



## EXPLANATORY NOTE

### BYLAW No. 3051

The purpose of Bylaw No. 3051 is to adopt the 2018 - 2022 Financial Plan. In 2018, our five year financial plan includes \$48.3 million in operating expenditures and a further \$11.8 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 2018 will generate additional tax revenues of \$230,000. The total net increase in expenditures is \$1,268,790 or a 4.94% taxation increase.

Based on the results 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 2018 is to address some concerns surrounding homelessness and public safety. The City has included in the budget a provision for additional bylaw enforcement staffing. 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.

Improving parks, boulevards and trails will be a continued priority in 2018. The Financial Plan will include floodplain pedestrian bridge upgrades, a number of park facility capital upgrades, as well as median renovations.

To enhance City services, an additional Building Inspector position will be added as well as additional recreational supplies and programs.

Although the total net increase in expenditures results in a 4.94% overall taxation increase, including utility rate increases, the average changes in 2018 are as follows:

Single-family Home	\$828,285	\$ 45	1.47%
Multi-family Home	\$327,350	\$130	10.48%

The same tax rate under provincial law must be applied to both types of residential properties. The different percentage increase is due to the assessed value of multifamily homes, increasing on average 17% more than single family homes, reversing the trend seen in the last 5 years.

**Multifamily Homes:**

Year	Assessment	Taxes	\$	%
2014	\$ 206,029	\$1,275		
2015	\$ 200,656	\$1,238	(\$ 37)	
2016	\$ 205,161	\$1,209	(\$ 29)	
2017	\$ 249,849	\$1,236	\$ 27	
2018	\$ 327,350	\$1,366	\$ 130	
Increase	\$ 121,321		\$ 91	7.14

Multifamily homes taxes on average have increased 7.14% since 2014 including the sizable increase in 2018.

Business class properties will see an average increase of 3.23% and Light Industrial properties a 3.66% increase. This rate maintains a competitive ratio between residential and business class properties, ensuring the City of Langley remains an attractive municipality to locate a business.

The City is anticipating \$6.8 million in casino proceeds to be received in 2018 up \$400,000 from the prior year. This funding will be used to address infrastructure renewal for capital projects like:

- Duncan Way pedestrian improvements
- Sidewalks on 46A Avenue
- Logan Creek culvert replacement
- Douglas Crescent rehabilitation between 206 Street, 208 Street
- Rehabilitation on 56<sup>th</sup> Avenue between 200 St and Production Way
- Playground equipment in City Park and Douglas Park.

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.

Using casino proceeds to fund larger capital projects avoids borrowing, paying principal and interest charges and has helped to keep the City's tax rates lower by 1.6% in 2018. So casino dollars are at work in our community!

The City of Langley's 2018 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!



## **2018 – 2022 FINANCIAL PLAN**

### **BYLAW No. 3051**

A Bylaw to adopt the Financial Plan for 2018 - 2022.

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 2018 - 2022.
- 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 2018 – 2027.
- 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 2018 – 2022.
- 3) This Bylaw may be cited for all purposes as the "Financial Plan 2018 – 2022 Bylaw, 2018, No. 3051."

READ A FIRST AND SECOND TIME this fifteenth day of January, 2018.

ADVERTISEMENTS WERE PLACED in the Langley Advance on the eighteenth day of January, 2018 and the twenty fifth day of January, 2018.

AN OPPORTUNITY FOR PUBLIC COMMENT this -- day of February, 2018.

READ A THIRD TIME this -- day of February, 2018.

FINALLY ADOPTED this -- day of February, 2018.

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**MAYOR**

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**CORPORATE OFFICER**

**Schedule "A"**

<b>CONSOLIDATED FINANCIAL PLAN SUMMARY</b>								
	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2017 YTD</b>	<b>2018 Budget</b>	<b>2019 Budget</b>	<b>2020 Budget</b>	<b>2021 Budget</b>	<b>2022 Budget</b>
<b>Consolidated Revenues</b>								
Property Value Taxes	\$ 24,658,376	\$ 25,710,425	\$ 25,611,686	\$ 27,113,085	\$ 27,852,310	\$ 28,451,260	\$ 29,057,960	\$ 29,669,840
Fees and Charges	9,606,494	10,292,930	10,887,044	10,866,685	11,337,665	11,813,005	12,330,155	12,899,685
Revenue Other Services	10,402,345	9,703,845	8,920,789	10,319,380	10,318,830	10,317,990	10,317,130	10,316,240
	44,667,215	45,707,200	45,419,519	48,299,150	49,508,805	50,582,255	51,705,245	52,885,765
<b>Consolidated Expenditures</b>								
General Government Services	3,802,907	4,100,135	3,861,403	4,489,655	4,551,260	4,613,060	4,676,190	4,790,600
Policing Service	10,239,867	11,725,840	6,993,706	12,261,750	12,562,960	12,864,050	13,165,130	13,466,210
Fire Rescue Service	4,267,175	4,257,645	3,889,782	4,536,665	4,746,830	4,850,470	4,956,670	5,065,490
Other Protective Services	723,473	814,245	656,017	826,425	831,905	834,955	838,045	841,185
Engineering and Operations	2,705,976	3,067,495	2,925,586	3,033,665	3,080,025	3,118,455	3,157,505	3,197,405
Development Services	1,023,510	1,099,730	955,661	1,281,595	1,314,615	1,227,875	1,246,485	1,265,485
Solid Waste	619,254	622,110	538,827	657,410	679,890	684,470	690,480	695,090
Recreation	3,639,663	3,778,010	3,637,429	3,972,750	3,978,675	4,021,805	4,065,855	4,110,755
Parks	1,799,870	1,835,955	1,859,816	1,941,825	1,961,875	1,986,005	2,010,625	2,035,755
Sewer & Drainage	2,554,193	2,770,175	2,643,720	2,874,315	3,156,315	3,400,025	3,668,265	3,963,615
Water	3,285,759	3,437,605	2,987,976	3,539,235	3,710,595	3,942,225	4,191,135	4,465,315
Interest	10,374	9,000	13,353	24,750	24,750	24,750	24,750	24,750
Amortization	5,026,725	4,750,000	-	5,278,040	5,541,940	5,819,030	6,109,990	6,415,480
	39,698,746	42,267,945	30,963,276	44,718,080	46,141,635	47,387,175	48,801,125	50,337,135
<b>Excess of revenue over expenditure</b>	<b>4,968,469</b>	<b>3,439,255</b>	<b>14,456,243</b>	<b>3,581,070</b>	<b>3,367,170</b>	<b>3,195,080</b>	<b>2,904,120</b>	<b>2,548,630</b>
<b>Add:</b>								
Transfer from Reserve Accounts	594,691	1,273,490	-	1,236,605	1,236,605	1,236,605	1,236,605	1,236,605
Transfer from Statutory Reserves	-	-	-	-	-	-	-	-
Transfer from General Surplus	-	-	-	155,000	105,000	-	-	50,000
Transfer from Equity	5,026,725	4,750,000	-	5,278,040	5,541,940	5,819,030	6,109,990	6,415,480
	5,621,416	6,023,490	-	6,669,645	6,883,545	7,055,635	7,346,595	7,702,085
<b>Deduct:</b>								
Transfer to Reserve Accounts	8,840,729	8,042,695	6,730,660	8,680,745	8,680,745	8,680,745	8,680,745	8,680,745
Transfer to Statutory Reserves	1,739,633	1,420,050	1,529,636	1,569,970	1,569,970	1,569,970	1,569,970	1,569,970
	10,580,362	9,462,745	8,260,296	10,250,715	10,250,715	10,250,715	10,250,715	10,250,715
<b>Surplus (Deficit)</b>	<b>\$ 9,523</b>	<b>\$ -</b>	<b>\$ 6,195,947</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Schedule "B"**

**CAPITAL IMPROVEMENT PLAN - SUMMARY**

<u>Capital Projects</u>	<u>2018</u>	<u>2019</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>
General Government	146,600	107,500	567,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500
Protective Services	654,530	962,000	115,000	102,500	1,430,000	115,000	2,582,000	92,000	82,000	82,000
Engineering Operations	4,926,900	3,790,700	5,160,200	4,043,975	5,272,395	2,677,115	5,333,990	3,552,700	2,691,690	21,442,140
Development Services	189,000	50,000	40,000	-	-	30,000	-	-	-	-
Parks & Recreation	2,661,665	1,191,500	1,593,000	1,940,000	1,245,000	1,175,000	830,000	740,000	795,000	11,180,000
Sewer Utility	2,620,000	1,225,635	1,193,500	1,289,025	1,231,250	883,750	1,883,870	2,017,615	1,105,355	8,853,745
Water Utility	590,000	535,000	1,100,325	1,251,090	1,114,910	892,405	2,794,910	1,558,805	926,925	2,771,280
Total Projects	11,788,695	7,862,335	9,769,525	8,674,090	10,341,055	5,820,770	13,472,270	8,008,620	5,648,470	44,376,665
<u>Available funding</u>										
Capital Works Reserve	1,668,000	609,515	1,127,736	925,416	442,592	1,105,123	1,097,233	790,953	940,342	850,809
Casino Revenues	5,955,675	4,073,435	4,773,435	2,308,435	5,553,435	1,823,435	8,753,435	3,123,435	1,923,435	22,620,450
Community Works (Gas Tax)	127,675	133,800	133,800	133,800	133,800	133,800	133,800	133,800	133,801	133,800
DCC's	1,098,900	861,795	1,504,430	2,027,300	2,485,368	1,749,828	1,513,833	2,346,533	1,403,595	17,006,606
Fire Department Equipment	47,500	-	-	-	220,000	-	-	-	-	-
Future Police Cost Reserve	399,030	635,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Grants	280,000	-	715,000	-	-	-	-	-	-	500,000
Machinery Replacement	425,000	534,000	170,000	415,000	180,000	175,000	155,000	190,000	180,000	180,000
Municipal Road Network Reser	-	-	-	1,690,000	-	-	-	-	-	1,600,000
Office Equipment	47,500	47,500	47,500	37,500	37,500	47,500	47,500	47,500	47,500	47,500
Off Street Parking	-	-	-	-	-	-	-	-	-	-
Parks & Recreation	203,665	(37,925)	177,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500
Sewer Future Capital	945,750	470,215	460,000	384,140	535,860	33,585	703,970	623,900	267,298	685,000
Special Bond Reserve	-	-	-	-	-	-	-	-	-	-
Water Future Capital	590,000	535,000	625,125	640,000	640,000	640,000	955,000	640,000	640,000	640,000
Surplus Allocation	-	-	-	-	-	-	-	-	-	-
Total Funding	11,788,695	7,862,335	9,769,525	8,674,090	10,341,055	5,820,770	13,472,270	8,008,620	5,648,470	44,376,665



## FINANCIAL PLAN 2018 – 2022

### BYLAW NO. 3051

#### 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 2018.

Revenue Source	% of Total Revenues	Dollar Value
Property Value Taxes	56.1%	\$27,113,085
User Fees and Charges	22.5%	10,886,685
Revenue from Other Sources	3.7%	1,765,190
Casino Proceeds	14.1%	6,800,000
Government Grants	3.6%	1,754,190
<b>Total</b>	<b>100%</b>	<b>\$48,299,150</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)	47.9%	\$12,991,071
Utilities (2)	0.5%	127,448
Light Industrial (5)	6.0%	1,621,510
Business & Other (6)	45.4%	12,305,700
Recreation / Non Profit (8)	0.2%	67,326
Farmland (9)	0.0%	30
<b>Total</b>	<b>100%</b>	<b>\$27,113,085</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 ratio in 2018 will be 1:3.089 between the residential and business class and 1:3.190 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 2017. The City also adopted a revitalization tax exemption to support the efforts identified in the Downtown Master Plan.