

UNA BUDGET CONSULTATION 2021-2022

Background

The Neighbours Levy forms the primary source of funding for the UNA. The Services Levy is calculated based on the differential of the City of Vancouver Tax rate and the Provincial Rural tax rate. UNA Neighbourhood Residents pay the same amount as City of Vancouver Residents. When Residents pay the service levy, it is deposited into the Neighbours Fund, and funds are then transferred to the UNA to support the delivery of municipal – like services in the neighbourhoods.

For our 2021-22 budget, the UNA continues to face financial challenges associated with a growing population and decreased revenues, including a projected large reduction in budgeted Recreation & Culture revenue that is the direct result of the ongoing pandemic.

The UNA and UBC are committed to finding both a short and long-term solution to the UNA fiscal challenges. The Joint Financial Task Force (composed of UNA and UBC representatives) was restarted in late 2020, and the recommendations from the JFTF are represented in the 2021-22 budget. The budget as proposed includes \$841,000 in continued support from UBC for 2021-22 as follows:

- Athletics Fee Reduction \$481,000
- Fire Services (Landscaping Credit) \$330,000
- Community Access Support \$30,000

The budget also includes a 2020-21 Projected Surplus Carry forward of \$400,000 and a transfer of \$102,323 from the Rate Stabilization Reserve to balance the estimated structural deficit.

The JFTF continues to work on longer term solutions to the fiscal health of the UNA.

The UNA has made a commitment to increase the quality of communication between the UNA and Residents. This public consultation is one piece of the UNA's planned communications strategy and will also include future communications from UNA and UBC better clarifying their roles in the neighbourhoods and the services provided by each.

Draft 2021-22 Budget

As part of the budgeting process, the UNA assessed the funding needed to support ongoing and essential UNA services versus funding used for non-essential projects and programs. Within the 2021-22 operating budget, 95% of expenses are related to operational, non-discretionary expenses required to provide services for Residents. This includes operating and maintaining the Community Centres, providing recreation programs, emergency preparation, and maintaining the neighbourhoods. The remaining 5% of the operating budget relates to additional resources provided by the UNA to the community, including funding for community committees.

Highlights of the 2021-22 Budget are as follows:

- The overall amount budgeted for salaries has decreased from 2020-21 budgeted totals, administration salaries are approximately \$44,000 less and recreation salaries are approximately \$92,000 less.

- The budget includes an increase under general operating services - which is composed mostly of new insurance costs of \$100,000, as well as increased IT Services costs as the UNA moves to transition key services into an online model (although included in the 2020-21 budget, the insurance costs were budgeted separate from general operating services). Under the proposed Neighbours Agreement 2020, the UNA will be responsible for all insurance costs related to the UNA, including building and property insurance, and directors' liability insurance. This is an annual cost subject to yearly increases in insurance rates.
- The increase in professional fees includes \$45,000 for a landscape management plan – which is aimed at reducing noise levels and green house gas emissions in the neighbourhoods.
- Recreation & Culture Services revenue and expenditures are expected to be reduced for the coming fiscal year, as the community deals with the ongoing pandemic.
- The Fire Services Levy is a major expense for the UNA – and is budgeted to remain at approximately \$1.3M for the 2021-22 fiscal year.

Structural Deficit

The UNA is currently experiencing a structural deficit, as the organization's revenues (Neighbours Levy, Recreations Centres, Other) are lower than the cost to operate and run the UNA, including maintenance of the neighbourhoods, operation of the community centres, and other civic administrative operations. The structural deficit for 2021-22 is projected to be \$1.3M, of which \$841,000 is covered by the continued support from UBC and \$400,000 will be covered by our 2020-21 surplus carry forward. Another \$102,323 will be covered from our rate stabilization reserve to balance the estimated structural deficit.

Neighbours Levy

The Levy is projected to increase 7%, from \$5.9M budgeted in 2020-21 to \$6.4M in 2021-22. As the population grows and tax rates stabilize, the Levy experiences growth and the structural deficit shrinks.

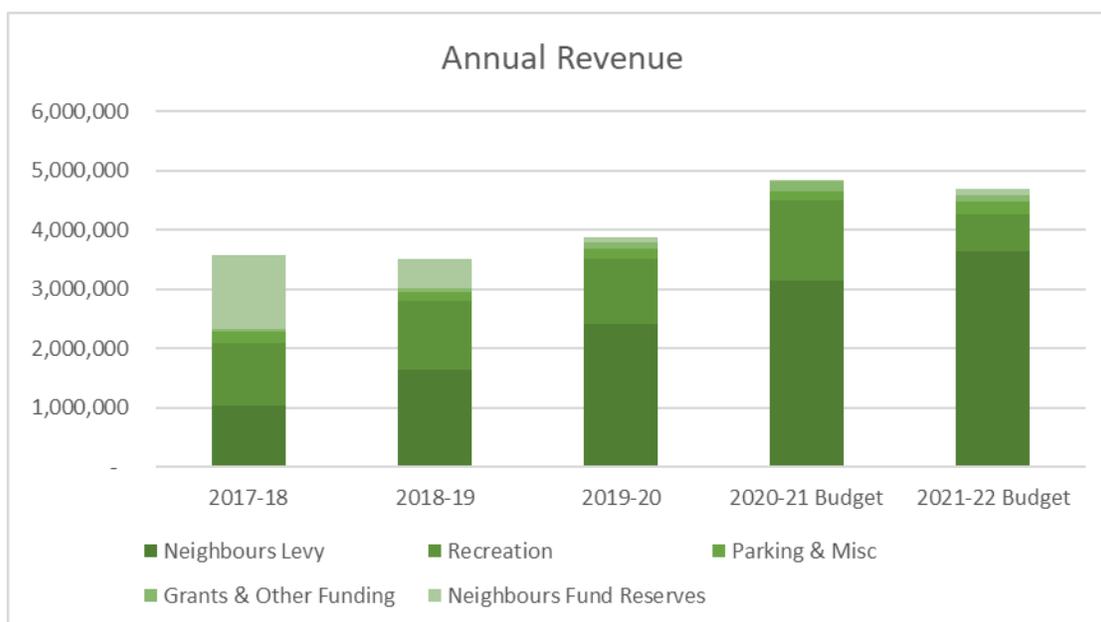
Prior to 2018, there were several years of declines in the Levy due to dramatic increases in the City of Vancouver's single family assessed home values and a lower mill rate. This resulted in restricted funding available to sustain service levels.

As the Neighbours Levy increases the contributions to reserves and other associated deductions also goes up exponentially – which partially offsets any funds available for unrestricted operating expenditures.

The Athletics Access Fee provides UNA Residents access to UBC Athletics services. Athletics Fees are currently set at 7.5% of the Neighbours Levy. As the levy has increased, the Athletics fee has increased as well.

UNA Revenue

Total revenue is expected to decrease by 5% compared to the previous year's budget, excluding specific funding for the structural deficit. Neighbours Levy and reserve revenue are projected to increase, due to an increase in the Neighbours Levy from 2020-21 to 2021-22. However, due to the pandemic, the growth in Recreation & Culture revenue projected from 2020-21 did not take place and the UNA is expecting it will take time for Recreation & Culture revenue to return to historic levels.



Estimated Reserve Balances

Current reserve balances are based on the balances in the Neighbours Fund 2019-20 Audited Financial Statements.

Infrastructure Replacement Reserve	\$4,993,749 (Max = \$10 Million)
Capital Replacement Reserve	\$1,991,294 (Max = \$5 Million)
Contingency Reserve	\$1,059,180 (Max = \$1 Million)
Rate Stabilization Reserve	\$122,203 (Max = \$2 Million)
Community Field Replacement Reserve	\$326,749 (Max \$600,000)

Engineering & Operations Service Expenses

Engineering & Operations expenses are projected to increase 11% overall.

- The increase is driven by an increase in common area maintenance costs above current year projections. As neighbourhoods continue to be built out, common area maintenance costs are expected to increase.
- Parking and Emergency Management expenses only increased marginally as bylaw enforcement is the only item expected to have an increase and not the other maintenance items.
- An additional \$10,000 has been included for general UNA maintenance costs, and has been classified separately to improve tracking and management of expenses including snow removal, playground repairs, and field maintenance.

Recreation & Culture Service Expenses

Total Recreation and Culture Service costs are expected to decrease by approximately 8%.

- Wesbrook Community Centre and Old Barn Community Centre costs include all related operation costs, including janitorial services, site supervisors, amortization, equipment purchases and

maintenance. The budget for 2021-22 includes planned building maintenance as well as equipment and fixture safety upgrades. The 2021-22 budget also includes a specific allotment for increased security costs to account for post-pandemic reopening.

- As part of the budgeting process, the UNA Programming Team completed a full-scale assessment of community centre program revenue to accurately assess the program plan, identify necessary resources and create a more precise estimate of both programming costs and revenues, aiming for full cost recovery as part of the UNA's financial sustainability strategies.
- Recreation Salaries & Benefits include a cost of living increase as well as an allotment for benefit amendments for all staff. Due to the pandemic, a number of changes have been implemented for the 2021-22 fiscal year. Some part time positions will be removed, some vacant positions will remain unfilled, and changes in responsibilities will be made for some full time positions to meet changing operational needs.

General Operation Services

There is an expected 6% increase in General Operating Service Expenses due to the following:

- Administration Salaries and Benefits have decreased \$44,000. This line item also includes cost of living increase and an allotment for benefit amendments for all staff.
- The General Operating Services budget includes \$100,000 insurance cost and \$25,000 for website improvements, along with planned IT upgrades and contingency.
- Professional fees include \$45,000 for a landscape management plan along with \$20,000 for a facility space needs assessment.
- The Communications budget is less than 2020-21, as a number of initiatives have been completed and website costs were reallocated to General Operating Services. Newspaper costs will also decrease for 2021-22 due to a reduced production schedule.

Online Budget Feedback Deadline

The UNA asks residents to provide comments on the budget between January 22, 2021 and February 1, 2021 by emailing finance@myuna.ca.

Please note the 2021-22 budget must be approved by the UNA Board of Directors prior to March 30, 2021.