesn't require a homeowner to provide sales data. The red line listed in the information indicated the properties that failed the test and that were valued less than the 90% range. The properties shown in green are within the range and properties shown in yellow were valued too high. A vast majority of the properties were valued too low and the county had no option but to bring

those property values to acceptable levels. The state will be back to see that the county is within range. It is shocking to see the increase, but tax bills don't increase that much. On a 15% increase to the parcel, none of us are going to see a 15% increase to the tax bill, according to Assessor Ryals. The adjustment keeps things from really having as much of an impact as they could. Assessor Ryals said it is a lot to take in and he understands that, but that is how it works. The county's property values, by law, have to be within a certain range. The county is tested once per year and if it fails the test, the county has to make changes and the state will come back again to check. Everyone saw increases in value, according to Assessor Ryals.

Ms. Hotaling said she thinks she understands, but doesn't understand how the tax bill won't be higher if there has been a property value increase of almost 23% in the last two years. Their bill was higher last year so with another increase, how does the county figure taxes won't be higher. Assessor Ryals said money that is generated through taxes has a cap. If values raise 10%, 15%, 20% and if the county increased its tax levy that same amount, it would be illegal as the county would be collecting too much money. The county cannot collect any more than a 3% increase from the prior year so they have to adjust the rate down so the county doesn't collect too much money. An increase in value doesn't mean that much in a tax increase. Everyone will see an increase due to the Boundary Community Hospital levy. This is a check and balance thing, according to Assessor Ryals. It doesn't correlate and correspond to the bill. Any increase seen in taxes is due to budget increases as opposed to value increases. Mr. Hotaling said except for people with older homes. Chairman Dinning said that was dictated by the state in that we were under value. The older homes took a bigger hit, which was reflected in market data overall by sales that were reported.

Ms. Hotaling had no further questions and she said in closing they understand increases. They have owned homes before and it's a part of life. In the beginning it should have been done gradually over years instead of getting hit two years in a row. Ms. Hotaling mentioned that even if everyone received an increase, as they got an increase last year, maybe the increase wouldn't have to have been so high. Chairman Dinning said if the Assessor's Office, during those flat years, had potentially increased values too high, that is something the state also checks to make sure values are within a certain range so the county has a fine line to walk as far as values and the state's rules. Chairman Dinning informed the Hotalings that he also has one of those older homes.

Ms. Hotaling said Ms. Allen mentioned something about cabin insulation, but there is no insulation and she mentioned she was not sure if that is a form of rebuttal. Ms. Allen said she doesn't have a good picture of the cabin and she is not the one who added it so she didn't make the decision to add the value for insulation, but she would be happy to come out and take a look at the building. Ms. Allen said it was another appraiser who had valued this property in year 2010. Chairman Dinning said we have a cooktop and an oven discrepancy, we're going to check what MAS means and the cabin may be uninsulated. Chairman Dinning asked the Hotalings if those were the discrepancies they brought up. The Hotalings nodded yes. Ms. Hotaling said someone did come out last year and mentioned an appraiser visited the property around March 29, 2016.

Mr. Hotaling said there is no comparable data so the county is just stating the information is based on the State Tax Commission. Chairman Dinning explained that the county doesn't have a countywide fire district, but does have a countywide ambulance service. Mr. Hotaling said you would think property values are related to the remoteness of the property to some degree. Assessor Ryals said only to the land value. There was no other comment from Mr. Hotaling.

Chairman Dinning closed the hearing to public comment and reviewed the closing procedures and informed the Hotalings of the procedures to file an appeal to the State Board of Tax Appeals if they disagree with the Board of Equalization's decision and wish to appeal.

Commissioners called for discussion amongst members. Chairman Dinning said Commissioners need to address the potential for errors or mistakes. Commissioner Pinkerton said the county needs to look at those errors and or discrepancies such as the insulation, etc. that will reflect on taxable value. Chairman Dinning said Commissioners have the ability to continue this hearing in order to give the Assessor time to research the discrepancies mentioned.

Commissioner Kirby moved to table the Board of Equalization decision for parcel #RP60N02W347911A owned by Brian and Susan Hotaling until Monday, July 10, 2017. Commissioner Pinkerton second. Motion passed unanimously.

The hearing ended at 2:18 p.m.

2:20 p.m., Commissioners held a Board of Equalization appeal hearing for parcel #RP008300000140A owned by Brian Ludlow. Present were: Chairman Dan Dinning, Commissioner LeAlan Pinkerton, Commissioner Walt Kirby, Clerk Glenda Poston, Deputy Clerk Michelle Rohrwasser, Assessor David Ryals, Chief Deputy Assessor Tracy Golder, and property owner Brian Ludlow. The appeal hearing was recorded.

The Assessor's Office presented one exhibit marked "County Exhibit Assessor #1" consisting of five pages. The appellant, Mr. Ludlow, did not submit any exhibits. Chairman Dinning reviewed the hearing procedures and administered the oath to those giving testimony.

Chairman Dinning asked Mr. Ludlow for his statement. Mr. Ludlow said he viewed the two increases over two years and they have been two separate parts. Mr. Ludlow said he understands and doesn't differ with the state and basically being market driven. The problem he has is that in the year prior he received a significant increase and it was made on a subjective observation on the condition of the property. Mr. Ludlow said when he purchased the property it was substandard for the development it is in. When Mr. Golder came on as the new appraiser he brought the condition of the home up to average. Mr. Ludlow said he has been involved in construction. Mr. Golder came out this last year to take pictures and made adjustments of a conditional change based on what he saw, but the pictures he took were over 100 feet away. You cannot see constructional discrepancies from that distance, according to Mr. Ludlow. Mr. Ludlow said he has animals that he doesn't want disturbed, but Mr. Golder could have called him to meet and conduct a walk around of the property.

Mr. Ludlow said if there is a comparison, this property is below average for the development when taken in view of the other properties. If you have other pictures taken at a 100 feet distance, it would be very clear that construction materials, even on the exterior, are different. Mr. Ludlow said he is objecting to changes that are subjective and when the home is below standard to average.

Chairman Dinning said by code Commissioners only have the ability to look at the latest assessment, not the assessment for year 2016. Mr. Ludlow said it should have reverted back to a substandard rating.

Mr. Golder mentioned that the appraiser who visited this property in the past for a sale was not him, but another appraiser. Mr. Golder said he did take photos at 100 feet because another appraiser had

just been to this same property recently and it had been the other appraiser's judgement as he didn't do the prior appraisal. Mr. Ludlow has no witnesses.

Mr. Golder read from his exhibit. Parcel #RP008300000140A is an improved property on 2.01 acres located within the Selkirk Vista Subdivision. Parcel #RP62N01E220160A is a 0.264 acre parcel which is located outside the subdivision and both properties are owned by Mr. Ludlow and are valued as contiguous. The current assessed value for the combined properties is \$176,470 or 9% below the reported sales price. The value of \$51,600 is for the land and \$120,390 for improvements for parcel #RP008300000140A and \$4,480 for land only on parcel #RP62N01E220160A. Other than the countywide residential increase, no value increases were made for year 2017. The parcel value increased 9%, which is consistent with most parcels.

Mr. Ludlow and Commissioners had no questions.

Chairman Dinning said property purchased by Mr. Ludlow was graded a fair plus at the time of purchase. That has changed. It was determined by an appraiser last year to regrade the property to an average, which is usually the case of properties of that nature. It was mentioned there were interior pictures taken. Mr. Golder said he was not aware if the prior appraiser had been allowed inside the home.

Mr. Ludlow said his only further comment is that the reported sale price of \$194,000 doesn't necessarily reflect what the net sale price is and we could play the shell game with numbers all day long. Mr. Ludlow said his contract included funds for his closing costs and repair costs and all of these things reduced that price of \$194,000. The seller had to put in \$10,000 worth of repairs to the property and that is not reported to the Assessor's Office. Mr. Ludlow was asked if the Assessor's Office appraiser had been inside the home and he said no. It was questioned how the condition of a home could be appraised without entering the home. The home had been a low grade and has since been increased. Mr. Golder said the previous appraiser, he believes, did go on the property so he didn't want to bother Mr. Ludlow twice in the two years' time and he didn't see any reason to make any changes. Mr. Ludlow said the appraiser had not been inside the home as long as he has owned it, which is the fall of 2015.

Assessor Ryals had no questions. Mr. Golder said the amount of \$10,000 for repairs was mentioned, but that information was not mentioned on the sales verification, and he added that he did run the numbers and the property would still be 4% below the sale price. Mr. Ludlow said even though values are within 4%, procedurally there were errors made by the Assessor's Office. How can you change things based on pictures taken from a 100 foot distance. Mr. Ludlow said his contact information is listed in the phone book and there is no reason the appraiser couldn't contact him about walking through the discrepancies. This home is below the Unified Building Code; it is below standard, according to Mr. Ludlow. This is unacceptable and those are the types of things you cannot see from 100 feet away. Mr. Ludlow said he appreciates the appraiser not coming by as his dogs are territorial, although they are restrained. Mr. Ludlow said the appraiser should have come back even after one year. This cannot be supported and that should have raised a red flag and that bothers him.

Chairman Dinning said Mr. Ludlow is appealing this year's assessment based on the rating of the quality of construction and that is what the Board of Equalization has to consider this year. Chairman Dinning asked for comments. No one else commented. Chairman Dinning reviewed the remaining appeal hearing procedures as well as the decision process and process to appeal the Board of Equalization decision to the State Board of Tax Appeals. Commissioner Pinkerton said it's unfortunate that the board is hearing this information this year and not the last year. As far as taxes, this does not mean an increase

and there is no difference when comparing to someone else. Commissioners discussed ranking the increase and questioned if the board could request the Assessor's Office visit the property as this matter can be made right from this point forward if the property had been incorrectly assessed two years ago. Commissioner Pinkerton said this is a team effort and if we can fix it, let's fix it. The Assessor's Office will make arrangements with Mr. Ludlow to visit his property to reassess it.

2:54 p.m., Commissioners continued the Board of Equalization appeal hearing for parcel #RP008300000140A owned by Brian Ludlow to Monday, July 10, 2017. Commissioner Pinkerton moved to approve the Certificate of Residency for Amanda Smith. Commissioner Kirby second. Motion passed unanimously.

There being no further business, the meeting adjourned at 2:55 p.m.

DAN R. DINNING, Chairman

ATTEST:

GLEND A POSTON, Clerk
By: Michelle Rohrwasser, Deputy Clerk