

UNA BUDGET ANALYSIS STUDY



Final Report, January 2016



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FOR:

UNIVERSITY OF BRITISH COLUMBIA
CAMPUS + COMMUNITY PLANNING

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TABLE OF CONTENTS

1	INTRODUCTION	1
1.1	Project Objectives.....	1
1.2	Methodology and Process.....	2
1.3	Caveats and Limitations.....	2
1.4	Report Structure	3
2	NEIGHBOURS LEVY ANALYSIS.....	4
2.1	Overview	4
2.2	Components of the Neighbours Levy	5
2.3	Rural General Tax.....	6
2.4	Rural Police Services Tax.....	9
2.5	Vancouver Municipal Tax.....	10
2.6	Complete Scenario Definitions.....	14
2.7	UNA Development Assumptions.....	15
2.8	Neighbours Levy Projections.....	15
2.9	Sensitivity Analysis.....	16
3	FIVE-YEAR FINANCIAL PLAN.....	17
3.1	Overview	17
3.2	UNA Five-Year Financial Plan, with Notes and Assumptions.....	18
4	CONCLUSIONS AND RECOMMENDATIONS.....	24
	APPENDIX A: UNA FINANCIAL PLAN – CURRENT TRENDS SUMMARY	26
	APPENDIX B: UNA FINANCIAL PLAN – CURRENT TRENDS DETAIL.....	27
	APPENDIX C: UNA FINANCIAL PLAN – MODERATING TRENDS SUMMARY	30
	APPENDIX D: UNA FINANCIAL PLAN – MODERATING TRENDS DETAIL.....	31

1 INTRODUCTION

This report contains the results of a detailed analysis of the budget of the University Neighbourhoods Association (UNA) over the next five years. The project's intent is to inform future decision-making by the UNA Board, as well as staff and the Board of Governors of the University of British Columbia (UBC).

The UNA provides many of the functions and services of a municipality to residents of the UBC neighbourhoods, but has relatively little direct control over its financial situation. The Neighbours Agreement with UBC and other structural arrangements that define how the UNA operates provide a unique set of financial constraints.

These constraints are most challenging with respect to the Neighbours Levy, which is the equivalent to local property tax and the primary revenue source for the UNA. It is determined by the differential between City of Vancouver and Province of BC rural tax rates, both of which are wholly determined by those entities. Other UNA revenue from programming and various ancillary sources are minor in comparison.

The UNA has more discretion over its costs in terms of the number, type and quality of services that are provided to residents, although certain of these items are also mandated and are more directly controlled by UBC.

In light of these factors, it is vital that the trends influencing UNA finances, particularly the Neighbours Levy, are well-understood and are considered as part of both short-term and long-term planning for the UNA. This report is intended to provide insight into the UNA's financial outlook for the next five years, as well as

illuminate some of the key factors affecting UNA finances that should be considered on an ongoing basis.

1.1 Project Objectives

The project has two main objectives:

1. **Develop a Five-Year Financial Plan** for the UNA, for internal use in annual budgeting and strategic planning. The plan is to incorporate projected revenues and expenditures and should be consistent with the five-year plans developed by municipalities under the *Community Charter*.
2. **Provide an updated Five-Year Financial Plan and Annual Budget Presentation.** This refers to the structure and organization of the budget documents reported by the UNA, which should be updated to improve transparency and accountability and to be consistent with the best practices of BC municipalities.

An additional deliverable is the preparation of a spreadsheet-based model containing all analysis and assumptions that may be used in the preparation of future five-year plans for the UNA.

1.2 Methodology and Process

The study was undertaken by Vann Struth Consulting Group, Inc. from August 2015 to January 2016. It included the following components:

- A series of several meetings with a project steering committee comprised of representatives of UBC Campus + Community Planning, the UNA, and UBC Finance in order to review progress and provide guidance on information sources and projection formulas.
- Development of a detailed model of the UNA budget, including a formula for projecting each revenue and cost item according to either established formulas or estimated revenue/cost drivers, such as the number of residents, number of completed units, etc.
- Estimation and projection of all of these revenue and cost drivers, including a detailed analysis of the components of the Neighbours Levy formula (see Section 2) and other key parameters noted above, including population, number of units, size of key Reserve accounts, etc.
- Inquiries for information from various UBC departments (most of which were not done directly but were facilitated by Planning and/or Finance staff), UBC Properties Trust (with particular assistance with data and insight from their long-time development consultant, Barbara Tully), various officials from the Province of BC and BC Assessment with knowledge of rural taxation and assessment trends, and Metro Vancouver finance staff with knowledge of the regional components of the rural property tax.
- Additional direct consultation with UNA staff, who gave generously of their time in a painstaking review of each major revenue and cost line item in the UNA budget, and who responded to many follow-up requests for additional information.

The results of the analysis are contained in this report, as well as an accompanying spreadsheet-based model containing the Five-Year Financial Plan along with all of the detailed assumptions and background analysis. The model has been designed to allow UNA and/or UBC staff to update certain key parameters in future years in order to update the Five-Year Plan for future years.

1.3 Caveats and Limitations

The results of this study are an attempt to project the key financial outcomes of the University Neighbours Association over the next five years. Like any forward-looking exercise, there is inherent uncertainty about the future and how a multitude of market, policy and social factors may unfold and impact UNA finances. The information contained in the report is accurate, to the best of the consultant and Steering Committee's knowledge, and all assumption and projection formulas are considered reasonable and prudent.

As noted in Section 2, the importance of the Neighbours Levy to the UNA's financial outlook necessitated the development of an alternative scenario for how it might evolve over time (particularly in light of some of the extreme changes in the Vancouver real estate market in recent years). This is intended to provide a reasonable range for future outcomes. Regardless of the precautions undertaken, the future will likely unfold in a manner not entirely foreseen, so it is prudent for the UNA and UBC to

continue to update these projections as new information becomes available.

1.4 Report Structure

The rest of the report has the following structure:

- Section 2 is a detailed discussion of the Neighbours Levy, including a review of relevant data and projections from reputable sources, and the presentation of two scenarios for how the Neighbours Levy may evolve moving forward.
- Section 3 contains the proposed Five-Year Financial Plan, including notes on information sources and how the projections have been calculated.
- Section 4 provides conclusions and recommendations, including a list of the key factors that should be monitored and incorporated into future planning, including through future updates of the Five-Year Financial Plan.
- Appendices A and C provide Summary versions of the Five-Year Plan under both scenarios. The Summary format is intended as a one-page version of the Plan that might be presented to the UNA Board.
- Appendices B and D show the detailed Five-Year Plans as outlined in Section 3.

2 NEIGHBOURS LEVY ANALYSIS

2.1 Overview

The Neighbours Levy¹ is equivalent to local property tax and is the largest revenue source for the UNA. Due to its structure in relation to City of Vancouver and BC rural tax rates, it is also volatile and unpredictable, making it the single most important determinant of the UNA's financial outlook.

The basic calculation of the Neighbours Levy tax rate is straightforward - City of Vancouver tax rate MINUS BC rural tax rate – but there are many moving parts that determine the City and rural rates each year. Some of the moving parts are market-driven, such as housing prices, while others are based on policies and actions at the municipal, regional or provincial level that may or may not remain constant from year to year.

The complications multiply when forecasting how the Neighbours Levy will evolve over a multi-year period. The general approach taken in this study includes the following:

- Reliance on reputable forecasts from external agencies, where relevant and available (e.g., housing market and inflation forecasts).
- Reliance on past trends (usually 5 years) as a guide to future changes, unless evidence suggests that conditions are now different (e.g., municipal and policing costs inflation).

- Assumption that key policies and cost/revenue formulas will remain constant over the five-year forecast period, unless there is an indication through consultation or published reports that policies are subject to change (e.g., City of Vancouver's relative tax burden for residential vs. non-residential properties).
- Conservative assumptions about future changes if none of the previous factors are applicable.
- A mix of these approaches where necessary – such as using external forecasts for housing cost inflation for the next two years, but then reverting to long-run average housing inflation in subsequent years within the five-year plan.

The remainder of this Section 2 will provide a detailed discussion of trends, policies and assumptions that will influence the Neighbours Levy rate and total Neighbours Levy revenue from 2016 to 2021.

Two scenarios have been prepared:

1. **Current Trend Scenario** – includes a continuation of recent trends in housing market inflation, as well as the City of Vancouver successfully moderating its expenditure growth, but regional policing costs maintaining high rates of year-

¹ The Neighbours Levy as referenced in this report includes the Services Levy, which is paid by residential property owners, and the General

Municipal Services Levy (GMSL), paid by commercial property owners as well as UBC for its rental housing in the neighbourhoods.

over-year growth. These factors combine to *decrease* the City tax rate and *increase* the rural rate, which *decreases* the Neighbours Levy rates.

2. **Moderating Trend Scenario** – includes more modest assumptions about housing market and police cost inflation, as well as assuming City of Vancouver expenditures continue to rise faster than currently planned (the City plans to restrict the rate of increase to consumer price inflation, but has consistently had higher cost inflation in the past). Relative to the first scenario, these revised assumptions will *increase* the City tax rate and *decrease* the rural rate, which *increases* the Neighbours Levy rates.

The results of each scenario are incorporated into the Five-Year Financial Plan outlined in Section 3.

2.2 Components of the Neighbours Levy

TABLE 1: COMPONENTS OF RESIDENTIAL TAX RATES, 2015 (RATE PER \$1,000 OF ASSESSED VALUE)

	City of Vancouver	BC Rural	Services Levy
General Residential	1.77001	0.57000	1.20001
School	1.33008	1.31760	0.01248
TransLink	0.32030	0.31730	0.00300
BC Assessment	0.06016	0.05960	0.00056
Municipal Finance Authority	0.00020	0.00020	0.00000
Metro Vancouver	0.05460	0.11070	-0.05610
Police Tax (rural only)		0.09280	-0.09280
Total	3.53535	2.46820	1.06715

Sources: BC Assessment Authority & BC Ministry of Community, Sport and Cultural Development

As shown in Table 1, the residential Services Levy in 2015 was \$1.06715 per \$1,000 of assessed value. This is a decrease of 34% over the last four years (it was \$1.61 as recently as 2011).

The evolution of the Services Levy over the last eight years is shown in Figure 1. The total rural tax rate has changed relatively little, from \$2.60 per \$1,000 of assessment to \$2.47. But due primarily to the rapid increase in residential assessment in Vancouver in recent years, the City's total residential tax rate has declined significantly, from \$4.31 to \$3.54. The result has been a squeezing of the Services Levy from \$1.71 to \$1.07 over this time frame.

FIGURE 1: RESIDENTIAL TAX RATES FOR VANCOUVER, RURAL BC AND SERVICES LEVY



For purposes of projecting the Services Levy over the next five years, there are three components of these taxes that are most important and are particular areas of focus:

1. The general component of the BC rural property tax.
2. The rural police services tax.
3. The municipal portion of the City of Vancouver tax.

Each of the three rates listed above are subject to further analysis in Sections 2.3 to 2.5.

In addition:

4. Referring back to Table 1, several of the other tax rate components - School, TransLink, BC Assessment and Municipal Finance Authority – are nearly identical between Vancouver and BC Rural in 2015. While they have also evolved over time in a similar fashion to the general residential rates (i.e., the Vancouver rates have declined relative to the rural rates), these changes are comparatively smaller, accounting for about one-fifth of the decline in the Services Levy rate over the last four years. Because the School and TransLink taxes are based on regional activities, not provincial, they will not necessarily change in sync with general rural rates. For this reason, and because the Vancouver-rural gap is so small...**It is assumed that the gap between the Vancouver and rural rates for School, TransLink, BC Assessment and Municipal Finance Authority will remain constant over the next five years.**
5. A regional district tax rate is charged both to city and rural residents within Metro Vancouver and is somewhat higher for the BC Rural tax, in the range of \$0.04 to \$0.06 per \$1,000 of assessed value over the last few years. The gap was at its highest level in 5 years in 2015

(\$0.0561). Because the gap varies within a somewhat narrow range without a discernible pattern...**It is assumed that the gap between the Vancouver and rural rates for Metro Vancouver tax will remain constant over the next five years.**

Finally, while the focus of the discussion so far has been on residential taxes, the same approach is used for commercial taxes. The differences between the City and BC Rural rates for School, TransLink, BC Assessment, Municipal Finance Authority and Metro Vancouver are also assumed to remain constant over the next five years. Any differences in the projection methodology or assumptions for the other components of commercial property tax are noted as required.

2.3 Rural General Tax

As residents of an unincorporated part of British Columbia, UNA residents pay rural property tax to the provincial government. Because the total amount of tax paid by residents is capped at the amount paid by a property with the same value in Vancouver, each additional dollar paid in rural property tax is a dollar not available for the Neighbours Levy to fund UNA services.

The rural general property tax is established by the Province of BC each year, as per the *Taxation (Rural Area) Act*. The same rural general rate is set for the entire province such that the amount paid by the average household increases by no more than BC consumer price inflation.

This means that if property assessments increase at the same rate as overall inflation, the tax rate will stay the same.² Larger increases in assessment will cause the rural tax rate to fall, while stagnant or falling assessments cause the rural tax rate to rise.

As shown in the graphic below, if the rural tax rate rises, it eats up a larger share of the taxes paid by UNA residents and the Neighbours Levy tax rate falls.

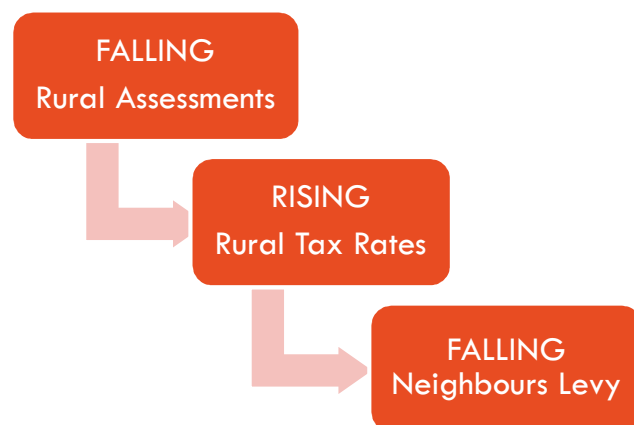
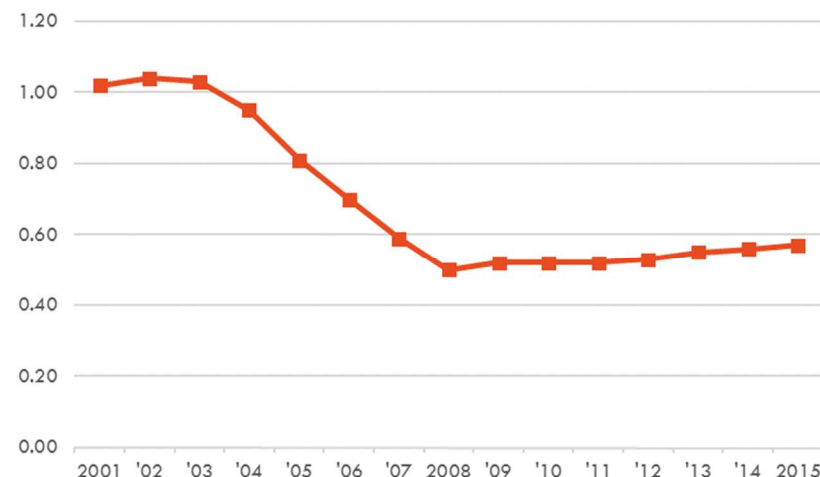


Figure 2 shows that the rural tax rate fell by more than half over the 2001 to 2008 period, suggesting strong growth in rural residential assessments in the period leading up to the 2008 financial crisis. The situation has subsequently been very different as the tax rate has inched slowly higher since 2008. This suggests that residential assessments are stagnant – perhaps rising or falling a bit from year to year but with overall growth less than consumer price inflation.

² This calculation is done with existing properties only. Once the tax rate is set, it also levied on new properties from that year. This is the same approach used by municipalities.

FIGURE 2: BC RURAL GENERAL RESIDENTIAL TAX RATE, PER \$1,000 OF ASSESSED VALUE, 2001-2015



Based on inquiries with officials at the BC Ministries of Finance and Community, Sport and Cultural Development, as well as BC Assessment, there is no publicly available data showing consolidated assessed values for all rural areas of the Province, by property class. This means that changes in rural assessments cannot be directly observed.

However, they can be estimated by reverse-engineering the observed change in rural tax rates relative to provincial inflation. This process suggests that over the last five years, rural residential assessments have fallen by a total of 4% and rural commercial

assessments are virtually unchanged, with total growth of less than 1%. Consumer price inflation is 6% over the same time period.

Rural tax rates have been creeping higher in recent years because rural assessments are stagnant. As they creep higher, they are eroding the size of the Neighbours Levy.

Looking to the future and projecting how rural tax rates will change requires a series of assumptions about inflation and how rural assessments will evolve. The assumptions include:

- **General consumer inflation is assumed to be 2% per year for the next 5 years.** This is a consistent assumption used throughout the Five-Year Financial Plan.
- **Rural commercial assessments are assumed to change in proportion to rural residential assessments over the next five years.** As noted above, commercial assessments in rural BC have outperformed residential assessments in recent years, but there is no particular reason for this to continue. This assumption is reflected in the projections by maintaining a consistent tax multiple between rural commercial and rural residential tax rates.
- Rural residential assessments are assumed to grow according to the pattern shown in Table 2.
 - In the Current Trend Scenario, rural residential assessments are assumed to first stabilize for two years, then growth modestly at 1% per year, then reach 2% growth in Year 5.
 - In the Moderating Trend Scenario, rural residential assessments are assumed to reach 2% annual growth throughout the next five years.

TABLE 2: ESTIMATED AND ASSUMED GROWTH IN RURAL RESIDENTIAL ASSESSMENTS, BY SCENARIO

Year	Current Trend	Moderating Trend
2011	1.3%	1.3%
2012	0.5%	0.5%
2013	-2.6%	-2.6%
2014	-2.0%	-2.0%
2015	-0.9%	-0.9%
2016p	0.0%	2.0%
2017p	0.0%	2.0%
2018p	1.0%	2.0%
2019p	1.0%	2.0%
2020p	2.0%	2.0%

The implication for rural tax rates is shown in Table 3.

TABLE 3: PROJECTED RURAL TAX RATES, BY SCENARIO (PER \$1,000 OF ASSESSED VALUE)

Year	Current Trend		Moderating Trend	
	Residential	Business	Residential	Business
2011	0.52	2.87	0.52	2.87
2012	0.53	2.87	0.53	2.87
2013	0.55	2.92	0.55	2.92
2014	0.56	2.91	0.56	2.91
2015	0.57	2.92	0.57	2.92
2016p	0.58	2.97	0.56	2.87
2017p	0.59	3.02	0.57	2.92
2018p	0.60	3.07	0.57	2.92
2019p	0.60	3.07	0.57	2.92
2020p	0.60	3.07	0.57	2.92

There are not projected to be significant changes to rural tax rates under either scenario, but the rate increases are smaller under the Moderating Trend scenario, leaving more tax room for the Neighbours Levy.

2.4 Rural Police Services Tax

The rural police services tax is established each year based on expected policing costs across the unincorporated Area A of Metro Vancouver. Over the last 5 years, it has grown by an estimated 5-6% per year over and above population growth and inflation.

Going forward, it is assumed these cost increases will moderate somewhat, but will remain above the combined rate of population and inflation.

Under the Current Trend Scenario, it is assumed that policing costs continue to increase by 3% above combined population growth and inflation.

Under the Moderating Trend Scenario, it is assumed that policing costs continue to increase by 1.5% above combined population growth and inflation.

The calculation of the police services tax rate also requires assumptions about growth in assessment for both the UNA and non-UNA parts of Metro Vancouver Area A. Assumptions about future assessment growth in the Vancouver market are covered in detail in Section 2.5, but for purposes of the police services tax, home assessments in the rest of Area A are assumed to grow by the same rate as the UNA. The “rest of Area A” has been adding population rapidly and is expected to continue growing at 2% per year.

Commercial assessments in the rest of Area A are ignored under the assumption they will grow in proportion to residential assessments. Policing costs are also based in part on the rate of criminal code violations, so it is assumed that the rate of criminal activity remains constant relative to population.

TABLE 4: PROJECTED POLICE SERVICES TAX RATES FOR RESIDENTIAL PROPERTIES, BY SCENARIO (PER \$1,000 OF ASSESSED VALUE)

Year	Current Trend	Moderating Trend
2011	0.0789	0.0789
2012	0.0773	0.0773
2013	0.0881	0.0881
2014	0.0926	0.0926
2015	0.0928	0.0928
2016p	0.0868	0.0855
2017p	0.0901	0.0887
2018p	0.0928	0.0917
2019p	0.0957	0.0950
2020p	0.0988	0.0983

The police services tax for business properties is not shown in the table above because the provincial government sets it at a consistent multiple of 2.45 times the residential rate.

The tax rate is anticipated to drop in 2016 due to the large increase in the assessment base, but to rise in every subsequent year. Overall the two scenarios yield nearly identical results. The reason is that even though police costs increase at a faster rate under the Current Trend Scenario, that scenario also assumes continued stronger growth in the assessment base to help pay for the higher police costs.

2.5 Vancouver Municipal Tax

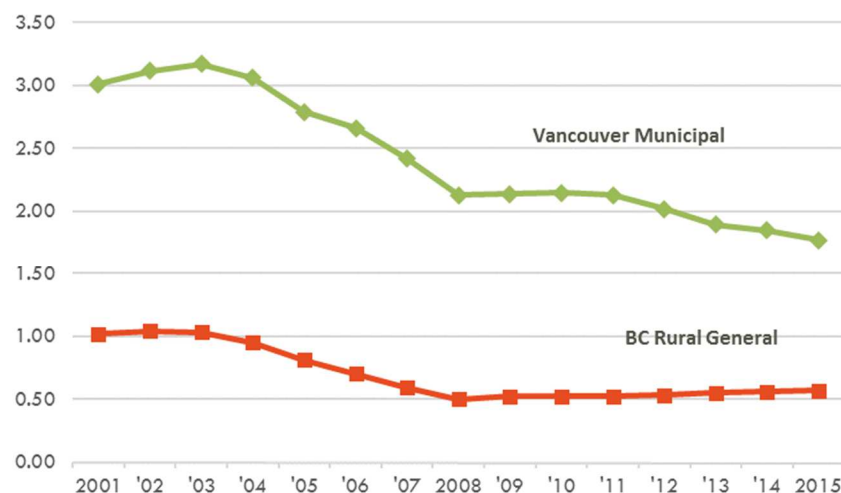
Projecting the future movement of municipal tax rates in Vancouver require projections of two opposing forces. The first is the assessment base – as housing values increase and the assessment base rises, municipal tax rates are driven lower. The second factor

is City expenditures – as City expenditures increase relative to inflation, municipal tax rates are driven higher.

Another factor that previously needed to be considered was the City's policy of shifting part of the tax burden away from the business class toward the residential class. This policy was in effect from about 2007 to 2013 and has since settled with around 52% of taxes paid by the residential class and 48% by non-residential classes. As of the preparation of this study, there is no indication that the City intends to change these shares. The most recent report from the City of Vancouver Property Tax Policy Review Commission, dated January 2014, also recommended that the current tax shares be held constant.

Figure 3 shows changes in Vancouver's municipal residential tax rate over the 2001 to 2015 period. It includes the BC rural residential rate that was shown in Figure 2. It was noted in Section 2.3 that the rural tax declined by about half from 2001 to 2008, but since the financial crisis of 2008 has moved slowly higher. A similar pattern is evident for the Vancouver municipal tax rate, which also declined sharply from 2001 to 2008 before flatlining for several years. But the Vancouver rate resumed its decline after 2010 and has accelerated downward in the last few years. The gap between the two tax rates in this chart is the largest component of the residential Services Levy, demonstrating again how the Levy has been squeezed over the last five years.

FIGURE 3: VANCOUVER MUNICIPAL AND BC RURAL GENERAL TAX RATES, RESIDENTIAL CLASS, 2001-2015



Housing prices have increased rapidly in Vancouver and throughout the Metro Vancouver region in recent years, particularly for single-family homes. Preliminary data released by BC Assessment shows a year-over-year increase in residential values of 16.84% for existing properties for the 2016 assessment roll (which is based on value as of mid-2015). Exact figures on assessment increase for single-family versus multi-family homes (including townhouses, apartments, etc.) are not available, but based on the ranges quoted by BC Assessment officials, it is estimated that multi-family homes increased by 10% on average and single family homes in the 20-30% range. The 10% multi-family increase is also applied to homes in the UNA

neighbourhoods as they are part of the Vancouver housing market (the UNA has no single-family homes).

The BC Real Estate Association (BCREA) produces regular forecasts of price changes for the regional market.³ The latest forecast was released in November 2015 and estimated a further 4.5% increase for the Greater Vancouver market for 2016, including 8.9% for single-family and 1.3% for multi-family homes. These increases in 2016 would be mostly reflected on the 2017 assessment roll. While the BCREA forecast for changes in sale prices on its Multiple Listing Service may not be exactly analogous to changes in assessed values, it is a reasonable approximation.

With respect to the business (Property Class 6) assessment base, BC Assessment shows existing properties increasing in value by 15.93% for the 2016 assessment roll.

Projected changes in the assessed value of existing properties are shown in Table 5. Projections are for total residential properties, multi-family residential properties, and business properties.

Projected increases for 2016 are based on the preliminary figures from BC Assessment noted above. Residential increases for the Current Trend scenario in 2017 are based on the growth projections from the BCREA. In subsequent years, in light of the recent rapid increases in assessment, it is considered prudent to assume growth returns to the general inflation rate of 2% (Current Trend) or flatlines at 0% for several years (Moderating Trend). The growth projections for the business class are the same under both scenarios because business assessment is based on income

³ These forecasts are produced quarterly and are available online at www.bcrea.bc.ca.

generated at the property and it is reasonable to assume it matches inflation going forward.

TABLE 5: ASSUMED ANNUAL CHANGE IN ASSESSMENT OF EXISTING PROPERTIES, BY SCENARIO

Year	Current Trend			Moderating Trend		
	Total Res.	Multi Res.	Business	Total Res.	Multi Res.	Business
2016	16.84%	10.00%	15.93%	16.84%	10.00%	15.93%
2017	4.50%	1.30%	2.00%	2.00%	0.00%	2.00%
2018	2.00%	2.00%	2.00%	0.00%	0.00%	2.00%
2019	2.00%	2.00%	2.00%	0.00%	0.00%	2.00%
2020	2.00%	2.00%	2.00%	0.00%	0.00%	2.00%

Note: "Res" is Residential.

The City's average residential tax increase over the last five years has been higher than the regional inflation rate by an average of 0.8 percentage points each year. Looking only at the last four years, the average difference is 1.1%.

TABLE 6: CITY OF VANCOUVER ANNUAL RESIDENTIAL PROPERTY TAX INCREASE RELATIVE TO INFLATION

Year	City of Vancouver Residential Property Tax Increase	Metro Vancouver Inflation Rate	Tax Increase in Excess of Inflation
2011	1.9%	2.3%	-0.4%
2012	2.8%	1.3%	1.5%
2013	1.4%	0.2%	1.2%
2014	1.6%	1.1%	0.5%
2015	2.5%	1.1%	1.4%
Average			0.8%

Sources: City of Vancouver, 2016 Budget and Five-Year Financial Plan; BC Stats, annual inflation in Metro Vancouver Consumer Price Index

In its 2016 Budget Outlook, the City states its ongoing goal of keeping tax increases "in line" with inflation, but identified a series of cost pressures that make this a challenging goal to achieve. Most notable are collective agreements for staff that comprise a significant portion of the City's total budget and that regularly pay higher-than-inflation wage increases.

For the UNA, higher City taxes mean a larger Neighbours Levy. This means that if the City successfully minimizes tax increases, it is also minimizing the Neighbours Levy.



While there is little past evidence that the City will be able to reduce tax increases to the level of inflation, the Current Trend scenario recognizes the intent and assumes that the difference between tax increases and inflation will narrow over time.

The Moderating Trend scenario is more pessimistic about the City's ability to contain costs, suggesting that annual tax increases will remain around 1 percentage point higher than inflation.

TABLE 7: ASSUMED ANNUAL CITY OF VANCOUVER TAX INCREASE IN EXCESS OF INFLATION, BY SCENARIO

Year	Current Trend	Moderating Trend
2016	+1.0%	+1.0%
2017	+0.8%	+1.0%
2018	+0.6%	+1.0%
2019	+0.4%	+1.0%
2020	+0.2%	+1.0%

Combining the assumptions about growth in property assessment and City expenditures yields projected City tax rates over the five-year planning period.

TABLE 8: PROJECTED VANCOUVER MUNICIPAL TAX RATES, BY PROPERTY CLASS AND SCENARIO (PER \$1,000 OF ASSESSED VALUE)

Year	Current Trend		Moderating Trend	
	Residential	Business	Residential	Business
2011	2.12815	9.19882	2.12815	9.19882
2012	2.02002	8.78096	2.02002	8.78096
2013	1.89502	8.20424	1.89502	8.20424
2014	1.84728	7.88427	1.84728	7.88427
2015	1.77001	7.34590	1.77001	7.34590
2016p	1.56035	6.52659	1.56035	6.52659
2017p	1.53496	6.57778	1.57565	6.59058
2018p	1.54399	6.61647	1.62291	6.65519
2019p	1.55005	6.64242	1.67160	6.72044
2020p	1.55309	6.65544	1.72175	6.78632

2.6 Complete Scenario Definitions

The two Neighbours Levy scenarios used in the analysis have been referenced throughout the preceding parts of Section 2. The full definitions are summarized in Table 9.

TABLE 9: COMPLETE ASSUMPTIONS FOR NEIGHBOURS LEVY SCENARIOS

	Current Trend						Moderating Trend					
	Note	2016	2017	2018	2019	2020	Note	2016	2017	2018	2019	2020
Annual Growth in Rural Residential Assessment	Continued stagnation, with eventual return to general inflation level of 2%.	0%	0%	1%	1%	2%	Resumed growth at general inflation level of 2%.	2%	2%	2%	2%	2%
Rural Business Tax Multiple (of Residential)	Commercial value assumed to change in proportion to residential, so tax multiple is constant at 2015 level.	5.12	5.12	5.12	5.12	5.12	Same as first scenario.	5.12	5.12	5.12	5.12	5.12
Inflation in Police Costs ABOVE inflation and population growth	Cost increases slow somewhat from recent average of 5-6% per year above population + inflation.	3%	3%	3%	3%	3%	Cost increases slow even more, but remain somewhat above population + inflation.	1.5%	1.5%	1.5%	1.5%	1.5%
Annual Growth in Vancouver Residential Assessment	Year 1 based on BC Assessment report, Year 2 on BCREA forecast, then at general inflation.	16.84%	4.5%	2%	2%	2%	Year 1 based on BC Assessment report, year 2 at general inflation, then flatline in Years 3-5	16.84%	2%	0%	0%	0%
Annual Growth in Vancouver Multi-Family Assessment (Also used for UNA and Area A growth)	Year 1 estimated based on BC Assessment report, Year 2 on BCREA forecast, then at general inflation	10%	1.3%	2%	2%	2%	Year 1 estimated based on BC Assessment report, then flatline in Years 2-5	10%	0%	0%	0%	0%
Annual Growth in Vancouver Business (Class 6) Assessment (Also used for UNA)	Year 1 based on BC Assessment report, subsequent years at general inflation	15.93%	2%	2%	2%	2%	Same as first scenario.	15.93%	2%	2%	2%	2%
Annual City of Vancouver Spending Growth Above Inflation	Gap between spending growth and inflation gradually narrows over time	1.0%	0.8%	0.6%	0.4%	0.2%	Gap between spending growth and inflation remains near 1.1% average of last four years	1.0%	1.0%	1.0%	1.0%	1.0%

Note: The year 2016 in the table above is for the 2016-17 fiscal year, the year 2017 for the 2017-18 fiscal year, and so on.

2.7 UNA Development Assumptions

The final step in developing Neighbours Levy revenue projections is to estimate the amount and value of development in the UNA neighbourhoods over the next five years.

TABLE 10: ASSUMED DEVELOPMENT PROJECTS AND VALUES, 2016-2020

Year	New Units	New Population	New Assessment (2016 values)		
			Residential	UBC Rental	Commercial
2016	214	514	\$184 million	-	-
2017	411	986	\$381 million	-	\$19 million
2018	200	480	\$175 million	-	-
2019	200	480	\$175 million	-	-
2020	200	480	\$175 million	-	-

The UNA neighbourhoods are expected to add five new projects in 2016 and 2017 (Laureates, Village Green, Binning, University Blvd. Site B and Wesbrook Place Site E). An additional 200 units per year are projected for 2018 to 2020.

All units are assumed to have an average of 2.4 residents, which is a standard assumption used by Campus + Community Planning based on past Census results. New assessed values are based largely on Urban Analytics market data provided by Barbara Tully (consultant to UBC Properties Trust). Where unit value data is not available, a weighted average of upcoming projects of \$875,000 per unit is used. Actual assessed values for projects in 2017 may be higher as UNA values are assumed to change at the same rate as multi-family residential in Vancouver.

Total population in the UNA is expected to increase from an estimated 10,830 at the end of 2015 to about 13,770 by 2020. The total assessment base was about \$3.2 billion as of 2014 and will increase to somewhere in the range of \$4.8 to \$5.3 billion by 2020, depending on the growth scenario.

2.8 Neighbours Levy Projections

Combining all of the assumptions and projections from the preceding parts of Section 2 produces the following Neighbours Levy projections for use in the Five-Year Financial Plan.

TABLE 11: PROJECTED NEIGHBOURS LEVY REVENUE, BY SCENARIO

Year	Current Trend	Moderating Trend
2015 (budget)	\$3,592,198	\$3,592,198
2016p	\$3,324,517	\$3,407,799
2017p	\$3,375,162	\$3,581,730
2018p	\$3,801,132	\$4,179,045
2019p	\$4,035,088	\$4,550,354
2020p	\$4,258,807	\$4,944,073

Both scenarios show a decrease in the size of the Neighbours Levy in Year 1 of the 5-year plan and then continual increases in each subsequent year.

The residential Services Levy and commercial GMSL rates underlying these projections are shown in Table 12.

TABLE 12: PROJECTED RESIDENTIAL SERVICES LEVY AND COMMERCIAL GMSL RATES, BY SCENARIO

Year	Current Trend		Moderating Trend	
	Services Levy	Com. GMSL	Services Levy	Com. GMSL
2015 (budget)	1.0672	4.2915	1.0672	4.2915
2016p	0.8535	3.4369	0.8748	3.5399
2017p	0.8148	3.4299	0.8769	3.5462
2018p	0.8111	3.4119	0.9212	3.6035
2019p	0.8142	3.4308	0.9666	3.6607
2020p	0.8143	3.4364	1.0133	3.7183

2.9 Sensitivity Analysis

Both of the Neighbours Levy projection scenario are based on the assumption that recent rapid growth in home values in Vancouver will not continue and that increases will be more moderate or even level off entirely within 3-5 years.

Alternative assumptions, such as continued rapid housing inflation or a significant market correction that pushes housing values down, may lead Neighbours Levy revenue to fall short or to exceed the projections shown above.

The sensitivity of the Neighbours Levy revenue projections to alternative assumptions about future changes in Vancouver single-family home prices is illustrated in Table 13 for Years 2 to 5 of the Financial Plan. It shows the impact on Neighbours Levy revenue from leaving all assumptions unchanged except for a progressive change higher or lower in Vancouver home price inflation.

Under the Current Trends scenario, the baseline assumption for the inflation of Vancouver single family home values is 4.5% for 2017 and 2% in each year from 2018 to 2020. The “+2% Housing Inflation” scenario adds 2 percentage points each year – i.e., housing inflation is 6.5% in 2017 and 4% in each year from 2018 to 2020. The “-2% Housing Inflation” scenario assumes 2.5% in 2017 and 0% in each year from 2018 to 2020, and so on.

TABLE 13: SENSITIVITY OF NEIGHBOURS LEVY REVENUE PROJECTIONS TO ALTERNATE VANCOUVER HOME PRICE INFLATION ASSUMPTIONS

Year	Current Trend Baseline	+2%	+1%	-1%	-2%
		Housing Inflation	Housing Inflation	Housing Inflation	Housing Inflation
2017p	\$3,375,162	\$3,262,908	\$3,318,503	\$3,432,916	\$3,491,796
2018p	\$3,801,132	\$3,548,111	\$3,672,801	\$3,933,247	\$4,069,297
2019p	\$4,035,088	\$3,633,401	\$3,830,376	\$4,247,922	\$4,469,284
2020p	\$4,258,807	\$3,695,396	\$3,970,305	\$4,561,715	\$4,879,902

The sensitivity analysis shows that a single percentage point change in Vancouver single family home inflation corresponds to an impact of \$56,000-\$57,000 in Neighbours Levy revenue in 2017 (see the difference between the +1% and -1% scenarios relative to the baseline). The impact is amplified with each subsequent year such that after four years, the cumulative revenue difference is around \$300,000 higher or lower than the baseline.

The revenue impact from 2% higher inflation is roughly double the impact of 1% higher inflation, so these sensitivity impacts can generally be considered to be linear if even more extreme scenarios are contemplated.

3 FIVE-YEAR FINANCIAL PLAN

3.1 Overview

Separate Five-Year Financial Plans for the UNA have been prepared according to the two growth scenarios outlined in Section 2. Both are shown in full, along with a one-page summary sheet, in the report appendices.

The detailed breakdown of the UNA budget outlined below and for the rest of Section 3 is for the Current Trends Scenario only. It shows the method used to project individual revenue and cost items over the next five years. These assumptions were developed collaboratively with the project steering committee over a series of meetings in the fall of 2015.

A similar detailed breakdown is not provided for the Moderating Trends Scenario, but all items are the same other than the Neighbours Levy projections and related budget items, such as contributions to reserve accounts. Both scenarios are identical with respect to UNA operating revenue, UNA operating costs and municipal services costs.

It is important to note that the Five-Year Plans presented in this report do not show a balanced budget. Municipalities have a legal requirement to show balanced budgets each year and in their five-year plans, but this study is intended only to provide information, not to meet any legislated requirement of the UNA.

Where the Five-Year Plan is projecting a net negative financial position for the UNA, the choices of how to achieve balance will be made by the UNA, in partnership with UBC, at the appropriate time. Those issues are not resolved in this report.

Please also note that this report has been prepared in landscape format, largely to allow for more space in the tables below for comments alongside the Financial Plan results. It is acknowledged that the UNA is likely to continue to report their annual budget and financial statements in portrait format and a copy of the results as they will actually appear are contained in the appendices.

3.2 UNA Five-Year Financial Plan, with Notes and Assumptions

University Neighbourhoods Association (UNA) Five-Year Financial Plan, 2016-17 to 2020-21 Detailed Budget: CURRENT TRENDS SCENARIO

	2016-17*	2017-18	2018-19	2019-20	2020-21	Projection Method	Projection Rate
REVENUE							
NEIGHBOURS LEVY & RESERVES (ADMINISTERED BY UBC)							
Neighbours Levy	3,324,517	3,375,162	3,801,132	4,035,088	4,258,807		
Transfers from Reserves							
Infrastructure Replacement Reserve	-	-	-	-	-		
Capital Replacement Reserve	-	-	-	-	-		
Rate Stabilization Reserve	-	-	-	-	-		
Contingency Reserve	-	-	-	-	-		
UNA/VSB Playing Field Replacement Reserve	-	-	-	-	-		
Community Access Supplement Reserve	209,280	250,047	268,337	39,859	-	Based on total Community Access costs less 15% of Neighbours Levy until fund depleted, at which point total Community Access costs are reduced to 15% of Neighbours Levy.	
Total Transfers from Reserves	209,280	250,047	268,337	39,859	-		
TOTAL NEIGHBOURS LEVY & RESERVES	3,533,797	3,625,210	4,069,469	4,074,946	4,258,807		
UNA OPERATING REVENUE							
Culture, Recreation and Leisure							
<u>Programming</u>							
Old Barn Program Fees	85,680	87,394	89,141	90,924	92,743	Growth with inflation	2.00%
Wesbrook Program Fees	214,200	218,484	267,424	272,773	278,228	2.5x Old Barn in Years 1/2, 3x Old Barn in Year 3 and after	
Old Barn Function Rentals	15,000	15,000	15,000	15,000	15,000	Flat	0.00%
Wesbrook Function Rentals	60,500	66,550	73,205	80,526	88,578	Strong annual growth	10.00%
Total Programming	375,380	387,428	444,771	459,223	474,549		
<u>Facility, Membership & Merchandise</u>							

	2016-17*	2017-18	2018-19	2019-20	2020-21	Projection Method	Projection Rate
Old Barn: Bean Around the World Coffee Shop	48,000	62,400	62,400	62,400	63,648	Based on lease terms, then inflation in subsequent years	2.00%
Wesbrook: TBA Coffee Shop	30,000	30,000	30,000	30,000	30,000	Estimated \$30,000 to start and no change	0.00%
Old Barn Fitness Membership	20,000	20,000	20,000	20,000	20,000	No change	0.00%
Wesbrook Fitness Membership	66,000	72,600	79,860	87,846	96,631	Westbrook Centre inflation (allowing for increased hours, marketing, etc.)	10.00%
Wesbrook Personal Trainer	24,000	26,400	29,040	31,944	35,138	Starting at \$24,000, then Westbrook Centre inflation	10.00%
Old Barn Merchandise/other	6,120	6,242	6,367	6,495	6,624	Growth with inflation	2.00%
Wesbrook Merchandise/other	15,300	15,606	19,102	19,484	19,873	2.5x Old Barn in Years 1&2, 3x Old Barn in Year 3 and after	2.00%
Total Facility, Membership & Merchandise	209,420	233,248	246,769	258,168	271,915		
<u>Playing Fields</u>							
Playing Field 1 (VSB) Rental Revenue	61,200	62,424	63,672	64,946	66,245	Growth with inflation	2.00%
Playing Field 2 (Softball Diamond) Rental Revenue	5,100	5,202	5,306	5,412	5,520	Growth with inflation	2.00%
Total Playing Fields	66,300	67,626	68,979	70,358	71,765		
<u>Child Care</u>							
Child Minding (Wesbrook only)	12,000	12,240	12,485	12,734	12,989	Starting at \$12,000, then growth with inflation	2.00%
Child Care (Vista Pointe)	-	-	-	-	-	Assumed to have no revenue.	0.00%
Total Child Care	12,000	12,240	12,485	12,734	12,989		
Total Culture, Recreation and Leisure	663,100	700,542	773,003	800,484	831,219		
<u>Other Revenue</u>							
Community Gardens	8,000	8,000	8,000	8,000	8,000	No change	0.00%
Interest Revenue	3,000	3,060	3,121	3,184	3,247	Estimated \$3,000 to start and then growth with inflation	2.00%
Miscellaneous Revenue	1,000	1,000	1,000	1,000	1,000	No change	0.00%
Newspaper Advertising Sales	48,246	49,211	50,195	51,199	52,223	Growth with inflation	2.00%
Parking Revenue	30,600	31,212	31,836	32,473	33,122	Growth with inflation	2.00%
Total Other Revenue	90,846	92,483	94,153	95,856	97,593		
<u>Grant and Other Funding</u>							
Barn Raising contribution (UBCPT Funding)	7,500	7,500	7,500	7,500	7,500	No change	
CRA summer job funding (Federal Funding)	4,500	4,500	4,500	4,500	4,500	No change	
Operating contribution to Community Field (VSB Funding)	12,000	12,000	12,000	12,000	12,000	Decline by 25% and then constant	
C+CP contribution to Youth Programming	21,000	21,000	21,000	21,000	21,000	No change	
Miscellaneous Funding	7,000	7,000	7,000	7,000	7,000	No change	
Total Grant and Other Funding	52,000	52,000	52,000	52,000	52,000		

UNA BUDGET ANALYSIS STUDY

	2016-17*	2017-18	2018-19	2019-20	2020-21	Projection Method	Projection Rate
TOTAL UNA OPERATING REVENUE	805,946	845,025	919,156	948,339	980,811		
TOTAL REVENUE	4,339,743	4,470,234	4,988,625	5,023,286	5,239,618		

EXPENDITURE

RESERVE CONTRIBUTIONS AND UBC COSTS

Contributions to Reserves

Infrastructure Replacement Fund	79,788	81,004	91,227	96,842	102,211
Capital Replacement Fund	39,894	40,502	45,614	48,421	51,106
Rate Stabilization Fund	-	-	-	-	-
Contingency Reserve Fund	-	-	-	-	-
UNA/VSB Playing Field Replacement Reserve	-	-	-	-	-
Total Contributions to Reserves	119,683	121,506	136,841	145,263	153,317

	Contribution Rates
Current contribution rate is 2.4% of Neighbours Levy	2.40%
Current contribution rate is 1.2% of Neighbours Levy	1.20%
Fund has currently reached legislated maximum.	0.00%
Fund has currently reached legislated maximum.	0.00%

UBC Costs

Administration Fee	57,000	57,000	57,000	57,000	57,000
Professional, Communication & Collection Fees	23,000	23,000	23,000	23,000	23,000
Campus Athletics Access Fee (incl. Osborne Centre)	707,957	756,322	838,507	645,122	638,821
Utility Fee	264,081	266,722	269,389	272,083	274,804
Total UBC Costs	1,052,038	1,103,044	1,187,896	997,205	993,625

No change	
Set at \$23k and then no change	
Per capita rate for 2016-17 of \$65.37, per capita rate growing by inflation in subsequent years. Once Community Access Fund is exhausted, total fee is capped at 15% of Neighbours Levy.	2.00%
Assume 10% increase in Year 1, subsequent 1% annual increases	1.00%

GST (unrecoverable on Neighbours Levy less UBC costs)

56,333	57,811	64,888	64,840	67,741
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Paid on Neighbours Levy less UBC Costs and net Reserve contributions	1.65%
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TOTAL RESERVE CONTRIBUTIONS AND UBC COSTS	1,228,054	1,282,361	1,389,625	1,207,308	1,214,682
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UNA OPERATING COSTS

Community Access

Botanical Garden	14,280	14,566	14,857	15,154	15,457
Access Card	1,013	1,061	1,153	1,198	1,243
Museum of Anthropology	5,034	5,134	5,237	5,342	5,449
UBC Library	10,128	10,608	11,530	11,979	12,428
Vancouver Public Library	116,473	121,991	132,595	137,757	142,919
Changing Aging	1,013	1,061	1,153	1,198	1,243
Total Community Access	147,941	154,420	166,525	172,627	178,738

Growth with inflation	2.00%
With population	
Growth with inflation	2.00%
With population	
With population	
With population	

	2016-17*	2017-18	2018-19	2019-20	2020-21	Projection Method	Projection Rate
Community Support							
Committee Support	10,000	10,000	10,000	10,000	10,000	No change	
Community Support & Promotion	18,000	18,000	18,000	18,000	18,000	No change	
Volunteer Support	5,000	5,000	5,000	5,000	5,000	No change	
Total Community Support	33,000	33,000	33,000	33,000	33,000		
Culture, Recreation and Leisure							
Operating Cost - Old Barn Community Centre	188,149	191,912	195,750	199,665	203,659	Growth with inflation	2.00%
Operating Cost - Wesbrook Community Centre	364,250	396,916	457,825	514,858	589,746	Growth with inflation AND population	2.00%
Operating Cost – Fields	19,176	19,560	19,951	20,350	20,757	Growth with inflation	2.00%
Operating Cost - Child Care	12,000	12,240	12,485	12,734	12,989	Set at \$12k in Year 1, with inflation afterward	2.00%
Programming Cost	223,246	243,267	280,598	315,553	361,452	Growth with inflation AND population	2.00%
Salaries & Wages	585,695	597,409	609,357	621,544	633,975	Initial salaries & wages based on UNA staffing plans, plus growth with inflation. Future staff increases to be determined in light of budget capacity.	2.00%
Benefits	82,397	84,045	85,726	87,440	89,189		2.00%
Total Culture, Recreation and Leisure	1,474,913	1,545,349	1,661,691	1,772,145	1,911,767		
Communications							
General Communications	146,400	170,800	195,200	219,600	244,000	Double across entire Communications category over 5 years - distribution across media types may change.	
Consultation and Engagement							
Newspaper							
Other UNA Publications							
Websites							
Total Communications	146,400	170,800	195,200	219,600	244,000		
General Meeting and Board							
General Meeting and Election	16,000	16,758	18,215	18,924	19,633	Set at \$16k in Year 1, then growth with population	
Hospitality	3,000	3,000	3,000	3,000	3,000	No change	
Stipend for elected directors	32,204	32,204	32,204	32,204	32,204	No change	
Total General Meeting and Board	51,204	51,962	53,419	54,128	54,837		
General Administration							
Accounting Fees	10,000	10,000	10,000	10,000	10,000	With population	
Banking Fees and services charges	11,730	11,965	12,204	12,448	12,697	Growth with inflation	2.00%
Berton Operating Cost	4,080	4,162	4,245	4,330	4,416	Growth with inflation	2.00%
Conferences, Travel & Training	15,000	15,300	15,606	15,918	16,236	Set at \$15k in Year 1, with inflation afterward	2.00%
Audit Fees	10,710	10,924	11,143	11,366	11,593	Growth with inflation	2.00%
Consulting Fees	10,200	10,404	10,612	10,824	11,041	Growth with inflation	2.00%
Furniture, Fixtures and Equipment	-	-	-	-	-	Currently set at \$0	

UNA BUDGET ANALYSIS STUDY

	2016-17*	2017-18	2018-19	2019-20	2020-21	Projection Method	Projection Rate
Internet/Email	4,080	4,162	4,245	4,330	4,416	Growth with inflation	2.00%
IT Services	28,764	29,339	29,926	30,525	31,135	Growth with inflation	2.00%
Postage & Courier	1,224	1,248	1,273	1,299	1,325	Growth with inflation	2.00%
Legal Fees	32,000	32,000	32,000	32,000	32,000	Set at \$32k in Year 1, then growth with population	
Miscellaneous	6,120	6,242	6,367	6,495	6,624	Growth with inflation	2.00%
Office Rent	110,906	110,906	110,906	110,906	110,906	New level of \$113,124, then flat	0.00%
Office Supplies	9,180	9,364	9,551	9,742	9,937	Growth with inflation	2.00%
Telephone/Fax	9,180	9,364	9,551	9,742	9,937	Growth with inflation	2.00%
Total General Administration	263,174	265,379	267,629	269,923	272,264		
Administration Salaries and Benefits							
Management salaries	418,853	427,230	435,775	444,490	453,380	Initial salaries & wages based on UNA staffing plans, plus growth with inflation. Future staff increases to be determined in light of budget capacity.	2.00%
Non-Management Salaries	156,961	160,100	163,302	166,568	169,900	Same as above.	2.00%
Extended Benefits/CCRA	115,163	117,466	119,816	122,212	124,656	Save as ab	2.00%
Temporary Contractor	-	-	-	-	-	Currently set at \$0	
Hiring Cost	1,000	1,000	1,000	1,000	1,000	No change	
Total Administration Salaries and Benefits	691,977	705,797	719,892	734,270	748,936		
Special Projects							
Special Project 1	-	-	-	-	-		
Special Project 1	-	-	-	-	-		
Total Special Projects	-	-	-	-	-		
Sustainability							
Program Cost	4,400	4,840	5,324	5,856	6,442	Annual inflation of 10%	10.00%
Recycling Center Operations	2,026	2,122	2,306	2,396	2,486	With population	
Education / Sustainability Communication	2,026	2,122	2,306	2,396	2,486	With population	
UNA-administered Compost Program	2,000	2,200	2,420	2,662	2,928	Set at \$15k in Year 1, with 10% annual inflation afterward	10.00%
Community Energy Manager	16,000	16,000	16,000	16,000	16,000	No change (agreement with UBC)	0.00%
Public Recycling Bins	5,000	5,000	5,000	5,000	5,000	No change	0.00%
Total Sustainability	31,451	32,283	33,356	34,310	35,341		
TOTAL UNA OPERATING COSTS	2,840,060	2,958,990	3,130,712	3,290,004	3,478,883		
MUNICIPAL SERVICES COSTS							
Parking & Emergency Management (UNA)							
Parking	115,902	121,392	131,944	137,081	142,218	With population	
Emergency Management	28,930	31,823	35,005	38,506	42,356	Annual inflation of 10%	10.00%
Total Parking & Emergency Management (UNA)	144,832	153,215	166,949	175,587	184,574		

	2016-17*	2017-18	2018-19	2019-20	2020-21	Projection Method	Projection Rate
UBC Properties Trust Costs							
Landscaping							
Public realm/parks maintenance	508,484	523,739	539,451	555,634	572,303	UBCPT forecasts annual inflation of 3% for all costs	3.00%
Irrigation maintenance and water	71,612	73,760	75,973	78,252	80,600	UBCPT forecasts annual inflation of 3% for all costs	3.00%
Tree Maintenance	9,270	9,548	9,835	10,130	10,433	UBCPT forecasts annual inflation of 3% for all costs	3.00%
Total Landscaping	589,366	607,047	625,258	644,016	663,337		
Road, Gutter and Sidewalk Maintenance							
Roads and Gutters	5,150	5,305	5,464	5,628	5,796	UBCPT forecasts annual inflation of 3% for all costs	3.00%
Snow/ice removal program	5,150	5,305	5,464	5,628	5,796	UBCPT forecasts annual inflation of 3% for all costs	3.00%
Total Road, Gutter and Sidewalk Maintenance	10,300	10,609	10,927	11,255	11,593		
Streetlights							
Streetlights maintenance	46,741	48,144	49,588	51,076	52,608	UBCPT forecasts annual inflation of 3% for all costs	3.00%
Ongoing capital maintenance	-	-	-	-	-	UBCPT forecasts annual inflation of 3% for all costs	3.00%
Total Streetlights	46,741	48,144	49,588	51,076	52,608		
UBCPT Management Fees	80,000	80,000	80,000	80,000	80,000	No change	0
Other UBCPT Costs							
Electricity	46,350	47,741	49,173	50,648	52,167	UBCPT forecasts annual inflation of 3% for all costs	3.00%
Others	17,119	17,632	18,161	18,706	19,267	UBCPT forecasts annual inflation of 3% for all costs	3.00%
Total Other UBCPT Costs	63,469	65,373	67,334	69,354	71,434		
TOTAL MUNICIPAL SERVICES COSTS	934,708	964,387	1,000,057	1,031,287	1,063,546		
Contingency (2% on UNA Operating & Municipal Services)	75,495	78,468	82,615	86,426	90,849		
TOTAL EXPENDITURE	5,078,317	5,284,205	5,603,009	5,615,024	5,847,959		
BALANCE SURPLUS (OR DEFICIT)	(738,574)	(813,971)	(614,384)	(591,739)	(608,341)		

4 CONCLUSIONS AND RECOMMENDATIONS

The purpose of this study is to help inform the UNA, UBC, their respective Boards, and other stakeholders about the financial outlook for the UNA over the five-year period from 2016-17 to 2020-21.

The ongoing challenge of a falling Neighbours Levy tax rate is expected to continue with a significant decline in 2016-17 due to very high rates of house price inflation in Vancouver. The Levy is projected to stabilize in subsequent years as the Vancouver housing market returns to more “normal” conditions of stable or slightly rising values.

This raises the critical question of what “normal” means for Vancouver housing, given that the market has already inflated to levels that seem irrational to many observers. The range of possible future outcomes is very wide, from continued rapid price growth, to a gradual leveling off, to falling prices in response to any number of factors (such as rising interest rates, changing demand from global investors, widespread economic downturn, earthquake or other natural disaster, etc.).

Unfortunately, the uncertainty over the Vancouver housing market directly contributes to uncertainty about future projections of the Neighbours Levy. **If rapid house price inflation continues through 2017 and beyond, particularly if the inflation continues to be more pronounced for single family homes, and if the Vancouver market continues to be divorced from trends in the rest of the province (such that rural values fall further behind), then the Neighbours Levy projections in this report are too optimistic.** Under these conditions the Neighbours Levy tax rates would continue to decrease and total revenues available to the

UNA will either increase more slowly or continue to decline. The opposite is also true – a downturn in the Vancouver market relative to the rest of the province, particularly if the downturn is more pronounced for single family homes, would lead to rising Neighbours Levy tax rates and potentially larger revenue increases.

Despite the uncertainty, here are several recommendations for practical steps for the UNA and UBC to incorporate into future budget deliberations.

1. Update projection formulas for the Neighbours Levy using real estate market projections, City of Vancouver budget outlooks, regional policing cost announcements, etc. as these items are released in order to anticipate future changes in the Neighbours Levy.
2. Compare actual revenue and cost figures to the projected figures in the Five-Year Plan to determine if the projection formulas and assumptions should be updated.
3. Monitor changes in the assessed value of UNA properties relative to multi-family properties in Vancouver to determine if they are moving in sync or if alternative assumptions are required.
4. Review relative movement in the City and BC Rural tax rates for School, TransLink, BC Assessment Authority, Municipal Finance Authority and Metro Vancouver to

determine if the assumption of a constant gap between City and rural rates should be adjusted.

5. Continue to explore alternative revenue generating possibilities, and cost reduction measures, while maintaining the high quality of services and amenities for residents.

A final conclusion from the analysis relates to the longer term, beyond the next five years. In 2005, the residential Services Levy was about \$1.98 per \$1,000 of assessed value. In 2015, it was \$1.07, a decline of \$0.91 over the 10-year period. The projections in the Five-Year Plan suggest it will settle in the range of \$0.81 to \$1.01 over the next few years, depending on the scenario.

But what if the next ten years have the same trends as the last ten years? A further decline of \$0.91 in the Services Levy would reduce it to \$0.16, and continuing on the same path would eliminate the Services Levy and make it negative within about 12 years. This scenario is unlikely, but not impossible.

The architects of the Services Levy may have felt secure that the gap between the Vancouver and BC rural tax rates would continue to provide healthy revenues to the UNA in perpetuity, but this is not necessarily the case. These two tax rates exist completely independent of each other and there is no reason over the long run that the Vancouver rate will continue to be significantly higher.

It is obvious that if the Services Levy were to evaporate that some alternative arrangement would need to be found. These could be changes to local area governance (incorporation as a municipality or amalgamation with Vancouver, both of which have been previously studied and rejected), or the creation of a new financial arrangement that provides, if not significantly more resources to the UNA, at least a more stable and predictable revenue source.

It is far beyond the scope of this study to suggest what that alternative arrangement should be, but it is worth noting that there may eventually be a financial imperative to finding it.

APPENDIX A: UNA FINANCIAL PLAN – CURRENT TRENDS SUMMARY

University Neighbourhoods Association (UNA) Five-Year Financial Plan, 2016-17 to 2020-21 Summary: CURRENT TRENDS SCENARIO

	Budget 2015 - 2016	2016-17*	2017-18	2018-19	2019-20	2020-21
REVENUE						
NEIGHBOURS LEVY & RESERVES (ADMINISTERED BY UBC)						
Neighbours Levy	\$ 3,592,198	\$ 3,324,517	\$ 3,375,162	\$ 3,801,132	\$ 4,035,088	\$ 4,258,807
Transfers from Reserves	\$ 395,135	\$ 209,280	\$ 250,047	\$ 268,337	\$ 39,859	\$ -
TOTAL NEIGHBOURS LEVY & RESERVES	\$ 3,987,333	\$ 3,533,797	\$ 3,625,210	\$ 4,069,469	\$ 4,074,946	\$ 4,258,807
UNA OPERATING REVENUE						
Culture, Recreation and Leisure	\$ 560,780	\$ 663,100	\$ 700,542	\$ 773,003	\$ 800,484	\$ 831,219
Other Revenue	\$ 86,300	\$ 90,846	\$ 92,483	\$ 94,153	\$ 95,856	\$ 97,593
Grant and Other Funding	\$ 56,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000
TOTAL UNA OPERATING REVENUE	\$ 703,080	\$ 805,946	\$ 845,025	\$ 919,156	\$ 948,339	\$ 980,811
TOTAL REVENUE	\$ 4,690,413	\$ 4,339,743	\$ 4,470,234	\$ 4,988,625	\$ 5,023,286	\$ 5,239,618
EXPENDITURE						
RESERVE CONTRIBUTIONS AND UBC COSTS						
Contributions to Reserves	\$ 129,319	\$ 119,683	\$ 121,506	\$ 136,841	\$ 145,263	\$ 153,317
UBC Costs	\$ 970,538	\$ 1,052,038	\$ 1,103,044	\$ 1,187,896	\$ 997,205	\$ 993,625
GST (unrecoverable on Neighbours Levy less UBC costs)	\$ 47,644	\$ 56,333	\$ 57,811	\$ 64,888	\$ 64,840	\$ 67,741
TOTAL RESERVE CONTRIBUTIONS AND UBC COSTS	\$ 1,147,501	\$ 1,228,054	\$ 1,282,361	\$ 1,389,625	\$ 1,207,308	\$ 1,214,682
UNA OPERATING COSTS						
Community Access	\$ 145,935	\$ 147,941	\$ 154,420	\$ 166,525	\$ 172,627	\$ 178,738
Community Support	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000
Culture, Recreation and Leisure	\$ 1,422,753	\$ 1,474,913	\$ 1,545,349	\$ 1,661,691	\$ 1,772,145	\$ 1,911,767
Communications	\$ 122,000	\$ 146,400	\$ 170,800	\$ 195,200	\$ 219,600	\$ 244,000
General Meeting and Board	\$ 45,204	\$ 51,204	\$ 51,962	\$ 53,419	\$ 54,128	\$ 54,837
General Administration	\$ 235,306	\$ 263,174	\$ 265,379	\$ 267,629	\$ 269,923	\$ 272,264
Administration Salaries and Benefits	\$ 521,655	\$ 691,977	\$ 705,797	\$ 719,892	\$ 734,270	\$ 748,936
Special Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sustainability	\$ 29,000	\$ 31,451	\$ 32,283	\$ 33,356	\$ 34,310	\$ 35,341
TOTAL UNA OPERATING COSTS	\$ 2,554,853	\$ 2,840,060	\$ 2,958,990	\$ 3,130,712	\$ 3,290,004	\$ 3,478,883
MUNICIPAL SERVICES COSTS						
Parking & Emergency Management (UNA)	\$ 140,736	\$ 144,832	\$ 153,215	\$ 166,949	\$ 175,587	\$ 184,574
UBC Properties Trust Costs						
Landscaping	\$ 572,200	\$ 589,366	\$ 607,047	\$ 625,258	\$ 644,016	\$ 663,337
Road, Gutter and Sidewalk Maintenance	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593
Streetlights	\$ 45,380	\$ 46,741	\$ 48,144	\$ 49,588	\$ 51,076	\$ 52,608
UBCPT Management Fees	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Other UBCPT Costs	\$ 61,620	\$ 63,469	\$ 65,373	\$ 67,334	\$ 69,354	\$ 71,434
TOTAL MUNICIPAL SERVICES COSTS	\$ 909,936	\$ 934,708	\$ 964,387	\$ 1,000,057	\$ 1,031,287	\$ 1,063,546
Contingency (2% on UNA Operating & Municipal Services)	\$ 69,296	\$ 75,495	\$ 78,468	\$ 82,615	\$ 86,426	\$ 90,849
TOTAL EXPENDITURE	\$ 4,681,585	\$ 5,078,317	\$ 5,284,205	\$ 5,603,009	\$ 5,615,024	\$ 5,847,959
BALANCE SURPLUS (OR DEFICIT)	\$ 8,828	\$ (738,574)	\$ (813,971)	\$ (614,384)	\$ (591,739)	\$ (608,341)

*2016-17 figures do not reflect the detailed budgeting process for 2016-17 being undertaken concurrent with this study.

APPENDIX B: UNA FINANCIAL PLAN – CURRENT TRENDS DETAIL

University Neighbourhoods Association (UNA)
Five-Year Financial Plan, 2016-17 to 2020-21
Detailed Budget: CURRENT TRENDS SCENARIO

REVENUE	2016-17*	2017-18	2018-19	2019-20	2020-21
NEIGHBOURS LEVY & RESERVES (ADMINISTERED BY UBC)					
Neighbours Levy	\$ 3,324,517	\$ 3,375,162	\$ 3,801,132	\$ 4,035,088	\$ 4,258,807
Transfers from Reserves					
Infrastructure Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Stabilization Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
UNA/USB Playing Field Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Community Access Supplement Reserve (over 15%)	\$ 209,280	\$ 250,047	\$ 268,337	\$ 39,859	\$ -
Total Transfers from Reserves	\$ 209,280	\$ 250,047	\$ 268,337	\$ 39,859	\$ -
TOTAL NEIGHBOURS LEVY & RESERVES	\$ 3,533,797	\$ 3,625,210	\$ 4,069,469	\$ 4,074,946	\$ 4,258,807
UNA OPERATING REVENUE					
Culture, Recreation and Leisure					
<u>Programming</u>					
Old Barn Program Fees	\$ 85,680	\$ 87,394	\$ 89,141	\$ 90,924	\$ 92,743
Wesbrook Program Fees	\$ 214,200	\$ 218,484	\$ 267,424	\$ 272,773	\$ 278,228
Old Barn Function Rentals	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Wesbrook Function Rentals	\$ 60,500	\$ 66,550	\$ 73,205	\$ 80,526	\$ 88,578
Total Programming	\$ 375,380	\$ 387,428	\$ 444,771	\$ 459,223	\$ 474,549
<u>Facility, Membership & Merchandise</u>					
Old Barn: Bean Around the World Coffee Shop	48,000	62,400	62,400	62,400	63,648
Wesbrook: TBA Coffee Shop	30,000	30,000	30,000	30,000	30,000
Old Barn Fitness Membership	20,000	20,000	20,000	20,000	20,000
Wesbrook Fitness Membership	66,000	72,600	79,860	87,846	96,631
Wesbrook Personal Trainer	24,000	26,400	29,040	31,944	35,138
Old Barn Merchandise/other	6,120	6,242	6,367	6,495	6,624
Wesbrook Merchandise/other	15,300	15,606	19,102	19,484	19,873
Total Facility, Membership & Merchandise	\$ 209,420	\$ 233,248	\$ 246,769	\$ 258,168	\$ 271,915
<u>Playing Fields</u>					
Playing Field 1 (VSB) Rental Revenue	61,200	62,424	63,672	64,946	66,245
Playing Field 2 (Softball Diamond) Rental Revenue	5,100	5,202	5,306	5,412	5,520
Total Playing Fields	\$ 66,300	\$ 67,626	\$ 68,979	\$ 70,358	\$ 71,765
<u>Child Care</u>					
Child Minding (Wesbrook only)	\$ 12,000	12,240	12,485	12,734	12,989
Child Care (Vista Pointe)	-	-	-	-	-
Total Child Care	\$ 12,000	\$ 12,240	\$ 12,485	\$ 12,734	\$ 12,989
Total Culture, Recreation and Leisure	\$ 663,100	\$ 700,542	\$ 773,003	\$ 800,484	\$ 831,219
Other Revenue					
Community Gardens	8,000	8,000	8,000	8,000	8,000
Interest Revenue	\$ 3,000	3,060	3,121	3,184	3,247
Miscellaneous Revenue	1,000	1,000	1,000	1,000	1,000
Newspaper Advertising Sales	48,246	49,211	50,195	51,199	52,223
Parking Revenue	30,600	31,212	31,836	32,473	33,122
Total Other Revenue	\$ 90,846	\$ 92,483	\$ 94,153	\$ 95,856	\$ 97,593
Grant and Other Funding					
Barn Raising contribution (UBCPT Funding)	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
CRA summer job funding (Federal Funding)	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500
Operating contribution to Community Field (VSB Funding)	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
C+CP contribution to Youth Programming	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000
Miscellaneous Funding	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
Total Grant and Other Funding	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000
TOTAL UNA OPERATING REVENUE	\$ 805,946	\$ 845,025	\$ 919,156	\$ 948,339	\$ 980,811
TOTAL REVENUE	\$ 4,339,743	\$ 4,470,234	\$ 4,988,625	\$ 5,023,286	\$ 5,239,618

UNA BUDGET ANALYSIS STUDY

EXPENDITURE

RESERVE CONTRIBUTIONS AND UBC COSTS

Contributions to Reserves

Infrastructure Replacement Fund	\$ 79,788	\$ 81,004	\$ 91,227	\$ 96,842	\$ 102,211
Capital Replacement Fund	\$ 39,894	\$ 40,502	\$ 45,614	\$ 48,421	\$ 51,106
Rate Stabilization Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -
UNA/VSBC Playing Field Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Total Contributions to Reserves	\$ 119,683	\$ 121,506	\$ 136,841	\$ 145,263	\$ 153,317

UBC Costs

Administration Fee	\$ 57,000	\$ 57,000	\$ 57,000	\$ 57,000	\$ 57,000
Professional, Communication & Collection Fees	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000
Campus Athletics Access Fee (incl. Osborne Centre)	\$ 707,957	\$ 756,322	\$ 838,507	\$ 645,122	\$ 638,821
Utility Fee	\$ 264,081	\$ 266,722	\$ 269,389	\$ 272,083	\$ 274,804
Total UBC Costs	\$ 1,052,038	\$ 1,103,044	\$ 1,187,896	\$ 997,205	\$ 993,625

GST (unrecoverable on Neighbours Levy less UBC costs)

\$ 56,333	\$ 57,811	\$ 64,888	\$ 64,840	\$ 67,741
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TOTAL RESERVE CONTRIBUTIONS AND UBC COSTS \$ 1,228,054 \$ 1,282,361 \$ 1,389,625 \$ 1,207,308 \$ 1,214,682

UNA OPERATING COSTS

Community Access

Botanical Garden	\$ 14,280	\$ 14,566	\$ 14,857	\$ 15,154	\$ 15,457
Access Card	\$ 1,013	\$ 1,061	\$ 1,153	\$ 1,198	\$ 1,243
Museum of Anthropology	\$ 5,034	\$ 5,134	\$ 5,237	\$ 5,342	\$ 5,449
UBC Library	\$ 10,128	\$ 10,608	\$ 11,530	\$ 11,979	\$ 12,428
Vancouver Public Library	\$ 116,473	\$ 121,991	\$ 132,595	\$ 137,757	\$ 142,919
Changing Aging	\$ 1,013	\$ 1,061	\$ 1,153	\$ 1,198	\$ 1,243
Total Community Access	\$ 147,941	\$ 154,420	\$ 166,525	\$ 172,627	\$ 178,738

Community Support

Committee Support	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Community Support & Promotion	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Volunteer Support	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Total Community Support	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000

Culture, Recreation and Leisure

Operating Cost - Old Barn Community Centre	\$ 188,149	\$ 191,912	\$ 195,750	\$ 199,665	\$ 203,659
Operating Cost - Wesbrook Community Centre	\$ 364,250	\$ 396,916	\$ 457,825	\$ 514,858	\$ 589,746
Operating Cost - Fields	\$ 19,176	\$ 19,560	\$ 19,951	\$ 20,350	\$ 20,757
Operating Cost - Child Care	\$ 12,000	\$ 12,240	\$ 12,485	\$ 12,734	\$ 12,989
Programming Cost	\$ 223,246	\$ 243,267	\$ 280,598	\$ 315,553	\$ 361,452
Salaries & Wages	\$ 585,695	\$ 597,409	\$ 609,357	\$ 621,544	\$ 633,975
Benefits	\$ 82,397	\$ 84,045	\$ 85,726	\$ 87,440	\$ 89,189
Total Culture, Recreation and Leisure	\$ 1,474,913	\$ 1,545,349	\$ 1,661,691	\$ 1,772,145	\$ 1,911,767

Communications

General Communications	\$ 146,400	\$ 170,800	\$ 195,200	\$ 219,600	\$ 244,000
Consultation and Engagement					
Newspaper					
Other UNA Publications					
Websites					
Total Communications	\$ 146,400	\$ 170,800	\$ 195,200	\$ 219,600	\$ 244,000

General Meeting and Board

General Meeting and Election	\$ 16,000	\$ 16,758	\$ 18,215	\$ 18,924	\$ 19,633
Hospitality	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Stipend for elected directors	\$ 32,204	\$ 32,204	\$ 32,204	\$ 32,204	\$ 32,204
Total General Meeting and Board	\$ 51,204	\$ 51,962	\$ 53,419	\$ 54,128	\$ 54,837

General Administration

Accounting Fees	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Banking Fees and services charges	\$ 11,730	\$ 11,965	\$ 12,204	\$ 12,448	\$ 12,697
Berton Operating Cost	\$ 4,080	\$ 4,162	\$ 4,245	\$ 4,330	\$ 4,416
Conferences, Travel & Training	\$ 15,000	\$ 15,300	\$ 15,606	\$ 15,918	\$ 16,236
Audit Fees	\$ 10,710	\$ 10,924	\$ 11,143	\$ 11,366	\$ 11,593
Consulting Fees	\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824	\$ 11,041
Furniture, Fixtures and Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Internet/Email	\$ 4,080	\$ 4,162	\$ 4,245	\$ 4,330	\$ 4,416
IT Services	\$ 28,764	\$ 29,339	\$ 29,926	\$ 30,525	\$ 31,135
Postage & Courier	\$ 1,224	\$ 1,248	\$ 1,273	\$ 1,299	\$ 1,325
Legal Fees	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000
Miscellaneous	\$ 6,120	\$ 6,242	\$ 6,367	\$ 6,495	\$ 6,624
Office Rent	\$ 110,906	\$ 110,906	\$ 110,906	\$ 110,906	\$ 110,906
Office Supplies	\$ 9,180	\$ 9,364	\$ 9,551	\$ 9,742	\$ 9,937
Telephone/Fax	\$ 9,180	\$ 9,364	\$ 9,551	\$ 9,742	\$ 9,937
Total General Administration	\$ 263,174	\$ 265,379	\$ 267,629	\$ 269,923	\$ 272,264

Administration Salaries and Benefits

Management salaries	\$ 418,853	427,230	435,775	444,490	453,380
Non-Management Salaries	\$ 156,961	160,100	163,302	166,568	169,900
Extended Benefits/CCRA	\$ 115,163	117,466	119,816	122,212	124,656
Temporary Contractor	\$ -	\$ -	\$ -	\$ -	\$ -
Hiring Cost	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Total Administration Salaries and Benefits	\$ 691,977	\$ 705,797	\$ 719,892	\$ 734,270	\$ 748,936

Special Projects

Special Project 1	\$ -	\$ -	\$ -	\$ -	\$ -
Special Project 1	\$ -	\$ -	\$ -	\$ -	\$ -
Total Special Projects	\$ -	\$ -	\$ -	\$ -	\$ -

Sustainability

Program Cost	\$ 4,400	\$ 4,840	\$ 5,324	\$ 5,856	\$ 6,442
Recycling Center Operations	\$ 2,026	\$ 2,122	\$ 2,306	\$ 2,396	\$ 2,486
Education / Sustainability Communication	\$ 2,026	\$ 2,122	\$ 2,306	\$ 2,396	\$ 2,486
UNA-administered Compost Program	\$ 2,000	\$ 2,200	\$ 2,420	\$ 2,662	\$ 2,928
Community Energy Manager	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Public Recycling Bins	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Total Sustainability	\$ 31,451	\$ 32,283	\$ 33,356	\$ 34,310	\$ 35,341

TOTAL UNA OPERATING COSTS \$ 2,840,060 \$ 2,958,990 \$ 3,130,712 \$ 3,290,004 \$ 3,478,883

MUNICIPAL SERVICES COSTS

Parking & Emergency Management (UNA)

Parking	\$ 115,902	\$ 121,392	\$ 131,944	\$ 137,081	\$ 142,218
Emergency Management	\$ 28,930	\$ 31,823	\$ 35,005	\$ 38,506	\$ 42,356
Total Parking & Emergency Management (UNA)	\$ 144,832	\$ 153,215	\$ 166,949	\$ 175,587	\$ 184,574

UBC Properties Trust Costs

Landscaping

Public realm/parks maintenance	\$ 508,484	\$ 523,739	\$ 539,451	\$ 555,634	\$ 572,303
Irrigation maintenance and water	\$ 71,612	\$ 73,760	\$ 75,973	\$ 78,252	\$ 80,600
Tree Maintenance	\$ 9,270	\$ 9,548	\$ 9,835	\$ 10,130	\$ 10,433
Total Landscaping	\$ 589,366	\$ 607,047	\$ 625,258	\$ 644,016	\$ 663,337

Road, Gutter and Sidewalk Maintenance

Roads and Gutters	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796
Snow/ice removal program	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796
Total Road, Gutter and Sidewalk Maintenance	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593

Streetlights

Streetlights maintenance	\$ 46,741	\$ 48,144	\$ 49,588	\$ 51,076	\$ 52,608
Ongoing capital maintenance	\$ -	\$ -	\$ -	\$ -	\$ -
Total Streetlights	\$ 46,741	\$ 48,144	\$ 49,588	\$ 51,076	\$ 52,608

UBCPT Management Fees

	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
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Other UBCPT Costs

Electricity	\$ 46,350	\$ 47,741	\$ 49,173	\$ 50,648	\$ 52,167
Others	\$ 17,119	\$ 17,632	\$ 18,161	\$ 18,706	\$ 19,267
Total Other UBCPT Costs	\$ 63,469	\$ 65,373	\$ 67,334	\$ 69,354	\$ 71,434

TOTAL MUNICIPAL SERVICES COSTS \$ 934,708 \$ 964,387 \$ 1,000,057 \$ 1,031,287 \$ 1,063,546

Contingency (2% on UNA Operating & Municipal Services) \$ 75,495 \$ 78,468 \$ 82,615 \$ 86,426 \$ 90,849

TOTAL EXPENDITURE \$ 5,078,317 \$ 5,284,205 \$ 5,603,009 \$ 5,615,024 \$ 5,847,959

BALANCE SURPLUS (OR DEFICIT) \$ (738,574) \$ (813,971) \$ (614,384) \$ (591,739) \$ (608,341)

*2016-17 figures do not reflect the detailed budgeting process for 2016-17 being undertaken concurrent with this study.

APPENDIX C: UNA FINANCIAL PLAN – MODERATING TRENDS SUMMARY

University Neighbourhoods Association (UNA) Five-Year Financial Plan, 2016-17 to 2020-21 Summary: MODERATING TRENDS SCENARIO

	Budget 2015 - 2016	2016-17*	2017-18	2018-19	2019-20	2020-21
REVENUE						
NEIGHBOURS LEVY & RESERVES (ADMINISTERED BY UBC)						
Neighbours Levy	\$ 3,592,198	\$ 3,407,799	\$ 3,581,730	\$ 4,179,045	\$ 4,550,354	\$ 4,944,073
Transfers from Reserves	\$ 395,135	\$ 196,787	\$ 219,062	\$ 211,650	\$ 143,173	\$ -
TOTAL NEIGHBOURS LEVY & RESERVES	\$ 3,987,333	\$ 3,604,586	\$ 3,800,792	\$ 4,390,695	\$ 4,693,527	\$ 4,944,073
UNA OPERATING REVENUE						
Culture, Recreation and Leisure	\$ 560,780	\$ 663,100	\$ 700,542	\$ 773,003	\$ 800,484	\$ 831,219
Other Revenue	\$ 86,300	\$ 90,846	\$ 92,483	\$ 94,153	\$ 95,856	\$ 97,593
Grant and Other Funding	\$ 56,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000
TOTAL UNA OPERATING REVENUE	\$ 703,080	\$ 805,946	\$ 845,025	\$ 919,156	\$ 948,339	\$ 980,811
TOTAL REVENUE	\$ 4,690,413	\$ 4,410,532	\$ 4,645,817	\$ 5,309,851	\$ 5,641,866	\$ 5,924,884
EXPENDITURE						
RESERVE CONTRIBUTIONS AND UBC COSTS						
Contributions to Reserves	\$ 129,319	\$ 122,681	\$ 128,942	\$ 150,446	\$ 163,813	\$ 177,987
UBC Costs	\$ 970,538	\$ 1,052,038	\$ 1,103,044	\$ 1,187,896	\$ 1,177,809	\$ 1,096,415
GST (unrecoverable on Neighbours Levy less UBC costs)	\$ 47,644	\$ 57,451	\$ 60,586	\$ 69,964	\$ 74,740	\$ 78,640
TOTAL RESERVE CONTRIBUTIONS AND UBC COSTS	\$ 1,147,501	\$ 1,232,170	\$ 1,292,571	\$ 1,408,306	\$ 1,416,362	\$ 1,353,042
UNA OPERATING COSTS						
Community Access	\$ 145,935	\$ 147,941	\$ 154,420	\$ 166,525	\$ 172,627	\$ 178,738
Community Support	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000
Culture, Recreation and Leisure	\$ 1,422,753	\$ 1,474,913	\$ 1,545,349	\$ 1,661,691	\$ 1,772,145	\$ 1,911,767
Communications	\$ 122,000	\$ 146,400	\$ 170,800	\$ 195,200	\$ 219,600	\$ 244,000
General Meeting and Board	\$ 45,204	\$ 51,204	\$ 51,962	\$ 53,419	\$ 54,128	\$ 54,837
General Administration	\$ 235,306	\$ 263,174	\$ 265,379	\$ 267,629	\$ 269,923	\$ 272,264
Administration Salaries and Benefits	\$ 521,655	\$ 691,977	\$ 705,797	\$ 719,892	\$ 734,270	\$ 748,936
Special Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sustainability	\$ 29,000	\$ 31,451	\$ 32,283	\$ 33,356	\$ 34,310	\$ 35,341
TOTAL UNA OPERATING COSTS	\$ 2,554,853	\$ 2,840,060	\$ 2,958,990	\$ 3,130,712	\$ 3,290,004	\$ 3,478,883
MUNICIPAL SERVICES COSTS						
Parking & Emergency Management (UNA)	\$ 140,736	\$ 144,832	\$ 153,215	\$ 166,949	\$ 175,587	\$ 184,574
UBC Properties Trust Costs						
Landscaping	\$ 572,200	\$ 589,366	\$ 607,047	\$ 625,258	\$ 644,016	\$ 663,337
Road, Gutter and Sidewalk Maintenance	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593
Streetlights	\$ 45,380	\$ 46,741	\$ 48,144	\$ 49,588	\$ 51,076	\$ 52,608
UBCPT Management Fees	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Other UBCPT Costs	\$ 61,620	\$ 63,469	\$ 65,373	\$ 67,334	\$ 69,354	\$ 71,434
TOTAL MUNICIPAL SERVICES COSTS	\$ 909,936	\$ 934,708	\$ 964,387	\$ 1,000,057	\$ 1,031,287	\$ 1,063,546
Contingency (2% on UNA Operating & Municipal Services)	\$ 69,296	\$ 75,495	\$ 78,468	\$ 82,615	\$ 86,426	\$ 90,849
TOTAL EXPENDITURE	\$ 4,681,585	\$ 5,082,433	\$ 5,294,416	\$ 5,621,690	\$ 5,824,079	\$ 5,986,319
BALANCE SURPLUS (OR DEFICIT)	\$ 8,828	\$ (671,901)	\$ (648,599)	\$ (311,839)	\$ (182,212)	\$ (61,435)

*2016-17 figures do not reflect the detailed budgeting process for 2016-17 being undertaken concurrent with this study.

APPENDIX D: UNA FINANCIAL PLAN – MODERATING TRENDS DETAIL

University Neighbourhoods Association (UNA)
 Five-Year Financial Plan, 2016-17 to 2020-21
 Detailed Budget: MODERATING TRENDS SCENARIO

REVENUE	2016-17*	2017-18	2018-19	2019-20	2020-21
NEIGHBOURS LEVY & RESERVES (ADMINISTERED BY UBC)					
Neighbours Levy	\$ 3,407,799	\$ 3,581,730	\$ 4,179,045	\$ 4,550,354	\$ 4,944,073
Transfers from Reserves					
Infrastructure Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Stabilization Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
UNA/VSB Playing Field Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Community Access Supplement Reserve (over 15%)	\$ 196,787	\$ 219,062	\$ 211,650	\$ 143,173	\$ -
Total Transfers from Reserves	\$ 196,787	\$ 219,062	\$ 211,650	\$ 143,173	\$ -
TOTAL NEIGHBOURS LEVY & RESERVES	\$ 3,604,586	\$ 3,800,792	\$ 4,390,695	\$ 4,693,527	\$ 4,944,073
UNA OPERATING REVENUE					
Culture, Recreation and Leisure					
<u>Programming</u>					
Old Barn Program Fees	\$ 85,680	\$ 87,394	\$ 89,141	\$ 90,924	\$ 92,743
Wesbrook Program Fees	\$ 214,200	\$ 218,484	\$ 267,424	\$ 272,773	\$ 278,228
Old Barn Function Rentals	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Wesbrook Function Rentals	\$ 60,500	\$ 66,550	\$ 73,205	\$ 80,526	\$ 88,578
Total Programming	\$ 375,380	\$ 387,428	\$ 444,771	\$ 459,223	\$ 474,549
<u>Facility, Membership & Merchandise</u>					
Old Barn: Bean Around the World Coffee Shop	48,000	62,400	62,400	62,400	63,648
Wesbrook: TBA Coffee Shop	30,000	30,000	30,000	30,000	30,000
Old Barn Fitness Membership	20,000	20,000	20,000	20,000	20,000
Wesbrook Fitness Membership	66,000	72,600	79,860	87,846	96,631
Wesbrook Personal Trainer	24,000	26,400	29,040	31,944	35,138
Old Barn Merchandise/other	6,120	6,242	6,367	6,495	6,624
Wesbrook Merchandise/other	15,300	15,606	19,102	19,484	19,873
Total Facility, Membership & Merchandise	\$ 209,420	\$ 233,248	\$ 246,769	\$ 258,168	\$ 271,915
<u>Playing Fields</u>					
Playing Field 1 (VSB) Rental Revenue	61,200	62,424	63,672	64,946	66,245
Playing Field 2 (Softball Diamond) Rental Revenue	5,100	5,202	5,306	5,412	5,520
Total Playing Fields	\$ 66,300	\$ 67,626	\$ 68,979	\$ 70,358	\$ 71,765
<u>Child Care</u>					
Child Minding (Wesbrook only)	\$ 12,000	12,240	12,485	12,734	12,989
Child Care (Vista Pointe)	-	-	-	-	-
Total Child Care	\$ 12,000	\$ 12,240	\$ 12,485	\$ 12,734	\$ 12,989
Total Culture, Recreation and Leisure	\$ 663,100	\$ 700,542	\$ 773,003	\$ 800,484	\$ 831,219
Other Revenue					
Community Gardens	8,000	8,000	8,000	8,000	8,000
Interest Revenue	\$ 3,000	3,060	3,121	3,184	3,247
Miscellaneous Revenue	1,000	1,000	1,000	1,000	1,000
Newspaper Advertising Sales	48,246	49,211	50,195	51,199	52,223
Parking Revenue	30,600	31,212	31,836	32,473	33,122
Total Other Revenue	\$ 90,846	\$ 92,483	\$ 94,153	\$ 95,856	\$ 97,593
Grant and Other Funding					
Barn Raising contribution (UBCPT Funding)	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
CRA summer job funding (Federal Funding)	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500
Operating contribution to Community Field (VSB Funding)	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
C+CP contribution to Youth Programming	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000
Miscellaneous Funding	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
Total Grant and Other Funding	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000
TOTAL UNA OPERATING REVENUE	\$ 805,946	\$ 845,025	\$ 919,156	\$ 948,339	\$ 980,811
TOTAL REVENUE	\$ 4,410,532	\$ 4,645,817	\$ 5,309,851	\$ 5,641,866	\$ 5,924,884

UNA BUDGET ANALYSIS STUDY

EXPENDITURE

RESERVE CONTRIBUTIONS AND UBC COSTS

Contributions to Reserves										
Infrastructure Replacement Fund	\$	81,787	\$	85,962	\$	100,297	\$	109,208	\$	118,658
Capital Replacement Fund	\$	40,894	\$	42,981	\$	50,149	\$	54,604	\$	59,329
Rate Stabilization Fund	\$	-	\$	-	\$	-	\$	-	\$	-
Contingency Reserve Fund	\$	-	\$	-	\$	-	\$	-	\$	-
UNA/VSBC Playing Field Replacement Reserve	\$	-	\$	-	\$	-	\$	-	\$	-
Total Contributions to Reserves	\$	122,681	\$	128,942	\$	150,446	\$	163,813	\$	177,987
UBC Costs										
Administration Fee	\$	57,000	\$	57,000	\$	57,000	\$	57,000	\$	57,000
Professional, Communication & Collection Fees	\$	23,000	\$	23,000	\$	23,000	\$	23,000	\$	23,000
Campus Athletics Access Fee (incl. Osborne Centre)	\$	707,957	\$	756,322	\$	838,507	\$	825,726	\$	741,611
Utility Fee	\$	264,081	\$	266,722	\$	269,389	\$	272,083	\$	274,804
Total UBC Costs	\$	1,052,038	\$	1,103,044	\$	1,187,896	\$	1,177,809	\$	1,096,415
GST (unrecoverable on Neighbours Levy less UBC costs)	\$	57,451	\$	60,586	\$	69,964	\$	74,740	\$	78,640
TOTAL RESERVE CONTRIBUTIONS AND UBC COSTS	\$	1,232,170	\$	1,292,571	\$	1,408,306	\$	1,416,362	\$	1,353,042

UNA OPERATING COSTS

Community Access										
Botanical Garden	\$	14,280	\$	14,566	\$	14,857	\$	15,154	\$	15,457
Access Card	\$	1,013	\$	1,061	\$	1,153	\$	1,198	\$	1,243
Museum of Anthropology	\$	5,034	\$	5,134	\$	5,237	\$	5,342	\$	5,449
UBC Library	\$	10,128	\$	10,608	\$	11,530	\$	11,979	\$	12,428
Vancouver Public Library	\$	116,473	\$	121,991	\$	132,595	\$	137,757	\$	142,919
Changing Aging	\$	1,013	\$	1,061	\$	1,153	\$	1,198	\$	1,243
Total Community Access	\$	147,941	\$	154,420	\$	166,525	\$	172,627	\$	178,738
Community Support										
Committee Support	\$	10,000	\$	10,000	\$	10,000	\$	10,000	\$	10,000
Community Support & Promotion	\$	18,000	\$	18,000	\$	18,000	\$	18,000	\$	18,000
Volunteer Support	\$	5,000	\$	5,000	\$	5,000	\$	5,000	\$	5,000
Total Community Support	\$	33,000	\$	33,000	\$	33,000	\$	33,000	\$	33,000
Culture, Recreation and Leisure										
Operating Cost - Old Barn Community Centre		188,149		191,912		195,750		199,665		203,659
Operating Cost - Wesbrook Community Centre	\$	364,250	\$	396,916	\$	457,825	\$	514,858	\$	589,746
Operating Cost - Fields		19,176		19,560		19,951		20,350		20,757
Operating Cost - Child Care	\$	12,000		12,240		12,485		12,734		12,989
Programming Cost	\$	223,246	\$	243,267	\$	280,598	\$	315,553	\$	361,452
Salaries & Wages	\$	585,695		597,409		609,357		621,544		633,975
Benefits	\$	82,397		84,045		85,726		87,440		89,189
Total Culture, Recreation and Leisure	\$	1,474,913	\$	1,545,349	\$	1,661,691	\$	1,772,145	\$	1,911,767
Communications										
General Communications	\$	146,400	\$	170,800	\$	195,200	\$	219,600	\$	244,000
Consultation and Engagement										
Newspaper										
Other UNA Publications										
Websites										
Total Communications	\$	146,400	\$	170,800	\$	195,200	\$	219,600	\$	244,000
General Meeting and Board										
General Meeting and Election	\$	16,000	\$	16,758	\$	18,215	\$	18,924	\$	19,633
Hospitality	\$	3,000	\$	3,000	\$	3,000	\$	3,000	\$	3,000
Stipend for elected directors	\$	32,204	\$	32,204	\$	32,204	\$	32,204	\$	32,204
Total General Meeting and Board	\$	51,204	\$	51,962	\$	53,419	\$	54,128	\$	54,837
General Administration										
Accounting Fees	\$	10,000	\$	10,000	\$	10,000	\$	10,000	\$	10,000
Banking Fees and services charges	\$	11,730	\$	11,965	\$	12,204	\$	12,448	\$	12,697
Berton Operating Cost	\$	4,080	\$	4,162	\$	4,245	\$	4,330	\$	4,416
Conferences, Travel & Training	\$	15,000	\$	15,300	\$	15,606	\$	15,918	\$	16,236
Audit Fees	\$	10,710	\$	10,924	\$	11,143	\$	11,366	\$	11,593
Consulting Fees	\$	10,200	\$	10,404	\$	10,612	\$	10,824	\$	11,041
Furniture, Fixtures and Equipment	\$	-	\$	-	\$	-	\$	-	\$	-
Internet/Email	\$	4,080	\$	4,162	\$	4,245	\$	4,330	\$	4,416
IT Services	\$	28,764	\$	29,339	\$	29,926	\$	30,525	\$	31,135
Postage & Courier	\$	1,224	\$	1,248	\$	1,273	\$	1,299	\$	1,325
Legal Fees	\$	32,000	\$	32,000	\$	32,000	\$	32,000	\$	32,000
Miscellaneous	\$	6,120	\$	6,242	\$	6,367	\$	6,495	\$	6,624
Office Rent	\$	110,906	\$	110,906	\$	110,906	\$	110,906	\$	110,906
Office Supplies	\$	9,180	\$	9,364	\$	9,551	\$	9,742	\$	9,937
Telephone/Fax	\$	9,180	\$	9,364	\$	9,551	\$	9,742	\$	9,937
Total General Administration	\$	263,174	\$	265,379	\$	267,629	\$	269,923	\$	272,264

Administration Salaries and Benefits

Management salaries	\$ 418,853	427,230	435,775	444,490	453,380
Non-Management Salaries	\$ 156,961	160,100	163,302	166,568	169,900
Extended Benefits/CCRA	\$ 115,163	117,466	119,816	122,212	124,656
Temporary Contractor	\$ -	\$ -	\$ -	\$ -	\$ -
Hiring Cost	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Total Administration Salaries and Benefits	\$ 691,977	\$ 705,797	\$ 719,892	\$ 734,270	\$ 748,936

Special Projects

Special Project 1	\$ -	\$ -	\$ -	\$ -	\$ -
Special Project 1	\$ -	\$ -	\$ -	\$ -	\$ -
Total Special Projects	\$ -	\$ -	\$ -	\$ -	\$ -

Sustainability

Program Cost	\$ 4,400	\$ 4,840	\$ 5,324	\$ 5,856	\$ 6,442
Recycling Center Operations	\$ 2,026	\$ 2,122	\$ 2,306	\$ 2,396	\$ 2,486
Education / Sustainability Communication	\$ 2,026	\$ 2,122	\$ 2,306	\$ 2,396	\$ 2,486
UNA-administered Compost Program	\$ 2,000	\$ 2,200	\$ 2,420	\$ 2,662	\$ 2,928
Community Energy Manager	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Public Recycling Bins	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Total Sustainability	\$ 31,451	\$ 32,283	\$ 33,356	\$ 34,310	\$ 35,341

TOTAL UNA OPERATING COSTS \$ 2,840,060 \$ 2,958,990 \$ 3,130,712 \$ 3,290,004 \$ 3,478,883

MUNICIPAL SERVICES COSTS

Parking & Emergency Management (UNA)

Parking	\$ 115,902	\$ 121,392	\$ 131,944	\$ 137,081	\$ 142,218
Emergency Management	\$ 28,930	\$ 31,823	\$ 35,005	\$ 38,506	\$ 42,356
Total Parking & Emergency Management (UNA)	\$ 144,832	\$ 153,215	\$ 166,949	\$ 175,587	\$ 184,574

UBC Properties Trust Costs

Landscaping					
Public realm/parks maintenance	\$ 508,484	\$ 523,739	\$ 539,451	\$ 555,634	\$ 572,303
Irrigation maintenance and water	\$ 71,612	\$ 73,760	\$ 75,973	\$ 78,252	\$ 80,600
Tree Maintenance	\$ 9,270	\$ 9,548	\$ 9,835	\$ 10,130	\$ 10,433
Total Landscaping	\$ 589,366	\$ 607,047	\$ 625,258	\$ 644,016	\$ 663,337
Road, Gutter and Sidewalk Maintenance					
Roads and Gutters	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796
Snow/ice removal program	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796
Total Road, Gutter and Sidewalk Maintenance	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593
Streetlights					
Streetlights maintenance	\$ 46,741	\$ 48,144	\$ 49,588	\$ 51,076	\$ 52,608
Ongoing capital maintenance	\$ -	\$ -	\$ -	\$ -	\$ -
Total Streetlights	\$ 46,741	\$ 48,144	\$ 49,588	\$ 51,076	\$ 52,608
UBCPT Management Fees	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Other UBCPT Costs					
Electricity	\$ 46,350	\$ 47,741	\$ 49,173	\$ 50,648	\$ 52,167
Others	\$ 17,119	\$ 17,632	\$ 18,161	\$ 18,706	\$ 19,267
Total Other UBCPT Costs	\$ 63,469	\$ 65,373	\$ 67,334	\$ 69,354	\$ 71,434

TOTAL MUNICIPAL SERVICES COSTS \$ 934,708 \$ 964,387 \$ 1,000,057 \$ 1,031,287 \$ 1,063,546

Contingency (2% on UNA Operating & Municipal Services) \$ 75,495 \$ 78,468 \$ 82,615 \$ 86,426 \$ 90,849

TOTAL EXPENDITURE \$ 5,082,433 \$ 5,294,416 \$ 5,621,690 \$ 5,824,079 \$ 5,986,319

BALANCE SURPLUS (OR DEFICIT) \$ (671,901) \$ (648,599) \$ (311,839) \$ (182,212) \$ (61,435)

*2016-17 figures do not reflect the detailed budgeting process for 2016-17 being undertaken concurrent with this study.