



TOWN OF FORT FRANCES
ADMINISTRATION & FINANCE DIVISION
TREASURY REPORT 2013/88

TO: Mayor Avis & Members of Council
FROM: Laurie Witherspoon, Treasurer
DATE: September 18 2013
SUBJECT: MOS – Requests for Reconsideration
Re: 525 Kings Highway (2011 & 2012) Roll #5912-010-002-11800-0000

BACKGROUND

The assessment of property located at 525 Kings Highway was appealed to the Assessment Review Board under the provisions of Section 40 of the *Assessment Act*. The following settlement was reached between the parties:

1. 2011 Taxation year - Commercial CVA reduction from 488,750 to 458,160; and
2. 2012 Taxation year - Commercial CVA reduction from 505,000 to 458,160.

Attached to this report is a written explanation of the nature of the appeal, of which includes background information and the outcome. As stated in the e-mail received from Paula Begall, MPAC Municipal Relations Assistant, the deadline for return of the signed Minutes of Settlement (M.O.S.) has been set for October 4, 2013.

That total financial impact of the Minutes of Settlement would be \$3,557.12 consisting of a reduction of municipal revenue of 2,560.09 and education revenue of \$997.03 as listed in the attached Write-offs/Tax Account Adjustment worksheet.

RECOMMENDATION

The Administration & Finance Executive Committee recommends that Council sign the Minutes of Settlement for property located at 525 Kings Highway Fort Frances for 2011 & 2012 taxation years.

Council Approval of This Report Will Agree to the recommendation of the Administration and Finance Executive Committee to sign the Minutes of Settlement for property located at 525 Kings Highway in Fort Frances for the 2011 & 2012 taxation years.

2013 WRITE-OFFS/TAX ACCOUNT ADJUSTMENTS

[illegible]



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

MINUTES OF SETTLEMENT UNDER SECTION 40 OF THE ASSESSMENT ACT				
In the matter of the assessment made for the 2011 taxation year for the property described as:				
Roll Number:	5912 010 002 11800			
Location/Legal Description:	525 KINGS HIGHWAY PLAN SM119 PT LOTS 36 TO 38 PT MAPLE AVE RIVER RANGE RP 48R3905 PARTS 1 TO 6			
Municipality/Taxing Authority:	Town of Fort Frances			
Between:	THE MUNICIPAL PROPERTY ASSESSMENT CORPORATION		FIELD OFFICE NO.	32
And:	THE TDL GROUP			
	Assessed Person(s)			
The assessment of the property described above was appealed to the Assessment Review Board under the provisions of section 40 of the Assessment Act. The following settlement was reached between the parties:				
Original Property Assessment				
Property Classification RTC/RTQ	2005 Current Value (Phase-In Use Only)	2008 Current Value	Phase-In Assessment for Taxation Years	
			2011	2012
C/T	\$ 464,000	\$ 497,000	\$ 488,750	\$ 497,000
Total	\$ 464,000	\$ 497,000	\$ 488,750	\$ 497,000
Revised Property Assessment				
Property Classification RTC/RTQ	2005 Current Value (Phase-In Use Only)	2008 Current Value	Phase-In Assessment for Taxation Years	
			2011	2012
C/T	\$ 464,000	\$ 458,160	\$ 458,160	\$ 458,160
Total	\$ 464,000	\$ 458,160	\$ 458,160	\$ 458,160
It is agreed between the parties that the Order of the Assessment Review Board will be made in accordance with the settlement. By accepting this settlement, the assessed person hereby acknowledges that the appeal, under section 40 of the Assessment Act, for the taxation year described above, is settled and no hearing is required by the Assessment Review Board.				

On behalf of the Municipal Property Assessment Corporation		
PRINT NAME:	SIGNATURE:	DATE: (YYYY/MM/DD)
Assessed Person's Signature or Authorized Representative		
PRINT NAME:	SIGNATURE:	DATE: (YYYY/MM/DD)
On behalf of the Municipality/Taxing Authority		
PRINT NAME:	SIGNATURE:	DATE: (YYYY/MM/DD)

PLEASE NOTE:

If there is any change in the law that affects the determination of the adjusted 2005 CVA used as the starting point to determine the phased-in assessments in these Minutes of Settlement, MPAC reserves the right to re-state the phase-in amounts included in this Settlement to comply with the statutory or regulatory change.

Hearing ^{Sec} :			Appeal ^{Sec} :
DD	MM	YYYY	2622667



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

MINUTES OF SETTLEMENT FOR ANNUAL ASSESSMENTS UNDER SECTION 40 OF THE ASSESSMENT ACT			
In the matter of the assessment made for the 2012 taxation year for the property described as:			
Roll Number:	5912 010 002 11800		
Location/Legal Description:	525 KINGS HIGHWAY PLAN SM119 PT LOTS 36 TO 38 PT MAPLE AVE RIVER RANGE RP 48R3905 PARTS 1 TO 6		
Municipality/Taxing Authority:	Town of Fort Frances		
Between:	THE MUNICIPAL PROPERTY ASSESSMENT CORPORATION	FIELD OFFICE NO.	32
And:	THE TDL GROUP _____ Assessed Person(s)		
The assessment of the property described above was made pursuant to section 36 of the <i>Assessment Act</i> and appealed to the Assessment Review Board under the provisions of section 40 of the <i>Assessment Act</i> . The following settlement was reached between the parties:			
Original Property Assessment			
Property Classification RTC/RTQ	2005 Current Value (Phase-In Use Only)	2008 Current Value	Assessed Value 2012
C/T	\$ 471,469	\$ 505,000	\$ 505,000
Total	\$ 471,469	\$ 505,000	\$ 505,000
Revised Property Assessment			
Property Classification RTC/RTQ	2005 Current Value (Phase-In Use Only)	2008 Current Value	Assessed Value 2012
C/T	\$ 471,469	\$ 458,160	\$ 458,160
Total	\$ 471,469	\$ 458,160	\$ 458,160
It is agreed between the parties that the Order of the Assessment Review Board will be made in accordance with the settlement. By accepting this settlement, the assessed person hereby acknowledges that the appeal, under section 40 of the <i>Assessment Act</i> , for the taxation year described above, is settled and no hearing is required by the Assessment Review Board.			

On behalf of the Municipal Property Assessment Corporation		
PRINT NAME:	SIGNATURE:	DATE: (YYYY/MM/DD)
Assessed Person's Signature or Authorized Representative		
PRINT NAME:	SIGNATURE:	DATE: (YYYY/MM/DD)
On behalf of the Municipality/Taxing Authority		
PRINT NAME:	SIGNATURE:	DATE: (YYYY/MM/DD)

PLEASE NOTE:

The assessment of this property is subject to change by a supplementary or omitted assessment if there have been any changes to the property after the annual assessment was made for any of the current or two previous taxation years.

Hearing No.			Appeal No.
DD	MM	YYYY	2923540



"Begall, Paula"
<PAULA.BEGALL@mpac.ca>

09/09/2013 01:06 PM

To Tara Rajala <trajala@fort-frances.com>,
"Iwitherspoon@fort-frances.com"
<lwitherspoon@fort-frances.com>
"Colquhoun, Heather"
cc <HEATHER.COLQUHOUN@mpac.ca>,
"lawrence@metrolease.net" <lawrence@metrolease.net>,
bcc
Subject Tim Hortons Appeal

Hello,

Thank you for taking the time to participate in one of eight MPAC teleconference calls regarding the appeal details for the free standing Tim Hortons restaurants.

Please find attached, as discussed during the call, a copy of the MoS for the restaurants in your municipality and a written explanation of the nature of the appeals. Please review and advise as soon as possible if you have any questions. Tim Hortons representative Mr. Moskovic, will also review the MoS for accuracy.

Upon review of the MoS, please sign, scan and return (reply to all) by October 4th. This will ensure that Mr. Moskovic and MPAC sign all MoS and deliver to the ARB, allowing for time to determine if the scheduled hearing is necessary. This will also assist with the timing and delivery of the Section 39.1 MoS for the 2012 base year.

Thank you for your attention to this matter and please do not hesitate to contact me if you have any questions.

Sincerely,

Paula Begall

Municipal Relations Assistant

807 622-1400 x249

Paula.Begall@mpac.ca

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Toll free: 877 268 9231 x249

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Appeal - Free Standing Tim Hortons

Background

By way of background, there are approximately 350 free standing Tim Hortons restaurants across the province that filed appeals for the 2008 Current Value Assessment (CVA). For the 2008 Assessment Update, free standing Tim Hortons restaurants were valued by MPAC using the cost approach. The cost approach method is based upon estimating the cost of replacing the existing building, adjusting that cost to reflect any depreciation in the existing building, and adding the value of the land.

To address these appeals, Tim Hortons and MPAC agreed that four test properties in four municipalities (Cambridge, Hamilton, Kingston and North Bay) would proceed to a hearing before the Assessment Review Board (ARB). Hearing dates were set for January 2013. In advance of the hearings, the parties involved in the appeals for the four test properties - including the relevant municipalities - agreed that it would likely be more efficient to convert the hearing into an Alternate Dispute Resolution (ADR) process before the ARB. An Alternative Dispute Resolution is a form of consensual dispute resolution, in which the parties meet with a Board member as mediator or neutral third party (rather than as adjudicator). All parties present work to settle the dispute in an informal way. The mediator attempts to identify the interests of each party, and explore possible settlement solutions to address the issues in an appeal. The goal of the ADR event was to determine whether progress could be made on the principal issue; namely "depreciation". Tim Hortons restaurants must re-brand and complete renovations at designated intervals which is why depreciation was the principle issue. The ADR event took place over a single day, the Appellant, MPAC and 3 Municipalities were actively involved in the process and the parties agreed to a settlement of the issues.

Under the ARB Rules of Practice and Procedure, ADR events are confidential. In addition, the Board may order that any document filed with an application or at a hearing be treated as confidential, be sealed and not form part of the public record.

MPAC witnesses and counsel for MPAC were asked to sign and provide undertakings of confidentiality in order to receive productions from the Appellant. This was done. Such undertakings are common when an Appellant seeks protection regarding information it considers highly sensitive and confidential.

Outcome

Free standing Tim Horton stores will continue to be valued on the cost approach. An adjustment to the depreciation was necessary based on the requirement for Tim Hortons to re-brand and complete renovation at designated intervals. The cost approach and the re-branding are applied in the same manner to the free standing drive-thru stores and free standing eat-in stores. Initially MPAC served Notice of Increase to almost all the roll numbers under appeal. The increased value was the starting value that was used to apply the adjusted depreciation; therefore both increases and decreases are reflected in the revised value on the MoS.

A unique OR Table has been developed and applied to the free standing Tim Hortons stores. This unique table will ensure that the appropriate depreciation will be reflected on each property based on where they are within the re-branding and renovation cycle that is required.

MPAC has completed the revised valuations for the 2008 CVA based on the agreement in principle; this includes partitioning and all phase-in information. Approximately 9% of the properties will receive an increase in value and 91% will receive a decrease in value. The average decrease due to the appropriate depreciation being applied is approximately 11.5%, with the largest reduction being approximately 37%.

MoS include the current and previous assessed values along with the appropriate partitioning and phase-in information and applicable tax years noted at the top of the document not every property was under appeal for the tax years 2009 through to 2012.