

**2009
COOS COUNTY
FARM USE VALUES**



**PRESENTED BY
MARY JANE STARKS
FARM/FOREST APPRAISER**

2009 FARM BOARD OF REVIEW

MEMBERS:

BOARD OF COMMISSIONERS APPOINTEES:

Fred Messerle

Term expires 01/01/11

John Brelage, Jr.

Term expires 01/01/10

ASSESSOR'S OFFICE APPOINTEES:

Charlie Waterman

Term expires 06/30/09

Tom Johnson

Term expires 01/01/11

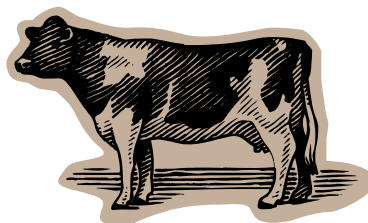
FIFTH BOARD MEMBER: (DECIDED BY THE BOARD)

Carol Russell

Term: appointed by the board yearly

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FARM BOARD OF REVIEW - MINUTES
April 29, 2008

Present:

Fred Messerle
Tom Johnson
John Brelage, Jr.

Absent:

Candy Wideman
Charlie Waterman
Gary Gant

Meeting Called to Order: The Farm Board meeting began at 9:20 a.m.

Agenda Items:

Fred Messerle made the motion to appoint Gary Gant as the 5th member of the board. The motion was seconded by John Brelage and the motion passed. Suggested for meeting in 2009 was that there be an alternate cranberry grower contacted in case one could not be in attendance. Steve Warnock's name was suggested as another possible member.

The minutes of 2007 were read and reviewed. Tom Johnson made the motion to accept the minutes as read. Fred Messerle seconded the motion and the motion passed.

Candy Wideman made a quick review of the report, emphasizing the recommendation to keep the special assessed values the same for 2008.

Fred Messerle questioned whether or not Candy felt the numbers presented could be supported if questioned. Candy felt very confident that the research conducted regarding the values given was accurate.

Suggested to be included in the report for 2009 were an accurate ditching and diking expense and that these items be used as an expense if reported by the lessee or lessor. Fred Messerle stated that \$85 an hour for a 350 backhoe with a 3 foot mud bucket was more accurate than \$75. He also felt that by 2009, that expense could be as much as \$95.

The board members would like to see if a permitting expense could be included in the lessee's expense and itemized out for the next report.

The board would like to see the percentage of acreage in the comparable leases used for 2008/2009.

Charlie Waterman would like to see a break down of the classes numbered 1 – 8. How bottom land stacks against itself and then how other land classes compare to the bottomland.

Fred Messerle would like to see how EFU leases compare to Non-EFU leases. Suggested a survey be sent out to EFU farmers asking if they lease their land and what they lease the acreage for. Also, Fred would

like to see in the fencing expense, the use of hot wire fences and the cost to install.

Fred Messerle motioned for the board to accept the farm report and Tom Johnson seconded the motion. Motion passed. The farm special assessed values would not change for 2008.

Candy Wideman presented the Cranberry report. It was discussed in length how the process works. Candy mentioned that a two year average was suggested by the DOR and not a four year average. Ocean Spray supplied to Candy an accurate list of expenses related to the growing and harvesting of the cranberries. Charlie Waterman motioned to accept that the cranberry special assessment not change for 2008 as recommended by Candy. John Brelage seconded the motion. Motion passed.

Candy expressed gratitude for the members coming to the meeting and looked forward to providing the requested information at the next meeting.

Meeting Adjourned: 12:30 p.m.

Respectfully Submitted,

**Candy Wideman
Farm/Forest Appraiser**

Thank you for the guidance & willingness to work with me. My years as the Farm/Forest Appraiser were made easier with a great Board.

Candy

EXECUTIVE SUMMARY

The Assessor's office is now in its fourth year of sending a farm income questionnaire to all 405 accounts with non-EFU farm parcels. The number of farm leases is well over 100. The 2008 leased acreage remained similar to the 2007 leased acreage, losing a few old and gaining a few new leases.

After reviewing the leases from 2008, 18 leases with the same lessor and lessee, and four who reported for both years, along with the same amount of leased acreage was used to do a comparison. In 2006, a 5% management cost was used, which included the price of fencing, drainage, ditching, liability, and fire insurance. The cost for insurance remained relatively unchanged with the competition keeping the premiums low.

This year a more extensive study was done regarding these items and has since been individualized per lease. The extensive study was also used on the 2007 leases to get a fair comparison. More information on land classes in relation to leased acres has also been included.

The Department of Revenue certified interest rate dropped from 6.11 to **5.89** percent. The proposed increase for Specially Assessed farmland **SAV** is 2.00% due to the high cost of fuel and the increase in materials. Historically, values were repeated in 2003 and 2004, increased by 5% for 2005 and 2006, and increased again by 5% for 2007 and 2008. Staying with the pattern, a 5% increase would be in line for 2009, but not justifiable. It is recommended that the SAV be increased by only 2% to minimize inflation, yet, still keeping specially assessed land values low.

CRANBERRIES

The number of acres reported to be in production per year is the only factor necessary to move forward in developing a special assessment value for cranberry bogs using the income approach. The **Capitalization of Net Income** attributable to land approach formula was set by the court case in 1996, *Blanco vs. DOR* Case No. 3847. The income and acreage in production is reported by the OSU Dept. of Agriculture and the Department of Agriculture through surveys and verification. Values are calculated assuming that a typical bog acre requires one half acre of support land.

This year, Ocean Spray was unable to furnish expense information along with an average payment per barrel received in Coos County, as they did last year. The information attached for review was developed through verifiable reported income earned and barrels sold. For comparison, OSU projected figures and

Coos County's verifiable figures are presented. Of the 125 owner/operators, 25 of those had cranberry operations involving some non-EFU land. The calculations I used are based on the average, reported Coos County operation.

Early reports from OSU, touted record crops expected with market conditions on the rise. However, reality set in, and the big expectations subsided due to many factors including adverse weather conditions, dying honeybees, inflated fuel and fertilizer costs, and the rising expense of producing and harvesting cranberries.

Taking all factors into account, the proposed increase for specially assessed bogs and dikes SAV is **5.0%**, even though the figures put it at an unbelievable 51%. The SAV was proposed to be raised 10% in 2007 after a no value change for the previous two years, but was only raised 5% and remained the same for 2008. Since the MSAV increases by 3% each year, not increasing the SAV will eventually eliminate any incentive to participate in the specially assessed program.

Farm Use Valuation ORS 308A.093

1) This section and ORS 308A.095 set forth the procedures by which the values for farm use are established for both:

- (a) Exclusive farm use zone farmland that qualifies for special assessment under ORS 308A.062; and**
- (b) Nonexclusive farm use zone farmland that qualifies for special assessment under ORS 308A.068.**

(2) The values for farm use of farmland shall be determined utilizing an **Income Approach. In utilizing the Income Approach, the capitalization rate shall be the effective rate of interest charged in Oregon by the Federal Farm Credit Bank system at the time of closing on loans for farm properties estimated as an average over the past five reported calendar years, plus a component for the local tax rate. The Department of Revenue annually shall determine and specify the rate according to the best information available, and shall certify the rate to the county assessors.**

(3) The county assessors shall develop tables for each assessment year that reflect, for each class and area, the values determined under this section and that express the values as values per acre.



2008 COOS COUNTY FARM EXPENSE ITEM SUMMARY

(Expense items reflect typical lessor expenses for leased farmland in 2008.)

INTEREST RATE¹

January 1, 2009 – **5.89**

Historical:

January 1, 2008 – 6.11
January 1, 2007 – 6.55
January 1, 2006 – 7.11
January 1, 2005 – 7.54
January 1, 2004 – 7.88
January 1, 2003 – 8.08
January 1, 2002 – 8.18
January 1, 2001 – 8.28
January 1, 2000 – 8.45

FIRE PATROL

July 1, 2008:

\$1.0339 per acre (Forest Acres) – Increase \$0.1899 per acre
\$0.9193 per acre (Grazing Acres) – Increase \$0.3073 per acre

Fire Patrol charges increased drastically this year due to the wild land fire fund meeting, which we, in the Assessor's Office, have no control over.

DRAINAGE

Drainage expense is taken from county assessment records for the various drainage districts. It includes charges for main ditches, pumps, and tidegates on a per acre basis for land within the drainage district. Drainage Districts in Coos County are:

Beaver Slough
Catching Inlet
Coaledo

Engelwood
Fat Elk
Fishtrap

Haynes
Larson
Libby

¹ The average effective rate of interest charged by the Farm Credit Service on real property loans as annually reported to the Internal Revenue Service. In compliance with ORS 308A.092, the Department of Revenue certifies a five-year average interest rate.

DITCHING

Ditching expenses are for small ditches not maintained by the drainage districts. Butch Gederos Tractor & Trackhoe provided a cost of \$75* per hour for a 325 Bobcat (Case 580 equivalent) for cleaning, about 100 l.f. per hour. This is for a 2' ditch. 75 cents per l.f. (with 5 year life) is 15 cents per foot annually. This figure is usually adjusted for actual conditions on the leased property.

RSC Equipment Rental said his customers usually rent, by the day, a John Deere 310 at a daily rate of \$270* if renter does their own pick-up/return, or \$380* if RSC does the delivery/return. The \$270 rental is equal to 360 l.f. @ \$75 per hour.

An additional 5 cents per ft/per year has been added for soil spreading and permit costs. The total cost is **20cents per l.f.**

* Fees subject to change – costs were 2008 average.

DIKING

Historically, most diking is done with government assistance. No current costs are known. However, with rising costs and limited resources, the U.S. Army Corp of Engineers may not have the resources to repair damaged diking systems.

With my predecessors, the diking/tidegate charges assigned to leased properties in drainage districts were unpredictable – appearing as if randomly selected, with no consistent percentage or ratio. To rectify this inconsistency, I converted this into an accountable expense, and used a flat 25% of their drainage district assessment charge.

FENCE MAINTENANCE EXPENSE

Fences, corrals, gates, and chutes are not assessed separately as improvements so the landlord's expense for these items is limited to maintenance costs. The farmland values computed by the income approach will include value for these items. If assessed separately it would be necessary to allow additional expense to remove their value from the land.

For calculating farmland values it is important to establish typical landlord maintenance costs that can be easily estimated for each leased property. Maintenance costs based on a percentage of establishment costs have been estimated for fencing, corrals, etc. For corrals and related items, 5% of the establishment cost will be allowed for yearly maintenance. Cost of rock for corrals will be allowed when appropriate. On Canary bottom, an additional cost is

allowed for replacing wire once during the life of the fence. Fence maintenance will be limited to **1.5%** of the establishment cost.

Most sources of material supply in Coos County have seen a dramatic increase in the price of steel and delivery charges over this last year. Typical costs below reflect that increase. Prices for installation are taken from the Dept. of Revenue Cost Factors for Farm Buildings manual. The local material costs are supported by this Cost Factor book.

TYPICAL MATERIAL AND EQUIPMENT COST

* Prices are subject to change – average for report only

Cedar Posts: Coos Grange Supply uses pressure treated pine for posts
Pressure Treated: \$11.19 (4" – 5" round, 8') each (\$11.19 in 2008)
\$18.09 (5" – 6" round, 8') each (\$17.79 in 2008)
\$27.19 (6" – 7" round, 8') each (\$25.99 in 2008)
Steel Posts: \$6.29 for 6' lightweight (\$4.29 in 2008)
Barbed Wire: \$72.59 per roll for 2 point (\$55.19 in 2008)
\$79.59 per roll for 4 point (\$74.39 in 2008)
Woven Wire: \$249.89 per roll (red top brand, \$171.59 in 2008); 47" x 330'
\$187.29 per roll (off brand – Deer Orchard, \$108.79 in 2008)
\$191.99 per roll for 6ft. red top
Hot Wire: \$15.29 polywire, 330 ft roll
Fiberglass Posts: \$1.99 per 3/8' X 4'
Chargers: \$274 – battery, approx 2 month charge life
\$241 – solar panel recharges battery through use
\$71-\$180 for 110 plug, depending on range/miles

Corrals: Wood fencing includes posts, rails, braces and installation costs. (6" x 6" posts, 8' o.c., 2" x 6" x 16' spaced rails, to 6' high) = \$10.33/lineal ft.

Gates: Includes gate, posts, and hardware. **No installation.**

Wood: (No supplier carried wood gates)

Metal: Lifetime, tubular 1 5/8" diameter rails and braces,
5' x 12' = \$145.99 (\$105.29 in 2008)

Lifetime, tubular 2" diameter = \$321.39 (\$249.99 in 2008)

Channel: old lifetime panel gates, 12' rail = \$99.59 (\$89.99 in 2008)

Wire Mesh: single, 5' high, 12' = \$145.99 (\$111.49 in 2008)

Loading Chutes: 6' x 6' wood posts and supports, 2" thick plank lining, cleated plank ramp. 10 to 12 ft. length - \$675 Cost Factor Book (also a special order item)

Cattle Squeeze: Metal – special order item – no current costs

Wood: \$1,090 from Cost Factor Book

Head Gate: Classic self-hitch headgate – \$569 metal, manual style with neck extension, usually a special order item.

Cattle Guards: Wood, 12' opening – Coos Grange doesn't carry; can get through Douglas County Co-Op. for \$230 to \$650

Typical Examples:

Corral: 300 l.f. with base cost of \$3,099 with 15 year life. Yearly maintenance expense of 5% of installed cost = \$155/year

Hot Wire pasture: 10 acre pasture, each side is 660 ft in length, fiberglass posts placed 10 feet apart, 2 rows of wire, clips, and charged by a solar panel rechargeable battery – base cost of \$1120.
Yearly maintenance expense of 5% of installed cost = \$56/year

Maintenance expenses vary considerably due to the actual size and condition of the improvements on the leased property.

CONTRACTOR COSTS FOR NEW FENCING

Costs were provided by Tri County Fence and West Coast Fencing
(Prices averaged for study – actual costs will vary)

Variables to costs are accessibility, topography, and owner preference. According to both companies, many owners are going from wood posts to metal or fiberglass, due to rising costs. Wood posts, which have a limited life, are 3 times as expensive as metal and 9 times as expensive as the fiberglass posts.

Both Tri County and West Coast estimated installation costs without labor, since most farmers & ranchers install their own fencing. Installing a new fence on easily accessible level ground averages \$5 per foot for materials or \$26,400 per mile.

For more labor intensive areas or areas that are in a flood zone where the posts need to be longer the average cost for materials is \$7 per foot or \$9 per foot for rugged areas. This increases the price to \$36,960 per mile and \$47,520, respectively, for a newly installed fence.

In contrast, hot wire fencing was estimated to cost about \$4 per foot, or \$21,120 per mile.

These costs are estimates only. It is not common for new field fences to be installed by a contractor. Most lessors and lessees use their own equipment and provide labor for repairs and installation of these fences. This is information only and should not be used for valuing lease expenses as they are not typical.

FENCING INSTALLATION COST AND MAINTENANCE EXPENSE

Lessor – Material Only

1. Bench, hill, and bottom – above flood – with two rows 4-strand barbed wire, steel posts, and 2 gates:

- a. Wire: \$2,547 -- 32 rolls @ \$79.59 ea.
- b. Posts: \$4,151 -- 660 metal posts @ \$6.29 ea.
- c. Gates: \$292 -- 2 @ \$145.99 ea.
- d. Misc: \$500

Total per mile: \$7,490

Lessor maintenance expense @ 1.5% = **\$112/mile** per year

2. Canary bottom – with 2 rows 4-strand barbed wire, 5-6” round, 8’ wood post, cut in half, and 2 gates.

- a. Wire: \$2,547 -- 32 rolls @\$79.59 ea.
- b. Posts: \$5,970 -- 330 8ft posts, cut in half @ \$18.09 ea.
- c. Gates: \$292 -- 2 @ \$145.99 ea.
- d. Misc: \$500

Total per mile: \$9,309

Lessor maintenance expense @ 1.5% = **\$140/mile** per year

3. Woven wire above flood – 47” woven wire and 1 strand barbed wire, metal posts, and 2 gates.

- a. Wire: \$5,160 --16 rolls @\$249.89 & 16 rolls @ \$72.59 ea.
- b. Posts: \$4,151 -- 660 @ \$6.29 ea.
- c. Gates: \$292 -- 2 @ \$145.99 ea.
- d. Misc: \$500

Total per mile: \$10,103

Lessor maintenance expense @ 1.5% = **\$152/mile** per year

4. Bench, hill, and bottom – above flood - hot wire – 2 rows with fiberglass posts and solar charger.

- a. Wire: \$489 -- 32 rolls @ \$15.29 ea.
- b. Posts: \$1,050 – 528 fiberglass posts @ \$1.99 ea.
- c. Charger: \$241 -- solar panel; recharges with use
- d. Misc: \$500 -- includes 1056 clips @ \$0.20 ea. & 1 gate @ \$145.99

Total per mile: \$2,280

Lessor maintenance expense @ 1.5% = **\$34/mile** per year

Lessor – Material and Labor

In this section, the estimated cost for materials from the previous section has been combined with estimated labor and machinery costs:

1 rod = 16.5 ft 1 mile = 320 rods

Est. machinery cost, including fuel for 8 hours = \$150/hr, easy access; and \$175/hr, for more difficult access

1. Bottom and bench, above flood – 4-strand, metal posts.
 - a. Material: \$7,490/mile
 - b. Labor: \$3,200 (\$10/rod)
 - c. Machinery: \$1,200 (estimated, as most have fencing equipment)Installed cost: \$11,890

Lessor maintenance expense @ 1.5% = **\$178/mile** per year

2. Canary bottom – 4-strand, wood, steel, or combination posts.
 - a. Material: \$9,309
 - b. Labor: \$3,840 (\$12/rod)
 - c. Machinery: \$1,400 (harder access; estimated)Installed cost: \$14,549

Lessor maintenance expense @ 1.5% = **\$218/mile** per year

3. Hill ground – 4-strand, metal posts.
 - a. Material: \$7,490
 - b. Labor: \$3,840 (\$12/rod)
 - c. Machinery: \$1,400 (harder access; estimated)Installed cost: \$12,730

Lessor maintenance expense @ 1.5% = **\$191/mile** per year

4. Bottom land – woven wire, metal posts.
 - a. Material: \$10,103
 - b. Labor: \$3,200 (\$10/rod)
 - c. Machinery: \$1,200 (estimated, as most have fencing equipment)Installed cost: \$14,503

Lessor maintenance expense @ 1.5% = **\$217/mile** per year

5. Bench or Bottom, above flood – hot wire, fiberglass posts, solar panel.
 - a. Material: \$2,280
 - b. Labor: \$3,200 (\$10/rod)
 - c. Machinery: \$1,200 (estimated, as most have fencing equipment)Installed cost: \$6,680

Lessor maintenance expense @ 1.5% = **\$100/mile** per year

PUBLIC LIABILITY INSURANCE

Local agencies were contacted to determine current typical costs. These costs are a charge to protect the lessor's interest on the leased property. The rates apply to the farmland up to \$1,000,000 in coverage.

Abel Insurance Co – Cindy Able

0 to 160 acres	\$132.00 per year	*Prices subject to change
161-500 acres	\$208.00 per year	
over 500 acres	\$335.00 a year	

They write for several companies that cover this type of liability.

Bain Insurance – Joseph Bain

Uses three farm markets for owner occupied and managed farms only. On average the premiums remained the same from 2007-2008. Bain mostly covers cattle & sheep ranches along with cranberry operations. Liability premiums are charged on the scope and operation of the farm activity, making it impossible to quote estimates or per acre averages.

C Dean Mason – Ron Mason

Ron stated that the premiums stayed the same as 2007 with some even decreasing. With rates being so competitive these days, it helps to keep the rates low.

0 to 160 acres	\$65.00 per year	*Prices subject to change
161 to 500 acres	\$110.00 per year	
over 500 acres	\$155 per year	

Ron states that he writes for several different companies that cover these types of policies and that he checks with each of them to get the lowest price for each type of farm operation.

State Farm Insurance – Mark Libby

Mark said that State Farm managed to keep their rates competitive, even though they only insure a few dozen farms and ranches.

0 to 160 acres	\$73.00 per year	*Prices subject to change
161 to 400 acres	\$110.00 per year	
Over 400 acres	\$161.00 per year	

FIRE INSURANCE

Farm dwellings are expensed as rent; as a result no fire insurance expense is required for dwellings.

Insurance expenses for farm buildings are based on rates per \$1,000 actual cash value with \$500 deductible. The agencies that provided quotes for Liability Insurance were again contacted for fire insurance coverage.

Actual cash value (ACV) is the replacement cost less depreciation. For example, replacing a building that cost \$100,000 that had 20% depreciation, would have the actual cash value of \$80,000.

Typical costs for fire insurance were divided into protection classes.

	Inside RFPD	Inside RFPD	Inside RFPD	Outside RFPD
	Classes 1-7	Class 8	Class 9	Class 10
Type 1	\$5.00	\$5.55	\$6.20	\$6.85
Type 2	\$5.40	\$6.00	\$6.70	\$7.50
Type 3	\$7.30	\$8.10	\$8.80	\$9.80
Type 1	Not over 1 story, no hay or straw			
Type 2	One or two story (Silo's or Barns)			
Type 3	Pole Buildings			
Note:	Most farm buildings are types 2 & 3			

Again, Ron Mason said there were no changes from last year's values. Both Ron, of Mason Insurance and Mark, of State Farm, stated that that most of their customers fall into the Class 1-7, Type 2 & 3 coverage



2008 LEASED LAND TYPES

Land	#2	#3	#4	#5	#6	#7	#9	#11	#13	#14	#15	#16	#17	#18	#19
A3			4.90	3.74	2.72						41.50				
A4			4.00	7.45	2.53						117.16				
A5				1.00							15.60				
A6											3.40				
A7											4.90				
B2												12.80	11.60		
B3						3.80						19.50	8.40		9.10
B4												33.00			22.35
B5												4.20			16.00
B6												6.40			
B7															3.80
H4	10.20			2.40		0.10					0.80	6.30	0.10	5.00	
H5	7.00				1.64	0.80		5.20			3.60	1.20	2.80		36.96
H6	16.60			17.79	5.58	6.40		0.30	7.20			2.40	8.60		
H7	9.00	104.80		0.60			11.88	26.63			68.00				75.00
H7-1		67.37		10.20				102.80			15.00		7.20		443.12
H7-2				20.80											
K1								57.84							
K2						26.00									35.40
K3	26.00	21.10				2.60		6.10			18.40				13.00
K4	25.20							2.00			28.40				
K7	1.40					1.00									
KF1										7.42					
KF2									4.36						
KF3							98.22		19.38	12.07				29.98	
KF4													34.66		
KF5															
KF7							1.50								
U7			0.70		0.77		1.00								
U8	4.00			0.78		2.91	10.15	14.98		0.11	4.89	3.18	2.72		
WL							6.78		0.85						
acres	99.40	193.27	9.60	64.76	13.24	43.61	129.53	215.85	31.79	19.60	321.65	88.98	106.06	53.40	606.33

2008 LEASED LAND TYPES (cont'd)

Land	#20	#21	#22	A	B	D	F	Total Acres	SAV \$/ac	Leased Acreage \$
A3		2.04		13.84			43.28	112.02	\$712	\$79,758.24
A4				7.50			5.50	144.14	\$460	\$66,304.40
A5		1.00						17.60	\$227	\$3,995.20
A6								3.40	\$43	\$146.20
A7								4.90	\$27	\$132.30
B2								24.40	\$499	\$12,175.60
B3		0.30	48.20					89.30	\$392	\$35,005.60
B4		9.90	7.40					72.65	\$321	\$23,320.65
B5		0.40						20.60	\$201	\$4,140.60
B6			0.90			1.80		9.10	\$130	\$1,183.00
B7								3.80	\$59	\$224.20
H4		16.80		0.90	3.23			45.83	\$284	\$13,015.72
H5	4.50	17.30		5.50				86.50	\$156	\$13,494.00
H6	2.30	6.30			0.98	51.62	0.60	126.67	\$92	\$11,653.64
H7	0.70	34.92				18.40		349.93	\$71	\$24,845.03
H7-1		92.80				67.85		806.34	\$59	\$47,574.06
H7-2		2.30						23.10	\$43	\$993.30
K1								57.84	\$855	\$49,453.20
K2		138.50		3.40				203.30	\$781	\$158,777.30
K3		175.24		8.90	1.60	5.80		278.74	\$642	\$178,951.08
K4		17.15			16.20			88.95	\$533	\$47,410.35
K7								2.40	\$27	\$64.80
KF1	1.60							9.02	\$855	\$7,712.10
KF2								4.36	\$642	\$2,799.12
KF3		17.50						177.15	\$533	\$94,420.95
KF4	1.90	2.00						38.56	\$356	\$13,727.36
KF5	3.20							3.20	\$193	\$617.60
KF7								1.50	\$27	\$40.50
U7							2.80	5.27	\$86	\$453.22
U8		10.34	6.62	0.88	6.93	3.05		71.54	\$17	\$1,216.18
WL			15.10	13.99			11.65	48.37	\$108	\$5,223.96
acres	14.20	544.79	78.22	54.91	28.94	148.52	63.83	2930.48		\$898,829.46

2009 Coos County Farm Use Ratio										
Lease No.	Acres	Main Class	Rent/ Acre	Gross Rent	Net Rent	Cap Rate	Cap Value	Roll Value	Ratio	
A	55	A & K	\$160	\$8,782	\$8,408	6.93%	12132756.13%	\$24,313	20.04%	
D	149	H	\$34	\$5,000	\$4,428	6.79%	6521354.93%	\$14,068	21.57%	
6	13	A & H	\$62	\$802	\$738	6.85%	1077372.26%	\$3,936	36.53%	
F	64	A	\$99	\$6,360	\$5,693	6.89%	8262699.56%	\$34,899	42.24%	
B	29	K	\$62	\$1,800	\$1,650	6.88%	2398255.81%	\$10,787	44.98%	
2	100	H & K	\$45	\$4,500	\$4,224	6.86%	6157434.40%	\$36,385	59.09%	
7	43	K	\$58	\$2,500	\$2,302	6.78%	3395280.24%	\$24,283	71.52%	
4	10	A	\$60	\$600	\$496	6.86%	723032.07%	\$5,389	74.53%	
5	65	H	\$15	\$1,000	\$787	6.83%	1152269.40%	\$10,188	88.42%	
11	216	H & K	\$23	\$4,900	\$4,186	6.78%	6174041.30%	\$63,483	102.82%	
15	322	A & H	\$26	\$8,500	\$7,511	6.84%	10980994.15%	\$120,796	110.00%	
13	32	KF	\$31	\$1,000	\$886	7.46%	1187667.56%	\$13,865	116.74%	
14	20	KF	\$50	\$1,000	\$703	7.07%	994342.29%	\$12,779	128.52%	
9	130	KF	\$29	\$3,771	\$2,727	6.99%	3901287.55%	\$54,226	139.00%	
3	193	H	\$9	\$1,800	\$1,239	6.98%	1775071.63%	\$24,962	140.63%	
16	89	B	\$17	\$1,500	\$1,211	6.82%	1775659.82%	\$28,551	160.79%	
20	15	H & KF	\$13	\$200	\$155	7.02%	220797.72%	\$3,626	164.22%	
17	106	H & KF	\$17	\$1,800	\$1,416	6.98%	2028653.30%	\$39,126	192.87%	
18	53	K	\$32	\$1,700	\$1,496	6.79%	2203240.06%	\$44,339	201.24%	
22	78	B	\$13	\$1,000	\$733	6.96%	1053160.92%	\$23,130	219.62%	
21	545	H & K	\$17	\$9,280	\$8,110	6.84%	11856725.15%	\$261,188	220.29%	
19	606	B & H	\$5	\$3,150	\$1,436	6.98%	2057306.59%	\$51,416	249.92%	
2933										
				\$70,945						
								\$905,735		

Median	113.37%
Average	118.44%

2008 Coos County Farm Use Ratio										
Lease No.	Acres	Main Class	Rent/ Acre	Gross Rent	Net Rent	Cap Rate	Cap Value	Roll Value	Ratio	
D	149	H	\$34	\$5,000	\$4,476	6.26%	7150159.74%	\$14,068	19.68%	
B	29	K	\$62	\$1,800	\$1,658	6.54%	2535168.20%	\$10,787	42.55%	
A	41	A & K	\$109	\$4,485	\$4,178	7.88%	5302030.46%	\$22,802	43.01%	
2	100	H & K	\$51	\$5,100	\$4,711	6.37%	7395604.40%	\$36,385	49.20%	
F	52	A	\$122	\$6,360	\$3,382	6.73%	5025260.03%	\$33,652	66.97%	
3	193	H	\$16	\$3,000	\$2,462	7.18%	3428969.36%	\$24,962	72.80%	
4	10	A	\$60	\$600	\$485	6.56%	739329.27%	\$5,389	72.89%	
5	65	H	\$15	\$1,000	\$805	6.20%	1298387.10%	\$10,188	78.47%	
6	13	A & H	\$26	\$336	\$290	6.47%	448222.57%	\$3,936	87.81%	
7	44	H	\$45	\$2,000	\$1,619	6.20%	2611290.32%	\$24,283	92.99%	
9	123	KF	\$31	\$3,771	\$3,338	6.22%	5366559.49%	\$53,494	99.68%	
11	216	H & K	\$23	\$4,900	\$4,230	6.99%	6051502.15%	\$63,547	105.01%	
13	24	KF	\$42	\$1,000	\$928	7.79%	1191270.86%	\$13,118	110.12%	
14	20	KF	\$50	\$1,000	\$708	6.23%	1136436.60%	\$12,779	112.45%	
15	322	A & H	\$26	\$8,500	\$7,504	7.27%	10321870.70%	\$120,796	117.03%	
16	89	B	\$17	\$1,500	\$1,238	6.20%	1996774.19%	\$28,551	142.99%	
17	106	H & KF	\$21	\$2,250	\$1,887	7.00%	2695714.29%	\$39,212	145.46%	
18	55	K	\$31	\$1,700	\$1,511	6.20%	2437096.77%	\$37,413	153.51%	
20	15	H & KF	\$13	\$200	\$160	7.22%	221606.65%	\$3,626	163.62%	
21	380	H & K	\$23	\$8,800	\$7,975	7.08%	11264124.29%	\$184,885	164.14%	
22	64	B	\$16	\$1,000	\$804	7.16%	1122905.03%	\$21,499	191.46%	
19	606	B	\$5	\$3,300	\$1,753	7.18%	2441504.18%	\$51,416	210.59%	
2716										
				\$67,602						
								\$816,788		

Median	102.35%
GeoMean	93.18%
Average	106.47%

LEASED LAND FROM SURVEYS

Land	ALL LEASED	% OF ALL LEASED	SURVEY - LEASED	% OF SURVEY LEASED
A2	4.96	0.05%	0.00	0.00%
A3	277.27	3.03%	112.02	3.82%
A4	238.11	2.60%	144.14	4.92%
A5	35.35	0.39%	17.60	0.60%
A6	3.40	0.04%	3.40	0.12%
A7	12.89	0.14%	4.90	0.17%
B1	0.00	0.00%	0.00	0.00%
B2	96.16	1.05%	24.40	0.83%
B3	288.17	3.15%	89.30	3.05%
B4	109.32	1.20%	72.65	2.48%
B5	59.87	0.65%	20.60	0.70%
B6	23.67	0.26%	9.10	0.31%
B7	11.37	0.12%	3.80	0.13%
H4	265.32	2.90%	45.83	1.56%
H5	306.57	3.35%	86.50	2.95%
H6	793.47	8.68%	126.67	4.32%
H7	1045.61	11.44%	349.93	11.94%
H7-1	1931.88	21.13%	806.34	27.52%
H7-2	47.57	0.52%	23.10	0.79%
K1	207.94	2.27%	57.84	1.97%
K2	596.95	6.53%	203.30	6.94%
K3	478.28	5.23%	278.74	9.51%
K4	261.28	2.86%	88.95	3.04%
K5	25.65	0.28%	0.00	0.00%
K6	28.16	0.31%	0.00	0.00%
K7	19.40	0.21%	2.40	0.08%
KF1	146.59	1.60%	9.02	0.31%
KF2	124.33	1.36%	4.36	0.15%
KF3	931.64	10.19%	177.15	6.05%
KF4	145.36	1.59%	38.56	1.32%
KF5	16.20	0.18%	3.20	0.11%
KF6	13.20	0.14%	0.00	0.00%
KF7	21.30	0.23%	1.50	0.05%
SP1	0.00	0.00%	0.00	0.00%
SP2	203.66	2.23%	0.00	0.00%
SP3	0.00	0.00%	0.00	0.00%
U7	32.77	0.36%	5.27	0.18%
U8	208.17	2.28%	71.54	2.44%
WL	131.25	1.44%	48.37	1.65%
TOTAL	9143.09		2930.48	

Proposed 2009 Coos County Farm Use Values

SAV 2008	MSAV 2008	Class & Type	Proposed	Adopted	MSAV 2009	MSAV % Change
			SAV 2009	SAV 2008		
781	657	A2	797	781	676	3%
712	596	A3	726	712	613	3%
460	381	A4	469	460	392	3%
227	185	A5	231	227	190	3%
43	27	A6	44	43	27	3%
27	18	A7	28	27	18	3%
642	536	B1	655	642	552	3%
499	414	B2	509	499	426	3%
392	323	B3	400	392	332	3%
321	265	B4	327	321	272	3%
201	161	B5	205	201	165	3%
130	102	B6	133	130	105	3%
59	46	B7	60	59	47	3%
284	234	H4	290	284	241	3%
156	126	H5	159	156	129	3%
92	68	H6	94	92	70	3%
71	55	H7	72	71	56	3%
59	46	H7-1	60	59	47	3%
43	27	H7-2	44	43	27	3%
855	717	K1	872	855	738	3%
781	656	K2	797	781	675	3%
642	536	K3	655	642	552	3%
533	444	K4	544	533	457	3%
356	295	K5	363	356	303	3%
193	156	K6	197	193	160	3%
27	18	K7	28	27	18	3%
855	717	KF1	872	855	738	3%
642	536	KF2	655	642	552	3%
533	444	KF3	544	533	457	3%
356	295	KF4	363	356	303	3%
193	156	KF5	197	193	160	3%
113	92	KF6	115	113	94	3%
27	18	KF7	28	27	18	3%
130	102	SP1	133	130	105	3%
93	69	SP2	95	93	71	3%
60	47	SP3	61	60	48	3%
86	64	U7	88	86	65	3%
17	9	U8	17	17	9	3%
108	100	WL	110	108	103	3%

2008 COOS COUNTY CRANBERRY BOG VALUES

The methodology of adjustments in application of the income approach to cranberry bog appraisal is defined by the 1996 Tax Court decision, Blanco vs. DOR Case No. 3847. The Tax Court decision determined specific percentages for expenses and land-to-vine ratio for applying the income approach to cranberry bog property. The Tax Court decision established the following for cranberry bog appraisal for all Oregon Counties, to-date.

CRANBERRIES ADJUDICATION

Tax Court, 1990-91, Blanco vs. DOR Case 3847

Coos and Curry Counties

Opinion ~ October 17, 1996

Judgment ~ December 2, 1996

Salient Rulings:

1. *Production.....86.885 BBL, total acres (55.4% Prod.)*
2. *Revenue, gross.....46.59/BBL. \$4,047.97/acre*
3. ***Expenses.....93%, \$3753/acre***
4. ***Land-to-vine ratio.....Vine = 60.31%***
Land = 39.69%

Wright (Ocean Spray-Bandon, OR) Report:

Production per producing bog.....156.87 BBL

Specifically, expenses are determined to be 93% of Gross Income / acre and the Land-to-Vine ratio is defined, deducting the contribution of net income attributable to the vines. (See bolded items above) The residual of the net income is allocated to the contribution of income from the land. The net income to land is Capitalized (Farm Use Interest Rate + Tax Rate) to determine the Special Assessed Value for the land.

2008 Effective Tax Rate Calculation:

Code	Rate		% in Code		% of Rate
13.15	0.96485	X	3.00	=	.0289455
46.00	0.85020	X	9.00	=	.0765180
46.02	0.97554	X	4.00	=	.0390216
54.01	0.94408	X	66.00	=	.6230928
54.03	1.06942	X	18.00	=	.1924956
			100%		.9600735

2008 Capitalization Rate:

Interest rate 5.89
Effective tax rate 0.9600735

Capitalization Rate: **6.8500735%**

The following figures were projected by the OSU Extension Services 2009 Commodity Report.

Acres of Cranberries Harvested²:

	Oregon	Clatsop	Coos/Curry
2005	2,717	52	2,665
2006	2,722	52	2,670
2007	2,732	52	2,680
2008	2,740	52	2,688

Total Production³ (BBLs)

	Oregon	Clatsop	Coos/Curry
2005	441,368	4,628	436,740
2006	458,528	4,628	453,900
2007	487,028	4,628	482,400
2008	488,700	4,628	484,072

Coos/Curry Production in Barrels per Acre:

2005 = 165
2006 = 170
2007 = 180
2008 = 180

4 year average (all growers) = **173 bls/acre**
(Coos County's reported average = 110 bls/acre)

² Commodity Report (by County) OSU Extension Service, Oregon Agricultural Information Network, 1/26/09 update

³ Commodity Report (by County) OSU Extension Service, Oregon Agricultural Information Network, 1/26/09 update

Although the OSU study projected a whopping \$125 price per barrel average, Coos County did report an average price of \$85. You will see both figures presented below with *Coos County in italics*.

Average Price per Barrel:

2005 = \$ 38.00
 2006 = \$ 45.00
 2007 = \$ 65.00
 2008 = \$125.00 (*Coos reported average = \$85.00*)

4 year average (all growers) = **\$68.25** (*Coos = \$58.25*)

Average Gross Return per Acre:

	=	<u>OSU</u>	<u>(Coos)</u>
2005 – 2008	=	\$11,807	\$10,077
Less 93% expense	=	<u>\$10,980</u>	<u>\$ 9,371</u>
Net income per acre	=	\$ 827	\$ 706

Average Net Return to Land:

	=	<u>OSU</u>	<u>(Coos)</u>
Income attributed to vines @ 60.31%	=	\$ 499	\$426
Income attributed to land @ 39.69%	=	<u>\$ 328</u>	<u>\$280</u>
100%	=	\$ 827	\$706

These are court set ratios.

Value Calculations for 2008:

Value per acre = Net income to land divided by the capitalization rate.
 Value per acre = **\$328** (\$280) divided by **0.068500735** = **\$4,788** (\$4,087)

**2008 Bog Values per Acre:
 (Actual Acres)**

	=	<u>OSU</u>	<u>(Coos)</u>
Support acre	=	\$4,788	(\$4,087)
Bog acre	=	\$4,788	(\$4,087)
Irrigation per acre	=	\$ 662 (827 x .80)	(\$564 = 706 x .80)
Irrigated bog acre	=	\$5,450 (4,788 + 662)	(\$4,651 = 4,087 + 564)

2008 Bog Values per Acre: Total acre concept. For every acre of bog there is ½ acre of support land. Example: 10 acres of bogs would be divided by 15 acres. 10 @ \$4,788 divided by 15 = \$3,192) (Coos - 10 @ \$4,087/ 15 = \$2,724)

	<u>OSU</u>	<u>(Coos)</u>
Support acre =	\$3,192	\$2,724
Bog acre =	\$3,192	\$2,724
Irrigation per acre =	\$ 662	\$ 564
Irrigated bog acre =	\$3,854 (3,192 + 662)	\$3,288

SAV Rates for the last 5 years:

2004:	\$1,191
2005:	\$1,310 (only raised 10% - Actual was \$1,557)
2006:	\$1,310 (2005 value sustained – Actual was \$1,781)
2007:	\$1,376 (only raised 5% – Actual is \$2,460)
2008:	\$1,376 (2007 value sustained – Actual is \$2,466)
2009:	\$1,445 (only a 5% increase – Actual is \$2,724)

The following was provided by Ocean Spray Cranberry Alliance for information only. The 2008 figures will not be available until August 2009.

2006: Ocean Spray:	177,000 barrels @ \$39.60 =	\$ 7,009,200
Independents:	289,000 barrels @ \$50.00 =	<u>\$14,450,000</u>
		\$21,459,200

\$21,459,200 divided by 466,000 barrels = **\$46.05** average payment

2007: Ocean Spray:	150,000 barrels @ \$43.55 =	\$ 6,924,450
Independents:	279,000 barrels @ \$65.00 =	<u>\$18,135,000</u>
		\$25,059,450

\$25,059,450 divided by 438,000 barrels = **\$57.21** average payment

Expenses: Are based on the average growers per acre expenses. Leslie Clark, who provided the 2007 figures, estimated these for 2008.

	<u>2007</u>	<u>2008</u>
Labor	\$ 989	\$ 989
Chemical/fertilizers	\$ 553	\$ 720
Repairs	\$ 308	\$ 339
Fuel	\$ 189	\$ 236
Utilities	\$ 172	\$ 189
Insurance	\$ 158	\$ 158
Bees	<u>\$ 124</u>	<u>\$ 155</u>
	\$2,493 per acre expense	\$2,786



Proposed 2008-09 Coos County Cranberry Use Values

Originally, I thought the SAV should decrease, but with the MSAV increasing by 3%, a decrease in values makes the gap so large that there will be very little incentive to participate in the specially assessed program. After careful consideration, I feel a 5% increase in the SAV, while modest, is appropriate. This minimal increase will help maintain a balance between the SAV and MSAV.

SAV	MSAV		SAV	MSAV	SAV % Change	MSAV % Change
2008	2008		2009	2009		
8994	7,097	1BOG	9444	7310	5%	3%
9587	7,581	1BOGL	10,066	7808	5%	3%
6122	2,741	1DIKE	6428	2823	5%	3%
945	922	BOG	992	950	5%	3%
1376	1,728	BOGL	1445	1,728	5%	0%*
945	922	DIKE	992	950	5%	3%

* BogL MSAV rate frozen until a time in which the SAV exceeds the MSAV



THANK
YOU

for participating in the
Coos County Board of Review

See you next year!