

CITY OF SURREY

BYLAW NO. 18955

A bylaw to provide for the adoption of the Surrey 2017 – 2021
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.

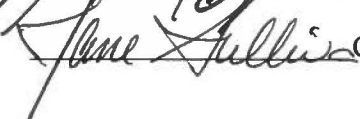
3. This bylaw shall be cited for all purposes as "Surrey 2017 – 2021 Consolidated Financial Plan Bylaw, 2016, No. 18955".

PASSED FIRST READING on the 19th day of December, 2016.

PASSED SECOND READING on the 19th day of December, 2016.

PASSED THIRD READING on the 19th day of December, 2016.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the 21st day of December, 2016.


MAYOR

CLERK

City of Surrey

Consolidated 2017 – 2021 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 2016 were as follows:

Class 1: Residential	1.00 to 1.00
Class 2: Utilities	14.14 to 1.00
Class 4: Major Industry	4.60 to 1.00
Class 5: Light Industry	2.54 to 1.00
Class 6: Business	2.87 to 1.00
Class 8: Recreational	1.01 to 1.00
Class 9: Agricultural	1.16 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 31% 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 2017 Council approved permissive tax exemptions are estimated to be valued at approximately \$1,032,085 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 2017 Five Year (2017 – 2021) 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 2017, this levy will generate 3% 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 has incorporated a "Capital Parcel Tax" that will provide funding for Cultural and Recreational services, 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 2% 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 25% 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 2017 Financial Plan.

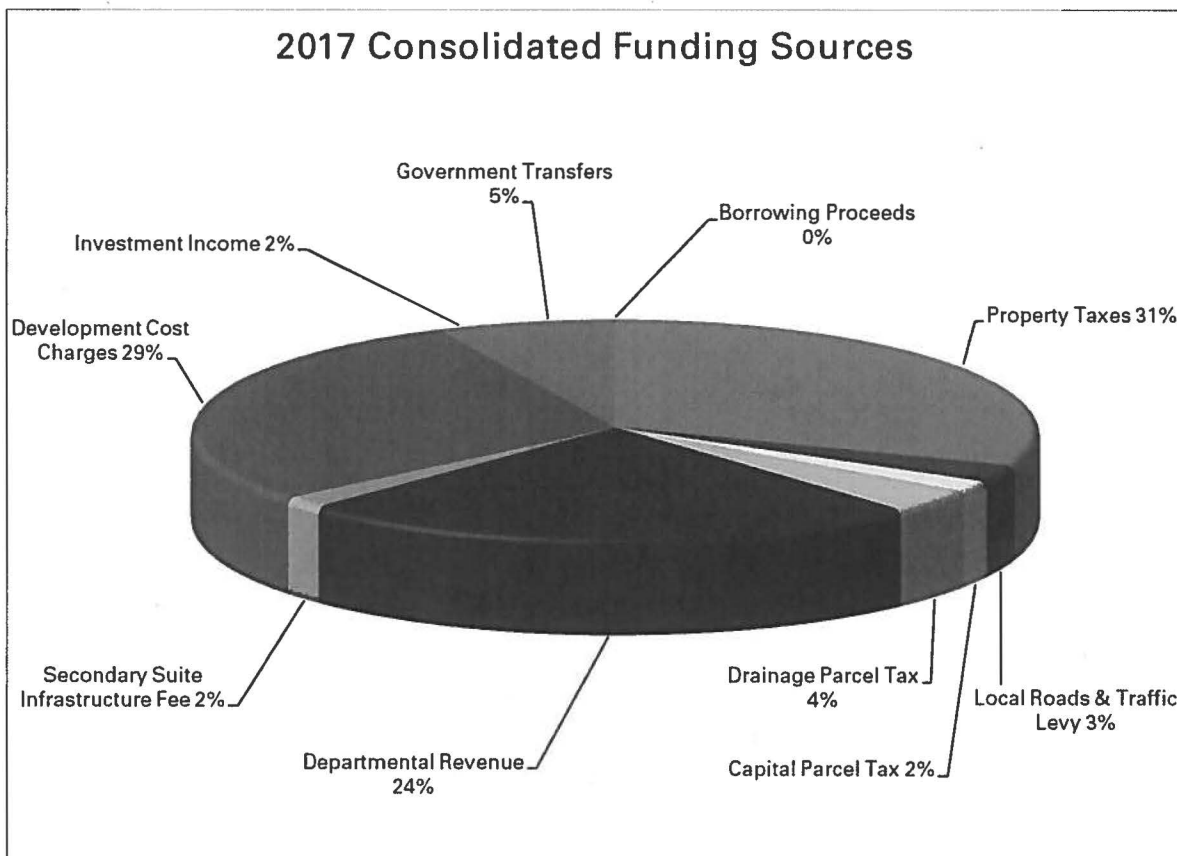
Provincial and federal grants are received for policing initiatives, library services and capital and infrastructure initiatives. The traffic fine sharing revenue for 2017 is anticipated to be \$6.636 million, other federal policing grants are anticipated to be \$0.347 million, library services are anticipating receiving \$0.984 million in provincial grants and casino revenue is anticipated to be \$3.8 million. Provincial and federal revenue is estimated to be approximately 1% of total revenue in 2017.

The City of Surrey manages an investment portfolio with an approximate value of \$840 million, returning an anticipated 2.1% in 2017. The interest earned on these investments account for approximately 2% 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 of which \$190,993,000 million is outstanding at the beginning of 2017; the City does not anticipate borrowing any additional funds.

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



CITY OF SURREY

Bylaw 18955

Consolidated Financial Plan
To establish years 2017 to 2021

	2017	2018	2019	2020	2021
PROPOSED FUNDING SOURCES					
Revenues from Property Value Taxes					
Property Value Taxes	\$ 312,249,000	\$ 332,520,000	\$ 353,265,000	\$ 375,841,000	\$ 398,008,000
Local Roads & Traffic Levy	26,601,000	30,668,000	34,979,000	39,657,000	44,674,000
Revenues from Property Value Taxes	338,850,000	363,188,000	388,244,000	415,498,000	442,682,000
Revenues from Parcel Taxes					
Capital Parcel Tax	\$ 16,636,000	\$ 17,096,000	\$ 17,412,000	\$ 17,752,000	\$ 18,089,000
Drainage Parcel Tax	37,382,000	38,754,000	40,017,000	41,391,000	42,784,000
Revenues from Parcel Taxes	54,018,000	55,850,000	57,429,000	59,143,000	60,873,000
Revenues from Fees & Charges					
Departmental Revenue	242,744,000	250,982,000	262,291,000	274,762,000	285,943,000
Secondary Suite Infrastructure Fee	17,784,000	19,032,000	20,368,000	21,797,000	22,647,000
Penalties & Interest on Taxes	5,486,000	5,726,000	5,984,000	6,254,000	6,344,000
Revenues from Fees and Charges	266,014,000	275,740,000	288,643,000	302,813,000	314,934,000
Development Cost Charge Funds					
Development Cost Charges	142,168,000	152,885,000	216,357,000	247,169,000	264,516,000
Revenues from Other Sources					
Investment Income	18,949,000	20,397,000	20,391,000	20,380,000	20,673,000
Government Transfers	53,548,000	52,636,000	52,841,000	53,052,000	53,104,000
Corporate Lease Revenue	6,710,000	6,819,000	6,918,000	7,024,000	7,128,000
Borrowing Proceeds	-	-	-	-	-
Other Revenue	160,901,000	163,542,000	161,926,000	164,469,000	193,594,000
Revenues from Other Sources	240,108,000	243,394,000	242,076,000	244,925,000	274,499,000
TOTAL FUNDING SOURCES	\$1,041,158,000	\$1,091,057,000	\$1,192,749,000	\$1,269,548,000	\$1,357,504,000
PROPOSED EXPENDITURES					
Municipal Expenditures					
Police Services	\$ 159,758,000	\$ 166,641,000	\$ 173,630,000	\$ 181,472,000	\$ 189,706,000
Fire Services	62,212,000	63,965,000	65,707,000	67,456,000	69,293,000
Parks, Recreation & Culture	109,021,000	113,599,000	119,024,000	124,879,000	128,094,000
General Government	74,865,000	77,726,000	78,466,000	82,311,000	107,989,000
Planning & Development	30,950,000	31,653,000	32,305,000	33,077,000	33,876,000
Surrey Public Library	19,310,000	19,889,000	20,418,000	22,765,000	23,607,000
Engineering Services	84,092,000	86,547,000	90,760,000	93,545,000	96,168,000
Water, Sewer & Drainage	163,920,000	169,044,000	175,107,000	180,664,000	186,569,000
Solid Waste Expenditures	35,140,000	35,813,000	36,499,000	37,200,000	37,914,000
Surrey City Energy	1,879,000	3,133,000	3,920,000	4,658,000	5,461,000
Operating Contingency	1,319,000	1,326,000	1,305,000	1,359,000	2,959,000
Total Municipal Expenditures	742,466,000	769,336,000	797,141,000	829,386,000	881,636,000
Fiscal Services & Debt Interest	9,082,000	9,672,000	9,827,000	10,040,000	10,366,000
Capital Expenditures - Prior Years	98,266,000	110,601,000	110,895,000	113,628,000	116,929,000
Capital Expenditures - Contributed	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Capital Expenditures - Current Years	372,100,000	420,655,000	412,702,000	400,635,000	411,778,000
	570,366,000	631,256,000	623,597,000	614,263,000	628,707,000
Municipal Debt	13,276,000	20,238,000	24,705,000	28,843,000	26,560,000
TOTAL EXPENDITURES	\$1,335,190,000	\$1,430,502,000	\$1,455,270,000	\$1,482,532,000	\$1,547,269,000
PROPOSED TRANSFERS BETWEEN FUNDS					
Internal Borrowing	\$ (35,772,000)	\$ (75,586,000)	\$ (24,161,000)	\$ (2,887,000)	\$ (2,764,000)
Transfers (from)/to Special Funds	(83,541,000)	(82,429,000)	(53,941,000)	(21,944,000)	4,269,000
Transfers (from)/to Appropriated Surplus	(1,732,000)	(3,604,000)	(1,907,000)	(2,462,000)	(1,996,000)
Unspecified Capital Budget Authority	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
Transfers (from)/to Equity	(122,987,000)	(127,826,000)	(132,512,000)	(135,691,000)	(139,274,000)
Transfer (from)/to Unappropriated Surplus	-	-	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	\$ (294,032,000)	\$ (339,445,000)	\$ (262,521,000)	\$ (212,984,000)	\$ (189,765,000)
BALANCED BUDGET	\$ -	\$ -	\$ -	\$ -	\$ -