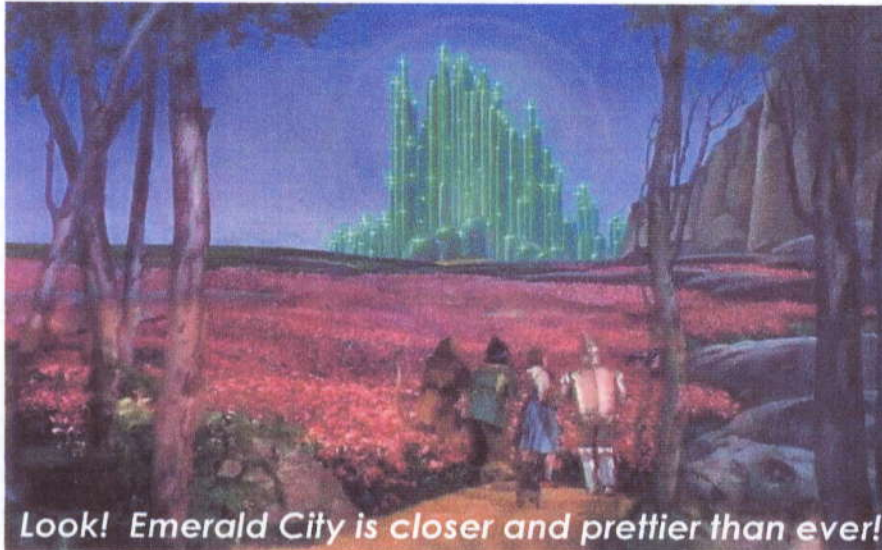


The Watchdog Bulletin

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Look! Emerald City is closer and prettier than ever!

A Fool's Paradise

A multi-thousand person planned community just north of Powell River.

Including shopping, recreation, entertainment and tourist accommodations.

New four-lane highways.

A bridge over Powell Lake.

And last, but not least, an airport near Sliammon where international corporate jets would land and business-types, as well as other visitors, will be greeted by Canadian customs agents – right there!

Sounds crazy, eh? But that's what's in the minds of our Mayor and City Council. The word is out that the City Council has given unanimous approval for the evaluation of a business case for such development to one company, at least. Check out www.yrainucep.com (that's 'pecuniary' spelled backwards) and click on 'Current Projects.'

Whether or not 'Pecuniary spelled backwards Development Corporation' gets the nod from City Hall to go forward with this development, reliable sources have told Watchdog that such a development concept is "out there" and is being seriously

considered by our elected officials. (Toto, I've a feeling we're not in Kansas anymore.)

Additionally, the Council has unanimously provided letters of support to Yrainucep Development Corporation, as well as other development companies. Supposedly so that the developers can show their financial backers that there really is business 'over the rainbow'. When City Hall was asked about the City's involvement with Yrainucep Development Corporation, CAO Stan Westby said, "I cannot confirm or make any comment on this matter." Is this development concept what the Joint Venture is all about—in addition to the waterfront industrial park zoned for heavy industry? The public has been told nothing about this fantastical development idea (sure to be followed by a plan for a road to Squamish). If all this sounds ludicrous and you don't want to live in a fool's paradise, click on the email links below and tell the Mayor and Council what you think.

bdegraag@cdpr.bc.ca
mleishman@cdpr.bc.ca
stremblay@cdpr.bc.ca
trodonets@cdpr.bc.ca
bastrope@cdpr.bc.ca
tbyng@cdpr.bc.ca
salsgard@cdpr.bc.ca

Important stories in our Community

- Big Property Tax Hike (page 4)
- Development Nightmare (page 1)
- What we know about the Joint Venture (page 3)

"...such a development concept is "out there" and is being seriously considered by our elected officials."



Deep Snout, our insatiable investigative reporter, has been incarcerated on trumped-up charges of 'digging too deep' for information!

The Free Deep Snout Coalition is planning a rally to raise funds for her legal defense. We'll keep you posted on our efforts to right this terrible wrong,

The Premier wants lower taxes for Catalyst

Last fall, Premier Gordon Campbell wrote to the Mayors of the communities with Catalyst pulp and paper mills urging them to lower industrial taxation. The premier stated that his government is interested in removing "barriers to economic growth, and [finding] solutions to overcome them that can be taken by industry or government."

"The province has a critical interest in building a competitive economic climate conducive to greater industrial development," he said.

As indicated previously, the City of Powell River decided to lower Catalyst's tax bill by \$3 million (over 5 years) long before it received this letter from the premier. The premier must have felt that wasn't enough.

Former Campbell River Mayor Lynn Nash responded to the tax cuts sought by Catalyst, saying "You can imagine what that would do to your residential tax rate if we were to do it in one fell swoop. Programs would be devastated, let's just put it that way."

Nash said that Horner unmistakably has the premier's ear as Campbell meets with him regularly. It also doesn't hurt that Catalyst has the premier's former Minister of Finance, Gary Collins, sitting on their board.

Catalyst mills use city services just like the rest of the residents. What does it cost the City of Powell River to have the mill here? Does Catalyst pay its fair share? No one has ever done a cost benefit analysis to find out. If one were done, it would have to include things like environmental degradation and health dangers. One could argue that the reality of the premier's desire to "remove barriers to economic growth" translates into the residential and individual taxpayer footing the bill for corporate welfare.

The City is the Joint Venture Stepchild by Deep Snout

Catalyst 'surplus lands' that are to form the 'assets' of the joint venture are cited below. These are the 800 acres that are supposedly being "sold" to the Joint Venture. I put "sold" in brackets because I can't understand how Catalyst can "sell" their land and still retain control over it as they plan to do with the 'old golf course' lands.

The description of the lands (see below) was found on a Sliammon Development Corporation press release from late 2003. (Go to <http://ourpowellriver.com> to see the full text of this press release.)

This press release indicates that the Joint Venture negotiations were between the Sliammon Development Corporation and NorskeCanada (now Catalyst Paper). The City of Powell River was nowhere to be found. And this reporter believes the City of Powell River is still nowhere to be found in the negotiations. As

support for this proposition, please note the conflict of interest, below, which prevents the City from having adequate independent legal counsel:

Whyard-Villani is the registered office address for the Waterfront Development Corp, which is wholly-owned by the City of Powell River and which is to serve as the City's entity in the Joint Venture. Given that Whyard-Villani is the legal address for the Corporation, they appear to be the WDC's legal counsel;

The lawyers for the Sliammon Development Corporation are Whyard-Villani, Whyard-Villani & a partner, a former partner of Sliammon Development Corporation rep, Steve Farnham.

So, who is Whyard-Villani negotiating for: the City or the Sliammon Dev. Corporation?



Total is 328.3 hectares or 803 acres

| Property Number | Description | Size* |
|-----------------|--|----------|
| 1A | Part of Millennium Park west of Marine Avenue | 14.0 ha |
| 1B | Part of Millennium Park east of Marine Avenue | 20.0 ha |
| 2 | Industrial waterfront | 35.0 ha |
| 2A | Industrial waterfront | 8.4 ha |
| 3 | Boat House area | 1.5 ha |
| 4 | Switchback Trails, north side of the River | 17.3 ha |
| 5 | Part of Blk 36, east of Marine Avenue and between Timberlane and Cranberry | 63.9 ha |
| 6 | Lot B, behind Brooks School | 3.2 ha |
| 7 | North part of Blk 55, bordering SFN Reserve | 118.0 ha |
| 8 | Blk 56, bordering SFN Reserve | 47.0 ha |

*A hectare equals approximately 2.5 Acres

What are they smoking?

What we know about the Joint Venture

| Issue | Hit of Information | Source |
|-------------------------------------|--|---|
| Cost | \$4.2 million (\$5,230 per acre) | |
| Assets | 803 acres w/in the City of Powell River currently owned by Catalyst Paper Co. including 45 hectares of waterfront, under Section 21, zoned heavy industrial, and 63.9 hectares in the Agricultural Land Reserve. | Catalyst Paper |
| Partners | Siammon Development Corp (SDC), Catalyst Paper Co., and the City of Powell River | Catalyst Paper |
| Mortgage | \$4 million to be held by Catalyst Paper for five years. | Catalyst Paper |
| Monthly payments | \$77,331.21 to be paid by the City of Powell River and the Siammon Dev. Corp. to Catalyst Paper Co. | (NB: Watchdog does not know the interest rate on the mortgage so used a below-market rate of 6%.) |
| Cost of servicing land ¹ | ? Substantial unknown amounts of \$\$? to be paid by the City including the costs of 'decommissioning' one of the contaminated hulks. | Catalyst Paper |
| Environmental Remediation | Costs unknown | |
| Legal Structure | General Partnership w/ 3 limited partnerships | Milda Karin-Byng, (Whyard-Villani law offices), lawyer for Siammon Dev. Corp. |
| City's Entity in the JV | Powell River Waterfront Development Corporation | " " " |
| Managing Partner of the JV | Siammon Development Corporation | Catalyst Paper Co. |
| Marketing entity for the JV | Powell River Economic Development Society ² | PRREDS |
| Patsy in the JV | The City of Powell River | Logic |

¹ Servicing Costs include water & sewer lines, utilities, roads, etc. Everything it takes to get the lands ready for building.

² PRREDS is an arm of the City of Powell River as its funding comes directly from the City – which means that the City is paying for the marketing of the Joint Venture in addition to its share of the monthly mortgage payment and the unknown costs of servicing of the lands.

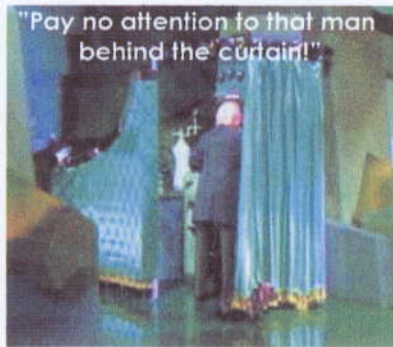
CITY HALL RAISES YOUR PROPERTY TAXES BY 10%

Actually, it's 9.5%, just a tad under 10%. City Council understands that double-digit increases make taxpayers angrier than single-digit ones so decided to hammer Powell River residential property owners with a 9.5% increase hoping they wouldn't notice that it's almost a double-digit number.

This increase comes at the same time the Catalyst Paper Company is getting a \$200,000 rebate on their tax bill from the City. This tax holiday for Catalyst began in 2003 when our City Council agreed to lower their tax bill by \$3 million over 5 years. (See The Watchdog Bulletin, March 15, 2006.)

The nearly 10% property tax increase is actually a double-whammy for homeowners as most Powell River residential property has been reassessed at higher values in the last year. Thus, even without the tax increase, most homeowners would have been paying higher taxes because of the higher assessments. Now, they will get to pay even more.

According to PRREDS, the Starbucks going up in the Overwaita parking lot is going to bring in \$400,000 in tax revenue to the City per year. Whether or not you like Starbucks, it's ludicrous that it took the City seven months to grant Starbucks a building permit. Think of the 7 months of lost tax revenue (\$233,333) that ordinary taxpayers will have to shoulder.



Powell River?

If you attend the City's Public Meeting on their Proposed 2006 – 2010 Financial Plan, maybe you'll find out the answer to that question. Better yet, maybe you can ask some questions of your own. Mark your calendars.

**Wednesday, May 10
6:30 to 8:00 pm**

**City of Powell River
Public Meeting**

**Poplar Room
Recreation Complex
5001 Joyce Avenue
Powell River**

The Financial Plan must be adopted, by bylaw, prior to adoption of the Annual Property Tax Bylaw. Copies of the Plan will be available at City Hall from noon on Tuesday, May 9th.

Lupo's Corner: Ashly is Here

'Ashly' is a 15 cubic yard site transfer concrete truck. This type of vehicle may not be built to withstand hauling roughly 10 cubic meters of flyash and water up the steep Wildwood Hill.

The heavy vehicle will have problems with the steady diet of very sharp radius switchback turns (hard on the differential and power train) going uphill.

'Ashly' is a used piece of equipment rumoured to have 100,000 miles (USA vehicle) on the clock.



According to the Catalyst mill manager (see Watchdog, April 14, 2006), the mill is looking at a volume of 20,000 m3 for the landfill. At approximately 10 m3 per load, 'Ashly' will be called on to make 2,000 trips up the hill to Wildwood per year (around 7 or 8 per day on a five-day week).

This scenario may require a new landfill permit or at the very least a major amendment to the existing permit.