

CITY OF SURREY

BYLAW NO. 19730

A bylaw to provide for the adoption of the Surrey 2019 – 2023  
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 2019 – 2023 Consolidated Financial Plan Bylaw, 2018, No. 19730".


PASSED FIRST READING on the 17th day of December, 2018.

PASSED SECOND READING on the 17th day of December, 2018.

PASSED THIRD READING on the 17th day of December, 2018.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the 19th day of December, 2018.

  
\_\_\_\_\_  
MAYOR

  
\_\_\_\_\_  
CLERK

## City of Surrey

**Consolidated 2019 – 2023 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, 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 Finance and Corporate Services, which includes Legislative Services, Human Resources and Information Technology. 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 2018 was as follows:

Class 1: Residential	1.00 to 1.00
Class 2: Utilities	17.75 to 1.00
Class 4: Major Industry	5.81 to 1.00
Class 5: Light Industry	2.81 to 1.00
Class 6: Business	3.30 to 1.00
Class 8: Recreational	1.17 to 1.00
Class 9: Agricultural	1.74 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 30.0% 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 that 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. For 2019, Council approved permissive tax exemptions estimated to be valued at approximately \$1,238,655.

## **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 2019 Five Year (2019 – 2023) Financial Plan includes no proposed increase to the Road and Traffic Safety Levy. Properties that are eligible for a full statutory and permissive property tax exemption are exempt from this levy. In 2019, this levy will generate 2.5% 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 (classes 1, 8 and 9) 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 3.3% 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 1.4% of the consolidated revenue collected by the City.

## II. Fees

The City of Surrey has adopted a "User-Pay" philosophy. If 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 25.1% 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 (including development cost charges), 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 by the City and brought into budget for spending, making up approximately 30.7% of the total consolidated revenue in the 2019 Financial Plan.

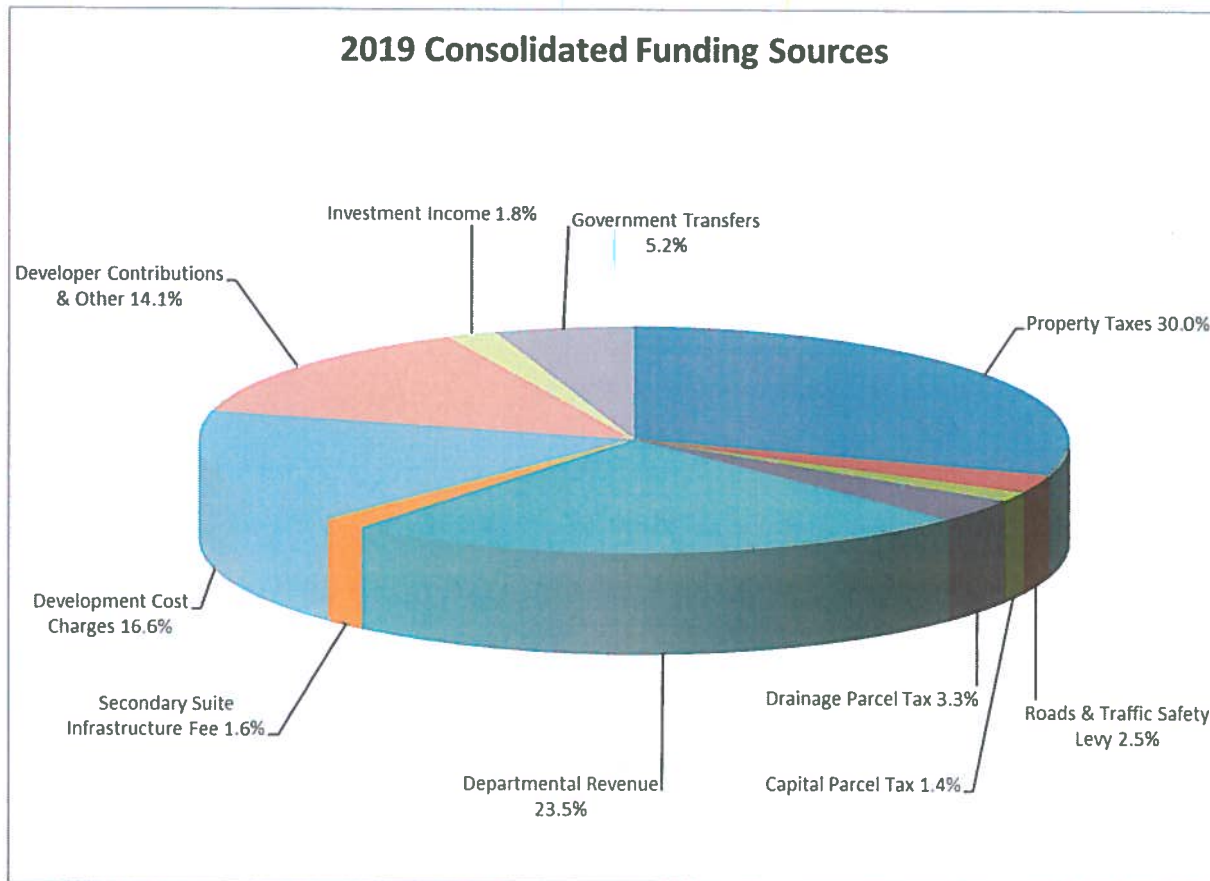
Provincial and federal grants are received for policing initiatives, library services and capital and infrastructure initiatives. The traffic fine sharing revenue for 2019 is anticipated to be \$6.561 million, other federal policing grants are anticipated to be \$0.362 million, library services are anticipating receiving \$0.983 million in provincial grants and casino revenue is anticipated to be \$4.2 million. Provincial and federal revenue is estimated to be approximately 5.2% of total revenue in 2019.

The City of Surrey manages an investment portfolio with an approximate value of \$869 million, returning an anticipated 2.34% in 2018. The interest earned on these investments account for approximately 1.8% of the total annual revenue in 2019.

#### IV. Borrowing

The City entered into external 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 was approximately \$212,335,000 of which \$179,700,000 is anticipated to be outstanding at the beginning of 2019.

The City's proposed distribution of 2019 Consolidated Funding Sources is as follows:



CITY OF SURREY

Consolidated Financial Plan  
To establish years 2019 to 2023

	2019	2020	2021	2022	2023
<b>PROPOSED FUNDING SOURCES</b>					
Revenues from Assessment Based Property Taxes					
City Property Taxes	\$ 347,693,000	\$ 361,575,000	\$ 376,017,000	\$ 391,037,000	\$ 406,637,000
Roads & Traffic Safety Levy	29,857,000	30,135,000	30,415,000	30,698,000	30,983,000
Revenues from Property Taxes	377,550,000	391,710,000	406,432,000	421,735,000	437,620,000
Revenues from Parcel Taxes					
Capital Parcel Tax	\$ 16,908,000	\$ 17,077,000	\$ 17,248,000	\$ 17,420,000	\$ 17,594,000
Drainage Parcel Tax	39,511,000	40,875,000	42,336,000	43,592,000	44,767,000
Revenues from Parcel Taxes	56,419,000	57,952,000	59,584,000	61,012,000	62,361,000
Revenues from Fees & Charges					
Departmental Revenue	269,341,000	281,475,000	301,242,000	325,867,000	349,657,000
Secondary Suite Infrastructure Fee	19,083,000	19,826,000	20,599,000	21,401,000	22,234,000
Penalties & Interest on Taxes	4,991,000	5,058,000	5,189,000	5,351,000	5,511,000
Revenues from Fees and Charges	293,415,000	306,359,000	327,030,000	352,619,000	377,402,000
Development Cost Charge Funds					
Development Cost Charges	195,309,000	193,725,000	193,460,000	184,521,000	184,447,000
Revenues from Other Sources					
Investment Income	21,774,000	22,190,000	22,385,000	22,547,000	22,711,000
Government Transfers	61,158,000	61,097,000	62,322,000	45,220,000	46,553,000
Corporate Lease Revenue	7,571,000	7,636,000	7,702,000	7,768,000	7,835,000
Borrowing Proceeds	-	-	-	-	-
Other Revenue	166,329,000	154,109,000	205,545,000	159,862,000	149,254,000
Revenues from Other Sources	256,832,000	245,032,000	297,954,000	235,397,000	226,353,000
<b>TOTAL FUNDING SOURCES</b>	<b>\$ 1,179,525,000</b>	<b>\$ 1,194,778,000</b>	<b>\$ 1,284,460,000</b>	<b>\$ 1,255,284,000</b>	<b>\$ 1,288,183,000</b>
<b>PROPOSED EXPENDITURES</b>					
Municipal Expenditures					
Police Services	\$ 173,446,000	\$ 178,638,000	\$ 183,281,000	\$ 187,927,000	\$ 192,736,000
Fire Services	67,809,000	70,328,000	72,493,000	74,480,000	76,287,000
Parks, Recreation & Culture	120,127,000	127,690,000	132,675,000	136,420,000	139,931,000
General Government	86,419,000	88,305,000	92,909,000	96,701,000	100,365,000
Planning & Development	31,575,000	32,327,000	33,204,000	34,112,000	35,052,000
Surrey Public Library	21,144,000	22,504,000	23,997,000	24,659,000	25,416,000
Engineering Services	83,656,000	85,870,000	87,914,000	90,272,000	92,318,000
Water, Sewer & Drainage	183,873,000	196,101,000	211,554,000	229,106,000	245,777,000
Solid Waste Expenditures	36,581,000	37,227,000	37,878,000	38,548,000	37,812,000
Surrey City Energy	2,274,000	2,812,000	3,273,000	4,335,000	5,279,000
Operating Contingency	1,326,000	1,326,000	1,326,000	1,326,000	1,326,000
Total Municipal Expenditures	808,230,000	843,128,000	880,504,000	917,886,000	952,299,000
Fiscal Services & Debt Interest	8,661,000	8,671,000	9,331,000	9,990,000	11,396,000
Capital Expenditures - Prior Years	107,607,000	103,095,000	100,674,000	92,833,000	92,676,000
Capital Expenditures - Contributed	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Capital Expenditures - Current Years	395,458,369	382,386,190	395,463,900	344,205,829	373,184,128
	603,065,369	585,481,190	596,137,900	537,038,829	565,860,128
Municipal Debt	4,682,000	4,692,000	4,682,000	5,243,000	5,495,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,424,638,369</b>	<b>\$ 1,441,972,190</b>	<b>\$ 1,490,654,900</b>	<b>\$ 1,470,157,829</b>	<b>\$ 1,535,050,128</b>
<b>PROPOSED TRANSFERS BETWEEN FUNDS</b>					
Int. Borrowing To/(From) Cap. Sources	\$ (8,695,000)	\$ 6,885,000	\$ 14,449,000	\$ 14,721,000	\$ 14,996,000
Transfers To/(From) Capital Sources	\$ (18,896,000)	\$ (21,386,000)	\$ (9,516,000)	\$ (9,074,000)	\$ (4,028,000)
Transfers To/(From) Operating Sources	\$ (34,431,369)	\$ (47,363,190)	\$ (23,617,900)	\$ (30,624,829)	\$ (66,852,128)
Unspecified Capital Budget Authority	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
Transfers To/(From) Equity	(133,091,000)	(135,330,000)	(137,510,000)	(139,896,000)	(140,983,000)
Transfer To/(From) Unapprop. Surplus	-	-	-	-	-
<b>TOTAL TRANSFERS BETWEEN FUNDS</b>	<b>\$ (245,113,369)</b>	<b>\$ (247,194,190)</b>	<b>\$ (206,194,900)</b>	<b>\$ (214,873,829)</b>	<b>\$ (246,867,128)</b>
<b>BALANCED BUDGET</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>