



MEMORANDUM

Date: March 14, 2018

To: The Honorable Bill Staples
Pima County Assessor

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to be "CHH", is written over the printed name "C.H. Huckelberry".

Re: **March 7, 2018 Memorandum from Supervisor Ramón Valadez Regarding Appraisal Issues**

Please see the attached March 7, 2018 memorandum from Supervisor Ramón Valadez. Supervisor Valadez raises a number of questions I believe are better answered by your office. Therefore, I have forwarded Supervisor Valadez's inquiry.

I would appreciate your response to the questions.

CHH/anc

Attachment

c: The Honorable Ramón Valadez, Vice Chair, District 2 Member, Pima County Board of Supervisors
Julie Castañeda, Clerk of the Board of Supervisors



MEMORANDUM

DATE: March 7, 2018
TO: C.H. Huckelberry, County Administrator
FROM: Ramón Valadez, County Supervisor, District 2
SUBJECT: Informational Request and Concerns on Appraisal Issues



Over the past several months, we have learned about the increase in the appeals filed by the County Assessor in tax court on commercial properties. While I appreciate the fact that he came to our board meeting to discuss the need for additional outside legal counsel funds, I need more information before I am able to make a sound fact based decision on the matter:

1. It is my understanding that prior to 2017; the County Assessor usually files about five lawsuits per year. As of today, that number has increase to as many as 45 lawsuits pending. Has there been a change in either ARS or in policy that has necessitated this change in legal strategy?
2. When looking at the overall cost benefit analysis, including but not limited to, legal and attorney's fees as well as settlements, has this strategy been advantageous to the taxpayers of Pima County or detrimental?
3. Change in methodology in favor of income approach:
 - a. Is there a rationale for this change in methodology? What is it?
 - b. Is the County Assessor's office using this methodology for all properties? If not, what were the selection criteria for the usage of this valuation methodology?
 - c. Income approach requires that the appraiser know the Cap Rate and Net Operating Income (NOI) to calculate the value. This means they need to project out the NOI. In other words, occupancy rates, two years out from the date of the valuation. What methodology is being used to project occupancy rates two years in the future?
4. Under state law, even if the full cash value of the property is increased, the impact of the limited cash value upon which it is taxed can only increase 5% annually. Therefore, in the broader scope, what impact will the new methodology really have?