



SPECIAL MEETING MINUTES February 28th, 2019

The Special Meeting of Council was held on Thursday, February 28th, 2019 at 12 noon in the Council Chambers.

Present: Mayor Jameson (call in), Deputy Mayor Bouchard (call in), Councilors Melanson, Anderson, Chambers, Dohey, Groenewegen and Willows (call in)

Staff: SAO - Judy Goucher (call in), ASAO – Glenn Smith, Director of Finance and Administration – Ruth Boden & Council Administrator – Stacey Barnes

This Meeting was called to order at 12:02pm noon with Mayor Jameson presiding.

2. ADOPTION OF AGENDA

#19-070

MOVED BY: CLLR ANDERSON

SECONDED BY: CLLR MELANSON

CARRIED

3. DECLARATION OF INTEREST

There were no declarations of interest for the Special Meeting of Council, Thursday, February 28th, 2019

4. NEW BUSINESS

a) Mill Rate Discussion

RECOMMENDATION:

#19-071

MOVED BY: DEPUTY MAYOR BOUCHARD

SECONDED BY: CLLR ANDERSON

THE COUNCIL OF THE TOWN OF HAY RIVER directs Administration to prepare a bylaw to set 2019 Property Tax Mill Rates that will earn property tax revenue (by class) equal to 2018 plus an increase of \$62,000 (1% revenue increase) per the mill rates in Scenario #2.

CARRIED

BACKGROUND:

During 2018 the Territorial Government completed an assessment review of all properties within the municipal boundaries of the Town of Hay River. This comprehensive review is conducted once every 10 years and in the case of the 2018 the assessment review resulted in a significant increase in assessed values for most property classes (see below).

Property Class	2017 Assessed Value (\$)	2018 Assessed Value (\$)	Increase/ (Decrease) (\$)	% Increase / (Decrease)
Residential	152,020,000	189,362,900	37,342,900	25%
Commercial	71,008,600	74,878,300	3,869,700	5%



SPECIAL MEETING MINUTES February 28th, 2019

Industrial	49,088,600	54,912,200	5,823,600	12%
Institutional	48,268,000	50,807,300	2,539,300	6%
Rural Residential	12,485,400	15,468,100	2,982,700	24%
Rural Residential – non-developed	233,900	198,000	(35,900)	(15%)
Rural Industrial	296,700	308,000	11,300	5%
Rural Agricultural	2,998,700	3,353,900	355,200	12%
Rural Quarries and Minerals	111,600	361,800	250,200	224%
TOTAL	336,511,500	389,650,500	53,139,000	16%

Property taxes are a combination of assessed value and mill rate (tax per \$1,000 of assessed value).

Pursuant to Section 76 of the *Property Assessment and Taxation Act, R.S.N.W.T., 1998, c.P-10* Council sets the annual property tax mill rates to enable the Town to meet the estimated expenditures as approved in the annual budget process.

Property tax levies consist of 2 taxes; the municipal tax and the school tax. Municipal taxes are set using the mill rates established by the Town, while School taxes are set by the GNWT during their budget deliberations and established by an Education Mill Rate Order which is typically approved around mid-March. The Town establishes both rates through bylaw.

Property assessment is the process of assigning a dollar value to a property (land and improvements) through the mass appraisal process employed by appointed property Assessors from the Government of the Northwest Territories. Assessed Property Owners may file appeals if they disagree on legislated grounds for complaint, including the assessed value. The Board of Revision is the first level of complaint as allowed by Northwest Territories Legislation (*Property Assessment and Taxation Act*).

The Board of Revision will meet in March 2019 and the deadline for submission of appeals is March 4th.

Historically, the Town (and most other NWT tax-based communities) set mill rates after receiving the school tax mill rate from the territorial government. The territorial government typically set school tax mill rates during its spring budget session and as such we have not received final school tax mill rates at this time. We have however, been given a mill rate of 2.23 for the 2019 taxation year. However, this school tax mill rate is "tentative" until we receive official notice.

Recognizing that many residents and businesses are interested in what the new assessments mean for property taxes, Administration completed an analysis of mill rates to continue to meet the principle of affordable cost of living in Hay River.



SPECIAL MEETING MINUTES February 28th, 2019

Property Class	2019 Mill Rate (Per \$1000 of assessed value)	2019 Property Tax Revenue (by Class) (\$000's)
Residential Developed	13.338	2,525
Commercial Developed	14.551	1,089
Industrial Developed	18.188	1,004
Institutional Developed	27.889	1,416
Rural Agriculture	13.338	44
Rural Residential Developed	13.338	206
Rural Residential Non-developed	13.338	2
Rural Quarries and Minerals	27.889	10
TOTAL	n/a	\$6,296

Administration will prepare a tax bylaw based on direction from Council. That direction should include:

- whether mill rates should be set to keep property tax revenues at the same level as 2018; Administration is not recommending this option (see point below)
- increase property tax revenues by a specified percentage if Council determines that additional tax revenue is a prudent decision allowing for increased contributions to reserves for capital; and,
- Administration recommends a 1% increase in property tax revenues which is less than the increase in the cost of living and inflationary cost of services. However, it would provide funding to hire consulting services to apply for contribution funding programs and leverage limited tax dollars.
- whether Council is supportive of rebalancing taxes between property classes based on specific economic objectives (e.g. incent people to develop or sell land rather than hold for speculative purposes).

COUNCIL POLICY / STRATEGY OR GOAL:

Affordable cost of living and the ability to replace aging infrastructure to maintain service levels.

APPLICABLE LEGISLATION, BYLAWS, STUDIES, PLANS:

Town of Hay River O&M Budget for 2019

FINANCIAL IMPLICATIONS:

Operating revenues for the calendar year and projected annual surplus to be transferred to reserves.

ALTERNATIVES TO RECOMMENDATIONS:

N/A

ATTACHMENTS:

N/A

Prepared by:
Ruth Boden
Director of Finance

Reviewed by:
Judy Goucher
SAO



SPECIAL MEETING MINUTES February 28th, 2019

2018 (Total assessed value \$336 million)

Property Class	2018 Mill Rate (Per \$1000 of assessed value)	2018 Property Tax Revenue (by Class) (\$000's)
Residential Developed	16.073	2,443
Commercial Developed	16.073	1,141
Industrial Developed	19.729	974
Institutional Developed	29.800	1,440
Rural Agriculture	14.576	44
Rural Residential Developed	14.476	181
Rural Residential Non-developed	14.576	3
Rural Quarries and Minerals	14.576	2
TOTAL	n/a	\$6,228

2019

The analysis relies on the following key assumption:

1 – total taxable assessment of Town of Hay River property \$389 million per the 1st revision of the certified assessment roll.

Scenario #1: - maintain 2019 property tax revenue at the same level as 2018 earning the same revenue by class. This scenario establishes the base rate where the mill rate is set to keep revenues in each classification at 2018 levels.

Property Class	2019 Mill Rate (Per \$1000 of assessed value)	2019 Property Tax Revenue (by Class) (\$000's)
Residential Developed	12.903	2,443
Commercial Developed	15.242	1,141
Industrial Developed	17.644	974
Institutional Developed	28.311	1,440
Rural Agriculture	13.032	44
Rural Residential Developed	11.685	181
Rural Residential Non-developed	17.219	3
Rural Quarries and Minerals	4.496	2
TOTAL	n/a	\$6,228

Scenario #2:

In this scenario, a 1% increase in revenues has been calculated. A 1% increase in property tax raises approximately \$62,000 in tax revenue. Additional tax revenue will increase the projected surplus which can be allocated to reserves to fund capital to replace aging infrastructure and complete capital projects that support a growing community.



SPECIAL MEETING MINUTES February 28th, 2019

****Let it be noted that Councillors Dohey and Groenewegen were opposed****

5. ADJOURNMENT

#19-072

MOVED BY: CLLR WILLOWS

CARRIED

That the Special meeting of Council be adjourned at 12:30pm.

Certified Correct as Recorded on the 28TH Day of February 2019

These minutes were accepted by motion # 19-087.

Mayor

Senior Administrative Officer