

The Board of County Commissioners met in special session on August 2, 2005. Those present for the session were Don Batchelder, Chair; Heidi M. Albritton, Vice Chair; Kristi R. Westfall, Member; Connie I. Hunt, County Administrator; and Linda Munson-Haley, Deputy Clerk of the Board.

- **Note – This meeting was recorded for reference purposes.**

9:00 The Board of County Commissioners convened as the Board of Equalization to consider the following property valuation appeals:

**A.1. 9:00 Property Owner: Frank L. & Mary J. Kendrick
Schedule Number: R000157**

Commissioner Batchelder convened the Board of Equalization and the Deputy Clerk administered the Oath to everyone present.

Susie Mayfield, County Assessor, and Doris Johnson, Chief Deputy Assessor/Chief Appraiser, were present.

The Petitioners were not present and the Board accepted the written protest provided with the appeal as testimony.

Ms. Johnson provided the Board with Assessor Exhibit Item A.1-1 and explained that she had performed a physical inspection of the house and adjusted the value.

M/S/P—Motion was made by Commissioner Albritton and seconded by Commissioner Westfall to approve the Chief Appraiser's recommendation to lower the valuation from \$212, 020 to \$180,830. There was no further discussion. Motion passed unanimously.

A.2. 9:05 Assessor request to adjust commercial improvements only

Susie Mayfield, County Assessor, provided a letter to the Board (Assessor Exhibit A.2-1) requesting the County Board of Equalization's approval to adjust valuations for commercial improvements only. She explained that this action would bring the ratio into compliance, adjusting all commercial improvements down by 11%.

M/S/P—Motion was made by Commissioner Albritton and seconded by Commissioner Westfall to approve the Assessor's request that all commercial improvements be adjusted down by 11%. There was no discussion. Motion passed unanimously.

Ms. Mayfield informed the Board that her office would take care of notification and provide the Board of Equalization with a list of those notified.

9:20 Commissioner Batchelder recessed and reconvened at 9:45:

**B. 9:45 Property Owner: Ridgway Lodge & Motel, Inc., c/o Tax Advisors: Gregory Damico
Schedule Number: R004020**

Commissioner Batchelder reconvened the hearing and noted for the record that representatives for the Petitioners, Gregory Damico and Portia Howard, were attending by phone and the Deputy Clerk of the Board administered the Oath. He introduced everyone present for the benefit of Mr. Damico and Ms. Howard.

Greg Damico, representative for Ridgway Lodge & Motel, Inc., operating as Super 8, introduced himself and Portia Howard, both CPAs based in Washington state, and thanked the Board for the opportunity to participate by phone. He informed the Board that Portia Howard is with the Washington Department of Revenue, formerly with Tax Advisors three years ago, and that he has 28 years of experience as the tax advisor for Red Lion Hotels in charge of property tax for all 54 hotels.

Mr. Damico explained that the Ridgway motel offers rooms only; there are no other services such as an adjoining restaurant. When a hotel is older and stabilized, a buyer would focus on the income realized from the property; thus, he focused on the income approach of appraisal. He referred to an income analysis that he had provided the Assessor's Office (Petitioner Exhibit B-1) and discussed the analysis in detail.

Doris Johnson, Chief Deputy Assessor/Chief Appraiser, submitted Assessor Exhibit B-1. She recommended that the Board adjust the value by the same 11% as other commercial properties in the county (*see Agenda Item A.2 above*).

Mr. Damico asked the Board to take into consideration the fact that this motel operated at about a 58% occupancy resulting in low revenues, and that the cost approach does not reflect this as would the income approach.

The Commissioners had several questions for Ms. Johnson and Ms. Mayfield.

To a question from Commissioner Westfall regarding the three options for valuing property, Ms. Mayfield explained that it is recommended to look at all three approaches – cost, market, and income – for commercial property, but that oftentimes it is difficult to get income information from businesses.

Mr. Damico replied that if a taxpayer is willing to provide actual income and expense figures, this should merit some weight in the analysis.

Commissioner Batchelder acknowledged the Petitioner's input on the income approach having an effect on the value, but explained that in a speculative market such as Ouray County, this does not necessarily hold true, that people will pay more than a property will produce. He suggested averaging the Assessor's value of \$1,490,220 and the Appellant's recommendation of \$970,788, and setting the value at \$1,230,540.

M/S/P—Motion was made by Commissioner Westfall and seconded by Commissioner Albritton to lower the value from \$1,490,220, adjusted from \$1,623,930, to \$1,230,504, a compromise between the two approaches. There was no discussion. Motion passed unanimously.

10:20 Commissioner Batchelder recessed and reconvened at 10:30:

**C. 10:30 Property Owner: Michael A. Williams
Schedule Number: R003012**

Commissioner Batchelder reconvened and disclosed to the Board that Mike Williams is a friend of his and offered to recuse himself. Commissioner Albritton and Commissioner Westfall did not feel that it was necessary.

Michael Williams, Petitioner, was not present.

Doris Johnson, Chief Deputy Assessor/Chief Appraiser, submitted Assessor Exhibit Item C-1, which explained her recommendation to change the assessment.

M/S/P—Motion was made by Commissioner Albritton and seconded by Commissioner Westfall to approve the Chief Appraiser's recommendation to change the assessment rate from vacant land to residential, thereby adjusting the total value from \$145,980 to \$309,060. There was no discussion. Motion passed unanimously.

10:35 Commissioner Batchelder recessed and reconvened at 11:15:

D. 11:15 Property Owner: Mueller

- 1. Property Owner: David L. and Marilyn T. Mueller
Schedule Number: R002960**
- 2. Property Owner: David L. and Marilyn T. Mueller
Schedule Number: R003746**
- 3. Property Owner: Charles E. Thompson, Jr. and Marilyn T. Mueller
Schedule Number: R003148**
- 4. Property Owner: Charles E. Thompson and Marilyn T. Mueller
Schedule Number: R003147**
- 5. Property Owner: Mueller 1992 CR Unitrust and Thompson 1992 CR Unitrust
Schedule Number: R002940**

Commissioner Batchelder reconvened the hearing and acknowledged a Power of Attorney from Marilyn T. Mueller authorizing Charles D. Mueller to act on her behalf (Petitioner Exhibit D-1). It was immediately determined that the person representing the Mueller family was John Mueller, uncle of Charles D. Mueller. He presented a letter from Charles Mueller authorizing John Mueller to represent Synergis, LLC at the hearing (Petitioner Exhibit D-2). However, Synergis is not listed as owner of any of the properties in question and the Commissioners determined that they would proceed, understanding that the process and decisions would be rendered contingent upon the Board of Equalization receiving a letter of agency from David L. Mueller, Marilyn T. Mueller, Charles E. Thompson, Jr. and the two Unitrusts authorizing John Mueller as their representative. The Deputy Clerk of the Board administered the Oath to John Mueller.

Commissioner Batchelder explained that the Board would hear each appeal separately and rule on each independently.

R002960 (Black Bear)

John Mueller discussed that this is a large house in Fairway Pines whose value has been affected by the financial troubles of Fairway Pines and the loss of the clubhouse.

Doris Johnson, Chief Deputy Assessor/Chief Appraiser, submitted Assessor Exhibit Item D1-1. She noted that there were no comparables. This is a custom house valued at \$155/sq. ft.

When asked by Commissioner Albritton if sales are going down Mr. Mueller replied that they are stagnant.

Commissioner Batchelder explained that the window the Assessor looks at is from January 1, 2003 to June 30, 2004 and that the sale of the clubhouse was after that period and could not be considered in the valuation.

M/S/P—Motion was made by Commissioner Westfall and seconded by Commissioner Albritton to uphold the Assessor's recommended value of \$884,770, due to the fact that during that period of time the clubhouse was still owned and open and there were no pending sales. There was no discussion. Motion passed unanimously.

R003746 (Tower Road)

Mr. Mueller discussed that this property is close to a big antenna farm and has radiation and radon issues.

Ms. Johnson submitted Assessor Exhibit D2-1 and discussed the "functional obsolescence" referred to in the Petition explaining that this property is not functionally obsolete.

Ms. Mayfield noted that the radon issue is new. Unless there is an official report stating that there are lethal levels, the Assessor cannot look at radon as a factor.

Mr. Mueller felt that lethality of radon is harsh criteria. He explained that the radon has been mitigated but there are also the issues of the proximity of a water tank and an antenna farm.

Commissioner Batchelder suggested that due to mitigating circumstances perhaps the value of \$138/sq. ft. may be high and suggested \$125/sq. ft. This would diminish the total by \$20,000 making it \$314,000.

M/S/P—Motion was made by Commissioner Albritton and seconded by Commissioner Westfall to set the value to \$314,730. There was no discussion. Motion passed unanimously.

R003147 and R003148 (Willey Tract)

Mr. Mueller explained that the owners had given up road rights-of-way four years ago and that the prospect of the County putting in a road was still pretty slim. He urged the Board to proceed in putting in the road. Mr. Mueller noted that the comparables used are acreages with good access.

Ms. Johnson submitted Assessor Exhibit Item D3 & D4 explaining that all of the Log Hill Crest properties are \$7,000/acre.

Mr. Mueller discussed that the gravel road from County Road 1 deteriorates after about a mile and that, until the road is completed by the County, the impact on the property value is still considerable and the property has not even been listed.

M/S/P—Motion was made by Commissioner Batchelder and seconded by Commissioner Albritton to deny the appeals and uphold the Chief Appraiser's determination on both lots. There was no discussion.

Roll call vote:

Commissioner Batchelder voted in the affirmative

Commissioner Albritton voted in the affirmative

Commissioner Westfall voted in the affirmative

R002940 (Sedelmeier)

Mr. Mueller discussed that this property is 59 acres. The house has foundation problems and is not well built, and there is much beetle kill on the property. The owners have a signed lease with a rancher who is using it for grazing and who will apply for an ag exemption. Mr. Mueller concluded that the property is essentially condemned to be a "park" because of down zoning making it ineligible to be subdivided.

Ms. Johnson submitted Assessor Exhibit D5-1 and reiterated that she does not consider zoning when making appraisals, she considers use. The land is valued at \$5,000/acre and the house at \$120/sq. ft.

M/S/P—Motion was made by Commissioner Albritton and seconded by Commissioner Westfall to uphold the Chief Appraiser's total value of \$567,600. There was no further discussion. Motion passed unanimously.

Mr. Mueller asked if he still needed to get authorization on all the petitions since there was only one change.

Commissioner Batchelder replied that he did because of state statute and the possibility of appeals to the Board of Assessment Appeals.

E. 1:30 Property Owner: Vogelaar

**1. Property Owner: Vogelaar Family Partnership, LLLP
Schedule Number: R001605**

**2. Property Owner: Anita Vogelaar and Billee Roe Vogelaar, Trustees
Schedule Number: R001607**

Commissioner Batchelder noted for the record that Ms. Vogelaar attended via phone. For the Petitioner's benefit, he introduced everyone present, explained the process to Ms. Vogelaar, and the Deputy Clerk swore Ms. Vogelaar in. Commissioner Batchelder explained that the Board would hear each appeal separately and rule on each independently.

R001605

Ms. Vogelaar discussed the particulars of Petitioner Exhibit E-1 that noted "Petitioner's Estimate of Valuation: We agree with the evaluation of \$160,000 for the lot[.] We feel the house is more nearly worth \$42,900 (or a bit more) and that the \$80,900 assessor's determination is high." She explained, "In the mid-1990s, Mother considered selling the house only to find that mitigation of problems in the basement (water, asbestos and radon) would cost a great deal to fix or the price reduced drastically."

Doris Johnson, Chief Deputy Assessor/Chief Appraiser, submitted Assessor Exhibit E1-1. She explained that she and Susie Mayfield inspected the house and noted extensive water damage in the basement and that the house was not in great shape; thus, she did make adjustments. She lowered the improvements from \$80,900 to \$67,420 bringing the total value to \$227,420 (previously \$240,900). In the past, it had been valued very low because the Assessor's Office did not think anyone was living there. Ms. Johnson addressed the referenced issue of radon problems noting that she would need documentation but added that if someone was living there it would be hard to say that the levels were unacceptable.

A discussion followed regarding square footage and the difference between "Fair" and "Poor Quality" designations.

M/S/P—Motion was made by Commissioner Westfall and seconded by Commissioner Albritton to accept the Assessor's value of \$227,420 based on Assessor review and the condition of the house. There was no discussion. Motion passed unanimously.

R001607

Ms. Vogelaar discussed the particulars of Petitioner Exhibit E-2. She explained that this cabin is built primarily at the edge of a lake with wetlands on one side and a road right-of-way on other side. She read, "Petitioner's Estimate of Valuation: We agree with the evaluation of the cabin. We feel the value of the lot should be further discounted because of the problems of installation of a septic system and the limitations on building. \$90,000 would be an amount suitable for the limitations this site presents."

Doris Johnson, Chief Deputy Assessor/Chief Appraiser, submitted Assessor Exhibit E2-1 that explained that the lot is already at a discounted rate of \$24/sq. ft. To go any lower, it would be considered a minor structure on vacant land and assessed at a rate of 29%.

A discussion followed regarding a reference in Petitioner Exhibit E-2 to an assessment in the past by William Kledas of the building department. Ms. Mayfield said that she had tried to contact the current building official but had not heard back from him before the hearing. Ms. Vogelaar noted that in the past her lot was valued at half of the value of the other lots.

Ms. Mayfield supplied a plat map and the Commissioners discussed the particulars of the lot.

M/S/P—Motion was made by Commissioner Westfall and seconded by Commissioner Albritton to accept the decision by the Assessor's office that the value be \$143,780 and that no further adjustment be made in view of the fact that this is at a lower value than other lots in the subdivision. Commissioner Batchelder concurred but informed Ms. Vogelaar that her testimony may be somewhat in error regarding the property after reviewing the plat map and that all the Board could rely on was what was in front of it. There was no further discussion. Motion passed unanimously.

Ms. Vogelaar asked if she could return if the building official concurs with Mr. Kledas's assessment. Ms. Johnson replied that she could not return during this protest period but could return next May.

Commissioner Batchelder cautioned Ms. Vogelaar that if she asks the building official to inspect the property, she would have to locate the corners of the property prior to him making a definitive decision.

2:15 Commissioner Batchelder adjourned the special session:

OURAY COUNTY BOARD OF COUNTY COMMISSIONERS
Acting as the BOARD OF EQUALIZATION
OURAY, COLORADO

ATTEST:

Don Batchelder, Chair

Michelle Nauer, County Clerk and Recorder

Heidi M. Albritton, Vice Chair

By: _____
Linda Munson-Haley,
Deputy Clerk of the Board

Kristi R. Westfall, Member