



June 20, 2008

Honourable Rick Thorpe  
Room 124  
Parliament Buildings  
Victoria, BC V8V 1X4

Dear Minister Thorpe:

Kinder Morgan is pleased to confirm our acceptance of the Vancouver Wharves properties assessment at \$24,409 million for 2009 assessment purposes. We believe this evaluation appropriately reflects the actual value of the properties and adequately addresses the related issues of restrictions on use. We thank you for your assistance in resolving the property valuation issue for the Vancouver Wharves property.

We are also actively engaged in an Appeal Management Conference and are confident that our appeal of the 2008 assessments will also reach a mutually satisfactory resolution.

Kinder Morgan is looking forward to fully contributing to the objectives of the Pacific Gateway initiative of the provincial and federal governments and continues to work closely with other North Shore terminal operators to provide efficient access to international markets for Canadian import and export commodities.

Yours truly,

**KINDER MORGAN CANADA TERMINALS LIMITED PARTNERSHIP**

A handwritten signature in dark ink, appearing to read "Kevin T. Jones". The signature is written in a cursive, flowing style.

Kevin T. Jones  
Vice President & Regional Manager

Folio # 08-328-0253-000-000

West Vancouver area - Water lot + upland

Areas from Jim McClure note of June 13th (And have not yet been verified)

Land Type		Size Sq Ft		Rates from Neptune adjusted for restriction in use	Rate From Neptune	Totals -without Restriction Adj on fee simple land	Totals -with Restriction Adj on fee simple land	2007 land values
Upland								
	VPA	37619		NA	\$ 5.7170	NA	\$ 215,068	\$ 230,000
Water lot								
	VPA	93228		NA	\$ 1.8670	NA	\$ 174,057	\$ 350,000
							\$ 389,124	\$ 580,000
							\$ 190,876	

Folio #        08-316-010-0122-7410-0

District of North Vancouver

Areas from Jim McClure note of June 13th (And have not yet been verified)

Land Type		Size Sq Ft	Rates from Neptune adjusted for restriction in use*	Rate From Neptune	Totals -without Restriction Adj on fee simple land	Totals -with Restriction Adj on fee simple land	2007 land values
Upland							
	VPA	82301	\$ 5.7170		\$ 470,515		\$ 1,286,000
	Fee Simple	3836303	\$ 8.9490		\$ 34,331,076		\$ 31,070,000
	Total	3918604		\$ 5.7170		\$ 22,402,659	
Water lot							
	VPA	598732	\$ 1.8670		\$ 1,117,833		\$ 2,060,000
	Fee Simple	514361	\$ 2.9230		\$ 1,503,477		\$ 1,625,000
	Total	1113093		\$ 1.8670		\$ 2,078,145	

\$ 37,422,900 \$ 24,480,804 \$ 36,041,000

Difference -\$ 1,381,900 \$ 11,560,196

\* the rates applied to the fee simple lands are calculated using the Neptune figures but removing the 32.5% adjustment for restrictions in use.

## Excerpt from Consultant's Report

We are suggesting, therefore, that the Ministry base the valuation on the same general approach as that used for the VPA properties (i.e. the BCA method of calculation) with an additional 'restriction on use' factors. In the case of Vancouver Wharves, the additional factor would be calculated by reference to comparable properties on the North Shore of Burrard Inlet. We have calculated the comparable properties in two ways:

- o By using a simple average of the adjustment factors developed for Neptune and Fibreco – two properties that are close to Vancouver Wharves and handle similar products.
- o By using a weighted average of the adjustment factors developed for all North Shore properties owned by VPA.

Both approaches generate similar values. We have adopted the first of these two approaches, which generates an additional restriction on use factor of 33.6%.

### **RECOMMENDATIONS**

- ☐ Given the mandate of BCRC and the conditions of the lease, it makes sense to include the Vancouver Wharves properties in the *Ports Land Valuation Regulation*.
- ☐ Applying this factor to the Vancouver Wharves properties and applying the appropriate inflation factor for 2007, we recommend that the Ministry attach a combined value of \$24,410,000 value to the properties at Vancouver Wharves as the basis for calculating the 2008 value.



**PROPERTY ASSESSMENT APPEAL BOARD  
OF BRITISH COLUMBIA**

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**IN THE MATTER OF AN APPEAL PURSUANT TO S. 50 OF THE *ASSESSMENT ACT***

**CONCERNING:**

**KINDER MORGAN CANADA TERMINALS INC**

**APPELLANT**

**AND**

**ASSESSOR OF AREA #08 - VANCOUVER SEA TO SKY REGION**

**RESPONDENT**

**Appeal No.: 2008-08-00014**

**Date of Decision: June 26, 2008**

**Properties: 08-44-316-010-0122-7410-0, 1995 1st St W, District of North Vancouver  
08-45-328-11-0253-000-000, District of West Vancouver**

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The appeal is from the decision of the 2008 Property Assessment Review Panel. The parties have agreed to a recommendation to the Board to resolve this appeal. The Board accepts the recommendation and orders the Assessor to amend the assessment rolls as follows:

**Roll No.: 08-45-328-11-0253-000-000:**

		<b>FROM</b>		<b>TO</b>
Land:	Class 4 - Major Industry	\$ 650,000	\$	434,000
Improvements:	Class 4 - Major Industry	\$ 756,000	\$	756,000
	Class 4 - Major Industry (ex)	\$ 301,000	\$	301,000
Total Assessed Value:		\$ 1,707,000	\$	1,491,000

Roll No. 08-44-316-010-0122-7410-0:

			FROM	TO
Land:	Class 4 - Major Industry	\$	39,108,000	\$ 25,681,000
	Class 4 - Major Industry (ex)	\$	1,209,000	\$ 808,000
Improvements:	Class 4 - Major Industry	\$	55,733,000	\$ 55,733,000
	Class 4 - Major Industry (ex)	\$	437,000	\$ 437,000
	Class 6 - Business and Other	\$	165,000	\$ 165,000
Total Assessed Value:		\$	96,652,000	\$ 82,824,000

The properties shall be subject to the exemptions from taxation, if any, using the same method of calculation as may be shown on the assessment rolls confirmed by the Property Assessment Review Panel.

For the Board



C.L. Vickers, Chair

#### **APPEAL OF BOARD'S DECISION**

Pursuant to section 65(1) of the *Assessment Act*, any person who is affected by the above decision may appeal by way of Stated Case to the Supreme Court of British Columbia **on a question of law only**. To do so, you must notify the Board in writing **and** include the question(s) of law that you want the Court to answer **within 21 days** of your receipt of the Board's decision. You may contact the Board for a form, which can be used for this purpose.

Property Assessment Appeal Board  
Suite 10, 10551 Shellbridge Way  
Richmond BC V6X 2W9

Telephone: 604-775-1740  
Toll-free: 1-888-775-1740  
Fax: 604-775-1742

E-Mail: [office@paab.bc.ca](mailto:office@paab.bc.ca)  
Web Site: [www.assessmentappeal.bc.ca](http://www.assessmentappeal.bc.ca)

# Ministry of Small Business and Revenue

## BRIEFING NOTE

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**PREPARED FOR:**

Honourable Rick Thorpe  
Minister of Small Business and Revenue

**FOR INFORMATION:****DATE:** April 24, 2008**REF #:** 173073

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**ISSUE**

Including Vancouver Wharves in the *Ports Land Valuation Regulation (Regulation)*, which prescribes the value of the port lands for assessment purposes.

**BACKGROUND**

In May 2007, KinderMorgan (KM) entered into a 40 year operating arrangement with the BC Railway Company (BCRC) to operate the Vancouver Wharves property located on the north shore of the Burrard Inlet.

In 2006, the *Regulation* was approved by OIC for implementation for the 2007 taxation year. The *Regulation* includes a table prescribing a valuation calculation methodology and the land value of designated port properties located in the Lower Mainland area and Prince Rupert for assessment purposes. The assessment calculation methodology was developed by consultants based on an analysis using actual lease financial information provided by the Vancouver Port Authority for the applicable ports properties (currently there are 28 port properties to which the calculation methodology applies). Although KM requested that the same methodology be applied to the Vancouver Wharves property, due to time constraints, the complexity of their lease with BCRC and lack of detailed financial information, it was not possible to clearly determine that the calculation methodology could be applied to the Vancouver Wharves port lands for 2007. The Vancouver Wharves property was valued for 2007 and 2008 using a methodology similar to that used to value adjacent privately owned port properties owned by Fibreco, which was consistent with a Property Assessment Appeal Board decision.

Vancouver Wharves is also subject to the tax rate limitations under the *Ports Property Tax Act* that prescribes a tax rate of \$27.50 for municipal general purposes.

**DISCUSSION**

The province agreed to review the option to include Vancouver Wharves in the *Regulation* and KM agreed to provide whatever necessary financial information that would be required. The consultants met with KM and examined the lease information provided, under strict confidentiality arrangements. They also reviewed the current BCRC Service Plan and determined:

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\_\_\_\_ Robin Ciceri, Deputy Minister

- *BCRC has retained ownership of its marine terminal lands at Vancouver Wharves to North Vancouver and at Squamish Terminals in Squamish, to ensure that these lands are preserved for port use activities.*
- *BCRC will require that Vancouver Wharves continue to be used for port terminal related activities for the duration of the operating arrangement.*

Following the review of the lease, the consultants determined that the financial details were too complex and broad to provide a basis on which to apply the new valuation methodology, however, the consultants recommended as follows:

- given the mandate of BCRC and the conditions of the lease, it makes sense to include the Vancouver Wharves properties in the *Ports Land Valuation Regulation*;
- the valuation of the Vancouver Wharves port lands be based on the same general approach as that used for the other port properties, subject to the *Regulation* incorporating adjustment factors to recognize the restricted use; and
- use a simple average of the adjustment factors developed for the Neptune and Fibreco properties – two nearby properties that handle similar products.

Applying this valuation methodology yields an adjusted value of \$24,410,000 which could be applied for the 2008 property taxation year. KM has not yet had the opportunity to review and comment on this value but, as this value is consistent with other port properties, it is likely to be accepted.

This proposed value is \$10.562 million less than the 2007 assessed value and would result in a revenue impact of about \$285,000 for the District of North Vancouver and about \$6,500 for the City of West Vancouver. If the proposed value is to be applied for 2008, consultation with the impacted municipalities will be required. The Ministries of Finance and Community Services will also have to be consulted.

A comparison of valuation approaches for Vancouver Wharves is in Appendix 1.

## **RECOMMENDATION/NEXT STEPS**

Include Vancouver Wharves in the *Ports Land Valuation Regulation* for the 2009 assessment and property taxation year, after consulting with the Ministry of Finance and KM (because the property is under appeal, it is possible to partially implement the new methodology for 2008). Once consensus has been reached, consult with the District Municipality of North Vancouver.

Attachment

### **MINISTRY CONTACT:**

Brian Currie, Manager

Property Assessment Services

Phone: 250 356-6075

Email: [brian.currie@gov.bc.ca](mailto:brian.currie@gov.bc.ca)

**AP**

**APPENDIX 1**

<b>Municipality</b>	<b>2007 BCA Assessed Value</b>	<b>Proposed Assessed Value</b>	<b>Difference</b>	<b>Tax Revenue Impact (Est.)</b>
District of North Vancouver	\$34,658,000	\$24,095,550	\$10,562,450	\$285,000
City of West Vancouver	\$553,000	\$553,000	\$238,730	\$6,500
<b>Total</b>	<b>\$35,211,000</b>	<b>\$24,409,820</b>	<b>\$10,801,180</b>	<b>\$291,500</b>



# Ministry of Small Business and Revenue

## BRIEFING NOTE

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**PREPARED FOR:**

Honourable Kevin Krueger  
Minister of Small Business and Revenue

**FOR INFORMATION****DATE:** December 5, 2008**REF #:** 175660

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**ISSUE**

Impact of the 2009 assessment roll adjustment on the property value and property tax of Vancouver Wharves.

**BACKGROUND**

The British Columbia Railway Company (BCRC) owns port property known as the Vancouver Wharves, located on the north shore of Burrard Inlet. Most of the port properties in the Burrard Inlet, Delta and Prince Rupert areas are owned by the federal government and leased to the various Port Authorities. Port Authorities then sub-lease the properties to port facility operators, who provide the various port activities (i.e., containers; bulk products; chemicals; and wood chips).

Prior to 2005, BCRC was exempt from paying property taxes and paid an annual grant-in-lieu of \$2 million in total to the District of North Vancouver and the District of West Vancouver. In 2005, the *Ports Property Tax Act (PPTA)* was implemented by the Ministry of Finance, prescribing the property tax rate for existing designated port properties at \$27.50 per \$1,000 of assessed value. The Vancouver Wharves property was included in the list of designated properties for the purposes of the *PPTA*. Subsequently, the Ministry of Finance also directed BCRC to pay grants-in-lieu more in line with projected property taxes, if the fixed rate was applied to the assessed value. BC Assessment (BCA) assessed the Vancouver Wharves port land at about \$37 million for 2007; BCRC appealed the assessment. The Property Assessment Appeal Board (PAAB) confirmed the value, as it was consistent with other privately owned port properties nearby (improvements are valued using Major Industrial Properties Manuals; land is at market value).

In May 2007, Kinder Morgan (KM) entered into a 40-year lease arrangement with BCRC to operate the Vancouver Wharves terminal. As a consequence of the lease, KM was considered an occupier of the terminal properties and, therefore, subject to full property tax.

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\_\_\_\_\_ Bob de Faye, Deputy Minister

Also in 2007, a new valuation methodology for valuing ports land was implemented following a PAAB ruling that property assessments of leased federal port properties must take into account the restrictions on use imposed by the federal government. The *Ports Land Valuation Regulation (Regulation)* includes a schedule of port land values for the listed properties - the port land values are determined by a formula that reflects restrictions on use of port land, not the value of neighbouring industrial lands, and the values are adjusted annually by the Consumer Price Index (CPI). Although KM requested that the new methodology be applied to the Vancouver Wharves property for 2008, due to time constraints, the complexity of their lease with BCRC and lack of detailed financial information, this request was denied. For 2008, the land was valued similarly to 2007 at \$37 million, and KM appealed their assessment.

## DISCUSSION

For the 2009 assessment year, KM was able to provide additional financial information, and the Vancouver Wharves property was added to the schedule of the *Regulation* through the *Economic Incentive and Stabilization Statutes Amendment Act (EISSAA)*, with values of \$24.8 million (this value reflects the applied formula to the assessment adjustment provisions of the *EISSAA*).

In settling the KM appeal of the 2008 assessed values, BCA and KM reached a settlement setting the value of the port land at \$26.9 million, about \$10 million less than the 2007 assessed value, and KM was liable for property taxes determined with this value.

As a result of the settlement of the 2008 appeal, the District of North Vancouver and the District of West Vancouver rebated about \$500,000 in property taxes paid to KM for the Vancouver Wharves property.

Based on the assessed value in the schedule for 2009, the impact on the 2 districts is estimated at \$60,000 from 2008 adjusted property taxes paid (i.e., \$60,000 for the District of North Vancouver and \$1,000 for the District of West Vancouver). At this level, the municipalities are not likely to express strong concern. Some concerns may be expressed, however, if the amounts paid by the province to the municipalities under the *PPTA* are not adjusted by the CPI for 2009. The Ministry of Finance has indicated that no decision has yet been made as to whether the CPI will be applied for 2009.

## SUMMARY

For the 2009 taxation year, the port land value of the Vancouver Wharves property has been confirmed (adjusted to 2008 levels), under Section 36(b) of the *EISSAA*. The property tax revenue impacts for the two affected municipalities will be about \$60,000 for 2009. Draft letters to the District of North Vancouver (175763) and the District of West Vancouver (175766) are attached detailing the adjustments and revenue impacts.

Attachments

### MINISTRY CONTACT:

Brian Currie, Manager  
Property Assessment Services

Phone: 250 356-6075  
Email: [Brian.Currie@gov.bc.ca](mailto:Brian.Currie@gov.bc.ca)



Proposed wording for amendment of the *Port Lands Valuation Regulation*, BCRreg 220/207

Please amend the Schedule to the *Port Land Valuation Regulation* as follows:

- In Item 14, column 3, replace the value of \$9,215,020, with \$9,910,523.
- In Item 25, column 3, replace the value of \$19,788,000, with \$22,666,450.

Please also amend the Schedule to the Port Land Valuation Regulation as follows:

- By adding items 29 – 30, and incorporating the following:

<b>Item</b>	<b>Column 1 Assessment Roll Number</b>	<b>Column 2 Taxation Year</b>	<b>Column 3 Actual Value</b>	<b>Column 4 Municipality</b>	<b>Column 5 Terminal Name</b>
29	08-316- 010012274100	2008	\$24,095,550	District of North Vancouver	Vancouver Wharves
30	08-328- 110253000000	2008	\$314,270	City of West Vancouver	Vancouver Wharves

# ***VANCOUVER WHARVES: VALUATION OF LAND FOR PROPERTY TAXATION PURPOSES<sup>1</sup>***

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## **BACKGROUND**

- BCRC is a provincial Crown corporation with a mandate to support and facilitate the British Columbia Ports Strategy and Pacific Gateway Strategy.<sup>2</sup> British Columbia Rail Company (BCRC) owns and holds the port properties known collectively as “Vancouver Wharves”.
- In May 2006, BCRC solicited proposals from private operators interested in entering into a long-term operating arrangement with respect to the Vancouver Wharves properties.<sup>3</sup> On May 30, 2007 BCRC entered into a 40 year operating arrangement with Kinder Morgan (KM).
- Most of the land at Vancouver Wharves is held in fee simple by BCRC. A small proportion of the land is leased from Vancouver Port Authority. Around 10 acres of land at the western end of the property (adjacent to the Squamish Indian Reserve) is owned by the federal government. This property is to be returned to the federal government in mid 2009.
- The properties are contained in two assessment folios (roll numbers): one associated with the District of North Vancouver and one associated with the District of West Vancouver.
- The Vancouver Wharves properties have been included in the schedule to the *Eligible Port Property Designation Regulation 197/2004* under the *Ports Property Tax Act*. As such the properties are subject to the tax rate limitations under that Act.
- KM has asked that the land at Vancouver Wharves be valued for property taxation purposes in the same manner as the port properties covered by the *Ports Land Valuation Regulation 220/2007*.
- We have been asked to provide advice on whether the Vancouver Wharves properties should be designated as eligible properties under the *Port Land Valuation Regulation* and, if so, what values should be attached to the land.
- We have had reviewed documents provided by KM including the lease document and a document that summarises the financial obligations associated with the lease arrangements. We have met with Kevin Jones and Albert Hill of KM to discuss these documents.

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<sup>1</sup> Land is used here to include both land lots and water lots at Vancouver Wharves.

<sup>2</sup> BCRC’s Service Plan is attached as Appendix A.

<sup>3</sup> The Call for Proposals is attached as Appendix B

## KINDER MORGAN'S OBLIGATIONS UNDER THE LEASE

- BCRC's latest Service Plan makes it clear that it wishes to continue Vancouver Wharves as a major marine terminal:

*"BCRC has retained ownership of its marine terminal lands at Vancouver Wharves in North Vancouver and at Squamish Terminals in Squamish, to ensure that these lands are preserved for port use activities."*

- BCRC's call for proposals made it clear that they were seeking an arrangement with a private operator that would preserve the port activities at Vancouver Wharves:

*"BCRC will require that Vancouver Wharves continues to be used for port terminal related activities for the duration of the operating arrangement"*

- The lease held by KM makes it clear that the permitted uses of the lands are limited to marine terminal purposes.<sup>4</sup> The lease also makes it clear that KM must fulfill obligations to companies that currently ship materials through Vancouver Wharves.
- Under the lease, KM is expected to undertake a number of investments:
  - o **Land Clearing:** KM must clear the 10 acres of land at the western end of the property prior to its return to the federal government in 2009.
  - o **Facility relocation and construction:** Because of the loss of the 10 acres at the western end, existing facilities (buildings and railway tracks) must be relocated and new facilities constructed in order to maintain access to the site for existing customers.
  - o **Site Contamination:** KM must put in place physical barriers around the site that will allow them to contain and treat ground water on the site. When the 40 year lease ends, specified conditions on the condition of the lands must be met before land is transferred back to BCRC.

## PUTTING A VALUE ON THE LAND

- If the Vancouver Wharves properties are to be included in the *Ports Land Valuation Regulation* the lands have to be given a value.
- In our previous work we were guided by the capitalised value of annual lease payments between the port operator and the port authority in making our recommendations on the value that should be associated with port land. This approach is not possible with the Vancouver Wharves property for the following reasons:
  - o The lease document and the financial arrangements are structured in a very different manner compared to the VPA lease documents we reviewed when advising the Ministry on the approach to be taken to valuing port land.<sup>5</sup>

<sup>4</sup> An excerpt from the lease is included as Appendix C.

<sup>5</sup> See summary report prepared in February 2007 and included as Appendix D.

- o The lease does not call for KM to make annual rent payments to BCRC. KM has made a single lump-sum payment for assets acquired and \$1 as prepaid rent.
- o KM is assuming responsibility for expenditures that otherwise would be incurred by the landlord. The estimated cost of this liability is not contained in the lease documents. KM has provided us with their cost estimates but we have no way of knowing whether all costs have been included and whether actual costs will match these estimates. Therefore, we cannot use an estimate of the costs transferred from the landlord to the tenant as a proxy for rent.
- We are suggesting, therefore, that the Ministry base the valuation on the same general approach as that used for the VPA properties (i.e. the BCA method of calculation) with an additional 'restriction on use' factors. In the case of Vancouver Wharves, the additional factor would be calculated by reference to comparable properties on the North Shore of Burrard Inlet. We have calculated the comparable properties in two ways:
  - o By using a simple average of the adjustment factors developed for Neptune and Fibreco – two properties that are close to Vancouver Wharves and handle similar products.
  - o By using a weighted average of the adjustment factors developed for all North Shore properties owned by VPA.
- Both approaches generate similar values. We have adopted the first of these two approaches, which generates an additional restriction on use factor of 33.6%.

## RECOMMENDATIONS

- Given the mandate of BCRC and the conditions of the lease, it makes sense to include the Vancouver Wharves properties in the *Ports Land Valuation Regulation*.
- Applying this factor to the Vancouver Wharves properties and applying the appropriate inflation factor for 2007, we recommend that the Ministry attach a combined value of \$24,410,000 value to the properties at Vancouver Wharves as the basis for calculating the 2008 value. The calculation is included as Appendix E.

Prepared for the Ministry of Small Business and Revenue  
 Prepared by Peter Adams and George Macauley  
 April 8, 2006

## **Appendix D**

### **Summary Report from February 2007**



## ***THE NEW FORMULA FOR SETTING THE ASSESSED VALUE OF PORT LAND – THE PROCESS FOLLOWED BY PETER ADAMS AND GEORGE MACAULEY***

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- The Property Assessment Appeal Board (PAAB) in the Western Stevedoring Decision came to the conclusion that the capitalization of the lease rental paid by Western is a reasonable proxy for the market value of the occupied port land restricted in use to a break bulk terminal. The PAAB decision used a capitalization rate of 10%. The PAAB decision was subsequently upheld by the Supreme Court.
- Following the PAAB and Supreme Court rulings, we were engaged by the Ministry of Small Business and Revenue (MSBR) to help develop a new formula for the assessment of Port Land consistent with the PAAB decision. The work was limited to Port properties in Property Class 4 (Major Industry). Most of the work was associated with leases at Vancouver Port.
- The Vancouver Port Authority (VPA) and individual port operators gave us permission to review their lease documents but did not give us permission to share the specifics of those documents with any other party, including BC Assessment and MSBR.
- In reviewing the lease documents, we encountered a number of difficulties in implementing the PAAB decision. First, the structure and content of the lease documents vary among the occupiers and can vary for the same occupier over time. Second, the leases may include a variety of payments to VPA, some of which may not be considered as rent. Third, the lease rates vary by location of the land in question, use of the land and timing of the lease.
- Given these complications, we developed a method of estimating land values based on the methodology used by BC Assessment and incorporating additional ‘restrictions on use’ adjustments that would generate values consistent with the approach taken in the PAAB decision. In doing so, we made some judgements about how best to define rent and to average rental rates for properties in similar locations and properties of similar use.
- We also recommended a method of inflating land values each year assuming the properties would remain in Property Class 4.
- Industry representative recommended minor changes to the factors we developed. We accepted most but not all of their proposed changes.

**PETER J. ADAMS B.Sc. (ECON), M.Sc.**

Peter is an independent consultant based in Victoria BC. He is an economist by training with Bachelor and Master's degrees from the London School of Economics and Political Science. His fields of expertise include public finance, taxation and public policy analysis. Since 1986, he has completed more than 250 consulting assignments for various public and private sector clients, including property tax payers and local governments. For example, he was research director for the "Financing Local Government" studies commissioned by the provincial government and the Union of British Columbia Municipalities. He also served on the research staff of the Sullivan Royal Commission on Education.

Prior to joining the consulting field, Peter held a number of senior positions with the government of British Columbia including Director of the Tax and Fiscal Policy Branch of the Ministry of Finance. Peter has held faculty positions at the London School of Economics and the University of Nairobi and an adjunct position at the University of Victoria.

**GEORGE DAVID MACAULEY, BA (Hons), MA, LLB**

George is a trained economist and lawyer based in Victoria BC. George worked as an economist with the BC Ministries of Economic Development and Energy, Mines and Petroleum Resources. After receiving his law degree from the University of Victoria, George practised with a large national law firm in Vancouver. Since 1991, he has provided consulting services to the Province in relation to aboriginal affairs (federal/provincial cost sharing, land and resource analysis, negotiation support), offshore oil and gas (economic analysis), gaming (economic analysis), forests (economic analysis, policy, GIS systems), procurement (financial analysis and process) and general policy development. George has a long involvement with development of applications using Oracle (since 1990) and in financial/economic modeling.



## **Appendix E**

### **Calculation of Proposed Value**

# **Vancouver Wharves - 2007 Land and Water (not improvements) Assessment**

Roll Number	Jurisdiction	Revised Assessed Value	BCA 2007 Assessed Value	Difference	Municipal Tax Impact
08-316-010012274100	North Vancouver District	24,095,550	34,658,000	10,562,450	x 0.027 = 285,186
08-328-110253000000	West Vancouver City	314,270	553,000	238,730	x 0.027 = 6,446
		<u>24,409,820</u>	<u>35,211,000</u>	<u>10,801,180</u>	<u>x 0.027 = 291,632</u>

## **Notes:**

- (1) Restricted use rate adjustments were developed by averaging the rate adjustments used for Neptune and Fibreco terminals.
- (2) No adjustment is made for reclamation obligations as the property is valued as an operating port terminal property and square foot values and restricted use factors reflect this use.
- (3) The purchase proceeds were significantly less than the assessed value of the improvements on the land so could not be reasonably inferred as reflecting value in the land lease.
- (4) The prepaid rent to BCRC (\$1) and commitments to environmental liabilities, relocation of the PEC site and other commitments associated with lands are significantly less than the revised assessed value indicated above and do not suggest support for a higher assessed value (reflecting commitments taken on to reduce landlord expenditures) for the land.

**Vancouver Wharves - North Vancouver component**

<b>2007 Assessment (from 2007 Record Cards)</b>									
	\$ / Sq. Ft.	Square Ft	Size Curve	----- Rate Adjustment Factors -----			% Parcel		
				Location	Land Use	Reclamation			
Land									
100%	25.00	3,836,303	0.4874	-10%		- 11,000,000	100%	31,070,817	
50%	12.50	119,277	1.2500				69%	1,285,955	
Water									
27%	6.75	514,361	0.5853	-10%	-10%		100%	1,625,700	
15%	3.75	688,198	0.9174				87%	2,059,789	
Actual Value								<u>36,042,260</u>	

<b>2006 Equivalent (based on 2007 methodology)</b>									
	\$ / Sq. Ft.	Square Ft	Size Curve	----- Rate Adjustment Factors -----			% Parcel		
				Location	Land Use	Reclamation			
Land									
100%	20.00	3,836,303	0.4874	-10%		- 11,000,000	100%	22,656,653	
50%	10.00	119,277	1.2500				69%	1,028,764	
Water									
27%	5.40	514,361	0.5853	-10%	-10%		100%	1,300,560	
15%	3.00	688,198	0.9174				87%	1,647,831	
								<u>26,633,808</u>	

<b>2006 - Based on Neptune/Fibreco Additional Factors --&gt; 2007</b>									
	\$ / Sq. Ft.	Square Ft	Size Curve	----- Rate Adjustment Factors -----			% Parcel		
				Location	Land Use	Additional			
Land									
100%	20.00	3,836,303	0.4874	-10%		-33.60%	100%	21,091,503	2%
50%	10.00	119,277	1.2500			-33.60%	69%	683,099	2%
Water									
27%	5.40	514,361	0.5853	-10%	-10%	-33.60%	100%	754,325	2%
15%	3.00	688,198	0.9174			-33.60%	87%	1,094,160	2%
								<u>23,623,087</u>	2%
								<b>24,095,550</b>	
Additional Factors for Similar Properties									
Neptune						-22.50%			
Fibreco						-44.70%			
Average						<u>-33.60%</u>			

**Vancouver Wharves - West Vancouver component**

2007 Assessment (from 2007 Record Cards)						
\$ / Sq. Ft.	Square Ft	Size Curve	----- Rate Adjustment Factors -----			% Parcel
			Location	Land Use	Reclamation	
Land						
12.50	121,352	0.4900				31% 230,417
Water						-
3.75	717,146	1.0000				13% 349,609
Actual Value						<u>580,026</u>

2006 Equivalent (based on 2007 methodology)						
\$ / Sq. Ft.	Square Ft	Size Curve	----- Rate Adjustment Factors -----			% Parcel
			Location	Land Use	Reclamation	
Land						
10.00	121,352	0.4900				31% 184,334
Water						
3.00	717,146	1.0000				13% 279,687
						<u>464,021</u>

2006 - Based on Neptune/Fibreco Additional Factors --> 2007							2007 @ 2%CPI	
\$ / Sq. Ft.	Square Ft	Size Curve	----- Rate Adjustment Factors -----			% Parcel		
			Location	Land Use	Additional			
Land								
10.00	121,352	0.4900			-33.60%	31%	122,398	2% 124,846
Water								
3.00	717,146	1.0000			-33.60%	13%	185,712	2% 189,426
							<u>308,110</u>	2%
								<b>314,270</b>
Additional Factors for Similar Properties								
			Neptune	-22.50%				
			Fibreco	-44.70%				
			Average	<u>-33.60%</u>				