



EXPLANATORY NOTE

BYLAW No. 3151

Just under a year ago, the City was excited about a bold vision with the adoption of the Nexus of Community Plan. However, COVID-19 has caused us to pause and reprioritize how we move forward during a world-wide pandemic. Even with supports from senior levels of government for the municipality, businesses and individual taxpayers, there is still much uncertainty how 2021 will unfold.

We know that interest rates have reduced significantly affecting our investment income. The casino is currently closed so we have conservatively estimated that it will remain closed throughout 2021 and the City will not receive any casino revenues this year. Fortunately, the City has reserved some of the previously received casino proceeds so some of the Capital Improvement Plan projects can still move forward; however, other projects like the Engineering Operation Centre building, will be deferred into the future.

During the recent provincial election, the Provincial government committed to bringing the SkyTrain to Langley City. To be ready for that, we need to forge ahead with our plans that are being drafted like the Official Community Plan, Zoning Bylaw updates and the Nicomekl River District Neighbourhood Plan. Because land acquisition is a vital part of these plans, we are asking City Council to consider borrowing \$7.5 million in 2021, rather than the full \$50 million in borrowing being considered at this time last year. We may revisit other borrowing opportunities in future Capital Improvement Plans once the pandemic's uncertainty is better understood. We believe this is a balanced approach to moving forward.

The 2021–2025 Financial Plan anticipates borrowing \$7.5 million in 2021 to fund the investments. The investment will be repaid over a 15 year period through a property tax increases of 1.93%.

In 2021, the five year financial plan includes \$48.3 million in operating expenditures and a further \$18.8 million in capital expenditures. Approximately 85% of the operating expenditures are funded through property taxes and utility charges billed at the end of May each year.

New assessment growth in 2021 will generate \$350,000 of additional tax revenues. The net increase in expenditures is \$819,655, or a 2.75% tax increase, and the debt servicing cost from the Nexus Investment Plan is \$576,580, or a 1.93% tax increase. The net taxation increase, therefore, is \$1,396,235 or 4.68%.

Although the total net increase in expenditures results in a 4.68% overall taxation increase, including utility rate increases, the average changes in 2021 are as follows:

| Classification | Average Assessed Value | Annual Increase | Monthly Increase | % Increase |
|-----------------------|-------------------------------|------------------------|-------------------------|-------------------|
| Single family | \$878,050 | \$ 154 | \$ 12.85 | 4.74% |
| Multi-family | \$415,074 | \$ 90 | \$ 7.50 | 5.67% |

Business class properties will see an average increase of 3.85% and Light Industrial properties a 5.05% 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 of Langley’s 2021 Financial Plan provides several improvements to parks, focuses on infrastructure renewal and recreational opportunities, reinforcing Langley City’s reputation as the Place to Be!



2021 – 2025 FINANCIAL PLAN

BYLAW No. 3151

A Bylaw to adopt the Financial Plan for 2021 - 2025.

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 2021 - 2025.
- 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 2021 – 2030.
- 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 2021 – 2025.

- 3) This Bylaw may be cited for all purposes as the "Financial Plan 2021 – 2025 Bylaw, 2021, No. 3151."

READ A FIRST AND SECOND TIME this -- day of --, 2021.

ADVERTISEMENTS WERE PLACED in the Langley Advance Times this -- day of -- and this this -- day of --, 2021.

AN OPPORTUNITY FOR PUBLIC COMMENT this this -- day of --, 2021.

READ A THIRD TIME this -- day of --, 2021.

FINALLY ADOPTED this -- day of --, 2021.

MAYOR

CORPORATE OFFICER

Schedule "A"

| CONSOLIDATED FINANCIAL PLAN SUMMARY | | | | | | | | |
|--|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2019 Actual | 2020 Budget | 2020 YTD | 2021 Budget | 2022 Budget | 2023 Budget | 2024 Budget | 2025 Budget |
| Consolidated Revenues | | | | | | | | |
| Property Value Taxes | \$ 29,026,233 | \$ 29,854,230 | \$ 29,790,916 | \$ 31,435,365 | \$ 32,352,020 | \$ 33,366,670 | \$ 34,398,380 | \$ 35,447,460 |
| Fees and Charges | 11,911,543 | 12,301,835 | 11,902,594 | 12,475,830 | 12,872,010 | 13,309,530 | 13,941,180 | 14,673,720 |
| Revenue Other Services | 12,645,318 | 11,061,640 | 4,655,843 | 4,438,760 | 8,684,010 | 8,715,610 | 8,747,420 | 8,759,470 |
| | 53,583,094 | 53,217,705 | 46,349,353 | 48,349,955 | 53,908,040 | 55,391,810 | 57,086,980 | 58,880,650 |
| Consolidated Expenditures | | | | | | | | |
| General Government Services | 4,722,768 | 5,023,585 | 4,714,089 | 5,153,120 | 5,188,030 | 5,280,300 | 5,374,460 | 5,470,540 |
| Policing Service | 12,027,969 | 12,833,470 | 7,017,274 | 13,530,225 | 13,815,260 | 14,159,380 | 14,512,090 | 14,873,560 |
| Fire Rescue Service | 4,601,718 | 5,375,530 | 4,729,362 | 5,419,300 | 5,512,600 | 5,633,030 | 5,756,480 | 5,882,960 |
| Other Protective Services | 805,176 | 878,285 | 697,583 | 881,435 | 912,250 | 929,860 | 947,810 | 966,130 |
| Engineering and Operations | 3,230,663 | 3,242,115 | 3,009,287 | 3,232,620 | 3,279,340 | 3,327,000 | 3,375,590 | 3,425,110 |
| Development Services | 1,322,000 | 1,376,745 | 1,042,010 | 1,343,150 | 1,384,920 | 1,427,130 | 1,469,780 | 1,492,920 |
| Solid Waste | 683,060 | 709,610 | 637,018 | 715,160 | 736,470 | 762,430 | 788,900 | 815,860 |
| Recreation | 4,137,361 | 4,450,485 | 3,489,696 | 4,496,160 | 4,581,050 | 4,661,550 | 4,744,120 | 4,828,750 |
| Parks | 2,027,621 | 2,268,805 | 2,176,231 | 2,316,760 | 2,349,710 | 2,383,350 | 2,417,630 | 2,452,610 |
| Sewer & Drainage | 2,984,235 | 3,123,675 | 3,079,428 | 3,083,180 | 3,218,350 | 3,361,230 | 3,512,220 | 3,671,830 |
| Water | 3,473,485 | 3,769,660 | 3,493,777 | 3,832,430 | 3,925,660 | 4,042,150 | 4,343,500 | 4,735,980 |
| Interest | 54,863 | 55,200 | 22,973 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 |
| Amortization | 5,959,166 | 5,700,000 | - | 6,000,000 | 6,100,000 | 6,200,000 | 6,300,000 | 6,400,000 |
| | 46,030,085 | 48,807,165 | 34,108,728 | 50,012,540 | 51,012,640 | 52,176,410 | 53,551,580 | 55,025,250 |
| Excess of revenue over expenditures | 7,553,009 | 4,410,540 | 12,240,625 | (1,662,585) | 2,895,400 | 3,215,400 | 3,535,400 | 3,855,400 |
| Add: | | | | | | | | |
| Transfer from Reserve Accounts | 654,433 | 927,565 | - | 135,000 | 927,565 | 927,565 | 927,565 | 927,565 |
| Transfer from Statutory Reserves | - | - | - | - | - | - | - | - |
| Transfer from General Surplus | - | - | - | 40,000 | - | - | - | - |
| Transfer from Equity | 5,959,166 | 5,700,000 | - | 6,000,000 | 6,100,000 | 6,200,000 | 6,300,000 | 6,400,000 |
| | 6,613,599 | 6,627,565 | - | 6,175,000 | 7,027,565 | 7,127,565 | 7,227,565 | 7,327,565 |
| Deduct: | | | | | | | | |
| Debt Servicing | - | - | - | 576,580 | 576,580 | 576,580 | 576,580 | 576,580 |
| Transfer to Reserve Accounts | 11,970,125 | 9,343,135 | 2,926,173 | 2,240,865 | 7,360,865 | 7,480,865 | 7,600,865 | 7,720,865 |
| Transfer to Statutory Reserves | 2,176,107 | 1,694,970 | 1,701,955 | 1,694,970 | 1,985,520 | 2,285,520 | 2,585,520 | 2,885,520 |
| | 14,146,232 | 11,038,105 | 4,628,128 | 4,512,415 | 9,922,965 | 10,342,965 | 10,762,965 | 11,182,965 |
| Surplus (Deficit) | \$ 20,376 | \$ - | \$ 7,612,497 | \$ - | \$ - | \$ - | \$ - | \$ - |



**BYLAW NO. 3151
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 2021.

| Revenue Source | % of Total Revenues | Dollar Value |
|---------------------------|---------------------|---------------------|
| Property tax revenue | 65.02% | \$31,435,365 |
| Grants in lieu of taxes | 1.20% | 581,285 |
| User fees & other revenue | 27.14% | 13,121,690 |
| Gaming proceeds | 0.00% | 0 |
| Government transfers | 5.45% | 2,637,615 |
| Investment earnings | 1.19% | 574,000 |
| Total | 100% | \$48,349,955 |

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. Properties held by government organization which are exempt from taxation grant the City funds in lieu of property taxation.

User fees & other revenue 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. In 2021, due to the current COVID-19 pandemic, and related closure of the casino, gaming funds have not been included in the current year.

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) | 50.4% | \$15,828,543 |
| Utilities (2) | 0.6% | 203,296 |
| Light Industrial (5) | 6.0% | 1,891,407 |
| Business & Other (6) | 42.7% | 13,431,203 |
| Recreation / Non Profit (8) | 0.3% | 80,886 |
| Farmland (9) | 0.0% | 30 |
| Total | 100.00% | \$31,435,365 |

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 2021 will be 1:2.54 between the residential and business class and 1:2.28 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 2020. The City also adopted a revitalization tax exemption to support the efforts identified in the Downtown Master Plan.