



## EXPLANATORY NOTE

### BYLAW No. 3233

There are four key areas of concentration within the Financial Plan:

- SkyTrain preparedness
- Infrastructure renewal
- Public Safety
- Social Planning

#### ***SkyTrain preparedness***

In 2020, the City planned to borrow \$50 million over a period of 5 years, in order to prepare the City for the arrival of SkyTrain. With the onset of COVID-19, the plan was paused and the initial borrowing of \$7.5 million was approved in the City's 2021 Capital Improvement Plan, in order to undertake property purchases relating to the SkyTrain project. This year in 2023, another \$15 million is proposed to be borrowed to fund strategic property acquisitions.

#### ***Infrastructure renewal***

Council has recognized that infrastructure renewal is important. There is currently an infrastructure funding gap between the total cost of replacements and the available annual capital funding. In order to replace aging infrastructure, more tax dollars have been allocated to build up reserve funds.

Each year, the City allocates approximately 8% of the tax and utility fees collected, towards capital infrastructure renewal. The City added \$150,000 to the allocation to the Sewer Future Capital Reserve and \$220,000 to the Water Future Capital Reserve bringing the total annual allocation for both reserves to \$1 million. We are also increasing the annual allocation to the Capital Works Reserve by a 1% overall property tax increase, bringing the total annual allocation to this reserve to \$1.3 million.

These allocations will allow \$1.4 million in sanitary and storm sewer point repairs to be undertaken and \$1.1 million in asbestos cement water main replacements along with another \$700,000 for water main valve replacements.

Our largest individual capital project is the rehabilitation of some of the City's oldest infrastructure under the Fraser Highway one-way section between 204 St and 206 St. This project will be funded over two years and in total will be \$18.2 million. In addition to utility replacements, the end result will also improve the streetscape, underground the hydro lines and green the downtown with the replanting of boulevard trees. Our

downtown is unique and will benefit from the increase densification around the SkyTrain station.

COVID-19 taught us that outdoor and recreational amenities are important. We will be making improvements at Douglas Park, City Park, and amenities at neighbourhood parks throughout the City, investing in boulevard trees and watering capabilities in advance of very hot weather that has been experienced in the past two years.

We will be enhancing the improvements being undertaken at the Douglas Recreation Centre as part of the overall renovation of that facility bringing more childcare spaces to the community. We will add recreation staff to focus on children as well as the aquatics programs at the Al Anderson Memorial Pool.

### ***Public Safety***

During the election campaign, Council members heard from the community that public safety was top of mind. It is proposed that a Citizen's Assembly on Community Safety Reform be established which will engage representatives of the public to collaborate with experts from community organizations and emergency services across the region to put forward solutions to rebuild trust and confidence in the safety of our community.

The tragic events relating to the individuals shot in our community last summer has highlighted the need to address gun violence. Building a Safer Langley is a partnership with the federal government to support prevention and intervention initiatives that address gun and gang violence in the community. Funding of \$154,955 has been allocated toward the first year of this program.

The City will hire firefighters and public safety personnel to keep pace with the growth of the community.

### ***Social Planning***

As well, social issues relating to mental health, addictions, and homelessness were brought forward by the community. The city will host a series of collaborative dialogues that focus on these critical community issues synthesizing local initiatives that are currently underway and implementing best practices to address social issues and build community resiliency and well-being. We have added staffing resources in the operating budget to help carryout this ongoing advocacy work.

In 2023, the five year financial plan includes \$65 million in operating expenditures and a further \$47 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 2023 Financial Plan currently has a gap of \$3,863,160 between total revenues and planned expenditures which equates to a 11.56% increase in property taxes to balance the budget.

The impact of a 11.56% property tax increase affects each class or type of property differently depending on how the individual property assessments have changed.

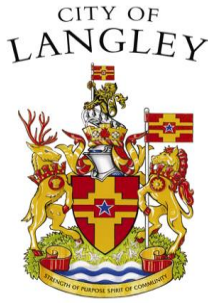
The Province only allows municipalities to have one tax rate for all residential class properties. The assessed value of single family homes increased 16% whereas multi-family homes have increased more at 19%. When the overall tax rate increase of 11.56% is applied, it has a bigger impact on multi-family homes.

Including utility rate increases, the average changes in 2023 are as follows:

<b>Classification</b>	<b>Average Assessed Value</b>	<b>Annual Change</b>	<b>Monthly Change</b>	<b>% Change</b>
Multi-family	\$582,203	\$ 192	\$ 16.00	11.56%
Single family	\$1,403,232	\$ 379	\$ 31.60	10.09%

The average business property will see an increase of 11.92% if their property tax assessment increased 17.77%. The average light industrial property will increase 11.98% if their property tax assessment increased 35.40%. 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 Financial Plan will position the City to capture the positive momentum the SkyTrain will bring to ensure Langley City continues as the Place to Be!



## **2023 – 2027 FINANCIAL PLAN**

### **BYLAW No. 3233**

A Bylaw to adopt the Financial Plan for 2023 - 2027.

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 2023 - 2027.
- 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 2023 – 2032.
- 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 2023 – 2027.

- 4) This Bylaw may be cited for all purposes as the "Financial Plan 2023 – 2027 Bylaw, 2023, No. 3233."

READ A FIRST AND SECOND TIME this thirtieth day of January, 2023.

ADVERTISEMENTS WERE PLACED in the Langley Advance Times this second and ninth day of February, 2023.

AN OPPORTUNITY FOR PUBLIC COMMENT PROVIDED this -- day of --, 2023.

READ A THIRD TIME AS AMENDED this -- day of --, 2023.

FINALLY ADOPTED this -- day of --, 2023.

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**MAYOR**

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**CORPORATE OFFICER**

**Schedule "A"**

<b>CONSOLIDATED FINANCIAL PLAN SUMMARY</b>								
	<b>2021 Actual</b>	<b>2022 Budget</b>	<b>2022 YTD</b>	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>2025 Budget</b>	<b>2026 Budget</b>	<b>2027 Budget</b>
<b>Consolidated Revenues</b>								
Property Value Taxes	\$ 31,410,464	\$ 33,364,435	\$ 33,355,645	\$ 37,724,095	\$ 39,298,070	\$ 40,991,970	\$ 42,776,710	\$ 44,659,300
Fees and Charges	13,474,134	14,114,870	13,982,845	14,952,120	16,160,810	17,423,760	18,871,620	20,697,760
Revenue Other Services	8,524,493	10,879,750	10,002,750	12,469,220	12,447,420	12,445,950	12,444,440	12,442,880
	<b>53,409,091</b>	<b>58,359,055</b>	<b>57,341,240</b>	<b>65,145,435</b>	<b>67,906,300</b>	<b>70,861,680</b>	<b>74,092,770</b>	<b>77,799,940</b>
<b>Consolidated Expenditures</b>								
General Government Services	5,021,816	5,706,015	5,233,785	6,317,515	6,476,150	6,644,370	6,817,700	6,996,350
Policing Service	13,432,702	15,072,770	11,920,135	15,564,740	16,337,475	17,148,855	18,000,785	18,895,295
Fire Rescue Service	5,056,266	5,565,590	4,960,689	6,578,040	6,740,180	6,907,220	7,079,290	7,256,540
Other Protective Services	798,240	903,830	693,188	934,945	965,330	996,800	1,029,440	1,063,250
Engineering and Operations	3,148,263	3,524,535	3,361,244	3,889,485	3,980,640	4,074,760	4,171,990	4,272,400
Development Services	1,229,414	1,444,980	1,390,966	1,603,450	1,641,420	1,680,560	1,720,820	1,762,340
Solid Waste	715,036	777,090	670,737	819,130	859,400	901,670	946,040	992,610
Recreation	3,924,284	4,571,020	4,208,489	5,021,310	5,124,385	5,284,485	5,450,925	5,624,025
Parks	2,261,854	2,333,895	2,204,988	2,610,605	2,666,000	2,723,180	2,782,190	2,843,160
Sewer & Drainage	3,148,795	3,305,610	2,960,085	3,577,570	4,230,300	4,742,060	5,409,910	6,344,150
Water	4,185,912	4,227,760	4,021,464	4,228,420	4,534,130	5,033,560	5,560,260	6,197,250
Interest	18,032	12,400	55,276	180,650	180,650	180,650	180,650	180,650
Amortization	5,959,166	6,000,000	-	6,400,000	6,500,000	6,600,000	6,700,000	6,800,000
	<b>48,899,780</b>	<b>53,445,495</b>	<b>41,681,046</b>	<b>57,725,860</b>	<b>60,236,060</b>	<b>62,918,170</b>	<b>65,850,000</b>	<b>69,228,020</b>
<b>Excess of revenue over expenditure</b>	<b>4,509,311</b>	<b>4,913,560</b>	<b>15,660,194</b>	<b>7,419,575</b>	<b>7,670,240</b>	<b>7,943,510</b>	<b>8,242,770</b>	<b>8,571,920</b>
<b>Add:</b>								
Transfer from Reserve Accounts	598,682	927,565	-	927,565	927,570	927,570	927,570	927,570
Transfer from Statutory Reserves	-	-	-	-	-	-	-	-
Transfer from General Surplus	-	100,000	-	-	-	-	-	-
Transfer from Equity	5,959,166	6,000,000	-	6,400,000	6,500,000	6,600,000	6,700,000	6,800,000
	<b>6,557,848</b>	<b>7,027,565</b>	<b>-</b>	<b>7,327,565</b>	<b>7,427,570</b>	<b>7,527,570</b>	<b>7,627,570</b>	<b>7,727,570</b>
<b>Deduct:</b>								
Debt Servicing	-	604,415	126,000	1,949,180	1,949,180	1,949,180	1,949,180	1,949,180
Transfer to Reserve Accounts	8,197,880	9,549,210	7,808,847	10,676,810	10,876,810	11,076,810	11,276,810	11,476,810
Transfer to Statutory Reserves	2,905,700	1,787,500	1,333,793	2,121,150	2,271,820	2,445,090	2,644,350	2,873,500
	<b>11,103,580</b>	<b>11,941,125</b>	<b>9,268,640</b>	<b>14,747,140</b>	<b>15,097,810</b>	<b>15,471,080</b>	<b>15,870,340</b>	<b>16,299,490</b>
<b>Surplus (Deficit)</b>	<b>\$ (36,421)</b>	<b>\$ -</b>	<b>\$ 6,391,554</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>





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 2023.

Revenue Source	% of Total Revenues	Dollar Value
Property tax revenue	57.91%	\$37,724,095
Grants in lieu of taxes	0.95%	620,650
User fees & other revenue	24.16%	15,735,815
Gaming proceeds	11.51%	7,500,000
Government transfers	3.08%	2,004,875
Investment earnings	2.39%	1,560,000
<b>Total</b>	<b>100.00%</b>	<b>\$65,145,435</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)	51.3%	\$19,374,791
Utilities (2)	0.8%	299,974
Light Industrial (5)	6.0%	2,264,463
Business & Other (6)	41.6%	15,677,139
Recreation / Non Profit (8)	0.3%	107,704
Farmland (9)	0.0%	24
<b>Total</b>	<b>100.00%</b>	<b>\$37,724,095</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 2023 will be 1:2.810 between the residential and business class and 1:2.06 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 2022. The City also adopted a revitalization tax exemption to support the efforts identified in the Downtown Master Plan.