



## **EXPLANATORY NOTE**

### **BYLAW No. 3194**

The COVID-19 pandemic has lingered longer than anyone would have thought. There is still some uncertainty how it will continue to impact the City's finances. The City has anticipated the casino will continue to operate throughout the year and have therefore increased the revenues back to \$7 million. Should things change, we may need to revisit the Capital Improvement Plan, funded by casino proceeds, in the following years.

Policing costs have increased substantially following the first-time union contract for RCMP members. While the City had anticipated an increase and had built in a 2.5% increase each year since 2017, the Federal Government negotiated settlement was still higher than planned for. As policing is already the largest department in the City's budget, the increase in 2022 has affected the overall tax rate quite significantly. This RCMP cost has increased the overall tax rate by 4%.

Fortunately, with the newly adopted Official Community Plan now in place, new construction growth in the City is bringing in new taxation revenues and building permit fees helping to offset the increase in policing expenditures.

SkyTrain will bring additional positive momentum to development in the City. New housing stock anticipated in the Nexus of Community plan is starting to come to fruition. Langley City has a bright future to look forward to.

In 2022, the five year financial plan includes \$58.36 million in operating expenditures and a further \$17.45 million in capital expenditures. Approximately 75% of the operating expenditures are funded through property taxes and utility charges billed at the end of May each year.

The 2022 Financial Plan currently has a gap of \$1,368,070 between total revenues and planned expenditures which equates to a 4.35% increase in property taxes to balance the budget.

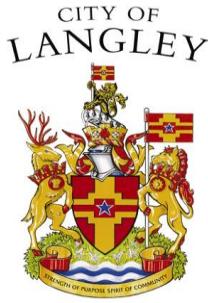
The impact of a 4.35% property tax increase affects each class or type of property differently depending on how the individual property assessments have changed. The Province only allows municipalities to have one tax rate for all residential class properties. The assessed value of single family homes increased 38% whereas multi-family homes have only increased half as much at 19%. When the overall tax rate increase of 4.35% is applied, it has a bigger impact on single family homes.

Including utility rate increases, the average changes in 2022 are as follows:

<b>Classification</b>	<b>Average Assessed Value</b>	<b>Annual Change</b>	<b>Monthly Change</b>	<b>% Change</b>
Multi-family	\$489,329	(\$ 4)	(\$ 0.32)	(0.23%)
Single family	\$1,211,484	\$ 349	\$ 29.10	10.25%

The average business property will see an increase of 6.14 % if their property tax assessment increased 15.76%. The average light industrial property will increase 6.12% if their property tax assessment increased 23.33%. For properties that have assessment changes higher or lower than the average, the property tax increase will also change. 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 2022 Capital Improvement Plan provides for the replacement of a 20 year old fire truck, and focuses on water and sewer infrastructure renewal reinforcing Langley City's reputation as the Place to Be!



## **2022 – 2026 FINANCIAL PLAN**

### **BYLAW No. 3194**

A Bylaw to adopt the Financial Plan for 2022 - 2026.

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 2022 - 2026.
- 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 2022 – 2031.
- 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 2022 – 2026.

- 4) This Bylaw may be cited for all purposes as the "Financial Plan 2022 – 2026 Bylaw, 2022, No. 3194."

READ A FIRST AND SECOND TIME this twenty-fourth day of January, 2022.

ADVERTISEMENTS WERE PLACED in the Langley Advance Times this twentieth and twenty-seventh day of January, 2022.

AN OPPORTUNITY FOR PUBLIC COMMENT this seventh day of February, 2022.

READ A THIRD TIME AS AMENDED this seventh day of March, 2022.

FINALLY ADOPTED this -- day of --, 2022.

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**MAYOR**

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**CORPORATE OFFICER**

**Schedule "A"**

<b>CONSOLIDATED FINANCIAL PLAN SUMMARY</b>								
	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 YTD</b>	<b>2022 Budget</b>	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>2025 Budget</b>	<b>2026 Budget</b>
<b>Consolidated Revenues</b>								
Property Value Taxes	\$ 29,790,916	\$ 31,435,365	\$ 31,410,464	\$ 33,364,435	\$ 34,457,730	\$ 35,616,140	\$ 36,822,000	\$ 38,145,190
Fees and Charges	12,200,224	12,475,830	12,949,934	14,114,870	15,017,040	16,057,110	17,219,000	18,520,870
Revenue Other Services	9,427,391	4,438,760	5,986,619	10,879,750	10,887,360	10,895,130	10,903,060	10,911,160
	51,418,531	48,349,955	50,347,017	58,359,055	60,362,130	62,568,380	64,944,060	67,577,220
<b>Consolidated Expenditures</b>								
General Government Services	4,630,495	5,153,120	5,233,085	5,706,015	5,679,480	5,766,710	5,855,760	5,953,190
Policing Service	12,919,401	13,530,225	6,956,088	15,072,770	15,508,450	15,956,890	16,418,420	16,893,460
Fire Rescue Service	4,869,832	5,419,300	5,205,212	5,565,590	5,692,500	5,822,610	5,955,870	6,092,440
Other Protective Services	789,379	881,435	716,992	903,830	922,560	941,740	961,340	981,360
Engineering and Operations	2,958,043	3,232,620	3,136,025	3,524,535	3,624,230	3,726,940	3,778,960	3,832,090
Development Services	1,055,442	1,343,150	1,247,414	1,444,980	1,467,400	1,490,270	1,513,620	1,537,430
Solid Waste	688,451	715,160	491,829	777,090	815,330	855,480	897,620	941,860
Recreation	3,684,252	4,496,160	3,791,632	4,571,020	4,637,050	4,702,950	4,770,240	4,832,300
Parks	2,080,367	2,316,760	2,380,899	2,333,895	2,367,860	2,402,420	2,437,710	2,473,640
Sewer & Drainage	3,096,499	3,083,180	3,065,204	3,305,610	3,627,380	3,995,940	4,418,320	4,902,570
Water	3,691,576	3,832,430	3,673,107	4,227,760	4,498,320	4,789,790	5,103,830	5,442,200
Interest	25,879	9,000	18,001	12,400	12,400	12,400	12,400	12,400
Amortization	5,959,166	5,700,000	-	6,000,000	6,100,000	6,200,000	6,300,000	6,400,000
	46,448,782	49,712,540	35,915,488	53,445,495	54,952,960	56,664,140	58,424,090	60,294,940
<b>Excess of revenue over expenditures</b>	<b>4,969,749</b>	<b>(1,362,585)</b>	<b>14,431,529</b>	<b>4,913,560</b>	<b>5,409,170</b>	<b>5,904,240</b>	<b>6,519,970</b>	<b>7,282,280</b>
<b>Add:</b>								
Transfer from Reserve Accounts	901,506	135,000	-	927,565	927,570	927,570	927,570	927,570
Transfer from Statutory Reserves	-	-	-	-	-	-	-	-
Transfer from General Surplus	-	40,000	-	100,000	-	-	-	-
Transfer from Equity	5,959,166	5,700,000	-	6,000,000	6,100,000	6,200,000	6,300,000	6,400,000
	6,860,672	5,875,000	-	7,027,565	7,027,570	7,127,570	7,227,570	7,327,570
<b>Deduct:</b>								
Debt Servicing	-	576,580	-	604,415	604,420	604,420	604,420	604,420
Transfer to Reserve Accounts	4,676,536	2,240,865	1,360,000	9,549,210	9,793,710	10,074,890	10,398,260	10,770,120
Transfer to Statutory Reserves	7,142,400	1,694,970	1,644,795	1,787,500	2,038,610	2,352,500	2,744,860	3,235,310
	11,818,936	4,512,415	3,004,795	11,941,125	12,436,740	13,031,810	13,747,540	14,609,850
<b>Surplus (Deficit)</b>	<b>\$ 11,485</b>	<b>\$ -</b>	<b>\$ 11,426,734</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>





**BYLAW NO. 3194**  
**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 2022.

Revenue Source	% of Total Revenues	Dollar Value
Property tax revenue	57.17%	\$33,364,435
Grants in lieu of taxes	0.99%	578,600
User fees & other revenue	25.41%	14,829,885
Gaming proceeds	12.00%	7,000,000
Government transfers	3.27%	1,910,385
Investment earnings	1.16%	675,750
<b>Total</b>	<b>100%</b>	<b>\$58,359,055</b>

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.

**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)	50.9%	\$16,971,130
Utilities (2)	0.7%	233,578
Light Industrial (5)	6.0%	2,012,053
Business & Other (6)	42.1%	14,060,717
Recreation / Non Profit (8)	0.3%	86,932
Farmland (9)	0.0%	25
<b>Total</b>	<b>100.00%</b>	<b>\$33,364,435</b>

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 2022 will be 1:2.855 between the residential and business class and 1:2.405 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 2021. The City also adopted a revitalization tax exemption to support the efforts identified in the Downtown Master Plan.