

The Board of County Commissioners met in special session on August 10, 2007. Those present for the session were Heidi Albritton, Vice-Chair; K. Keith Meinert, Member; Mary Deganhart, County Attorney; Connie I. Hunt, County Administrator; and Linda Munson-Haley, Deputy Clerk of the Board. Don Batchelder was absent.

- **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:

Commissioner Albritton convened the Board of Equalization.

- A. 9:00**
- 1. Property Owner: Ponderosa Loop LLC
Schedule Number: R000415**
 - 2. Property Owner: Ponderosa Loop LLC
Schedule Number: R002683**
 - 3. Property Owner: Ponderosa Loop LLC
Schedule Number: R003147**
 - 4. Property Owner: Ponderosa Loop LLC
Schedule Number: R003148**
 - 5. Property Owner: Ponderosa Loop LLC
Schedule Number: R003151**

Charles and Jack Mueller were in attendance and were sworn in by the Deputy Clerk of the Board, along with Susie Mayfield, County Assessor, and Staff, Raelene Freier, Chief Deputy Appraiser, and Dennis Michaud, Deputy Appraiser.

Commissioner Albritton explained the hearing procedures and took testimony from the Petitioner.

Charles Mueller introduced himself as the manager of Synergist LLC and manager of Ponderosa Loop, and introduced Jack Mueller who takes care of the day-to-day details. Charles Mueller explained that there were no utilities on the 40-acre parcels in question, and with respect to the road, although somewhat improved, it is a dirt road. He countered that some of the comparables used for valuation were much better view lots with utilities. He suggested that the County cannot compare an improved lot to an unimproved lot.

Raelene Freier, Chief Deputy Appraiser, discussed the Assessor's submittal that included a letter dated August 9, 2007 referencing Schedule Numbers R000415, R002683, R003147, R003148 and R003151 that included a spreadsheet, maps of the subject properties and comparables, and the Property Record Cards for the properties (*Assessor Exhibit A-1-5*). She explained that the subject properties represent five contiguous 40-acre parcels with wide open views, although not of Mount Sneffels. While researching the properties she noticed that there were different codes applied to different parcels with four of the parcels having the same land valuation code that represented \$9,000 per acre while a fifth parcel was valued at \$6,500 per acre. She further noticed that three of the parcels had an 11.5% downward adjustment for reasons unknown. Because of the unique size and location of the parcels, comparable sales within the timeframe were limited. The Assessor's Office proposed placing all of the parcels into the same land value code with the same land valuation of \$9,000 per acre and, taking into account that they were undeveloped and unimproved, placing a 10% downward adjustment pending further improvements in the area.

Charles Mueller detailed the difficulties of bringing utilities to the parcels and the inordinate expenses it would entail. Jack Mueller explained that the 11% adjustment was in consideration of Charles Mueller's donation of a right-of-way to the County of significant worth, involving 12-13 acres. He also noted that the parcels had stony ground compared to the other comparables. Charles Mueller added that all five of the parcels did not have the same views and had significant slopes and a canyon.

Jack Mueller felt strongly that individual lots should be judged individually and that the comparable taxation method made it easier on the County but was intrinsically unfair.

Commissioner Albritton advised the Muellers that while they say that it is unfair they did not give the Commissioners any alternatives.

Commissioner Meinert understood that the method of valuation laid out in the statutes was based on comparables and that was the method the Assessor used to value property. For lack of a more persuasive method of valuation that had reference to actual market transactions that took place during the period, the Board had no other choice but to accept what the Assessor recommended. He suggested that if the Petitioner had comparables that were valued closer to what he was asking, the Board would like to see them.

Charles Mueller replied that was fair enough but returned to discussions about utilities, explaining that they had everything to do with values and that the costs associated with bringing utilities to the properties should be taken into consideration.

M/S/P—Motion was made by Commissioner Meinert and seconded by Commissioner Albritton to accept the Assessor's recommended values on the subject properties based on the comparables in the area with a 10% downward adjustment for the difference between the five parcels and the suggested comparables, resulting in

valuations of \$324,000 for Schedule Number R000415; \$324,000 for Schedule Number R002683; \$294,520 for Schedule Number R003147; \$297,590 for Schedule Number R003148; and \$324,000 for Schedule Number R003151. The Board was polled as to individual votes on the motion with the following results.

Commissioner Albritton – yes
Commissioner Meinert – yes
Commissioner Batchelder was not present for the vote.

With no further discussion, the motion passed.

**6. Property Owner: Lot 8E LLC
Schedule Number: R003835**

Charles Mueller explained that as the manager of Synergist he is the manager of Lot 8E LLC.

Susie Mayfield, County Assessor, distributed a map showing the location of Schedule Numbers R003835, R003563, R003746, R003865 and R002940 (*Assessor Exhibit A*). She also submitted a letter dated August 9, 2007 that included a map of surrounding lots (*Assessor Exhibit A-6*). She explained that Lot 8E was a 4.9-acre vacant lot in Unit 1 of Loughill Village currently valued at \$168,000. The mean value of the surrounding lots sold in the 18-month timeframe was \$163,000; therefore, she was recommending that the property be reduced to \$163,000.

A discussion followed regarding the fact that the subject property was not on a paved road but that the comparable lots were, and that one of the comparable lots was adjacent to greenspace.

Dickson Pratt, volunteer in the Assessor's Office, was sworn in by the Deputy Clerk of the Board and offered testimony that the road was paved in September 2005. Ms. Mayfield noted that the sales may not be indicative of sales at the time when the road was not paved.

M/S/P—Motion was made by Commissioner Meinert and seconded by Commissioner Albritton to accept the Assessor's revised valuation of \$163,000 for Schedule Number R003835 on the basis of the area valuation that the Assessor put on like parcels in the area and to deny the Petitioner's recommended valuation. The Board was polled as to individual votes on the motion with the following results.

Commissioner Albritton – yes
Commissioner Meinert – yes
Commissioner Batchelder was not present for the vote.

With no further discussion, the motion passed.

**7. Property Owner: Ridge Subdivision LLC
Schedule Number: R003563**

Charles Mueller explained that as the manager of Synergist he is the manager of Ridge Subdivision LLC.

Raelene Freier, Chief Deputy Appraiser, submitted a letter dated August 9, 2007 that included a map of surrounding vacant land sales (*Assessor Exhibit A-7*). Ms. Freier explained that the initial valuation was \$171,700 but during the protest period they looked closer at sales that occurred within the Ridge Subdivision. Based on the resulting data the Assessor recommended a revised valuation of \$146,000.

Charles Mueller explained that he was the developer of the subdivision and that this was the only lot that had not sold because it was the least attractive being below the road and lower in elevation than the others and being a steep lot. It was listed at \$139,000 for several years and did not sell. He noted that he understood the blanket approach but that different properties with different attributes should be valued differently.

M/S/P—Motion was made by Commissioner Meinert and seconded by Commissioner Albritton to accept in part the Petitioner's application of a reduction in valuation of the property because of different characteristics from neighboring properties and to discount the value 10% below the revised value resulting in a change in value for Schedule Number R003563 from \$146,000 to \$131,400. The Board was polled as to individual votes on the motion with the following results.

Commissioner Albritton – yes
Commissioner Meinert – yes
Commissioner Batchelder was not present for the vote.

With no further discussion, the motion passed.

**8. Property Owner: David L. Mueller
Schedule Number: R003746**

David Mueller is Jack Mueller's brother and Charles Mueller's father and they noted that they had authorization to represent him in these matters.

Susie Mayfield, County Assessor, submitted a letter dated August 9, 2007 that included maps of surrounding vacant land sales, improved land sales, valuations of escarpment lots, and a Property Record Card for the subject property (*Assessor Exhibit A-8*). Ms. Mayfield explained that the subject property includes the home where Jack Mueller lives

and is a 4.9-acre parcel on the escarpment. The current total valuation was \$433,320. The subject property is valued at \$108 per sq ft. and is at the low end because of age and condition, and no central heating.

Jack Mueller advised the Board that the property was next to an antenna farm, a road, a water tank, etc. Charles Mueller added that the property does not go to the escarpment. It has good views but not to the valley floor. A discussion followed relating to the mitigating factors of the antenna farm, etc.

M/S/P—Motion was made by Commissioner Meinert and seconded by Commissioner Albritton to accept in part the Petitioner's request to revise the valuation of the property on the basis of land valuation and the similar impediments to value of property being consistent with valuation of adjacent property, reducing the land value for Schedule Number R003746 from \$250,000 to \$200,000, leaving the residence valued the same for a total revised valuation of \$383,320. The Board was polled as to individual votes on the motion with the following results.

Commissioner Albritton – yes
Commissioner Meinert – yes
Commissioner Batchelder was not present for the vote.

With no further discussion, the motion passed.

**9. Property Owner: David L. and Marilyn T. Mueller
Schedule Number: R003865**

Susie Mayfield, County Assessor, submitted a letter dated August 9, 2007 that included a map of surrounding vacant land sales (*Assessor Exhibit A-9*). Raelene Freier, Chief Deputy Appraiser, explained that this was another escarpment lot, a 1.8-acre vacant lot, purchased in 1995 for \$135,000. The Assessor's Office Staff could not find comparables so they had to go back in six month increments for five years. This was an area of the escarpment that sloped downward.

Charles Mueller advised that there was a fair amount of highway noise heard from the property.

Ms. Freier detailed their findings noting that most recent sales indicated an upward trend in value for the area and Staff felt that, if anything, the lots were undervalued and recommended that the value of the subject lot be held at \$168,000.

Charles Mueller explained that there were houses on either side of the vacant land with a maximum 25-foot setback and, thus, not a lot of elbow room. More to point, because of the County's Visual Impact Regulations, which changed after the lots were bought, a structure would need to be situated closer to the road for compliance and, therefore, challenged to get the type of views one would come to expect on the escarpment. Other lots had better tree cover.

M/S/P—Motion was made by Commissioner Meinert and seconded by Commissioner Albritton to deny the Petitioner's appeal and accept the value placed on Schedule Number R003865 by the Assessor of \$168,000. The Board was polled as to individual votes on the motion with the following results.

Commissioner Albritton – yes
Commissioner Meinert – yes
Commissioner Batchelder was not present for the vote.

With no further discussion, the motion passed.

**10. Property Owner: Mueller 1992 CR Unitrust & Thompson 1992 CR Unitrust
Schedule Number: R002940**

Charles Mueller explained that he was a trustee of the Unitrust.

Susie Mayfield, County Assessor, submitted a letter dated August 9, 2007 that included a Lease Agreement; a brochure entitled "How Agricultural Property is Valued in Colorado;" and a Property Record Card for the subject property (*Assessor Exhibit A-10*). Raelene Freier, Chief Deputy Appraiser, explained that the Petitioner was requesting agricultural status on the land on CR1 described as Schedule Number R002940. She noted that the State Statutes require proof of agricultural status for two years plus the present year. The Assessor's Office only received documentation in April 2007 (*see Assessor Exhibit A-10*). She contacted Jack Flowers to confirm the lease. The Assessor had already internally approved the agricultural status of the subject property for the 2008 tax year. Currently, the land is valued at \$390,000. With the agricultural status, the land would be valued at \$850. The Assessor's Office recommended denial of the appeal for this year and granting of the agricultural status for the 2008 tax year.

Charles Mueller begged to differ with the Assessor's recollection explaining that the Unitrust had provided information in 2005. They lost the agricultural exemption and were penalized for three years while trying to regain it, which it should have had all along. The property essentially became a county park when the area was rezoned and could not be subdivided. He added that there was a lease in existence in 2003 and 2004.

Ms. Freier explained that Staff had researched the records but could not find any evidence of the land being classified as agricultural. A discussion followed resulting in the suggestion that Mr. Mueller would need to follow up every year with paperwork to the Assessor's Office to continue the ag status.

M/S/P—Motion was made by Commissioner Meinert and seconded by Commissioner Albritton to deny the Petitioner's appeal to move the property to agricultural status for 2007 due to the qualification that it would not qualify for

agricultural status until 2008, and to accept the Assessor's valuation of \$695,400 on Schedule Number R002940. The Board was polled as to individual votes on the motion with the following results.

Commissioner Albritton – yes
Commissioner Meinert – yes
Commissioner Batchelder was not present for the vote.

With no further discussion, the motion passed.

11:03 Commissioner Albritton recessed and reconvened at 11:08:

B. 11:08 11. Property Owner: Robert M. Sprentall (10:30)
Schedule Number: R001532
(Continued from 8/7/07)

Commissioner Albritton recapped the previous hearing explaining that the Assessor's Office was to get additional information and look into reclassification of the loft area of the home.

Susie Mayfield, County Assessor, submitted a letter dated August 9, 2007 that included photographs and a sketch plan of the home, along with the Property Record Card (*Assessor Exhibit B-1*). She related that Staff did a site visit and notified Ms. Sprentall of the visit. They took outside measurements and peaked through windows, re-sketched the home and took new photos, all of which were provided in the packet that was also sent to the Petitioner. Because the Petitioner did not allow Staff inside the home, they were only able to ascertain by looking through windows that the "second story" square footage should be evenly distributed between the classifications of "loft" and "second story." She continued to discuss ceiling height and dormers.

The Assessor also provided a spreadsheet with a breakout of the actual and adjusted square footage for component areas of the subject home and each of the comparables as requested by the Petitioner (*Assessor Exhibit B-2*). Because of Ms. Sprentall's expressed concern about the adjusted areas being calculated the same way for each of the homes, the Assessor noted that if she divided the adjusted by the actual, she would realize the same percentage for all of the comparables. Ms. Mayfield continued to explain that the base rate must be taken into account as far as the condition of the home, and that the architectural style could play a part when it is a custom log home. The Petitioner's home has large logs, which adds to the value. She added that depreciation also comes into play. She pointed out that it was evident from the spreadsheet that the square footages were different from home to home, and apportioned differently as far as what was base, the main living area, that carried the full value of the square footage valuation. When Staff made their site visit, they verified that the basement had been finished. They checked with the Building Inspector who advised that a permit is required to finish a basement. The Petitioners acknowledged that they did not have a permit but had finished the basement this year. Ms. Mayfield concluded that in changing the square footage, changing the division of the loft and the second story, and changing the unfinished basement to finished, she recommended that the value be changed from \$338,790 to \$281,130.

Ms. Sprentall advised the Board that the ceiling height was never in dispute and the dormers were never an issue, and that she concurred with the Assessor's remarks about dormers and ceiling height. As far as the square footage and the breakdown of the loft versus the second story, she agreed that the bathroom area should be assessed as a second floor rather than a loft, but disputed the Assessor's adjusted size for the bathroom suggesting that it was unreasonable.

Commissioner Albritton advised the Petitioner that the Board had continued the hearing to provide additional information for her and that the Assessor's Office had worked with her to provide the information she requested. The Board had request at that time for Ms. Sprentall to submit her house plans and advised her that the Assessor's Office would be doing a site visit.

Ms. Sprentall explained that the finished basement had been completed over five to six years, a little at a time. She could not imagine that the Building Inspector wanted to deal with that over that period of time. The County needed to be aware that people would do home improvements over the years. The best she could do was to state that it was finished. Secondly, she requested an exact computation of the dollar amount for her assessed valuation and acknowledged that she did receive two computations but had a hard time telling which was which.

Ms. Mayfield explained how the computations were made as provided in the handout (*Assessor Exhibit B-3*).

A discussion followed whereby Ms. Sprentall insisted that her home had been overvalued by 25% for the past several years and she asked for an abatement. Commissioner Meinert explained that this was not an abatement hearing.

M/S/P—Motion was made by Commissioner Meinert and seconded by Commissioner Albritton to accept in part the Petitioner's request for revaluation and to accept the Assessor's revaluation to a corrected value of \$281,130 for Schedule Number R001532 based on the revised calculations and information she had received. Discussion. Ms. Sprentall objected. The Board was polled as to individual votes on the motion with the following results.

Commissioner Albritton – yes
Commissioner Meinert – yes
Commissioner Batchelder was not present for the vote.

With no further discussion, the motion passed.

11:36 Commissioner Albritton adjourned the special session:

OURAY COUNTY BOARD OF COUNTY COMMISSIONERS
OURAY, COLORADO

ATTEST:

Don Batchelder, Chair

Heidi M. Albritton, Vice Chair

Michelle Nauer, County Clerk and Recorder
By: Linda Munson-Haley, Clerk of the Board

K. Keith Meinert, Member