

CITY OF SURREY

BYLAW NO. 20886

A bylaw to provide for the adoption of the Surrey 2023 – 2027  
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 2023 – 2027 Consolidated Financial Plan Bylaw, 2023, No. 20886".

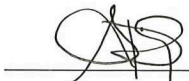
PASSED FIRST READING on the 3rd day of April, 2023.

PASSED SECOND READING on the 3rd day of April, 2023.

PASSED THIRD READING on the 3rd day of April, 2023.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the 17th day of April, 2023.

  
\_\_\_\_\_  
MAYOR

  
\_\_\_\_\_  
CLERK

## City of Surrey

**Consolidated 2023 – 2027 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 2023 is presented in the table below.

Funding Sources	% of Total Revenues
Section II.a. - Property Value Taxes	34.7%
Section II.b. - Parcel Taxes	6.8%
Section III. - Fees	22.5%
Section IV. - Other Sources	36.0%
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,, 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 2023 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 2023, this levy accounts for approximately 32.2% 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 2023, this levy will generate approximately 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 2022, Council approved permissive exemptions for the 2023 taxation year in accordance with the City policy.

#### ***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 3.6% 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 & recycling fees, secondary suite fees, application fees, recreational usage fees and fees for document processing and replicating. Fees account for approximately 22.5% 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 16.6% (development cost charges 6.7% + developer contributions 9.9%) of the consolidated revenues in the 2023 Financial Plan.

The City of Surrey manages an investment portfolio with a current approximate book value of \$1.7 billion. The interest earned on these investments account for approximately 4.2% of the consolidated revenues in the 2023 Financial Plan.

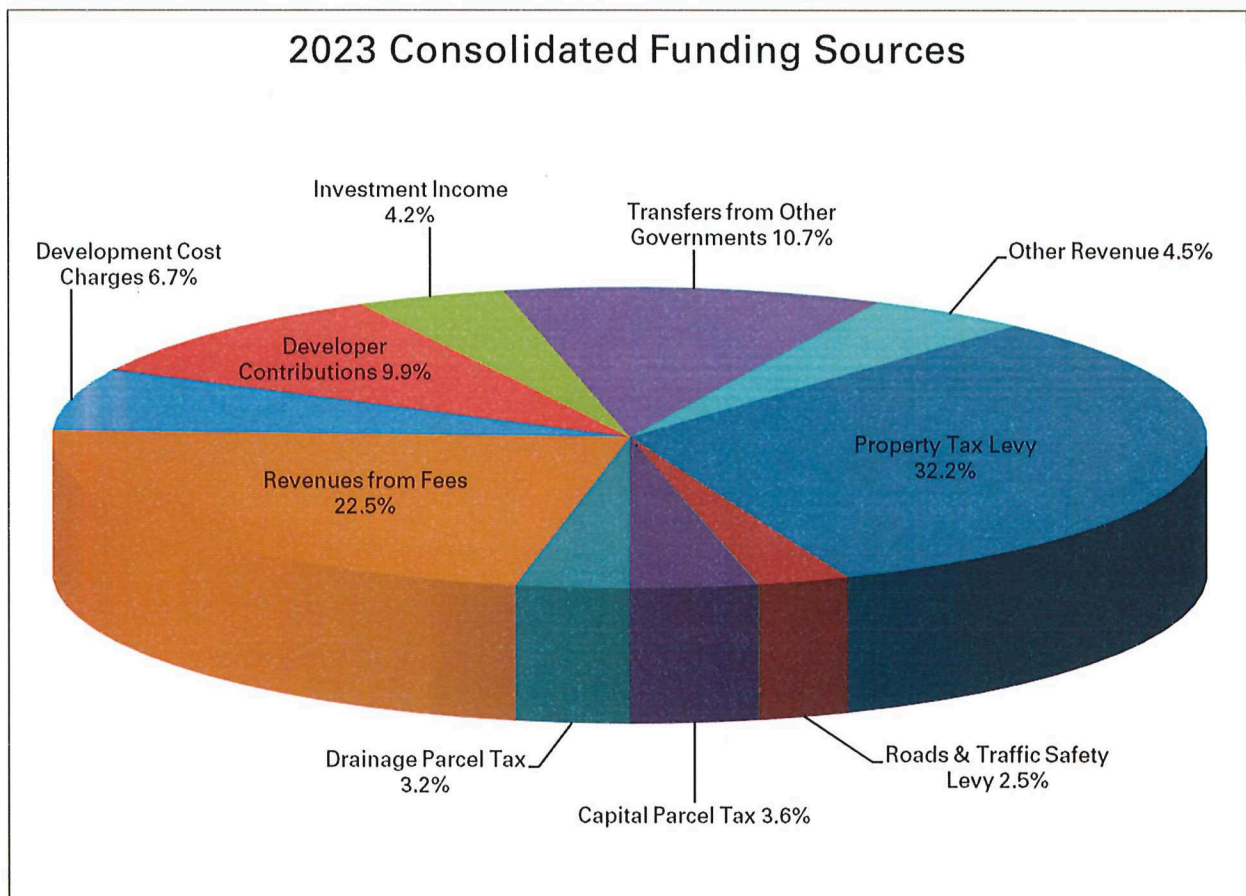
Transfers from Other Governments are received from Federal, Provincial, and other government entities for various grants and initiatives such as policing initiatives, library services, recreation and cultural services, and capital infrastructure initiatives. These transfers from Other Governments are estimated to be approximately 10.7% of the consolidated revenues in the 2023 Financial Plan.

Other revenue consists 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 4.5% of the consolidated revenues in the 2023 Financial Plan.

## V. Borrowing

The City incurred external borrowing in previous years through the Municipal Finance Authority of BC's (MFA) Long-Term Borrowing program for civic facilities and major recreation and culture projects, as part of a multi-year capital program developed to support business and residential growth. The total amount borrowed was \$362.9 million, of which, \$300.2 million is anticipated to be outstanding at the beginning of 2023.

In summary, the City's proposed distribution of the various 2023 Consolidated Funding Sources discussed in the sections above are depicted in the following chart:



## CITY OF SURREY

Bylaw 20886

Consolidated Financial Plan

To establish years 2023 to 2027

	2023	2024	2025	2026	2027
<b>PROPOSED FUNDING SOURCES</b>					
Property Tax Levy	\$ 456,734,000	\$ 485,141,000	\$ 515,526,000	\$ 528,450,000	\$ 562,033,000
Roads & Traffic Safety Levy	36,149,000	41,291,000	46,821,000	52,767,000	58,962,000
Other Property Value Taxes	418,000	442,000	453,000	477,000	503,000
Revenues from Property Value Taxes	493,301,000	526,874,000	562,800,000	581,694,000	621,498,000
General - Capital Parcel Tax	51,183,000	51,692,000	52,206,000	52,725,000	53,249,000
Utilities - Drainage Parcel Tax	45,074,000	46,719,000	48,425,000	50,197,000	52,034,000
Revenues from Parcel Taxes	96,257,000	98,411,000	100,631,000	102,922,000	105,283,000
Taxation Revenues	589,558,000	625,285,000	663,431,000	684,616,000	726,781,000
Revenues from Fees	319,178,000	350,980,000	388,133,000	428,109,000	478,743,000
Development Cost Charges	94,986,000	97,065,000	88,107,000	89,387,000	99,479,000
Developer Contributions	140,537,000	124,732,000	125,962,000	124,232,000	124,232,000
Investment Income	59,545,000	41,341,000	33,025,000	26,400,000	25,777,000
Transfers from Other Governments	151,364,000	96,032,000	54,111,000	48,363,000	42,520,000
Other Revenue	64,403,000	65,730,000	67,096,000	68,446,000	70,106,000
Revenues from Other Sources	510,835,000	424,900,000	368,301,000	356,828,000	362,114,000
<b>TOTAL FUNDING SOURCES</b>	<b>\$ 1,419,571,000</b>	<b>\$ 1,401,165,000</b>	<b>\$ 1,419,865,000</b>	<b>\$ 1,469,553,000</b>	<b>\$ 1,567,638,000</b>
<b>PROPOSED EXPENDITURES</b>					
Police Services	\$ 339,682,000	\$ 223,349,000	\$ 237,905,000	\$ 251,072,000	\$ 264,378,000
Fire Services	81,513,000	85,639,000	90,389,000	95,707,000	101,018,000
Parks, Recreation & Culture	134,941,000	140,957,000	146,217,000	154,685,000	160,842,000
General Government	119,855,000	115,088,000	109,879,000	116,286,000	120,850,000
Planning & Development	35,276,000	36,698,000	38,168,000	39,745,000	41,395,000
Surrey Public Library	24,947,000	25,800,000	26,713,000	27,819,000	28,763,000
Engineering Services	101,574,000	104,298,000	105,835,000	105,628,000	105,421,000
Water, Sewer & Drainage	210,760,000	236,914,000	261,386,000	291,531,000	331,260,000
Solid Waste	42,072,000	43,954,000	45,476,000	46,441,000	47,566,000
Surrey City Energy	6,206,000	8,014,000	9,497,000	10,076,000	11,196,000
Operating Contingency	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Expenditures	1,098,326,000	1,022,211,000	1,072,965,000	1,140,490,000	1,214,189,000
Fiscal Services & Debt Interest	11,315,000	11,920,000	11,871,000	13,585,000	15,295,000
Capital Expenditures - Contributed	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Capital Expenditures - Current Years	394,330,000	347,528,000	301,510,000	291,255,000	292,719,000
Capital Expenditures	494,330,000	447,528,000	401,510,000	391,255,000	392,719,000
Municipal Debt Repayment	22,753,000	10,793,000	10,847,000	10,904,000	11,655,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,626,724,000</b>	<b>\$ 1,492,452,000</b>	<b>\$ 1,497,193,000</b>	<b>\$ 1,556,234,000</b>	<b>\$ 1,633,858,000</b>
<b>PROPOSED TRANSFERS BETWEEN CAPITAL AND OPERATING SOURCES</b>					
Transfers To/(From) Capital Funds	(149,331,500)	(138,199,000)	(123,237,000)	(106,144,000)	(94,638,000)
Internal Borrowing To/(From) Reserves	14,996,000	16,398,000	16,398,000	16,398,000	16,398,000
Transfers To/(From) Reserves	(15,148,000)	(8,145,000)	(7,864,000)	(12,335,000)	(7,789,000)
Utilities Transfers To/(From) Reserves	(566,000)	(779,000)	(891,000)	(903,000)	(916,000)
Transfers To/(From) Reserve Funds	(718,000)	7,474,000	7,643,000	3,160,000	7,693,000
Transfers To/(From) Capital Sources	\$ (150,049,500)	\$ (130,725,000)	\$ (115,594,000)	\$ (102,984,000)	\$ (86,945,000)
Transfers To/(From) Operating Sources	\$ (7,103,500)	\$ 89,438,000	\$ 88,266,000	\$ 66,303,000	\$ 70,725,000
Unspecified Capital Budget Authority	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
<b>TOTAL TRANSFERS BETWEEN SOURCES</b>	<b>\$ (207,153,000)</b>	<b>\$ (91,287,000)</b>	<b>\$ (77,328,000)</b>	<b>\$ (86,681,000)</b>	<b>\$ (66,220,000)</b>
<b>BALANCED BUDGET</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>