



<b>SUBJECT</b>	UNA Annual Report and 2021-2022 Budget UBC-UNA Joint Financial Task Force Emerging Recommendations
<b>SUBMITTED TO</b>	Property Committee
<b>MEETING DATE</b>	June 8, 2021
<b>SESSION</b>	Recommended session criteria from Board Meetings Policy:
<b>CLASSIFICATION</b>	OPEN
<b>REQUEST</b>	For information only - No action requested
<b>LEAD EXECUTIVE</b>	Robin Ciceri, Vice-President External Relations
<b>SUPPORTED BY</b>	Peter Smailes, Vice-President Finance & Operations Michael White, Associate Vice-President Campus + Community Planning Carole Jolly, Director, Community Development and Engagement, C+CP Chris Fay, Senior Manager, Strategic Policy, C+CP

**PRIOR SUBMISSIONS**

The UNA Annual Report and 2021-2022 Budget is provided annually, most recently in [June 2020](#).

**EXECUTIVE SUMMARY**

This report summarizes the University Neighbourhoods Association’s (UNA) 2021-2022 Operating Budget and Annual Report, in accordance with the Neighbours Agreement between UBC and the UNA. This report also notes historical trends in the UNA’s budgets from 2016-2021 and projects future budgets from 2021-2025. Finally, the report provides an update on emerging recommendations of the UBC-UNA Joint Financial Task Force (JFTF) to support the UNA budget for 2021-2022 and future years.

**UNA Budget Highlights (2016-2021)**

In recent years, the difference between Neighbours Levy revenue and the cost of providing neighbourhood services, including the provincial fire service tax that was introduced in 2016, has resulted in structural deficits for the UNA. From the period of 2016-2021, the budget deficits were offset through UNA reserve withdrawals, reductions in fees the UNA pays for UBC services, and the UBC Community Services Grant. See Appendix One for a more detailed breakdown of the UNA’s budgets from 2016 to 2021.

However, for fiscal year 2020-2021, increasing Service Levy revenue paired with the impacts of COVID has had a dramatic impact on UNA finances. Service Levy revenue increased by 21% (over 2019-2020) primarily from an increase in mill rates in the City of Vancouver, to which UBC residential taxes are pegged. COVID required facility closures and the cancellation of recreation programming resulted in 2020-2021 recreation revenue decrease by 65% and total revenue decrease by 16%. The decrease in revenue was offset by one-time cost savings from facility closures, cost savings due to the delay in implementing new UNA governance changes and the federal wage subsidy, resulting in a 2020-2021 budget surplus estimated at \$1M.

**Planning for Fiscal 2021-2022**

In December, the Joint Financial Task Force developed a five-year budget model and recommendations to balance the UNA’s 2021-2022 budget. These recommendations, approved by UBC, UBCPT and the UNA, include: continuation of UBC and UBCPT financial support through landscaping credits (\$330K) and reduced facility access fees (\$500K); as well as

supporting the UNA's request to carry forward its 2020-2021 budget surplus (see below). As a condition of the JFTF recommendations, UBC will require the UNA to repay the funding support for facility access fees, dependent on the conclusion of work underway to determine new services funding models.

Informed by the JFTF recommendations, the UNA Board approved its 2021-2022 budget (Appendix Two) on February 16, 2021. The budget includes a 147% increase in recreation revenue over last year as UNA facilities are expected to reopen, and a projected \$725k increase in the Neighbours' Levy. Expenditures are forecasted to increase 33% to ensure the UNA can continue to deliver on its mandate and support the needs of a growing community, including increases to: landscaping, recreation programming, and insurance costs. The UNA's budget originally assumed a \$1.3M deficit. Following approval, the 2020-2021 surplus is now estimated at \$1M (previously estimated at \$400k) due to one-time cost savings and federal wage subsidy funds. With the 2021-2022 budget deficit addressed, UBC and the UNA will now collaborate to allocate the surplus, consistent with existing agreements and JFTF recommendations.

### **Planning for Fiscal 2021-2025**

Over the next six months, the JFTF will focus on longer-term UNA financial stability, including ongoing landscape support and a new, fair formula for determining facilities access fees paid by the UNA to UBC. The JFTF is also beginning the process of reviewing the UNA's Reserves Policies, including confirming appropriate costs and contributions for long-term asset management. These recommendations will be brought to the Liaison Committee for input and discussion as work progresses. Under the Neighbours Agreement 2020, the UBC Board must now approve the UNA's annual Operating Budget (starting in fiscal 2022-2023; the budget was previously submitted for information).

Looking ahead to the years 2021-2025, the UNA is forecasted to balance its budget with growth in the Neighbours Levy and updated service funding models. This reflects more accurate forecasting with an updated financial model that utilizes more recent data on assessment forecasts and Vancouver municipal spending.

### **UNA Annual Report**

The UNA's 2019-2020 Annual Report (available on the UNA's [website](#)) details ongoing strategic priorities for the Board in areas including operations, governance, finance and community engagement. The report also lists the following accomplishments related to these strategic priorities:

- The hiring of a new Chief Administrative Officer to replace the Executive Director role;
- A new matrix system for assessing and evaluating UNA recreation programs; and,
- A new UNA website with engagement tools including feedback mechanisms and chat support.

The 2020-2021 Annual Report will be presented at the fall 2021 UNA Annual General Meeting.

### **Next Steps**

The JFTF will meet again in fall 2021 to develop recommendations related to a revised facility access fee funding model and the UNA's Reserve Policies. All JFTF outcomes and recommendations will be provided to both the UBC Board of Governors and UNA Board of Directors for approval, as necessary.

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## **APPENDICES**

1. University Neighbourhoods Association (UNA) Annual Operating Budget 2021-2022

## **PRESENTATION**

2. UNA Budget and Joint Financial Task Force Update

## University Neighbourhoods Association Annual Operating Budget 2021-2022



University Neighbourhoods Association (UNA)  
Operating Budget 2021-22 (Summary)

University Neighbourhoods Association (UNA)	2021-22
	APPROVED BUDGET
<b>FUNDING SOURCES</b>	
Neighbours Levy (Service Levy & GMSL)	6,415,000
<b>Contributions to Reserves (Outgoing Funds)</b>	
Infrastructure Replacement Fund	(153,960)
Capital Replacement Fund	(76,980)
Rate Stabilization Fund	(64,150)
Contingency Reserve Fund	-
UNA/VSB Playing Field Replacement Reserve	(60,000)
<b>Total Contributions to Reserves</b>	<b>(355,090)</b>
<b>Deductions</b>	
<b>Engineering &amp; Operations</b>	
Water & Sewage	(563,852)
Fire Services Fee	(1,310,513)
<b>Total Engineering &amp; Operating Services</b>	<b>(1,874,365)</b>
<b>Recreation &amp; Culture</b>	
Athletics Access Fee	(481,125)
<b>General Operating Services</b>	
GST (unrecoverable: Neighbours Levy less UBC Costs & Contributions to Reserves)	(69,411)
<b>Total Neighbours Levy &amp; Reserves Available</b>	<b>3,635,009</b>
<b>REVENUE</b>	
<b>Recreation &amp; Culture</b>	
Wesbrook Community Centre	142,500
Old Barn Community Centre	61,850
Programming	317,792
Playing Fields & Park Rentals	108,000
<b>Total Recreation &amp; Culture</b>	<b>630,142</b>
<b>Other Revenue</b>	
Parking	129,051
Miscellaneous	83,438
<b>Total Other Revenue</b>	<b>212,489</b>
<b>Grants &amp; Other Funding</b>	
External Grants & Miscellaneous	117,822
<b>Total Grants &amp; Other Funding</b>	<b>117,822</b>
<b>TOTAL FUNDING SOURCES &amp; REVENUE</b>	<b>4,595,462</b>



**University Neighbourhoods Association (UNA)  
Operating Budget 2021-22 (Summary)**

University Neighbourhoods Association (UNA)	2021-22 APPROVED BUDGET
<b>EXPENDITURES</b>	
<b>Engineering &amp; Operations Services</b>	
Parking & Emergency Management	145,486
General Maintenance	10,000
Common Area Maintenance Fees	
Landscaping	390,061
Road, Gutter and Sidewalk Maintenance	28,500
Streetlights	55,960
UBCPT Management Fees	80,000
Electricity	99,500
Other Common Area Maintenance Costs	43,000
<b>Total Engineering &amp; Operations Services</b>	<b>852,507</b>
<b>Recreation &amp; Culture Services</b>	
Wesbrook Community Centre	631,436
Old Barn Community Centre	204,407
Recreation Salaries & Benefits	936,995
Programming	397,690
Fields	16,500
Community Access	121,800
Community Support	45,000
<b>Total Recreation &amp; Culture Services</b>	<b>2,353,828</b>
<b>General Operation Services</b>	
Administration Salaries & Benefits	994,745
Sustainability	28,684
General Operating Services	449,695
Professional Fees	226,500
Communications	110,000
Public Engagement	81,826
<b>Total General Operation Services</b>	<b>1,891,450</b>
<b>TOTAL EXPENDITURES</b>	<b>5,097,785</b>
<b>BALANCE SURPLUS OR (STRUCTURAL DEFICIT)</b>	<b>(502,323)</b>
<b>APPROVED STRUCTURAL DEFICIT FUNDING</b>	
<b>Transfers from Reserves:</b>	
Rate Stabilization Reserve	102,323
Contingency Fund	-
UBC Community Services Grant	-
Surplus Carry Forward	400,000
<b>SURPLUS (OR DEFICIT)</b>	<b>0</b>



## Key Points



**UNA**

- In the last five years, the UNA faced budget pressure beyond its control from higher expenses (fire costs) and lower revenue (Services Levy)
- UBC and the UNA managed these pressures by reducing UNA expenses and providing a Community Services Grant
- With one-time federal funding and decreased expenditures, in 2020-21 the UNA has an estimated \$1M surplus
- For 2021-22, UBC and the UNA developed a plan to balance the UNA budget with reduced expenses, UBC support and a surplus carry forward
- With Neighbours Agreement 2020 the UBC Board approves UNA budgets
- For future years, UNA revenue is projected to increase, and new service funding models will be put in place, resulting in balanced budgets

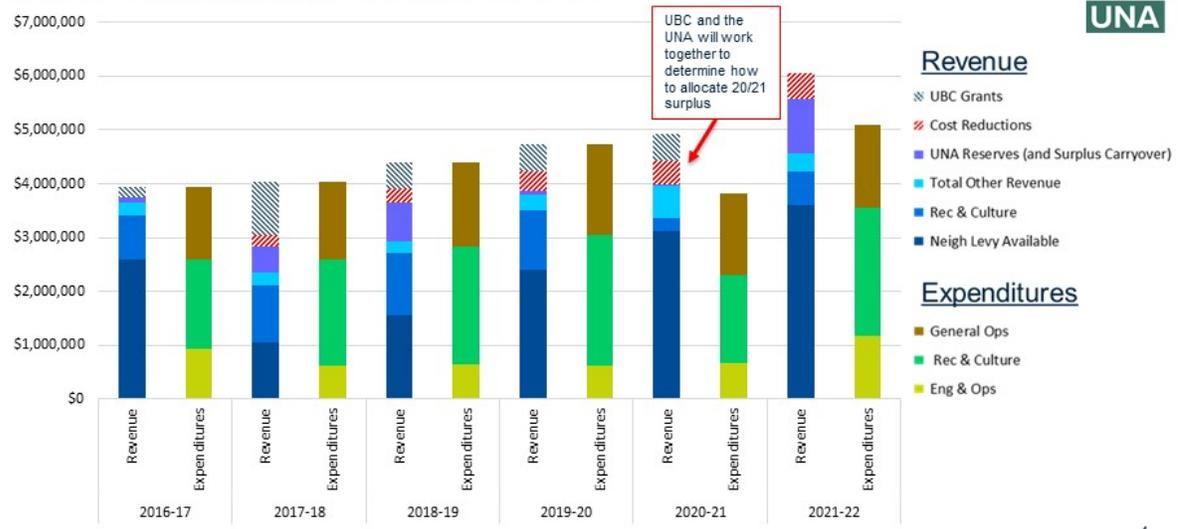
# UNA Budget Context



- UNA residents pay two forms of “property tax”
  - Services Levy to UBC (appx 1/3)
  - Rural Tax to the province (appx 2/3)
- Approximately 80% of the UNA’s revenue comes from the Services Levy
- The formula is set in leases; the rate changes based on Vancouver property values
- After declining through 2018, the Services Levy rate has increased the last two years

$$\begin{aligned}
 &\text{CoV Property Tax Rate} \\
 &\quad - \\
 &\quad \text{BC Rural Tax Rate} \\
 &\quad = \\
 &\quad \text{UBC Services Levy Rate}
 \end{aligned}$$

# UNA Budgets 2016-2021



## UNA Budgets 2016-2021



- *Reduced revenue*: increasing Vancouver property values led to lower tax rates, driving down Services Levy revenue even as UBC grew
- *Increased expenses*: Provincial fire services fees and new Westbrook Community Centre increased costs
- *Joint Financial Task Force*: UBC and the UNA managed structural deficits through new cost reductions for UBC services (~\$800K/year for athletics access, landscaping) and a UBC Community Services Grant (~\$500K/year)
- *Improving situation*: starting in 2019/20, Vancouver property tax rate increases resulted in more Services Levy revenue

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## UNA Budget 2021-22



### **2020-21 COVID impacts:**

- 65% revenue reduction from closures of recreation facilities, programming, field rentals, etc.
- Increased building maintenance costs (janitorial and operating costs)
- One-time cost savings due to closures and delay in implementing UNA governance changes
- One-time \$700K+ federal support in Canada Emergency Wage Subsidy
- Resulting in estimated \$1M surplus for 2020/21

### **2021-22 assumptions:**

- Facilities will reopen later in the year with reduced hours
- Federal assistance will be reduced (Canada Emergency Wage Subsidy)

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## UNA Budget 2021-2022



- UNA expenditures forecasted to increase by 33% with increased programming, insurance costs and landscaping costs
- Services Levy revenue estimated to increase by 10%
- Joint UBC-UNA Financial Task Force developed plan to balance budget given the originally projected \$1.3M deficit:
  - Enable UNA surplus carry forward; amount to be determined based on existing agreements in place
  - Continue one year of financial support through reduced landscaping (\$330K) and facility access fees (\$500K)
  - Access fees to be repaid to UBC based on a new, fair and sustainable funding model

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## Budget Projections 2022-2025



- Updated 5-year financial model to project Services Levy revenue, assessed values, tax rates, and expenses
- Increased revenue projected due to Services Levy and campus growth
- Careful monitoring due to current Vancouver property value increases
- Joint Financial Task Force:
  - Collaborating on a new fair, sustainable funding model for facility access
  - UBCPT support to continue landscaping funding to support marketing
  - Reviewing/updating the UNA Financial Reserves Policies
- Projected balanced budget in future years from revenue growth and updated service funding models

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## Next steps



- Summer 2021: Confirm approach to UNA's estimated 20/21 \$1M surplus
- Fall 2021: Next Joint Financial Task Force (JFTF) meeting:
  - New UBC facilities access funding model (athletics and cultural)
  - Process for updating UNA Reserves Policies
- JFTF recommendations provided to the UBC and UNA Boards for approval, as necessary
- Ongoing: monitor Vancouver property values and tax rates to project Services Levy revenue