

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

MONDAY

9:00 A.M

FEBRUARY 7, 2005

PRESENT:

Steven Sparks, Chairman
Gary Schmidt, Vice Chairman
William Brush, Member
Thomas Koziol, Member
John Krolick, Member

Amy Harvey, County Clerk
Nancy Parent, Chief Deputy Clerk
Peter Simeoni, Deputy District Attorney
Ernie McNeill, Senior Appraiser

The Board met pursuant to a recess taken on January 24, 2005, in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. The meeting was called to order by Chairman Sparks, the Clerk called the roll, and the Board conducted the following business:

WITHDRAWN PETITION

The following hearing scheduled on today's agenda has been withdrawn by the Petitioner:

Hearing No. 0047, City Center Limited Partnership, Parcel No. 011-126-10

9:00 A.M. - BLOCK 1

CONSOLIDATION OF HEARINGS

On motion by Member Schmidt, seconded by Member Koziol, which motion duly carried, Chairman Sparks ordered that hearings for petitioners in attendance be conducted in the order they appear on the agenda, hearings in which no petitioners were present would be heard subsequently, and petitions with similar facts and issues be considered for consolidation under one hearing.

05-16E ROLL CHANGE REQUESTS – INCREASES

Following discussion, on motion by Member Koziol, seconded by Member Brush, which motion duly carried, Chairman Sparks ordered that, pursuant to NRS 361.345(2), the County Clerk issue notices of tax roll increases to affected property owners setting February 18, 2005, at 9:00 a.m. as the date and time for the Board to act on Roll Change Requests Nos. 32 through 35, increasing taxable values as delivered to the Clerk.

05-17E ROLL CHANGE REQUESTS - DECREASES

Following discussion, on motion by Chairman Sparks, seconded by Member Schmidt, which motion duly carried, it was ordered that Roll Change Requests Nos. 10 through 31, resulting in decreases and placed on file with the Clerk, be approved for the reasons stated thereon.

05-18E HEARING NO. 0023A – TIMOTHY L. SULLIVAN, TR. ET AL
PARCEL NO. 007-062-02

A petition for Review of Assessed Valuation received from Timothy L. Sullivan, Tr., et al, protesting the taxable valuation on land located at 75 Bisby Street, Reno, Washoe County, Nevada, was set for consideration at this time. The property is zoned SF6 and designated single-family residence.

Linda Lambert, Appraiser, duly sworn, oriented the Board as to the location of subject property.

Timothy Sullivan, Petitioner, was sworn and submitted the following documents into evidence:

- Exhibit A, Rental/Lease Agreement
- Exhibit B, 2004 Supplemental Income and Loss Schedule E

Petitioner Sullivan testified that the income expectancy of the property does not justify the valuation. He said he paid \$194,000 for the parcel in 2004, and he believed the Assessor's taxable value should be less than the stated \$54,414.

Member Schmidt inquired if the Petitioner was appealing on the basis that the property was assessed out of equalization with surrounding and similar properties or based on the assertion that the property was assessed at greater than full cash value. Petitioner Sullivan confirmed the reasons stated by Member Schmidt were not the basis of his appeal.

Ernie McNeill, Senior Appraiser, clarified that single-family residences are not valued based on the income approach.

Appraiser Lambert submitted the following documents into evidence:

Exhibit I, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 9

Appraiser Lambert reviewed sales of comparable properties substantiating that the Assessor's total taxable value does not exceed full cash value.

In response to Member Schmidt, Appraiser Lambert stated the land was not out of equalization.

Member Koziol asked if Improved Sale-3 was less than an arms-length transaction, and Appraiser Lambert said it was not.

In rebuttal, Petitioner Sullivan stated the inside condition of the comparables vary significantly.

Chairman Sparks commented on the income of the property and said in real property the income stream would always be looked at before debt.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value does not exceed full cash value, as evidenced by the Assessor's Exhibit I, on motion by Member Schmidt, seconded by Member Koziol, which motion duly carried, it was ordered that the taxable value of the land on Parcel No. 007-062-02 be upheld.

05-19E HEARING NO. 0023B – TIMOTHY L. SULLIVAN, TR. ET AL
PARCEL NO. 010-133-04

A petition for Review of Assessed Valuation received from Timothy L. Sullivan, Tr., et al, protesting the taxable valuation on land located at 665 Cardinal Way, Reno, Washoe County, Nevada, was set for consideration at this time. The property is zoned SF9 and designated single-family residence.

Pat O'Hair, Appraiser, duly sworn, oriented the Board as to the location of subject property.

Timothy Sullivan, Petitioner, previously sworn, submitted the following documents into evidence:

- Exhibit A, Rental/Lease Agreement
- Exhibit B, 2004 Supplemental Income and Loss Schedule E

Petitioner Sullivan testified the income expectancy of the property does not justify the valuation. He clarified the property was owned by three people and it was not in trust.

Member Schmidt asked if the Petitioner was aware that the quality class of his structure was identified as a 2.0. Petitioner Sullivan said he was aware of the rating, but he did not know the meaning of the number. Member Schmidt explained quality class to the Petitioner.

Appraiser O'Hair submitted the following documents into evidence:

Exhibit I, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 12

Appraiser O'Hair reviewed sales of comparable properties substantiating that the Assessor's total taxable value does not exceed full cash value.

The Petitioner had no rebuttal.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value does not exceed full cash value, as evidenced by the Assessor's Exhibit I, on motion by Member Schmidt, seconded by Member Krolick, which motion duly carried, it was ordered that the taxable value of the land on Parcel No. 010-133-04 be upheld.

05-20E HEARING NO. 0025 – CHRISTINA L. AVERKIN
PARCEL NO. 010-171-20

A petition for Review of Assessed Valuation received from Christina L. Averkin, protesting the taxable valuation on land located at 2083 Westfield Avenue, Reno, Washoe County, Nevada, was set for consideration at this time. The property is zoned SF6 and designated single-family residence.

Christina Averkin, Petitioner, and Gene Averkin, relative of Petitioner, were sworn; and Petitioner Averkin testified the way her property was valued was incorrect. She purchased the property in August 2004 for \$248,000, which was a 50.76 percent increase over the previous purchase price, but the land taxable value was increased by 62.5 percent. Petitioner Averkin testified some of the properties recently sold in her area were assessed closely to her land, which should not be the case. She stated the taxable value should be 50.76 percent with a taxable land value of \$21,105, based on the calculation used by the Nevada Tax Commission.

Mr. Averkin stated the land taxable value should have gone from \$40,000 to approximately \$61,000. Chairman Sparks explained Washoe County only reassess property every five years, and he noted the sale being referenced took place in the middle of the five-year period.

Mr. Averkin said their second argument was the taxable land value was extremely close to the actual market value of empty land sold in the area. He remarked statute requires that taxable value be less than market value.

Pat O'Hair, Appraiser, duly sworn, oriented the Board as to the location of subject property. Appraiser O'Hair submitted the following documents into evidence:

Exhibit I, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 11

Appraiser O'Hair reviewed sales of comparable properties substantiating that the Assessor's total taxable value does not exceed full cash value.

Member Schmidt inquired if the Appraiser considered the taxable value of the improved and land sale comparables in relation to the concept of equalization. Appraiser O'Hair concurred and stated that the property was in equalization with surrounding properties. He said the improved sales have the same \$65,000 land value.

In rebuttal, Mr. Averkin stated the taxable land value of \$65,000 is too high.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value does not exceed full cash value, as evidenced by the Assessor's Exhibit I, on motion by Member Brush, seconded by Member Schmidt, which motion duly carried, it was ordered that the taxable value of the land on Parcel No. 010-171-20 be upheld.

05-21E HEARING NO. 0043 – MICHAEL AND FRANCISCA LENTINI
PARCEL NO. 023-721-03

A petition for Review of Assessed Valuation received from Michael and Francisca Lentini, protesting the taxable valuation on improvements located at 4444 Dant Boulevard, Reno, Washoe County, Nevada, was set for consideration at this time. The property is zoned SF15 and designated single-family residence.

Pat O'Hair, Appraiser, duly sworn, oriented the Board as to the location of subject property.

The Petitioner was not present for the hearing, but submitted the following into evidence:

- Exhibit A, a letter
- Exhibit B, a Nevada State Contractor's Board Decision and Findings

Appraiser O'Hair submitted the following documents into evidence:

Exhibit I, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 12

Appraiser O'Hair reviewed sales of comparable properties substantiating that the Assessor's total taxable value does not exceed full cash value. He further testified that in December of 2004 he visited the subject parcel, and the owner showed

him numerous construction problems. Appraiser O'Hair recommended a reduction of \$110,852 in the taxable improved value of the parcel.

Member Schmidt asked if the Petitioner was in agreement with the Assessor's recommended reductions, and Appraiser O'Hair confirmed that to be true.

The Chairman closed the hearing.

Based on the FINDINGS that adverse factors were not considered, as evidenced by the Petitioner's Exhibits A and B, and as recommended by the Assessor, on motion by Member Schmidt, seconded by Member Koziol, which motion duly carried, it was ordered that the taxable value of the land on Parcel No. 023-721-03 be upheld and the taxable value of the improvements be reduced to \$332,557, for a total taxable value of \$448,057. The Board also made the finding that, with this adjustment, the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

05-22E HEARING NO. 0045 – STUDIO 3 LIMITED PARTNERSHIP
PARCEL NO. 007-274-31

A petition for Review of Assessed Valuation received from Studio 3 Limited Partnership, protesting the taxable valuation on improvements located at 695 3rd Street, Reno, Washoe County, Nevada, was set for consideration at this time. The property is zoned CC and designated 10 or more.

Van Yates, Appraiser, duly sworn, oriented the Board as to the location of subject property. He stated he had spoken to the Petitioner, and he would not be in attendance; however, the Petitioner was in agreement with the reduction in the value of the property proposed by Appraiser Yates.

The Petitioner was not present, but submitted the following documents into evidence:

Exhibit A, a letter concerning total taxable values for 2005/06

Appraiser Yates submitted the following documents into evidence:

Exhibit I, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 35

Appraiser Yates reviewed sales of comparable properties substantiating that the Assessor's total taxable value does not exceed full cash value. He further testified that inspection of the property identified that an incorrect wall type had been used for costing. He noted the complex was unique due to an unusual mix of small studio apartments and smaller than typical one-bedroom units, and the subject property includes all utilities in the rent.

Member Schmidt noted the corrected adjusted value of the building was missing, and he questioned Appraiser Yates figures on page 2 of Exhibit I. Appraiser Yates reviewed his calculations.

10:10 a.m. The Board recessed.

10:15 a.m. The Board reconvened with all members present and continued with Hearing No. 0045, Parcel No. 007-274-31.

In response to Member Schmidt, Appraiser Yates stated that after applying the correction and obsolescence the new building value recommendation would be \$7,470,000.

Chairman Sparks inquired about the monthly rent for the studio and one-bedroom units. Appraiser Yates noted the two adjustments considered were that the one-bedroom units were smaller than other typical units, and the electrical was included in the rent. He confirmed the rents were market supported. Chairman Sparks asked if Appraiser Yates analyzed the actual reported expenses by taking out the utilities to see if the reported expenses by the Petitioner appeared to be more market oriented. Appraiser Yates said he did not do that analysis.

Chairman Sparks commented on the cap rate of the building, and said the cap rates should be lower because the building is only four years old.

In response to Member Schmidt, Appraiser Yates said there was one Housing and Urban Development (HUD) property on his comparable list where the cap rates were determined. He noted he reviewed HUD restrictions for the subject property and the comparable.

Ernie McNeill, Senior Appraiser, explained the Assessor's Office appraised the subject property as fee simple without leases and analyzed the market as best as possible. He noted there were no specific numbers to present in many cases for the adjustments.

Member Schmidt asked if the inclusion of the utilities was at the discretion of the property owner. Appraiser Yates said when the building was built, it was at the owner's discretion; and there are no individual meters. He stated it would be a substantial cost to retrofit with meters.

Chairman Sparks remarked that people place properties into HUD restricted programs because they become tax-credit properties and they obtain accelerated depreciation. He acknowledged the statute is clear that properties in Nevada need to be assessed at fair market under a fee simple concept.

The Chairman closed the hearing.

Based on the FINDINGS that obsolescence should be applied to the subject and there was an error in the appraisal (incorrect wall type had been used for costing), as evidenced by the Assessor's Exhibit I and the Petitioner's Exhibit A, and as recommended by the Assessor, on motion by Member Schmidt, seconded by Member Koziol, which motion duly carried with Chairman Sparks voting "no," it was ordered that the taxable value of the land on Parcel No. 007-274-31 be upheld, and the taxable value of the improvements to be reduced to \$7,470,000, for a total taxable value of \$8,670,000. The Board also made the finding that, with this adjustment, the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

11:04 a.m. The Board recessed.

1:30 p.m. The Board reconvened with all members present as in the morning.

1:30 P.M. BLOCK 2

Chairman Sparks outlined the process of the hearings and the order for the afternoon for those in attendance at the meeting.

05-23E **HEARING NO. 0033 – EDWARD S. AND ELIZABETH
MACMILLAN - PARCEL NO. 218-171-01**

A petition for Review of Assessed Valuation received from Edward S. and Elizabeth Macmillan, protesting the taxable valuation on land and improvements located at 3465 Eagle Ridge Court, Reno, Washoe County, Nevada, was set for consideration at this time. The property is zoned SF15 and designated single-family residential.

Pat O'Hair, Appraiser, duly sworn, oriented the Board as to the location of subject property.

Edward Scott Macmillan, Petitioner, was sworn and submitted the following documents into evidence:

Exhibit A, Letter to the Board Outlining the Reasons for Appeal
Exhibit B, Appraisal Record for APN 218-171-01 for Fiscal Year 2005
Exhibit C, Eagle Ridge Unit 2, Phase 1
Exhibit D, Eagle Ridge Lot 211 with a letter from City of Reno regarding
Administrative Variance Case No. LDC03-00072
Exhibit E, Photos A and B
Exhibit F, Grant of Easement for Access and Public Utilities with Exhibits
A and B
Exhibit G, Photos C through O
Exhibit H, Appraisal Records APN's 218-173-01, 218-173-02,
218-173-03, 041-354-08
Exhibit I, Property Assessment Data APN's 041-082-09, 041-072-12,
041-081-13, 041-363-01, 041-363-07

Exhibit J, Appraisal Record for APN 041-354-08 for Fiscal Year 2005
Exhibit K, Photos P and Q
Exhibit L, Map showing Comparable Properties

Petitioner Macmillan testified he paid \$65,000 in 2001 for lot 211 in phase I of the Eagle Ridge development, which sold for less than the phase II lots because they have less expensive views. He said the lot is narrow and deep; and the house had to be redesigned to fit by going to the limits of the five-foot side setbacks and obtaining a variance to move it three feet forward.

Petitioner Macmillan stated he had to put in a retaining wall because of the back slope, and the hill is what is seen from the back windows. He said he has 20 to 25 feet from the back door to the retaining wall; and he signed over an easement at the rear of the property for underground power lines connecting to phase II of the development making the top 15 feet unusable.

Petitioner Macmillan discussed his photo exhibits showing the view out the back, at the house being built next door that blocks his side view, the orientation of his view being towards the mountains not the city, comparable houses that are valued less than his for both land and improvements, and houses that are larger or have better views that are valued less. He also discussed the land value comparisons for houses that were built 10 years ago with superior views, but the land is appraised for less; and other similar comparisons.

In response to Chairman Sparks, Petitioner Macmillan said he felt his home would sell for between \$500,000 to \$600,000. Chairman Sparks asked if the Petitioner wanted the Board to only consider the land value. Petitioner Macmillan stated he only wanted the land value reviewed.

Appraiser O'Hair submitted the following documents into evidence:

Exhibit I, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 8

Appraiser O'Hair reviewed sales of comparable properties substantiating that the Assessor's total taxable value does not exceed full cash value. He further testified that the land value is supported by three vacant land sales within several parcels of the subject that range from \$89,000 to \$115,000. He said two of the sales had superior views and the third had a similar view; but they all have similar topography to the subject.

In response to Chairman Sparks, Appraiser O'Hair said the base lot value is \$80,000; and he verified the subject parcel's side view has been blocked, but there is still a city view from the front courtyard. He said land sale number three was the best comparable with the same taxable value and a 20 percent premium, but with a slightly smaller lot.

Petitioner Macmillan said the view of the city is fantastic from the courtyard, but he only has a partial city view from the front picture window. He said he cannot see the water tank from his house, while the three comparisons can see the tank and the city over the tank; and the other two land comparisons have a similar front view, but no hill in the back.

The Chairman closed the hearing.

Based on the FINDINGS that adverse factors (view and slope) were not considered by the Assessor, as evidenced by the Petitioner's Exhibits A through L, on motion by Member Koziol, seconded by Member Schmidt, which motion duly carried, it was ordered that the taxable value of the land on Parcel No. 218-171-01 be reduced to \$88,000, and that the taxable value of the improvements be upheld, for a total taxable value of \$407,341. The Board also made the finding that, with this adjustment, the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

05-24E HEARING NOS. 19 AND 20 – DYKE KAUFFMANN -
PARCEL NOS. 050-550-03 AND 050-550-04

A petition for Review of Assessed Valuation received from Dyke Kauffmann, protesting the taxable valuation on land located at 4320 Eastlake Boulevard, Washoe Valley, Washoe County, Nevada, was set for consideration at this time. The property is zoned LDS and designated single-family residential for Parcel No. 050-550-03 and is zoned LDS and designated vacant for Parcel No. 050-550-04.

Chris Mumm, Senior Appraiser, was sworn and oriented the Board as to the location of subject properties.

Dyke Kauffmann, Petitioner, was sworn and testified that the subject property, along with a 21 foot wide sliver that narrows to zero at 850 feet, was purchased in the fall of 2002 along with a third piece up the canyon. The purchase price was \$326,000 for all three properties. He said a few months after the purchase they were appraised for \$20,000 more than the purchase price and they were reassessed last year for another \$20,000. Petitioner Kauffmann said this year he combined the sliver and converted it into 20 acres with 56 acres below it, which resulted in the tax valuation increasing 400 percent.

Petitioner Kauffmann said the only benefit he has gained was getting one set of water rights that would make it possible to subdivide the 20 acres, but right now it is still one piece of property even though he had filed an application for a parcel map. He said the comparable land sales were from an exclusive subdivision that are five-acre parcels with the houses being a higher quality than his 40 year old house that is in need of a lot of work. He also spoke on the particulars of some of the parcels compared to his property. In response to Member Schmidt, Petitioner Kauffmann said the house is on a well and septic system, which needs to be replaced due to the rusting tank. In response

to Member Krolick, he explained his water rights and what is needed to develop the 20-acre parcel.

Member Schmidt said water rights become taxable once they are attached to a parcel, and Petitioner Kauffmann said that was his point.

Appraiser Mumm submitted the following documents into evidence:

Exhibit I, Assessor's Fact Sheet(s) on APN 050-550-03 including comparable sales, maps and subject's appraisal record, pages 1 through 13

Exhibit II, Assessor's Fact Sheet(s) on APN 050-550-04 including comparable sales, maps and subject's appraisal record, pages 1 through 8

Appraiser Mumm reviewed sales of comparable properties substantiating that the Assessor's total taxable value does not exceed full cash value. He further testified that the property was divided into two parcels; and the Assessor's Office has to look at the value of the property when it is divided, but cannot go back to the last reappraisal and equalize. He said the developmental approach is used to determine today's market value, which determines what the parcels would sell for if they were divided while being discounted for the cost of development, marketing, and water rights.

Appraiser Mumm said five-acre parcels are predominant in the area, which under the County ordinance allows one house per acre. He said the County has not been granting requests for one-acre parcels because of the water situation. Only five-acre parcels have been approved, as was done with the property south of the subject parcel; and that property was no different from the subject property before development began. Appraiser Mumm said he looked at what five-acre parcels sell for in the area, which is between \$160,000 and \$200,000. He said, using \$200,000, it is estimated it would cost 50 percent to develop including the purchase of water rights, a five percent discount for size, and discount for marketing time for a total of a 60 percent discount or an estimate of \$80,000 per five-acre site. He said the 11 five-acre sites on the 56-acre parcel would total \$880,000, but if the selling price were mitigated down it would still not be near the appellant's figure. Appraiser Mumm said, if \$160,000 were used, the total would be \$704,000.

Appraiser Mumm spoke on the development process used for the property south of the subject property, the requirement parcels have water rights, the cost of water rights, and that water rights are taxed whether held in a group or one at a time. He said water rights are an adjunct right to real estate, which are severable and can be moved from one site to another; but the water rights have to be attached to a parcel. Washoe Valley water rights are restricted; and, if a parcel is less than 40 acres, to divide the parcel water rights must be acquired while a parcel greater than 40 acres is entitled to one water right. The 56-acre parcel has one water right grandfathered in with the house.

Appraiser Mumm said the 20-acre parcel already has one developed site but needs three more. He said the 50 percent developmental discount was applied to the

three sites without allowing for the time or the size adjustment because they are small and should sell quickly since they are close to the road for \$100,000 per site for a total of \$300,000. He said the site with the house would be \$200,000, which is what a five-acre site is selling for in the area. He said sales in the area, mostly one-acre sites, have been a minimum of \$141 a square foot with the highest being \$207 a square foot. He said using the lowest comparable sale at \$212,000, subtracting \$11,800 for the garage, is \$133 per square foot. Appraiser Mumm said \$133 a square foot by 1,616 square feet is \$210,000 for the five-acre site with the house. He said adding the three five-acre parcels at \$100,000 each totals \$510,000.

Member Schmidt said he agreed with Appraiser Mumm on the 20 acres, but he disagreed that 11 parcels could be created out of 56 acres. He said the Health Department would not allow septic systems on five-acre parcels; but, with the purchase of water rights, it could be divided into four parcels.

Appraiser Mumm said the development costs were based on what it cost Mr. Serpa to develop the five-acre site in the area a few years ago that included a 15 percent allocation for water rights, which was rounded up to around \$30,000 per five-acre site. He said he knew of no restriction by the Health Department in Washoe Valley that would stop someone from putting in a septic system.

In response to Chairman Sparks, Appraiser Mumm said the 56.9-acre back parcel had two access points with one being through the 20-acre parcel to Eastlake Blvd. and the second by way of Clark Drive.

Petitioner Kauffmann said the only access to the property is through Clark Drive for the 56-acres. He said his plan is to parcel map the top plot; but until then it is one lot; and that is how he should be taxed. He said it is part of the old Washoe Valley Master Plan with zoning for one-acre parcels that requires a sewer plant, which means it is cost prohibitive; and he spoke on the disparities between his house and the comparables.

In response to Member Schmidt, Petitioner Kaufmann said he had an extensive list of work to be done before the parcel map could be approved.

The Chairman closed the hearing.

Member Schmidt said he believed it was the Board's charge to review the Assessor's taxable value of the 20-acre parcel based on its current use, not on an anticipated parceling. He said the Board should take into account the potential uses for the 56-acres of unimproved land.

Chairman Sparks read the NRS statute that applied to vacant land that states it is not restricted to its current use, but to what use it could lawfully be put. Member Schmidt replied that was subject to interpretation, but it states land, not improved property.

Chairman Sparks said the entire 76.91-acre parcel was purchased in the fall of 2002 for \$326,000, or \$4,233.76 per acre. He said a 25 percent increase is \$5,300 per acre, times 56.91, totals \$301,623. He said the value for hearing 20 should be between \$300,000 and \$320,000. Chairman Sparks said applying for a parcel map shows intent, and he has no problem with the existing taxable value for hearing 19.

For Hearing 0019, based on the FINDINGS that taxable value does not exceed full cash value as evidenced by the Assessor's Exhibit I, on motion by Chairman Sparks, seconded by Member Krolick, which motion duly carried, it was ordered that the taxable value of the land and improvements on Parcel No. 050-550-03 be upheld.

For hearing 0020, based on the FINDINGS that taxable value does exceed full cash value as evidenced by the Petitioner's purchase of the subject property in 2002, on motion by Chairman Sparks, seconded by Member Krolick, which motion duly carried, it was ordered that the taxable value of the land on Parcel No. 050-550-04 be reduced to \$301,623. The Board also made the finding that, with this adjustment, the land is valued correctly and the total taxable value does not exceed full cash value.

05-25E HEARING NO. LT-0053A/B – ALBERT W. AND JANE E. DUFFIELD TR - PARCEL NO'S 130-241-52 AND 130-241-54

A petition for Review of Assessed Valuation received from Albert W. and Jane Duffield TR, protesting the taxable valuation on land located at 1637 and 1645 Pine Cone Circle, Incline Village, Washoe County, Nevada, was set for consideration at this time. The property is zoned LDS and designated vacant single-family residential.

Gary Warren, Appraiser, duly sworn, oriented the Board as to the location of subject property.

Jim Susa, Petitioner representative from the firm of Paul D. Bancroft & Associates, was sworn and submitted the following documents into evidence:

- Exhibit A, Letter retaining Paul D. Bancroft and Associates
- Exhibit B, Tanager Realty letter
- Exhibit C, Midkift and Associates, Inc letter
- Exhibit D, Hearing Appraisal Data
- Exhibit E, Hand Drawn Parcel Map
- Exhibit F, Lundahl and Associates Duffield Residence Plans

Chairman Sparks disclosed that he knows Mr. Bancroft but has had no business dealings with him.

Appraiser Warren submitted the following documents into evidence:

Exhibit I for Hearing LT-0053A, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 10

Exhibit II for Hearing LT-0053B, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 10

Exhibit III for Hearings LT-0053A/B, Supplemental Assessor's Evidence, pages 1 through 95

Mr. Susa testified that these hearings involve the application of NRS 361.227.2C. He said it is the taxpayer's contention that under this provision the Assessor is required to value the two parcels as a collective unit, which would make it equal with other parcels in the area sharing similar characteristics.

Mr. Susa referred to Exhibit E, which is a map showing parcels 130-241-52, -53, and -54 that were originally owned by one individual. He said the parcels were left to two daughters with each getting one parcel and half interest in the third. He said a home was built on parcel 53 while the other two parcels remained vacant. Mr. Susa said the daughter who owned parcel 54 decided not to build. He stated the two sisters got together to restrict what could be built on parcels 52 and 54; and, in February 2003, they filed a declaration restricting usage of the two parcels. He stated the sisters marketed the parcels with the restrictions in place; and the Duffields purchased both parcels in October 2004, at which time they signed a Declaration of Covenants, Conditions and Restrictions limiting the development of the property to a single-family residence. Mr. Susa said this restriction obligates the Assessor's Office to consider the two lots to be one collective unit and valued as such.

Mr. Susa said the Duffields have been working with Midkift and Associates to develop the two parcels, and the finalized site plan being submitted to the Tahoe Regional Planning Authority (TRPA) consumes both lots.

Mr. Susa said the issue comes down to a legal question of whether, once the Duffields placed the Declaration on County records, there was any way those restrictions could be lifted; because, if they cannot, it is clear there is one parcel for development. The County believes the Duffields could execute a rescission of the document; but he believes that assumption is incorrect because, when the document was executed as a condition of sale, it was to benefit parcel 53 and binds the property forever.

Mr. Susa addressed statements from a February 3, 2005 letter from Appraiser Warren that were essentially correct but for which the wrong conclusion was derived. He said the formula applied for front footage is 30 percent less if the two parcels are viewed as one.

Appraiser Warren testified that the appellants' position is they can only build one single-family residence on the two parcels, but their definition says they can build a single-family main house and a detached house. He discussed the County Development Code as it applies to accessory dwellings concluding, to build a main and accessory house, the two parcels would have to be combined. Appraiser Warren outlined

the three criteria for valuing more than one parcel as a single parcel. He stated these parcels do not meet those criteria. He stated the CC&Rs filed in 2003 do not mention a restriction to one house, only the amount of coverage allocated to each parcel. He stated if the lots were sold individually, they could be developed individually. He said this is also not mentioned in the first amendment to the CC&Rs, which would have been the opportune time to add the stipulation about one house. He concluded the parcels do not fit the statutory provisions of a collective. He recommended reducing Parcel No. 132-241-52 to \$5,030,000 and upholding Parcel No. 132-241-54.

Mr. Susa said the action plan and the steps the Duffields have taken require the parcels to be valued as one unit. He stated the Assessor's assertion that, when other things fall in place, the parcels may be valued as one unit is irrelevant. He said the declarations make this one unit; it will be one unit for all time as a matter of law; and the Duffields do not have the authority to develop it as two separate units without getting sued by the sisters for violating the Declaration.

In response to Chairman Sparks, Mr. Susa said the parcels had not been combined because Mr. Duffield wanted TRPA approval first. Chairman Sparks stated it looked like Mr. Duffield wanted to keep his options open, and Mr. Susa said he did not know what options there were and it might be an abundance of caution based on TRPA. Appraiser Warren stated the County would not allow building across property lines and the parcels must be combined first; and, if combined, the CC&Rs become moot.

In response to Member Schmidt, Mr. Susa said if both of the sisters and the current owner agreed, the current restriction could be lifted.

The Chairman closed the hearing.

Chairman Sparks said that the most telling evidence for him was the January 13, 2005 statement that the two lots would be merged after approval of the residence. He said he did not believe TRPA would approve the plans until the lots were combined. He stated it had been testified that as soon as the lots were combined, then the applicable methodology for a larger than a 100-foot front on the lake would be applied; and that would be the proper time for that to take place.

On Hearing 0053A, based on the FINDINGS that taxable value exceeds full cash value as evidenced by the Assessor's Exhibit I, and as recommended by the Assessor, on motion by Chairman Sparks, seconded by Member Schmidt, which motion duly carried, it was ordered that the taxable value of the land on Parcel No. 130-241-52 be reduced to \$5,030,000. The Board also made the finding that, with this adjustment, the land is valued correctly and the total taxable value does not exceed full cash value.

On hearing 0053B, based on the FINDINGS that taxable value does not exceed full cash value as evidenced by the Assessor's Exhibit II, on motion by Chairman Sparks, seconded by Member Schmidt, it was ordered that the taxable value of the land on Parcel No. 130-241-54 be upheld.

05-26E

HEARING NO. LT-0025 – CIRCLE I LLC
PARCEL NO. 130-152-12

A petition for Review of Assessed Valuation received from Circle I LLC, protesting the taxable valuation on land and improvements located at 1060 Tahoe Blvd., Incline Village, Washoe County, Nevada, was set for consideration at this time. The property is zoned GC and designated general industrial.

Rigo Lopez, Appraiser, duly sworn, oriented the Board as to the location of subject property.

Maryanne Ingemanson, Petitioner, was sworn and submitted the following documents into evidence:

Exhibit A, Circle I LLC Exhibit Binder
Exhibit B, Notes for Rebuttal

Petitioner Ingemanson discussed the parcel's reappraisal history, the comparables sales, and an apparent error in the land use code. She said the change to the commercial code adds to the number of comparables that can be used because more types of properties are encompassed.

Chairman Sparks asked Petitioner Ingemanson what she feels the correct value is and what supporting evidence she has. Petitioner Ingemanson requested the Board accept the reduced value of the improvements as proposed by the Assessor. She further requested they reduce the base land value to \$483,515, plus \$20 per square foot for the Commercial Floor Area (CFA) excess coverage over 35 percent, because TRPA has declared the two properties must be considered as one project even though they are two separate parcels. She said this increases the land size to which the 35 percent CFA coverage is applied to 121,097 square feet, for 9,876 square feet of CFA on both parcels. Petitioner Ingemanson said last year the State Board determined the cost per foot of each additional CFA was \$20 for a total of \$197,250. She requested the land value for the parcel be adjusted to \$681,035 and the improvements be adjusted to \$856,782, for a total of \$1,537,817.

Member Schmidt disclosed he is acquainted with the Petitioner and had discussed, in general terms, property taxes and improvements that could be made to the system and conflicts of interests regarding legal representation; but at no time had he discussed specific hearings before the County Board.

In response to Member Schmidt, Petitioner Ingemanson said the zoning should be heavy industrial.

Appraiser Lopez submitted the following documents into evidence:

Exhibit I, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 49

Appraiser Lopez testified that the original land value set in 2003 was adjusted by the County Board, as recommended by the Assessor, to \$16 a square foot. He said the appellant appealed to the State Board where it was adjusted downward. He stated the Statutes say these are one-year adjustments; and the Assessor's Office felt the adjustment of the land to \$1,112,084 by the State Board was unwarranted because it took the parcel out of equalization with surrounding parcels, which is why the adjustment was made to bring the valuation back to the 2003 reappraisal value.

Chairman Sparks observed this is higher than the current land valuation of \$1,100,000. Appraiser Lopez said the State Board placed this value on the parcel in 2004, and this value was not adjusted for 2005.

Appraiser Lopez reviewed sales of comparable properties. He stated, at the time of the reappraisal, the subject property was zoned tourist commercial as indicated on the summary map; but he verified this morning that it was general commercial. He said the subject parcel had a base land value of \$16 a square foot; and, with the additional 45 percent downward adjustment, \$14.51 a square foot was applied for a total of \$1,403,405, but the State Board value of \$1,100,000 for 2004 was used unchanged. He said the appellant did not feel an analysis was needed of the income information because she was not concerned that the total taxable value exceeded the market value. Appraiser Lopez recommended the Board uphold the taxable land value, which was where the State Board had adjusted it two years in a row. He stated, based on recosting of the improvements, their value is \$856,782.

Chairman Sparks asked if any weight was given to using the value of \$3,562,955 generated by using the income approach. Appraiser Lopez said they were comfortable with the values using the cost approach and stated the same response for the market approach.

In response to Member Schmidt, Appraiser Lopez said, when the fiscal year 2003/04 appeal was filed, a base lot value of \$20 a square foot was used. He said the parcels with that value are located on Tahoe Blvd. while a majority of this parcel is not, hence the adjustment to \$16 a square foot. He said the existing land use is allowable in the area.

Appraiser Lopez said both he and Josh Wilson had offered to clarify any information on the Assessor's web site that Petitioner Ingemanson was unclear about and the same would be done for any one who requested it.

Ernie McNeill, Senior Appraiser, spoke about the issue of the land use code and stated, if the appellant had contacted the Assessor's Office, they could have explained it to her. In response to Member Schmidt, he stated the letter to Norm Azevedo requested income information so the Assessor could better analyze the subject parcels to

make sure the market value of the parcel was not exceeded; because, if it was, the Assessor should apply obsolescence and review it on a yearly basis. He said the appellant is not required to submit that information; but, without it, estimates are used.

Petitioner Ingemanson said the comparable sales had nothing to do with mini storage except, R1 and R2, and R1 was a mixed-use property. Chairman Sparks replied R1 was not used. Petitioner Ingemanson disputed his statement and went on to describe the sale. She asserted the amount of land acquired by that transaction had a lot to do with the amount that was ascribed to the value of the subject property.

In response to Chairman Sparks, Petitioner Ingemanson said the land value should be \$6.50, as indicated by the State, plus CFA. She went on to discuss CFA coverage, how CFA was determined, and the impact of TRPA. She concluded stating the law says the approach to appraisal is the cost approach and getting comparable land sales.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value does not exceed full cash value as evidenced by the Assessor's Exhibit I, on motion by Chairman Sparks, seconded by Member Brush, which motion duly carried, it was ordered that the taxable value of the land and improvements on Parcel No. 130-152-12 be upheld.

5:35 p.m. The Board recessed.

5:40 p.m. The Board reconvened with all members present.

05-27E **HEARING NO. LT-0024 – CIRCLE I LLC**
PARCEL NO. 130-152-13

A petition for Review of Assessed Valuation received from Circle I LLC, protesting the taxable valuation on land located at 1058A Tahoe Blvd., Incline Village, Washoe County, Nevada, was set for consideration at this time. The property is zoned GC and designated vacant.

Rigo Lopez, Appraiser, duly sworn, oriented the Board as to the location of the subject property.

Maryanne Ingemanson, Petitioner, was sworn and submitted the following documents into evidence:

Exhibit A, Circle I, LLC binder
Exhibit B, Notes for Rebuttal

Petitioner Ingemanson testified that the total taxable value should be \$107,644 as stated in Exhibit B.

Appraiser Lopez submitted the following documents into evidence:

Exhibit I, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 17

Appraiser Lopez said the parcel is 24,394 square feet, with a base lot value of \$10 a square foot, for a total value of \$243,900. He reviewed sales of comparable properties, substantiating that the Assessor's total taxable value does not exceed full cash value. He said sale number five was not used because it was not comparable to the subject parcel. Appraiser Lopez further testified that the parcel was reappraised in 2003, but was appealed to the State Board where the land value was adjusted down to a taxable value of \$189,054. He said, to keep the parcel in equalization with the other commercial parcels reappraised that year, the parcel needed to be readjusted to \$10 a square foot for fiscal year 2004, which was upheld by both the County and State Boards. He said the parcel was left at \$10 a square foot for this year.

Appraiser Lopez said the mitigation fee for excess coverage is \$12 a square foot, but it is not applied directly to all of the square footage above the allowable coverage. He explained grandfathered coverage, the mitigation fee and how it applies to the subject property.

In response to Member Schmidt, Appraiser Lopez said the property is used for parking Ryder trucks and for boat storage, not customer parking. He said they looked at appraising both parcels as a single unit, but that makes it a parcel located on Tahoe Blvd. bringing the base up from \$16 to \$20 a square foot. Appraiser Lopez said if TRPA views them as being one parcel, this issue may need to be looked at during the next reappraisal, but there is no structure combining the two parcels.

Petitioner Ingemanson said grandfathered coverage could not be sold or banked. She said the parking mandated for the mini storage is 88 cars, which takes up the entire front vacant parcel. She pointed out a copy of the formula sent to her by TRPA and she spoke about being penalized for excess coverage, CFA's, TRPA considering both parcels as one, and impervious coverage.

The Chairman closed the hearing.

Member Schmidt remarked on the tendency to have testimony on formulas and market values without the Board having any evidence to refer to in front of them. He said he would like to have this information documented and not just verbalized. Chairman Sparks agreed he would like to at least see examples.

Chairman Sparks said what bothered him was the State Board put \$11.37 on the back parcel while putting \$187,000 on 2,400 square feet, which is a smaller lot and has the entire frontage on Tahoe Blvd.

Based on the FINDINGS that adverse factors were not considered by the Assessor as evidenced by the Petitioner's Exhibits A and B, on motion by Chairman Sparks, seconded by Member Schmidt, which motion duly carried, it was ordered that the taxable value of the land on Parcel No. 130-152-13 be reduced to \$189,054, the value established by the State Board of Equalization in 2003. It was noted this amount takes into account coverage, mitigation, and the BMP's that go into place. The Board also made the finding that, with this adjustment, the land is valued correctly and the total taxable value does not exceed full cash value.

05-28E HEARING NO. 0021 – RICHARD M. WELCOME ET AL
PARCEL NO. 214-061-19

A petition for Review of Assessed Valuation received from Richard M. Welcome, et al, protesting the taxable valuation on improvements located at 4420 Mountaingate Drive, Reno, Washoe County, Nevada, was set for consideration at this time. The property is zoned PUD and designated single-family residential.

Joe Johnson, Appraiser, duly sworn, oriented the Board as to the location of subject property.

Richard M. Welcome, Petitioner, was not present but had submitted the following documents into evidence:

Exhibit A, Comparable Properties letter and 12 Comparable Properties Assessment Data, including the subject property

Appraiser Johnson submitted the following documents into evidence:

Exhibit I, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 15

Appraiser Johnson testified that, after doing an interior inspection at the property owner's request, the Assessor's Office recommends adjusting the quality class from 10 to 8.5, keeping the land at \$195,000 and reducing the value of the improvements to \$1,175,955. He said this reduction would bring the home in line with other homes in the area.

The Chairman closed the hearing.

Based on the FINDINGS that there was an error in the appraisal, and as recommended by the Assessor, on motion by Chairman Sparks, seconded by Member Koziol, which motion duly carried, it was ordered that the taxable value of the improvements on Parcel No. 214-061-19 be reduced to \$1,175,955. The Board also made the finding that, with this adjustment, the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

05-29E

HEARING NO. 0038 A/B – DENNIS J. FREZZO
PARCEL NO. 055-371-13

A petition for Review of Assessed Valuation received from Dennis J. Frezzo, protesting the taxable valuation on land and improvements located at 8 Silver Saddle Court, Washoe Valley, Washoe County, Nevada, was set for consideration at this time. The property is zoned MDR and designated single-family residential.

Gail Vice, Appraiser, duly sworn, oriented the Board as to the location of subject property and submitted the following documents into evidence:

Exhibit I, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 8

Exhibit II, Assessor's Fact Sheet(s) Addendum including comparable sales and maps

The Petitioner was not present.

Appraiser Vice testified that the house was 85 percent complete when it was placed on the tax role as a quality class 11. At the property owner's request, the property was inspected again when the house was completed; and, as a result, for the 2004 reopen it is recommended the quality class be reduced to 9.0 for an improvement value of \$1,530,293 with no change to the land value. She said the owner is in agreement with the recommendation. She said for 2005 the recommendation is to reduce the improvement taxable value to \$1,528,441.

The Chairman closed the hearing.

Based on the FINDINGS that there was an error in the appraisal, and as recommended by the Assessor, on motion by Chairman Sparks, seconded by Member Schmidt, which motion duly carried, it was ordered that the 2005/06 taxable value of the improvements on Parcel No. 055-371-13 be reduced to \$1,528,441 and the taxable value of land be upheld for a total taxable value of \$1,764,745. It was further ordered that the 2004/05 taxable value of the improvements be reduced to \$1,530,293 and the taxable value of the land be upheld for a total taxable value of \$1,749,093. The Board also made the finding that, with this adjustment, the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

05-30E

HEARING NO. 41A/B – JERRY W. AND ESTELA C. STEWART
PARCEL NO. 218-024-21

A petition for Review of Assessed Valuation received from Jerry W. and Estela C. Stewart, protesting the taxable valuation on land and improvements located at 4831 Foxcreek Trail, Reno, Washoe County, Nevada, was set for consideration at this time. The property is zoned PUD and designated single-family residential.

Pat Regan, Appraiser, duly sworn, oriented the Board as to the location of subject property.

Jerry W. Stewart, Petitioner, was not present but had submitted the following documents into evidence:

Exhibit A, Letter to the County Clerk
Exhibit B, Letter to Board of County Commissioners, Attn: Jim Galloway
Exhibit C, Letter to the County Board of Equalization with Enclosures 1 through 3

Appraiser Regan submitted the following documents into evidence:

Exhibit I for Hearing 0041A, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 9

Exhibit II for Hearing 0041B, Assessor's Fact Sheet(s) including comparable sales, maps and subject's appraisal record, pages 1 through 9

Chairman Sparks said the Petitioner's letter indicated the supplemental tax bill was for July 1, 2004 to June 30, 2005 and the Petitioner purchased the house in August 20, 2004. The Petitioner requested being taxed from August 20, 2004 to June 30, 2005.

Appraiser Regan testified that, when they went out to rework the building permit, the house was not far enough along. She stated she went back out the later part of July 2004 and completed the costing by August 4th. The buyer closed escrow on August 20, 2004, signing escrow documents stating the property had a very low taxable value and to expect a supplemental tax bill.

Member Schmidt said property tax rolls were previously corrected when the property was not in the possession of owner of record. Ernie McNeill, Senior Appraiser, replied the valuation is on the property as of July 1, not on who owns the property. He said the supplemental bill goes to the owner of record, but no copy is sent to the previous owner.

Member Schmidt said the party that owned the property during the time covered by the tax bill should get the bill. Appraiser McNeill replied the Assessor had no authority to prorate property tax bills.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value does not exceed full cash value, as evidenced by the Assessor's Exhibits I and II, on motion by Member Koziol, seconded by Chairman Sparks, which motion duly carried with Member Schmidt voting "no," it was ordered that the taxable value of the land and improvements on Parcel No. 218-024-21 be upheld for both 2005/06 and 2004/05 tax years.

BOARD MEMBER COMMENTS

Member Schmidt read the motion from the November 2004 minutes for placing on the agenda a standing item to request written legal opinions. He stated it was absent from today’s agenda and he would hope that oversight would not occur again. He also stated the schedule for the workshops should be established before the last hearing, because last year there was a decision to have meetings after the season; but with no specific date identified, they were never held. Chairman Sparks objected, stating workshops were held last summer including one at the schoolhouse and one or two at the complex. Member Schmidt said the one at the schoolhouse was not a workshop because it specifically precluded discussion on procedural and policy changes. He said there was a workshop in July and a couple in the fall. He said he would like to have placed on the agenda a discussion on establishing a series of dates or a starting date to be determined before the last scheduled hearing, if the Board decides to engage in a discussion on possible procedural recommendations to the State and policy modifications to this Board’s activities.

Member Schmidt said the Board’s Counsel was not acting in the best interests of the Board when he wrote the letters to the State Board. Chairman Sparks interjected this had already been covered. Member Schmidt requested Chairman Sparks not interrupt him and went on to state he was in the process of drafting comment in regards to those letters as an individual. He said he would be submitting it to the State Board and various other persons and/or organizations with a copy to this Board. He stated he would make it very clear, unlike Counsel, that he was not speaking for the Board and would probably not send it until after this season.

PUBLIC COMMENTS

There was no response to the call for public comments.

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6:35 p.m. There being no further hearings or business to come before the Board, the Board recessed until February 8, 2005, at 9:00 a.m.

ATTEST:

STEVEN SPARKS, Chairman
Washoe County Board of Equalization

AMY HARVEY, County Clerk
and Clerk of the Washoe County
Board of Equalization

*Minutes prepared by
Lori Rowe, Deputy Clerk
Jan Frazzetta, Deputy Clerk*