

CITY OF MOOSE JAW

TO: MEMBERS OF THE EXECUTIVE COMMITTEE

Mayor Higgins
Councillor Boyle
Councillor Eby
Councillor Luhning

Councillor Mitchell
Councillor Swanson
Councillor Kirkpatrick, Chairperson

Please be advised that Chairperson, Councillor Kirkpatrick, has called an **Executive Committee meeting** on **Monday, July 25, 2016** following the regular meeting of City Council, in the Scoop Lewry Room, 2nd Floor, City Hall, in order to deal with the following:

AGENDA

TABLED MATTER (Item #1):

1. Report dated July 6, 2016 from the Planning and Development Services Department, re: **Tax Exemption Request for 379 Diefenbaker Drive – GJR Hotel & Property Management Ltd.**
2. Report dated July 14, 2016 from the Financial Services Department, re: **Confidential Third Party Contractual Matter.**

*The Next Standing Committee Meeting is Scheduled for
Monday, August 8, 2016 (Provided there are items to consider)*

CITY OF MOOSE JAW

TABLED MATTER

DATE: July 6, 2016
TO: Executive Committee
FROM: Department of Planning and Development Services
SUBJECT: Tax Exemption Request for 379 Diefenbaker Drive – GJR Hotel & Property Management Ltd.

PURPOSE:

The purpose of this report is to provide background information to City Council regarding the eligibility of Mr. Raj Singh, General Manager of GJR Hotel & Property Management Ltd. (GJR) regarding his request (attached as Schedule "A") for a two (2) year 100% tax exemption commencing the date they finished construction and were open for business for the above mentioned property.

BACKGROUND:

Pursuant to resolution no. 725e of City Council, dated October 31, 2012, a tax incentive program was approved as follows:

"THAT a full two year 100% tax exemption be provided to the purchaser(s) of the first 10 parcels sold within the Grayson Business Park Pilot Project designated parcels subject to the issuance of a building permit within 6 months."

This program was approved to stimulate the sales of commercial and industrial properties in the Grayson Business Park.

GJR signed two Purchase and Sale Agreements (attached as Schedule "B") from the City of Moose Jaw in December of 2011 and March of 2012 respectively. These properties were a part of the Grayson Business Park Pilot Project and were purchased separately with the intent on building a hotel. July 17, 2012 a letter was mailed to GJR issuing a Transfer Authorization for each parcel and it wasn't until November 9, 2012 that both parcels were transferred into the name of GJR Motel Management Ltd. and now called GJR Hotel & Property Management Ltd.. The Purchase and Sale Agreement signed in March of 2012 explicitly states information regarding timelines and dates of the tax exemption for which GJR was eligible. The Tax Exemption Agreement (attached as Schedule "C") dated February 15, 2013 also outlines the timeline and terms and conditions of the program which was signed by GJR Motel Management Ltd.

DISCUSSION:

On February 15, 2013 a Tax Exemption Agreement (attached as Schedule “C”) was signed by GJR allowing for a two (2) year 100% tax exemption, commencing August 15, 2012. It was also subject to having a building permit issued within six (6) months from the date of purchase otherwise the tax exemption shall be revoked and taxes levied on the property accordingly. The building permit for this property was not approved until July 25, 2013, not meeting the deadline required in the Agreement and a final inspection was completed on January 27, 2015.

GJR received a two (2) year 100% tax exemption under the Grayson Business Park Pilot Project for the property at 379 Diefenbaker Drive and was exempt from taxation from August 15, 2012 to August 15, 2014. As a result of this tax exemption, GJR received savings of \$11,168.84.

GJR believes the taxes on the subject property are too high compared to properties in other cities. GJR also believes that the tax exemption they signed for was not applied correctly and was under the impression that it should have started the date the occupancy permit was issued.

The City now offers a Commercial/Industrial five (5) year Tax Phase-In (100%-80%-60%-40%-20%) for building construction which results in at least \$50,000 increase in assessment. This did not come into effect until May 5, 2014 and cannot be stacked with another City of Moose Jaw Tax Policy Incentive and all applications must be made prior to a building permit being issued. No retroactive applications will be considered.

FINANCIAL IMPLICATIONS:

1. The cost to the City of Moose Jaw to refund the 2015/2016 tax levy would be \$124,590.03 for 2015 and \$126,787.88 for 2016.
2. No additional costs apart from the property tax exemption already applied.
3. No cost.

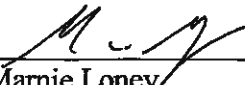
ATTACHMENTS:

1. Schedule “A”: Letter from Raj Singh, General Manager for Ramada dated July 4, 2016.
2. Schedule “B”: Copy of Purchase and Sale Agreements.
3. Schedule “C”: City of Moose Jaw Tax Exemption Agreement dated February 15, 2013.

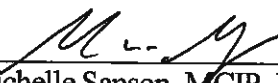
RECOMMENDATION:

1. THAT the owner of GJR Hotel & Property Management Ltd., Mr. Raj Singh, be allowed to address members of Executive Committee; and
2. THAT the request for an additional two (2) year 100% tax exemption for the property at 379 Diefenbaker Drive, owned by GJR Hotel & Property Management Ltd. be denied.

Respectfully submitted,



Marnie Loney
Land Administrator

*Acting
For* 

Michelle Sanson, MCIP, RPP
Director of Planning and Development
Services

m/MS

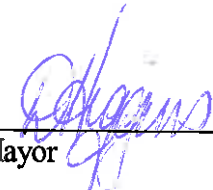
Attachs.

CITY MANAGER'S COMMENTS:



City Manager

MAYOR'S COMMENTS:



Mayor

Schedule "A"



RAMADA

MOOSE JAW

GJR HOTEL & PROPERTY MANAGEMENT LTD.

To whom it may concern:

We purchased land at 379 Diefenbaker drive for our hotel project from the City of Moose Jaw in November of 2012. We were told by the City that we would get two years exempt of full property taxes when construction was complete.

Our understanding was that we would have the two-year tax exemption when we received our building occupancy permit and opened our business. The City has since sent us full taxes for the 2015 and 2016 years. We believe this is unfair because we only decided to go ahead and purchased land here in Moose Jaw for our project since we were offered 2 year of taxes break when we open our business. We believe that we should get a two year tax break from November 2014 (when we got our occupancy permit) to November 2016.

Our company has done a major investment in City Of Moose Jaw as a new business. We believe city should fix our taxes since it was promised to us and we are still a new business and struggling to make our business successful in our community.

We have hired law firm to look into these matters and urge you to consider our words. Please feel free to contact me and discuss.



Thank you,

Raj Singh
General Manager

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