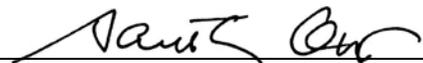


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| SUBJECT | UNIVERSITY NEIGHBOURHOODS ASSOCIATION 2017/18 OPERATING BUDGET |
| MEETING DATE | JUNE 14, 2017 |

Forwarded to the Board of Governors on the Recommendation of the President

APPROVED FOR SUBMISSION



 Santa J. Ono, President and Vice-Chancellor

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| DECISION REQUESTED | IT IS HEREBY REQUESTED that <i>the UBC Board of Governors receive the University Neighbourhoods Association 2017-2018 Budget for information, in accordance with the terms of the Neighbours Agreement between The University of British Columbia and the University Neighbourhoods Association.</i> |
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| Report Date | April 27, 2017 |
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Presented By Philip Steenkamp, Vice-President External Relations
 Andrew Simpson, Vice-President Finance & Operations
 Michael White, Associate Vice-President, Campus + Community Planning

EXECUTIVE SUMMARY

The University Neighbourhoods Association Board of Directors has approved its \$5.2m operating budget for fiscal year 2017-2018. In accordance with the terms of the Neighbours Agreement between UBC and the UNA, the Board of Governors receives the UNA budget for information. This report also summarizes budget strategies to manage funding pressures facing the UNA. These strategies will ensure the UNA can continue to fulfill its mandate to deliver UBC neighbourhood services.

INSTITUTIONAL STRATEGIC PRIORITIES SUPPORTED

- Learning
 Research
 Innovation
 Engagement
 (Internal / External)
 International
- or Operational

DESCRIPTION & RATIONALE *Background*

The UNA was established in 2002 to represent the interests of UBC's campus residential community. The UNA is responsible for local area management within UBC's campus neighbourhoods on issues such as landscaping of public boulevards, noise control, infrastructure maintenance, park and community centre maintenance and program delivery, and parking control. UBC remains responsible for land use planning and related regulatory matters such as building permits.

UNA and UBC officials work closely together on a range of issues, including a shared commitment to manage ongoing funding pressures facing the UNA while ensuring that the UNA can continue to fulfill its mandate.

The UNA has eight directors. Five are elected resident members from the neighbourhood housing areas on campus, two are appointed by UBC, and one is appointed by the AMS. The UNA's current directors are:

- Richard Alexander, Chair (Elected Resident)
- Laura Cottle (Elected Resident)
- Raymundo Escalona (Elected Resident)
- Rose Wang (Elected Resident)
- Ying Zhou (Elected Resident)
- Sally Lin (AMS-Appointed)
- Carole Jolly (UBC-Appointed)
- Michael Shakespeare (UBC-Appointed)

The UNA's 2017-2018 operating budget is \$5.2m. The majority of the UNA's revenue (78%) comes from the Neighbourhood Levy collected from campus leaseholders and is held in a UBC account called the Neighbours Fund. The remaining revenue comes from user fees, advertising sales and grants.

The Neighbourhood Levy is made up of the Services Levy paid to UBC by campus leaseholders and a General Municipal Services Levy paid by commercial and rental tenants. UBC's leases require that the Neighbourhood Levy rate plus the rural tax rate paid to the province equals the same tax rate paid by an equally-assessed property in the City of Vancouver.

UBC's Neighbourhood Levy funds municipal services such as sewers, water management, landscaping, streetlights, roads and gutters, as well as access to UBC athletic facilities and other community programming such as the Old Barn and Wesbrook Community Centres.

The rural tax the province collects subsidizes policing costs and road maintenance, and also includes taxes collected for other bodies such as TransLink and the Vancouver School Board.

In 2016, the province introduced a per capita charge for UBC resident fire protection. The 2017-2018 cost is approximately \$1 million. When the charge was introduced, UBC and the UNA collaborated on a Joint Financial Task Force to ensure community service levels would not be affected. As a result, UBC and UBC Properties Trust provide \$0.8m in financial support to the UNA through reduced resident service costs. The UNA absorbs the remaining \$0.2m through increased revenue and reduced costs. The fire service charge is then paid from the Neighbourhood Levy.

Financial Pressures

In 2017, Neighbourhood Levy revenue is projected to decrease despite additional development at UBC. This is because City of Vancouver property tax rates are decreasing due to higher assessed values. Since peaking at \$4m in 2012, Neighbourhood Levy revenue has declined by 19% due to this trend.

The Neighbourhood Levies are held as reserves in the UBC Neighbours Fund pursuant to reserve policies developed by the UNA Board and approved by the UBC Board of Governors in February 2011. These reserves are used to support future capital replacement and community infrastructure needs.

The reserves were also established to provide funding in the event of decreased service levies due to a change in the relative ratios between the rural tax rate and the City of Vancouver's residential property tax rate. However, this specific reserve is depleting given the continued trend in reduced Neighbourhood Levies. The reserve will be exhausted by the end of 2018-2019.

UBC and the UNA have a number of strategies in place to manage this funding pressure, including reconvening a Joint UBC/UNA Financial Task Force. The 'Risks' section below describes these strategies in detail.

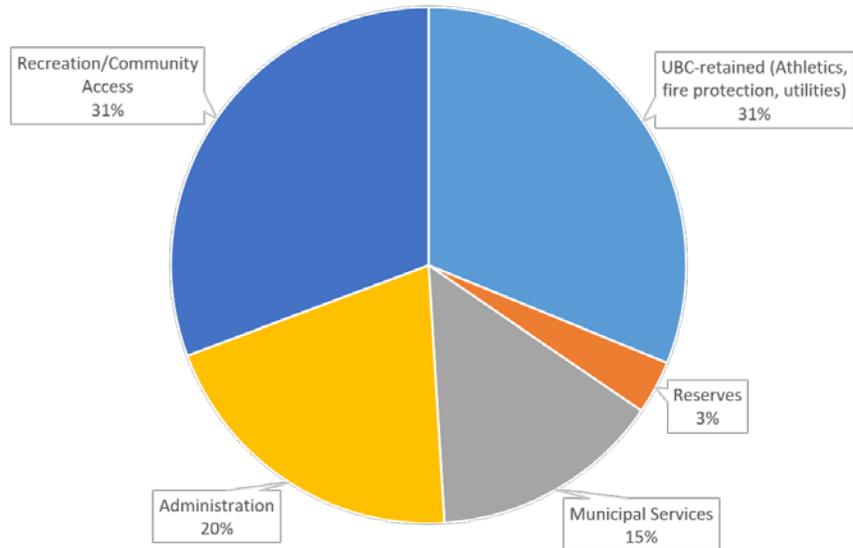
2017/2018 Budget Highlights

The UNA's \$5.2m 2017-2018 budget includes \$3.4m in local service expenses such as landscaping and community centre operations. UBC retains the remaining \$1.8m directly in the Neighbours Fund for reserve fund contributions, access to UBC athletics facilities, utility costs, and the province's fire protection charge. The UNA's 2017-2018 expenses reflect projected costs as UNA-administered neighbourhoods are completed and services are expanded.

The chart below shows the UNA's \$5.2m in 2017-2018 expenses by category, described in more detail in Attachment One.

- Recreation and Community Access (total \$1.6M), which includes the operation of two UNA community centres and Vancouver Public Library access for residents;
- UBC-retained costs paid directly from the Neighbours Fund (total \$1.6m), which includes the province's \$1m fire protection charge, access to UBC athletic facilities, and utility costs;
- Administration costs (total \$1.1m), including non-recreation staff salaries and benefits (\$0.63m), office costs (\$0.25m) and communications (\$0.11m);
- Municipal operations (\$0.6m), which includes landscaping and infrastructure operation; and
- Reserve fund contributions (\$0.18m) for future infrastructure and community amenity replacement.

UNA 2017/18 Expenses



Attachment: University Neighbourhoods Association Approved Operating Budget 2017-2018

BENEFITS UBC’s campus neighbourhoods are an integral part of the University community. Learning, Research, Financial, Sustainability & Reputational A mix of campus housing and services help UBC meet its academic, sustainability and wellbeing objectives. The UNA provides important community services that keep quality of life high for UBC’s neighbourhood residents.

RISKS *Managing Funding Pressures* Financial, Operational & Reputational In 2017-2018, the UNA’s total expenses are \$5.2m, an 8% increase from the 2016-2017 budget. This includes the \$1m provincial downloading of fire protection costs, approximately 80% of which is being managed through UBC and UBC Properties Trust providing financial support by reducing service delivery costs. Other additional costs come as a result of growing community services and needs, and increasing storm water utility fees.

In 2016, UBC and the UNA established a Joint Financial Task Force to help manage risks associated with these funding pressures. Phase One of the Task Force resulted in UBC and UBC Properties Trust supporting the UNA budget by \$0.8m per year to offset the new fire protection costs, starting in 2017-2018. This included reduction in fees for access to UBC athletic facilities and cultural amenities, administrative costs, and UBCPT landscaping charges. The UNA also committed to seek revenue opportunities and cost saving strategies, and to draw on existing financial reserves as necessary.

In 2017-2018, the UNA continues to faces funding pressure from declining Neighbourhood Levy revenues. The Joint Financial Task Force has reconvened to

University Neighbourhoods Association 2017-2018 Operating Budget

consider the impacts of declining revenue and depleting reserves, and to explore opportunities related to services provided by the UNA alongside continued revenue generation and cost saving strategies.

To support this work, a study is underway to examine the UNA's current service delivery and identify additional opportunities to address continued financial pressures. The study will review all current UNA services and make recommendations to UBC and the UNA on opportunities to optimize service delivery while ensuring the UNA's service delivery mandate can continue to be fulfilled. This study in addition to Phase Two of the Task Force will conclude in advance of 2018/2019 UNA budget planning.

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| SCHEDULE | <ul style="list-style-type: none"> ▪ May-June 2017: UNA service review study |
| Implementation | <ul style="list-style-type: none"> ▪ Spring-September 2017: Joint Financial Task Force |
| Timeline | <ul style="list-style-type: none"> ▪ Fall 2017: Neighbours Agreement updates, as necessary ▪ December 2017: Board of Governors update, as necessary ▪ Late 2017-February 2018: UNA 2018-2019 budget consultation ▪ February 2018: UNA Board of Directors 2018-2019 budget approval ▪ Spring 2018: Board of Governors update |

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| Previous Report Date | April 14, 2016 |
| Decision | For Information |
| Action / Follow Up | UNA Operating Budget 2016/2017 |
| Previous Report Date | February 12, 2015 |
| Decision | For Information |
| Action / Follow Up | UNA Operating Budget 2015/16 |
| Previous Report Date | April 4, 2014 |
| Decision | For Information |
| Action / Follow Up | UNA Operating Budget 2014/2015 |
| Previous Report Date | April 3, 2013 |
| Decision | For Information |
| Action / Follow Up | UNA Operating Budget 2013/2014 |