

PROPERTY TAX CASE STUDY MAKING A KILLING

The Client's Challenge

Market conditions had changed: meat processing operations were increasingly being centralised in locations close to their main supply and markets. Our client faced a challenge: their New Brunswick plant was close to neither: production throughput and employee levels were decreasing; they had to reduce costs. They turned to Turner Drake for advice.

Turner Drake's Approach

Our Property Tax Division started by undertaking a full property inspection of the 348,000 ft.² plant and its 15.5 acre site, interrogating management personnel to get a clear understanding of the materials flow within the plant, from raw material delivery, through processing, and final shipment of the processed meat. Then donning hard hats, coveralls and work boots they thoroughly inspected and measured every workspace from the executive offices to the killing floor. They prepared a written and photographic record of the facility from its footings to the roof. Dating back to the early 1960s the sprawling facility had expanded over 47 years in response to market demand and presented the type of challenges nurtured by this type of organic growth. Our Property Tax team carefully noted and documented the resultant bottlenecks, product flow problems, and increased costs due to updated government health and safety regulations. They compared the existing plant with a new facility erected on a greenfield site to catalogue and cost, functional obsolescence. They utilised the results of their meticulous on-site inspection to identify and cost physical depreciation ... and they reviewed the changing economic conditions to determine external obsolescence.

Winning Results

Turner Drake was able to negotiate a reduction in the assessment from \$14.8 million to \$13.5 million with the provincial assessor, thus providing aggregate property tax savings of \$250,000 for the three years under consideration.

