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CITY OF SURREY BUDGET 2023 & 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 member 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 and 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 share ideas to better our economy to ensure 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 visible organization responsible for advocating on behalf of the views and best interests 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 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.

Overview

Surrey has 3 major sources of revenue, the most significant of which is property taxes (residential, major industry, light industry, and business). 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 availability of locally based employment opportunities provides social benefits by creating more complete communities where residents can spend less time commuting and more time with their families and participating in their communities. It also reduces the environmental impacts 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.

Over 75,000 new residents are expected to be in Surrey by 2030. This is equivalent to expanding by double the size of the [City of Langley](#). Investment in Surrey's growth and the type of new infrastructure required to support existing and future

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citizens and businesses so that they can live, learn, work and play in Surrey must be a priority for the City of Surrey. Innovative, efficient transportation to get around in Surrey is also integral to ensure Surrey is the leading edge, world class business hub that we want it to be.

Perspectives

Building on previous Surrey Board of Trade City Budget reviews, the foundations of our presentation are the following questions: what do we want as a business community, and what do we want as a city? Our perspectives related to investments are in the areas of transparency; transportation; agriculture; environment; tourism/arts/culture; taxation (red tape reduction); social policy issues (public safety, homelessness, equity); land use and development; youth; and economic development.

The Surrey Board of Trade has found three sources of independent financial information for cities to understand Surrey's financial matters.

1. Local Statistics - Government of BC: This website has several very helpful statistics on BC cities and municipalities based on the individual entity financial reporting, covering a very broad range of financial measurers.
2. Canadian Federation of Independent Business: It publishes a few reports each year that compare BC cities, segmented by various population sizes covering property taxation, tax ratios and the relationship between the city's annual operating cost increases against population and inflation rates.
3. CD Howe Institute: It publishes reports on Canada's big cities, covering the soundness of the disclosure of financial affairs. Surrey has scored very high on its several recent reports. Surrey scored an A+ on the last report.

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Surrey Board of Trade Municipal Tax Survey

This year, the Surrey Board of Trade asked its members in a formal survey what they thought the City should prioritize in the City Budget. The majority of respondents were either employers or employees.

An employer	46.4%
An employee	25.0%
A Contractor	3.6%
Retired	21.4%
A sole proprietor	3.6%

The town centre most represented was South Surrey with City Centre coming in second.

City Centre	35.7%
Cloverdale	14.3%
Fleetwood	21.4%
Newton	10.7%
South Surrey	42.9%
Guildford	10.7%

We asked respondents what the City should be focusing on in terms of budget allocations. Respondents indicated that public safety, taxation, infrastructure, roads, transportation, and housing were priorities for them. The respondents want to ensure that Surrey residents and businesses have a full understanding of costs and that those costs are communicated effectively. Investments in revenue generating industries that do not currently operate in Surrey, like cannabis retailers, was also indicated.

Respondents were asked about tax rates in Surrey. An overwhelming majority want to see balanced budgets, with no tax increase, and some advocating for a reduction in taxes for many business classes. These respondents noted that the tax climate will lead them to decide on whether they continue operating in Surrey. Others indicated that amenities such as recreation facilities, investing in beautification of parks, and education investments will lead to asset value increases and improve standards of living.

Respondents indicated that the City should work more with community-based organizations to address issues in the city. Pools, parks, and community centre expansions were noted as necessary investments to enhance Surrey as a destination for businesses and tourism. Again, transportation, housing, and public safety were noted as important investments. The City should also work with community-based organizations that enhance literacy.

TRANSPARENCY

1. Public Input Opportunity

It is stated on the City of Surrey's website and promotion that public input is an important component in the financial planning process. To provide feedback regarding the 5-Year Financial Plan, and more specifically the Draft City of Surrey Five Year (2023-2027) Financial Plans (General Operating, Capital & Utilities), the Surrey Board of Trade suggests a longer period for the public to review documents. This year, the City of Surrey released a survey asking for input on what the budget should look like, and held public consultations to discuss the subject. This was an amazing first step and we thank them for this, but more needs to be done in this area to create an outreach strategy to businesses and ensure that businesses know what their possible tax and fee implications will be in the upcoming budget. The Surrey Board of Trade asks Mayor and Council to enhance their mechanisms to encourage public input. Both business organizations and residents should be able to review and provide input on the actual Budget and 5-Year Financial Plan during this public input period.

2. Surrey Needs to Appoint an Auditor General

An Auditor General, reporting to Council, independent from management, reports on how well the City manages its revenues, expenses and capital investments from the perspective of economy, efficiency and effectiveness of City activities. Bottom line: Did the taxpayers receive good value for the money spent?

The City of Vancouver appointed its first Auditor General in August 2021, following a task force process.

The City of Vancouver joins the cities of Edmonton (established in 1977), Calgary, Toronto, Montreal (1978) and Halifax (2009) with having an Auditor General (or City Auditor) role. In the case of Montreal, the Province of Quebec passed provincial legislation which mandated all cities in the province with populations over 100,000 to have an Auditor General. From the City of Toronto's Auditor General website: "The Auditor General is responsible for assisting City Council in holding itself and City administrators accountable for the quality of stewardship over public funds and for the achievement of value for money in City operations."

Council, residents and business taxpayers require independent information on how the City manages its revenues, capital expenses and its associated risks.

Another Auditor General appointment task: It is the general belief that the annual work of the Auditor General's Office identifies sufficient savings and process improvements to cover the costs of the office, and over time, results in net savings. Council should set also set up an Auditor General Task Force to study this significant matter with the right terms of reference leading to a future report to Council.

3. Ethics Commissioner Needs Authority

The City of Surrey will be appointing a new Ethics Commissioner. Although 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. We recommend that the Ethics Commissioner be tasked with reviewing the current bylaw and Council Code of Conduct to ensure that there are repercussions for violations, and that complaints that are relevant with respect to the bylaws be made public.

TAXES, LEVIES, INVESTMENTS, ECONOMY

4. Property Taxes

Surrey says that it offers one of the lowest tax regimes, but our concern with this budget and financial plan is the substantial increased tax rates to create a balanced budget and to drive revenue. Businesses face the greatest burden of taxation. In the statement, the budget refers to the impact on a resident, however it is unclear in this budget what tax and fee impacts businesses will face in each of the business tax classes. Instead of increasing the property tax to fund any shortfall in 2023, the City should enhance current processes to become an environment where more businesses can come into Surrey, and

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build houses of all types to generate more property tax revenue.

The Provincial Government has indicated they are willing to develop densified housing along major transportation hub corridors within 800 metres. The current [City Centre Land Use Plan](#) within 500 metres of the proposed SkyTrain stop on Fraser Highway and 140 Street will not allow for the Provincial Government to implement their policy. We suggest that the City review the land use plans and create a bylaw that will allow for increased density if it is within 800 metres of a major transportation hub. This bylaw will increase density in areas that align with the Provincial Government, and result in the construction of more housing and more property taxes to fund programs.

Additionally, a bylaw should be created to allow accumulated surplus to be available to the City to stabilize its budgets, and not just to stabilize water and sewer rates, as is the current policy.

We must make strategic investments now, not only in parks and recreation centres, but also cultural corridor investments, a performing arts centre, tourism assets, convention centre infrastructure, transportation (road improvements and expansions), and more.

We ask for a comparative on all fees and prices to businesses and residents between 2019-2023.

5. Indigenous Economic Partnerships: Opportunity

There is an opportunity not realized by the City of Surrey to create long lasting, respectful partnerships with our Indigenous communities for economic development that could drive revenue to benefit the City - residents and businesses. We urge the City to consider an action and implementation plan on this area that requires focus.

6. Cannabis Revenue Stream: Opportunity

An opportunity for another revenue stream, if done correctly, is tax revenue from the cannabis industry.

7. Business Class Tax Rates: Opportunity

To attract more businesses to Surrey, the first year of property tax should be waived for those businesses that relocate to Surrey, provided they remain in the city for at least 10 years. This will create an ecosystem that will attract businesses to Surrey, and provide for greater revenue generation after the first year. This can be an attractive mechanism for businesses that want to co-locate in the Lower Mainland but are having difficulty in deciding which city to call home.

8. Mayor's Economic Competitiveness Advisory Committee: Opportunity

We recommended in 2018 that Mayor and Council create an Economic Advisory Committee. This was to ensure that investments will be made to promote the Surrey brand, locally and internationally, to increase the City's profile and showcase our competitive advantages. Further, this advisory group could lead to revenue stream collaboration. A challenge we recognized is that the City needs more instruments to increase revenue, given the size, scope and vision of Surrey. The Surrey Board of Trade suggested that the City convene a Mayor's Advisory Committee comprised of business leaders, academics, and economists to participate in a consultative working paper. This has been done by other cities within Canada.

This year, the City of Surrey established the Investment and Innovation Impact Committee. The group's priority is to generate, incubate and accelerate ideas into actions related to economic development, investment attraction and innovation in Surrey. We look forward to a renewed economic and jobs plan for Surrey – this is essential to drive revenue to the City and invest in needed infrastructure as we become the largest city in BC.

An opportunity for the City is to promote this group more effectively and to encourage engagement with the private sector and stakeholders. Communication can be done in concert with the work of the Surrey Board of Trade.

A second opportunity is to allow for more public input during the meetings. At this point in time, residents and businesses

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are able to submit ideas and comments to City staff, however, these comments are not publicly discussed by decision-makers, and there is no accountability that they will be shared in internal documents or otherwise.

9. 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 has occurred due to the shift to online and digital reporting mechanisms.

- Starting a business – Procedures, time, cost, and minimum capital to open a new business. However, it has been noted that business permit costs have increased.
- Dealing with construction permits – Procedures, time, and cost to build.
- Registering property – Procedures, time, and cost to register commercial and residential real estate.

Some businesses have to wait an extensive amount of time to get their business license. While these cases are few, there is an opportunity to streamline it so that they can begin operations in Surrey legally.

10. Capital Investments: Opportunity

A. Tourism, arts and culture investment strategy is needed.

The Surrey Board of Trade notes many proposed major general capital investment projects in the 2023 Five Year Financial Plan – Capital Program, which has a heavy focus on sports and parks. COVID-19 hit the tourism, arts and culture the hardest due to travel group size restrictions. Surrey needs to invest in more robust and attractive capital items that serves Surrey's tourism and arts industry to make Surrey a destination city. The Surrey Board of Trade recommends that the City of Surrey develop a tourism, arts and culture attraction strategy by investing in infrastructure and creating an operational position.

B. How well is Surrey managing its annual capital expenditures?

We have reported on this capital expenditure (CapEx) point in prior years. There is no reporting to Council and taxpayers on the individual capital projects approved by Council in the quarterly reporting, or in the City's Annual Reports issued in June of the following calendar year. There is also no variance reporting mechanism.

The City of Vancouver's quarterly disclosures include 4 pages on CapEx projects.

The 2023 five-year CapEx plan set out in the proposed plan makes reference to the Newton Community Centre (2.1) (page 1).

Looking at the 2021 CapEx plan – the Newton project is introduced with an estimated cost of \$90M. The Cloverdale Sports Complex was included - \$50M. The 2021 plan called for borrowing \$150M from Municipal Finance Authority of BC (MFA) to finance the above two projects and the City Centre Sports Complex. The \$150M loan appears on the December 2021 Financial Statement.

The 2022 Annual Capex Plan – includes Newton at \$37M, and Cloverdale at \$32M.

A review of the five-year proposed Expenditure Summary Major Capital Projects includes no five-year budget for Newton. We know there has been some site work in place. The City has indicated it has plans to add a future Phase 2.

The Cloverdale project is included on the 2023 CapEx – expanded to \$72M due in part to scope change.

With no City detailed CapEx disclosures – either quarterly or annually, Council and taxpayers have no information on this important and large amenity project, and all other CapEx expenditures.

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Recommendation:

- (i) Similar to the City of Vancouver - the City of Surrey should be reporting on Capital Expenditures quarterly and annually to Council and taxpayers.
- (ii) Management needs to provide information to Council and taxpayers in order to understand the Newton project – recognizing the City borrowed \$90 Million in 2021 for this project.

11. Accounting Practices: Good Job and Opportunity

The Surrey Board of Trade congratulates the City of Surrey on their accounting practices. The presentation of the costs of investments in infrastructure and costs of pension obligations makes it easier to match the costs and benefits of municipal activities to taxpayers and citizens. There is opportunity to ensure that the full scope of project funding and money spent are transparent, as noted in the above sections.

12. Downloading of Costs to Surrey: Opportunity

The Surrey Board of Trade recommends reporting on the downloading of costs to the City by different levels of government. There could be a model for new opportunities and new working models for taxpayers and stakeholders to understand the amount that Surrey taxpayers are supporting costs previously paid by senior governments and agencies. 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.

CULTURE

1. Parks and Recreation: Opportunity

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, other key infrastructure upgrades are also needed in all of Surrey.

The City needs to create a revitalized tourism and art attraction plan. This plan needs to be implemented with Destination BC, Discover Surrey, and the Surrey Board of Trade.

It is observed that there are more infrastructure projects related to arts and culture compared to previous years but there are still major opportunities for the City. The City of Surrey reinstated the Parks and Recreation Committee, which utilized community input into the potential capital projects in the City. Further, all town centres need a specific arts infrastructure focus.

A. Indigenous Carving Centre: Good Job

The Surrey Board of Trade supports and applauds the City for committing \$600,000 to the carving centre. This will enhance Indigenous reconciliation and provide meaningful economic opportunities for the community.

B. Semiahmoo Art Studios: Good Job and Opportunity

We are pleased that the City will commit \$500,000 to develop new community arts spaces in Semiahmoo Town Centre. There is an opportunity to create similar spaces in other town centres.

C. Pop-up Heritage Displays: Good Job

The investment of \$150,000 into this project will create a benefit for all of Surrey. We look forward to understanding more about the project as information becomes available, and providing input on how it is implemented. The artists of the community should be given an opportunity to showcase their work.

D. Interactive Art Museum – City Centre (Total \$60.0M): Good Job

The Surrey Board of Trade has been a proponent for more art and culture investments in Surrey's Downtown. As we become the largest city in the province, it is tantamount we see more investments of this nature to ensure a lively and welcoming downtown core.

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E. Surrey Sports Hall of Fame: Good Job

The Surrey Board of Trade participated in the consultations for the Surrey Sports Hall of Fame in 2022 and indicated we need a physical space for tourists and residents to visit in person. We are pleased that a hybrid model is being implemented.

F. 1001 Steps Renovation:

The stairway system in South Surrey is heavily utilized by tourists and residents. An upgrade will allow for greater use and can be marketed as a destination for visitors.

2. Cultural Corridor: Opportunity

The Surrey Board of Trade requests that the City of Surrey include arts and culture as part of its economic development strategy to strengthen community connections, establish new partnerships, and advance the potential for all of Surrey to be a cultural corridor.

- Create a sustainable, dynamic and socially cohesive city with an enviable quality of life.
- Ensure that cultural industries will be a significant component of Surrey's economy.
- Establish all town centres with its major public art installations and the cultural facilities as a model of public space design and a focus of cultural activities.
- Draw regional, national, and international visitors to Surrey.

While cultural hubs serve the needs of the creative sector, they also foster community and sense of place. The vision for a community cultural hub in Surrey will be developed from the ground up in the local community and will respond to the needs and interests of neighbours, community partners, and other local stakeholders.

3. Performing Arts Centre: Opportunity

Look for private sector partners to build a performing arts centre. 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 - include them in the public engagement and with them 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.

4. Convention Centre and Hotel Industry: Opportunity

Surrey needs a corporate convention centre to host large conventions. We are currently losing many business and tourism opportunities to Vancouver, Langley, and now Burnaby. Certainly, more hotels need to be built in Surrey to complement the convention centre. We ask the City of Surrey to attract high-end hotels to the City and position them in areas that make the most sense.

5. Film Studio: Opportunity

The Surrey Board of Trade asks that the City of Surrey work with film studios, realtors, and the Agricultural Land Commission to build a large studio space in Surrey. We have heard from the industry the need to create cultural hubs comprised of arts and culture space integrated with affordable housing options, similar to the examples found in [Vancouver](#).

SOCIAL POLICY AND WORKFORCE DEVELOPMENT:

1. Housing: Good Job and 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 increase our rental stock of housing – that is our workforce housing.

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There is an opportunity to partner with not-for-profits to build affordable housing by reducing fees and further expediting the permitting and approvals process for these developers.

In addition to the recommendation made in the Property Tax section, the City of Surrey should consider permitting the building of laneway housing or coach housing on existing properties where it would make sense to do so. This is an initiative that has been in place in Vancouver and is being considered in Langley.

Surrey continues to build thousands of housing units each year. The NAIOP issues an annual scorecard on how well Metro Vancouver municipalities do on (i) most improved approval timelines and (ii) most improved fees (iii) most business friendly. Their Fall 2022 Report identified Surrey as achieving the largest decrease to their approval timelines between 2020 and 2022 relative to the other municipalities – in 2020 it took 395 days and in 2022 it took 180 days. This was accomplished by the City adopting a Guaranteed Permit Timeline Program.

The recent Urban Development Institute Report – Taxing Growth – identified three areas for municipal Councils to bring focus to:

- (i) Streamline development approval processes;
- (ii) Remove barriers to purpose built rental supply;
- (iii) Reduce the impact of layered government charges.

The City should continue to measure and report on improvements to the barriers on rental supply and the impact of the various government charges.

Surrey has had success in reducing timelines, however, there is space for improvement as it relates to having the right people working on development applications. We have heard and noted that the City should create a team of individuals that work on specific projects together with the developer. This will limit the number of questions that the developer has to ask and streamline the process by getting all of the relevant people in a room to discuss a project and have it move forward.

The development community is also willing to pay more to have certain permits expedited. If this process will lead to societal benefits, it should be investigated.

The City should also investigate how they can increase their pool of highly qualified and skilled staff within their departments.

2. Newcomers: Opportunity

Surrey will see thousands of newcomers over the next 5 years. The work of supporting them needs to be done in concert with all levels of government. We recommend that the City work with the Surrey Board of Trade and other organizations that support refugees and immigrants in gaining meaningful skills and employment.

3. Schools: Opportunity

The conversation about schools, development, and education continues to be prevalent in city-building. The Surrey Board of Trade continues to support development as a mechanism to increase livability. But with development must come the needed school and amenity infrastructure at the same time.

4. Establishing a Downtown Core in Surrey: Opportunity

All major downtown cores have a few key elements: a financial district; arts and culture; unique dining experiences; walkability; and shopping and recreation activities. New developments should include spaces for arts and cultural experiences, dining, and recreation activities. The City should also consider a campaign to have financial institutions have regional head offices in Surrey's downtown core.

TRANSPORTATION

1. Rapid Transit Needs within Surrey: Opportunity

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

The beginning of a transportation network to enable citizens to get to work, to get to educational facilities or to get to health services or 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 a prior Council. We are committed to working with our current Council to put in place a suitable plan that begins to build a city network of rapid transportation for our business community, to revitalize 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, to keep workers and students in Surrey, and to attract new investment and economic opportunities.

2. Roads: Opportunity

a) Identifying Road Priorities

The Surrey Board of Trade was pleased to work with the City of Surrey this past year on our annual Surrey Road Survey, identifying roads/walkways/bikeways that are a priority to Surrey businesses. The results were released at the end of January 2023. This supplements information to the City's 10-year road improvement plan and enhances the livability of our city for businesses today and for our workforce. Potholes and expansion of roads to decrease congestion (new north/south and east/west connections) were considered priorities.

b) Road & Traffic Safety Utility Levy: Good Job

The Surrey Board of Trade is pleased that the City is focusing on road and traffic improvements. The City has seen an increase in traffic since the pandemic and therefore more impact on the road surfaces, and a need to enhance efficiencies.

3. Workforce Transit: Opportunity

The City of Surrey needs to implement an employment lands transportation plan in conjunction with TransLink and Metro Vancouver. For example, the Campbell Heights area will be a large source of jobs, however, there is little transit investment in the area. We recommend that the City of Surrey reprioritize their Transportation Strategy to bring adequate transit to Campbell Heights, possibly partnering with private sector partners and showing leadership and innovation in this area.

PUBLIC SAFETY

1. Hiring New Bylaw Officers: Good Job

We are pleased that the City of Surrey will hire more bylaw officers. As our city grows, we need more services that will be useful to businesses as they decide where to locate. We ask that these individuals be hired immediately. We also ask that the City make a commitment to gender equality in the hiring process.

2. RCMP Investments: Good Job

We are pleased with the hiring of 25 new RCMP officers to ensure we have adequate policing for a large city.

We are concerned over the funding shortfall as a result of the policing transition being pushed onto businesses and residents in such a drastic manner.

3. Fire Services: Good Job

We are pleased that the City will be hiring 20 new fire personnel. We ask that these individuals be hired immediately. We also ask that the City make a commitment to gender equality in the hiring process.

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

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