

Via email: rvagramov@portmoody.ca
prockwood@portmoody.ca

April 20, 2021

Rob Vagramov, Mayor &
Paul Rockwood, General Manager Finance
City of Port Moody
100 Newport Drive
Port Moody, BC

Dear Mayor Vagramov and Mr. Rockwood,

At the March 16th, 2021 Finance Committee meeting there was a presentation and discussion of the 2021 annual budget. During the discussion of this agenda item, there were questions asked and opinions offered by both of you regarding the Flavelle Sawmill and the related amendment the Provincial Government made to the BC Assessment Act referred to as "Bill 42". We were surprised when a considerable number of inaccurate statements and factual errors were made during this discussion.

It was our intention to keep the mill running. Bill 42 was an attempt by the Provincial government to save 70-80 United Steelworkers (USW) jobs. You torpedoed this plan by going out of your way to increase the property taxes on our plant. With all due respect, the ill-conceived tax burden became so onerous that we could not carry on our operations. As a result of Port Moody's tax policies, good high paying unionized industrial jobs were killed.

Any statements to the contrary are simply not true. I have attached a factual backgrounder for your reference. I strongly urge you to read it.

Very truly yours,



Bruce Rose, Executive Vice President
AP Group of Companies

cc: Port Moody Council, council@portmoody.ca
Tim Savoie, City Manager, tsavoie@portmoody.ca

BACKGROUNDER

- In 2000, Mill & Timber buys Flavelle and re-opens the sawmill.
- On June 26, 2018, then Councillor Robert Vagramov outlines in a Council Report that says Flavelle is closing.
- On June 26, 2018 Surinder Ghog, CEO writes to Councillor Vagramov and asks him to retract his comments regarding the closing of the mill.
- On June 26, 2018, Patty Sahota, VP Community Engagement, speaks to Council to correct the inaccurate statements about the closing of the mill.
- On August 10, 2018, Surinder Ghog, CEO writes to Minister Ralston regarding the issue of taxation policy as applied by BC Assessment – as BC Assessment advised that the Flavelle property will be levied taxes based on the highest and best use. The application of this policy would force us to cease operations.
- On August 13, 2018, Bruce Gibson, VP Real Estate Management, writes to Minister Selina Robinson and requests meeting regarding possible closure of Flavelle Sawmill if BC Assessment applies policy as is.
- On September 17, 2018, Mayor Mike Clay writes to Minister Selina Robinson and MLA Rick Glumac on the issue of property taxes and assessments.
- On October 15, 2018, Provincial Government announces and introduces Bill 42 in the BC Legislature that it is proposing changes to the Assessment Act that will help protect jobs and support local economies.
- In October 2018, Provincial Government with support from the Official Opposition and Green Party amends section 20 of the Assessment Act to provide that industrial properties will be assessed on the bases of its value in current use and not highest and best use.
- Bill 42 receives Royal Assent on October 31, 2018.
<https://www.leg.bc.ca/parliamentary-business/legislation-debates-proceedings/41st-parliament/3rd-session/bills/first-reading/gov42-1>
- Bill 42 is applied to a subject industrial property for only two (2) years and thereafter the subject property owner may apply for a possible extension to the Provincial Government.
- The Flavelle Sawmill operated for two (2) years as stipulated by Bill 42 legislation.
- Bill 42 requires a Supplemental Assessment when its application ends.
- On April 4, 2019, Acting Mayor Meghan Lahti writes to Minister Robinson regarding property assessments and tax rates impacting families and small businesses.
- On May 9, 2019, Bruce Gibson presents to City Council and outlines Flavelle's concerns regarding property tax increases. He said the following:
"As is widely known, the Flavelle site is in a period of transition, which the provincial government with the support of the opposition parties recognized. They took steps to preserve the jobs during the transition period by passing legislation that enabled the sawmill to remain intact. The budget plan before you this evening frustrates this transition period. If you approve this financial plan tonight, Council will make it very difficult for us and we are not sure if Flavelle can withstand it. A 40% tax increase is unreasonable and unsustainable for any business".
- Early 2020, Port Moody returns the extra "risk to roll" taxes paid in 2019.

- On August 24, 2020 AP Group announces permanent closure of Flavelle Sawmill (due to disproportionately high property taxes for a lumber industry mill). The mill operated on Port Moody's waterfront for 115 years.
- The Flavelle Sawmill workers' final day was on Friday October 30, 2020.
- On January 6, 2021 Flavelle receives the Supplemental Assessment notice as per legislation. This resulted in \$1,060,056.87 of extra taxes paid to the City of Port Moody in January 2021. Flavelle's total property tax bill for the primary sawmill parcel PID# 006-505-970 in 2020 was \$3,007,904.16 (2020 Tax \$1,947,847.29 + Supplemental \$1,060,056.87)
- Bill 42 allowed Flavelle to continue to operate and pay the higher Class 4 property taxes for two (2) years. If not for Bill 42, Flavelle Sawmill would have permanently closed in 2018 and caused the tax revenue reduction to occur in 2019.
- Bill 42 not only supported Flavelle's continued operation and employment for an additional two (2) years but provided (based on the staff's numbers) the City of Port Moody with additional tax revenue of \$3,560,056.87 (ie. Two (2) years at \$1,250,000.00 per plus the supplemental assessment tax of \$1,060,056.87).