

**ASSESSMENT APPEALS BOARD MINUTES  
COUNTY OF SAN LUIS OBISPO  
STATE OF CALIFORNIA**

Monday, July 21, 2003

The Assessment Appeals Board of the County of San Luis Obispo, State of California, met in regular session at 9:00 a.m., in the Board of Supervisors Chambers, County Government Center, San Luis Obispo, California.

**PRESENT: Appeals Board Members** Mr. Tom Baron, Mr. Jenele Buttery and Chairperson  
Kem Weber

**ABSENT: None**

Mr. Jim Orton and Mr. Wyatt Cash, Deputy County Counsels, are present and represent the Assessment Appeals Board.

Mr. Tom Bordonaro, Assessor, Ms. Linda Trahey, Ms. Lesa Silva, Deputy Assessors and Mr. John Evangelista, Real Estate Appraiser, are present and sworn.

Also present is Ms. Trudy Jarrett, Alternate member of the Assessment Appeals Board.

This is the time set for members of the public wishing to address the Board on items not set on the Agenda.

**Mr. Jim Orton:** Deputy County Counsel, introduces Wyatt Cash, who will be taking over the duties of representing the Board at hearings. **No action taken.**

This is the time set for consideration of the approval of the minutes from the March 21, 2003 hearing. **Thereafter, on motion of Mr. Baron, seconded by Ms. Buttery and unanimously carried, the minutes of the March 21, 2003 Appeals Board hearing are approved as presented and the Chairperson is instructed to sign the same.**

This is the time set for nominations for Chairperson for the 2003-2004 Calendar Year. **Thereafter, on motion of Mr. Baron, seconded by Mr. Weber and unanimously carried, the Board nominates Jenele Buttery to serve as Chairperson for the 2003-2004 Calendar Year.**

**CHAIRPERSON WEBER TURNS THE GAVEL OVER TO INCOMING CHAIRPERSON BUTTERY.**

This is the time set for nominations for Vice Chairperson for the 2003-2004 Calendar Year. **Thereafter, on motion of Mr. Weber, seconded by Chairperson Buttery and unanimously carried, the Board nominates Tom Baron to serve as Vice Chairperson for the 2003-2004 Calendar Year.**

This is the time set to consider approval of the Calendar of Hearings for 2003-2004. **Thereafter, on motion of Mr. Baron, seconded by Mr. Weber and unanimously carried, the Board approves the Calendar of Hearings for 2003-2004 as presented.**

This is the time set for consideration of the Policies and Procedures for Operation and Conduct of Hearings before the Assessment Appeals Board.

The Clerk indicates that staff is not recommending any changes to the current Policies.

**Thereafter, on motion of Mr. Weber, seconded by Mr. Baron and unanimously carried, the Board approves the Policies and Procedures for Operation and Conduct of Hearings before the Assessment Appeals, as presented and directs the Clerk to forward them to the Board of Supervisors for their approval.**

This is the time set for consideration of the approval of the Findings of Fact for Application No. 2002-59, American Serengeti Corp.

**Mr. Orton:** addresses the preparation of the Findings and comments he received by both the Assessor and the Applicant.

**Thereafter, on motion of Mr. Weber, seconded by Mr. Baron, with Chairperson BATTERY abstaining, motion carries and the Board approves the Findings of Fact for Application No. 2002-59, American Serengeti Corp. as presented and the Vice Chairperson is instructed to sign the same.**

**Application Nos. 2001-37 and 2002-34, APN 052,181,034, Sierra Vista Hospital Inc., are presented.**

**The Court Reporter is sworn.**

**Mr. Cris O'Neill**, attorney for Sierra Vista Hospital, is sworn and presents **Applicant's Exhibit #A - Application of Sierra Vista Regional Medical Center to close portions of hearing in which Trade Secret Evidence is presented; Declaration of Richard B. Lee; Supporting Memorandum of Points and Authorities;** addresses the two issues before the Board with respect to the condition of the hospital and AB 1953, which relates to seismic retrofitting for the hospital; comments on information attached to the Assessor's appraisal, indicating this includes Trade Secret evidence.

**Ms. Silva**, indicates she has no problem closing the hearing to the public during discussions regarding retrofitting, but has some concern regarding the need to close the hearing during discussions regarding the condition of the hospital.

**Mr. John Hollander**, Administrative Director of Facility Management for the hospital, is sworn and testifies to their reason for requesting that the condition of the hospital not be discussed in open public session.

The Board members discuss and question various aspects of what constitutes closing the hearing to the public; the Board determines they will close the hearing to the public during discussions regarding the condition of the hospital and AB 1953 requirements.

**Mr. Rod Hallin, Deputy Assessor is now present and sworn** and testifies to the changes in the allocations for Fixtures and Personnel Property on this parcel.

**Ms. Silva** describes the property as outlined in Application No. 2001-37, which is for the 2001-02 Roll Year (Prop 8); indicates the value on the Roll as read on the application for the Improvements should read \$21,513,601 not \$23,513,601 and presents **Assessor's Exhibit #1 - Description and Values on the Roll for Application No. 2001-37;** describes the various buildings; on Application No. 2002-34, the correct value on the Roll for the Improvements is \$21,943,873 not \$23,983,873 (as shown on the application) and presents **Assessor's Exhibit #2 - Description and Values on the Roll for Application No. 2002-34.**

**Mr. O'Neill** gives his opening comments and introduces those present today who may be testifying on behalf of Sierra Vista; presents **Applicant's Exhibit #B - Issues to be Decided** and addresses the same; presents **Applicant's Exhibit #C - Appraisal by Gerald Taylor.**

**Mr. Gerald Taylor** is sworn and testifies to his qualifications; what he was charged with respect to valuing only the land for both the 1/1/01 and 1/1/02 lien dates.

**Ms. Silva** presents **Assessor's Exhibit #3 - Review of Sierra Vista Hospital Appraisals and Current Roll Values** and indicates on the Land Value Only portion for 2001 the amount by

Evangelista should read \$6,030,000 not \$6,360,000; further, indicates that the values the Assessor is recommending is those values listed in the areas marked SLO Co. Roll.

**Ms. Silva, Mr. Bordonaro and Mr. Evangelista** question Mr. Taylor with response.

**Mr. Hollander** addresses his duties at the hospital and **Applicant's Exhibit #D - Memorandum re: Condition, Functionality and Plan for Replacement of Sierra Vista Regional Medical Center**, is presented.

**Ms. Silva** indicates they did not receive this information in the formal exchange and objects to it being included.

**Mr. O'Neill** presents **Applicant's Exhibit #E - Property Tax Rule 305.1; Page 42 of the Assessment Appeals Manual, May 2003; and, Court of Appeals of California, Fifth Appellate District Ruling regarding Bank of America v. County of Fresno - Civ. No. 5180.**

A discussion occurs regarding the requirements of the Exchange of Information.

**Mr. Bordonaro** indicates they will not object to the information being presented.

**Mr. Hollander** responds to questions by Mr. O'Neill regarding when the various portions of the hospital were built; mechanical areas and what they consist of.

**AT 1:09 P.M. THE BOARD CLOSSES THE HEARING TO THE PUBLIC FOR PURPOSES OF DISCUSSIONS REGARDING TRADE SECRETS.**

During the time the hearing was closed to the public the following exhibits were presented: **Applicant's Exhibit #F - Nine Photographs of the Facility; Assessor's Exhibit #4 - Memorandum to Neil M. Sorrentino from Dennis M. Brown, dated November 9, 2000; and, Assessor's Exhibit #5 - Tenet Health System - Sierra Vista Hospital - Balance Sheet Monthly Balance - Summary for Fiscal Year 1996.**

**AT 2:34 P.M. THE BOARD REOPENS THE HEARING TO THE PUBLIC.**

**Mr. Hollander** addresses the functionality deficiencies of the hospital; comments on the number of "wards" in the hospital and how many beds are in each; indicates there is not enough parking and addresses other areas of the hospital including the lab, lobbies, emergency room and neonatal care unit; presents **Applicant's Exhibit G - SB 1953 Seismic Evaluation - Sierra Vista Regional Medical Center**, and addresses the same; presents **Applicant's Exhibit #H - letter from Tom Elander to Richard Lee, dated July 15, 2003 and Applicant's Exhibit #I - Portion of the Sierra Vista Regional Medical Center Master Plan, dated May 15, 2003**; indicates Exhibit #I is part of the presentation they made to the San Luis Obispo City Council; addresses the phasing in of the new facility as outlined in Exhibit #I.

**Mr. Max Row**, Appraiser with Complex Property Advisors Corporation (CPAC), is sworn and **Applicant's Exhibit #J - CPAC Real Property Appraisal**, is presented.

**Mr. O'Neill** indicates that Mr. Taylor's Appraisal should be placed under Tab 9 of the CPAC Report.

**Mr. Row** testifies giving his qualifications as an appraiser and comments on the number of hospitals he has appraised; addresses the CPAC report, outlining their assignment to address only the issue of value for the real estate; addresses the hospital market overview in Chapters 2 and 3; Chapter 4 addresses SB 1953; Chapter 5 is a property description and their analysis of the physical life,

economic life and the effective age of the facility; Chapter 7 addresses Cost Approach for the Improvements; provides a summary of the hospital construction costs and conclusions regarding replacement cost; discusses their depreciation analysis and based on their appraisal the value for the Improvements for 2001/02 are \$17,700,000 and for 2002/03 are \$17,250,000; Chapter 9 addresses the Sales Comparison Approach and Chapter 10 is their Correlation/Conclusions.

The Board and Assessor question Mr. Row with response.

**Ms. Silva** presents **Assessor's Exhibit #6 - Qualifications for John A. Evangelista, MAI**, indicating he performed the appraisal on this property for the Assessor.

**Mr. Evangelista** testifies to his qualifications and presents **Assessor's Exhibit #7 - Appraisal of a 201 Licensed-Bed Acute Care Hospital referred to as Sierra Vista Regional Medical Center**; addresses the appraisal indicating he used the Income Approach to determine value and explains his report; gives his opinion on the depreciation of the buildings.

**AT 5:05 P.M. THE BOARD DOES NOW CLOSE THE HEARING TO THE PUBLIC FOR PURPOSES OF DISCUSSIONS REGARDING TRADE SECRETS AND AT 5:20 P.M. THE HEARING IS REOPENED TO THE PUBLIC.**

**Mr. Evangelista** continues regarding his Improved Sales summary on page 121 of his report; addresses the income approach.

**AT 5:24 P.M. THE BOARD CLOSES THE HEARING TO THE PUBLIC FOR PURPOSES OF DISCUSSIONS REGARDING TRADE SECRETS AND AT 5:41 P.M. THE HEARING IS REOPENED TO THE PUBLIC.**

**Mr. Hallin** provides the Board with the values as of 1/1/01 - Personal Property - \$9,574,956 and Fixtures - \$434,997.

**Ms. Silva** addresses the analysis on Assessor's Exhibit #3 and presents **Assessor's Exhibit #8 - Revised Exhibit #3 (Review of Sierra Vista Hospital Appraisals and Current Roll Values)**.

**Mr. O'Neill** questions Mr. Evangelista with response; presents **Applicant's Exhibit #K - Revenue and Taxation Code Section 401.6 and page 14 of the Assessor's Handbook, Section 502 - Advanced Appraisal, dated 12/98**.

**Mr. Trey Beazley, CPAC** is sworn and questions Mr. Evangelista on his appraisal, with response.

**Mr. O'Neill** presents **Applicant's Exhibit #L - Curriculum Vitae - David C. Lennhoff**.

**Mr. David Lennhoff**, is sworn and testifies to his qualifications and comments on Mr. Evangelista's appraisal and the fact it is only a cost approach appraisal; questions Mr. Evangelista with response.

**Matter is discussed and thereafter, on motion of Mr. Baron, seconded by Mr. Weber and unanimously carried, the Board continues this hearing to September 26, 2003 at 9:00 a.m., with the direction that the Clerk is to try and find an earlier date to bring this back for closing arguments, that is agreeable to all parties.**

On motion duly made and unanimously carried, the Assessment Appeals Board of the County of San Luis Obispo, State of California, does now adjourn.

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Chairperson, Assessment Appeals Board

**ATTEST:**

**JULIE L. RODEWALD**, County Clerk-Recorder and Ex-Officio Clerk of the Assessment Appeals Board

By: Deputy Clerk-Recorder

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