

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', with a stylized, cursive script.

Mayor Maja Tait
UBCM President