



## **PRESS RELEASE**

*For immediate release*

# **MUNICIPALITY OF CHELSEA AND CITY OF GATINEAU READY TO TAKE LEGAL ACTION ON NCC FILE**

**Chelsea, October 5, 2021** - The Municipality of Chelsea and the City of Gatineau announced today that they are prepared to take appropriate legal action in Federal Court in the case against the NCC regarding the Payment in Lieu of Taxes (PILT) it has owed to Chelsea since 2018 and to Gatineau since 2007.

Chelsea Municipal Council adopted a resolution at its October 5 Council meeting mandating its lawyer to send a letter of format notice to the NCC requiring the NCC to render its final decision within 10 days based on the payments set out in the Advisory Panel's notice. Failing a favourable response, Chelsea intends to take all appropriate legal action before the Federal Court to obtain a declaratory judgment against the NCC for its patently unreasonable refusal to follow the Advisory Panel's recommendations. Gatineau City Council also adopted a similar resolution at its October 5 meeting.

The NCC owes Chelsea about \$1.4 million and Gatineau about \$1.1 million. In both cases, the NCC is challenging the method of valuation of its lands, questioning the very intent of the PILT Act. At the suggestion of the NCC, Chelsea and Gatineau went to the Payments in Lieu of Taxes Dispute Advisory Panel in good faith to try to resolve the dispute and were successful. Yet, to this day, the NCC still refuses to follow the recommendations of this independent panel.

"The Municipality of Chelsea has been in dispute with the NCC on this issue for over three years and to date nothing has been resolved. After several exchanges and meetings, the NCC has not committed to respecting the unanimous opinion issued by the Dispute Advisory Panel. For a municipality of 7,500 residents, the financial burden is enormous, and it is the residents who must assume this loss of revenue. The Municipality of Chelsea is prepared to bring this matter before the federal court to ensure that the NCC pays its fair share," said Chelsea Mayor Caryl Green.

"There is a process in place to resolve disputes between the federal government and municipalities, and this process has been followed, resulting in an opinion from the Dispute Advisory Panel. We feel it is important to use the recourses available to us to ensure that this opinion is respected, especially since the resolution of this dispute could have an impact on other files, both those of the City of Gatineau and those of other municipalities in Quebec and Canada," said Maxime Pedneaud-Jobin, Mayor of Gatineau.

### **PILT Act**

Under the Constitution of Canada, the federal government is exempt from paying property taxes at the local level. Instead, the government pays PILT to recognize services received from municipal administrations and to pay its



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share of municipal costs. Federal agencies rely on provincial or municipal governments to assess property values and on municipalities to set tax rates (which must be applied equitably to all properties, not just to those of the federal government).

In Quebec, property assessment is governed by the Act respecting municipal taxation. Under the law, the independence of property assessment is protected, and strict rules are in place to separate the assessment process from any interference.

In Chelsea's case, the valuation of the property is the responsibility of the MRC des Collines-de-l'Outaouais, whose evaluators follow strict standards of practice and are governed by a code of ethics.

### Quick facts - Chelsea

- The dispute has been ongoing since 2018 and concerns the non-payment of \$1.4M in payment in lieu of taxes (PILT) for Gatineau Park.
- At the suggestion of the NCC, the Municipality went to the Payments in Lieu of Taxes Dispute Advisory Panel. A hearing was held from November 16 to 20, 2020. In January 2019, the NCC committed in writing to respect the Advisory Committee's conclusions.
- In February 2021, the Dispute Advisory Panel unanimously agreed with majority of the Municipality's representations regarding the value of the lands in dispute. It recommended that the NCC establish payments in lieu of taxes to the Municipality of Chelsea based on almost all of the assessments defended by the experts of the MRC des Collines-de-l'Outaouais.
- For the 2018-2020 roll, the values recommended by the Dispute Advisory Panel for NCC lands total \$109 million, while the NCC proposes values totalling less than \$50 million, a difference of 54%.
- For the 2021-2023 roll, the value of land in dispute established by the MRC des Collines-de-l'Outaouais evaluators is \$144 million, with the addition of eight more properties at the NCC's request. The NCC's estimate is \$64 million, a difference of 56%.
- In June 2021, Chelsea received a proposal from the NCC that did not adhere to the findings and principles outlined by the Dispute Advisory Panel.
- In this proposal, the NCC asked the Municipality and the municipal evaluator to accept a sum payment other than in the form of PILT for the years 2018 to 2023 and to agree, for the future, to apply valuation principles that are contrary to the principles and rules issued by the Dispute Advisory Panel in its two opinions to the NCC concerning the valuation of Gatineau Park. The proposal does not contain any commitment on their part to compensate for the resulting revenue shortfall in any form other than PILT.



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- For the Municipality, this proposal represents a shortfall of approximately \$800,000 per year starting in 2024 and all subsequent years.

### **Quick Facts – Gatineau**

- The dispute with the NCC has been going on since 2007 and concerns the non-payment of approximately \$1.1 million in lieu of taxes (PILT) for a dozen properties in Gatineau Park. These properties represent a total value of \$20 to \$35 million, depending on the years in dispute.
- Litigation on these 12 cases was heard by the Payments in Lieu of Taxes Dispute Advisory Panel and a recommendation largely favorable to the City was issued in December 2019, following a 4-day hearing held September 24-27, 2019.
- The Dispute Advisory Panel's recommended values for NCC lands total \$16.8 million, while the NCC's proposed values total \$12.2 million, a difference of 27%.
- For the 2021-2023 roll, we are talking about a difference in values of about 55%, with the land value established by the City of Gatineau at \$54.3 million, whereas the NCC establishes it at \$24.1 million
- In June 2021, the City of Gatineau received a proposal from the NCC similar to the one sent to Chelsea.
- In this proposal, the NCC asked the City of Gatineau and the municipal evaluator to accept a sum payment other than PILT for the years 2007 to 2023, and to apply assessment principles for the future that are contrary to the principles identified by the Advisory Committee in its two opinions to the NCC.
- For the City of Gatineau, this proposal represents a shortfall of approximately \$400,000 per year for the years after 2023, or \$270,000 per year for the 12 properties in dispute, plus an additional \$130,000 per year for four additional properties included in the NCC's request.

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### **Information:**

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