



## REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

### 2016 CURRENT VALUE ASSESSMENT AND 2017 PROPERTY TAX INFORMATION

**Date:** July 7, 2017  
**To:** The Board of Governors of Exhibition Place  
**From:** Dianne Young, Chief Executive Officer  
**Wards:** Wards 14 and 19

#### REASON FOR CONFIDENTIAL INFORMATION

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This report deals with security of property of the Board.

#### SUMMARY

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This report provides information on Exhibition Place 2016 Current Value Assessment ("2016 CVA") from the Municipal Property Assessment Corporation ("MPAC") for the tenanted commercial properties and Exhibition Place exempt properties and recommends that Exhibition Place work with the City's Chief Financial Officer & Deputy City Manager (CFO/DCM), Chief Corporate Officer (CCO) and Treasurer and, if required, engage a property tax consultant, to advise Exhibition Place about this matter and the significant increase of the 2016 CVA for Exhibition Place tenanted space.

#### RECOMMENDATIONS

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It is recommended by the CEO that the Board:

- 1) Request the City of Toronto's CFO/DCM, CCO and Treasurer to review the 2016 Property Tax matters for Exhibition Place and provide advice regarding appropriate next steps;
- 2) Approve of the engagement of a property tax consultant, if required, at the discretion of the CEO in consultation with the City's CFO/DCM, CCO and Treasurer and the Board Chair, to work with MPAC regarding the 2016 CVA for the Exhibition Place commercial space;

- 3) Request the CEO to report back to the Board on any actions to be taken; and,
- 4) Direct that the confidential information contained in the Confidential Attachment 1 remain confidential in its entirety not be released publicly as it pertains to security of the property of the Board.

## **FINANCIAL IMPACT**

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There are no immediate negative financial implications resulting from the adoption of this report. Both the 2016 CVA and the 2017 Final Property Tax bill are addressed and sent to Exhibition Place as manager of the entire site and Exhibition Place initially pays the property tax bill. However, both documents are related only to the buildings that are not occupied by the Board or the City and therefore, are not property tax exempt. Accordingly, Exhibition Place invoices each of the non-municipal (commercial) tenants in accordance with the Final Property Tax bill and all tenants have a contractual obligation pursuant to their leases to repay Exhibition Place for the particular property occupied by each of the tenants.

## **DECISION HISTORY**

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The Exhibition Place 2017 – 2019 Strategic Plan had a Financial Goal to achieve positive financial performance across Exhibition Place and all of its business and as a Strategy to seek new and / or expand tenancies, naming partners, third parties, existing operations, and develop oversight processes for each revenue stream.

## **COMMENTS**

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The Provincial Property Assessment System

MPAC is an independent, not-for-profit corporation funded by all Ontario Municipalities. It is responsible for assessing and classifying the properties within Ontario in compliance with the *Assessment Act* and regulations. MPAC is responsible for administering a uniform assessment system based on CVA every 4 years in accordance with the provincial legislation. There are 4 main components in Ontario's property assessment and taxation system and each plays an important role.

- 1) The Provincial Government passes legislation, sets property tax policies and sets education tax rates.
- 2) MPAC establishes current value assessments and classifications for all properties in Ontario.
- 3) Municipalities determine their revenue requirements, set municipal tax rates and collect property taxes.

4) The Assessment Review Board, an independent tribunal that is part of the Environment and Land Tribunals Ontario cluster which reports to the Ontario Ministry of the Attorney General, hears assessment appeals from property taxpayers.

#### Exhibition Place 2016 CVA

The previous CVA for Exhibition Place was completed by MPAC in 2012. As part of the reassessment in 2016, MPAC visited the Exhibition Place site to tour all tenanted space and reviewed all lease documents. MPAC determined that the Exhibition Place 2016 CVA of the commercial taxable property on the grounds was \$140,510,200 compared to the 2012 assessment of \$44,281,000 (an increase of \$96,229,200). This 2016 CVA included tenanted areas not previously assessed in 2012, as well as existing properties as outlined in Confidential Attachment 1.

The major change for the 2016 CVA is that MPAC included the value of the land which was not the case in the 2012 CVA or previous years, as in 2012 MPAC only included the building in its assessment. MPAC also advised that this 2016 CVA is not to be applied retroactively and is only for 2017 and forwards.

Subsequently, on May 24, 2017, Exhibition Place received the 2017 Final Property Tax Bill from the City of Toronto's Revenue Services based on the related 2016 CVA which resulted in the property tax for the tenanted properties increasing from \$1.191M in 2016 to \$3.305M in 2017, inclusive of the new tenanted space. This is an increase of \$2.114M or 177% from the Board's 2016 Tax Bill. The three (3) installments to be paid to the City in the amount of \$1.102M each are due on July 4th, August 1st and September 1st, 2017.

#### Next Steps

Exhibition Place is very concerned about the substantial increase to the tenants of their property taxes. A meeting has been organized with City and MPAC staff as part of an information/appeal process to the 2016 CVA. Exhibition Place staff will also be calling a meeting with all the tenants afterwards to provide updates and gather feedback.

In addition, this report is recommending working with the City's CFO/DCM, Treasurer and the City's CCO and Real Estate Services Division, who have an internal team focused on managing property tax issues for City-owned properties. The CCO / Real Estate Division will conduct an initial review and provide appropriate terms of reference for engaging a consultant, if necessary. A tax consultant may ultimately be required to provide specialized advice on property assessment matters to Exhibition Place in its discussions with MPAC, the City and the tenants. The consultant could assist with a comprehensive review of the 2016 CVA for commercial taxable space; the reasonability of the 2016 assessment; and provide recommendations for an appeal process, if required.

Although the MPAC appeal process has been initiated for Exhibition Place, in order for the appeal right not to be lost, the Board is still required to pay the property tax to the City of Toronto's Revenue Services on behalf of the tenants per the City installment schedule to avoid interest and penalties. In consultation with the City CFO/ DCM, City

Treasurer and the CCO office, City staff from these areas will work with MPAC and the Assessment Review Board to prioritize the scheduling of the appeal review for Exhibition Place as part of its portfolio of appeals for City-owned properties.

## **CONTACT**

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## **SIGNATURE**

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Dianne Young  
Chief Executive Officer

## **ATTACHMENTS**

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Confidential Attachment 1 - 2017 Property tax increases for each tenant based on the 2016 CVA and Rental rates per square foot paid by commercial tenants for 2017