CALGARY ASSESSMENT REVIEW BOARD DECISION WITH REASONS

in address and the state of the second state

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

Inn At The Park Inc. (as represented by Colliers International), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

B. Horrocks, PRESIDING OFFICER J. Joseph, MEMBER K. Farn, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2011 Assessment Roll as follows:

ROLL NUMBER: 040002503

LOCATION ADDRESS: 8220 BOWRIDGE CR NW

HEARING NUMBER: 64530

ASSESSMENT: \$12,180,000

Page 2 of 4 CARB 1478/2011-P

This complaint was heard on the 19th day of July, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

• Mr. M. Uhryn (Colliers International)

Appeared on behalf of the Respondent:

• Mr. D. Grandbois

Board's Decision in Respect of Procedural or Jurisdictional Matters:

There were no concerns with the composition of the Board.

There were no preliminary matters. The merit hearing proceeded.

Property Description:

The subject property is a 2.18 acre parcel located in the Bowness Community in NW Calgary. The site contains a 150 room hotel locally known as the Sheraton Four Points. The building was constructed in 1998 and is considered to be of B+ quality.

Issues:

The Assessment Review Board Complaint form contained the statement "The assessment amount is incorrect" amongst other things.

Complainant's Requested Value:	\$5,250,000 (Complaint Form)
	\$8,540,000 (Hearing)

Board's Decision in Respect of Each Matter or Issue:

Issue Market Value

The Complainant's Disclosure is labelled C-1.

The Complainant, at page 16, provided the Valuation Proforma Analysis that had been prepared by the City. He noted the following inconsistencies:

line 2.13 there was no Beverage Revenue in 2007 and 2008

line 2.15 there was no Other departments Revenue in 2008 and 2009

line 2.22 there was no Other departments Expense in 2009.

The Complainant, on page 18, noted that occupancy had declined from 68.9 % in 2008 to 67.0 % in 2009 and further that occupancy for the first six months of 2010 was 57.0%, as evidenced on page 19.

The Complainant, at page 21, provided a Valuation Proforma which was based on Revenues

Page 3 of 4

CARB 1478/2011-P

and Expenses for the calendar years 2008 and 2009, and projected Revenues and Expenses for 2010. The 2010 projections were based on the actual revenues and expenses for the first six months . He used a weighting of 0%, 0% and 100% for 2008, 2009, and 2010 respectively to arrive at his normalized Revenues and Expenses for calculating his Net Income. After deducting Income to reserves (8%), Net income to FF&E (15.0%) and Income to intangibles (1.5%), he arrived at an income to real estate of \$628,423 which when capitalized at 11.5% yields an Indicated value of \$5,464,549 (the requested assessment in the Complaint Form).

The Complainant said that if the management fee of \$400,000 was added for 2009 on line 2.22, and the weighting for normalizing changed to 20%, 80% and 0% for 2008, 2009 and 2010 respectively, and all other parameters remained the same, the indicated value would be \$8,540,000. He requested the Board give consideration to that approach.

The Respondent's Disclosure is labelled R-1.

The Respondent, at page 18, provided the Valuation Proforma Analysis. He explained that Revenues and Expenses had been included for the full calendar years 2007, 2008, and 2009 respectively, as recommended in the Province of Alberta – Municipal Affairs Hotel/Motel Valuation Guide. He took issue with the Complainant's approach wherein he had utilized projected 2010 Revenues and Expenses.

During his presentation, the Respondent, discovered there was an error in Column L (Normalized Data). He suggested utilizing the data in Column H (Stabilized Data), as an alternate method for revising the calculations. The Complainant concurred. As a result, the Net Income was identified as \$1,903,045 rather than \$2,241,381.

After deducting Income to mang/resv of \$469,821, Net income to FF&E of \$285,457 and Income to intangibles of \$28,546, the resultant Income to real estate was determined to be \$1,119,221, which when capitalized at 11.5% yields an indicated value of \$9,732,356.

Board's Decision:

The 2011 assessment is reduced to \$9,730,000 as calculated and agreed by the parties.

Reasons

The Assessment was recalculated by the parties after discovery of an error in transposing some numbers in the original Valuation Proforma Analysis.

DATED AT THE CITY OF CALGARY THIS 16^{4h} DAY OF <u>AUGUST</u> 2011.

B. Horrocks

Presiding Officer

Page 4 of 4

CARB 1478/2011-P

<u>APPENDIX "A"</u>

DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure

An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

Any of the following may appeal the decision of an assessment review board:

- (a) the complainant;
- (b) an assessed person, other than the complainant, who is affected by the decision;
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;
- (d) the assessor for a municipality referred to in clause (c).

An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

- (a) the assessment review board, and
- (b) any other persons as the judge directs.