

# County of Beaver Joint Assessment Review Board

5120- 50 street  
RYLEY, Alberta

## Notice of Decision

0331/001/2010

**IN THE MATTER OF A COMPLAINT** filed with the County of Beaver (Joint) Composite Assessment Review Board (CARB) pursuant to Part 11 of the *Municipal Government Act* being Chapter M-26 of the Revised Statutes of Alberta 2000 (Act).

### BETWEEN:

Viking Meats (1994) Ltd – Complainant  
Box 961  
Viking, Alberta  
T0B 4N0

**Appearing:** Mr Eugene Miskew appeared  
via teleconference

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Town of Viking – Respondent  
Box 369  
Viking, Alberta  
T0B 4N0

**Appearing:** Gary Barber, Assessor  
Wainwright Assessment Group

### BEFORE:

Members:  
Darryl Trueman, Presiding Officer  
Phyllis Lefsrud, Member  
Blair Ewasiuk, Member

**Board Officer:** Margaret Jones

A hearing was held on November 24<sup>th</sup>, 2010 in the Village of Ryley in the Province of Alberta to consider a complaint about the assessment of the following property tax roll numbers:

Roll No./ Property identifier	Assessed value	Owner
<i>Town of Viking roll number 300004635 Lot 7, Block 1 Plan 032 0523</i>	\$586,470	Viking Meats (1994) Ltd Eugene and Shirley Miskew

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### **PART A: BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT**

The subject property is a retail Meat Market with processing facilities, including refrigeration equipment. The building contains 5,300 ft.<sup>2</sup> and was constructed in 2005. It occupies a land base of 0.67 acres.

### **PART B: PROCEDURAL or JURISDICTIONAL MATTERS**

The CARB derives its authority to make this decision under Part 11 of the Act.

At the appointed start time (1:00 pm) there was no one present to appear on behalf of the Complainant. The Board Officer contacted Mr. Miskew by telephone and he reported that he had been informed, by a Town of Viking representative that the hearing was to commence at 4 PM, however, he agreed that he had regularly received correspondence from the County of Beaver (Joint) Assessment Review Board.

The Municipal Government Act (MGA), section 463 states *"if any person who is given notice of the hearing does not attend, the assessment review board must proceed to deal with the complaint if (a) all persons required to be notified were given notice of the hearing, and (b) no request for a postponement or an adjournment was received by the board or, if a request was received, no postponement or adjournment was granted by the board."*

The Board Officer advised the Complainant that he had the options of (1) having the hearing proceed in his absence, (2) he could request a postponement in writing which would not necessarily be granted or that (3) he could be heard electronically (teleconference). The Complainant chose to be heard via teleconference equipment. After introductions by the parties and the panel members, the Presiding Officer explained the hearing procedure. Upon questioning by the Presiding Officer, there was no objection to either the hearing procedures or the composition of the Board.

There were no other procedural issues raised before the Board.

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### **PART C: ISSUES**

The Complainant raised the following matters in section 4 of the complaint form: the Complainant identified item 3 on the complaint form (*assessment amount*) as the only reason for his complaint. On questioning the Complainant advised the Board that the single issue affecting his assessment was that the Assessor had over-assessed equipment located in the building. That equipment was used in his processing and consisted of coolers, freezers, and compressors.

### **COMPLAINANT POSITION**

The Complainant advised the Board that the equipment contained in his facility was equipment that had been salvaged from a former obsolete facility. He said that this equipment consisted of glass doors which would have cost roughly \$15,000, four swinging cooler doors which would have had an aggregate value of roughly \$4,800, two passage doors with values of roughly \$900 each and cooler equipment which would have been worth roughly \$5,000. He said that he felt the aggregate value of this equipment, as it would presently contribute to his assessed building value would be roughly \$50,000 and that he noted the assessor had valued it at \$144,650. The Complainant agreed that his complete cost for his facility in 2005 consisted of a building cost of roughly \$400,000, the current assessed land cost of \$12,500, the aforementioned equipment costs which totaled \$26,600 and an unusually high landscape cost of \$70,000, which produced a total cost for the facility of \$509,100. He said that recently his business was in a state of decline and that he thought an assessed value of \$470,000 would be a better representation of market value as at the valuation date of July 1, 2009. The Complainant went on to say that the Assessor had provided copies of assessment reports for similar facilities located in the towns of Wainwright, Provost, Viking and the Village of Forestburg. He said that each of these properties which were assessed at \$23.65, \$61.20, \$58.37, and \$49.13, respectively, each on a per square foot basis were all well below his assessment of \$101.91 per square foot. He said that the assessment of the Forestburg facility was particularly significant because the facility was roughly the same size and also roughly the same age.

### **RESPONDENT POSITION**

The Respondent provided a description of a subject property in exhibit H1 tab 2, page 1, where he pointed out that he had used a higher depreciation factor for the equipment component of the assessed property. He said that he had assessed the property based upon the Cost Approach to Value however, he did not provide details with respect to this calculation. As a test for his valuation the Respondent produced a financial statement for the year ended August 31, 2009 for

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the subject property from which he was able to determine that there had been a net operating income of \$72,973. At page 8 of tab 2, exhibit H-1, the Respondent provided his calculations in his use of the Band of Investment method for determining a capitalization rate. When applying his derived capitalization rate of 13.09% he determined that the resulting value of \$557,471 was support for his assessed amount of \$586,470. In answer to the Complainant's comments with respect to the Forestburg assessment the Respondent replied that because Forestburg was a smaller center, a typical market value discount of approximately 40% was in order, or that, in his words, values were "\$.60 on the dollar". On questioning the Respondent agreed that income would have declined over the most recent history of the subject property. Specifically he agreed that this would have included income from 2007 to 2008 and that this declining trend would have placed upward pressure on a derived capitalization rate. The Respondent said that he was prepared to offer a reduced assessment to the Complainant of \$557,471.

### FINAL DECISION

The assessment is reduced to \$532,500

### REASONS

The Board firstly noted the absence of Complainant evidence in support of his request. MGA, section 467(3) states *"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."*

However, the Board also noted the absence of calculations supporting the assessment for the assessor's Cost Approach basis for market value. It was noted that the Assessor had used a 1985 effective age for the subject equipment however, in the absence of a more complete breakdown the Board were unable to determine if other components of the subject property had been adequately depreciated. The Board found that the Complainant's representation of building, landscape and current equipment value, together with the Assessor's land value totaled \$532,500. This was reasonable given that the Assessor was recommending a value of \$557,471 based upon a capitalization rate, from a theoretical approach, which did not contemplate declining business. The Board also noted that while the Act restricts an equity analysis to the same municipality, generally speaking similar facilities in similar market areas suggest that the subject facility is over-assessed.

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Roll No./Property identifier	Value as set by the CARB	Owner
300004635	\$532,500	

It is so ordered.

Dated at the Village of Ryley, in the Province of Alberta, this 1<sup>st</sup> day of December, 2010



Margaret Jones, Board Officer  
For Darryl Trueman, Presiding Officer

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### **APPENDIX "A"**

#### **DOCUMENTS RECEIVED AND CONSIDERED BY THE CARB:**

<b>NO.</b>	<b>ITEM</b>
1. Hearing Exhibit 1	Document prepared by Joint Assessment Review Board containing tab 1, 2 pages of Complainant information and tab 2, 19 pages of Respondent information

### **APPENDIX 'B'**

#### **ORAL REPRESENTATIONS**

<b>PERSON APPEARING</b>	<b>CAPACITY</b>
1. Complainant	Mr Miskew appeared via teleconference
2. Respondent	Gary Barber, assessor