

CITY OF LADYSMITH
MINUTES OF THE 2017 BOARD OF REVIEW
June 1, 2017 10:00 am LADYSMITH COUNCIL CHAMBERS

Present: Mayor M. Reynolds, B. Stoneberg, M. Hraban, A. Hraban. S. Kavanagh, K. Gorsegner, Assessor Barrett Brenner and Allen Kenyon.

The 2017 Board of Review was reconvened into session by Chair M. Hraban at 10:00 a.m. All members were in attendance with the exception of Ron Moore; Al Hraban attended in Mr. Moore's absence. A quorum was present.

Hearing on Objection to Real Property Assessment filed by Walmart. Clerk Kavanagh introduced the case to the Board of Review of Walmart Business Real Estate Trust (Parcel #246-03659-0010). The Objection filed by Walmart is requesting that the assessed value of \$8,900,300 be reduced to \$5,669,125 based on \$55/sq ft.

Clerk Kavanagh swore in the witnesses Lane Thor, authorized rep for Walmart and Barrett Brenner, Ladysmith Assessor, who would be testifying before the Board of Review.

Chairman, M. Hraban, reviewed the hearing procedures and then asked the Walmart representative, Mr. Thor, to present his case. A handout was distributed with comparable properties and their level of assessment along with sale information of a former Sam's Club building sold in Milwaukee on 3/1/2017; the building was built in 1991. This particular building was assessed at \$5,477,000 and sold for \$2,882,000.

Mr. Thor explained to the Board that based upon the recent sale of the old Sam's Club building that Walmart believes the assessed value of the Ladysmith Walmart built in 2007 should be assessed for somewhere between \$40-\$50 sq. ft. His testimony included that it is very difficult to sell these large vacant buildings because big box retailers have specific needs and tend to build new instead of try to make an existing building work. As a result, when these vacant big box stores do sell, they are sold for a reduced price (somewhere in the neighborhood of \$30-\$40 sq. ft.)

Assessor Brenner inquired whether the sale of the Sam's Club that Walmart is offering as evidence was an operating store. Mr. Lane answered "no, it was a vacant building". It was stated that the life span of a big box store is somewhere between 25-30 years. When Mr. Lane was asked if a recent appraisal has been done on this Walmart store, Mr. Lane answered "no". When Mr. Lane was asked what Walmart paid for the property back in 2007, Mr. Lane did not have that information. When Mr. Lane was asked what the cost of construction was to put in the store, Mr. Lane was not able to provide that information either.

Assessor Brenner explained to the board that there are three possible methods to assess commercial property. The "income approach" is used when a retailer leases the property. Since Walmart is the owner, this approach cannot be used. Another assessment method is the "comparable sales approach" but the comparable sale that has been presented today, isn't a good comparable because it is a vacant building built in 1991. The Ladysmith Walmart is not a vacant building; it is an operating business and that does make it more valuable. Mr. Brenner explained that there are no relevant comparable sales regionally to consider. The third method that can be used is the "cost approach" and in this case, this is the method being used to assess the Walmart commercial property.

Mr. Brenner passed out the 2016 Walmart Property Record for the Board to review. He explained how commercial properties are assessed, as well as the driveway/asphalt and building construction. The property was assessed in 2008 for \$8,900,300 and the assessed value has remained the same since 2008.

After hearing testimony from both the Walmart representative and the Assessor Brenner, Chairman Hraban closed the testimony portion of the hearing and asked the board to begin the deliberations. Clerk Kavanagh stated that when the comparable sales approach is used, it is necessary to determine if it was an “arm’s length transaction” meaning there is no distress or forced sale. In the case of sales of big box stores, it was presented at the hearing that these big box stores are difficult to sell because retailers that need large buildings are tending to build new to their specifications. The comparable sales that were provided to the board all seem to fit in the category of a “distressed sale”; in order to sell these large vacant buildings, the seller is forced to sell low in order to move them.

Mayor Reynolds stated that in looking at the “comparable assessment” information that was presented by Walmart, there were at least two properties (former Shopko in Lake Hallie built in 1981 and vacant Home Depot in Wausau) that should be disregarded due to the age of the buildings and that both buildings were vacant. If you look at the remaining properties, the Ladysmith Walmart assessed value is less than the Walmart store in Rib Mountain and very comparable to the Sam’s Club also in Rib Mountain.

A motion to affirm the assessment was made by Mayor Marty Reynolds, that by exercising its judgment and discretion, pursuant to Sec. 70.47(9)(a) of the Wis. Statutes, the Board of Review, by majority and vote hereby determines that the Assessor’s valuation is correct, motion seconded by Bonnie Stoneberg. Unanimous vote in favor of motion. Motion carried.

Motion by Clerk Kavanagh to adjourn the Board of Review session at 11:26 am, seconded by Al Hraban. Motion carried by unanimous vote.

Respectfully submitted: _____
Shari Kavanagh, Clerk of the Board of Review