ANNUAL REPORT
AND
RESOLUTIONS

TO BE CONSIDERED AT THE UBCM ANNUAL CONVENTION
WHISTLER, B.C.

SEPTEMBER 28 - OCTOBER 1, 2010

PLEASE BRING THIS REPORT WITH YOU
2009–2010
UBCM
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President

Councillor Barbara Steele
First Vice-President

Director Heath Slee
Second Vice-President

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Third Vice-President

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Mayor Sharon Gaetz
Director at Large

Councillor Wesly Graham
Director at Large

Mayor Barry Jensen
Director at Large

Councillor Murry Krause
Director at Large

Director Rhona Martin
Director at Large
Annual Report and Resolutions

to be considered at the
2010 Annual Convention

DATES: TUESDAY, SEPTEMBER 28, 2010
to FRIDAY, OCTOBER 1, 2010

LOCATION: WHISTLER CONFERENCE CENTRE
WHISTLER, B.C.

REGISTRATION: COMMENCES MONDAY, SEPTEMBER 27, 8:00 a.m. to 5:00 p.m.
CONTINUES TUESDAY, SEPTEMBER 28, 7:00 a.m.

FORUMS FOR: TUESDAY, SEPTEMBER 28, 2010
- ELECTORAL AREAS
  COMMENCES at 9:00 a.m.
- SMALL TALK
- MID-SIZED COMMUNITIES
- LARGE URBAN COMMUNITIES

OPENING RECEPTION: COMMENCES TUESDAY, SEPTEMBER 28, 5:00 p.m.
AT WHISTLER CONFERENCE CENTRE

BUSINESS SESSIONS: COMMENCES WEDNESDAY, SEPTEMBER 29, 8:30 a.m.
WHISTLER CONFERENCE CENTRE
UBCM Annual Report and Resolutions Book

for the period July 1, 2009 to June 30, 2010

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APPENDIX
A  Financial Statements of the Union of BC Municipalities:
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Last September, on the eve of the 2009 UBCM Convention, the provincial and federal governments announced approvals for 174 infrastructure projects totaling over $700 million in stimulus spending. Additional local government funding approvals were announced later, in the days and months following the Convention. This massive investment in local government infrastructure is unparalleled in BC’s history and resulted, in large part, from the advocacy efforts of UBCM and its members.

It has been a very busy year at UBCM. Issues arising at our 2009 Convention have dominated our agenda – the Local Government Elections Task Force that was announced at the 2009 Convention has completed its work and reported out in May and the Industrial Taxation Steering Committee will report out at the 2010 Convention. In addressing these challenging files we sought your direction and guidance in formal feedback sessions in March and August. The feedback received was essential as the Executive moved forward with UBCM input and recommendations on these important policy matters.

We have also devoted significant time and effort in the past year to internal matters including a comprehensive review of our resolutions process and an Executive Structure review. Resolutions on both of these issues will be forthcoming for the consideration of the membership at the Annual Convention in Whistler.

As voter turnout continues to be an issue for all levels of government we took steps, along with our partners, to increase awareness of the importance of local government to our communities. At the 2009 Convention our membership approved the establishment of Local Government Awareness Week. In keeping with the resolution Awareness Week was launched the week of May 16 - 22.

All of this was done in addition to the usual advocacy efforts and program delivery that is undertaken by UBCM. Our accomplishments for the past year are listed in detail in the Annual Report and we encourage you to review them.

Throughout all the activities of UBCM this year, our Executive and staff were guided by UBCM policy and the precedents of our organization.

UBCM remains strong and our membership continues to increase as the number of local governments in BC increases. We have been a trusted advocate for local governments for the past 105 years and are well positioned for the future.
RICHMOND STAFF

BACK ROW (left to right): Marlene Wells, Policy Analyst; Susie Koivu, Financial Services Officer; Ken Vance, Senior Policy Advisor; Angela Turner, Convention & Association Services Coordinator; Gary Maclsaac, Executive Director; Jared Wright, Senior Policy Analyst; Ted Willmer, Mgr, Finance & Operations; Marylyn Chiang, Policy Analyst; Rose Hayes, Administrative Assistant, Office & Member Services;

FRONT ROW (seated left to right): Raelene Adamson, Administrative Assistant, Office Services; Marie Crawford, Associate Executive Director; Anna-Maria Wijesinghe, Mgr., Member & Association Services; Reiko Tagami, Information & Resolutions Coordinator

MISSING: Joslyn Young, Executive Coordinator

VICTORIA STAFF

BACK ROW (left to right): Brenda Gibson, General Manager, Victoria Operations; Jodi Mucha, Director, BC Healthy Communities; Gary Maclsaac, Executive Director; Cynthia Kinney, Administrative Assistant, LGPS; Paul Taylor, Relationships and Communications Advisor

FRONT ROW (left to right): Danyta Welch, Policy and Programs Officer; Natalie Laframboise, Program Assistant, LGPS; Darlene Vorm, Front Office Services Assistant; Iris Hesketh-Boles, Executive Coordinator/Office Manager

MISSING: Brant Felker, Gas Tax Policy & Program Officer; Liz Andersen, Program Assistant
Union of BC Municipalities was incorporated by an Act of the provincial legislature in 1959. The “objects” of the UBCM set out in the legislation include: securing united action by members on issues of common interest; representing members on issues affecting them or their citizens; cooperating with other groups on matters under federal jurisdiction; cooperating with government ministries on the development of legislation; discussing and dealing with municipal issues; representing and assisting members in maintaining municipal autonomy; distributing information; holding meetings and fostering a “fraternal spirit among those engaged in municipal work”; and encouraging and promoting local associations.

MISSION STATEMENT

The values we want associated with UBCM as an organization are:

• Credibility and accuracy in what we do.
• Timely and effective in how we respond.
• Valuing teamwork and respecting diversity in everything we do.
• Being non-partisan and objective in how we present ourselves.

Our vision is to most effectively represent and serve all local governments in BC.

Guided by our values and to achieve our vision the purpose of UBCM is:

To represent and serve all local governments in BC by:

• Being the recognized advocate for their common interests.
• Meeting the members’ common needs.

We will be the recognized advocate for local government in BC in:

• Policy development and implementation
• Government relations
• Communications externally
• Liaison with other groups

Our priorities for meeting the members’ common needs are through:

• Communication to members
• Advice and training for local government officials
• Convention
• Information sharing

We strive for continuous improvement in all that we do.

Adopted by UBCM Executive 2003
TOP ACTIVITIES OR INVOLVEMENTS

- 100% membership maintained for the 31st consecutive year
- UBCM welcomed the Tsawwassen First Nation as our newest member
- extensive intergovernmental outreach undertaken to advocate for federal infrastructure funds to be targeted toward local government priorities
- total funding received by UBCM under Gas Tax and Public Transit Program reaches $740.6 million
- undertook extensive review and consultations with members on UBCM resolutions process with proposals to come forward in advance of 2010 Convention
- established an Executive Structure Review Committee to consider possible proposals for altering the existing representation from Metro Vancouver, recommendations to be brought forward to the 2010 UBCM Convention for consideration
- UBCM, LGMA, Civicinfo and the Province relaunched Local Government Awareness Week – May 16-22, 2010 – in response to member endorsement of 2009 resolution A2
- UBCM President Harry Nyce made a presentation to the Federal Round Table on Aboriginal Rights and Title addressing the importance of communications amongst all parties and encouraging relationship-building efforts between local governments and First Nations
- Steering Committee on industrial taxation established in response to member direction at the 2009 Convention – Committee to report out to the 2010 Convention on its work to date
- Elections Task Force established by Premier at the 2009 Convention, undertakes targeted review of local government elections legislation and reports out on May 30, 2010 with 31 recommendations, many of which relate to strengthening campaign finance rules
- Strategic Community Investment Funds agreements successful in protecting small community, regional district and traffic fine revenue sharing, with over $191 million flowing to local government to date, including $96 million in traffic fine revenue sharing
- Carbon Action Revenue Incentive Program provided almost $3 million in first full year payment to those local governments that have signed the BC Climate Action Charter
- fourth year of Local Government Leadership Academy training – successful leadership forum held in June with over 140 participants
- RD Task Force reports out at 2009 Convention, continues to pursue possible legislative amendments for some specific regional district matters
- LGPS continued to offer 12 funding programs to local governments, First Nations and other eligible applicants in BC
- RCMP Contract Renewal – UBCM organized meetings between provincial representatives and the local government working group and the local government representative to the provincial negotiating team to discuss RCMP contract issues of concern to local government. Sent out information to members about the status of the discussions and local government issues that had been identified to date
- organized a meeting of municipalities with populations over 5,000 that are policed by the RCMP to discuss contract issues
- established a small advisory committee of local elected officials to assist the local government representative to the provincial negotiating team
- PRIME BC – three local government representatives to be appointed to PRIMECorp Board in response to member concerns
- advocated for the continuation of the Additional Hotel Room Tax and the continued role for local government in local tourism marketing
- Rural Resource Roads Task Force established to look at possible changes in provincial policy and regulations that might be implemented to improve the way that resource roads work for communities

ADVOCACY

Policy Development and Implementation

A top priority is to advocate on behalf of BC local governments for the development of policies that support their needs and to see them implemented in legislation, regulations, programs or policies. UBCM participates in policy development in a number of ways: independent initiatives and making representations directly; and participating in Ministry–UBCM or multi-party policy development processes. The issues are many and varied and some have required sustained involvement, while others may only have required limited intervention.
Policy Development

Provincial Government Advocacy

Some of the issues UBCM was consulted on or involved with in the past year related to provincial policies included:

Statutory framework for local government
- elections legislation
- regional districts

Community Safety
- reviewed suggested legislative changes to the Police Act regarding the establishment of policing standards
- established small advisory committee of local government elected officials to assist in RCMP contract negotiations and organized a meeting with municipalities over 5,000 population that are policed by the RCMP to discuss contract issues
- met with the local government representative to the provincial negotiating team established to look at the renewal of the RCMP contract and discussed the status of contract negotiations
- reviewed the work of the local government working group created to assist UBCM in discussions on the RCMP Contract
- participated in discussions on flood hazard management issues
- raised local government concerns regarding proposed changes in provincial liquor legislation that would reduce local government input into the new liquor licences
- requested a delay in the implementation of the levy increase in PRIME to allow for consultation with local government and the appointment of local government representatives to the PRIMECorp Board to ensure accountability in the process

Finance
- worked with the LGMA and GFOA to begin work on a resource to promote public awareness of local government fiscal management undertook development work and advocated for new revenue sources for local governments

Assessment
- consulted on policy and legislative/regulatory changes to farm assessment.

Health
- continued to house the BC Healthy Communities Initiative
- continued to work with the Ministry of Health Services on implementing the recommendations from the 2008 Regional Hospital District Cost-Sharing Review
- worked with the Provincial Health Services Authority’s Obesity Reduction Strategy
- participated on the Ministry of Healthy Living and Sport’s Seniors Healthy Living Advisory Network and Age Friendly Leadership Network
- continued participation and support for BC Healthy Living Alliance programs
- continued work with the Provincial Health Services Authority’s Healthy Built Environment Alliance
- took over chairing responsibilities for the disbursement of education funds for Emergency Medical Assistants
- created food security survey for local governments (in collaboration with the PHSA)
- developed resource for local governments on creating age-friendly and disability-friendly OCPs (in collaboration with the Province and other organizations)
- advocated for the creation of a child poverty strategy in BC
- continued to serve as one of the members of the BC Healthy Living Alliance and co-lead initiatives on healthy foods in recreation and local government settings as well as the built environment/active transportation.

Environment
- ongoing work through the UBCM Sewerage System Regulation (SSR) Working Group on implementing the SSR MOU and identifying policy and regulatory options for addressing local government concerns
- review and comment on draft amendments to the Sewerage System Regulation
- ongoing work with the Province on the development of a small drinking water systems working group to address local government concerns on the implementation of the Drinking Water Protection Act and Drinking Water Protection Regulation
- participation in the Collaborative Watershed Governance Initiative Steering Committee that is developing a multi-stakeholder framework for more collaborative governance in BC watersheds
- provided advisory support to the Water Act Modernization process, which seeks to update and streamline one hundred year old legislation in order to better protect and manage water resources
- participation in the creation of a provincial approach to protecting species at risk on private lands
- discussions with Province over the scope and intent of the new Net Zero Deforestation Act, and
its communication to local governments
• participation on the development of a BC specific framework for the redevelopment of former service stations
• consultation with the Ministry of Environment on options for addressing local governments concerns around cosmetic pesticide use
• development of a best practice manual for urban forests from the adaptation perspective
• facilitation of local government compliance with the Riparian Areas Regulation (RAR) through the RAR Co-ordination Committee and RAR Steering Committee
• reviewed Ministry of Environment Codes of Practices
• advised on the creation of new and the expansion of existing product stewardship programs
• participation on the development of the carbon neutral framework through the Green Communities Committee carbon neutral working group
• participation in development of a potential local government offsets framework through the Green Communities Committee offset working group

Trade
• continued discussions on development of a Consultation Agreement with Province on Dispute Resolution Process under the TILMA
• monitored implementation of Buy American provisions contained in the American Recovery and Investment Act for local governments

Economic Development
• completed report on local government practices in delivering economic development: Evaluating the Economic Development Role of BC Local Governments, A Snapshot of Community Effort and Opportunity
• advocated for community consultation to both provincial and federal governments as a result of the transition of regulatory authority for aquaculture subsequent to the Supreme Court decision
• reviewed Wood First Act and Net Zero Deforestation Act to determine impacts of new legislation on local governments
• participated in the Off Road Vehicle (ORV) Joint Advisory Group and establish a local government working group to ensure interests of local government are represented as the new ORV management framework is developed
• met with representatives of the Business Improvement Areas Association and the BC Rural Secretariat

Infrastructure
• full commitment of Infrastructure Stimulus Funding and Building Canada Communities Component, including both the initial funding and top-up funding
• accelerated delivery of first installment of funding under the second phase of the Gas Tax Agreement

Energy Policy
• participated on various energy conservation and efficiency working groups
• monitored consultation process in regard to Site C
• registered as a participant to the BC Utilities Commission Inquiry into long term transmission planning
• continuing to review the Clean Energy Act and its implications for local governments

Aboriginal
• conducted local government survey on proposed Indigenous Recognition and Reconciliation Act
• advocated for more information on the Common Table discussions initiated discussions with the Province on consultation with First Nations and the implications for local governments
• participated in Federal Round Table on Aboriginal Rights and Title
• developing discussion paper on federal treaty negotiation mandate changes renewed Protocol Agreement on Cooperation and Communication with First Nations Summit
• met with INAC BC Region and agreed to renew MOU on Communication and Information Sharing
• advocated for additional funding for province-wide Community to Community Forum

Transportation
• encouraged communities to establish active transportation plans through work of the Built Environment Active Transportation (BEAT) initiative with BC Recreation and Parks Association through the work of the BC Healthy Living Alliance.

Other Policy Matters Reviewed
• delivery of fire services – reviewed final report on fire service model and identified recommendations supported by local government; participated in development of regional emergency plan related to 2010 Olympics
• seismic upgrades to buildings
• policing and security issues related to 2010 Olympics
• access issues
• Neighbourhood Learning Centres
Federal Government Advocacy activities included:

- infrastructure funds (stimulus funds) to be targeted for local government priorities
- advocated for local governments with challenges in meeting the March 31, 2011 deadline for stimulus funds by appearing before the House of Commons Standing Committee on Transport, Infrastructure and Communities.
- presented status report to the BC Caucus of the federal government on gas tax.
- multiculturalism and community capacity to support immigration

Member Initiatives: Resolutions

UBCM’s policy initiatives are primarily derived from resolutions submitted by members. During 2010, UBCM reviewed many high quality, clearly written and well-researched resolutions in the course of preparing the Annual Report and Resolutions Book. All Area Associations submitted their resolutions for UBCM comment prior to their annual meetings and subsequently conveyed endorsed resolutions to UBCM for consideration at the 2010 Convention.

Policy Implementation

Policy work over the last year which involves UBCM included:

Legislation (in order of degree of UBCM involvement)

Among the legislation reviewed by UBCM:
- Planning and Land Use
- Assessment
- Arterial Highways
- Wood First Act
- Net Zero Deforestation
- Policing
- Bylaw ticketing
- Evidence Act

Regulations (in order of degree of UBCM involvement)

UBCM contributed to the development of many regulations including:
- prescribed Classes of Property Regulation

UBCM Resolutions Responses

A total of 147 resolutions were forwarded to the provincial government for consideration following the 2009 UBCM Convention. In addition, 14 resolutions were conveyed to the federal government; two were conveyed to the FCM; and nine were conveyed to other organizations. Responses have been conveyed to the resolution sponsors.

The Province has indicated that 81 issues raised in the 2009 resolutions have already been addressed in whole or in part by provincial initiatives and noted that it was not willing to consider changes proposed in 32 of the resolutions. Provincial support was noted in the case of four resolutions and the Province indicated it is willing to consider the changes/suggestions/concerns expressed in eight other resolutions. Further review and/or action will be undertaken on the changes suggested in 22 resolutions. As well, UBCM is already working with the Province on three resolutions and will monitor provincial action in several other policy areas.

UBCM Program Management and Administration

Gas Tax
- see report in the Annual Report

Local Government Program Services
- see report in the Annual Report

Government Relations, External Communications and Liaison with Other Groups

Government relations is much more than dealing with policy issues reviewed in earlier sections – it is UBCM acting as a contact point on any number of issues. It extends to UBCM’s role in communicating local government’s messages and liaising with other groups.

Our contacts in the past year include:
- provincial Premier, Ministers, Ministry and agency staff at federal & provincial levels
- BC Healthy Living Alliance
- BC Centre for Disease Control
- BC Conservation Lands Forum
- BC Healthy Communities Initiative
- BC Hydro
- BC Recreation and Parks Association
- BC Rural Network and Rural Team BC
- BC Safety Authority
- BC School Trustees Association
- BC Transmission Corporation
- BC Treaty Commission and the First Nations Summit
- Building Canada Communities Component – Oversight Committee and Joint Secretariat
- Canadian Avalanche Centre
- Centre for Tourism Development
- CivicInfo BC
- Coalition for Licensing and Registration of Off Road Vehicles
- Coastal Communities Network
- Communities In Bloom
- Community Energy Association
- Community Food Action Initiative (CFAI)(PHSA)
• Council of Tourism Associations
• Development Finance Review Committee
• Electronic Products Stewardship Canada
• Emergency Medial Assistants Funding Advisory Committee
• First Nations Leadership Council
• First Nations Summit
• Fraser Basin Council
• Health authorities
• Land Title and Survey Authority Board and Stakeholders Committee
• Len Traboulay Education Fund
• Local Government Leadership Academy
• Municipal Insurance Association of BC
• National Crime Prevention Centre
• other local government associations – all five Area Associations visited; represented on the FCM board; and maintain relations with neighbouring provincial associations
• presentation of local government issues to groups and foreign delegations: Philippine associations, Japanese delegation, university students, BC Rural Communities Summit
• professional groups such as LGMA, GFOA, PIBC, CEBC and other provincial associations like the BC Chamber of Commerce, BC Business Council, Smart Growth BC
• Pacific North Coast Integrated Management Association
• RCMP
• Media relations on a range of local government issues, including delivery of stimulus funds, industrial taxation, the Local Government Elections Taskforce, Local Government Awareness Week and CFIB taxation studies
• SPARC BC
• Smart Growth BC
• Tourism BC
• Woodworks BC
• First Nations Emergency Management – Indian Affairs and Northern Development

Some relationships are set out in agreements:
• reviewed all MOUs and Agreements as part of annual procedures
• renewed Protocol on Consultation and Cooperation with BC School Trustees Association

**MEMBER SERVICES**

UBCM makes a distinction between the member services that all members receive and those optional services that are available on a “user-pay” basis.

**MEMBER COMMUNICATIONS**

**Publications**
• thousands of copies of publications printed and distributed – for example: 1,600 Annual Report & Resolutions books, 550 Convention minute books, and over 220 Net•work•books distributed and sold
• numerous membership circulars and fax broadcasts distributed throughout the year with updated new format
• four issues of UBCM News – totaling over 100 pages
• updated UBCM Guide to Information Services
• 2010 local government planners and wall calendars produced with 181 members purchasing 676 planners and 719 wall calendars
• new on-line system for member updates to the Net•work•book which was distributed; 90 Professional Directory listings
• developed partnership with CivicInfo BC on our Professionals Directory; listings are now searchable on the web
• TAC Update
• C2C Connect newsletter
• member notices on the status of the RCMP contract negotiations

**Other media**
• UBCM website redesigned (www.ubcm.ca – UBCM’s website)
• on-line registration for Convention and other adhoc seminars

**Advice, Training and Information Sharing**

UBCM hosted or participated in a number of training events:
• Municipal Administration Training Institute; Capilano College local government administration course; SFU graduate students
• supported the annual regional district Chairs and CAOs meeting
• Local Government Leadership Academy Forum held in Richmond on June 16-18, 2010
• Electoral Area Director’s Meeting held June 15-16, 2010.
• UBCM Member Benefits Conference held on June 17-18, 2010

**Member Liaison**
• 42 special appointments to visit members including trips to Fraser Valley, Mount Waddington, Cariboo, Strathcona, Peace River and Capital Regions.
• revised policy to include members within Metro Vancouver / Capital region – as a result official
member visits coordinated to members within the Capital and Metro Vancouver region.

**Convention**

The UBCM Convention is an opportunity for our members to gather in one location to focus on policy development, provincial government relationships, training and to network with colleagues from around the province. Some highlights of the 2009 Convention were: record attendance, with 2,035 registered delegates

- Long Service Awards (25 years) given to:
  - Councillor Alan Gordon, City of Cranbrook
  - Councillor Bruce Drake, Village of Belcarra
- Life Memberships awarded to:
  - Chair Robert Hobson, 2008 – 2009 UBCM President
  - Hon. Blair Lekstrom, Minister of Community Development (2008-2009)
  - Hon. Kevin Krueger, Minister of Community Development (2009)

**Optional Member Services**

There are some services to members that are offered on an optional, pay-as-you-go basis but they are a significant portion of UBCM’s activities:

- Group Benefit Association Plan in 27th year of operation with approximately $10.2 million in annual premiums; provide coverage and administer approximately 250 different plan designs covering approximately 3,000 employees processed over 285 benefit contract amendments
- re-designed employee benefit booklets
- members purchase dog, and now, cat tags through UBCM
- $879,925 distributed to 102 members participating in the Commercial Vehicle Licensing program

**Continuous Improvement**

UBCM Executive and staff continue to look for ways to be more effective and in the past year this has included:

- member communications moved to email only transmission process
- extensive consultation related to Resolutions process – final report and recommendations prepared for Convention
- Executive Structure Review process

**KEY INDICATORS**

- six Executive meetings, including 30 Committee meetings held
- UBCM membership expands to include Tsawwassen First Nation.
- 100% (190 out of 190) local governments have membership in UBCM
- over the year numerous meetings with Ministry of Community and Rural Development staff and delegations from Minister as part of our quarterly Executive meetings

**EXECUTIVE AND SECRETARIAT**

- Staffing: In the Richmond office, Angela Turner moves to Convention and Association Services Coordinator and Joslyn Young returns from maternity leave to re-assume the Executive Coordinator position. Brant Felker joins the Victoria office as the Gas Tax Policy and Programs Officer and Caitlin Schwarz has been hired as Special Projects Coordinator, with BC Healthy Communities.

**ASSOCIATION SERVICES**

UBCM provides services to:

- Association of Vancouver Island & Coastal Communities
- Lower Mainland Local Government Association
- BC Healthy Communities initiative. UBCM provides the secretariat support including staffing and offices.
- Local Government Leadership Academy

**FINANCE**

- The year-end audited financial statements indicated a small surplus
- 0% dues increase in 2010

The format for Accomplishments in Brief reflects the Executive’s Mission Statement. It is intended to connect accountability for outcomes with the objectives of UBCM.
First Nations Relations: A Year in Review

Common Table and Treaty Negotiations
The Common Table was a series of discussions between Canada, BC and a number of First Nations to address six barriers, due to government mandates, that were preventing various treaty negotiation tables from concluding treaties. UBCM advocated for increased information to be shared with local governments and a panel on the issue was held at a UBCM pre-Convention session. The federal government announced earlier this year changes to its treaty negotiation mandates which were informed by the Common Table discussions. UBCM is in the process of developing a paper in response to these mandate changes.

Consultation with First Nations and Implications for Local Governments
The First Nations Relations Committee identified consultation with First Nations as a priority this past year. UBCM initiated discussions with the Province, including the Integrated Land Management Bureau, on implications for local governments when local governments engage First Nations. As part of these discussions, UBCM continued to represent local government interests when the Province consults and negotiates agreements with First Nations that affect local government.

Federal Round Table on Aboriginal Rights and Title
UBCM participated in a Federal Round Table on Aboriginal Rights and Title along with representatives of the BC Treaty Commission (BCTC), First Nations, local governments and major third party interests. The purpose of the discussion was to support Canada’s ongoing analysis of federal approaches to reconciling outstanding Aboriginal rights and title in BC, and achieving certainty over lands and resources.

Strengthening Local Government - First Nation Relations
UBCM continued to administer the following programs:
• Regional Community to Community Forum Program
• Supporting Treaty Implementation Pilot Project (STIPP) program, which provides funding to TACs/local governments who are undertaking initiatives that support treaty implementation
• For two years now, the STIPP program has also provided operational funding for TACs/local governments involved in treaty negotiations
• Building Governance Capacity, a pilot project program for shared local government and First Nation initiatives

UBCM renewed its Protocol Agreement on Cooperation and Communication with First Nations Summit. UBCM also met with INAC who agreed to renew the MOU on Communication and Information Sharing.

INAC committed funding for a fifth Province-wide Community to Community Forum. This is in addition to funding received previously by the Province.

Proposed Indigenous Recognition and Reconciliation Act
In 2009 the Province announced the proposed Recognition and Reconciliation Act, which was to recognize Aboriginal rights and title, and develop a mechanism for shared decision-making and revenue sharing with First Nations. While the proposed legislation was never introduced in the Legislature, UBCM underwent a considerable amount of work on this issue. For example, UBCM conducted a survey of its members in preparation for the development of a policy paper.

Over the course of the year the Committee also had the opportunity to meet twice with the Honourable George Abbott, Minister of Aboriginal Relations and Reconciliation.
One of the priorities for the Community Economic Development Committee this past year has been to complete the report on BC local government economic development practices. That was achieved in April 2010 with the launch of Evaluating the Economic Development Role of BC Local Governments, A Snapshot of Community Effort and Opportunity. This report is the culmination of the work UBCM has undertaken in economic development and provides the results of a survey on the roles of local governments in economic development undertaken in the summer and fall of 2009. The stories of local government action aimed at bettering the economic and social well being of their communities are many. This report provides a snapshot of these stories and identifies resources for local governments. The main objective of this publication is to promote dialogue and inspire solutions to the challenges local governments face with respect to economic development planning. The Committee will be releasing a supplementary report this summer that will specifically profile the survey results from BC communities.

On the policy front, the Committee has represented local government interests on energy matters; aquaculture as well as forest policy. For instance, the Committee participated in the BC Utilities Commission (BCUC) long-term transmission inquiry, met with BCUC staff around local government interests; awaited the results of the Green Energy Advisory Task Force and are in the process of responding to the Clean Energy Act. UBCM also continues to represent local government interests on a variety of committees including BC Hydro’s Energy Conservation and Efficiency (EC&E) working group. We are fortunate to have Councillor Noreen Guenther representing UBCM on the EC&E group as well as the government policy enablers working group.

With respect to aquaculture, the Committee engaged provincial staff in discussions on the transition of aquaculture regulatory authority. Members will recall that in February 2009, the BC Supreme Court ruled that marine finfish aquaculture is a fishery and a matter of federal jurisdiction and directed the transfer of administration and regulatory control to the federal government. The Committee has shared information with the Association of Vancouver Island and Coastal Communities recognizing this to be an issue of specific interest to many of their members. The Committee wrote to the minister of Fisheries and Oceans requesting that consultations be undertaken with affected communities to ensure that the transfer of regulatory authority respects the existing powers of local governments in the area of aquaculture.

On the forestry file, the Committee is continuing to monitor the implementation of the Wood First Act, and more recently the Net Zero Deforestation Act. The Wood First Act provides the basis on which the Province can recommend best practices and report on the use of wood in provincially-funded buildings. UBCM was initially concerned that there may be additional administrative reporting requirements placed on local governments but Ministry staff have indicated that the intent of the legislation was to promote the use of wood in construction and it was not intended to increase construction costs or reporting requirements. UBCM in coordination with Wood Works and Wood First BC are working to assist local governments around the use of wood in local construction projects that receive provincial funding.

The Net Zero Deforestation Act is designed to assist the Province in securing its climate change goals of reducing greenhouse gas emissions. The legislation enshrines the 2008 Throne Speech provincial commitment to pursue net zero deforestation, which is achieved when the area of newly created forest land in the province is equal to or greater than the area of deforestation. UBCM will be consulting with local governments on the impact of the proposed Net Zero Deforestation Act on British Columbia’s communities, and will be working with the Ministry of Community and Rural Development and the Ministry of Forests and Range to explore and identify opportunities related to the Act.

As well, Committee members had the opportunity to meet with three provincial Ministers over the course of the year including the Minister of Forests, Minister of Agriculture and Lands as well as the Minister of Energy, Mines and Petroleum Resources.
GREEN COMMUNITIES

Over the past year, the Environment Committee has been actively monitoring and advising on a number of key environmental issues which impact the sustainability and environmental well being of local communities. From the Water Act Modernization process, to the BC Brownfields Renewal Strategy, to the Sewerage System Regulation, the Committee has voiced local government concerns and recommendations on a number of key regulations, strategies and policies designed to green BC’s communities.

At the forefront of the Committee’s has been a series of water issues, including small drinking water systems, collaborative watershed governance, and the modernization of existing water legislation. UBCM has been working with the Province to develop a small drinking water systems working group that would review local government implementation experiences with the Drinking Water Protection Act and related Drinking Water Protection Regulation, and identify policy and regulatory options to address outstanding local government concerns. Through participation on the Collaborative Watershed Governance Initiative Steering Committee, UBCM has been shaping the development of a multi-stakeholder framework for more collaborative governance in BC watersheds. The Committee has also been providing advisory support to the Water Act Modernization process, which seeks to update and streamline one hundred year old legislation in order to better protect and manage water resources.

In response to ongoing concerns around the implementation of the Sewerage System Regulation (SSR), UBCM has been working with the Province on implementing the Memorandum of Understanding on the Sewerage System Regulation. The UBCM SSR Working Group has been working throughout the year to secure the MOU deliverables, while the Province recently enacted a series of regulatory amendments designed to address several key local government concerns identified in MOU’s Action Plan.

The Committee has also been proactively working with the Province on developing and implementing its “green agenda.” Through participation in the BC Brownfield Renewal Strategy Steering Committee, UBCM has been working on the development of a BC specific framework for the redevelopment of former service stations. The framework would identify opportunities, and build tools and resources to make the redevelopment process easier for all parties involved in redevelopment. The Committee has also been involved in the creation of a provincial approach to protecting species at risk on private lands, which will potentially raise awareness, align resources for shared priorities, outline options for local government engagement, and identify tools for species at risk protection. Discussions were also held with the Province over the scope and intent of the new Net Zero Deforestation Act, and support was provided to the Province in its efforts to consult with local governments.

In accordance with the product stewardship framework adopted in the 2007 Environment Action Plan, the Committee monitored and advised on the creation of new, and the expansion of existing, product stewardship programs. The Committee also provided advisory support for the implementation of the Climate Action Charter, of which one hundred and seventy-eight (178) local governments have signed.

Overall, the Environment Committee has been advocating local government interests on a wide range of regulations, policies, and strategies being devised by the Province to create and enhance sustainable “green” communities.
Major Focus on Policing Issues

The Community Safety Committee has focused primarily on policing issues over the past year. RCMP contract negotiations are underway and the Committee continues to closely follow the progress of the negotiations. The Committee has raised local government concerns regarding the increase in PRIME costs and legislative changes in liquor licensing. In addition, it has worked with the Province in the development of a number of other legislative matters.

A meeting was organized for municipalities with populations over 5,000 that have chosen to be policed by the RCMP and have entered into a Municipal Police Unit Agreement (MPUA) for the use of RCMP services with the province. The municipalities received a briefing by the provincial negotiator on the status of the contract discussions, and had an opportunity to raise questions and to outline their key concerns around the RCMP contract.

The Committee met with Murray Dinwoodie, Administrator, Surrey and the UBCM representative appointed to the Federal/Provincial Negotiating Team on the RCMP Contract and received a briefing on the key issues under discussion. A small advisory committee of local government elected officials was established by UBCM to assist the local government representative on the provincial negotiating team.

Local government concerns regarding the need for increased accountability by the RCMP to local government and the containment of police costs were raised in meetings with the Solicitor General and Attorney General. Given the financial pressure that both the federal and provincial government are currently under the containment of police costs at the local level will be a major challenge.

It is anticipated that the negotiations around the RCMP contract will be completed at some point over the next year. The Committee has obtained a provincial commitment to create a Local Government Contract Advisory Committee to address RCMP contract issues and other policing issues moving forward.

The Community Safety Committee also met with the Solicitor General and the Attorney General to discuss local government concerns regarding the increase in the costs of PRIME and local government representation on the PRIMECorp Board. The Committee was not successful in getting the province to delay the increase in the costs of PRIME. However, it was successful in getting the province to agree to the appointment of three local government representatives to the PRIMECorp Board.

In addition, the Committee raised concerns over changes in provincial liquor licensing rules that are designed to reduce local government input and feedback. The Province has agreed to work with a local government working group to ensure effective input into the liquor licensing process.

Over the past year the Committee has worked with provincial staff on a number of legislative initiatives. UBCM staff met with provincial government staff to discuss legislative changes that it is considering to the Police Act, such as expanding the ability of the Province to establish standards and evaluate compliance with those standards.

UBCM 2010 Annual Report
Committees Report Out on Key Areas of Activity

Presidents

The Presidents Committee provides direction and oversight to the UBCM Secretariat as it strives to continually improve the organization’s effectiveness. This mandate translates operationally in a variety of ways.

For instance, this year the Presidents Committee directed the issuance of the UBCM Satisfaction Survey as part of the triennial activities undertaken by the organization. This survey asks the membership to rate our services, activities and effectiveness as a member-driven association. The feedback from this survey assists the Committee in determining where the organization is excelling and where there is need for improvement.

This year the Committee served as the sounding board in the re-establishment of the Local Government Awareness Week Program. This program was launched in May 2010 as result of the endorsement of resolution 2009-A2 at the Convention and was later supported by the Premier in his address to delegates. Jointly, the Province, LGMA, CivicInfo and UBCM delivered a Local Government Awareness Week website, along with tools and resources to assist local governments in their efforts to promote the Week.

The Presidents Committee has also been the contact point for the development of a fiscal management study designed to highlight local government fiscal issues and develop a body of data that will consider a range of issues, such as: the limited fiscal tools available to local governments; state of local government infrastructure in BC; and the value for money of local government programs and services. Further information on this study will be forthcoming.

UBCM is a “plan partner” of the Municipal Pension Plan (MPP). UBCM’s representatives to the Plan include: Mayor Frank Leonard, Chair Robert Hobson and Richard Taylor. The Presidents Committee is the contact point for our representatives to report out. A delegation from our representatives was received in April on the findings from the latest Actuarial Report on the MPP. The Committee provided direction to our representatives to seek independent actuarial advice before providing its feedback on the proposed rate increases to the Board of Trustees.

As well, the Committee has been the contact point for three key initiatives this year – the resolutions process review; the Executive structure review and the Elections Task Force. These initiatives will be discussed at the upcoming 2010 Convention. The directions chosen by the membership on the first two issues will certainly impact the organization and its operations going forward. We would encourage members to take the time to review the policy papers and related extraordinary resolutions coming forward on these two issues.

And, with respect to the third issue, the recommendations of the Elections Task Force, we will be reporting out on next steps to the membership at Convention as we move toward spring legislation with implementation in advance of the 2011 elections.

And finally, the Committee provides guidance to the UBCM’s Member Services and Group Benefits Programs, Excellence Awards Program, Local Government Programs Services and last but certainly not least, provided an effective federal lobby on seeking an extension to the infrastructure stimulus funding deadline.

Conventions

The 2009 Convention was held in Vancouver from September 28th to October 2nd, and adopted an “A Province of Champions” theme. The Convention attained record attendance, reaching a total of 2,035
delegates from local governments all across the province. A variety of tours and sessions were held on current issues of relevance, including Green Communities, Tourism, First Nations Reconciliation and Industrial Taxation. Programming also included several clinics and workshops on topics ranging from Inclusive Governance to Community Gardens and Food Security. Delegates had the opportunity to set policy through Resolutions sessions, and participate in a number of Provincial Policy sessions and Cabinet Panels.

RESOLUTIONS
The annual resolutions process is the foundation of UBCM’s ongoing advocacy work on behalf of local governments in BC. Through resolutions, UBCM members speak with one voice to express the needs and concerns of BC communities. Issues raised and solutions proposed in resolutions often result in positive change for the membership.

Recent responses to a wide range of past UBCM resolutions provide examples of the kinds of success that can be achieved through this process:

- in consideration of resolutions 2009-SR1, 2009-LR6, 2009-LR7, 2009-B78 and 2006-A5, the Province and UBCM approved a process for developing recommendations in relation to industrial taxation, including the formation of both a Steering Committee and an Advisory Committee, with the intent to bring forward shared recommendations in 2010. The joint UBCM / provincial Steering Committee is supported by the Advisory Committee, whose members are drawn from local government, the provincial government, and industry.
- in 2009 the Province enacted Bill 9, the Wood First Act, which aims to increase the demand for BC wood products by requiring all provincially-funded building projects to use wood as the primary construction material. This responds to previous resolutions including 2009-A5, 2003-B29, 2002-B19, 2001-B85 and 1999-A18.
- the Miscellaneous Statutes Amendment Act, 2009 – Bill 13 – amended the Assessment Act to provide for split classification of new strata developments where applicable, to reflect actual use for both residential and commercial purposes. This addresses issues raised in resolutions 1994-B42 and 1992-B15, and that have arisen in strata developments in resort areas such as Whistler, Big White and Sun Peaks.
- resolutions 2009-B64 and 2003-B107 called for provincial legislation to ban the use of mobile phones or other handheld electronic devices while driving, unless using a hands-free device. Bill 15, the Motor Vehicle Amendment Act, implemented this request.
- resolution 2007-B126 called for the regulation of exotic animals in BC, which the provincial government enacted via the 2009 Controlled Alien Species Regulation.
- the 31 recommendations of the 2010 “Report of the Local Government Elections Task Force” responded in part to past UBCM resolutions 2007-B95 and 2000-A5, as well as directly considering the UBCM policy position on a wide range of issues related to local government elections.
- in the 2010 provincial budget, the Province committed $58 million for community infrastructure projects under the Communities Component of the Building Canada Fund and the Infrastructure Stimulus Fund. This responds in part to requests for infrastructure funding from resolutions including but not limited to 2009-A1, 2009-B1, 2009-B1-A, 2008-B17, 2005-SR1 and 2005-B6.
- resolutions 2008-B41, 2007-B129 and 2006-LR14 have called on the Province to support clean energy development in BC, and the 2010 provincial budget included $100 million over 3 years to go towards development of cleaner transportation choices, production of bio-fuels, and new forms of electricity generation.
- 2010 Bill 14, the Motor Vehicle Amendment Act, brought in a range of changes to increase road safety and introduce stricter drinking and driving measures – responding to resolution 2001-LR1.
- the Province also funded the 2010 round of the School Community Connections program, “Supporting Neighbourhood Learning Centres”, providing grants to support the co-location of services for students, families and the community at large within school facilities; greater utilization of existing or new schools; and collaborative, long-term facilities planning taking into account the needs of the community as a whole. This funding program responds to requests made in resolutions 2004-B139, 2003-B36, 2000-B109 and 1999-B96.
- UBCM, the Province and other local government partner organizations re-installed Local Government Awareness Week, which took place May 16-22, 2010, in response to resolution 2009-A2.

These are some recent success stories. Not all resolutions achieve immediate results, but they bring important local government issues to the attention of the provincial and federal governments. The direct responses to UBCM resolutions from provincial and federal ministries over the past several years indicate that UBCM’s collective voice is heard loud and clear. In 2010, members’ concerns centre on community safety and environmental issues. BC local governments also demonstrate a renewed focus on community economic development, coming out of the 2009 economic downturn.
Over the past year, the Healthy Communities Committee has been actively monitoring and advising on a number of healthy community related issues with local governments, the Province and other organizations.

The Committee has been working on the issue of child poverty since the last Convention, when resolution 2009-SR2 was endorsed by the membership. This resolution requested that the Province develop and implement a comprehensive, cross-ministry strategy to address child poverty, similar to Ontario’s Poverty Reduction Plan.

Since this resolution was endorsed, the Committee has met with Honourable Mary Polak, Minister of Children and Family Development and Minister Responsible for Child Care to discuss the issue and explore ways that UBCM and local governments can help to address child poverty. Minister Polak noted that an integrated cross-ministry plan is being developed and should be ready by Fall 2010. The Minister also agreed to share updates with the Committee on their child poverty initiatives.

Work continues on the Emergency Medical Assistants Emergency Fund. UBCM has taken over the duties of chairing the advisory committee, which is responsible for distributing 5 million dollars to emergency medical assistants in the Advanced Care Paramedic Program (ACP) and the Primary Care Paramedic Program (PCP). The awards will help to increase the number of PCP-licensed paramedics living and working in rural or remote areas of British Columbia, as well as the number of ACP-licensed paramedics in all of British Columbia.

Health promotion and disease prevention initiatives continue including:

- Participation on a province wide Obesity Reduction Strategy, led by the Provincial Health Services Authority
- Participation on 2 of the Ministry of Healthy Living and Sport’s networks- the Seniors Healthy Living Advisory Network and Age Friendly Leadership Partnership
- Development of a resource for local governments on creating age-friendly and disability-friendly official community plans (in collaboration with the Province and other organizations)
- Creating and distributing a survey to local governments on current food security initiatives, and future supports needed to continue work in this area (in collaboration with staff at the Provincial Health Services Authority)
- Providing input for BC Parks and Recreation Association’s Built Environment and Active Transportation Summit

The Committee continues to monitor the implementation of recommendations in the 2008 Regional Hospital District Cost Sharing Review. A workplan for the implementation was created in the fall of 2009. Since then, the working group- consisting of staff from the Ministry of Health Services, 3 Health Authorities and local governments has met a number of times and will report out to the membership on its progress at the 2010 Convention.
UBCM has delivered numerous provincially funded programs since 2004. Although no new programs were offered in the past year, many funding opportunities were available to local governments, First Nations and other eligible applicants through a number of existing programs. For additional program information and program outcomes and accomplishments, please refer to the annual Premier’s Report or any of the status reports developed for individual programs available on our website.

This year’s financial statements include audited accounts for the funds received, amounts disbursed and fund balances. More detailed expenditures and our accounting policies are available on our website. It is important to note that LGPS funds are completely separate from regular UBCM accounts.

The following is a summary of programs administered by LGPS on behalf of the province in the past year.

**Building Governance Capacity**
Administered for the Ministry of Aboriginal Relations & Reconciliation ($300,000 in 2008)

This program was developed in 2007 to assist local governments and First Nations that have an established working relationship to address specific capacity gaps related to governance issues. Matching grants of up to $25,000 have supported partners to work together on common governance-related issues, participate in capacity building activities or events and build governance management skills, knowledge, abilities and understanding. To date 11 projects have been funded and 3 additional applications are under review. All available funds are now committed for this program and a final program report will be developed when all projects are completed.

**Built Environment & Active Transportation**
Administered with the BC Recreation & Parks Association for the BC Healthy Living Alliance ($531,329 since 2008)

Phase 1 and 2 of this program provided community planning grants to 24 local governments to develop new plans or amend existing plans for active transportation infrastructure. All available funds are now expended for this program and a final program report is available on the UBCM website.

**Community Health Promotion Fund**
Administered for the Ministry of Healthy Living & Sport ($5 million in 2004)

This program was created in 2005 to support individual and community health promotion programs and activities in communities through a focus on healthy living and chronic disease prevention. More than 140 pilot projects were completed across the province and an additional 3 projects will be completed in 2010. All available funds are now committed for this program and a final program report will be developed when all projects are completed.

**Community Structural Protection Units**
Administered for the Office of the Fire Commissioner/Ministry of Forests & Range ($1 million in 2004)
Four structural protection units are available for deployment in the event of a fire in the wildland urban interface. These units are owned by UBCM and managed in cooperation with the Office of the Fire Commissioner and the Ministry of Forests and Range. The units were used extensively during the 2009 fire season, at 13 fires, including West Kelowna, Lillooet, and Tyaughton, and substantially reduced structural loss in these areas.

Community Tourism
Administered for the Province of British Columbia ($25 million in 2005)

The Community Tourism program was offered in two phases and provided the opportunity for every local government in BC to undertake tourism planning or projects that were relevant and meaningful in their communities. A broad range of activities, such as planning and marketing, festivals and events, and small capital investments, were funded. A comprehensive report for Phase 1 of the program is available on the UBCM website and an overall program report will be developed when all projects are completed.

Farmed Animal Mass Carcass Disposal
Administered for the Minister of Agriculture and Lands and the Investment Agriculture Foundation ($384,133 since 2007)

Working with the Investment Agriculture Foundation this program was developed to assist communities wishing to develop an emergency plan in order to handle mass carcass disposal in the event of an emergency event. To date, 17 communities with a large population of farmed animals that could be impacted in an emergency have completed plans and an additional 5 communities will complete their projects in 2010. A final program report will be developed when all projects are completed.

Healthy Food & Beverage Sales
Administered for the BC Healthy Living Alliance ($321,962 since 2008)

UBCM and the BC Recreation & Parks Association worked in partnership to develop this program in 2008. Through 4 phases, 29 projects have been completed and supported the development and implementation of programs and policies for healthy food and beverage sales in recreation facilities and local government buildings. An additional 7 projects will be completed in 2010. All available funds are now committed for this program and a final program report will be developed when all projects are completed.

Regional Community to Community (C2C) Forum Program
Administered for the Ministry of Community & Rural Development and Indian & Northern Affairs Canada - BC Region ($920,000 since 1999)

The Regional C2C program has provided opportunities for local governments and First Nations to come together in dialogue on topics of mutual interest or concern since 1999. To date, more than 300 C2C events have been held across the province and an additional 28 applications, for more than 40 events, have been approved or are under review for the 2010/11 fiscal year.

School Community Connections
Administered with the BC School Trustees Association for the Ministry of Education ($10 million in 2005)

The School Community Connections (SCC) program was launched in 2005 to promote sustainable and innovative collaboration between boards of education and local governments. To date:
- 55 Boards of Education were funded in at least one phase of the original 2005 program;
- 142 projects have been completed under the 2008 program and 44 additional projects will be completed in 2010;
- 92 applications were received for the 2010 program and projects will take place in the 2010/11 school year.

It is expected that all available funds will be committed for this program with the 2010 program and a final program report will be developed when all projects are completed.

Seniors’ Housing & Support Initiative
Administered for the Ministry of Community & Rural Development ($2 million in 2004) and Ministry of Healthy Living & Sport ($500,000 in 2007)

The seniors’ program was launched in 2004 to assist local governments to prepare for an aging population by supporting the ability of BC’s older adults to age in place. Since then, 3 program streams have been supported and, to date:
- 48 local governments were funded to hold dialogue events;
- 52 pilot projects were completed;
- 11 age-friendly community planning projects have been completed and an additional 46 age-friendly planning initiatives or community projects will be completed in the next year.
All available funds are now committed for this program and a final program report will be developed when all projects are completed.

**Strategic Wildfire Prevention Initiatives**
Administered for the Ministry of Forests and Range ($37 million since 2004)

The Strategic Wildfire Prevention program has four separate components:
- Community wildfire protection plans (CWPP)
- Pilot projects
- Prescription development
- Operational fuel treatments.

With over 80 communities having a completed CWPP, the program’s focus this year has moved towards completing prescriptions and undertaking operational treatment activities. Operational treatments are in process or complete in 47 municipalities and 17 regional districts, and 35 local governments have completed or are in the process of developing fuel management prescriptions. A similar shift was seen in the First Nations program, administered in conjunction with the First Nations Emergency Services Society. CWPPs are complete or in process in over 95 First Nations communities, and these communities are now turning to prescription development and operational treatment projects in order to further mitigate the risk of wildfire.

**Supporting Treaty Implementation Pilot Project Program**
Administered for the Ministry of Aboriginal Relations & Reconciliation ($100,000 in 2007)

Initially, the Supporting Treaty Implementation program provided grants for pilot projects that supported treaty implementation through activities such as developing an agreement between a local government and First Nation, establishing a mentoring program, or undertaking a community education campaign. Three projects were completed and one additional project will be completed in 2010.

In 2009, UBCM worked with the Ministry to enhance the program in order to support Treaty Advisory Committees (TACs) to participate at treaty tables. This resulted in a program that provided the opportunity for TACs and/or local governments to apply for operating funds for 2009/10 and for 2010/11. In total, 19 grants have been approved over 2 years to support TAC operations.

**Treaty Knowledge Exchange Dialogue Program**
Administered for the Ministry of Aboriginal Relations & Reconciliation ($150,000 in 2007)

This program provided small grants to encourage the exchange of knowledge, information and experience between TACs and/or local governments that have participated in advanced stages of the treaty process and those TACs/local governments that are involved in earlier stages of the process. One application was funded, although in early 2009, funds were also provided to host a joint dialogue with TAC representatives across the province. The program was discontinued in 2009 and the balance of funds transferred to the Supporting Treaty Implementation program.

**West Nile Virus Risk Reduction Initiative**
Administered for the Ministry of Healthy Living & Sport ($17 million since 2005)

The West Nile Virus (WNV) Risk Reduction Initiative was developed in 2005 and was available to all local governments and First Nations in BC, with some opportunities for activities on Crown land, until 2009. In early 2010, the Ministry and provincial public health officials engaged in a re-evaluation of the actual risk of WNV in BC and agreed that, largely due to climate factors, large areas of BC are unlikely to be affected by WNV. Based on this, the funding under the 2010 WNV program was available only to regional districts (including member municipalities and area First Nations) in the highest risk areas of the province. It is expected that all available funds will be committed for this program with the 2010 program and a final program report will be developed when all funded activities are completed.
UBCM continued to deliver funding under all Gas Tax Agreement programs, as well as under both the Public Transit Agreement and Public Transit Infrastructure Program. Total funding received from commencement of the programs to June 30, 2010 was $740.5 million (federal GTA funding: $635.5; federal PTA funding: $52.5; provincial PTIP funding: $52.5). PTA and PTIP funding was fully expended in 2010.

UBCM has committed the vast majority of funding set aside in the pooled funding programs for fiscal years up to and including 2009-10. UBCM has committed over $131 million to 129 projects under pooled funds.

The Gas Tax agreement has been extended through to the 2013-14 funding year. The Gas Tax extension commits a further $1.002 billion to the program from 2010-11 to 2013-14 to be delivered through Community Works funding and pooled funds.

Gas Tax pooled funding programs will begin intakes in 2010 for the 2010-11 to 2013-14 Gas Tax program extension period. The General Strategic Priorities Fund, the Innovations Fund, and the Regionally Significant Priorities Fund will continue as pooled funding programs in the next phase of the Gas Tax program.

The Community Works Fund funding floor, which is distributed to all Tier 1 and 2 local governments, was increased for 2009-10 to $50,000, with the remaining funding distributed on a per capita formula.

The Gas Tax Outcomes Report was released in December 2009. The report detailed both the qualitative and quantitative information on the outcomes achieved by the programs up to December 31, 2008.

Further information, including UBCM and recipient financial information, program details, highlights of projects funded and progress towards expected outcomes are set out in the Gas Tax/Public Transit Annual Expenditure Report, available on our website.
Financial Statements of

UNION OF BRITISH COLUMBIA MUNICIPALITIES

Year ended June 30, 2010
AUDITORS’ REPORT TO THE MEMBERS

We have audited the statement of financial position of the Union of British Columbia Municipalities (“UBCM”) as at June 30, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of UBCM’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of UBCM as at June 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Union of British Columbia Municipalities Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

Burnaby, Canada

July 12, 2010
UNION OF BRITISH COLUMBIA MUNICIPALITIES
Statement of Financial Position
June 30, 2010, with comparative figures for 2009

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<tr>
<th>Total</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>2010</td>
<td>2009</td>
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**Assets**

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<th>Current assets:</th>
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<th>2009</th>
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<td>Cash and cash equivalents</td>
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<td>Capital assets (note 4)</td>
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<td>3,573,314</td>
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**Liabilities and Net Assets**

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<tr>
<th>Current liabilities:</th>
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<th>2009</th>
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<tr>
<td>Accounts payable and accrued liabilities</td>
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<td>Local Government Leadership Academy</td>
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| Trust funds (note 8)              |            |
| Commitment (note 9)               |            |
| Contingent pension liability (note 10) |            |
|                                   |            |

**Net assets: $251,818,331 $249,466,576**

See accompanying notes to financial statements.

Approved on behalf of the Board:

Signature: Director
## UNION OF BRITISH COLUMBIA MUNICIPALITIES

**Statement of Operations**

Year ended June 30, 2010, with comparative figures for 2009

<table>
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<tr>
<th></th>
<th>Operating Fund</th>
<th>Special Purpose Fund</th>
<th>Local Government Program Service Fund</th>
<th>Gas Tax / Public Transit Fund</th>
<th>Eliminations</th>
<th>2010</th>
<th>2009</th>
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<td><strong>Revenue:</strong></td>
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<td>Annual dues</td>
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<td>-</td>
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</tr>
<tr>
<td>Administrative fees (note 7)</td>
<td>948,479</td>
<td>-</td>
<td>-</td>
<td>(180,000)</td>
<td>-</td>
<td>768,479</td>
<td>956,450</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>5,434</td>
<td>26,718</td>
<td>130,139</td>
<td>-</td>
<td>-</td>
<td>162,291</td>
<td>1,323,669</td>
</tr>
<tr>
<td><strong>Total Revenue:</strong></td>
<td>2,521,329</td>
<td>2,753,566</td>
<td>11,033,388</td>
<td>240,384,344</td>
<td>(305,800)</td>
<td>256,386,827</td>
<td>154,671,519</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>1,918,856</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,918,856</td>
<td>2,122,809</td>
</tr>
<tr>
<td>Executive</td>
<td>203,056</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>203,056</td>
<td>219,198</td>
</tr>
<tr>
<td>Members' services</td>
<td>85,085</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>85,085</td>
<td>75,124</td>
</tr>
<tr>
<td>Office services</td>
<td>150,808</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>150,808</td>
<td>130,428</td>
</tr>
<tr>
<td>Office supplies and miscellaneous</td>
<td>84,753</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>84,753</td>
<td>86,224</td>
<td></td>
</tr>
<tr>
<td>Staff travel</td>
<td>62,542</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>62,542</td>
<td>61,566</td>
</tr>
<tr>
<td>Professional fees</td>
<td>10,862</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,862</td>
<td>18,525</td>
</tr>
<tr>
<td>Office equipment rental</td>
<td>4,525</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,525</td>
<td>5,071</td>
<td></td>
</tr>
<tr>
<td>Convention and special projects</td>
<td>-</td>
<td>2,685,514</td>
<td>-</td>
<td>-</td>
<td>(204,160)</td>
<td>2,481,354</td>
<td>3,389,646</td>
</tr>
<tr>
<td>Local Government Program Services</td>
<td>-</td>
<td>-</td>
<td>10,903,249</td>
<td>-</td>
<td>(29,124)</td>
<td>10,874,125</td>
<td>15,914,171</td>
</tr>
<tr>
<td>Gas Tax / Public Transit</td>
<td>-</td>
<td>-</td>
<td>240,384,344</td>
<td>(72,516)</td>
<td>240,311,828</td>
<td>131,554,164</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses:</strong></td>
<td>2,520,487</td>
<td>2,685,514</td>
<td>10,903,249</td>
<td>240,384,344</td>
<td>(305,800)</td>
<td>256,187,794</td>
<td>153,576,926</td>
</tr>
<tr>
<td><strong>Excess of revenue over expenses</strong></td>
<td>842</td>
<td>68,052</td>
<td>130,139</td>
<td>-</td>
<td>-</td>
<td>199,033</td>
<td>1,094,593</td>
</tr>
<tr>
<td><strong>Net transfer from (to) internally restricted net assets</strong></td>
<td>10,637</td>
<td>(50,452)</td>
<td>(130,139)</td>
<td>-</td>
<td>-</td>
<td>(169,954)</td>
<td>(1,053,826)</td>
</tr>
<tr>
<td><strong>Operating surplus</strong></td>
<td>$11,479</td>
<td>$17,600</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$29,079</td>
<td>$40,767</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
UNION OF BRITISH COLUMBIA MUNICIPALITIES

Statement of Changes in Net Assets

Year ended June 30, 2010, with comparative figures for 2009

<table>
<thead>
<tr>
<th></th>
<th>Invested in capital assets</th>
<th>Internally restricted</th>
<th>Unrestricted</th>
<th>Total 2010</th>
<th>Total 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance, beginning of year</strong></td>
<td>$ 3,573,314</td>
<td>$ 4,273,551</td>
<td>$ 1,290,354</td>
<td>$ 9,137,219</td>
<td>$ 8,042,626</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenue over expenses</strong></td>
<td>(150,718)</td>
<td>150,718</td>
<td>199,033</td>
<td>199,033</td>
<td>1,094,593</td>
</tr>
<tr>
<td><strong>Net change in invested in capital assets</strong></td>
<td>19,331</td>
<td>(19,331)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transfers</strong></td>
<td>-</td>
<td>169,954</td>
<td>(169,954)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td>$ 3,441,927</td>
<td>$ 4,574,892</td>
<td>$ 1,319,433</td>
<td>$ 9,336,252</td>
<td>$ 9,137,219</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
### UNION OF BRITISH COLUMBIA MUNICIPALITIES

**Statement of Cash Flows**

Year ended June 30, 2010, with comparative figures for 2009

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (used in):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>$199,033</td>
<td>$1,094,593</td>
</tr>
<tr>
<td>Items not involving cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>150,718</td>
<td>33,907</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>15,000</td>
<td>(37,085)</td>
</tr>
<tr>
<td>Changes in non-cash operating working capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>(2,689,467)</td>
<td>(109,188,574)</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>52,060</td>
<td>(118,029)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>59,266</td>
<td>(97,415)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(49,991)</td>
<td>(16,387)</td>
</tr>
<tr>
<td>Convention deposits</td>
<td>(202,658)</td>
<td>163,758</td>
</tr>
<tr>
<td>Local Government Leadership Academy</td>
<td>38,438</td>
<td>67,110</td>
</tr>
<tr>
<td>Deferred revenue and contributions</td>
<td>2,351,933</td>
<td>108,987,526</td>
</tr>
<tr>
<td></td>
<td>(75,668)</td>
<td>889,404</td>
</tr>
<tr>
<td>Financing:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment of other liabilities</td>
<td>-</td>
<td>(96,515)</td>
</tr>
<tr>
<td>Investing:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of capital assets</td>
<td>(19,331)</td>
<td>(2,680,322)</td>
</tr>
<tr>
<td>Decrease in cash and cash equivalents</td>
<td>(94,999)</td>
<td>(1,887,433)</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>7,451,995</td>
<td>9,339,428</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td>$7,356,996</td>
<td>$7,451,995</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
1. Operations:

The Union of British Columbia Municipalities ("UBCM") is incorporated under the Union of British Columbia Municipalities Act and its principal activity is to represent the interests of its members in dealing with other orders of government. UBCM is a not-for-profit organization and is exempt from income and capital taxes.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") for not-for-profit organizations. Significant accounting policies include:

(a) Basis of presentation:

The resources and operations of UBCM are accounted for on a fund basis. Each fund is treated as a separate centre of operation responsible for the resources or activities allocated to it.

(i) Operating fund:

The purpose of the operating fund is to reflect the general operating activities and administration functions of UBCM.

(ii) Special purpose fund:

The purpose of this fund is to administer special services provided to members and to account for the revenue and expenses directly related to the annual convention. Included in the fund are the operations of the Local Government Leadership Academy (LGLA). The purpose of LGLA is to provide leadership development opportunities in the interest of improving governance at the local level.

(iii) Local Government Program Service Fund:

The Provincial Government of British Columbia has provided funding to UBCM for shared Provincial-Local Government interests in a variety of fields. The service that UBCM provides is to distribute those funds to members for the purposes of the various programs.

(iv) Gas Tax / Public Transit Fund:

The Government of Canada and the Province of British Columbia have entered into agreements with UBCM under the Transfer of Federal Gas Tax Revenues Agreement, the Public Transit Agreement and the Public Transit Infrastructure Program to deliver funding to local government organizations in British Columbia. The purpose of the funding is focused on achieving environmental sustainability and the improvement of public transit and infrastructure.

All charges between funds are eliminated upon combination of the funds.
2. Significant accounting policies (continued):

(b) Financial instruments:

UBCM accounts for its financial instruments in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments – Recognition and Measurement, and CICA Section 3861, Financial Instruments – Disclosure and Presentation, and CICA Section 3865, Hedges. These Handbook Sections provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied.

Under these standards, all financial assets and liabilities are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included on the statement of financial position and initially measured at fair market value. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification.

UBCM’s financial instruments include cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities and other liabilities. UBCM classifies its cash and cash equivalents and restricted cash as held for trading, its accounts receivable as loans and receivables, accounts payable and accrued liabilities and other liabilities as other financial liabilities.

UBCM has elected to defer adoption of CICA Handbook sections 3862 and 3863 and to continue to apply the financial instrument disclosure and presentation standards in accordance with CICA Handbook Section 3861 as permitted for not-for-profit organizations.

(c) Cash and cash equivalents:

Cash and cash equivalents are defined to include Municipal Finance Authority money market funds, which are readily redeemable for cash.

(d) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the assets’ estimated useful lives as follows:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>25</td>
</tr>
<tr>
<td>Office equipment</td>
<td>4</td>
</tr>
</tbody>
</table>
2. Significant accounting policies (continued):

(e) Revenue recognition:

UBCM follows the deferral method of accounting for contributions. Accordingly, funding received for specific purposes are deferred and recognized in the period in which the related expenses are incurred.

Annual dues and special levies are recorded on the accrual basis of accounting. Accordingly, amounts collected relating to the period subsequent to the year end are recorded as deferred revenue.

Donated capital assets are measured at the fair market value at the date of contribution. Donated capital assets not subject to amortization, such as land, are recorded as direct increases in net assets in the period the assets are received.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(g) Capital disclosures:

UBCM receives its principal source of capital through government agencies and membership dues. UBCM defines capital to be net assets. In carrying out its purpose, UBCM regularly distributes its capital through programs, activities and administrative services.

(h) Revisions to Not-for-Profit accounting standards:

In September 2008, the CICA issued amendments to Handbook Sections 4400, Financial Statement Presentation by Not-for-Profit Organizations, and 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations. The amendments, which are effective for UBCM’s fiscal year ended June 30, 2010, remove the requirement to disclose net assets invested in capital assets, clarify capital asset recognition criteria and amortization, expand interim financial statement requirements to not-for-profit organizations that prepare interim financial statement, require disclosure of allocated fundraising and general support expenses and include the requirement to follow Handbook Section 1540, Cash Flow Statements. The adoption of these standards by UBCM has not had a material impact on its financial statements.
2. Significant accounting policies (continued):

   (i) Future accounting changes:

   UBCM is classified as a not-for-profit organization. The Accounting Standards Board has released an exposure draft in 2010 relating to the future of financial reporting by not-for-profit organizations. Under the proposed standards, UBCM would prepare its financial statements in accordance with International Financial Reporting Standards, or with the new Canadian Private Enterprise reporting framework, with specific not-for-profit standards to supplement. UBCM is in the process of reviewing the potential impact of the proposals on its reporting framework and financial statements.

3. Restricted cash and cash equivalents:

   Restricted cash and cash equivalents include funds received and interest earned held for specific purposes that are restricted internally or for use by the respective programs.

4. Capital assets:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$252,000</td>
<td>$</td>
<td>$252,000</td>
<td>$252,000</td>
</tr>
<tr>
<td>Building</td>
<td>3,347,623</td>
<td>171,721</td>
<td>3,175,902</td>
<td>3,300,556</td>
</tr>
<tr>
<td>Office equipment</td>
<td>26,929</td>
<td>12,904</td>
<td>14,025</td>
<td>20,758</td>
</tr>
<tr>
<td></td>
<td>$3,626,552</td>
<td>$184,625</td>
<td>$3,441,927</td>
<td>$3,573,314</td>
</tr>
</tbody>
</table>
5. Deferred revenue and contributions:

<table>
<thead>
<tr>
<th></th>
<th>Members’ dues</th>
<th>Special Projects</th>
<th>Program Services</th>
<th>Gas Tax / Public Transit</th>
<th>Total 2010</th>
<th>Total 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$ 513,829</td>
<td>$ 1,534,819</td>
<td>$ 34,741,294</td>
<td>$ 201,928,001</td>
<td>$ 238,717,943</td>
<td>$ 129,730,417</td>
</tr>
<tr>
<td>Received during the year</td>
<td>1,032,956</td>
<td>633,197</td>
<td>885,000</td>
<td>252,468,000</td>
<td>255,019,153</td>
<td>256,830,971</td>
</tr>
<tr>
<td>Investment income earned</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>596,640</td>
<td></td>
</tr>
<tr>
<td>during the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,703,102</td>
</tr>
<tr>
<td>Recognized as revenue in the year</td>
<td>(1,030,300)</td>
<td>(945,967)</td>
<td>(10,903,249)</td>
<td>(240,384,344)</td>
<td>(253,263,860)</td>
<td>(150,546,547)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$ 516,485</td>
<td>$ 1,222,049</td>
<td>$ 24,723,045</td>
<td>$ 214,608,297</td>
<td>$ 241,069,876</td>
<td>$ 238,717,943</td>
</tr>
</tbody>
</table>

Under the Gas Tax and Public Transit agreements, UBCM is required to report on its compliance with the agreement to the Government of Canada and the Province of British Columbia on an annual basis.

6. Invested in capital assets:

(a) Net assets invested in capital assets are calculated as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets</td>
<td>$ 3,441,927</td>
<td>$ 3,573,314</td>
</tr>
</tbody>
</table>

(b) Deficiency of revenue over expenses:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of capital assets</td>
<td>$ (150,718)</td>
<td>$ (33,907)</td>
</tr>
</tbody>
</table>

(c) Invested in capital assets:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of capital assets</td>
<td>$ 19,331</td>
<td>$ 2,680,322</td>
</tr>
</tbody>
</table>
7. Administrative fees:

The operating fund charges administrative fees to other funds and third parties to recover its estimated costs incurred as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convention</td>
<td>$180,000</td>
<td>$168,000</td>
</tr>
<tr>
<td>Commercial vehicle license program fund</td>
<td>16,000</td>
<td>16,000</td>
</tr>
<tr>
<td>UBCM Professional Counsel</td>
<td>705,479</td>
<td>882,450</td>
</tr>
<tr>
<td>Local Government Program Services</td>
<td>47,000</td>
<td>58,000</td>
</tr>
<tr>
<td>Internal administrative fees eliminated</td>
<td>(180,000)</td>
<td>(168,000)</td>
</tr>
<tr>
<td></td>
<td>$768,479</td>
<td>$956,450</td>
</tr>
</tbody>
</table>

8. Trust funds:

UBCM administers the following trust funds where activities and balances are not reflected in UBCM’s financial statements:

(a) Jeff McKelvey scholarship fund:

The Jeff McKelvey scholarship fund was established through contributions from members, the Province of British Columbia and other individuals. Scholarship applications and awards are made within the Union executive’s general guidelines by the Board of Examiners.

(b) UBCM / FCM travel fund:

UBCM administers the UBCM / FCM travel fund. The purpose of the fund is to assist Federation of Canadian Municipalities ("FCM") board members with their travel costs to FCM meetings through per capita levies.

(c) Commercial vehicle license program fund:

Participating municipalities remit licence fees collected for commercial vehicles to UBCM in trust. Surplus funds are distributed to the participating municipalities on December 31 annually.

The funds held by UBCM, on behalf of the trust funds, as at June 30 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeff McKelvey scholarship fund</td>
<td>$99,583</td>
<td>$106,127</td>
</tr>
<tr>
<td>UBCM / FCM travel fund</td>
<td>177,714</td>
<td>167,283</td>
</tr>
<tr>
<td>Commercial vehicle license program fund</td>
<td>825,843</td>
<td>783,889</td>
</tr>
<tr>
<td></td>
<td>$1,103,140</td>
<td>$1,057,299</td>
</tr>
</tbody>
</table>
UNION OF BRITISH COLUMBIA MUNICIPALITIES
Notes to Financial Statements (continued)
Year ended June 30, 2010

9. Commitment:

UBCM has an operating lease for its office space in Richmond, BC, which expires on June 30, 2012. The annual basic lease payments plus the proportionate share of taxes and operating expenses estimated are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$105,983</td>
</tr>
<tr>
<td>2012</td>
<td>105,983</td>
</tr>
</tbody>
</table>

10. Contingent pension liability:

UBCM and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including the investment of the assets and administration of the Plan. The Plan is a multi-employer contributory defined benefit pension plan with about 150,000 active contributors and approximately 54,000 retired members. Active members include approximately 32,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of $438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in fiscal 2011. The actuary does not attribute portions of the unfunded liability to individual employers. During the year, UBCM expensed $118,649 (2009 - $128,656) of payments to the Plan.

11. Financial instruments:

(a) Fair value of financial instruments:

The carrying values of accounts receivable and accounts payable and accrued liabilities approximate their fair values because of their short term to maturity.

(b) Credit risk:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. For cash and cash equivalents, restricted cash and cash equivalents and accounts receivable, UBCM's credit risk is limited to the carrying value on the statement of financial position. Management does not believe that UBCM is subject to any significant concentration of credit risk.
11. Financial instruments (continued):

   (c) Liquidity risk:

   Liquidity risk is the risk that an entity will not be able to meet its obligations associated with financial liabilities. UBCM manages liquidity risk by maintaining adequate cash and cash equivalents available. UBCM monitors the cash flow to ensure a sufficient continuity of funding.

   (d) Interest rate risk:

   UBCM is not exposed to significant interest risk as it does not have amounts payable that are charged interest.

12. Comparative figures:

   Certain 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.
AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION TO THE MEMBERS

We have audited and reported separately herein on the financial statements of the Union of British Columbia Municipalities as at and for the year ended June 30, 2010.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in Schedules 1 through 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

KPMG LLP

Chartered Accountants

Burnaby, Canada

July 12, 2010
<table>
<thead>
<tr>
<th></th>
<th>Special Projects</th>
<th>Convention</th>
<th>Total 2010</th>
<th>Total 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convention and seminar fees</td>
<td>$1,165,715</td>
<td>$862,264</td>
<td>$2,027,979</td>
<td>$2,424,413</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>23,298</td>
<td>3,420</td>
<td>26,718</td>
<td>180,753</td>
</tr>
<tr>
<td>First Nations (Communities to Communities)</td>
<td>90,273</td>
<td>-</td>
<td>90,273</td>
<td>101,334</td>
</tr>
<tr>
<td>BC Healthy Communities</td>
<td>172,435</td>
<td>-</td>
<td>172,435</td>
<td>564,253</td>
</tr>
<tr>
<td>Trade show</td>
<td>-</td>
<td>232,883</td>
<td>232,883</td>
<td>-</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>-</td>
<td>194,236</td>
<td>194,236</td>
<td>191,966</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>9,042</td>
<td>9,042</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>1,451,721</td>
<td>1,301,845</td>
<td>2,753,566</td>
<td>3,462,719</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>1,189,228</td>
<td>1,238,908</td>
<td>2,428,136</td>
<td>2,834,059</td>
</tr>
<tr>
<td>First Nations (Communities to Communities)</td>
<td>90,273</td>
<td>-</td>
<td>90,273</td>
<td>101,334</td>
</tr>
<tr>
<td>BC Healthy Communities</td>
<td>167,105</td>
<td>-</td>
<td>167,105</td>
<td>564,253</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>1,446,606</td>
<td>1,238,908</td>
<td>2,685,514</td>
<td>3,499,646</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenue over expenses</strong></td>
<td>5,115</td>
<td>62,937</td>
<td>68,052</td>
<td>(36,927)</td>
</tr>
<tr>
<td><strong>Net transfer from (to) internally restricted net assets</strong></td>
<td>(13,705)</td>
<td>(36,747)</td>
<td>(50,452)</td>
<td>67,166</td>
</tr>
<tr>
<td><strong>Operating surplus (deficiency)</strong></td>
<td>$ (8,590)</td>
<td>$26,190</td>
<td>$17,600</td>
<td>$30,239</td>
</tr>
<tr>
<td>Program</td>
<td>Program funds</td>
<td>Other expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------</td>
<td>---------------</td>
<td>----------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>balance, beginning of year</td>
<td>received during the year</td>
<td>expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Health Promotion</td>
<td>$466,608</td>
<td>$195,197</td>
<td>$32,443</td>
<td></td>
</tr>
<tr>
<td>Crystal Meth</td>
<td>69,457</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>CWPP &amp; Fuel Mitigation</td>
<td>695,944</td>
<td>-</td>
<td>63,508</td>
<td></td>
</tr>
<tr>
<td>Emergency Preparedness</td>
<td>182,493</td>
<td>31,603</td>
<td>49,070</td>
<td></td>
</tr>
<tr>
<td>Picture BC</td>
<td>1,001</td>
<td>-</td>
<td>1,001</td>
<td></td>
</tr>
<tr>
<td>Sprinklers (Firestorm)</td>
<td>498,478</td>
<td>57,047</td>
<td>50,120</td>
<td></td>
</tr>
<tr>
<td>Strategic Wildfire Prevention</td>
<td>28,542,841</td>
<td>6,185,721</td>
<td>67,979</td>
<td></td>
</tr>
<tr>
<td>Seniors' Housing</td>
<td>829,311</td>
<td>455,516</td>
<td>38,415</td>
<td></td>
</tr>
<tr>
<td>Tourism BC</td>
<td>3,428,150</td>
<td>2,658,455</td>
<td>51,687</td>
<td></td>
</tr>
<tr>
<td>West Nile Virus</td>
<td>2,027,013</td>
<td>917,673</td>
<td>47,814</td>
<td></td>
</tr>
</tbody>
</table>

| Total                            | $34,741,294   | $10,501,212    | $402,037 |
|                                  | $885,000      | $24,723,045    |         |