

# PROPERTY TAX CASE STUDY BOTTLE NECKS

## The Challenge

This manufacturer was on the horns of a dilemma. Their Ottawa, Ontario bottling plant had been converted to a warehousing and distribution operation. Their advisors, a well respected firm of international property tax consultants, had reviewed the assessment and deemed an appeal unlikely to provide tax relief. The manufacturer was sceptical: they turned to Turner Drake for advice.

## Turner Drake's Approach

The buildings had been constructed for one purpose, a bottling plant, and were now utilised for an entirely different use, warehousing. Turner Drake started by conducting intensive interviews with the Plant Manager, Operations Manager and Maintenance Department to uncover bottlenecks and deficiencies in the operation. Then began an exhaustive three day inspection of the property ... from footings to roof. Donning hard hats, work boots, coveralls, ear and eye protection, Turner Drake witnessed and diagrammed the warehousing process noting construction items which no longer contributed to the present warehousing function such as the below grade compressor room, the oversized boiler originally constructed for processing but now relegated to a minor heating role, disused walk-in coolers, and the former canning area designed for food operations and unsuited to warehousing. Functional deficiencies such as lighting designed for bottling but inadequate for warehousing, and height constraints in the bottling and canning areas which limited their utility for the current warehousing use were carefully catalogued. Turner Drake then obtained a copy of the assessment calculations from the Municipal Property Assessment Corporation (MPAC), and using a computerised costing program widely utilised in North America by assessment authorities, reconstructed the assessor's calculations. These were then adjusted using the complex *Breakdown (Observed Condition) Method* to calculate the functional, physical and external obsolescence identified during Turner Drake's on-site interviews and inspection.

## Winning Results

**Turner Drake met with the MPAC assessor and negotiated multi-year reductions in the Realty Assessment from \$8,972,000 to \$8,194,000, and \$10,885,000 to \$9,002,000 ... yielding tax savings of \$220,289.**

