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## **CITY OF SURREY BUDGET 2021 & FIVE-YEAR FINANCIAL PLAN SURREY BOARD OF TRADE PERSPECTIVES**

The Surrey Board of Trade is an independent, not-for-profit, city-building business organization that supports business and attracts business to Surrey through a diversified service portfolio of government advocacy, international trade, workforce development, business development, cost-saving benefits and business connections. The Surrey Board of Trade has over 6,000 business contacts and over 60,000 employee contacts.

### **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**, and a **City that Fosters Innovation**.
2. The Surrey Board of Trade is mandated to review and make recommendations on government budgets to instigate change and provide ideas to enhance our economy, ensuring businesses thrive in an environment where they and their employees can live, learn, work and play. 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 high-profile organization responsible for advocating on behalf of the views of our membership. The Surrey Board of Trade is a partner in building Surrey into an Opportunity City.
4. The City Budget is important to the Surrey Board of Trade wants to ensure Surrey's tax rates encourage 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.

### **Principles of the Surrey City Budget:**

1. Budget is aligned with Council priorities with corresponding funding support
2. Ensure the Surrey Police Service is fully funded
3. Budget must support 'State of Good Repair' of current assets
4. Budget is aligned with growth and demand for service level
5. City will not sell assets to fund ongoing operations
6. New capital additions will be debt-financed
7. City will continue to operate hyper-efficiently

## SURREY BOARD OF TRADE PERSPECTIVES ON SURREY CITY BUDGET

### TRANSPARENCY

#### 1. **Public input: *Great Job and Opportunity***

a) 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 (2021-2025) Financial Plans (General Operating, Capital & Utilities), the Surrey Board of Trade suggests a longer time period for the public to review documents - information released two weeks before public input is a challenge to businesses and residents alike. Further the Surrey Board of Trade asks Mayor and Council to enhance their mechanisms to encourage public input. Another suggestion is to have public input available (for in-person presentations) later in the evening of the applicable Council meeting. In previous years, comments from the public have been accepted after the initial Council meeting where the budget documents are presented. This year, the comments are due by November 27 at 12:00 pm. We understand that the Surrey Police Service budget will be submitted for consideration by Council on November 30, without prior input. We ask that given that the Surrey Police Service needs funds from the City, and to be presented to the Finance Committee, the final budget approval be delayed until such time adequate community consultation is observed.

b) Quoting C.D Howe Institute Commentary Report #560 – From A to F – Grading the Fiscal Transparency of Canada's Cities, 2019 – “Ideally municipal budgets and financial statements would let users who are attentive and motivated, but not necessarily expert, easily find and confidently identify key numbers and to make relevant comparisons.”

The C.D. Howe Report above scored Surrey and Richmond with A- and Vancouver A+. Vancouver scored higher in a timelier score – issuing its annual financial statements 3 months after the December year-end, compared to Surrey's 6 month reporting. To demonstrate the how well Surrey, Richmond and Vancouver scored – no other large city in Canada scored above B+. ([cdhowe.org](http://cdhowe.org))

The citizens, taxpayers and interested stakeholders in Greater Vancouver are very fortunate to have strong financial reporting practices and disclosures in place, as demonstrated by Surrey, Richmond, and Vancouver. We therefore followed with interest the participation by citizens, media and social media relating to the City's release of its Q1, Q2 and Q3 - 2020 Forecast Financial Results. What most citizens and media should recognize is Surrey's important uniqueness in Canada in increased transparency and timeliness on financial reporting.

The City has for many years had the practice of releasing its financial results of its General Operating Account on a quarterly basis, usually within 30 days of quarter-end. In past years, the Q2 General Operating Account Report included an 'annual forecast (estimate) of the current financial year against the annual Plan.

This year – due to covid-19 hitting us in mid-March - the City's Q1 Report included the 2020 Annual Forecast, and amazingly was published only 60 days following quarter-end.

Surrey's Management Team, Finance Team and all other Surrey employees associated with managing budgets for their departments must be applauded for the demonstrated adaptability, in very uncertain times.

We point out the quarterly reports set out other interesting statistics and graphs on City's Key Performance Indicators.

(Note: The City's other Accounts – Water, Sewer, Drainage, Solid Waste, Parking Authority, Surrey City Energy and Capital Account (Fixed Asset) are set out in different Budget Plans and reported on annually

## 2. **Ethics Commissioner: *Good Job and Opportunity***

The Surrey Board of Trade applauds the City of Surrey's appointment of an Ethics Commissioner. It is observed that many of the duties related to the position do not carry any substantial power except to investigate and educate.

In order to effectively govern, are tax dollars being appropriately utilized to ensure appropriate action on governance and ethical matters are taken to ensure transparency and accountability to taxpayers?

## **TAXES & INVESTMENTS**

### 1. **Property Taxes *Opportunity***

Given the financial successes of the City of Surrey financial profile in 2020, even during the challenging pandemic times, it is observed that taxes will be increased by 2.9% to residents, and other incremental increases to business tax classifications, in addition to adding a minimum \$200 parcel tax. This will add a significant burden to both residents and businesses, no matter what size of home or business that they own.

The Surrey Board of Trade asks the City of Surrey to put a hold on at least the \$200 parcel tax until further review and consultation of impact is completed. We understand that this parcel tax is needed to ensure a balanced budget and investments in capital. Budget priorities need to be shifted for economic recovery (*more on this to follow below*).

### 2. **Unfair 2020 Class 4 Tax Burden is being carried forward to 2021 *Observation and Opportunity***

In November 2019, the City adopted a 2020 Budget that substantially increased the 2020 municipal property taxes for the 24 Class 4 taxpayers (Major Industry). We identified this tax matter in our letter to Council in November 2019.

Context – The majority of the Class's assessed values are derived from four large sawmills along the Fraser River; a Grain plant; and a Marine Terminal Operator.

The City did not have any discussions with the Class 4 taxpayers prior to the change in the tax rates. Prior years were in the range of \$9 per \$1,000 assessed value with tax revenues running in the \$1M to \$1.4M between 2010 to 2019 as the 24 Class 4 assessed values changed over the ten years (2010 Assessed value – \$100M; 2019 Assessed value - \$151M).

In 2020 the municipal tax rate became \$24 per \$1,000 (increase of 255%). In 2020 the Class 4 assessed values changed from \$151M to \$199M (an increase of 32%).

The result – Class 4 municipal tax costs of \$4.5M, a 2020 increase of over \$3M to the 24 taxpayers.

Context – The municipal tax rate above excludes the Provinces School Tax and the TransLink Tax levied on all taxable properties in Surrey.

Context – The 2020 Class 1 residential municipal tax rate was \$1.89 per \$1,000 for 153,360 homes, raising tax revenues of approximately \$249M; tax rate for Class 5 Light Industry - \$4.09 for 862 tax payers, raising revenues of approximately \$15M, and Class 4 Business - \$ 5.10 for 7,665 taxpayers, raising tax revenues of approximately \$100M.

Context - As a result of the 2020 Class 4 tax increase, the Class 4 tax rate is 586% higher than the Class 1 tax rate, second only to Vancouver's tax rate difference of 693%.

The SBoT has argued that the City – to raise a further \$3M of important revenue - had a lot of choices to increase tax rates on the other three classes, with a more moderate, justified rate for Class 4 taxpayers. Since June 2020, the SBoT and two Class 4 taxpayers known to SBoT have written letters and held teleconference meeting with City Officials and a brief discussion with the Mayor. The City has not yet presented its business case to the SBoT and the two taxpayers which would support the significant rate change. Our letters to Council are in the public record.

In September 2020, Surrey Council approved the week of September 20 – 26, 2020 as National Forest Week in Surrey, recognizing the importance of maintaining a healthy industry for our province. The City should want to avoid putting the long-term sustainability of our Surrey sawmills in jeopardy by pushing extremely high property taxes into their operating cost structures. There are hundreds of jobs at stake.

The 2021 Plan presented to Council calls for a 2.9% tax increase across the 4 major tax classes mentioned above. We fear the property tax bills for 2021 will be much more than this, pushing these businesses and corresponding jobs out of Surrey.

As an advocate for the Class 4 taxpayers, SBoT argued in 2019 and throughout 2020 that the 2020 tax hike was a very unfair, highly weighted against Class 4 in the absence of a supportable business case. We ask again for the City to revisit the mix of the 2021 tax rates prior to finalizing the 2021 budget to bring more fairness to the 24 Class 4 taxpayers in 2021 and the years ahead.

#### Opportunity for action similar to the City of Calgary:

On February 3, 2020, Calgary City Council approved \$30 million in tax relief for Calgary businesses who have experienced the most significant municipal property tax increases over the past four years. The approved 2020 Non-Residential Phased Tax Program (PTP) will cap eligible property owners' non-residential municipal tax increases to 10% of their 2019 amount. It will be calculated by using the property's 2019 taxes, after that year's PTP reductions are applied. The program does not cap provincial tax changes, Business Improvement Area taxes or any other levies or penalties.

Approximately 5,000 non-residential property owners benefited from this program with the expectation that the benefits will be passed on to individual businesses/tenants (in the form of less money in rent, lease payments, operational cost payments, etc). [calgary.ca/pda/assessment/phased-tax-program.html](http://calgary.ca/pda/assessment/phased-tax-program.html)

### 3. **Drainage, Dyking, Flood Protection Account** *Clarity Needed*

The stated objective of the Account: to support increased maintenance and capital costs in relation to the City's drainage infrastructure.

The five-year Account financial plan calls for a Drainage Parcel Tax revenue of \$222M, and operating expenses of \$71M, leaving a surplus for capital contributions of \$154M, excluding other minor revenues of \$3M over the 5 years.

The Plan, however, sets out a contribution amount to capital of \$74M with the balance of \$81M, being transferred to operating sources.

The audited Annual Financial Statements of the Account includes about \$20M in the amortization of the Account's capital assets, or approximately \$100M over 5 years without material increases in its annual amortization amounts.

We do not know if the description on the Account's Financial Plan could be improved, or the planned

transfer of \$81M to operating sources is for more than one reason.

Our analysis of the larger Sewer Account (5-year Plan revenues of \$426M; Operating Plan costs of \$401M) does not have this oddity.

The City should clarify this for Council and readers.

4. **Drainage, Dyking, Flood Protection Account – Parcel Tax rates**

The 2021 Account financial plan calls for the Class 1 Residential parcel tax to increase \$2.00 over 2019 to \$229.00 per household and the Commercial tax classes (4,5,6) to increase by \$50.00 over 2019 to \$559.00 per taxpayer.

The similar Parcel Tax rates for Class 1 and Commercial taxpayers in 2018 were \$223.00 and \$409.00 respectively. Expressed in percentage terms – Class 1 Residential taxpayers parcel tax increased by 3% over three years, while the commercial taxpayers increased by 37% over the same period.

The City should provide its business case for the significant difference in parcel tax increases between the two class groups.

The City should clarify if the following four tax classes – Utilities, Class 2; Class 8 Recreation/Non-Profit; and, Class 9 Farming - also contribute to this parcel tax and their applicable parcel tax rates.

5. **Contributions: Observation**

We observed that Discretionary Contributions, which includes Community Amenity Contribution Reserves, Green City Fund, and other reserve funds paid by the development community were increased yet again this year. Although it is noted that many large-scale developers will not be substantially affected, this increase will hamper the smaller developers' ability to compete. Additionally, the consumer will pay more for housing.

6. **Road Levy: Opportunity**

We observe that there is no change from last year to the Roads & Traffic Safety Levy for 2021-2025. This is problematic as the levy was not increased in 2020 either. A growing population requires adequately improved and expanded roads in Surrey. What is the plan to move people and reduce congestion in Surrey?

7. **Cannabis Revenue Stream: Opportunity**

An opportunity for another revenue stream, if done correctly, is tax revenue from cannabis. It has been noted that the lack of clarity by the Federal and Provincial governments on how tax will be dispersed is why the City will not be exploring storefronts in the city. There are many other municipal jurisdictions that are showing innovation and offer learning experiences for the City.

8. **Ease of Doing Business in Surrey – Streamlining Efficiencies: Great Job and Opportunity**

When it comes to supporting businesses, not all jurisdictions are created equal. As a result of the pandemic, the City of Surrey has streamlined many of its departments to provide timely information to the business community when applying for permits, receiving grants, and other general inquiries. This is the result of the City's accelerated shift to online and digital reporting mechanisms.

- **Starting a business** – Procedures, time, cost, and minimum capital to open a new business
- **Dealing with construction permits** – Procedures, time, and cost to build
- **Access to electricity** – Procedures, time, and cost required to obtain an electricity connection for a new development

- **Registering property** – Procedures, time, and cost to register commercial and residential real estate. The Surrey Board of Trade’s Development and Land Use Team and the Surrey Board of Trade Red Tape Report can offer further perspective on this.

9. **Capital Investments for Arts & Culture Infrastructure: Opportunity**

The Surrey Board of Trade notes many proposed major general capital investment projects in the 2021 Five Year Financial Plan – Capital Program. The Financial Plan has a heavy focus on sports.

A comprehensive capital investment for art and culture assets to enhance livability in Surrey needs to be a priority. The development of a vibrant arts and culture network ties into livability and business attraction. While it is commendable to see these sport and recreation infrastructure projects move forward, transportation network, utilities, and other key infrastructure upgrades are also needed. It is observed that there are not many infrastructure projects related to arts and culture – this is a major opportunity for the City.

10. **Debt: Observation**

How much debt is too much for fast-growing cities such as Surrey, in need of facilities and infrastructure for our growing population? It was noted two years ago by the City of Surrey that there was significant concern about their debt level. We observe that now money is being borrowed to finance capital investments.

To ensure transparency to taxpayers, both residents and businesses, what are the debt levels today, and how have they changed from two years ago? Two years ago, the Surrey Board of Trade observed that Surrey’s debt falls well below the limit that is set in regulations of the B.C. Municipal Act and controlled by the Ministry of Municipal Affairs.

11. **Accounting Practices: Good Job**

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.

12. **Downloading of Costs to Surrey: Opportunity**

The Surrey Board of Trade recommends reporting the downloading of costs to the City by different levels of government. With a new provincial government, for example, there could be a model for new opportunities and new working models in order for taxpayers and stakeholders to understand the size of Surrey taxpayers supporting costs previously paid by senior governments and agencies.

13. **Green City Fund: Opportunity**

The Green City Fund is meant to enhance the green space within our city. Our concern is that this money could be used for other purposes by the City of Surrey. We would like a response on accountability and action as it relates to the Green City Fund as it impacts our development industry.

14. **Community and Cultural Grant Program Opportunity**

There has been a significant reduction in these grant programs. Economic recovery starts with supporting community organizations and art/culture organizations. We ask Council to reconsider their investments and priorities in the community in this regard.

15. **Staffing Opportunity**

Given the growth of Surrey, there is significant pressure on the City of Surrey to ensure service delivery and efficient/effective customer service for all departments. To ensure and sustain Surrey’s economic recovery, additional staffing or operational resources need to be focused on.



## INVESTMENTS

### 1. **Major shift in City's approach to the investment in Capital Expenditures (Capex) over the next 5 years** *Observation*

Surrey continues to grow in population every year, with no end in sight for future population growth. Citizens, including our workforce, require amenities within a reasonable distance from their homes as part of being in a city in which one can play. It is an important part of wanting our City to collaborate with others and to invest where needed to result in our City being one in which one can live, work, learn and play.

Our current Council approach to date to investing in civic capital amenities was one of 'pay as you go.' A review of the current 5-year Capex Plan, broken out by spending on Ongoing Capex for Maintenance & Enhancement projects and Major General Capex projects paints a very different picture.

The prior year Plans of "Ongoing Capex" for the four years called for total investment of \$102M, compared to this year's four-year plan of \$181M.

Similarly, the prior year Plan of Major General Capex for the four years called for an investment of \$91M, compared to this year's four-year plan of \$302M, which includes a further \$18M investment for Surrey Police Services.

The financing of the \$211M increase calls for external borrowing of \$150M, an amount that the City taxpayers can easily afford when one reviews the Province's Local Statistics Schedule of Liability Servicing Limits over time. In 2005, when the City followed the 'pay as you go' philosophy, the Liability Servicing Capacity Availability was 99% of \$80M Servicing Limit Available. In 2015, this measure was 83% available to borrow against a limit of \$157M. Between 2014 and 2016 the Build Surrey investments were put in place. In 2019, the measure was 92% available against a limit of \$201M. To compare Surrey to other Metro Vancouver cities, the 2019 City of Vancouver's measure was 55% and Richmond's measure was 94%.

Council's and Management's shared philosophy of providing more capex funds to maintain and enhance our City assets and existing amenities and to invest in new amenities is a welcome outcome.

### 2. **Vision & Implementation**

#### a) *Newton Community Centre & Land Acquisition: Good Job and Opportunity*

In consideration of the growth in Newton and the development of the portion along King George Boulevard expected over the next few years, the new Newton Community Centre will include cultural and arts services, seniors, youth, fitness, and recreation programming. The expected project cost for land acquisition will be \$90 million. **Clarity is needed whether the \$90 million will be spread out over the 5 year Capital financial plan.**

#### b) *City Centre Sports Complex – Phase 1 (Phase 2 Design – 2024): Great Job*

The Surrey Board of Trade believes that the completion of a new City Centre Sports Complex in Downtown Surrey will only benefit the growth and investment in the area. Since it will be City owned, it will provide equitable access for all individuals as opposed to it being a privately-owned facility. The facility will require an initial, phase 1 investment of \$40 million in 2021 followed by \$500,000 investment in 2024 for the design.

#### c) *Bear Creek Park Athletics Centre: Great Job and Opportunity*

The Surrey Board of Trade believes that the completion of the replacement project will bring international

attention to Surrey. The improvements will include a full range of track and field sports. The new facility will be designed to support sport and community event hosting and will replace the existing wooden bleachers with a modern 2,200 seat covered grandstand. We applaud the City for taking the initiative to implement this project as quickly as possible. The project should create jobs in the construction industry in Surrey. The Surrey Board of Trade believes that the City can still pursue partnership funding from the private sector, and provincial/federal support. The project will require a total of \$20.3 million over the next 5 years.

*d) Track Replacement & New Artificial Turf Field: Good Job*

The South Surrey Athletic Park track replacement will improve accessibility and provide a safer site. The new artificial turf field will provide a better space for children and community sports teams to practice and play, enhancing the ability for all to live, learn, work and play in Surrey. The project may receive \$4.4 million from the Investing in Canada Infrastructure Grant Program. The City will be providing \$6 million for the project to move forward if the grant is not received.

*e) Indigenous Carving Centres: Great Job*

The Surrey Board of Trade supports and applauds the City's initiative to create carving centres in North and South Surrey to support reconciliation efforts. This project will require a \$2 million investment.

*f) Kabaddi Facility: Good Job*

Surrey is a diverse and multicultural city with a significant South Asian population. A high-class kabaddi facility will bring in tourism – when appropriate.

*g) Surrey Arts Centre Renovation: Opportunity*

The Surrey Board of Trade recommends that the City of Surrey begin renovation on the Surrey Arts Centre as soon as possible. The renovation of the Surrey Arts Centre will begin in 2022. This project to renovate the Surrey Arts Centre to maintain and improve performing arts organizations' learning, production and presentation spaces and operations is much needed to enhance our livability.

*h) Semiahmoo Art Studios: Good Job and Opportunity*

While the Surrey Board of Trade supports investment into developing community arts space, there needs to be greater financial investment than the proposed budgeted amount for 2023.

*i) Cloverdale Sport and Ice Complex: Clarity Needed*

This Capital project first appeared in the City's 2016 Capital Plan at an estimated cost of \$35M. Significant City time and resources were invested before November 2015 to determine the planned structure and related costs. (5 Year Capex Plan published).

The City spent \$6M in 2017 for ground clearing. Construction was expected to begin in 2018 with a planned opening in 2019.

As quoted in the 2021 Plan, the project was paused in 2019.

The 2021 Capital Plan includes the complex with a new capital budget of \$50M, with an opening date in 2024.

As taxpayers, we do not know if the cost increase of \$15M over the original \$35M is due to a redesign matter, a relocation matter, or the result of increased construction costs of labour and material arising from the delay, or a combination of all three.

We do not know if the 2017 land clearing investment of \$7M is a sunk cost.



*j) Park Projects: **Good Job***

The City of Surrey has proposed a variety of park projects. The Surrey Board of Trade supports enhancing the livability of our City as enhancements provide youth and families with a safe space to enjoy the outdoors.

*k) Fraser River Waterfront: **Opportunity***

There is opportunity for more investment in the Fraser River riverfront to make it more attractive, provide more transparency about how funds collected from the Green City Fund are used, and focus on enhancing transportation infrastructure to assist economic recovery and growth.

*l) Cultural Corridor: **Opportunity***

The Surrey Board of Trade asks the City of Surrey to include arts and culture as part of its economic development strategy by strengthening community connections, establishing new partnerships, and advancing the potential for all of Surrey to be a cultural corridor.

A great city has great arts and culture infrastructure. From small underground studios to grand concert halls, arts facilities are gathering places that infuse our city with colour, stories, music, beauty, surprise, understanding and humanity. Arts and culture facilities create vibrancy in neighbourhoods, they help us tell our stories, live creative lives, inspire our youth, and draw visitors to our city.

Arts and culture infrastructure is important at every step of an artist's career and at every stage of artistic development, from the spark of an idea, right through the creative process, to the presentation. With strong arts and culture infrastructure, our entire arts ecosystem is supported, and all citizens have access to community and cultural facilities where they can fall more deeply in love with our city. The building of infrastructure cannot be attached to other public entities, such as schools. It must be a stand-alone, independently operated facility.

**We need to build momentum**

- We have seen how municipal investment in arts and culture infrastructure unlocks and leverages much bigger dollars, resulting in the development of Anchor Spaces, Major Community Arts Centres, and Incubator Spaces.
  - Arts and culture infrastructure acts as a driver towards a shared vision for Surrey
  - Creative placemaking through the arts
  - We are at a pivotal moment in our history to unleash the power of arts and culture in diversifying our economy and shaping our city's identity

*m) Performance Art Centre: **Opportunity***

**Look for private sector partners to build.** Let's not miss the opportunity of community arts and policies for the location of creative businesses - many of them are Surrey Board of Trade members. The Surrey Board of Trade is working with FUSIONpresents and Music Canada to brand Surrey as a music city destination. Artists have a unique niche to craft messages and communicate. Let's include them in the public engagement and dialogue to build our city. The City needs to understand that the arts are a core element of our society, and need to be funded as such.

n) **Library Opportunity**

We ask the City of Surrey to continue supporting and investing in its public library infrastructure. An educated, engaged population contributes to the vibrancy of Surrey and supports employment. IT support in the libraries throughout Surrey in general is even more important due to the pandemic (e.g. free Wi-Fi hotspots throughout the City would go a long way to helping citizens stay connected). We are aware of Surrey's broadband strategy, but it needs to be inclusive of all of Surrey, not just the downtown core.

**ECONOMIC DEVELOPMENT**

**Revitalize Surrey's Economic Development Strategy - Opportunity**

Investments need to be made in a modernized, engaged, community-made economic strategy. This can include the creation of a significant multi-million dollar investment fund to support initiatives and strengthen Surrey's economy and all town centres as a forward thinking measure of economic recovery investments.

The economic strategy can be guided by the city's top CEO's and community leaders representing a variety of industries, post-secondary institutions, stakeholders, not-for-profits, residents and municipal agencies to ensure that all of Surrey can be ambassadors to support economic competitiveness and embrace a shared prosperity to make Surrey an opportunity city.

**SOCIAL POLICY AND WORKFORCE DEVELOPMENT:**

**Housing: Opportunity**

The Surrey Board of Trade, from an economic context, asks the City of Surrey through their Capital Budget Planning to consider ways to innovatively protect our rental stock of housing – that is our workforce housing. The City of Surrey may want to explore fast-tracking permits for purpose-built workforce housing. We are concerned about the missing middle – youth and 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 affordable housing levy on new residential developments, and 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 about more than social housing needs. Further, there is an opportunity to partner with not-for-profits to build affordable housing. Increases in fees for development are counterintuitive to improving livability and affordability.

**TRANSPORTATION**

**1. Rapid Transit Needs within Surrey: Opportunity**

Our rapidly growing city is starved of adequate transportation that enables citizens to travel within Surrey.

The beginning of a network to enable citizens to get to work, or to get to educational facilities, to get to health services, to get to retail services has garnered significant attention by our citizens, businesses and the City in recent years.

The Surrey Board of Trade supported the significant plan of prior Council. We need to begin to build a city network of rapid transportation for our business community to revitalize and benefit all of Surrey's town centres with transit-oriented development.

Transit should be about city-building and servicing the needs of our workforce - helping them traverse the city, getting students to school and workers to their jobs. Any efforts moving forward need to recognize that considerable investment and planning needs to be undertaken to build a transportation system that connects the city, keeps workers and students in Surrey, and attracts new investment and economic opportunity.

## **2. Roads: Opportunity**

a) The Surrey Board of Trade was pleased to work with the City of Surrey on our annual Road Survey identifying roads, walkways, and bikeways that are a priority to Surrey businesses. This supplements information to the City's 10-year road improvement plan and enhances the livability of our city for businesses today and to our workforce. Potholes and expansion of roads to decrease congestion (new north/south and east/west connections) were considered priorities.

## **3. Road and Traffic Safety Utility Levy: Opportunity**

The lack of an increased Roads and Traffic Safety Levy for 2021 is problematic. This is the second year that the road levy has not been increased. With the development of innovative technology that would serve to reduce traffic and collisions, an investment is needed by the City. Additionally, a growing population requires adequately improved and service roads. The reason why this has not been increased even though there is such a glaring need for improvements is unknown. The Surrey Board of Trade asks Council to re-visit this decision.

## **PUBLIC SAFETY**

### **1. RCMP Investments Opportunity**

The City Budget again chose not to increase the number of RCMP officers in our growing city. Conversely, the contract for the RCMP is to end in the first quarter of 2021. This plan is viewed as premature as it does not provide adequate policing of our city streets especially in light of COVID-19's impact on the local economy.

### **2. Surrey Police Service: Opportunity**

#### **a) Pause the Transition**

The Surrey Board of Trade maintains the policy position to harness existing policing resources and modify public safety infrastructure as needed. Pause the investment in public safety transition and focus on economic recovery and city-building. Both residents and businesses are facing significant cost pressures. Short-term and long-term expenses by the City of Surrey on the police transition will funnel cost pressures to residents and businesses. Significant questions need to be answered:

1. How will public safety be maintained with a new police force to ensure that businesses and residents feel safe and are safe, and further, that businesses will stay in Surrey.
2. What is the real cost of the transition plan, including capital and operating needs like infrastructure, recruitment, IT requirements and pensions?
3. What important public services or infrastructure are being eliminated or postponed by the City of Surrey to pay for the police transition?
4. What is the Board's real timeline for this transition, given that the Premier recently commented that the transition has a 'long way to go' and Minister Farnworth said there is no definitive deadline and the transition must be done to the Ministry's satisfaction?
5. The Surrey Policing Transition Plan of May 2019 was intended to form the basis for a feasibility assessment by Surrey City Council. Will the Board require City Council to conduct a feasibility study as set out in the Transition Plan?
6. What is the role of Surrey Police Board members, who were appointed to act in the public interest, to be accountable and communicate with the business community and residents?
7. How will the Board maintain its independence from politics and ensure Surrey's livability isn't compromised?

8. Will Surrey Police Board members engage with the Surrey RCMP, who currently police Surrey?
9. How will the Police Board recruit the officers they need for the Surrey Police Department? How will this impact other municipal police forces like Vancouver who are already struggling to address retention issues?
10. How would a new Surrey police force impact the new officer training services that are already stretched at the Justice Institute of BC?
11. How will the recently announced provincial policing review consider a transition of policing in BC's second largest force?

**b) Surrey Police Services – Operating Costs per Capita Observation**

Over our years of following the City's budget process and the actual results years later, we have found the City to have a reasonably good handle on the future operating costs being reasonably close to the budgeted figures prepared years earlier.

Below is a table comparing the Police services operating costs per capita of 2019, compared to the budgeted operating costs per capita of 2025.

Year	Population	Policing Costs	Cost per Capita
2019 Actual	571,600	\$172 Million	\$301
2025 Budgeted	659,000 Estimated	\$210 Million	\$319

If the City were to achieve the 2025 costs, the increase over the six years represents a change of 6% over 2019. The Surrey community, including the SBoT, have called for more police officers on the ground. The new Surrey Police Board and Police Chief will have to work through this important matter in the next few financial quarters.

The extent of the Surrey Police Service's future operating cost increases arising from the addition of new officers will be closely followed by Surrey's business community.

**3. Fire Services: Good Job and Opportunity**

There will be 10 additional firefighters in 2021 with additional 50% funding to be implemented in 2022 to fully annualize the funding for the 10 full time equivalent positions. The Surrey Board of Trade resolves that an expanding and growing city needs more investment in public safety. The Surrey Board of Trade recommends that these 10 additional firefighters be hired in the first quarter to 2021 and not be delayed to later in the year.

**4. Bylaw Services: Good Job and Opportunity**

The City plans to add two additional bylaw service staff. COVID-19 has resulted in many more duties being added to Bylaw's plate and more COVID-19 enforcement is needed to support the already strained RCMP in Surrey. The Surrey Board of Trade recommends that these 2 additional bylaw service staff be hired on January 1, 2021 and not be delayed to later in the year.

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