

**NOTICE OF DECISION      NO. 0098 176/12**

AEC INTERNATIONAL INC.  
1120, 10201 SOUTHPORT RD SW  
CALGARY, AB T2W 4X9

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 August 15, 2012, respecting a complaint for:

<b>Roll Number</b>	<b>Municipal Address</b>	<b>Legal Description</b>	<b>Assessed Value</b>	<b>Assessment Type</b>	<b>Assessment Notice for:</b>
9987066	6111 104 STREET NW	Plan: 0120197 Block: 79A Lot: 11A	\$4,222,000	Annual New	2012
9987065	6103 104 STREET NW	Plan: 0120197 Block: 79A Lot: 10A	\$1,801,000	Annual New	2012

*This decision may be appealed to the Court of Queen's Bench on a question of law or jurisdiction, pursuant to Section 470(1) of the Municipal Government Act, RSA 2000, c M-26.*

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cc: PASUTTO'S HOTELS (1984) LTD.

## **Edmonton Composite Assessment Review Board**

**Citation: AEC INTERNATIONAL INC. v The City of Edmonton, ECARB 2012-000262**

**Assessment Roll Number:** 9987066

**Municipal Address:** 6111 104 STREET NW

**Assessment Year:** 2012

**Assessment Type:** Annual New

Between:

**AEC INTERNATIONAL INC.**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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**DECISION OF**  
**Warren Garten, Presiding Officer**  
**Darryl Menzak, Board Member**  
**Judy Shewchuk, Board Member**

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### **Preliminary Matters**

[1] Both parties agreed to consolidate and hear roll numbers 9987065 and 9987066 together.

### **Background**

[2] Roll number 9987066 is a nightclub built in 1995 located on Calgary Trail North. The property has a total gross area of 2,320 square meters on a lot size of 3,851 square meters with 50% site coverage. Roll number 9987065 is a paved parking lot directly in front and abutting the nightclub and is used as parking by the nightclub.

### **Issue(s)**

[3] Is the assessment of the subject property correct, fair and equitable?

### **Legislation**

[4] The Municipal Government Act reads:

***Municipal Government Act, RSA 2000, c M-26***

s 1(1)(n) “market value” means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

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**

[5] The complainant presented the board with a 129-page (C-1) brief to support a request for a reduction in the assessment value of the subject property.

[6] The Complainant argued that the Respondent's assessment of the subject property using two different approaches – the night club on income and the parking lot on direct sales – is erroneous.

[7] The Complainant submitted that the nightclub requires the parking lot for its operations, and would typically sell with the parking lot, or sell at a heavy discount if sold without parking.

[8] The Complainant provided a chart of three equity comparables to support his position that the subject's assessment is inequitable.

[9] As well, the Complainant argued that the sale of the subject property for \$5,000,000 on November 4, 2009 is a strong indicator that it is assessed in excess of market value,

[10] The Complainant suggested that the subject property's assessment should be derived by applying a land value to the parking lot using the income approach, and then applying the residual value to the nightclub including the land on which it sits.

[11] Based on the above approach, the Complainant requested the Board to reduce the overall assessment of the subject property to \$4,617,000 apportioned in either of two ways follows:

<b>Roll number</b>	<b>Requested value</b>	<b>Alternate request</b>
9987065	\$1,211,000	\$1,801,000
9987066	<u>\$3,406,000</u>	<u>\$2,816,000</u>
	\$4,617,000	\$4,617,000

### **Position of the Respondent**

[12] The Respondent conceded that in previous and similar cases, properties such as the subject property would sell as one package, even though they are individual properties.

[13] The Respondent noted that in other similar cases the practice has been to value the land and the building (improvement) individually, and then combine both values to arrive at the assessment.

[14] The Respondent agreed that in light of the Complainant's submissions, it is appropriate to reduce the assessment of the subject property. Accordingly, the Respondent made a recommendation to the Board to reduce the assessment to \$4,917,000 apportioned as follows:

9987065 (Land value)	\$1,801,000
9987066 (Improvement value)	\$3,116,000

### **Decision of the Board**

[15] The Board accepts the recommendation of the Respondent and confirms the assessment for roll number 9987065 at \$1,801,000.

[16] The Board accepts the recommendation of the Respondent and reduces the assessment for roll number 9987066 to \$3,116,000.

### **Reasons for the Decision**

[17] The Board accepts the recommendation of the Respondent to reduce the 2012 assessment of the subject property to a combined assessment value of \$4,917,000.

[18] The Board notes that the Complainant accepts the recommendation of the Respondent.

### **Dissenting Opinion**

[19] There was no dissenting opinion.

Heard commencing August 13, 2012.

Dated this 29<sup>th</sup> day of August, 2012, at the City of Edmonton, Alberta.

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Warren Garten, Presiding Officer

### **Appearances:**

Brock Ryan  
for the Complainant

Chris Rumsey  
Ryan Heit  
for the Respondent