

Ministry: Community, Sport and Cultural Development

Initiative Title and Description: Recover more of the costs incurred by the provincial government for fire services to the University of BC (e.g. at least equivalent to the cost of providing service to the UBC neighbourhoods).

Projected Savings: Through a 99 year contract (signed in October 1995), the City of Vancouver provides fire protection services to the University of British Columbia (UBC) and the University Endowment Lands (UEL). MCSCD makes bi-weekly contract payments that are adjusted each year for increases in firefighters' salary and benefits, operations costs and overhead. The net cost of providing fire protection services to UBC for the next three fiscal years is \$5.9, \$6.0 and \$6.2 million, based on historical trends. The cost of fire protection services to the University Endowment Lands (UEL), which is under provincial jurisdiction, is \$420,000 and is recovered from UEL residents through property taxes (*the UEL portion is not included in the estimates below*).

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Additional Information:

Background

- UBC's 53,000 population comprises the academic campus and 5 intensively-developed neighbourhoods (approx. 8000 permanent residents). For historic reasons, UBC is the only university in BC located within a "rural" area of a regional district (Metro Vancouver), not within an incorporated municipality. The University provides services to its lands much like a strata corporation to a condominium, and delivers those services directly or by relying on other bodies. The UEL (population approx. 4000) is also an unincorporated area within Metro Vancouver, but is directly governed/administered by the Province (MCSCD) with some municipal-like powers (i.e. taxation).
- Currently fire services are provided to the UEL, the UBC academic campus and the UBC neighbourhoods through a \$5.9 million MCSCD contract with City of Vancouver; approximately 7% of the costs are recovered through UEL property tax; none of the UBC campus or neighbourhood costs are recovered. UBC neighbourhoods represent approximately 14% of the population being served.
- UBC does impose a service levy on properties in the UBC neighbourhoods but does not provide any of that money to the Province for fire services.
- Like BC's other universities, fire service is provided to UBC lands and the university does not directly contribute to this service. However, in UBC's case, the costs for this service are borne by the Province, not a local government (i.e. UBC residents do not pay municipal taxes nor any fire services levy through a regional district or improvement district).

Risks & Implications

s.13

Contact Name: Julian Paine, Assistant Deputy Minister, Local Government Division

Contact Phone Number: (250)387-5312

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL


Order in Council No. 209

, Approved and Ordered April 16, 2014


Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that the Taxation (Rural Area) Act Regulation, B.C. Reg. 387/82, is amended as set out in the attached Schedule.


Minister of Finance


Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: Taxation (Rural Area) Act, R.S.B.C. 1996, c. 448, s. 20

Other: OIC 1586/82

April 8, 2014

R/308/2014/27

SCHEDULE

- 1 Sections 5 and 6 of the Taxation (Rural Area) Act Regulation, B.C. Reg. 387/82, are repealed and the following substituted:*

Variable tax rate – general

- 5** For the purposes of section 20 of the Act, in all areas of British Columbia except the Peace River Regional District, the tax rates for 2014 and subsequent tax years are the amounts set out in column 2 of the following table to be applied against each \$1 000 of actual value of property in the appropriate class set out opposite in column 1:

Table

Column 1 Class	Column 2 Rate for 2014 and subsequent years \$
1 Residential	0.56
2 Utilities	3.82
3 Supportive housing	0.10
4 Major industry	5.34
5 Light industry	2.91
6 Business and other	2.91
7 Managed forest land	0.56
8 Recreational property/non-profit organization	0.94
9 Farm	0.52

Variable tax rate – Peace River Regional District

- 6** For the purposes of section 20 of the Act, in the Peace River Regional District, the tax rates for 2014 and subsequent tax years are the amounts set out in column 2 of the following table to be applied against each \$1 000 of actual value of property in the appropriate class set out opposite in column 1:

Table

Column 1 Class	Column 2 Rate for 2014 and subsequent years \$
1 Residential	0.56
2 Utilities	4.34
3 Supportive housing	0.10
4 Major industry	5.86
5 Light industry	3.43
6 Business and other	2.91
7 Managed forest land	0.56
8 Recreational property/non-profit organization	0.94
9 Farm	0.52

UBC FIRE SERVICES

History/Context:

- UBC is located in Metro Vancouver Electoral Area 'A', an unincorporated area. It is the only university in BC not within municipal boundaries.
- The absence of a municipal government in an urban environment has led to the unique situation of the Province funding fire protection services.
- UBC's daytime population totals approximately 60,000. This represents students, faculty, staff and residents.
- The UBC campus has two main aspects:
 - the academic/institutional campus; and
 - five intensively-developed residential neighbourhoods that are represented by the University Neighbourhoods Association (UNA); a UBC-initiated society.
- The UNA is home to 9,300 residents who live in market-housing (i.e. not campus student beds).
- An agreement between UBC and the UNA sets out that for the neighbourhood areas, the UNA will provide community oversight for municipal type services such as landscaping and the community centre.

Fire Protection Costs:

- Fire protection service for UBC and UEL is paid for by the Ministry and provided through a ~\$6.2 million contract with the City of Vancouver (expires 2094).
- Based on daytime population, fire protection costs can be allocated as follows:
 - UBC institution (i.e. students and faculty) represents 80% of the population or ~\$4.9 million of contract costs;
 - UNA represents 14% or ~\$900,000; and,
 - UEL represents 6% or ~\$400,000.
- Through property taxes, the Province recovers the full costs of providing fire protection on the UEL (actual recovered 2013/14 was \$420,000).
- UBC and UNA do not pay any portion of their annual fire protection costs (unrecovered total ~5.8 million).

Property Tax:

- Universities have a statutory exemption from paying property taxes; however, UNA residents are not exempt and therefore pay Provincial rural area taxes under the *Taxation (Rural Area) Act*.
- In general, municipalities service universities and must supplement the forgone property tax through other means (e.g. fees).
- In UBC's case, the costs for fire protection are borne by the Province; not a municipality.
- There are four instances where the Province provides a grant-in-lieu to municipalities to help offset all service costs. In 2011/12 a total of \$520,000 was divided across municipalities who are host to SFU, UVIC, UNBC and Royal Roads.
- In contrast, CSCD funded \$5.8 million for fire service alone for UBC.
- The rural area tax collected from UNA residents provides annual revenue to the Province of approximately \$1.5 million.
- The purpose of the rural area tax is to help offset costs for the Province's provision of local services in rural areas (e.g. police and roads). However, it is not meant to fund community fire protection.
- In other unincorporated areas in BC, residents pay an additional levy for fire services through a regional district or improvement district.
- To bring UNA in line with UEL and BC's unincorporated areas, UNA residents should pay their share of the costs of providing fire services (~\$900,000).

UNA:

- UBC lands are provided to UNA's market-housing residents through long term leases (i.e. not fee simple lots)
- Lease agreements contain a unique tax arrangement for UNA residents:
 - Residents pay the normal taxes payable by rural residents in Metro Vancouver, which are levied and collected by the Provincial Surveyor of Taxes.
 - In addition, the lease agreements provide for the payment of an annual Service Levy to UBC which is set to the difference between the City of Vancouver general property tax rate and the provincial *Taxation (Rural Area) Act* rates.
- These funds in turn are deposited into the UNA's Neighbours Fund and are used for operating the UNA.
- The Service Levy represents approximately 34% of residents' annual property tax and provides the UNA an estimated budget approximately \$4 million.
- Due to the structure of the Service Levy, recovering for fire service costs would result in no net tax increase for UNA residents.
- Recovering costs for fire protection would reduce funds available to the UNA to provide for other community services (e.g. community centre).

