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November 28, 2017

Mayor and Council
City of Surrey
13450 – 104 Avenue
Surrey, BC
V3T 1V8

Re: Annual Surrey Board of Trade Response to the City of Surrey 2018 Budget and Financial Plan

Dear Mayor Hepner and Surrey City Councillors,

Thank you for the opportunity to once again provide the Surrey Board of Trade's perspectives and recommendations to the City of Surrey on the proposed 2018 budget and Financial Plan. I anticipate that you will receive the following in the spirit intended, to foster dialogue, to support Surrey's business community, and to continue to grow the city's economy for the benefit of all residents.

As an independent voice of business since 1918, we review the city's budget and public sector spending with the view of minimizing tax loads on our businesses while efficiently utilizing resources to maximize service benefits. As our current membership numbers 2,500, with over 6,000 business contacts representing over 60,000 employees, finding that balance between servicing public needs and ensuring private sector productivity is always a challenge.

To prepare for our response, we met with Councillor Tom Gill, Chair of the City of Surrey's Finance Committee, and Kam Grewal, General Manager, Finance and worked with the Surrey Board of Trade's Finance & Tax Team. We worked with our advocacy teams to review their priorities and invited input from across our membership in a variety of ways.

The comments and recommendations enclosed reflect this input and are in line with current Surrey Board of Trade policies. We offer them to the city as part of attracting new investment in Surrey and to continue to work collaboratively with the city to provide economic development support – as Chambers and Board so Trade have done since their formation over 450 years ago.

This is a very high-level overview of the 2018 Budget and the City of Surrey's Financial Plan for the future.

I look forward to continue to provide independent reviews in years to come.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'A Huberman', written in a cursive style.

(H) Captain Anita Huberman, CEO, Surrey Board of Trade

cc. Vince Lalonde, City of Surrey Manager
Kam Grewal, General Manager, Finance & Technology

Attach: SBOT Review and Recommendations

SURREY BOARD OF TRADE REVIEW AND RECOMMENDATIONS

Why is the City Budget important to Surrey's business organization?

1. To ensure that investments for Surrey's business community are created for our local economy for today and for the future. The Surrey Board of Trade wants a Safe City, an Affordable City, a Vibrant City, an Interconnected & Inclusive City, a City that Fosters Innovation.
2. The Surrey Board of Trade, as an industry organization, is mandated to review and make recommendations on government budgets. The Surrey Board of Trade monitors public sector spending to maximize productivity in the economy and encourage growth in the private sector
3. The Surrey Board of Trade is a visible and effective organization for the views of our membership & business community. The Surrey Board of Trade is a partner in building Surrey.
4. The City Budget is important to the Surrey Board of Trade to evaluate Surrey's tax rates as being conducive for business growth/retention and infrastructure investments.
5. The Surrey Board of Trade understands and works on meeting the aspirations of Surrey in the face of significant internal and external pressures. We want the City of Surrey to continue to have a sustainable financial framework for municipal services and city-building investments involving both revenue and expense measures.

Overview

Surrey has 3 major sources of revenue, the most significant of which is property taxes (residential, major industry, light industry, business). Surrey has enhanced moderate general tax increases. In 2018, to fund increasing costs related to protective services and other city operations, the city will increase the annual property taxes by approximately \$93 along with an \$19 increase in the Roads and Traffic Safety levy for the average single family dwelling.

Property taxes are one of the most important sources of revenue for the City of Surrey and fund many services and programs essential for residents and businesses. The proportion of the tax base that are from residential, business and industrial sectors is a measure of how balanced the City's tax base is. The City's target is to have 60% of the tax base from residential properties and 40% from commercial and industrial properties by 2021.

The availability of locally-based employment opportunities provide social benefits by creating more complete communities where residents can spend less time commuting and more time with their families and participating in their community. It also reduces the environmental costs of commuting. The ratio of jobs to workers is a measure of how well the city is doing in expanding and diversifying local employment opportunities. The city's goal is to achieve 0.75 jobs for every Surrey worker by 2031.

Perspectives

Building on the Surrey Board of Trade City budget review from last year, the foundation of our presentation is what do we want as a business community – and what do we want as a city? Our perspectives related to investments in the areas of:

- Transparency
- Transportation

- Agriculture
- Environment
- Public Safety
- Tourism/Arts/Culture
- Taxation-Red Tape Reduction
- Social Policy issues
- Development-Land Use
- Youth, and
- International Trade-Economic Development.

TRANSPARENCY

1. *Public input*

It is stated on the City of Surrey's website and promotion that public input is an important component in the financial planning process for the City. To provide feedback regarding the 5-Year Financial Plan, and more specifically the Draft City of Surrey Five Year (2018-2022) Financial Plans (General Operating, Capital & Utilities), the Surrey Board of Trade suggests a longer time period for the public to review documents and more mechanisms to encourage public input. The current time frame from November 21 release to final submission deadline of December 1, is insufficient for a thorough review and to connect back to our numerous committees for their professional opinions.

2. *Comparative study and communication*

There is an opportunity for the City of Surrey to enhance transparency by improving communication to businesses on where their tax dollars are going. The Surrey Board of Trade is committed to helping the City message this to Surrey's business community. We appreciate the information given to us through COSMOS earlier this year. An opportunity for a simplified explanation through a graphic (similar to what residents receive) could be sent to businesses by mail and or email through the Surrey Board of Trade.

3. *Enhanced access and visual engagement*

The Surrey Board of Trade over many years has observed that in contrast to other municipal websites and municipal financial reporting mechanisms that Surrey does have well-organized, easy-to-read financial documentation. In fact, Surrey has received numerous awards for their financial processes. A suggestion to the City of Surrey is to make the financial statements easier to find on the City's website and a graphic that simply describes "What's in it for me" specific for residents and businesses that outline where tax investments are being made for each class of taxation.

TAXES, LEVY, INVESTMENTS, ECONOMY

1. *Property Taxes, Road Levy, Revenue Streams, Government Downloading*

The Surrey Board of Trade supports, **with caution**, the proposed 3.9% property tax increase.

The Surrey Board of Trade is well aware of rising costs to businesses and residents from external factors. It is suggested that the City of Surrey look at ways to decrease expenses for households and provide consistent communication on where these increased investments are

being directed, such as the increase of \$93 on an average single family dwelling (directed to public safety measures) and a Road & Traffic Levy increase of \$19.

Surrey offers one of the lowest tax regimes. We need the city to continue investing in infrastructure and amenities to make this a world-class city and decisions need to be made on the comparative tax threshold. We want a robust, civic amenity plan. Does it make sense for us to be the lowest tax regime? Are there other opportunities to derive revenue? We must make strategic investments now, not only in parks, recreation centres, but also cultural corridor investments, a convention centre infrastructure and more.

There may be other ways of collecting revenue other than tax revenue. There are new paradigms for financial planning that must be considered. We are well aware that geographically Surrey is 3 times the size of Vancouver – with significant downloading from the different levels of government to provide community services. However, in the face of rising costs from all angles, business and residents are facing significant challenges.

2. Cannabis Revenue Stream

An opportunity for another revenue stream, if done correctly, is tax revenue from a new Cannabis industry. There are many challenges as well as referenced in the Surrey Board of Trade's recent policy position on this topic and our submission to the Government of BC. With opportunity for revenue, however, the City of Surrey needs to focus on the cost of legalization to the City.

3. SCDC – Economic Agent

It would be valuable for businesses and residents to understand how the Surrey City Development Corporation is an economic agent, contributing to employable lands and livability. Currently, we see an over-reliance on construction. A focus on a diversification of jobs is needed, more than the core focus areas identified in Surrey's economic development vision. This may be an opportunity for another revenue stream.

4. Mayor's Economic Competitiveness Advisory Committee

We encourage further investments be made to promote the Surrey brand locally and internationally to increase the City's profile and showcase our competitive advantages. Communication can be done in concert with the work of the Surrey Board of Trade.

We recommend that a Mayor's Working Group that goes further than Mayor's Economic Competitiveness Advisory Group be developed that ensure ongoing engagement and involvement of the business community. This group could include a cross section of business, academic, labour and community leaders to provide input into a type of prosperity implementation plan.

Further this working group could lead to Revenue Stream Collaboration. A challenge that we see is that the City needs more instruments to increase revenue given the size, scope and vision of Surrey. A Mayor's Working Group of business leaders and economists could participate in developing a consultative working paper. This has been done by other cities within Canada.

5. Accounting Practices

The Surrey Board of Trade congratulates the City of Surrey on their accounting practices. The presentation of the costs of investments in infrastructure, costs of pension obligations, makes it easier to match the costs and benefits of municipal activities to taxpayers and citizens.

6. *Community Grants*

The Surrey Board of Trade values the collaborative relationship that we have with the City of Surrey. When it comes to city building initiatives, the city's board of trade and the city must work together. It is true we can't always agree on issues that we advocate for, as the Surrey Board of Trade is an independent voice of business. However, my colleagues and I value the variety of initiatives we work on together to enhance livability, attract business and ensure that investments come into Surrey as we position ourselves to be the largest city in British Columbia. It is with this in mind that I ask you to continue to consider our contributions and value to the city when reviewing annual grants.

7. *New Revenue Stream*

The Surrey Board of Trade was pleased to see an operating agreement with Fortis BC Energy. This will provide an annual operating fee to the City. We look forward to the approval of the BC Utilities Commission.

8. *Downloading of costs*

The Surrey Board of Trade recognizes that there are many costs that the city must bear from senior governments. Although this may be difficult, we recommend that a report of the costs to the city be done that illustrates clearly what downloading looks like. There is an opportunity to work with the new provincial government, similar to models developed elsewhere; for example, the Australian City Deals <https://cities.dpmc.gov.au/city-deals>

9. *Other financial observations*

Capital increase of \$34,311 in 2018 (\$62,281 in 2017 to \$96,592 in 2018).

And we noted utility increases for business for both water and sewer. Again the Surrey Board of Trade cautions Council on increased costs to business.

CULTURE

1. *Vision & Implementation*

The development of a vibrant arts and culture network ties into livability and business attraction. The Surrey Board of Trade is pleased to see the revitalized Strategic Plan (and its components) for the Parks, Recreation and Culture Department.

2. *Capital investments*

The specific capital investments including a performing arts space in City Centre and South Surrey contemporary art gallery and café are welcomed. As you are aware, the Surrey Board of Trade is working with Music Canada to brand Surrey as a music city destination.

3. *Cultural Grants*

The Surrey Board of Trade is pleased to see continued investments into this program to support local cultural organizations and talent to promote awareness, access, participation and appreciation of arts and heritage, and encourages collaborative opportunities and partnerships.

We are pleased to see that the City of Surrey is also conducting a comprehensive review of the cultural grants program.

SOCIAL POLICY & WORKFORCE DEVELOPMENT

1. Housing

Over the past 5 years Surrey Council in the area of social policy has showed leadership.

The Surrey Board of Trade requests that City of Surrey through their Capital Budget Planning to consider ways in which to innovatively protect the rental stock in Surrey. We have recognized that quality purpose built rental accommodation is necessary for workers coming in to our city or for those starting out. We encourage the city to continue to explore fast-tracking permits for purpose built affordable housing, including rental stock.

We are concerned about the missing middle – youth & young families – when it comes to housing. Surrey can use its regulatory process to increase the amount of affordable housing in Surrey by introducing an housing levy on new residential developments and/or require a percentage of units of affordable housing in new developments. There is an opportunity to re-define affordable housing to income sensitive housing as a way of ensuring that we are speaking more than social housing needs. We look forward to reviewing the City's Affordable Housing Strategy when comes available.

2. Indigenous

We were pleased to see Surrey's leadership in reaching out to the Semiahmoo First Nation for a municipal type of servicing agreement for water and sewer.

3. Newcomers

As with the downloading of costs from senior governments, we recommend an analysis of the increased costs and pressures to the City of Surrey, the recipient of most refugees settling in the Lower Mainland. The federal governments call to support refugees is noble, and we support the welcoming of refugees. However, the costs to provide for their needs require the cooperation of all levels of government – much of these costs are not visible or recorded. It may be difficult to calculate, but it is necessary as the City and our local service providers prepare to welcome more.

I note that Surrey's Local Immigration Partnership Table has done tremendous work on support services and reaching out to ensure that newcomers are part of the city's economic development and workplace models.

4. Schools

The City of Surrey, along with numerous groups, including the Surrey Board of Trade, has done much to advocate to the province for capital development funds for schools. There is a clearly recognized need to ensure that schools be built along with development. We encourage the continuation of collaboration between the city, the School District and the province to meet the current needs.

If this has not yet been done, we encourage the development of a strategic plan that connects forecasted development with anticipated school spaces to advocate for funds to be available well in advance of critical need. This would be a pro-active strategy, in conjunction with the School Board, to minimize the needs for future portables as a stop-gap measure. We recognize that much advocacy work has been done on this issue. Consistent advocacy messaging and new approaches to ensuring investments will always be needed.

5. *Social Planning Department*

There is an opportunity to review investments into the City's Social Planning Department from a human capital perspective or a re-visioning of social planning through a Social Policy Framework that interconnects with economic development.

TRANSPORTATION

1. *Light Rail Transit (LRT)*

The Surrey Board of Trade continues to support Light Rail Transit as the preferred transit solution to increased congestion in Surrey.

2. *Roads*

The Surrey Board of Trade was pleased to work with the City of Surrey on our annual Road Survey that identify projects and concerns that are a priority to Surrey businesses. We are pleased that the information gathered contributes to the City's annual 10-year review.

PUBLIC SAFETY

The Surrey Board of Trade supports the increased integration of programs and services focused on reducing crime and specifically providing youth with supportive programming to avoid gang related activity. The City Budget last year invested in increasing the RCMP with an ongoing increased complement. The Surrey Board of Trade is pleased to participate in the Mayor's Task Force on Gang Violence Prevention. This is a step in the right direction with the revised public safety strategy.

AGRICULTURE

Cannabis

The Surrey Board of Trade asks the City to consider implications of cannabis growth on agricultural lands: both positive as a growing industry, and negative. Our concern is the coverage of soil-based farmland with greenhouses.

This is a very high-level overview of the Surrey Board of Trade's perspectives on the City of Surrey Financial Plan for 2018. Our intent is to offer recommendations that will enhance the livability of Surrey and the opportunities for businesses and industries for today and for generations to come.

If you have any questions or require further comment, please do not hesitate to contact me at anita@businessinsurrey.com or 604-581-7130.

Respectfully submitted,



(H) Captain Anita Huberman, CEO, Surrey Board of Trade