

PROPERTY TAX CASE STUDY STRESSED OUT

Strescon Limited's Challenge

Modern day alchemist Strescon Limited threads steel through concrete to create panels that grace many of Atlantic Canada's high rise buildings. By the 1990s the company had grown into the region's largest precast, prestressed concrete manufacturer and had plants in Saint John, N.B. and Bedford, N.S. ... then the recession hit the region, and builders stopped building: their Bedford plant operated at sub-optimal capacity. Seeking tax relief, Strescon appealed their property assessment but the Provincial Assessor sublimely indifferent to the recessionary chill, proved unsympathetic. Strescon Limited turned to Turner Drake for advice.

Turner Drake's Approach

Turner Drake started by carefully analysing the production figures for the plant for the prior 6 years to establish its capability during the non-recessionary part of the business cycle. They then undertook a detailed inspection of the facility, witnessed and diagrammed the entire production process noting capacity constraints and cost surcharges imposed by bay widths, ceiling heights, crane capacity and materials handling. They extensively interviewed the Project and Sales Managers in an effort to quantify these costs. Using aerial photography they established that only 12.09 acres of the 43.8 acre site was required to support the production process; though all of it was assessed for commercial use. They advised Strescon Limited that the property was over-assessed even though the Provincial Assessor had missed 19,000 ft.² of the 51,000 ft.² total building area. Negotiations with the Provincial Assessor at first proved difficult; he threatened to increase the \$1.9 million assessment by 30% to take account of the missed building area and was belligerent. Using techniques developed by Harvard Business School's "Getting to Yes" program Turner Drake were able to gain the Provincial Assessor's confidence and negotiate a major reduction in the Realty and Business occupancy assessments. Turner Drake then took the (reduced) assessment to the Regional Appeal Court and completed the process by winning a further reduction to their suggested figure.

Winning Results

Turner Drake were able to reduce the \$1,874,400 Realty Assessment to \$1,623,500 by negotiation with the Provincial Assessor ... and then further reduce it to \$1,316,000 at the Regional Assessment Appeal Court ... a total annual tax saving of \$29,849.

