

# THE CORPORATION OF THE CITY OF COURTENAY

## NOTICE OF COMMITTEE OF THE WHOLE MEETING

**DATE:** Monday, June 26, 2017  
**PLACE:** City Hall Council Chambers  
**TIME:** 4:00 p.m.

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### AGENDA

#### 1.00 STAFF REPORTS/PRESENTATIONS

1. Permissive Property Tax Exemption Policy

#### 2.00 ADJOURNMENT





## STAFF REPORT

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**To:** Council  
**From:** Chief Administrative Officer  
**Subject:** Permissive Property Tax Exemption Policy

**File No.:** 1960  
**Date:** June 26, 2017

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### PURPOSE:

To obtain direction from Council with respect to the Permissive Property tax exemption policy.

### POLICY ANALYSIS:

On December 5, 2016, Council passed the following:

<b>.05</b>	Moved by Frisch and seconded by Lennox that based on the
C.V. PREGNANCY	December 5, 2016 staff report “Comox Valley Pregnancy Care Centre –
CENTRE	Permissive Tax Exemption”, Council approve Option 2 and the use of
TAX EXEMPTION	Gaming Funds to cover the remaining 60% of 2017 property taxes in the
1970-04	estimated amount of \$774 for the Comox Valley Pregnancy Care Centre;
	and Option 3 to review and clarify the Permissive Property Tax
	Exemption Policy prior to the 2018 permissive tax exemption
	preparation.
	<b>Carried</b>

### EXECUTIVE SUMMARY:

Section 224 - 227 of the *Community Charter* and the City’s Permissive Property Tax Exemption policy 1960.00.01, Revision # 1 provide guidelines with respect to providing permissive tax exemptions. Sections 3 to 5 of the Policy provide the parameters to critique permissive property tax exemption applications. Organizations located in Courtenay who provide regional services are provided with a 40% permissive property tax exemption on the portion of their municipal property taxes. Any change to this percentage impacts future property tax revenues.

### CAO RECOMMENDATIONS:

That based on the June 26, 2017 staff report, “Permissive Property Tax Exemption Policy Review”, Council approve Option 1 and continue with the existing Permissive Property Tax Exemption policy 1960.00.01, Revision # 1.

Respectfully submitted,

David Allen, BES, CLGEM, SCLGM  
Chief Administrative Officer

**BACKGROUND:**

Each year the City, by Bylaw, provides permissive property tax exemptions to various organizations. Exemptions apply only to the municipal property tax portion and vary for different organizations. Places of worship are statutorily granted a 100% exemption; some organizations are given a grandfathered rate of 75%, and some organizations are at 40%. The adoption of the Permissive Property Tax Exemption policy in May 13, 2013 limits the amount of permissive tax exemption to 40% for organizations who provide a regional service versus a ‘Courtenay only’ service.

**DISCUSSION:**

Section 5, paragraph ‘a’ of the Permissive Property Tax Exemption policy (Attachment # 1) states the following:

“a). The following activities and circumstances will not be considered as eligible for exemption by Council. Council may exclude all or a portion of the land/improvements where the following circumstances exist:

- The activities of the organization are not confined to the City of Courtenay. Council has designated a maximum exemption of 40% for regional organizations. This policy will not be applied retroactively. Regional organizations that have previously been approved will not be considered under this condition.”

Attachment # 2 indicates the list of organizations receiving permissive property tax exemptions for 2017. There are organizations that provide a benefit to the region and not just the City. As required by the City’s policy, the 40% rule is applied to regional organizations. In the past, Council has over-ridden this section of the policy and granted higher percentages to select organizations – Amethyst House and Comox Valley Pregnancy Centre.

**FINANCIAL IMPLICATIONS:**

Any change to the amount of Permissive Property Tax exemptions has a direct impact on the property tax revenue collected by the City. The cumulative amount of Permissive Property Tax Exemptions is set at a ceiling of 2% of the prior year’s tax levy for municipal purposes.

Over the past three years the percentage of Permissive Property Tax Exemptions provided has been between 1.66% and 1.52%.

<b>Permissive Property Tax Exemptions</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
City owned properties/ managed by not-for-profit groups	173,376	175,040	182,352
Not-for-Profit Organizations	149,925	133,867	136,224
Churches	15,184	15,486	15,760
<b>Total</b>	<b>338,485</b>	<b>324,393</b>	<b>334,336</b>
Prior Year tax Levy for Municipal purposes	20,345,082	21,106,452	21,951,300
As a percentage of municipal tax levy	1.66%	1.54%	1.52%

**ADMINISTRATIVE IMPLICATIONS:**

Each year staff spends approximately 60 hours working through the permissive property tax exemption process. The amount of administrative time required to revise the current policy will be approximately 2 to 4 hours dependent on how many changes staff are asked to complete.

**ASSET MANAGEMENT IMPLICATIONS:**

N/A

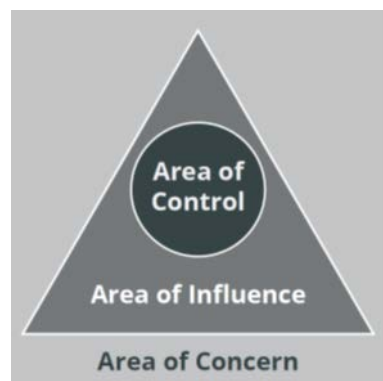
**STRATEGIC PRIORITIES REFERENCE:**

**We focus on organizational and governance excellence**

- We responsibly provide services at a level which the people we serve are willing to pay

**We invest in our key relationships**

- We will continue to engage and partner with service organizations for community benefit



- **Area of Control**  
The policy, works and programming matters that fall within Council’s jurisdictional authority to act.
- ▲ **Area of Influence**  
Matters that fall within shared or agreed jurisdiction between Council and another government or party.
- **Area of Concern**  
Matters of interest outside Council’s jurisdictional authority to act.

**OFFICIAL COMMUNITY PLAN REFERENCE:**

N/A

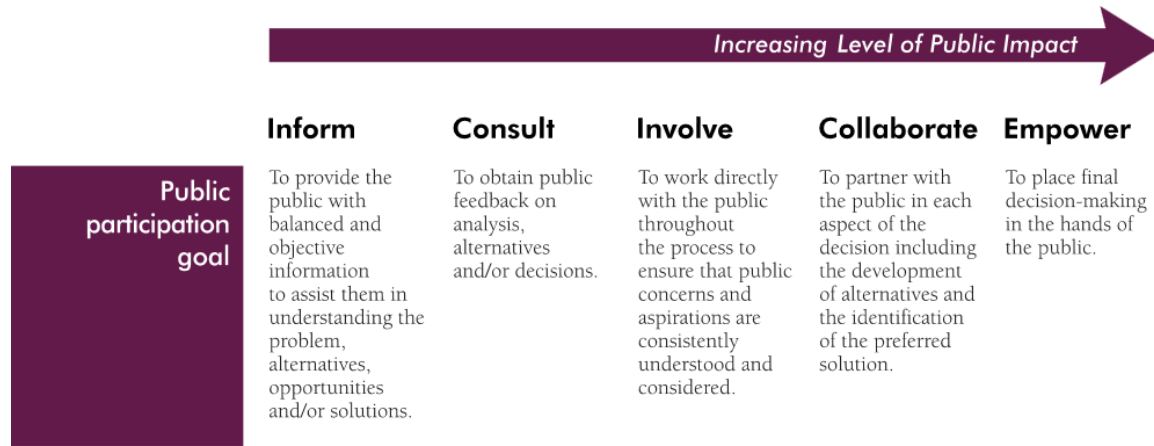
**REGIONAL GROWTH STRATEGY REFERENCE:**

N/A

**CITIZEN/PUBLIC ENGAGEMENT:**

Staff would **inform** the public based on the IAP2 Spectrum of Public Participation:

[http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum\\_vertical.pdf](http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf)



**OPTIONS:**

1. That no changes be made to the Permissive Property Tax Exemption policy 1960.00.01, Revision # 1, section 5. (RECOMMENDED)
2. That Staff be directed to revise the Permissive Property Tax Exemption policy 1960.00.01, Revision # 1, section 5 providing Council with the option to select which regional organizations will be at rates different than 40%.
3. That Staff amend sections of the Permissive Property Tax Exemption policy 1960.00.01, Revision # 1 as determined by City Council.

Prepared by:

Brian Parschauer, BA, CPA-CMA  
Director of Finance

*Attachments:*

1. *Permissive Property Tax Exemption Policy 1960.00.01, Revision # 1*
2. *2017 Approved list of Permissive Property Tax Exemptions*

**City of Courtenay****Policy**

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<b>Section 5 - Finance</b>	<b>Policy #</b>	<b>1960.00.01</b>
<b>Subject: Permissive Property Tax Exemption</b>	<b>Revision #</b>	<b>1</b>

**SCOPE:**

A permissive tax exemption is a means for Council to support not-for-profit organizations within the community which further Council's objectives of enhancing quality of life (economic, social, cultural) and delivering services economically. A permissive tax exemption is strictly at the discretion of the City of Courtenay Council. After careful consideration of all applications Council may approve a full, a partial, or no tax exemption. The tax exemption may vary for the different applicants. This policy guides identification of organizations meeting Council's objectives.

**POLICY****1. Overall Amount**

A projected amount of revenue to be foregone by Permissive Tax Exemptions will be set by Council annually during the development of the Financial Plan. This amount will be used to calculate the following year's tax exemption for approved organizations based on the current year's assessment and tax rates. The actual amount of the exemption may vary according to the following year's assessment and tax rates.

The cumulative value of the exemptions may not exceed 2% of the total tax levy in the previous year. The bylaw for exemptions for any given year must be adopted and submitted before any assessment or tax rate information is available for that year. The 2% amount will therefore be calculated based on the previous year's assessment and tax rate information.

**2. Process**

Council will consider applications for permissive tax exemptions annually. Reminder letters to re-apply will be mailed annually or as the term of the exemption expires to current tax exemption recipients. In addition, application packages will be available at any time from the Municipal Office or on our website at [www.courtenay.ca](http://www.courtenay.ca).

Applications must be submitted to the Director of Financial Services, using the prescribed application form, before July 31<sup>st</sup> each year. The Director will review the applications for completeness, and arrange contact with applicants for additional information as necessary.

Application submissions must include:

- Copies of audited financial statements for last three (3) years for first time applicants, and for the last year for current tax exemption recipients.
- Copy of state of title certificate or lease agreement, as applicable.

<b>AUTHORIZATION:</b> Council R13/2013	<b>DATE:</b> May 13, 2013
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<b>Section 5 - Finance</b>	<b>Policy #</b>	<b>1960.00.01</b>
<b>Subject: Permissive Property Tax Exemption</b>	<b>Revision #</b>	<b>1</b>

- In the case of a lease agreement rather than ownership, documents are required that indicate that the applicant will benefit by the exemption. Documents should demonstrate that the lease is currently or will, on approval of the exemption, be reduced by the amount of the exemption, or that other considerations will be provided by the landlord equivalent to the value of the exemption.
- Description of programs/services/benefits delivered from the subject lands/improvements including participant numbers, volunteer hours, benefiting groups/individuals/special needs populations, fees charged for participation
- Description of any 3<sup>rd</sup> party use of the subject land/improvements including user group names, fees charged conditions of use.
- An indication as to the extent to which the activities of the applicant are regional or local (within the City of Courtenay) in nature.
- Financial information on how the tax exemption amount is put back into the community through charitable means or reduced fees paid by the general population of the City of Courtenay.
- Confirmation that the organization’s activities do not compete with any other duly licensed business in the Municipality.

The Director of Financial Services will present a summary report of the applications, relative to the eligibility criteria, to Council and arrange for delegations to Council by applicants as necessary.

**3. Criteria**

- a) Subject Property must be one of:
  - Land and/or improvements owned by the applicant
  - Land and/or improvements leased under an agreement
  - Land and/or improvements ancillary to a statutory exemption under section 220 of the *Community Charter (Statutory Exemptions)*
  
- b) Nature of Organization must meet the requirements of *Division 7 of the Community Charter (Permissive Exemptions)* which includes:
  - Non-profit organization
  - Charitable/philanthropic organization
  - Athletic or Service Club/Association
  - Care facility/licensed private hospital
  - Partner of the municipality by agreement under s. 225 (Partnering, heritage, riparian and other special exemption authority) of the *Community Charter*
  - Other local authority

<b>AUTHORIZATION:</b> Council R13/2013	<b>DATE:</b> May 13, 2013
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<b>Section 5 - Finance</b>	<b>Policy #</b>	<b>1960.00.01</b>
<b>Subject: Permissive Property Tax Exemption</b>	<b>Revision #</b>	<b>1</b>

- Organization eligible under *Section 220 of the Community Charter* statutory exemption (e.g. place of public worship, cemetery, library, Indian land, senior’s homes, hospital, etc.)
  - c) The applicant organization’s use of the land/improvements must benefit the community in one or more of the following ways:
    - provides recreational facilities for public use
    - provides recreation programs to the public
    - provides programs to and/or facilities used by youth, seniors or other special needs groups
    - preserves heritage important to the community character
    - preserves an environmentally, ecologically significant area of the community
    - offers cultural or educational programs to the public which promote community spirit, cohesiveness and/or tolerance
    - offers services to the public in formal partnership with the municipality
    - [other]
  - d) All accounts for fees and charges levied by the City of Courtenay to the applicant must be current.

**4. Duration of Exemption**

Eligible organizations may be considered for tax exemptions exceeding one year (to a maximum of 10 years) where it is demonstrated that the services/benefits they offer to the community are of a duration exceeding one year (i.e. for the period of the tax exemption).

**5. Extent, Conditions, and Penalties**

- a) The following activities and circumstances will not be considered as eligible for exemption by Council. Council may exclude all or a portion of the land/improvements where the following circumstances exist:
  - a portion of the land/improvements is used by the private sector and/or organizations not meeting Council’s exemption criteria
  - a portion of the land/improvements is used for commercial (for profit) activities by the not-for-profit organization
  - the activities of the organization are not confined to the City of Courtenay. Council has designated a maximum exemption of 40% for regional organizations. This policy will not be applied retroactively. Regional

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<b>Section 5 - Finance</b>	<b>Policy #</b>	<b>1960.00.01</b>
<b>Subject: Permissive Property Tax Exemption</b>	<b>Revision #</b>	<b>1</b>

organizations that have previously been approved will not be considered under this condition

- The applicant already receives grant-in-aid from the municipality and/or other sources
  - [other]
- b) Council may impose **conditions** on the exempted land/improvements with the applicant organization, including but not limited to:
- registration of a covenant restricting use of the property
  - an agreement committing the organization to continue a specific service/program
  - an agreement committing the organization to have field/facilities open for public use for certain times or a total amount of time
  - an agreement committing the organization to offer use of the field/facility to certain groups free of charge or at reduced rates
  - an agreement committing the organization to immediately disclose any substantial increase in the organization’s revenue or anticipated revenue or any change in the status of the property
  - [other]
- c) Council may impose **penalties** on an exempted organization for knowing breach of conditions of exemption, including but not limited to:
- revoking exemption with notice
  - disqualifying any future application for exemption for specific time period
  - requiring repayment of monies equal to the foregone tax revenue
  - [other]

<b>AUTHORIZATION:</b> Council R13/2013	<b>DATE:</b> May 13, 2013
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## 2017 Permissive Tax Exemption

				2017 Tax Exemption Estimation			
Roll #	Leasee/Society Applying for Exemption	Civic Address	Exemption	City	Other Authorities	Total	
Annual Bylaw	49.000	Eureka Support Society	280-4th st	100%	\$ 2,637	\$ 2,472	\$ 5,108
	122.000	Royal Canadian Legion, Courtenay Branch (Pacific) No. 17	367 Cliffe Ave	100%	6,900	7,160	14,060
	1650.000	Royal Canadian Legion, Courtenay Branch (Pacific) No. 17	101 Island Highway	100%	145	184	329
	163.000	Comox Valley Child Development Association	237 - 3rd St	100%	9,358	8,773	18,131
	164.000	Comox Valley Child Development Association	243 - 3rd St	100%	473	496	969
	165.000	Comox Valley Child Development Association	255 - 3rd St	100%	473	496	969
	348.000	Alano Club of Courtenay	543 - 6th St	100%	2,490	2,334	4,823
	400.000	West Island Capital Corp	A1-310 8th Street	100%	3,248	3,045	6,292
	513.000	Old Church Theatre Society	755 Harmston Ave	100%	5,420	5,081	10,502
	750.020	Comox Valley Recovery Centre Society (City of Courtenay)	641 Menzies Ave	100%	4,151	4,354	8,505
	1037.000	Comox Valley Family Services Association	1415 Cliffe Ave	100%	4,502	4,220	8,721
	1494.000	Glacier View Lodge Society	2470 Back Road	100%	5,209	5,465	10,674
	1494.010	Glacier View Lodge Society	2470 Back Road	100%	5,197	5,452	10,650
	1494.050	Glacier View Lodge Society	2450 Back Road	100%	32,772	34,381	67,152
	1960.300	The Nature Trust of British Columbia	Sandpiper Drive	100%	5,359	5,622	10,981
	2016.007	Stepping Stones Recovery House for Women Society (Richard Pizzey)	1571 Burgess Rd	100%	1,014	1,064	2,079
	2200.044	Courtenay & District Historical Society In Trust	2564 Cumberland Rd	100%	1,883	1,976	3,859
	3200.072	Comox Valley Curling Club (CVRD)	4835 Headquarters Rd	100%	12,210	11,446	23,656
	112.000	Boys and Girls Club (City of Courtenay)	243-4th Street	100%	1,403	1,315	2,719
	750.100	St. John the Divine Abbeyfield House Society	994 - 8th Street	75%	3,221	3,379	6,600
	757.000	Comox Valley Kiwanis Village Society	1061 8th Street	75%	2,308	2,421	4,729
	757.001	Comox Valley Kiwanis Village Society	1051 8th Street	75%	6,284	6,593	12,877
	758.000	Comox Valley Kiwanis Village Society	635 Pidcock Ave	75%	1,241	1,302	2,542
	1286.045	L'Arche Comox Valley	534 - 19th Street	75%	885	929	1,814
	34.000	Courtenay Elks' Lodge No. 60	231 6th Street	40%	1,921	1,923	3,844
	170.002	Comox Valley Transition Society (Four Paws Investments LTD)	280 2nd Street	40%	776	814	1,591
	166.000	Comox Valley Child Development Association	267 - 3rd Street	40%	215	226	441
	459.000	Upper Island Women of Native Ancestry	956 Grieve Ave	40%	704	739	1,443
	1516.004	Canadian Red Cross Society (leased from Ltd Georges's Food Bar)	464 Puntledge Rd	40%	1,818	1,705	3,523
	1960.006	Aaron House Ministries (Fernco Development Ltd)	2946 Kilpatrick Ave	40%	1,963	1,841	3,804
	2024.009	Habitat for Humanity Vancouver Island North Society	1755 - 13th Street	40%	304	285	590
	3200.032	Youth for Christ Comox Valley	4729 Headquarters Rd	40%	668	700	1,368
	1960.004	Salvation Army Cornerstone Community (Fernco Development LTD)	Unit 8, 468 29th Street	40%	2,923	2,740	5,663
	2091.136	Saltwater Education Society (Spacial Holdings Inc)	2398 Rosewall Crescent	40%	1,572	1,473	3,045
	1577.018	Comox Valley Pregnancy Care Centre	#4 - 204 Island Hwy N	40%	252	264	515
	409.000	Comox Valley Transition Society	625 England Ave	40%	2,046	1,918	3,964
New application	1038.000	John Howard Society of North Island	1455 Cliffe Avenue	40%	1,996	1,871	3,867
New application	1113.000	L'Arche Comox Valley	1465 Grieve Avenue	40%	283	297	580
Annual Bylaw					<b>136,224</b>	<b>136,756</b>	<b>272,980</b>
Church	143.000	GRACE BAPTIST CHURCH	467 - 4th Street	100%	140	178	318
	313.100	ANGLICAN SYNOD DIOCESE OF B.C.	591 - 5th Street	100%	1,047	1,326	2,373
	336.000	CENTRAL EVANGELICAL FREE CHURCH	505 Fitzgerald Avenue	100%	399	505	904
	341.000	ELIM GOSPEL HALL	566 - 5th Street	100%	546	691	1,237
	342.000	ELIM GOSPEL HALL	576 - 5th Street	100%	333	349	682
	346.000	ST. GEORGE'S CHURCH	505 - 6th Street	100%	663	840	1,502
	618.220	RIVER HEIGHTS CHURCH SOCIETY	2201 Robert Lang Drive	100%	828	1,050	1,878
	1074.050	SALVATION ARMY CANADA WEST	1580,1590 Fitzgerald Ave	100%	323	409	732
	1166.000	LUTHERAN CHURCH	771 - 17th Street	100%	699	886	1,585
	1211.004	VALLEY UNITED PENTACOSTAL CHURCH OF BC	1814 Fitzgerald Avenue	100%	465	589	1,054
	1524.102	BISHOP OF VICTORIA - CATHOLIC CHURCH	1599 Tunner Drive	100%	958	1,213	2,171
	1594.000	KINGDOM HALL OF JEHOVAH WITNESSES	1581 Dingwall Road	100%	622	788	1,411
	1691.030	SEVENTH DAY ADVENTIST CHURCH	4660 Headquarters	100%	606	768	1,374
	1691.044	ANGLICAN SYNOD DIOCESE OF B.C.	4634 Island Hwy	100%	396	501	897
	1691.046	ANGLICAN SYNOD DIOCESE OF B.C.	1514 Dingwall Road	100%	578	732	1,310
	2005.000	LDS CHURCH	1901 - 20th Street	100%	1,346	1,705	3,051
	2017.034	FOURSQUARE GOSPEL CHURCH OF CANADA	1640 Burgess Road	100%	5,036	6,379	11,415
	2200.088	COURTENAY FELLOWSHIP BAPTIST CHURCH	2963 Lake Trail Rd	100%	776	983	1,759
Church					<b>15,760</b>	<b>19,893</b>	<b>35,653</b>
City Properties	29.002	Arts Centre/Gallery	580 Duncan Ave	100%	24,194	22,680	46,874
	63.000	Sid Williams Theatre	442 Cliffe Avenue	100%	22,609	21,195	43,805
	113.000	Courtenay & District Museum	207 - 4th St	100%	19,531	18,310	37,841
	261.006	McPhee Meadows	3rd Street	100%	1,867	1,959	3,826
	1200.000	Marina	2040 Cliffe Ave	100%	10,369	9,720	20,089
	1941.000	Airpark	100 - 20th St	100%	80,932	75,870	156,802
	2023.014	Morrison Nature Park	656 Arden Road	100%	2,510	2,633	5,143
City Properties					<b>162,012</b>	<b>152,367</b>	<b>314,379</b>
Island Corridor	467.000	Island Corridor Foundation		100%	786	646	1,432
	467.100	Island Corridor Foundation		100%	167	137	304
	613.100	Island Corridor Foundation		100%	139	114	252
	1012.205	Island Corridor Foundation		100%	5,890	4,836	10,726
	2154.000	Island Corridor Foundation		100%	7,050	5,789	12,839
	2154.001	Island Corridor Foundation		100%	76	71	147
	2154.003	Island Corridor Foundation		100%	2,365	2,217	4,582
	2154.013	Island Corridor Foundation		100%	3,867	3,618	7,485
Island Corridor					<b>20,340</b>	<b>17,428</b>	<b>37,768</b>
<b>Grand total for 2017</b>					<b>\$ 334,336</b>	<b>\$ 326,444</b>	<b>\$ 660,780</b>