



DISTRICT OF NORTH SAANICH

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Office of the Mayor

February 24, 2015

City of Victoria
1 Centennial Square
Victoria, BC V8W 1P6

Dear Mayor and Council

Re: Nav Canada Assessment Appeal

In January 2011, Nav Canada appealed property assessments for four of their control towers in British Columbia. The board issued a decision to reduce both the land and improvements for the appealed properties to \$20.00. The District of North Saanich has joined the British Columbia Assessment Authority (BCAA) in an appeal to the Board's ruling by way of Stated Case to the BC Supreme Court. This appeal was unsuccessful and the BCAA is appealing that decision to the Court of Appeal. The District of North Saanich is joining BCAA in the appeal. Please see the attached brief for more information.

Our reason for writing you is that your municipality is one of 18 municipalities in B.C. which have Nav Canada properties. If the appeal is not successful, this will have a financial impact on your municipality by way of lost taxation. We request that you consider providing a financial contribution towards this legal proceeding. To date, North Saanich has incurred over \$100,000 in legal costs not including the upcoming appeal. We have applied to the UBCM for financial assistance in the appeal but this assistance, if approved, is limited to a total of \$10,000. The 136 Nav Canada properties located in the 18 municipalities would have generated about \$657,235 of general revenue and \$1.15 million in total property tax revenue in 2014.

Any financial participation you can provide us in this effort would be very much appreciated.

Sincerely,

Mayor Alice Finall

2014

Nav Canada Property Assessment Impact Brief

PREPARED BY THE DISTRICT OF NORTH SAANICH



DISTRICT OF NORTH SAANICH | 1620 MILLS ROAD, NORTH SAANICH, BC, V8L 5S9

Nav Canada Property Assessment Impact Brief

Background Information

- Nav Canada owns a total of 136 properties in BC with a total 2014 assessed value of \$76.4 million and \$657,235 general revenue tax dollars, \$1.15 million for general/hospital/school combined. Of these properties, Nav Canada has 120 active appeals on various properties they own.
- Nav Canada is a non-profit federal corporation under contract to the federal government to provide aircraft safety and guidance services to airports across the country.
- Nav Canada leases a small portion of the larger airport properties on which the control towers and facilities (mostly communication equipment) are located. The lease rate to the federal Crown and Municipality (owners of the airport properties) is nominal at \$10 annually. The lease also restricts and limits the use of the properties to the provision of the contracted services.
- Nav Canada charges a fee for services to the airport users (primarily airlines) but is limited by its corporate charter to its primary non-profit model.

Property Assessment Appeal Board Decision

- In January 2011 Nav Canada appealed their property assessments for 4 of their control towers.
- In February 2013, the Board issued a decision to reduce both the land and improvement values for the appealed properties to \$10, for a total of \$20 per property.
- The Board considered the following when determining the market value for these special purpose properties:
 - Section 19 of the Assessment Act of BC requires that assessments be at actual or market value;
 - There is no competitive and open market for the properties being appealed; and
 - Both parties agree that the highest and best use of the properties is the current or restricted use.

The Board's decision was based upon finding no market value for these properties, and therefore the decision was consistent with Nav Canada's position that the properties in appeal have nominal value.

It is important to note that the Board's decision did reference the fact that the determination of assessed value in these unique circumstances begs for a legislated solution that does not require forcing appraisal principles and market concepts on properties that do not trade in the market.

Appeal by way of Stated Case Decision

- The Stated Case decision deals with 4 Air Traffic Control towers represented as test cases for the 19 towers found in BC. One of these Traffic Control towers is located in North Saanich. The decision upheld the 2013 PAAB ruling to reduce both the land and improvement values to \$10, for a total value of \$20 per property.
- Following the Stated Case decision, BC Assessment has decided to appeal the BC Supreme Court ruling to the Court of Appeal.

Financial Implications for North Saanich are as follows:

1. Municipal Taxes Lost

Municipal taxes lost on Nav Canada properties:			
2011	\$	14,310	
2012	\$	28,730	
2013	\$	28,145	Note 1
2014	\$	26,830	Note 1
2015	\$	<u>26,830</u>	Note 2
Total	\$	<u>124,845</u>	
Note 1	Potential losses. Since the appeal continues, BC Assessment will not apply the decision to the 2013 and 2014 property assessments at this time.		
Note 2	Estimated loss based on the 2014 property assessment and tax rate.		

The total 2014 assessed value of the 19 control towers in the province is \$35.2 million. This equates to \$368,992 general revenue tax dollars and \$602,995 for general/hospital/school combined. These 19 properties are directly affected by this decision.

2. Legal Costs

To date the District has incurred \$91,117 in legal costs associated with the Nav Canada appeals and Supreme Court Stated Case.

Recommendation:

A successful appeal to the Supreme Court's ruling on the Nav Canada assessments would not only benefit many municipalities with Nav Canada properties but also those with Ferry Terminals.