

BOARD OF COUNTY COMMISSIONERS OF DOUGLAS COUNTY, KANSAS

MONDAY, FEBRUARY 16, 2004

3:00 P.M.

- Convene
- Pledge of Allegiance
- Consider approval of minutes of February 11, 2004

CONSENT AGENDA

- (1) (a) Consider approval of Commission Orders

REGULAR AGENDA

(2) Presentation by Sharon Spratt regarding Cottonwood's recently renewed defense contract. (NO BACKUP)

(3) Presentation from Lawrence Sesquicentennial Commission of the Sesquicentennial Map (David Carttar) (NO BACKUP)

(4) Consider approval of a Joint Resolution of the City of Lawrence, Kansas; the Board of County Commissioners of Douglas County, Kansas; the University of Kansas, the School Board of Unified School District No. 497; Haskell Indian Nations University; Baker University; and Lawrence Chamber of Commerce Biosciences Task Force supporting the Kansas Biosciences Initiative and the Kansas Entrepreneurial Initiative in the proposed Kansas Economic Growth Act (Laverne Squier)

(5) Receive 2004 Appraisal Update (Marion Johnson)

(6) Other Business

- (a) Consider approval of Accounts Payable (if necessary)
- (b) Appointments
- (c) Miscellaneous
- (b) Public Comment

(7) Executive Session to discuss personnel

(8) Adjourn

WEDNESDAY, FEBRUARY 18, 2004

-No Commission Meeting

MONDAY, FEBRUARY 23, 2004

3:00 P.M.

-Presentation from Judy Billings on progress on Bleeding Kansas National Heritage Area effort.

-Review of Home Occupation regulation enforcement status (Keith Dabney)

WEDNESDAY, FEBRUARY 25, 2004

3:00 P.M. – City Hall

-Joint study session with Lawrence City Commission with regard to economic development issues

MONDAY, MARCH 1, 2004

3:00 P.M.

-Presentation from Planning Department on Adequate Public Facilities Issues (Linda Finger)

-Work session with of rural planning subcommittee of Planning Commission (Linda Finger)

WEDNESDAY, MARCH 3, 2004

-No Commission Meeting

MONDAY, MARCH 8, 2004

3:00 P.M.

-Discussion of Proposed Gate on N 1500 Road between K-10 (SLT) and George Williams Way (Keith Browning)

WEDNESDAY, MARCH 17, 2004

-Consider approval of request to rezone a tract of land approximately 154.9 acres from A (Agricultural) District to I-2 (Light Industrial) District. The property is generally described as being located on the NW corner of N 1800 Road and E 900 Road.

MONDAY, MARCH 22, 2004

-No Commission Meeting

WEDNESDAY, MARCH 24, 2004

-No Commission Meeting

Note: The Douglas County Commission will now meet regularly on **Monday afternoons at 3:00 P.M.** (*starting with the February 2, 2004 meeting*) and Wednesday evenings at 6:35 P.M. at the Douglas County Courthouse. Specific regular meeting dates that are not listed above have not been cancelled unless specifically noted on this schedule.

FEBRUARY 11, 2004

Jones called the meeting to order at 6:36 P.M. on Wednesday, February 11, 2004 with all members present. Also present was student representative Casandra Woosley. The Pledge of Allegiance was recited.

CONSENT AGENDA 02-11-04

Johnson moved approval of the following Consent Agenda:

- Approve Commissioners Order No. 5215. Order is on file in the office of the County Clerk;
- Accept the bids for crushed rock for road and bridge maintenance from Hunt Midwest for AB-3 in the amount of \$15,000 for 3,000 tons from the Lawrence quarry; from Hunt Midwest for Shot Rock in the amount of \$21,000 for 3,500 tons from the Globe quarry; from Martin Marietta (Ottawa quarry) of \$32,500 for 10,000 tons of AB-3 and \$12,000 for 1,000 tons of Riprap; and
- Accept the low bid received from Lone Pine AG-Service for the supply of herbicides to treat noxious weeds, summarized as follows:

Herbicide	Quantity	Cost/gallon	Cost
Glyphosate	400	\$11.43	\$4,572.00
Remedy	80	\$74.58	\$5,966.40
2,4-D Amine	1800	\$8.73	\$15,714.00
2,4-D (LV)	300	\$10.44	\$3,132.00
Tordon 22K	400	\$74.33	\$29,732.00
		Total	\$59,116.40

Motion was seconded by McElhaney and carried unanimously.

EXTENSION OFFICE 02-11-04

Trudy Rice, County Extension Director, conducted a presentation -- Extension Highlights -- "Why We Are More Relevant Today Than Ever." No action was taken.

PUBLIC WORKS, TOWNSHIPS & RESOLUTIONS 02-11-04

The Board conducted a public hearing to accept public comment concerning the possibility of declaring a portion of E 550 Road as "minimum maintenance." Keith Browning, Director of Public Works/County Engineer, presented this item. Jones

made a motion to open the public hearing; Johnson seconded and the motion carried unanimously. Nancy Hodges, nearby property owner stated that she would prefer that this road not be declared minimum maintenance. She noted concerns about not being able to obtain a building permit if they should desire to build in the future. Jones stated that he was inclined to declare it minimum maintenance which would protect Clinton Township from potential liability. He also stated that if the Hodges were to build in the future, the road would have to be improved and the minimum maintenance designation could be reversed. No additional public comment was received. Jones made a motion to close the public hearing; Johnson seconded and the motion carried unanimously.

Jones made a motion to approve Resolution No. 04-06 designating a portion of E 550 Road as "minimum maintenance" noting specifically that this Commission would support re-opening this road if the road were improved. Motion was seconded by Johnson and carried unanimously.

PUBLIC WORKS 02-11-04

The Board discussed proposed speed limits for Route 1055 and Route 12 near Baldwin City. Keith Browning, Director of Public Works/County Engineer, was present for the discussion. Johnson made a motion to approve the following resolutions:

- Resolution No. 04-07 extending the existing 30-mph speed limit on Route 12 from the Douglas County State Park boundary west 575 feet to a point 300 feet west of N 375 Road;
- Resolution No. 04-08 establishing a 45-mph speed limit on Route 12 from E 1750 Road to 300 feet west of N 375 Road; and
- Resolution No. 04-09 establishing a 45-mph speed limit on Route 1055 from N 400 Diagonal Road to 500 feet north of Route 12.

Motion was seconded by McElhaney and carried unanimously.

PLANNING 02-11-04

The Board discussed CPA-2003-s: An amendment to Chapter 6, the Commercial Land Use Chapter of Horizon 2020, updating the review criteria and establishing new standards for commercial land use (development and redevelopment) in Lawrence and the unincorporated areas of Douglas County. Bryan Dyer, staff member of the Lawrence-Douglas County Metropolitan Planning Department, presented this item.

McElhaney noted that his preference for square footage of Community Commercial Centers would be 500,000 square feet. This would reduce the number of 250,000 square foot areas that would be spread out through the community. If we have larger areas, we have fewer of them and there would be less opposition

from neighbors and the community. It is cheaper for the City to extend infrastructure to fewer areas. Jones offered to sit down and look at the logic. McElhaney stated that he believes the Commission should be unanimous in whatever decision is made.

Johnson made several notations and comments. It was the consensus of the Board that Dyer relay these notations to the City and Planning Commissions and schedule a joint study session in the near future if needed. No action was taken.

PLANNING & RESOLUTIONS 02-11-04

McElhaney made a motion to approve Resolution No. 04-10, a Joint Ordinance/Resolution of the City of Lawrence, Kansas, and the Board of County Commissioners of Douglas County, Kansas amending Section 21-104(a) of the Joint City/County Subdivision Regulations of the "Code of the City of Lawrence, Kansas, 2003," and amendments thereto to require subdivision plats within the City of Lawrence to include all contiguous land under the same ownership. Jones seconded and the motion carried unanimously.

ACCOUNTS PAYABLE 02-11-04

McElhaney moved approval of accounts payable in the amount of \$2,517,988.58 to be paid 2/10/04; accounts payable manual checks in the amount of \$2,386.69; payroll in the amount of \$588,198.47; and electronic funds transfers in the amounts of \$43,475.63 for FICA, and \$34,348.77 for KPERS. Motion was seconded by Johnson and carried unanimously.

Jones made a motion to adjourn; Johnson seconded and the motion carried unanimously.

Charles Jones, Chairman

Bob Johnson, Member

ATTEST:

Patty Jaimes, County Clerk

Jere McElhaney, Member

City Resolution No. 6525
County Resolution No. _____

A Joint Resolution of the City of Lawrence, Kansas; the Board of County Commissioners of Douglas County, Kansas; the University of Kansas, the School Board of Unified School District No. 497; Haskell Indian Nations University; Baker University; and Lawrence Chamber of Commerce Biosciences Task Force supporting the Kansas Biosciences Initiative and the Kansas Entrepreneurial Initiative in the proposed Kansas Economic Growth Act

Whereas, sustained economic development that provides high quality employment opportunities is among the highest priorities of our community and our state; and

Whereas, the Bioscience industry currently provides significant employment and research opportunities in Kansas; and

Whereas, the Bioscience industry is projected to experience substantial growth in future years providing additional high-wage employment and innovative products and services; and

Whereas, the collaboration of private entrepreneurial efforts, bioscience industry companies, higher education research institutions, and Kansas state and local government is viewed as an important tool in enhancing and promoting the bioscience industry in Kansas; and

Whereas, the 2004 Kansas Legislature will consider legislation establishing a Kansas Biosciences Authority to develop and fund bioscience industry development; and

Whereas Douglas County possesses valuable assets for the further development of biosciences initiatives, including an exceptional university

research base, a highly educated workforce, and bioscience industries already in place; and

Whereas, the 2004 Kansas Legislature will consider additional legislation to support the Kansas Entrepreneurial Initiative which will establish the Kansas Center for Entrepreneurship and a Kansas Community Entrepreneurship Fund;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF LAWRENCE, KANSAS; BOARD OF COUNTY COMMISSIONERS OF DOUGLAS COUNTY; THE UNIVERSITY OF KANSAS; THE SCHOOL BOARD OF UNIFIED SCHOOL DISTRICT NO. 497; HASKELL INDIAN NATIONS UNIVERSTTY; BAKER UNIVERSITY; AND THE LAWRENCE CHAMBER OF COMERCE BIOSCIENCES TASK FORCE;

Section 1. The governing bodies and institutions signatory hereto are united in their support of the Kansas Biosciences Initiative and the Kansas Entrepreneurial Initiative as set forth in the proposed Kansas Economic Growth Act, currently under consideration as House Bill 2647. The thorough consideration and passage of these initiatives should be among the highest priorities of the 2004 Kansas Legislature. The expenditure of public funds in these initiatives is deemed a valuable investment in the future of our state and our community.

Section 2. Copies of this Resolution shall be provided to all of the Representatives and Senators in the Kansas Legislature and to the Governor.

Adopted this _____ day of _____, 2004 by the governing body of the City of Lawrence, Kansas.

David M. Dunfield
Mayor

ATTEST:

Frank S. Reeb, City Clerk

Adopted this _____ day of _____, 2004 by the
Board of County Commissioners of Douglas County, Kansas.

Charles Jones, Chairman

ATTEST:

Patty Jaines, County Clerk

On behalf of the University of Kansas:

Robert Hemenway, Chancellor

Adopted by the School Board of Unified School District No. 497 on this
_____ day of _____, 2004.

Austin Turney, President

On behalf of Haskell Indian Nations University:

Karen Swisher, President

On behalf of Baker University:

Daniel Lambert, President

On behalf of the Lawrence Chamber of Commerce Biosciences Task Force:

Larry McElwain, Chair, Lawrence
Chamber of Commerce

To: The Board of Douglas County Commissioners
From: Marion R. Johnson, County Appraiser *MRJ*
Date: February 10, 2004
Topic: Douglas County Market Study Report

Attached is the county appraiser's annual market study report for 2004 for your review before my presentation to the board on Monday, February 16th. If you have any questions concerning the report please contact me at my office or I will try and answer the questions at the meeting on the 16th.

Douglas County Market Study Report

2004

Overview:

Kansas statutes require the county appraiser's office to update the value of each parcel of real property every year and to physically reinspect each parcel at least once every six years. Accomplishing these objectives requires careful planning and proper allocation of resources. This report attempts to step through the procedures followed in 2003 in preparation for the mailing of change of value notices for the 2004 tax year.

Property rights appraised:

The property rights being valued by the county are fee simple ownership rights with no restrictions, indebtedness, or other encumbrances.

Purpose of Appraisals:

The purpose of the appraisals completed by the Douglas County Appraiser's office was to estimate fair market value for ad valorem tax purposes only and the values generated by the office are to be used only by taxing jurisdictions in the county. The effective date of each of the appraisals is January 1, 2004.

Assumptions and Limiting Conditions:

The appraisals completed by the appraiser's office are subject to the following assumptions and limiting conditions:

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. All sketches in the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
4. All information in the appraisal documents have been obtained by members of the county appraiser's staff or other reliable sources.
5. The opinion of value for each property applies to land and improvements only. The value of trade fixtures, furnishings and other equipment has not been included with the value of the real estate.
6. The appraisals were prepared exclusively for ad valorem tax purposes.
7. The appraisers developing these appraisals are not required to give testimony or attendance in court by reason of the appraisals, unless directed by, employed by and provided legal counsel by the Douglas County Appraiser.
8. Subsurface rights (minerals and oil) were not considered in making this appraisal.
9. The Douglas County Appraiser's office staff has to physically inspected all properties in the county during a six year cycle as required by Kansas statutes. The current six year inspection cycle is 2000-2005 Interior inspections have not been done on a majority of the properties in the county.

10. The appraisers have inspected, as far as possible, by observation, the land and the improvements thereon each property; however, it was not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made as to the matters unless specifically considered in an individual appraisal.

11. The reports generated by the county have been approved by Property Valuation Division of the Kansas Department of Revenue in Topeka and are generated through KSCAMA.

12. The data collection manual used as a guide to collect and evaluate the land and improvement data was developed by the Property Valuation Division of the Kansas Department of Revenue. This manual is kept and maintained at the Douglas County Appraiser's office.

Definition of Value:

The value arrived at by the appraiser's office is fair market value as defined by the Kansas statutes except for agricultural land which is valued at ag use value as defined in the statutes. K.S.A. 79-503a defines fair market value as "the amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion."

Highest and Best Use:

Highest and best use, as used by the county, can be defined as the reasonable probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value. Because the use of the land can be limited by the presence of improvements, the highest and best use is determined separately for the land or site as though vacant.

Implied within the definition above is that the determination of highest and best use results from the appraiser's judgement and analytical skills, that the use determined from the analysis represents an opinion, not a fact to be found.

The only type of real estate in Kansas that is not valued at its highest and best use is agricultural land. Agricultural land is valued at its ag use value as required by Kansas statutes. The ag use values for each county are provided by the Division of Property Valuation of the Department of Revenue.

Physical Reinspection:

During 2003 approximately 7,400 real estate parcels in Douglas County were revisited and reinspected by members of the Douglas County appraiser's staff. The purpose of the reinspection is to correct errors made during the initial data collection phase of the reappraisal project and to insure the continued accuracy of the records and to build valuation models used by the county to establish market values.

To insure accuracy of the data a quality control program is in place at the county. At least one (1) percent of the parcels are reinspected by a supervising appraiser to insure that the data is correct.

Each property has an unique parcel identification number and a legal description developed by the county's mapping department. The legal description is not the official legal for the parcel and its use is for tax purposes only. Individual sketches are drawn for each parcel unless otherwise noted. Also a majority of the parcels have a photograph on file. A property record card or inventory contents sheet is available for each parcel detailing the information that has been collected on each parcel.

Sales File:

The county has an inventory of all sales that have occurred on a parcel on the CAMA record. A separate file of valid sales is kept by the county. This file includes a "snapshot" of the property as of the date of the sale. The sales file also includes sale price information and the date of the sale. Maps showing the geographic location of the sales in the county are also available. During 2003 the appraiser's office looked at approximately 3,200 sale questionnaires involving 3,600 parcels.

Valuation Model Calibration:

While some staff worked on the physical reinspection, others reworked the value models to be used to value all parcels. A valuation model is a formula used to value a specified set of properties. It can be as simple as an amount per square foot to be multiplied by the square footage of the properties to be valued. For example:

$$\$75.00 \times 1,500 \text{ s.f.} = \$112,500$$

Or it may be so complex that it takes a computer to efficiently solve the problem. In either event they share the common characteristics of being developed from the local market and being subject to human acceptance or rejection of the solution.

This study will begin with a discussion of the cost approach models and work through the comparative sales and income models.

Cost Approach Overview:

The cost approach provides a value estimate based upon the market value of land and the depreciated cost to replace or reproduce improvements on that land. KSCAMA uses the unit-in-place method of developing its cost schedules and tables whereby costs are shown for a combination of items comprising a building component. Application of these schedules involves adjusting the component costs to compensate for the characteristics of the subject.

The cost approach to value works on the principle of substitution, saying that a knowledgeable buyer will not pay more than the cost to produce a similar property having like utility. This approach is most applicable for new improvements that represent the highest and best use for the land.

There are two basic concepts involved in developing a cost model. Both concepts, *replacement cost new* and *reproduction cost new*, are based on the principle of substitution which states that an informed buyer will not pay more for a property than what it would cost to obtain an equally desirable substitute property. Another consideration is that the upper limits of value are set by the replacement cost of the subject property. Thus, by its very nature, the cost approach provides us with a uniform starting point in the process of finding a value for every property. The difference between replacement cost and reproduction cost is that the reproduction cost is the cost to construct an exact replica of the subject, including any functional obsolescence, while replacement cost is the cost to build a substitute with equal utility but without any functional obsolescence such as high ceilings or poor room layout.

Replacement cost, as reflected in the KSCAMA cost tables and schedules reflects the total cost of construction, including materials, labor, subcontracts, builder's overhead and profit, architectural and engineering fees, consulting fees, survey and permit fees, legal fees, taxes, insurance, and cost of interim financing. There are separate cost tables and schedules for residential dwellings and their components, such as attached garages and other additions, heating and cooling systems, and plumbing. Other building and yard improvements, commercial buildings, agricultural buildings and Computer Assisted Land Pricing (CALP) schedules are also separate.

The basic components of the cost tables were developed by the Cole-Layer-Trumble Company of Dayton, Ohio and were supplied by the Property Valuation Division of the State of Kansas when the current computer system was installed. They are modified by several factors to insure they reflect the local market. These will be discussed in greater detail later in this report.

Trend Analysis:

Every valuation model is based upon sales information. Therefore, the first step in calibrating (adjusting) valuation models is to calculate the factor needed to trend sales to January 1 of the appraisal year. The purpose of trending sales to January 1 of the appraisal year is to meet the requirement of the State of Kansas that all real property be appraised at 100% of market value as of the statutory lien date. By studying properties that have sold more than once in recent years, we can establish a pattern of past performance that will allow us to predict or estimate what the market will be at some point in the future.

The county developed a report showing all residential parcels which have experienced two or more sales during a designated period. For 2004 the county used the period between January 1, 2000, and October 15, 2003. The time trend analysis was broken down by residential neighborhood. The trends ranged from a three (3) percent increase to a ten (10) percent increase. Through the market modeling process a time trend was also developed for each model area. The time trend developed through this process for each model area was between four (4) and eight (8) percent. There were not enough commercial sales that have sold twice in recent years to develop a commercial time trend.

Trending sales in this manner completes the first step in preparing comparable properties for analysis. This step will adjust the comparables for time which standard appraisal procedures indicate should be the first adjustment for comparable properties. We can then be assured that we are looking at all sales properly adjusted for time and concentrate on making adjustments to compensate for other differences in relation to the subject property. Once the remaining differences are accounted for, these comparables can be used to establish land values, cost indices, and depreciation tables.

Keep in mind that the current analysis are directed toward the entire county. The county index and depreciation tables will be developed for application to all parcels in the county. Therefore it is unnecessary to segregate time changes by neighborhood. However, the market module will perform that function by geographic model area.

Land Value Estimation:

The first step in the land valuation process was to identify neighborhood boundaries within Douglas County. A neighborhood can be defined as the environment of a subject property that has a direct and immediate impact on its value. The neighborhood boundaries can be either natural (rivers, lakes hills, etc.), man-made (streets, railroads, major utility right of ways, etc), or political (city limits, school districts, zoning districts, etc.).

Neighborhood boundaries were reviewed annually. Identifying neighborhoods is an ongoing process and boundaries will be continually re-evaluated as new data warrants. Over 100 residential and 30 commercial neighborhoods have been delineated in the county.

Vacant land sales were used to develop land values for Douglas County. Over 500 vacant land sales occurred during the study period of January 1, 2001 through October 1 of 2003 and were used in the county's land study. Land values were developed for each residential and commercial neighborhood. The land models, when applicable, were developed on front foot, square foot and acreage units of comparison. The primary unit of comparison for residential and commercial properties was the square foot. In the rural areas, the primary unit of comparison was acres.

Index Study New Construction Data:

New construction data was gathered and analyzed by the appraiser's office staff on residential properties constructed and sold in 2003. This information formed the basis for the county index of 1.32 for the valuation year 2004. There are couple of methods that can be used to determine the county's cost index. One method is to obtain from local builders the exact cost to construct a residential structure including overhead and profit. To find the cost index you then divide the actual cost to construct by the value generated by the county's KSCAMA system. This index is then applied to the county's cost tables so that the cost tables will reflect the local market conditions.

For example, if the actual construction costs for the improvement were \$99,300 and the 100% costs from KSCAMA were \$75,300 the indicated index would be:

$$99,300/75,300 = 1.32$$

The second method, which was the one used by county appraiser's office, is the use of sales of newly constructed residential homes. In this method the land value and any other building value (i.e. sheds, decks, detached garage, etc.) are subtracted from the sale price which leaves only the value fo the residential structure. This value is then compared to the KSCAMA generated value for the structure. Again the difference in the two values is considered the amount of adjustment needed to adjust the county's cost tables for time and local market conditions.

For example, the sale price on a newly constructed property is \$168,700. The land value is \$46,200 and the value on other out buildings is \$1,260. The value of the residential structure itself is \$121,440 (\$168,700 - \$46,200 - \$1,260). The KSCAMA generated value on the structure is \$92,320 and the difference in the two value is \$29,120 or 32 percent. This would mean that the county's current cost tables would need to be adjusted upward 32 percent to reflect time and the local construction market.

In the commercial and industrial area, the county analyzed data from four (4) parcels that were constructed 2002 and 2003. Using the same procedures as noted above the cost index for commercial property was set at 1.48 for 2004.

Depreciation:

Depreciation reflects a loss in value from whatever source including age and condition as well as functional and economic obsolescence. For residential property, these losses in value are accounted for in the CDU (condition - desirability - utility) rating. The CDU is the rating method used in KSCAMA to handle residential depreciation. In the commercial file, these adjustments are made through physical condition and functional utility ratings applied to every structure.

Details on Adjustments to KSCAMA Depreciation Tables:

Depreciation tables in the Kansas computer assisted mass appraisal system (KSCAMA) consist of a set of figures representing the percentage good remaining in a dwelling according to its relative age and CDU rating. Displayed as an actual table, the age ranges are displayed in the left column with each succeeding column moving right showing the appropriate percent good for each CDU level from *Excellent* down to *Unsound*.

The first step in analyzing the residential depreciation tables involved running a report which tested the accuracy. The report subtracts the value of land and outbuildings from the adjusted selling prices of dwellings to arrive at the indicated depreciated replacement cost. This figure is divided by the replacement cost new to establish the percent good indicated by actual sales. Comparing that figure with the one used in current tables indicates the need for and amount of adjustment to match the sales information.

As expected, the majority of data available was for the average CDU. The county appraiser's staff decided to analyze and adjust this CDU first and use it as a benchmark to adjust the other CDUs that had less reliable data. Data was transferred from the mainframe to a personal computer in order to construct graphs showing the relation between percent good and age for each CDU, beginning with the average CDU. These graphs were then analyzed to make the adjustments to the depreciation table.

Once the preliminary review of data was completed it was loaded into a statistical package to gain a clearer view of the sales data. Sales were segregated according to grade and CDU rating and the mean, median and mode indicating the percent good were found within 10 year age ranges for each group of sales. The statistical software was able to calculate the number of occurrences of a given percent good and print a frequencies distribution chart. With the chart were printed the mean, median, mode and several meaningful measures of the given sample. These were all used to build the final depreciation/percent good table for residential properties.

Market Models:

The sales comparison approach or market approach for residential property is performed through the use of multiple regression analysis and comparable sales. A sales comparison approach for commercial is not done for two basic reasons. First, the county does not have a CAMA market approach for commercial properties. Secondly, there were an insufficient number of commercial sales in the county to do a reliable sales comparison approach.

Market modeling in the KSCAMA system involves determining the coefficients to use to adjust sale properties and the weights to be placed on property characteristics to (1) select sales for comparison with the property being valued and (2) adjust selling prices to the subject. It goes without saying that no two properties are the same. If nothing else is different, they sit on different plots of ground. Some of those differences are cosmetic and tend to have very little impact on value, such as their color. Others have a significant impact on value, such as the quality of construction reflected in the grade and the size of the structure. The appraiser, after studying the actions of buyers and sellers in the market place, determines which factors affect value and what weights to apply.

The computer assists in this process by providing estimates of the relative weight of certain characteristics chosen by the appraiser within the sales used. By alternating different characteristics and weights the appraiser establishes the best combination to value parcels within a given geographic area. The specific characteristics and weights chosen for one model may be much different than those chosen for another because of the relative differences in markets within the county. For example, a detached garage may be the rule in one part of the county and the exception in another; an attached garage may add value in one area where another just recognizes the existence of some garage, attached or otherwise.

Once the means of adjusting the selling prices of the comparable sales is established, the appraiser moves on to the weights to be used for selecting the comparable sales to be used. It would be an easy task if all properties were identical. Since they are not, those that are to be used in the valuation process must be chosen according to some set of criteria. Obviously, location, grade, CDU, and size are very important, but is style more important than story height? Would you want a comparable that had the same heating system over one that had the same number of bathrooms? These choices involve the judgment of the appraiser in determining what the local market views as most important in establishing value. The computer can literally choose from any sale in the county and, in fact, weights every one of them. The appraiser must input instructions that clearly spell out what is to be done.

Income Models:

Income models within the KSCAMA system are developed directly from the market. Approximately 650 questionnaires were mailed to owners of commercial real estate requesting the actual income and expenses generated from that type of property. Approximately 180 were completed and returned to the appraiser's office. From that information, typical rental and expense rates were established according to the type and use of the property along with its location. These rates were placed in income valuation tables according to the property type and use.

Capitalization rates used in the income approach were developed through interviews with local lending institutions. Capitalization rates used for apartments were developed from a cap rate study completed in 1997 by the apartment owner's association in the City of Lawrence. The study, which was done by Bliss and Associates from Kansas City, was reviewed by the county appraiser's staff and found to be acceptable. The apartment owner's association also commissioned in 1997 a vacancy rate study that was done Keller Appraisals of Lawrence. The report was reviewed by the county appraiser's staff and found to be acceptable. Both of these reports were updated by the respective groups in 2001 and 2002.

A capitalization rate study for hotels and motels was done in 2001 by the David Craig Co. of Overland Park. The study was commissioned by the following counties: Johnson, Wyandotte, Sedgwick, Shawnee and Douglas. Copies of both studies are available at the appraiser's office. A study was not done by the counties in 2003.

Final Review:

Following the field inspection of parcels and the development of valuation models, preliminary values are generated. On the residential side of the system, values are established using primarily the comparative sales and cost approaches. A gross rent multiplier study was compiled by the county and was used to provide additional support in valuing rental properties in the county. On the commercial side, estimates are developed using the cost and income approaches.

During final review, the field appraisers have documents containing certain property characteristics, pictures of each property, the values discussed above and any sales information existing for the parcels. At this point, the field appraiser establishes a final value to be used for the next tax year. The rules given to these appraisers are:

- (1) The value chosen must be consistent with the neighborhood, assuming the improvements are in any way consistent themselves;
- (2) The estimate from the comparative sales approach should be favored over the cost estimate for residential property and the income approach should be favored over the cost approach for commercial/industrial properties;
- (3) Proper justification and documentation must be available to change a value that was established at a hearing during the previous year; and
- (4) Under no circumstance is an estimate chosen just because the computer made it.

Performance Tests:

The method used to test the accuracy of the county's appraisals is a sales ratio study that is conducted by the Division of Property Valuation. The sales ratio study looks at such statistical measures as the median ratio and the COD (coefficient of dispersion). The ratio study is conducted annually.

Douglas County in 2002, the latest official ratio study year, had a median ratio for residential property of 97 percent and a COD of 4.9. A total of 345 sales were used in the residential study. For commercial property the median ratio was 96.2 with a COD of 9.1. A total of 23 sales were used in the commercial study.

Certification:

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.

- the reported analysis, opinions and conclusions developed by the appraiser's staff are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analysis, opinions and conclusions.

- no member of the appraiser's staff has a present or prospective interest in the properties that are appraised annually, except for those properties that are personally owned by an individual appraiser, and have no personal interest or bias with respect to the properties appraised.

- the appraisal staff's compensation is not contingent upon the reporting of a predetermined value.

- the analysis, opinions and conclusions developed by the appraiser's office have been prepared in conformity with Standard 6 of the Uniform Standards of Professional Appraisal Practices.

- all the properties appraised are personally inspected by a member of the appraisal staff every six years in accordance with Kansas statutes.