

**ROCKY VIEW COUNTY  
COMPOSITE ASSESSMENT REVIEW BOARD (CARB)  
DECISION**

In the matter of a complaint against the property assessment as provided by the *Municipal Government Act*, RSA 2000, Chapter M-26.

**Between:**

**Costco Wholesale Canada Ltd. (as represented by Altus Group Limited)  
(Complainant)**

**And:**

**Rocky View County  
(Respondent)**

**Before:**

<b>R Irwin</b>	<b>Presiding Officer</b>
<b>G. Kaufmann</b>	<b>Member</b>
<b>D. Berezowski</b>	<b>Member</b>
<b>W. Kelly</b>	<b>Clerk</b>

This is a complaint to the Rocky View County Assessment Review Board in respect of a property assessment prepared by the Assessor of the County and entered into the 2013 Property Assessment Roll as follows:

**Roll Number: 06409003**  
**Legal Description: Plan 0912138 Block 4, Lot 3**

**Municipal Address: 300 261200 Crossiron Blvd Rocky View County AB.**  
**Address change: 293020 Crossiron Common Rocky View County AB.**

**Assessment: \$18,594,600**  
**Initial Preliminary Requested Amount: \$16,380,000**  
**Alternate Request presented at hearing: \$16,454,800**

The complaint was heard on the 12<sup>th</sup> and the 29<sup>th</sup> day of August, 2013, in Rocky View County Council Chambers located at Calgary Alberta.

Appeared on behalf of the Complainant:

A. Izard, Agent – Altus Group Limited

Appeared on behalf of the Respondent:

J. Myers, Senior Assessor - Rocky View County  
S. Archibald, Assessor - Rocky View County

**Procedural Matters:**

The parties had no objection to the composition of the tribunal.

**Property Description:**

The property that is the subject of this appeal is an assessable 15.56 acre site zoned as Direct Control 109. The improvements consist of 2 structures: a 140,275 sq ft rigid frame metal warehouse operated as a Costco retail store and a separate Costco Gas Bar reported as having 1.0 sq. ft. of rentable area.

**Preliminary Issue:**

At the hearing the Complainant raised a preliminary issue with regards to information exchange relating to Section 299 and 300 of the MGA.

**Complainant's Position on the Preliminary Issue:**

The Complainant requested the CARB to remove a list of pages from the Respondent's evidence.

The Complainant believed that the municipality did not comply with MGA 299, MGA 300 and MRAC 9(4). It was proposed that the information exchanged did not comply with the disclosure of evidence timelines outlined in the legislation and therefore should not be allowed as evidence.

**Respondent's Position on the Preliminary Issue :**

The Respondent told the CARB that this was the first they had heard of this concern and asserted that all documentation used to prepare the assessment had been supplied in accordance with MGA 299 and 300 and MRAC 9(4).

It was further explained that the pages that the Complainant has cited were actually sourced and obtained in response to the appeal being lodged and that was well after the assessment had been prepared. The Board was directed to the dates on the actual documents under review and it was claimed that those dates did support that position.

**Board's decision of the preliminary issue.**

The Board decided to remove page 47 from the Respondents evidence package noted as R1.

**Reasons:**

The Board found that the municipality did not supply all documents in the assessors' possession. Specifically, the drawing dated 08-07-09, located in the Respondents package R1 on page 47 was not exchanged in compliance with the legislation. This document contained details of the subject property including the square footage and square footage is a component of assessment calculations used in preparing an assessment.

**MGA 299(1)** An assessed person may ask the municipality, in the manner required by the municipality, to let the assessed person see or receive sufficient information to show how the assessor prepared the assessment on the assessment of that persons property.

- (1.1) For the purposes of subsection (1), "sufficient information" in respect of a person's property must include
- a) all documents, records and other information in respect of that property that the assessor has in the assessors' control,

The CARB also found, that all other pages, requested by the Complainant to be removed, were not used by the assessor to prepare the assessment and/or were not in the assessors' control when the assessment was prepared.

**MGA 464 (1)**

Assessment review boards are not bound by the rules of evidence and have the power to determine the admissibility, relevance and weight of any evidence.

**Issues:**

**Issue 1:**

On the complaint form "the assessment amount" was indicated as the reason for the appeal.

**Issue 2:**

The methodology used in completing the assessment was an issue argued at the hearing.

**Summary of Complainant's Evidence:**

**Issue 1:**

The Complainant took the position that the current assessed value does not truly reflect the market conditions for space similar to the subject property.

To support the position that the assessment was not being fair and equitable the Complainant argued that the valuation standard for non-residential property is based on market value. A Neighbourhood Community Centre capitalization rate analysis and a City of Calgary gas bar analysis were presented. The Complainant stated that although those properties were located in the City of Calgary, they were comparable to the subject property and they were market evidence. It was asserted that the conclusions of those surveys was reflective of market value in Rocky View County as the Cross Iron target shopping market is Calgary. It was argued that the assessment under appeal should reflect the conclusions of value of those studies and illustrated how they supported the requested assessment.

**Issue 2:**

The Complainant challenged that the assessment of the subject using the cost approach was not the best way to complete the assessment. The Complainant then presented testimonial evidence that included a 2013 Retail Anchor Analysis depicting 6 properties with tenant space greater than 80,000 sf. It was concluded that values attributed to these comparables supported the premise that the subject property should be assessed using the Direct Capitalization method. The Complainant presented both Alberta, and other provincial assessment appeal board decisions to support the income approach argument and emphasized that in the Complainants opinion the result would be a more reasonable reflection of market value.

The Complainant also advised the CARB that the subject property was not really a special purpose property but rather a typical warehouse. It was stated that only standard construction materials were used and the only special feature was a wall separating the liquor sales area from the main Costco store. There was a separate entrance to the liquor sales area as per liquor licensing requirements.

**Summary of Respondent's Evidence:**

**Issue 1:**

The respondent submitted that the assessment had been completed according to the legislation and had passed the provincial audit. It was emphasized that all similar property in Rocky View County was assessed utilizing the cost approach.

The subject property assessment calculations shown in Document R1 were:

140,275 sq ft Building	\$10,904,250
Gas bar M&E	448,350
Land - 15.56 acres	<u>7,242,000</u>
Total	\$18,594,600

The Respondent reviewed the building permits dated 25-08-2009 illustrating pre- construction estimates were \$1,036,000 for the gas bar and \$13,804,515 for the warehouse retail.

The Respondent advised the CARB that little market information was available and there were few comparable properties in Rocky View. The CARB was also advised that as the assessor did not utilize the Income Approach to value these type of properties in Rocky View and they did not collect or have access to any rental rate information.

## **Issue 2**

The Respondent further commented that the Costco property is a special purpose building, designed and built solely for the occupants/owners personal use. The property is newer and depreciation adjustments are minimal, thereby making the cost approach more reliable.

The Respondent commented that the land component was reviewed for the 2012 assessment. It was stated that at as a result of a CARB hearing last year, the valuation difference between the subject of that appeal and the subject of this hearing were highlighted. The values were reviewed after that hearing and it was concluded the Costco site/land component should be increased for the current assessment. At the same time the improvement values were reviewed and adjusted for the 2012 assessment purposes.

The Respondent maintained that if Rocky View assessed the Costco and Lowe's properties through the income approach, using a similar process as the city of Calgary, the results would indicate a higher assessment is warranted for both.

## **Legislation:**

### **The Municipal Government Act, RSA 2000,c M-26 reads**

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 decide that no change is required.

## **Board Decision:**

The Board sets the 2012 assessment for the subject property at **\$17,181,900.**

## **Reasons:**


The Board was not persuaded by the Complainant's evidence or argument that the methodology used to complete the assessment did not comply with the provisions of the MGA.

The Board found that the subject was purpose built by the owner not special purpose. It was agreed that it was a basic big box stand alone structure that would satisfy many other retailers' requirements.

The CARB found the absence of data in the calculations of the assessed value troubling. The CARB noted the Complainants argument that it was impossible to understand the assessment, if they did not know the basis of the assessment. This raises a concern of fairness. The process must be transparent to a taxpayer as to how an annual assessed value is arrived at. The CARB cannot find support to uphold the assessment value under appeal.

Considering the evidence provided, the CARB finds a variance to the 2012 assessment of the subject property appropriate.

Dated at Calgary, in the Province of Alberta, 26th September, 2013.

  
for Presiding Officer

An appeal to this decision lies to the Court of Queen's Bench on a question of law or jurisdiction provided an application for leave to appeal is made within thirty (30) days.