BOARD OF EQUALIZATION MEETING MINUTES
GILA COUNTY, ARIZONA

Date: October 5, 2015

MICHAEL A. PASTOR
Chairman

TOMMIE C. MARTIN

JOHN D. MARCANTI
Member

MARIAN E. SHEPPARD
Clerk of the Board

By: Marian E. Sheppard
Clerk of the Board

Gila County Courthouse
Globe, Arizona

PRESENT: Michael A. Pastor, Chairman; Tommie C. Martin, Vice-Chairman (via ITV); John D. Marcanti, Member; Deborah Hughes, Assessor (via ITV); Joseph Williams, Deputy Assessor; Clarissa Mata, Chief Appraiser; Jefferson R. Dalton, Deputy County Attorney and Civil Bureau Chief; Marian E. Sheppard, Clerk of the Board; and Laurie J. Kline, Deputy Clerk.

Item 1 – CALL TO ORDER - PLEDGE OF ALLEGIANCE

Item 2 - AGENDA ITEMS:

A. 1:00 p.m. - Information/Discussion/Action to consider a Petition for Review of Real Property Valuation for tax parcel number 201-08-040N that was submitted by the Law Offices of Fletcher Struse Fickbohm & Marvel on behalf of the Rosemary L. Ruiz Revocable Trust c/o Joe A. Albo for tax year 2016.

James Marvel appealed the Assessor's full cash value (FCV) of the subject property based on a market sales approach. His opinion of value for the property is $5,020 because it is vacant land and portions of the property are located within a floodway resulting in the property not being sellable. Mr. Marvel stated that it has been a struggle to find a realtor that will agree to list the property because it is over-valued. He stated that an adjacent property is improved with a mobile home and has a value of $133,117 for tax year 2016, with an improvement value of $51,592. The land value for that property is $81,525 or $6,257 per acre, which he believes is a more accurate assessment than the subject property. Clarissa Mata, Chief Appraiser, advised that the Assessor's Office initially valued the property in the amount of $101,464; however, the FCV has since been adjusted to $44,679 of which 3.77 acres have been valued at $1,000 per acre because they are located in a floodway and the remaining 1.25 acres not in a floodway have been valued at market for $32,727 per acre. She then explained the difference between a floodplain and a

floodway. Ms. Mata advised that the Assessor's Office used 13 comparable sales to value the subject property and she stated that it is not overvalued.

Upon motion by Supervisor Marcanti, seconded by Vice-Chairman Martin, the Board unanimously voted to uphold the Assessor's opinion of value on parcel number 201-08-040N for tax year 2016, as follows: FCV = $44,679; limited property value (LPV) = $44,679, Legal Class = 02R; and Assessment Ratio = 15%.

B. 1:25 p.m. - Information/Discussion/Action to consider a Petition for Review of Real Property Valuation for tax parcel number 305-10-004E that was submitted by Ken and Terri Rowley for tax year 2016.

Mr. Rowley appealed the Assessor's FCV of his property based on a market sales approach. His opinion of value for the subject property is $82,600. He presented information on two properties that sold which are adjacent to his property. The adjacent parcels sold for $5,000 per acre and $6,227 per acre; however, he pointed out that they are not similar to his parcel because they are 1/7 the size of his parcel; they have road frontage; and, they have access to APS (Arizona Public Service) power. Mr. Rowley advised that his 35-acre parcel of unimproved land does not have a water well or any dedicated right-of-way, nor is it close to a power line. In his opinion, the parcel has been over-valued for the past ten years and it is not sellable, mainly because 20 miles of the main road to and from Young is unpaved. In the past 35 years, there has not been one person who has expressed an interest in purchasing the property. Ms. Mata advised that the Assessor's Office analyzed sales and equity of parcels in the same book and map area of Young which resulted in the FCV being adjusted from $248,640 to $129,640 to reflect the proper level of appraisal and uniformity in the dollar per acre for parcels 10 acres and over in Young. She advised that Mr. Rowley provided two comparable sales that have a median dollar per acre value of $5,614; whereas, the Assessor's Office provided 9 comparable sales of which 5 were in the same book and map area of Young for a median value of $14,741 per acre. Ms. Mata advised that the subject property is correctly valued at $3,704 per acre.

Upon motion by Vice-Chairman Martin, seconded by Supervisor Marcanti, the Board unanimously voted to uphold the Assessor's opinion of value for parcel number 305-10-004E for tax year 2016, as follows: FCV = $129,640; LPV = $103,304; Legal Class = 02; and Assessment Ratio = 15%.

C. 1:50 p.m. - Information/Discussion/Action to consider a Residential Petition for Review of Valuation for tax parcel number 304-42-037A that was submitted by Jim McDonald for tax year 2016.

Mr. McDonald appealed the Assessor's FCV of his property based on a market sales approach. His opinion of value for the subject property is $100,000 or

$156 per square foot. He provided a recent appraisal that values the subject property at $121,500 and added that his property does not include a garage or driveway; whereas, the comparable sales used by the Assessor's Office include garages and driveways and are much larger, so he disagreed with the comparable properties used by the Assessor's Office. Mr. McDonald also provided data on comparable properties that have sold in the area. He pointed out that the Assessor's Office should not only use sales prices of comparable properties, but rather the cost per square foot and additional amenities such as garages and driveways should be considered. Ms. Mata advised that the subject property is a single family residence that was built in 1982 on a double lot, and stated that the Assessor's Office does not separate land value versus improvement value. She stated that there is 930 square feet of livable space to which Mr. McDonald disagreed as he said there is 640 square feet of livable space. She advised that the Assessor's Office used a median as the primary value measure per market area and she was unsure how Mr. McDonald arrived at a per square foot amount. She stated that the comparable properties used by the Assessor's Office are adjusted to be like the subject property in order to compare "apples to apples."

Vice-Chairman Martin made a motion to uphold the Assessor's opinion of value for parcel number 304-42-037A for tax year 2016. Chairman Pastor seconded the motion and asked for the vote. Supervisor Marcanti voted against the motion; therefore, the vote passed by a 2 to 1 vote. The values for tax year 2016 are as follows: FCV = $150,072; LPV = $135,311; Legal Class = 0401; and Assessment Ratio = 10%.

D. 2:15 p.m. - Information/Discussion/Action to consider a Petition for Review of Real Property Valuation for parcel number 302-27-061B that was submitted by Joshua Wilson on behalf of Healing Waters for tax year 2016.

Mr. Wilson advised that he was unable to attend the hearing; therefore, this case was heard on the record. Chairman Pastor reviewed the information submitted to the Board of Equalization (BOE) by Mr. Wilson, page by page. Chairman Pastor stated that Mr. Wilson's opinion of the FCV for the subject property is $894; however, the supplemental information that was submitted by Mr. Wilson and dated September 30, 2015, states, "We hope for a decision of $20,000 or less Full Cash Value for the parcel, and hope that the information provided satisfactorily supports this." Chairman Pastor stated that the Assessor has placed a FCV in the amount of $93,346 for the property. Mr. Wilson appealed the Assessor's FCV of his property based on a market sales approach. In his letter, he advised that the two comparable properties that he used were similar to his property because they are both unsubdivided and both are not a part of the Flowing Springs subdivision. He disagrees with the comparable properties used by the Assessor's Office because they are subdivided parcels and are part of the Flowing Springs subdivision. Ms. Mata

provided the BOE with another topographical map of the subject area which includes the locations of the comparable properties used by the Assessor's Office. She advised that Mr. Wilson's basis for the appeal is the market sales approach; however, Mr. Wilson did not provide comparable properties that have sold. She stated, "These parcels are literally the East Verde River," which she believes are not equitable to the subject property. She acknowledged that Mr. Wilson stated that his property is not located within the subdivision, which she confirmed is correct. Ms. Mata added that the comparable properties used by the Assessor's Office are in the same book and map area of the subject property, and they are valued at the same dollar per acre as the subject parcel. Supervisor Marcanti commented on the slope and elevation of the property and questioned its potential use. Assessor Deborah Hughes replied that she is familiar with the subject property and surrounding area. She advised that a property which is adjacent to the subject property does contain a house and it has the same elevation as the subject property. She added that the "beauty" of the subject property is that it has a view of the valley and river. Ms. Hughes advised that Mr. Wilson commented that the subject property was not buildable; however, she stated that it is buildable.

Vice-Chairman Martin made a motion to uphold the Assessor's opinion of value for parcel number 302-27-061B for tax year 2016. Chairman Pastor seconded the motion and asked for the vote. Supervisor Marcanti voted against the motion; therefore, the vote passed by a 2 to 1 vote. The values for tax year 2016 are as follows: FCV = $93,346; LPV = $93,346; Legal Class = 02; and Assessment Ratio = 15%.

E. 2:40 p.m. - Information/Discussion/Action to consider a Petition for Review of Real Property Valuation for tax parcel number 304-07-021B that was submitted by Paradigm Tax Group on behalf of Team CB Petroleum Properties, LLC for tax year 2016.

Chairman Pastor advised that the Assessor and the petitioner have reached a stipulated agreement for this property, a copy of which has been provided to the BOE. Upon motion by Supervisor Marcanti, seconded by Vice-Chairman Martin, the Board unanimously accepted the Stipulated Agreement for parcel number 307-07-021B for tax year 2016, as follows: FCV = $385,000; LPV = $385,000; Legal Class = 0112; and Assessment Ratio = 18%.

F. 3:15 p.m. - Information/Discussion/Action to consider a Residential Petition for Review of Valuation for tax parcel number 302-87-516 that was submitted by Pivotal Tax Solutions, LLC on behalf of Steve and Linda Loy for tax year 2016.

Chairman Pastor advised that the Assessor and the petitioner have reached a stipulated agreement for this property, a copy of which has been provided to the BOE. Upon motion by Supervisor Marcanti, seconded by Vice-Chairman

Martin, the Board unanimously accepted the Stipulated Agreement for parcel number for tax year 2016, as follows: FCV = $636,708; LPV = $465,401; Legal Class = 0401; and Assessment Ratio = 10%.

G. 3:40 p.m. - Information/Discussion/Action to consider a Petition for Review of Real Property Valuation for tax parcel number 302-66-309A that was submitted by Pivotal Tax Solutions, LLC on behalf of BW Payson, LLC for tax year 2016.

Chairman Pastor advised that the petitioner has requested this case to be heard on the record and he proceeded to review the information that was submitted to the BOE by the petitioner, page by page. The basis for the appeal is that equity comparables support a lower value. Chairman Pastor stated that the petitioner's opinion of the FCV for the subject property is $1,494,903 whereas the Assessor's Office has established a FCV of $2,400,000. Ms. Mata read aloud her summary report, as follows: *The subject parcel is a motel having eight separate buildings. Six of the buildings are ninety-nine transient rooms totaling 45,234 square feet. The average construction year is 1973. The parcel also contains a clubhouse, restaurant and swimming pool and it is known as the Quality Inn in Payson. All buildings that are classified as a hotel or motel are entered into the Assessor's computer system and they are subject to the same replacement cost new less depreciation. The construction costs are provided by a nationally recognized valuation company and updated annually. The petitioner's basis of the appeal is equity with no comparable sales. Five equity comparable parcels have been provided by the petitioner; none of which were adjusted for deficiencies to the subject property. Of the five comparable parcels provided by the petitioner, none have a clubhouse or restaurant and only two have a swimming pool. The petitioner arrived at each comparable dollar per square foot by dividing the total land and improvement FCV by the number of rooms. The method used to arrive at the dollar per square foot for the equality of value for a building is to first add or subtract amenities from the comparable (property) to match the subject (property) then divide the building only value by its square feet. The attached* (note: not included in these minutes) *spreadsheet shows subject and comparables by dollar per square foot and dollar per room. The values are summarized by the median. The subject parcel is equitably valued at $26 per square foot and $11,871 per room.*

Upon motion by Vice-Chairman Martin, seconded by Supervisor Marcanti, the Board unanimously voted to uphold the Assessor's opinion of value for parcel number 302-66-309A for tax year 2016, as follows: FCV = $2,400,000; LPV = $2,253,896; Legal Class = 0112; and Assessment Ratio = 18%.

H. Information/Discussion/Action to consider a Petition for Review of Real Property Valuation for parcel number 304-02-018H that was submitted by Paradigm Tax Group on behalf of Safeway Inc. - Store #1536 for tax year 2016.

Chairman Pastor advised that the petitioner has requested this case to be heard on the record and he proceeded to review the information that was submitted to the BOE by the petitioner, page by page. The subject parcel is a Safeway store in Payson that was built in 1996 and has a total square footage of 48,923. Ms. Mata read aloud her summary report, as follows: *The basis for this appeal is the income approach. The income approach capitalizes income into value. The most direct method involves the application of gross income multipliers that express the ratio of market value to gross income. The income approach requires careful analysis of income and expense data. The Department of Revenue publishes annually a Commercial Property Market Study with the purpose of providing a range of sales, income, expense and capitalization rate data for the specified type of commercial, income-producing building. In choosing the income approach for basis of appeal, the petitioner is required to provide actual income and expense data for capitalization. If that information is not provided, the Assessor looks to the Commercial Property Market Study for current trending "market" data. The Assessor was not provided income and expense data from the petitioner; therefore, market data was used to conduct an income approach to value.* Ms. Mata advised that a pro forma income approach sheet was included in the Board's packet and she explained that it was pro forma because the Assessor's Office did not have actual data. She advised that after doing the pro forma income approach, the Assessor concluded that an adjustment should be made so the FCV was reduced from $3,512,435 to $3,140,157, a reduction of $372,278. The petitioner's opinion of the FCV for the subject property is $2,757,261.

Upon motion by Supervisor Marcanti, seconded by Vice-Chairman Martin, the Board unanimously voted to uphold the Assessor's opinion of value on parcel number 304-02-018H for tax year 2016, as follows: FCV = $3,140,157; LPV = $2,836,564, Legal Class = 1; and Assessment Ratio = 18%.

3. CALL TO THE PUBLIC: Call to the Public is held for public benefit to allow individuals to address the Board of Equalization on any issue within the jurisdiction of the Board of Equalization. Board members may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to Arizona Revised Statute §38-431.01(H), at the conclusion of an open call to the public, individual members of the Board of Equalization may respond to criticism made by those who have addressed the Board, may ask staff to review a matter or may ask that a matter be put on a future agenda for further discussion and decision at a future date.

There were no comments from the public.

There being no further business to come before the Board of Equalization, Chairman Pastor adjourned the meeting at 2:46 p.m.

APPROVED:

Michael A. Pastor, Chairman

ATTEST:

Marian Sheppard, Clerk of the Board