

MINUTES of the COMMITTEE OF THE WHOLE MEETING
Held Monday, March 15, 2021 @ 4:00 PM
2021-2025 Five Year Financial Plan Discussions
Zoom Webinar

PRESENT: Mayor S. Minions
Councillor R. Corbeil
Councillor D. Haggard
Councillor R. Paulson
Councillor H. Poon
Councillor C. Solda
Councillor D. Washington @ 4:02 pm

VIRTUAL PARTICIPANTS: 5

A. CALL TO ORDER & APPROVAL OF THE AGENDA

MOVED and SECONDED, THAT the agenda be approved as circulated.
CARRIED

B. ADOPTION OF MINUTES

MOVED and SECONDED, THAT the minutes of the meeting held at 7:00 pm on March 1, 2021, be amended on Pg.3, Public Input/Question Period comments from Randy Fraser to reflect 4.6M rather than 1.6M. The minutes were then adopted as amended.
CARRIED

C. DELEGATIONS

D. UNFINISHED BUSINESS

1. "City of Port Alberni 2021 – 2025 Financial Plan Bylaw No. 5023"

The Director of Finance provided members of the Committee with a verbal overview of the changes made to date and invited any further questions or requests for clarification from members of the Committee.

The following outlines questions from Members of the Committee and associated staff responses. [Note: Questions posed by Members of the Committee have also been captured on the existing Q&A summary document.]

Members of the Committee commented/questioned as follows:

- Clarification on the current anticipated tax rate?
The Vancouver Island Regional Library [VIRL] over taxation that took place in 2020 will go back against the general municipal tax rate amount to achieve what is required for the Financial Plan in 2020 and 2021 combined. With the return of the VIRL funds overtaxed, there is an anticipated reduction of 2.72% year-over-year from 2020.
- Update regarding the motion passed at the March 8, 2021 Regular Council meeting to establish a reserve fund for a new Aquatic Centre [pool]?
Staff will be preparing a report of funding options for Council to consider at a future meeting [does not necessarily need to be done during budget process].

- What is the approximate total for surplus?
The preliminary unaudited amount is anticipated at \$500,000.
- Has Council assigned any of the 2.2M in the Community Forest Reserve?
At this time there has been no allocation of Community Forest Reserve funding.

i. **BC Assessment Values & Non-Market Change**

The Director of Finance provided information related to BC Assessment and the implications of Non-Market Change in property classes.

Additional questions/information/comments by the Committee:

- Given the interest from the residents of Port Alberni for a new Aquatic Centre, it would be fitting to assign the residential Non-Market Change to the Aquatic Centre Reserve fund.
- Would like to see the Non-Market Change relating to business class applied within the same class given the challenges of the COVID-19 Pandemic.

MOVED AND SECONDED, THAT members of the Committee recommend to Council that Council direct staff to apply the non-market change in Residential [class 1] and Utilities [class 2] for contribution to the contingency fund for the future replacement of Echo Aquatic Centre [pool], and that Business and Commercial [class 6] be redistributed within the same class.

CARRIED

ii. **Industrial Revitalization Tax Exemption [RTE]**

The Director of Finance provided information related to the establishment of an RTE with a specific focus on industrial class properties.

Additional questions/information/comments by the Committee:

- Given the limited availability of industrial lands, should this be a focus?
- The Williams Lake example and options presented in the report regarding utilizing a scoring system would be an incentive that could assist the Economic Development department when engaging new businesses.
- Why is San Group classified as light industry versus heavy industry?
With remanufacturing plants, they are excluded from Class 4 unless they meet a certain level of production.
- Would like to see tax exemptions extended to brownfield sites.
- There are three separate properties at the San Group papermill site including an administration building. Are all considered light industry?
The administration building is identified as class 6 which is a lower rate.
- It is a priority to incentivise this type of development [such as the San Group] through a revitalization program to invest in the next generation of the Forest Industry. Council spent a significant amount of time discussing the original request of the San Group and although the situation has since changed, at this

point is would not be respectful to those conversations and planning to reverse those decisions within this budget year.

- In offering tax incentives, would like companies to consider the community interests with regards to waterfront access.
- Small business is just as important and there are so many vacant spaces that require revitalization as well.
- The City currently has a commercial revitalization incentive but the level of investment is a minimum of \$100,000 which may be high for some small businesses. Could certainly review to see if it is suitable or working as it needs to.

iii. **Industrial Tax Burden Options for 2021**

The Director of Finance provided information related to the establishment of an RTE with a specific focus on industrial class properties.

Patrick Corriveau – Vice President, Paper Excellence

Mr. Corriveau requested an opportunity to speak prior to the Public Input period due to a conflict in scheduling and commented as follows:

Would like to acknowledge work the City has done in supporting Paper Excellence with regards to the taxation level especially during the company's current transition into a new food-grade paper product.

Additional questions/information/comments by the Committee:

- The San Group performed a survey of other community's tax rates and found that Port Alberni is one of the highest rates for light industry. Possible that if a similar survey was completed heavy industry would be as well. Need to be sure that both industries are respected equally.
- Clarify financial ramifications to San Group if we block the two classes?
The difference would be approximately \$268,000 in 2021.
- To confirm, the current recommendation has San Group and Paper Excellence taxed at an equal percentage?
Yes, that is correct. Moving forward with regards to fairness and equity there is the depreciation value difference with heavy versus light industry to consider.
- Could we look at Option 1 for this year and look at Option 2 as soon as possible for consideration moving forward for 2022?
BC Assessment values are not received until early January 2022 so we would need to work on potentials versus actuals. What we see currently in class 5 is all new assessed values so depreciation hasn't been applied on the new property. Therefore, in effect there would be no difference between class 4 and 5 in 2021. Not until 2022 when we see the depreciation on that investment in class 5 would it reflect the impact.

MOVED AND SECONDED, THAT members of the Committee recommend to Council that Council direct blocking the tax the tax burden percentage for major industry and light industry at 22.64% and assign the same tax rate to each class for the year 2021.

CARRIED

MOVED AND SECONDED, THAT members of the Committee recommend to Council that Council in the year 2022 revisit major and light industrial tax burden options [as per the Director of Finance's report dated March 2, 2021] and the Revitalization Tax Exemption Bylaw.

CARRIED

iv. **Summary of Questions & Answers [to date] for members review and reference.**

Members reviewed the updated Q&A Summary and requested staff review and provide follow-up information regarding:

- Community Forest Funds and a refund from a Policing contract allocated to pool fund in the past for approximately \$100,000.

E. CORRESPONDENCE

1. Email dated March 10, 2021 from Inder Johal, CFO of San Group Incorporated regarding industrial taxation rates.

RECESS at 5:22 pm [to allow for assistance with getting a participant connected to the webinar]

Committee members resumed meeting at 5:39 pm with all members present.

Dennis Hickson, Property Tax Consultant [on behalf of San Group]

The San Group is very concerned about the recommendation put forward for the Committee's consideration regarding the industrial tax burden for 2021. San Group is of the view that there is an intent to decrease the major industry tax rate from 5.604% to 5.368%. There has been an increase to Class 5 which is attributable to the San Group investment. We view that the increase in taxation for San Group's investment is effectively funding the decrease in the major industry tax rate. It seems perverse in that the San Group is the one that is investing in the community. San Group doesn't believe the increase in the assessed value should be used to fund a decrease in the major industry tax rate. In regards to comments made by Committee members related to being cautious to use 2020 as a baseline, in 2020 the tax rate for light industry was about 2.1% and the recommendation being put forward is to more than double it to 5.368%. Perhaps it was lost on the Committee that mimicking San Group as a major industry player wasn't the only issue being brought to the Committee's attention. Light industry throughout municipalities in the province are substantially lower than major industry tax rates. Port Alberni is an outlier in maintaining the same tax rate for light industry and major industry. Of all the provinces that have light industry, the average tax rate is 1.89%. If Council adopts the light industry tax rate at 5.36%, it will be the

sixth highest in the province. Being that San Group believes this is the creation of an unfair tax regime, will there be more opportunities to make representation to Council prior to the final decision?

Yes, certainly San Group can make further representation to Council as can any tax payer or resident throughout the Financial Plan process. It is not the City's intent to penalize San Group in anyway. Certainly, the San Group isn't 'late' in that the Group was in fact the first industrial tax payer to approach the City over a year ago. It is understood that the situation has changed and the original request has shifted. The Committee encourages information being brought forward for Council's consideration and is very much looking forward to considering the following years exemption.

F. PUBLIC INPUT/QUESTION PERIOD

Randy Fraser

Q1: The DCC reserve fund in the 5 year plan is just one page and has just one total. I know there are 5 categories that DCC's are collected for. Can you explain what is the page in the budget and is it the total of all the funds?

Q2: What was the \$15,000 in 2020 and what is the \$30,000 a year going into it over the next 5 years?

Q3: The funds grow with development charges on building, there has been a lot over the last few years but this page isn't reflective of that?

Q4: Also what was the \$100,000 for in the acquisition and expenses?

Q5: Could you please provide me with the 2019 & 2020 DCC funds for all 5 categories and not just the totals but hopefully the contributions to each category for the years and any expenses that may have come from them? Hopefully with a note as to where the expense went too if there are any?

A: Responses will be reflected on the next Q&A summary.

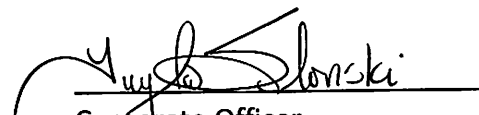
G. ADJOURNMENT

MOVED and SECONDED, THAT the meeting adjourn at 5:39 pm.

CARRIED

CERTIFIED CORRECT


Mayor


Corporate Officer