
TO: GENERAL COMMITTEE

SUBJECT: DECLARATION OF MUNICIPAL CAPITAL FACILITY

PREPARED BY AND KEY CONTACT: R. PEWS, P. ENG., DIRECTOR OF CORPORATE FACILITIES

SUBMITTED BY: R. PEWS, P. ENG., DIRECTOR OF CORPORATE FACILITIES

NOTED: C. MILLAR, DIRECTOR OF FINANCE AND TREASURER
D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That a by-law be prepared, in accordance with Section 110(6) of the *Municipal Act*, 2001, S.O. 2001 c.25, as amended, to exempt from municipal and school board taxation the portion of the following property for which a lease agreement exists with the City of Barrie, on the basis that it is designated a Municipal Capital Facility:
 - a) 555 Essa Road, Units A22, A23 and A24, for use by the Barrie Public Library.

PURPOSE & BACKGROUND

2. Pursuant to Section 3 (9) of the *Assessment Act*, R.S.O. 1990, as amended, property owned by a municipality that is used for municipal purposes is exempt from taxation.
3. Municipal property leased by a municipality for use as a municipal capital facility is not automatically exempt from taxation.
4. Pursuant to Section 110(6) of the *Municipal Act*, 2001, S.O. 2001 c.25, as amended, the council of a municipality may exempt from taxation for municipal and school purposes land or a portion of it on which municipal capital facilities are or will be located that is leased by the municipality.
5. Municipal capital facilities are defined in *Municipal Act*, 2001 Ontario Regulation 603/06 and include facilities used for most services provided by municipalities, including police services, recreation centres and administration.
6. The City of Barrie has executed a lease agreement for 555 Essa Road, Units A22, A23 and A24 for the creation of a new Barrie Public Library Holly Library Branch. This site meets the definition of a municipal capital facility as outlined in Ontario Regulation 603/06. Previous advice from solicitors at Burger-Rowe was that space leases for Municipal Capital Facilities should be updated to reflect their tax-exempt status. An update to the Holly Library Branch lease is not required since the lease includes language contemplating the Municipal Capital Facility designation.

ANALYSIS

7. Motion 21-G-177 concerning the Holly Library Branch – Lease of Commercial Spaces states, in part:

“6. That upon lease signing the lease space be declared a City Facility, and that staff in the City’s Finance Department prepare the necessary documentation and motion as soon as feasible to declare the facility exempt from taxes.”
8. The Holly Library Branch lease was drafted to include provisions for a tax-exempt status and this staff report satisfies motion 21-G-177.
9. Under the provisions of Section 110 of the *Municipal Act*, 2001, the municipal clerk is required to give written notice of the by-law to the Minister of Education (Section 5), Municipal Property Assessment Corporation (Section 8), and the four school boards affected by the exemption (Section 8).
10. The tax exemptions become effective on the date of the passage of the by-law.
11. There are no anticipated budget impacts related to this staff report since the 2022 operating budget was developed assuming property taxes would not apply to this site.
12. Staff will ensure that all future leases entered into by the City of Barrie that meet the definition of municipal capital facilities, as defined in *Municipal Act*, 2001 O. Reg. 603/06, include reference to the facilities as municipal capital facilities. Further, staff will take appropriate steps to designate as tax-exempt any new leased space classified as a municipal capital facility.

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

13. There are no environmental and/or climate change impact matters directly related to the recommended motion.

ALTERNATIVES

14. The following alternatives are available for consideration by General Committee:

Alternative #1 General Committee could decide not to proceed to declare tax-exempt status for the noted property.

This alternative is not recommended as the educational portion of the site property tax payments would be an unbudgeted net new cost to the City of Barrie.

FINANCIAL

15. Subject to approval of this motion, the City will become exempt from paying property taxes on the Holly Library Branch site. While the municipal tax portion of the property tax bill would have zero net impact on the City’s overall budget, the educational portion of the property tax bill would otherwise be a net cost payable by the municipality. The 2021 educational assessment for the property was \$8,158.96.



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16. No 2022 operating budget adjustment is required related to this motion since the budget was developed assuming no property taxes would be payable, in support of motion 21-G-177.

LINKAGE TO 2018-2022 STRATEGIC PLAN

17. The recommendation(s) included in this Staff Report support the following goal identified in the 2018-2022 Strategic Plan:
- Offering Innovative and Citizen-Driven Services (make tax dollars go further)
18. The recommendations in this staff report will reduce the net cost of providing city services.



Appendix "A"

Declaration of Municipal Capital Facility

Property	2021 Property Taxes	Municipal Portion	Education Portion	DIB Portion	Net Savings to City	What account benefits?	Notes
555 Essa Road, Units A22, A23 & A24	\$22,322.67	\$14,163.71	\$8,158.96		\$8,158.96	N/A	Barrie Public Library, Holly branch