



CRESTON
VALLEY

TOWN of CRESTON

Memorandum

File: 2290.01

To: Council, Community Fire Hall Advisory Select Committee
From: Steffan Klassen, Director of Finance and Corporate Services
Date: May 16, 2018
Subject: Tax Impact of Using Undeveloped Commercial Property for a Fire Hall

A discussion out of the Advisory Select Committee (ASC) resulted in a request for information pertaining to the taxation impact on using the Cook Street property as the proposed new Fire Hall location.

After a systematic review of the technical information, the ASC has come to the conclusion that building a new fire hall is the most cost-effective and sustainable solution for continued fire protection services. Further, the ASC has reviewed four potential locations and has identified the Cook Street location as the recommended site for the new fire hall. This site selection was made in consideration of site size, geotechnical considerations, centralized location, and other associated factors.

As any future property used for a fire hall would no longer be part of the Town's tax base, the ASC has requested additional information on the taxation impact of using the Cook Street location. They have also requested information on the value of the current fire hall property should it be returned to the inventory of available commercial property in the town.

The following are known factors on the removal of this property from the commercial tax base as shown in the table below:

- The vacant land on Cook Street an approximate assessed value of \$500,000.
- The 2018 municipal mill rate per thousand of assessed value on commercial property is \$10.72229.
- The estimated 2018 commercial taxes for the Cook Street property would be \$5,361.15
- Loblaws indicated to staff no future commercial development plans exist for the property within a 20-year planning horizon.
- The existing Fire Hall location with two buildings assessed at \$928,300.
- Based on the 2018 commercial mill rate, if Council sold the property for commercial purposes, the taxes would be \$9,953.50, a potential increase of approximately \$4592.35

| Property | 2018 Assessed Value | 2018 Taxes |
|---|----------------------------|--|
| Cook Street – Vacant Land | \$500, 000 | \$5,361.15 |
| Existing Fire Hall – Two Buildings and Property | \$928,300 | \$9,953.50 (if sold for commercial use) |
| Difference | | \$4592.35 (net gain to tax revenues if sold for commercial purposes) |

Based on the known factors, if Council returned the existing Fire Hall site to the commercial tax base, this would create new commercial taxation. Council would need to rezone the property for an appropriate use and an assessment value would be determined by BC Assessment.

Speculation about possible variables to potential land development and taxation is not provided due to the broad spectrum of influencing factors (non-quantifiable).

Thank you to the Committee for all their hard work and dedication to the process.

Respectfully submitted,



Steffan Klassen, Director of Finance and Corporate Services

