

**MINUTES**

**CITY OF SASKATOON**

**BOARD OF REVISION**

Date: May 16, 2016  
Location: Committee Room E, City Hall  
Session: 9:00 a.m.

**PRESENT:** Adrian Deschamps, Board Chair  
Randy Pangborn, Board Member  
June Bold, Board Member  
Debby Sackmann, Board of Revision Panel Clerk

The Appellants were advised that the proceedings were being recorded for the purposes of the Board and the Secretary. The Chair introduced the Board members and the Secretary and briefly outlined the procedures that would be followed during the course of the hearing. Those present were also informed that all witnesses, including Appellants and the Assessor, would be sworn under oath, or affirm that their statements are true, before their testimony would begin.

1. **Appeal No. 25-2016**  
**Civic Address: 2325 Preston Avenue South**  
**Legal Description: 121031930**  
**Roll No. 535402500**

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Appearing for the Appellant

Mr. Garry Coleman, Altus Group  
Mr. Jesse Faith, Altus Group

Appearing for the Respondent

Mr. Travis Horne (Advocate), Assessment Manager, Assessment & Taxation  
Mr. Kevin Tooley, Senior Assessment Appraiser, Assessment & Taxation

Ms. Maria Sampson (Court Reporter), Royal Reporting Services

Grounds and Issues

The grounds and issues for this appeal as identified in the Notice of Appeal (Exhibit A.1) are as follows:

Ground 1: The Cap Rate is too low and in error.

Facts:

- a) The current 7.17% cap rate uses sales that are not comparable in terms of location, building type, size, zoning and NOI. A cap rate greater than 7.17% should be applied. The Confederation Mall sold within the time frame used by the assessor with a cap rate of 7.78%, which is a strong indicator that a larger cap rate should be applied to enclosed malls.
- b) The Assessor has used the comparable neighbourhood approach in the application of a cap rate. The comparable neighbourhood chosen by the assessor is in error.

Ground 2: The Assessor has not accounted for tenant changes, vacancy and unfinished areas as of January 1, 2016 which have occurred to the mall.

Facts:

- a) The large anchor space historically occupied by Zellers remains vacant and has a direct negative impact on the value of the mall. Instead of lowering the value, the Assessor has increased the assessment for 2016.
- b) A number of tenant spaces have been joined which would change the "tenant group" that the tenant space would be stratified into.

Ground 3: Equity has not been achieved as the assessment does not reflect a fair value in comparison to similar properties.

Facts:

- a) Similar large retail developments such as Preston Crossing, Grosvenor Park Mall, Cumberland Mall and other large retail developments have a 7.49% cap rate applied.

Exhibits:

\*\* Denotes Exhibits **not** submitted within the prescribed time as provided in Section 200(1) of *The Cities Act*

Exhibit A.1: Notice of Appeal from Altus Group to the Board of Revision, received February 5, 2016.

Exhibit A.2: Document titled "To the Board of Revision of the City of Saskatoon on Appeal Between Avison Young and the City of Saskatoon", submitted by Altus Group, received April 26, 2016.

Exhibit CA.1: **CONFIDENTIAL DOCUMENT** titled "To the Board of Revision of the City of Saskatoon on Appeal Between Avison Young and the City of Saskatoon", submitted by Altus Group, received April 26, 2016.

Exhibit R.1: Document submitted by the City Assessor titled "Shopping Centre Response 2016 Assessment", received May 6, 2016.

- Exhibit R.2: Document submitted by the City Assessor titled "Shopping Centre Argument", received May 6, 2016.
- Exhibit R.3: **COMMON DOCUMENT** submitted by the City Assessor titled "2016 Response Evidence Law and Legislation Brief", received May 6, 2016 – **USE WITH ALL APPEALS.**
- Exhibit R.4: **COMMON DOCUMENT** submitted by the City Assessor titled "2016 General Law and Legislation Brief", received May 6, 2016 – **USE WITH ALL APPEALS.**
- Exhibit R.5 Adjustment Recommendation: "Mall Model– Market Mall– 2013 Revaluation (2016 Assessment) \*\*

### Supplementary Notations

At the request of the Respondent, and pursuant to Section 208 of *The Cities Act*, the Chair ordered that the hearing be recorded by Royal Reporting Services. The duty was performed by Ms. Maria Sampson, Royal Reporting Services.

Mr. Coleman and the Respondent affirmed that the evidence given during the hearing would be the truth. Mr. Faith did not affirm.

Mr. Horne served as the Advocate for the Assessment & Taxation Division.

At the request of the Appellant, and pursuant to Section 202 of *The Cities Act*, a Confidentiality Order with respect to Exhibit CA.1 was read into the record.

The Respondent advised the Panel that the Assessor, through registered mail, had requested that the owner of the subject property provide a copy of the lease agreement that was in place for the Zellers store at the time the space was vacated. No response to this letter was received. The Respondent therefore requested that the Panel dismiss the appeal as provided for in Section 172(6) of *The Cities Act*.

The Chair requested a recess at 9:30 a.m. in order to obtain clarification regarding *The Cities Act* from the Secretary of the Board of Revision. The appeal reconvened at 10:02 a.m. and the Board determined to proceed with the appeal.

After some discussion between the parties the Agent for the Appellant applied to have the following ground of appeal withdrawn:

Ground 2 (a) *The large anchor space historically occupied by Zellers remains vacant and has a direct negative impact on the value of the mall. Instead of lowering the value, the assessor has increased the assessment for 2016.*

The Panel Chair allowed the noted ground of appeal to be withdrawn with the concurrence of the Respondent.

The Respondent submitted a recommendation for change in the Assessed value. This was entered into evidence as Exhibit R.5

All Exhibits were formalized and entered into the record.

A lunch break was taken at 12:21 p.m. and the appeal reconvened at 1:30 p.m.

The hearing concluded at 2:08 p.m.

Conclusion

For the reasons given in the Record of Decision dated June 28, 2016, in accordance with Section 210(1) (b) of *The Cities Act* the Panel changes the assessment and directs a revision of the assessment roll.

The resultant change in assessment is as follows:

	<b>Current Assessed Value</b>	<b>Current Taxable Assessment</b>	<b>Proposed Assessed Value</b>	<b>Proposed Taxable Assessment</b>	<b>Change in Assessed Value</b>	<b>Change in Taxable Assessment</b>
<b>Commercial</b>	\$27,984,300	\$27,984,300	\$26,751,600	\$26,751,600	\$1,232,700	\$1,232,700

The Current Assessed Value is reduced from \$27,984,300 to \$26,751,600. The assessment is ADJUSTED and all other aspects of the appeal are dismissed

The Appellant's filing fee is refunded.

2. **Appeal No. 26-2016**  
**Civic Address: 300 Confederation Drive**  
**Legal Description: 118195577, 118215479, 118215526**  
**Roll No. 494505990**
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Appearing for the Appellant

Mr. Garry Coleman, Altus Group

Appearing for the Respondent

Mr. Travis Horne (Advocate), Assessment Manager, Assessment & Taxation  
Mr. Kevin Tooley, Senior Assessment Appraiser, Assessment & Taxation

Grounds and Issues

The grounds and issues for this appeal as identified in the Notice of Appeal (Exhibit A.1) are as follows:

Ground 1: The Cap Rate is too low and in error.

Facts:

- a) The current 7.17% cap rate uses sales that are not comparable in terms of location, building type, size, zoning and NOI. A cap rate greater than 7.17% should be applied. The Confederation Mall sold within the time frame used by the Assessor with a cap rate of 7.78% which is a strong indicator that a larger cap rate should be applied to enclosed malls.
- b) The Assessor has used the comparable neighbourhood approach in the application of a cap rate. The comparable neighbourhood chosen by the assessor is in error.

Ground 2: The Assessor has not accounted for vacancy and unfinished areas as of January 1, 2016, which have occurred as a result of the complete renovation of the property.

Facts:

- a) There is no food court as of January 1, 2016.
- b) The flooring in the hallways remains unfinished on January 1, 2016.
- c) The current vacancy level, as well as the historic high vacancy level and the lack of any material leasing transactions over the last 5 years, has not been accounted for in the assessment value.

Ground 3: Equity has not been achieved as the assessment does not reflect a fair value in comparison to similar properties.

Facts:

- b) Similar large retail developments such as Preston Crossing, Grosvenor Park Mall, Cumberland Mall have a 7.49% cap rate.

Exhibits

Exhibit A.1: Notice of Appeal from Altus Group to the Board of Revision, received February 5, 2016.

Exhibit A.2: Document titled "To the Board of Revision of the City of Saskatoon on Appeal Between Avison Young and the City of Saskatoon", submitted by Altus Group, received April 26, 2016.

- Exhibit CA.1: **CONFIDENTIAL DOCUMENT** titled “To the Board of Revision of the City of Saskatoon on Appeal Between Avison Young and the City of Saskatoon”, submitted by Altus Group, received April 26, 2016.
- Exhibit R.1: Document submitted by the City Assessor titled “Shopping Centre Response 2016 Assessment”, received May 6, 2016.
- Exhibit R.2: Document submitted by the City Assessor titled “Shopping Centre Argument”, received May 6, 2016.
- Exhibit R.3: **COMMON DOCUMENT** submitted by the City Assessor titled “2016 Response Evidence Law and Legislation Brief”, received May 6, 2016 – **USE WITH ALL APPEALS.**
- Exhibit R.4: **COMMON DOCUMENT** submitted by the City Assessor titled “2016 General Law and Legislation Brief”, received May 6, 2016 – **USE WITH ALL APPEALS.**

Supplementary Notations

The appeal opened at 2:09 p.m.

Mr. Faith excused himself at noon and was absent from the remaining afternoon appeals: 26, 58, and 59-2016.

No new evidence or testimony was given during this appeal.

At the request of the Respondent, and pursuant to Section 208 of *The Cities Act*, the Chair ordered that the hearing be recorded by Royal Reporting Services.

At the request of the Appellant, and pursuant to Section 202 of *The Cities Act*, a Confidentiality Order with respect to Exhibit CA.1 inclusively was read into the record.

The Appellant advised that he wished to withdraw grounds Grounds 2(b) and (c). The Panel Chair allowed the noted grounds of appeal to be withdrawn with the concurrence of the Respondent.

The Respondent submitted a recommendation for change in the Assessed value:

*In regards to Fact a) of Ground 2, the Assessor recommends a reduction in the assessment to \$30,159,700 based on the physical nature of the property as of January 01, 2016 (not the market conditions of the property at that date).*  
(Exhibit R.1, p. 6)

Both parties requested that testimony from Appeal 25-2016 relative to Ground 1 (a), (b) and Ground 3 be carried forward to this appeal.

All Exhibits were formalized and entered into the record.

The hearing concluded at 2:20 p.m.

Conclusion

For the reasons given in the Record of Decision dated June 28, 2016, in accordance with Section 210(1)(b) of *The Cities Act* the Panel changes the assessment and directs a revision of the assessment roll.

The resultant change in assessment is as follows:

	<b>Current Assessed Value</b>	<b>Current Taxable Assessment</b>	<b>Proposed Assessed Value</b>	<b>Proposed Taxable Assessment</b>	<b>Change in Assessed Value</b>	<b>Change in Taxable Assessment</b>
<b>Commercial</b>	\$31,015,100	\$31,015,100	\$28,450,900	\$28,450,900	\$2,564,200	\$2,564,200

The Current Assessed Value is reduced from \$31,015,100 to \$28,450,900. The assessment is ADJUSTED and all other aspects of the appeal are dismissed

The Appellant's filing fee is refunded.

- 3. Appeal No. 58-2016**  
**Civic Address: 134 Primrose Drive**  
**Legal Description: 119063910**  
**Roll No. 445225000**
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Appearing for the Appellant

Mr. Garry Coleman, Altus Group

Appearing for the Respondent

Mr. Travis Horne (Advocate), Assessment Manager, Assessment & Taxation  
Mr. Kevin Tooley, Senior Assessment Appraiser, Assessment & Taxation

Grounds and Issues

The grounds and issues for this appeal as identified in the Notice of Appeal (Exhibit A.1) are as follows:

Ground 1: The Cap Rate is too low and in error.

Facts:

- a) The current 7.17% cap rate uses sales that are not comparable in terms of location, building type, size, zoning and NOI. A cap rate greater than 7.17% should be applied. The Confederation Mall sold within the time frame used by the assessor with a cap rate of 7.78%, which is a strong indicator that a larger cap rate should be applied to enclosed malls.
- b) The Assessor has used the comparable neighbourhood approach in the application of a cap rate. The comparable neighbourhood chosen by the Assessor is in error.

Ground 2: The Assessor has not accounted for vacancy and unfinished areas as of January 1, 2016, which have occurred as a result of Target vacating the property.

Facts:

- a) The large anchor space historically occupied by Target remains vacant and has a direct negative impact on the value of the mall. Instead of lowering the value, the assessor has increased the assessment for 2016.

Ground 3: Equity has not been achieved as the assessment does not reflect a fair value in comparison to similar properties.

Facts:

- a) Similar large retail developments such as Preston Crossing, Grosvenor Park Mall, Cumberland Mall and other large retail developments have a 7.49% cap rate applied.

Exhibits

Exhibit A.1: Notice of Appeal from Altus Group to the Board of Revision, received February 5, 2016.

Exhibit A.2: Document titled "To the Board of Revision of the City of Saskatoon on Appeal Between Avison Young and the City of Saskatoon", submitted by Altus Group, received April 26, 2016.

Exhibit CA.1: **CONFIDENTIAL DOCUMENT** titled "To the Board of Revision of the City of Saskatoon on Appeal Between Avison Young and the City of Saskatoon", submitted by Altus Group, received April 26, 2016.

Exhibit R.1: Document submitted by the City Assessor titled "Shopping Centre Response 2016 Assessment", received May 6, 2016.

Exhibit R.2: Document submitted by the City Assessor titled "Shopping Centre Argument", received May 6, 2016.

Exhibit R.3: **COMMON DOCUMENT** submitted by the City Assessor titled "2016 Response Evidence Law and Legislation Brief", received May 6, 2016 – **USE WITH ALL APPEALS.**



Exhibit R.4: **COMMON DOCUMENT** submitted by the City Assessor titled “2016 General Law and Legislation Brief”, received May 6, 2016 – **USE WITH ALL APPEALS.**

Supplementary Notations

The appeal opened at 2:21 p.m.

No new evidence or testimony was given during the hearing.

At the request of the Respondent, and pursuant to Section 208 of *The Cities Act*, the Chair ordered that the hearing be recorded by Royal Reporting Services.

At the request of the Appellant, and pursuant to Section 202 of *The Cities Act*, a Confidentiality Order with respect to Exhibit CA.1 inclusively was read into the record. Additionally, a Confidentiality Order was requested by the Respondent for Exhibit R.1, Addendum E, pages 17 – 63.

The Appellant withdrew Ground 2 in its entirety.

The Panel Chair allowed the noted ground of appeal to be withdrawn with the concurrence of the Respondent.

Both parties requested that testimony from Appeal 25-2016 relative to Ground 1 (a), (b) and Ground 3 be carried forward to this appeal

The hearing concluded at 2:30 p.m.

Conclusion

For the reasons given in the Record of Decision dated June 28, 2016, in accordance with Section 210 (1) (b) of *The Cities Act* the Panel changes the assessment and directs a revision of the assessment roll.

The resultant change in assessment is as follows:

	<b>Current Assessed Value</b>	<b>Current Taxable Assessment</b>	<b>Proposed Assessed Value</b>	<b>Proposed Taxable Assessment</b>	<b>Change in Assessed Value</b>	<b>Change in Taxable Assessment</b>
<b>Commercial</b>	\$58,877,800	\$58,877,800	\$56,362,300	\$56,362,300	\$2,515,500	\$2,515,500

The Current Assessed Value is reduced from \$58,877,800 to \$56,362,300. The assessment is ADJUSTED and all other aspects of the appeal are dismissed

The Appellant's filing fee is refunded.

**4. Appeal No. 59-2016**  
**Civic Address: 3310 8<sup>th</sup> Street East**  
**Legal Description: 135950519, 164646221**  
**Roll No. 525515890**

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Appearing for the Appellant

Mr. Garry Coleman, Altus Group

Appearing for the Respondent

Mr. Travis Horne (Advocate), Assessment Manager, Assessment & Taxation  
Mr. Kevin Tooley, Senior Assessment Appraiser, Assessment & Taxation

Grounds and Issues

The grounds and issues for this appeal as identified in the Notice of Appeal (Exhibit A.1) are as follows:

Ground 1: The Cap Rate is too low and in error.

Facts:

- a) The current 7.17% cap rate uses sales that are not comparable in terms of location, building type, size, zoning and NOI. A cap rate greater than 7.17% should be applied. The Confederation Mall sold within the time frame used by the Assessor with a cap rate of 7.78%, which is a strong indicator that a larger cap rate should be applied to enclosed malls.
- b) The Assessor has used the comparable neighbourhood approach in the application of a cap rate. The comparable neighbourhood chosen by the assessor is in error.

Ground 2: The Assessor has not accounted for tenant changes, vacancy and unfinished areas as of January 1, 2016 which have occurred to the mall.

Facts:

- a) The large anchor space historically occupied by Zellers remains vacant and has a direct negative impact on the value of the mall. Instead of lowering the value, the assessor has increased the assessment for 2016.

- b) A number of tenant spaces have been joined which would change the “tenant group” that the tenant space would be stratified into.

Ground 3: Equity has not been achieved as the assessment does not reflect a fair value in comparison to similar properties.

Facts:

- a) Similar large retail developments such as Preston Crossing, Grosvenor Park Mall, Cumberland Mall and other large retail developments have a 7.49% cap rate applied.

Exhibits

\*\* Denotes Exhibits **not** submitted within the prescribed time as provided in Section 200(1) of The Cities Act

Exhibit A.1: Notice of Appeal from Altus Group to the Board of Revision, received February 5, 2016.

Exhibit A.2: Document titled “To the Board of Revision of the City of Saskatoon on Appeal Between Avison Young and the City of Saskatoon”, submitted by Altus Group, received April 26, 2016.

Exhibit CA.1: **CONFIDENTIAL DOCUMENT** titled “To the Board of Revision of the City of Saskatoon on Appeal Between Avison Young and the City of Saskatoon”, submitted by Altus Group, received April 26, 2016.

Exhibit R.1: Document submitted by the City Assessor titled “Shopping Centre Response 2016 Assessment”, received May 6, 2016.

Exhibit R.2: Document submitted by the City Assessor titled “Shopping Centre Argument”, received May 6, 2016.

Exhibit R.3: **COMMON DOCUMENT** submitted by the City Assessor titled “2016 Response Evidence Law and Legislation Brief”, received May 6, 2016 – **USE WITH ALL APPEALS.**

Exhibit R.4: **COMMON DOCUMENT** submitted by the City Assessor titled “2016 General Law and Legislation Brief”, received May 6, 2016 – **USE WITH ALL APPEALS.**

Exhibit R.5: Document submitted and circulated by the Respondent entitled “Mall Model– The Centre– 2013 Revaluation (2016 Assessment), received May 16, 2016.\*\*

Supplementary Notations

The appeal opened at 2:31 p.m.

No new evidence or testimony was given during the hearing.

At the request of the Respondent, and pursuant to Section 208 of *The Cities Act*, the Chair ordered that the hearing be recorded by Royal Reporting Services.

At the request of the Respondent, and pursuant to Section 202 of *The Cities Act*, a Confidentiality Order with respect to Exhibit R.1, Addendum E, pages 17-93 and Addendum F, pages 94-96 was read into the record.

At the request of the Appellant and pursuant to Section 202 of *The Cities Act*, a Confidentiality Order with respect to Exhibit CA.1 inclusively was read into the record.

The Appellant advised that he wished to withdraw Ground 2 (a). The Panel Chair allowed the noted ground of appeal to be withdrawn with the concurrence of the Respondent.

The Respondent submitted a recommendation for change in the Assessed value relative to Ground 2 (b). This was entered into evidence as Exhibit R.5.

Both parties requested that testimony from appeal 25-2016 relative to Ground 1 (a), (b) and Ground 3 be carried forward to this appeal.

The hearing concluded at 2:37 p.m.

### Conclusion

For the reasons given in the Record of Decision dated June 28, 2016, in accordance with Section 210(1) (b) of *The Cities Act* the Panel changes the assessment and directs a revision of the assessment roll.

The resultant change in assessment is as follows:

	<b>Current Assessed Value</b>	<b>Current Taxable Assessment</b>	<b>Proposed Assessed Value</b>	<b>Proposed Taxable Assessment</b>	<b>Change in Assessed Value</b>	<b>Change in Taxable Assessment</b>
<b>Commercial</b>	\$88,055,500	\$88,055,500	\$84,272,900	\$84,272,900	\$3,782,600	\$3,782,600

The Current Assessed Value is reduced from \$88,055,500 to \$84,272,900. The assessment is ADJUSTED and all other aspects of the appeal are dismissed

The Appellant's filing fee is refunded.

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As Secretary to the above Board of Revision Panel, I certify that these are accurate minutes of the hearing held on May 16, 2016.

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Debby Sackmann, Panel Clerk  
Board of Revision