



CITY OF WAUWATOSA
MEMORIAL CIVIC CENTER
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BOARD OF REVIEW

Wednesday, October 2, 2013 – 9:00 a.m.

PRESENT: Messrs. Benz and Van Bibber; Ms. Stokke-Ceci -3

ALSO Ms. Miller-Carter, Assistant City Attorney

PRESENT: Mr. Miner, Assessor; Ms. Ledesma, Board Secretary

Mr. Benz in the Chair

**258-0001-09
3900 N. 124th Street**

Ms. Ledesma swore in Mr. Miner and Gregory Stein, CPA, Reinhart, Boerner Van Deuren s.c., 1000 N. Water Street, Milwaukee.

The assessed value as of January 1, 2013 was:

Land	\$ 5,829,600
Improvements	\$ 9,788,000
Total	\$15,617,600

Mr. Stein, representing Target Corporation, stated that his opinion of value is \$11,470,000. The income approach was used in determining this opinion. With a gross building square footage of 143,402, and a market rent of \$7.50 per square foot, a gross income of \$1,075,515 is determined. After accounting for 5% vacancy and collections, 3% for management fees, and 2.5% for reserves on investment, the net operating income is \$964,199. When using a capitalization rate of 8.50, the indicated value is \$11,343,520.

Mr. Miner stated that this was a new-construction ‘big box’ store built in 2009. Staff used appropriate methodology in valuing the subject property based upon the Wisconsin Property Assessment Manual. The city’s aggregate value this year is 100% due to the reassessment. The Markarian hierarchy of assessing states that the sale of a subject property is the first approach to consider. Absent a property’s sale, the sales of comparable properties is to be considered. The third-tier approach includes appraisals, the cost approach and the income approach.

The lot size is 507,876 sq. ft., and the building is 143,402 sq. ft. in size. The one-story building houses multiple uses all provided by Target. It is of good quality, block construction, with a good loading dock. The property is located at the highest traffic-count intersection in the city. The

assessment on this property was last changed in 2010 (to reflect the new construction), when the value was set at \$17,155,700.

The previous building on the property was a former Jewel Food Store connected to the former Target Store. The Target building was razed and the Jewel building was sold as a shell, gutted and remodeled into a Wal-Mart Market grocery store, along with two smaller retailers.

Mr. Miner cited five comparable properties which were sold between November 2010 and December 2012. They are located at 18815-19115 W. Capitol Drive, Brookfield, 17680 W. Bluemound Road, Brookfield, 14435 W. Appleton Avenue, Menomonee Falls, 3850-60-70 N. 124th Street, and 3010-3124 S. Business Drive, Sheboygan. Sale prices ranged from \$9,536,000 to \$24,100,000. The per square-foot value of these properties range from \$77 to \$201. Data was adjusted by the assessment software to account for differences among the properties. The adjusted square foot values range from \$69 to \$181. The adjusted square foot value of the subject property is \$109. The sales comparison approach and analysis yielded a value of \$18,400,000.

The cost approach and analysis on the subject property shows a value of \$16,032,900.

The income approach performed produced a value of \$15,380,600 on the property, assuming a vacancy and collection rate of 4%, expenses of 10%, a capitalization rate of 7 ¼% on the 143,402 sq. ft. and \$9/sq. ft.

Mr. Miner noted that an appraisal was performed on the property in 2011 that indicates a value of \$17,520,000. He added that the building to the south which had been sold for about \$5 million dollars as a shell was reconfigured and remodeled and sold with tenants in place for \$10,265,000, or \$164 per sq. ft.

Mr. Miner reminded the Board that the value on the subject property was \$17,155,700 in 2010 and \$15,617,600 in January 2013. He reiterated that the cost approach to valuation indicates a value of \$16,032,900, and the income approach supports a value of \$15,386,000.

The hearing was declared closed.

It was moved by Mr. Van Bibber, seconded by Ms. Stokke-Ceci
to sustain the Assessor's value. -3

296-0001-09
3201 N. Mayfair Road

The owners authorized representative, Atty. Don Millis, Reinhart Boerner Van Deuren s.c., 22 E. Mifflin Street, Madison, was not present.

Mr. Miner requested that the Board vote not to hear the objection form on the aforementioned property as the income and expense information requested in January to be submitted by March 1, 2013, was not. Atty. Millis previously had acknowledged this to be true. In a conversation with Mr. Millis on September 25, this was again confirmed.

In response to Mr. Benz's question, Mr. Miner stated that had information been submitted even at this late date, another hearing on this property could likely have been scheduled. Mr. Miner added

that the requested information *had been* provided on two other properties that Mr. Millis is representing.

It was agreed to hold this issue until the end of the meeting in the event the owner’s representative appeared and/or documentation was submitted.

Stipulations. Board approval was requested on the following stipulations. In the case of Macy’s personal property (#162325) stipulation, the property owner is not surrendering the right to appeal the value, but the parties have agreed that the assessed value will stand as it currently is. It may be appealed to circuit court. The city has been engaged in court with Macy’s for multiple years, and this stipulation continues that effort.

It was moved by Ms. Stokke-Ceci, seconded by Mr. Van Bibber to concur with the Assessor’s recommendation. -3

With the second stipulation below with Crate and Barrel, 2450 N. Mayfair Road, Mr. Miner explained that the building was originally assessed to the tenant, Crate and Barrel. However, more information was sought and received from Mayfair Mall which demonstrated that the building is owned by the Mall. The value of the building, therefore, is being assigned to the owner.

	<u>FROM</u>	<u>TO</u>	<u>CHANGE</u>
#0161615 Machinery	2,400	2,400	0
Furniture and fixtures	324,900	324,900	0
Other	6,195,100	17,300	(6,177,800)
TOTAL	6,522,400	344,600	(6,177,800)

It was moved by Mr. Van Bibber, seconded by Ms. Stokke-Ceci to approve the stipulation. -3

	<u>2012</u>	<u>2013</u>	<u>CHANGE</u>
345-0189-00 Land	80,400	80,400	0
Improvements	164,800	166,900	2,100
TOTAL	245,200	247,300	2,100

The change is being recommended because of additional information provided to the Assessor.

It was moved by Ms. Stokke-Ceci, seconded by Mr. Van Bibber to approve the stipulation. -3

Request for Reconsideration. The Board reviewed a request by Jennifer Vondracek, Ennes & Associates, Inc., 3250 N. Arlington Heights Road, Arlington Heights, IL, for reconsideration of its decision not to hear the objection submitted for property at 12300 W. Burleigh Street (tax key #297-9995-11).

Mr. Miner stated that the property was built recently and sold; the sale took into account the current tenant. The agent for the property owner contacted Mr. Miner during open book about the assessed value. Mr. Miner had advised that he would be relying upon the sale to determine the value, in accordance with Wisconsin Property Assessment Manual methodology. The agent did not feel this

was appropriate, and subsequently submitted additional information, and a notice-of-intent to file an objection form. Mr. Miner added that the agent had been informed early on that requested information about the lease in place and owner expenses had not been submitted. At the September 18 Board of Review meeting, the Board dismissed the objection because requested information had not been provided.

Carl Pharr, Ennes & Associates, Inc., was present, as was Ms. Vondracek. Ms. Vondracek stated that her firm generally represents Bridgestone/Firestone and has authorization from the owner to do so. She asked that the decision on the hearing of the objection be reconsidered as there are extenuating circumstances to consider. While the owner may have received the January 2013 letter from the Assessor requesting additional information, the owner may have not followed up. Inasmuch as the Assessor did not use the income approach when valuing this property, the fact that the requested income information was not submitted should not be critical to the case proceeding.

Mr. Pharr clarified that Ennes & Associates, Inc., represents both Bridgestone/Firestone and the owner, Debra W. Wolf Investment Trust.

Mr. Miner reiterated that all commercial property owners were mailed the January 2, 2013 letter requesting income and expense information, as the income approach would be used to establish values. The sales and cost approaches would be used on those properties for which no information was submitted. The market approach was done absent receipt of information. The Markarian hierarchy is followed per the Wisconsin Property Assessment Manual.

Mr. Pharr stated that he had not received the January 2013 letter. While there was a sale of the property, it was based on a fee arrangement. The Assessor accepted that as the value of the property. Since he (Miner) did not use the income approach – he used market information – Mr. Pharr felt the objection should be heard. Mr. Pharr added that when he found information had not been submitted, he immediately sent it. It had been received before the Board's denial decision was made. An appraisal is being prepared with an October 7 deadline and it can be submitted by October 9.

Mr. Pharr further explained that the broker handling the sale of the property used the lease fee value to establish the sale price, which is not the same as market value. This property will not compare to other similar properties regarding value.

Mr. Miner pointed out that most commercial properties are leased and are investments. This *is* similar to other commercial properties; properties with triple-net leases where the owner has nominal expenses raise this type of question.

Mr. Miner stressed that receiving requested information at the '11th hour' establishes the presumption that this is typical protocol and that previous requests for information can be ignored. The requirements of 70.47 7 (af) (WI Statutes) should be adhered to.

Mr. Pharr concurred with Mr. Miner's position, having been a deputy assessor himself in the past. He did note, however, that the Assessor's office did appear to selectively reach out to other commercial property owners, extend them more time to submit information, etc., but did not do so with his client. He is seeking the same consideration.

Mr. Miner explained that follow-up with other commercial property owners may have been as a result of Board-authorized subpoenas, or because the property owners showed up during the first two hours of the Board's first session on September 18.

Mr. Pharr noted that they had not been informed of the September 18th meeting.

It was moved by Ms. Stokke-Ceci, seconded by Mr. Van Bibber to deny the request for reconsideration on the same basis as the original denial – failure to comply with data submission requirements. -3

296-0001-09
3201 N. Mayfair Road

This item was held to the end of this hearing to give the property owner and/or his authorized representative an opportunity to appear. The owner's representative, Atty. Don Millis, had previously indicated to the Assessor that he was aware that data had not been submitted as requested by the Assessor's office in January 2013.

339-9999-00
2275 N. Mayfair Road

Mr. Miner explained to the Board that Atty. Millis also represents Waltrust Properties, Inc., the owner of the 2275 N. Mayfair Road property. As with the 3201 N. Mayfair Road property, the requested income and expense information for this property has not been submitted. Mr. Miner asked that this property's objection also be denied for hearing due to lack of requested data submission.

It was moved by Mr. Van Bibber, seconded by Ms. Stokke-Ceci to deny the request for hearing for the two aforementioned properties on the basis of failure to comply with data submission requirements. -3

There being no further business, the hearing recessed a 10:18 a.m. until October 9, 2013.

Carla A. Ledesma, Board Secretary

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