Packet Page 1 of 82

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

April 26, 2022 at 5:30 PM

Virtual Meeting Only via Zoom Webinar https://juneau.zoom.us/j/99741860260 or call: 1-253-215-8782 Webinar ID: 997 4186 0260

- I. Call to Order
- II. Roll Call
- **III. Selection of Presiding Officer**
- IV. Approval of Agenda
- V. Property Appeals
 - A. BOE Orientation Documents pgs: 2-16

B. Appeal No. 2021-0414 K-Plaza LLC pgs: 17-82
 Appellant: K-Plaza LLC
 Parcel No: 5B1501100020
 Location: 8585 Old Dairy Rd
 Type: Commercial-Mixed Use

Appellant's	Original	Recommended
Estimated Value	Assessed Value	Value
Site: \$832,350	Site: \$1,165,350	Site: \$1,165,350
Buildings: \$1,062,250	Buildings: \$1,278,800	Buildings: \$1,278,800
Total: \$1,894,600	Total: \$2,444,150	Total: \$2,444,150

VI. Adjournment

BOARD OF EQUALIZATION ORIENTATION

NOTE: Members are encourage to review, from your training material, the April 19, 2013 Memorandum prepared by former City Attorney John Hartle, for further helpful guidance.

A. Quasi-Judicial Role & Responsibilities - CBJ 15.05.185

1. Be a fair & impartial tribunal - no bias/preconceived ideas; no ex parte contact

a. Member may not deliberate or vote on any matter in which member has a personal or financial interest (defined in CBJ 01.45.360); conflict of interest check needed prior to hearing to allow substitution; may call legal advisor b. Avoid expressing opinions or including commentary in questions to the parties.

c. Opinions on the evidence/position of parties should await BOE deliberations.

2. Afford both parties due process - fair notice and opportunity to be heard

Must allow both sides time to review new evidence presented at hearing

- 3. Decide appeals on *evidence presented* in packet and at hearing.
- 4. Make record of proceeding that clearly and accurately reflects:
 - a. Taxpayer/Appellant's claim and factual evidence offered to support it
 - b. Assessor's process/position and factual evidence offered to support both
 - c. That each side had adequate opportunity to present relevant evidence/review & rebut other party's evidence
 - d. BOE's thorough deliberations & consideration of the evidence
 - e. BOE's findings of fact & conclusions of law re burden of proof & the evidence relied on as basis of decision
 - f. Rationale & evidentiary basis of BOE's decision, to enable meaningful review by the Superior Court in the event of an appeal

B. Legal Standard for Granting Appeal on Merits for Error in Valuation

1. Starting point: under AK law, Assessor's assessments are presumed to be correct.

2. Burden of proof on Appellant to prove error - unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal or proven at the appeal hearing

3. If and only if Appellant meets burden does burden shift to Assessor to rebut Appellant's evidence of error

4. Law does not bind Assessor to follow a particular formulas, rules or methods of valuation, but grants broad discretion in selecting valuation methods-as long as reasonable basis

 Technical evidentiary rules don't apply Relevant evidence admissible if sort relied on by responsible persons May exclude irrelevant, repetitious evidence

6. Only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts

C. Alternative Actions for Appeals Heard on the Merits

a. **Deny appeal** because Appellant failed to prove error in valuation with factual evidence.

b. Grant appeal & adjust assessment *as requested by Appellant*. (only if Appellant's valuation evidence supports proposed assessment value)

c. Grant appeal & *adjust (lower or raise) assessment differently*. (if and only if supported by sufficient evidence of value in record.)

d. Grant appeal & *remand* to Assessor for reconsideration of value (remand is mandatory if error found, but insufficient evidence of value in record.)

D. <u>LATE-FILED APPEALS – Legal Standard for Accepting</u>

- 1. Potential *merit* of appeal is irrelevant.
- 2. Jurisdictional authority to hear only *timely-filed appeals*
- 3. Appeal must be filed w/in 30 days from date assessment notice is mailed
- 4. Only "accepted" late-filed appeals may proceed to a hearing on the merits.
- 5. If 30 day deadline missed, RIGHT to appeal CEASES and BOE **cannot accept or hear** appeal, **unless BOE finds that taxpayer was unable to comply due to situation beyond taxpayer's control** (See Hartle memo)
- 6. Burden to prove inability to comply is on Taxpayer.
- 7. BOE Action Alternatives: Deny Late-file or Accept, so hearing can be scheduled.

BOE HEARING GUIDELINE

- I. Call to Order
- II. Roll Call Chairs asks clerk to call the roll
- III. Appeals will be heard first, followed by *Timeliness* Hearings on Late-filed Appeals
- IV. Introduce first Appeal case for hearing:

We're on the record with respect to 'Petition for Review of Assessed Value' filed by ______ with respect to Parcel Id. No. ______

IV. Review Hearing Rules/Procedure (For each appeal, unless all in attendance at beginning)

- A. Time allocated to each side: approx. 15 min, including BOE questions
- B. State name for record and speak clearly in to mic, use surnames/maintain decorum
- C. Appellant taxpayer goes 1st
 Has burden to prove an error—an unequal, excessive, improper or under valuation based on presented factual evidence
- D. Assessor presents Assessor's evidence in response
- E. Appellant rebuttal, if time reserved
- F. Hearing closes after presentations
- G. BOE action/deliberation
- H. Any questions? Parties ready to proceed?
- V. Hearing party presentations & all BOE questioning
- VI. Close Hearing, move to BOE action
 - A. BOE reviews/discusses evidence presented, or goes directly to B.
 - B. Member makes motion, Chair restates motion
 - C. Members speak to the motion/make findings
 - D. BOE votes/takes action on motion
 - E. Chair announces whether motion carries/fails
- VII. Call next appeal, repeat IV VI
- VIII. Late-Filed Appeals, if any (SEE LATE-FILED APPEALS PROCESS)
- IX. Adjourn

BOE Action Options:

1. **Deny appeal** because Appellant failed to prove error in valuation with factual evidence.

2. Grant appeal & adjust assessment *as requested by Appellant*. (if Appellant's evidence supports proposed assessment value)

3. Grant appeal & *adjust (lower or raise) assessment differently*. (if and only if supported by sufficient evidence of value in record.)

4. **Grant appeal &** *remand* **to Assessor for reconsideration of value** (remand is mandatory if error found, but insufficient evidence of value in record.)

SAMPLE MOTIONS

1. To DENY appeal

I MOVE that the Board *GRANT* the appeal and I ASK for a <u>NO</u> VOTE

Because . . .

Appellant didn't prove/provide evidence of error in assessment and/or

For the evidence/reasons provided by the Assessor . . .

2. To GRANT appeal & ADJUST assessment AS REQUESTED

I MOVE that the Board *GRANT* the appeal and ADJUST the assessment *AS REQUESTED BY APPELLANT* to \$_____, and I ask for a <u>YES</u> VOTE

Because . . .

Appellant proved there was error . . .

[specify . . . unequal, excessive, improper, or under valuation] based on facts

AND

We find requested assessment is supported by sufficient evidence in the record

3. To GRANT appeal & ADJUST assessment OTHERWISE

I MOVE that the Board *GRANT* the appeal and ADJUST the assessment to , and I ASK FOR A <u>YES</u> VOTE

Because . . .

Appellant proved there was error . . .

[specify . . . unequal, excessive, improper, or under valuation] based on facts

AND

We find sufficient evidence of value in record to support this assessment

4. <u>To GRANT appeal & REMAND for RECONSIDERATION of ASSESSMENT</u>

I MOVE that the Board *GRANT* the appeal and REMAND to the ASSESSOR for RECONSIDERATION of the ASSESSMENT, and I ASK FOR A <u>YES</u> VOTE

Because . . .

Appellant proved there was error . . .

[specify . . . unequal, excessive, improper, or under valuation] based on facts

AND

We find insufficient evidence of value in the record

Packet Page 6 of 82 CBJ Law Department MORANDUM

To:Board of EqualizationFrom:John W. Hartle, City Attorney

Subject: Board of Equalization: Standards and Procedures

Date: April 19, 2013

SUMMARY

- (1) The Board of Equalization functions as a quasi-judicial body, which means that the Board has authority to hear and decide assessment appeals in a manner similar to a court, but less formal than a court.
- (2) The burden of proof is on the appellant property owner.
- (3) The Board should make specific findings in support of its decisions, and should base its decisions on the record.
- (4) To grant an appeal, Board members should make a motion to grant the appeal and vote in the affirmative; to <u>deny</u> an appeal (that is, uphold the assessor's decision), Board members should make a motion to grant the appeal and vote in the negative. The Board may also grant an appeal and <u>make an adjustment to the assessment different from that requested</u> by the appellant.
- (5) The assessment process, the Board's procedures and standards, and property taxation are all governed by Alaska Statute and CBJ Code. AS 29.45.190 AS 29.45.210 provide the time for filing appeals, procedures before the Board, and the standards to be used by the Board in deciding appeals. The pertinent statutes and code sections are attached to this memorandum for your reference.

Alaska's Capital City & Borough of Juneau

DEADLINE FOR FILING APPEAL

In order to appeal an assessment, a taxpayer must file an appeal within 30 days after the date of mailing of the assessment notice. AS 29.45.190(b); CBJ 15.05.160(a). After this time period, the right of appeal ceases, unless the Board finds that the taxpayer was "unable" to comply with the 30-day filing requirement. The word "unable" as used in this section does not include situations where the taxpayer forgot about or overlooked the assessment notice, was out of town during the period for filing an appeal, or similar situations. Rather, it covers situations that are beyond the control of the taxpayer and, as a practical matter, prevent the taxpayer from recognizing what is at stake and dealing with it. Such situations would include a physical or mental disability serious enough to prevent the person from dealing rationally with his or her private affairs.

There are few situations in which a taxpayer is "unable" to comply with the requirement that an appeal be filed within 30 days of the date of mailing of the notice of assessment. It is common knowledge that real property is subject to assessment and taxation and it is the duty of every property owner to take such steps as are necessary to protect his or her interests in the property. One of the steps that courts generally assume a prudent property owner takes is to have someone either watch or manage the property while the property owner is away from the property for an extended period of time.

It is the responsibility of the property owner to assure that the taxing authority has the correct address to which notices relating to assessments and taxes on the property may be sent in order that the property owner will receive timely notice of assessments and tax levies affecting the property. Failure to receive an assessment notice because it was sent to an old address that the property owner had not corrected, or because the notice was sent to the property owner at the correct address but while the property owner was out of town, are not reasons that make the property owner "unable" to file a timely appeal.

With respect to an appeal filed after expiration of the 30-day appeal period, the Board should consider the oral and written evidence presented by the property owner on the question of whether or not the owner was "unable" to file the appeal within the required 30-day appeal period. If the property owner fails to prove that he or she was "unable" to file the appeal in a timely manner, there is no basis for hearing the appeal, even if the Board believes the assessment should be adjusted.

-2-

ASSESSMENTS THE BOARD CAN CONSIDER

The Board has authority to alter an assessment only when an appeal has been timely filed regarding the particular parcel. AS 29.45.200(b). The Board has no authority to alter the assessment of a parcel that is not before the Board on an appeal. Under state law, an appeal may be filed only by a person whose name appears on the assessment roll or the agent of that person. AS 29.45.190(a); CBJ 15.05.150.

If an appellant fails to appear at the hearing, the Board may proceed with the hearing in the absence of the appellant. AS 29.45.210(a); CBJ 15.05.190(b). The appellant may appear through an agent or representative, and may present written and/or oral testimony or other materials to the Board in support of the appeal.

BASIS FOR ADJUSTMENT AND ASSESSMENT

AS 29.45.210(b) and CBJ 15.05.190 expressly place the burden of proof on the party appealing the assessment. *CH Kelly Trust v. Municipality of Anchorage, Bd. of Equalization*, 909 P.2d 1381 (Alaska 1996) ("the burden is properly placed on the property owners in an assessment challenge"). Before the property owner is entitled to an adjustment, the property owner must prove, based on facts stated in the written appeal or presented at the hearing, that the property is the subject of unequal, excessive, improper, or under valuation. AS 29.45.210(b); CBJ 15.05.180(c). The appellant may present written evidence, oral testimony, and witnesses at the hearing.

Alaska courts do not disturb valuations set by the assessor if the differences between the appellant and the assessor are merely differences of opinion. Our court applies a "deferential standard of review" when considering an assessor's property valuations. *Cool Homes, Inc. v. Fairbanks N. Star Borough*, 860 P.2d 1248, 1262 (Alaska 1993); *Fairbanks N. Star Borough v. Golden Heart Utilities, Inc.*, 13 P.3d 263, 267 (Alaska 2000). "AS 29.45.210(b) requires that the taxpayer prove *facts* at the hearing. ... It is not enough merely to argue that the valuation was inadequate or demand a justification from the taxing authority." *Cool Homes, Inc., at 1263* (emphasis in original).

In *Twentieth Century Investment Co. v. City of Juneau*, 359 P.2d 783, 787 (Alaska 1961), the court, addressing assessment standards under former, similar law (AS 29.53.140), stated:

The valuation and assessment of property for taxes does not contravene [constitutional principles] unless it is plainly demonstrated that there is

April 19, 2013

involved, not the exercise of the taxing power, but the exertion of a different and forbidden power, such as the confiscation of property. Such a demonstration is not made simply by showing overvaluation; there must be something which, in legal effect, is equivalent to an intention or fraudulent purpose to place an excessive valuation on property, and thus violate fundamental principles that safeguard the taxpayer's property rights.

(Emphasis added.) The court went on to state, at 788:

The City was not bound by any particular formula, rule or method, either by statute or otherwise. Its choice of one recognized method of valuation over another was simply the exercise of a discretion committed to it by law. Whether or not it exercised a wise judgment is not our concern. This court has nothing to do with complaints of that nature. It will not substitute its judgment for the judgment of those upon whom the law confers the authority and duty to assess and levy taxes. *This court is concerned with nothing less than fraud or the clear adoption of a fundamentally wrong principle of valuation*. Neither has been shown here. The actions of the assessor and the Board of Equalization are entirely compatible with a sincere effort to adopt valuations not relatively unjust or unequal; their determinations have not transgressed the bounds of honest judgment.

(Emphasis added.) This principle, that "taxing authorities are to be given broad discretion in selecting valuation methods," was reaffirmed in *CH Kelly Trust*, 909 P.2d at 1382, and *Golden Heart Utilities*, *Inc.*, 13 P.3d at 267 ("Provided the assessor has a reasonable basis for a valuation method, that method will be allowed 'so long as there was no fraud or clear adoption of a fundamentally wrong principle of valuation.'"). Similarly, in *Cool Homes, Inc.*, 860 P.2d at 1262, the court held:

Taxing authorities are to be accorded broad discretion in deciding among recognized valuation methods. If a reasonable basis for the taxing agency's method exists, the taxpayer must show fraud or the 'clear adoption of a fundamentally wrong principle of valuation.'

Thus, the assessor's valuations should be given substantial weight by the Board, particularly where the appellant offers little more than unsupported opinion that the assessor's value is too high. In order to be considered an unequal, excessive, improper, or under valuation, the valuation must be unequivocally excessive, or fundamentally wrong.

Board of Equalization

April 19, 2013

This assumes that the assessor has reviewed the critical facts. Our court requires the assessor to review all "directly relevant" evidence of the property value and "prevailing market conditions." *Faulk v. Bd. of Equalization, Kenai Peninsula Borough*, 934 P.2d 750, 752 (Alaska 1997). Thus, it is important that the assessor, and the Board, make sure that all relevant evidence is considered.

FINDINGS – BASIS FOR THE BOARD'S DECISIONS

Board of Equalization decisions are subject to judicial review, if an appeal to superior court is filed within 30 days. Consequently, it is important for the Board to either make specific findings (statement of reasons) for its decisions, or otherwise set out sufficient information to enable a reviewing court to ascertain the reasons for the Board's action. An appeal to superior court of a determination of the Board is heard on the record established at the Board hearing. AS 29.45.210(d). It is important that the record be as clear and complete as possible.

The Alaska Supreme Court outlined the requirements for board of equalization decisions in *Faulk*, 934 P.2d at 751, as follows:

We have previously concluded that "[t]he threshold question in an administrative appeal is whether the record sufficiently reflects the basis for the [agency's] decision so as to enable meaningful judicial review." *Fields v. Kodiak City Council*, 628 P.2d 927, 932 (Alaska 1981). In answering that question, "[t]he test of sufficiency is ... a functional one: do the [agency's] findings facilitate this court's review, assist the parties and restrain the agency within proper bounds?" *South Anchorage Concerned Coalition, Inc. v. Coffey*, 862 P.2d 168, 175 (Alaska 1993).

The court remanded the case to the borough board of equalization because the board had not provided an adequate basis for the court to determine whether it had reasonably denied the property tax appeal. The court directed: "On remand, the superior court should instruct the Board to state its reasons for rejecting the Faulks' appeal." *Id.* at 753.

Accordingly, the Board should take care to state its reasons for granting or denying an appeal, or making an adjustment to the assessment different from that requested by the appellant.

-5-

ACTION BY THE BOARD OF EQUALIZATION

In taking action on appeals, a Board member should move and vote in the affirmative to <u>grant</u> the appeal by the taxpayer. A Board member should vote in the negative to <u>deny</u> the appeal and thereby affirm the assessor's determination.

<u>Sample motions</u>: "I move that the Board grant the appeal and I ask for a 'yes' vote for the reasons provided by the appellant;" OR "I move the Board grant the appeal, and I ask for a 'no' vote for the reasons provided by the Assessor;" OR "I move the Board grant the appeal and I ask for a 'yes' vote to adjust the assessment to \$X for the following reasons [statement of reasons]."

For appeals that are not timely filed, the Board should first vote on whether or not to hear the appeal; if the Board decides to hear the appeal, it should then be heard on its merits.

The Board is required to certify its actions to the assessor within seven days, and, except as to supplementary assessments, the assessor must enter the changes and certify the final roll by June 1. AS 29.45.210(c). The rate of levy must be determined by the Assembly by ordinance before June 15. AS 29.45.240. The CBJ budget must be adopted by May 31. If for any reason the Board hearing is continued to a later date, the date for completing the hearing must be in the near future in order for the final assessment roll to be certified and the rate of levy fixed in accordance with the required statutory time frames.

Attachments

Packet Page 12 of 82

15.05.180 - Notice of hearing of appeal.

The assessor shall notify each appellant by mail of the date, time, and place of the hearing of the appeal by the board of equalization. Such notice shall be addressed to the appellant at the appellant's last known address as shown on the assessor's records, and shall be complete upon mailing. Such notices shall be mailed not later than ten days prior to the date of hearing of the appeals. All such notices shall include the following information:

- (a) The date and time of day of the hearing;
- (b) The location of the hearing room;
- (c) Notification that the appellant bears the burden of proof;
- (d) Notification that the only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal timely filed or proven at the appeal hearing; and
- (e) Notification that the appellant may be present at the hearing, and that if the appellant fails to appear, the board of equalization may proceed with the hearing in the absence of the appellant.

(CBJ Code 1970, § 15.05.180; Serial No. 70-33, § 3, 1971; Serial No. 87-36, § 2, 1987)

State law reference— Appeal, AS 29.45.190; appellant fails to appear, AS 29.45.210(a); grounds for adjustment, AS 29.45.210(b).

15.05.185 - Board of equalization.

- (a) Membership; duties; term of office; term limits.
 - (1) Membership. The board of equalization shall comprise a pool of no less than six, and up to nine, members, not assembly members, appointed by the assembly. There shall be up to three panels established each year. Each panel hearing appeals shall consist of three members. The board chair shall assign members to a specific panel and schedule the panels for a calendar of hearing dates. The assignment of members to panels and the establishment of a hearing calendar shall be done in consultation with the individual members. Additionally, members may be asked to take the place of regular assigned panel members in the event an assigned panel member is unable to attend a scheduled meeting.
 - (2) Qualifications of members. Members shall be appointed on the basis of their general business expertise and their knowledge or experience with quasi-judicial proceedings. General business expertise may include, but is not limited to, real and personal property appraisal, the real estate market, the personal property market, and other similar fields.
 - (3) Duties. The board, acting in panels, shall only hear appeals for relief from an alleged error in valuation on properties brought before the board by an appellant. A panel hearing a case must first make a determination that an error in valuation has occurred. Following the determination of an error in valuation the panel may alter an assessment of property only if there is sufficient evidence of value in the record. Lacking sufficient evidence on the record the case shall be remanded to the assessor for reconsideration. A hearing by the board may be conducted only pursuant to an appeal filed by the owner of the property as to the particular property.
 - (4) *Term of office.* Terms of office shall be for three years and shall be staggered so that approximately one-third of the terms shall expire each year.
 - (5) *Term limits.* No member of the board of equalization who has served for three consecutive terms or nine years shall again be eligible for appointment until one full year has intervened,

provided, however, that this restriction shall not apply if there are no other qualified applicants at the time reappointment is considered by the assembly human resources committee.

- (b) *Chair.* The board annually shall elect a member to serve as its chair. The chair shall coordinate all board activities with the assessor including assignment of panel members, scheduling of meetings, and other such board activities.
- (c) Presiding officer. Each panel shall elect its own presiding officer to act as the chair for the panel and shall exercise such control over meetings as to ensure the fair and orderly resolution of appeals. In the absence of the elected presiding officer the panel shall appoint a temporary presiding officer at the beginning of a regular meeting. The presiding officer shall make rulings on the admissibility of evidence and shall conduct the proceedings of the panel in conformity with this chapter and with other applicable federal, state and municipal law.
- (d) Report to the assembly. The board, through its chair, shall submit an independent report to the assembly each year by September 15 identifying, at a minimum, the number of cases appealed, the number of cases scheduled to be heard by the board, the number of cases actually heard, the percentage of cases where an error of valuation was determined to exist, the number of cases remanded to the assessor for reconsideration, the number of cases resulting in the board altering a property assessment, and the net change to taxable property caused by board action. The report shall also include any comments and recommendations the board wishes to offer concerning changes to property assessment and appeals processes.

(Serial No. 2005-51(c)(am), § 4, 1-30-2006)

15.05.190 - Hearing of appeal.

- (a) At the hearing of the appeal, the board of equalization shall hear the appellant, the assessor, other parties to the appeal, and witnesses, and consider the testimony and evidence, and shall determine the matters in question on the merits.
- (b) If a party to whom notice was mailed as provided in this title fails to appear, the board of equalization may proceed with the hearing in the party's absence.
- (c) The burden of proof in all cases is upon the party appealing.
- (d) The board of equalization shall maintain a record of appeals brought before it, enter its decisions therein and certify to them. The minutes of the board of equalization shall be the record of appeals unless the board of equalization shall provide for a separate record.

(CBJ Code 1970, § 15.05.190; Serial No. 70-33, § 3, 1971)

State law reference— Hearing, AS 29.45.210.

15.05.200 - Judicial review.

A person aggrieved by an order of the board of equalization may appeal to the superior court for review de novo after exhausting administrative remedy under this title.

(CBJ Code 1970, § 15.05.200; Serial No. 70-33, § 3, 1971)

State law reference— Appeal to superior court, AS 29.45.210(d).

Page 2 of 3

Westlaw. AS § 29. 45. 190

Packet Page 14 of 82

Page 1

С

West's Alaska Statutes Annotated Currentness Title 29. Municipal Government [™] Chapter 45. Municipal Taxation [™] Article 1. Municipal Property Tax →→ § 29. 45. 190. Appeal

(a) A person whose name appears on the assessment roll or the agent or assigns of that person may appeal to the board of equalization for relief from an alleged error in valuation not adjusted by the assessor to the taxpayer's satisfaction.

(b) The appellant shall, within 30 days after the date of mailing of notice of assessment, submit to the assessor a written appeal specifying grounds in the form that the board of equalization may require. Otherwise, the right of appeal ceases unless the board of equalization finds that the taxpayer was unable to comply.

(c) The assessor shall notify an appellant by mail of the time and place of hearing.

(d) The assessor shall prepare for use by the board of equalization a summary of assessment data relating to each assessment that is appealed.

(e) A city in a borough may appeal an assessment to the borough board of equalization in the same manner as a taxpayer. Within five days after receipt of the appeal, the assessor shall no-tify the person whose property assessment is being appealed by the city.

CREDIT(S)

SLA 1985, ch. 74, § 12.

LIBRARY REFERENCES

Taxation 🖘 2648. Westlaw Key Number Search: 371k2648.

NOTES OF DECISIONS

Decisions reviewable and right of review 1

© 2013 Thomson Reuters. No Claim to Orig. US Gov. Works.

http://web2.westlaw.com/print/printstream.aspx?rs=WLW13.04&destination=atp&mt=Ala... 4/19/2013

Page 2 of 4

Westlaw. AS § 29. 45. 200

Packet Page 15 of 82

Page 1

С

West's Alaska Statutes Annotated Currentness Title 29. Municipal Government [™] Chapter 45. Municipal Taxation [™] Article 1. Municipal Property Tax →→ § 29. 45. 200. Board of equalization

(a) The governing body sits as a board of equalization for the purpose of hearing an appeal from a determination of the assessor, or it may delegate this authority to one or more boards appointed by it. An appointed board may be composed of not less than three persons, who shall be members of the governing body, municipal residents, or a combination of members of the governing body and residents. The governing body shall by ordinance establish the qualifications for membership.

(b) The board of equalization is governed in its proceedings by rules adopted by ordinance that are consistent with general rules of administrative procedure. The board may alter an assessment of a lot only pursuant to an appeal filed as to the particular lot.

(c) Notwithstanding other provisions in this section, a determination of the assessor as to whether property is taxable under law may be appealed directly to the superior court.

CREDIT(S)

SLA 1985, ch. 74, § 12.

LIBRARY REFERENCES

Taxation € 2624. Westlaw Key Number Search: 371k2624.

NOTES OF DECISIONS

Appeals from board determination 5 Judicial notice 4 Judicial powers 3 Payment under protest 1 Penalties for nonpayment of tax 2

1. Payment under protest

© 2013 Thomson Reuters. No Claim to Orig. US Gov. Works.

http://web2.westlaw.com/print/printstream.aspx?rs=WLW13.04&destination=atp&mt=Ala... 4/19/2013

Page 2 of 4

Westlaw. AS § 29. 45. 210

Packet Page 16 of 82

Page 1

С

West's Alaska Statutes Annotated Currentness Title 29. Municipal Government [™] Chapter 45. Municipal Taxation [™] Article 1. Municipal Property Tax →→ § 29. 45. 210. Hearing

(a) If an appellant fails to appear, the board of equalization may proceed with the hearing in the absence of the appellant.

(b) The appellant bears the burden of proof. The only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal or proven at the appeal hearing. If a valuation is found to be too low, the board of equalization may raise the assessment.

(c) The board of equalization shall certify its actions to the assessor within seven days. Except as to supplementary assessments, the assessor shall enter the changes and certify the final assessment roll by June 1.

(d) An appellant or the assessor may appeal a determination of the board of equalization to the superior court as provided by rules of court applicable to appeals from the decisions of administrative agencies. Appeals are heard on the record established at the hearing before the board of equalization.

CREDIT(S)

SLA 1985, ch. 74, § 12.

LIBRARY REFERENCES

Taxation 🖘 2676, 2691. Westlaw Key Number Searches: 371k2676; 371k2691.

NOTES OF DECISIONS

Burden of proof 1 Judicial review 3 Record of hearing 2

© 2013 Thomson Reuters. No Claim to Orig. US Gov. Works.

http://web2.westlaw.com/print/printstream.aspx?rs=WLW13.04&destination=atp&mt=Ala... 4/19/2013



Office Of The Assessor 155 South Seward Steet Juneau, AK 99801

KPLAZA LLC 8585 OLD DAIRY RD STE 104 JUNEAU AK 99801

Mageting of Acard of Equalization (BOE) and Presentation of Real Property Appeal				
Date of BOE	Tuesday, April 26, 2022			
Location of BOE	Via ZOOM Webinar			
Time of BOE	5:30 pm			
Mailing Date of Notice	April 6, 2022			
Parcel Identification	5B1501100020			
Property Location	8585 OLD DAIRY RD			
Appeal No.	APL20210414			
Sent to Email Address:	debbie@isellalaska.com			

ATTENTION OWNER

Under Alaska Statutes and CBJ Code, you, as the appellant, bear the burden of proof. The only grounds for adjustment of an assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in your written appeal or proven at the appeal hearing.

Any evidence or materials you would like to include in your appeal must be submitted to the City Clerk's Office {preferred method via email to city.clerk@juneau.org Attn.: Assessment Appeal} by **4:00 PM Tuesday, April 19, 2022** and will be included in the packets for the Board so the members have an opportunity to review the materials before the hearing.

Your Board of Equalization packet will be ready for you to pick up in the Clerk's office after **2:00 PM Wednesday, April 20, 2022** or it will be emailed and/or mailed to the above address(es) on this notice.

You or your representative may be present at the hearing {via Zoom Webinar, participation/log in information will be listed on the agenda packet you receive for the hearing your appeal is scheduled for}. If you choose not to be present or be represented, the Board of Equalization will proceed in the absence of the appellant.

It should be noted that, between the date of this letter and the Board hearing date, your appeal may be resolved between you and the Assessor. If your appeal is resolved, you will not need to appear before the Board.

If you have any questions please contact the Assessor's Office.

Attachment: CBJ Law Department Memorandum April 19, 2013.

CONTACT US: CBJ Assessor's Office					
Phone	Email	Website	Physical Location		
Phone (907) 586-5215 Fax (907) 586-4520	assessor.office@juneau.org	http://www.juneau.org/finance/	155 South Seward St Room 114		



Packet Page 18 of 82 APPEAL #2021-0414

2021 REAL PROPERTY APPEAL PACKET

BOARD OF EQUALIZATION April 26, 2022

ASSESSOR OFFICE

Appellant: K-Plaza LLC

Parcel No.: 5B1501100020

Continued from March 1, 2022

Location: 8585 Old Dairy Rd

Property Type: Commercial – Mixed Use

Appellant's basis for appeal: My property value is excessive/overvalued & my property value is unequal to similar properties & my property was valued improperly/incorrectly

	Appellant's Estimate	Original Assessed	Recommended
	of Value	Value	Value
Site:	\$ 832,350	\$ 1,165,350	\$ 1,165,350
Buildings:	\$ 1,062,250	\$ 1,278,800	\$1,278,800
Total:	\$ 1,894,600	\$ 2,444,150	\$ 2,444,150



Table of Contents

Remand Response
OVERVIEW
SUBJECT PHOTOS
AREA MAP & AERIAL
ASSESSED VALUES
LAND
BUILDING(S)
COST REPORT
INCOME APPROACH
COMMERCIAL MARKET & ASSESSMENT ANALYSIS
SUBJECT ASSESSMENT HISTORY
SUMMARY17
CONCLUSION
ADDENDUM A - Communications

Remand Response

This appeal was remanded to the Assessor's Office by the BOE.

During the additional review period Kootznoowoo provided additional clarification on their P&L statements which lead to some refinements on the Income Approach.

During the initial appeal review period and the initial BOE hearings standard procedures were waived in order to expedite the processing of the appeals in the sense that, except where specific error was found, we did not recommend increases to bring assessed values to market in most cases as would normally be the case for appeals going to the BOE. We did recommend an increase in specific cases of significant error.

The normal procedures are that if in the review process we find that the property value should be increased, we do not apply that in the year under review but apply it the following year. If an appeal proceeds from the Administrative Review process to the BOE, then the Assessor's Office recommends the higher, corrected, market value.

In this case, due to the remand, the valuation of this property has undergone additional review and that review indicates that the property is undervalued. For uniformity purposes our recommended value maintains the value sent out on the assessment notices, however, we have included the full market value which would normally be the recommendation for the BOE hearing as the BOE has the option of considering that value.

Additional details from the remand review period are outlined in the following 4 pages. These pages are the updated portion of the packet. This section is then followed by the original full packet which remains largely as originally submitted with just a few revisions. There also are additional communications in Addendum A from the remand review period.

Indicated Market Value

The indicated market values are as follows:

- Cost Approach \$5,359,400
- Sales Comparison Approach \$3,268,201
- Income Approach with Reduced Rents and Standard Level of Expenses- (Notes due to redactions-The indicated values are: Higher than Assessed Value, Higher than Sales Comp, Lower than Cost.)
- Income Approach from actual Reduced Rents and actual Elevated Expenses of 50%-60% (Notes due to redactions- The indicated values are: Higher than Assessed Value, Close to Sales Comp and Close to Reconciled Full Market.)
- Reconciled Market Value \$3,200,000

The Cost Approach is applicable. The building has seen significant upgrades so the effective age is lower than the actual age and the amount of depreciation is relatively low.

The Sales Comparison approach, applied through a valuation model adjusted to market sales, is applicable, however, the sales data is limited.

The Income Approach is applicable. This is a building that the owner does occupy a portion of, however, the majority of the building is leased out. For the income approach there is the issue of the elevated vacancy rate and the elevated expenses.

Consideration was given to all three approaches to value.

Reconciled Value

The overall level of assessed values for commercial properties was an 85% mean and an 89% median of market value. The South Valley Commercial neighborhood specifically, based on just 5 sales, was a 90% mean and a 91% median. For the purposes of equity and uniformity we are not recommending that the assessed value be adjusted to full market value but rather we are recommending no change. If the BOE desires to increase the assessed value then we would recommend setting the value at 89% of market based on the overall commercial median. We prefer the use of the median over the mean in this case as there was a slight skew present in the dataset.

The equitable assessed value based on 89% of the Reconciled Full Market Value of \$3,200,000 would be \$2,848,000.

Valuation Summaries

Cost Approach

Land \$1,298,500 + Building \$4,060,900 = \$5,359,400

The Cost Approach internal to our CAMA system is based on cost tables provided by CoreLogic's Marshall & Swift Valuation Service which is a nationally recognized cost resource. In addition, separate research supports the costs presented in the Marshall & Swift tables. The resulting values are adjusted for Juneau through the local and current multipliers.

While this is not new construction the building has recently seen significant upgrades and the RCNLD (Replacement Cost New Less Depreciation) is an indicator of current value.

Sales Comparison Approach

The overall adjustments that we did for AY2021 only moved South Valley Commercial properties to about 90% of market.

South Valley Commercial: Mean = 0.9046 Median = 0.9100

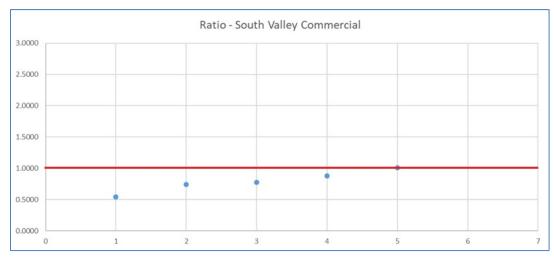
It does not appear that adequate adjustments were made within the initial model for locational, visibility, corner influence or traffic volume factors so minor adjustments have been made in the model below. (See notes under land value section.)

Sales Comparison Market Value

	Land	Buildings	Total
Initial Valuation Model Result	1,165,350	1,278,800	2,444,150
Adjustment to Market	11%	11%	
Model to Market	1,293,539	1,419,468	2,713,007
Locational Adjustment	10%	30%	
Adjusted Market Value	1,422,892	1,845,308	3,268,201

Note that the locational adjustment is applied here to bring the property into uniformity with the valuation model and surrounding properties.

The indicated market value would be \$3,268,201.



Income Approach

For the Income Approach we ran several scenarios.

The Income Approach that was calculated off of actual revenues and a mid-range of standard expenses indicated an assessed value of **actual and** a full market value of **actual and**. Note that the actual revenues include a higher than normal vacancy rate so the value still is understated. (*Notes due to redactions- The indicated values are: Higher than Assessed Value, Higher than Sales Comp, Lower than Cost.*)

In the Income Approach performed on actual rents and actual expenses consideration must be given to the greater than normal vacancy rate and expenses. The income approach on actual rents and expenses indicated an assessed value of **actual and a full market value of actual actual actual actual actual and a full market value of actual actual actual actual rents and expenses indicated values are: Higher than Assessed Value, Close to Sales Comp and Close to Reconciled Full Market even without adjustment for potential of increased rents.)**

Land Value

The land value was reviewed again during the second review period.

The property is a corner lot that enjoys exposure from 3 major arterial streets (Old Dairy Rd., Glacier Hwy & Egan Drive) as well as visibility from the mall parking lot across Old Dairy Rd. Their location has high visibility to the Egan Drive / Glacier Hwy intersection. This benefits the property with daily visibility by 30,000 vehicles currently and projections are that this will increase.

As to access, there are no apparent access issues.

The land values of the subject and surrounding properties were reviewed again as part of the remand review and it was found that the subject was undervalued. While being a superior location to the surrounding properties it had less locational adjustment. Making the correct adjustments results in a land value of \$1,298,500.

Map#	Parcel	Desc		Base Rate	Square Feet	Loc	Size	Wet	Flood	Adj Base	Base x 1.5	AY2021 AV	PPSF
	5B1501100020	K Plaza (Corrected)	3 Arterial, Corner, Hwy	12	55490	1.3				865,644	1,298,466	1,298,500	23.40
1	5B1501100020	K Plaza	Arterial, Corner	12	55490	1.2				799,056	1,198,584	1,165,350	21.00
2	5B1501110027	McDonalds	Major Intersection	12	43071	1.25				646,065	969,098	969,150	22.50
3	5B1501010070	Valley Lumber	Arterial, Corner	12	43913					526,956	790,434	790,500	18.00
4	5B1501010080	8505 Old Dairy Rd	Hwy Frontage	13	19402					252,226	378,339	407,400	21.00
5	5B1501110013	Breeze In	Arterial, Corner	12	25637	1.25				384,555	576,833	576,900	22.50
6	5B1501110014	Jordan Creek Center	Arterial	12	183044	1.25				2,745,660	4,118,490	4,118,550	22.50
7	5B1501100015	Nugget Mall Lot	Arterial	12	58896					706,752	1,060,128	1,060,200	18.00
8	5B1501100014	Nugget Mall Lot	Arterial	12	23278					279,336	419,004	418,950	18.00
9	5B1501100013	Nugget Mall Lot	Arterial	12	54906					658,872	988,308	988,350	18.00
10	5B1501100011	Nugget Mall Lot	Size	12	349236		0.8			3,352,666	5,028,998	5,029,050	14.40
11	5B1501110026	2295 Trout St		12	75865					910,380	1,365,570	1,365,600	18.00
12	5B1501010090	8465 Old Dairy Rd	Arterial	12	53886	1.1				711,295	1,066,943	1,050,750	19.50
13	5B1501110012	8990 Glacier Hwy	Arterial, Corner, Flood	12	32104	1.25		0.9	30,000	403,404	605,106	650,100	20.25



Additional Responses

This section has additional responses to testimony during the hearings and from the second review.

- Issues with the building were listed by Debbie White during the hearing. Most, if not all, of what she was listing are historic issues that have been resolved prior to the valuation date. In addition, numerous of the issues would normally be considered leasehold improvements.
- There has been a significant amount of repairs and upgrades done to the building in the last few years as witnessed during our inspection of the building. This is reflected in the \$560,000 increase in the building component from 2020 to 2021. Actual repair costs were greater than this increase. As evidenced in the cost report, correcting the effective age to reflect the current condition of the building would result in a greater indicated value.
- Part of the work done on the building that increased the value was the roof repair. Debbie White testified that it was a significant issue to get resolved. The building permit listed the value of just the roof repair as \$560,000. The compromised insulation was also addressed during the roof repair and this is expected to lower the higher than normal heating costs.

Packet Page 25 of 82

(The remaining portion of our response is largely as submitted in the first hearing with a few minor updates.)

OVERVIEW

The subject is a 2-story multi-tenant building with office and restaurant spaces. It is located adjacent to Nugget Mall within the greater airport commercial district. It has high visibility from Egan Drive.

Subject Characteristics:

- Land
 - 55,490 SF lot = 1.274 AC
 - Level, developed lot
 - o Located within the airport & mall area commercial district
- Building
 - o 21,245 SF GBA Multi-tenant office building
 - 9,722 SF 1st level
 - 11,523 SF 2nd level

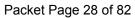
SUBJECT PHOTOS

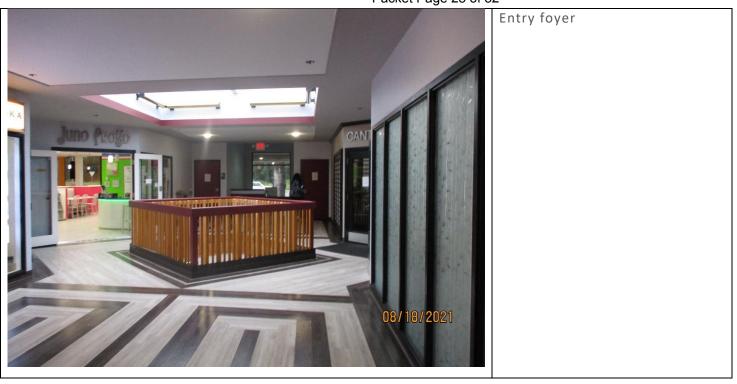


Packet Page 26 of 82

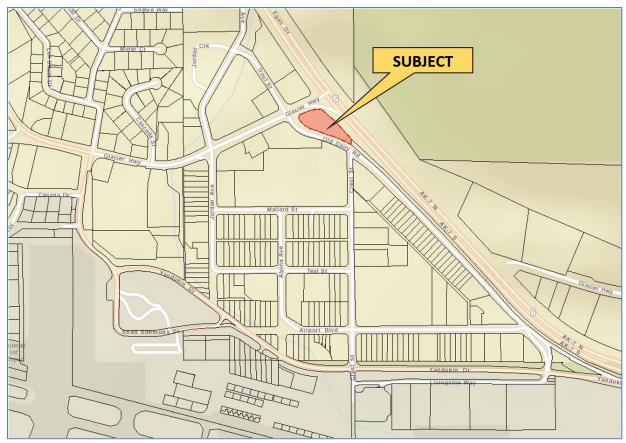








AREA MAP & AERIAL



Packet Page 29 of 82



ASSESSED VALUES

Remember that the total assessed value is the primary test against market. The distribution of that value between the Land Component and the Building Component is secondary and can vary from one model to another. The total assessed value is tested against market indicators (sales, lease rates, etc.) and is adjusted to market value by application of market area and feature adjustments.

All three approaches to value (Cost, Sales Comparison and Income) are considered for commercial properties

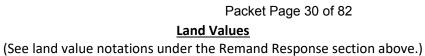
LAND

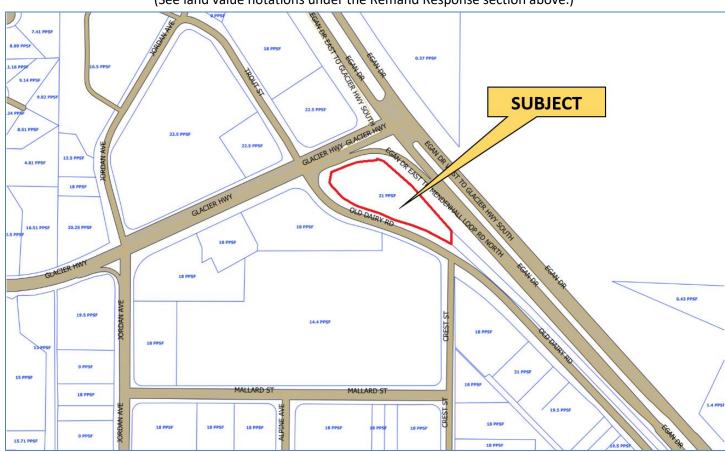
Land values are developed on a market area basis. The land is examined to understand the typical land characteristics in the market area. These characteristics include size, slope, view, water frontage, significant wetlands and others. The characteristics are used to develop a market area land valuation model. This model is tested and refined in consideration of sales of both vacant and developed parcels. The resulting model is then applied to all of the land in the market area to establish assessed site values.

The subject site is level and developed. The subject parcel's land value is not excessive.

Land Characteristics:

- 55,490 SF lot = 1.274 AC
- Level, developed lot
- Located within the Airport & mall area commercial district





BUILDING(S)

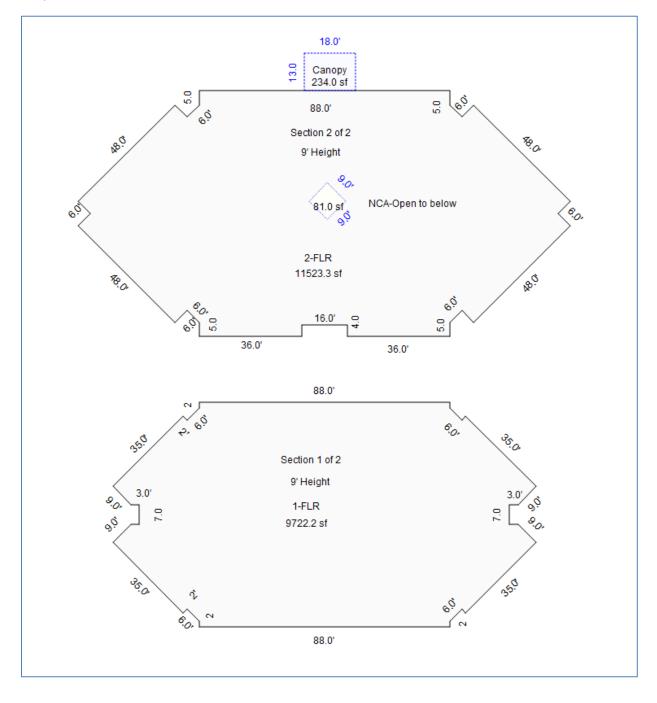
The building component may be based on market adjusted cost tables, residual from sales after extraction of the land value or other appropriate means.

Ratio studies are performed to determine market adjustments.

Building Characteristics:

- 21,245 SF GBA Multi-tenant office building
 - 9,722 SF 1st level
 - o 11,523 SF 2nd level

Sketch of Improvements:



COST REPORT

The cost report below was utilized in the review process in response to the filing of the Petition for Review by the appellant. We were able to do an inspection of the building as part of the review and to update the cost approach. The cost report indicates that the building component is not overvalued.

8028			Record			1	
Parcel Code Number	5B1501100020		Number of Stori	es (Building)		02	
Owner Name	KPLAZA LLC		Number of Secti	ons		1	
Parcel Address	8585 OLD DAIRY RD		Perimeter			418	
Effective Year Built	2009		Class			D	
Year Built	1983		Height				
Building Model	C- 15 Offices, Medical, Public Buildings		Rank			Average	
Building Type	Office Building		Total Area			21,245.00	
Section 1	Description	Units	Percent	Cost		+/-	Tota
Base Cost		21245		94.50			2,007,653
Exterior Wall	Stud -Vinyl Siding	21245	80%	19.02			404,080
Exterior Wall	Concrete Block	21245	20%				
Heating & Cooling	Heating & Cooling	21245		603.00			603
Heating & Cooling	Warmed and Cooled Air	21245	100%	19.60			416,402
Architect Fee		21245		6.80			144,466
Sprinklers	Dry Sprinklers	21479	100%	4.20			90,212
Sub Total							\$3,063,415.2
Local Multiplier					1.43	[X]	\$4,380,684.00
Current Multiplier					1.03	[X]	\$4,512,105.00
Neighborhood Multiplier						[X]	\$4,512,105.00
Depreciation - Physical					10.00	[-]	\$451,211.00
Depreciation - Functional						[-]	\$0.00
Depreciation - Economic						[-]	\$0.00
Percent Complete					100.00	[-]	\$4,060,894.00
Cost to Cure							
Neighborhood Adjustment							
Replacement Cost less Deprec	iation						\$4,060,894
Replacement Cost less Deprec				-			\$4,06

INCOME APPROACH

The income approach was not the basis for setting the assessed value for 2021. The appellant did submit P&L information for the review process. It does appear that their expenses are higher than normal. In the last few years they have also had higher than normal vacancy rate which was taken into account through their revenue amounts. We did two versions of the Income Approach, one with their expenses and one with a standard level of expenses. Even with the lower than normal rents, both versions indicated that the assessed value is below market.

COMMERCIAL MARKET & ASSESSMENT ANALYSIS

The 2021 sales analysis for commercial properties included 57 qualified sales from 5 years of sales covering January 1, 2016 through December 31, 2020. The sales volume for the commercial market remained steady through 2020 and there was no indication of declining prices.

- Assessment Year 2021 Summary for Commercial Properties
 - Level of Assessment 85% overall, 60% for vacant land, and 91% for improved properties
 - Coefficient of Dispersion (COD) 22% for the combined group, 20% for vacant land, and 17% for improved properties (For these types of property groups the Standard that we work towards would be 20% or less for the subsets of land and improved properties. The combined set would be expected to have a higher COD.)
 - Applied Time Trend for Sales Analysis 5% per year (0.42% per month)

SUBJECT ASSESSMENT HISTORY

Note that the building value increased as well for 2021 due to a new roof and other repairs and updates.

	•	/ and Borough sessment Histo			
5B1501100020 KPLAZA LLC 8585 OLD DAIRY RD USS 1194 FR					
YEAR ID	LAND VALUE	MISC VALUE	BLDG VALUE	CAMA VALUE	
2021	\$1,165,350.00		\$1,278,800.00	\$2,444,150.00	
2020	\$776,900.00		\$718,800.00	\$1,495,700.00	
2019	\$776,900.00		\$718,800.00	\$1,495,700.00	
2018	\$776,900.00		\$718,800.00	\$1,495,700.00	
2017	\$776,900.00		\$718,800.00	\$1,495,700.00	
2016	\$776,900.00		\$718,800.00	\$1,495,700.00	
2015	\$776,900.00		\$718,800.00	\$1,495,700.00	
2014	\$776,900.00		\$718,800.00	\$1,495,700.00	
2013	\$832,400.00		\$1,292,100.00	\$2,124,500.00	
2012	\$721,400.00	\$0.00	\$800,000.00	\$1,521,400.00	
2011	\$721,400.00	\$0.00	\$800,000.00	\$1,521,400.00	
2010	\$721,400.00	\$0.00	\$800,000.00	\$1,521,400.00	

SUMMARY

State statute requires the Assessor to value property at "full and true value". According to appraisal standards and practices set by the Alaska Association of Assessing Officers, the State of Alaska Office of the State Assessor, and the International Association of Assessing Officers, correct procedures of assessment were followed for the subject. These standards and practices include consideration of any market value increase or decrease as determined by analysis of sales.

The assessed value was reviewed in response to the Petition for Review. Our findings are as follows.

Additional Details:

- The appellant states that their assessed value is excessive, unequal and improper
 - We find the land and buildings are valued using the same methods and standards as all other properties in the Borough and that their value is not improper.
 - We find that the value, based on analysis of market sales, is not excessive. This is addressed in the remand review, land, building, cost report, income, commercial market and assessment analysis, summary and conclusion sections of our response in your packet. For additional information on the assessment process, assessed values, analysis process, ratio studies and other related areas please see the "Property Assessment Guide" included in the packet.
 - In reviewing locational subgroups, property type subgroups and property characteristic subgroups in the analysis we did not see evidence that any location or other subgroup should be treated differently from the rest with the exception of the boathouses.

CONCLUSION

The 2021 Assessed values were based on a simple methodology, analysis through ratio studies and subsequent trending of values based on the analysis findings. Underlying this standard compliant trending are the locational and feature influenced specific models that have been applied to Juneau commercial properties for many years. The ratio studies indicate that after our adjustments to values the level of assessment for commercial properties was 85% overall, 60% for vacant land, and 91% for improved properties.

We recommend no change to the 2021 assessed value of \$2,444,150.

ADDENDUM A - Communications

From:	Jon Wunrow <jwunrow@kootznoowoo.com></jwunrow@kootznoowoo.com>
Sent:	Monday, April 18, 2022 5:22 AM
То:	Michael Dahle
Cc:	Debbie White
Subject:	Fw: AY2022 K-Plaza Appeal

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

Good Morning Michael,

Please see the email below from our Kootznoowoo, Inc. bookkeeper regarding the questions that you posed a while back for K-Plaza. I apologize for the lateness of this response, as I thought it had been sent to you a couple of weeks ago.

Thank you for reviewing this material in light of our request to reduce the proposed property tax increase for Kootznoowoo, Inc's K-Plaza building on Old Dairy Road.

Jon Wunrow

Make it a Great Day!

Jonathan Wunrow, President and CEO

Kootznoowoo, Inc.

907-617-9956

From: Stephanie Cameron <<u>scameron@kootznoowoo.com</u>>
Sent: Friday, April 15, 2022 10:56 AM
To: Jon Wunrow <<u>jwunrow@kootznoowoo.com</u>>
Subject: Re: AY2022 K-Plaza Appeal

Apologies, I did not hit send on this, that is my mistake. I meant to send to just you to review in case you wanted to add less or add to the response to him.

Good morning,

Please see below requested information:

• On the expenses:

Is the loan interest for the building mortgage or something else?
 Yes, all loan interest pertains to the mortgage of the building.

 \circ What is the Misc Exp of <u>\$26,419.54</u> in 2020?

This is the markup that was charged to Kplaza for supplies and materials purchased by the management company.

What does the GM Salary / CEO line item in 2021 cover?
 CEO wages allocated to the oversight of the company

• What does the 114,084 Management expense in 2021 cover?

payroll expenses as the company used a property management company to do all labor, repairs, management.

• What do the Payroll Expenses cover, especially the 196,345 in 2020 including the line item of Gross P/R Earnings of 191,075.54?

The full amount covers payroll processing fees for payroll company (Avitus), payroll taxes, (latter part of this year wages and taxes were broken out) prior to me coming on all wages, labor from staffing, accounting oversight, janitorial labor, maint. labor by staffing (Chatham properties) was charged here. Please see below.



	Packet Page 37 of 82
11/30/2020	ACA
12/31/2020	Angoon Building
12/31/2020	Angoon Building
12/31/2020	Angoon Building
12/31/2020	K Plaza Juneau
12/31/2020	K Plaza Juneau
01/31/2020	-MULTIPLE-
02/29/2020	-MULTIPLE-
06/30/2020	Angoon Building
06/30/2020	K Plaza Juneau
07/31/2020	K Plaza Juneau
08/15/2020	K Plaza Juneau
08/31/2020	Angoon Building
08/31/2020	Angoon Building
08/31/2020	K Plaza Juneau
08/31/2020	K Plaza Juneau
09/30/2020	K Plaza Juneau
09/30/2020	K Plaza Juneau
10/31/2020	K Plaza Juneau
10/31/2020	K Plaza Juneau
10/31/2020	K Plaza Juneau
11/30/2020	Angoon Building
11/30/2020	K Plaza Juneau
11/30/2020	K Plaza Juneau
11/30/2020	Angoon Building
11/30/2020	Angoon Building
11/30/2020	ACA
12/31/2020	Angoon Building
12/31/2020	Angoon Building
1	1

Packet Page 38 of 82

	Packet Page 38 of 82
12/31/2020	Angoon Building
12/31/2020	K Plaza Juneau
12/31/2020	K Plaza Juneau
10/31/2020	K Plaza LLC:Building Renovations
10/31/2020	K Plaza LLC:Juneau Maint.
10/31/2020	K Plaza LLC:Building Renovations
11/30/2020	Angoon Building
11/30/2020	K Plaza LLC:Building Renovations
11/30/2020	K Plaza LLC:Juneau Maint.
11/30/2020	Angoon Building
11/30/2020	Angoon Building
11/30/2020	ACA
12/31/2020	Angoon Building
12/31/2020	Angoon Building
12/31/2020	Angoon Building
12/31/2020	K Plaza LLC:Juneau Maint.
12/31/2020	K Plaza LLC:Building Renovations

What did the Subcontractor expenses of 500,764.51 in 2020 and 55,736.60 in 2021 cover?
 Roof replacement, major repairs, electrical repairs/ replacement, and renovations along with basic repairs and Maintenace

• What is the Rapid Deployment expense of 45,000 in 2019 and 30,000 in 2020? This was for the contract CEO at the time and the expenses allocated for his portion of business oversight.

 What does the significant drop in Janitorial line item from 2019 to 2020 and 2021 represent?
 The former bookkeeper did not have the proper accounting procedures and labeled our Angoon Maint. (person) under this line item.

Packet Page 39 of 82
$\circ~$ What is included in Repairs & Maintenance of $87,987.82$ in 2019 and $110,822.57$ in 2020?
Electrical, plumbing, basic repairs, supplies, cleaning. subcontract labor. All misc. supplies and materials. The additional ones that are not listed except in 2021 I added when taking on and cleaning up
the books.
 What is included in Taxes and Licenses of 17,172.31 in 2019; 15,944.17 in 2020; and 25,810.23 in 2021?
2019 escrow fees (property taxes) and sales tax payment of second second secon
2021 property taxes

Stephanie Cameron | Bookkeeper

Kootznoowoo, Inc. & Subsidiaries

8585 Old Dairy Rd. Suite 104 * Juneau, Alaska 99801 *Toll free: 866.790.2992 *Work: 907.790.2992 *Fax: 907.790.2995 Email: <u>ap@kootznoowoo.com</u> or <u>scameron@kootznoowoo.com</u> Websites: <u>www.mykootznoowoo.com</u> * <u>www.kootznoowooinc.com</u>

From: Michael Dahle <<u>Michael.Dahle@juneau.org</u>>
Sent: Friday, March 25, 2022 9:54 AM
To: Jon Wunrow <<u>jwunrow@kootznoowoo.com</u>>
Cc: Mary Hammond <<u>mary.hammond@juneau.org</u>>; Stephanie Cameron <<u>scameron@kootznoowoo.com</u>>
Subject: RE: AY2022 K-Plaza Appeal

Hi Jon,

Thanks for the information on the roof and insulation. I look forward to the information from the fuel dealer.

Here is a list of the other questions that we had been discussing.

- What is the SF that Kootznoowoo occupies in K-Plaza?
- What is the SF represented each year in the rents in the P&L?
- What is the SF of vacancies for each year?
- On the expenses:
 - \circ Is the loan interest for the building mortgage or something else?
 - What is the Misc Exp of in 2020?
 - $\,\circ\,$ What does the GM Salary / CEO line item in 2021 cover?
 - o What does the Management expense in 2021 cover?

Packet Page 40 of 82

- What do the Payroll Expenses cover, especially the **Second** in 2020 including the line item of Gross P/R Earnings of **Second**?
- What did the Subcontractor expenses of the second in 2020 and the second in 2021 cover?
- What is the Rapid Deployment expense of **1990** in 2019 and **1990** in 2020?
- What does the significant drop in Janitorial line item from 2019 to 2020 and 2021 represent?
 What is included in Repairs & Maintenance of the second in 2019 and the second in 2020?
- What is included in Taxes and Licenses of the in 2019; in 2019; in 2020; and in 2021?

Thanks for any clarification or additional information that you can provide.

Michael Dahle

Deputy Assessor City & Borough of Juneau 907-586-5215 ext. 4036 907-586-4520 (Fax) Michael.Dahle@juneau.org

From: Jon Wunrow <jwunrow@kootznoowoo.com>
Sent: Friday, March 25, 2022 8:37 AM
To: Michael Dahle <<u>Michael.Dahle@juneau.org</u>>
Cc: Mary Hammond <<u>mary.hammond@juneau.org</u>>; Stephanie Cameron <<u>scameron@kootznoowoo.com</u>>
Subject: Re: AY2022 K-Plaza Appeal

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

HI Michael, Thanks for your email.

I'll start with the simple answer to one of your questions first, "Yes" we did replace a significant amount of ceiling insulation when the roof was replaced. This was primarily because the insulation was compromised (soaking wet and matted) due to the roof leaks.

I am cc'ing our Kootznoowoo, Inc. bookkeeper Stepanie Cameron to ask the she contact Ike's Fuel (who we purchase our heating fuel from), and request a history of all heating fuel purchased in 2021 and 2022. Stephanie can then forward this to you Michael.

I know that we sent you a P&L statement in response to your request for additional information. Please clarify what specific additional information we can send you, so that Stephanie knows what to pull.

Thanks for working with us on this issue.

Make it a Great Day!

Jonathan Wunrow, President and CEO Kootznoowoo, Inc. 907-617-9956

From: Michael Dahle <<u>Michael.Dahle@juneau.org</u>> Sent: Wednesday, March 23, 2022 6:35 PM To: Jon Wunrow <<u>jwunrow@kootznoowoo.com</u>> Cc: Mary Hammond <<u>mary.hammond@juneau.org</u>> Subject: AY2022 K-Plaza Appeal

Hi Jon,

I am touching base regarding the K-Plaza appeal for Assessment Year 2022. This is the last appeal pending and the powers that be want this closed out. As you probably know the BOE remanded the appeal back to our office.

I have again reviewed the sales approach, the cost approach and the income approach and all 3 approaches indicate that our assessed value is under market.

That means that the two options are for either a withdrawal of the appeal or for us to reschedule it for a new BOE hearing.

If you got answers on the expense questions from your bookkeeper I would be happy to consider that information. Additional questions would be is the heat expense included in the utilities line and if so what portion of the utilities is heat? Did the roof job include any aspect of addressing the insulation factor? Are there other factors/changes that you anticipate will reduce the fuel bills?

I am copying the Assessor to keep her in the loop so please use "reply all" in responding.

Thanks,

Michael Dahle

Deputy Assessor City & Borough of Juneau 907-586-5215 ext. 4036 907-586-4520 (Fax) Michael.Dahle@juneau.org

Mary Hammond

From:Michael DahleSent:Wednesday, February 9, 2022 11:38 AMTo:'Jon Wunrow'Cc:Mary HammondSubject:K-Plaza Income Approach

Jon,

Attached is an image of one version of the Income Approach for the K-Plaza building. I still have not been able to do a full Income Approach from the P&L information as it appears that numerous of the expenses are not appropriate to include, however, I have been unable to confirm that. It does appear that your expenses may be higher than normal.

The attached Income Approach indicates a value of \$ while the current assessed value for AY2021 is \$2,444,150.

The attached Income Approach includes your actual reported revenue so it is based on your elevated vacancy rate. It also does not add anything for the rental value of the area that Kootznoowoo occupies.

Normal expense ranges for mixed use buildings that are leased out range from 25% to 35%. For this income approach, in order to be conservative, we have applied a 35% expense rate.

I am still available to answer any questions between now and the BOE hearing.

Sincerely,

Michael Dahle

Deputy Assessor City & Borough of Juneau 907-586-5215 ext. 4036 907-586-4520 (Fax) <u>Michael.Dahle@juneau.org</u>

Mary Hammond

From: Sent: To: Subject: Jon Wunrow <jwunrow@kootznoowoo.com> Monday, January 31, 2022 4:27 PM Michael Dahle Re: Follow Up Web Meeting

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

HI Michael, Let me check with our bookkeeper to see if she's been able to pull together the numbers you requested in your email.

Thanks, Jon

Make it a Great Day!

Jonathan Wunrow, President and CEO Kootznoowoo, Inc. 907-617-9956

From: Michael Dahle <Michael.Dahle@juneau.org> Sent: Monday, January 31, 2022 4:32 PM To: Jon Wunrow <jwunrow@kootznoowoo.com> Subject: RE: Follow Up Web Meeting

Hi Jon,

Just a quick follow up to let you know that my schedule is still open this afternoon for a call if you want to do a video call. I also have pretty good availability tomorrow as well.

Michael Dahle

Deputy Assessor, City & Borough of Juneau 907-586-5215 ext. 4036 <u>Michael.Dahle@juneau.org</u>

From: Michael Dahle Sent: Friday, January 28, 2022 8:10 AM To: 'Jon Wunrow' <jwunrow@kootznoowoo.com>; Stephanie Cameron <scameron@kootznoowoo.com> Subject: RE: Follow Up Web Meeting

Hi Jon.

Currently, I am available any time after 9:00 on Monday.

Packet Page 44 of 82

Just a heads up. The Finance Director is demanding that Determination Letters for all of the last few remaining appeals go out so it is likely that a "No Change" determination letter will be mailed to you today. We can still review this data, continue our conversation and alter our findings up until the time of the BOE Hearing. You also retain the option of withdrawing the appeal up until the time of the BOE Hearing.

I am not sure if the Income Approach is going to indicate a lower value but it is a possibility so I think it is worth looking at. Once I get the answers to the questions it won't take much to categorize those few remaining items and then analyze the results.

I am happy to answer any other questions you may have as well.

Thank you, Michael

From: Jon Wunrow <<u>jwunrow@kootznoowoo.com</u>> Sent: Friday, January 28, 2022 2:39 AM To: Michael Dahle <<u>Michael.Dahle@juneau.org</u>>; Stephanie Cameron <<u>scameron@kootznoowoo.com</u>> Subject: Re: Follow Up Web Meeting

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

HI Michael,

Thanks for your email. I will certainly need our bookkeeper, Stephanie Cameron involved in the call as well. To be honest, I'm hoping this is not an exercise in futility on our part.

I am cc'ing Stephanie your questions, so that she can take a look. I am not available on 1/28, but could meet on 1/31. Do you have any morning times available on that day?

Thanks again, Jon

Make it a Great Day!

Jonathan Wunrow, President and CEO Kootznoowoo, Inc. 907-617-9956

From: Michael Dahle <<u>Michael.Dahle@juneau.org</u>> Sent: Thursday, January 27, 2022 8:32 PM To: Jon Wunrow <<u>jwunrow@kootznoowoo.com</u>> Subject: Follow Up Web Meeting

Hi Jon,

In reviewing the P&L statements for the K-Plaza in order to do up an Income Approach I had some questions that getting answers to would help make sure that we categorize things appropriately.

I am wondering if we could do a web meeting with just you and I to talk through the P&L statements?

Here is a summary of the questions I would hope to cover:

- SF that Kootznoowoo occupies in K-Plaza?
- SF represented in rents?
- SF of vacancies?
- Expenses
 - Loan Interest
 - Misc Exp of in 2020
 - o GM Salary / CEO in 2021 only
 - Gross P/R Earnings of magnetic in 2020
 - Subcontractor of I in 2020 and I in 2021
 - Rapid Deployment of in 2019 and in 2020
 - o Significant drop in Janitorial line item under Repairs but uptick in Janitorial under payroll
 - What is included in Repairs & Maintenance- Other of and a subset in 2019 and a subset in 2020?
 - What is included in Taxes and Licenses of management in 2019; management in 2020; and management in 2021?

Tomorrow I would be available at 10:00 am or after noon. Let me know what would work for you.

Thanks,

Michael Dahle

Deputy Assessor City & Borough of Juneau 907-586-5215 ext. 4036 907-586-4520 (Fax) Michael.Dahle@juneau.org



Mary Hammond

From: Sent: To: Subject: Michael Dahle Monday, January 24, 2022 8:23 AM 'Jon Wunrow' RE: 3-Year P&L for K-Plaza Building

Thanks Jon.

I will review the P&L and work up an Income Approach as soon as possible.

Michael Dahle Deputy Assessor, City & Borough of Juneau 907-586-5215 ext. 4036 <u>Michael.Dahle@juneau.org</u>

From: Jon Wunrow <jwunrow@kootznoowoo.com> Sent: Monday, January 24, 2022 6:46 AM To: Michael Dahle <Michael.Dahle@juneau.org> Subject: 3-Year P&L for K-Plaza Building

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

Good Morning Mr. Dahle,

Attached is a P&L statement from our bookkeeper for the K-Plaza building owned by Kootznoowoo, Inc. This is being sent per your suggestion, as additional information to evaluate the 2021 property tax assessment for the K-Plaza building located at 8585 Old Dairy Road.

We look forward to your response to this submission.

Thanks, Jon Wunrow

Make it a Great Day!

Jonathan Wunrow, President and CEO Kootznoowoo, Inc. 907-617-9956

Mary Hammond

From:
Sent:
To:
Subject:

Michael Dahle Tuesday, August 3, 2021 2:44 PM 'Matthew Bell'; Debbie White RE: Petition for Review for 5B1501100020 (K Plaza LLC)

Great. See you on the 18th.

Michael Dahle

Deputy Assessor, City & Borough of Juneau 907-586-5215 ext. 4036 <u>Michael.Dahle@juneau.org</u>

From: Matthew Bell <mbell@kootznoowoo.com> Sent: Tuesday, August 3, 2021 2:42 PM To: Debbie White <debbie@isellalaska.com>; Michael Dahle <Michael.Dahle@juneau.org> Subject: RE: Petition for Review for 5B1501100020 (K Plaza LLC)

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

Good afternoon, The 18th 2:30 will work. Thanks.

Matthew J. Bell (907) 518-1043

From: Debbie White <debbie@isellalaska.com> Sent: Tuesday, August 3, 2021 2:23 PM To: Michael Dahle <Michael.Dahle@juneau.org> Cc: Matthew Bell <mbell@kootznoowoo.com> Subject: Re: Petition for Review for 5B1501100020 (K Plaza LLC)

I put it on my calendar, but will wait for confirmation from Matthew.

Debbie White, Broker/Owner Southeast Alaska Real Estate 8585 Old Dairy Road #102 Juneau, AK 99801

907-789-5533 Office 907-789-5504 Fax 907-723-9886 Direct/Cell

On Tue, Aug 3, 2021 at 2:19 PM Michael Dahle <<u>Michael.Dahle@juneau.org</u>> wrote:

Debbie,

Thank you for your reply. Would Wednesday, August 18 @ 2:30 work?

Michael Dahle

Deputy Assessor, City & Borough of Juneau

907-586-5215 ext. 4036

From: Debbie White <<u>debbie@isellalaska.com</u>> Sent: Tuesday, August 3, 2021 1:47 PM To: Michael Dahle <<u>Michael.Dahle@juneau.org</u>>; Matthew Bell <<u>mbell@kootznoowoo.com</u>> Subject: Re: Petition for Review for 5B1501100020 (K Plaza LLC)

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

Yes, that would be fine. Please "reply all" as Matt knows more about the condition than I do. They are trying really hard to catch up on some deferred maintenance.

2

Debbie White, Broker/Owner

Southeast Alaska Real Estate

Packet Page 49 of 82

8585 Old Dairy Road #102

Juneau, AK 99801

907-789-5533 Office

907-789-5504 Fax

907-723-9886 Direct/Cell

On Mon, Aug 2, 2021 at 3:25 PM Michael Dahle <<u>Michael.Dahle@juneau.org</u>> wrote:

Debbie,

In your letter attached to the Petition for Review you mentioned doing a walk through. I was wondering if we could schedule a walk through of the building sometime the week of 08/16-08/20?

Michael Dahle

Deputy Assessor

City & Borough of Juneau

907-586-5215 ext. 4036

907-586-4520 (Fax)

Michael.Dahle@iuneau.org



8585 Old Dairy Rd. Juneau, AK 99801 907-790-2992 907-790-2995 Kootznoowoo.com

fax

то:	Attn: Mary Hammond	FROM:	Susettna King	
FAX:	1.907.586.4520	PAGES:	4	
PHONE:		DATE:	02/08/2022	
RE:	Final Determination	CC:		
Urge	ent For Review	Please Comment	Please Reply	Please Recycle
Commen	ts:			

Susettna King Manager of Administrative & Shareholder Services Kootznoowoo, Inc. & Subsidiaries

CONFIDENTIAL



155 S. Seward St. Rm. 114 Juneau, AK 99801 Phone: (907)586-5215 Fax: (907)586-4520 Assessor.Office@juneau.org

OFFICE OF THE ASSESSOR

2/2/2022

K Plaza LLC

8585 Old Dairy Rd Ste 102 Juneau AK 99801 RECEIVED

FEB 8 2022

KOOTZNOOWOO, INC.

RE: FINAL DETERMINATION -- 2021 Property value Petition for Review -- 5B1501100020 RESPONSE DEADLINE: 2/9/2022

PARCEL: PHYSICAL LOCATION: 5B1501100020 8585 Old Dairy Rd Juneau AK 99801

K Plaza LLC,

This letter is in response to the 2021 Petition for Review that you filed regarding the above indicated parcel. The basis for appealing as indicated on the Petition for Review form is: My property value is excessive & My property value is unequal to similar properties & My property was valued improperly

- Excessive grossly disproportionate when compared to other assessments
- Unequal treated differently than other properties in the same property class
- Improper valuation methodology was improper
- Undervalued valued less than market or disproportionately lower than other assessments

State statute requires that the burden of proof is upon the appellant to provide evidence that one of the above conditions has been met (AS 29.45.210).

Based upon the evidence that you provided we have made the following determination regarding 2021 assessment valuation of **5B1501100020**:

VALUE DETERMINATION

Recommended Action:	No Change
2021 Initial valuation:	\$2,444,150
2021 Owner estimate of value:	\$1,894,600
2021 Final determination:	\$2,444,150

We have reviewed your assessed value and did not find that the value is excessive, unequal, or improper.

APPELLANT RESPONSE FOR ASSESSMENT YEAR 2021 PETITON FOR REVIEW

Please indicate if you accept the recommended value or wish to have your Petition for Review heard by the Board of Equalization. (INITIAL ONE)

YES, I accept the recommended value determination provided by the Assessor

NO, I <u>do not</u> accept the recommended valuation provided by the Assessor. Please schedule my Petition for Review for the Board of Equalization.

<u>I understand that I will be expected to provide specific evidence</u> to the Board which clearly illustrates that my parcel valuation is: excessive, unequal, valued with improper methodology or is less than market value.

Be advised that if you choose to proceed to the Board of Equalization, they may, in accordance with law, apply an increase of the assessed value to full market value.

TONATHAN TWONROW JONATHAN J WUNROW (Feb 8, 2022 15:11 EST)

Appellant signature

Feb 8, 2022 Date

If we do not receive a response from you by <u>2/9/2022</u>, the Petition for Review will be scheduled for the Board of Equalization where you will be expected to present <u>specific evidence</u> as to why your parcel is not valued correctly.

Sincerely,

May Acino

Mary Hammond Assessor City & Borough of Juneau

5B1501100020 APL 2021-0414 2|Page

Copier_20220208_091748

Final Audit Report

2022-02-08

2022-02-08
Susettna King (sking@kootznoowoo.com)
Signed
CBJCHBCAABAAxOPrmmgDVODxRrnNVtuT39qlF0Phus8m
2

"Copier_20220208_091748" History

- Document created by Susettna King (sking@kootznoowoo.com) 2022-02-08 - 6:39:58 PM GMT
- Document emailed to JONATHAN J WUNROW (jwunrow@kootznoowoo.com) for signature 2022-02-08 - 6:40:54 PM GMT
- Email viewed by JONATHAN J WUNROW (jwunrow@kootznoowoo.com) 2022-02-08 - 8:11:04 PM GMT
- 💪 Document e-signed by JONATHAN J WUNROW (jwunrow@kootznoowoo.com) Signature Date: 2022-02-08 - 8:11:21 PM GMT - Time Source: server
- Agreement completed. 2022-02-08 - 8:11:21 PM GMT



Packet Page 54 of 82



8585 Old Dairy Road #102, Juneau, AK 99801

City & Borough of Juneau Assessor's Office 155 So Seward Juneau, AK 99801

Please find attached, the basics of an appeal of assessed value on 8585 Old Dairy Road, aka Parcel ID 5B1501100020. Unfortunately, we are still gathering information for this appeal, but with the drastic rise in assessed values on commercial property throughout the borough, that process will take more time than we have to submit this appeal. In the meantime, here are some points to consider:

1. This property is bordered on all three sides by STATE roads. CBJ setbacks are superseded by those easements and setbacks dictated by the State of Alaska. This makes a large portion of the property unusable or restricted. For that reason, the per square foot value of this property is not the same as other properties.

2. While the building owners have invested into a new roof, and other improvements, it was past time to do so. In fact, before, and even during the replacement of the old roof, there were active leaks. My own office experienced this more than once. A new roof may add curb appeal and open a property up to a range of buyers, but it does not add value. This is maintenance and upkeep.

3. We have worked hard to retain and attract new tenants to this building. About five years ago, we experienced a loss of a major tenant and only 17% of the square footage of the building was monetized. Even with not raising the per square foot lease rate over the last 10 years there is still an available 1046 SF of empty, leasable space in this building. With everyone working from home these days, even the State of Alaska is abandoning leases at an alarming rate. The odds of us securing a tenant is not certain at this time.

4. There is an incredible amount of open/wasted space in this building. I'm not sure how you calculated the usable square footage of this building but feel that should be reviewed as well. For example, both floors have a large open foyer that is not usable. The entryways between upstairs doors is nearly 500SF of unusable space and that theme flows throughout the building. In fact, the downstairs "hallways" are over 7 feet wide.

The entire lot, and the building, are oddly shaped, and I think it would be worth a walk through with one of the assessors to make sure everyone has an adequate understanding of how unique this property is and why we feel this value was excessive. You can reach me at 907-723-9886 to schedule.

Respectfully,

Jellin Duts

Debbie White

JUNEAU
Office of the Assessed

Petition for Rev	iew / Correction of Assessed Value
	Real Property
Assessment Year	2021
Parcel ID Number	531501100020
	•

Office of the Assessor 155 S Seward Street Juneau AK 99801

For Office Use: Review # Appeal #

2021 Filing Deadline: MONDAY, MAY 3

Please attach all supporting documentation Assessor's files are public information – Documents filed with an Appeal Become public information

Parcel ID Numbe	r 5B15011	000 20		\			
Owner Name	K.P.b.za			Name of A	pplicant		dobie. White
Primary Phone #		3-9886		Email Addre			
Physical Address				Mailing Add		<u></u>	bbie Disellalaska.com
Filysical Audress		a pality	<u>99801</u>	iviaining Auu	1533	C	SES OID Dairy Rol
	Juneau	141-1	<u>970 DI</u>			~~ ~	Suite 102 meru, AK 99801
							neau, AK. 99801
Why are you ap	ealing your value? C	heck box and	provide a	l detailed expla	anation be	ow fo	or your appeal to be valid.
	value is excessive/o		· · · · · · · · · · · · · · · · · · ·				NOT GROUNDS FOR APPEAL
🔯 My propert	value is unequal to :	similar prope	rties	•	Your taxe	s are	too high
[🙀 My propert	/ was valued imprope	erly/incorrect	ly	٠	Your valu	e cha	nged too much in one year.
O My propert	/ has been undervalu	ed		•	You can't	affor	d the taxes
	on(s) was not applied						
and the second	reasons and provide e	· · · · · · · · · · · · · · · · · · ·	······································				100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100
Lease rat	es have b	een flo	t for	· overt	en yea	5	and we have
space th	at has been	voca	nt to	r year	<u>ъ</u> . '<	>ee	e arttached
Have you attach	ed additional Informa	tion or docur	nentation?		[🞯] Yes	[C)] No
Values on Asses	ment Notice:	·			· · ·		
Site	\$1,165,350	Building	\$ 1,278	3,800	Total	\$	2,444,150
Owner's Estimat	e of Value:	· · ·					
Site	\$ 832,350	Building	\$ 1,06	2,250	Total	\$	1,894,600
Purchase Price of	f Property:						· · · · · · · · · · · · · · · · · · ·
Price	\$		Purchase	Date	more	the	an 20 years ago
Has the propert	/ been listed for sale?	[O] Yes	[Ø] No ('if yes comple			• • • • • •
Listing Price	\$		Days on N	/larket			
Was the proper	y appraised by a licer	sed appraise	r within the	last year? [(0] Yes [C	No	(if yes provide copy of appraisal)
Certification:							
	at the foregoing inform ng my appeal, and that						n of proof and I must provide rtv described above.
Signature	Seiling D	` ^	-	Agent	Date		3-2021
		· · · ·					

	Contact Us: CB	J Assessors Office	
Phone/Fax	Email	Website	Mailing Address
Phone: (907)586-5215	Assessor.Office@juneau.org	http://www.juneau.org/finance	155 South Seward St.
Fax: (907)586-4520			Juneau AK 99801

Step 1 – Administrative Review

····		A	ppraise	er to fill out		
Appraiser				Date of Review	/	
Comments:						
ost Review Assessmen	[a ma qua para
ite \$		Buildin	ng \$	·	Tota	\$
xemptions	\$					
otal Taxable Value	\$					
	APP	ELLANT RES	SPONSE	TO ACTION BY	ASSESSOR	
						is indicated below.
						ed) [] Reject and Appea
	II be schedule	ed before th	e Board	of Equalization an	d will be advi	sed of the date & time to
ppear.						
Appellant's Signature					Date:	
ppenant 3 Signature						
ppellant Accept Value		[]]	Yes []] No (if no skip to	Board of Equ	ualization)
iovern Updated		[]	Yes [No		
preadsheet Updated		[]]	Yes [No		
Corrected Notice of Asso	ssed Value S	ent [] `	Yes [] No		
						Appeal #
ten 2 – Δnneal					4	
						
BOARD OF EQUAL	ZATION			••••• :		
BOARD OF EQUALI	ZATION] No		·····		
BOARD OF EQUALI cheduled BOE Date .0-Day Letter Sent	ZATION [] Yes [[] Yes [] No		: :		
SOARD OF EQUALI icheduled BOE Date .0-Day Letter Sent he Board of Equalizatio	ZATION [] Yes [[] Yes [on certifies its] No decision, ba		÷	ct and Conclu	ision of Law contained
BOARD OF EQUALI cheduled BOE Date .0-Day Letter Sent he Board of Equalization vithin the recorded hea	ZATION [] Yes [[] Yes [on certifies its ring and reco] No decision, ba rd on appea	al, and co	oncludes that the	ct and Conclu appellant [ision of Law contained] Met [] Did not meet
BOARD OF EQUALI cheduled BOE Date 0-Day Letter Sent he Board of Equalization vithin the recorded heat he burden of proof that	ZATION [] Yes [[] Yes [on certifies its ring and reco] No decision, ba rd on appea	al, and co	oncludes that the	ct and Conclu appellant [ision of Law contained] Met [] Did not meet
BOARD OF EQUALI cheduled BOE Date 0-Day Letter Sent he Board of Equalization vithin the recorded heat he burden of proof that	ZATION [] Yes [[] Yes [on certifies its ring and reco] No decision, ba rd on appea	al, and co	oncludes that the	ct and Conclu appellant [ision of Law contained] Met [] Did not meet
BOARD OF EQUALI cheduled BOE Date .0-Day Letter Sent he Board of Equalization vithin the recorded heat he burden of proof that	ZATION [] Yes [[] Yes [on certifies its ring and reco] No decision, ba rd on appea	al, and co	oncludes that the	ct and Conclu appellant [ision of Law contained] Met [] Did not meet
BOARD OF EQUALI cheduled BOE Date .0-Day Letter Sent he Board of Equalization vithin the recorded hea he burden of proof that Notes:	ZATION [] Yes [[] Yes [on certifies its ring and reco] No decision, ba rd on appea ent was une	al, and co equal, ex	oncludes that the	ct and Conclu appellant [or under/ov	ision of Law contained Met [] Did not meet ervalued.
BOARD OF EQUALI Scheduled BOE Date LO-Day Letter Sent The Board of Equalization within the recorded heat the burden of proof that Notes:	ZATION [] Yes [[] Yes [on certifies its ring and reco t the assessm] No decision, ba rd on appea	al, and co	oncludes that the	ct and Conclu appellant [ision of Law contained] Met [] Did not meet
The Board of Equalization within the recorded hea the burden of proof that Notes: Site \$ Exemptions	ZATION [] Yes [[] Yes [] on certifies its ring and reco t the assessm \$] No decision, ba rd on appea ent was une	al, and co equal, ex	oncludes that the	ct and Conclu appellant [or under/ov	ision of Law contained Met [] Did not meet ervalued.
BOARD OF EQUALI Scheduled BOE Date 10-Day Letter Sent The Board of Equalization within the recorded heat the burden of proof that Notes:	ZATION [] Yes [[] Yes [on certifies its ring and reco t the assessm] No decision, ba rd on appea ent was une	al, and co equal, ex	oncludes that the	ct and Conclu appellant [or under/ov	ision of Law contained Met [] Did not meet ervalued.
BOARD OF EQUALI Scheduled BOE Date LO-Day Letter Sent The Board of Equalization within the recorded heat the burden of proof that Notes: Site \$ Exemptions	ZATION [] Yes [[] Yes [] on certifies its ring and reco t the assessm \$] No decision, ba rd on appea ent was une	al, and co equal, ex	oncludes that the	ct and Conclu appellant [or under/ov	ision of Law contained Met [] Did not meet ervalued.
BOARD OF EQUALI cheduled BOE Date .0-Day Letter Sent the Board of Equalization vithin the recorded hea he burden of proof that Notes: Site \$ Exemptions	ZATION [] Yes [[] Yes [] on certifies its ring and reco t the assessm \$] No decision, ba rd on appea ent was une	al, and co equal, ex	oncludes that the	ct and Conclu appellant [or under/ov	ision of Law contained Met [] Did not meet ervalued.

Contact Us: CBJ Assessors Office							
Phone/Fax	Email	Website	Mailing Address				
Phone: (907)586-5215	Assessor.Office@juneau.org	http://www.juneau.org/finance	155 South Seward St.				
Fax: (907)586-4520			Juneau AK 99801				



RECORD IN THE JUNEAU RECORDING DISTRICT

After Recording Return to:

KPlaza, LLC 8585 Old Dairy Road, Ste 104 Juneau, AK 99801

QUITCLAIM DEED

Grantor, Chatham Properties, LLC, of 8585 Old Dairy Road, Ste 104, Juneau, Alaska 99801, for good and valuable consideration in hand paid, conveys and quitclaims to KPlaza, LLC, of 8585 Old Dairy Road, Ste 104, Juneau, Alaska 99801, all of Grantor's right, title and interest whatsoever in the following described real property, without warranty:

A tract of land in U.S. Survey 1194, Juneau Recording District, First Judicial District, State of Alaska described as:

BEGIN at the intersection of the southwest line of Egan Express-Way and the east line of said survey, from which intersection at the Northwest corner (Corner 4) of U. S. SURVEY 1195 BEARS N 0 degrees 17' W 588.80 feet; thence N 42 degrees 37' 55" W, on said Southwest line, 218.54 feet; thence on 2,964.79 foot curve to the right 172.28 feet to the intersection of said Southwest line with the Southerly line of Glacier Highway access road; thence S 64 degrees 39' 20" W, on said Southerly line, 219.13 feet; thence S 25 degrees 20' 40" E 10 feet; thence on a 170.0 foot radius curve to the left, continuing on said access road, 155.23 feet; thence S 12 degrees 20' 14" E 4.10 feet to the Northerly line of Glacier Highway; thence, by chords, along said Northerly line S 77 degrees 19' 59" E 14.87 feet, S 75 degrees 57' 31" E 25.78 feet, S 74 degrees, 34' 29" E 25.94 feet, S 73 degrees 11' 00" E 26.12 feet, S 71 degrees 46' 55" E 26.33 feet, S 70 degrees 22' 08" E 26.55 feet, S 68 degrees 56' 35" E 26.80 feet, S 67 degrees 30' 03" E 27.07 feet, S 66 degrees 02' 52" E 27.37 feet, S 64 degrees 34' 23" E 27.70 feet, S 63 degrees 05' 07" E 28.05 feet, S 61 degrees 34' 28" E 28.44 feet, S 60 degrees 02' 33" E 28.87 feet, S 58 degrees 18' 34" E 28.06 feet to said East line of U.S. SURVEY 1194; thence N 0 degrees 17' 00" W 48.66 feet to the point of beginning,

EXCEPT THEREFROM that part conveyed to the State of Alaska, Department of Transportation and Public Facilities by instrument recorded May 11, 1984 in Book 237 at Page 431,

which has a street address of 8585 Old Dairy Road, Juneau, Alaska

CHATHAM PROPERTIES, LLC

Date: 2022 1, 2018

.

Hal Dreyer, President of Kootznoowoo, Inc., Sole Member of Chatham Properties, LLC

STATE OF FLORIDA

)) ss:)

COUNTY OF VOLUSIA

Before me, the undersigned Notary Public, personally appeared Hal Dreyer, known to me to be the person whose name is subscribed to the above instrument, and acknowledged to me that he or she executed it as authorized representative of the Chatham Properties, LLC.

WITNESS my hand and official seal this 12 day of Octo ber, 2018. Notary Public, State of Florida My commission Expires: 828 RACHEL SIERRA COLLINS

Notary Public - State of Florida Commission # GG 138915 My Comm. Expires Aug 28, 2021 Bonded through National Natary Asso.





April 26, 2021

Debbie White 8585 Old Dairy Road, Suite 102 Juneau, AK 99801

Dear Ms. White,

I want to thank you for bringing the 2021 appraisal value of KPlaza (8585 Old Dairy Road, Juneau, Alaska) to my attention. The data on file at the Finance Office for KPlaza shows:

Parcel:	5B1501100020
Legal Description:	USS 1194 FR
Address:	8585 OLD DAIRY RD
Owner:	KPLAZA LLC
Value:	\$2,444,150
YEAR:	1983
SQ FT:	22,245
LOT:	55,4990
Gross Livable Area:	21,245 sq. ft.
Building PV:	1,278,800.00
Site PV:	1,165,350.00

We think this valuation is extremely high and would be most grateful if you would be willing to assist us in preparing the back-up documents to support an appeal.

Sincerel hlk

Deboral/J. Atuk President & CEO

cc: Melissa M. Kookesh - Board Chair, Kootznoowoo, Inc.

8585 Old Dairy Rd. | Suite 104 | Juneau | Alaska | 99801 907-790-2992 Office | 907-790-2995 Fax www.kootznoowoo.com

Packet Page 60 of 82



AY2021 Property Assessment Guide

Updated: 2022-01-07

Contents

Assessment Overview	2
Property Taxes	2
Property Assessments	2
Assessed Values versus Taxes	2
Sales Validation (Also see the "Market Sales" topic for more specifics on Market Sales)	4
Market Sales (this topic is closely tied to the "Sales Validation" topic)	5
Analysis Process	6
Model Specification	7
Model Calibration	7
Approaches and Methodologies	7
Review & Appeal Processes	7
AY2021 Commercial Property Assessment Particulars	9
AY 2021 Commercial Property Analysis & Appraisal Summary	11
AY2021 Notes Regarding Spitzfaden, Wold & Geiger Submissions and Testimony	20
Questions & Answers	22
An Example	23

Assessment Overview

Property Taxes

- Property taxes represent about half of the locally generated CBJ revenue.
- Property taxes fund general government services, police, fire, schools, parks, streets and other services.
- If we did not have property taxes there would have to be some other form of taxes.

Property Assessments

- The Assessor's Office strives to keep the taxes fair and equitable by ensuring that the assessed values are uniform.
- There is no one, absolute, precise market value for any given property. Appraisal Judgement is a necessary part of setting assessed values.
- While the concept of setting assessed values for every parcel in Juneau may sound simple there are many complexities to actually making it happen.

Assessed Values versus Taxes

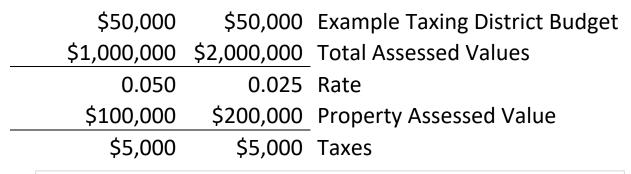
- Most tax increases are due to a budget increase, passed either by the assembly or by the taxpayers.
- An increase in assessed value does not mean an increase in taxes.
- The budget determines the amount of taxes to be collected. The budget is set by the Borough Assembly. The assessed values determine how that tax burden is distributed.
- The Assessor's Office does not have an active role in budgeting or the taxes. We are focused on the assessed values.

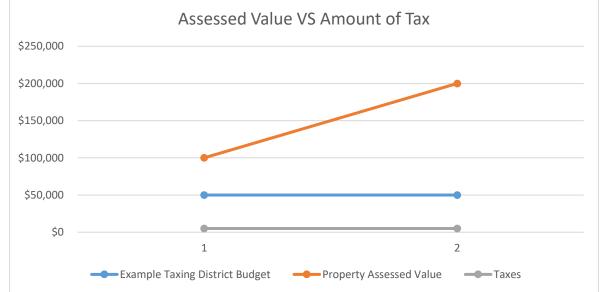
Examples:

- If everyone's assessed values doubled but the budget stayed the same your taxes would not change.
- If everyone's assessed values doubled and the budget increased by 10% your taxes would go up by 10%.
- If the budget stayed the same and one type of property was going up while all the others were not, owners of that type of property would see a higher tax bill and everyone else would see a lower tax bill.
- If your assessed value went up and everyone else's stayed the same, you would see an increase in your taxes even if the budget stayed the same.

In the following example you can see that with the assessed values doubling and the budget staying the same the actual taxes did not change.

Assessed Value -vs- Amount of Tax





Sales Validation (Also see the "Market Sales" topic for more specifics on Market Sales)

- Sales validation is critical. Sales data is foundational to everything that we do.
- All sales are considered.
- Only some sales are deemed to be a market sale.
- Of those that are market sales we only have prices on some of them. While a mandatory disclosure ordinance took effect in November 2020, we have, so far, not seen much of an increase in the disclosure rate.
- Generally we get sales prices on about 35 to 40% of the commercial sales.
- The word "considered" is also sometimes used to refer to the sales that were "included" in the ratio studies as a market sale.
- The guidelines for sales validation and the validation processes are critical. Maintaining standards in the sales validation process is critical.
- All of what we do in the area of valuations is dependent on the quality and accuracy of the sales data. Having good, clean, accurate sales data is critical.
- The sales validation and verification processes are continual and ongoing.

Market Sales (this topic is closely tied to the "Sales Validation" topic)

- To be a Market sale, a sale must meet these criteria at a minimum
 - Arms length transaction
 - No Duress
 - Marketed (see below)
 - Reasonable exposure time (see below)
- Invalid Sales- With rare exceptions, the following conditions make a sale an invalid (non-market) sale:
 - Multi-Parcel sales are invalid an exception would be if they clearly are an economic unit that will always sell together
 - o Family sale
 - Related party sale/transfer- one corporation sells to a parent corporation
 - Sale between parties that have pre-existing relationship (is non-arms-length)
 - o Estate sale
 - Bankruptcy sale
 - Sheriff sale / tax auction
 - Tax Deed
 - o Gifts
 - o Transfer of interest
 - Trade / Exhange
 - Partial interests
 - o Forced sales- Transfers in lieu of foreclosure, condemnation or liquidation
 - Easement or Right of Way (although these can be used for special studies on easements or Right of Ways)
 - Fulfillment of Contract
 - Plottage/Assemblage/Adjacent (This is referring to situations where a land owner purchases property next door or adjacent to the property he already owns. Or where a number of separate parcels are bought for the purpose of consolidating them into one larger parcel. An alternate use of the word plottage refers to the increase in value due to bringing the properties under the same ownership.)
 - Lease assignment or option
- Sales are not thrown out because of their ratio.
- To be a market sale the property has to have had exposure to a broad market and to have been actively marketed for a reasonable period of time
- In The Appraisal Institutes Dictionary of Real Estate Appraisal part of the definition of the requirements
 for a sale to be considered a market sale is that there was *"reasonable exposure in a competitive
 market, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently,
 knowledgeably, and for self-interest, and assuming that neither is under undue duress."* [Emphasis
 added] If a property is sold under duress, which needing to sell quickly would fall under, it is to be
 considered not a market sale. Under the market sale guidelines a sale that occurs in less than usual
 market time is also suspect. One of the aspects that is to be inspected besides exposure is marketing
 time. It should be noted that the typical marketing time for commercial properties is substantially longer
 than for residential properties.

Analysis Process

- The work that we do is not a controlled laboratory environment
- We will likely never have thousands of data points for commercial properties in Juneau.
- We work with the best data that we have available at the time.
- It is normal that subsequent to an analysis being done additional information comes to light that changes the validation or verification conclusions of a few sales. This does not invalidate the analysis and ratio studies. This reality is mitigated by the testing for outliers, the focus in the analysis on central tendencies rather than the fringes, and the review of different data groupings and subsets. The mitigation of any potential effect is one of the advantages of mass appraisal. For an example of the limited effect of removing a few sales please see the "AY 2021 Commercial Property Analysis & Appraisal Summary" section below.
- There are multiple facets to the analysis process. It usually includes the review of many ratio studies, starting from before any changes are made to the results after the final changes, but it also involves much more than that. Here is a partial list:
 - The sales validation and verification process is highly integrated with the analysis.
 - With each ratio study the decision of whether to include standard and/or extreme outliers
 - A study of the outliers
 - The relativeness of the sample
 - The uniformity and/or variance within the total set and all of the various subsets
 - The uniformity and/or variance between the total set and all of the various subsets
 - Market area uniformity and/or variance evaluated at Region, District and Neighborhood levels
 - The confidence level this is a factor on all the decisions made and all aspects of the analysis and can vary greatly from one part of the analysis to another
 - The adjustments that need to be made and the best mechanism for applying them
- Data Sets- typical analysis structures will have a primary data set and then major type division data sets
 - For assessment work the primary data set is all of the property sales within the Borough.
 - A typical first level or major type division of the data set would be land, residential and commercial properties. All properties are placed into one of those three subsets based on appraisal judgement.
- Subsets- from the primary and the major type sets you typically have many subsets that are analyzed corresponding to things such as location, zoning, property type, and property characteristics
- The analysis should have an established structure. This often encompasses looking at the total primary set first, then doing land value analysis and adjustment, next incorporating the new land values into your analysis of building values, followed by a neighborhood factor analysis off of the new values which then leads to your final values.
- The data quality is critical to the analysis process.
- The analysis process is critical to the uniformity of your values.
- Analysis options / Mass Appraisal Techniques
 - Adaptive Estimation Procedure (AEP or Feedback)- most frequent method used by smaller jurisdictions
 - o Multiple Regression Analysis (MRA)- requires a larger set of sales data
 - Nonlinear Regression Analysis- requires a larger set of sales data
 - Spatial Model Analysis (uses GIS)
- Regardless of the number of sales, we are required to set assessed values each year. In setting assessed values we must do so for all taxable properties in the Borough.

Model Specification

- Model specification is the process whereby you choose which property characteristics you feel effect value.
- Model Types- Additive, multiplicative, hybrid

Model Calibration

• Model calibration is the process whereby you determine by how much each characteristic effects value.

Approaches and Methodologies

- All three approaches- the sales comparison, cost and income approaches- are considered.
- New calculations versus trending
 - \circ $\;$ There are advantages to both and which is best to use is situational.
- In trending the assessed values the underlying considerations such as the 3 approaches to value and locational, property type and property characteristic adjustments are all accounted for in the original models and incorporated and carried forward into the new assessed values. That is one of the advantages of making a correction to assessed values through trending.
- Your CAMA (Computer Assisted Mass Appraisal) system will play a role in which options are available for setting and adjusting values.

Review & Appeal Processes

- Valid Reasons for Appeal
 - Value is excessive/overvalued To show that an assessment is excessive, an appellant must show that the assessment is more than just overvalued. It must be shown that the assessment is grossly disproportionate when compared to other assessments (or, it can be shown that there is an intentional or fraudulent purpose to place an excessive valuation on the property.)
 - Value is unequal To show that an assessment is unequal, the appellant must show that there are other properties in the same class as the property being appealed and that there is no basis that would justify different valuations of the property.
 - Valued improperly To show that an assessment is improper, it must be shown that the assessor used an improper method of valuation, which amounts to fraud or a clear adoption of a wrong principle of valuation.
 - Undervalued To show that an assessment is undervalued, an appellant must show that the assessment is more than just undervalued. It must be shown that the assessment is grossly disproportionate when compared to other assessments (or, it can be shown that there is an intentional or fraudulent purpose to place an undervaluation on the property.)
- Reasons that are NOT Valid
 - Taxes are too high
 - Value changed too much in one year
 - Can't afford the taxes
- In response to a Petition for Review, we review the assessed values for each appeal and if there is an error or an indication of the property's assessed value being excessive, inequitable, and improper we make the appropriate corrections.

• The appellant has the opportunity to submit information to the Assessor and once we have reached a conclusion, to accept our findings or to continue to a BOE hearing.

AY2021 Commercial Property Assessment Particulars

- We strive to treat all properties equitably.
- We have done our work with the highest of ethical standards.
- We have followed the applicable assessment standards.
- The basis for the 2021 commercial property assessed values is a market analysis based upon available actual sales data of commercial property sales. The analysis adhered to assessment standards.
- Trending was the best option for our circumstances.
- There have been questions about the historic valuation model. Actually, more correctly it is models, as in a plural. For instance there is a model specific to S Franklin St properties while there is a separate model specific to Concrete Way, another one for land in the Vintage area and at least one applicable to the core downtown business district. Some of these models we have had opportunity to inspect and, while in some cases our appraisal judgement would suggest a slightly different approach to the adjustments, the models certainly appear reasonable. The basis and time frame for the various models of course differs. As an example, the S Franklin St model was done in 2010 and adjusted slightly in 2011 and appears to be based on a study of sales in the area. The Concrete Way model was updated in 2013. Another test of those models is what happens when we apply trending. The fact that the trending tended to improve the COD and COV would suggest that the models are reasonable and still are representative of the market.
- The correction to commercial properties was applied mainly, but not exclusively, through the land segment does not make this a land study. The land segment adjustment was the mechanism by which increases could be applied within the CAMA system while maintaining uniformity in land values of improved and vacant land and moving all commercial properties closer to market value.
- One of the advantages of mass appraisal and of the analysis work that the Assessor's Office does is that we do not focus on one sale (low or high) but instead look at all of the sales. We then set values based off of the mean and median indicators for all of the sales. That way we are not isolating to the lowest sale or the highest sale in determining what the market value is. Within this process we look at the overall market as well as indicators for sub-groups such as locational factors, property features, types of property, etc. (Please see the AY 2021 Commercial Property Analysis & Appraisal Summary section for additional review of these sales.)
- Others have focused on one sale that was a market sale (the NCL/sub-port sale), claiming it is
 inappropriately skewing the results. That is not true. It is a market sale. It also does not qualify as an
 outlier per IAAO standards. (Again, please see the AY 2021 Commercial Property Analysis & Appraisal
 Summary section for additional review.)
- While the inclusions and exclusions that were made were appropriate, we analyzed whether or not changing the inclusion or exclusion of these sales would have had any impact on the valuations. Making those changes did not significantly change the ratios and would not have resulted in any different action in setting the assessed values. (see the AY 2021 Commercial Property Analysis & Appraisal Summary section.)

- The values for 2021 were set based on market analysis. As a result of the analysis a trending was applied to the assessed values. In trending the assessed values the underlying considerations such as the 3 approaches to value and locational, property type and property characteristic adjustments are all accounted for in the original models and incorporated and carried forward into the new assessed values. That is one of the advantages of making an initial correction to this undervaluation through trending. Most commercial properties have seen no significant change to their assessed values for 10 plus years. Because there was not a wealth of sales data for the subgroups an overall trending was applied. It should be noted that in reviewing locational subgroups, property type subgroups and property characteristic subgroups in the analysis we did not see compelling evidence that any location or other subgroup should be treated differently from the rest with the exception of the boathouses.
- This adjustment does not represent one year of market change but change over many years.
- Each of the appellants were encouraged to submit specific evidence of an incorrect value through initial phone calls early in the process, through a letter dated 06/18/2021 and through follow up phone calls to the letter as a minimum. Each appellant has been given opportunity to discuss our findings with the Assessor's Office.
- Our review of assessed values has consistently indicated that in spite of the corrections applied this year the fact remains that we are still undervalued for commercial properties. This is born out through the sales analysis, the cost approach and the income approach. Normally, at the BOE level we would be proposing increases to value when appropriate, however, in an effort to maintain uniformity, this year we have only been doing so when errors cause a property to be further undervalued.
- Two primary reasons cited for the appeals are that our assessed values are excessive and that our trending was not proper.
 - 0

For perspective on those issues I would like to note some information from a source outside of the Assessor's Office. We have had the opportunity to read two commercial appraisals, both for one particular property on Salmon Creek Ln near the hospital. One has a valuation date of April 05, 2013 and the other a valuation date of August 11, 2021. Both appraisals are done by Mr. Wold who has been presented as an expert witness in many of the hearings.

Mr. Wold indicates that the land value in 2013 was \$330,000. Our land value for that year was just \$229,800.

Mr. Wold indicates that the land value in 2021 is \$570,000. Our land value for this year is just \$392,100 which happens to be less than 69% of his stated value which puts the ratio close to our median ratio.

The land value indicated in the appraisals increases by 73% over an 8 year period. Our increase this year was 50% over an 11 year period. In percentages Mr. Wold's increase of 9.1% per year is double ours which is 4.5% per year.

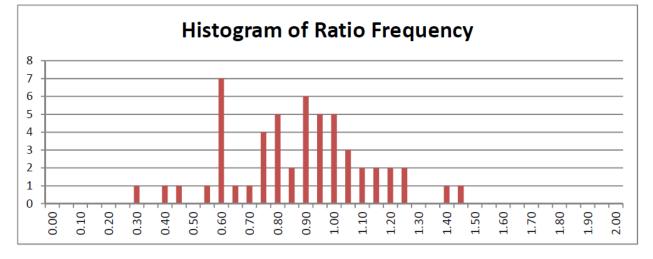
AY 2021 Commercial Property Analysis & Appraisal Summary

The population or universe of properties to be assessed is all taxable properties in the Borough of Juneau. Those properties are divided into two primary classifications: residential and commercial. The focus here is on the commercial properties. So, our universe of properties for this part of the analysis is all commercial properties within the Borough. Correspondingly, the sales population is all sales that occurred for commercial properties within the Borough. Those sales then go through both validation and verification processes. In the validation process sales are classified by other transactions vs sales, then market sales vs non-market sales, then market sales for which we have a sales price. The market sales with sales price are the sales utilized in the ratio studies and analysis.

The following page includes a summary report for the 2021 Assessed Values based on the sales information at the time of the analysis. Because this is a dataset that includes all commercial types (vacant and improved) other than boathouses a COD of 21.5490 is a good COD that indicates good uniformity in the assessed values across the varied types and locations of the properties. The scatter diagram indicates that a more aggressive trending of sales prices would have been appropriate. If that had been applied it would result in an indication of the assessed value ratios being even lower than stated. These ratios and statistics are based on AY2021 values after the adjustments to values were made.

AY2021- Comm- Set 2 Updated AVs Live1- 20210316- No 19- All, 5 Yr, 5% Trend Summary Report

Summary	toport			IAAO Standards for		
Statistics				SFR		
Statistics	. .				15.0 or less	
	Proposed			SFR-newer/homog	10.0 or less	
53			of Records with Ratio)	Income Properties	20.0 or less	
0.2932		Minimum Ratio		Income-Urban area	I	
1.4091		Maximum Ratio		Vacant Land	20.0 or less	
1.1159		Range	i. c			
0.8526	0.8526	`	e average ratio for your sam	• •		
0.8853			mid-point value for your sample. Pr	eferred measure of central	tendency.)	
0.6981		Weighted Mean				
3.0313		Sum of the Square of	f Deviations			
0.1908	0.1908					
0.2414		Standard Deviation		Coefficients (0=Norma		
21.5490			licator of confidence level.)	Kurtosis	-0.0245	
28.3180	28.3180			Skewness	0.0181	
1.2214	1.2214		or Factor Differential	Alt.Cyhelsky's Skew		
		(PRD s/b between 0.		Alt.Pearson's Skew	-0.4059	
		(PRD over 1=Regres				
Trending F			Normal / Skewed Distribu			
	Target Lev		0.0327 Differential Mea			
	Factor on			points below the mea		
	Factor on		29 Number of data points above the mean. *Note- # below/above works on data sets up to 5,000 pts.			
1.2176	Factor on	Weighted Mean	*Note- # below/above w	orks on data sets up t	o 5,000 pts.	
			Ratios by Sale Dat			
2.0000		1 0000	Rauos by Sale Dat	e		
1.8000		1.6000				
1.6000		1.4000	•	•		
1.5000	X	1.2000 -	• • •	•		
1.3000		1.0000	·····			
		0.8000				
		0.6000	• • •	· · · · · · · · · · · · · · · · · · ·		
		0.4000 -	•	•		
0.5000		0.2000		•		
0.3000		0.0000	F 1			
0.1000		21211hA	05110116 081211T	02104119 061820	10131121	
0.0000	Summary	221	151 ^{12.} 09122	02104. 06/10.	NOB'	
1			~ ~		-	



Ratio Study Notations

- Note that the scatter diagram indicates that a higher rate of time/market trending of sales prices was in order for the ratio studies. If that higher rate were applied it would show that we are even more undervalued than these statistics indicate.
- Regarding the histogram, it is normal to have ratios above 1.00. In fact, if your level of assessment were set based on the median and right at market (1.00) half of your data points would be below 1.00 and half would be above 1.00.
- If you reviewed many histograms from many different jurisdictions you would typically find a larger percentage of ratios over 1.00 and that the top ratios would be far above 1.50.
- It was noted by an appellant that the ratios for 23% of the adjusted sales prices were above 1.00. That would mean that 77% are below 1.00 indicating that we are still undervalued.
- It is normal that subsequent to an analysis being done additional information comes to light that changes the validation or verification conclusions of a few sales. This does not invalidate the analysis and ratio studies. This reality is mitigated by the testing for outliers, the focus in the analysis on central tendencies rather than the fringes, and the review of different data groupings and subsets. The mitigation of any potential effect is one of the advantages of mass appraisal.
- Regarding the COD and COV: the numbers listed in the box at the top of the ratio study summary report are guidelines. The COD and COV and associated guidelines help guide your analysis of the market, the valuation models, confidence levels in adjusting values, effects of adjustments and other considerations. They are an indicator of central tendency and not an absolute criteria or test that a study has to meet to be valid. The image below is of the actual table from the IAAO Standard on Ratio Studies-2013.
 Table 1-3. Ratio Study Uniformity Standards indicating acceptable general quality*

Type of property—General	Type of property—Specific	COD Range**
Single-family residential (including residential condominiums)	Newer or more homogeneous areas	5.0 to 10.0
Single-family residential	Older or more heterogeneous areas	5.0 to 15.0
Other residential	Rural, seasonal, recreational, manufactured housing, 2–4 unit family housing	5.0 to 20.0
Income-producing properties	Larger areas represented by large samples	5.0 to 15.0
Income-producing properties	Smaller areas represented by smaller samples	5.0 to 20.0
Vacant land		5.0 to 25.0
Other real and personal property		Varies with local conditions

Table 1-5. Ratio Study Onnormity Standards indicating acceptable general quality

• If your ratio study involves a mix of property types it is typical that your CODs and COVs will be higher.

Sales List

This is a list of the market sales that we had available for our analysis data set.

Sale Price	Trended SP	AVTotal	Main Parcel	Count	Number	Street	Condo	Neighborhood
27,500	30,930	27,200	1C020K01G200	1	1435	HARBOR WAY	NO	AURORA BASIN C 19
25,000	26,936	27,200	1C020K01G280	1	1435	HARBOR WAY	NO	AURORA BASIN C 19
25,000	27,356	27,200	1C020K01G290	1	1435	HARBOR WAY	NO	AURORA BASIN C 19
20,000,000	20,235,200			1	0	EGAN DR	NO	DOWNTOWN C
,400,000	1,412,348	1,394,150	1C060K660110	1	711	W WILLOUGHBY AV	NO	DOWNTOWN C
,100,000	1,327,612			1	800		NO	DOWNTOWN C
50,000	683,826	963,600	1C070A030040	1	100	N FRANKLIN ST	NO	DOWNTOWN C
onfidential	confidential	190,200	1C070A050001	1	230	SEWARD ST	5K	SOMMERS ON SEWARD_C_2
510,600	567,144	682,450	1C070B0J0020	1	195	S FRANKLIN ST	NO	DOWNTOWN C
2,200,000	2,369,400	2,164,900	1C070B0N0011	1	259	S FRANKLIN ST	NO	DOWNTOWN C
612,788	638,268	501,300	1C110K120051	1	0	Eastaugh Way	NO	DOWNTOWN C
16,000	855,033	613,650	1C110K120101	1	170	MILL ST	NO	DOWNTOWN C
378,818	403,055			1	0	MILL ST	NO	DOWNTOWN C
378,818	401,835			1	190	MILL ST	NO	DOWNTOWN C
378,818	394,569			1	0	MILL ST	NO	DOWNTOWN C
								DOWNTOWN C
								WEST JUNEAU C
-								SOUTH VALLEY C
	,							SOUTH VALLEY C
								MENDE PENINSULA C
,	,							RIVERVIEW YACHT C 24
								RIVERVIEW YACHT C 24
					-		-	P & J BUSINESS C 24
		,						BRANDY LANE YACHT C 24
	- ,							MENDE PENINSULA C
	,						-	
								MENDE PENINSULA C
		,						SAFE HARBOR C 24
		,						SAFE HARBOR C 24
							-	SAFE HARBOR C 24
50,000		,						SAFE HARBOR C 24
601,624	617,218	361,800	4B1701100146	1	2789	SHERWOOD LN		MENDE PENINSULA C
97,000	869,424	813,000	4B1701100170	1	10221	GLACIER HWY	NO	MENDE PENINSULA C
00,000	467,144	336,200	4B1701103003	1	2769	SHERWOOD LN	5K	BEAR DEN YACHT CONDO C
50,000	1,071,961	1,045,750	4B2901020010	1	10200	MENDENHALL LOOF	NO	AUKE MOUNTAIN C
2,205,832	2,346,343	1,849,500	5B1201000060	1	5245	GLACIER HWY	NO	LEMON CREEK C
00,000	536,260	746,600	5B1201020100	1	5452	SHAUNE DR	NO	LEMON CREEK C
,140,000	4,932,313	5,106,550	5B1201040052	2	1721	ANKA ST	NO	LEMON CREEK C
00,000				2			NO	LEMON CREEK C
,		,		2			NO	LEMON CREEK C
								SEAGULLS EDGE C 24
	,	,						LEMON CREEK C
								LEMON CREEK C
,	· · · · · · · · · · · · · · · · · · ·							LEMON CREEK C
				-				LEMON CREEK C
								SOUTHEAST INSURANCE C 2
		,						
,								BUILDERS PLAZA C 24
	//-							SOUTH VALLEY C
,	,						-	SOUTH VALLEY C
				-				JORDAN CREEK C 24
273,000								JORDAN CREEK C 24
800,000					-			JORDAN CREEK C 24
68,750	1,111,292	,		1			NO	SOUTH VALLEY C
45,000	155,861	169,350	5B1601140043	1			APN	PROFESSIONAL PLAZA C 24
40,100	269,142	,		1	9309	GLACIER HWY	APN	PROFESSIONAL PLAZA C 24
572,000	740,490	521,900	5B2401610150	1	4045	DELTA DR	NO	NORTHEAST VALLEY C
,540,000	1,833,432	4 077 700	7B0901030071	1	3161	CHANNEL DR	NO	TWIN LAKES C
	0,000,000 ,400,000 400,000 50,000 50,000 200,000 10,600 2,200,000 12,788 16,000 78,818 87,818 78,818 70,000 15,000 14,000 10,000 13,000 10,000 13,000 10,000 13,000 10,000 13,000 10,000 10,000 13,000 10,000	0,000,000 20,235,200 ,400,000 1,412,348 100,000 1,327,612 50,000 683,826 0,000 2,369,400 12,788 638,268 16,000 855,033 78,818 403,055 78,818 401,835 78,818 401,835 78,818 401,835 78,818 401,835 78,818 401,2744 5,000 75,711 86,750 186,776 50,000 875,000 88,750 186,776 50,000 83,557 88,750 186,776 50,000 83,557 56,7000 1,634,569 56,7000 1,634,569 50,000 164,718 50,000 154,534 50,000 154,534 50,000 154,534 50,000 154,534 50,000 171,71,861 50,000 1,71,861 50,000 1,308,	0,000,000 20,235,200 7,524,300 400,000 1,412,348 1,394,150 100,000 1,327,612 1,457,000 50,000 683,826 963,600 0,0000 2,369,400 2,164,900 12,788 638,268 501,300 16,000 855,033 613,650 78,818 401,835 237,150 78,818 401,835 237,150 78,818 404,835 237,150 78,818 404,744 445,400 5,000 75,711 441,200 5,000 75,711 442,400 5,000 75,711 442,000 5,000 75,711 442,000 5,000 75,711 442,000 5,000 75,711 442,000 5,000 876,000 823,100 3,000 83,557 35,000 12,500 132,388 83,000 3,000 85,503 1,614,000 50,000 165,4,995 527,700	0,000,000 20,235,200 7,524,300 1C060K010031 400,000 1,412,348 1,394,150 1C060K660110 100,000 1,327,612 1,457,000 1C070A030040 50,000 683,826 963,600 1C070A050001 10,600 567,144 682,450 1C070B0N0011 12,788 638,268 501,300 1C110K120151 16,000 855,033 613,650 1C110K120120 78,818 401,835 237,150 1C110K120130 78,818 394,569 237,150 1C110K120130 78,818 394,569 237,150 1C110K120130 78,818 394,569 237,150 1C110K120130 78,818 394,569 237,150 1C110K120140 97,938 651,597 374,400 1D060L030011 5,000 75,711 41,200 3B1501040120 63,000 876,000 823,100 4B1601150030 15,000 122,899 108,800 4B1601050070 12,500 132,188	0,000,000 20,235,200 7,524,300 1C060K010031 1 400,000 1,412,348 1,394,150 1C060K060110 1 100,000 1,327,612 1,457,000 1C070A030040 1 onfidential confidential 190,200 1C070A050001 1 10,600 567,144 682,450 1C070B0J0020 1 12,00,000 2,369,400 2,164,900 1C070B0J0021 1 12,00,000 2,369,400 2,164,900 1C110K120101 1 18,818 400,55 237,150 1C110K120130 1 78,818 401,835 237,150 1C110K120140 1 97,938 651,597 374,400 1C060L030011 2 50,000 75,711 41,200 3B1501020030 1 150,000 787,000 823,100 4B1601050160 1 30,000 876,000 823,100 4B1601080070 1 12,500 132,188 119,000 4B1601080070 1	0,000,000 20,235,200 7,524,300 1C060K010031 1 0 400,000 1,412,348 1,394,150 1C060K60110 1 711 100,000 1,327,612 1,457,000 1C070A030040 1 100 0nifidential confidential 190,200 1C070B0/0020 1 195 200,000 2,369,400 2,164,900 1C070B0/0021 1 195 200,000 2,369,400 2,164,900 1C010K120051 1 0 16,000 855,033 613,650 1C110K120140 1 0 78,818 401,835 237,150 1C110K120150 1 0 78,818 394,569 237,150 1C110K120150 1 0 79,338 651,597 374,400 1C110K120150 1 1 0 70,000 42,744 445,400 1B601020030 1 1669 70,000 75,711 41,200 3B1501040120 1 2274 70,000	0.000.000 20.235.200 7.524.300 1C060K010031 1 0 EGAN DR 400.000 1,412.348 1,394,150 1C060K060110 1 711 W WILLOUGHBY AV 50.000 683,826 963,600 1C070A030040 1 800 GLACIER AVE 50.000 683,826 963,600 1C07080.00020 1 195 SFRANKLIN ST 10.600 567,144 682,450 1C07080.00020 1 195 SFRANKLIN ST 12,788 638,268 501,300 1C110K120101 1 170 MILL ST 78,818 400,855 237,150 1C110K120130 1 00 MILL ST 78,818 401,835 237,150 1C110K120130 1 0MILL ST 78,818 403,857 374,400 1C10K120130 1 0MILL ST 78,818 394,569 237,150 1C110K120130 1 2274 INDUSTRIAL BLVD 30,000 75,711 41,200 3B1501401040 1 16460 CREST ST	0.000.000 22.35.200 7.524.300 1C060K60110 1 0 EGAN DR NO 400.000 1.412.348 1.347.612 1.457.000 1C060U40040 1 800 GLACIER AVE NO 50.000 6633.826 963.800 1C070A030040 1 100 NFRANKLIN ST NO onidential conidential 109.020 1C070B0J0020 1 195 SFRANKLIN ST NO 200.000 2.369.400 2.164.900 1C070B0J0011 1 259 SFRANKLIN ST NO 78.818 403.055 237.150 1C110K120150 1 0 MILL ST NO 78.818 349.569 237.150 1C110K120150 1 0 MILL ST NO 78.818 349.569 237.150 1C110K120150 1 0 MILL ST NO 78.938 661.597 37.400 1C110K120150 1 0MILL ST NO 50.000 75.711 41.200 81501050030 1 2276

Packet Page 74 of 82

In the sales list you will notice that there is a column that indicates whether or not the parcel is a condo. The properties that are labeled condo are not residential condos but commercial condos which could include retail spaces, offices and mini-warehouses. The reason that they are noted on the list is because the mechanism for increasing their values was different from other commercial property types. In the analysis they were treated as a separate subset.

Review of Particular Sales

In response to questions raised by appellants we did additional review regarding four sales and their inclusion in or exclusion from the ratio study. We found that the original inclusion or exclusions were appropriate. We then went one step further and analyzed the hypothetical assumptions regarding the inclusion and exclusion of these sales.

The sales were:

- 1. The Emporium Mall, 1C070K810090 & 0140 This sale is a multi-parcel that does not qualify as a market sale.
- 2. The Assembly Building, 1C070A090060 We did not and still do not have a verified sale price for this sale.
- 3. The Pacific Pier, 1C070K830040 This may be a market sale, however, we did not have the sale price at the time of the analysis.
- 4. The AMHT/NCL land sale, 1C060K010031 This is a market sale and was included in the analysis.

In regards to the NCL sale, two items of note. First, it does not meet the criteria to be considered to be an outlier. Second, it's inclusion in the analysis did not cause it to have undue influence on the results.

We have reviewed the assertions and find them to be without merit and find that the sales qualification designations are consistent with standards. The distinctions of what is and is not a market sale are important in keeping your data clean which leads to more accurate findings. In spite of there being no merit to the argument for changing which sales were included and which were excluded, just for review purposes, we looked during the review process at whether inclusion and exclusion of these sales would have made any substantial difference. The finding was that the changes in mean and median ratios was minimal and would not have led to any difference in our decisions in the setting of the assessed values and the bringing of the commercial values closer to market.

Again, I need to stress that the exclusion and inclusion, as done in the analysis, was proper and this was just done for comparative and informational purposes during the review process. The statistics below are for 3 sequential steps applying the hypothetical assumptions. The first step added the 2 sales, the next step then corrected an included sale and the third step then removed the NCL sale from consideration. You will see from the results below that even after applying these hypotheticals that after our changes to the assessed values that commercial properties remain undervalued. After applying the hypothetical assumptions the median changed by one thousandth of a percent and the mean increased by 3.2% but remained lower than the median.

Review of Impact of Including and Excludi				
	Original	2 Sales Added	Sale Correction	Remove NCL
Count	53	55	55	54
Minimum Ratio	0.2932	0.2932	0.3718	0.4189
Maximum Ratio	1.4091	1.4091	1.4091	1.4091
Range	1.1159	1.1159	1.0373	0.9903
Mean	0.8526	0.8692	0.8753	0.8846
Median	0.8853	0.8862	0.8862	0.8863
COD	21.5490	22.4051	21.6607	20.9181
COV	28.3180	29.0248	27.6491	26.4636
PRD- Price-Related or Factor Differential	1.2214	1.1463	1.1359	0.9396

In general, the mean is the preferred measure if your sample is symmetrical and the median is preferred if your sample is skewed or includes outliers. The COD is based on the median and the COV is based on the mean.

Beyond the above sales there were a number of sales that were included in early sales reports and counts of possible qualified market sales that were not included in the analysis set due to legitimate questions not being able to be resolved by the time that the study was done. This would include things such as unresolved questions as to whether a sale was a market sale or not, questions as to the accuracy of the sales price, lack of information as to the value of personal property included in the sale and other questions. It is normal for the sales validation information to be refined during the analysis process. A ratio study done on these excluded sales shows a mean and median ratio virtually identical to the analysis set. A list of sales (provided by appellant Ken Williamson) and their status as to inclusion in the analysis follows.

For Audit/Review Purposes Only

This is a summary of a review of a list of sales provided by appellant Ken Williamson. This summary reviews whether or not these sales were included as a qualified market sale in the AY2021 Analysis. In cases where the sale was excluded the reason is indicated.

	<u>sale date</u>	parcel number	address	Inclusion/Exclusion	Reason
	9/7/2017	1C020K01E220	Aurora Harbor	not included	boat house- Question on price & what sold
	9/7/2017	1C020K01E230	Aurora Harbor	not included	boat house- Question on price & what sold
	6/23/2020	1C020K01E300	1435 Harbor Way	not included	boat house; excluded as an outlier
	7/25/2018	1C020K01G200	1435 HARBOR WAY	Included In Separate Study	boat house
	6/28/2019	1C020K01G280	1435 HARBOR WAY	Included In Separate Study	boat house
	2/28/2019	1C020K01G290	1435 HARBOR WAY	Included In Separate Study	boat house
	1/30/2017	1c030c280080	712 W 12th	not included	questionable data source sp and mtg same
	9/23/2016	1C060C000080	3610 Diston	not included	questionable data source reonomy?
	10/9/2020	1C060K010031	0 EGAN DR	Included	
	10/30/2020	1C060K660110	711 W WILLOUGHBY AVE	Included	
	12/15/2016	1C060U040040	800 GLACIER AVE	Included	
	7/20/2018	1C060U050022	1108 F ST	not included	multi parcel sale/ not contiguous/ multiple sale price
					references
	3/30/2016	1C070A030040	100 N FRANKLIN ST	Included	
	12/9/2020	1C070A050001	230 SEWARD ST	Included	
	11/2/2018	1C070B0J0020	195 S FRANKLIN ST	Included	
	7/1/2019	1C070B0N0011	259 S FRANKLIN ST	Included	
	12/31/2019	1c070k810090	170 S Franklin	not included	multi parcel sale outside of standards for inclusion
	1/9/2018	1C100I070050	549 S Franklin	not included	multi parcel sale/ not enough data/ easement questions
	3/10/2020	1C110K120051	0 Eastaugh W ay	Included	
	3/16/2017	1C110K120101	170 MILL ST	Included	
	10/2/2019	1C110K120120	0 MILL ST	Included	
	10/25/2019	1C110K120130	190 MILL ST	Included	
	3/10/2020	1C110K120140	0 MILL ST	Included	
	4/1/2019	1C110K120150	0 MILL ST	Included	
1	11/13/2020	1D060L030011	201 CORDOVA ST	Included	
	10/12/2017	3B1501020030	1669 CREST ST	Included	
	11/30/2018	3B1501040120	1544 CREST ST	Included	
	9/19/2017	4B1601010040	2450 INDUSTRIAL BLVD	Included	
1	6/13/2017	4B1601050030	2274 INDUSTRIAL BLVD	Included	
	7/30/2019	4B1601050160	2276 INDUSTRIAL BLVD	Included	
	12/31/2019 1/9/2018 3/10/2020 3/16/2017 10/2/2019 10/25/2019 3/10/2020 4/1/2019 11/13/2020 10/12/2017 11/30/2018 9/19/2017 6/13/2017	1c070k810090 1C100I070050 1C110K120051 1C110K120101 1C110K120120 1C110K120130 1C110K120140 1C110K120150 1D060L030011 3B1501020030 3B1501040120 4B1601010040 4B1601050030	170 S Franklin 549 S Franklin 0 Eastaugh W ay 170 MILL ST 0 MILL ST 190 MILL ST 0 MILL ST 0 MILL ST 201 CORDOVA ST 1669 CREST ST 1544 CREST ST 2450 NDUSTRIAL BLVD 2274 INDUSTRIAL BLVD	Included not included Included Included Included Included Included Included Included Included Included Included Included Included Included	-

3/5/2018	4B1601080070	2278 INDUSTRIAL BLVD	Included	
10/29/2018	4B1601090040	Crazy Horse	not included	multi parcel sale/ condo units and land portions
7/31/2017	4B1601120130	2270 BRANDY LN	Included	
11/17/2020	4B1701020020	10011 GLACIER HWY	Included	
2/23/2020	4B1701080020	10012 Crazy Horse	not included	personal property included in sale price; adjustment not
				determined
2/28/2020	4B1701090056	10009 CRAZY HORSE DR	Included	
12/4/2020	4B1701090218	10011 CRAZY HORSE DR	Included	
2/14/2017	4B1701090223	10011 CRAZY HORSE DR	Included	
4/24/2017	4B1701090226	10011 CRAZY HORSE DR	Included	
1/10/2017	4B1701090228	10011 CRAZY HORSE DR	Included	
6/30/2016	6 4B1701100146	2789 SHERWOOD LN	Included	
3/1/2016	6 4B1701100170	10221 GLACIER HWY	Included	
9/20/2017	4B1701103003	2769 SHERWOOD LN	Included	
12/31/2019	4b1701104000	2771 Sherwood In	not included	personal property included in sale price; adjustment not
				determined
3/26/2019	4b2801050030	3845 Lee Court	not included	vacant land sale in a residential neighborhood,
				considered to not be commerical land.
6/29/2018	4B2901020010	10200 MENDENHALL RD	Included	
10/4/2019	5B1201000060	5245 GLACIER HWY	Included	
9/3/2019	5b1201010010	1610 Anka	not included	multi parcel sale, not enough info
8/2/2019	5B1201020100	5452 SHAUNE DR	Included	
4/5/2017	5B1201040052	1721 ANKA ST	Included	
8/2/2016	5B1201060061	5631 GLACIER HWY	Included	
1/18/2017	561201060140	5720 Concrete Way	not included	Sale price was in question. Further review identified the
				correct sales price. The sale will be included in the 2022
				analysis with the corrected sale price.
9/24/2020	5B1201060160	5740 CONCRETE WAY	Included	
11/23/2020	5B1201060260	5719 CONCRETE WAY	Included	
9/24/2020	5B1201300110	1783 Anka St	Included	
12/24/2019	5B1201300110	1783 Anka St	Included	
7/21/2017	5B1201330160	2005 ANKA ST	Included	
1/29/2018	5B1201450050	5410 Bent Ct	not included	personal property included in sale price; adjustment not
				determined; questionable data source
6/3/2016	5B1201450110	1731 RALPH'S W AY	Included	
6/15/2016	5B1501000002	8251 GLACIER HWY	Included	
8/7/2020	5B1501010001	1880 CREST ST	Included	

	9/2/2016	5B1501020170	8401 AIRPORT BLVD	Included	
1	11/16/2018	5B1501040030	8825 MALLARD ST	Included	
	12/7/2020	5B15011107E0	2221 JORDAN AVE	Included	
1	2/10/2016	5B15011107EO	2221 Jordan	Included	
1	12/22/2017	5B15011109B0	2231 JORDAN AVE	Included	
1	2/15/2018	5B1601000023	9151 GLACIER HWY	Included	
	7/16/2019	5B1601140043	9309 GLACIER HWY	Included	
	8/21/2018	5B1601140070	9309 GLACIER HWY	Included	
	8/10/2016	5b160144000	3039 Clinton	not included	questionable data source/ reonomy/ Low income senior
					housing
	1/4/2019	5B2401610150	4045 DELTA DR	Included	
1	1/27/2017	6D0701000020	4755 N Douglas Hiway	not included	not enough info
	4/11/2017	7B0901030071	3161 CHANNEL DR	Included	
1	12/30/2016	7B0901040070	1050 Salmon Creek In	not included	questionable data source/ "allocated sale price" noted
					but meaning of the note was unknown/ low income
					housing

The claim has also been made that our methodology was improper because we did not include sales that we had prices for and should have included, the insinuation being that we were cherry picking sales. See the table below regarding these claims and why they were not included.

Pacific Pier	We received sales data on this sale after the analysis. It will be considered for next year, however, indications are that is was purchased by a tenant which would make it a non-arms-length transaction and likely will not qualify as a market sale.
Emporium (this was already addressed above)	This sale was considered. It was excluded because it was a multi-parcel sale. It is clear that it does not qualify as an economic unit as part of it was sold one year later.
Assembly Building (this was already addressed above) Miner's Merchantile	We did not and still do not have a confirmed sale price for this building. We have heard "street talk" about what it may have been but that does not qualify as a confirmed price. This sale is from 09/17/2021 which is well after the 01/01/2021 cut off. It will be
	considered for next year, however, indications are that is was a non-arms-length transaction and likely will not qualify as a market sale.
Bill Ray Center (this was already addressed above)	We considered this sale. This is a multi-parcel sale with one of the parcels across the street. It does not clearly fit the economic unit definition. There also was questions as to the purchase and sale motivations of the short term property owner.

AY2021 Notes Regarding Spitzfaden, Wold & Geiger Submissions and Testimony

Notes Regarding Spitzfaden Submission and Wold Testimony

Notes Regarding Particular Sales

The Kim Wold letter indicated that some of the sales used in the analysis were not appropriate. We have identified and addressed those sales below.

- 5B1201300110
 - The letter includes a note indicating this sale was a duplicate.
 - Please note that this is not a duplicate.
 - It is a property that sold twice in the 5 year period, often referred to as a paired sale.
- 1C110K150041
 - The letter includes a note indicating this was a related party sale.
 - This is not in our list of sales.
 - The last sale we show in the CAMA system for this parcel is 12/07/2009. This was a related party sale and was not included in our analysis.
 - If he means 1C110K120140 (He has applied sale "numbers" to the list and refers to that number) to our knowledge JMIS LLC and Bonnell Development LLC are not related but we could research this further. To our knowledge JMIS sold at least 6 parcels in that area to 5 different buyers. That said, removing one sale is not going to change the results of the ratio study and we do the analysis and ratio studies with the best information that we have at the time. It is normal that the sales data continually gets refined. For instance, next year there may be sales from 2020 that we could not use because we did not have sales prices at the time that we got sales prices for subsequent to the AY2021 analysis that will be used in AY2022.

• 5B1201020100

- The letter includes a note indicating this was a related party sale.
 - The 08/02/2019 sale was included in the market sales. It was subsequently discovered that the seller (Odom Real Estate Partners) and the buyer (Odex Juneau LLC) had similar or overlapping principles. It was marked as a non-market transaction and will not be used for future market analysis.
 - Being that the ratio for this sale was above 1.00 (1.3922, the second highest ratio) removing it will potentially lower the mean and median ratios thus indicating that we are further undervalued.
 - Note that new information or refinements to the sales data does not invalidate a study which was done with the best information available at the time. It is normal that the sales data continually gets refined.

• 1D060L030011

- The letter includes a note indicating this was a residential sale.
 - This property was marketed as available for commercial purposes.
 - It was purchased for commercial purposes.
 - Being that the ratio for this sale was above 1.00 (1.1059) removing it will potentially lower the mean and median ratios thus indicating that we are further undervalued.

- 1C070B0J0020
 - The letter includes a note indicating this was a related party sale.
 - There were 2 sales for this property.
 - The 09/01/2020 "sale" was recognized as being a transfer to a trust and was not included in the list of market sales.
 - The 11/02/2018 sale was included in the market sales. It was subsequently discovered that the purchaser was a long time tenant of the building. It was removed from the market sales list and will not be used for future market analysis.
 - Being that the ratio for this sale was above 1.00 (1.2033, the fourth highest ratio) removing it will potentially lower the mean and median ratios thus indicating that we are further undervalued.
- 4B1701100146
 - The letter includes a note indicating this was a related party sale. He does not indicate which of the two sales is purportedly a related party sale.
 - There were 2 sales for this property.
 - The sale from 05/25/2016 from Andosh Associates LLC to Cuttingedge Development Inc was not used as we do not have a sales price for this sale.
 - The second sale from 06/30/2016 from Cuttingedge Development Inc to SRA&G LLC was used. We do not have an indication that these parties are related but we can research this further.
 - Again, data refinement is normal and as documented in Addendum B, removing one sale is not usually going to alter the ratios in any significant way.
- 5B2401610150
 - The letter includes a note indicating this property is a residential property
 - It is a 6 Plex, a property type which we generally value with the commercial properties
 - It is an income producing property
- 4B2901020010
 - The letter includes a note indicating that this property is a Residential property
 - It is a RV Park
 - This property is an income producing property
- "3 additional pending sales"- These are only pending and are all after 01/01/2021.
- "Downtown sales closed 03/23/2021"- This sale is after 01/01/2021.

Questions & Answers

- Grandfathered Uses Do they end with the sale of a property?
 - Not necessarily. The rights to a non-conforming use usually transfer with the sale. If a continued use is not permitted it is often considered a "taking" and the property owner must be compensated.
- Highest & Best Use
 - This is a key principle
 - \circ $\;$ The four "tests" are physical, legal, financial and maximal
 - While some aspects involve legal definitions or financial comparison the interpretation of all of the factors is often very subjective.
- Is there a set format and cap rate for an income approach?
 - There is no one set format when it comes to income approaches. It is common, when used for property tax assessment purposes, that the following expenses are excluded: property taxes, depreciation, debt service, income taxes, capital improvements, owner business expenses and replacement reserves. Those factors can vary considerably from one investor or property owner to another. Excluding them produces a more consistent model that reflects the market overall. Note that items such as the cap rate need to be developed or calibrated for each specific model structure. Different models may arrive at different NOI amounts, different cap rates, different standard expense percentages, etc. due to what income or expenses are included or excluded.
 - For the income approach our model uses a cap rate of 6% for AY2021. Our research indicated that an appropriate cap rate would have been 5%. Testing that against local sales and market information that we had available, we found that the 5% would bring us to market and that using 6% produced values in line with the 85% to 90% level of valuation that we were achieving with the ratio study and trending.
 - Remember that the cap rate is an inverse number to the value so a higher cap rate results in a lower indicated property value.
- Can a comparable sale be from a different location?
 - Some questions have been asked about Comparables in appraisal and assessed valuation work. First, in utilizing mass appraisal you do not have specifically identified comparables as you would in a classic sales comparison methodology, rather you are looking at all of the sales. That said, there is far more latitude in comparables than is being recognized. Comparable selection is highly subjective and each appraiser will have their own opinion as to which sales are the best comparables. Adjustments are then made to those comparables to "bring them" to the subject's characteristics. While a residential appraisal for financing, which is the appraisal application that you are probably most familiar with, usually has fairly tight parameters, there actually can be great latitude in the comparable selection. There are many cases where, due to lack of sales, appraisers utilize different types of properties and properties from different neighborhoods, different cities and even different states. The adjustments become even more critical in these cases. Can a property from the valley be utilized in an appraisal for a downtown property? Absolutely, if the appraiser feels that that is the best comparable available. In such a case the locational adjustment would be more critical than if you have a comparable that is only a block away.

An Example

Consider a scenario- State law and assessment standards indicate that you should assess all classes of property at similar levels. You are setting assessed values for all commercial property types including retail, offices, and warehouses. All non-commercial property types are at market (100%). You have 50+ sales from all commercial types, clustered fairly tightly, showing an overall ratio for all commercial type properties as being 70%. You have 12 sales of retail properties that are not a real tight cluster but showing that you are 70% of market. You have 6 sales of warehouses that are tightly clustered. They also show that you are at 70% of market. You have no office building sales. All of the subgroups that you have sales for have ratios close to the 70%. State law says that you must place a value on all of these properties. What are you going to do with assessed values for retail properties? What are you going to do with office building values? Are you going to ignore the evidence and leave the values the same or are you going to apply the best correction that you can? Are you going to change some and not others just because there are fewer sales or no sales for that particular type? If so, what is your justification for treating them differently?