

# Central Alberta

Regional Assessment Review Board

**CARB 0263-750/2016**

Complaint ID 750

Roll No. 678015006

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## COMPOSITE ASSESSMENT REVIEW BOARD DECISION

HEARING DATE: November 14, 2016

PRESIDING OFFICER: L. Bonnett

BOARD MEMBER: T. Hansen

BOARD MEMBER: B. Schnell

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BETWEEN:

COSTCO WHOLESALE CORPORATION

Complainant

-and-

RED DEER COUNTY

Respondent

This decision pertains to a property assessment complaint submitted to the Central Alberta Regional Assessment Review Board in respect of a property assessment prepared by an Assessor of Red Deer County as follows:

ROLL NUMBER: 678015006

MUNICIPAL ADDRESS: 162 Leva Avenue

ASSESSMENT AMOUNT: \$21,388,510

The complaint was heard by the Composite Assessment Review Board on the 14<sup>th</sup> day of November, 2016 at Red Deer County, in the province of Alberta.

Appeared on behalf of the Complainant:

- Randall Worthington – Altus Group

Appeared on behalf of the Respondent:

- Brigitte Boomer – Assessment Services Manager
- Karen Burnand – Assessment Services Assessor
- Brad Koopmans – Assessment Services Assessor

**DECISION:** The assessed value of the subject property is confirmed.

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**JURISDICTION**

- [1] The Central Alberta Regional Assessment Review Board [“the Board”] has been established in accordance with section 456 of the *Municipal Government Act*, RSA 2000, c M-26 [“MGA”], and Red Deer County Bylaw No. 2011/29, *Regional Assessment Review Board Bylaw*.

**PROPERTY DESCRIPTION AND BACKGROUND**

- [2] The subject property is located at 162 Leva Avenue within Red Deer County. The property is 13.18 acres in size and is zoned Direct Control District with an Urban Design Plan use of General Commercial District (C-2). This is a fully serviced and improved site with paving, curbing, and lights. Improvements on the subject property include a 141,930 ft<sup>2</sup> rigid frame building constructed in 1995, a gas bar constructed in 2010, and a propane filling station constructed in 2015.
- [3] The Red Deer County assessors (the Respondents) performed the assessment using the Direct Sales Comparable and Cost Approach methodology. The 2016 assessment for the subject property is \$21,388,510.
- [4] Altus Group submitted a complaint to the Regional Assessment Review Board as agent for Costco Wholesale Corporation on July 12, 2016, and checked box #3 on the complaint form, indicating that the complaint regards an assessment amount. Notice of Hearing was sent to both Parties on August 12, 2016.

**PRELIMINARY MATTERS**

- [5] The Chair confirmed that no Board member raised any conflicts of interest with regard to matters or Parties before them.
- [6] Neither Party raised any objection to the Board panel hearing the complaint.
- [7] The Chair established that both Parties were under oath.
- [8] The Complainant and Respondent confirmed that the complaint information before the Board relates to matter #3, an assessment amount.

**Preliminary Issue #1**

- [9] The Complainant raised a preliminary issue regarding an incorrect calculation within their disclosure submission. The Complainant stated that on page 10 of their Evidence Submission, the requested assessed value is noted as \$19,399,100, and on page 20 the requested assessed value is noted as \$16,881,340, both of which are incorrect. The requested assessed value should have included the value of the Gas Bar, which would change the requested assessed value to \$17,796,960. The Complainant stated that this error was initially pointed out by the Respondent, and requested the Board allow the correction of this miscalculation on pages 10 and 20 of the Evidence Submission.
- [10] The Chair confirmed that the Respondent had no objection to correcting the miscalculation of the requested assessed value on pages 10 and 20 to \$17,796,960.

[11] The Chair determined that corrected calculation would be allowed on both pages 10 and 20 of the Complainant's Evidence Submission.

## **Preliminary Issue #2**

[12] The Respondent raised a preliminary issue regarding incorrect calculations within their disclosure submission. The Respondent stated that several calculations needed to be corrected, and requested that the Board allow the Respondent to replace page 10 within their initial disclosure with a page that contained the corrected calculations.

[13] The Board Chair confirmed that the Complainant had no objection to replacing page 10 within the Respondent's disclosure with corrected calculations.

[14] The Board Chair determined that the one page of corrected calculations would be allowed to be entered in as an Exhibit to the merit hearing, and that both Parties could refer to this page throughout the hearing.

[15] The Board confirmed the submissions of the Parties and entered the following Exhibits into the record:

A.1 Hearing Materials with Agenda, Complaint Form, and Notice of Hearing – *Agenda plus 6 pages*

C.1 Complainant Evidence Submission – *49 pages*

C.2 Complainant Legislation and Legal Submission – *54 pages*

R.1 Respondent Submission – *14 pages with the following tabs attached: Tab 1 (2 pages), Tab 2 (28 pages), Tab 3 (2 pages), Tab 4 (2 pages), Tab 5 (6 pages), Tab 6 (45 pages), Tab 7 (7 pages), Tab 8 (6 pages)*

R.2 Respondent Submission – *1 page meant to replace page number 10 within Exhibit R.1*

## **ISSUES**

[16] The Board considered the Parties' positions and determined the following question is to be addressed within this decision:

a) Is the assessed value of the subject property's land assessed in a fair and equitable manner when compared to similar property?

## **POSITION OF THE PARTIES**

### **Position of the Complainant**

[17] The Complainant confirmed that only the subject property's 2016 land valuation is under appeal.

[18] The Complainant submitted that the land valuation of the subject's property was not fairly and equitably calculated as the assessment included site improvements. The Complainant

argued that the site improvements are to be included in the building component of the assessment and not the land component.

- [19] The Complainant provided a table of vacant parcels of land used as sale comparables by size, as follows:

COFT	SALE DATE	SALE PRICE	Prt Of Sec	Sec	Twncshp	RANGE	Mer	Size (Acre)	Status	\$/Acre
142118350	04/25/2014	1,966,500.00	PT	29	37	27	4	5.5	Vacant	\$357,545
152041078001	02/02/2015	2,237,805.00	SE	32	37	27	4	6.26	Vacant	\$357,477

- [20] The Complainant submitted that the two largest parcels of land that sold are the best comparables to the subject property, as they are most similar in size. These comparable sales are as follows:

- 1) A 5.5 acre parcel of land that sold for \$357,545/acre in April, 2014, and
- 2) A 6.26 acre parcel of land that sold for \$357,477/acre in February, 2015.

- [21] In closing, the Complainant requested that the total assessment for the subject property be reduced from \$21,388,510 to \$16,881,340.

### Position of the Respondent

- [22] The Respondent submitted that the subject property is located in the heart of Gasoline Alley and is visible from the Queen Elizabeth II Highway (QEII). The subject property has points of access from both the east and west sides of the parcel.

- [23] The Respondent confirmed that the 2016 assessment values the land at \$630,000/acre, for a total land valuation of \$8,303,400.

- [24] The Respondent argued that the Complainant has only utilized comparables of raw land, which are not comparable to the current status of the subject property.

- [25] The Respondent submitted that the subject property is a fully improved and developed property and must be valued as such.

- [26] The Respondent provided eight comparables. Comparable #1 represents a raw land sale from September of 2013 and is valued at \$800,000/acre. This property is located directly adjacent to the subject property and, since the sale, has been developed and operates as Princess Auto.

- [27] The Respondent stated that for the last three years, site preparation costs average \$352,760/acre in the Gasoline Alley Business Park.

- [28] The Respondent submitted that using the median sale value of \$485,118/acre and the median site preparation costs of \$352,760/acre, the value of the subject property should be \$837,878/acre.

- [29] The Respondent acknowledged that the subject property is larger than the comparables and therefore the value of \$630,000/acre was attributed to the subject property for the land component on the assessment.

[30] In closing, the Respondent requests that the total property assessment be confirmed at \$21,388,510.

### **BOARD FINDINGS and DECISION**

[31] The Board finds that there is no convincing evidence before the Board that the site improvements were considered in the land value and then again in the building component, in other words they were not 'double' counted.

[32] The Board finds that the subject property is fully developed and has site improvements, including paving and lighting. The Board finds that these site improvements have been calculated as part of subject property's assessed land value.

[33] The Board further acknowledges that site improvements (paving, compaction, lighting) must be considered somewhere in the tax assessment and as long as that methodology is being applied consistently and not 'doubled' up then the assessed values are not inequitable.

[34] The Board finds that the assessment for the land component of the subject property is fair and equitable in comparison to similar property.

[35] The Board finds that it is appropriate to include site improvements as part of the land value for assessment purposes and that the Respondent is, and has been, consistent in this approach.

[36] The Board therefore confirms the total assessment of \$21,388,510.

### **DECISION SUMMARY**

[37] The Board finds that the assessed value of the subject property is confirmed.

[38] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 15<sup>th</sup> day of December, 2016 and signed by the Presiding Officer on behalf of all the panel members who agree that the content of this document adequately reflects the hearing, deliberations and decision of the Board.



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Lori Bonnett  
Presiding Officer

*This decision can be appealed to the Court of Queen's Bench on a question of law or jurisdiction. If you wish to appeal this decision you must follow the procedure found in section 470 of the MGA which requires an application for leave to appeal to be filed and served within 30 days of being notified of the decision. Additional information may also be found at [www.albertacourts.ab.ca](http://www.albertacourts.ab.ca).*

**APPENDIX**

Documents presented at the Hearing and considered by the Board.

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<u>NO.</u>	<u>ITEM</u>
A.1	Hearing Materials with Agenda, Complaint Form, and Notice of Hearing – <i>Agenda plus 6 pages</i>
C.1	Complainant Evidence Submission – <i>49 pages</i>
C.2	Complainant Legislation and Legal Submission – <i>54 pages</i>
R.1	Respondent Submission – <i>14 pages with the following tabs attached: Tab 1 (2 pages), Tab 2 (28 pages), Tab 3 (2 pages), Tab 4 (2 pages), Tab 5 (6 pages), Tab 6 (45 pages), Tab 7 (7 pages), Tab 8 (6 pages)</i>
R.2	Respondent Submission – <i>1 page meant to replace page number 10 within Exhibit R.1</i>