

## CORPORATE REPORT

NO: F004

COUNCIL DATE: March 6, 2023

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### FINANCE COMMITTEE

TO: Mayor & Council

DATE: February 17, 2023

FROM: City Manager and  
General Manager, Finance

FILE: 1705-05

SUBJECT: 2023 Five-Year (2023-2027) Financial Plan – General Operating

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#### 1.0 RECOMMENDATION

It is recommended that the Finance Committee recommend Council:

1. Approve the recommendations made in Sections 3.0 – 8.0 and as generally outlined in this report; and
2. Direct staff to prepare the 2023 Five-Year (2023–2027) General Operating and Roads & Traffic Operating Financial Plan incorporating these recommendations and consistent with Appendix “I” and “II” of this report.

#### 2.0 BACKGROUND

##### Five-Year (2022–2026) Financial Plan

Council approved the 2022 Five-Year (2022–2026) Financial Plan in December 2021, which included direction for the years 2022 to 2026. The proposed 2023 Five-Year (2023–2027) General Operating and Roads & Traffic Operating Financial Plan has been formulated based on direction from Mayor and Council, reflecting City strategies, resource requirements to maintain service delivery and feedback on community priorities obtained during the City’s budget engagement process. Details of the key assumptions, directions and priorities are discussed in the following sections of this report.

#### 3.0 DISCUSSION

The proposed 2023 Five-Year (2023–2027) General Operating Financial Plan has been developed based on direction provided by Council, and is predicated on the following four key drivers:

1. 9.5% General Property Tax increase to fund the forecasted 2023 Policing shortfall (equating to approximately \$219 for the average assessed single-family dwelling) as discussed in detail in Section 3.1;

2. **7.0%** General Property Tax increase (equating to approximately \$161 for the average assessed single-family dwelling) to provide funding for:
  - a. General inflationary pressures;
  - b. New resources for Policing Services, Fire Services, and Bylaw Services, further details are provided in Section 3.1;
  - c. New resources and operating funding for City Wide Operations (non-public safety), further details provided in Section 3.2 of this report;
3. **1.0%** increase to the Roads & Traffic levy (equating to approximately \$23 for the average assessed single-family dwelling) is proposed to support on-going operating, maintenance, and capital improvements in relation to the City's transportation infrastructure; and
4. Generally, User Fee increases up to 3% to partially offset the cost increases associated with providing City services.

Council has identified several key priority areas for the City as discussed in the following sections. New funding requirements needed to meet these priority areas are further discussed in [Section 4.0](#) in this report.

### **3.1 Public Safety**

Public Safety continues to be a key priority for Mayor and Council and is accordingly reflected in the proposed 2023 Five-Year (2023-2027) General Operating Financial Plan.

Public Safety is comprised of Policing Services (delivered in 2023 by the Royal Canadian Mounted Police ("RCMP") Contract, Surrey Police Service ("SPS"), and City Police Support Services), Fire Services and Bylaw Services.

#### i) Policing Services

On November 14, 2022, Council directed staff to prepare a plan for maintaining the RCMP as the Police of Jurisdiction ("POJ") in Surrey. On December 12, 2022, Council endorsed Corporate Report No. R224; 2022 "Retaining the RCMP as the Police of Jurisdiction in Surrey" ("December 12 Report") that outlined the Plan to retain the RCMP as POJ in Surrey ("the Plan"). The final report was subsequently forwarded to the provincial Solicitor General and provincial Minister of Public Safety.

In developing a financial model to monetize the forecasted future costs to implement the Plan to maintain the RCMP as POJ, the December 12 Report utilized several assumptions. One key assumption was that a Provincial endorsement of Council's decision to retain the RCMP as POJ would be provided to the City by January 31, 2023, allowing for implementation of the Plan. The January 31, 2023 date was a key factor in estimating the 2023 costs associated with maintaining the RCMP contract and the required SPS Operating budget in 2023, as well as one-time severance costs associated with the wind down of the SPS.

On January 26, 2023, the Province advised the City, the RCMP, and the SPS that further information was required from all parties prior to an endorsement by the Minister of Public Safety of Council's decision to retain the RCMP as POJ. As a result, there will be a delay in implementing the Plan relative to the assumptions incorporated in the December 12 Report. To determine the financial implications of this delay, staff advanced the date of Provincial endorsement of Council's decision to retain the RCMP as POJ from January 31, 2023, to March 31, 2023.

The proposed 2023 Policing budget is predicated on various assumptions driven by multiple parties (e.g., British Columbia, RCMP, the Surrey Police Board ("Board") and the City), and until the Province makes a binding decision and endorses the retention of the RCMP as POJ, each party is empowered to make impactful decisions independent of one another. Accordingly, it is imperative to highlight that any deviations from key assumptions will potentially impact the funding shortfall for 2023 and future years, any such deviations will be considered as they materialize.

The funding requirements discussed in the December 12 Report, along with the financial impact of the changes in assumptions discussed above, has resulted in a forecasted Police funding shortfall of \$116.6 million in 2023. The 9.5% General Property Tax increase is estimated to generate the funding required to fully offset this shortfall over three years, ending in 2025. Of the \$116.6 million, \$38.87 million will be generated in 2023 by the 9.5% tax increase, as outlined in [Section 5.0](#). In the interim, internal borrowing will be utilized to fund the remaining Police funding shortfall of \$77.73 million, as outlined in [Section 6.0](#) in this report. After this internal borrowing has been repaid in 2025, the funding requirement associated with the annual repayment may be removed from the 2026 budget if desired by Council.

The financial impact of the Provincial decision to delay endorsement of Council's decision to retain the RCMP as POJ will be discussed with senior levels of governments, with a view to eliminate or minimize the forecasted funding shortfall. Any potential financial support received in this regard will be incorporated by staff as part of the development of the City's 2024 proposed Budget.

The proposed five-year Policing Services Operating budget, as presented in the table below, shows the cost components associated with policing operations within the City for the years 2023-2027.

Table 1: 2023 – 2027 Proposed Policing Services Operating Budget

SUMMARY	2023 BUDGET	2024 PLAN	2025 PLAN	2026 PLAN	2027 PLAN
A) City Police Support Service	\$ 115,989	\$ 27,407	\$ 30,176	\$ 32,204	\$ 34,341
B) RCMP Contract	165,225	186,235	197,986	209,237	220,365
C) Surrey Police Service	48,751	-	-	-	-
<b>TOTAL</b>	<b>\$ 329,965</b>	<b>\$ 213,642</b>	<b>\$ 228,162</b>	<b>\$ 241,441</b>	<b>\$ 254,706</b>

The proposed 2023 Policing Services Operating budget is comprised of the following three components:

a) *City Police Support Services:*

The proposed 2023 Five-Year (2023-2027) General Operating Financial Plan is predicated on the City retaining the RCMP as POJ. Accordingly, City Police Support Services staff will remain as the employees of the City and will continue to provide administrative support to the RCMP. The budget includes status quo salary and related operational cost increases for City Police Support Services in 2023, one-time severance costs of \$82.0 million associated with the wind down of SPS and a contingency of \$5.0 million to manage any cost overruns associated with the wind down. Additionally, to maintain a level of administrative service commensurate with the increased RCMP members for the RCMP Contract, the City Police Support Services team will add an additional four administrative staff for each of the next five years from 2023 to 2027 inclusively.

b) *RCMP Contract:*

Due to Council's decision to maintain the RCMP as POJ, the RCMP Contract budget includes status quo requirements for salaries and operational cost increases for 2023, based on the existing approved funding for RCMP contract at 734 members. The proposed budget also includes funding for 58 members' utilization as a part of the Lower Mainland District's integrated teams.

Furthermore, the proposed 2023-2027 RCMP Contract Budget reflects funding for an increase of an additional 25 sworn members per year, every year from 2023 to 2027 (with an additional increase of one member in 2024, resulting in new funding for 26 members). As a result of this new funding, the 2027 budget includes funding for 860 members, representing an increase of 126 members from the 2022 adopted Financial Plan or 17.0%.

c) *SPS:*

The 2023 provisional budget submitted by the Board on November 30, 2022, assumes that SPS will become POJ, which contradicts Council's decision to retain the RCMP as POJ in Surrey. Therefore, SPS's provisional budget will be amended, and the 2023 Policing Services Operating budget will include salaries and operating costs for SPS staffing and operations only for the time period until SPS has been fully dissolved.

Additional details on the financial requirements related to Policing for the proposed 2023 Five-Year (2023-2027) General Operating Financial Plan are provided in [Section 4.0](#) of this report.

ii) Fire Services

To address the increasing population density in the downtown area as well as the overall response workload in Southeast Newton, the proposed budget includes funding for 20 additional positions in 2023. This increase will allow for dedicated resources for downtown responses and for reassignment of equipment to the Southeast Newton station. To continue providing a high level of service to the increasing population in the City, funding for an additional 20 positions for each year from 2024 to 2027 has been included in the proposed Five-Year Financial Plan.

Surrey Firefighters are covered under the terms of the Surrey International Association of Fire Fighters (“IAFF”) Collective Agreement. The last three-year 2020–2022 collective agreement expired on December 31, 2022. The negotiation process for the new collective agreement has recently been initiated, therefore funding for 2023 and future years’ salary increases have not been included within the Fire Services budget.

Additional details on the financial requirements related to Fire Services for the proposed 2023 Five-Year (2023–2027) General Operating Financial Plan are provided in [Section 4.0](#) of this report.

### iii) Bylaw Services

The Bylaw Services team has continued to expand its range of services over the past several years, as demonstrated through the addition of the Community Enforcement and Surrey Outreach Team, the Street SMART pilot program and the new Illegal Construction Enforcement Team. The regular call load for enforcement and investigation continues to increase year-over-year. Bylaw Services provides seven days a week service with significant presence in the community. It also provides service to the community by operating the 365-day-a-year Surrey Animal Resource Centre.

The proposed budget includes funding for an additional 10 Bylaw Enforcement Officers per year, every year from 2023 to 2027. This annual investment of resources over the next five years will enable Bylaw Services to continue providing a high quality of service to the community while addressing increasing demand driven by increased population growth.

Additional details on the financial requirements related to Bylaw Services for the proposed 2023 Five-Year (2023–2027) General Operating Financial Plan are provided in [Section 4.0](#) of this report.

## **3.2 City-Wide Staffing and Operating Costs (Non-Public Safety)**

The proposed budget incorporates funding for on-going staffing and operating costs that will allow the City to continue maximizing the delivery of services from within existing resourcing levels. These on-going cost increases in 2023 are primarily related to information technology licensing costs, liability insurance costs, facility upgrades costs, hydro, natural gas and fuel costs, and other contractual cost escalations.

In addition to the on-going costs discussed above, new staffing and operating cost requests totaling \$31.0 million have been submitted by department heads for 2023. These requests reflect City departments’ commitment to the continuation of high-levels of service to residents and businesses and are also reflective of the significant growth the City has experienced and will continue to experience in future years. The proposed budget includes an amount of \$8.4 million for such additional requests out of the total requests received, representing approximately 27.0% of requests. The requests will be evaluated individually for value and merit, and will be included in the departments’ budgets accordingly. The following examples outline some of the requests for additional resources:

New Staffing Requests:

- *Human Resources Recruiters*

The Corporate Services Department is requesting new recruiter positions. The City has experienced a steady increase in recruitment volumes as a result of employee movements due to a competitive job market. Furthermore, Human Resources is requesting new permanent funding for an Occupational Hygienist, this resource provides expertise in workplace safety and risk mitigation.

- *Plan Reviewers*

The Planning & Development Department has requested new positions to support the continued implementation of the City's Permitting Timelines Guarantees Framework. As part of the 2023 workplan, staff will continue to further streamline the permitting experience based on the available data and engagement with the land development industry, including the roll out of guaranteed permitting timelines for additional permit types.

- *Public Services Librarian - Teen Services*

Teen Services Librarian resources for South Surrey has been requested to support and coordinate growing youth services, provide youth engagement, and reduce barriers to access libraries in South Surrey. The resources will assist Surrey Libraries in promoting increased social wellbeing and a sense of belonging for Surrey teens along with improved excellence in service delivery of youth focussed programs.

- *Operational Communication Centre ("OCC") Staffing Request*

An independent consultant review conducted in 2022 has identified the levels of staffing in the OCC required to meet the service level goals of the City to keep up with the pace of the City's growth. The Community Services Department is requesting additional OCC staff positions to meet service level expectations and to continue to provide exceptional service to the Community.

- *Accounts Payable and Property Tax Staffing Request*

Staffing requests have been submitted for the Accounts Payable and Property & Payments Services sections in the Finance Department. Each area has experienced significant growth in both volume and complexity of work over the last several years, and have not had any additional staff added for a number of years.

- *Indigenous Contemporary Art Educator*

The Parks, Recreation & Culture Department is requesting new resources to support the Surrey Art Gallery's nationally recognized Indigenous Contemporary Art Programs. These resources will help with reaching the goal of indigenizing civic spaces by engaging with Surrey's Indigenous communities and planning Indigenous programming and exhibits.

New Operating Requests:

- *Parks Operations*

The City continues to expand its park system and over the past year has significantly increased Park inventory through the acquisition and construction of new amenities. The Parks, Recreation & Culture Department is requesting operating cost increases to ensure park amenities continue to be maintained and operated at current standards and service levels.

- *Maintenance of City Assets*

The Engineering Department is requesting additional funding to offset the inflationary cost increases associated with the repair and maintenance of City fleet, and the maintenance of vacant City-owned lands to ensure that these City assets remain safe and functional.

- *Outdoor Pool Extended Opening Hours*

The Parks, Recreation & Culture Department is requesting to extend the City's outdoor pool hours. Due to a significant year-over-year increase in attendance at the City's eight outdoor pools over the past few years, staff are requesting that the outdoor pool hours be extended for public swimming, while ensuring the City's standard enhanced safety and cleaning procedures.

Other Requests:

- *Additional Contribution to Capital*

Issues with global supply chain management and other macro economic factors have resulted in extraordinary cost increases in construction related supplies and materials. Increasing interest rates and inflationary pressures on wages and compensation for construction workers and consultants have also impacted contractor overheads. This has resulted in significant cost increases to large in-progress capital construction projects within the City, such as City Centre Sports Complex Phase 1 and Cloverdale Sport & Ice Complex. The proposed budget for Contribution to Capital includes funding to offset the inflationary pressures.

In addition to extraordinary inflationary pressures, the proposed budget includes an increase to the Contribution to Capital that includes funding that will permit the construction of a third sheet of ice at the Cloverdale Sport & Ice Complex. Further information on this will be presented in Corporate Report No. F005; 2023 "Five-Year (2023-2027) Financial Plan – Capital Program."

- *Canada Mortgage and Housing Corporation (“CMHC”) Rapid Housing Initiative (“RHI”) Grants and Expenditure*

The Federal government’s National Housing Strategy seeks to help address the urgent housing needs of vulnerable Canadians. As part of this strategy, the first two rounds of the RHI provided the City with \$30.0 million in grants to develop a number of affordable and supportive housing units for vulnerable populations. This represents flow-through grant revenue for the City where the amount of funding received will be offset by the expenditures projected to be incurred in 2023 to deliver housing units, in partnership with external service providers.

- *Debt Servicing Costs*

The proposed 2023 budget incorporates necessary new funding for the debt servicing on Municipal Finance Authority of BC (“MFA”) Long-Term Borrowing.

Further details of the funding impact of the aforementioned proposed on-going and additional staffing and operational cost resources related to the proposed 2023 Five-Year (2023-2027) General Operating Financial Plan are provided in Section 4.0 and Section 5.0, respectively, of this report.

### **3.3 Capital Program and Related Operating Costs**

The proposed 2023 Five-Year (2023-2027) General Operating Financial Plan incorporates general operating funding to support the Capital Program. Detailed information on the Capital Program will be presented under Corporate Report No. Foo5; 2023 “Five-Year (2023-2027) Financial Plan – Capital Program.”

## **4.0 NEW FUNDING REQUIREMENTS**

This section of the report summarizes new funding requirements needed, based on Council direction, in relation to City priorities.



The section is segregated into Public Safety Requirements and Other Corporate Requirements.

#### 4.1 Public Safety Funding Requirements:

##### i) Policing

###### *City Police Support Service:*

One-time severance costs associated with the wind down of SPS	\$82.00M	
Contingency for SPS wind down cost overruns	5.00M	
Legal & Consulting costs for retention of RCMP as POJ	2.50M	
Salary budget reallocation (no impact)	1.24M	
New administrative support staff, four positions	0.30M	
Change in Net Operations for City Police Support Service	<u>(0.67)M</u>	
<i>Total City Police Support Service Requirements</i>		<b>\$90.37M</b>

###### *SPS:*

Reduction in SPS operating costs and transfer to Capital to retain RCMP as POJ	(1.34)M	
Reduction in SPS salaries to retain RCMP as POJ	(5.93)M	
Reallocate Lower Mainland District's integrated teams from SPS to the RCMP Contract	<u>(16.50)M</u>	
<i>Total SPS Requirements</i>		<b>\$(23.77)M</b>

###### *RCMP Contract:*

Increase in the RCMP Contract to retain RCMP as POJ	47.04M	
Reallocate Lower Mainland District's integrated teams from SPS to the RCMP Contract	16.50M	
New officers, 25 positions	<u>5.03M</u>	
<i>Total RCMP Contract Funding Requirements</i>		<b>\$68.57M</b>

**Total New Policing Funding Requirements** **\$135.17M**

##### ii) Fire Service

Salary budget reallocation (no impact)	4.90M	
New Fire personnel, 20 positions	3.50M	
Operating and other cost increases	0.89M	
Labour increases (IAFF contract expired on December 31, 2022)	<u>0.00M</u>	
<b>Total New Fire Service Funding Requirements</b>		<b>\$9.29M</b>

##### iii) Bylaw Services

New officers, 10 positions	1.20M	
Salary budget reallocation (no impact)	0.34M	
Operating and other cost increases	<u>0.07M</u>	
<b>Total New Bylaws Funding Requirements</b>		<b>\$1.61M</b>

<b>Total New Public Safety Funding Required for 2023</b>	<b>\$146.07M</b>
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#### 4.2 Other Corporate Funding Requirements:

Change in Contribution to Capital and Operating transfers	\$55.64M
CMHC RHI Expenditure	16.43M
Salary budget reallocation - Non-Public Safety (no impact)	9.06M
New resources & operating costs, excluding Public Safety	8.40M
Labour adjustments, excluding Public Safety	6.15M
Long-Term Lease-in-Kind	2.60M
Departmental inflationary & contractual increases	1.87M
Local Government Climate Action Program expenditures	1.18M
Increase in debt servicing costs	0.35M
Salary budget reallocation - Non-Public Safety & Public Safety (no impact)	(15.54)M

<b>Total New Corporate Funding Required for 2023</b>	<b>\$86.13M</b>
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<b>Total New Public Safety &amp; Corporate Funding Required for 2023</b>	<b>\$232.20M</b>
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#### 5.0 NEW FUNDING AVAILABLE

The following are forecasted revenue increases that are expected to be available to offset the anticipated new funding required in 2023:

Increase in corporate Investment Income	\$41.27M
General Property Tax increase to fund the forecasted 2023 Police Funding shortfall	38.87M
General Property Tax increase to fund other requirements	30.57M
CMHC RHI Grants	16.43M
Property tax revenue due to anticipated growth	7.68M
Net departmental revenue increases and other revenue changes	5.85M
Net increase to other corporate revenues	5.08M
Other taxation revenue adjustments	3.75M
Long-Term Lease-in-Kind	2.60M
Increase in Provincial Casino Revenue sharing	1.19M
Local Government Climate Action Program funding	1.18M

<b>Total New Funding Available for 2023</b>	<b>\$154.47M</b>
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**6.0 SUMMARY OF PROPOSED 2023 GENERAL OPERATING FINANCIAL PLAN**

Total New Public Safety & Corporate Funding Required for 2023	\$232.20M
Total New Funding Available for 2023	<u>(154.47)M</u>
Net Difference	\$77.73M
Utilization of Internal Borrowing for remaining Police Funding Shortfall	<u>(77.73)M</u>

<b>Surplus/(Deficit)</b>	<b>nil</b>
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**7.0 ASSUMPTIONS APPLIED FOR THE 2023 GENERAL OPERATING FINANCIAL PLAN**

The proposed 2023 General Operating Financial Plan has been drafted by applying the following assumptions:

1. A property tax increase of approximately \$219 for the average assessed single-family dwelling, this will directly fund the forecasted Police funding shortfall in 2023.
2. A property tax increase of approximately \$161 for the average assessed single-family dwelling. This will directly fund additional public safety resources in Policing, Fire Services, Bylaw Services, and other general operating needs, including on-going and additional staffing and operating costs. The additional funding will allow the City to maintain current service levels and expand services and address priorities related to public safety and other City services; and
3. Generally, User Fee increases up to 3% to partially offset the cost increases associated with providing City services.

**8.0 2023 ROADS & TRAFFIC SAFETY LEVY**

A Roads & Traffic Safety Levy was established in 2008 to ensure that a stable, sustainable funding source was available to meet the growing traffic and safety needs of the City. This levy addresses the maintenance of roads, as well as traffic calming measures, crosswalks, sidewalks, and measures to reduce congestion throughout the City. This utility is partly supported by a levy that is based on the assessed value of individual properties in each property class and is also funded by a contribution from the General Operating Fund.

As reflected in Appendix “II”, the Roads & Traffic Safety Levy is proposed to be increased in 2023 by approximately \$23 for the average assessed single-family dwelling, in alignment with the results of the feedback received through the 2023 budget engagement process.

The increase in this levy will be applied towards enhancing the City’s road repaving and bridge seismic upgrade program, increased costs associated with snow removal and the winter maintenance program and additional safety improvement programs such as sidewalks around schools and parks and traffic calming. Similar adjustments to the Roads & Traffic Safety Levy are incorporated for each remaining year in the proposed Five-Year Plan to ensure adequate funding is available to meet the City’s transportation needs over time.

## 9.0 CONCLUSION

Based on the discussion and information provided in this report, it is recommended that the Finance Committee recommend Council:

1. Approve the recommendations made in Sections 3.0 – 8.0 and as generally outlined in this report; and
2. Direct staff to prepare the 2023 Five-Year (2023-2027) General Operating and Roads & Traffic Operating Financial Plan incorporating these recommendations and consistent with Appendix “I” and “II” of this report.



Kam Grewal, CPA, CMA  
General Manager, Finance



Vincent Lalonde, ICD.D, P.Eng  
City Manager

Appendix “I”: Proposed 2023-2027 Financial Plan – General Operating

Appendix “II”: Proposed 2023-2027 Financial Plan – Roads & Traffic Operating

**2023 - 2027 FINANCIAL PLAN**  
**GENERAL OPERATING - FINANCIAL SUMMARY**  
*(in thousands)*

<b>REVENUE SUMMARY</b>	<b>2023 BUDGET</b>	<b>2024 PLAN</b>	<b>2025 PLAN</b>	<b>2026 PLAN</b>	<b>2027 PLAN</b>
<b>Taxation</b>	<b>\$ 530,727</b>	<b>\$ 553,863</b>	<b>\$ 578,217</b>	<b>\$ 563,881</b>	<b>\$ 589,065</b>
Sale of Goods and Services					
Departmental Fees & Charges	51,185	52,651	54,161	55,717	57,319
Secondary Suite Infrastructure Fees	24,511	25,490	26,509	27,568	28,670
Other Corporate Fees & Charges	4,820	4,978	5,136	5,295	5,454
<b>Sale of Goods and Services</b>	<b>80,516</b>	<b>83,119</b>	<b>85,806</b>	<b>88,580</b>	<b>91,443</b>
<b>Investment Income</b>	<b>57,336</b>	<b>37,997</b>	<b>30,059</b>	<b>23,312</b>	<b>22,577</b>
Transfers from Other Governments					
Departmental Government Transfers	7,927	7,927	7,927	7,927	7,927
Corporate Government Transfers	22,659	15,167	5,782	5,822	5,863
<b>Transfers from Other Governments</b>	<b>30,586</b>	<b>23,094</b>	<b>13,709</b>	<b>13,749</b>	<b>13,790</b>
Other Revenues					
Departmental Other Revenues	38,913	40,024	41,164	42,337	43,546
Corporate Other Revenues	18,420	18,471	18,522	18,573	18,625
<b>Other Revenues</b>	<b>57,333</b>	<b>58,495</b>	<b>59,686</b>	<b>60,910</b>	<b>62,171</b>
<b>TOTAL REVENUE</b>	<b>\$ 756,498</b>	<b>\$756,568</b>	<b>\$767,477</b>	<b>\$750,432</b>	<b>\$779,046</b>
<b>EXPENDITURE SUMMARY</b>					
Departmental Expenditures	\$ 697,423	\$ 587,429	\$ 612,099	\$ 649,389	\$ 682,334
General Government - Council Initiatives	260	260	260	260	260
Fiscal Services & Debt Interest	9,640	10,297	10,302	12,072	13,842
Municipal Debt Principal	21,770	9,758	9,758	9,758	10,450
<b>TOTAL EXPENDITURES</b>	<b>\$ 729,093</b>	<b>\$607,744</b>	<b>\$632,419</b>	<b>\$671,479</b>	<b>\$706,886</b>
<b>TRANSFERS SUMMARY</b>					
Transfers To/(From) Capital Sources	85,543	60,477	57,861	55,366	57,554
Transfers To/(From) Operating Sources	(58,138)	88,347	77,197	23,587	14,606
<b>TOTAL TRANSFERS</b>	<b>\$ 27,405</b>	<b>\$148,824</b>	<b>\$135,058</b>	<b>\$ 78,953</b>	<b>\$ 72,160</b>
<b>NET GENERAL OPERATING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**2023 - 2027 FINANCIAL PLAN**  
**GENERAL OPERATING - REVENUE SUMMARY**  
*(in thousands)*

<b>REVENUE SUMMARY</b>	<b>2023 BUDGET</b>	<b>2024 PLAN</b>	<b>2025 PLAN</b>	<b>2026 PLAN</b>	<b>2027 PLAN</b>
<i>CORPORATE REVENUES</i>					
General Property Tax Levy	\$384,301	\$ 459,410	\$ 481,382	\$ 504,539	\$ 490,080
Property/Folio Growth (City's Portion)	5,765	4,594	4,814	5,045	4,901
Property Tax Rate Increase/(Decrease)	69,444	17,478	18,443	(19,404)	19,164
Provision for Adjustments	(100)	(100)	(100)	(100)	(100)
	<u>459,410</u>	<u>481,382</u>	<u>504,539</u>	<u>490,080</u>	<u>514,045</u>
Grants in Lieu	20,134	20,789	21,472	21,076	21,771
Capital Parcel Tax	51,183	51,692	52,206	52,725	53,249
<b>Taxation</b>	<u>530,727</u>	<u>553,863</u>	<u>578,217</u>	<u>563,881</u>	<u>589,065</u>
Secondary Suite Infrastructure Fee	24,511	25,490	26,509	27,568	28,670
Other Corporate Fees & Charges	4,820	4,978	5,136	5,295	5,454
<b>Corporate Sale of Goods and Services</b>	<u>29,331</u>	<u>30,468</u>	<u>31,645</u>	<u>32,863</u>	<u>34,124</u>
<b>Corporate Investment Income</b>	<u>57,336</u>	<u>37,997</u>	<u>30,059</u>	<u>23,312</u>	<u>22,577</u>
Provincial Casino Revenue Sharing	3,308	3,991	4,031	4,071	4,112
Local Govt. Climate Action Program	1,175	1,175	-	-	-
Other Corporate Government Transfers	18,176	10,001	1,751	1,751	1,751
<b>Corporate Government Transfers</b>	<u>22,659</u>	<u>15,167</u>	<u>5,782</u>	<u>5,822</u>	<u>5,863</u>
Corporate Lease Revenue	13,145	13,196	13,247	13,298	13,350
Penalties & Interest	5,275	5,275	5,275	5,275	5,275
<b>Corporate Other Revenues</b>	<u>18,420</u>	<u>18,471</u>	<u>18,522</u>	<u>18,573</u>	<u>18,625</u>
<b>Total Corporate Revenues</b>	<u>658,473</u>	<u>655,966</u>	<u>664,225</u>	<u>644,451</u>	<u>670,254</u>
<i>DEPARTMENTAL REVENUES</i>					
<i>General Government</i>					
Corporate Services	159	159	159	159	159
Finance	1,462	1,502	1,544	1,587	1,631
	<u>1,621</u>	<u>1,661</u>	<u>1,703</u>	<u>1,746</u>	<u>1,790</u>
<i>Public Safety</i>					
Bylaws	10,530	10,846	11,172	11,507	11,852
Fire	3,991	4,109	4,230	4,355	4,484
Police	8,082	8,122	8,164	8,207	8,251
	<u>22,603</u>	<u>23,077</u>	<u>23,566</u>	<u>24,069</u>	<u>24,587</u>
<i>Other</i>					
Engineering Services	8,946	9,215	9,491	9,776	10,068
Parks, Recreation & Culture	35,211	36,157	37,127	38,127	39,156
Planning & Development	28,258	29,106	29,979	30,877	31,805
Surrey Public Library	1,386	1,386	1,386	1,386	1,386
	<u>73,801</u>	<u>75,864</u>	<u>77,983</u>	<u>80,166</u>	<u>82,415</u>
<b>Total Departmental Revenues</b>	<u>98,025</u>	<u>100,602</u>	<u>103,252</u>	<u>105,981</u>	<u>108,792</u>
<b>TOTAL REVENUE</b>	<u>\$756,498</u>	<u>\$756,568</u>	<u>\$767,477</u>	<u>\$750,432</u>	<u>\$779,046</u>

**2023 - 2027 FINANCIAL PLAN**  
**GENERAL OPERATING - EXPENDITURE AND TRANSFERS SUMMARY**  
*(in thousands)*

EXPENDITURE SUMMARY	2023 BUDGET	2024 PLAN	2025 PLAN	2026 PLAN	2027 PLAN
<i>General Government</i>					
Mayor, Council & Grants	\$ 3,302	\$ 3,425	\$ 3,557	\$ 3,697	\$ 3,847
City Manager's Department	1,712	1,840	1,979	2,130	2,294
Corporate Services	37,825	39,516	41,272	44,114	45,021
Community Services	3,921	4,338	4,811	5,345	5,950
Finance	16,485	17,178	17,914	18,698	19,251
Investment & Intergov. Relations	2,050	2,184	2,329	2,485	2,653
	<u>65,295</u>	<u>68,481</u>	<u>71,862</u>	<u>76,469</u>	<u>79,016</u>
<i>Public Safety</i>					
Bylaws	10,619	12,247	13,986	15,844	17,892
Fire	78,090	82,145	86,598	91,479	96,822
Police	338,047	221,764	236,326	249,648	262,957
	<u>426,756</u>	<u>316,156</u>	<u>336,910</u>	<u>356,971</u>	<u>377,671</u>
<i>Other</i>					
Engineering Services	10,629	11,356	12,202	13,101	14,058
Parks, Recreation & Culture	113,747	117,854	123,208	132,216	138,111
Planning & Development	35,241	36,668	38,168	39,745	41,395
Surrey Public Library	22,692	23,716	24,791	25,919	27,105
Corporate Operating	23,063	13,198	4,958	4,968	4,978
	<u>205,372</u>	<u>202,792</u>	<u>203,327</u>	<u>215,949</u>	<u>225,647</u>
<b>Departmental Expenditures</b>	<u><b>697,423</b></u>	<u><b>587,429</b></u>	<u><b>612,099</b></u>	<u><b>649,389</b></u>	<u><b>682,334</b></u>
<b>Council Initiative Fund</b>	<u><b>260</b></u>	<u><b>260</b></u>	<u><b>260</b></u>	<u><b>260</b></u>	<u><b>260</b></u>
Fiscal Charges	157	162	167	172	177
Interest Paid on Tax Overpayments	10	10	10	10	10
External Borrowing	9,473	10,125	10,125	11,890	13,655
<b>Fiscal Services &amp; Debt Interest</b>	<u><b>9,640</b></u>	<u><b>10,297</b></u>	<u><b>10,302</b></u>	<u><b>12,072</b></u>	<u><b>13,842</b></u>
<b>Municipal Debt Principal</b>	<u><b>21,770</b></u>	<u><b>9,758</b></u>	<u><b>9,758</b></u>	<u><b>9,758</b></u>	<u><b>10,450</b></u>
<b>TOTAL EXPENDITURE</b>	<u><b>\$729,093</b></u>	<u><b>\$607,744</b></u>	<u><b>\$632,419</b></u>	<u><b>\$671,479</b></u>	<u><b>\$706,886</b></u>
<b>TRANSFERS SUMMARY</b>					
General Capital Contribution	67,742	25,006	22,200	19,515	21,512
Provincial Casino Revenue Sharing	3,308	3,991	4,031	4,071	4,112
Tree Replacement Contribution	4,400	4,550	4,700	4,850	5,000
Internal Borrowing	14,996	16,398	16,398	16,398	16,398
Other Transfers To/(From) Capital	(4,903)	10,532	10,532	10,532	10,532
<b>Transfers To/(From) Capital Sources</b>	<u><b>85,543</b></u>	<u><b>60,477</b></u>	<u><b>57,861</b></u>	<u><b>55,366</b></u>	<u><b>57,554</b></u>
Roads & Traffic Safety Contribution	10,818	8,321	5,686	2,905	-
Local Govt. Climate Action Program	1,175	1,175	-	-	-
Other Transfers To/(From) Operating	(70,131)	78,851	71,511	20,682	14,606
<b>Transfers To/(From) Operating Sources</b>	<u><b>(58,138)</b></u>	<u><b>88,347</b></u>	<u><b>77,197</b></u>	<u><b>23,587</b></u>	<u><b>14,606</b></u>
<b>TOTAL TRANSFERS</b>	<u><b>\$ 27,405</b></u>	<u><b>\$148,824</b></u>	<u><b>\$135,058</b></u>	<u><b>\$ 78,953</b></u>	<u><b>\$ 72,160</b></u>

## Appendix "II"

**2023 - 2027 FINANCIAL PLAN**  
**ROADS & TRAFFIC - FINANCIAL SUMMARY**

*(in thousands)*

<b>REVENUE SUMMARY</b>	<b>2023 BUDGET</b>	<b>2024 PLAN</b>	<b>2025 PLAN</b>	<b>2026 PLAN</b>	<b>2027 PLAN</b>
Roads & Traffic Safety Levy	\$ 35,018	\$ 40,362	\$ 46,036	\$ 52,057	\$ 58,054
Grants in Lieu	1,131	1,142	1,153	1,164	1,175
Special Assessment	256	272	288	305	324
Taxation	<b>36,405</b>	41,776	47,477	53,526	59,553
Sale of Goods and Services	987	1,010	1,033	1,039	1,063
Developer Contributions	905	850	850	850	850
Transfers from Other Governments	7,085	7,195	7,307	7,422	7,539
Other Revenue	2,373	2,485	2,605	2,623	2,962
<b>TOTAL REVENUE</b>	<b>\$ 47,755</b>	<b>\$ 53,316</b>	<b>\$ 59,272</b>	<b>\$ 65,460</b>	<b>\$ 71,967</b>
<b>EXPENDITURE SUMMARY</b>					
Salaries and Benefits	\$ 6,480	\$ 6,659	\$ 6,792	\$ 6,928	\$ 7,066
Operating Costs	19,949	20,346	20,750	21,162	21,584
Internal Services Used	13,442	13,907	14,210	14,520	14,782
Internal Services Recovered	(940)	(960)	(979)	(999)	(1,019)
External Recoveries	(455)	(451)	(460)	(469)	(478)
<b>TOTAL EXPENDITURE</b>	<b>\$ 38,476</b>	<b>\$ 39,501</b>	<b>\$ 40,313</b>	<b>\$ 41,142</b>	<b>\$ 41,935</b>
<b>TRANSFERS SUMMARY</b>					
Transfers To/(From) Capital Sources	\$ 20,918	\$ 23,590	\$ 26,069	\$ 28,616	\$ 31,393
Transfers To/(From) Operating Sources	(11,639)	(9,775)	(7,110)	(4,298)	(1,361)
<b>TOTAL TRANSFERS</b>	<b>\$ 9,279</b>	<b>\$ 13,815</b>	<b>\$ 18,959</b>	<b>\$ 24,318</b>	<b>\$ 30,032</b>
<b>NET ROADS &amp; TRAFFIC</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>