

CITY OF SURREY

BYLAW NO. 19959

A bylaw to provide for the adoption of the Surrey 2020 – 2024
Consolidated Financial Plan.

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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 attached to 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 to this Bylaw.

3. This bylaw shall be cited for all purposes as "Surrey 2020 – 2024 Consolidated Financial Plan Bylaw, 2019, No. 19959".

PASSED FIRST READING on the 2nd day of December, 2019.

PASSED SECOND READING on the 2nd day of December, 2019.

PASSED THIRD READING on the 2nd day of December, 2019.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the 16th day of December, 2019.



MAYOR



CLERK

City of Surrey

Consolidated 2020 – 2024 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***Property Value Taxes*****1. Property Tax Levy**

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 Roads 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 any Council approved rate increases are applied. As non-market activity can fluctuate between property classes, the distribution between property classes can vary from one year to the next. The distribution of property taxes among the various property classes is presented in the table below:

Property Class	% of Tax Distribution
Residential (Class 1)	67.4%
Business (Class 6)	26.4%
Light Industry (Class 5)	4.1%
Others (Classes 2, 4, 8 and 9)	2.1%
Total	100.0%

These percentages 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 31.6% 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. Council has adopted a City of Surrey 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. In October 2019, Council approved permissive tax exemptions for the 2020 taxation year estimated to be valued at approximately \$2,062,192.

2. Roads & Traffic Safety Levy

A Roads & 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 & 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 and is distributed to each class as shown in the Property Tax section table above.

The 2020 Five Year (2020 – 2024) Financial Plan includes no proposed rate increase to the Roads & Traffic Safety Levy. Properties that are eligible for a full statutory and permissive property tax exemption are exempt from this levy. In 2020, this levy will generate 2.6% of consolidated revenues collected.

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 and agricultural properties (classes 1, 8 and 9) pay one rate and commercial and industrial properties (classes 2, 4, 5, and 6) pay another rate. The distribution among the various property classes is approximately 90% from residential and agricultural and 10% from commercial and industrial. 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 3.5% of the consolidated revenue collected.

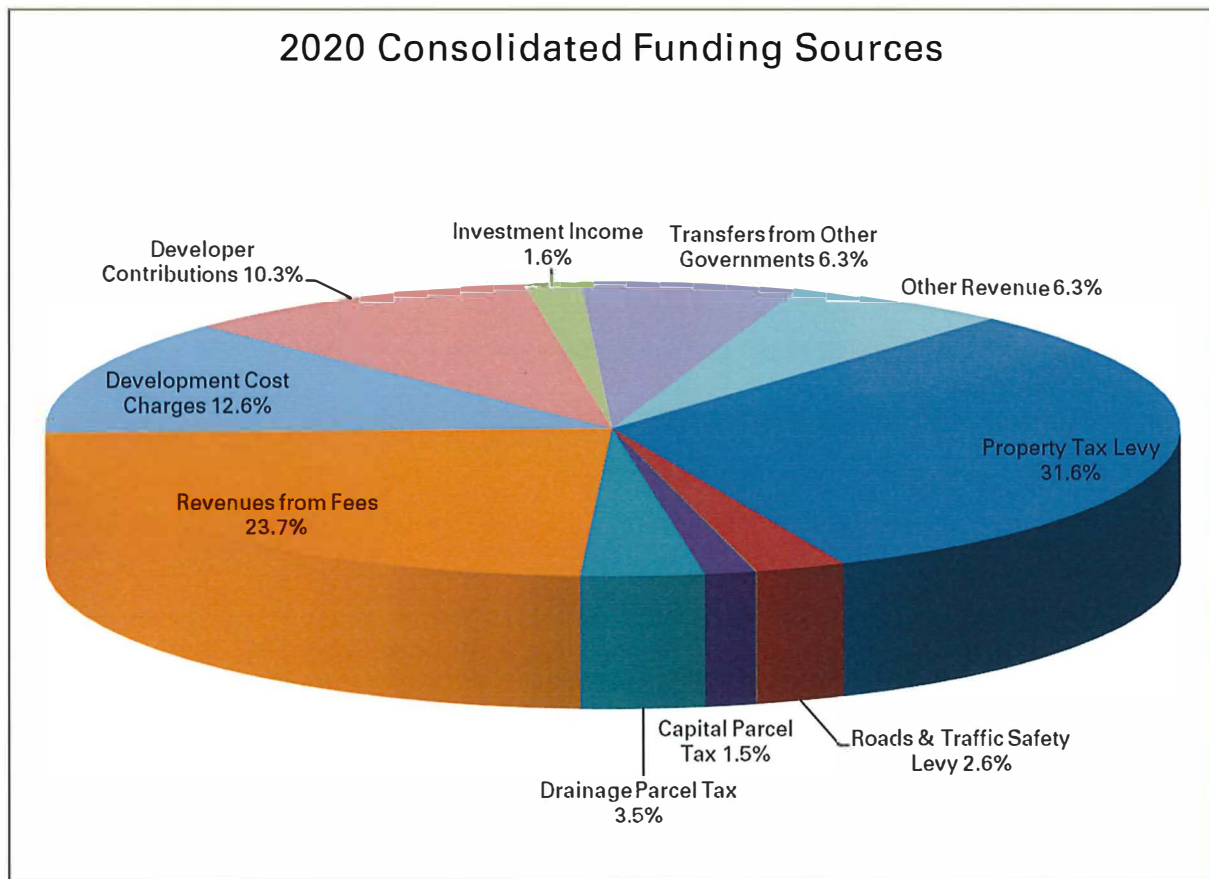
These transfers from Other Governments are estimated to be approximately 6.3% of the consolidated revenue collected.

Other revenues consist of revenues from permit and licensing, lease and rental agreements, non-governmental grants and donations, fines, penalties and interest, gains on disposal of land or assets and revenues from other City entities. Other revenues account for approximately 6.3% of the consolidated revenue collected.

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 a 10-year period. The total amount borrowed was approximately \$212,335,000 of which \$173,712,000 is anticipated to be outstanding at the beginning of 2020.

The City’s proposed distribution of 2020 Consolidated Funding Sources listed in the sections above are depicted in the following chart:



CITY OF SURREY

Bylaw 19959

Consolidated Financial Plan

To establish years 2020 to 2024

	2020	2021	2022	2023	2024
PROPOSED FUNDING SOURCES					
Property Tax Levy	\$ 369,414,000	\$ 384,109,000	\$ 399,386,000	\$ 415,269,000	\$ 431,781,000
Roads & Traffic Safety Levy	30,015,000	30,315,000	30,618,000	30,924,000	31,233,000
Other Property Value Taxes	372,000	368,000	369,000	346,000	355,000
Revenues from Property Value Taxes	399,801,000	414,792,000	430,373,000	446,539,000	463,369,000
General - Capital Parcel Tax	17,077,000	17,248,000	17,420,000	17,594,000	17,770,000
Utilities - Drainage Parcel Tax	40,849,000	42,255,000	43,509,000	44,687,000	45,894,000
Revenues from Parcel Taxes	57,926,000	59,503,000	60,929,000	62,281,000	63,664,000
Taxation Revenues	457,727,000	474,295,000	491,302,000	508,820,000	527,033,000
Revenues from Fees	275,983,000	288,148,000	309,509,000	332,574,000	354,675,000
Development Cost Charges	147,514,000	142,589,000	146,346,000	148,181,000	152,537,000
Developer Contributions	119,847,000	132,867,000	134,766,000	135,437,000	137,207,000
Investment Income	19,193,000	19,227,000	19,332,000	19,521,000	19,739,000
Transfers from Other Governments	72,950,000	61,709,000	70,711,000	91,887,000	85,334,000
Other Revenue	73,286,000	99,935,000	59,960,000	63,462,000	73,448,000
Revenues from Other Sources	432,790,000	456,327,000	431,115,000	458,488,000	468,265,000
TOTAL FUNDING SOURCES	\$ 1,166,500,000	\$ 1,218,770,000	\$ 1,231,926,000	\$ 1,299,882,000	\$ 1,349,973,000
PROPOSED EXPENDITURES					
Police Services	\$ 178,999,000	\$ 203,413,000	\$ 213,202,000	\$ 217,215,000	\$ 223,251,000
Fire Services	68,017,000	68,467,000	69,035,000	69,239,000	69,621,000
Parks, Recreation & Culture	135,047,000	139,068,000	142,610,000	146,089,000	149,389,000
General Government	83,784,000	87,324,000	90,841,000	93,333,000	97,807,000
Planning & Development	32,090,000	32,742,000	33,415,000	34,107,000	34,815,000
Surrey Public Library	22,685,000	23,640,000	23,880,000	24,189,000	24,514,000
Engineering Services	89,480,000	90,031,000	91,270,000	92,431,000	93,902,000
Water, Sewer & Drainage	191,276,000	203,692,000	220,085,000	237,728,000	253,547,000
Solid Waste Expenditures	35,080,000	35,743,000	36,418,000	35,683,000	36,329,000
Surrey City Energy	2,563,000	3,290,000	4,156,000	4,892,000	5,573,000
Operating Contingency	1,326,000	1,326,000	1,326,000	1,326,000	1,326,000
Total Expenditures	840,347,000	888,736,000	926,238,000	956,232,000	990,074,000
Fiscal Services & Debt Interest	10,167,000	10,778,000	11,387,000	12,740,000	14,141,000
Capital Expenditures - Prior Years	86,390,000	82,367,000	80,802,000	86,130,000	87,296,000
Capital Expenditures - Contributed	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Capital Expenditures - Current Years	310,125,000	303,103,000	301,147,000	310,783,000	299,950,000
Capital Expenditures	496,515,000	485,470,000	481,949,000	496,913,000	487,246,000
Municipal Debt Repayment	5,536,000	5,570,000	6,178,000	6,478,000	6,867,000
TOTAL EXPENDITURES	\$ 1,352,565,000	\$ 1,390,554,000	\$ 1,425,752,000	\$ 1,472,363,000	\$ 1,498,328,000
PROPOSED TRANSFERS BETWEEN CAPITAL AND OPERATING SOURCES					
Transfers To/(From) Capital Funds	(120,542,000)	(129,102,000)	(130,815,000)	(129,722,000)	(132,194,000)
Internal Borrowing To/(From) Reserves	(1,715,000)	1,049,000	19,721,000	23,496,000	26,542,000
Transfers To/(From) Reserves	(6,380,000)	(9,550,000)	(9,058,000)	(6,045,000)	(7,285,000)
Transfers To/(From) Reserve Funds	(8,095,000)	(8,501,000)	10,663,000	17,451,000	19,257,000
Transfers To/(From) Capital Sources	\$ (128,637,000)	\$ (137,603,000)	\$ (120,152,000)	\$ (112,271,000)	\$ (112,937,000)
Transfers To/(From) Operating Sources	\$ (7,428,000)	\$ 15,819,000	\$ (23,674,000)	\$ (10,210,000)	\$ 14,582,000
Unspecified Capital Budget Authority	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
TOTAL TRANSFERS BETWEEN SOURCES	\$ (186,065,000)	\$ (171,784,000)	\$ (193,826,000)	\$ (172,481,000)	\$ (148,355,000)
BALANCED BUDGET	\$ -	\$ -	\$ -	\$ -	\$ -