

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

July 12, 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 Jim Powell.

II. ROLL CALL

Members Present: Jeannie Johnson, Jim Powell, Ed Kalwara (Panel 4).

Members Absent: None.

Staff Present: John Hartle, City Attorney; Laurie Sica, Municipal Clerk; Jim Canary, Assessor; Kenneth Miller, Appraiser; John Skan, Appraiser; Terry Ullmayer, Assessment Clerk, Gary Price, Appraiser; Bob Kelly, Appraiser.

III. PROPERTY APPEALS

MOTION, by Johnson, that Items 13, 14 & 15 be heard at a later date. Hearing no objection, it was so ordered.

Mr. Powell outlined the procedure for the appeals. 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.

The order of appeals on the agenda was changed to accommodate the appellants who were present.

Appeal #10

Subject Property: 51D050L120066 – 2624 John St.

Appellant: Nicholas & Miranda Coti

2006 Preliminary Assessed Value:

Site: \$40,000	Improvements: \$209,000	Total: \$249,000
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Owner's Estimated Value:

Site: \$30,000	Improvements: \$190,000	Total: \$240,000
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Assessor's Recommendation:

No Change.

Ken Miller, assessor, reviewed the information in the packet.

Mr. Coti said that he was out of town when the notice of assessment went out, and upon his return he only had a few days to file his initial appeal, and he had tried to seek out additional information since he filed his appeal. His unit was assessed at \$15,000 over an adjacent property owner's recent sale and the properties were very similar, and this struck him as an excessive value. He met with Mr. Canary, who gave him a print out of comparable properties and I was told to pull the property files and take a look at them. He

had heard that properties have increased at an average of 1 – 2%, similar to interest rates, and now interest rates are increasing. The two zero lot lines he based his appeal on were two adjacent properties that recently sold. They were not used as comparables in the analysis. Those two units had been on the market for sixth months before one offer was received. The sale was for \$242,500. The other property, which had been on the market just as long, and had only recently got his first offer which was for \$248,000, according to the new owner. There was a significant amount of difference between his property and those units. Both had sold in the last 3 – 4 years, and had significant improvements done to them prior to the sales. He had lived in his unit for 10 years and had not been as diligent in that regard. He distributed an exhibit. He was not made aware of the undated sales market comparison approach information in the packet, which would have saved him a lot of work. He did not think the data supported the value. He was told he should have the assessors inspect the property. He did not think that was an appropriate way to get things done. He asked the Assessors for the authority they had to come into his house. He was given a statement regarding investigating powers – which he read. He said that the rule appeared to say that the assessor has a right to come into my house, and if I refused, the assessor could get a court order. He had no reason not to let him see the property, but he felt the heavy hand of the government. Mr. Canary said to him in front of people in a public space “I think you are hiding something!” This was very poor behavior. He allowed Mr. Miller to do an inspection, but he still did not get answers to his questions. He said he was a reasonable person and felt he was treated very poorly. He was told that the hearing was to be on May 18. He was told he had to be here. He had a long standing meeting out of town and gave up on it. Then that BOE meeting was cancelled. There were several changes to the meeting schedule up to this point that made the process very inconvenient.

Mr. Powell said that the complaints about the process should be directed to the Assembly, that the board was present to get to the value of the property.

Mr. Coti disagreed with the rate of monthly increase that was used for his property and the comparisons of his property with other properties. He said that the unit, which sold for \$248,000, was a similar interior unit, however, it had new wood floors, and a kitchen remodel which included new appliances. He said his kitchen has not been remodeled and he does not have new flooring.

The corner unit, which sold for \$242,000, had additional land, views, easy access, storage area, and parking for a boat or truck. This came up in my discussions with Mr. Canary, who said the land had no value, it only helped the property sell faster. Mr. Coti said that time had value.

Mr. Kalwara asked if the timing issue regarding filing his appeal had limited him in any way regarding his preparation for the hearing. Mr. Coti said no, it only limited him in the original submission. Mr. Kalwara clarified that Mr. Coti was present when Mr. Miller performed an on site interior and exterior inspection and Mr. Coti agreed there was a value to having an inspection performed.

Ms. Johnson said she shared Mr. Coti’s frustration about the issues about availability of information, she knew the assessor was overwhelmed with work.

Mr. Miller presented information regarding the assessment of this property. He said it was difficult contacting Mr. Coti to arrange for entry.

Mr. Powell asked about the trends about entry. The assessors said that most requests for entry were granted. Mr. Hartle re-read the state statute which governed the issue regarding entry. It gave the assessor the right to inspect all property at reasonable times. The city had not ever forced entry onto a property.

Mr. Miller said the sales comparison approach indicated a value of \$250,000 and the cost approach a value of \$248,100. He said that the unit's value was in line with the other units, the value was in line with market, and showed a diagram of the value of all similar units in the area. He said that he could not use the recent sales for the analysis on January 1, but they could use the recent sales in the appeals analysis.

Ms Johnson did not understand why they could say \$249,000 on January 1. Mr. Miller's said as an appraiser they like to think that everyone sells their property at market. There are other factors, such as need to move quickly, and that is why they use several comparisons. Mr. Canary said that there was a 1% time adjustment factor figured into the value.

Mr. Hartle reviewed how to make motions. Motions needed to be made in the positive, and to make particular findings.

MOTION, by Johnson to grant the appeal and to adjust the assessed value to \$245,000, based on the information provided by the assessor's office and the information provided by the appellant. Hearing no objection, it was so ordered.

Appeal #11

Subject Property: 4B3301020060 – 16185 Point Lena Loop Rd.

Appellant: Joseph and Carla Meek

2006 Preliminary Assessed Value:

Site: \$340,000	Improvements: \$372,600	Total: \$712,600
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Owner's Estimated Value:

Site: \$150,000	Improvements: \$331,200	Total: \$481,200
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Assessor's Recommendation:

Site: \$340,000	Improvements: \$368,000	Total: \$708,000
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Mr. Miller presented information provided in the packet. He said that the Assessors did an on-site inspection and offered a reduced value of \$679,600, which was rejected by the appellant. He recommended an adjusted assessment value of \$708,000.

Mr. Meek presented a letter and asked that the board read the information rather than him reading it aloud.

Mr. Meek said this is the first time he had seen the information in the Assessor's packet, including the information on the market value approach and it is a little difficult to go through this. He did not have a wood stove and the pictures were a little misleading, as the back and sides of the property were a little bit like "Sanford and Son," and only the front part of the lot was landscaped, which was misleading. Mr. & Mrs. Meek discussed the beach frontage of their's and the adjacent lots. Ms. Meek, said that the pictures shown of her yard is a 60 x 30 foot garden and the rest of the area is natural - she said the value of the landscaping she had done on her own was no where near what a professional's would be.

Mr. Miller said an on-site inspection was done and a review of immediate neighborhood. He displayed a Google map of the area. He discussed the beach frontage of the lots and siting the houses on the lots. Market analysis used 3 comparable sales in neighborhood and indicated a market value of \$708,000. The cost approach was \$679,600. The original assessment was \$712,600 and they recommend a reduction to 708,000, due to a review of comparable sales. Mr. Miller showed a table with the subject and neighboring site assessed values. The value of the site and his neighbors sites were in line as those that were similar, there was no inequity. Mr. Miller said that regarding waterfront lots, the smaller a site is, the more that it sells for per square footage, the larger the lot, the less the lot sells for per square foot, and the same went for waterfront footage. Mr. Miller showed a table called an example of land value abstraction method by a local fee appraiser. Mr. Miller quoted another local appraiser with permission, saying that waterfront lots are not generally valued per square foot or waterfront foot, but rather in terms of location, site utility, view, ease of beach access and privacy.

Mr. Hartle, said that since the appellants just got this packet today, that raised a due process question, as it was their money the Board was talking about, and if they wanted to ask to hold this over to the next hearing, they had that right. Mr. Meek said he preferred to continue with the hearing and get a resolution. Ms. Meek said they bought the property for \$425,000 three years ago because the house was in poor condition, and it had sat on the market for a long time before they made their offer. At that time, the land was valued at half the value it was now. Their appeal was the value of the land. Mr. Meek suggested a building value of \$339,600 building, and the property at \$260,000 for the property in line with the other properties down the beach for the reasons he stated, for a total of \$599,600. Mr. Kalwara said there was a \$109,000 difference between that and the Assessor's value.

Ms. Johnson asked questions about panhandle lots and about the Meek's remodeling project.

MOTION, by Johnson, to grant the appeal, to adjust the value to \$656,200, with a lot value of \$325,000, and the house \$331,200, based on the appellants testimony and the information about the differences in the lots.

Mr. Kalwara and Mr. Powell objected.

MOTION, by Kalwara, to amend the total value to \$679,600, to reflect the cost approach provided by the Assessor. Ms. Johnson accepted the amendment to the motion. Hearing no objection, the main motion, as amended, was approved.

Break: 6:40 p.m. – 6:45 p.m.

Appeal #12

Subject Property: 5B1601000024 – 9131 Glacier Highway

Appellant: Erwin Enterprises

2006 Preliminary Assessed Value:

Site: \$2,621,000	Improvements: \$1,675,600	Total: \$4,296,600
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Owner's Estimated Value:

No written estimate provided.

Assessor's Recommendation:

Site: \$2,261,000	Improvements: \$1,356,297	Total: \$3,977,297
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Mr. Bauer, property manager, representing the property owner, Erwin Enterprises, declined an offer to hold the hearing at a later time.

Ms. Johnson disclosed that she had checked with Mr. Hartle, who said that she did not have a conflict of interest, but that she was the realtor who was involved with Family Grocer moving out and Alaska Industrial Hardware in, and did the lease on that particular property in the Airport Shopping Center. Mr. Bauer said he did not have an issue with that.

Mr. Miller reviewed the information in the packet for the property commonly known as the Airport Shopping Center. He said that during a review of the appeal, the assessor offered a reduced value by the income approach at 9.75% for a total of \$3,911,601, which was declined by the owner's agent. After making a correction, the Assessor recommended a recalculation at 9.75% market value of \$3,977,297, rounded to \$3,977,300.

Larry Bauer, property management for Erwin Enterprises, passed out a packet and discussed the valuation process. He listed his credentials and experience as a licensed certified general appraiser, a certified commercial investment member, a certified property manager and real estate broker. Mr. Bauer disagreed with the assessor's three year averaging of income and expenses. He said that a weighted average might be used, but not an across the board average. It was very important to have the income as much as the expenses on a property, because what an investor was buying was the cash flow. Mr. Bauer discussed his conversations with Assessor Charles Horan, explained the adjustments that he made and said that it was more appropriate to use a capitalization rate of 10%.

Mr. Miller presented the information in the packet and provided the analysis of the assessment. He said one single year of income and expenses may not give a good picture, three years was a much truer picture. The income divided by the rate of return equaled a value of \$3,977,297 estimated market value as of January 1. Mr. Miller discussed replacement reserve issues. Mr. Bauer said reserves were to keep the property at current value.

Mr. Bauer said there were no good comparable sales. Mr. Canary said that the Assessor had worked hard to bring all commercial properties up to market value in the last few years.

Ms. Johnson said it appeared that the crux of the issue was a difference in a capitalization rate between 9.75 and 10.

Mr. Powell asked Mr. Miller if he had any change of opinion after hearing Mr. Bauer's presentation and Mr. Miller said no.

Mr. Bauer said he estimated the assessed value should be \$2,950,000.

In response to a question from the board, Mr. Canary said that he would do a discounted cash flow calculation for this property, however, Mr. Miller was the appraiser on this property.

Break: 7:30 p.m. –7:35 p.m.

Mr. Miller said that following discussion with the Assessor at the break, the would like to adjust the value to \$3,779,000, round to \$3,700,000, based on the items they had not

allowed, and adjustment to the energy cost and recalculated, based on a net operating income of \$368,451 and a cap rate of 9.75.

Mr. Bauer did some calculations and suggested a revised value of \$3,200,000.

MOTION, by Johnson, to split the difference, for a total value of \$3,500,000, based on the information provided by the appellant and the assessor.

Mr. Bauer, Mr. Miller and Mr. Canary agreed to the value of \$3,500,000, and the agreement was considered a settlement without action by the board.

Appeal #1

Subject Property: 4B3301020012 – 16305 Pt. Lena Loop Rd.

Appellant: George and Georgene Davidson

2006 Preliminary Assessed Value:

Site: \$230,000	Improvements: \$4,000	Total: \$234,400
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Owner's Estimated Value:

Site: \$192,100	Improvements: \$0	Total: \$192,100
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Assessor's Recommendation:

No Change

Mr. Canary presented information on the property as included in the packet.

The appellant was not present at the hearing.

MOTION, by Kalwara, to grant the appeal, and requested a no vote based on the information provided by the Assessor. Hearing no objection, it was so ordered.

Appeal #5

Subject Property: 4B1701090040 – 10013 Crazy Horse Drive

Appellant: James Mason

2006 Preliminary Assessed Value:

Site: \$392,000	Improvements: \$97,800	Total: \$489,800
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Owner's Estimated Value:

Site: \$320,000	Improvements: \$50,000	Total: \$370,000
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Assessor's Recommendation:

No Change

Mr. Canary reviewed the information in the packet. Mr. Canary said that the appellant was looking for an exemption from taxation as a non-profit.

The appellant was not present at the hearing.

Ms. Johnson asked about the roof. Mr. Canary said it was metal, with skylights, and he had figured the replacement cost of the roof into the valuation. Ms. Johnson said that this horse stable was sitting on valuable commercial land and the building was a liability rather than an asset. She would reduce the value of the building down to \$50,000.

Mr. Canary said that this was a cooperative, rather than a non-profit.

MOTION, by Johnson, to grant the appeal, and to adjust the value to \$441,200, with the land at \$392,000, the building at \$50,000, due to the reasons that she stated, that the building was a liability in selling the property for its full value. Hearing no objection, it was so ordered.

Appeal #2 - Withdrawn prior to meeting on July 12, 2006

Subject Property: 4B3301000090 – 16495 Pt. Lena Loop Rd.

Appellant: Melvin A and Mildred W Monson

2006 Preliminary Assessed Value:

Site: \$415,000 Improvements: \$81,500 Total: \$496,500

Owner's Estimated Value:

Site: \$350,000 Improvements: \$45,000 Total: \$380,000

Assessor's Recommendation:

No Change.

Appeal #3 – Withdrawn prior to meeting on July 12, 2006

Subject Property: 8B3301000100 – 16525 Pt. Lena Loop Rd.

Appellant: Kristina Monson

2006 Preliminary Assessed Value:

Site: \$415,000 Improvements: \$451,400 Total: \$866,400

Owner's Estimated Value:

Site: \$350,000 Improvements: \$350,000 Total: \$700,000

Assessor's Recommendation:

No Change

Appeal #4 – Withdrawn prior to meeting on July 12, 2006

Subject Property: 5B2501820050 – 8137 Pinewood Dr.

Appellant: Elsie B and F Stuart

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.

Appeal #6 – withdrawn prior to meeting on July 10, 2006

Subject Property: 5B1301080000 – 5875 Glacier Highway

Appellant: Wayne Coogan

2006 Preliminary Assessed Value:

Site: \$2,500,000 Improvements: \$140,000 Total: \$2,640,000

Owner's Estimated Value:

\$18,500 per unit x 92 units Total: \$1,702,000

Assessor's Recommendation:

No change.

Appeal #7 – withdrawn prior to meeting on July 10, 2006

Subject Property: 5B2101310000 – 9951 Stephen Richards Drive

Appellant: Wayne Coogan

2006 Preliminary Assessed Value:

Site: \$2,850,000 Improvements: \$1,317,700 Total: \$4,167,700

Owner's Estimated Value:

\$18,500 per unit x 106 units Total: \$1,961,000

Assessor's Recommendation:

No change.

Appeal #8 – withdrawn prior to meeting on July 12, 2006

Subject Property: 5B2101320040 – 9160 Cinema Drive

Appellant: Henry Tiffany, General Partner

2006 Preliminary Assessed Value:

Site: \$1,154,300 Improvements: \$4,152,200 Total: \$5,306,500

Owner's Estimated Value:

Site: \$400,000 Improvements: \$3,200,000 Total: \$3,600,000

Assessor's Recommendation:

No Change

Appeal #9 – withdrawn prior to meeting on July 12, 2006

Subject Property: 5B2401030050 – 3600-3625 Amalga St.

Appellant: Henry Tiffany, General Partner

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.

IV. ADJOURNMENT - 8:05 p.m.

Signed: _____
Laurie Sica, CMC, Municipal Clerk

Signed: _____
Jim Powell, Chair