

**BOARD OF EQUALIZATION
WASHOE COUNTY, NEVADA**

WEDNESDAY

9:00 A.M.

FEBRUARY 28, 2018

PRESENT:

Philip Horan, Chair
Eugenia Larmore, Vice Chair
James Ainsworth, Member
Barbara "Bobbi" Lazzarone, Member
Jim Richards, Member

Jan Galassini, Chief Deputy County Clerk
Jennifer Gustafson, Deputy District Attorney

The Board of Equalization convened at 9:00 a.m. in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Chair Horan called the meeting to order, the Clerk called the roll and the Board conducted the following business:

18-142E PUBLIC COMMENT

There were no responses on the call for public comment.

18-143E WITHDRAWN PETITIONS

There were no petitions to be withdrawn.

**18-144E PARCEL NO. 040-951-08 – RS EAGLE FEDERAL WAY LLC –
HEARING NO. 18-0045**

A Petition for Review of Assessed Valuation was received protesting the 2018-19 taxable valuation on land and improvements located at 5075 Kietzke Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Relevant pages of lease, 4 pages.

Exhibit B: Letter, photographs, comparable sales and financial information, 7 pages.

Exhibit C: Lease Rate Comparables, 8 pages.

Exhibit D: Land sales approach, 23 pages.

Assessor

Exhibit I:

Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 27 pages.

On behalf of the Petitioner, Blake Nelson was sworn in by Chief Deputy County Clerk Jan Galassini.

On behalf of the Assessor and having been previously sworn, Jane Tung, Appraiser, oriented the Board as to the location of the subject property.

Mr. Nelson provided additional evidence to the Clerk which was marked as Petitioner's Exhibit C and D. He reviewed the documents and commented that the two stores located in the area were among the highest valued stores across the Country. He said this particular store was bigger than most stores which contained a slightly more than 175,000 square feet. He stated this certain store was on high quality land and there were very few buyers for the type of building. He reviewed Petitioner's Exhibits C and D related to lease rate comparables and his land sales approach. He indicated the Assessor's Office had offered a reduction but it was only based on a cost approach. He requested the land value be reduced to \$4,872,731 and the improvement value be reduced to \$5,985,683 with a total assessed value of \$10,858,414 or \$62.01 per square foot.

Chair Horan clarified the Appellant was requesting a reduction of approximately \$20 per square foot.

Appraiser Tung reviewed Assessor's Exhibit I and noted the recommended reductions would reduce the total value from \$14,524,446 or \$82.94 per square foot to \$14,449,744 or \$82.51 per square foot based on corrections detected during a field visit. She reviewed the location, comparable land sales and leases and stated if the requested reductions were granted the land value would be \$2 per square foot less than the Assessor's value of \$9.50 per square foot. She indicated any further reductions by the Board would position the subject property to be out of equalization.

Chair Horan asked about the size of the nearby Home Depot store.

Appraiser Tung indicated the Home Depot building was 102,000 square feet and the current cost was \$88 per square foot. The cost was similar although the Home Depot was an older store.

Mr. Nelson thought the Assessor's Office was using shopping centers for comparison rather than stores similar to Lowes. He requested additional adjustments be made.

There were no responses on the call for public comment.

Chair Horan closed the hearing.

Member Lazzarone said the Assessor's Office had done a thorough job of researching and comparing. She stated she thought the reduction recommended by the Assessor was fair.

Chair Horan stated for large buildings it was difficult to compare values. He believed the Assessor's valuation was fair and did not exceed full market value.

With regard to Parcel No. 040-951-08, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Member Ainsworth, which motion duly carried, it was ordered that the taxable improvement value be reduced to \$8,277,622 and the taxable land value be upheld, resulting in a total taxable value of \$14,449,744 for tax year 2018-19. The reduction was based on Assessor's adjusted appraisal. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

18-145E PARCEL NO. 037-030-71 – LOWE'S HIW INC –
HEARING NO. 18-0044

A Petition for Review of Assessed Valuation was received protesting the 2018-19 taxable valuation on land and improvements located at 1355 Scheels Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, photographs, comparable sales, and financial information, 7 pages.

Exhibit B: Land sales approach, 23 pages.

Exhibit C: Lease Rate Comparables, 8 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 22 pages.

On behalf of the Petitioner, Blake Nelon was previously sworn in.

On behalf of the Assessor and having been previously sworn, Jane Tung, Appraiser, oriented the Board as to the location of the subject property.

Mr. Nelon provided additional evidence to the Clerk, which was marked as Petitioner's Exhibit B, and C that he explained were similar to the land sales approach and lease rate comparables he presented for the previous hearing. He requested the land be valued at \$2,947,357 and the improvements valued at \$4,824,389 with a total assessed

value of \$7,771,746 or \$65.02 per square foot. He reviewed Petitioner's Exhibits B and C, which included a cost approach, lease rates and a sales comparison approach.

Appraiser Tung reviewed Assessor's Exhibit I, which included a sales approach. She stated this property was located in a shopping center with other box stores such as Old Navy, Best Buy, Petco and TJ Maxx. She explained the rent in the center was higher than other shopping centers and noted the rent approach evidence from the Petitioner was not accurate for this location. She stated the store was not underperforming and it was not in an underperforming area.

There were no responses on the call for public comment.

Chair Horan Closed public hearing. He stated the two separate properties were considered differently, but the evidence was similar. He said the Assessor's Office did a good job establishing the valuation.

With regard to Parcel No. 037-030-71, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Member Ainsworth, which motion duly carried, it was ordered that the taxable improvement value be reduced to \$8,452,321 and the taxable land value be upheld, resulting in a total taxable value of \$13,692,061 for tax year 2018-19. The reduction was based on Assessor's adjusted appraisal. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

18-146E CONSOLIDATION AND DISCUSSION – PARCEL NOS. 038-341-22 AND 038 –341-24 ELLIOTT, EUGENE V AND BRADLEY FAMILY TRUST, THOMAS R – HEARING NOS. 18-0029 AND 18-0030.

Appraiser Pete Kinne requested Parcel Nos. 038-341-22 and 038-341-24, Hearing Nos. 18-0029 and 18-0030 be consolidated and heard as one hearing.

On motion by Member Ainsworth, seconded by Member Lazzarone, which was duty carried, it was ordered to consolidate Parcel Nos. 038-341-22 and 038-341-24, Hearing Nos. 18-0029 and 18-0030.

PARCEL NO. 038-341-22 – EUGENE V. ELLIOTT – HEARING NO. 18-0029

A Petition for Review of Assessed Valuation was received protesting the 2018-19 taxable valuation on land and improvements located at 10 Zane Grey Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter detailing flooding on parcel, 2 pages.

Exhibit B: Photos of property and flooding, 20 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 10 pages.

On behalf of the Petitioner, Eugene V. Elliott was sworn in by Chief Deputy County Clerk Jan Galassini.

On behalf of the Assessor and having been previously sworn, Pete Kinne, Appraiser, oriented the Board as to the location of the subject property and provided additional evidence to the Clerk, which was marked as Assessor's Exhibit II.

PARCEL NO. 038-341-24 – BRADLEY FAMILY TRUST, THOMAS R – HEARING NO. 18-0030

A Petition for Review of Assessed Valuation was received protesting the 2018-19 taxable valuation on land and improvements located at 15 Zane Grey Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Landscaping bid and photos, 11 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 9 pages.

Exhibit II: Maps, 2 pages.

On behalf of the Petitioner, Thomas Bradley was sworn in by Chief Deputy County Clerk Jan Galassini.

On behalf of the Assessor and having been previously sworn, Pete Kinne, Appraiser, oriented the Board as to the location of the subject property and provided additional evidence to the Clerk, which was marked as Assessor's Exhibit II.

Mr. Bradley stated during the previous year, flooding occurred on both properties and each Appellant received a 20 percent reduction on land value and a 20 percent reduction on improvement value. He said he was seeking to receive an additional 10 percent for the 2018-19 tax year due to damage to the properties. He mentioned he had professional landscapers inspect the properties to determine whether water could be

diverted a different direction or if there was a process to eliminate the flooding. He was informed the damage was too extensive and would require an architectural landscaper and a civil engineer to resolve the flooding issues. He reviewed Petitioners Exhibit A and explained a barn was built on the neighbor's property without a permit. He indicated a 4-inch drainage pipe was situated west of the barn and water drained from the neighboring property onto his and Mr. Elliott's properties. He stated sandbags were placed on Mr. Elliott's property to prevent the garage from flooding. He referred to page 3 of Petitioner's Exhibit A and displayed photos of sand and water flowing onto his property from the parcel located above his land.

Chair Horan asked if the fence in the photo was a common fence. Mr. Bradley replied the fence belonged to the neighbor, but it was on his property.

Mr. Elliott stated the fence should have been 2-inches inside the neighbor's property line and he was having the property line resurveyed.

Mr. Bradley continued reviewing the photos included in evidence. He indicated Appraiser Kinne stated the Building Department informed him the issues had been resolved. He stated the photos from November proved the issues had not been resolved because an average sized storm created flooding on his and Mr. Elliott's properties. He requested an additional 10 percent reduction to his land and improvement values until the issue was resolved.

Mr. Elliott provided additional evidence to the Clerk, which was marked as Petitioner's Exhibits A and B. He indicated during the previous spring the neighbor above his property landscaped and the property slanted so water would run onto Mr. Elliott and Mr. Bradley's properties. He reviewed the evidence and explained each photo. He wanted the issues to be resolved.

Appraiser Kinne stated this hearing was not about the value exceeding the full cash value because the values were well supported by comparable sales. He said this appeal, as was the appeal from the previous year, was about the flooding and drainage issues on the subject properties. Appraiser Kinne stated he performed an inspection of the subject properties with his supervisor on January 23rd. The Appellants presented all the flooded areas and issues with the properties. He was informed the main cause of the water run-off was due to the Powning Family property located at 25 Nightowl, which was above the two subject properties. He said the Powning's had constructed a detention basin with creek beds. He indicated the previous year the Board provided a reduction to both parcels due to the issues they had experienced. He stated he retained the land value adjustment and raised the reduction by an additional 10 percent for a total reduction of 30 percent. However, during the previous year the Board also reduced the improvement value by 20 percent. He stated the Assessor's recommendation was to provide adjustments to land value only. He thought there would be an equalization issue if improvement values were adjusted. He referred to the flooding in Lemmon Valley and stated adjustments were only made to the land values and not improvement values. He

reiterated any adjustments should be made to the land value only and the improvement values should be upheld.

Chair Horan asked Appraiser Kinne about his recommendation for the reduction of land value. Mr. Kinne recommended a total reduction to the land value of 30 percent and no reduction to the improvement value.

Member Ainsworth explained the previous year's reduction was allowed to the improvement value due to the lack of access to Mr. Elliott's classic cars in his garage.

Mr. Bradley indicated the Powning's property was not the only direction the flooding came from. He said he was unable to purchase flood insurance because his property was not listed as being in a flood plain. He was concerned if he sold his property he would be required to disclose the flooding issues, which would decrease the value and affect the sale price tremendously.

Chair Horan agreed there were disclosure issues.

Member Lazzarone thought the neighbors were making the flooding issues worse than they should be.

Mr. Bradley indicated if he and Mr. Elliott had done their landscaping the previous year, it would have been destroyed in November by the floodwater.

Chair Horan asked Legal Counsel about the subject owners options regarding the neighbors activity.

Deputy District Attorney Jennifer Gustafson said she did not have an answer to that because she did not represent the Building Department.

Chair Horan asked Appraiser Kinne for clarification of the Assessor's recommendation.

Appraiser Kinne replied the Assessor's recommendation was to apply a 30 percent reduction to the land value. He stated for Mr. Elliott's property the total taxable value for 2018-19 was \$215,734 and with the recommended reduction, the adjusted value would be \$192,334.

There were no responses on the call for public comment.

Chair Horan closed the public hearing.

Member Ainsworth said he was inclined to go along with Assessor's recommendation.

Member Lazzarone indicated there was the potential for flooding to create damage to the improvements. She questioned the process to determine the reduction of the land value.

Chair Horan reopened the public hearing.

In response to the question by Member Lazzarone, Appraiser Kinne replied the adjustment was subjective; however, he reviewed the issues and reductions the Board approved the previous year and recommended a 30 percent downward adjustment. He indicated it was not normal to adjust this high for comparable properties.

Senior Appraiser Gail Vice said there were impacts to the properties due to flooding issues. She stated Appraiser Kinne provided information included in Assessor's Exhibit I and indicated after the recommended adjustments the taxable value was about half of market value.

Member Larmore asked about the average reduction in the Lemmon Valley area.

Appraiser Kinne indicated Lemmon Valley properties completely submerged with water received up to a 50 percent downward adjustment.

Chair Horan closed the public hearing.

Chair Horan said it was difficult to equalize across the County. He thought determining whether the improvement values were impacted was a challenge. He stated his opinion was the damage would affect the sale price of the property. He said if the reduction for the improvement value was removed, he would entertain a higher downward adjustment to the land value.

Chair Horan indicated the issue would be reconsidered the following year.

With regard to Parcel No. 038-341-22, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Member Richards, which motion duly carried, it was ordered that the taxable land value be reduced to \$58,500 and the taxable improvement value be upheld, resulting in a total taxable value of \$184,534 for tax year 2018-19. The reduction was based on 40 percent. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

With regard to Parcel No. 038-341-24, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Member Ainsworth, which motion duly carried, it was ordered that the taxable land value be reduced to \$46,800 and the taxable improvement value be upheld, resulting in a total taxable value of \$166,430

for tax year 2018-19. The reduction was based on 40 percent. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

18-147E BOARD MEMBER COMMENTS

Chair Horan said it was a tremendous season. He recognized the Assessor's Office who continued to do an outstanding job working with appellants. He said Assessor Michael Clark and his team, all the assessors that presented, Chief Property Appraiser Rigo Lopez and Chief Deputy Assessor Cori Burke did a great job. He commended Assessment Services Coordinator Lora Zimmer for a great job with the agendas and for making sure they were understandable. He noted from the administrative side, County Clerk Nancy Parent and her group did an outstanding job by making the process smoother and kept the data flowing. He said it was a lot of work to get the agendas and packets completed and over the years they continued to make it easier on the Board. He thanked Ms. Parents' staff Administrative Clerk – County Commission Catherine Smith, Deputy Clerk – County Commissioners Doni Gassaway, Deputy Clerk – County Commissioners Derek Sonderfan, and Department Programmer Analyst Jonathan Lujan who kept the computers working. He thanked Ms. Parent and her Chief Deputy Clerk Jan Galassini. He expressed appreciation to Deputy District Attorney Jennifer Gustafson for all her legal support. He thanked the Board for its support including new Member Jim Richards and new Alternate Member Jamie Krahn. He appreciated all the contributions from the Board Members.

Member Lazzarone echoed Chair Horan's praise to the Assessor's Office, the administration staff and fellow Board Members. She appreciated the hard work to ensure the Board had clear and understandable information.

Member Ainsworth agreed with everything said by the other Members and said Chair Horan made the process smooth by asking many questions. He thanked the staff for all their help.

Ms. Galassini said she was speaking on behalf of Ms. Parent and stated they appreciated the Assessor's staff. She noted the number of hearings and petitions had decreased because of the hard work done to settle issues before the hearings came before the Board. She appreciated the completeness of the evidence packets and staff working together. The Assessor's staff and Clerk's staff had become a well-oiled machine by working together. She said she appreciated the Board's time, effort and energy that was put into the hearings. She thanked Deputy District Attorneys Jennifer Gustafson and Michael Large for their legal support.

Mr. Lopez echoed Ms. Galassini's sentiments about the staff. He said it truly was a team effort and his staff strived for equalization. He thanked the appraisers for reaching out to the property owners to ensure they had a comprehensive understanding about the values and how they arrived at the values. He thanked the Board for doing a fabulous job with the hearings and he appreciated all the questions they asked. He noted

Ms. Burke and Mr. Clark could not be present, but expressed their appreciation. He thanked Ms. Gustafson for all the guidance she provided. He commended the Clerk's Office staff for the hard work to ensure all evidence was presented properly and for working with the Assessor's staff so well. He thanked the Information Technology staff for their assistance with set up and support.

18-148E PUBLIC COMMENT

There were no responses on the call for public comment.

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10:58 a.m. There being no further hearings or business to come before the Board the meeting was adjourned.

PHILIP HORAN, Chair
Washoe County Board of Equalization

ATTEST:

NANCY PARENT, County Clerk
and Clerk of the Washoe County
Board of Equalization

*Minutes prepared by
Doni Gassaway, Deputy Clerk*