

Kenai Peninsula Borough

Commercial Properties



- General Commercial Includes:

- Offices
- Retail
- Apartments
- Warehouses
- Markets
- Box Stores
- Churches
- Gas Stations
- Car Washes

- General Commercial Continued:

- Hotels & Motels
- Banks
- Restaurants
- Medical / Dental Offices
- Lodges
- Equipment Shops
- Hangars
- Marijuana Grow Facilities & Retail Stores



047-052-36
7/19/2012 SR
C01



059-220-14
11/25/2015 SR
C01



059-190-43
8/28/2012 SR
C01



047-052-29
7/26/2018 SR
C01





060-342-18LH01
4/19/2018 SR
C01



159-400-26
10/1/2018 SR
C01



058-290-05
8/1/2019 SR
C01



049-070-32
7/10/2019 SR
C01

KPB CAMA System

- The KPB uses Computer Assisted Mass Appraisal (CAMA) software called ProVal.
- ProVal has 2 sets of cost tables. Residential and Commercial
- Marshall & Swift Valuation Service (MVS) is built into this software for our commercial tables.

A Typical Commercial Building

- A field inspection starts the process.
- A sketch of the building
- Attributes are collected
- Construction Type Steel, Frame, Masonry, etc.
- Foundation Type Slab, Poured Concrete, Crawl, Basement etc.
- Heating Type
- Exterior siding

- Wall Height
- Roof Type
- Fire Suppression Systems
- An Occupancy code or multiple codes if the building has more than one use.
- Effective age estimate for depreciation
- A quality estimate
- Percent complete chart for unfinished structures or structures that need significant repairs.
- Other items included with the building such as bank equipment, underground fuel tanks, car wash equipment, freezers etc.
- We also value petroleum tank farms, pools, RV parks etc.

Industrial

- Oil and Gas
- Oilfield logistics, docks and facilities
- Fish Processing Plants
- Ship repair yards



KPB Oil and Gas Industrials

- Marathon Petroleum Refinery Previously Tesoro
- Marathon LNG Plant Previously Conoco Philips
- Agrium Kenai Nitrogen Plant
- Cook Inlet Natural Gas Storage Alaska CINGSA
- Total Approximately \$279,000,000

Residential Shops and Hangars

We use our Commercial Cost tables on some residential properties
This does make these properties “Commercial” in use.

- More specific on Construction type
 - Frame – Steel – Pole
 - Wall Structure Wood – Steel – PE Metal Sandwich Panels
 - Wall Height
 - Hangars - Values hangar doors

Possessory Interests

- A possessory interest constitutes a private right to the possession or use of a public property for a specific period of time
- The term “Possessory Interest” is not a unique Alaskan term
- Originated in California in 1955. California Supreme Court affirmed the theories in three court decisions

Possessory Interests

- Alaska Constitution Article IX, Section 5
- Alaska Statute 29.45.030s
- KPB has a few hundred of these which are adjusted annually
- Helps to keep equality with Private sector properties

Possessory Interests

- A possessory interest takes into consideration that the value of the lease will decrease over time as the term of the lease get closer to the end.
- The land and improvement values are still updated during the canvas cycle.
- Lease renewal options are included in the term.
- The possessory interest calculation is performed based on our Cama system calculation of the fee value.

Possessory Interests

- Examples in our Borough
 - Hangars
 - Vacant Land
 - Golf Courses
 - Hotels
 - Bars
 - Restaurants

Possessory Interests

Examples:

- Medical Offices
- Hospital properties that lease space to private medical providers
- Industrial properties
- Telcos

Boardwalk Buildings



Boardwalk Buildings

- No Real Property
- Recording transfers not required
- No foreclosure option for delinquency
- Actual Boardwalk/Dock is assessed to the owner of the Real Property
- Buildings are valued at 90% complete for lack of a foundation (the dock is the foundation)
- Most of these are located on the Homer Spit

Commercial Inspections

- On the same canvas inspection cycle as the residential properties
- Look for a change of occupancy
- Look for renovations and additions
- Look for new structures
- Review the quality
- Update the effective age
- Confirm eave height
- Confirm structural components

Valuation

- Three Approaches to value
 - Sales Comparison
 - Cost
 - Income

KPB uses the Cost Approach

- Replacement cost new less depreciation (RCNLD)
- Applied consistently and equitably across the Borough
- We review the other two approaches to value when the information is available but still reconcile using the cost approach
- Marshall Valuation Service is built into Proval Commercial

AS 29.45.110 Full and True Value

- **BURDEN OF PROOF**
- The appellant has the burden of proving or providing any information to show that the assessed values are excessive, improper or unequal. The Assessor is accorded broad discretion in deciding among the recognized valuation methods. The Assessor's choice of one recognized method of valuation over another is simply the exercise of a discretion committed to the Assessor by law.
- * A borough has discretion to appraise by whatever recognized method of valuation it chooses, so long as there is no fraud or clear adoption of a fundamentally wrong principal of valuation. *Hoblitt v. Greater Anchorage Area Borough*, Sup. Ct. Op. No. 636 (File No. 1214), 473 P.2d 630 (Alaska 1970).

The Borough Assessment

- Land \$59,000
 - Improvements \$ 433,000
 - Total Assessment \$492,000
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- Land \$49,000
 - Improvements \$443,000
 - Total Assessment \$492,000
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- The appellant does not argue that the total value is incorrect.

- According to Statute
- The full and true value is the estimated price that the entire property would bring... the entire property...land and improvements.

3 Approaches to Value

- Sales Comparison Approach
 - Cost Approach
 - Income Approach
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- In the end, all three will produce an estimate of value of the entire property even though they are completely different methods.
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- KPB uses the Cost Approach for all of the improved properties in it's jurisdiction.

Marshall Valuation Service

- Also produce cost index reports.
 - They are used to bring historical costs to current costs.
 - These reports allow for review of changes to the costs over time.
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- Nationally and locally we have see seen a significant increase in building costs over the past couple of years.

COMPARATIVE COST MULTIPLIERS

SECTION 98 PAGE 35
January 2022

WESTERN DISTRICT – NORTHWEST CITIES

BUILDING CLASSES		CURRENT QUARTER																				
		INDEX	01/2022	10/2021	07/2021	04/2021	01/2021	10/2020	07/2020	04/2020	01/2020	10/2019	07/2019	04/2019	01/2019	10/2018	07/2018	04/2018	01/2018	10/2017	07/2017	04/2017
ANCHORAGE, AK*																						
A:	Fireproofed steel frame	4917.5	1.000	1.039	1.108	1.138	1.160	1.173	1.174	1.175	1.187	1.188	1.188	1.178	1.184	1.192	1.192	1.203	1.222	1.216	1.221	1.233
B:	Reinforced concrete frame	4656.4	1.000	1.007	1.063	1.110	1.121	1.119	1.123	1.123	1.121	1.120	1.118	1.109	1.107	1.109	1.106	1.116	1.138	1.136	1.141	1.148
C:	Masonry bearing walls	4802.9	1.000	0.987	1.066	1.097	1.121	1.133	1.138	1.143	1.143	1.146	1.141	1.128	1.130	1.133	1.134	1.143	1.163	1.163	1.173	1.182
D:	Wood frame	4742.9	1.000	0.976	1.071	1.105	1.131	1.143	1.150	1.156	1.157	1.159	1.157	1.135	1.137	1.137	1.138	1.149	1.170	1.173	1.183	1.193
S:	Metal frame and walls	4472.5	1.000	1.007	1.082	1.117	1.141	1.156	1.162	1.171	1.175	1.163	1.163	1.151	1.155	1.165	1.165	1.175	1.197	1.197	1.205	1.216
SEATTLE, WA																						
A:	Fireproofed steel frame	4973.2	1.000	1.052	1.148	1.174	1.210	1.221	1.223	1.222	1.229	1.224	1.232	1.219	1.233	1.240	1.258	1.276	1.285	1.303	1.314	1.336
B:	Reinforced concrete frame	4814.1	1.000	1.007	1.085	1.110	1.151	1.165	1.170	1.169	1.183	1.187	1.186	1.187	1.199	1.205	1.206	1.214	1.223	1.256	1.266	1.281
C:	Masonry bearing walls	4904.6	1.000	0.986	1.104	1.133	1.173	1.190	1.194	1.191	1.200	1.200	1.208	1.194	1.205	1.215	1.220	1.229	1.240	1.276	1.287	1.305
D:	Wood frame	4831.0	1.000	0.971	1.111	1.144	1.187	1.206	1.212	1.211	1.219	1.218	1.228	1.211	1.224	1.235	1.240	1.250	1.265	1.301	1.313	1.331
S:	Metal frame and walls	4542.6	1.000	1.008	1.125	1.154	1.196	1.216	1.221	1.221	1.231	1.232	1.242	1.231	1.243	1.257	1.272	1.285	1.297	1.331	1.344	1.362
SPOKANE, WA																						
A:	Fireproofed steel frame	4457.5	1.000	1.074	1.128	1.161	1.161	1.180	1.182	1.177	1.183	1.178	1.168	1.187	1.197	1.219	1.219	1.258	1.279	1.282	1.294	1.305
B:	Reinforced concrete frame	4287.0	1.000	1.013	1.070	1.101	1.113	1.139	1.142	1.147	1.173	1.174	1.182	1.170	1.186	1.192	1.192	1.216	1.223	1.227	1.245	1.249
C:	Masonry bearing walls	4369.6	1.000	0.978	1.059	1.104	1.120	1.167	1.174	1.180	1.198	1.198	1.204	1.195	1.184	1.208	1.214	1.242	1.251	1.261	1.287	1.287
D:	Wood frame	4263.3	1.000	0.961	1.061	1.113	1.128	1.182	1.188	1.198	1.213	1.213	1.219	1.210	1.195	1.219	1.227	1.258	1.267	1.279	1.313	1.309
S:	Metal frame and walls	4081.1	1.000	1.005	1.083	1.130	1.141	1.184	1.189	1.196	1.210	1.212	1.218	1.215	1.210	1.235	1.247	1.280	1.291	1.298	1.332	1.328
PORTLAND, OR																						
A:	Fireproofed steel frame	4862.3	1.000	1.045	1.123	1.211	1.220	1.253	1.264	1.264	1.264	1.270	1.277	1.288	1.288	1.315	1.345	1.383	1.395	1.409	1.409	1.422
B:	Reinforced concrete frame	4378.4	1.000	1.008	1.051	1.107	1.117	1.160	1.172	1.176	1.180	1.200	1.212	1.215	1.220	1.239	1.247	1.255	1.268	1.289	1.292	1.300
C:	Masonry bearing walls	4501.1	1.000	1.005	1.031	1.124	1.134	1.182	1.197	1.201	1.209	1.226	1.234	1.235	1.235	1.248	1.263	1.300	1.306	1.315	1.324	1.336
D:	Wood frame	4422.4	1.000	0.998	1.024	1.133	1.145	1.199	1.214	1.216	1.235	1.235	1.246	1.244	1.242	1.254	1.268	1.306	1.322	1.332	1.344	1.344
S:	Metal frame and walls	4113.5	1.000	1.020	1.064	1.157	1.170	1.220	1.234	1.234	1.240	1.255	1.262	1.265	1.265	1.275	1.305	1.329	1.341	1.364	1.368	1.380
MEDFORD, OR																						
A:	Fireproofed steel frame	4418.2	1.000	1.034	1.142	1.168	1.189	1.191	1.201	1.195	1.204	1.219	1.236	1.230	1.242	1.257	1.295	1.311	1.311	1.310	1.315	1.338
B:	Reinforced concrete frame	4266.8	1.000	1.001	1.096	1.119	1.145	1.183	1.176	1.170	1.181	1.186	1.200	1.196	1.213	1.224	1.228	1.244	1.273	1.278	1.294	1.302
C:	Masonry bearing walls	4400.7	1.000	0.989	1.127	1.157	1.183	1.192	1.215	1.211	1.223	1.231	1.245	1.234	1.248	1.262	1.269	1.286	1.318	1.330	1.334	1.352
D:	Wood frame	4260.0	1.000	0.952	1.109	1.142	1.167	1.177	1.205	1.201	1.211	1.218	1.231	1.215	1.227	1.241	1.247	1.265	1.297	1.310	1.317	1.335
S:	Metal frame and walls	4068.0	1.000	1.001	1.138	1.170	1.193	1.206	1.230	1.229	1.238	1.248	1.261	1.245	1.261	1.276	1.294	1.313	1.346	1.350	1.358	1.378
BOISE, ID																						
A:	Fireproofed steel frame	4418.6	1.000	1.057	1.178	1.202	1.215	1.238	1.251	1.262	1.273	1.300	1.326	1.343	1.350	1.395	1.393	1.416	1.427	1.421	1.433	1.457
B:	Reinforced concrete frame	4028.6	1.000	1.015	1.117	1.146	1.158	1.201	1.211	1.210	1.213	1.240	1.246	1.248	1.249	1.293	1.298	1.308	1.319	1.319	1.326	1.356
C:	Masonry bearing walls	4229.8	1.000	0.969	1.109	1.148	1.162	1.204	1.216	1.217	1.225	1.247	1.255	1.252	1.247	1.270	1.278	1.305	1.313	1.320	1.331	1.342
D:	Wood frame	4382.4	1.000	0.950	1.139	1.178	1.190	1.234	1.248	1.250	1.265	1.285	1.288	1.285	1.263	1.300	1.310	1.340	1.349	1.351	1.363	1.401
S:	Metal frame and walls	3862.4	1.000	1.000	1.139	1.175	1.191	1.234	1.248	1.252	1.265	1.285	1.288	1.285	1.263	1.300	1.310	1.340	1.349	1.351	1.363	1.401
HONOLULU, HI*																						
A:	Fireproofed steel frame	5688.1	1.000	1.078	1.184	1.178	1.188	1.195	1.205	1.206	1.192	1.192	1.206	1.209	1.212	1.214	1.216	1.245	1.245	1.243	1.246	1.260
B:	Reinforced concrete frame	5505.4	1.000	1.013	1.091	1.104	1.118	1.126	1.147	1.148	1.145	1.151	1.160	1.168	1.168	1.170	1.170	1.203	1.210	1.214	1.216	1.230
C:	Masonry bearing walls	5570.6	1.000	1.002	1.117	1.132	1.150	1.157	1.172	1.179	1.178	1.182	1.187	1.187	1.192	1.185	1.187	1.188	1.213	1.222	1.224	1.247
D:	Wood frame	5503.6	1.000	0.990	1.128	1.145	1.165	1.174	1.191	1.200	1.198	1.202	1.207	1.213	1.216	1.213	1.215	1.241	1.250	1.252	1.256	1.275
S:	Metal frame and walls	5025.3	1.000	1.022	1.137	1.153	1.168	1.179	1.192	1.199	1.193	1.197	1.203	1.205	1.209	1.210	1.213	1.241	1.247	1.247	1.252	1.268

* Not included in the Regional Average

MARSHALL VALUATION SERVICE

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The data included on this page becomes obsolete after update delivery, scheduled for April 2022.

1/2022

COMPARATIVE COST MULTIPLIERS

SECTION 98 PAGE 35
January 2021

WESTERN DISTRICT – NORTHWEST CITIES

BUILDING CLASSES	CURRENT QUARTER																				
	INDEX	01/2021	10/2020	07/2020	04/2020	01/2020	10/2019	07/2019	04/2019	01/2019	10/2018	07/2018	04/2018	01/2018	10/2017	07/2017	04/2017	01/2017	10/2016	07/2016	04/2016
ANCHORAGE, AK*																					
A: Fireproofed steel frame	4237.8	1.000	1.011	1.012	1.013	1.023	1.024	1.024	1.015	1.020	1.027	1.027	1.036	1.053	1.048	1.052	1.062	1.070	1.082	1.075	1.072
B: Reinforced concrete frame	4193.7	1.000	1.008	1.011	1.011	1.010	1.009	1.007	0.995	0.997	0.999	0.999	1.005	1.025	1.022	1.028	1.034	1.048	1.065	1.063	1.060
C: Masonry bearing walls	4286.3	1.000	1.011	1.016	1.020	1.020	1.023	1.018	1.007	1.009	1.011	1.012	1.020	1.038	1.038	1.047	1.055	1.062	1.078	1.078	1.076
D: Wood frame	4194.3	1.000	1.011	1.017	1.022	1.023	1.025	1.023	1.004	1.006	1.006	1.007	1.016	1.035	1.037	1.046	1.055	1.060	1.078	1.080	1.077
S: Metal frame and walls	3918.5	1.000	1.013	1.018	1.026	1.029	1.019	1.019	1.009	1.012	1.021	1.021	1.029	1.049	1.049	1.056	1.065	1.074	1.092	1.091	1.088
SEATTLE, WA																					
A: Fireproofed steel frame	4110.5	1.000	1.009	1.011	1.010	1.016	1.012	1.018	1.008	1.019	1.025	1.039	1.055	1.062	1.077	1.086	1.104	1.111	1.130	1.125	1.119
B: Reinforced concrete frame	4183.3	1.000	1.012	1.017	1.016	1.028	1.031	1.040	1.031	1.042	1.047	1.048	1.055	1.063	1.091	1.100	1.113	1.119	1.147	1.148	1.143
C: Masonry bearing walls	4182.5	1.000	1.015	1.018	1.016	1.023	1.023	1.030	1.018	1.028	1.036	1.040	1.048	1.057	1.088	1.098	1.113	1.121	1.148	1.156	1.149
D: Wood frame	4069.7	1.000	1.016	1.021	1.020	1.027	1.026	1.034	1.020	1.031	1.040	1.044	1.053	1.065	1.096	1.106	1.122	1.131	1.158	1.164	1.153
S: Metal frame and walls	3798.5	1.000	1.017	1.021	1.021	1.029	1.030	1.039	1.029	1.039	1.051	1.064	1.074	1.085	1.113	1.124	1.136	1.151	1.177	1.179	1.171
SPOKANE, WA																					
A: Fireproofed steel frame	3839.1	1.000	1.016	1.018	1.014	1.019	1.015	1.006	1.022	1.031	1.050	1.050	1.083	1.102	1.104	1.115	1.124	1.134	1.137	1.146	1.142
B: Reinforced concrete frame	3850.7	1.000	1.022	1.026	1.030	1.054	1.055	1.061	1.051	1.047	1.071	1.071	1.092	1.098	1.102	1.118	1.122	1.133	1.137	1.154	1.151
C: Masonry bearing walls	3902.5	1.000	1.042	1.049	1.054	1.070	1.070	1.075	1.067	1.058	1.079	1.084	1.109	1.117	1.126	1.150	1.158	1.167	1.180	1.180	1.180
D: Wood frame	3778.6	1.000	1.048	1.053	1.062	1.075	1.075	1.091	1.072	1.059	1.080	1.086	1.115	1.123	1.134	1.164	1.160	1.167	1.179	1.192	1.189
S: Metal frame and walls	3578.3	1.000	1.038	1.042	1.049	1.061	1.062	1.068	1.065	1.061	1.082	1.093	1.123	1.132	1.138	1.168	1.165	1.175	1.183	1.195	1.193
PORTLAND, OR																					
A: Fireproofed steel frame	3986.3	1.000	1.027	1.036	1.036	1.036	1.041	1.047	1.056	1.056	1.078	1.103	1.134	1.144	1.155	1.155	1.166	1.191	1.193	1.196	1.209
B: Reinforced concrete frame	3920.3	1.000	1.039	1.049	1.053	1.057	1.075	1.085	1.088	1.092	1.110	1.116	1.124	1.135	1.154	1.157	1.164	1.180	1.181	1.187	1.202
C: Masonry bearing walls	3970.1	1.000	1.043	1.050	1.060	1.066	1.081	1.089	1.090	1.090	1.101	1.114	1.129	1.143	1.160	1.169	1.179	1.189	1.200	1.206	1.220
D: Wood frame	3894.0	1.000	1.048	1.051	1.063	1.068	1.083	1.087	1.085	1.087	1.108	1.114	1.129	1.143	1.160	1.169	1.179	1.189	1.191	1.196	1.209
S: Metal frame and walls	3515.7	1.000	1.043	1.054	1.054	1.060	1.072	1.079	1.081	1.081	1.090	1.116	1.136	1.146	1.165	1.169	1.179	1.198	1.202	1.207	1.221
MEDFORD, OR																					
A: Fireproofed steel frame	3716.5	1.000	1.002	1.010	1.005	1.013	1.025	1.040	1.034	1.045	1.057	1.089	1.103	1.103	1.102	1.106	1.125	1.127	1.135	1.126	1.130
B: Reinforced concrete frame	3725.9	1.000	1.007	1.027	1.022	1.031	1.035	1.048	1.045	1.059	1.069	1.072	1.086	1.112	1.116	1.121	1.137	1.139	1.149	1.144	1.148
C: Masonry bearing walls	3720.4	1.000	1.008	1.027	1.024	1.034	1.040	1.053	1.043	1.055	1.067	1.073	1.087	1.114	1.124	1.127	1.143	1.145	1.156	1.157	1.159
D: Wood frame	3650.2	1.000	1.009	1.032	1.029	1.037	1.044	1.055	1.041	1.052	1.063	1.069	1.084	1.112	1.123	1.128	1.144	1.146	1.158	1.159	1.159
S: Metal frame and walls	3436.1	1.000	1.011	1.031	1.030	1.038	1.047	1.057	1.047	1.057	1.070	1.085	1.101	1.129	1.132	1.139	1.156	1.159	1.171	1.168	1.168
BOISE, ID																					
A: Fireproofed steel frame	3636.4	1.000	1.019	1.029	1.038	1.048	1.070	1.091	1.105	1.111	1.140	1.147	1.165	1.174	1.170	1.179	1.199	1.192	1.203	1.204	1.205
B: Reinforced concrete frame	3478.0	1.000	1.037	1.046	1.044	1.058	1.071	1.076	1.077	1.075	1.099	1.122	1.122	1.136	1.139	1.147	1.149	1.150	1.152	1.153	1.153
C: Masonry bearing walls	3640.0	1.000	1.036	1.047	1.048	1.054	1.073	1.080	1.077	1.073	1.093	1.100	1.123	1.130	1.136	1.145	1.155	1.152	1.164	1.168	1.168
D: Wood frame	3521.5	1.000	1.039	1.048	1.050	1.057	1.077	1.082	1.077	1.072	1.092	1.100	1.126	1.130	1.135	1.145	1.154	1.151	1.160	1.162	1.162
S: Metal frame and walls	3243.9	1.000	1.036	1.048	1.052	1.061	1.079	1.090	1.089	1.086	1.108	1.126	1.152	1.157	1.157	1.166	1.174	1.174	1.186	1.188	1.188
HONOLULU, HI*																					
A: Fireproofed steel frame	4770.6	1.000	1.006	1.014	1.015	1.003	1.003	1.015	1.018	1.020	1.022	1.023	1.048	1.048	1.047	1.049	1.060	1.059	1.065	1.073	1.072
B: Reinforced concrete frame	4924.6	1.000	1.007	1.026	1.027	1.024	1.029	1.037	1.045	1.045	1.047	1.047	1.076	1.053	1.056	1.058	1.109	1.107	1.109	1.119	1.115
C: Masonry bearing walls	4843.9	1.000	1.006	1.019	1.025	1.024	1.028	1.032	1.036	1.030	1.032	1.033	1.055	1.062	1.064	1.069	1.085	1.085	1.088	1.098	1.096
D: Wood frame	4724.7	1.000	1.008	1.022	1.030	1.028	1.032	1.036	1.042	1.044	1.042	1.043	1.066	1.073	1.075	1.078	1.095	1.092	1.093	1.100	1.097
S: Metal frame and walls	4303.9	1.000	1.010	1.021	1.027	1.022	1.025	1.030	1.032	1.035	1.036	1.039	1.062	1.068	1.068	1.072	1.086	1.085	1.090	1.095	1.092

* Not included in the Regional Average

MVS Cost index for Anchorage Alaska			
Construction Type	MVS Index		
	1/1/2022	1/1/2021	1/1/2020
Class C: Masonry	4802.9	4286.3	4201.9
Class D: Wood Frame	4742.9	4194.3	4099.6
Class S: Steel	4472.5	3918.5	3807
		Factor	Factor
Class C: Masonry		1.121	1.143
Class D: Wood Frame		1.131	1.157
Class S: Steel		1.141	1.175
Example			
\$700,000 Wood Frame Office Building Built in 2021			
Factor	1.131		
2022 Cost	791,700		

Conclusion

Questions?