



PRESS RELEASE

For immediate release

Municipality of Chelsea initiates Federal Court action on NCC file

Chelsea, December 17, 2021 – The Municipality of Chelsea announced today that it has initiated legal proceedings before the Federal Court in the case against the NCC regarding the payment in lieu of taxes (PILT) it has owed Chelsea since 2018.

On December 16, 2021, Paul Wayland and Simon Frenette, the lawyers handling the case, filed a Federal Court appeal on behalf of the Municipality to overturn the NCC's decision. With this appeal, the Municipality intends to enforce the DAP's decision and is asking the NCC to reimburse the legal fees incurred for its defence.

In 2019, the NCC encouraged the Municipality of Chelsea to ask the Payments in Lieu of Taxes Dispute Advisory Panel (DAP) to determine the amounts owed for its properties in Gatineau Park. In its findings issued in February 2021, the DAP accepted almost all of the Municipality's arguments and recommended a payment of approximately \$1.4 million. Despite these recommendations, on November 19 the Municipality received the NCC's final decision, which still rejects the DAP's values and finds that the payments represented less than 50% of the value recommended by the DAP. The Municipality considers this decision unreasonable as it does not take into account the DAP's unanimous findings. The new council, aware of the importance of this file to the Municipality's financial future, decided to continue the work of its predecessors and adopted a resolution again directing Paul Wayland to take all appropriate legal recourse before the Federal Court at its December 7 council meeting. The Federal Court appeal was filed in response to this resolution. The Municipality hopes that ultimately, the Court will rule in its favour so it may recover the lost earnings due to this litigation, which is causing significant prejudice to the Municipality and its citizens.

PILT legislation

Under the *Payments in Lieu of Taxes Act* and the *National Capital Act*, 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 share of municipal costs. Federal agencies rely on municipal governments to assess property values and on municipalities to set tax rates, which must be applied equitably to all properties, not just to federal authorities.

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

In Chelsea's case, property valuation 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.



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Quick facts

- The dispute has been ongoing since 2018 and concerns the non-payment of approximately \$1.4M in payment in lieu of taxes (PILT) for Gatineau Park.
- At the suggestion of the NCC, the Municipality approached the Payments in Lieu of Taxes Dispute Advisory Panel (DAP). A hearing was held November 16 to 20, 2020. In January 2019, the NCC committed in writing to comply with the DAP's findings.
- In February 2021, the DAP unanimously agreed with the majority of the Municipality's representations regarding the value of the land 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 DAP for NCC land total \$109 million, while the NCC proposes values totalling \$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 DAP.
- In this proposal, the NCC asked the Municipality and the municipal evaluator to accept a sum payment in a form other than 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 DAP in its two opinions to the NCC concerning the valuation of Gatineau Park. The proposal does not contain any commitment by the NCC to compensate for the resulting revenue shortfall in any form other than PILT.
- For the Municipality, this proposal represents a shortfall of approximately \$800,000 per year starting in 2024 and all subsequent years.
- In October 2021, the Municipality, through its lawyer Paul Wayland, sent a final letter to the NCC requesting a final decision in accordance with the DAP's findings.
- On November 19, 2021, following the transmission of formal notices and more than nine months after the DAP's opinion, the NCC rendered its final decision regarding its properties in dispute on the basis of an actual value totalling \$50 million—less than half the value unanimously recommended by the DAP members.



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- On December 16, 2021, Paul Wayland and Simon Frenette, the lawyers handling the case, filed a Federal Court appeal on behalf of the Municipality to overturn the NCC's decision. Through this appeal, the Municipality intends to enforce the DAP's opinion and requests that the NCC reimburse the legal fees incurred for its defence in the amount of \$118,724.30 to be paid in full.

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