

CITY OF SURREY

BYLAW NO.20484

A bylaw to provide for the adoption of the Surrey 2022 – 2026
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.

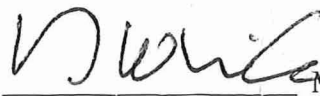
3. This bylaw shall be cited for all purposes as "Surrey 2022 – 2026 Consolidated Financial Plan Bylaw, 2021, No. 20484".

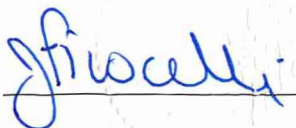
PASSED FIRST READING on the 22nd day of December, 2021.

PASSED SECOND READING on the 22nd day of December, 2021.

PASSED THIRD READING on the 22nd day of December, 2021.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the 24th day of December, 2021.


MAYOR


CLERK

City of Surrey

Consolidated 2022 – 2026 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 2022 is presented in the table below.

Funding Sources	% of Total Revenues
Section II.a. - Property Value Taxes	34.3%
Section II.b. - Parcel Taxes	7.3%
Section III. - Fees	23.7%
Section IV. - Other Sources	33.1%
Section V. - Borrowing Proceeds	1.6%
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 2022 distribution of property taxes among the various property classes is presented in the table below:

Property Class	% of Tax Distribution
Residential (Class 1)	67.2%
Business (Class 6)	26.4%
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 2022, this levy accounts for 31.8% 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 2022, this levy will generate 2.5% 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 2021, Council approved a total permissive tax exemption for the 2022 taxation year estimated to be valued at approximately \$2,231,071.

b. Parcel Taxes

1. Capital Parcel Tax

The City of Surrey has adopted 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 3.9% 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 3.4% 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 23.7% 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 23.0% (development cost charges 10.3% + developer contributions 12.7%) of the consolidated revenues in the 2022 Financial Plan.

The City of Surrey manages an investment portfolio with a current approximate value of \$956 million. The interest earned on these investments account for approximately 1.3% of the consolidated revenues.

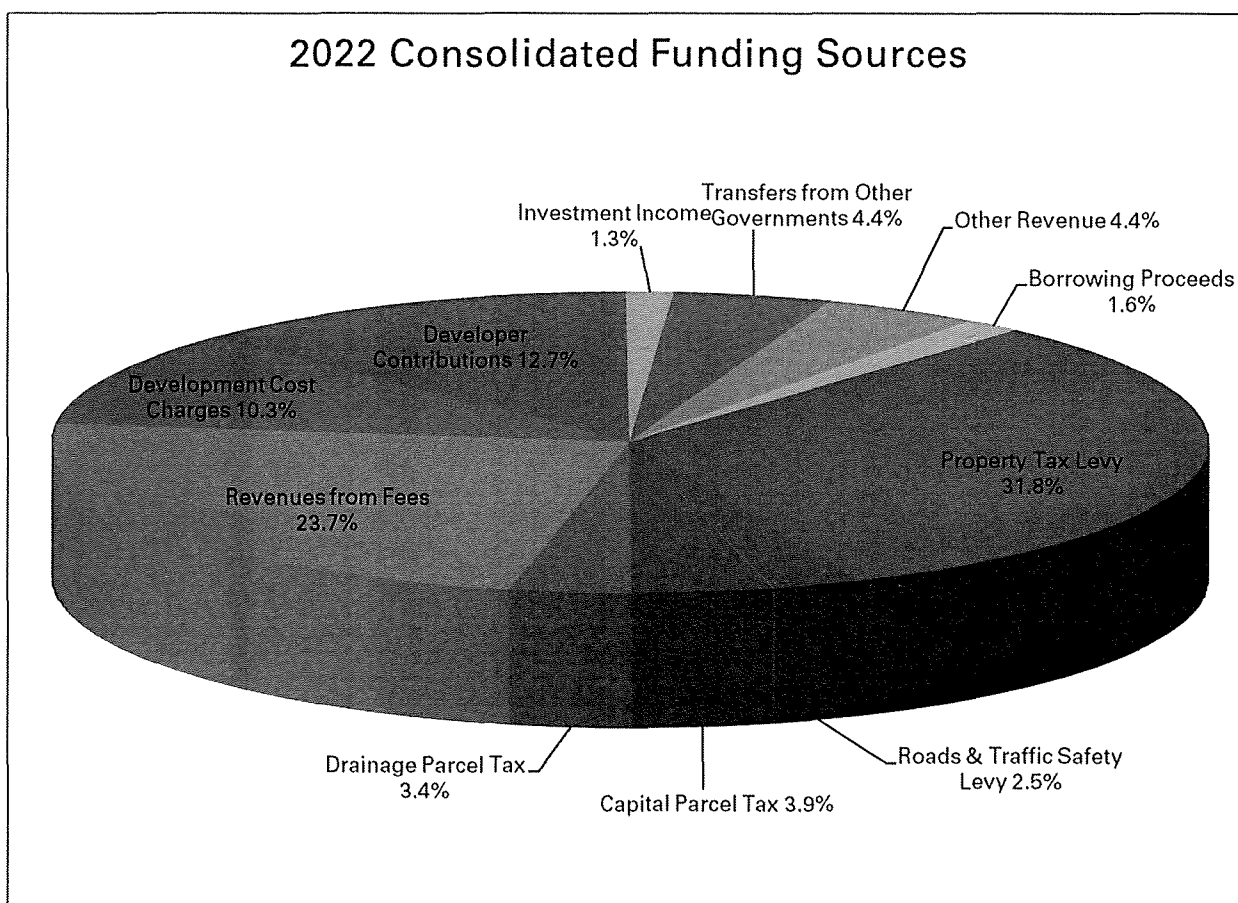
Transfers from Other Governments are received from Federal, Provincial, and other government entities for various grants and initiatives such as policing initiatives, library services, recreation and cultural services, and capital infrastructure initiatives. These transfers from Other Governments are estimated to be approximately 4.4% 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 4.4% of the consolidated revenues.

V. Borrowing Proceeds

The City's 2022 – 2026 major general capital program includes a requirement for \$20.6M in external borrowing, accessed through the Municipal Finance Authority of BC's (MFA) Long-Term Borrowing program, for 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. Borrowing proceeds account for approximately 1.6% of the consolidated revenues.

In summary, the City's proposed distribution of the various 2022 Consolidated Funding Sources discussed in the sections above are depicted in the following chart:



CITY OF SURREY

Bylaw 20484

Consolidated Financial Plan

To establish years 2022 to 2026

	2022	2023	2024	2025	2026
PROPOSED FUNDING SOURCES					
Property Tax Levy	\$ 400,582,000	\$ 416,751,000	\$ 433,559,000	\$ 451,033,000	\$ 469,199,000
Roads & Traffic Safety Levy	31,233,000	31,545,000	31,860,000	32,178,000	32,499,000
Other Property Value Taxes	511,000	420,000	442,000	452,000	474,000
Revenues from Property Value Taxes	432,326,000	448,716,000	465,861,000	483,663,000	502,172,000
General - Capital Parcel Tax	49,266,000	49,756,000	50,251,000	50,750,000	51,255,000
Utilities - Drainage Parcel Tax	42,937,000	44,496,000	46,114,000	47,793,000	49,537,000
Revenues from Parcel Taxes	92,203,000	94,252,000	96,365,000	98,543,000	100,792,000
Taxation Revenues	524,529,000	542,968,000	562,226,000	582,206,000	602,964,000
Revenues from Fees	296,470,000	321,127,000	350,467,000	385,954,000	436,692,000
Development Cost Charges	129,198,000	144,143,000	148,797,000	137,863,000	149,850,000
Developer Contributions	160,208,000	122,575,000	124,842,000	126,090,000	124,378,000
Investment Income	16,823,000	17,125,000	17,471,000	17,861,000	18,322,000
Transfers from Other Governments	55,541,000	66,923,000	54,881,000	48,884,000	46,697,000
Other Revenue	55,160,000	56,945,000	58,728,000	59,981,000	61,271,000
Revenues from Other Sources	416,930,000	407,711,000	404,719,000	390,679,000	400,518,000
Borrowing Proceeds	20,600,000	-	-	-	-
TOTAL FUNDING SOURCES	\$ 1,258,529,000	\$ 1,271,806,000	\$ 1,317,412,000	\$ 1,358,839,000	\$ 1,440,174,000
PROPOSED EXPENDITURES					
Police Services	\$ 202,579,000	\$ 210,686,000	\$ 219,701,000	\$ 225,107,000	\$ 230,570,000
Fire Services	71,585,000	71,855,000	72,217,000	72,644,000	73,064,000
Parks, Recreation & Culture	130,435,000	131,815,000	134,882,000	140,347,000	142,175,000
General Government	84,851,000	84,197,000	84,603,000	84,109,000	84,814,000
Planning & Development	33,238,000	33,293,000	33,348,000	33,383,000	33,448,000
Surrey Public Library	23,445,000	23,326,000	23,215,000	23,111,000	23,150,000
Engineering Services	95,607,000	96,884,000	98,589,000	99,448,000	98,697,000
Water, Sewer & Drainage	200,524,000	217,267,000	238,479,000	262,548,000	302,227,000
Solid Waste Expenditures	40,119,000	42,552,000	43,783,000	45,034,000	46,339,000
Surrey City Energy	4,675,000	5,724,000	6,936,000	8,135,000	8,816,000
Operating Contingency	1,326,000	1,326,000	1,326,000	1,326,000	1,326,000
Total Expenditures	888,384,000	918,925,000	957,079,000	995,192,000	1,044,626,000
Fiscal Services & Debt Interest	11,232,000	10,895,000	9,555,000	9,507,000	10,722,000
Capital Expenditures - Prior Years	110,515,000	92,927,000	93,339,000	86,711,000	85,881,000
Capital Expenditures - Contributed	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Capital Expenditures - Current Years	368,819,000	310,200,000	311,585,000	289,500,000	286,741,000
Capital Expenditures	579,334,000	503,127,000	504,924,000	476,211,000	472,622,000
Municipal Debt Repayment	10,449,000	10,878,000	11,049,000	11,103,000	11,160,000
TOTAL EXPENDITURES	\$ 1,489,399,000	\$ 1,443,825,000	\$ 1,482,607,000	\$ 1,492,013,000	\$ 1,539,130,000
PROPOSED TRANSFERS BETWEEN CAPITAL AND OPERATING SOURCES					
Transfers To/(From) Capital Funds	(123,253,000)	(122,506,000)	(131,869,000)	(125,041,000)	(110,318,000)
Internal Borrowing To/(From) Reserves	14,721,000	14,996,000	18,042,000	16,398,000	16,398,000
Transfers To/(From) Reserves	(95,288,000)	(51,328,000)	(48,702,000)	(44,106,000)	(43,249,000)
Utilities Transfers To/(From) Reserves	746,000	501,000	179,000	156,000	131,000
Transfers To/(From) Reserve Funds	(79,821,000)	(35,831,000)	(30,481,000)	(27,552,000)	(26,720,000)
Transfers To/(From) Capital Sources	\$ (203,074,000)	\$ (158,337,000)	\$ (162,350,000)	\$ (152,593,000)	\$ (137,038,000)
Transfers To/(From) Operating Sources	\$ 22,204,000	\$ 36,318,000	\$ 47,155,000	\$ 69,419,000	\$ 88,082,000
Unspecified Capital Budget Authority	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
TOTAL TRANSFERS BETWEEN SOURCES	\$ (230,870,000)	\$ (172,019,000)	\$ (165,195,000)	\$ (133,174,000)	\$ (98,956,000)
BALANCED BUDGET	\$ -	\$ -	\$ -	\$ -	\$ -