

Espanola asks DSB partners to lighten its load

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ESPANOLA—Looking to save his community following the recent reassessment of the Domtar paper mill and its repercussion to local homeowners and businesspeople, Espanola Mayor Mike Lehoux pleaded with his fellow members of the Manitoulin-Sudbury District Services Board (DSB) last week to reconsider Espanola's municipal apportionment of the DSB budget.

The mayor addressed the board, explaining that a sole arbitrator reassessed the Domtar mill at \$9.9 million, down from \$27 million the year before. While the town knew a decrease in assessment was looming, they could have never guessed it was going to be as large as it turned out to be. This new assessment has caused Domtar to demand retroactive payments to the tune of \$4 million as its property assessment has dropped dramatically.

For 2013, Espanola's DSB apportionment is \$1,159,461, based largely on the \$27 million assessment of the mill. With the new mill assessment, Espanola is asking that \$150,000 be knocked off its apportionment this year.

"This is \$150,000 more this year than what we should be paying," Mayor Lehoux said. "We do not have \$150,000 more. We have to pay back four years of assessment."

The mayor explained that the town must cut \$1.2 million out of its \$9 million budget to compensate.

"I'm not asking you to re-do the budget, but I'm asking that the DSB take the money out of reserves and pay it back to Espanola," he continued. "I think it's morally wrong to let it go on and put it on the taxpayers of Espanola."

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Fern Dominelli, DSB CEO, explained that the change in Espanola's assessment will not be reflected until the 2014 budget and that in order to change the apportionment, the board would need a vote by a double majority (of both municipalities and population) of municipalities within the DSB. Mr. Dominelli, to ready himself for last week's board meeting, approached other DSBs, asking if money had been taken out of reserves to pay back a municipality before, and it had not.

"But once we start changing apportionments, we will have to change it for everyone," the CEO warned.

Mayor Lehoux pointed out that this was a unique case, adding, "We can't afford to pay the DSB."

Chair Les Gamble noted that the municipality of Killarney is dealing with a similar situation due to the change in assessment for the Killarney Provincial Park.

Mr. Dominelli explained that the working fund reserve currently holds a balance of \$265,000, but some of those funds have already been allocated which brings the balance to under \$200,000. "We're supposed to have \$1.3 million in reserves," the CEO said, adding that the working fund reserve is the only reserve that is "free and clear" of government funds.

Markstay-Warren Mayor Sonja Flynn said this left nothing for big emergencies, with Mr. Dominelli responding that that particular reserve is meant for emergency circumstances.

Central Manitoulin Councillor Derek Stephens shared that he had already warned his council of the situation for next year and told Mayor Lehoux he was sorry his community had been "hit so hard."

Andre Byham, mayor of Chapleau, said he wished to see something done to help Espanola, asking if the DSB could defer its payment in the interim.

Mayor Lehoux said Espanola had been hit doubly hard as his municipality's Ontario Municipal Partnership Fund share was hugely diminished this year as well.

"You're not going to decide this today," board member Bruce Killah said. "Morgan (Pitfield) got hit in Killarney and every community here today got hit with something. I think it should go back to finance."

Gore Bay Councillor Lou Addison asked why the assessment changed so drastically. The Espanola mayor explained that it was based on "economic obsolescence" with the Espanola mill compared to another Domtar paper mill in Bennettsville, South Carolina. When local representatives of MPAC requested a trip to visit the mill this comparative assessment had been based on, MPAC said no.

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The mayor explained he has asked the minister of finance to stay the decision, but there has been no word so far. Espanola is also seeking an appeal.

"So this isn't set in stone yet?" Assiginack Councillor Paul Moffat asked.

"No," the mayor replied.

"I feel for you, but I need to meet with my council before I make any decision," said French River Councillor Shawnda Martin-Cross.

Mr. Stephens commented that he agreed that the matter should go before the finance committee. The board agreed that the matter would go before the finance committee, of which Mayor Lehoux is the chair, if not for a solution, for clarification on the apportionment process.

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