

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2018 April 05

FROM: DIRECTOR FINANCE

FILE: 7600-20

SUBJECT: 2018 – 2022 FINANCIAL PLAN

PURPOSE: To obtain Council approval for the five year 2018 – 2022 Financial Plan.

RECOMMENDATIONS:

1. **THAT** the Financial Management Committee recommend Council approve the 2018 – 2022 Financial Plan.
2. **THAT** the Financial Management Committee recommend Council authorize the City Solicitor to bring forward the Burnaby Financial Plan Bylaw 2018 authorizing the proposed funding sources, proposed expenditures, and proposed transfers between funds as set out for each year in the planning period as shown in Schedule A attached hereto and forming part of this report.
3. **THAT** the Financial Management Committee recommend Council authorize the City Solicitor to bring forward the Burnaby Rates Bylaw 2018 in the amount of \$261,539,200 to provide funding for the 2018 fiscal year included within the 2018 – 2022 Financial Plan.

REPORT

The purpose of the five year 2018 – 2022 Financial Plan is to present Council's financial direction for the City. Provincial legislation requires the Financial Plan be adopted any time before the date on which the Annual Property Tax Bylaw is adopted. The Annual Property Tax Bylaw must be adopted after the adoption of the Financial Plan but before 2018 May 15.

Section 165(3.1) of the *Community Charter* requires municipal five-year financial plans to include a more explicit form of revenue and tax policy disclosure. The Financial Plan must set out the municipality's objectives and policies in relation to each of the following, for each year of the planning period:

- for each of the funding sources described in s. 165(7) (i.e. property tax, parcel tax, fees, other sources and proceeds from borrowing), the proportion of total revenue that is proposed to come from that funding source;
- the distribution of property value taxes among the property classes that may be subject to the taxes; and
- the use of permissive tax exemptions.

To: Financial Management Committee

From: Director Finance

Re: 2018 – 2022 FINANCIAL PLAN

2018 April 11 Page 2

The City of Burnaby's revenue and tax policy disclosure is outlined within the Burnaby Financial Plan Bylaw 2018 as Schedule B.

The Financial Plan must also set out proposed expenditures, proposed funding sources and proposed transfers to or between funds. Each year, the Financial Plan from the previous year remains in effect until the Financial Plan for the current year is adopted. The City of Burnaby's proposed expenditures, proposed funding sources and proposed transfers to or between funds is outlined within the Burnaby Financial Plan Bylaw 2018 as Schedule A.

The 2018 – 2022 Financial Plan focuses on meeting the immediate needs for current year operations and capital improvements including demands for City services, provision for the safety and security of citizens, maintaining and improving existing infrastructure for roads, water and sewer, various community facilities and investment in new technology to better meet the needs of our citizens. Estimates for the current year are as accurate as reasonably possible at the time this budget was prepared. Subsequent years' estimates may be increasingly less accurate but are an indication of priority and will be updated annually.

The 2018 Operating Plan expenditures total \$487,196,800 (inclusive of \$32,229,400 in transfers) and the 2018 Capital Plan expenditures total \$198,746,500. The amount of property tax levy funding included in the 2018 – 2022 Financial Plan is \$261,539,200. The Plan reflects a 1.5% average residential tax increase of \$25.67 on the average residential property valued at \$1,152,050.

The 2018 – 2022 Financial Plan includes the variable tax rates for the Burnaby Rates Bylaw 2018 which establishes the authority to impose property taxes.

RECOMMENDATIONS

It is recommended that the Financial Management Committee recommend Council approve the 2018 – 2022 Financial Plan.

It is recommended that the Financial Management Committee recommend Council authorize the City Solicitor to bring forward the Burnaby Financial Plan Bylaw 2018 authorizing the proposed funding sources, proposed expenditures, and proposed transfers between funds as set out for each year in the planning period as shown in Schedule A attached hereto and forming part of this report.

It is recommended that the Financial Management Committee recommend Council authorize the City Solicitor to bring forward the Burnaby Rates Bylaw 2018 in the amount of \$261,539,200 to provide funding for the 2018 fiscal year included within the 2018 – 2022 Financial Plan.

To: Financial Management Committee

From: Director Finance

Re: 2018 – 2022 FINANCIAL PLAN

2018 April 11 Page 3

The 2018 – 2022 Financial Plan will be available online at www.burnaby.ca. The City of Burnaby is committed to “going green” by using electronic publication of documents wherever possible. Hard copies will be made available upon specific request or at Burnaby City Hall.



Noreen Kassam, CPA, CGA
DIRECTOR FINANCE

NK:RG/ml

Attachment: 1 – Burnaby Financial Plan Bylaw 2018 – Schedules A and B

Copied to: City Manager

SCHEDULE A

CITY OF BURNABY

FIVE YEAR CONSOLIDATED FINANCIAL PLAN (2018 – 2022)

PROPOSED REVENUES, PROPOSED EXPENSES AND PROPOSED TRANSFERS:

Financial Plan Bylaw - 2018 to 2022

ANNUAL (Rounded)

	2018	2019	2020	2021	2022
PROPOSED REVENUES:					
Taxation revenue	(270,229,600) ¹	(281,115,200)	(292,464,500)	(304,152,500)	(316,189,200)
Parcel taxes	(18,660,200)	(19,059,400)	(19,543,100)	(20,137,400)	(20,800,300)
Fees for goods and services	(116,911,700)	(119,969,700)	(123,365,500)	(127,422,500)	(132,465,700)
Return on investments	(41,389,400)	(41,516,400)	(41,646,000)	(41,778,100)	(41,912,900)
Revenue from other sources	(50,567,200)	(54,939,600)	(52,754,200)	(53,585,900)	(54,434,800)
Community benefit bonus	(95,000,000)	(95,000,000)	(95,000,000)	(95,000,000)	(95,000,000)
Contributed asset revenue	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Transfers from other governments	(20,295,000)	(21,964,600)	(24,194,400)	(22,791,700)	(22,983,400)
Parkland acquisition development cost charges	(14,248,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
TOTAL PROPOSED REVENUES	(632,301,100)	(641,564,900)	(656,967,700)	(672,868,100)	(691,786,300)
PROPOSED EXPENDITURES:					
Operating Expenditures	454,967,400	466,115,500	485,001,700	505,880,200	526,927,200
Capital Expenditures	198,746,500	219,932,300	214,225,800	161,355,500	148,488,500
TOTAL PROPOSED EXPENDITURES	653,713,900	686,047,800	699,227,500	667,235,700	675,415,700
PROPOSED TRANSFERS:					
Transfer to/(from) Capital Works Financing Reserve Fund	(135,361,900)	(112,540,300)	(112,724,500)	(114,017,500)	(108,833,100)
Transfer to/(from) Local Improvement Reserve Fund	1,109,200	225,000	1,241,100	1,257,600	1,274,300
Transfer to/(from) Corporate & Tax Sale Reserve Fund	16,533,000	7,216,800	6,216,800	5,216,800	5,216,800
Transfer to/(from) Vehicle Replacement Reserve Fund	(19,895,800)	(14,316,600)	(9,211,600)	(10,132,600)	(11,074,200)
Transfer to/(from) Non-Statutory Reserves Fund	116,202,700	74,932,200	72,218,400	123,308,100	129,786,800
TOTAL PROPOSED TRANSFERS	(21,412,800)	(44,482,900)	(42,259,800)	5,632,400	16,370,600
BALANCED BUDGET	-	-	-	-	-

¹ Taxation revenue is comprised of property taxes (\$261.5M), grant in lieu of taxes (\$5.6M), utilities taxes(\$3.1M), local improvement frontage levies (\$0.7M), special levies (\$0.1M), and assessment appeal \$0.8M.

SCHEDULE B**CITY OF BURNABY****FIVE YEAR CONSOLIDATED FINANCIAL PLAN (2018 – 2022)****STATEMENT OF POLICIES AND OBJECTIVES:**

In accordance with the *Community Charter* disclosure requirements, the City of Burnaby discloses the following information.

- the proportions of revenue proposed to come from the various funding sources
- the distribution of property taxes among property classes; and
- the use of permissive tax exemptions.

Proportion of Total Revenue

Funding Source	% of Total Revenue
Taxation revenue	42.7%
Fees for goods and services	18.5%
Community benefit bonus	15.0%
Revenue from other sources	8.0%
Return on investments	6.5%
Transfers from other governments	3.2%
Parcel taxes	3.0%
Parkland acquisition development cost charges	2.3%
Contributed asset revenue	0.8%
Total	100%

The proportion of total revenue raised from each funding source in 2018 is presented in the table above. Property taxes form the greatest proportion of the operating revenue for the City of Burnaby. Property taxes provide a stable and consistent source of revenue for many services that are difficult or undesirable to fund on a user-pay basis. These include services such as fire protection, policing services, transportation and so forth. For these reasons, property taxation will continue to be the major source of the City of Burnaby's revenue.

Fees for goods and services are the second largest portion of general operating revenue. Many City of Burnaby services, such as water, sewer, and recreational programs are charged on a use-pay basis which ensures they are paid for by the taxpayers receiving these services.

Distribution of 2018 Property Taxes among the Various Property Classes

Property Class	% of Tax Burden
Residential (1)	49.3%
Business (6)	40.0%
Light Industry (5)	5.6%
Others (2, 3, 4, 8 & 9)	5.1%
Total	100%

The distribution of property tax revenue among the various property classes is presented in the table above. The practice of Council has been to set tax rates in order to maintain reasonable tax stability in compliance with the *Community Charter*. This is accomplished by maintaining the proportionate relationship provided above between the property classes (property classes are defined and values determined by the British Columbia Assessment).

Use Permissive Tax Exemptions

Council passes an annual permissive tax exemption bylaw to exempt certain properties from property tax in accordance with guidelines set out by Council Approved Guidelines and the Community Charter. There is no legal obligation to grant these exemptions. The objective of the guidelines is to ensure that the broad ranges of community organizations in Burnaby are dealt with consistently and receive equal treatment and consideration for tax exemption and that services and organizations which are most complementary extensions of municipal services for which the tax burden resulting for the exemption is a justifiable expense to the taxpayers of Burnaby. The total revenue forgone for permissive exemptions granted for the 2018 taxation year is approximately \$2,934,893.

Exemptions are reviewed on an annual basis and are granted to those organizations meeting the requirements as set out under Council Approved Guidelines and Sections 220 and 224 of the Community Charter. Council Approved Guidelines ensure that organizations recommended for permissive tax exemptions are consistent with municipal policies, plans, bylaws, codes and regulations, defined as non-profit organizations, are complimentary extensions to municipal services and programs, accessible to the public and used primarily by Burnaby residents.