



EXPLANATORY NOTE

BYLAW No. 3099

The purpose of Bylaw No. 3099 is to adopt the 2019 - 2023 Financial Plan. In 2019, the five year financial plan includes \$51.8 million in operating expenditures and a further \$10.1 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 2019 will generate \$349,000 additional tax revenues. The total net increase in expenditures is \$1,893,530 or a 6.98% taxation increase.

Based on what Council members heard during the election campaign in 2018 and 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 and boulevards, infrastructure renewal and recreational opportunities. In addition, City Council adopted a new vision for the future outlined in the Nexus of Community Plan. In the 2019 financial plan, the City will start to implement the recommendations from the Nexus plan. City Council heard from taxpayers and the financial plan was developed to address these key priority areas.

One of the biggest priorities in 2019 is to address some concerns around homelessness and public safety.

An additional bylaw enforcement officer has been included and a provision to deal with the increasing costs incurred to clean up vandalism attributed to homeless activities in parks and public spaces and wire theft from street lights.

A Community Outreach Facilitator will be engaged to better manage the challenges and create opportunities for aging populations, new immigrants and refugees, people living in isolation, and experiencing homelessness.

Three additional firefighters have been included in the budget to create an additional crew which will increase fire prevention inspections, daytime emergency response when paid on call firefighters are not available for simultaneous incidents, and to reduce overtime hours. An additional 0.25 full-time clerical position has been included to support the fire prevention inspection documentation work.

A planning assistant will be added to help process an influx of development applications allowing other staff time to implement the recommendation coming from the Nexus of Community vision plan. An update to the Official Community Plan and Zoning Bylaw as well as a Nicomekl River District Neighbourhood Plan are

anticipated in 2019 preparing the way for future rapid fixed transit coming to the Langley region.

Improving parks, boulevards and trails will be continued emphasis in 2019 with the addition of a pedestrian bridge over Baldi Creek, more parks maintenance hours and enhanced boulevard tree maintenance.

In the Recreation Department, an additional position is proposed to take on some of the clerical and staff scheduling duties currently being fulfilled by the Director allowing her more time to focus on cultural and social planning and development programs. As well, the position will allow the Recreation Supervisor/Event Coordinator to plan and organize current and new community events for the residents and public to enjoy.

City Council also recognizes the importance of increasing the funding for infrastructure renewal that is represented in the Capital Improvement Plan.

Another new expenditure in 2019 is the new Provincial government 1.95% payroll tax and increase in CPP contributions which will cost the City an extra \$236,000 or contribute 0.8% towards the overall taxation increase.

Although the total net increase in expenditures results in a 6.98% overall taxation increase, including utility rate increases, the average changes in 2019 are as follows:

Classification	Average Assessed Value	Annual Increase	Monthly Increase	% Increase
Single family	\$886,095	\$ 58	\$ 4.83	1.86%
Multi-family	\$407,053	\$164	\$13.66	12.04%

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 multi-family homes, increasing on average 18% more than single family homes, for the second year, reversing the previous trend.

Multi-family home taxes on average have increased 26% over the last 10 years including the increase in 2019.

Multi-family Homes:

Year	Assessment	Taxes	\$	%
2010	\$ 205,981	\$1,210		
2011	\$ 220,684	\$1,243	\$ 33	
2012	\$ 216,771	\$1,256	\$ 13	
2013	\$ 210,303	\$1,262	\$ 6	
2014	\$ 206,029	\$1,275	\$ 13	
2015	\$ 200,656	\$1,238	(\$ 37)	
2016	\$ 205,161	\$1,209	(\$ 29)	
2017	\$ 249,849	\$1,236	\$ 27	
2018	\$ 325,616	\$1,362	\$ 126	
2019	\$ 407,053	\$1,526	\$ 164	
Increase			\$ 316	26%

Although the average assessed value of the two types of residential properties fluctuate differently year to year, looking at a 10 year period, the increases are similar. The 10 year average annual increase for single family homes has been 2.9% while the average annual increase for multi-family homes has been 2.6%.

Business class properties will see an average increase of 7.00% and Light Industrial properties a 7.01% 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 is anticipating \$7.2 million in casino proceeds to be received in 2019, up \$400,000 from the prior year. This funding will be used to address infrastructure renewal for capital projects like:

- Road Rehabilitation
- Street Light Replacement
- 201A Street between Fraser Highway to 56 Avenue
- Douglas Crescent rehabilitation between 206 Street, 208 Street
- Rehabilitation on 203 Street between Fraser Highway and Logan Avenue
- Park improvements in Brydon Park and Nicholas 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 1.23% in 2019.

The City of Langley's 2019 Financial Plan provides for a number of improvements which will strengthen public safety, address some of the issues surrounding homelessness, improve parks and boulevards, focus on infrastructure renewal and recreational opportunities, reinforcing Langley City's reputation as the Place to Be!



2019 – 2023 FINANCIAL PLAN

BYLAW No. 3099

A Bylaw to adopt the Financial Plan for 2019 - 2023.

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 2019 - 2023.
- 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 2019 – 2028.
- 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 2019 – 2023.
- 3) This Bylaw may be cited for all purposes as the "Financial Plan 2019 – 2023 Bylaw, 2019, No. 3099."

READ A FIRST AND SECOND TIME this – day of --, 2019.

ADVERTISEMENTS WERE PLACED in the Langley Advance this – day of --, 2019.

AN OPPORTUNITY FOR PUBLIC COMMENT this – day of --, 2019.

READ A THIRD TIME this – day of --, 2019.

FINALLY ADOPTED this – day of --, 2019.

MAYOR

CORPORATE OFFICER

Schedule "A"

CONSOLIDATED FINANCIAL PLAN SUMMARY								
	2017 Actual	2018 Budget	2018 YTD	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Consolidated Revenues								
Property Value Taxes	\$ 25,611,686	\$ 27,113,085	\$ 26,952,217	\$ 29,191,145	\$ 29,877,900	\$ 30,581,610	\$ 31,302,050	\$ 32,038,940
Fees and Charges	11,316,661	10,866,685	11,901,169	11,663,200	12,270,660	13,064,780	13,967,510	14,831,780
Revenue Other Services	11,174,669	10,319,380	10,801,156	10,965,475	10,964,615	10,963,745	10,962,855	10,961,945
	48,103,016	48,299,150	49,654,542	51,819,820	53,113,175	54,610,135	56,232,415	57,832,665
Consolidated Expenditures								
General Government Services	3,927,681	4,489,655	4,398,948	5,052,615	5,123,515	5,195,835	5,269,695	5,345,745
Policing Service	11,029,277	12,261,750	9,703,318	12,955,340	13,281,550	13,615,950	13,958,690	14,310,010
Fire Rescue Service	4,178,449	4,536,665	4,112,595	5,172,485	5,279,955	5,390,105	5,503,045	5,618,745
Other Protective Services	765,812	826,425	690,011	853,365	873,415	893,905	914,935	936,445
Engineering and Operations	3,151,265	3,033,665	3,056,404	3,148,070	3,192,920	3,238,610	3,285,260	3,332,760
Development Services	1,099,584	1,281,595	988,266	1,428,880	1,449,380	1,470,320	1,491,660	1,513,440
Solid Waste	631,751	657,410	655,515	689,770	709,610	732,570	755,870	779,470
Recreation	3,875,005	3,972,750	3,738,401	4,224,090	4,314,920	4,407,760	4,502,580	4,598,720
Parks	1,818,953	1,941,825	2,044,511	2,144,610	2,171,860	2,199,570	2,227,900	2,256,690
Sewer & Drainage	2,693,118	2,874,315	2,846,170	3,082,970	3,293,555	3,605,525	3,961,685	4,233,695
Water	3,336,048	3,539,235	3,284,874	3,779,195	4,104,065	4,466,555	4,892,665	5,363,515
Interest	15,366	24,750	31,087	55,200	55,200	55,200	55,200	55,200
Amortization	5,026,725	4,750,000	-	5,541,940	5,819,030	6,109,990	6,415,480	6,736,255
	41,549,026	44,190,040	35,550,100	48,128,530	49,668,975	51,381,895	53,234,665	55,080,690
Excess of revenue over expenditures	6,553,990	4,109,110	14,104,442	3,691,290	3,444,200	3,228,240	2,997,750	2,751,975
Add:								
Transfer from Reserve Accounts	586,775	1,236,605	-	1,321,565	1,321,565	1,321,565	1,321,565	1,321,565
Transfer from Statutory Reserves	-	-	-	-	-	-	-	-
Transfer from General Surplus	-	155,000	-	340,000	340,000	340,000	340,000	340,000
Transfer from Equity	5,026,725	4,750,000	-	5,541,940	5,819,030	6,109,990	6,415,480	6,736,255
	5,613,500	6,141,605	-	7,203,505	7,480,595	7,771,555	8,077,045	8,397,820
Deduct:								
Transfer to Reserve Accounts	9,807,615	8,680,745	6,935,727	9,249,825	9,279,825	9,354,825	9,429,825	9,504,825
Transfer to Statutory Reserves	2,344,840	1,569,970	1,473,961	1,644,970	1,644,970	1,644,970	1,644,970	1,644,970
	12,152,455	10,250,715	8,409,688	10,894,795	10,924,795	10,999,795	11,074,795	11,149,795
Surplus (Deficit)	\$ 15,035	\$ -	\$ 5,694,754	\$ -	\$ -	\$ -	\$ -	\$ -

I hereby certify this is a true copy of the original document.

Paula Kusack
Deputy Corporate Officer
Date: April 24, 2018

Schedule "B"

CAPITAL IMPROVEMENT PLAN - SUMMARY

<u>Capital Projects</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>	<u>2028</u>
General Government	990,000	67,500	547,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500
Protective Services	1,341,950	1,250,000	67,500	1,405,000	85,000	2,550,000	60,000	50,000	50,000	50,000
Engineering Operations	3,792,700	6,440,200	5,331,630	13,688,200	4,938,975	4,753,665	2,964,900	11,457,335	3,400,300	22,676,130
Development Services	50,000	40,000	-	-	30,000	-	-	-	-	-
Parks & Recreation	2,126,500	2,863,000	2,131,000	565,000	2,160,000	830,000	740,000	795,000	790,000	9,500,000
Sewer Utility	940,000	1,994,500	1,157,100	600,000	1,489,025	1,131,250	2,342,620	2,442,615	1,105,355	6,453,745
Water Utility	815,000	1,984,010	338,210	1,025,000	1,461,415	1,114,910	892,405	2,794,910	1,558,805	926,925
Total Projects	10,056,150	14,639,210	9,572,940	17,330,700	10,211,915	10,427,325	7,047,425	17,587,360	6,951,960	39,654,300
<u>Available funding</u>										
Capital Works Reserve	766,700	749,625	1,050,425	421,150	1,093,333	48,787	1,309,628	1,259,268	881,039	370,862
Casino Revenues	4,583,900	4,023,435	3,723,435	14,093,435	3,183,435	8,023,435	2,523,435	10,573,435	2,923,435	20,652,197
Community Works (Gas Tax)	133,800	133,800	133,800	133,800	133,800	133,800	133,800	133,800	133,801	133,800
DCC's	757,350	1,338,357	1,083,065	634,840	1,673,375	934,392	2,081,352	2,140,816	2,046,681	16,546,813
Fire Department Equipment	-	55,000	-	220,000	-	-	-	-	-	-
Future Police Cost Reserve	1,053,950	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Grants	1,060,500	6,755,285	2,361,140	-	-	-	-	-	-	500,000
Machinery Replacement	785,000	170,000	466,000	180,000	175,000	155,000	190,000	180,000	180,000	180,000
Municipal Road Network Reser	-	-	-	-	1,936,000	-	-	-	-	1,600,000
Office Equipment	50,000	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500
Off Street Parking	-	-	-	-	-	-	-	-	-	-
Parks & Recreation	174,200	124,228	246,975	14,225	341,325	77,500	77,500	399,275	42,750	(922,500)
Sewer Future Capital	215,750	831,000	279,530	525,750	384,138	957,001	506,806	523,357	35,804	247,100
Special Bond Reserve	-	-	-	-	-	-	-	-	-	-
Water Future Capital	475,000	375,980	146,070	1,025,000	1,209,010	14,910	142,405	2,294,910	625,950	263,528
Surplus Allocation	-	-	-	-	-	-	-	-	-	-
Total Funding	10,056,150	14,639,210	9,572,940	17,330,700	10,211,915	10,427,325	7,047,425	17,587,360	6,951,960	39,654,300



FINANCIAL PLAN 2019 – 2023

BYLAW NO. 3099 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 2019.

Revenue Source	% of Total Revenues	Dollar Value
Property Value Taxes	56.3%	\$29,191,145
User Fees and Charges	22.5%	11,663,200
Revenue from Other Sources	2.6%	1,334,045
Casino Proceeds	13.9%	7,200,000
Government Grants	4.7%	2,431,430
Total	100%	\$51,819,820

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)	48.8%	\$14,238,966
Utilities (2)	0.5%	149,054
Light Industrial (5)	5.9%	1,731,382
Business & Other (6)	44.5%	12,996,847
Recreation / Non Profit (8)	0.3%	74,868
Farmland (9)	0.0%	28
Total	100%	\$29,191,145

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 2019 will be 1:3.075 between the residential and business class and 1:3 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 2018. The City also adopted a revitalization tax exemption to support the efforts identified in the Downtown Master Plan.