

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2021 April 14

FROM: DIRECTOR FINANCE

FILE: 7600-20

SUBJECT: **2021 – 2025 FINANCIAL PLAN, BURNABY FINANCIAL PLAN
BYLAW 2021 AND BURNABY RATES BYLAW 2021**

PURPOSE: To obtain Council approval for the five year 2021 – 2025 Financial Plan and 2021 property value tax rates.

RECOMMENDATIONS:

1. **THAT** the Financial Management Committee recommend Council approve the 2021 – 2025 Financial Plan.
2. **THAT** the Financial Management Committee recommend Council authorize the City Solicitor to bring forward the Burnaby Financial Plan Bylaw 2021 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 Attachment 1 to this report.
3. **THAT** the Financial Management Committee recommend Council authorize the City Solicitor to bring forward the Burnaby Rates Bylaw 2021 that outlines the General Municipal and Regional Districts property value tax rates, as shown in Attachment 2 to this report.

REPORT**1.0 INTRODUCTION**

This report is being provided to the Financial Management Committee to recommend Council approve the 2021 – 2025 Financial Plan and authorize the City Solicitor to bring forward the Burnaby Financial Plan Bylaw 2021 and Burnaby Rates Bylaw 2021.

The 2021 – 2025 Financial Plan reflects a 2.95% property tax rate increase for 2021. This increase is required to fund operational and inflationary increases to deliver core City services including programming costs for the recent purchase of the 3713 Kensington Avenue Recreation Centre.

To: Financial Management Committee
From: Director Finance
Re: 2021 - 2025 Financial Plan, Burnaby Financial Plan
Bylaw 2021 and Burnaby Rates Bylaw 2021
2021 April 21Page 2

2.0 POLICY SECTION

The City of Burnaby 2021 – 2025 Financial Plan aligns with the following goals and sub-goals of the Corporate Strategic Plan:

Goal

- A Thriving Organization
 - Organizational culture –
Ensure that our core values are reflected in our policies, programs and service delivery
 - Financial viability –
Maintain a financially sustainable City for the provision, renewal and enhancement of City services, facilities and assets
 - Communication –
Practice open and transparent communication among staff, Council and the community

3.0 2021 - 2025 FINANCIAL PLAN

3.1 Financial Plan Bylaw

The purpose of the five-year 2021 – 2025 Financial Plan is to present Council's financial direction for the City. Provincial legislation requires the Financial Plan Bylaw be adopted any time before the date on which the Annual Property Tax Rates Bylaw is adopted, which must be before May 15 of any respective year.

Section 165(4) of the *Community Charter* requires the Financial Plan to set out the proposed expenditures, proposed funding sources and proposed transfers to or between funds (Attachment 1, Schedule A). Each year, the Financial Plan from the previous year remains in effect until the Financial Plan for the current year is adopted.

The 2021 Operating Plan expenditures within the Financial Plan total \$559,504,800 (inclusive of \$23,658,900 in transfers) and the 2021 Capital Plan expenditures total \$293,590,600. The Financial Plan Bylaw 2021 groups the operating transfers within the Proposed Transfer to/(from) Reserve Funds and Reserves, therefore, operating expenditures of \$535,845,900 are reflected.

To: Financial Management Committee
From: Director Finance
Re: 2021 - 2025 Financial Plan, Burnaby Financial Plan
Bylaw 2021 and Burnaby Rates Bylaw 2021
2021 April 21Page 3

Section 165(3.1) of the *Community Charter* requires the five-year Financial Plan 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 section 165(7) of the *Community Charter* (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.

The City of Burnaby's revenue and tax policy disclosure is outlined within the Burnaby Financial Plan Bylaw 2021 (Attachment 1, Schedule B).

3.2 Tax Rates Bylaw

The Burnaby Rates Bylaw 2021 is required to establish the property value tax rates for general municipal and regional districts tax revenue, in accordance with section 197 of the *Community Charter*. The City's municipal tax rates will generate property tax revenue amounting to \$292,497,127, which reflects a rate increase of 2.95%, or an additional \$53.68 of property taxes on the average residential property valued at \$1,101,558.

Metro Vancouver Regional District (MVRD) tax rates are established by the City of Burnaby based on the annual MVRD requisition.

Attachment 2 provides the applicable General Municipal tax rates and the Regional District tax rates used for the purpose of calculating property taxes.

4.0 RECOMMENDATION

It is requested that the Financial Management Committee recommend Council approve the 2021 – 2025 Financial Plan and authorize the City Solicitor to bring forward:

- (a) the Burnaby Financial Plan Bylaw 2021 outlining the proposed funding sources, proposed expenditures, and proposed transfers between funds as set out for each year in the planning period, as shown in Attachment 1, Schedule A, to this report; and,
- (b) the Burnaby Rates Bylaw 2021 that outlines the General Municipal and Regional Districts tax rates, as shown in Attachment 2 to this report.

To: Financial Management Committee
From: Director Finance
Re: 2021 - 2025 Financial Plan, Burnaby Financial Plan
Bylaw 2021 and Burnaby Rates Bylaw 2021
2021 April 21Page 4

The 2021 – 2025 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 requests or at Burnaby City Hall.



Noreen Kassam, CPA, CGA
DIRECTOR FINANCE

NK:RG/md:dg

Attachments: 1 – Burnaby Financial Plan Bylaw 2021 – Schedule A and B
2 – Burnaby Tax Rates 2021 – Schedule 1 and 2
3 – City of Burnaby 2021 – 2025 Financial Plan

Copied to: Acting City Manager
Director Corporate Services
City Solicitor

SCHEDULE A**CITY OF BURNABY****FIVE YEAR CONSOLIDATED FINANCIAL PLAN (2021 – 2025)****PROPOSED REVENUES, PROPOSED EXPENDITURES AND PROPOSED TRANSFERS:****Financial Plan Bylaw - 2021 to 2025**

ANNUAL (Rounded)	2021 Annual	2022 Annual	2023 Annual	2024 Annual	2025 Annual
PROPOSED REVENUES:					
Taxation Revenue	(300,085,800) ¹	(314,937,600)	(330,380,400)	(346,437,800)	(363,134,300)
Parcel Taxes	(18,628,100)	(19,000,700)	(19,760,700)	(20,946,400)	(22,203,200)
Sale of Goods and Services	(118,677,700)	(132,526,200)	(138,349,800)	(145,430,900)	(153,045,200)
Investment Income	(41,447,800)	(41,579,300)	(41,713,300)	(41,850,000)	(41,989,400)
Other Revenue	(53,314,300)	(56,221,300)	(55,284,300)	(56,464,500)	(58,362,800)
Community Benefit Bonus	(95,000,000)	(130,000,000)	(70,000,000)	(95,000,000)	(70,000,000)
Contributed Asset Revenue	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Transfers from Other Governments	(17,599,400)	(22,967,600)	(21,328,700)	(52,695,300)	(20,258,400)
Transfers from Restricted Funds and Development Cost Charges	(6,080,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
TOTAL PROPOSED REVENUES	(655,833,100)	(725,232,700)	(684,817,200)	(766,824,900)	(736,993,300)
PROPOSED EXPENDITURES:					
Operating Expenditures	535,845,900	543,336,700	570,132,500	599,490,600	633,378,100
Capital Expenditures	293,590,600	390,498,600	394,940,000	409,756,300	318,423,200
TOTAL PROPOSED EXPENDITURES	829,436,500	933,835,300	965,072,500	1,009,246,900	951,801,300
PROPOSED TRANSFERS:					
Transfer to/(from) Capital Works Financing Reserve Fund	(73,142,100)	(104,706,200)	(86,227,200)	(94,116,000)	(83,310,900)
Transfer to/(from) Local Improvement Reserve Fund	548,400	(885,500)	779,500	911,500	908,700
Transfer to/(from) Corporate & Tax Sale Reserve Fund	1,807,000	3,302,000	2,302,000	1,302,000	1,302,000
Transfer to/(from) Vehicle Replacement Reserve Fund	(7,235,600)	(8,870,300)	(6,121,100)	(4,609,400)	(1,307,900)
Transfer to/(from) Non-Statutory Reserves	(95,581,100)	(97,442,600)	(190,988,500)	(145,910,100)	(132,399,900)
TOTAL PROPOSED TRANSFERS	(173,603,400)	(208,602,600)	(280,255,300)	(242,422,000)	(214,808,000)
Total Proposed Expenditures And Transfers	655,833,100	725,232,700	684,817,200	766,824,900	736,993,300
Balanced Budget	-	-	-	-	-

¹ Taxation revenue is comprised of property taxes (\$292.5M), grant in lieu of taxes (\$6.1M), utilities taxes(\$3.3M) and local improvement frontage levies (\$0.6M) and assessment appeal \$2.4M.

SCHEDULE B

CITY OF BURNABY

FIVE YEAR CONSOLIDATED FINANCIAL PLAN (2021 – 2025)

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	45.8%
Sales of goods and services	18.1%
Community benefit bonus	14.5%
Other revenue	8.1%
Investment income	6.3%
Parcel taxes	2.8%
Transfer from other governments	2.7%
Transfers from restricted funds and development cost charges	0.9%
Contributed asset revenue	0.8%
Total	100%

The proportion of total revenue raised from each funding source in 2021 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.

Sales of goods and services are the second largest portion of general operating revenue. Many City of Burnaby services, such as metered water, metered 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 2021 Municipal Property Taxes among the Various Property Classes

Property Class	% of Tax Burden
Residential (1)	50.7%
Business (6)	38.6%
Light Industry (5)	5.9%
Others (2, 3, 4, 8 & 9)	4.8%
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).

The above distribution of property taxes is based on the final revised assessment roll received from BC Assessment.

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 sections 220 and 224 of 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 equally and consistently with regards to 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.

The tax burden resulting for exemption must be a justifiable expense to the taxpayers of Burnaby. Total revenue forgone as a result of permissive tax exemptions for the 2021 taxation year is approximately \$2.1 million; of which \$1.1 million is through exemptions from the City and \$1.0 million is from other taxing authorities.

Schedule 1 – General Municipal

Property Class	Tax Rates (dollars of tax per \$1,000 taxable value)
1 Residential	1.70070
2 Utility	18.57990
3 Supportive Housing	1.70070
4 Major Industry	23.83730
5 Light Industry	5.15020
6 Business and Other	5.68700
7 Managed Forest Land	0.00000
8 Recreation/Non Profit	0.67010
9 Farm	5.48290

Schedule 2 – Regional Districts

Property Class	Tax Rates (dollars of tax per \$1,000 taxable value)
1 Residential	0.05370
2 Utility	0.18795
3 Supportive Housing	0.05370
4 Major Industry	0.18258
5 Light Industry	0.18258
6 Business and Other	0.13157
7 Managed Forest Land	0.16110
8 Recreation/Non Profit	0.05370
9 Farm	0.05370