

Item No. Foo4 2023 Five-Year (2023-2027) Financial Plan - General Operating
File: 1705-05

That Council:

1. Direct staff to incorporate the Growing Communities Fund funding into the 2023 – 2027 Financial Plan;
2. Direct staff to utilize the Growing Communities Fund to replace General Operating Funding in the 2023 – 2027 Capital Plan such that the general tax increase is limited to no more than 12.5% total;
3. To utilize the Growing Communities Fund funding to build the third ice sheet at Cloverdale Sport & Ice Complex;
4. Reduce the required 2023 tax increase for the policing shortfall from 9.5% to 4.5%;
5. Maintain the 7.0% general property tax increase for inflationary pressures and net new resources; and
6. Maintain the 1% Road Levy increase.

Item No. Foo5 2023 Five-Year (2023-2027) Financial Plan – Capital
File: 1705-

That Council:

1. Direct staff to incorporate the Growing Communities Fund funding into the 2023 – 2027 Financial Plan;
2. Direct staff to utilize the Growing Communities Fund to replace General Operating Funding in the 2023 – 2027 Capital Plan such that the general tax increase is limited to no more than 12.5% total;
3. To utilize the Growing Communities Fund funding to build the third ice sheet at Cloverdale Sport & Ice Complex;
4. Reduce the required 2023 tax increase for the policing shortfall from 9.5% to 4.5%;
5. Maintain the 7.0% general property tax increase for inflationary pressures and net new resources; and
6. Maintain the 1% Road Levy increase.

Finance Committee Minutes

Council Chambers
City Hall
13450 - 104 Avenue
Surrey, B.C.
Live Streamed at surrey.ca
MONDAY, MARCH 6, 2023
Time: 2:00 p.m.

Present:

Chairperson - Mayor Locke
Councillor Annis
Councillor Bains
Councillor Bose
Councillor Elford
Councillor Hepner
Councillor Kooner
Councillor Stutt

Absent:

Councillor Nagra

Staff Present:

City Manager
City Clerk
Acting General Manager, Community Services
General Manager, Corporate Services
General Manager, Engineering
General Manager, Finance
General Manager, Investment & Intergovernmental Relations
General Manager, Parks, Recreation & Culture
General Manager, Planning & Development
Deputy City Solicitor
Manager, Area Planning & Development, South Division
Manager, Area Planning & Development, North Division
Land Development Engineer

A. ADOPTION OF THE AGENDA

It was

Moved by Councillor Kooner
Seconded by Councillor Stutt
That the agenda of the March 6, 2023,

Finance Committee meeting be adopted.

Carried

B. PRESENTATIONS BY THE GENERAL MANAGER, FINANCE**Corporate Report Foo4: 2023 Five-Year (2023-2027) Financial Plan - General Operating**

The General Manager, Finance, provided an overview of Corporate Report Foo4: 2023 Five-Year (2023-2027) Financial Plan - General Operating. Highlights of the proposed budget include:

- The proposed 2023 Five-Year (2023-2027) Financial Plan - General Operating has been developed based on direction provided by Council and incorporates these key drivers as follows: a 9.5% proposed property tax rate increase to fund the forecasted 2023 policing shortfall); a 7% general property tax increase to address inflationary pressures, and new resources for Police, Fire and Bylaw Services, and city wide operations (non-public safety); a 1% Roads & Traffic Safety levy increase; and a 3% User Fee increase.
- The budget is reflective of Council's public safety priorities. Public safety is comprised of budget items for policing services, delivered in 2023 by the RCMP, Surrey Police Services (SPS) and City Police Support Services, Fire Services and Bylaw Services.

- On November 14, 2022, Council directed staff to prepare a plan for maintaining the RCMP as the Police of Jurisdiction (POJ). 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 Report utilized several assumptions, including Provincial endorsement of Council's decision to retain the RCMP as POJ would be provided 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 policing. The Province subsequently advised that further information was required prior to an endorsement by the Minister. Therefore, the 2023 budget is predicated on various assumptions drive by multiple parties. Any deviations from the key assumptions could impact the funding shortfall in 2023 and future years.
- The proposed budget is predicated on the City retaining the RCMP as the POJ and retaining City Police Support Services as employees of the City to continue to provide administrative support to the RCMP. The proposed budget includes:
 - Status quo salary and related operational cost increases for City Police Support Services in 2023;
 - A one-time severance costs of \$82.0 million associated with the wind down of SPS;
 - A contingency of \$5.0 million to manage any cost overruns associated with the wind down;
 - Four additional administrative for the City Police Support Services for each of the next five years from 2023 to 2027 inclusively;
 - Status quo requirements for salaries and operational cost increases for 2023, based on the existing approved funding for RCMP contract at 734 members;
 - Funding for 58 members' utilization as a part of the Lower Mainland District's integrated teams;
 - 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); and
 - An amended provisional budget for the SPS that would include salaries and operating costs for SPS staff and operations only for the period until SPS has fully dissolved.
- The proposed budget includes 20 additional firefighters in 2023.
- The proposed budget includes provisions for 10 new Bylaw Officer positions per year, every year from 2023 to 2027. Bylaw Services has continued to expand its range of services, such as through the Community Enforcement and Surrey Outreach Team, the Street SMART pilot program and the Illegal Construction Enforcement Team.
- The budget incorporates funding for on-going staffing and operating costs to 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.

Corporate Report Foo5: 2023 Five-Year (2023-2027) Financial Plan - Capital

The General Manager, Finance, provided an overview of Corporate Report Foo5: 2023 Five-Year (2023-2027) Financial Plan - Capital. Highlights of the proposed budget include:

- The Major General Capital program is funded by City Reserves, General Operating contributions, the Green City program and Community Amenity Contributions, and consists of two elements:
 - On-going General Capital program to maintain and/or enhance the City's current infrastructure inventory; and
 - Major General Capital program, which includes a series of new large-scale capital projects that will be constructed over the next few years to support our residents and businesses into the future.
- Capital funding is available from Development Cost Charges, contributions from Utilities Operating, the Greater Vancouver Transit Authority ("TransLink"), contributions from the federal and provincial governments, and developer contributions. No borrowing is utilized the fund the Capital General program.
- The Newton Community Centre was funded in the 2022 Five-Year Capital Financial Plan and will offer a state-of-the-art community hub for Newton residents of all ages to learn, exercise, and enjoy a fun and healthy environment. The community centre will be innovative and creative resulting in a fully integrated facility that is attractive, friendly, and healthy, reflecting the City's passion for building great amenities for its citizens of all ages. The City will pursue funding from other levels of government to advance the next phase of this project. Construction of the Newton Community Centre is expected to commence in Winter 2023, with an expected opening by Spring 2026.
- There are 32 major capital projects included in the proposed 2023 – 2027 Major General Capital program, including the Cloverdale Sport & Ice Complex, City Centre Sports Complex – Phase 1 and 2, and Bear Creek Park Athletics Centre.

C. PUBLIC CONSULTATION

The Mayor called for speakers to the proposed 2023 Five-Year Financial Plan.

J. Gosal, Surrey Board of Trade: The delegation expressed concerns regarding the proposed tax increase and spoke to transparency, investments, economic development, culture and housing and work force development.

R. Landale, Fleetwood: The delegation spoke to the proposed tax increase, borrowing requirements, unidentified revenue sources, and carried forward funds.

M. Malik, Surrey: The delegation expressed concerns regarding the proposed tax increase and spoke to increasing interest rates, housing prices and rental prices, Provincial budget surplus, and public safety.

O. Vincent, Surrey: The delegation expressed concerns regarding the proposed RCMP budget requirements.

S. Kurylo, Surrey: The delegation spoke in opposition to the budget citing the proposed tax and utility rate and Road Levy increase, and suggested that the one-time policing shortfall be addressed in an alternative manner, or property taxes be reduced following the one-time police shortfall requirements is paid. The delegation suggested that non-safety related requests be reviewed to ensure they are required or if they can be deferred.

F. Aziz, Surrey: The delegation spoke in opposition to the proposed budget citing increased costs to address past shortfalls and policing transition costs.

C. Browne, Surrey: The delegation spoke to challenges facing the building community and Class 4 property tax payers.

G. Mortimer, Surrey: The delegation spoke to potential errors in the City Centre map from 2017 and its impact related to the budget.

J. Kalwajtys, Surrey: The delegation spoke in opposition to the budget citing proposed tax increase, election promises, and lack of public engagement and meeting notice.

L. Guerra, Fleetwood: The delegation spoke in opposition to the budget citing proposed tax increase, housing assessments, and Metro Vancouver and Provincial tax increases.

O. Henry, Surrey: The delegation spoke in opposition to the budget citing the necessity of proposed budget items.

M. Smith, City Centre: The delegation spoke to the North Surrey Recreation Centre pool be recommissioned, Surrey Urban Mission drop-in centre, 84 Avenue road construction and the police transition.

J. Geb, Surrey: The delegation spoke in opposition to the budget citing proposed tax increase, and lack of savings and cuts within the budget.

W. Wang, Fraser Heights: The delegation spoke to public procedure available to the public to refuse the budget or government, alternative ways to increase revenue, and personal benefits of the budget for Council members.

E. Browski, Panorama Ridge: The delegation spoke to lack of secondary suite tax payments and property tax burden on home owners.

J. Werring, Guildford: The delegation spoke to the Homeowners Grant and questioned if Council can increase the Grant.

J. Wen, South Surrey: The delegation spoke to the police transition and questioned if the proposed tax increase will be applied again in 2024.

Resident, Surrey: The delegation spoke to budget impacts on children and residents.

V. Yeoh, Cedar Hills: The delegation spoke in opposition to the budget citing the proposed tax increase, increased interest rates, police transition, and potential budget efficiencies.

Resident, Fraser Heights: The delegation spoke to the budget presentation, the proposed tax increase, and potential budget cuts.

K. Noonan, Surrey: The delegation spoke to budget cuts and proposed budget items and deferred property tax payments.

Resident, Surrey: The delegation spoke in opposition to the budget citing the proposed tax increase, increased interest rates, and proposed budget items.

E. Browski, Surrey: The delegation spoke to lack of secondary suite tax payments.

E. Moore, Royal Heights: The delegation spoke to the police transition impacts.

Resident, Surrey: The delegation spoke to police services, the police transition and public safety.

Resident, Surrey: The delegation spoke to accountability and sustainability.

Resident, Surrey: The delegation spoke to the proposed tax increase.

S. Rush, Hazelmere: The delegation spoke to the tax shortfall, continued SPS spending and budget requirements and lack of budget transparency, lack of decision-making at the Provincial level and accountability.

D. Jack, Surrey Environmental Partners: The delegation spoke to repurposing of asphalt implemented for 84 Avenue road to a walking path and the surrounding area be "re-wilded", increase ratio of parkland, increase maintenance area allocation for natural areas, expand the SNAP and SHArP programs, establish a Park Ranger program, protect all natural area parks, construct City reports so the conclusion also includes a formal list of policies that are not met by the proposal, and a compensation scale of trees destroyed by development.

Resident, Surrey: The delegation spoke in opposition to the budget citing the proposed tax increase, police transition impacts, and infrastructure budget allocated to the police transition.

Resident, Surrey: The delegation spoke to utility bill increases, impacts of the police transition on police workers, and lack of information regarding the police transition and budget process.

Resident, Surrey: The delegation spoke in opposition to the budget citing proposed tax increase.

Resident, Surrey: The delegation spoke in opposition to the budget citing the proposed tax increase.

Resident, Surrey: The delegation spoke in opposition to the budget citing increased proposed tax increase and budget items.

Resident, Surrey: The delegation spoke in opposition to the budget citing the proposed tax increase.

Resident, Surrey: The delegation spoke in opposition to the budget citing the need for revenue generating opportunities such as casinos and cannabis and the proposed tax increase.

The following registered their opposition to the budget, but did not wish to speak:

- J. Badesha
- S. Dhillon
- B. Bajwa
- K. Minhas
- M. Samra
- S. Duhra
- A. Dhillon
- M. Sran
- S. Nijjer
- K. Jaspal
- P. Kulkit
- G. Dhaliwal
- J. Nijjer
- J. Sahota
- S. Dhaliwal
- S. Sandhu
- J. Parma
- A. Singh
- H. Gill
- J. Gill

D. CORPORATE REPORTS

The Corporate Reports, under date of March 6, 2023, were considered and dealt with as follows:

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The Committee noted the following comments:

- While the City is currently in a difficult financial situation, the proposed budget is too large of a burden.
- Former Councils have not increased taxes or the Road Levy to maintain infrastructure and projects. The deferral and/or cancellation has resulted in increased costs for many projects, such as the Cloverdale Sport & Ice Rink. In addition, the City's debt has significantly increased since 2018.
- Many residents have moved to Surrey because it has traditionally been affordable.
- There are too many assumptions with respect to the police transition to approve a budget at this point.
- Service increases require budget increases. The City also has to address inflation increases in its budget.

In response to questions from the Committee, staff provided the following information:

- If the Surrey Police Services (SPS) were to remain the Police of Jurisdiction, taxes would likely need to be increased each year for the next four years or longer.. In addition, an estimated 20% tax increase would also likely be required in 2024. SPS would require an estimated tax difference of \$39.1 million every year in perpetuity.
- The cost to carry both the SPS and RCMP is approximately \$8 million per month.
- The SPS has approximately 200 members deployed and an additional 195 staff undeployed.
- The proposed operating budget would continue to sustain Parks, Recreation & Culture (PRC) facilities as they recover from pandemic impacts. There are a number of initiatives to ensure facilities are accessible to all, such as the Leisure Access Program. In addition, all PRC facilities are made to be universally accessible.
- The Road Levy is used for road maintenance such as repair, paving and seismic upgrades to bridges, as well as road safety. Additional funding will be used to increase winter maintenance programs, sidewalk construction and repair and traffic calming measures.
- City staff were not involved in the SPS collective bargaining agreement.

It was

Moved by Councillor Kooner
Seconded by Councillor Bains
That the Finance Committee recommend

that Council:

1. Approve the recommendations made in Sections 3.0 – 8.0 and as generally outlined in Corporate Report Foo4; 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 the report.

Before the question was put:

It was

Moved by Councillor Bains
Seconded by Councillor Stutt
That the Finance Committee recommend

that Council:

1. Direct staff to incorporate the Growing Communities Fund funding into the 2023 – 2027 Financial Plan;
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4. Reduce the required 2023 tax increase for the policing shortfall from 9.5% to 4.5%;
5. Maintain the 7.0% general property tax increase for inflationary pressures and net new resources; and
6. Maintain the 1% Road Levy increase.

Carried

With Councillor Elford opposed.

Item No. Foo5 2023 Five-Year (2023-2027) Financial Plan – Capital
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In response to questions from the Committee, staff advised that the bylaws related to the budget will be out of order at the Regular Council – Public Hearing meeting this evening. Finance staff will incorporate the requested amendments into the Bylaws and they will be brought forward for consideration at a future meeting.

It was

Moved by Councillor Bose

Seconded by Councillor Hepner

That the Finance Committee recommend

that Council:

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5. Maintain the 7.0% general property tax increase for inflationary pressures and net new resources; and
6. Maintain the 1% Road Levy increase.

Carried

With Councillor Elford opposed.

E. ADJOURNMENT

It was

Moved by Councillor Kooner

Seconded by Councillor Stutt

That the Finance Committee meeting be

adjourned.

Carried

The Finance Committee adjourned at 4:51 p.m.

Jennifer Ficocelli, City Clerk

Mayor Locke, Chair