

CITY OF SURREY

BY-LAW NO. 16501

A by-law to provide for the adoption of the Surrey 2008 – 2012 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 by-law, the five-year financial plan;

NOW, THEREFORE, the Council of the City of Surrey, in open meeting assembled, 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 by-law.

3. This by-law shall be cited for all purposes as “Surrey 2008 – 2012 Consolidated Financial Plan By-law, 2007, No. 16501”.

PASSED THREE READINGS on the 17th day of December, 2007.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the 14th day of January, 2008.

_____ MAYOR

_____ CLERK

City of Surrey

Consolidated 2008 – 2012 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, and the proportion of revenue collected from them, the distribution of property value taxes among the property classes, and the use of permissive exemptions.

1. Property Tax

Property Taxes are generated to support City Services that are not covered by fees, charges, the parcel tax, and the new local 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 Legislative Services, Finance and Technology, and Human Resources. 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 classes ratios used in 2007 were as follows:

Class 1 : Residential	1.00 to 1.00
Class 2 : Utilities	14.33 to 1.00
Class 4 : Major Industry	5.94 to 1.00
Class 5 : Light Industry	3.35 to 1.00
Class 6 : Business	3.35 to 1.00
Class 8: Recreational	1.00 to 1.00
Class 9: Agricultural	1.00 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 33% 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 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. The 2008 Council approved permissive tax exemptions are estimated to be valued at approximately \$660,000.

2. Local Roads and Traffic Safety Levy

The City of Surrey has just adopted a “Local Roads and Traffic Safety Levy” for the calendar year 2008. This levy is intended to fund the ongoing maintenance needs of the City’s local road pavement and to accelerate the implementation of safety-related infrastructure on the road system. The “Local Roads and Traffic Safety Levy” will be established at the equivalent of a one percent property tax increase and will increase at an equivalent rate of one percent per year over the next four years. The “Local Roads and Traffic Safety Levy” will be distributed to properties using an assessment tax basis and will use the same taxation class ratios as general property taxes. Properties that are eligible for a full statutory and permissive property tax exemption are also exempt from this levy. In 2008, this levy will generate less than 0.30% of consolidated revenues collected within the City; this revenue is expected to increase to approximately 1.0% by 2012.

3. 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 at the same rate for all properties within classes one through eight, while property class nine (agricultural lands) is applied at a reduced rate, reflecting the contribution that these properties make to the various Dyking Districts throughout the City. Properties that are eligible for a full statutory and permissive property tax exemption are also exempt from this parcel tax. The “Drainage Parcel Tax” accounts for approximately 4% of the consolidated revenue collected by the City.

4. Fees

The City of Surrey has adopted a “User-Pay” philosophy where this can practically be applied. Where 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 that 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, application fees, recreational usage fees and fees for document processing and replicating. Fee’s account for approximately 26% of the consolidated revenue collected within the City of Surrey.

5. Other sources

The City of Surrey received revenue from other sources such as developer contributions, 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 in one year and brought into budget for

spending in the following year and make up approximately 29% of the total consolidated revenue in the 2008 Financial Plan.

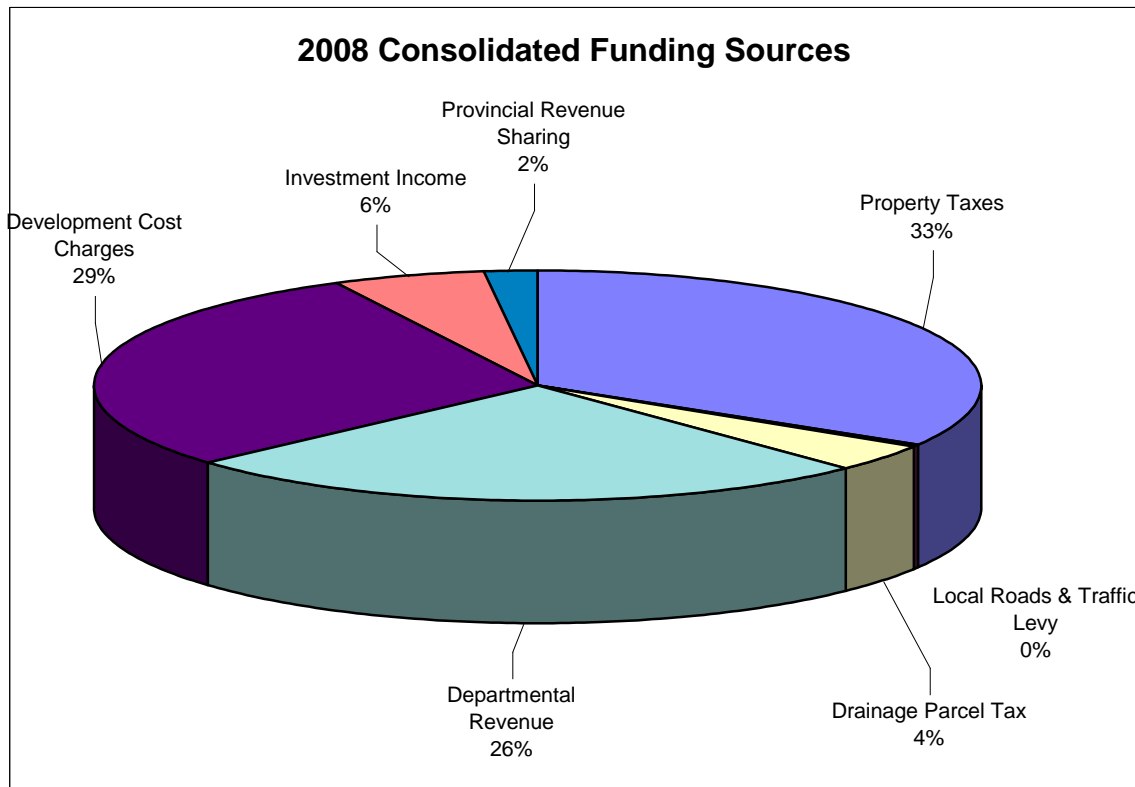
Provincial and federal grants are received for policing initiatives, library services and capital and infrastructure initiatives. The traffic fine sharing revenue for 2008 is anticipated to be \$5.6 million, library services are anticipating receiving \$1.0 million in provincial grants and casino revenue is anticipated to be \$4.4 million. Provincial and federal revenue is estimated to be approximately 2% of total revenue in 2008.

The City of Surrey manages an investment portfolio worth over \$750 million, returning an anticipated 4.35% in 2007. The interest earned on these investments account for approximately 6% of the total annual revenue.

6. Borrowing

The City of Surrey has adopted a principle of keeping the total debt required to finance capital projects to less than 5% of City expenditures. As of December 2007, the City has no outstanding debt.

The City’s proposed distribution of revenue is as follows:



CITY OF SURREY

Consolidated Financial Plan
to restate year 2007
and establish years 2008 to 2012

	2007 Restated	2008	2009	2010	2011	2012
PROPOSED FUNDING SOURCES						
Revenues from Property Value Taxes						
Property Taxes	\$ 175,485,000	\$ 187,123,000	\$ 199,328,000	\$ 212,082,000	\$ 225,366,000	\$ 238,922,000
Local Roads & Traffic Levy	-	1,660,000	3,447,000	5,371,000	6,404,000	6,590,000
Drainage Parcel Tax	20,893,000	22,849,000	23,798,000	24,822,000	25,761,000	26,659,000
Taxation for City Purposes	196,378,000	211,632,000	226,573,000	242,275,000	257,531,000	272,171,000
Revenues from Fees & Charges						
Departmental Revenue	146,536,000	145,382,000	153,044,000	159,792,000	166,412,000	173,675,000
Penalties & Interest on Taxes	2,892,000	2,932,000	3,083,000	3,216,000	3,348,000	3,482,000
Revenues from Fees and Charges	149,428,000	148,314,000	156,127,000	163,008,000	169,760,000	177,157,000
Development Cost Charge Funds						
Development Cost Charges	65,081,000	125,075,000	117,077,000	104,110,328	107,645,778	109,499,467
Revenues from Other Sources						
Investment Income	23,020,000	31,495,000	32,100,000	31,945,000	31,488,000	31,118,000
Provincial Revenue Sharing	10,584,000	11,440,000	11,842,000	11,844,000	11,846,000	11,848,000
Other and External Sources	42,958,000	39,820,000	22,996,000	22,352,000	22,352,000	22,852,000
Revenues from Other Sources	76,562,000	82,755,000	66,938,000	66,141,000	65,686,000	65,818,000
TOTAL FUNDING SOURCES	\$ 487,449,000	\$ 567,776,000	\$ 566,715,000	\$ 575,534,328	\$ 600,622,778	\$ 624,645,467
PROPOSED EXPENDITURES						
Municipal Expenditures						
Protection Services	\$ 120,077,000	\$ 130,152,000	\$ 137,588,000	\$ 144,696,000	\$ 152,390,000	\$ 160,777,000
Water, Sewer & Drainage	71,186,000	78,619,000	86,151,000	91,967,000	97,025,000	101,736,000
Parks, Recreation & Culture	40,206,000	44,342,000	46,844,000	49,801,000	52,147,000	54,566,000
Engineering Services	18,817,000	16,088,000	16,869,000	17,686,000	18,530,000	19,407,000
Solid Waste Services	16,100,000	18,774,000	19,339,000	19,920,000	20,519,000	21,135,000
Planning & Development	15,374,000	16,744,000	17,430,000	18,220,000	19,049,000	19,917,000
Surrey Public Library	12,024,000	12,309,000	12,846,000	13,460,000	14,105,000	14,786,000
General Government	24,232,000	33,868,000	32,583,000	34,295,000	36,577,000	37,774,000
Total Municipal Expenditures	318,016,000	350,896,000	369,650,000	390,045,000	410,342,000	430,098,000
Fiscal Services & Debt Interest	1,196,000	1,124,000	1,194,000	1,251,000	1,287,000	1,322,000
Capital Expenditures - Prior Years	52,946,000	62,376,000	50,733,000	47,858,000	52,100,000	51,511,000
Capital Expenditures - Current Years	107,054,000	207,920,000	169,109,000	159,528,328	173,667,778	171,702,467
	160,000,000	270,296,000	219,842,000	207,386,328	225,767,778	223,213,467
TOTAL EXPENDITURES	\$ 479,212,000	\$ 622,316,000	\$ 590,686,000	\$ 598,682,328	\$ 637,396,778	\$ 654,633,467
PROPOSED TRANSFERS BETWEEN FUNDS						
Local Improvement Borrowing	\$ -	\$ (1,500,000)	\$ (1,500,000)	\$ (1,500,000)	\$ (9,300,000)	\$ (5,860,000)
Transfers (from)/to Special Funds	10,046,000	13,820,000	18,210,000	18,776,000	21,741,000	18,264,000
Transfers (from)/to Appropriated Surplus	(1,809,000)	(42,875,000)	(16,777,000)	(16,516,000)	(25,281,000)	(18,466,000)
Unspecified Capital Budget Authority	-	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
Transfer (from)/to Unappropriated Surplus	-	(3,985,000)	(3,904,000)	(3,908,000)	(3,934,000)	(3,926,000)
TOTAL TRANSFERS BETWEEN FUNDS	\$ 8,237,000	\$ (54,540,000)	\$ (23,971,000)	\$ (23,148,000)	\$ (36,774,000)	\$ (29,988,000)