

BC Ferries: Fees for Service

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When I joined North Saanich as Administrator on January 1, 1986, one of the more significant challenges---not to mention our controversial split Council - was the ability to maintain the level of services at a time when costs were dramatically escalating and yet maintain an acceptable tax rate when 91% of the community tax revenue came from residential assessments. Historically, North Saanich has enjoyed a tax rate which is amongst the five lowest in the Province, which is due for the most part to the Federal Grants in Lieu of Taxes for the Airport properties. Because of this low rate, any dramatic increase would be greeted with considerable public concern - both politically and administratively.

In the Fall of 1985, the late Mayor Harold Parrott phoned Mayor Frank Ney of Nanaimo suggesting a coordinated approach be made to the Provincial Government to obtain some remuneration for services provided to the B.C. Ferry Corporation. This resulted in correspondence between newly-elected Mayor Roberts of Nanaimo and several Mayors, including our newly-elected Mayor Harrop, and a decision was made to pursue this on a political level with the elected officials of those municipalities having ferry terminal facilities within their boundaries, and resulted with the corresponding Municipal Administrators forming a working committee.

In June of 1986, the District of North Saanich Council prepared a Resolution which was supported by the nine municipalities and was approved at the U.B.C.M. Convention held that September in Vernon. A position paper was prepared and submitted to the Premier at that time, and his response was received October 31, 1986. The Premier stated that the ferry system was considered part of the B.C. Highway system and it was therefore subject to the same tax-exempt status.

On January 23, 1987, during the Premier's Conference in Vancouver, Mayors and Administrators from North Saanich, Nanaimo, Port Hardy, Delta, West Vancouver, Campbell River and Prince Rupert met, and a consensus was reached that they all join together in their quest for grants in lieu of taxes, and further that the Administrators prepare a brief to be presented by the Mayors of North Saanich and Nanaimo to the Minister of Finance and to the Minister of Transportation and Highways. Grayden Hayward and the writer was requested to coordinate the preparation and subsequent presentation. On the departure of Mr. Hayward from Nanaimo, the brief was then prepared by Mr. Doug Allan of West Vancouver and the writer.

The brief outlined the cost of services provided to the ferry terminals, the costs ranged from a low of \$8,246 for Campbell River to a high of \$154,520 for Nanaimo, and the City of Victoria claiming a loss of tax revenue of \$47,353 for the Corporation's headquarters building. The brief was presented to the respective Councils and received endorsement by nine of the ten affected municipalities. (The City of Victoria decided not to participate, as they feared losing the headquarters building and the resulting effect on employment.)

In July of 1987, Mayor Harrop and the writer met with the Honourable Mel, Couvelier, Minister of Finance, our M.L.A., who supported the principle of fairness in grants in lieu and requested a staff report. He also agreed to assist in arranging a meeting with the Honourable Rita Johnston, Minister of Municipal Affairs and Transit. This meeting took place on September 24, 1987 during the U.B.C.M. Convention in Vancouver, and was attended by eight Mayors and their Administrators (with Gerry Berry now replacing Graydon Hayward for Nanaimo). The Minister requested additional information regarding cost of services, and the writer was asked to coordinate this information.

The cost of services information was presented by our Mayor Michaluk at a meeting with the Minister on December 10, 1987, and the Minister agreed to take the brief and additional cost information to Cabinet. However, she would not give a time-frame commitment. Mayor Michaluk then proceeded to secure the support of Cabinet members and forwarded copies of the brief to them. Support was also forthcoming from Robin Blencoe and Dale Lovick of the Official Opposition's New Democratic Party.

In April of 1988, Gerry Berry prepared a report for his Nanaimo Council with a recommendation that, effective December 31, 1988, those Municipalities providing fire protection services to a ferry terminal withdraw the services in the absence of full payment. This proposal, however, did not receive the support of the other Municipalities, and our District publicly announced that it would not support a withdrawal of services but wished to continue the negotiation process. Up to this point in time, Mr. Galt Wilson of Wilson, Staples, McDannold & Company had been assisting in the endeavour, but mostly in an unofficial capacity, being a close associate of most of the Administrators involved.

In May of 1988, on my recommendation and following Council approval, I coordinated a \$500.00 contribution to Wilson, Staples, McDannold for their services, and nine Municipalities responded (with Victoria Council not supportive) a further contribution of \$150.00 from each Municipality was required in 1990.

In June of 1988, Mayor Michaluk and the writer met with the Honourable Stephen Rogers, Minister of Transportation and *Highways*, and Mr. Rod Morrison, General Manager of B.C. Ferry Corporation, at which time the Mayor reviewed the brief in detail. The Minister was sympathetic and stated that the Corporation should be making some contribution towards the costs of services provided. He then instructed Rod Morrison to review the matter and said that they would get back to us.

In July of 1988, the Honourable Rita Johnston, Minister of Municipal Affairs, stated that the Ferry Corporation would be compensating the Municipalities for the direct expenses in providing services and suggested that we contact the Honourable Stephen Rogers, Minister of Transportation and *Highways*.

In September of 1988, during the U.B.C.M. Convention in Whistler, the Administrators met with Mr. Galt Wilson and developed a strategy whereby the nine Municipalities would invoice B.C. Ferry Corporation for the cost of services for 1987, and the invoices were mailed to the attention of Mr. Rod Morrison, Manager of Operations. Our invoice totaled \$78,067.

As a result, Messrs. Gerry Barber and John Creery of B.C. Ferry Corporation met with those four Municipalities having the larger terminals to discuss in more detail the cost of services statements contained in the brief, and stated that there were wide discrepancies in the cost of services provided.

There were numerous discrepancies with this method of cost recovery. For instance, in North Saanich we were receiving payment for water; however, we did not provide sewer services, and as we had a volunteer Fire Department, it was difficult to justify a high cost for fire protection. We therefore charged \$19,566 for the services provided. In Nanaimo, they provided sewer, water, etc. and only received payment for water. However, included in their invoice for 1987 (which totaled \$177,593.00) an amount of \$26,102.00 for fire protection. It was obvious to the staff committee that the fairest and most understandable approach would be to pursue funding on grants in lieu of taxes, based on assessment.

In October of 1988, all affected Municipalities sent the related information on assessments and tax rates to Mr. Galt Wilson, and in November he began direct communication with Mr. R. W. Long, the Corporation's Chairman, and with the Honourable Neil Vant, Minister of Transportation and Highways. This resulted in a meeting on November 30th between Mr. R. W. Long, Mr. Galt Wilson and the writer, wherein we were advised there would be no new funding forthcoming.

On December 6, 1988, Mr. Wilson received a reply from Mr. Long which confirmed that the Corporation would not pay the invoices, sent in by the Municipalities, nor would they be paying grants in lieu of taxes. He further stated that reference to payment for services by the Honourable Rita Johnston and the Honourable Stephen Rogers was for garbage pickup, water and sewage, for which they have always paid.

As a result of this total rejection, North Saanich Council, on January 3, 1989, authorized Mayor Michaluk and the writer to attend a meeting requested by Mr. Galt Wilson with the Honourable Rita Johnston, the Honourable Mel Couvelier, and Dr. Terry Huberts, which was held on March 3, 1989. North Saanich again coordinated this meeting with representatives from the eight Municipalities.

It appeared that, as a result of this meeting, the Honourable Rita Johnston was persuaded to take a second look at the issue. However, the Honourable Mel Couvelier appeared to back-pedal from his original supportive position. Mrs. Johnston said she felt more comfortable with payment of direct costs which would include fire and police costs, and she would put forward a proposal to Cabinet;

In April of 1989, Marilyn Baker, president of the U.B.C.M., wrote to Mrs. Johnston requesting the Government pay grants in lieu, and in May, subsequent to the announcement that B.C. Hydro would be paying 20 Municipalities and Regional Districts more than \$4,000,000 in grants in lieu on their dams, we reminded the Minister that we were being treated unfairly.

At the Municipal Officers Association Conference held in Victoria, Mr. Galt Wilson and the writer met with those Administrators attending, and the decision was that Mr. Wilson and the writer would make a further submission to the staff of the Treasury Board and the Ministry of Municipal Affairs. In October of 1989, Mr. Ken MacLeod of the Ministry of Municipal Affairs said that the paperwork had been completed, the Ministries briefed, and the matter would be forwarded to Cabinet shortly. In early December of 1989, I was advised verbally that Cabinet would be making a favourable decision on December 19, 1989. This, however, did not happen. As luck would have it, the Honourable Rita Johnston was appointed Minister of Transportation and Highways (which included the B.C. Ferry Corporation), and we finally had a Minister in a strategic position who' was strongly supportive of our cause.

As Nanaimo was also not receiving payment for sewage and water frontage taxes, Gerry Berry became frustrated and impatient, and in September of 1990 he prepared a report and recommendation to his Council that they commence legal action. As a result, the City of Nanaimo withdrew sewer and water services in the Fall of 1990, and the Corporation subsequently placed outdoor "biffys" on site to continue operation.

This resulted in negative press in the Vancouver "Sun" and the Victoria "Times Colonist", as well as an editorial in the latter, and Cabinet reached an agreement on the sewer and water issue, as well as a promise to resolve the grants in lieu issue. On December 5, 1990, Mayor Chazottes wrote the Honourable Rita Johnston requesting that in the interest of fairness, the other Municipalities should be treated equally.

On January 3, 1991, the Honourable Rita Johnston, in a press release, announced that the Ferry Corporation would pay approximately \$800,000 in grants in lieu retroactive to 1990, this amount to be shared by ten Municipalities. This was followed up by a letter of the same date to Mayor Chazottes. The grants were equal to municipal taxation on all lands and buildings except for marine structures, and Richmond's Dease repair depot and Victoria's headquarters building were also included.

It was unclear at this point what equitable system would be established for distribution. The writer met with Messrs. Bill Long and Frank Rhodes to discuss the issue, and worked out a combined tax rate and assessment averaging formula which was discussed and modified on January 25, 1991 at a meeting attended by the Administrators of Nanaimo, Delta, West Vancouver and North Saanich, with. Bill Long and Frank Rhodes. The distribution formula established an assessment/tax rate base commencing in 1990 and resulted in the abovementioned four Municipalities with larger terminals receiving \$144,000 each. Prince Rupert, Richmond and Victoria

Hardy would each-receive \$20,000 for 1990, would receive \$50,000. each, and Powell River, Campbell River and Port

With North Saanich's limited assessment due to 91% of the district being comprised of residential development, this grant made a significant impact on our Budget, as it represented 10% of our tax revenue, excluding the Airport properties.

I wish to express my appreciation to Mr. Galt Wilson who spent many hours of volunteer time lobbying; to Mr. Bill Long who proposed the final formula of land and buildings assessment (excluding marine structures), and then "sold" it to Cabinet; to my fellow Administrators who kept their politicians interested and supportive of our cause; and to Mr. Ken MacLeod and a number of Ministry executive and Administrative Assistants who assisted in meeting arrangements, etc. Thank you all.

R. R. O'Genski