

FINANCIAL MANAGEMENT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

**SUBJECT: 2022 – 2026 FINANCIAL PLAN AND BURNABY FINANCIAL PLAN
BYLAW 2022**

RECOMMENDATIONS:

1. THAT Council approve the five year 2022 – 2026 Financial Plan.
2. THAT Council authorize the City Solicitor to bring forward the Burnaby Financial Plan Bylaw 2022 authorizing the proposed funding sources, proposed expenditures, and proposed transfers between funds as set out for each year in the planning period.

REPORT

The Financial Management Committee, at its meeting held on 2022 January 18, received and adopted the attached report seeking Council approval for the five year 2022 – 2026 Financial Plan (provided under separate cover), and Burnaby Financial Plan Bylaw 2022. The Bylaw appears elsewhere on the Council Agenda.

Respectfully submitted,

Councillor Dhaliwal
Chair

Councillor Gu
Vice Chair

Copied to:	Chief Administrative Officer Deputy CAO/CFO GM Corporate Services City Solicitor
------------	---

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2022 January 12

FROM: DEPUTY CHIEF ADMINISTRATIVE
OFFICER & CHIEF FINANCIAL OFFICER

FILE: 7600-20

SUBJECT: **2022 – 2026 FINANCIAL PLAN AND BURNABY FINANCIAL PLAN
BYLAW 2022**

PURPOSE: To obtain Council approval for the five year 2022 – 2026 Financial Plan and Burnaby Financial Plan Bylaw 2022.

RECOMMENDATIONS:

1. **THAT** the Financial Management Committee recommend Council approve the 2022 – 2026 Financial Plan.
2. **THAT** the Financial Management Committee recommend Council authorize the City Solicitor to bring forward the Burnaby Financial Plan Bylaw 2022 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.

REPORT**1.0 INTRODUCTION**

This report is being provided to the Financial Management Committee to recommend Council approve the 2022 – 2026 Financial Plan and authorize the City Solicitor to bring forward the Burnaby Financial Plan Bylaw 2022.

The 2022 – 2026 Financial Plan reflects a 2.95% property tax rate for 2022. This increase accounts for the higher than anticipated RCMP collective agreement, estimated collective agreement wage increases and other contract and inflationary increases associated to the provision of core services and programs.

2.0 POLICY SECTION

The City of Burnaby 2022 – 2026 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 2022 – 2026 FINANCIAL PLAN

3.1 Financial Plan Bylaw

The purpose of the five-year 2022 – 2026 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. As part of the City’s transition to one budget cycle, the Financial Plan Bylaw is being requested for approval in January allowing city staff to move forward on initiatives and capital projects in a timelier manner as well as aligning with best practice.

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 2022 Operating Plan expenditures within the Financial Plan total \$585,100,300 (inclusive of \$26,104,600 in transfers) and the 2022 Capital Plan expenditures total \$293,162,400. The Financial Plan Bylaw 2022 groups the operating transfers within the Proposed Transfer to/(from) Reserve Funds and Reserves; therefore, operating expenditures of \$558,995,700 are reflected.

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:

To: Financial Management Committee
From: Deputy Chief Administrative Officer & Chief Financial Officer
Re: 2022 - 2026 Financial Plan and Burnaby Financial Plan Bylaw 2022
2022 January 18 Page 3

- 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 2022 (Attachment 1, Schedule B).

The Burnaby Rates Bylaw 2022 will be provided to Financial Management Committee in April once BC Assessment has provided the final assessment roll and the final rates for other taxing authorities are known.

4.0 RECOMMENDATION

It is requested that the Financial Management Committee recommend Council approve the 2022 – 2026 Financial Plan and authorize the City Solicitor to bring forward the Burnaby Financial Plan Bylaw 2022 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, of this report.

The 2022 – 2026 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
DEPUTY CHIEF ADMINISTRATIVE OFFICER
& CHIEF FINANCIAL OFFICER

NK:RG/md:kl

Attachments: 1 – Burnaby Financial Plan Bylaw 2022 – Schedule A and B
2 – City of Burnaby 2022 – 2026 Financial Plan

Copied to: Chief Administrative Officer
General Manager Corporate Services
City Solicitor

SCHEDULE A

CITY OF BURNABY

FIVE YEAR CONSOLIDATED FINANCIAL PLAN (2022 – 2026)

PROPOSED REVENUES, PROPOSED EXPENDITURES AND PROPOSED TRANSFERS:

	2022 Plan (\$)	2023 Plan (\$)	2024 Plan (\$)	2025 Plan (\$)	2026 Plan (\$)
PROPOSED REVENUES:					
Taxation Revenue	(314,803,900) ¹	(330,039,200)	(345,883,900)	(362,362,400)	(379,500,000)
Parcel Taxes	(19,011,800)	(19,962,400)	(21,559,300)	(24,146,500)	(27,044,100)
Sale of Goods & Services	(129,960,600)	(138,067,500)	(144,626,600)	(154,254,800)	(164,664,700)
Investment Income	(50,822,800)	(50,712,000)	(50,570,500)	(50,534,200)	(50,385,100)
Other Revenue	(57,376,000)	(57,093,800)	(58,645,700)	(60,028,900)	(62,135,200)
Community Benefit Bonus	(120,000,000)	(120,000,000)	(120,000,000)	(120,000,000)	(120,000,000)
Contributed Asset Revenue	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)
Transfers from Other Governments	(31,081,100)	(27,134,500)	(25,028,000)	(22,781,000)	(33,158,500)
Transfers from Restricted Funds & Development Cost Charges	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)
Total Proposed Revenues	(734,556,200)	(754,509,400)	(777,814,000)	(805,607,800)	(848,387,600)
PROPOSED EXPENDITURES:					
Operating Expenditures	558,995,700	568,310,100	598,472,100	633,451,600	673,983,600
Capital Expenditures	293,162,400	383,447,900	351,133,900	367,137,200	323,251,500
Total Proposed Expenditures	852,158,100	951,758,000	949,606,000	1,000,588,800	997,235,100
PROPOSED TRANSFERS:					
Transfer to/(from) Capital Works Financing Reserve Fund	(73,745,300)	(107,911,200)	(88,434,400)	(80,479,700)	(47,156,100)
Transfer to/(from) Development Cost Charges Reserve Fund	(4,180,000)	(9,130,000)	(5,290,000)	(4,720,000)	(4,570,000)
Transfer to/(from) Local Improvement Reserve Fund	936,000	1,019,700	1,009,100	101,400	991,300
Transfer to/(from) Corporate & Tax Sale Reserve Fund	5,166,000	4,037,700	2,257,300	2,464,600	(2,117,900)
Transfer to/(from) Equipment & Vehicle Replacement Reserve Funds	(5,626,200)	(2,424,700)	(9,436,100)	(8,610,700)	(6,429,500)
Transfer to/(from) Housing Capital Reserve Fund	933,000	985,500	1,084,600	1,135,200	1,213,000
Transfer to/(from) Non-Statutory Reserves	(41,085,400)	(83,825,600)	(72,982,500)	(104,871,800)	(90,778,300)
Total Proposed Transfers	(117,601,900)	(197,248,600)	(171,792,000)	(194,981,000)	(148,847,500)
Total Proposed Expenditures & Transfers	734,556,200	754,509,400	777,814,000	805,607,800	848,387,600
Balanced Budget	-	-	-	-	-

¹ Taxation revenue is comprised of property taxes (\$305.9M), grant in lieu of taxes (\$6.4M), utilities taxes(\$3.1M) and local improvement frontage levies (\$0.6M) and assessment appeal \$1.2M.

SCHEDULE B

CITY OF BURNABY

FIVE YEAR CONSOLIDATED FINANCIAL PLAN (2022 – 2026)

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	Percent of Total Revenue
Taxation Revenue	42.9%
Sales of Goods and Services	17.7%
Community Benefit Bonus	16.3%
Other Revenue	7.8%
Investment Income	6.9%
Transfer from Other Governments	4.2%
Parcel Taxes	2.6%
Contributed Asset Revenue	1.0%
Transfers from Restricted Funds and Development Cost Charges	0.6%
Total	100%

The proportion of total revenue raised from each funding source in 2022 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 2022 Municipal Property Taxes Among Various Property Classes

Property Class	Percent of Tax Burden
Residential (1)	51.2%
Business (6)	38.1%
Light Industry (5)	5.7%
Others (2, 3, 4, 8 & 9)	5.0%
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 preview 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 complementary extensions to municipal services and programs; accessible to the public; and, used primarily by Burnaby residents.