

Bernie Dombowsky
[REDACTED]
[REDACTED]

Tuesday Sept 6/22

Request to address Moose Jaw City Council
at the regular Bi-weekly Meeting Monday Sept 12/22

Topic: Effect of SAMA's Changes to the Cap Rate
for the 2021 - 2024 cycle.

- for Business assessments
- for City of Moose Jaw's Revenue Stream

The information packet that I delivered to the
City Clerk Dept. will be the basis for my conversation

Thank you

Jason Forwood <jason.forwood@sama.sk.ca>

Wed, Nov 3, 2021 at 10:50 AM

To: Charlotte Dombowsky [REDACTED]

Good morning Bernie.

Last cycle there was one cap rate (6.61%) for all property types, for the entire city. This cycle has a completely different rent model and cap rate model which resulted in multiple stratification groups.

Jason.



Jason Forwood, LAAS, MAAS

Senior Market/Commercial Appraiser

Moose Jaw Regional Office

Saskatchewan Assessment Management Agency

4th Floor – 228 Main Street North

Moose Jaw, SK S6H 3J8

Ph: 306-694-4402

Overall Capitalization Rates

Base Cap Rate	6.967
Adjustments to Cap Rate	
Site Coverage < 30%, Per Percentage, to 10%	-.127

Regina has only one standard Cap Rate

*Request to Address Moose Jaw City Sept 2/22
At the Regular Meeting Monday Sept 12/22
Council*

Bernie Dombowsky
[REDACTED]

[REDACTED]

[illegible]

Moose Jaw General Commercial Cap Rate Model 2022

Category Code	(EYB) Effective Year Built / SIZE (Footprint)			(EYB) Effective Year Built	# of sales
	1990-1999			1990-2020	
	0-3750	3751-18750	18751>	No Size Break	
3 - Cold Storage/Warehouse	3.57	6.14	9.55	6.15	5
3 - General Archib. Model					5
3 - Mini Lube					3
3 - Mini Storage					6
3 - Transit Shed					
3 - Cold Warehouse					
3 - General Warehouse					
3 - Auto / Machinery Dealer	4.15				2
	1 Storey & greater With and without elevator				
	Footprint: 0-2800 SF		Footprint: 2801> SF		
3 - General Retail	3.09		6.37		4
3 - Convenience Store					4
3 - Hall					
3 - Large Commercial >30,000					5
3 - Strip Commercial	5.59				
	1 Storey Only				
	Footprint 0-3000		Footprint 3001>		3
3- Restaurants (All)	4.06		7.28		2
	1 Storey & greater With and without elevator				
	Poor Below Ave & Average		Good & Best		
3 - Back Office	5.36		9.30		5
3 - Funeral Home					4
3 - High-rise Office					
3 - Medical Office					
3 - Low-rise Office	1 Storey				
3 - Mixed Use Only	6.44				3
	2 Storey & greater with NO elevator				
3 - Mixed Use Only	8.58				3
Totals					55

a. Estimate of Assessed Value

Using the example above (16(b)), the NOI is: 42,885 square feet * \$12.77 * 0.935 (vacancy 6.5%) * 0.980 (structural maintenance 2%) = \$501,803.86 ÷ 0.0637 = \$7,877,600 rounded.



East Side Vacant 39 High St. W.
 Total Market Rent 16,824
 SAMA's Assessed Value 600,200
Using New Cap Rate 3.09%
 2021 Property Tax 11,058
Increase \$3,701
Using Previous Standard Cap Rate 6.61%
 2020 Property Tax 7,357

Chow & McLeod Law Office 48 High St. W.
 Total Market Rent 62,106
 SAMA's Assessed Value 571,000
 10,354
\$7,000 Decrease
 17,354

48 High St. W.
 Total Market Rent
 SAMA's Assessed Value
9.30% is their New Cap Rate
 2021 Property Tax
Standard 6.61% Was the Previous Rate
 2020 Property Tax

SAMA's New Model's Cap Rates are Wrong



Rings & Things 109 Main St. N

Total Market Rent 13,378

SAMA's Assessed Value 690,700

Using New Cap Rate 3.09%

2021 Property Tax 12,948

Increased \$6,526

Using Previous Standard Cap Rate 6.61%

2020 Property Tax 6,422



Aspen Dental Clinic

50,721

523,800

9,503

\$3,951 Decrease

13,454

895-9th Ave N.W.

Total Market Rent

SAMA's Assessed Value

9.30% is their New Cap Rate

2021 Property Tax

6.61% was the Previous Rate

2020 Property Tax

SAMA's New Model's Cap Rates are Wrong



Total Market Rent

14,710

34,652

Total Market Rent

Assessed Value

436,214

318,600

Assessed Value

Using New Cap Rate 3.09

2021 Property Tax

7,843

5,806

2021 Property Tax

Increased \$3,368

\$5,807 Decrease

Using Previous Standard Cap Rate 6.61%

2020 Property Tax

4,475

11,613

2020 Property Tax

SAMA'S

"Cap Rate Model which resulted in multiple stratification groups"

Small Retail now pays Sun Life's share of Property Tax

SAMA's New Model is Broken



Charlotte's Catering 378 Home St. W.
Total Market Rent \$14,710

SAMA's Assessed Value \$436,214

Using New Cap Rate 3.09%

2021 Property Tax \$7,843

Increased \$3,368

Using Previous Standard Cap Rate 6.61%

2020 Property Tax \$4,475



Fifth Avenue Collection 30 Stadacona St. W.
\$44,418

\$424,000

\$7,921

\$5,406 Decrease

\$13,327

Total Market Rent

SAMA's Assessed Value

9.30% is their New Cap Rate

2021 Property Tax

6.61% Was the Previous Standard Cap Rate

2020 Property Tax

SAMA's New Model's Cap Rates are Wrong

CITY HALL COUNCIL NOTES

Council hopes private company will give more favourable property appeal decisions

Jason G. Antonio - Moose Jaw Express

The next regular council meeting is **MONDAY, JUNE 13**

Frustrated with continually losing revenue from property assessment appeals, city council has replaced the quasi-judicial citizen-based Board of Revision with a private company in hopes of receiving more favourable decisions.

During its May 24 regular meeting, council voted 5-1 to hire the Meota-based Western Municipal Consulting (WMC) to provide Board of Revision (BOR) services for this year.

Coun. Kim Robinson was opposed, while Coun. Crystal Froese was absent.

Appeal losses

The municipality has lost significant tax revenue over the past 10 years because of the BOR's assessment appeal decisions, said city manager Jim Puffalt. In 2021, Moose Jaw lost \$358,704 in tax revenue, with most losses happening in the commercial and industrial property classes.

Roughly \$154,000 was lost due to assessment errors — which have been corrected by agreements to adjust — while the other lost \$204,000 due to BOR decisions.

"We think that with an independent board, we'll be able to flip the appeal process," Puffalt said.

History shows that the Saskatchewan Municipal Board — the highest complaint level — overturns most BOR decisions and rules in favour of the city, he continued. However, this takes several years, leaving city hall in a difficult cash position.

History also shows that a privately contracted BOR making the correct decisions at that initial stage could reverse the current years-long process to reach a conclusion, Puffalt remarked. This could reduce the city's need to prepare for annual appeal losses of \$200,000.

The SMB overturned all 14 of the BOR's decisions in 2019 and all 20 decisions in 2020, a council report said. Meanwhile, the committee overturned 15 of 29 appeals in 2018 and 21 of 28 appeals in 2017.

Financial costs

The Saskatchewan Assessment Management Agency (SAMA) spent over \$80,000 in legal fees last year fighting assessment appeals, Puffalt said. Contracting out a full-time BOR could reduce SAMA's legal fees, address its rising costs and possibly leave a surplus at the end of this four-year evaluation cycle.

Last year the municipality paid the part-time citizen board and its secretary \$68,000, he continued. If Western Municipal Consulting had performed the work using the same rates and hours, the city would have paid the company \$124,812.50.

WMC also charges a yearly retainer fee of \$250, mileage for appeal hearings, printing fees, and postage.

"... being able to move money back the other way (from successful appeals) would give us money to fund additional costs," Puffalt said.

"Nothing against the existing or previous board members, but these independent boards do this on a full-time professional basis. This will allow us to ensure Board of Revision decisions are made in a timely fashion and the business cycle is not affected by that."

City administration did not provide a draft agreement during the meeting, which concerned Coun. Kim Robinson, since he felt council had nothing to review. He also wondered how they were saving money when hiring WMC would cost twice as much.

The municipality will save money

since it won't have to budget for appeal losses at the BOR level, said Puffalt. City hall also believes efficiencies will occur but will have a better idea after the first year.

Hard work

Council has appreciated the board members' time and efforts over the years, said Mayor Clive Tolley. He called board chair Terry Goebel — a 10-year member — and the other members to thank them since they had performed good work for Moose Jaw.

"It is a big job and they've had to do a lot of reading and understanding a lot of things that are complicated ...," said Coun. Heather Eby.

Council is doing something new by hiring a private company and attempting to improve "a sometimes very frustrating process," she continued. However, if this doesn't work, the city can return to the citizen-led board.

"I hope people can see that city council has really tried to find ways to be progressive and make things work a little better," Eby added. "And this is us trying to do that."





Charlotte's Catering Regina, SK
Aug. 2022

Now, Our
primary focus
is to build our
business in Regina

