

NEVADA COUNTY ASSESSMENT APPEALS BOARD

Meeting Minutes
February 17, 2021

(Meeting was held remotely via Microsoft Teams)

REGULAR MEETING: 9:00 A.M.

Call to Order:

ACTION TAKEN: Due to the technical difficulties experienced by Chair Bushore, it was agreed that Vice Chair James Rees would run the meeting on the Chair's behalf. Vice Chair Rees called the meeting to order at 9:03 a.m.

The following Board Members present:

Gerald Bushore (Chair)
James Rees
James Dal Bon

Individuals present for the hearings:

Ernie Thompson, Chief Appraiser
Doug Johnson, Counsel for the Assessor's office
Jennifer Walters, Counsel for the Assessment Appeals Board
Brent Buskirk, Property Tax Assistance Co., Inc., Agent for Safeway

Pledge of Allegiance:

ACTION TAKEN: Pledge of allegiance held.

Corrections and/or deletions to the agenda.

ACTION TAKEN: No corrections noted.

Public Comment:

None.

ASSESSMENT HEARINGS:

1. 18/19 Regular Assessment #18-008: Safeway, Inc., Applicant. Property Tax Assistance Co., Inc., Agent. Assessment #800-000-111-000. Property located at Neal Street, Grass Valley. Applicant's opinion of value: \$261,096. Assessor's value: \$522,190. Applicant requested a one-time postponement from the December 16, 2019 hearing. Assessor has requested a one-time postponement to schedule the hearing in the 2020/21 Fiscal Year. Two-year waiver approved at the February 24, 2020, Assessment Appeals Board hearing. Findings of Fact are not requested.
2. 19/20 Regular Assessment #19-038: Safeway, Inc., Applicant. Property Tax Assistance Co., Inc., Agent. Assessment #800-000-111-000. Property located at Neal Street, Grass Valley. Applicant's opinion of value: \$237,070. Assessor's value: \$474,140. Findings of Fact are not requested.

3. 18/19 Regular Assessment #18-017: Safeway, Inc., Applicant. Property Tax Assistance Co., Inc., Agent. APN 018-570-035. Property located at Donner Pass Road, Truckee. Applicant's opinion of value: \$877,410. Assessor's value: \$1,754,820. Applicant requested a one-time postponement from the December 16, 2019 hearing. Assessor has requested a one-time postponement to schedule the hearing in the 2020/21 Fiscal Year. Two-year waiver approved at the February 24, 2020, Assessment Appeals Board hearing. Findings of Fact are not requested.
4. 19/20 Regular Assessment #19-036: Safeway, Inc., Applicant. Property Tax Assistance Co., Inc., Agent. APN 018-570-035. Property located at Donner Pass Road, Truckee. Applicant's opinion of value: \$873,650. Assessor's value: \$1,747,300. Findings of Fact are not requested.
5. 18/19 Regular Assessment #18-016: Safeway, Inc., Applicant. Property Tax Assistance Co., Inc., Agent. Assessment #800-000-112-000. Property located at Combie Road, Grass Valley. Applicant's opinion of value: \$1,199,598. Assessor's value: \$2,399,195. Applicant requested a one-time postponement from the December 16, 2019 hearing. Assessor has requested a one-time postponement to schedule the hearing in the 2020/21 Fiscal Year. Two-year waiver approved at the February 24, 2020, Assessment Appeals Board hearing. Findings of Fact are not requested.
6. 19/20 Regular Assessment #19-037: Safeway, Inc., Applicant. Property Tax Assistance Co., Inc., Agent. Assessment #800-000-112-000. Property located at Sutton Way, Grass Valley. Applicant's opinion of value: \$1,083,245. Assessor's value: \$2,166,490. Findings of Fact are not requested.

ACTION TAKEN: Vice Chair Rees asked Agent Brent Buskirk if he submitted his hearing exhibits. Brent Buskirk confirmed that they were sent, and discussion ensued regarding the size and nature of the exhibits. Agent Buskirk confirmed that all applications related to Safeway's personal property and fixtures. The exhibits reflect sales comparables, and rather than the actual cost of each item, they reflect the cost per square foot to replace all equipment inside the store. Vice Chair Rees shared his concerns regarding the number of documents sent electronically, which lead to difficulty in reviewing them because of issues related to lack of broadband in a rural community.

Prior to the hearing continuing further, Tine Mathiasen, Clerk to the Assessment Appeals Board, swore in the following individuals: Ernie Thompson, Chief Appraiser, Brent Buskirk, Agent for the Applicant, and Gina Canter, Auditor-Appraiser I.

Clerk Mathiasen suggested that due to ongoing technology difficulties, the Board could hear both party's presentations and then continue the hearing to a future meeting date to provide time for the Board members to review all of the documents. Doug Johnson, Counsel for the Assessor's office, agreed that it is a fairly common process for the Board to proceed by hearing the presentations and receiving the testimony, and then taking the matter under submission. Agent Buskirk was in support of the proposed process; he would also be comfortable continuing the hearing to a future date and was willing to sign a 2-Year Waiver.

Discussion ensued regarding the process for moving forward.

It was agreed upon by all parties to move forward with the oral part of the hearing, allow time for each side to submit their documents to the Board and the other party, thereby providing an opportunity for either side to object to any of the exhibits. Clerk Mathiasen was asked to provide the meeting minutes to all parties. After providing each party time to review the evidence and the testimony contained in the minutes, the Board would convene in closed session to render the decision based on the deliberation.

Jennifer Walters, Counsel for the Assessment Appeals Board, requested the Board address which side holds the Burden of Proof. She raised concerns regarding Gerald Bushore's audio; she reported that it was difficult for the individuals in the meeting to understand him due to the technical difficulties.

Clerk Mathiasen requested confirmation that the Applicant did not request findings for the applications and Agent Buskirk concurred that findings were not being requested.

Vice Chair Rees confirmed that because the property in question was not a single family, owner-occupied dwelling, the Burden of Proof was on the Applicant, and requested Agent Buskirk proceed.

The Board took a short break while technical issues were addressed. Vice Chair Rees called the meeting back into order and proceeded with the hearing.

Agent Buskirk provided a PowerPoint presentation, providing one case for all Safeway applications. He noted that each slide contains the exhibit number for the Board to reference when reviewing the exhibits. Agent Buskirk reported that they relied on Property Tax Rule 4, The Comparative Sales Approach to Value, for their opinion of value.

Board questioning ensued. Agent Buskirk clarified for the Board members that the applications were related to business property only; the real property was not part of the appeal. The Supermarket's equipment was sold; adjustments were made as it relates to the subject properties, and then the equipment was valued at a price per square foot at the amount it would cost to replace all of the equipment in the entire store. Agent Buskirk's understanding is that the Assessor's office uses Property Tax Rule 6, which uses the reproduction or replacement cost approach to value. He noted that the State Board of Equalization's (SBE) guidelines provide no recommendations regarding economic or average service life for supermarket equipment, although the California Assessors' Association (CAA) does recommend a 12-year life for supermarket equipment.

Agent Buskirk reviewed the Assessor's process using the Cost Approach to value. Valuation under the Cost Approach is based on the taxpayer's annual Business Property Statement, and the tables used are based on recommendations from CAA. Agent Buskirk reported on reasons that supermarket equipment becomes obsolete, including advancing technology; online shopping; state-of-the-art checkout stands; smaller stores; and less expensive equipment purchased from other countries. Sales of obsolete equipment is offered for sale to the public or to other companies within the industry and are typically sold by auction.

Agent Buskirk reported that the 2018 value on the roll is \$4,508,366, and the Applicant's opinion of value is \$2,997,586 for a requested reduction of \$1,510,780; and the 2019 value on the roll is \$4,387,930, and the Applicant's opinion of value is \$2,849,924, for a requested reduction of \$1,538,006. Referring to the Assessor's Handbook 501, Basic Appraisal, he suggested that a prudent buyer will pay no more for a property than the cost to buy an equally desirable substitute. Sales supporting the Applicant's 2018 opinion of value were shared by Agent Buskirk.

Board questioning ensued.

Following a short technical break, Vice Chair Rees called the meeting back into order. Agent Buskirk responded to additional Board questioning, and then continued on with the Applicant's presentation. He summarized each characteristic of the three subject properties, explaining how they arrive at the Reproduction Cost New per Square Foot (RCN/SF) calculation: they take all of the costs reported to the County annually, and apply the corresponding index factors that are provided by the Board of Equalization. In theory this provides the cost to reproduce the subject property at current price levels. The total RCN/SF divided by the square footage of the store determines how much it would cost to reproduce it (Exhibit 3, page 5). The final columns on the Exhibit represents their fair market value per square foot based on sales comparables (equipment only).

James Dal Bon asked what the difference was between equipment replacement costs and reproduction costs. Agent Buskirk explained that they are typically the about same.

Board questioning continued.

Agent Buskirk reviewed the cost approach used by the Assessor, which is also used by every Assessor throughout the State (Exhibit 3, page 6). Based on comparable sales, Agent Buskirk estimated it would be \$8 per square foot to replace all of the equipment in the subject property. Adding in sales tax and installation, the overall market value per square foot increases to \$11. After multiplying this amount by the square footage and adding back the structure value, the amount arrives to their opinion of value in the amount of \$373,329. This amount is then compared with the Marshall & Swift Approach, which reconciles the value to \$396,056 for replacement costs.

Clerk Mathiasen reported that the Local Rules provide for each party to be afforded up to one hour to provide their presentation. The Clerk noted that Agent's presentation has gone far past that amount of time, although there have been interruptions due to technical issues and discussion. Agent Buskirk suggested he could sum up his presentation fairly quickly and would try to wrap the presentation up in the next 30 to 45 minutes. Chief Appraiser Thompson suggested their presentation could take up to 1 hour and 15 minutes. Chair Bushore reported that he had another Board meeting to attend in the afternoon. The Clerk noted that the Board members agreed to deviate from direction provided by the Local Rules. James Rees suggested the Agent finish the Applicant's presentation and then continue the hearing to a future date when all parties are available. Board discussion ensued.

MOTION: Motion made by James Dal Bon, to finish the Applicant's presentation. (Motion failed due to lack of a second motion.)

Board discussion continued.

Clerk Mathiasen requested guidance on how they would like her to distribute the Exhibits. James Rees requested all of the Exhibits discussed today that pertain to the remainder of the Agent's presentation. Additional documents could be viewed on screen during the hearing. James Dal Bon stressed that the Applicant could submit any and all Exhibits that they would like to present to the Board members. For the record, the Board was not providing limits on the amount information that could be provided by the Applicant. The Clerk would provide all Exhibits prepared by both sides to all parties electronically. Hard copies will be provided if requested.

By consensus, it was decided to continue the hearing, with the Clerk's office coordinating a date and time certain that works for all parties.

ADJOURNMENT:

MOTION: Motion made by James Dal Bon, seconded by James Rees, to adjourn the meeting, and continue the hearing to a future date. On a roll call vote the motion passed unanimously.

ACTION TAKEN: The meeting was adjourned at 12:31 p.m.



Chair of the Assessment Appeals Board

ATTEST:

By: 
Julie Patterson Hunter, Clerk of the Board