



## EXPLANATORY NOTE

### BYLAW NO. 3011

The purpose of Bylaw No. 3011 is to adopt the 2017 - 2021 Financial Plan. In 2017, our five year financial plan includes \$44.4 million in operating expenditures and a further \$21.8 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 2017 will generate additional tax revenues of \$235,000. The total net increase in expenditures is \$883,595 or a 3.61% taxation increase.

Based on the results from the recently completed Community Survey and the feedback received from the neighbourhood meetings, there were a number of priority areas identified for the City to focus on such as public safety, homelessness, the upkeep of parks, boulevards and trails, infrastructure renewal and recreational opportunities. City Council has heard from the taxpayer, and this financial plan was developed to address these priority areas.

One of our biggest priorities for 2017 is to address some concerns surrounding homelessness and public safety. The City has included in the budget a provision for additional bylaw enforcement staffing and a Community Liaison position to work with social service agencies and oversee the implementation of the Homelessness Strategic Plan and Community Crime Prevention Strategic Plan. The RCMP costs represent the largest departmental expenditure in the budget, and the proposed policing increase will lower the vacancy rate at the detachment, resulting in more of the RCMP members being deployed in the City. The City will also address public safety by enhancing the emergency radio system with the Langley City Fire Service joining the multijurisdictional E-Comm system.

Improving parks, boulevards and trails will be a greater priority in 2017. The Financial Plan will include floodplain pedestrian bridge upgrades, a number of park facility capital upgrades, as well as a Corridor Improvement Program will be implemented to enhance the maintenance of walkways, boulevards, sidewalks, and medians.

The City will improve recreational opportunities by adding more Timms Community Centre staffing positions to maintain the City's newest asset and to enhance City services, a full year of funding is provided for a Plan Checker / Building Inspector position which was added half way through 2016.

Although the total net increase in expenditures results in a 3.61% overall taxation increase, including utility rate increases, the average single-family home assessed at \$728,339 will see their taxes increase by \$170 or 5.92% whereas the average multifamily home assessed at \$253,636 will see an increase in their taxes by \$39 or an increase of 3.20%. The same tax rate must be applied to both types of residential properties. The different percentage increase is due to the assessed value of single family homes, increasing on average 10% more than multifamily homes. Business class properties will see an average increase of 5.39% and Light Industrial properties a 5.34% increase. The ratio between residential and business properties has moved closer to 1:3 which is the typical average in Metro Vancouver.

The City is anticipating \$6.4 million in casino proceeds to be received in 2017 up \$400,000 from the prior year. This funding will be used to address infrastructure renewal for capital projects like bridge deck repairs on 200 Street, Douglas Crescent rehabilitation between 204 Street and 208 Street, enhance rehabilitation on 56<sup>th</sup> Avenue initially budgeted in 2016 reflected the Canada Infrastructure grant received from senior levels of government.

In addition, the City will allocate \$168,000 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.

Using casino proceeds to fund larger capital projects avoids borrowing and paying principal and interest charges and has helped to keep the City's tax rates lower by 2.5% in 2017. So casino dollars are at work in our community!

The City of Langley's 2017 Financial Plan provides for a number of improvements which will enhance the community. By strengthening public safety, addressing some of the issues surrounding homelessness, improving parks and trails, focusing on infrastructure renewal and recreational opportunities, the City of Langley will reinforce its reputation as the Place to Be!



## **2017 – 2021 FINANCIAL PLAN**

### **BYLAW NO. 3011**

A Bylaw to adopt the Financial Plan for 2017 - 2021.

WHEREAS Section 327 of the Local Government Act 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 2017 - 2021.
- 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 2017 – 2026.
- 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 2017 – 2021.
- 3) This Bylaw may be cited for all purposes as the "Financial Plan 2017 – 2021 Bylaw, 2017, No. 3011."

READ A FIRST AND SECOND TIME this – day of --, 2017.

ADVERTISEMENTS WERE PLACED in the Langley Advance on the nineteenth day of January, 2017 and the twenty sixth day of January, 2017.

AN OPPORTUNITY FOR PUBLIC COMMENT this – day of 2017.

READ A THIRD TIME this -- day of -- ,2017.

FINALLY ADOPTED this – day of --, 2017.

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**MAYOR**

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**CORPORATE OFFICER**

**Schedule "A"**

<b>CONSOLIDATED FINANCIAL PLAN SUMMARY</b>								
	<b>2015 Actual</b>	<b>2016 Budget</b>	<b>2016 YTD</b>	<b>2017 Budget</b>	<b>2018 Budget</b>	<b>2019 Budget</b>	<b>2020 Budget</b>	<b>2021 Budget</b>
<b>Consolidated Revenues</b>								
Property Value Taxes	\$ 23,349,346	\$ 24,549,430	\$ 24,658,376	\$ 25,710,425	\$ 26,338,205	\$ 26,972,715	\$ 27,623,845	\$ 28,292,275
Fees and Charges	9,509,081	9,372,745	8,734,048	10,292,930	10,588,740	10,878,180	11,184,030	11,507,680
Revenue Other Services	10,540,820	9,257,580	8,441,916	9,703,845	9,702,845	9,701,825	9,700,775	9,699,715
	43,399,247	43,179,755	41,834,340	45,707,200	46,629,790	47,552,720	48,508,650	49,499,670
<b>Consolidated Expenditures</b>								
General Government Services	3,525,674	3,943,500	3,611,332	4,100,135	4,131,650	4,192,530	4,254,590	4,317,920
Policing Service	10,146,084	11,023,910	6,988,292	11,725,840	12,071,940	12,433,760	12,806,400	13,190,220
Fire Rescue Service	3,933,959	3,958,425	3,916,126	4,257,645	4,316,155	4,408,075	4,502,315	4,598,905
Other Protective Services	759,743	811,040	625,653	814,245	825,755	836,085	846,635	857,385
Engineering and Operations	2,555,800	2,797,960	2,600,083	3,067,495	3,117,805	3,151,145	3,185,135	3,219,795
Development Services	920,614	978,455	992,902	1,099,730	1,102,990	1,119,310	1,135,970	1,152,960
Solid Waste	593,533	619,740	588,498	622,110	634,310	646,550	659,020	671,750
Recreation	3,191,878	3,437,205	3,519,839	3,778,010	3,833,185	3,870,935	3,909,385	3,948,655
Parks	1,804,276	1,902,825	1,892,018	1,835,955	1,869,935	1,894,635	1,919,775	1,945,465
Sewer & Drainage	2,597,645	2,649,585	2,491,440	2,770,175	2,866,095	2,933,215	3,002,245	3,073,255
Water	3,262,158	3,422,425	2,962,046	3,437,605	3,556,495	3,646,955	3,740,005	3,835,755
Interest	10,041	9,000	8,863	9,000	9,000	9,000	9,000	9,000
Amortization	4,643,238	4,750,000	4,750,000	4,750,000	4,750,000	4,750,000	4,750,000	4,750,000
	37,944,643	40,304,070	34,947,092	42,267,945	43,085,315	43,892,195	44,720,475	45,571,065
<b>Excess of revenue over expenditures</b>	<b>5,454,604</b>	<b>2,875,685</b>	<b>6,887,248</b>	<b>3,439,255</b>	<b>3,544,475</b>	<b>3,660,525</b>	<b>3,788,175</b>	<b>3,928,605</b>
<b>Add:</b>								
Transfer from Reserve Accounts	566,274	1,184,640	27,214	1,273,490	1,273,490	1,273,490	1,273,490	1,273,490
Transfer from Statutory Reserves	-	-	-	-	-	-	-	-
Transfer from General Surplus	-	45,000	-	-	-	-	-	-
Transfer from Equity	4,643,238	4,750,000	4,750,000	4,750,000	4,750,000	4,750,000	4,750,000	4,750,000
	5,209,512	5,979,640	4,777,214	6,023,490	6,023,490	6,023,490	6,023,490	6,023,490
<b>Deduct:</b>								
Transfer to Reserve Accounts	8,724,423	7,557,775	6,374,692	8,042,695	8,147,915	8,263,965	8,391,615	8,532,045
Transfer to Statutory Reserves	1,933,754	1,297,550	1,493,207	1,420,050	1,420,050	1,420,050	1,420,050	1,420,050
Year-end Adjustments	-	-	-	-	-	-	-	-
	10,658,177	8,855,325	7,867,899	9,462,745	9,567,965	9,684,015	9,811,665	9,952,095
<b>Surplus (Deficit)</b>	<b>\$ 5,939</b>	<b>\$ -</b>	<b>\$ 3,796,563</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

***Schedule “B”***

## CAPITAL IMPROVEMENT PLAN - SUMMARY

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## FINANCIAL PLAN 2017 – 2021

### BYLAW NO. 3011

#### 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 2017.

Revenue Source	% of Total Revenues	Dollar Value
Property Value Taxes	57%	\$25,710,425
User Fees and Charges	22%	10,292,930
Revenue from Other Sources	3%	1,566,360
Casino Proceeds	14%	6,400,000
Government Grants	4%	1,737,485
<b>Total</b>	<b>100%</b>	<b>\$45,707,200</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.

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)	47.6%	\$12,248,042
Utilities (2)	0.4%	107,734
Light Industrial (5)	6.1%	1,562,953
Business & Other (6)	45.6%	11,728,136
Recreation / Non Profit (8)	0.3%	63,526
Farmland (9)	0.0%	34
<b>Total</b>	<b>100%</b>	<b>\$25,710,425</b>

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

**Objective**

To shift the tax burden from the residential class to the business class so that the business class pays a higher proportion of the property taxation to move towards the average ratio between classes identified in Metro Vancouver. The ratio in 2017 will be 1 : 2.99 between the residential and business class and 1 : 3.195 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. Over the next five years slowly move the ratio of the residential to business class closer 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 2016. The City also adopted a revitalization tax exemption to support the efforts identified in the Downtown Master Plan.