Bernie Dombowsky 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 your

Wed, Nov 3, 2021 at 10:50 AM

Standard

Jason Forwood <jason.forwood@sama.sk.ca> To: Charlotte Dombowsky

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.

has only one

6.967

-.127

Jason.

sama

Jason Forwood, LAAS, MAAS Senior Market/Commercial Appraiser Moose Jaw Regional Office Satisfatchewan Assessment Management Agent v 4th Floor – 228 Main Street North Moose Jaw, SK 56H SJ8 Ph: 306-694-4402

**Overall Capitalization Rates** 

 Base Cap Rate

 Adjustments to Cap Rate

 Site Coverage < 30%, Per Percentage, to 10%</td>

Kequest to Address Moose Juni City Sept 2/22 At the Regular Meeting Monday Sept 12/22

Bernie Dombousky



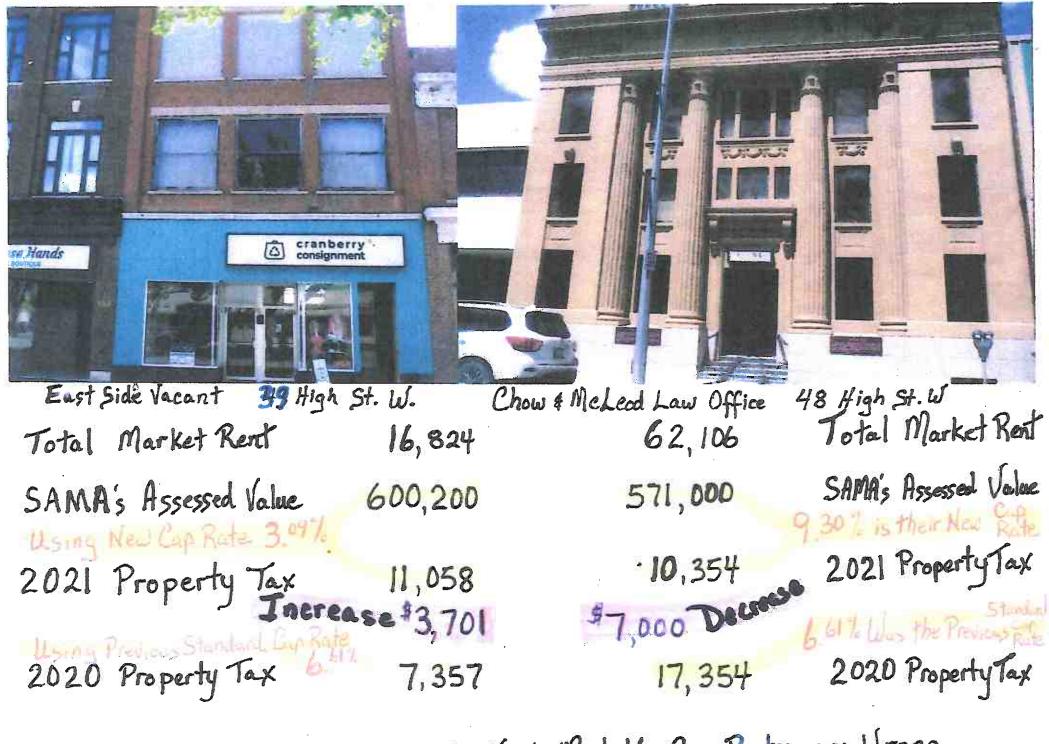
Name Prior Cycle Address Standa	2020 Cas Rate 6.4%	with a Cap Rate 9.30%	Lost Revenue
Conexus Credit Union 80 High St W	60; 644	38,058	22, 587
Royal Bank Building 52 High St W	44,415	29,073	15,342
Chow & McLeod Law Office 48 High St W	17;354	10, 354	7,000
Purposed Financial 81 Athabasca StW	7,127	4,757	2,370
Sun Life Financial 125 Ominica Sti	, 11, 613	5,806	5,807
Fifth Ave. Collection 30 Stad acona St	13,327	7,921	5,406
Aspen Dental Clinic 895 - 9th Ave N.W	13,454	9,503	3,951
Yvette Moore Galery 76 Fairford StW	10 720	6,004	4,726
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# Moose Jaw General Commercial Cap Rate Model 2022

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3 - General Warehouse					
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Totals					5

### 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%) =  $501,803.86 \div 0.0637 = 7,877,600$  rounded.



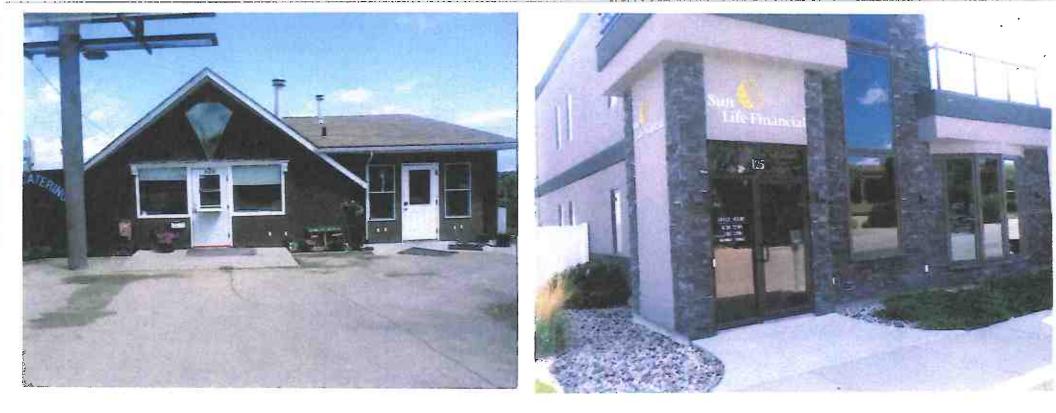
SAMA'S New Model's Cap Rates are Wrong





895-9th Ave N.W. Rings & Things 109 Main St. N Aspen Dental Clinic Total Market Rent 50, 721 Total Market Rent 13,378 SAMA's Assessed Value 523,800 SAMA's Assessed Value Using New Cap Rate 3.09% 690,700 9.30% is their New Rite 2021 Property Tax 9,503 12,948 2021 Property Tax ased \$6,526 \$ 3,951 Decreas 6 61 to Day the Previous 2020 Property Tax 13,454 6,422 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 2021 Property Tax 7,843 5,806 2021 Property Tax Increased 3,368 \$5,807 Decrease Using Previous Standard Capital 6,176 2020 Property Tax 4,475 11,613 2020 Property Tax SAMA'S "Cap Rate Model which resulted in multiple Stratifications 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 2021 Property Tax #7,843 **Encrosed** #3,368



Fifth Avenue Collection 30 Stadacona St. U. # 44,418 Total Market Rent # 424,000 SAMA's Assessed Value # 7,921 # 7,921 # 5,406 Decrease # 13,327 2020 Property Tax

SAMA'S New Model's Cap Rates are Wrong

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## Council hopes private company will give more favourable property appeal decisions

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.

sessment 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 Man-Roughly \$154,000 was lost due to as- , agement 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 fouryear evaluation cycle.

Jason G. Antonio - Moose Jaw Express

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 vear.

#### 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."

