

**Wednesday, December 16, 2020**

The Board met at 10:09 a.m., via teleconference (Governor's Exec. Order No. N 29-20 (March 17, 2020)), with Mr. Vazquez, Chairman, Mr. Schaefer, Vice Chair, Mr. Gaines, Ms. Cohen and Ms. Yee present.

### **PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mr. Vazquez.

### **ANNOUNCEMENTS**

Mr. Vazquez provided guidelines for teleconference Member participation. Catherine P. Taylor, Chief, Board Proceedings and Support Services Division, provided guidelines for teleconference invited speakers and public participation.

### **PROPERTY TAX HEARINGS**

#### **Petition for Reassessment of Nonunitary Value**

GATX Corporation (0503), 1064217

2020, \$8,147,272.00 Nonunitary Value

For Petitioner:

Joseph Calvanico, Appraiser

Robert Federico, Representative

For Property Tax Department:

Richard Moon, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether GATX Corporation (GATX or Petitioner) has shown that the State-Assessed Properties Division (SAPD or Respondent) erred in calculating the Reproduction Cost New (ReproCN) and depreciation within respondent's Reproduction Cost Less Depreciation (ReproCLD) Value Indicator.

Whether petitioner has shown that respondent failed to account for all obsolescence in petitioner's 2020 Board-adopted value.

Whether petitioner has shown that respondent overstated asset costs reported in petitioner's 2020 Property Statement causing an overassessment.

Action: Upon motion of Ms. Yee, seconded by Mr. Schaefer and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board ordered that the value be reduced to \$7,463,433.00 as recommended by the Appeals Attorney.

The Board recessed at 11:13 a.m. and reconvened at 11:19 a.m. with Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee present.

#### **Petition for Reassessment of Unitary Value**

Ms. Cohen stated that she would not participate in the matter of *Southern California Edison Company (0148), 1064117*, and left the teleconference.

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Southern California Edison Company (0148), 1064117  
2020, \$29,802,900,000.00 Unitary Value

For Petitioner:

Mardiros H. Dakessian, Attorney  
Andrea Wood, Taxpayer  
Karl Matthews, Taxpayer  
David Lee, Taxpayer  
Kevin Alvarado, Accountant  
Greg Manos, Accountant  
Cornelia Lyons, Accountant  
Jason Chao, Accountant

For Property Tax Department:

Richard Moon, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether petitioner has shown that respondent erred in placing 75 percent reliance on the Historical Cost Less Depreciation (HCLD) value indicator and 25 percent reliance on the Capitalized Earning Ability (CEA) indicator of value.

Whether petitioner has shown that respondent must adjust the Board-adopted value for SCE's \$4.5 billion accrual for liabilities for the 2017/2018 wildfires and mudslides.

Whether petitioner has shown that respondent improperly assessed \$400 million of wildfire mitigation capital expenditures.

Whether petitioner has shown that respondent erred in its treatment of wildfire insurance fund related contributions.

Whether petitioner has shown that respondent failed to properly allow \$23 million in self-insured retention Expenses.

Whether petitioner has shown that respondent failed to account for all obsolescence within the HCLD value indicator, after respondent's application of the equity risk premium.

Petitioner's Exhibit: PowerPoint Presentation ([Exhibit 12.1](#))

The Board recessed at 12:29 p.m. and reconvened at 1:05 p.m. with Mr. Vazquez, Mr. Schaefer, Mr. Gaines and Ms. Yee present.

Catherine P. Taylor, Chief Board Proceedings and Support Services Division, read into the record written comments from the following individual.

Anonymous ([Exhibit 12.2](#))

Action: Upon motion of Ms. Yee, seconded by Mr. Schaefer and duly carried, Mr. Vazquez, Mr. Schaefer and Ms. Yee voting yes, Mr. Gaines voting no, Ms. Cohen absent, the Board ordered that the value be reduced to \$28,485,345,150.00 as recommended by the Appeals Attorney.

Exhibits to these minutes are incorporated by reference.

Ms. Cohen returned to the teleconference.

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**PROPERTY TAX MATTERS, CONSENT**

With respect to the Property Tax Matters, Consent Agenda, upon a single motion of Ms. Yee, seconded by Mr. Vazquez and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board made the following orders:

**Petitions for Reassessment of Unitary Value**

Los Esteros Critical Energy Facility, LLC (1143) 1064130  
2020, \$232,100,000.00 Unitary Value

Action: Reduce the 2020 unitary value to \$220,000,000.00 as recommended by staff.

CenturyLink Communications, LLC (2463), 1064120  
2020, \$873,000,000.00 Unitary Value

Action: Reduce the 2020 unitary value to \$820,950,090.00 as recommended by staff.

**LEGAL APPEALS PROPERTY TAX MATTERS, ADJUDICATORY****Petitions for Reassessment of Unitary Value**

Crown Castle Fiber, LLC (8169), 1064121  
2020, \$748,100,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion  
Contribution Disclosures pursuant to Government Code section 15626: None were disclosed. The Members noted that their records disclosed no contributions from this taxpayer, their agent, or participants.

Action: Upon motion of Ms. Yee, seconded by Mr. Vazquez and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board ordered that the petition be granted in part and the value be reduced to \$700,305,609.00 as recommended by the Appeals Attorney.

Sunrise Power Company, LLC (1137), 1064112  
2020, \$189,400,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion  
Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.  
Action: Upon motion of Mr. Gaines, seconded by Ms. Yee and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board ordered that the petition be denied as recommended by the Appeals Attorney.

Delta Energy Center, LLC (1128), 1064131  
2020, \$140,000,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion  
Contribution Disclosures pursuant to Government Code section 15626: No contribution disclosure forms were filed. The Members noted that their records disclosed no contributions from this taxpayer, their agent, or participants.

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Action: Upon motion of Ms. Yee, seconded by Mr. Vazquez and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board ordered that the petition be denied as recommended by the Appeals Attorney.

Otay Mesa Energy Center, LLC (1134), 1064129

2020, \$237,400,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: No contribution disclosure forms were filed. The Members noted that their records disclosed no contributions from this taxpayer, their agent, or participants.

Action: Upon motion of Ms. Yee, seconded by Mr. Vazquez and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board ordered that the petition be denied as recommended by the Appeals Attorney.

Russell City Energy Company, LLC (1151), 1064128

2020, \$381,400,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: No contribution disclosure forms were filed. The Members noted that their records disclosed no contributions from this taxpayer, their agent, or participants.

Action: Upon motion of Ms. Yee, seconded by Mr. Vazquez and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board ordered that the petition be denied as recommended by the Appeals Attorney.

Ms. Yee left the teleconference and Ms. Stowers entered on behalf of Ms. Yee in accordance with Government Code section 7.9.

The Board recessed at 2:07 p.m. and reconvened at 2:18 p.m. with Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers present.

## **CHIEF COUNSEL MATTERS: OTHER CHIEF COUNSEL MATTERS**

### **Organization of the Board**

Henry D. Nanjo, Chief Counsel, made introductory remarks regarding the Organization of the Board and its vote to elect a new Chair and Vice Chair.

Action: Upon motion of Mr. Schaefer, seconded by Mr. Gaines and duly carried, Mr. Vazquez, Mr. Schaefer and Mr. Gaines voting yes, Ms. Cohen voting no, Ms. Stowers not participating, the Board elected Mr. Vazquez as Chair continuing through the end of 2021.

Upon motion of Mr. Vazquez, seconded by Mr. Gaines and duly carried, Mr. Vazquez, Mr. Schaefer and Mr. Gaines voting yes, Ms. Cohen voting no, Ms. Stowers not participating, the Board elected Mr. Schaefer as Vice Chair continuing through the end of 2021.

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**ADMINISTRATIVE SESSION****Administrative Matters, Consent**

With respect to the Administrative Matters, Consent Agenda, upon motion of Mr. Gaines, seconded by Mr. Vazquez and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board made the following order:

Action: Approve the Board Meeting Minutes of October 20-21, 2020 and November 17-18, 2020.

With respect to the Administrative Matters, Consent Agenda, upon motion of Mr. Gaines, seconded by Mr. Vazquez and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board made the following order:

Action: Approve the 2021 revision of Assessors' Handbook Section 531, *Residential Building Costs*, as recommended by staff ([Exhibit 12.3](#)).

With respect to the Administrative Matters, Consent Agenda, upon motion of Mr. Vazquez, seconded by Mr. Gaines and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board made the following order:

Action: Approve the 2021 revision of Assessors' Handbook Section 534, *Rural Building Costs*, as recommended by staff ([Exhibit 12.4](#)).

With respect to the Administrative Matters, Consent Agenda, upon motion of Mr. Vazquez, seconded by Mr. Gaines and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board made the following order:

Action: Approve the 2021 revision of Assessors' Handbook Section 581, *Equipment and Fixtures Index, Percent Good and Valuation Factors*, as recommended by staff ([Exhibit 12.5](#)).

**Property Tax Deputy Director's Report**

David Yeung, Deputy Director, Property Tax Department, provided a report on the status of pending and upcoming projects, activities, and departmental issues.

**Legislative, Research & Statistics Division Chief's Report**

Mark Durham, Chief, Legislative, Research & Statistics Division, provided a review of the agency's 2021 Legislative Proposals for the Board's consideration ([Exhibit 12.6](#)).

Action: Upon motion of Mr. Gaines, seconded by Ms. Stowers and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board approved the legislative proposals to be supported by the Board of Equalization.

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### **BOARD MEMBER REQUESTED MATTERS: NEW MATTERS**

#### **Recommendations for 2021 Board Member Workplan Update and/or Reference Manual Update; BOE Website: Restoring Legacy Documents; Consideration of Placing Letters to Assessors (LTA) on the Board Meeting Agenda Prior to Publication; and, Establishing a BOE Advisory Group (Ms. Cohen)**

Ms. Cohen made introductory remarks regarding direction to the Executive Director to report to the Board on the following matters: Board Member Workplan and/or Reference Manual to build upon the Board meeting effectiveness and efficiency strategies implemented since 2019 ([Exhibit 12.7](#)); administrative and/or statutory and budgetary remedies to ensure that legacy documents, formerly retained on the BOE website, can be made available for rapid electronic access ([Exhibit 12.8](#)); value and feasibility of placing all LTA, including Assessment Practices Surveys, on the Board Meeting Agendas (not including County Assessors Only letters, which provide confidential taxpayer-sensitive information to County Assessors) ([Exhibit 12.9](#)); and, value and feasibility of establishing a BOE Advisory Group to provide insight to the Executive Director and the Board from an external stakeholder perspective on the various programs and operations of the Agency ([Exhibit 12.10](#)).

Speaker: Hon. Don H. Gaekle, President, California Assessors' Association (CAA), and Stanislaus County Assessor

Action: Upon motion of Ms. Stowers, seconded by Mr. Gaines and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board directed the Executive Director to report to the Board on these matters as recommended by Ms. Cohen, in the first quarter of 2021.

#### **Overview of the former BOE Committee Structure and Proposed Committee Structure, Part II (Ms. Cohen)**

Ms. Cohen made introductory remarks regarding development of a structure for Board Members to engage in significant policy discussions without requiring the full use of Agency resources needed for regularly scheduled Board meetings ([Exhibit 12.11](#)).

Action: Upon motion of Ms. Stowers, seconded by Mr. Schaefer and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board directed the Executive Director to report to the Board on this matter as recommended by Ms. Cohen.

### **BOARD MEMBER REQUESTED MATTERS: BOARD MEMBER INITIATIVES**

#### **Bagley-Keene Open Meeting Act 2004 (Mr. Schaefer)**

Mr. Schaefer made introductory remarks regarding the Bagley-Keene Open Meeting Act ([Exhibit 12.12](#)).

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### **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA**

Catherine P. Taylor, Chief Board Proceedings and Support Services Division, read into the record written comments from the following individual.

Pat, Los Angeles County Property Taxpayer ([Exhibit 12.13](#))

### **CLOSING**

Mr. Schaefer made complimentary remarks regarding Cody Petterson, Assistant to the Board Member, BOE District 4, and wished him well in his new position as advisor for environment and planning for newly elected San Diego County Supervisor Terra Lawson-Remer. Members wished Ms. Cohen a happy birthday.

The Board adjourned at 4:09 p.m.

*The foregoing minutes are adopted by the Board on January 15, 2021.*

Note: The following matters were removed from the calendar prior to the meeting: *Property Tax Deputy Director's Report on Proposition 19 Analysis and Implementation Planning; COVID-19 County Boards of Equalization / Assessment Appeals Boards Collaborative Workgroup; Consensus Guidance/Letters to Assessors; and, Proposition 19 Workgroup Stakeholder Meeting.*