



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
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NOTICE OF DECISION NO. 0098 104/10

Altus Group Ltd.
17327 106A Avenue
Edmonton AB T5S 1M7

The City of Edmonton
Assessment and Taxation Branch
600 Chancery Hall
3 Sir Winston Churchill Square
Edmonton AB T5J 2C3

This is a decision of the Composite Assessment Review Board (CARB) from a hearing held on July 12, 2010 respecting a complaint for:

Roll Number 3587185	Municipal Address 1 Thornton Court NW	Legal Description Plan: 5474MC Lot: A, B & C
Assessed Value \$20,590,000	Assessment Type Annual - New	Assessment Notice for: 2010

Before:

Dave Thomas, Presiding Officer
Jack Jones, Board Member
Judy Shewchuk, Board Member

Board Officer:

Segun Kaffo

Persons Appearing: Complainant

Doug Betker, Altus Group

Persons Appearing: Respondent

Chris Hodgson, Assessor
Cameron Ashmore, Law Branch

PROCEDURAL MATTERS

1) Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

2) The Respondent requested and the Complainant agreed that all witness testimony be taken under oath.

3) The Complainant requested that rebuttal evidence be allowed to be presented to the Board for review and consideration. The Respondent argued that the rebuttal evidence in question was in fact new evidence not rebuttal and should not be considered by the Board. After considering the rebuttal evidence package and the arguments from both parties the Board determined that the evidence was in fact new evidence and the decision of the Board was not to accept or consider it.

ISSUES

- 1) Does the stabilized weighting utilized by the City of Edmonton of the past three years income and expense statements reflect market conditions as of the valuation date ?
- 2) Should the parking revenues and expenses be included in the 2010 assessment ?
- 3) Should credit card commissions be included in the administration and general expenses ?
- 4) Should two additional roll numbers #10043146 and #10043148 be subtracted from the subject property value because they form part of the subject property ?

LEGISLATION

The Municipal Government Act, R.S.A. 2000, c. M-26;

S.467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.

S.467(3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

- a) the valuation and other standards set out in the regulations,*
- b) the procedures set out in the regulations, and*
- c) the assessments of similar property or businesses in the same municipality.*

POSITION OF THE COMPLAINANT

The Complainant attended the hearing and presented evidence (C-1) and argument for the Board's review and consideration. The subject property is known as the Marriott Courtyard Hotel.

- 1) With regard to the issue of the stabilized weighted income the Complainant argued that the City of Edmonton weighting of 10% for 2006, 20% for 2007 and 70% for 2008 was inequitable and placed too great an emphasis on a high income year heading into a declining economy. The Complainant requested that the weighting be revised to 30%-40%-30% for the applicable years in order to more accurately reflect the market conditions over the three year period heading into the valuation year.
- 2) With regard to the issue of parking revenues and expenses the Complainant did not provide any information to support this issue and requested the Board not consider it.

- 3) With regard to the issue of credit card commissions the Complainant referenced the “Uniform system of Accounts for the Lodging Industry” (C-1, page 47) which indicates that credit card commissions should be included with Administrative and General Expenses.
- 4) With regard to the issue of the two additional roll numbers the Complainant requested the Board not consider it.

POSITION OF THE RESPONDENT

The Respondent attended the hearing and presented evidence (R-1) and argument for the Board’s review and consideration.

- 1) With regard to the issue of the stabilized weighted income the Respondent argued that all hotels in the City of Edmonton are assessed utilizing the same weighted system and that this methodology is applied in a consistent manner in order to adhere to mass appraisal legislation. The Respondent referenced the “Hotel/Motel Valuation Guide” (R-1, page 83) which indicates “if a hotel/motel is performing on a stable basis, the assessor will place more weight on the current trailing year’s performance up to the date of assessment as it is likely to be indicative of a stabilized net operating income stream in current dollars” thus justifying the 70% weighting applied to the 2008 financial data for the July 1, 2009 valuation date.
- 2) With regard to the issue of parking revenues and expenses the Respondent did provide evidence within R-1. However, since the Complainant had requested the issue not be considered by the Board the evidence was not reviewed.
- 3) With regard to the issue of credit card commissions the Respondent had accepted the Complainants argument and made a recommendation to revise the 2010 assessment to \$20,520,500 (R-1, page 169).
- 4) With regard to the issue of the two additional roll numbers the Respondent did provide evidence within R-1. however since the Complainant had requested the issue not be considered by the Board the evidence was not reviewed.
- 5) The Respondent noted that the original complaint form listed 14 issues as grounds for appealing the 2010 assessment of which only four were brought forward to the actual hearing. The Respondent indicated that considerable time and expense is incurred to prepare for the “dropped” issues and that the Respondent may seek costs at a future date within the legislated guidelines.

DECISION

The decision of the Board is to confirm the recommended revised 2010 assessment of \$20,520,500 as fair and equitable.

REASONS FOR THE DECISION

1. a) With regard to the issue of the methodology applied to the stabilized weighted income the Board placed greatest weight on the evidence and argument provided by the Respondent. The Respondent's approach of utilizing a 10%-20%-70% weighting has been consistent over the past few years and is applied to all hotel properties in a fair and equitable manner. While the 70% weighting on the most recent year will have a significant impact heading into a declining economy it will tend to balance over time. The Hotel/Motel valuation guide supports placing the most weight on the most recent years performance for a hotel performing on a stable basis which would apply to the subject property.

b) The Complainant's request to revise the weighting to 30%-40%-30% was primarily a matter of opinion and not supported by the evidence presented to the Board.
2. With regard to parking revenues and expenses, as requested by the Complainant, the Board did not consider this issue.
3. With regard to the issue of credit card commissions the Board accepted the Complainant's evidence (C-1, page 47) and argument that these commissions should be included as expenses. The Board also accepts the Respondent's recommendation to revise the 2010 assessment to account for these expenses.
4. With regard to the two additional roll numbers, as requested by the Complainant, the Board did not consider this issue.

DISSENTING OPINION AND REASONS

There were no dissenting opinions.

Dated this 9TH day of August, 2010 A.D. at the City of Edmonton, in the Province of Alberta.

Presiding Officer

CC: Municipal Government Board
Edmonton CY GP Inc