

July 31, 2020

The Honourable John Horgan
Premier of British Columbia
PO BOX 9041, STN PROV GOV
Victoria BC V8W 9E1

The Honourable Carole James
Minister of Finance and Deputy Premier
Room 153, Parliament Buildings
Victoria, BC V8V 1X4

Dear Premier Horgan and Minister James:

Re: UBCM Response to *Building BC's Recovery, Together*

On behalf of BC local governments, please find attached the Union of BC Municipalities submission to the Province's *Building BC's Recovery, Together* consultation document.

Our submission reflects the results of member outreach undertaken over the March – May period, as well as more recent local government engagement on specific policy files such as public transit.

As well, I am pleased to advise that at our July 17th meeting, the Executive formally constituted a Special Committee on Economic Recovery, comprising members of the Presidents Committee. We would welcome the opportunity to work collaboratively with you to share the perspectives of local government as we continue to move forward with the Restart Plan.

I also wish to take this opportunity to thank you for your leadership as we continue to navigate our province through this challenging and unprecedented time.

Yours truly,



Mayor Maja Tait
UBCM President

Cc: Hon. Selina Robinson, Minister of Municipal Affairs and Housing

Attachment: UBCM Submission to the Province's Building BC's Recovery, Together

Union of BC Municipalities Submission to the Province's *Building BC's Recovery, Together* Consultation Paper

1. Introduction

The Union of British Columbia Municipalities (UBCM) represents 100% of the local governments in British Columbia (BC), as well as eight First Nations members, and has advocated for policy and programs that support its membership's needs since 1905.

BC local governments are recognized as orders of government in their respective jurisdictions under the Community Charter and Local Government Act. As the order of government closest to its citizens, local government leaders know the significant impact that this pandemic has had on BC residents; small and large businesses; non-profit groups and other community-based organizations.

As the recognized, collective voice of BC local government, UBCM is pleased to provide this submission to the Province's *Building BC's Recovery, Together* consultation process.

2. *Building BC's Recovery, Together* Consultation Process

The Province's *Building BC's Recovery, Together* consultation process offers British Columbians an opportunity to provide their feedback either through the consultation paper, on line survey or one of the virtual town halls. Due to the personal focus of the Province's consultation, UBCM was unsure if this was the appropriate avenue for us to make our views known. However, at our July board meeting Executive members directed that we prepare a submission to ensure that the local government voice was heard as part of the Province's recovery process. As a result, our submission does not respond directly to the questions posed within the Province's consultation paper (*page 12*) but instead provides an overview of the feedback we have heard from our members after undertaking our own member engagement.

So while our submission may not fit within the Province's template for response, we note that many of the elements covered within our submission do align with the provincial priorities identified on page 11 of the consultation paper as follows:

- *STRENGTHENING OUR HEALTH CARE SYSTEM*
- *CREATING AND RESTORING GOOD-PAYING AND SUSTAINABLE JOBS*
- *BECOMING MORE SELF-SUFFICIENT*
- *IMPROVING EDUCATION, TRAINING AND APPRENTICESHIP OPPORTUNITIES*
- *TAKING ADVANTAGE OF BC'S ABUNDANT CLEAN ENERGY*
- *MOVING FORWARD ON MEANINGFUL RECONCILIATION WITH INDIGENOUS PEOPLES*
- *BUILDING THE CRITICAL INFRASTRUCTURE AND SERVICES THAT ALL COMMUNITIES NEED TO THRIVE*
- *ENSURING THAT BC IS ON A STRONG FISCAL FOOTING*

And while our submission may not directly reference all of the identified provincial priorities, UBCM does have a repository of resolutions and policy positions that would indicate broad member support for all of the priorities that have been identified.

In the Province's consultation paper, it states: *"As conversations across the province move from restart to recovery, it is clear recovery means more than returning to the past. This is an opportunity for businesses, organizations and non-profit agencies to help us generate solutions to address the challenges they face."*

UBCM concurs with this statement. By identifying the challenges facing local governments, as well as possible solutions, we hope our submission helps to generate new and creative opportunities for BC local government. We view our submission as a first step to help inform the Province's recovery process and look forward to further engagement in the coming months.

3. UBCM Perspectives on Recovery

Local Government and Financial Recovery

In late March 2020, UBCM reached out to a wide of range of local governments to gather information on the immediate and projected long-term financial pressures facing local governments, their residents, and local businesses as a result of the pandemic. Many local governments identified a loss of variable revenue, the shelving of capital projects, a re-evaluation of property taxes, new costs of supporting vulnerable populations, and concerns over reserve restrictions and looming financial deadlines. In response to these concerns, UBCM raised potential relief measures with the Province that focused on property taxes, legislated financial timelines, restrictions on reserves, capital project timelines, grants, and infrastructure stimulus funding.

In early April, the Province introduced a financial relief framework that initiated temporary changes to B.C.'s property tax framework to provide financial support for businesses and local governments. Among the changes introduced, local governments were given the ability to borrow, interest-free, from their capital reserve funds and municipalities will be able to access school tax revenue collected for the Province until the end of the year. UBCM committed to monitoring the impact of the measures on local government finances, and working with the Province to ensure that local governments had the necessary resources to sustain their communities.

After a second round of outreach, many of our members acknowledged the provincial measures were a modest first step in attempting to address the pandemic-related financial challenges for communities. The measures provided local governments with some flexibility, enhanced cash flow, and short-term certainty that assisted them in financial decision-making. These provincial measures were viewed as a tool for governments to use in the interim, as well as support for local businesses. Even with these provincial measures, many local governments had to re-evaluate their budgets and make extremely difficult decisions and adjustments on capital spending, service levels, staffing, and proposed property tax increases, to ensure continued operation and delivery of critical services. Many local governments also engaged in layoffs of casual, temporary and facility related staff in early April, with the continued uncertainty of the pandemic impacting potential future layoffs.

While there was a general feeling that local governments might be able to financially weather the next several months, our members expressed particular concern about their finances in coming year(s). The risk of delinquencies amongst residential and commercial property taxpayers remains high as the economic fallout from the pandemic mounts. Local governments are concerned that the continued loss of non-taxation revenue, coupled with the uncertainty of tax delinquencies, will hinder the ability of local governments to advance capital projects, maintain existing essential services, and pay back reserves without significant property tax increases in the years ahead.

Upon receiving this feedback, UBCM called for additional provincial support measures in May to address local government funding shortfalls, mitigate the risk of tax delinquencies, and facilitate a revival of local economies. In particular, UBCM called for financial support for transit to aid local economic recoveries; an infrastructure stimulus framework to generate economic returns for communities; and an expansion of the property tax deferral program to all residents to reduce the risk of tax delinquencies. A copy of our May 8th letter to Minister Robinson is attached to this submission.

In addition, UBCM supported the Federation of Canadian Municipalities' request for a minimum of \$10 billion in emergency operating funding, with an additional \$2.4 billion for communities with transit systems, to be provided through a direct federal allocation to local governments.

Recently the federal government announced a \$19 billion funding program to support provinces with their recovery efforts, with specific funding to be targeted to local governments, specifically transit services. On July 22nd the Province announced it would target up to \$1 billion of additional spending to address COVID-19 impacts and restart plans of local governments and public transit services, conditional on matching federal contributions under a 50/50 cost-sharing criteria. UBCM welcomes this announcement and looks forward to working with the Province to identify how best to support local governments with their recovery efforts.

Local Government and Public Transit

As noted above, in the early days of the pandemic, UBCM reached out to local governments to identify their financial challenges. And while we heard predictably about property taxes, and the loss of other revenue sources (i.e. casinos, parking and recreation fees) we also heard very specific concerns around transit, and the significant impact on local government budgets.

UBCM then followed up with officials from BC Transit, TransLink and the Mayors' Council on Regional Transportation to get a better understanding of the impacts on transit communities across BC. The financial impact is, and continues to be devastating.¹ In May, the UBCM Executive directed that we offer our support to BC Transit and TransLink communities to address the problem in a collective way. On June 16th, UBCM hosted a Public Transit Forum for all BC Transit and TransLink communities. What we found most interesting was, despite facing major financial challenges, mayors from transit communities commented on how important it was to remain on track; how they wanted to be part of the conversation to make transit more nimble and better able to adapt to these crisis situations.

During the Forum a document outlining draft principles and recommendations was shared with participants. The document specifically asked the Province to work with all transit / community partners on the development of a transit recovery strategy to address the financial impacts; and a rebuilding strategy that would

¹ For example: Kelowna - \$3M losses predicted over next 12 months; Nanaimo RD - \$2.5 - \$3 million in 2020; Nelson - \$100,000 in revenue losses to date; Prince George - \$100,000-\$200,000 in revenue losses to date.

focus on how to sustain, grow and identify alternative funding models to support public transit.

UBCM recognizes that the Mayors' Council is working with Minister Robinson to address TransLink community concerns, however there is no comparable collective for BC Transit communities. As a result, UBCM wrote to the Minister of Transportation and Infrastructure on behalf of BC Transit communities offering to assist. We indicated our interest in working with the Province to coordinate a consultation process with affected communities to identify how best to support them to deliver transit at this critical time, and into the future. A copy of our June 29th letter to Minister Trevena is attached.

As noted earlier, UBCM was pleased to learn of the July 22nd announcement by the Minister of Finance to earmark up to \$1 billion to fund the Province's portion of municipal and transit services assistance, depending on the outcome of further federal cost-sharing discussions. We look forward to learning more about how this funding will be allocated to support transit communities recover from fare losses and rebuild the system to be more resilient. UBCM remains committed to working with the Province to identify other funding models to ensure transit can remain sustainable not only at this critical time, but through the recovery process into the future.

Local Government and Infrastructure

As the Province turns its attention to the recovery phase of the pandemic, Infrastructure stimulus has historically generated significant economic returns for local communities, through increased employment, the flow through of dollars to local businesses, and the creation of much needed community assets.

When UBCM reached out to its members this past spring about recovery, members expressed broad support for securing an infrastructure stimulus framework that:

- maximizes flexibility on project category, eligible costs, procurement and timelines;
- provides 100% funding for any recovery program and/or current infrastructure program; and
- ensures administrative ease and efficiency in recognition of local staff capacity.

In addition, members noted that any infrastructure stimulus framework should support "shovel worthy" projects over shovel ready projects, expedite BC announcements in the Investing in Canada Infrastructure Program (ICIP), and remove existing federal stacking rules. UBCM believes that the current Gas Tax funding model is the appropriate model for any infrastructure stimulus framework,

as it maximizes local choice and flexibility to ensure funds are invested in the areas with the greatest need and economic return.

An ancillary issue that has surfaced repeatedly in our discussion of infrastructure stimulus relates to procurement. While we understand existing trade agreements prescribe specific procurement obligations, our members have expressed a desire to procure locally, where possible, as means to support local economic recovery. Local governments have expressed frustration with the BC Bid process, as it does not permit local governments to hire/buy local due to specified procurement thresholds. Adjustments to procurement thresholds or processes may provide an opportunity for economic stimulus, at a time when local economic development is critical to the overall provincial recovery effort.

Local Government and Broadband Connectivity

Improved and expanded broadband internet connectivity has been, and continues to be a key priority for UBCM. Its importance has been underscored in 2020 by the move to work and conduct business remotely during the COVID-19 pandemic. In the early days of the pandemic local governments with limited connectivity struggled to conduct normal council/board business in a virtual format. While most local governments found ways to adapt, there are still many regions of our province that continue to struggle daily due to the lack of, or inadequate connectivity. The pandemic has revealed how vulnerable these communities are when disasters happen, and highlight how important it is to remedy the current situation.

We applaud the Province for expanding the Connecting British Columbia program in response to the COVID-19 pandemic to help internet service providers (ISPs) undertake immediate network equipment upgrades to rapidly improve capacity and internet speeds in underserved areas, but unfortunately it is still not enough. None of the current funding programs address the issue of existing, dormant backbone and last-mile infrastructure that either lacks an ISP to make use of it, or is owned by an existing Internet service provider that declines to activate and use it. Consequently, action needs to be taken to require ISPs or the owners of network infrastructure to activate and make use of existing, dormant network infrastructure to help achieve universal broadband Internet access.

Addressing the broadband connectivity gap is critical to the recovery effort. Communities need reliable adequate broadband connectivity to conduct the day to day business of local government; attract and retain business; support distance education / learning opportunities; access online health support/services; and ensure that their citizens are able to engage fully in a virtual environment.

Local Government and Societal Impacts of COVID-19

While much of our submission has focused on economic recovery, our Executive and broader membership have identified the significant social impacts associated with the pandemic. As noted in the Province's consultation paper, hundreds of thousands of individuals have lost their jobs with those most impacted coming from the service sectors, notably retail, restaurants, hotels and tourism.

An example of this impact is very clearly evident on a community such as Whistler, a tourist destination, dominated by service sector employment. The following account was shared by Councillor Jen Ford, UBCM Third Vice-President:

The Whistler Food Bank saw an immediate and alarming uptick in need for food security. Prior to Covid, the food bank handed out bags to roughly 45 households each week (one day per week it was open). In the first week, we saw 100, in the next week we were up to 200, and the peak was just before the CERB cheques started, there was 600 bags in a week. We moved to the conference centre with 5 day per week service. The service has remained strong with an average of 200 bags per week, and will remain at the conference centre through September. This move made sense to allow for adequate spacing and processing of the food donations. There are also outreach services available on site for support navigating CERB applications, financial support, and multicultural outreach. Prior to Covid, the majority of people would talk about insecure and unstable housing as the biggest issue. That has changed substantially, and it is now job insecurity and mental health.

As far as the tourism impact, Whistler generates 25% of the provincial tourism export revenue. The closure of hotels and reduced capacity of restaurants will be felt for many, many months ahead. Many of the local restaurants have reopened, and all the hotels have reopened, but we're seeing an entirely different kind of guest who is spending less and staying for shorter stays, unlike our typical visitor. Every business in town is being challenged by far fewer workers and few applicants, so service levels are difficult.

The societal impacts of the pandemic cannot be underestimated. Additional and ongoing support is needed to assist vulnerable populations that have been significantly affected. Whether its unemployment, homelessness, substance abuse/addictions, mental health or other situations requiring social support services, communities are on the front line working with the Province, local organizations and volunteers to do what they can to help their residents.

4. UBCM Role in the Provincial Recovery Effort

In order to effectively respond to, and recover from, the current pandemic, it is imperative that federal, provincial, local and aboriginal governments work collaboratively to address the devastating health, safety, social and economic impacts that have impacted every resident, in every region of our province and country.

At the July 2020 UBCM Executive meeting, board members directed that a Special Committee on Economic Recovery be established to serve as a contact point for provincial and federal governments to support recovery efforts. The newly established Special Committee is comprised of the following Executive members:

- Mayor Maja Tait, President
- Councillor Brian Frenkel, 1st VP
- Councillor Laurey-Anne Roodenburg, 2nd VP
- Councillor Jen Ford, 3rd VP
- Councillor Arjun Singh, Past President
- Councillor Craig Hodge, GVRD/Metro Rep.

Members of the Special Committee would welcome the opportunity to meet with the Province to discuss our submission or any other matters as they pertain to local governments and pandemic recovery.

5. Concluding Remarks

On behalf of local governments across BC, UBCM thanks the Province for undertaking the ***Building BC's Recovery, Together*** consultation process. We appreciate the opportunity to share what we have heard from our members since the state of emergency was declared in March 2020.

While this submission is not exhaustive of the issues and challenges facing our members, we consider it to be an accurate portrayal of the key concerns facing BC local government. As the collective voice of local government, UBCM stands ready to work with the Province and offer our assistance as BC moves forward through the recovery phase.

Attachments:

- *May 8, 2020 letter to Minister Robinson*
- *June 29, 2020 letter to Minister Trevena*

May 8, 2020

The Honorable Selina Robinson
Minister of Municipal Affairs and Housing
PO Box 9056 Stn Prov Govt
Victoria, BC V8W 9E2
Via Email: MAH.minister@gov.bc.ca

Dear Minister Robinson,

On behalf of the Union of British Columbia Municipalities (UBCM), I wish to thank you for listening to the range of financial pressures facing local governments that were raised in our discussions with you and your staff in April. The Province's willingness to move quickly and develop measures seeking to address those financial challenges was welcomed by UBCM and its members.

The measures announced on April 16th were an important first step in supporting our members and their local economies, as they provided additional relief to small business and gave some flexibility to help local governments maintain operations. At the time of their announcement, UBCM committed to monitoring the impact of the measures on local government finances, and working with the Province to ensure that local governments had the necessary resources to sustain their communities.

We have since reached out to our membership to gauge the impact of the provincial financial relief framework, and to identify a stimulus approach that would assist a post-pandemic recovery in our communities. Outlined below you will find a summary of our outreach findings, coupled with a request for additional measures that would address local government funding shortfalls, mitigate the risk of tax delinquencies, and facilitate a revival of local economies.

Provincial Financial Relief Measures

Many of our members acknowledge the April 16th measures as a modest first step in attempting to address the pandemic-related financial challenges of communities. The measures provided local governments with some flexibility, enhanced cash flow, and short-term certainty that assisted local governments in their financial decision making. They were viewed as a tool for governments to use in the interim, as well as financial support for local businesses. It should be

noted that many local governments had to re-evaluate their budgets and make extremely difficult decisions and adjustments on capital spending, service levels, staffing, and proposed property tax increases, to ensure continued operation and delivery of critical services. Many local governments also engaged in layoffs of casual, temporary and facility related staff in early April, with the continued uncertainty of the pandemic impacting potential future layoffs.

While there is a general feeling that local governments might be able to financially weather the next several months, our members are particularly concerned about their finances for the following year(s). The risk of delinquencies amongst residential and commercial property taxpayers remains high as the economic fallout from the pandemic mounts. Local governments are concerned that the continued loss of non-taxation revenue, coupled with the uncertainty of tax delinquencies, will hinder the ability of local governments to advance capital projects, maintain existing essential services, and pay back reserves without significant property tax increases in the years ahead.

Expanded Property Tax Deferral Program

Given the risk of property tax delinquencies, local governments are seeking an expansion of the existing Property Tax Deferral Program to cover all residential tax payers at a minimum. While the program's eligibility covers a significant number of residents, there remains a sizeable number of ineligible residents that require support. An expanded program would mitigate the risk of delinquencies, and provide a greater degree of certainty for budgeting and long-term financial planning.

Transit Financial Support

The need for financial support for transit has also emerged as an issue amongst transit dependent communities throughout the province. Not only has the loss of fare revenue significantly impacted many local government budgets, but the decreased ridership arising from physical distancing requirements threatens the financial sustainability of existing services levels. Transit is a service critical to supporting local economic recoveries, and UBCM's members are looking for provincial funding assistance to support the sustainability of transit in their communities.

Economic Recovery Stimulus Funding

UBCM's members are seeking economic recovery stimulus funding once the Province fully turns its attention to the recovery phase of the pandemic. Infrastructure stimulus has historically generated significant economic returns for local communities, through increased employment, the flow through of dollars to local businesses, and the creation of much needed community assets.

To that effect, UBCM's members are broadly supportive of securing an infrastructure stimulus framework which maximizes flexibility on project category, eligible costs, procurement and timelines; provides 100% funding for any recovery program and/or current infrastructure program; and which ensures administrative ease and efficiency in recognition of local staff capacity. In addition, any infrastructure stimulus framework should support shovel worthy projects over shovel ready projects, expedite BC announcements in the Investing in Canada Infrastructure Program (ICIP), and remove existing federal stacking rules. UBCM believes that the current Gas Tax funding model is the appropriate model for any infrastructure stimulus framework, as it maximizes local choice and flexibility to ensure funds are invested in the areas with the greatest need and economic return.

I wish to thank you for your leadership and collaboration on combating the impact of the pandemic in BC's communities. I look forward to working with the Province on these proposed measures to ensure that local governments have the resources necessary to sustain their operations and services while stimulating their local economies.

Sincerely,

A handwritten signature in black ink, appearing to read 'Maja Tait', written in a cursive style.

Mayor Maja Tait
UBCM President

June 29, 2020

The Honourable Claire Trevena
Minister of Transportation and Infrastructure
Room 306 Parliament Buildings
Victoria, BC V8V 1X4

Dear Minister Trevena:

Re: Public Transit in BC

On behalf of UBCM I wanted to take the opportunity to update you on work that we have undertaken to support transit communities in BC. While all BC communities have been financially impacted by COVID-19, UBCM has found that transit communities are struggling even more so. I shared some initial findings when we connected a few months ago, and now have additional feedback that I felt was important to convey.

In response to member concerns, UBCM hosted a Transit Forum on June 16th for both TransLink and BC Transit communities. The session was well attended with over 90 participants and was planned in coordination with the TransLink Mayors' Council. The Forum opened with a joint presentation by Erinn Pinkerton, President and CEO, BC Transit and Kevin Desmond, CEO, TransLink on the state of public transit in BC. Both presenters noted that the next two years will bring continued uncertainty and the need to be nimble and responsive.

Mayors from both TransLink and BC Transit communities shared the financial and operational challenges they have faced over the past four months and how they have tried to adapt. Discussion focused on a draft set of principles and recommendations that reflected on how to recover from current losses and what is needed to rebuild public transit. This document, attached, received overwhelming support.

And, despite the significant financial losses faced by many transit communities, it was heartening to learn that over 90% of participants indicated that their community remains committed to the same growth, transportation and other local/regional plans and objectives that they had in place prior to COVID-19. Interestingly, the Mayors commented on how important it was to remain on track; the importance of continued transit growth and the need to make transit more nimble and adaptive to respond to these crisis situations.

And finally, over 98% of Forum participants supported being part of a collaborative approach (UBCM, BC Transit and TransLink communities) going forward that would advance the recommendations for rebuilding transit in BC to the provincial and federal government.

UBCM and its local government members recognize that transit is an essential service that is key to the Province's Restart Plan. Based on what we heard from Forum participants, there is an opportunity for transit communities to help identify what recovery and rebuilding might look like and to ensure public transit remains sustainable into the future as the Province continues to re-open the economy.

We recognize that the Mayors' Council is already working collaboratively with Minister Robinson's office and would offer our organization as a body that could assist your Ministry in establishing an ongoing working relationship with BC Transit communities.

In closing, we would welcome an opportunity to meet with you to discuss how we can work in partnership to develop a recovery and rebuild strategy for BC public transit.

Yours truly,



Mayor Maja Tait
UBCM President

Att: *Principles and Recommendations to the Province for Rebuilding Transit in BC*

cc: Hon. Selina Robinson, Minister of Municipal Affairs and Housing (Responsible for TransLink)
Mayor Jonathon Cote, City of New Westminster and Chair, Mayors' Council
Mayor Colin Basran, City of Kelowna
Mayor Jack Crompton, Resort Municipality of Whistler
Kevin Desmond, CEO, TransLink
Erinn Pinkerton, CEO and President, BC Transit
Mike Buda, Executive Director, Mayors' Council on Regional Transportation