



BUDGET AMENDMENT

**FOR 2020 RESIDENTIAL PROPERTY
TAX INCREASE OF 2.98%**

10 NEW RCMP OFFICERS, YORKSON
COMMUNITY PARK AND ADDITIONAL
CLIMATE CHANGE PROJECTS FUNDED
WITHIN THIS BUDGET YEAR



MEMORANDUM

FEBRUARY 06 • 2020

TO: MAYOR AND COUNCIL
FROM: CLLR ERIC WOODWARD
SUBJECT: BUDGET AMENDMENT FOR MAXIMUM 2020 PROPERTY TAX INCREASE OF 2.98% WITH 10 NEW RCMP OFFICERS, YORKSON COMMUNITY PARK AND ADDITIONAL CLIMATE CHANGE PROJECTS FUNDED FOR THIS BUDGET YEAR

SUMMARY

Due to significant capital additions from development, rising costs to maintain and replace existing infrastructure, contractual commitments to current staff, a series of one items that cannot be avoided, previous commitments now being annualized in 2020, and the need to maintain existing services levels for current, new, and future residents, the 2020 budget year has proven challenging.

For Council's consideration, staff outlined a possible base property tax increase of 4.12% (now at 3.87%) but up to 7.5% to maintain existing service levels with needed increases in contributions to capital and asset maintenance, and new capital projects to fight climate change, still unfunded.

Further, a possible property tax increase of this amount, even with potential service cuts, still does not include the requests for new bylaw enforcement and additional RCMP requests of up to fifteen new officers to need to catchup to increases in population, continued improvements to school and park safety, or ensuring that needed new projects and existing capital renewal continues, despite budget challenges. For example, important projects Council has committed to, such as Yorkson Community Park, are currently unfunded for this year.

PROPOSED BUDGET ADJUSTMENTS SUMMARY

Base Increase as Proposed for Council Consideration with Service Cuts	4.12%	\$5,506,000
Programs and Contract Increases to Maintain Service Levels [2020 Y1]	1.27%	\$1,695,407
Infrastructure and Asset Maintenance Additional Contributions to Capital	0.60%	\$800,000
Additional Capacity for RCMP and Bylaw Enforcement	0.72%	\$965,250
Other Adjustments	-3.73%	(\$4,990,465)
RESIDENTIAL PROPERTY TAX INCREASE FOR 2020 BUDGET	2.98%	\$3,976,192

With a series of budget adjustments, prudent financial planning, some cutbacks, with preparations for future years proposed herein for Council's consideration, we can reduce the potential residential property tax increase from the contemplated 7.5% to 2.98% yet:

1. Fully fund and continue with the next phase of Yorkson Community Park, which is currently halted and unfunded for 2020, requiring a \$1M operating budget contribution to capital.

2. Approve the addition of not just a few, but ten new RCMP officers starting as soon as practical within 2020, and up to five more within 2021-2022, to improve service and increase resources for items such as property crime, such as a persistent break-ins affecting local business.
3. Begin to proactively and significantly expand bylaw enforcement capacity with not one, but three new bylaw enforcement positions in 2020, and up to two more in 2021. With these additional resources, Council will then be able to consider new enforcement policy initiatives in response to persistent and valid community concerns that cannot be addressed otherwise.
4. Finalize the completion of 208th Street from 83rd to 84th Avenue, along with up to \$250,000 for the Willoughby Community Hall to finish its parking lot with asphalt paving, lighting, and property line improvements. For a historic community hall in a rapidly growing community, these improvements are needed and will benefit many, and should be done at the same time as the completion of its 208th Street frontage.
5. Still fund multiple projects with climate change and public safety implications, such as important health-related improvements at the Walnut Grove Community Centre, that have tangible value to residents, but before significant additions to cash reserves or consultant reports.

RECOMMENDATION

That Council direct staff to incorporate the proposed amendments summarized and outlined herein within the 2020 Operating and Capital Budget.

COMMITMENT TO MAINTAIN EXISTING SERVICE LEVELS

Council should confirm its commitment to maintain existing service levels as staff transition to a program-based itemization of needed services for facilities maintenance, parks, roads and storm sewer systems. With improvements and reductions proposed by staff, this has been reduced from a property tax increase of 2.72% to 1.27% for 2020, to be considered further in 2021. This is still an additional \$1.695M in additional, permanent capacity to maintain existing service levels.

ANNUAL INCREASE FOR ADDITIONAL CONTRIBUTIONS TO CAPITAL

With these proposed amendments we would continue with past practice to increase annual contributions to capital by an additional \$800K (0.60%), decreased from the \$2.8M (2.09%) initially outlined by staff, as follows:

INFRASTRUCTURE AND ASSET MAINTENANCE		
Additional Contribution to Capital	0.34%	\$975,000
Road Paving	0.26%	\$100,000
Capital Infrastructure Renewal and Replacement Reserve	0.28%	\$325,000
Annual Climate Action Strategy Implementation Fund (Deferred)	(0.30%)	(\$400,000)
Information Technology (2020 Reductions, Determined by Staff)	(0.19%)	(\$200,000)
TOTAL	0.60%	\$800,000

To address climate change requirements, funding is partially reduced from the requested \$1.055M overall, instead redirected towards specific capital projects with tangible value and significant climate change implications. Some initial climate projects can address needed capital infrastructure and replacement, but have direct impact on improving resident and staff health at our aquatic facilities while also decreasing gas emissions and water consumption (as one example) with specific economic return to the water utility.

Additionally, Council could consider also allocating a remaining portion of Prior Year Surplus or use some of the Climate Action Reserve Fund, with a 2020 balance of \$593K, to fund all or a portion of the climate strategy planning items as one-time funding contributions, separate from contributions to capital. This is an option not formally included within this proposed amendment.

ADDITIONAL CAPACITY FOR RCMP AND BYLAW ENFORCEMENT

Rather than continue with the current practice of minor additions to the RCMP that do not catchup with population growth and the ongoing challenges within our growing urban areas, Council can and should take bold action to add up to 10 new RCMP officers in 2020, and consider up to 5 more in 2021-2022. With modest, strategic use of unused portions of the accumulated surplus of authorized strength from prior years not actually provided, this can be done with full absorption over time.

There is no doubt that additional resources are needed because of persistent business and residential break-ins, property crime, drug-related activities, and other ongoing, chronic issues, such as homelessness. As a Council, we should assume a more informed and learned role in ensuring that a majority portion of increased resources go towards programs with the greatest returns.

The issue of law enforcement capacity and resources required to address business and resident crime is something for which we must demonstrate action, leadership and commitment, without excuses or hesitation.

ADDITIONAL CAPACITY FOR RCMP AND BYLAW ENFORCEMENT		
Annualized within 2020 with Realistic Starts	0.33%	\$438,750
Addition to RCMP Reserve for 2021-2022	0.23%	\$311,250
Senior Bylaw Officer [Annualized at 75% for 2020]	0.06%	\$78,750
Two Additional Bylaw Officers [Annualized at 75% for 2020]	0.10%	\$136,500
TOTAL	0.72%	\$965,250

In addition, I propose that we rename the current RCMP reserve to the “RCMP Contingency and Planning Reserve” to indicate a wider purpose to more easily absorb additional positions over future years with manageable adjustments to future budgets based on actual, realized costs.

With strategic usage of this reserve based on property tax revenue that residents have already paid for RCMP protective services in prior years, Council can proactively adjust the impact on property taxes, while residents benefit from increased service and law enforcement capacity more quickly using this reserve.

With 2020 additions to this new reserve along with unallocated “actual strength” in 2020, Council can anticipate additional contributions to this reserve, as actual levels remain below those authorized and budgeted for. Further, given the long-term health of this reserve, Council can also begin to more fully consider the Township of Langley’s long-term management of RCMP services for the maximum benefit and financial return to Township of Langley businesses and residents, and only Township of Langley businesses and residents.

OTHER ADJUSTMENTS

The Township of Langley has principal and interest debt service obligations coming online in the 2020 and 2021 budget as follows:

- 2018 Commitments to Railways and Facilities — \$666K
- 2018 Commitment to McLeod Athletic Park — \$120K
- Land Acquisitions for Langley Events Centre, Willoughby and Aldergrove — \$2.745M

To ensure only a gradual impact on property taxes over many years, these additional obligations can and should be added to the operating budget over time, not all at once.

With recent changes to the Roads DCC program approved by Council on January 27th, 2020, the Roads DCC program will now owe \$15M to the operating budget of the Township of Langley for land costs related to the 212th Connector, from 208th Street to the border of the Williams Neighbourhood Plan.

We can gradually absorb these debt service obligations into the budget with reimbursements from the Roads DCC program over 7 years, with reimbursements decreasing each year. This amortization could be increased further, up to the full \$15M, at Council’s future discretion, potentially reviewed each year.

Year 1	2020	\$2,750,000
Year 2	2021	\$2,600,000
Year 3	2022	\$2,200,000
Year 4	2023	\$1,700,000
Year 5	2024	\$1,150,000
Year 6	2025	\$750,000
Year 7	2026	\$350,000
TOTAL		\$11,500,000

With record receipts to the Roads DCC program in 2019 of \$19.2M, and DCC rates set to increase up to 80% starting in 2021, the program is well positioned to make these initial payments. It is proposed we withdraw \$2.75M for this budget year and, in preparation for 2021, deposit another \$1.5M into the debt service reserve.

Other adjustments to further adjust the overall property tax impact residents are currently facing within 2020 are also proposed, as follows:

OTHER ADJUSTMENTS		
Road DCC Reimbursement for Important Land Acquisitions	(2.06%)	(\$2,750,000)
Increase in Property Tax Revenue from Growth	(0.15%)	(\$200,625)
Climate Strategy Requirements	(0.15%)	(\$205,000)
Fees and Charges Bylaw Increases and Adjustments for Regional Visitors	(0.13%)	(\$175,000)
Minor Deferrals to 2021+ (as Submitted by Staff)	(0.06%)	(\$86,918)

OTHER ADJUSTMENTS		
Mill Rate Adjustments for Business / Other	(0.73%)	(\$972,029)
Mill Rate Adjustments for Light Industry	(0.26%)	(\$350,893)
Property Tax for Important Land Acquisitions to Prior Year Surplus	(0.19%)	(\$250,000)
TOTAL	(3.7%)	(\$4,990,465)

FUND EIGHT ADDITIONAL IMPORTANT CAPITAL AND COMMUNITY PROJECTS

With these amendments above, as a Council, together we can then fully fund and deliver the following high priority, important capital and community-orientated projects for Township of Langley residents, all currently *unfunded*:

ADDITIONAL CAPITAL PROJECTS NOW FUNDED WITHIN 2020		
Yorkson Community Park Improvements in 2020	Additional CTC Yorkson Creek Bridge	\$350,000 \$650,000
Willoughby Community Hall Parking Lot Improvements	Prior Year Surplus	\$250,000
Traffic Calming for Schools and/or Parks	Community Film Reserve Public Art Reserve LRPNP Reserve	\$75,000 \$25,000 \$50,000
Ultraviolet Systems Aquatic Upgrades [Y1] (Climate) Resident Heath Implications as well, with Economic Return	Additional CTC	\$400,000
GPC Landscape Upgrade	Prior Year Surplus	\$50,000
Milner Park Parking Lot [Phase 2]	Prior Year Surplus	\$141,000
Civic Facility Electrical Upgrades (Climate)	Prior Year Surplus	\$150,000
Reconstruction of 264 th Avenue, 80 th to 88 th Ave	Prior Year Surplus	\$350,000
TOTAL		\$2,491,000

Yorkson Community Park is a multi year project for up to 30,000+ residents that live within Willoughby. It should be continued on the previously confirmed schedule, given that it is still multiple years to completion.

As staff prepare to complete the east side of 208th Street from 83rd to 84th Avenue, we should fund the completion of needed upgrades to the Willoughby Community Hall parking lot at the same time, with lighting, asphalt paving and permanent property line improvements.

The development issues with the property adjacent to the Willoughby Community Hall show no signs of a resolution, and construction fencing should not be a permanent condition. The Willoughby Hall is an important community-orientated asset in a rapidly growing area, and the Township of Langley can fund these needed upgrades from Prior Year Surplus as an affordable one time item, with staff completing the project on their behalf as they otherwise finish its frontage along 208th Street.

Rather than fund additions to climate reserves, Council should first fund capital projects with clear climate and health implications, such as the Ultraviolet Systems Upgrades, or electrical upgrades to the Civic Facility that are needed to support expansion of the electric vehicle charging stations for the corporation's vehicle fleet.

By upgrading our aquatic facilities to UV disinfection, we can achieve water savings of up 3.8M litres per year, with direct, tangible savings, along with reduction of annual natural gas emissions. This project also improves indoor air quality for Township staff and regular users, reducing respiratory health effects and the rate of internal equipment failure, providing further

long-term savings. And, further, Council could pre-approve this project as part of the 2021 budget now so all applicable aquatic facilities can be upgraded this year. For industry, business and residents within the Glen Valley area and beyond, 264th Street is an important truck route connection from 88th Avenue to Highway #1. The section in question has required repairs and flood mitigation for many years, and should finally be funded.

And, finally, I propose we fund other small items that have a disproportionate impact compared to relatively small amounts required:

- completed needed landscape upgrades for George Preston Recreation Centre, given the other upgrades underway there;
- the second phase of the Milner Parking Lot upgrades, currently both inside and outside the proposed funding envelope;
- another series of important traffic calming projects in front of the most vulnerable local school and parks locations, as ranked by staff, with \$150,000 in 2020.

These additional projects would be funded from the sources individually outlined above, as follows:

FUNDING SOURCES FOR ADDITIONAL CAPITAL PROJECTS		
Prior Year Surplus	Willoughby Community Hall Parking Lot Civic Facility Electrical Upgrades GPC Landscape Upgrade Milner Parking Lot - Phase 2 Reconstruction of 264 th , 80 th to 84 th	\$941,000
Community Film Reserve Public Art Reserve LRPNP Reserve	Traffic Calming for Schools and/or Parks	\$75,000 \$25,000 \$50,000
Additional Contribution to Capital	Ultraviolet Systems Aquatic Upgrades Yorkson Community Park	\$750,000
Yorkson Creek Bridge Replacement	Yorkson Community Park	\$650,000
TOTAL		\$2,491,000

STATUS OF PRIOR YEAR SURPLUS

In review with staff, this amendment proposes to allocate \$941,000 from Prior Year Surplus with reductions to Council Priority Planning, Legal Defence Fund and Retirements Overlap, and other efficiencies and updates confirmed by staff from other sources.

There is additional capacity within Prior Year Surplus that I have left untouched for other members of Council and Township of Langley staff to consider, within the scope of this proposed amendment, if approved by Council.

ADDITIONAL ITEMS FOR CONSIDERATION

Additional items that are not officially proposed within this amendment recommendation, but could be further considered by Council to reduce the 2020 property tax increase and/or fund or prioritize other items, subject to additional staff input as may be required:

- Deferral of two multi-year arterial road widening projects that are currently within the funding envelope within 2020, funded by the DCC program, but seem to include land costs not within the program, which WARCAP may yet address. This would also reduce the pressure on the current Road DCC cash balance for 2020.
- Reduce the 208th Street Corridor capital project by \$1M removing the approval for design expenditures for portions of 208th Street that Council has not approved to widen, and ultimately may not. This would also reduce the pressure on the current Road DCC cash balance for 2020.
- Add the intersection at 56th Avenue and 240th Street to the funding envelope and potentially prioritize it within the DCC program.
- Pre-approve the second year of the Ultraviolet Systems Upgrades within the 2021 budget so that all facilities can be upgraded within 2020, ensuring all applicable community facilities are upgraded within 2020, as possible.
- Pre-approve the replacement of Yorkson Creek Bridge within the 2021 budget so that it can be completed later this year as currently projected, without potential delays associated with the completion of the 2021 budget process before it can be fully replaced.

Staff have advised that the Yorkson Creek Bridge Replacement project will require design and preparation time, and will likely not be ready for replacement until the end of the year, freeing up budget capacity for other projects that can be completed this year.

CONCLUSION

With decreases proposed by staff, and these these proposed adjustments, if adopted by Council, we can deliver a residential property tax increase of **2.98%**, down from the generally outlined 7.5%, yet maintain existing service levels, fund additional, important projects.

In addition, we can fund 10 new RCMP officers and additional bylaw enforcement capacity expansion with prudent financial planning and the efficient use of reserves from prior taxation for RCMP officers not delivered. To effectively catchup to recent population growth, and to consider new directions going forward, this strategy will smooth out future demands on property taxes for significant increases in service that can be achieved starting in 2020.

It is my sincere hope that Council will duly review this proposed series of amendments for its consideration, to ultimate net benefit to our taxpayers. We can maintain prudent property tax adjustments *and* boldly address concerns we have heard, such as crime, bylaw enforcement, facilities expansion, and maintaining service levels while managing our resources prudently and efficiently, even as demands increase.