

**From:** Minister, MAH MAH:EX <MAH.Minister@gov.bc.ca>  
**Sent:** December-22-17 8:47 AM  
**To:** 'Bill Holmes'  
**Cc:** Eby.MLA, David LASS:EX  
**Subject:** 206975: UBC Neighbourhoods Fire Service Charge

Ref: 206975

Bill Holmes  
UBC Neighbourhoods Taxation Working Group  
Email: [William.Holmes@telus.net](mailto:William.Holmes@telus.net)

cc: [David.Eby.MLA@leg.bc.ca](mailto:David.Eby.MLA@leg.bc.ca)

Dear Mr. Holmes:

Thank you for your email and attached letter regarding the University of British Columbia (UBC) Neighbourhood Fire Services Contribution Agreement. I have reviewed your comments with the Honourable David Eby, MLA, Vancouver-Point Grey, to get a better understanding of the previous government's approach to recovering fire service costs for UBC's market properties. This included a review of your concerns that decisions may have been based on incorrect information comparing the different property tax systems of UBC's neighbourhood areas and the University Endowment Lands (UEL).

MLA Eby also shared with me that he believes the new agreement is creating revenue challenges for the University Neighbourhood Association's (UNA) financial model, in part because the community's services levy is tied to Vancouver's declining mill rate.

A priority of our government is to make life more affordable for British Columbians. As a result, the Ministry of Municipal Affairs and Housing has spent a significant amount of time reviewing the basis for the agreement to ensure that UNA residents are not being unfairly treated. I am pleased to share that information, and my reasons for deciding to keep the agreement in place.

Due to the UNA's rural tax structure, it is challenging to directly compare it to nearby areas like the UEL and Vancouver. As an unincorporated area, the Province of British Columbia's general rural property tax rate is applied to the UNA. British Columbia's unincorporated areas all pay the same rate for the general rural property tax. This "flat rate" tax structure means that the tax collected from a particular geographic area is not designed to equal the cost of providing provincial services for that area.

While the UEL's population is just over a third of the size of the UNA's, the total rural property taxes collected from UEL residents is more than the total amount collected by the Province from UNA residents.

The Ministry also reviewed how provincial expenses that benefit UNA residents compare with provincial revenue from the rural property taxes. Unfortunately, there is no way to directly track specific provincial revenues expended for the benefit of UNA residents. Since the general rural tax is a province-wide tax used on a province-wide basis, it is impractical to attribute expenses on a local neighbourhood basis.

For example, the RCMP serves both UBC and the UEL, but also operates as part of the integrated provincial police force. Similarly, roads are maintained as part of a broader regional Ministry of Transportation and Infrastructure maintenance contract which does not break out specific road costs. Provincial roads that benefit UNA residents such as SW Marine Drive and W 16<sup>th</sup> Avenue are challenging to divide and to allocate a specific portion of road costs to UNA residents.

Another layer of complexity is that UBC’s academic areas are exempt from paying property taxes. For all other British Columbia universities, property taxes from the local jurisdiction (i.e. municipality) are used to help fund this revenue gap. The Province’s grants-in-lieu of property taxes also help to offset local service costs. If this tax policy was applied to UBC, then property taxes from the UNA and UEL would be used to help fund the provision of services for UBC’s academic lands. For example, in 2017, the Province will have provided \$5.5 million collected from other provincial revenue sources to fund fire services costs for UBC’s academic lands. If local properties were required to fund this expense, then it would create a significant new tax burden. Given the relatively small property tax base and the magnitude of the fire services expense, the Province has decided to continue to fund this cost for UBC’s academic lands.

Despite these challenges, there are ways to determine approximate costs of provincial public services received by UNA residents in order to determine broad fairness in property tax for UNA residents.

Two comparators for 2016 police and fire costs are:

- 1) Average police and fire service costs for British Columbia municipalities with populations similar to the UNA (i.e. between 10,000 and 12,000); and
- 2) Using the City of Vancouver’s per capita operating costs and pro-rating those costs for UNA’s approximate population of 11,000 residents. The City of Vancouver is used here as it is the closest municipality to UBC and is the service provider for UBC’s fire protection.

	<b>Police</b>	<b>Fire</b>	<b>Total</b>
Average costs for nine B.C. municipalities with approximately 11,000 population	<b>\$2,396,114</b>	<b>\$1,152,415</b>	<b>\$3,548,530</b>
Estimated per capita costs based on City of Vancouver costs for 11,000 people	<b>\$4,926,613</b>	<b>\$1,986,094</b>	<b>\$6,912,706</b>

Costs for Whistler (\$8M total) and Prince Rupert (\$9M total) were excluded from the comparison group because they are unique situations that are not considered representative for an average municipality. If these two communities were included, then average costs would be considerably higher. Costs based on the City of Vancouver’s operating expenses are almost twice as high as the costs for municipalities with populations that are similar to UBC’s neighbourhood areas.

For comparison, below is the applicable 2016 provincial revenue collected from all taxable properties in the UNA, including the UBC’s contribution for fire services if the full 100 percent was provided.

General Rural Property Tax	\$2,154,313
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Police Tax	\$299,718
<b>Total Applicable Provincial Property Taxes</b>	<b>\$2,454,031</b>
UBC Fire Services Contribution @100%	\$1,000,000
<b>TOTAL Revenue</b>	<b>\$3,454,031</b>

Also noted was that UBC and the UNA worked together to restructure their neighbourhood agreement to reallocate \$800,000 in expenses from the UNA to UBC, resulting in the net impact of the fire expense on the UBC Service Levy being \$200,000 instead of \$1 million.

In addition to fire and police services, the combined \$3.5 million in revenues also help to fund roads that benefit UNA residents. In order to assist with this complex issue of estimating road costs, the last estimate from the Ministry of Transportation and Infrastructure was in 2014 and estimated that the cost of maintenance of the peninsula's major roads was \$600,000. Considerable capital costs are additional and vary year-by-year based on the projects being implemented.

While I recognize the limitations of these methods and available information, these high level comparative assessments are useful for determining the general fairness of the contribution agreement.

Based on this information, our conclusion is that the amount paid by UNA residents to the Province through the general rural property tax, police tax and the fire contribution is reasonable given the general estimated costs to deliver police and fire services to the UNA.

I have also considered other aspects of your argument in detail. Thank you for the close examination of this issue and thorough explanation of your position on the change. However, as a result of my review of this matter, I will be maintaining the UBC Neighbourhood Fire Services Contribution Agreement.

I hope that my efforts help remedy your inquiries on this complex issue. I have committed to working with MLA Eby and UBC to ensure property taxes in the UNA are fair, appropriate and responsive to the needs of your community going forward.

Thank you for writing to me about this important issue.

Sincerely,

Selina Robinson  
Minister of Municipal Affairs  
and Housing