

**THE CITY AND BOROUGH OF JUNEAU, ALASKA  
BOARD OF EQUALIZATION**

June 15, 2006

**I. CALL TO ORDER:** The Board of Equalization meeting of the City and Borough of Juneau, held in the Assembly Chambers of the Municipal Building, was called to order at 5:00 p.m. by Chair Cathy Munoz.

**II. ROLL CALL**

Members Present: Dennis Egan, Jim Powell, Cathy Munoz (Panel 3).

Members Absent: None.

Staff Present: Barbara Ritchie, Assistant City Attorney; Laurie Sica, Municipal Clerk; Craig Duncan, Finance Director; Jim Canary, Assessor; Kenneth Miller, Appraiser; John Skan, Appraiser; Terry Ullmayer, Assessment Clerk, Gary Price, Appraiser; Bob Kelly, Appraiser.

**III. PROPERTY APPEALS**

Ms. Munoz said that the Board of Equalization operated as a quasi-judicial body, and the burden of proof was on the appellant to demonstrate that the Assessor had made an error in calculation of the property assessment. The Board needed to make specific findings, to have its reasons for the action taken stated in the record. Motions were to be made in the affirmative. Alaska statute governed this process for assessment of property at fair market value.

Mr. Canary said the Assessor would present the basic info on the property, and then the appellant would give their information, with a follow-up from the Assessor.

**Appeal #1**

Subject Property: 3B4401000060 – 34201 Glacier Highway

Appellant: Larry Hooton

2006 Preliminary Assessed Value:

Site: \$255,000	Improvements: \$285,100	Total: \$540,100
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Owner's Estimated Value:

Site: \$150,000	Improvements: \$200,000	Total: \$350,000
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Assessor's Recommendation:

No Change

Mr. Price reviewed the information in the packet.

Mr. Hooton said that he has not changed anything but the home value went up 45%. He qualified for senior benefits. There were no comparables; there have been no sales in that area. The property is in a remote location, and he considered his property a roaded, no-service area. They did not have water, electricity, and fire service was limited to Cohen

Drive. He spoke about the increases in the fire budget from FY06 to FY08 and he saw no improvements in his area.

Mr. Powell asked what the water frontage was. Mr. Hooton said it was 426 feet, rock face, good beaches to either side of the property, and Bessie Creek ran through the back. He asked about the potential use and ability to subdivide. Mr. Price said it would be easy to subdivide the property but he did not see the appellant as an entrepreneur that wanted to make the most money and valued his privacy. Mr. Powell said the Board was still looking at fair market value no matter the owner.

Mr. Egan asked about the comparables used and the Assessor's explained. Mr. Egan noted that Mr. Hooton had appealed in 2005 and it was lowered, and he asked why. Mr. Price said that the re-inspection last year noted depreciation based on the cost approach. The appellant did not accept that, went to the BOE, and the Board upheld the assessor's recommendation to lower. Mr. Price said that salt water frontage property was increased in the areas from Fritz Cove road out due to market sales. Mr. Egan noted that Mr. Hooton did not have beach access.

Mr. Price said that all waterfront lots in the past year were increased by \$80,000. This reflected market sales and a percentage increase did not work out to market value due to varying land prices in different neighborhoods. Mr. Canary said that a percentage was not fair due to differing sizes and conditions of homes. Land sales price increases were more consistent. View was included in the base site value according to Mr. Price. Mr. Canary said that all topographical considerations were already factored in, and all sales and sites were physically inspected from Echo Cove to Fritz Cove. Mr. Powell asked about percentage increases. Mr. Price said that different geographical areas that increased, decreased, or stayed the same.

Mr. Egan said most of the comparables are in the Lena Point area and the others were at 11 mile, and this property is further out. Mr. Canary said they were trying to find larger homes. Mr. Price said he wanted to do comparative sales and he expanded his area search till he finds comparables. Since the adjustments were too big, he fell back on the cost approach for his recommendation.

Mr. Price gave his presentation as submitted in the packet and explained the comparable sales; however, he felt that the cost approach was more accurate.

Mr. Powell asked for an explanation of the cost approach and how the land was valued. Mr. Price said the land price is derived from the market. The improvements are determined by the cost approach by using Marshall and Swift – a national computerized program, adding a local current multiplier – with area, age, and quality, taken into consideration, this was accurate and defensible. The assessor tested all the sales locally to determine the local multiplier.

Ms. Munoz asked about the remote nature and the lack of services and asked if this was reflected in the comparables for the land. Mr. Price said yes, they had already taken those issues into account. Ms. Munoz asked about the building assessment in 2005 - \$255,600. Mr. Canary noted that the adjustment was not made by the Board; it was made by the Assessor, and upheld by the Board.

*MOTION*, by Egan, to grant the appeal, and to set the land at \$255,000, due to information provided by the assessor and the building at \$255,600, for reasons provided by the appellant, for a total of \$510,600. Hearing no objection, it was so ordered.

**Appeal #2 – Withdrawn immediately prior to the hearing.**

Subject Property: 4B2001030080 – 1015 Otter Run

Appellant: Anthony Sholty & Kristine Harder

2006 Preliminary Assessed Value:

Site: \$255,000	Improvements: \$563,400	Total: \$818,400
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Owner's Estimated Value:

Site: \$192,000	Improvements: \$532,000	Total: \$724,000
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Assessor's Recommendation:

Site: \$255,000	Improvements: \$553,200	Total: \$808,200
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**Appeal #3**

Subject Property: 7B1001110220 – 1413 Mary Ellen Way

Appellant: Stephen Iha & Ursula Gahler

2006 Preliminary Assessed Value:

Site: \$180,000	Improvements: \$247,900	Total: \$427,900
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Owner's Estimated Value:

Site: \$155,000	Improvements: \$230,110	Total: \$385,110
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Assessor's Recommendation:

No Change

Mr. Skan reviewed the information in the packet. A full inspection on site was performed. The site has a panoramic view of the Mendenhall Wetlands and Chilkat Mountains.

Mr. Iha distributed a table of land assessment comparisons of the lots on his street and photos of his home and view to the board. This was the first year he had closely reviewed his assessment. He reviewed assessments of the other properties on his cul-de-sac. He made a table of the properties. His property was the smallest in the neighborhood, but the highest cost. He thought there was disparity in the neighborhood, as some had a better view than his. He had no good reason why his lot was assessed at \$25,000 more than his neighbors lot. He distributed a color photo of the street showing the neighboring lots. He spoke about the development of the lot, and the past problems of the neighbor house being built in a manner that affected his view. He showed a picture that showed that he did not have a panoramic view. He discussed recent comparable sales in the neighborhood. His house was 22 years old, and it was appraised at the effective age of 10 years old. He described the deferred maintenance issues, including siding and broken window seals on four windows. He did not think he could sell the home as is for the assessed price.

Mr. Skan said that the majority of the homes in the cul-de-sac faced each other. He said that the property had a better view than other properties in the area and adjustments were made for the deferred maintenance.

There was a disagreement between the assessor and the property owner that the photo displayed by the assessor was either the view of the property owner or the view from the neighbor's driveway.

Mr. Powell noted the cost approach and the comparable approach were very similar. Mr. Canary said that this happens quite often.

Mr. Egan asked why there was a discrepancy in the value of the land assessments provided by the appellant. Mr. Skan said they were based upon views.

Mr. Canary explained some of the homes in the area had negative stimuli due to the use of the foam panel roof, as many had to be replaced due to rot.

*MOTION by Powell, to grant the appeal, and to decrease the value of the land to \$170,000 due to the view issue and for the improvements to stay the same, at \$247,900, for a total assessment of \$417,900. Hearing no objection, the motion carried.*

**Appeal #4 – Withdrawn at hearing**

Subject Property: 8B3701030020 – 20008 Cohen Drive

Appellant: Albert Tingley & Barbara Learmonth

2006 Preliminary Assessed Value:

Site: \$95,000                      Improvements: \$341,700                      Total: \$436,700

Owner's Estimated Value:

Site: \$50,000                      Improvements: \$275,000                      Total: \$325,000

Assessor's Recommendation:

No Change.

Mr. Price presented information on the property included in the packet.

Mr. Tingley said he built the house and would continue building the house, and he could live with the assessment if the building were completed. His house used foam core panels and there were leaks and fungus due to the leaks. The house was basically sound but the upper roof would have to be replaced. There was also fungus in the garage area due to leaks. They could live with the first two comparables but disagreed with the third due to inequitable price. He was waiting for the assessment sheet from Marshall and Swift that he did not get. He was appalled in the increases in property values in general and said his wage and household income did not match the cost of his house. He estimated that the house was only finished to 80%, as it was lacking cabinetry, lighting, ventilation and other finishings. There was no public water or sewer in the area and minimal fire protection services.

Mr. Price said he had not written down in his notes information on the roof problems, and asked for time to meet with Mr. Tingley to see if they could come to an agreement. The Board took a short break, moved on to the next case, and later in the meeting it was noted that Mr. Tingley had withdrawn his appeal.

**Appeal #5 – Withdrawn at hearing**

Subject Property: 2D04020C0020 – 2113-2115 Second St., Douglas

Appellant: George & Marlene Imbsen

2006 Preliminary Assessed Value:

Site: \$90,000                      Improvements: \$272,600                      Total: \$362,600

Owner's Estimated Value:

Site: \$                      Improvements: \$                      Total: \$339,300

Assessor's Recommendation:

No Change



in the fall for \$300,000, and it was a third of an acre large than his lot, and his was assessed the same. There were differences in the views from each lot. Each lot had city granted easements, with the exception of his subject lot, Lot B. As soon as the easement was granted by the Assembly to the adjacent owner of Lot A, the lot sold. According to the assessor, Holmberg Corporation is supposed to give access to lot B. In the easement document from the city, it says "allow access" it does not say "give an easement." The banks say that is just a piece of paper and doesn't provide longitudes or station points or anything in a legal easement. He is a shareholder of Holmberg Corporation along with his mother and extended family in Europe, and there is a problem with giving up actual land, which will be 400' x 20' wide for an easement, or \$40,000 of cost. He said there was only one other comparable on North Douglas. The others were out the road, with better police and fire protection. He had examples of other assessments in North Douglas. He put his property up for sale at \$300,000 and did not get any offers after inquirers were told about the access issue.

Mr. Miller said they looked at four comparable sales and they found that the value should be \$350,000, but they kept the assessment at the original valuation of \$300,000. The sale of the adjacent lot was done before the easement was granted; he was involved with the valuation of the easement for the city. He discussed the comparables and explained how they could extract the cost of improvements on land from the land to get a value. He provided the methodology of land value extraction from a local fee appraiser.

Mr. Powell asked Mr. Miller about the valuation of access into lot A. Mr. Miller said that the owner of Lot A paid \$8 501 to the city for the easement, which was their share of the cost with another owner closer towards the point. Mr. Powell said the view as shown by Mr. Holmberg was more filtered than Lot A. Mr. Canary said that the view depended on how the house was angled. He also said the landowner would need to install the driveway. Mr. Miller discussed the nature of the easement granted by the city as allowing future driveways to be installed on a shared easement.

*MOTION, by Powell, to grant the appeal, and to decrease the amount of the land by \$20,000 for a total of \$280,000 to reflect the size and view. Hearing no objection, it was so ordered.*

**Appeal #7**

Subject Property: 5B1201000120 – 5370 & 5400 Glacier Highway

Appellant: Lemon Glacier Properties, Inc.

2006 Preliminary Assessed Value:

Site: \$1,100,000	Improvements: \$47,200	Total: \$1,472,000
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Owner's Estimated Value:

Site: \$290,000	Improvements: \$47,200	Total: \$337,200
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Assessor's Recommendation:

Site: \$733,100	Improvements: \$47,200	Total: \$780,300
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Mr. Canary presented the information in the packet. The appellant was not present.

*MOTION, by Powell, to grant the appeal, and set the value of the land at \$780,300, based on the recommendation of the assessor. Hearing no objection, it was so ordered.*

**Appeal #9**

Subject Property: 4B2001030200 – 10478 Fox Farm Trail

Appellant: Lance D. & Mary F. Mearig

2006 Preliminary Assessed Value:

Site: \$405,000                      Improvements: \$320,300                      Total: \$725,300

Owner's Estimated Value:

Site: \$340,000                      Improvements: \$246,700                      Total: \$586,700

Assessor's Recommendation:

No Change.

Mr. Miller presented information on the property as provided in the packet.

Mr. Mearig said he appreciated the work of the assessor. Assessments had climbed at alarming rates since they purchased the property in 2002, and they had not gone to the board in prior years. Mrs. Mearig said she felt that the continual adjustments were inflated, and there was a premium for the neighborhood, not only to the land but to the structures. They were the willing buyers for the property and they purchased the property at lower than the offering price. Mr. and Mrs. Mearig presented a power point presentation to the Board. They said they obtained the entire assessor's database electronically from the Assessor's office and spent hours sorting through the data and looking at comparable sales. They discussed a reasonableness test and said the 2002 purchase price was \$510,00 and the assessed value in 2006 was \$725,300, an increase of \$240,000 or 47% - which was a monthly gain of 1.24%. They were told there was a .05% appreciation rate in the area.

Mrs. Mearig said they were told that land values could be separated from the building for review. She reviewed the assessment of the land at \$405,000. Their property was located on the left hand side of the dock owner's association easement that runs down the side of their property. The properties across the street are \$435,000 for the waterfront view. Their property received a \$30,000 reduction. She said they do not have the panoramic view, but the north facing view. She thought the \$30,000 reduction must be for dock space. The assessor said there was no consideration for dock space as it was a separate transaction. Certain properties had a dock space at no additional cost, their property did not have a dock space, and she thought that was the reason that the property had been affordable. She discussed Rich Harris' lot across from hers which was larger, had more amenities, including a dock, a driveway and a better view, and his assessment was \$405,000 for the land. She said her property should be assessed between \$375,00 and \$380,00 based on the comparables in the neighborhood, and by taking the \$405,000 assessment and subtracting the previous reduction of \$25,000. She asked where the \$25,000 the board previously granted for the lack of privacy due to the boat launch access next to their lot was figured into their assessment.

Mr. Mearig showed a sales approach analysis as corrected by their calculations. He stated that the assessor had offered them a reduction to of \$655,350, which they refused.

They discussed unit cost comparison with other structures similar to their property and said their house on a square footage basis is carrying a premium and said that the average was \$138 per square foot compared to theirs at \$165. He felt their house was average, had some deferred maintenance. Then they looked for houses of similar style and found three and the average unit cost was \$130 and they feel this is a more fair comparison. He used this as a basis for an adjusted building value is \$252,400.

Their final recommendation was \$380,000 for site and \$252,4000 and a total value of \$632,400. They discussed concerns they had about the assessors use of wording on the grid when describing comparable properties and felt it was not consistent.

Mr. Miller said the Assessor found a sales comparison approach value of \$750,000 and a value of \$686,100 for the cost approach. He discussed the variables that needed to be considered that did not make a per square foot cost a good tool. Mr. Miller said that the adjustment for the road was included every year in the value of the land and was now assessed at \$30,000. That was the reason that the property was \$30,000 less than other properties in the area. He said waterfront lots did not sell by the square foot or by the water frontage and again referred to the table which explained the land extraction method.

Mr. Mearig said he was aware of the problem with the square foot issue that is why they were very careful in their selection of comparables.

*MOTION, by Powell, to grant the appeal, and to set a value for improvements at \$300,300 and \$405,000 for the land, for a total of \$705,300, in consideration of the improvements and the difference in the cost approach and the market approach. Hearing no objection, it was so ordered.*

**IV. ADJOURNMENT - 8:05 p.m.**

Signed: \_\_\_\_\_  
Laurie Sica, CMC, Municipal Clerk

Signed: \_\_\_\_\_  
Cathy Munoz, Chair