

CITY OF SURREY

BYLAW NO. 18563

A bylaw to provide for the adoption of the Surrey 2016 – 2020
Consolidated Financial Plan.

WHEREAS pursuant to Section 165 of the "Community Charter" being Chapter 26 of the Statutes of BC 2003, as amended, the City Council is required to adopt, annually by bylaw, the five-year financial plan;

NOW, THEREFORE, the Council of the City of Surrey ENACTS AS FOLLOWS:

1. Council authorize the objectives and policies of the municipality in relation to each of the proposed funding sources, the proportion of total revenue, the distribution of property value taxes among property classes, and the use of permissive exemptions as set out in Schedule 1 hereto and forming part of this bylaw.
2. Council authorize the following:
 - (a) the proposed funding sources;
 - (b) the proposed expenditures, and
 - (c) the proposed transfers between funds.

As set out for each year in the planning period as shown in Schedule 2 attached hereto and forming part of this bylaw.


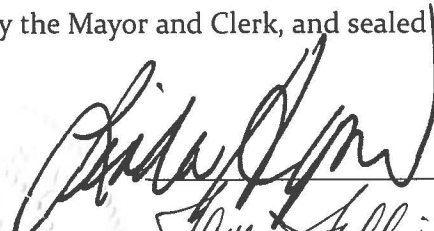

3. This bylaw shall be cited for all purposes as "Surrey 2016 – 2020 Consolidated Financial Plan Bylaw, 2016, No. 18563".

PASSED FIRST READING on the 22nd day of February, 2016.

PASSED SECOND READING on the 22nd day of February, 2016.

PASSED THIRD READING on the 22nd day of February, 2016.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the 7th day of March, 2016.



MAYOR

CLERK

City of Surrey

Consolidated 2016 – 2020 Financial Plan

As per section 165 of the Community Charter, this schedule will address the objectives and policies that relate to the proposed funding sources, and the proportion of revenue collected from them, the distribution of property value taxes among the property classes, and the use of permissive exemptions.

I. Tax Revenues***Assessment Taxes*****1. Property Tax**

Property Taxes are generated to support City Services that are not covered by fees, charges, the drainage parcel tax, the capital parcel tax and the road and traffic safety levy. These taxes are determined based on property assessment by property class. The types of services that these revenues support include; Protection Services, Library Services, Parks, Recreation and Culture, and some Engineering Services, along with administrative services such as Legislative Services, Finance and Technology, and Human Resources. The City of Surrey has adopted a policy of collecting the same amount of taxes each year from each property class category after the property class has been adjusted for non-market activity and before a Council approved rate increase is applied. As non-market activity can fluctuate between property classes, the distribution between property classes can vary from one year to the next. The property class ratios used in 2015 were as follows:

Class 1: Residential	1.00 to 1.00
Class 2: Utilities	13.57 to 1.00
Class 4: Major Industry	4.50 to 1.00
Class 5: Light Industry	2.45 to 1.00
Class 6: Business	2.82 to 1.00
Class 8: Recreational	0.99 to 1.00
Class 9: Agricultural	1.09 to 1.00

These ratios will be amended when the final assessment roll becomes available in April, to reflect the current year non-market activity. Property Taxes currently account for 37% of consolidated revenues collected.

Permissive property tax exemptions are provided for in the Community Charter and can be applied at the discretion of Council to reduce the assessed value of certain types of properties. The City of Surrey Council has adopted a policy (Q-27) that

guides the use of permissive property tax exemptions. This policy allows Council to consider the approval of permissive property tax exemptions for: church halls and lands surround the building, the lands surrounding hospitals, the lands surrounding schools, land or improvements for certain parks, recreation and athletic purposes provided that organizations can demonstrate that their facilities are open to Surrey residents, and some non-profit or charitable organizations provided that organizations can demonstrate that their facilities are open to Surrey residents. The 2016 Council approved permissive tax exemptions are estimated to be valued at approximately \$1,015,505 dollars.

2. Road and Traffic Safety Levy

A Road and Traffic Safety Levy was established as part of the 2008 Budget process to address the need for increased maintenance of local and collector roads throughout the City and to provide additional funding for road safety features and improvements such as traffic calming, crosswalks, sidewalks, etc. The Roads and Traffic Safety Levy was expanded to include the maintenance and capital costs associated with the arterial roads throughout the City and to address identified on-going road maintenance needs related to inclement weather conditions. The levy is based on the assessed value of individual properties in each Property Class.

The 2016 Five Year (2016 – 2020) Financial Plan therefore includes an increase to the Road and Traffic Safety Levy to ensure funding is available to meet the City's transportation objectives over time. Properties that are eligible for a full statutory and permissive property tax exemption are exempt from this levy. In 2016, this levy will generate 2% of consolidated revenues collected within the City

Parcel Taxes

1. Drainage Parcel Tax

The City of Surrey has adopted a "Drainage Parcel Tax" to fund the construction and operation of the storm drainage system for the convenience and safety of the residents and businesses within the City. The "Drainage Parcel Tax" is applied to all properties within the City at a rate structure such that residential properties pay one rate and all other classes pay another rate. Properties that are eligible for a full statutory and permissive property tax exemption are exempt from this parcel tax. The "Drainage Parcel Tax" accounts for approximately 4% of the consolidated revenue collected by the City.

2. Capital Parcel Tax

The City of Surrey had incorporated a "Cultural and Recreational Parcel Tax" which has now been renamed Capital Parcel Tax. It will provide funding for capital projects, including establishing, operating and maintaining related capital projects. Properties that are eligible for a full statutory and permissive property tax exemption are exempt from this tax. The Capital Parcel Tax accounts for approximately 1.7% of the consolidated revenue collected by the City.

II. Fees

The City of Surrey has adopted a "User-Pay" philosophy where this can practically be applied. Where the provision of a service can be directly related back to the consumer, a fee is developed and charged for that service. All fees are established through a bylaw for the fee charged and the terms and conditions of the payment. Some examples of the types of fees that the City imposes include: water, sewer and garbage fees, secondary suite fees, application fees, recreational usage fees and fees for document processing and replicating. Fees account for approximately 27% of the consolidated revenue collected within the City of Surrey.

III. Other Sources

The City of Surrey receives revenue from other sources such as developer contributions, provincial and federal grants and investment income.

Developer contributions are designed to place the burden of new infrastructure on new development. These contributions are received in one year and brought into budget for spending in the following year, making up approximately 16% of the total consolidated revenue in the 2016 Financial Plan.

Provincial and federal grants are received for policing initiatives, library services and capital and infrastructure initiatives. The traffic fine sharing revenue for 2016 is anticipated to be \$6.36 million, other federal policing grants are anticipated to be \$0.347 million, library services are anticipating receiving \$0.982 million in provincial grants and casino revenue is anticipated to be \$3.2 million. Provincial and federal revenue is estimated to be approximately 1% of total revenue in 2016.

The City of Surrey manages an investment portfolio with an approximate value of \$704 million, returning an anticipated 2.4% in 2016. The interest earned on these investments account for approximately 1.7% of the total annual revenue.

IV. Borrowing

The City entered into debt in 2011 in order to fund initiatives in the Build Surrey Program, a multi-year capital program developed to support business and residential growth over the next 10 years. The total amount borrowed is approximately \$212,335,000 million dollars; the City does not anticipate borrowing any additional funds.

The City's proposed distribution of revenue is as follows:

