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To: ["Direct to Mayor and Council - DL"](#)
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Subject: [Memo - UBCM report Local Government Resiliency](#)
Attachments: [UBCM_FinancialResilience_2021_Final_MedRes_Complete.pdf](#)
[FRS - Memo to Mayor and Council - UBCM Report.pdf](#)

Dear Mayor and Council,

The attached memo provides an update on the attached UBCM policy paper *"Ensuring Local Government Financial Resiliency ~ Today's Recovery and Tomorrow's New Economy"* which is now public and will be discussed at the 2021 UBCM Convention on September 14.

This report identifies three objectives:

- ☐ addressing local government cost drivers in housing, community safety and climate change;
- ☐ addressing the impacts the "New Economy" will have on the local government financial system; and
- ☐ establishing an effective partnership with the Province to improve the local government financial system

There are 20 recommendations to address three major cost drivers faced by local government (Housing, Community Safety and Climate Change), and to enhance the local government financial and property tax system to be fairer, more sustainable and adaptable within the "New Economy".

Prior to the UBCM Convention, staff will provide Council with further commentary on the recommendations presented in this policy paper, however we wanted you to be aware that it is now public. Should you have any immediate questions prior to the staff review, please contact us.

Please note as well, that the report indicates the City of Vancouver's investment in affordability and the housing crisis in 2021 is only \$69M. The City's overall contribution is closer to \$500M when we include all active housing projects in 2021, and all DCL exemptions/waivers and CAC secured for housing in 2020 (the 2021 figure is not yet available). Staff provided this additional information and reference documents to UBCM, however a change/correction was not made.

Should you have any questions regarding the above memo, please feel free to contact me or Patrice Impey at (604) 873-7610 or patrice.impey@vancouver.ca

Best,
Paul

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Ensuring Local Government Financial Resiliency

Today's Recovery and Tomorrow's New Economy

August 2021



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1. MESSAGE FROM THE COMMITTEE



The *Select Committee on Local Government Finance* first met on December 17, 2019. At that time, little did we know of the challenging times ahead. Our March 2020 meeting was cancelled and direction came from UBCM Executive that the work of the Select Committee would be put on hold. We re-convened in January 2021, with an aggressive schedule in order to complete our work and present to the UBCM membership at the September 2021 UBCM Annual Convention.

Very early in our work, there was agreement to focus on the cost-drivers for three key areas: Attainable Housing; Community Safety; and Climate Change. We felt that not only were we addressing the three biggest cost-drivers for local governments, we were identifying potential solutions to priority issues that were common to both local governments and the Province.

We realized that to be successful, our work must be anchored in shared provincial/local government goals and objectives, creating the opportunity for 'win-win' outcomes. We recognized the importance of being solution focused, and that led to recommendations that not only identify potential new revenue sources for local governments, but also propose legislative and policy changes; implementation of best practices; and uploading of services traditionally delivered by the provincial government. We also wanted to focus on solutions where local governments can help achieve the outcomes more effectively than the Province.

In retrospect, living through the pandemic and having the nine month 'lay-off' from Select Committee work provided an opportunity to reflect on local government financial challenges. The pandemic experience identified some strengths and weaknesses in the financial system, but it also provided a preview of the 'New' or emerging economy and its potential impacts to local and provincial government revenues. While this was not considered early in our deliberations, as a committee, we quickly realized how the New Economy has the potential to magnify the current challenges faced by the local government finance system.





We were very pleased when the Province offered to actively participate in the Committee. We hope that this is an indication of their interest and commitment to continue the work. As is noted in the report, in order to address these common challenges, and ultimately address local government financial challenges, solutions can only be achieved through an effective partnership with the provincial government.

The financial sustainability of BC local governments continues to be a priority issue. In particular, the expansion of services, often the result of services being downloaded by the provincial and federal governments, has placed an increased pressure on a local government financial system that is already stressed. We see the release of this report as a critical opportunity to establish a working partnership with the Province. Working together, we will find solutions that will help achieve our mandates while also strengthening the local government finance system.

UBCM is prepared to work with the Province. There is much work to do.

Lyn Hall, Mayor,
City of Prince George
(Committee Co-Chair)

Al Richmond, Director,
Cariboo Regional District
(Committee Co-Chair)

Malcolm Brodie, Mayor,
City of Richmond

Noreen Kassam, Director of Finance,
City of Burnaby (committee member in 2021)

Mike Buda, Executive Director,
TransLink/Mayors' Council

Blair Lekstrom, Councillor,
City of Dawson Creek
(committee member in 2019-2020)

Genelle Davidson, Divisional Director,
Finance Services, City of Kelowna

Leanne McCarthy, CAO,
City of North Vancouver

Brian Frenkel, Councillor,
District of Vanderhoof

Maja Tait, Mayor,
District of Sooke

Rob Gay, Chair,
East Kootenay Regional District

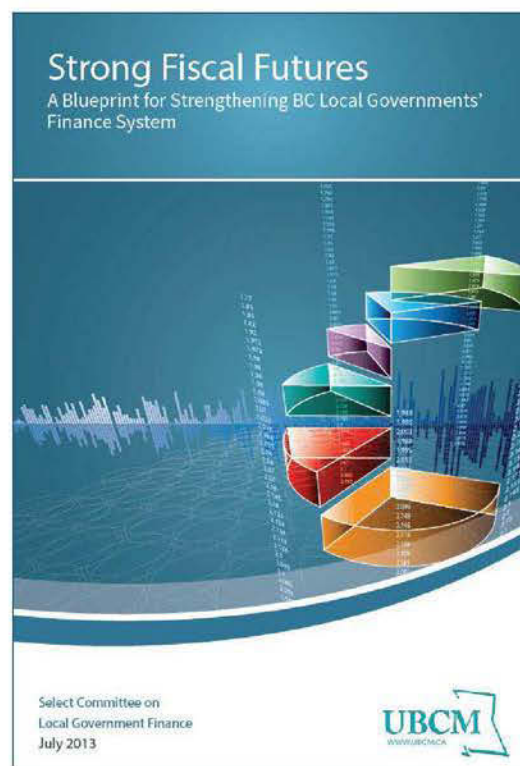
2. EXECUTIVE SUMMARY



2013 Strong Fiscal Futures Report

*The Strong Fiscal Futures Report – A Blueprint for Strengthening BC Local Governments' Finance System*¹ (SFF) was developed in 2013, and presented to UBCM membership and the provincial government as a blueprint for change to the British Columbia local government financial system. The SFF evaluated strengths and challenges inherent in the existing system of local government finance in BC.

The SFF included an analysis of potential revenue tools that was supported by a framework, or blueprint, that established an agenda for change and necessitated a partnership between the Province and local government to grow the economy. It focused on five key directions – Resiliency, Value, Responsiveness, Fairness, and Excellence. It also identified initial priorities, which included addressing cost-drivers.



Local governments want to be part of the solution, and we need to engage in meaningful dialogue with the Province in relation to expenditure pressures that are largely outside of our direct control, as well as drive change from within by highlighting excellence, and by developing tools and resources to enhance the local decision making framework.

– SFF 2013

Underpinning SFF's proposed agenda for change was the desire to establish a partnership and an ongoing dialogue with the provincial government. It was understood that in order to address local government financial challenges effectively, solutions could only be achieved through partnership with the provincial government. Unfortunately, at the time, the SFF received little to no traction at the provincial level, and as such, has remained largely unimplemented.



UBCM Select Committee on Local Government Finance (2019-21)

The UBCM Executive and UBCM membership continued to strongly support the principles, goals and objectives captured in the SFF. This was highlighted at the 2019 UBCM Annual Convention where Resolution B21 – Strong Fiscal Futures was endorsed by the membership, and stated:



Therefore be it resolved that the Province commit to pursuing the Strong Fiscal Futures report as a flexible blueprint for a diversified local government finance system that is both fairer and more sustainable.

In 2019, the UBCM Executive provided direction to review and 'refresh' the SFF, re-establishing the UBCM Select Committee on Local Government Finance (Select Committee) with a renewed Terms of Reference². The Select Committee began its work in December 2019. Unfortunately, with the onset of the pandemic, the Select Committee's work was put on hold, re-starting in January 2021.

Early in the Select Committee's deliberations, two key strategic decisions were made:

1. Do not revise the 2013 SFF report. It remains a relevant/viable document, reflecting the challenges within the local government financial system and continues to represent a blueprint for change.
2. New work will focus on addressing local government cost-drivers.



In addition, the Select Committee established strategic goals and objectives to guide the work which included:

- Establish a strong partnership with the Province, recognizing that solutions to the identified issues cannot be achieved by an individual level of government.
- Solutions/outcomes must be anchored in common or shared provincial/local government goals, objectives and/or priorities.
- Solutions must be considered as a 'win-win'.
- Focus on solutions/outcomes where local governments can help achieve the outcome more effectively than the Province.
- Build awareness as to why changes are needed to provide local governments with new sources of revenue.

Finally, the Select Committee's approach was inclusive to all local governments; urban and rural, large and small, municipal and regional district, identifying issues, challenges and solutions that impact all local governments in BC.

The New Economy

The Select Committee placed a lens on the impacts of the pandemic on both provincial and local governments, and the impacts that the new (emerging) economy will have on government taxation and finance. As identified by BC's Emerging Economy Task Force³, the new economy will have the following characteristics: rapidly evolving; innovation-driven; diverse and inclusive; and low carbon, circular and sustainable.

There will be a continued shift from tangible to intangible assets. There are several implications on local government finance including increasing pressures on residential property tax. This trend re-emphasizes the need to review the local government property tax system to make it fairer, sustainable, and adaptable to the changing economy.



Addressing Cost-Drivers

The focus of the Select Committee and this report is on addressing local government cost-drivers. Three key areas are identified that all have strong alignment with both provincial and local government priorities as highlighted by provincial and UBCM strategy reports, policy and minister mandate letters.

The report describes the cost-drivers for each key area, and highlights their financial impacts and challenges. Additional analysis will be needed to quantify these impacts on a regional or provincial level.





The three key areas are:

Attainable Housing

There is a growing expectation for local governments to financially support attainable housing (market and non-market) through land contributions, servicing costs, Development Cost Charge (DCC) exemptions, waivers or reductions, and property tax exemptions.



Community Safety

There are a broad range of emerging and/or provincially downloaded service requirements that have significant financial implications for local governments. These include emergency management and protective services (policing, justice, fire and ambulance services), cannabis legislation, and cybercrime (protection and response).

Climate Change

Mitigation and adaptation supports (significant capital and operating expenses) are required by local governments to reduce emissions and create weather resilient communities. These include supports for emergency management, housing and buildings, transportation/transit, and solid waste management.

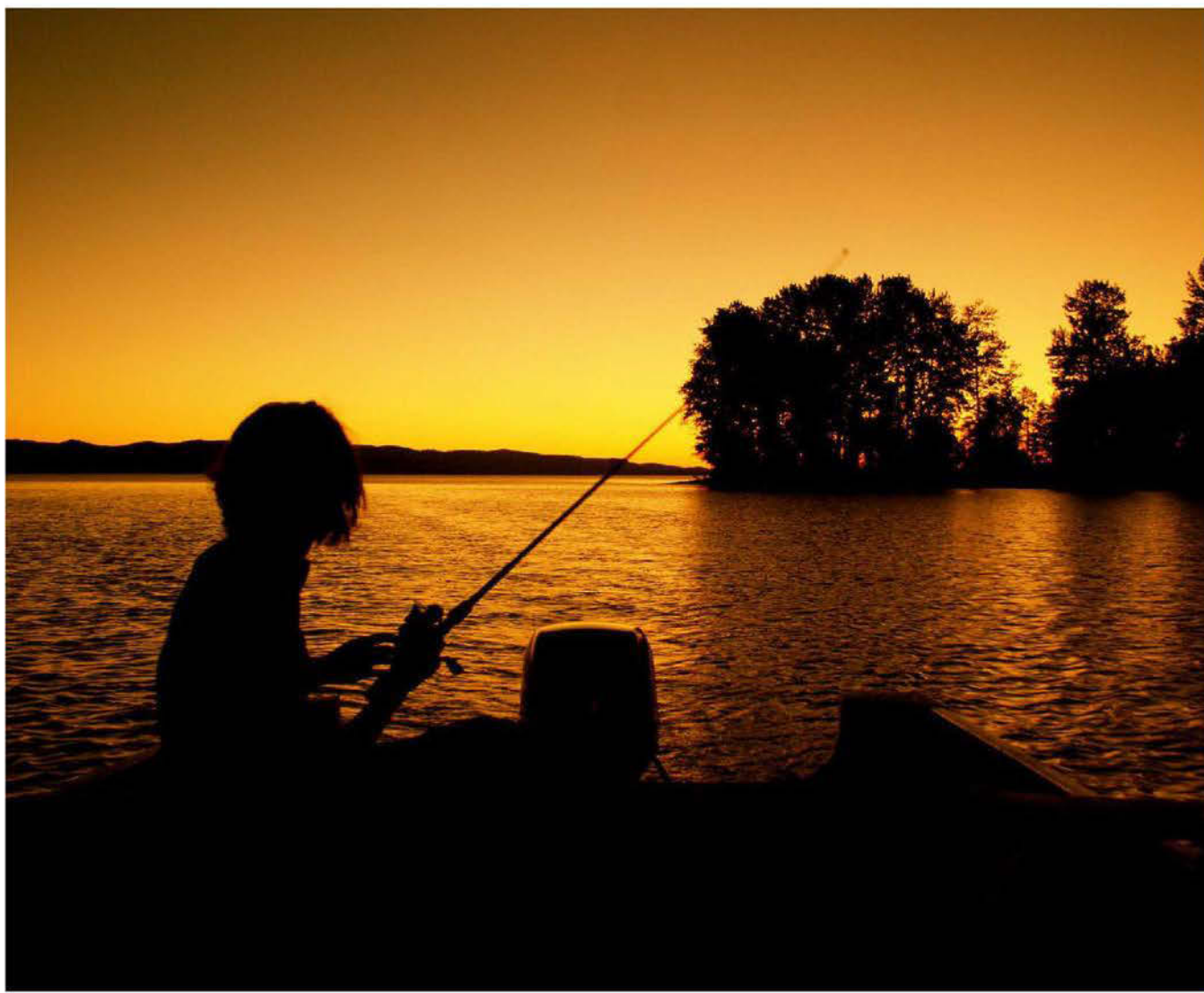




Recommendations

The recommendations outlined in this report are solution-focused, with the understanding that solutions to these issues may include both financial and non-financial tools, including legislation, regulation, policy and/or best practices. By being solution focused, the recommendations provide an opportunity to achieve positive outcomes for both provincial and local government.

Finally, this report and its recommendations acknowledge that in order to achieve outcomes, it is essential for the Province to commit to work with UBCM – not only in addressing these key priority areas, but establishing a provincial commitment to partner and have an open dialogue about fiscal sustainability for local governments in BC.



3. COPING WITH THE PANDEMIC & PREPARING FOR THE NEW ECONOMY



Financial Impacts of the Pandemic

Before the COVID-19 pandemic, BC's economy was among the strongest in the country.

In 2019, in BC:



However, in 2020, the pandemic caused major impacts to both provincial and local government finances. The Province, in its response to the pandemic, provided supports to various sectors negatively impacted – health care, education, business, local governments, and individuals. The Stronger BC for Everyone – BC's Economic Recovery Plan⁴ included \$4.1 billion in recovery and safe restart allocations.

The provincial financial impact is captured in the 2021/22 BC Provincial Budget, where a \$8.1 billion deficit is projected⁵. This is lower than previous projections, but the projections include deficit budgets for at least the following two years. Provincial 2021/22 revenues are expected to be below 2020/21 levels, before increasing in future years⁶.

Local governments were also significantly impacted by the pandemic. Many traditional revenue sources and services were suspended. The impacts varied from local government to local government, but were felt by most. Many local governments were forced to slash budgets⁷. This resulted in service reductions, service elimination, deferral of capital projects, reducing/eliminating tax increases, depletion of reserves, and other negative impacts. The full impact of this is likely to be felt in future years. Unlike the Province, local governments, by legislation, are not permitted to have a deficit budget.



The City of Cranbrook relies heavily on 2 major revenue sources – their regional airport and casino revenue through their Gaming Center Host Agreement. 2020 budget identified revenues of \$1,305,850 (Airport) and \$347,403 (Casino). Actual 2020 revenues were \$387,403 (Airport) and \$100,423 (Casino) for a total 2020 revenue loss of \$1,288,024. To put it in context for the City, the 2020 \$1,288,024 loss in revenues is equivalent to a 16% property tax loss (across all tax classes).



Financial Impacts of the New Economy

As global, national and regional economies rebound from the pandemic, the post pandemic economy will continue to shift from a base of tangible assets to intangible assets. Arguably, the pandemic, and government response to the pandemic, has accelerated this shift.



In 1975, 83% of the assets in the Standard & Poor's 500 Index were tangible. Today that percentage has dropped to only 9%, with 91% of the Index's value now represented by intangible assets.

BC's Emerging Economy Task Force gave the new economy the following characteristics:

- **Rapidly Evolving:** The economy of the future will experience regular disruption and uncertainty, creating a need for nimble, adaptive and flexible business practices and policy, as well as continuous learning in order to remain globally relevant and competitive.
- **Innovation-driven:** The economy of the future, where people increasingly trade in ideas and services, will be progressively information-based and underpinned by digital technology, with ingenuity required for developing and harnessing intangible capital, intellectual property and to enhance productivity.
- **Diverse and Inclusive:** The economy of the future will be one that embraces diversity and inclusion, recognizing the value of social capital, creativity and problem-solving, enabling purpose-based leadership and harnessing the full economic potential of people in this province through increased workforce participation.



- **Low-carbon, Circular and Sustainable:** The economy of the future is one where society exists within its ecological means, avoiding the excessive depletion of natural resources while extracting their maximum value and minimizing pollution and environmental degradation in all its forms⁸.

Overarching global economic trends will impact all levels of government in Canada. There will likely be growing tension between globalization, rising international competition, and supply-chain security. Innovation will be driven by both technology change and the need to reduce climate change, as well as strong growth out of Asia Pacific economies.

Population movement (immigration) will likely increase due to ongoing global economic inequality, the impacts of climate change, as well as a decreased in birthrates in richer countries. There will also be a continued expansion in urbanization. A continuing challenge will be managing post-COVID debt in the context of continuing economic and social challenges⁹.

What does this mean for government finance? Post-COVID debt will drive a search for new revenues. National governments will be constrained by the relative competitiveness of their economies and will likely focus on global entities and allocation of corporate income. In the short-term, carbon taxes will likely form a larger portion of revenue, but this will decline as carbon emissions decline.

In BC, forestry and mining (which generated over half of the 2020 export value) will continue to be important, but these industries will have to adapt to the changing economy. A significant factor for BC will be the transition from fossil fuels to electric fuelled transportation.

Impacts of climate change are affecting communities throughout BC and having major impacts on local economies, whether it be from timber die-off due to pine beetle infestations, increasing damage from forest fires, extreme weather events, or coastal erosion from spring tides and sea level rise. The BC Ministry of Environment and Climate Change Strategy released the Preliminary Strategic Climate Risk Assessment for British Columbia in July 2019, an important tool to monitor and prepare for the risk impacts of climate change now and in the years ahead. Other impacts of climate change include the global shift to a low-carbon economy, driving new government regulations, changing capital allocations, evolving customer expectations and emerging technologies.

– Emerging Economy Task Force



From a business perspective, commerce will increasingly be conducted using digital technology. The same trend will be seen at the workplace, where work-from-home and satellite office options will increase. This technology driven trend will result in the rethinking of building and space requirements. There will be added stress on income inequality as the new economy will require high paying knowledge jobs and lower paying service jobs. This will hollow out the middle class. The demand for housing will continue to increase, as well as the need for attainable housing.

The implications for local government finance include:

- commercial property value will fall relative to residential, flattening commercial property tax growth;
- high housing prices and resulting high mortgage costs will constrain residential property tax room;
- revenues from gasoline taxes will fall over time with electrification of vehicles, requiring a rethink of transit finance;
- inter-jurisdictional competitiveness, post-COVID debt, and demands to address issues such as seniors care and child care will constrain senior governments' capacity to share revenue; and
- for local governments, a status quo policy most likely means substantial and increasing pressure on residential property taxes.

The way in which municipal governments collect revenues, particularly for non-residential property taxes and development charges, is based on a set of assumptions around physical space required for employment. However, as the nature of work changes and thus the physical space required transforms, these assumptions will be challenged.¹⁰



Options to consider include:

- improve the local government property tax system and user fees/charges by making them fair and sustainable;
- consider new revenue tools to strengthen the transit funding model;
- examine province-wide revenue sharing focused on income and consumption taxation (an example of regional revenue sharing is the Columbia Basin Trust);
- build inter-local government collaboration to reduce costs and increase efficiency (regional dispatch, centralized specialized police services, standardized on-line permitting, and standardized process for development approvals); and
- uploading of services through a review of historical, current and future jurisdictional responsibilities.

RECOMMENDATION

1

UBCM and the Province work together in reviewing the current local government property tax system and the impacts of the 'New Economy' in order to:

- *develop a fairer, more responsive property tax;*
- *monitor impacts of the New Economy on taxation; and*
- *identify emerging sources, and opportunities to share taxation/revenues that may result from the New Economy.*



4. BUILDING ON SFF & PARTNERING ON PRIORITIES



Strong Fiscal Futures – Moving Forward

The Strong Fiscal Futures Report – A Blueprint for Strengthening BC Local Governments' Finance System was developed in 2013, and presented to UBCM membership and the provincial government as a blueprint for change to the British Columbia local government financial system. The SFF evaluated strengths and challenges inherent in the existing system of local government finance in BC.

The SFF included an analysis of potential revenue tools that was supported by a framework, or blueprint, that established an agenda for change and a partnership between the Province and local government to grow the economy. It focused on five key directions:

1. *Resiliency – Improve the resiliency of the existing local government finance system by maintaining and building on its strongest features.*
2. *Value – Improve value to taxpayers by tightening the management of shared provincial-local mandates and ensuring that regulatory requirements imposed on local governments achieve value for money.*
3. *Responsiveness – Advance a local government agenda to both grow the economy and to have local governments share in the benefits of that growth through an Infrastructure Development and Community Building Bank.*
4. *Fairness – Work to expand local government revenue tools to make the distribution of local government costs both fairer and more responsive to economic growth.*
5. *Excellence – Building the Local Government Partnership.*

Key weaknesses of the property tax are:

- *a base that is slow to respond to economic growth;*
- *a distribution that tends to decline as income grows, placing an unfair amount of the tax on lower- and middle-income groups; and*
- *only modest tracking of the consumption of local government services.*

– SFF 2013



Underpinning SFF's proposed agenda for change was the desire to establish a partnership and an ongoing dialogue with the provincial government. It was understood that in order to address local government financial challenges effectively, solutions could only be achieved through partnership with the provincial government. Unfortunately, at the time, the SFF received little to no traction at the provincial level, and as such, has remained largely un-implemented.

In recognizing that the 2013 Strong Fiscal Futures Report continues to be relevant and supported by UBCM membership, the Select Committee recommends the following:

RECOMMENDATION

2

The Province to commit to meaningful engagement through a working partnership with UBCM in order to meet the respective mandates of strengthening the local government finance system.

RECOMMENDATION

3

The Province continue to advocate with the federal government in the continuation of federal/provincial infrastructure cost-share agreements at the current or greater level and ensure:

- *the renewal of the Canada Community-Building Fund (formally the Gas Tax Fund) with the federal government in 2024; and*
- *by working with the federal government, and input from TransLink and BC Transit communities, a federal/provincial agreement in the federal Permanent Transit Fund is implemented for BC by 2026 as confirmed in the 2021 federal budget.*

RECOMMENDATION

4

BC local governments, with the support of the Province and UBCM, continue to develop and implement asset management best practices in order to deliver services, and manage infrastructure, in a sustainable, cost-effective way.



Common Challenges and Priorities

The focus of the Select Committee and this report is addressing priority issues that represent significant financial challenges for all local governments – small and large; rural and urban, municipalities and regional districts. These fiscal challenges, or cost-drivers, impact the ability of local governments to effectively resolve these priority issues. The three key cost-drivers identified in this report have strong alignment with both provincial and local government priorities. They are:

Attainable Housing

There is a growing expectation for local governments to financially support attainable housing (market and non-market) through land contributions, servicing costs, Development Cost Charge (DCC) exemptions, waivers or reductions, and property tax exemptions.

Community Safety

There are a broad range of emerging and/or provincially downloaded service requirements that have significant financial implications for local governments. These include emergency management and protective services (policing, justice, fire and ambulance services), cannabis legislation, and cybercrime (protection and response).

Climate Change

Mitigation and adaptation supports (significant capital and operating expenses) are required by local governments to reduce emissions and create weather resilient communities. These include supports for emergency management, housing and buildings, transportation/transit, and solid waste management.

The Select Committee, recognizing that a solution-focused approach would lead to effective outcomes, established strategic goals and objectives to guide their work that included:

- Establish a strong partnership with the Province, recognizing that solutions to the identified issues cannot be achieved by an individual level of government.
- Solutions/outcomes must be anchored in common or shared provincial/local government goals, objectives and/or priorities.
- Solutions must be considered as a 'win-win'.
- Focus on solutions/outcomes where local governments can help achieve the outcome more effectively than the Province.
- Build awareness as to why changes are needed to provide local governments with new sources of revenue.



The three key areas reflect common challenges and shared priorities between the Province and local governments. From a provincial perspective, this can be illustrated through the 2020 Minister Mandate Letters.

Lead government's efforts to address homelessness by implementing a homelessness strategy

– Attorney General

Support the work of the Attorney General and Minister responsible for Housing to address the needs of people experiencing homelessness, including those living in encampments

– Minister of Finance

Accelerate the move toward a net-zero emission bus fleet powered by electrification, hydrogen fuel cell technologies, and other zero-emissions technologies, including supporting TransLink's "aggressive" level plan

– Minister of Environment and Climate Change Strategy

Support the work of the Minister of Municipal Affairs to bring down the cost of housing for people by streamlining and modernizing housing construction and approvals

– Minister of Finance

Complete and coordinate implementation of a provincial Climate Preparedness and Adaptation Strategy

– Minister of Environment and Climate Change Strategy

Work with UBCM and local government elected leaders to support their communities through the COVID-19 pandemic response and recovery

– Minister of Municipal Affairs

Recent reports from both the Province and UBCM identify commonality in priorities and mandates. In 2018, UBCM published *A Home for Everyone: A Housing Strategy for British Columbians*¹¹. The same year, the provincial government released *Homes for BC: A 30-Point Plan for Housing Affordability in British Columbia*¹². In both, recommendations are strongly aligned. Another example of alignment is seen with the *CleanBC: Our Nature. Our Power. Our Future*¹³ report and the recent recommendations coming from UBCM's Special Committee on Climate Action¹⁴.



Through the UBCM resolution process, local governments continue to identify these three key issues as priorities.

Resolution B30 (2019) Property Transfer Tax Redistribution for Affordable Housing

Therefore be it resolved the UBCM petition the Province of British Columbia to provide an annual redistribution of the Property Transfer Tax to local governments across the Province for the specific purpose of addressing affordable housing.

Resolution SR1 (2020) New Emergency Management Legislation

Therefore be it resolved that the provincial government, as part of the process to modernize BC's emergency management legislation, implement the following measures:

- *Develop an ongoing sustainable funding framework for local governments to address emergency management responsibilities;*
- *Confirm adequate provincial support services for local governments to address emergency management capacity issues; and,*
- *Consult with UBCM and local governments in the development of these and other necessary measures to address challenges resulting from new emergency management legislation.*

Resolution SR8 (2020) Mental Health, Addictions and Poisoned Drug Supply

Therefore be it resolved that UBCM urge the provincial government to introduce a comprehensive strategy for the provision of protective and health services that includes:

- *Ongoing, sustained funding to address the overdose public health emergency;*
- *Implementing a province-wide agreement between police and mental health officials on the management of mental health patients in emergency wards;*
- *Developing integrated teams of health, police, and other officials on a twenty-four (24) hour basis to manage individuals with mental health issues; and*
- *Introducing additional long-term care beds to deal specifically with mental illness cases.*

5. ADDRESSING COST-DRIVERS FOR KEY FOCUS AREAS



The Select Committee formed sub-committees to review each of the three focus areas. For each area, the Select Committee identified the cost-drivers and highlighted the financial impacts and challenges. This section of the report provides a brief issue description, highlights some local government examples, and identifies the accompanying recommendation(s). A more fulsome description of each focus area's cost-drivers and detailed policy options to address the issues can be found in the appendices to this report.

It is recognized that additional analysis will be needed to quantify these impacts on a regional or provincial level, a task that should be done in collaboration with the Province.

Focus Area: ATTAINABLE HOUSING

Local Government Funding of Attainable Housing



Housing was historically the preserve of the Federal Government through to the 1990s at which time a progressive withdrawal of federal funding resulted in a downloading of responsibilities to the Province¹⁵. The primary role of local governments within the British Columbia housing policy framework is to plan for communities that are socially, economically and environmentally healthy and that make efficient use of public facilities and services, land and other resources. They do this through proactive community planning and the regulation of land use. In this role they act within the constraints of a narrow tax base and defined legislative authority.

In recent years, however, there has been a growing expectation for local governments to financially support attainable housing (market and non-market), through:

- **Land contributions** – granting, leasing or otherwise. In some cases, if local governments don't own land, they incur costs to acquire and then contribute it to social housing projects.

The City of North Vancouver has allocated a significant portion of its overall community benefits through development to achieve housing objectives. In 2020, this has amounted to a contribution to housing, in the form of securing net new rental homes, with a value of as much as \$30 million.



- **Servicing costs** – higher expectations exist now, spanning hard infrastructure, sidewalks, playgrounds, health – and these need to be paid for through municipal taxes. With growth, water and sewer services are reaching capacity thresholds, resulting in further capital costs for new infrastructure, as well as higher ongoing operating costs. Local governments have relied on the “growth to pay for growth” principle, but this does not work for non-market housing, and in some cases does not work for market housing.
- **DCC exemptions, waivers or reductions, and property tax exemptions** – there is growing pressure to exempt affordable housing from development cost charges or property taxes, which also effectively increases servicing costs for local governments.

The City of Vancouver's total investment in affordability and the housing crisis for 2021 is approximately \$69 million. This represents specific initiatives and their associated costs (capital investments, operating and empty homes tax funded) as part of the Draft 2021 Budget that are directly aligned to this priority, including land acquisition costs, maintenance of non-market housing and grants for rental protection and relocation.¹⁶

RECOMMENDATION

5

The Province commit to working with UBCM on a comprehensive review of funding mechanisms for financing growth-related infrastructure services including Development Cost Charges and Amenity Agreements to:

- *Better capture growth related capital costs that are increasingly strained as a result of pressure for local governments to incentivize attainable housing;*
- *Provide local governments with flexibility to better reflect community circumstances and community objectives; and*
- *Create a consistent approach to land value capture and amenity charges that reduces the uncertainty associated with negotiated agreements.*

**RECOMMENDATION****6**

The Province commit to work with UBCM to identify the appropriate revenue source(s) that may both increase funding available for attainable housing and incentivize the use of residential property for housing. Potential sources include, but are not limited to:

- *New taxation powers, such as vacancy taxation, to be granted to local governments for use at their discretion;*
- *Returning funds from existing revenue sources such as the speculation tax, to the jurisdiction in which they are collected, for provision of attainable housing;*
- *Modifications to the property transfer tax to make it more progressive and/or disincentivize rapid resale ('flipping'); and*
- *Short-term rental taxation.*

New Provincial Requirements for Planning Approvals

Recent changes to the building code to include higher energy standards in accordance with the Energy Step Code have resulted in a number of challenges for local governments, and particularly those in rural, remote and northern regions, due to:

- Lack of local training opportunities for the building community;
- Lack of qualified Energy Advisors, and the possibility that some small and remote communities will not have an adequate workload to entice an Energy Advisor to do business in the area;
- Lower availability of materials and higher material costs in rural communities leading to concerns of affordability among residents;
- Additional costs of energy consultants and mandated energy solutions; and,
- Lower capacity within small local governments.

These issues have been raised through UBCM member endorsed resolutions (2020-EB87, 2020-NR73), and also via the Development Approvals Process Review.¹⁷

RECOMMENDATION**7**

The Province, in partnership with UBCM and other stakeholders, commit to improving the effectiveness and efficiency of the development approval processes for which each stakeholder, including the development industry and Province, is responsible.



Costs of Homelessness



Closely related to the broader affordability crisis, local governments have been faced with a growing challenge of housing and providing services to address homelessness. This is a challenge faced by communities in all regions of the Province. For example, in their 2020 homeless counts, the Homelessness Services Association of BC identified homeless individuals in:

Comox Valley	132
Cranbrook	63
Fort St. John	76
Quesnel	121

A 2018 report on homeless counts across the Province identified 7,655 individuals experiencing homelessness in 24 communities, while noting that all point in time counts are an undercount and do not capture the hidden homeless and those at risk of homelessness.

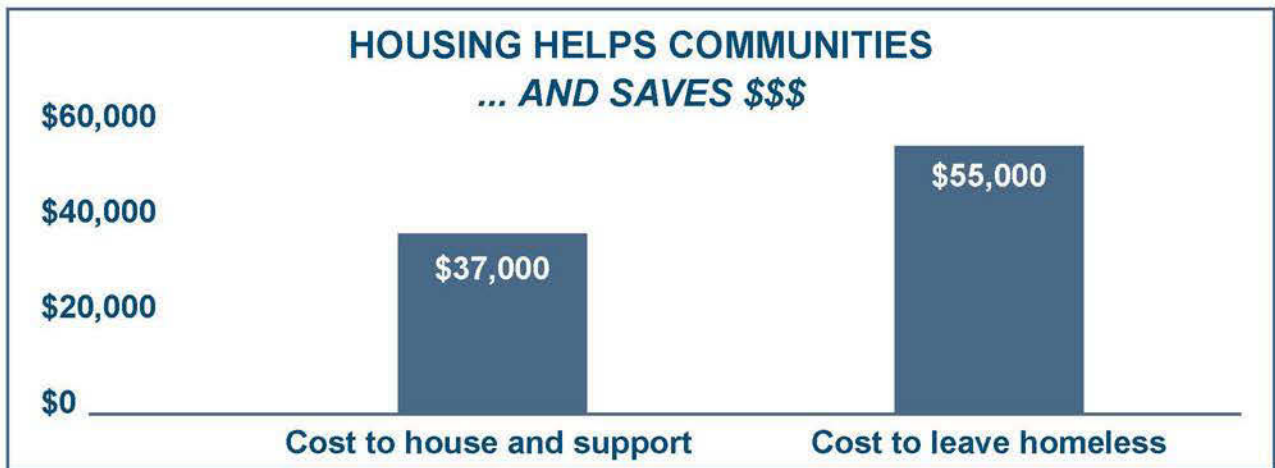
Local governments bear wide ranging costs associated with homelessness, including community service, legal and policing costs related to homeless encampments and homelessness more broadly. They incur costs to address public safety, such as security costs for complex needs or social housing because of onsite drug use. Municipalities also often need to hire new bylaw officers to address issues arising in homeless camps, and additional parks workers to clean up parks each morning where there is overnight camping.



The Oppenheimer Park tent city cost the City of Vancouver upwards of \$3.5 million over an 18-month period including policing costs, decampment efforts and park restoration costs.¹⁸



Several studies have pointed towards the high costs associated with homelessness, including a Simon Fraser University study estimating that it costs \$55,000 per person per year to leave someone with mental health issues homeless in British Columbia versus a housing and support cost of \$37,000.¹⁹



For local governments specifically, costs are highly context specific, but for example:

The City of Victoria estimates that in 2020, it spent \$1.4 million managing encampments.²⁰

RECOMMENDATION

8

The Province to commit to partner with UBCM and local governments, recognizing and reversing the historic downloading of jurisdictional responsibility on housing, in the development and implementation of a province-wide homelessness strategy.





Focus Area: COMMUNITY SAFETY

Emergency Management – Long-Standing Issues and Cost-Drivers, including those Related to Climate Change.



As climate change increasingly impacts BC's environment, emergency management is becoming an even more important and costlier local government responsibility. Local government responsibilities include provincial requirements to prepare an emergency plan and maintain an emergency management organization. The Province, through EMBC, acts as the lead coordinating agency for emergency management activities; and, works in collaboration with stakeholders to address larger-scale emergencies.



While there is a seemingly endless list of long-standing issues and cost-drivers impacting local governments, the Community Safety Sub-Committee has discussed and focused on the following:

- Impacts related to climate change, including:
 - More wildfires leading to higher firefighting costs and firefighters being deployed outside their local areas;
 - The relation between increased flooding and slope stability;
 - Floodplain issues; and
 - Higher diking costs.
- General responsibilities under the four key pillars of emergency management (mitigation, preparedness, response and recovery); and
- Emergency management costs being downloaded (e.g., finding volunteers to manage emergency support services).





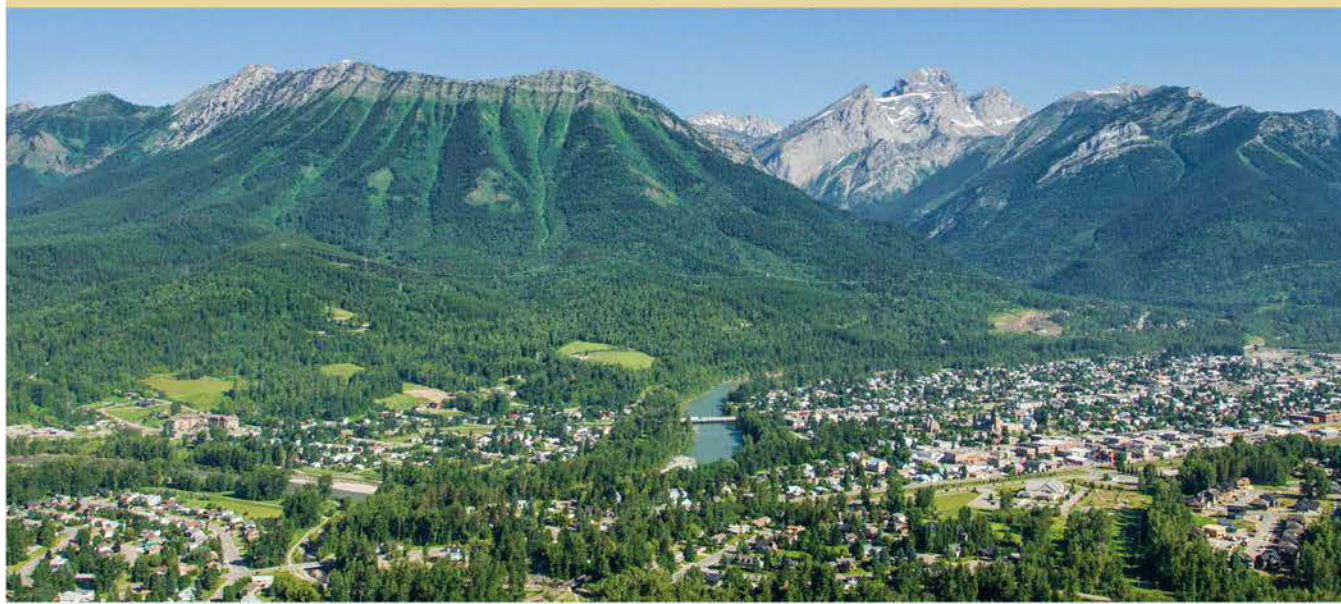
The Province is currently working to modernize BC's emergency management legislation. This process is likely to add additional costs and responsibilities for local governments as the Province works to incorporate the Sendai Framework on Disaster Risk Reduction, and focus more effort on mitigation and recovery pillars. As part of this work, the Province released a 2019 discussion paper containing numerous recommendations, including 29 key policy shifts for consideration. UBCM summarized feedback submitted by local governments, and made several broad recommendations including the need for a sustainable funding framework for local governments to address emergency management responsibilities; and additional provincial support services to help address local government emergency management capacity issues.²¹

In 2020, the East Kootenay Regional District spent \$905,872 in staff costs, materials and other expenses related to responding to emergencies and disasters within its boundaries. Even after deducting COVID-19 related expenses (\$66,565), the total cost represents more than was spent during the previous three years combined (\$827,862).

RECOMMENDATION

9

Work with the Province on the development of a local government funding and support framework to address new and ongoing emergency management costs.





Protective Services – Cost-Drivers Related to Policing and Justice



Public safety is a core service directly provided by many local governments, and policing is a highly expensive component. Under the BC Police Act, the Province is responsible for the provision of policing services to local governments under 5,000 in population and unincorporated areas. Local governments over 5,000 in population assume responsibility for providing, and bearing the necessary expenses of, policing within their boundaries. The current structure of police funding has left local governments paying two-thirds of the costs of policing in British Columbia, which in 2019 amounted to over \$1.35 billion.²²

In June 2020, Mike Farnworth, Minister of Public Safety and Solicitor General, announced the Province's intent to review the Police Act, with particular focus on ensuring legislation adequately addresses issues such as harm reduction, mental health and systemic racism. The review and UBCM's submission have helped draw attention to many broad areas where both local governments and the Province are impacted (e.g., mental health and policing, governance, efficiency/effectiveness).

Members of the Select Committee on Local Government Finance have raised many important local government concerns and cost-drivers related to policing and the justice system:

- Addictions and mental health issues falling to local police;
- Escalating salaries;
- Lack of provincial investment (e.g., front-line officers, mental health, training, etc.);
- Vacancies and lack of front-line resources leading to staffing concerns and higher bylaw enforcement costs;
- Overburdened court system that is leading to more individuals (e.g., repeat/prolific offenders) being released;
- Restorative justice costs;
- Cost of police-based victim services;
- Gang violence;



- 911 emergency communication service delivery;
- Increased costs resulting from the Surrey Policing Transition (e.g., shared services, divisional administration);
- The impacts of new daytime bail hearings (resulting from COVID-19), including additional staffing and technology requirements;
- Cost-share for integrated teams; and
- Cost of new equipment (e.g., carbine rifles, body worn cameras, etc.).

The overall policing operating and capital costs are rising at much higher rate than other sectors, to the point where the affordability and sustainability of police services are in question. Increasing operating costs for policing was also noted in the Strong Fiscal Futures report, as one of the most important financial concerns expressed by local government officials.

In 2019/20, RCMP officers spent an estimated 4,300 hours in Kelowna hospital waiting rooms, with their time valued at approximately 1% of the annual police budget. This is one of many factors that has contributed to the City's annual RCMP budget increasing from \$18.1 million in 2010 to \$37.5 million for the current year.

RECOMMENDATION

10

Work with the Province and with other key stakeholders, recognizing and reversing the historic downloading of jurisdictional responsibility for mental health and addiction services on local governments and locally-funded police, to develop a comprehensive strategy to address mental health and addictions patients.





Protective Services – Cost-Drivers Related to Fire and Ambulance Services



In British Columbia, BC Emergency Health Services (BCEHS) oversees the BC Ambulance Service, which provides public ambulance services to people throughout the Province. Local fire departments and societies also play a role in pre-hospital emergency services, providing rescue services (e.g., road rescue) in support of the provincial system. The system can have a significant effect on local fire departments, which can become overburdened if there are insufficient ambulance services. The lack of provincial ambulance services was evident during the late-June 2021 heat emergency, with increased demand resulting in many individuals having to wait multiple hours for an ambulance to arrive. Preliminary findings from the BC Coroners Service indicate that 580 individuals died as a result of this heat wave.²³

Local fire services are provided by local governments, who provide a number of emergency services in addition to fire suppression. Some of the primary cost-drivers identified through the Special Committee on Local Government Finance include excessive fire department operational requests/costs (e.g., new pumpers, tankers); training requirements (e.g., medical response); liability and insurance costs; and volunteer firefighters performing duties outside their core competencies (e.g., accident and cold water rescue).

In 2020, only 34% of calls to fire departments within the Cariboo Regional District were fire related.



UBCM's members have endorsed resolutions requesting additional provincial funding for highway and other rescue services (e.g., fire response); signed agreements outlining responsibilities of BCEHS and fire departments (e.g., mutual aid agreements); and provincial funding support for fire department staffing, compliance with standards, and capital costs. The Province has historically resisted providing additional compensation to local government fire departments for first responder services, often noting that participation is voluntary.

At the City of Kelowna, First Medical Response calls represent approximately 70% of the total annual responses from the Kelowna Fire Department. The Fire Department's medical response program, including certification, training, medical supplies and other necessities, costs the City approximately \$75,000 per year.

RECOMMENDATION

11

Seek a new protocol with the provincial government, recognizing each level of government's jurisdictional responsibility, in order to govern the provision of first responder services and address inefficiencies related to provincial emergency health services and the current response model.





Cannabis Legalization – Associated Costs and Responsibilities



In June 2018, federal legislation to legalize and regulate non-medical cannabis received Royal Assent. Legislation placed provinces and territories in charge of issues such as distribution, retail, public consumption and enforcement. The Province was also provided the ability to impose additional restrictions in areas such as minimum age, personal cultivation and personal possession.²⁴

British Columbia subsequently introduced its own legislation to address new responsibilities, leaving local governments responsible in traditional areas (e.g., policing and bylaw enforcement, land use management and business licensing). Another key local government responsibility is the ability to control and manage the retail sale of non-medical cannabis. It has been difficult for many local governments to project/quantify financial impacts as the cannabis framework is still developing (e.g., new policies regarding consumption lounges, farm-to-gate sales, and direct delivery are all under development). Findings from UBCM's 2019 cannabis cost survey provide a clear example of this challenge.

Despite the federal government's expectation that cannabis taxation revenue be shared with local governments, provinces and territories are under no legal obligation to do so (through the Federal-Provincial-Territorial Agreement on Cannabis Taxation).²⁵

In 2019, UBCM developed a survey for local governments to quantify their incremental expenditures associated with the legalization of non-medical cannabis. Respondents were asked to provide information covering the first three years of legalization, including projected costs for 2020. An extrapolation of the three-year total reported incremental costs of \$15.2 million (covering 44% of the BC population) equated to \$34.6 million for an average of approximately \$11.5 million per year in incremental costs to BC local governments. At the time, this represented 29.8% of the Province's cannabis excise tax revenue projection for the first three years of legalization.

RECOMMENDATION

12

Seek a targeted consumption tax that provides local governments a share of provincial cannabis taxation revenue.



Cybercrime – Protection and Response

Cybercrime is an emerging cost-driver for all orders of government, who are increasingly becoming the targets of online criminals. Provincial and local governments are facing rising costs to protect themselves and their employees, including those working from home. There are also costs associated with service disruptions and responding to attacks (e.g., overtime, productivity loss, IT costs), including attempted extortion through the use of ransomware – software used to block the access of data.

Improved security is becoming more costly, especially as the RCMP and law enforcement have been unable to adequately address these threats. This may be of particular concern for smaller local governments that may not have the resources to adequately protect themselves.

The City of Richmond spent approximately \$750,000 to set up its cyber protection system, and perform necessary system upgrades. Ongoing cyber protection costs amount to an additional \$305,000 per year.

RECOMMENDATION

13

Seek the establishment of a provincial program that provides local governments with expertise (e.g., systems and programs) and shared skills to protect and respond to cyber threats.



The Municipal Insurance Association of BC has noted that ransomware attacks targeting local governments have gone up by 60% since 2018.



Focus Area: CLIMATE CHANGE

Carbon Tax



In 2008, British Columbia implemented North America's first broad-based carbon tax of \$10 per tonne of carbon dioxide. The tax applies to the purchase and use of fossil fuels burned for transportation, home heating, and electricity, and covers approximately seventy (70) percent of provincial greenhouse gas emissions. The tax was 'revenue neutral' as the Province reduced personal income taxes and corporate taxes by the equivalent amount applied to and collected during the purchase and use of fossil fuels. By 2013, the Province was collecting approximately \$1 billion per year.

In 2017, the Province amended the Carbon Tax Act and eliminated the requirement that revenue measures be introduced to offset carbon tax revenues. This means that the provincial government is permitted to spend carbon tax revenues on emission reduction measures and other green initiatives, rather than having to return carbon tax revenues to taxpayers. As such, the carbon tax is no longer 'revenue neutral.'

On April 1, 2020, BC's carbon tax rate rose from \$40 to \$45 per tonne of carbon dioxide. It is scheduled to increase to \$50 per tonne in April 2022. Revenues generated from the carbon tax are used to:

- provide carbon tax relief (e.g., Climate Action Tax Credit for low-income earners);
- maintain industry competitiveness by providing incentives for cleaner industrial operations (e.g., CleanBC Industrial Incentive); and
- encourage new green initiatives through supporting the provincial climate action strategy, CleanBC.

Since 2020, the Province has operated the Climate Action Revenue Incentive Program (CARIP). CARIP is a conditional grant program that provides funding to local governments equal to 100% of the carbon taxes they pay to directly support local government climate action if they sign the Climate Action Charter.



Local governments have used the grant funding to support a wide range of climate action initiatives including developing policies and action plans, capital purchases, and leveraging for cost-sharing projects with other orders of government.

In May 2021, the Province announced that it would end the \$8.4 million CARIP program. A new one-time allocation of \$11 million was announced in the provincial budget for developing and funding a new program for local governments to plan for compact, energy efficient communities.

<i>The Province estimates that the carbon tax will generate:</i>	\$1.64 billion	2020/21
<i>The revenue is projected to increase to:</i>	\$1.99 billion	2021/22
	\$2.21 billion	2022/23
	\$2.11 billion	2023/24

As the carbon tax is no longer revenue-neutral, there is the opportunity to request a percentage of the revenue that exceeds the amount rebated to local governments through the CARIP program.

Based on current year revenues, every one (1) percent of the carbon tax (on an annual basis) yields \$16.4 million.





A portion of the carbon tax could be modelled at the Province's approach to industry, in which carbon tax above a certain threshold is directed back to industry to support their switch to cleaner fuels.

In particular, the Province launched the CleanBC Program for Industry in 2019, which rebates a portion of the carbon tax paid by industry through the CleanBC Industrial Incentive Program and the CleanBC Industry Fund. The program is funded by the incremental carbon tax above \$30 per tonne as paid by industry. The Industrial Incentive Program reduces carbon-tax costs for operations meeting world leading emissions benchmarks, while the Industry Fund invests some industrial carbon tax revenue directly into emission reduction projects. The 2021 provincial budget allocated \$96 million to the CleanBC Program For Industry.

Allocating a portion of the carbon tax to local governments provides a revenue stream for local governments to address the increased expectations, desire, need and costs of responding to climate change. It would allow an investment in both mitigation and adaptation projects, support policy development and planning, and act as seed capital to leverage provincial and federal dollars. In doing so, it holds the potential to advance the shared goal of reducing emissions and creating weather resilient communities.

RECOMMENDATION

14

UBCM request the Province to direct a percentage of the Carbon Tax, on an annual basis, to local governments, to support mitigation and adaptation actions.





Mitigation & Adaptation Supports: Adaptation, Buildings, Transportation, Solid Waste

In July 2019, UBCM struck a Special Committee on Climate Action to generate new ideas, explore opportunities and barriers to local government action, and identify avenues for further partnership work in mitigating, and adapting to, the effects of climate change. The Committee considered the state of climate action, local government approaches and best practices in mitigation and adaptation, and the roles and responsibilities of the orders of government and external stakeholders in supporting local action. It reviewed opportunities and barriers to taking climate action to the next level, and considered options that are sensitive to local conditions, autonomy, and resources.

After consultation with the membership, the Committee released its recommendations in December 2020 that focused on buildings, transportation, solid waste, resilience, land-use planning, social mobilization and governance. The recommendations are a roadmap for a low-carbon future, and are designed to take climate action to the next level in reducing emissions and creating weather resilient communities. They function as a suite of options to that can help advance local and provincial climate action agendas. Numerous member resolutions broadly supported the spectrum of Committee recommendations.

The Select Committee on Local Government Finance identified a series of costs drivers associated with reducing emissions and creating weather resilient communities. These costs include:

Adaptation Infrastructure & Emergency Management



The costs of adapting to, and addressing, the increase in wildfires, drought and flooding arising from climate change which includes operational response costs and mitigating infrastructure costs. It is estimated that an average annual investment in municipal infrastructure adaptation measures of \$5.3 billion is needed to adapt to climate change in Canada.²⁶

The Regional District of East Kootenay has spent \$1.8 million in payroll, materials and emergency expenses over the past four years responding to weather related emergencies.



Housing & Buildings



The costs of creating zero emission and low carbon housing stock in communities, and the need for financial incentives to support building retrofits and energy efficiency upgrades.

The City of Campbell River tops up the provincial incentive for home energy evaluations by \$150 and the \$3,000 central source heat pump incentive by \$350 to support energy efficiency upgrades.

Transportation



The shift to zero emission and low carbon transit and local government fleets holds significant cost pressures, as unit replacement costs are higher than 'like for like' replacement.

The electrification of TransLink's fleet in Metro Vancouver is projected to cost \$473 million more than baseline costs, or an average of \$15.8 million more per year over the next thirty years.

Solid Waste



Infrastructure investments are required for waste management initiatives such as organics diversion and landfill gas capture, and replacement revenue streams are required for a shift to zero waste economy (i.e., loss of tipping fees).

The Regional District of Nanaimo's organic waste diversion strategy required a \$5.5 million dollar upgrade to its transfer station to handle food waste.



The Select Committee on Local Government Finance endorsed the Climate Action Committee's recommendations on new funding, policies, and capacity building tools as solutions that could be used to address these costs drivers. These include:

RECOMMENDATION**15**

Consistent with the UBCM Climate Action Committee recommendations on Buildings, call for new provincial building retrofit incentive programs.

RECOMMENDATION**16**

Consistent with the UBCM Climate Action Committee recommendations on Transportation, call for new provincial funding for active transportation infrastructure – which supports the implementation of community active transportation plans, active transportation corridors, and end of trip active transportation facilities at transfer points.

RECOMMENDATION**17**

Consistent with the UBCM Climate Action Committee recommendations on Transportation, call for investments in green fleet conversions for local government and community fleets.

RECOMMENDATION**18**

Consistent with the UBCM Climate Action Committee recommendations on Transportation, create new revenue tools for local governments to strengthen the transit funding model and reduce reliance on transit fares.





RECOMMENDATION

19

Consistent with the UBCM Climate Action Committee recommendations on Solid Waste Management, call for new investments in solid waste management initiatives – including organics diversion, extended producer responsibility programs, and deriving energy from waste products.

RECOMMENDATION

20

Consistent with the UBCM Climate Action Committee recommendations on Resiliency, call for a provincial funding stream dedicated to supporting the development and implementation of local adaptation plans.



6. SUMMARY OF RECOMMENDATIONS



Moving Forward: Building on Strong Fiscal Futures and Preparing for the New Economy

RECOMMENDATION

1

UBCM and the Province work together in reviewing the current local government property tax system and the impacts of the 'New Economy' in order to:

- *develop a fairer, more responsive property tax;*
- *monitor impacts of the New Economy on taxation; and*
- *identify emerging sources, and opportunities to share taxation/revenues that may result from the New Economy.*

RECOMMENDATION

2

The Province to commit to meaningful engagement through a working partnership with UBCM in order to meet the respective mandates of strengthening the local government finance system.

RECOMMENDATION

3

The Province continue to advocate with the federal government in the continuation of federal/provincial infrastructure cost-share agreements at the current or greater level and ensure:

- *the renewal of the Canada Community-Building Fund (formally the Gas Tax fund) with the federal government in 2024; and*
- *by working with the federal government, and input from TransLink and BC Transit communities, a federal/provincial agreement in the federal Permanent Transit Fund is implemented for BC by 2026 as confirmed in the 2021 federal budget.*

RECOMMENDATION

4

BC local governments, with the support of the Province and UBCM, continue to develop and implement asset management best practices in order to deliver services, and manage infrastructure, in a sustainable, cost-effective way.



Addressing Cost-Drivers

Attainable Housing

RECOMMENDATION

5

The Province commit to working with UBCM on a comprehensive review of funding mechanisms for financing growth-related infrastructure services including Development Cost Charges and Amenity Agreements, to:

- *Better capture growth related capital costs that are increasingly strained as a result of pressure for local governments to incentivize attainable housing;*
- *Provide local governments with flexibility to better reflect community circumstances and community objectives; and*
- *Create a consistent approach to land value capture and amenity charges that reduces the uncertainty associated with negotiated agreements.*

RECOMMENDATION

6

The Province commit to work with UBCM to identify the appropriate revenue source(s) that may both increase funding available for attainable housing and incentivize the use of residential property for housing. Potential sources include, but are not limited to:

- *New taxation powers, such as vacancy taxation, to be granted to local governments for use at their discretion;*
- *Returning funds from existing revenue sources such as the speculation tax, to the jurisdiction in which they are collected, for provision of attainable housing;*
- *Modifications to the property transfer tax to make it more progressive and/or disincentivize rapid resale ('flipping'); and*
- *Short-term rental taxation.*

RECOMMENDATION

7

The Province, in partnership with UBCM and other stakeholders, commit to improving the effectiveness and efficiency of the development approval processes for which each stakeholder, including the development industry and Province, is responsible.

**RECOMMENDATION****8**

The Province to commit to partner with UBCM and local governments, recognizing and reversing the historic downloading of jurisdictional responsibility on housing, in the development and implementation of a province-wide homelessness strategy.

Community Safety**RECOMMENDATION****9**

Work with the Province on the development of a local government funding and support framework to address new and ongoing emergency management costs.

RECOMMENDATION**10**

Work with the Province and with other key stakeholders, recognizing and reversing the historic downloading of jurisdictional responsibility for mental health and addiction services on local governments and locally-funded police, to develop a comprehensive strategy to address mental health and addictions patients.

RECOMMENDATION**11**

Seek a new protocol with the provincial government, recognizing each level of government's jurisdictional responsibility, in order to govern the provision of first responder services and address inefficiencies related to provincial emergency health services and the current response model.

RECOMMENDATION**12**

Seek a targeted consumption tax that provides local governments a share of provincial cannabis taxation revenue.

RECOMMENDATION**13**

Seek the establishment of a provincial program that provides local governments with expertise (e.g., systems and programs) and shared skills to protect and respond to cyber threats.



Climate Change

RECOMMENDATION

14

UBCM request the Province to direct a percentage of the Carbon Tax, on an annual basis, to local governments, to support mitigation and adaptation actions.

RECOMMENDATION

15

Consistent with the UBCM Climate Action Committee recommendations on Buildings, call for new provincial building retrofit incentive programs.

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Consistent with the UBCM Climate Action Committee recommendations on Transportation, call for new provincial funding for active transportation infrastructure – which supports the implementation of community active transportation plans, active transportation corridors, and end of trip active transportation facilities at transfer points.

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Consistent with the UBCM Climate Action Committee recommendations on Transportation, call for investments in green fleet conversions for local government and community fleets.





RECOMMENDATION

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Consistent with the UBCM Climate Action Committee recommendations on Transportation, create new revenue tools for local governments to strengthen the transit funding model and reduce reliance on transit fares.

RECOMMENDATION

19

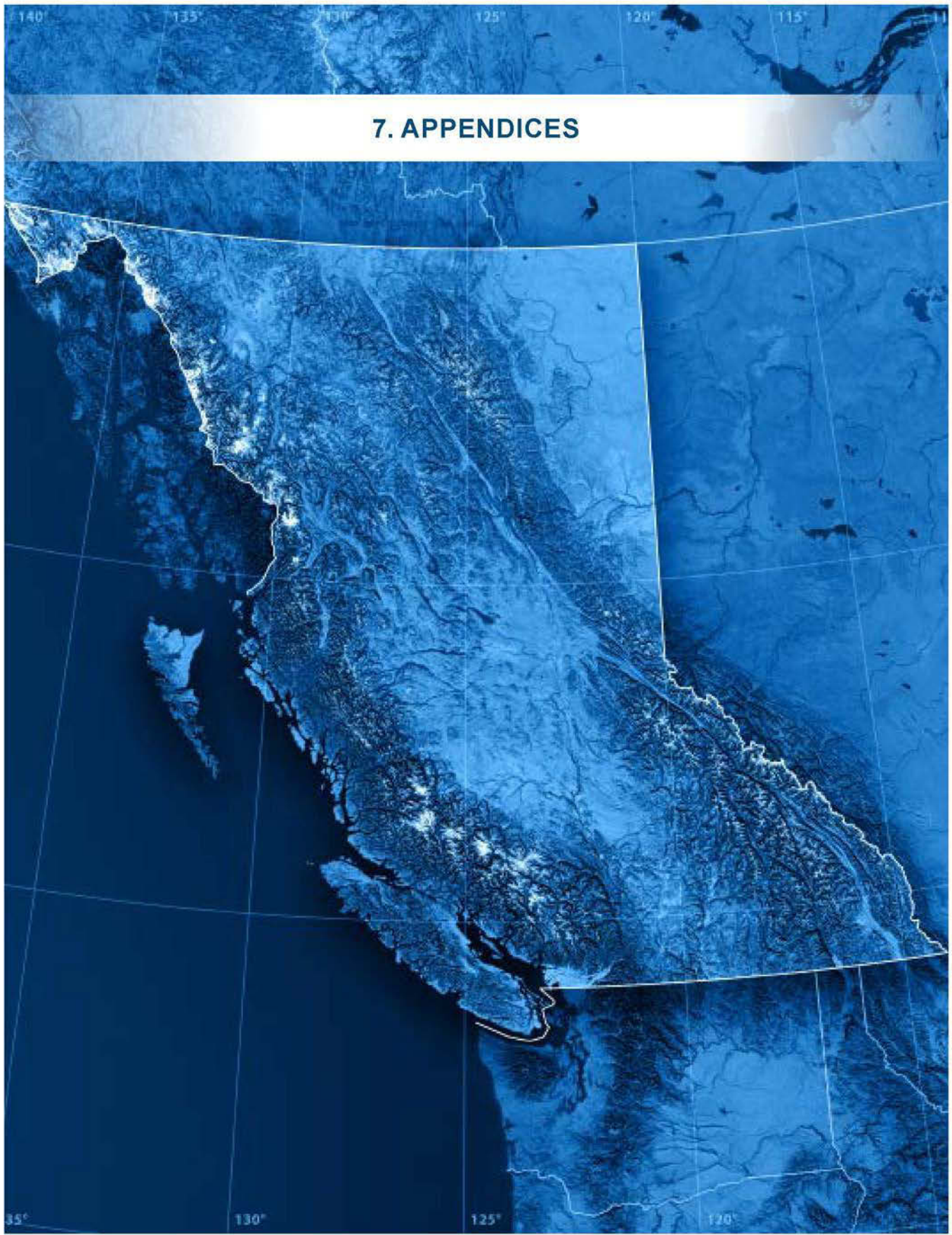
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RECOMMENDATION

20

Consistent with the UBCM Climate Action Committee recommendations on Resiliency, call for a provincial funding stream dedicated to supporting the development and implementation of local adaptation plans.





7. APPENDICES



FOCUS AREA: Attainable Housing

ISSUE: Local Government Funding of Attainable Housing

CATEGORY: Downloaded

BACKGROUND:

Housing was historically the preserve of the Federal Government through to the 1990s at which time a progressive withdrawal of federal funding resulted in a downloading of responsibilities to the Province¹. The primary role of local governments within the British Columbia housing policy framework is to plan for communities that are socially, economically and environmentally healthy and that make efficient use of public facilities and services, land and other resources. They do this through proactive community planning and the regulation of land use. In this role they act within the constraints of a narrow tax base and defined legislative authority.

In recent years, however, there has been a growing expectation for local governments to financially support attainable housing (market and non-market), through:

- **Land contributions** – granting, leasing or otherwise. In some cases, if local governments don't own land, they incur costs to acquire and then contribute it to social housing projects.
- **Servicing costs** – higher expectations exist now, spanning hard infrastructure, sidewalks, playgrounds, health – and these need to be paid for through municipal taxes. With growth, water and sewer services are reaching capacity thresholds, resulting in further capital costs for new infrastructure, as well as higher ongoing operating costs. Local governments have relied on the “growth to pay for growth” principle, but this does not work for non-market housing, and in some cases does not work for market housing.
- **DCC exemptions, waivers or reductions, and property tax exemptions** – there is growing pressure to exempt affordable housing from development cost charges or property taxes, which also effectively increases servicing costs for local governments.

1 E.g.: <http://www.urbancentre.utoronto.ca/pdfs/researchbulletins/CUCSRB38Hulchanski.pdf>



For example, the City of North Vancouver has allocated a significant portion of its overall community benefits through development to achieve housing objectives. In 2020, this has amounted to a contribution to housing, in the form of securing net new rental homes, with a value of as much as \$30 million.

OPTIONS:

Option 1: Development Finance Reform

Development Cost Charges, which are designed to help pay for the cost of off-site infrastructure required to deliver community services that are needed to accommodate growth, are currently restricted by the *Local Government Act* to areas of sewage, water, drainage, roads and parks. Current Development Cost Charge structure does not support the flexibility local governments require to make effective off-site infrastructure investments to deliver community services needed to accommodate growth, or reflect other important infrastructure services delivered by local governments impacted by growth.

A comprehensive review of existing funding mechanisms for financing growth-related infrastructure services, including Development Cost Charges and Amenity Agreements, should be undertaken to identify approaches to:

- Capture growth related capital costs, including, but not limited to infrastructure needed to support: emergency services, solid waste, cultural services, transit, recreation, affordable housing and the expansion of sport-related park services;
- Provide local government with the flexibility to ensure that financing growth-related infrastructure services better reflects community circumstances and community objectives; and
- Create a consistent approach to land value capture and amenity charges that reduces the uncertainty associated with negotiated agreements.

Such a review is supported by UBCM policy (resolution 2019-SR2) and was addressed in UBCM's 2018 Housing Strategy, 'A Home for Everyone'. This strategy specifically noted that a broadening of DCCs to support additional growth-related costs would replace the uncertainty associated with re-zoning and a range of negotiated agreements with a clear, certain process that is regulated by the Province while also providing local governments a legislated way to pay for the cost of growth.



Modernizing development financing has been a longstanding interest of local governments and the 2013 Strong Fiscal Futures Report also identified the need to achieve greater flexibility in design of development cost charges including greater scope for use of funds for parkland development. Following endorsement of resolution 2019-SR2, the Province acknowledged that a review of development finance tools is a key component of improving the entire development approvals system, and indicated that a Development Finance review would be considered.

Option 2: New Revenue Sources

UBCM membership has identified a range of potential revenue sources that may both increase funding available for attainable housing and incentivize the use of residential property for housing. These include:

- *New taxation powers to be granted to local governments for use at their discretion:* Potential options include vacancy taxation and brownfield taxation. The City of Vancouver is currently the only local government with the ability to levy a vacancy tax, through the Vancouver Charter. UBCM resolutions have sought local government authority to impose a vacancy tax on taxable residential properties, to encourage occupancy and use of vacant land for housing with the requirement that funds collected be invested in non-market housing. Brownfield taxation has similar aims in that it is intended to spur development of unused properties. UBCM membership has called for the ability to tax brownfields in a separate property class.
- *Modifications to the property transfer tax:* Options including scaling the PTT to penalize rapid re-sale, making it more progressive and dedicating the revenue towards affordable housing. UBCM's housing strategy recommends that the Province consider scaling the property transfer tax to penalize rapid speculative re-sale ('flipping'). Such a modification would see a declining tax rate over time so as not to negatively impact long term residents selling their property. UBCM's housing strategy also suggests that the Property Transfer Tax could be reviewed to make it more progressive, by approximately maintaining current revenue levels from the tax while introducing a sliding scale of rates according to transaction cost. Finally, the strategy recommends dedicating revenues from the tax towards affordable housing.
- *Short-term rental taxation:* UBCM policy calls for property classification of short-term rentals that reflects their commercial use (2017-B20, 2019-B34).



Other Options:

UBCM membership has also identified several policies that would assist with local government provision of attainable housing by either lowering costs for local governments or creating incentives for the private sector to develop affordable rental market housing. These include:

- *Review of rezoning / public hearing requirements:* Streamlining development approvals was both identified in mandate letters for Finance and Municipal Affairs and recommended in UBCM Housing Report. A review of public hearing requirements could potentially reduce local government administration and housing costs by enabling local governments to expedite applications for attainable housing.
- *Reducing GST on rental housing:* Reducing GST on rental housing could strongly incentivize private investment in the supply of affordable rental housing stock. This is supported by UBCM Policy (2007-A7), and noted in UBCM's 2020 Submission to the Expert Panel on Housing Supply and Affordability as an approach that is broadly supported in the real estate sector².
- *Tools to assist with short-term rental regulation:* UBCM's Housing Report also calls for 'platform accountability', whereby the Province would negotiate a province-wide agreement with Airbnb and other regionally-active short-term rental platforms to assist local governments with compliance checks. This would substantially lower the regulatory costs for local governments. The Province and UBCM convened a joint advisory group on short-term rentals that has also considered such approaches.
- *Additional funding for affordable housing:* The UBCM Housing Report supports the Province's goal of building 114,000 units of affordable housing. This was originally introduced as part of the Province's 30-point plan to address housing, and is currently referenced in the Minister of Housing's mandate letter. UBCM further supports funding for new zero emissions housing and low carbon retrofits. This overlaps with recommendations of the climate change sub-committee; is consistent with mandate letters for Housing as well as Energy, Mines and Low Carbon Innovation; and was identified in UBCM's Housing Report and Special Committee on Climate Action recommendations. Finally, UBCM supports the promotion/funding of mass-timber and other low-cost wood frame developments: consistent with Forests, Lands, Natural Resource Operations and Rural Development mandate letter. This is supported by UBCM's Housing Report and Special Committee on Climate Action recommendations.

2 <https://www.bcrea.bc.ca/wp-content/uploads/2019-10-02-BC-Real-Estate-Sector-Urges-Federal-Parties-to-Act-on-Affordability-Recommendations.pdf>

**FOCUS AREA: Attainable Housing****ISSUE: New Provincial Requirements for Planning Approvals****CATEGORY: New, Emerging****BACKGROUND:**

Recent changes to the building code to include higher energy standards in accordance with the Energy Step Code have resulted in a number of challenges for local governments, and particularly those in rural, remote and northern regions, due to:

- Lack of local training opportunities for the building community;
- Lack of qualified Energy Advisors, and the possibility that some small and remote communities will not have an adequate workload to entice an Energy Advisor to do business in the area;
- Lower availability of materials and higher material costs in rural communities leading to concerns of affordability among residents;
- Additional costs of energy consultants and mandated energy solutions; and,
- Lower capacity within small local governments.

These issues have been raised through UBCM member endorsed resolutions (2020-EB87, 2020-NR73), and also via the Development Approvals Process Review (DAPR)³. For example, the September 2019 final DAPR report noted the need for a Provincial review of policy for building code changes including opportunities to provide in-stream protection, provision of earlier notice of upcoming changes, and increased education on upcoming changes.

OPTIONS:

The Select Committee recommends that the Province provide additional resources to support communities with Energy Step Code implementation in an equitable way by working with communities to address barriers. In order to ensure that housing costs are not unduly impacted, the Committee also recommends that the Province:

- assess regional financial disparities,
- provide greater flexibility in building code requirements by providing incentives rather than punitive or prescriptive measures, and
- provide earlier notice of upcoming changes and increased education to accompany changes.

3 https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/planning-land-use/dapr_2019_report.pdf Table 6, Topic 6.6

**FOCUS AREA: Attainable Housing****ISSUE: Costs of Homelessness****CATEGORY: Emerging****BACKGROUND:**

Closely related to the broader affordability crisis, local governments have been faced with a growing challenge of housing and providing services to address homelessness. This is a challenge faced by communities in all regions of BC. For example, in their 2020 homeless counts, the Homelessness Services Association of BC identified: 76 homeless individuals in Fort St. John, 121 in Quesnel, 63 in Cranbrook, and 132 in the Comox Valley. A 2018 report on homeless counts across the Province identified 7,655 individuals experiencing homelessness in 24 communities, while noting that all point in time counts are an undercount and do not capture the hidden homeless and those at risk of homelessness.

Local governments bear wide ranging costs associated with homelessness, including community service, legal and policing costs related to homeless encampments and homelessness more broadly. They incur costs to address public safety, such as security costs for complex needs/social housing because of onsite drug use. Municipalities also often need to hire new bylaw officers to address issues arising in homeless camps, and additional parks workers to clean up parks each morning where there is overnight camping.

Several studies have pointed towards the high costs associated with homelessness, including a Simon Fraser University study estimating that it costs \$55,000 per person per year to leave someone with mental health issues homeless in British Columbia versus a housing and support cost of \$37,000⁴. For local governments specifically, costs are highly context specific, but for example:

- The Oppenheimer Park tent city cost the City of Vancouver upwards of \$3.5 million over an 18-month period including policing costs, decampment costs and park restoration costs⁵.
- The City of Victoria estimates that in 2020, it spent \$1.4 million managing encampments⁶.

4 Housing and Support for Adults with Severe Addictions and/or Mental Illness in British Columbia, Michelle Patterson, Julian M. Somers, Karen McIntosh, Alan Shiell, Charles James Frankish; Centre For Applied Research in Mental Health and Addiction, Faculty of Health Sciences, Simon Fraser University, 2008

5 <https://globalnews.ca/news/7846922/vancouver-taxpayers-on-hook-for-at-least-3-5m-for-oppenheimer-park-tent-city/>

6 <https://vancouverisland.ctvnews.ca/victoria-to-move-all-homeless-inside-end-all-day-camping-by-march-2021-1.5181219>



OPTIONS:

The Select Committee has not identified specific funding mechanisms to address the costs of homelessness, but notes that funding solutions to homelessness has been identified in the Minister of Housing's mandate letter and is also supported in the UBCM Housing Strategy and resolutions calling on the Province to fund costs related to homelessness, including supportive housing for complex needs (e.g., 2020-EB80, 2019-B183). It is further anticipated that new revenue sources and other supports for attainable housing will help to reduce the costs of homelessness for local governments by reducing the number of people who are made homeless as a result of high housing costs.



FOCUS AREA: Community Safety

ISSUE: Emergency Management – Long-Standing Issues and Cost-Drivers, including those Related to Climate Change.

CATEGORY: Emerging, Downloaded

BACKGROUND:

As climate change increasingly impacts BC's environment, emergency management is becoming an even more important and costlier local government responsibility. Local government responsibilities include provincial requirements to prepare an emergency plan and maintain an emergency management organization. The Province, through EMBC, acts as the lead coordinating agency for emergency management activities; and, works in collaboration with stakeholders to address larger-scale emergencies.

While there is a seemingly endless list of long-standing issues and cost-drivers impacting local governments, the Community Safety Sub-Committee has discussed and focused on the following:

- Impacts related to climate change, including:
 - More wildfires leading to higher firefighting costs and firefighters being deployed outside their local areas;
 - The relation between increased flooding and slope stability;
 - Floodplain issues;
 - Higher diking costs;
- General responsibilities under the four key pillars of emergency management (mitigation, preparedness, response and recovery); and
- Emergency management costs being downloaded (e.g. finding volunteers to manage emergency support services).

The Province is currently working to modernize BC's emergency management legislation. This process is likely to add additional costs and responsibilities for local governments as the Province seeks to incorporate the Sendai Framework on Disaster Risk Reduction, and focus more effort on mitigation and recovery pillars. As part of this work, the Province released a 2019 discussion paper containing more than 60 recommendations, including 29 key policy shifts for consideration. UBCM summarized feedback submitted by local governments, and



made several broad recommendations including the need for a sustainable funding framework for local governments to address emergency management responsibilities; and additional provincial support services to help address local government emergency management capacity issues.

RISKS / CHALLENGES:

- Vast field, difficult to narrow down the list of concerns and solutions.
- Due to climate change and the resulting increase in frequency and intensity of disasters, the Province and local governments are likely to assume greater responsibility as part of an all-of-society approach to disaster risk reduction.
- Province has already committed to examining support to assist local governments in addressing new legislative responsibilities, but the level of support that will be provided is still unknown.

APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

In 2020, the East Kootenay Regional District spent \$905,872 in staff costs, materials and other expenses related to responding to emergencies and disasters within its boundaries. Even after deducting COVID-19 related expenses (\$66,565), the total cost (\$827,862) represents more than was spent during the previous three years combined.

EXISTING OPTIONS:

The UBCM membership has endorsed numerous resolutions seeking support and ongoing funding to address costs and responsibilities (e.g., climate change mitigation) from new emergency management legislation; and, for other orders of government to discontinue the practice of downloading emergency management costs and responsibilities onto local governments.

Other resolutions related to issues raised by the Select Committee include requesting:

- That the Province increase efforts to mitigate wildfire risk.
- Incentives for property owners to carry out mitigation activities.
- That provincial and federal governments discontinue the practice of downloading wildfire mitigation costs and responsibilities onto local governments, and take responsibility for mitigation costs on Crown lands.



- That the Province allocate funding to support proactive risk management of geo-hazards; more specifically, members have also called for the Province to commit resources to slope stabilization projects across BC.
- Provincial funding for dike upgrades.
- Clarity regarding the roles and responsibilities of local governments in relation to dike upgrades and climate change.

NEW / OTHER OPTIONS:

The Community Safety Sub-Committee has discussed the need for sales tax exemptions for infrastructure projects, fire protection equipment and supplies, and other life-saving equipment. This option is supported by UBCM policy.

Additionally, revenue generated through targeted consumption taxes (e.g., liquor tax, lottery tax, e-commerce tax) could be used to offset new and ongoing (e.g., downloaded) emergency management costs and responsibilities.

RECOMMENDED OPTION:

The recommended option is to work with the Province on the development of a local government funding and support framework to address new and ongoing emergency management costs. This option is supported by UBCM policy, Select Committee on Local Government Finance discussion, and local government feedback to the 2019 EMBC discussion paper, Modernizing BC's Emergency Management Legislation. UBCM members have previously suggested moving away from grant-based funding models to a more reliable and sustainable funding model.

PROS:

- Given the number of new and ongoing/downloaded emergency management costs and responsibilities, a broad sustainable funding framework could ensure that many cost-drivers are captured under one umbrella.
- The Province has acknowledged that funding and support for local governments is a necessary component of the process to introduce new emergency management legislation.



- Solutions have not yet been finalized.
- BC local governments will need funding and support to effectively implement new provincial emergency management legislation.
- BC includes a large, diverse geographic area, where the emergency management needs of one region can differ significantly from the needs of another. A broad framework can help address each region's unique costs and responsibilities.
- Some of the other policy solutions are aimed at specific aspects of emergency management that may not be priorities in all regions of BC.
- Research suggests that investments into mitigation and preparedness can provide a better cost-benefit return for all stakeholders, notably the provincial government, rather than increased funding towards recovery and response activities.

CONS:

- A broad funding and support framework could make addressing climate change seem like less of an urgent need/priority.

REFERENCES:

UBCM Overview of Local Government Feedback to the EMBC Discussion Paper: Modernizing BC's Emergency Management Legislation

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Emergency~Program~Act~Review/2020-02-18%20UBCM%20Overview%20of%20LG%20Feedback%20Re%20EPA%20Modernization%20FINAL.pdf>

**FOCUS AREA: Community Safety****ISSUE: Protective Services – Cost-Drivers Related to Policing and Justice****CATEGORY: New, Emerging and Downloaded****BACKGROUND:**

Public safety is a core service directly provided by many local governments, and policing is a highly expensive component. Under the BC Police Act, the Province is responsible for the provision of policing services to local governments under 5,000 in population and unincorporated areas. Local governments over 5,000 in population assume responsibility for providing, and bearing the necessary expenses of, policing within their boundaries. The current structure of police funding has left local governments paying two-thirds of the costs of policing in British Columbia, which in 2019 amounted to over \$1.35 billion.

In June 2020, Mike Farnworth, Minister of Public Safety and Solicitor General, announced the Province's intent to review the Police Act, with particular focus on ensuring legislation adequately addresses issues such as harm reduction, mental health and systemic racism. The review and UBCM's submission have helped draw attention to many broad areas where both local governments and the Province are impacted (e.g., mental health and policing, governance, efficiency/effectiveness).

Members of the Select Committee on Local Government Finance have raised many important local government concerns and cost-drivers related to policing and the justice system:

- Addictions and mental health issues falling to local police;
- Escalating salaries;
- Lack of provincial investment (e.g., front-line officers, mental health, training, etc.);
- Vacancies and lack of front-line resources leading to staffing concerns and higher bylaw enforcement costs;
- Overburdened court system that is leading to more individuals (e.g., repeat/prolific offenders) being released;
- Restorative justice costs;
- Cost of police-based victim services;



- Gang violence;
- 911 emergency communication service delivery;
- Increased costs resulting from the Surrey Policing Transition (e.g., shared services, divisional administration);
- The impacts of new daytime bail hearings (resulting from COVID-19), including additional staffing and technology requirements;
- Cost-share for integrated teams; and,
- Cost of new equipment (e.g., carbine rifles, body worn cameras, etc.).

The overall policing operating and capital costs are rising at much higher rate than other sectors, to the point where the affordability and sustainability of police services are in question. Increasing operating costs for policing was also noted in the Strong Fiscal Futures report, as one of the most important financial concerns expressed by local government officials.

RISKS / CHALLENGES:

- Another vast field, with many different concerns, cost-drivers and challenges.
- Many of the new cost-drivers have still not been finalized (e.g., RCMP salary increases, cost of body worn cameras, impacts of the Surrey Police Transition).
- Cost-base for RCMP-policed local governments is formalized through the Municipal Police Unit Agreement, which is not up for re-negotiation until 2032.

APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

In 2019/20, RCMP officers spent an estimated 4,300 hours in Kelowna hospital waiting rooms, with their time valued at approximately 1% of the City's annual police budget. This is one of many factors that has contributed to Kelowna's annual RCMP budget increasing from \$18.1 million in 2010 to \$37.5 million for the current year.

UBCM has conducted work regarding impacts of several high-profile cost-drivers:

- Police salaries (RCMP): UBCM has examined available data regarding police salaries throughout British Columbia and Canada in anticipation of increased RCMP police officer salaries. Key findings include:



- The starting salary at most of the police agencies included in the review was greater than \$70,000 per year, which is over 30% more than what is initially offered by the RCMP (\$53,144 for the first 6 months of service);
- The salary for a first class constable at most of the police agencies included in the review was greater than \$100,000 per year, which is over 15% more than what is offered by the RCMP (\$86,110).
- Provincial policing resources: UBCM has found that over the past 15 years where data is available (2004-2019), BC local governments have added 1,029 front-line policing positions, while the Province has only added 67. Provincial representatives have verbally acknowledged that the Province has not sufficiently invested in front-line policing.
- Body worn cameras: According to the federal government's 2020 fall economic statement, the initial cost will be approximately \$238.5 million over six years to support the implementation of body worn cameras. An additional \$50 million per year is earmarked to maintain the new system. Costs will be phased in for the first two years after implementation, after which local governments will be expected to assume all costs.
- Surrey policing transition: Through work with the Local Government Contract Management Committee, UBCM has identified potential local government cost-drivers associated with the City of Surrey's transition to an independent police agency:
 - Financial liabilities (e.g., retroactive pay, ongoing investigations/court cases, training, E-Division headquarters building costs);
 - Shared services (e.g., integrated teams, divisional administration and national programs);
 - Additional considerations (e.g., vacancies/recruitment, future costs such as unused vacation and overtime, governance, and emergency management);

EXISTING OPTIONS:

UBCM members have consistently endorsed resolutions related to this category, including those that seek a comprehensive strategy to address mental health patients; additional provincial policing resources (e.g., front-line officers); and funding to address key cost-drivers (e.g., restorative justice, police-based victim services).



UBCM's recommendations to the Special Committee on Reforming the Police Act largely request that the Special Committee conduct additional research and analysis of key aspects of policing impacting local governments (e.g. preventative and proactive investments; coordination and availability of resources in key service areas; accountability through improved data, oversight and consultation; responsibility and resourcing for services; governance; efficiency and effectiveness in service delivery; and consultation with local governments).

The Strong Fiscal Futures report raises the need for ongoing dialogue between UBCM and the Province to better manage shared services such as policing, and to ensure that the framework is providing value for money.

NEW / OTHER OPTIONS:

Revenue generated through targeted consumption taxes (e.g., liquor tax, lottery tax, e-commerce tax) could be used to offset new and ongoing (e.g., downloaded) policing costs and responsibilities. In particular, the Strong Fiscal Futures report suggests the suitability of local governments receiving a portion of liquor revenue, as liquor consumption and availability impact policing costs.

Another option raised by the Select Committee is the recovery of civil forfeiture revenue. Significant local policing resources are often used for large-scale police cases, and any resulting forfeitures are not shared with local governments (outside of a small grant program).

The Strong Fiscal Futures report proposes that traffic fine revenue be defined as a local revenue source to remove payments from the Province.

RECOMMENDED OPTION:

The recommended option is to work with the Province, recognizing each level of government's jurisdictional responsibility, and other stakeholders as needed, to develop a comprehensive strategy to address mental health and addictions patients. A starting point for this strategy is found in endorsed resolution 2020-SR8, Mental Health, Addictions and Poisoned Drug Supply, which suggests including the following components:

- *Ongoing, sustained funding to address the overdose public health emergency.*
- *Implementing a province-wide agreement between police and mental health officials on the management of mental health patients in emergency wards.*
- *Developing integrated teams of health, police, and other officials on a twenty-four (24) hour basis to manage individuals with mental health issues.*



- *Introducing additional long-term care beds to deal specifically with mental illness cases.*

This proposed strategy is consistent with UBCM's Police Act submission, which recommends that the Province ensure necessary resources are available in all relevant service areas (e.g., policing, healthcare, housing, etc.) to address mental health and policing issues.

PROS:

- Prioritized in provincial mandate letters.
- An area under examination by the Special Committee on Reforming the Police Act.
- Has been a long-standing UBCM priority.
- Widely acknowledged that a new approach is needed to manage mental health and addictions issues.
- Prioritizing this issue could serve to address multiple key issues at once (e.g., policing resources, healthcare, housing, opioid crisis, etc.).

CONS:

- There are other key cost-drivers that may be overlooked (e.g., police salaries, the need for more front-line policing resources, new operational costs).

REFERENCES:

UBCM submission to the Special Committee on Reforming the Police Act

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Police~Services/1-UBCM%20Police%20Act%20Submission%20-%20Jan%202021.pdf>

UBCM Compass Article – Anticipating RCMP Unionization Costs

[https://www.ubcm.ca/EN/meta/news/news-archive/2021-archive/anticipating-rcmp-unionization-costs.html#:~:text=The%20starting%20salary%20at%20most,6%20months%20of%20service\)%3B](https://www.ubcm.ca/EN/meta/news/news-archive/2021-archive/anticipating-rcmp-unionization-costs.html#:~:text=The%20starting%20salary%20at%20most,6%20months%20of%20service)%3B)

UBCM to Minister Mike Farnworth re: Policing Transition Evaluation Framework

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Police~Services/2019-08-22%20UBCM%20to%20Min.%20Farnworth%20Re%20Transition%20Evaluation%20Framework.pdf>

**FOCUS AREA: Community Safety****ISSUE: Protective Services – Cost-Drivers Related to Fire and Ambulance Services****CATEGORY: Emerging, Downloaded****BACKGROUND:**

In British Columbia, BC Emergency Health Services (BCEHS) oversees the BC Ambulance Service, which provides public ambulance services to people throughout BC. Local fire departments and societies also play a role in pre-hospital emergency services, providing rescue services (e.g., road rescue) in support of the provincial system. The system can have a significant effect on local fire departments, which can become overburdened if there are insufficient ambulance services. The lack of provincial ambulance services was evident during the late-June 2021 heat emergency, with increased demand resulting in many individuals having to wait multiple hours for an ambulance to arrive. Preliminary findings from the BC Coroners Service indicate that 580 individuals died as a result of this heat wave.

Local fire services are provided by local governments, who provide a number of emergency services in addition to fire suppression. Some of the primary cost-drivers identified through the Select Committee on Local Government Finance include excessive fire department operational requests/costs (e.g., new pumpers, tankers); training requirements (e.g., medical response); liability and insurance costs; and volunteer firefighters performing duties outside their core competencies (e.g., accident and cold water rescue).

RISKS / CHALLENGES:

- The Province has historically resisted providing additional compensation to local government fire departments for first responder services, often noting that participation is voluntary.
- The controversial 2018 Clinical Response Model for dispatching first responders has led to fewer calls to volunteer fire departments and subsequent local government concerns regarding access to emergency services.
- Additional funding and support for emergency services, including fire protection, is a long-standing request that remains unaddressed to a sufficient level.
 - The Province has recently contributed funding to the Community Emergency Preparedness Fund to address training and equipment.



APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

In 2020, only 34% of calls to fire departments within the Cariboo Regional District were fire related.

At the City of Kelowna, First Medical Response calls represent approximately 70% of the total annual responses from the Kelowna Fire Department. The Fire Department's medical response program, including certification, training, medical supplies and other necessities, costs the City approximately \$75,000 per year.

EXISTING OPTIONS:

UBCM's members have endorsed resolutions requesting additional provincial funding for highway and other rescue services (e.g., fire response); signed agreements outlining responsibilities of BCEHS and fire departments (e.g., mutual aid agreements); and provincial funding support for fire department staffing, compliance with standards, and capital costs.

The Strong Fiscal Futures report has outlined the need to "negotiate an improved protocol with the provincial government to govern the provision of first response emergency paramedical services" as a means to improve taxpayer value for money.

NEW / OTHER OPTIONS:

The Community Safety Sub-Committee has identified two related options:

- 911 Call Answer Levy: UBCM's members have consistently endorsed resolutions requesting that the Province introduce legislation that would provide for the implementation of a province-wide cellular phone levy to contribute to the costs of delivering the 911 emergency service. The UBCM Executive has formally conveyed support for enabling legislation to create a new 911 CAL for cellular devices, as well as the establishment of an independent body to manage revenue. This is also viewed as a potential new revenue source for local governments, and an opportunity to fund necessary public safety costs and upgrades (e.g., 911 infrastructure). This Province has previously expressed support for this framework.



- **Sales Tax Exemptions:** The UBCM membership has previously endorsed resolutions seeking a PST exemption for the purchase of fire protection equipment and supplies (e.g., trucks) and other life-saving equipment, as well as local government infrastructure projects. UBCM has also called on the Province to provide full sales tax rebates for all purchases, without any reduction in other revenue sharing programs.

Revenue generated through targeted consumption taxes (e.g., liquor tax, lottery tax, e-commerce tax) could also be used to offset fire services and local first responder costs.

RECOMMENDED OPTION:

The recommended option is to seek a new protocol with the provincial government, recognizing each level of government's jurisdictional responsibility, in order to govern the provision of first responder services and address inefficiencies related to provincial emergency health services and the current response model.

PROS:

- Consistent with UBCM policy seeking agreements for the provision of first responder services.

CONS:

- May not be as easy to negotiate and implement as other options, such as a 911 call answer levy on cellular devices.
- Legislation may be required to enable particular approaches.



FOCUS AREA: Community Safety

ISSUE: Cannabis Legalization – Associated Costs and Responsibilities

CATEGORY: New

BACKGROUND:

In June 2018, federal legislation to legalize and regulate non-medical cannabis received Royal Assent. Legislation placed provinces and territories in charge of issues such as distribution, retail, public consumption and enforcement. The Province was also provided the ability to impose additional restrictions in areas such as minimum age, personal cultivation and personal possession.

British Columbia subsequently introduced its own legislation to address new responsibilities, leaving local governments responsible in traditional areas (e.g., policing and bylaw enforcement, land use management and business licensing). Another key local government responsibility is the ability to control and manage the retail sale of non-medical cannabis.

Federal legislation came into force on October 17, 2018.

RISKS / CHALLENGES:

- It has been difficult for many local governments to project/quantify financial impacts as the cannabis framework is still developing (e.g., new policies regarding consumption lounges, farm-to-gate sales, and direct delivery are all under development).
- Despite the federal government's expectation that cannabis taxation revenue be shared with local governments, provinces and territories are under no legal obligation to do so (through the Federal-Provincial-Territorial Agreement on Cannabis Taxation).
- Taxation derived from similar products (e.g., liquor) has not historically been shared with BC local governments.



APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

In 2019, UBCM developed a survey for local governments to quantify their incremental expenditures associated with the legalization of non-medical cannabis. Respondents were asked to provide information covering the first three years of legalization, including projected costs for 2020. An extrapolation of the three-year total reported incremental costs of \$15.2 million (covering 44% of the BC population) equated to \$34.6 million for an average of approximately \$11.5 million per year in incremental costs to BC local governments. At the time, this represented 29.8% of the Province's cannabis excise tax revenue projection for the first three years of legalization.

EXISTING OPTIONS:

The two-year Federal-Provincial-Territorial Agreement on Cannabis Taxation (FPTACT) sees the federal government retain 25% of excise tax revenue (up to \$100 million per year), with 75% or more going to provinces and territories. This reflects a federal share that was reduced by 25% in recognition of the costs and responsibilities assumed by local governments. The federal government declined to directly provide local governments a share of excise tax revenue, leaving that responsibility to provinces. The Province of British Columbia has thus far declined to share taxation revenue. Furthermore, the FPTACT is up for renewal and stronger language may be considered regarding the sharing of excise tax revenue with local governments.

UBCM has historically sought for the Province to share cannabis taxation revenue, including federal excise tax revenue and a 15% provincial mark-up charged towards the landed cost of cannabis. In 2018, UBCM's members unanimously endorsed a resolution seeking short- and long-term strategies for cannabis excise tax revenue in British Columbia. Based on this resolution, UBCM has sought a cannabis revenue sharing framework that, among other things, would see the Province provide local governments with 40% of projected provincial cannabis excise tax revenue. This strategy is supported by the results of UBCM's 2019 cannabis cost survey, and is based in part on an existing revenue sharing agreement concluded in Ontario.

This type of targeted consumption tax is consistent with options referenced in the Strong Fiscal Futures report.

**NEW / OTHER OPTIONS:**

Given that the provincial cannabis framework is new, and that many of the new responsibilities (e.g., control over retail operations) were requested by local governments, there is difficulty in finding non-financial solutions. Other solutions, as identified by the Community Safety Sub-Committee, that could be used to address cannabis costs and responsibilities include a liquor tax, lottery tax, and/or e-commerce tax.

RECOMMENDED OPTION:

The recommended option is to seek a targeted consumption tax that provides local governments a share of provincial cannabis taxation revenue. In 2018, UBCM members endorsed a framework for a cannabis taxation revenue sharing agreement that included the following components:

- 40% of the projected provincial excise tax revenue to be distributed to BC local governments as a short-term solution;
- 50% of the local share to be provided up-front upon formalization of an agreement;
- Any revenue in excess of provincial projected revenue to be shared 50-50 between the Province and BC local governments;
- The inability for revenue to be clawed back by the Province;
- Revenue to be distributed to BC local governments on a per-capita basis, with a minimum of \$10,000 to each municipality and regional district; and,
- Development of a long-term solution that either maintained the above framework or provided a portion of provincial sales tax on cannabis to local governments.

PROS:

- Meets the intent of the federal government's decision to reduce its share of excise tax revenue from 50% to 25% that reflects the financial impact on local governments.
- Provides incentive for local governments to help the Province in its duties (e.g., enforcement) and grow the provincial cannabis framework, which is still relatively new.
- Province has often said it could not share cannabis taxation revenue due to costs exceeding revenue. Information received by UBCM suggests that revenue will soon exceed costs by a fair margin.



- Consistent with the cannabis taxation sharing framework implemented in Ontario.
- Administration would be fairly simple.
- Provides stable revenue source for local governments (as long as the FPTACT remains).
- Addresses all new costs.

CONS:

- Provincial government (general) revenues will be reduced, in a fiscal environment where other revenue sources have, or are being reduced.
- May reduce ability for Province to conduct other cannabis-related activities that assist local governments (e.g., enforcement through Community Safety Unit).

REFERENCES:

Backgrounder: Federal-Provincial-Territorial Agreement on Cannabis Taxation, Department of Finance, Canada.

https://www.canada.ca/en/departement-finance/news/2017/12/backgrounder_federal-provincial-territorialagreementoncannabista.html

Cannabis Legalization in Your Community- A Primer for BC Local Governments, UBCM, November 2018

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Marijuana~Regulation/2018-10-17%20Cannabis%20Legalization%20in%20Your%20Community.pdf>

Cannabis Taxation Revenue in British Columbia – Findings with Regard to Local Government Costs, UBCM, October 2019

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Marijuana~Regulation/2019-09-20%20UBCM%20Report%20to%20Minister%20James%20Re%20Cannabis%20Tax%20Revenue.pdf>

Endorsed Resolution 2018-SR1 (includes proposed taxation revenue sharing framework)

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Marijuana~Regulation/01-SR1%20FINAL%20Aug%207.pdf>



FOCUS AREA: Community Safety

ISSUE: Cybercrime – Protection and Response

CATEGORY: Emerging

BACKGROUND:

Cybercrime is an emerging cost-driver for all orders of government, who are increasingly becoming the targets of online criminals. Provincial and local governments are facing rising costs to protect themselves and their employees, including those working from home. There are also costs associated with service disruptions and responding to attacks (e.g., overtime, productivity loss, IT costs), including attempted extortion through the use of ransomware – software used to block the access of data.

Improved security is becoming more costly, especially as the RCMP and law enforcement have been unable to adequately address these threats. This may be of particular concern for smaller local governments that may not have the resources to adequately protect themselves.

RISKS / CHALLENGES:

- Unclear whether all local governments share the same level of concern.
- A constantly evolving/changing cost-driver – costs and challenges can be impacted by the ability of criminals to adapt and create new cybercrime strategies.
- Lack of fulsome information regarding current challenges and solutions for provincial, federal and local governments.
 - Likely a patchwork of solutions being implemented by local governments.
 - Some local governments preferring to keep ransom/attack information private.
- No widely accepted protocols for dealing with cyberattacks.



APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

The City of Richmond spent approximately \$750,000 to set up its cyber protection system, and perform necessary system upgrades. Ongoing cyber protection costs amount to an additional \$305,000 per year.

The Municipal Insurance Association of BC has noted that ransomware attacks targeting local governments have gone up by 60% since 2018.

EXISTING OPTIONS:

UBCM's membership has called on the Province to establish a program that supports local governments through providing grants for information technology security audits and system upgrades. In 2019, the Province indicated a desire to work with UBCM and local governments to assess these concerns and examine options.

The Strong Fiscal Futures report identifies expenditure management/shared services as a potential solution; this option may be suitable for this particular situation, where all local and provincial governments are likely dealing with similar cyber threats.

NEW / OTHER OPTIONS:

Other solutions, as identified by the Community Safety Sub-Committee, that could be applied to address cybersecurity costs include a liquor tax, lottery tax, and/or e-commerce tax. Sales tax exemptions could also be used for certain IT-related costs.

RECOMMENDED OPTION:

The recommended option is to seek the establishment of a provincial program that provides local governments with expertise (e.g., systems and programs) and shared skills to protect and respond to cyber threats.



PROS:

- Likely a lower cost to the Province to share its existing software, systems, etc. than a grant program.
 - Savings and efficiencies will be achieved in comparison to a system where all local governments are on their own.
- A provincial shared service structure could facilitate the development of high efficiency systems through contracts with top end service providers.
- Reduces cost and risk for local governments, especially smaller local governments with financial constraints.

CONS:

- Reduction in local control over cybersecurity.
- Legislation may be required to enable particular approaches.



FOCUS AREA: Climate Change

ISSUE: Carbon Tax

CATEGORY: New, Emerging

BACKGROUND:

In 2008, British Columbia implemented North America's first broad-based carbon tax of \$10 per tonne of carbon dioxide. The tax applies to the purchase and use of fossil fuels burned for transportation, home heating, and electricity, and covers approximately seventy (70) percent of provincial greenhouse gas emissions. The tax was 'revenue neutral' as the Province reduced personal income taxes and corporate taxes by the equivalent amount applied to and collected during the purchase and use of fossil fuels. By 2013, the Province was collecting approximately \$1 billion per year.

In 2017, the Province amended the Carbon Tax Act and eliminated the requirement that revenue measures be introduced to offset carbon tax revenues. This means that the provincial government is permitted to spend carbon tax revenues on emission reduction measures and other green initiatives, rather than having to return carbon tax revenues to taxpayers. As such, the carbon tax is no longer 'revenue neutral.'

On April 1, 2020, BC's carbon tax rate rose from \$40 to \$45 per tonne of carbon dioxide. It is scheduled to increase to \$50 per tonne in April 2022. Revenues generated from the carbon tax are used to:

- provide carbon tax relief (e.g., Climate Action Tax Credit for low-income earners);
- maintain industry competitiveness by providing incentives for cleaner industrial operations (e.g., CleanBC Industrial Incentive); and
- encourage new green initiatives through supporting the provincial climate action strategy, CleanBC.

Since 2020, the Province has operated the Climate Action Revenue Incentive Program (CARIP). CARIP is a conditional grant program that provides funding to local governments equal to 100% of the carbon taxes they pay to directly support local government climate action if they sign the Climate Action Charter. Local governments have used the grant funding to support a wide range of climate action initiatives including developing policies and action plans, capital purchases, and leveraging for cost-sharing projects with the senior orders of government.



In May 2021, the Province announced that it would end the \$8.4 million CARIP program. A new one-time allocation of \$11 million was announced in the provincial budget for developing and funding a new program for local governments to plan for compact, energy efficient communities.

DISCUSSION:

The Province estimates that the carbon tax will generate \$1.64 billion in 2020/21. The revenue is projected to increase to \$1.99 billion in 2021/22; \$2.21 billion in 2022/23 and \$2.11 billion in 2023/24.

As the carbon tax is no longer revenue-neutral, there is the opportunity to request a percentage of the revenue that exceeds the amount rebated to local governments through the CARIP program. Requesting one (1) percent of the carbon tax on an annual basis would yield \$16.4 million in the current year, nearly double the funding that local governments receive(d) through the CARIP program.

Alternatively, a portion of the carbon tax could be modelled at the Province's approach to industry, in which carbon tax above a certain threshold is directed back to industry to support their switch to cleaner fuels.

In particular, the Province launched the CleanBC Program for Industry in 2019, that rebates a portion of the carbon tax paid by industry through the CleanBC Industrial Incentive Program and the CleanBC Industry Fund. The program is funded by the incremental carbon tax above \$30 per tonne as paid by industry. The Industrial Incentive Program reduces carbon-tax costs for operations meeting world leading emissions benchmarks, while the Industry Fund invests some industrial carbon tax revenue directly into emission reduction projects. The 2021 provincial budget allocated \$96 million to the CleanBC Program For Industry.

Allocating a portion of the carbon tax to local governments provides a revenue stream for local governments to address the increased expectations, desire, need, and costs of responding to climate change. It would allow an investment in both mitigation and adaptation projects, support policy development and planning, and act as seed capital to leverage provincial and federal dollars. In doing so, it holds the potential to advance the shared goal of reducing emissions and creating weather resilient communities.



PROS:

- Sustainable revenue stream in the short to medium term, only declining once the full impact of provincial clean energy initiatives is accounted for in years ahead.
- Provides flexibility for local governments to invest in climate action options that meet the unique needs of their community.

CONS:

- Potential claw back or displacement of CleanBC funding targeting initiatives benefitting communities.

**FOCUS AREA: Climate Action****ISSUE: Mitigation & Adaptation Supports: Adaptation, Buildings, Transportation, Solid Waste****CATEGORY: New, Emerging****BACKGROUND:**

In July 2019, UBCM struck a Special Committee on Climate Action to generate new ideas, explore opportunities and barriers to local government action, and identify avenues for further partnership work in mitigating, and adapting to, the effects of climate change. The Committee considered the state of climate action, local government approaches and best practices in mitigation and adaptation, and the roles and responsibilities of the orders of government and external stakeholders in supporting local action. It reviewed opportunities and barriers to taking climate action to the next level, and considered options that are sensitive to local conditions, autonomy, and resources.

After consultation with the membership, the Committee released its recommendations in December 2020 that focused on buildings, transportation, solid waste, resilience, land-use planning, social mobilization and governance. The recommendations are a roadmap for a low-carbon future, and are designed to take climate action to the next level in reducing emissions and creating weather resilient communities. They function as a suite of options that can help advance local and provincial climate action agendas. Numerous member resolutions broadly supported the spectrum of Committee recommendations.

DISCUSSION:

The Select Committee on Local Government Finance identified a series of cost-drivers associated with reducing emissions and creating weather resilient communities. These costs include:

Adaptation Infrastructure & Emergency Management

The costs of adapting to, and addressing, the increase in wildfires, drought and flooding arising from climate change that includes operational response costs and mitigating infrastructure costs. For instance, the Regional District of East Kootenay has spent \$1.8 million in payroll, materials and emergency expenses over the past four years responding to weather related emergencies. It is estimated that an average annual investment in municipal infrastructure adaptation measures of \$5.3 billion is needed to adapt to climate change in Canada¹.



Housing & Buildings

The costs of creating zero emission and low carbon housing stock in communities, and the need for financial incentives to support building retrofits and energy efficiency upgrades. For example, the City of Campbell River tops up the provincial incentive for home energy evaluations by \$150 and the \$3,000 central source heat pump incentive by \$350 to support energy efficiency upgrades.

Transportation

The shift to zero emission and low carbon transit and local government fleets holds significant cost pressures, as unit replacement costs are higher than 'like for like' replacement. For example, the electrification of TransLink's fleet in Metro Vancouver is projected to cost \$473 million more than baseline costs, or an average of \$15.8 million more per year over the next thirty years.

Solid Waste

Infrastructure investments are required for waste management initiatives such as organics diversion and landfill gas capture, and replacement revenue streams are required for a shift to zero waste economy (i.e., loss of tipping fees). For example, the Regional District of Nanaimo's organic waste diversion strategy required a \$5.5 million dollar upgrade to its transfer station to handle food waste.

FINANCIAL OPTIONS:

The Select Committee on Local Government Finance endorsed the Climate Action Committee's recommendations on new funding, policies, and capacity building tools as solutions that could be used to address these costs drivers.

Adaptation (Resiliency)

- Develop regional climate risk assessment.
- Create a dedicated funding stream to support the development and implementation of adaptation plans.

Buildings

- Create new provincial building retrofit incentive programs.
- Develop a low carbon building retrofit step code that sets standards for low carbon buildings.

1 The Federation of Canadian Municipalities and the Insurance Bureau of Canada, The Cost of Climate Change at the Local Level, 2020.



- Partner to create 100,000 zero emission, wood-constructed new housing units and 500,000 low carbon building retrofits over the next ten years.

Transportation

- Invest in green fleet conversions for local government and community fleets.
- Provide new funding for active infrastructure – that support the implementation of community active transportation plans, active transportation corridors, and end of trip active transportation facilities at transfer points.
- Develop new revenue tools for local governments to strengthen the transit funding model and reduce the reliance on transit fares.

Solid Waste

- New investments in solid waste management initiatives including organics diversion, extended producer responsibility programs, and deriving energy from waste products.
- Collaboration on best practices for deriving both energy and value from waste products through converting landfill gas, drawing heat from sewerage, and creating energy from biosolids.

PROS:

- The recommendations strongly align with the Province's climate action strategy, CleanBC, with CleanBC already funding a number of solutions.
- The recommendations can address the spectrum of mitigation and adaptation costs incurred by local governments.

CONS:

- The recommendations focus on provincial funding, policy, and capacity building tools rather than specific new revenue streams.

REFERENCES:

The full list of Climate Action Committee recommendations with signature initiatives and supporting actions can be found at:

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Environment/SCCA%20Recommendations%20Nov%202020%20FV.pdf>



UBCM Select Committee on Local Government Finance Terms of Reference

Background:

The Strong Fiscal Futures report (SFF) was released at the 2013 UBCM Convention and advocacy continued in 2014. It is considered an excellent thought piece on local government finance and revenues. The purpose of the SFF was to set out a realistic, practical agenda for reforming British Columbia's system of local government finance. The SFF identified 5 key directions:

1. *Resiliency - Improve the resiliency of the existing local government finance system by maintaining and building on its strongest features.*
2. *Value - Improve value to taxpayers by tightening the management of shared provincial-local mandates and ensuring that regulatory requirements imposed on local governments achieve value for money.*
3. *Responsiveness - Advance a local government agenda to both grow the economy and to have local governments share in the benefits of that growth through an Infrastructure Development and Community Building Bank.*
4. *Fairness - Work to expand local government revenue tools to make the distribution of local government costs both fairer and more responsive to economic growth.*
5. *Excellence - Build the Local Government Partnership.*

Despite the strength of the SFF, it received little to no traction from the government of the time. However, UBCM membership has repeatedly and continuously supported continued advocacy in this area.

Purpose:

The Select Committee will undertake a comprehensive review of the SFF. Within the Select Committee's comprehensive review, it is expected that the review will include, but not be limited to, the following:

- local government services, including service benefits and cost-drivers;
- existing and potential local government own source revenues, including fees and charges, and property and other taxes;



- existing and potential inter-governmental transfers, including grants and sharing of revenues, as well as considerations relating to methods of delivery and distribution;
- the degree of alignment between local government revenues and servicing responsibilities and demands; and
- local government and taxpayer capacity, including economic, fiscal or other circumstances which may affect that capacity.

Further, it is anticipated that the Select Committee, through the comprehensive review of the SFF, will:

- Review all of the Options captured in the SFF;
- Develop a 'short-list' of Options that best represent current issues/challenges and can be supported by a practical/realistic implementation strategy;
- Build on the 'short-listed' Options, as applicable, developing additional documentation and rational for their support; and
- Utilize the 'short-listed' Options as the basis for a committee report that identifies renewed priority Options recommended for future advocacy and ultimate implementation.

Members and Support:

- UBCM Executive will appoint Select Committee members composed of:
 - One (1) member from the UBCM Executive;
 - Two (2) members from the BC Mayor's Caucus;
 - At least 2 other members from amongst local government elected officials, who may or may not be members of the UBCM Executive or the Mayor's Caucus;
 - Up to 5 other members, who may or may not be elected officials, but who are either partners in the local government system or possess specific relevant expertise;
- UBCM Executive will appoint two of the members as the Co-Chairs; and
- UBCM staff will support the Select Committee.



Products/Deliverables:

The Select Committee will prepare a report of its findings for the UBCM Executive, and may prepare interim reports as it considers appropriate. The final report will be provided by June 30, 2021, unless the term of the committee is extended.

If the term of the Select Committee is extended, it shall provide an interim (update) report to UBCM Executive by June 30 in each year of its mandate.

Resources:

UBCM will pay costs of the Select Committee, up to the maximum budget allocation, including:

- travel and per diem expenses for committee members at the same rates as UBCM Executive policies;
- meeting and other operating expenses of the committee;
- consultant fees and expenses;
- any other expenses specifically approved, in advance, by the Executive Director.

Term:

The Select Committee will meet from October, 2019 through to June 30, 2021, at the call of the Chair. It is anticipated that there will monthly meetings. The UBCM Executive may consider extensions to this term on an annual basis.

A topographic map of the Pacific Northwest region, showing the coastline of Washington, Oregon, and California. The map is rendered in shades of blue and white, with a grid of latitude and longitude lines. The title "8. ENDNOTES" is centered in a white box.

8. ENDNOTES

8. ENDNOTES



1. Strong Fiscal Futures – A Blueprint for Strengthening BC Local Governments' Finance System (2013), Union of BC Municipalities
2. Terms of Reference – UBCM Select Committee on Local Government Finance (2020)
3. Emerging Economy Task Force – Final Report (March 2020), Province of British Columbia
4. Stronger BC for Everyone: BC's Economic Recovery Plan (2020), Government of BC
5. 2021 Budget Estimates – Fiscal Year Ending March 31, 2022 (March 20, 2020), Province of British Columbia
6. 2021 British Columbia Budget (2021), Abdelrahman, Omar, Economist, TD Economics
7. <https://www.cbc.ca/news/canada/british-columbia/bc-municipalities-budgets-outlook-1.5541009>
8. Emerging Economy Task Force – Final Report (March 2020), Province of British Columbia
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10. Rethinking Municipal Finance for the New Economy. <https://www.ubcm.ca/assets/Resolutions%7Eand%7EPolicy/Policy/Environment/SCCA%20Recommendations%20Nov%202020%20FV.pdf>
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13. CleanBC: Our Nature. Our Power. Our Future (2019). https://www2.gov.bc.ca/assets/gov/environment/climate-change/action/cleanbc/cleanbc_2018-bc-climate-strategy.pdf
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21. Modernizing BC's Emergency Management Legislation. https://engage.gov.bc.ca/app/uploads/sites/121/2019/10/modernizing_bcs_emergencymanagement_legislation.pdf
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26. The Federation of Canadian Municipalities and the Insurance Bureau of Canada, The Cost of Climate Change at the Local Level, 2020. <https://data.fcm.ca/documents/reports/investing-in-canadas-future-the-cost-of-climate-adaptation.pdf>



UNION OF BC MUNICIPALITIES

The Voice of B.C. Local Government

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MEMORANDUM

August 13, 2021

TO: Mayor and Council

CC: Paul Mochrie, City Manager
Karen Levitt, Deputy City Manager
Katrina Leckovic, City Clerk
Lynda Graves, Administration Services Manager, City Manager's Office
Maria Pontikis, Director, Civic Engagement and Communications
Anita Zaenker, Chief of Staff, Mayor's Office
Neil Monckton, Chief of Staff, Mayor's Office
Alvin Singh, Communications Director, Mayor's Office
Theresa O'Donnell, General Manager, Planning, Urban Design & Sustainability
Grace Cheng, Director, Long-term Financial Strategy, FRS

FROM: Patrice Impey
CFO/General Manager, Finance, Risk and Supply Chain Management

SUBJECT: UBCM Policy Paper – *"Ensuring Local Government Financial Resiliency ~ Today's Recovery and Tomorrow's New Economy"*

RTS # N/A

Dear Mayor and Council,

On June 28, 2021, staff provided a briefing to Council on the Municipal Finance Reform work that has been underway. Included in this program is the work led by UBCM on strengthening the finance system for local government.

The attached UBCM policy paper *"Ensuring Local Government Financial Resiliency ~ Today's Recovery and Tomorrow's New Economy"* is now public. Building upon a 2013 UBCM paper, *Strong Fiscal Futures*, this report identifies three objectives:

- addressing local government cost drivers in housing, community safety and climate change;
- addressing the impacts the 'New Economy' will have on the local government financial system; and
- establishing an effective partnership with the Province to improve the local government financial system.

The report also recognizes that the abovementioned issues cannot be addressed by an individual level of government alone and solutions must be anchored in shared provincial/local government goals, objectives and priorities.

The report identifies 20 recommendations to address three major cost drivers faced by local government (Housing, Community Safety and Climate Change), and enhance the local government financial and property tax system to be fairer, more sustainable and adaptable within the "New Economy".

The report was developed by the UBCM Executive, through the Select Committee on Local Government Finance, and will be discussed with delegates at the 2021 UBCM Convention on September 14. If endorsed by the UBCM membership, it would provide guidance for discussions with the Province on the current state of the system.

In preparation for the UBCM Convention, staff will provide Council with further commentary on the recommendations presented in this policy paper. For your context, staff have been working through the Metro Vancouver Regional Finance Advisory Committee (RFAC) to provide input and feedback to this policy paper. Some have been incorporated, while others have not. It is staff understanding that UBCM's intent is to adopt a more regional perspective, not too Metro Vancouver centric.

Please note as well, that there is a commentary in the report indicating City of Vancouver's investment in affordability and the housing crisis in 2021 is only \$69M. That data is somewhat out of context as the amount is closer to \$500M when we include all active housing projects in 2021, and all DCL exemptions/waivers and CAC secured for housing in 2020 (the 2021 figure is not yet available). Staff provided this additional information and reference documents to UBCM, however a change/correction was not made.

Should you have any questions regarding the above memo, please feel free to contact me at (604) 873-7610 or patrice.impey@vancouver.ca. A further update will be provided in advance of the UBCM meeting.

Best Regards,



Patrice Impey
Chief Financial Officer/General Manager, Finance, Risk and Supply Chain Management
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