

**MINUTES
BOARD OF CIVIL AUTHORITY (BCA)**

**TAX APPEAL HEARINGS
WEDNESDAY, JULY 28, 2021**

Meeting convened at 6:30 p.m. in the conference room of the Barnet Fire & Rescue Station (151 Bimson Drive, Barnet).

Board members present: Chair William Graves, Rebecca Boardman, Salvatore Demaio (via telephone conference), Dylan Ford, Benjamin Gates, Benjamin Heisholt, Mark Jefferson, Dennis Kauppila, Maurice Roberts, and Shellie Samuels.

Others present:

- **Listers:** John Cook and Sarah Cook
- **Appellants:** Gregory Jackmauh

1. Preliminary items

Mr. Graves called the meeting to order.

The BCA members signed member oaths. The Listers signed witness oaths.

2. Tax appeal hearings:

a. **Appellant:** Barnet Hills Realty

<u>Parcel ID #</u>	<u>E911 Address</u>
0009-02-33	176 Houde Lane

Appellant Gregory Jackmauh signed a witness oath.

Chairman Graves reviewed procedures for BCA tax appeal hearings.

Chairman Graves introduced the Board members present and thereby eligible to participate in a decision in this matter.

Letter of Appeal

Mr. Graves read the appellant's letter of appeal. A copy of this letter is attached to the end of these minutes.

Testimony by Listers

Listers John Cook and Sarah Cook provided oral testimony as summarized below:

- From the Appellant's grievance hearing and letter of appeal, it seems there is some confusion regarding how Current Use works. Current Use is not a tax: it is a method of calculating value using a formula separate from the usual valuation process. The figures used to determine the Current Use value are different than the figures used for other parcels.
- The Listers presented copies of Notice to Taxpayer of Use Value Allocation for the subject parcel and for parcel # 0004-01-30, owned by Gregory and Celia Jackmauh. The Listers indicated that

some of the figures presented by the appellant as representing the subject parcel seem to have been mistakenly taken from parcel # 0004-01-30.

Testimony by Appellant

Gregory Jackmauh appeared as the appellant. His testimony, including answers to Board questions, is summarized below.

- Mr. Jackmauh reviewed and re-iterated the information stated in the letter of appeal.
- Mr. Jackmauh indicated that his appeal consists primarily of two components, as summarized below:
 - Mr. Jackmauh believes that the Current Use calculation for his property was performed incorrectly.
 - Mr. Jackmauh believes that Current Use enrolled land is undervalued by the Listers and the Current Use excluded property is overvalued by the Listers.
- Mr. Jackmauh indicated that Barnet Hills Realty acquired the property in 2008 for the price of \$264,000. At that time the property was assessed by the Town at \$365,000.
- Mr. Jackmauh indicated that he does not dispute the overall value assigned by the Listers, but believes the split between the Current Use enrolled land and the Current Use excluded property should be weighted more heavily toward the enrolled land.
- Mr. Jackmauh left with the Board a collection of documents, and reviewed and discussed these with the Board, as summarized below:
 - For property tax years 2016, 2017, 2018, 2019, and 2020, the following documents:
 - Property tax bills,
 - Current use “use value” letters from the Vermont Department of Taxes,
 - Notice to Taxpayers of Use Value Allocation from the Board of Listers,
 - Mr. Jackmauh’s notes on his 2021 Listers grievance and BCA tax appeal.
 - A 2013 Conservation Easement Stewardship Appraisal Report as prepared by Larson Appraisal Company. Mr. Jackmauh indicated that one of the fruits of this appraisal was to divide the purchase price value of the property (\$264,000) between Current Use-enrolled land (\$152,000, or 58%) and Current Use excluded property (\$112,000, or 42%). The appraisal also divided its 2013 appraisal of \$315,400 between Current Use enrolled land (\$167,200, or 53%) and Current Use excluded property (\$148,200 or 47%). Mr. Jackmauh Stated that the 2020-2021 Listers assessed value has the Current Use enrolled land at only 40% of the value and the Current Use excluded property at 60% of the value.
 - A copy of the Town of Barnet’s Official Change of Appraisal Notice for all Barnet parcels, including Mr. Jackmauh’s notations of 69 comparable properties.
 - Notes on five particular properties among the 69 comparables above-referenced. These indicate that these 69 parcels are approximately three acres and that all decreased in value in 2020 or increased by three to six percent.

Committee Appointment

Committee appointed for inspection of property: Salvatore Demaio, Benjamin Gates, and Maurice Roberts. Committee plans to meet on Wednesday, August 4, 2021, at 8:00 a.m.

b. Appellant: Great River Hydro, LLC

Parcel ID #
0006-01-10
0023-01-32

E911 Address
Comerford Dam Road (Comerford Station)
McIndoe Station Drive (McIndoe Falls Dam)

Letter of Appeal

Mr. Graves read the appellant's two letters of appeal. Copies of these letters are attached to these minutes.

Testimony by Appellant

The Appellant did not make an appearance at this hearing, as indicated in the Appellant's letter of appeal. The Appellant's letter of appeal serves as the Appellant's testimony, as acknowledged in the Appellant's letter of appeal.

Testimony by Listers

Listers John Cook and Sarah Cook provided oral testimony as summarized below:

- The State of Vermont collects data on all utilities. This data must be reported by the utilities. Great River Hydro, LLC only sent to the Listers values based on cost.
- The State of Vermont determines valuation metrics and requirements. The Listers are required to use the cost approach in determining value.
- There are no direct comparables to these properties in Barnet.

Committee Appointment

Committee appointed for inspection of property: Rebecca Boardman, Dylan Ford, and Dennis Kauppila. Committee plans to meet on Monday, August 2, 2021, at 12:30 a.m., pending availability of Appellant.

3. Other business

The Board agreed to meet Wednesday, August 18, 2021 at 6:30 p.m. to hear the reports of the Inspection Committees and to issue decisions.

4. Adjournment

Mr. Gates moved to adjourn the meeting. Seconded by Ms. Ford and approved by voice vote.

Meeting adjourned at 7:55 p.m.

A true record.

Attest: 
Town Clerk

Benjamin Heisholt

From: reconstructions
Sent: Tuesday, July 06, 2021 10:40 AM
To: townclerk@barnetvt.org
Cc: asstclerk@barnetvt.org
Subject: Appeal of Listers' decision to the Board of Civil Authority

Follow Up Flag: Follow up
Flag Status: Flagged

Categories: Ordinary

TO: Town of Barnet, Board of Civil Authority

FR: Barnet Hills Realty, LLC, Gregory Jackmauh, Managing Member

RE: Appeal of Listers' decision dated July 1, 2021 for dwelling and land at 61 Braeburn Lane, Barnet;
Property ID: 0009-02-33

I am interested in understanding the new real estate values that were generated by the 2020 reappraisal.

To that end I had a "grievance" phone meeting with the Listers on July 29, 2020. We reviewed the component values for the property and compared them to the values used in 2019 to generate my tax bill using a summary provided by the Listers dated July 13, 2020. I was told that I was too late to grieve anything but the Use Value number. The 2020 Use Value number provided by the Listers was \$42,700, and I did not object to that number.

The tax bill arrived in September 2020. It looked nothing like the values we reviewed on July 29. The Housesite Value had changed from \$200,900 to \$207,200 and the Use Value number had changed from \$42,700 to \$53,900. By September all my options for grievance were closed for the moment so I paid my tax bill in full as a good-faith gesture, hoping we all could sort out these numbers at another time.

On June 22, 2021 I had another grievance hearing, in person this time, with the Listers. I submitted to them the document that is attached to this cover letter outlining my concerns. I was allowed to spend an hour with them. That hour was spent trying to come to an agreement on Who calculates the Use Value number for my tax bill and Why I cannot use the annual published information from the State of Vermont Department of Taxes to calculate my current year Use Value number myself. I did not receive clarification on those points and I was informed that the meeting was over. We never addressed my other points of concern outlined in my letter of to them dated June 15, 2021.

I think that 61 Braeburn Lane is a unique property and therefore harder to appraise. My goal is to understand my 2020 tax bill and the reasoning behind very significant shifts of value since the last appraisal in 2008.

Thank you for your time to consider this matter.

Gregory Jackmauh, Managing Member
Barnet Hills Realty, LLC
176 Houde Lane, Barnet, VT

617-462-5683

Benjamin Heisholt

From: reconstructions
Sent: Tuesday, July 06, 2021 10:54 AM
To: townclerk@barnetvt.org
Cc: asstclerk@barnetvt.org; reconstructions
Subject: ATTACHMENT: Appeal to Board of Civil Authority
Attachments: Grievance Appeal Form_Barnet Hills Realty, LLC.eml

Follow Up Flag: Follow up
Flag Status: Flagged

Categories: Ordinary

Please attach this document to the appeal by Barnet hills Realty, LLC to the Board of civil Authority.

Thanks.

Gregory Jackmauh, Managing member

Benjamin Heisholt

From: reconstructions
Sent: Tuesday, June 15, 2021 11:43 AM
To: townclerk@barnetvt.org
Cc: asstclerk@barnetvt.org
Subject: Grievance Appeal Form/Barnet Hills Realty, LLC

TO: BOARD OF LISTERS

FR: Barnet Hills Realty, LLC; Gregory Jackmauh, Managing Member

RE: Grievance Appeal, Assesed 2020 tax values for Parcel ID 0009-02-33; 61 Braeburn Lane, Barnet, VT

1. I have not been able to calculate myself and thereby confirm the total Use Values used to calculate my taxes. I have tried to confirm using the perscribed formula: Number Enrolled Acres X Current year Use Value X Common Level of Appraisal. By my calculations every year from 2016 - 2020 the actual value taxed was higher than the amount generated by the above formula. This resulted in owing more taxes.

2. The 2020 land value appraisal of the property indicates that the total land value has declined from \$246,300 to \$182,200 since the last cost update of 01/22/2008. That represents a 26% decline in value. There is no indication in the market that land value has declined since 2008.

3. The value of the dwelling has increased in the 2020 appraisal even though there have been no improvements since the last cost update of 2008. By 2008 the physical depreciation cost from new was appraised at <\$164,017> and the functional depreciation cost from new was appraised at <\$29,821>. Yet 12 years later the physical depreciation has been reduce to only <\$78,763> and the functional depreciation has been reduced to <\$24,613>. The passage of time causes depreciation to increase. The same is true for the outbuilding value (up \$500) and the site improvements value (up \$5,000).

These values are also going in the wrong direction over time.

4. The 2020 Total Listed Value of \$345,400 can be explained by the continued depreciation of the buildings and site improvements. Therefore the taxable values would be as follows: 185 acres of enrolled land @ \$42,700 + 2 acres un-enrolled @\$43,800 + Dwelling @ \$104,400 + Site improvements @ \$10,000 + Outbuilding @ \$5,100 = Total Taxable Value @ \$206,000.

Thank you for considering this information.

Gregory Jackmauh, Managing Member
Barnet Hills Realty, LLC
617-462-5683

RECEIVED JUL 13 2021 ePH



Great River Hydro, LLC
Mark A. Cleverdon
Property Tax Manager
Great River Hydro, LLC
112 Turnpike Road, Suite 202
Westborough, MA 01581

July 12, 2021

Town of Barnet
Town Clerk's Office, Mr. Ben Heisholt
1743 US RTE 5 South
Barnet, VT 05821-0015

Mailed: UPS Next Day

RE: 2021 BCA Appeal – Parcel 006-01-10, Comerford Station

Dear Mr. Heisholt:

Great River Hydro, LLC (GRH) in compliance with 32 V.S.A, Sec. 4404 hereby submits to the Town of Barnet's Town Clerk the 2021 written BCA appeal pertaining to Parcel 006-01-10, SPAB 033-010-11041. The 2021 Town assessment is \$72,751,600. This is a \$32,851,600 increase over the previous year's assessment of \$39,900,000. GRH feels this increase in value places a disproportionate burden of property tax on the Company.

There are three valuation methodologies that can be used in valuing real property, the income approach, the cost approach, and the sales comparison approach. *In valuing the hydro station's property, the most accepted approach is the income approach.* This approach is based on the capitalization (present value determination) of the income derived from the operation of the real property (hydro station). The income approach value of real and personal property is based on short-term earning potential projected out several years. This approach was utilized in the formulation of the 2016-2020 agreement value of \$39,900,000. For 2021 the town seems to have moved away from the income approach and has taken the 2021 annual inventory filing and used the net book cost data to derive the 2021 assessment value.

The Town appears to have used the annual inventory filing costs/net book cost, which reflects the depreciated 2017 equity purchase price and 2018-2020 depreciated capital costs. This is not a valid cost approach valuation. The cost approach requires the determination of reproduction cost new of the real and personal property, then adjusted for physical deterioration (depreciation), functional/technological obsolescence, and economic/external obsolescence. The cost value used by the Town from the annual filings is not representative of a reproduction cost new value. Reproduction cost new value requires the costing of the station/real property at current day construction and equipment costs, which is not the same as purchase price. Further, the town has not considered the different obsolescence reductions that need to be applied in the cost approach. If the cost approach is performed correctly, the final value should be close to the income approach valuation. The Town's analysis and final valuation appears incomplete.

The income approach for 2021 when applied should incorporate a low wholesale energy price market coupled with a declining capacity price market, as illustrated below.



Based on low wholesale energy and capacity trends this will result in an income approach net present value that is lower than the current value, which reflects the lower earning potential of the hydro/real and personal property based on the current market. Due to the positive correlation between energy and capacity price to property value (lower price, lower value / higher price, higher value), the outcome of a 2021 income approach analysis results in a parcel 006-01-10 value in the range of \$27,000,000. GRH retains its de novo right to change this valuation as it enters the appeals process. The income approach incorporates many if not all of the obsolescence items that the Town did not incorporate in its valuation. Obsolescence affects operating efficiencies, which affect operations, i.e., generation, and eventually income and the final valuation, all which are represented in the income approach numbers and analysis.

The Company is disappointed in the Town's approach and feels the town is ignoring the basic appraisal standards, where equitable and reasonable valuation is the objective.



Great River Hydro

Great River Hydro, LLC respectfully submits this BCA appeal with the hope of coming to a reasonable assessment. The company also requests that this letter be used in the BCA appeals process in replacement of any hearing appearance. If you have any questions, please call me at 413-773-6709 or email me at mcleverdon@greatriverhydro.com

Sincerely,

A handwritten signature in cursive script that reads "Mark A. Cleverdon".

Mark A. Cleverdon
Property Tax Manager

RECEIVED JUL 13 2021 OPH



Great River Hydro, LLC
Mark A. Cleverdon
Property Tax Manager
Great River Hydro, LLC
112 Turnpike Road, Suite 202
Westborough, MA 01581

July 12, 2021

Town of Barnet
Town Clerk's Office, Mr. Ben Heisholt
1743 US RTE 5 South
Barnet, VT 05821-0015

Mailed: UPS Next Day

RE: 2021 BCA Appeal – Parcel 0023-01-32, McIndoe Falls Dam

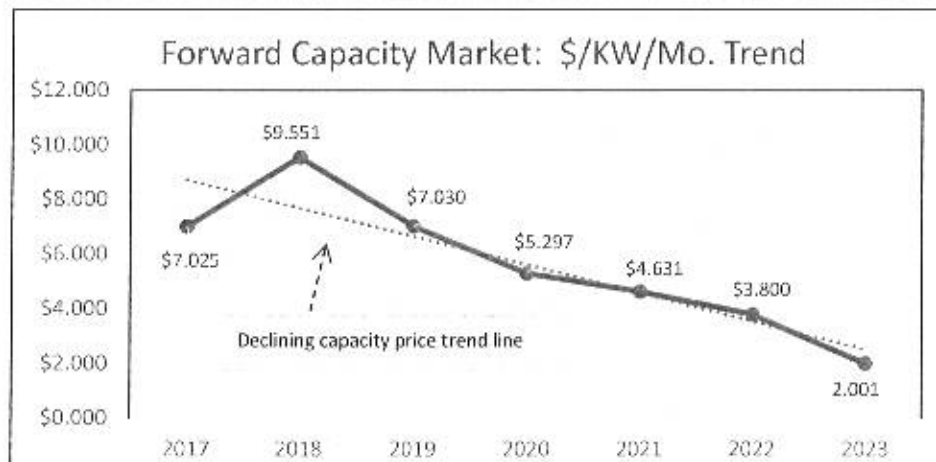
Dear Mr. Heisholt:

Great River Hydro, LLC (GRH) in compliance with 32 V.S.A, Sec. 4404 hereby submits to the Town of Barnet's Town Clerk the 2021 written BCA appeal pertaining to Parcel 0023-01-32, SPAB 033-010-11285. The 2021 Town assessment is \$3,719,400. This is a \$269,400 increase over the previous year's assessment of \$3,450,000. GRH feels this increase in value places a disproportionate burden of property tax on the Company.

There are three valuation methodologies that can be used in valuing real property, the income approach, the cost approach, and the sales comparison approach. *In valuing the hydro station's property, the most accepted approach is the income approach.* This approach is based on the capitalization (present value determination) of the income derived from the operation of the real property (hydro station). The income approach value of real and personal property is based on short-term earning potential projected out several years. This approach was utilized in the formulation of the 2016–2020 agreement value of \$3,450,000. For 2021 the town seems to have moved away from the income approach and has taken the 2021 annual inventory filing and used the net book cost data to derive the 2021 assessment value.

The Town appears to have used the annual inventory filing costs/net book cost, which reflects the depreciated 2017 equity purchase price and 2018-2020 depreciated capital costs. This is not a valid cost approach valuation. The cost approach requires the determination of reproduction cost new of the real and personal property, then adjusted for physical deterioration (depreciation), functional/technological obsolescence, and economic/external obsolescence. The cost value used by the Town from the annual filings is not representative of a reproduction cost new value. Reproduction cost new value requires the costing of the station/real property at current day construction and equipment costs, which is not the same as purchase price. Further, the town has not considered the different obsolescence reductions that need to be applied in the cost approach. If the cost approach is performed correctly, the final value should be close to the income approach valuation. The Town's analysis and final valuation appears incomplete.

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Based on low wholesale energy and capacity trends this will result in an income approach net present value that is lower than the current value, which reflects the lower earning potential of the hydro/real and personal property based on the current market. Due to the positive correlation between energy and capacity price to property value (lower price, lower value / higher price, higher value), the outcome of a 2021 income approach analysis results in a parcel 0023-01-32 value in the range of \$2,000,000. GRH retains its de novo right to change this valuation as it enters the appeals process. The income approach incorporates many if not all of the obsolescence items that the Town did not incorporate in its valuation. Obsolescence affects operating efficiencies, which affect operations, i.e., generation, and eventually income and the final valuation, all which are represented in the income approach numbers and analysis.

The Company is disappointed in the Town's approach and feels the town is ignoring the basic appraisal standards, where equitable and reasonable valuation is the objective.



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Sincerely,

Mark A. Cleverdon
Property Tax Manager