CITY OF WAUWATOSA
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BOARD OF REVIEW

Wednesday, October 16, 2013 – 9:00 a.m.

PRESENT: Messrs. Benz, and Walsh, Ms. Stokke-Ceci -3

ALSO PRESENT: Ms. Miller-Carter, Asst. City Attorney; Mr. Miner, Assessor
Ms. Ledesma, Board Secretary

Mr. Benz in the Chair

331-0777-01
2656 Wauwatosa Avenue

City Clerk Ledesma swore in Mr. Miner and Greg Stein, Reinhart Boerner Van Deuren, s.c., 22 E. Mifflin Street, Madison, authorized representative for the property owner, Waltrust Properties, Inc.

The assessed value as of January 1, 2013 was:

Land	$ 595,900
Improvements	$2,888,200
Total	$3,484,100

The property is at 100% aggregate level of assessment.

Mr. Stein stated the opinion of value is $1,540,000. The income approach to value was used: On 13,910 sq. ft., at a market rent of $12/sq. ft., the effective gross income (allowing for 5% vacancy and collection allowance) is $158,574. After accounting for administrative expenses of 5% and capital reserves of 2.50%, net operating income (NOI) is $146,681. Using a 9.25% capitalization rate yields an indicated value of $1,585,740; this was rounded to $1,540,000.

Mr. Miner read his qualifications and credentials into the record and stated that this property, a drug store, is located at the intersection of Wauwatosa Avenue and Center Street. He verified that he used required methodology as indicated in Wisconsin Statutes 70.32 and used acceptable assessing practices as per the Wisconsin Property Assessment Manual when establishing a value for the subject property. The building was built in 1997; the first floor has 13,910 sq. ft., the basement has 10,660 sq. ft.

When the sales comparison approach was used, the sales of 11 other drug stores were used to help determine value. Adjustments were made to account for differences among the properties. The reconciled sales comparison approach yielded a value of $3,986,000.

The cost approach, using the CLT Univers system, yielded a total value of $2,365,100.

Using the income approach to value, at a cost of $15.50/sq. ft., the gross rent is $220,935. After accounting for 2.5% in expenses, and using a 7.25% capitalization rate, the value is $2,971,200 (rounded). The owner has indicated actual rent of $221,496, but did not provide expense information. Using the same 7.25% cap rate yields a value of $3,055,100.

Mr. Miner noted that this property was sold in 2005 for $2,032,151 (Tier 1 evidence in Markarian hierarchy), but is not considered an indicator of value. Tier 2 evidence using the comparable sales approach indicates a value of $3,986,000. Tier 3 evidence attributable to this property (a 2011 leased fee appraisal from a previous court hearing) indicated a value of $3,600,000, while a 2011 appraisal from the owner indicated a value of $1,540,000. The cost approach supports a value of $2,365,100; the income approach supports a value of $2,971,200, and the income approach suggests a value of $3,055,100.

The hearing was closed.

It was moved by Ms. Stokke-Ceci, seconded by Mr. Walsh
to sustain the Assessor's valuation. -3

256-0075-07
10800 W. Capitol Drive

The assessed value as of January 1, 2013 was:

Land	$1,121,300
Improvements	$2,700,300
Total	$3,821,600

The property is at 100% aggregate level of assessment.

Greg Stein, Reinhart Boerner Van Deuren, s.c., 22 E. Mifflin Street, Madison, was present as authorized representative for the property owner, Waltrust Properties, Inc. Mr. Stein stated the opinion of value is $2,050,000.

The income approach to value was used: On 13,905 sq. ft., at a market rent of $15/sq. ft., the effective gross income (allowing for 5% vacancy and collection allowance) is $198,146. After accounting for administrative expenses of 5% and capital reserves of 2.50%, net operating income (NOI) is $183,285. Using an 8.75% capitalization rate yields an indicated value of $2,094,689; this was rounded to $2,050,000.

Mr. Miner read his qualifications and credentials into the record and noted this objection is also for a drug store. He verified that he used required methodology as indicated in Wisconsin Statutes 70.32 and used acceptable assessing practices as per the Wisconsin Property Assessment Manual when establishing a value for the subject property.

The highest use of the subject property is the current use as a drug store. It was built in 1997 and has 13,905 sq. ft. of retail drug store. The lot is 74,753 sq. ft., and is located at the intersection of Capitol Drive and Mayfair Road. The sales comparison approach, which compared the subject property to 11 comparable properties which had sold, supports a value of $4,164,800. This approach is Tier 2 in the Markarian hierarchy of property valuation (Tier 1 being the sale of the subject property).

The cost approach yields a value of $2,737,900. The income approach was also used: on 13,905 sq. ft., at market rent of $19.50/sq. ft., the effective gross income was $271,280; allowing for 0% vacancy and collection and 2.5% expenses shows a NOI of $264,498. Using a capitalization rate of 7.25% yielded a value of $3,648,200. The owner provided actual rent information of $19.85/sq. ft., which yielded a gross income of $275,995. While staff does not know the owner's expenses, this is a triple net lease property. Using the same 7.25% capitalization rate supports a value of $3,806,800.

In summary, there was no sale of the subject property. Tier 2 evidence (comparable sales approach) indicates a value of $4,164,800; Tier 3 evidence (2011 leased fee appraisal from the City) supports a value of $3,600,000, while a 2011 appraisal from the owner indicates a value of $2,050,000. The cost approach values the property at $2,737,900, and the income approach indicates $3,648,200 (market) and $3,806,800 (actual). The value was reconciled to $3,821,600 for 2013.

The hearing was closed.

It was moved by Mr. Walsh, seconded by Ms. Stokke-Ceci
to sustain the Assessor's valuation. -3

384-0009-02
6600 W. State Street

The assessed value as of January 1, 2013 was:

Land	$ 838,900
Improvements	$3,263,100
Total	$4,102,000

The property is at 100% aggregate level of assessment.

Greg Stein, Reinhart Boerner Van Deuren, s.c., 22 E. Mifflin Street, Madison, was present as authorized representative for the property owner, MRED 68th Street Association. Mr. Stein stated the opinion of value is $2,250,000.

The income approach to value was used: On 14,413 sq. ft., at a market rent of $15/sq. ft., the effective gross income (allowing for 5% vacancy and collection allowance) is $205,385. After accounting for administrative expenses of 5% and capital reserves of 2.50%, net operating income (NOI) is $189,981. Using an 8.50% capitalization rate yields an indicated value of $2,235,075; this was rounded to $2,250,000.

Mr. Miner read his qualifications and credentials into the record and noted this objection is also for a drug store. He verified that he used required methodology as indicated in Wisconsin Statutes 70.32 and used acceptable assessing practices as per the Wisconsin Property Assessment Manual

when establishing a value for the subject property. The highest and best use of this property is the current use, a drug store. The lot size is 60,904 square feet; the building was constructed in 2006. The sales comparison approach, which compared the subject property to 11 comparable properties which had sold, supports a value of $4,779,800. This approach is Tier 2 in the Markarian hierarchy of property valuation (Tier 1 being the sale of the subject property).

The cost approach yields a value of $3,790,300. The income approach was also used: on 14,413 sq. ft., at market rent of $25.00/sq. ft., the potential gross income was $360,325; allowing for 0% vacancy and collection and 2.5% expenses shows a NOI of $351,317. Using a capitalization rate of 7.25% yielded a value of $4,845,800. The owner's agent provided actual rent information of $360,000. Capitalizing that gives a value of $4,965,500.

Mr. Miner pointed out that the total value of this property in 2012 was listed at $1,904,100; it is now $4,102,000 in 2013. A 2011 appraisal performed in conjunction with a previous court hearing yielded a value of $4,360,000.

It was moved by Ms. Stokke-Ceci, seconded by Mr. Walsh
to sustain the Assessor's valuation. -3

Stipulations. Mr. Miner provided some history about the real property assessment for Tax Key #335-9998-16, stating that the attorney for the Assessor contacted Bonstores Realty One LLC's agent; the owner has decided not to appeal and asks the Board to sustain the assessment. Appeals on assessments on this property for 2009 and 2010 were heard by the Court of Appeals. The Circuit Court initially upheld the Assessor's assessment. The Court of Appeals just issued a ruling and affirmed the Circuit Court's decision. There was also a decision on October 15, 2013 from the Waukesha Circuit Court concerning an appeal by Boston Store at Brookfield where the judge confirmed the assessment for that Boston Store.

Conversations by the Assessor's attorney with the tax rep from Bonstores confirmed that no further appeal would be forthcoming on the Boston Store at Mayfair Mall. The property owner, however, wishes to retain the ability to go to court in the future.

The second issue involves the Macy's personal property assessment (#061615). In personal property, there are classes of property, i.e., furniture and fixtures, supplies, buildings on leased land, etc. With this issue, a change is being made from one class to another:

Schedule	From	To	Change
Furniture, fixtures and equipment	$2,440,200	$2,440,200	$0
All other personal property	$4,683,200	$ 95,900	($4,587,300)
Buildings on leased land	$ 0	$4,587,300	$4,587,300
Total	$7,123,400	$7,123,400	

The Board concurred with both stipulations.

There being no further business, the meeting was recessed at 9:50 a.m. until October 23, 2013.

Carla A. Ledesma, Secretary to the Board

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