



inclusive | innovative | independent

**APRIL 22, 2024**

### **CITY OF SURREY BUDGET 2024 & 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 growth and productivity in the economy and support for the private sector and livability organizations.
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.

## 2024 & Five-Year Financial Plan Review

Surrey will be the largest city in BC by 2029. 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 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. On its most recent report, Surrey scored a B+, down from an A+ in the previous year.

### 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 (2024-2029) Financial Plans (General Operating, Capital & Utilities), **the Surrey Board of Trade urges the city to issue its budget in December prior to the following fiscal year.** This delay that happened this year, while understandable, creates an uncertain economic environment for businesses and organizations. Business can't plan four months into the year with an uncertain property tax environment. Businesses bear the greatest burden of taxation in an already challenging economic environment. Last year, the City of Surrey arranged a city-wide open house engagement on the city budget, but there was no one from the City of Surrey's Finance Team to respond to accounting questions. The city budget consultation being managed by economic development is only one piece of the overall budget – questions related to policing, livability infrastructure and so many other items required onsite expertise at these consultation sessions. The 2024 city budget itself was released with only two weeks to review a complex document also needed further consultation for both the public and the business community.

#### 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 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.

### TAXES, LEVIES, INVESTMENTS, ECONOMY

#### 3. Property Taxes

The City of Surrey has increased property taxes by 6% this year to pay for inflationary pressures, new resources for police services, fire services, and bylaw services, and new resources and operating funding for city wide operations (non-public safety). Businesses face the greatest burden of taxation. 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 2024, the City should enhance current processes to become an environment where more businesses can come into Surrey, and build livability and destination infrastructure of all types to attract more businesses.

## 2024 & Five-Year Financial Plan Review

The current property tax increases are expected to generate an additional \$28.73 million in revenue. The property tax and secondary suite revenue due to anticipated growth is expected to generate \$7.52 million in additional revenue. Tax increases are not broken down in a way that indicates how much of an increase is faced by the business community versus how much of an increase is faced by the residential community. Further the uncertainty of the police transition, if it goes ahead, remains a huge concern about how much taxation businesses are going to have to bear for such a large public safety infrastructure cost. We need investment in wrap around public safety infrastructure, not a new police force.

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 2019-2024.

### **4. Cannabis Revenue Stream: Great Job and Opportunity**

The City of Surrey recently approved the Retail Cannabis Framework. If done appropriately, it will instigate new funding mechanisms for the City.

### **5. Business Class Tax Rates: Opportunity**

To attract more businesses to Surrey, the first year of property tax should be waived for those international 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.

### **6. Mayor's Economic Competitiveness Advisory Committee: Opportunity**

Last 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 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.

### **7. 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.

## 2024 & Five-Year Financial Plan Review

- 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. The City is utilizing the Housing Accelerator Fund to expedite permits, as well as introducing an AI tool to help developers understand what is needed. We look forward to evaluating and reviewing these innovations.
- Registering property – Procedures, time, and cost to register commercial and residential real estate.

Some businesses must 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.

We have significant concerns with the User Fee increases up to 3.5%. Most of these use fees are charged to the business community. This is an additional cost to businesses at a time of fiscal uncertainty.

### **8. 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.

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

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.

### **9. 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.

Additionally, the City of Surrey should explain variances between its budget and its financial statements.

### **10. 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.

The City can also work to ensure that the Federal Government includes capital investment for the arts industry when conducting foreign direct investment meetings.

*A. Covered Multi-Sport (Lacrosse Box) at South Surrey Athletic Park: Good Job*

*B. Softball City Parking Lot and Sportfield Light Improvements: Good Job*

The investment of \$3.5 million into this project is applauded by the Surrey Board of Trade. In addition to infrastructure updates, we need to ensure that we have other facilities for when large competitions want to be held in Surrey, such as hotel space.

#### **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](#).

### **6. Stadium: Opportunity**

The Surrey Board of Trade recommends that Council expedite the development of a large multi-purpose stadium so it is developed in time for the FIFA World Cup. A modular design concept can be created through a Public-Private Partnership.

## **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.

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.

Recommendations for the City of Surrey to Improve Housing:

- Pilot - contract out Tenant Improvement approval permits as a solution to staffing issues
- Update the checklist of requirements for applications
- Empower planners to make a decision on interpretation of bylaws and requirements for buildings
- With inter-departmental requirements, have a meeting with all departments involved in one meeting. Bring applicant, consultant, and the departments in one room to go over outstanding issues on developments with 50 units or more
- NCP should be adopted into OCP as the NCP is more detailed

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 2024. 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.



## 2024 & Five-Year Financial Plan Review

### **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.

### **CITY-WIDE STAFFING AND OPERATING COSTS (NON-PUBLIC SAFETY)**

#### **1. New Staffing Requests:**

a) Environmental Technician – Arboriculture (“Arborist”): Good Job

An additional Arborist would increase the capacity of the Planning & Development department. This is very much needed for the development community.

b) Indigenous Relations Lead: Good Job and 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.

#### **2. New Operating Requests:**

a) Parks, Recreation & Culture – Special Events: Good Job

We are pleased that the City of Surrey is expanding the security, tenting, event supplies, fencing and other operating items for these events.

### **PUBLIC SAFETY**

#### **3. Hiring New Bylaw Officers: Good Job**

We are pleased that the City of Surrey will hire 10 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.

#### **4. Police Services Investments:**

We are pleased with the hiring of 26 new sworn members 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. The delineation of funding between the RCMP and SPS has not been provided, which will significantly impact the proposed budget.

#### **5. 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.

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.

**Anita Huberman**

## 2024 & Five-Year Financial Plan Review

### **President & CEO, Surrey Board of Trade**

Suite 101, 14439-104 Avenue

Surrey, BC V3R 1M1

Phone: 604-581-7130

[anita@businessinsurrey.com](mailto:anita@businessinsurrey.com)