



2020 – 2024 FINANCIAL PLAN

BYLAW No. 3120

A Bylaw to adopt the Financial Plan for 2020 - 2024.

WHEREAS Section 165 Community Charter provides that a Council must have a Financial Plan that is adopted annually, by bylaw, before the annual property tax bylaw is adopted;

AND WHEREAS the City has undertaken a process of public consultation prior to the adoption of the Financial Plan;

NOW THEREFORE, the Council of the City of Langley, in open meeting assembled, enacts as follows:

- 1) Schedule "A", attached hereto and made part of the Bylaw, is adopted as the Financial Plan of the City of Langley for the period 2020 - 2024.
- 2) Schedule "B", attached hereto and made part of the Bylaw, is adopted as the Capital Improvement Plan of the City of Langley for the period 2020 – 2029.
- 3) Schedule "C", attached hereto and made part of the Bylaw, is adopted as the "Financial Plan Objectives and Policies" of the City of Langley for the period 2020 – 2024.

- 3) This Bylaw may be cited for all purposes as the "Financial Plan 2020 – 2024 Bylaw, 2020, No. 3120."

READ A FIRST AND SECOND TIME this twenty seventh day of January, 2020.

ADVERTISEMENTS WERE PLACED in the Langley Advance Times this twenty ninth day of January and this fifth day of February, 2020.

AN OPPORTUNITY FOR PUBLIC COMMENT this tenth day of February, 2020.

READ A THIRD TIME this tenth day of February, 2020.

FINALLY ADOPTED this – day of --, 2020.

MAYOR

CORPORATE OFFICER

Schedule "A"

CONSOLIDATED FINANCIAL PLAN SUMMARY								
	2018 Actual	2019 Budget	2019 YTD	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget
Consolidated Revenues								
Property Value Taxes	\$ 26,952,217	\$ 29,191,145	\$ 29,039,887	\$ 31,267,750	\$ 32,907,900	\$ 34,584,255	\$ 36,277,490	\$ 37,987,135
Fees and Charges	12,360,645	11,663,200	12,101,346	11,901,835	12,497,920	13,266,810	14,092,970	14,841,850
Revenue Other Services	13,476,249	10,965,475	11,996,400	11,061,640	11,060,770	11,059,880	11,058,970	11,058,040
	52,789,111	51,819,820	53,137,633	54,231,225	56,466,590	58,910,945	61,429,430	63,887,025
Consolidated Expenditures								
General Government Services	4,214,436	5,052,615	4,797,641	5,051,440	5,134,895	5,220,055	5,306,975	5,395,675
Policing Service	11,901,631	12,955,340	12,017,694	12,911,770	13,369,760	13,835,200	14,308,260	14,789,160
Fire Rescue Service	4,127,331	5,172,485	4,501,420	5,390,530	5,510,720	5,633,840	5,760,010	5,889,320
Other Protective Services	798,061	853,365	692,032	878,285	895,145	912,355	929,895	947,775
Engineering and Operations	3,034,421	3,148,070	3,074,127	3,242,115	3,282,770	3,324,240	3,366,530	3,409,630
Development Services	1,103,779	1,428,880	1,135,120	1,376,745	1,397,910	1,419,510	1,441,540	1,463,990
Solid Waste	655,515	689,770	679,614	709,610	727,680	745,920	764,320	782,910
Recreation	3,914,361	4,224,090	4,119,962	4,459,185	4,530,780	4,622,110	4,715,690	4,811,580
Parks	1,953,972	2,144,610	2,058,569	2,274,805	2,302,400	2,330,560	2,359,260	2,388,540
Sewer & Drainage	2,838,431	3,082,970	2,950,597	3,123,675	3,429,490	3,817,910	4,203,840	4,471,860
Water	3,460,509	3,779,195	3,606,564	3,769,660	3,953,970	4,230,510	4,566,710	4,942,520
Interest	31,198	55,200	50,834	55,200	55,200	55,200	55,200	55,200
Amortization	5,657,083	4,750,000	-	5,700,000	5,800,000	5,900,000	6,000,000	6,100,000
	43,690,728	47,336,590	39,684,174	48,943,020	50,390,720	52,047,410	53,778,230	55,448,160
Excess of revenue over expenditures	9,098,383	4,483,230	13,453,459	5,288,205	6,075,870	6,863,535	7,651,200	8,438,865
Add:								
Transfer from Reserve Accounts	774,703	1,321,565	632,000	927,565	927,565	927,565	927,565	927,565
Transfer from Statutory Reserves	-	-	-	-	-	-	-	-
Transfer from General Surplus	-	340,000	-	-	-	-	-	-
Transfer from Equity	5,657,083	4,750,000	-	5,700,000	5,800,000	5,900,000	6,000,000	6,100,000
	6,431,786	6,411,565	632,000	6,627,565	6,727,565	6,827,565	6,927,565	7,027,565
Deduct:								
Debt Servicing	-	-	-	827,665	1,655,330	2,482,995	3,310,660	4,138,325
Transfer to Reserve Accounts	10,761,987	9,249,825	10,271,242	9,343,135	9,403,135	9,463,135	9,523,135	9,583,135
Transfer to Statutory Reserves	4,681,118	1,644,970	3,203,400	1,744,970	1,744,970	1,744,970	1,744,970	1,744,970
	15,443,105	10,894,795	13,474,642	11,915,770	12,803,435	13,691,100	14,578,765	15,466,430
Surplus (Deficit)	\$ 87,064	\$ -	\$ 610,817	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule "B"

CAPITAL IMPROVEMENT PLAN - SUMMARY

<u>Capital Projects</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
General Government	10,812,370	10,047,500	5,447,500	7,647,500	8,047,500	47,500	47,500	47,500	47,500	47,500
Protective Services	742,230	922,250	1,469,750	199,750	2,550,000	60,000	50,000	50,000	50,000	50,000
Engineering Operations	3,523,200	2,589,200	21,378,630	5,428,975	1,453,200	13,461,200	4,518,705	7,900,300	2,818,675	20,931,655
Development Services	40,000	-	-	30,000	-	-	-	-	-	-
Parks & Recreation	1,451,500	2,381,000	565,000	2,150,000	2,830,000	740,000	795,000	1,240,000	790,000	10,850,000
Sewer Utility	1,994,000	350,000	2,459,500	4,346,125	2,050,000	3,423,870	2,017,615	1,105,355	1,302,850	5,675,895
Water Utility	835,000	1,065,000	2,784,010	2,489,840	1,450,550	1,931,550	2,079,910	1,558,805	926,925	2,262,855
Total Projects	19,398,300	17,354,950	34,104,390	22,292,190	18,381,250	19,664,120	9,508,730	11,901,960	5,935,950	39,817,905
<u>Available funding</u>										
Capital Works Reserve	1,310,035	1,053,760	1,303,855	52,666	164,391	2,127,685	999,926	959,035	27,545	1,583,250
Casino Revenues	3,324,000	3,773,435	18,186,575	4,598,435	5,481,915	7,640,005	4,569,145	7,436,290	3,153,977	19,431,300
Community Amenity Funds	197,875	75,750	-	-	-	-	-	-	-	-
Community Works (Gas Tax)	-	133,800	413,800	133,800	133,800	133,800	133,800	133,800	133,800	133,800
DCC's	1,372,890	503,690	1,001,755	2,351,774	652,165	8,225,540	2,075,275	2,037,936	1,883,820	13,860,080
Fire Department Equipment	-	55,000	420,000	-	-	-	-	-	-	-
Future Police Cost Reserve	207,230	149,750	149,750	149,750	35,000	35,000	35,000	35,000	35,000	35,000
Grants	735,270	450,000	533,335	-	-	-	-	-	-	500,000
Machinery Replacement	540,000	516,000	180,000	185,000	155,000	190,000	180,000	180,000	180,000	180,000
Municipal Road Network Reser	50,000	-	-	2,136,000	-	-	-	-	-	1,600,000
Office Equipment	50,000	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500
Parks & Recreation	216,750	202,375	14,225	332,150	217,900	74,275	279,275	179,150	173,000	181,750
Sewer Future Capital	454,750	128,890	704,935	1,289,515	565,750	531,805	528,900	267,299	37,780	1,302,370
Special Bond Reserve	104,500	-	-	-	-	-	-	-	-	-
Water Future Capital	835,000	265,000	1,148,660	1,015,600	927,830	658,510	659,910	625,950	263,528	962,855
Total Funding	9,398,300	7,354,950	24,104,390	12,292,190	8,381,250	19,664,120	9,508,730	11,901,960	5,935,950	39,817,905
Project Specific Borrowing	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	-	-	-	-	-
Debt Require to Fund Projects	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	-	-	-	-	-



BYLAW NO. 3120
Schedule 'C'
Financial Plan Objectives and Policies

In accordance with Section 165(3.1) of the Community Charter, the City of Langley is required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the Community Charter,
2. The distribution of property taxes among the property classes, and
3. The use of permissive tax exemptions

1) Funding Sources

The following table shows the proportion of total revenue to be raised from each funding source in 2020.

Revenue Source	% of Total Revenues	Dollar Value
Property Value Taxes	57.66%	\$31,267,750
User Fees and Charges	21.95%	11,901,835
Revenue from Other Sources	2.56%	1,388,360
Casino Proceeds	13.27%	7,200,000
Government Grants	4.56%	2,473,280
Total	100%	\$54,231,225

Property taxes form the greatest proportion of revenues. As a revenue source, property taxation is efficient to administer and understandable for the residents. It is a stable and reliable source of revenue to fund core services like general administration, police services, fire services, bylaw enforcement, and street lighting which would be difficult to fund on a user pay basis.

User fees and charges form the second largest portion of the revenues. Water and sewer usage are billed based on the water meter consumption. Building permit, business licenses and sale of services are also on a user pay basis which attempts to apportion the value of the services provided to those who use the service.

Casino proceeds are used primarily to fund capital infrastructure renewal.

Objective

To maintain the property value tax proportion to the same proportion that it is currently.

Policies

The City will review all user fee levels to ensure they are adequately meeting both the capital and delivery costs of the services.

2) Distribution of Property Tax Rates

The following table outlines the distribution of property taxes among the property tax classes.

Property Class	% of Total Property Taxation	Dollar Value
Residential (1)	49.60%	\$15,508,347
Utilities (2)	0.60%	188,039
Light Industrial (5)	5.96%	1,863,960
Business & Other (6)	43.57%	13,621,732
Recreation / Non Profit (8)	0.27%	85,641
Farmland (9)	0.00%	31
Total	100.00%	\$31,267,750

The residential property tax class provides the largest proportion of property tax revenue which is consistent with most other jurisdictions.

Objective

To maintain the 1:3 ratio between the residential and business class properties. The taxable assessed values of business properties increased disproportionately compared to residential properties, this required a deviation from previous ratio in order to not over burden business and light industrial property owners. The ratio in 2020 will be 1:2.6 between the residential and business class and 1:2.5 for between the residential and light industrial class.

Policies

Continue where possible to supplement the revenues from user fees and charges to help offset the burden on the entire property tax base. Maintain the ratio of the residential to business class close to the average ratio in Metro Vancouver.

3) Permissive Tax Exemption

The City has an existing permissive tax exemption policy which guides the administration and approval of permissive tax exemptions every year.

Objective

The City will continue to support those organizations that have received a permissive tax exemption in the past and review new applications as they arise.

Policies

The City adopted a new permissive tax exemption bylaw in the Fall of 2019. The City also adopted a revitalization tax exemption to support the efforts identified in the Downtown Master Plan.



EXPLANATORY NOTE

BYLAW No. 3120

City Council has adopted a bold vision with the Nexus of Community Plan. Currently underway are the Official Community Plan and Zoning Bylaw updates and work has begun on the Nicomekl River District Neighbourhood Plan. Excitement is building for what the future might bring to Langley City.

With the anticipated arrival of SkyTrain to Langley City within the next eight to ten years, the City needs to capitalize on this once in a generation opportunity and implement long-term community-building initiatives.

The City can play a key role in directing the type of redevelopment of the properties along the transit corridor to shape growth and create new amenities, facilities and services.

To make the Nexus of Community Plan a reality, the City plans to invest up to \$50 million in four important community building initiatives that include:

- \$31 million in strategic land acquisitions
- \$3 million in parks and trails improvements
- \$6 million in Downtown Langley infrastructure upgrades
- \$10 million in City and recreation facilities expansions and enhancements

These investments will improve the quality of life for all residents, allow the City to lead redevelopment through strategic property acquisition, take advantage of partnership opportunities, and deliver greater long-term financial gains to support residential and business programs.

The 2020–2024 Financial Plan anticipates borrowing \$10 million per year over the next five years to fund the investments. Each investment will be repaid over a 15 year period through modest annual property tax increases (less than 3% per year in the first five years).

In 2020, the five year financial plan includes \$54.2 million in operating expenditures and a further \$19.4 million in capital expenditures. Approximately 74% of the operating expenditures are funded through property taxes and utility charges billed at the end of May each year.

New assessment growth in 2020 will generate \$275,000 of additional tax revenues. The net increase in expenditures is \$1,121,405, or a 3.84% tax increase, and the debt servicing cost from the Nexus Investment Plan is \$827,665, or a 2.83% tax increase. The net taxation increase, therefore, is \$1,949,070 or 6.67%.

Although the total net increase in expenditures results in a 6.67% overall taxation increase, including utility rate increases, the average changes in 2020 are as follows:

Classification	Average Assessed Value	Annual Increase	Monthly Increase	% Increase
Single family	\$858,799	\$ 179	\$ 14.95	5.65%
Multi-family	\$401,664	\$ 86	\$ 7.14	5.52%

Business class properties will see an average increase of 6.93% and Light Industrial properties a 7.05% increase. This rate maintains a competitive ratio between residential and business class properties, ensuring the Langley City remains an attractive municipality to locate a business.

The City is anticipating \$7.2 million in casino proceeds to be received in 2020. This funding will be used to address infrastructure renewal for capital projects like:

- Office Space reconfiguration at City Hall / Timms Community Centre
- Self-Contained Breathing Apparatus (SCBA) investments for the Fire Service
- Road Rehabilitation (Paving)
- Pave Walkways on Grade Crescent & 48 Avenue
- Large Diameter Culvert Cleaning & Inspection
- 47A Avenue Relining the Storm Sewer

In addition, the City will allocate \$168,000 of casino proceeds towards community grants and a further \$168,000 to the Enterprise Fund to be used at Council's discretion for expenditures that are not otherwise anticipated during the year and budget cycle.

The City of Langley's 2020 Financial Plan provides for a number of improvements to parks and boulevards, focus on infrastructure renewal and recreational opportunities, reinforcing Langley City's reputation as the Place to Be!