CARSON CITY BOARD OF EQUALIZATION

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A regular meeting of the Carson City Board of Equalization was scheduled for 10:00 a.m. on Tuesday, January 30, 2001 in the City Hall Capitol Conference Room, 201 North Carson Street, Carson City, Nevada.

PRESENT: Chairperson Kevin Vukota

Ronald Allen Mary Keating Roy Semmens

STAFF: Kit Weaver, Assessor

Scott Loff, Chief Property Appraiser Steve Walker, Property Appraiser

Mark Forsberg, Chief Deputy District Attorney

Kathleen King, Recording Secretary

(BOE 01/30/01; Tape 1-0001)

NOTE: Unless indicated otherwise, each item was introduced by Chairperson Vukota. A tape recording of these proceedings is on file in the Clerk-Recorder's Office and is available for review and inspection during regular business hours.

- **A.** CALL TO ORDER, ROLL CALL AND DETERMINATION OF A QUORUM (1-0001) Chairperson Vukota called the meeting to order at 10:00 a.m. Roll was called; a quorum was present. Vice Chairperson Saulisberry was absent.
- **B. APPROVAL OF MINUTES JANUARY 16, 2001** (1-0009) Member Semmens moved to approve the minutes. Member Allen seconded the motion. Motion carried 4-0.

C. DISCUSSION AND ACTION ON PETITIONS FOR REVIEW OF ASSESSED VALUATION

C-1. NEVADA (WINNIE LANE) LLC, 3143 SHERMAN LANE, CARSON CITY, NEVADA, APN 8-251-37 (1-0014) - In response to a question, Mr. Weaver advised that the applicant's representative had called and indicated he would not be present at the meeting. Mr. Loff provided background information on this property, the documentation for which was included in the agenda materials. He advised that the Assessor's Office recommendation is to allow a 50% obsolescence on the current taxable value, which would include the mobile home, the wood decking, and the wood fencing. In response to a question, Mr. Loff advised that the mobile home is receiving 45% depreciation for 2001 at a rate of 1.5% per year for each year of age. He indicated that the total taxable on the mobile and the improvements is \$26,216. With the Assessor's Office recommendation and the land value, the property would be valued at a total of \$48,000. Mr. Loff advised of a discussion with a local mobile home dealer wherein he offered to haul the mobile home away if the owners want to trade it in on a new one. He was not willing to give the owners any money toward a new one, however.

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In response to a question, Mr. Loff indicated that the property has some value because it is currently being rented. He acknowledged that in order to sell it, a buyer would have to pay cash or the owner would have to carry the loan. He further acknowledged that the mobile home is not uninhabitable. Member Semmens advised that the fence around the property is new, and that the property is "clean, just old."

Mr. Weaver advised of a conversation with one of the property owners on Friday, wherein he advised of the Assessor's recommended 50% economic obsolescence reduction. The owner believed the mobile home should be reduced further. He advised the owner that no matter how old the mobile home is, they sell for \$50,000 on a lot, and that if the owner believed the reduction should be less, he should appear at the meeting. Mr. Weaver pointed out that there are many old mobile homes in Carson City which are presently occupied and for which the owners are paying regular taxes. The key is that as a personal property mobile home, the taxes aren't very high. Once the mobile was converted to real property, the taxes increased significantly. Mr. Weaver advised that the owners converted the property hoping to sell it by encouraging potential buyers to seek financing, not realizing that an older mobile home will usually not get financed. Mr. Weaver indicated that it will be very difficult to convert the home back to personal property. He pointed out that the Assessor's Office recommendation is really just reducing the value 50% from what it would have been as real property back toward the personal property value. Member Semmens described some of the other homes in the surrounding area.

Mr. Loff acknowledged that the recommendation applies to the mobile home only and not to the land value. He discussed the lots in the surrounding area as compared to the subject lot. **Member Keating moved that the Board accept the Assessor's recommendation to give a 50% economic obsolescence reduction. Member Semmens seconded the motion.** Chairperson Vukota called for a roll call vote, the results of which were as follows: Members Semmens, Allen, Keating, and Chairperson Vukota - Aye. **Motion carried 4-0.**

C-2. VLADIMIR BASUS, 2717 CHRISTMAS TREE DRIVE, CARSON CITY, NEVADA,

APN 7-472-02 (1-0199) - At the request of Mr. Basus, the Board members introduced themselves. Mr. Loff provided information on the location of the property. Mr. Basus provided information on his career experience prior to retirement, his current health condition and reasons for purchasing the house. He discussed the differences between the Assessor's computation of replacement value and the actual cost paid for several of the items reflected in the Standard Report included in the agenda materials. He expressed the opinion that the reason for the difference is based on the assessment being qualified as a "3.5 Good-Quality Residence" when most of the materials purchased were of average quality from local businesses. Mr. Basus disagreed with utilizing a 3.5 Good-Quality Residence valuation, and suggested that a value between 3.0 and 3.5 should have been used. He further disagreed that the itemized breakdown of costs was unimportant in the evaluation process. He expressed the opinion that each of the items are part of the replacement cost and should subject to assessment.

Mr. Basus advised that since the Marshall & Swift book was not available for study, he instead reviewed half a dozen properties located in the Silver Oak development. He discussed the taxable values of other parcels in the surrounding area as compared to his parcel, comparison of structures in the surrounding area,

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the refrigerator and window blinds included in the purchase price of his home, and the City's assessment practices.

Mr. Loff distributed information regarding the ratios of selling prices to taxable values, and reviewed the same. He circulated Marshall & Swift comparables for review by the Board members, and advised that every house in phase 11 of the Silver Oak Development is at least a 3.5 Good-Quality Residence. He indicated that there are a couple 4.0 Very Good-Quality Residences. He advised that the allowances by Marshall & Swift vary due to the square footage of each house. Discussion took place regarding the value of the upgrades in Mr. Basus' home, and Mr. Loff acknowledged that the Assessor's Office had already given a \$16,544 discount on this property. In response to a question, Mr. Loff reviewed the ratio comparables between Mr. Basus' property and properties in the same area. He advised that all the properties are evaluated on the same basis in the same area. The only difference is that some of the two-story homes have a little less square footage than the single story homes. There are no discrepancies.

With regard to the land values, Mr. Loff advised that the contractor purchased Mr. Basus' lot for \$68,000 in November 1999. The Assessor's Office assigned the same value to this lot as was assigned to the lots in phase 2 - \$58,000. Mr. Loff advised that the Assessor's Office is just beginning reappraisal in this area and the lots will be valued at a minimum of \$65,000. The larger lots will be increased to \$80,000. Member Keating pointed out that some of the houses used by Mr. Basus in his comparison are located in the Wellington Crescent development and are a different market.

Mr. Loff advised that every other house was assessed in the area of Mr. Basus' home. The land value and taxable value are under market value, and Mr. Loff indicated that there was no reason to lower the value. Mr. Loff acknowledged that the lot is valued at \$58,000 and that the contractor paid \$68,000. In response to a question, Mr. Basus advised that construction of the house was approximately fifty percent complete when he negotiated with the contractor to purchase it. In response to a question, Mr. Loff indicated that most of the houses in Silver Oak are considered to be 3.5 Good-Quality Residences. With regard to the availability of the Marshall & Swift book, Mr. Loff advised that any property owner can review the book; however, the Assessor's Office doesn't allow the book to leave City Hall. Mr. Basus discussed the difference between values used by the Douglas County Assessor's Office in Lake Tahoe and the values used by the Assessor's Office in Carson City. Mr. Loff clarified that 3.5 designates an average good house, not a good house. Also, every state has different values, multipliers, and modifiers. Lake Tahoe is an extreme climate and Carson City is considered a moderate climate. Mr. Basus suggested that the designation be clarified as he considers the house an average house. He discussed his expenses for renting the house.

Mr. Loff acknowledged that the process used to assess Mr. Basus' property was identical to that used to assess every other property in the area. He further acknowledged that many times the sale price is not indicative of the assessment value. Mr. Basus expressed opposition to the process utilized by the Assessor's Office. Mrs. Basus inquired as to the designation for houses in other parts of town, and Mr. Loff advised that they are all different. Mr. Basus reiterated his opposition to his house being designated as a 3.5 Good-Quality Residence. Member Semmens pointed out that there are many parcels in the Silver Oak development which remain to be built, and that property values will increase. Member Keating

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commented that a difference of opinion will most likely continue to exist between Mr. Basus and the Assessor's Office staff. She expressed the opinion that the Assessor's Office staff assessed the property in a manner consistent with the assessments of neighboring properties. She indicated there is nothing in evidence which shows that this assessment should be different than any of the neighbors. In response to a question regarding the \$3,000 difference in sales price, Member Keating indicated that the sales price is an issue of equity to ensure that the Assessor does not value the property higher than the market value. Member Keating moved that the Board keep the Assessor's value as the property was assessed in a manner consistent with the assessments of neighboring properties. Member Semmens seconded the motion. Chairperson Vukota called for a roll call vote. Members Semmens, Allen, Keating, and Chairperson Vukota - Aye. Motion carried 4-0. Mr. Loff advised Mr. Basus of his right to appeal the Board's ruling to the State Board of Equalization.

D. DISCUSSION AND ACTION ON REVIEW OF ASSESSED VALUATION, ORMSBY HOUSE, 600 SOUTH CARSON STREET, CARSON CITY, NEVADA; APNS 3-092-02; 3-093-05; **3-096-04; AND 4-061-02** (1-1035) - Mr. Loff advised of changes in the parcel numbers, and reviewed the taxable value set by the Board last year, which consisted of \$3,767,000 for real property and \$233,000 for personal property. He reviewed new values for the 2001/2002 tax year, not including personal property, and advised that the Ormsby House has since closed for renovation. In response to a question, Mr. Loff advised that it is common for the taxable value to increase for assessment purposes. He explained that the reappraisal was done because the property came up in the regular cycle. He further explained that the improvements on the parking garage and the Ormsby House had been discounted by 76%. The replacement costs increased by almost \$1.5 million based upon a mathematical computation in the Marshall & Swift computer program. He clarified that the amount represents replacement costs for the buildings from five years ago. Mr. Loff reviewed the Recent Assessment History included in the agenda materials. He requested that the Board review the information, discuss it with the owners, and establish real and personal property values for the 2001/2002 tax year. In response to a question, Mr. Loff advised that the fixtures had been included in the personal property values. He clarified that the appraisal was based upon the building, as a casino, with the pool and the hotel included.

Mr. Weaver clarified that the reappraisal was as a functioning business. If there were no problems and no relief last year, the value would go up by that percentage as a functioning viable business in Carson City. In response to a question, Mr. Weaver advised that the Assessor's Office had no objection to the Board setting the value at \$4 million last year and has no recommendation for the Board this year. He commented that the property is distressed and has been discounted by varying percentages over the course of many years.

In response to a question, Mr. Loff advised that the \$19 million valuation is based upon a Marshall & Swift designation for a functioning business. Al Fiegehan, of Cubix Corporation, advised that the furnishings, the HVAC systems, etc. have all been removed and disposed of. Don Lehr, of Cubix Corporation, advised that the vertical heating pipes have been stripped from the building, electrical wiring will be removed, and the building will no longer function. Mr. Fiegehan clarified that the renovation project will "go back to the concrete." In response to a question, Mr. Lehr advised that the goal is to have the Coffee Shop and the hotel operational by the end of the year. He indicated that the exterior design is finalized and that the

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interior is still in the design stage. He acknowledged that the kitchens will be gutted down to the floors and completely renovated. In response to a question, Mr. Lehr advised that the renovation costs are estimated to be approximately \$15 - \$18 million. In response to a further question, Mr. Fiegehan estimated having approximately 50% of the building operational by the end of the year. Mr. Lehr discussed the details of the renovation project. At the request of Mr. Forsberg, Mr. Lehr, Mr. Fiegehan, Mr. Vogt, and Mr. Tiller introduced themselves for the record. Mr. Lehr explained that Mr. Tiller is the general manager of the Ormsby House.

Member Keating moved that the Board set the assessed value at the amount of \$4 million. Member Semmens seconded the motion. In response to a question, Member Keating clarified that the amount should remain at \$4 million. Discussion took place regarding the personal property, and Mr. Weaver suggested leaving the real property at \$4 million and adding any new personal property. Mr. Vogt advised that the \$233,000 of personal property which was part of the consideration last year has been removed. He suggested setting the real property value at \$3,767,000 for the building, improvements and land, and setting the personal property value as of June 30, 2001. Member Keating amended her motion accordingly. Member Semmens continued his second. Chairperson Vukota called for a roll call vote, the result of which was as follows: Members Semmens, Allen, Keating and Chairperson Vukota - Aye. Motion carried 4-0. Mr. Lehr and Mr. Fiegehan displayed and reviewed drawings of the approved exterior design.

- E. DISCUSSION REGARDING NEW PETITIONS FOR REVIEW OF ASSESSED VALUATION AND ACTION ON DETERMINATION OF NEXT MEETING DATE (1-1443) Mr. Loff advised that the Assessor's Office is awaiting information from the Broadleaf apartments representative. The tax service representative was advised of two available meeting dates, February 6th and February 13th. Mr. Loff recommended canceling the February 6th meeting, and scheduling the next meeting for February 13th. Member Keating so moved. Member Allen seconded the motion. Motion carried 4-0.
- **F. PUBLIC COMMENTS** (1-1475) None.
- **G. MEMBER COMMENTS** (1-1476) None.
- **H. STAFF COMMENTS** (1-1477) None.
- **I. ADJOURNMENT** (1-1479) Member Allen moved to adjourn the meeting at 11:18 a.m. Member Semmens seconded the motion. Motion carried 4-0.

The Minutes of the January 30, 2001 meeting of the Carson City Board of Equalization are so approved this _____ day of February, 2001.

KEVIN VUKOTA, Chairperson	