

CITY OF SURREY

BYLAW NO. 20198

A bylaw to provide for the adoption of the Surrey 2021 – 2025
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.

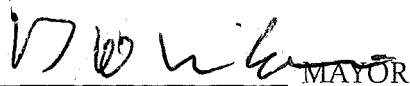
3. This bylaw shall be cited for all purposes as "Surrey 2021 – 2025 Consolidated Financial Plan Bylaw, 2020, No. 20198".

PASSED FIRST READING on the 7th day of December, 2020.

PASSED SECOND READING on the 7th day of December, 2020.

PASSED THIRD READING on the 7th day of December, 2020.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the 21st day of December, 2020.


MAYOR


CLERK

City of Surrey

Consolidated 2021 – 2025 Financial Plan

In accordance with the *Community Charter*, this schedule will address the objectives and policies that relate to:

- The proportions of total revenue that is proposed to come from the funding sources as described in section 165, subsection 7 of the Community Charter.
- The distribution of property value taxes among the property classes, and
- The use of permissive tax exemptions.

I. Proportion of Total Revenue

The portion of total revenue that is proposed to come from each funding source for the budget year 2021 is presented in the table below.

Funding Sources	% of Total Revenues
Section II.a. - Property Value Taxes	31.7%
Section II.b. - Parcel Taxes	6.9%
Section III. - Fees	21.3%
Section IV. - Other Sources	30.2%
Section V. - Borrowing Proceeds	9.9%
Total Revenues	100.0%

The following sections provide descriptions about these funding sources, including distribution among the property classes in respect to property value tax revenue.

II. Tax Revenues

a. *Property Value Taxes*

1. Property Tax Levy

Property tax levy is 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 calculated based on property assessment by property class (property classes are defined and values determined by BC Assessment). 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 objective of the City of Surrey when setting tax rates is to maintain a stable tax revenue base for continued city services while ensuring compliance with the Community Charter. This is accomplished by maintaining the proportionate relationship between the property classes. The projected 2021 distribution of property taxes among the various property classes is presented in the table below:

Property Class	% of Tax Distribution
Residential (Class 1)	67.1%
Business (Class 6)	26.5%
Light Industry (Class 5)	4.0%
Others (Classes 2, 4, 8 and 9)	2.4%
Total	100.0%

The property tax rates are calculated based on the revised assessment roll received from BC Assessment in the spring of the tax year. Properties that are eligible for a full statutory and permissive property tax exemption are exempt from this levy. In 2021, this levy accounts for 29.4% of consolidated revenues.

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 with the same tax distribution to each property class as shown in the Property Tax Levy table above. Properties that are eligible for a full statutory and permissive property tax exemption are exempt from this levy. In 2021, this levy will generate 2.3% of consolidated revenues.

3. Permissive Tax Exemptions

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 September 2020, Council approved a total permissive tax exemption for the 2021 taxation year is estimated to be valued at approximately \$2,150,249.

b. Parcel Taxes

1. Capital Parcel Tax

The City of Surrey has incorporated a Capital Parcel Tax that provides funding for Cultural and Recreational services, including establishing, operating, and maintaining related capital projects. The Capital Parcel Tax is applied to 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 different rates. Properties that are eligible for a full statutory and permissive property tax exemption are exempt from this parcel tax. The Capital Parcel Tax accounts for approximately 3.7% of the consolidated revenues.

2. 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 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. 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 3.2% of the consolidated revenues.

III. 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 21.3% of the consolidated revenues.

IV. Other Sources

The City of Surrey receives revenue from other sources, which includes development cost charges, developer contributions, investment income, transfers from other Governments and other revenues.

Development cost charges and 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 17.7% (development cost charges – 9.5% + developer contributions – 8.2%) of the consolidated revenues in the 2021 Financial Plan.

The City of Surrey manages an investment portfolio with a current approximate value of \$1,226 million. The interest earned on these investments account for approximately 0.9% of the consolidated revenues.

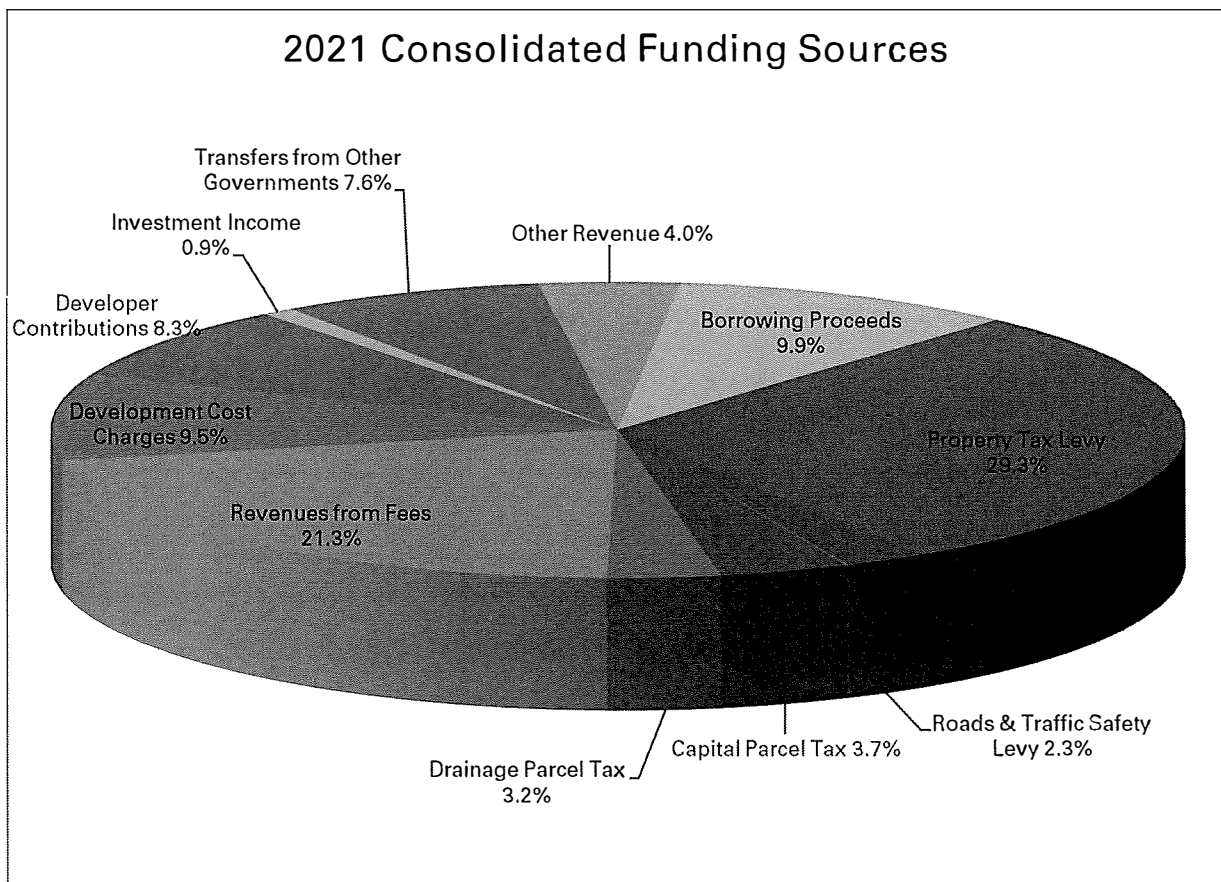
Transfers from Other Governments are received from Federal, Provincial, and other government entities for various grants and initiatives such as policing initiatives, library services, recreation and cultural services, and capital infrastructure initiatives. These transfers from Other Governments are estimated to be approximately 7.6% of the consolidated revenues.

Other revenue 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 revenue account for approximately 4.0% of the consolidated revenues.

V. Borrowing Proceeds

The City's 2021 – 2025 major general capital program includes a requirement for \$150.6M in external borrowing, accessed through the Municipal Finance Authority of BC's (MFA) Long-Term Borrowing program, for three major recreation and culture projects as part of this multi-year capital program developed to support business and residential growth over the 5-year period.

In summary, the City's proposed distribution of the various 2021 Consolidated Funding Sources discussed in the sections above are depicted in the following chart:



CITY OF SURREY

Bylaw 20198

Consolidated Financial Plan
To establish years 2021 to 2025

	2021	2022	2023	2024	2025
PROPOSED FUNDING SOURCES					
Property Tax Levy	\$ 386,000,000	\$ 401,590,000	\$ 417,796,000	\$ 434,646,000	\$ 452,163,000
Roads & Traffic Safety Levy	30,800,000	31,108,000	31,419,000	31,733,000	32,050,000
Other Property Value Taxes	487,000	514,000	424,000	448,000	459,000
Revenues from Property Value Taxes	417,287,000	433,212,000	449,639,000	466,827,000	484,672,000
General - Capital Parcel Tax	48,772,000	49,257,000	49,747,000	50,242,000	50,742,000
Utilities - Drainage Parcel Tax	42,013,000	43,203,000	44,348,000	45,525,000	46,733,000
Revenues from Parcel Taxes	90,785,000	92,460,000	94,095,000	95,767,000	97,475,000
Taxation Revenues	508,072,000	525,672,000	543,734,000	562,594,000	582,147,000
Revenues from Fees	280,455,000	295,680,000	314,004,000	336,267,000	365,011,000
Development Cost Charges	124,236,000	159,748,000	146,145,000	202,245,000	141,234,000
Developer Contributions	108,411,000	119,441,000	118,458,000	124,446,000	125,189,000
Investment Income	11,995,000	12,537,000	12,757,000	13,182,000	13,553,000
Transfers from Other Governments	99,424,000	104,225,000	89,839,000	97,316,000	68,642,000
Other Revenue	52,922,000	57,448,000	58,748,000	60,105,000	61,556,000
Revenues from Other Sources	396,988,000	453,399,000	425,947,000	497,294,000	410,174,000
Borrowing Proceeds	130,000,000	13,390,000	7,210,000	-	-
TOTAL FUNDING SOURCES	\$ 1,315,515,000	\$ 1,288,141,000	\$ 1,290,895,000	\$ 1,396,155,000	\$ 1,357,332,000
PROPOSED EXPENDITURES					
Police Services	\$ 195,319,000	\$ 201,437,000	\$ 206,370,000	\$ 213,241,000	\$ 218,271,000
Fire Services	69,606,000	70,986,000	71,182,000	71,626,000	71,750,000
Parks, Recreation & Culture	128,449,000	129,621,000	130,721,000	137,792,000	141,073,000
General Government	82,932,000	84,453,000	83,412,000	83,889,000	83,174,000
Planning & Development	32,545,000	32,595,000	32,650,000	32,705,000	32,740,000
Surrey Public Library	23,413,000	23,236,000	23,117,000	23,006,000	22,899,000
Engineering Services	91,737,000	93,128,000	94,310,000	96,643,000	97,547,000
Water, Sewer & Drainage	190,744,000	200,901,000	214,569,000	230,636,000	253,144,000
Solid Waste Expenditures	36,930,000	37,535,000	36,812,000	37,470,000	38,151,000
Surrey City Energy	3,265,000	4,691,000	5,399,000	6,166,000	6,887,000
Operating Contingency	1,326,000	1,326,000	1,326,000	1,326,000	1,326,000
Total Expenditures	856,266,000	879,909,000	899,868,000	934,500,000	966,962,000
Fiscal Services & Debt Interest	9,023,000	11,205,000	11,282,000	9,941,000	9,893,000
Capital Expenditures - Prior Years	117,859,000	97,381,000	87,604,000	102,849,000	80,126,000
Capital Expenditures - Contributed	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Capital Expenditures - Current Years	394,462,000	326,234,000	293,679,000	344,527,000	268,818,000
Capital Expenditures	612,321,000	523,615,000	481,283,000	547,376,000	448,944,000
Municipal Debt Repayment	5,570,000	10,086,000	11,178,000	11,348,000	11,402,000
TOTAL EXPENDITURES	\$ 1,483,180,000	\$ 1,424,815,000	\$ 1,403,611,000	\$ 1,503,165,000	\$ 1,437,201,000
PROPOSED TRANSFERS BETWEEN CAPITAL AND OPERATING SOURCES					
Transfers To/(From) Capital Funds	(112,450,000)	(113,961,000)	(106,867,000)	(111,928,000)	(109,076,000)
Internal Borrowing To/(From) Reserves	1,049,000	19,721,000	23,496,000	26,542,000	16,398,000
Transfers To/(From) Reserves	(12,945,000)	(14,536,000)	(11,846,000)	(12,306,000)	(11,854,000)
Utilities Transfers To/(From) Reserves	1,636,000	1,409,000	1,164,000	842,000	819,000
Transfers To/(From) Reserve Funds	(10,260,000)	6,594,000	12,814,000	15,078,000	5,363,000
Transfers To/(From) Capital Sources	\$ (122,710,000)	\$ (107,367,000)	\$ (94,053,000)	\$ (96,850,000)	\$ (103,713,000)
Transfers To/(From) Operating Sources	\$ 5,045,000	\$ 20,693,000	\$ 31,337,000	\$ 39,840,000	\$ 73,844,000
Unspecified Capital Budget Authority	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
TOTAL TRANSFERS BETWEEN SOURCES	\$ (167,665,000)	\$ (136,674,000)	\$ (112,716,000)	\$ (107,010,000)	\$ (79,869,000)
BALANCED BUDGET	\$ -	\$ -	\$ -	\$ -	\$ -