

**Mayne Island Improvement District  
Special Meeting of the Board of Trustees  
Date: Monday, October 18, 2010  
Location: MIFRS Fire Hall Boardroom**

**CALL TO ORDER:**

Chair, Jim Marlon-Lambert called the meeting to order at 7:00 p.m.

**PRESENT:**

Trustees: Tracey DeRousie, Jon Hoff, Jim Marlon-Lambert; David Maude;  
Aaron Somerville

Recording Secretary: Gerrie Wise

**ABSENT WITH NOTICE:**

None

**GUESTS, MEMBERS OF PUBLIC PRESENT:**

Peter Sara  
Al Wood – Fire Hall Task Force  
Bill Warning – Fire Hall Task Force  
Ian Birtwell - Fire Hall Task Force

**REQUEST FOR ADDITIONS TO/ APPROVAL OF AGENDA:**

**MOTION**

Trustee David Maude moved and Trustee John Hoff seconded the motion to approve the agenda. **CARRIED UNANIMOUSLY**

**APPROVAL OF MINUTES FROM PREVIOUS MEETING(S)**

Minutes of the Board Meeting of September 23, 2010

**MOTION**

Trustee Tracey DeRousie moved and Trustee John Hoff seconded the motion to defer the approval of the Minutes of September 23, 2010 until the regular Board meeting October 21, 2010 **CARRIED UNANIMOUSLY**

**NEW BUSINESS:**

**Taxation Model for New Fire Hall:**

Chair introduced the topic and referred to the documents provided by the Ministry (attached).

He pointed out the differences between Municipalities and Improvement Districts and the 5 purposes for which Improvement Districts can apply to have taxes collected by the Surveyor of Taxes, which are:

- 1) Fire Protection;
- 2) Street Lighting;
- 3) Financial Aid to the Hospitals;
- 4) Acquisition of property for hospitals; or
- 5) Ambulance service.

The Acts concerned with Taxation and their relationship are:

#### LOCAL GOVERNMENT ACT

Section 756 (1) Objects include 1) to 5) above; and

Section 756 which refers under Section (9) to:

- TAXATION (RURAL AREA) ACT, which in turn under Section 19 & 20, refers to:
- ASSESSMENT ACT, which in turn under Section 21, refers to "*or under another Act that provides for collection of taxes under this Act*", namely:
- SCHOOL ACT Section 119 - Provincial levy of tax on land **and** improvements.

Thus the Process to be followed for taxation is now Law, not just Policy.  
Taxes other than Assessment based (e.g.: Parcel) must be collected by the Improvement District.

Three points must be considered as very important when considering taxation basis:

1. Risk on Tax Collection:
  - Assessment basis – no risk – Surveyor of Taxes collects all funds;
  - Direct (Parcel) – 15-20% unpaid at present for example, therefore if taxes are not paid or not paid on time the shortfall would have to come from Operating Budget which would increase taxes for the annual roll;
  - After 24 months a tax sale could commence which may take several further months before it could be collected and those funds would still be due and payable for the long term debt repayment leading to deficit financing;
  - No lien is automatically placed on property - legal fees will be incurred.
2. Tax Deferral:
  - Assessment basis– available to those who qualify;
  - Direct (Parcel) – not available.
3. Home owner and Seniors Grants:
  - these are applied on assessed taxes only.

Referring to the Study presented by Trustee David Maude, Chair made the point that the risk of unpaid taxes was not considered;  
Also, the statement was made by Trustee Maude that there should be no increased work in sending notices or collecting. Chair stated that this minimizes the amount of work that is required.

Chair referred to graph from the Task Force to show the median property values and the spread of assessments.

With regard to the Pender Island Fire Hall who used a Parcel Tax approach, the referendum was based on the basis of cost, not the taxation method. However, the Capital Regional District is the governing body for Pender Island Fire Department and the Surveyor of Taxes will collect Parcel Taxes for Regional Districts but not Improvement Districts.

In terms of going for a referendum, at the average value, the breakpoint between a parcel tax and an assessed value tax is at approximately 62%. In other words, 62% would pay higher taxes under a parcel tax.

Trustee David Maude wished to address the spreadsheet done by the Task Force and asked if Moira had completed her review of administrative costs. Chair stated he had not had the opportunity to review Ian's Birtwell's revised spreadsheet, and Moira had been busy with other things.

Trustee David Maude brought up the Task Force Public Meeting on October 9<sup>th</sup> 2010 and said several people spoke against the assessment based tax and no-one spoke for it.

The Recording Secretary checked the minutes and commented that one person had specifically spoken in favour of assessment based tax and only one spoke against it.

Trustee Tracey DeRousie stated that we will never know how much extra cost will definitely be involved in collecting parcel taxes. As it is all guesswork, that puts us at a terrible risk, if we have to pay a loan payment. It is so much better to go on an assessment basis. "The unknown costs of whether individuals will pay their taxes on time or at all scares me and it will be unknown every year. It is the taxpayer who will be paying for the ones who don't pay".

Chair requested Board's Permission for Ian Birtwell to speak on his revision of costs of a Parcel Tax.

Ian Birtwell:

- Used new calculations based upon increased Interest and Penalties charged and a lower amount (15%) not paid for one year;
- This lowered adjustment was based on the response to a firm letter from the Ministry resulting in some payments received;
- Cost of collection was recalculated;
- Additional costs came to \$192,000.

Trustee David Maude questioned the cost of preparing the tax notices. Why wouldn't the present tax notice serve if one line was added on for the Fire Hall?

An explanation of the limitations of the data base and the accounting programs was briefly given by Gerrie Wise and the Chair, Jim Marlon-Lambert.

Chair also reminded the Board that the Ministry strongly recommends using the Assessment basis.

Trustee John Hoff:

Feels the assessment value approach is a fair and equitable approach because the Fire Hall is a capital asset and all properties will be improved by a percentage. This means that the properties will increase in value. Higher assessments will be achieved, but the value of properties will also increase accordingly.

Trustee David Maude:

Feels that a large number of people want a parcel tax, because they can't afford the tax an assessment value will generate and will attack the costs of the fire hall. He believes that parcel tax will be more equitable. He proposed that a tax of \$160 was an example would be acceptable to everyone.

Trustee John Hoff disagrees. He repeated that an assessment based tax is more equitable.

Trustee Tracey DeRousie took exception to the comment that Trustee David Maude made regarding the fact that "everyone" could afford a parcel tax.

Chair reminded all that the Assessment provides for a deferral which helps anyone who need financial assistance.

Chair feels the risk and the cost of the risk is far too great to use a direct (parcel) tax. We must come up with a \$300,000 payment by a certain time every year.

The funding of that payment may be a huge risk unless the taxes are collected by the Surveyor of Taxes as in an assessment based model.

Trustee Tracey DeRousie thinks it might be best if we focused on what the costs are to the Taxpayer of unpaid taxes by others.

Trustee David Maude believes that people believe the Health Centre tax is illegitimate but that won't apply to the fire hall.

Trustee Tracey DeRousie is not willing to depend on the assumption that Fire Hall taxes will be paid by those who have already objected to the Health Centre Tax and a new fire hall.

Trustee David Maude believes a parcel tax is the only way to tie the community together. He stated he is afraid that last year's divisive groups will cause the referendum to fail.

Trustee Tracey DeRousie believes that there are more people who want assessment value basis. She believes that the financial risk to taxpayers is 100% covered under an assessment based tax collected by the Surveyor of Taxes,

whereas the risk of a shortfall due to unpaid or late paid taxes is too high a risk to take.

Trustee Aaron Somerville questioned the provision of a blended tax or a separate Tax for land and for improvements.

Chair replied that the provisions of the Act and the comments of the Ministry have precluded a blended tax.

Chair would also like to remind the Board of two other considerations.

1. Superior Shuttle Service is achievable with a new hall – the insurance savings for most residents would be more than the fire hall tax would be;
2. Strong recommendation from both the Task Force and the Ministry to use Assessment Basis.

Chair then asked what the pleasure of the Board was to further discussion.

Trustee Tracey DeRousie would like to focus on the truth about the cost and the risk of a Parcel Tax. Facts, not speculation.

Trustee David Maude said there are people in this community who believe that the Health Centre Tax is not legitimate. But he believes people will support the fire hall.

Trustee Tracey DeRousie is adamant that communication of the facts and costs with the community is necessary.

Trustee Aaron Somerville suggested all Trustees consider the discussion tonight and the vote be held at the regular Thursday Board Meeting.

Chair asked Board permission to ask the Task Force for comments or questions.

Bill Warning:

Commented that the scenario this evening was very interesting. Let's not lose focus on building a fire hall by having an argument about how it will be paid for. We have done a lot of work and the task is moving forward. Let's not lose the momentum by bogging down in argument.

Ian Birtwell:

Has had a number of comments back after the Task Force Public Meeting presentation of October 9<sup>th</sup> from various individuals who all expressed a strong support for an assessment based tax.

He also wished to comment that the new calculations show a parcel tax would be approximately \$190 per year per property.

Trustee David Maude:

The building reserve fund was not included in the spreadsheet calculations and this means the figures are not correct. The reserve fund was based on the previous

Board's decision.

Chair made the comment that the reserve fund is not a matter for discussion this evening and makes no difference to the costs of borrowing or the taxation method.

Al Wood:

Why delay this matter, why not vote on the basis tonight?

Trustee David Maude stated more time was requested by Trustee Aaron Somerville to study the material.

Trustee Aaron Somerville said he is ready to vote but understood that the vote is to be done at a Regular Board Meeting.

Q. Peter Sara: requested he be able to ask a question:

Regarding the Tax Deferment, I understand that deferral is only available to those 65 and older. Is that correct?

A. Trustee Tracey DeRousie advised the age is 55 and there are several other qualifications for deferral and recommended referring to the website or the back of the tax notice.

The Chair further reminded the Board of two important factors for selecting the Assessment Method:

- 1) The Ministry has emphatically recommended that it be used; and
- 2) The clear recommendation of the Task Force for the Assessment Method to be used.

### **ADJOURNMENT:**

The Meeting was adjourned at 8:06 PM by "Paddy`s Motion" made by Trustee Aaron Somerville

Approved:

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Jim Marlon-Lambert, Chair

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Date:

Recorded and presented by:  
Gerrie Wise  
Recording Secretary