

CORPORATE REPORT

NO: CC052 COUNCIL DATE: October 18, 2010

CLOSED COUNCIL

TO: Mayor & Council DATE: September 9, 2010

FROM: Deputy City Manager FILE: 0360-01

General Manager, Finance &

Technology City Solicitor

SUBJECT: Payments-in-lieu of taxes (PILT) for Port Metro Vancouver Properties

RECOMMENDATION

The Finance and Technology Department, the Legal Services Division and the City Manager's Department recommend that Council:

- 1. Receive this report as information;
- 2. Request that the Mayor on behalf of Council forward a letter to Port Metro Vancouver giving formal notice that the City of Surrey is expecting full payment under the PILT Act for the 2010 taxation year and all future years as well as full payment for PILT shortfalls from prior years related to taxable Port Metro Vancouver property in the City of Surrey; that a copy of this report and the related Council resolution be included with the letter; and that the letter be copied to all of the communities represented on the Metro Vancouver Port Cities Committee.

BACKGROUND

The Federal Payments in Lieu of Taxes Act ("the PILT Act") sets out the procedures for the administration of payments in lieu of taxes (PILT) by crown corporations listed in Schedule III of the Act, including Port Metro Vancouver. As a taxing authority, the City of Surrey annually makes an application to the Federal Minister of Public Works and Government Services under the PILT Act for a payment to Surrey in lieu of property taxes for all Port Metro Vancouver properties located within Surrey. The payment request is based on current tax rates, property assessment classifications and BC Assessment valuations for each such property. Appendix 1 documents the significant difference between the amount of PILT that was calculated and requested by the City for each of the years from 2000 to 2009 in each of comparison to the amount that was received. The shortfall is clearly significant.

DISCUSSION

At its meeting of April 9, 2010 the GVRD Board, upon the recommendation of the Port Cities Committee (PCC), passed the following resolution:

"That the Board direct the Port Cities Committee to work on behalf of port cities to engage in a dispute resolution process with Port Metro Vancouver toward Payments in Lieu of Taxes that match the full amounts calculated using property values provided by BC Assessment."

A working group involving representatives from the Metro Vancouver port cities was formed and met with representatives of Port Metro Vancouver on a number of occasions for the purpose of resolving PILT payment issues. Further meetings have been deferred at the request of Port Metro Vancouver while they work with BC Assessment to review appraisal values for Port properties with BC Assessment. The Port Cities Committee was invited to send an observer to this review process and has appointed a Metro Vancouver appraiser to observe the review. The review is expected to be completed this fall. While this review is expected to lead to better alignment between the Port and local governments regarding property values for the purpose of future PILT payments, it is not expected to address any past payment shortfalls.

At its meeting on July 28, 2010 the Port Cities Committee recommended that each Metro Vancouver port city send a formal notice to Port Metro Vancouver regarding the shortfall in PILT payments they have received from PMV for each year from 2000 to 2009 and reiterate its application for full payment under the PILT Act for prior years' shortfalls as well full payment for 2010 and future years.

CONCLUSION

There is a substantial difference between the amount of PILT that Surrey has requested and the payments that have been received for the Port Metro Vancouver properties in Surrey. To protect Surrey's interests in relation to collecting outstanding PILT payments, it is recommended that the Mayor on behalf of Council forward a letter to Port Metro Vancouver giving formal notice that the City of Surrey is expecting full payment under the PILT Act for the 2010 taxation year and all future years as well as full payment for PILT shortfalls from prior years related to taxable Port Metro Vancouver property in the City of Surrey. The letter should include a copy of this report and the related Council resolution and should be copied to all of the communities represented on the Metro Vancouver Port Cities Committee.

Dan Bottrill Deputy City Manager Vivienne Wilke General Manager Finance and Technology

Craig MacFarlane City Solicitor

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Appendix 1: Amount of annual shortfall of PILT payments to City of Surrey

Metro Vancouver Port Cities - Joint Staff Working Group on PILT Payment Issues Difference between PILTs Requested by Municipalities and PILT Payments Received from PMV and predecessors - 2000 to 2009 Tax years



