

2025-2029 Draft Financial Plan

January 20, 2025

Township of
ESQUIMALT

The logo for the Township of Esquimalt features the words "Township of" in a small, white, sans-serif font above the word "ESQUIMALT" in a large, white, serif font. Below the word "ESQUIMALT" is a white, stylized wave graphic that curves under the letters.

CAO's Strategic Outlook

Municipal Demand Signals:

- Council Strategic Planning – early 2023: Strengths, Weaknesses, Opportunities & Threats
- Council Priorities Plan (significant projects and initiatives)
- Adopted plans & plans in development:
 - Climate Action Plan
 - Sanitary Sewer, Storm Sewer and Facilities Asset Management Plans
 - Policing transition
 - Economic Development
- Council & resident expectations for service delivery (levels of service)

Service Levels

- The Township's core budget is developed to maintain existing service levels
- Staff use experience and external information to determine delivery cost at approved service levels
 - Look to identify efficiencies wherever possible to mitigate tax increases
- Budget for most likely scenario – not worst case
 - Focus on bottom line for each function
 - Estimation of labour, materials and other costs to provide services

Staff Process

- Consolidation of departmental submissions to determine required revenue
- Capital projects reviewed to ensure alignment with available funding and staffing resources
 - Increased focus on asset management and long-term planning
- Additional review of core budgets and supplemental requests while considering service level impacts

Supplemental Requests

- Changes to existing service levels; new or additional
- Often one-time studies or minor operating items
 - Can be more significant
- Some are included as additions to core budget
 - Change in total cost from previous year is identified as taxation impact

Capital Requests

- Replacement Programs
 - Fleet
 - IT Equipment
- Recurring Programs
 - Streetlights and Banners
 - Road Infrastructure
 - Traffic Calming Infrastructure
- One Time Projects

Infrastructure Replacement

- Shift to long term capital asset planning and management
 - Annual plan has been sustained in the short term
 - Storm and Sewer Master Plans, Facilities Management Plan
- Financial sustainability analysis report
 - Current annual infrastructure gap is estimated at \$5.5M
 - More than \$35M of infrastructure is overdue for replacement
 - Increasing contributions will accelerate the bridging of any gap
- Council approved 1% annual increase to reserves
 - Current draft budget includes an increase of 2% for infrastructure reserve funding and additional 1% for updated fleet replacement

Capital Requests

- Total Capital Budget **\$56,014,000**
- Public Safety Building **\$37,265,000**
 - Funded by LT debt and surplus
- Fleet **\$ 2,065,000**
- Remaining Capital Program **\$16,684,000**
 - Projects deemed necessary
- 2025 capital requests exceed available infrastructure and fleet reserves by \$1,500,000

Tax Increase

- Draft 2025 Financial Plan includes an increase of 14.09%
- Inclusion of various alternate funding sources
 - Casino, Local Government Housing, Climate Action
- Staffing Changes - full year costs

Key Cost Drivers

- Police
 - Increase of 10.03% over 2024 - includes additional resource requests
- Labour
 - Wages associated with negotiated collective agreements
 - Staff resourcing demands to address service levels
- Long Term Infrastructure
 - Reserve contributions – infrastructure and fleet renewal

Budget Constraints

	2025 Budget	2024 Budget	Increase	
			Revenue	%
Victoria-Esquimalt Police Services	\$10,850,450	\$9,866,625	\$983,825	2.67%
Wages & Benefits-CUPE, Fire & Exempt	\$22,854,543	\$21,515,751	\$1,338,792	3.64%
Greater Victoria Public Library	\$1,132,514	\$1,083,793	\$48,721	0.13%
By-Election Costs	\$86,500	\$0	\$86,500	0.24%
			<u>\$2,457,838</u>	<u>6.68%</u>

***1% tax increase = \$368,000*

Additional Cost Drivers

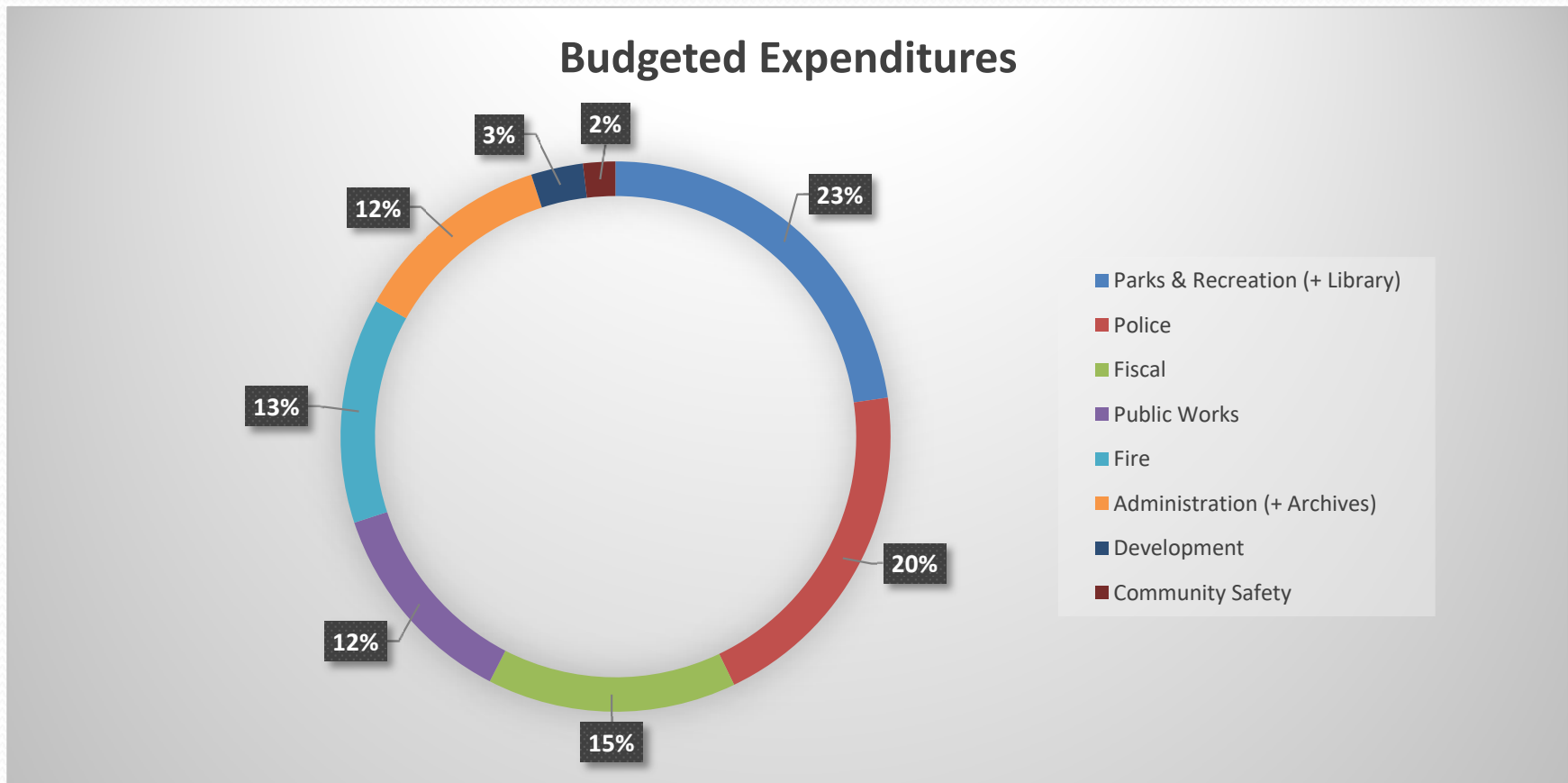
	<u>2025 Budget</u>	<u>Increase %</u>
Infrastructure Reserve Contributions	\$1,104,000	3.00%
Staffing Changes	\$931,549	2.53%
Supplemental Service Level Requests	\$568,863	1.55%
Budget Constraints (previous slide)	\$2,457,838	6.68%
		<u>13.76%</u>

***1% tax increase = \$368,000*

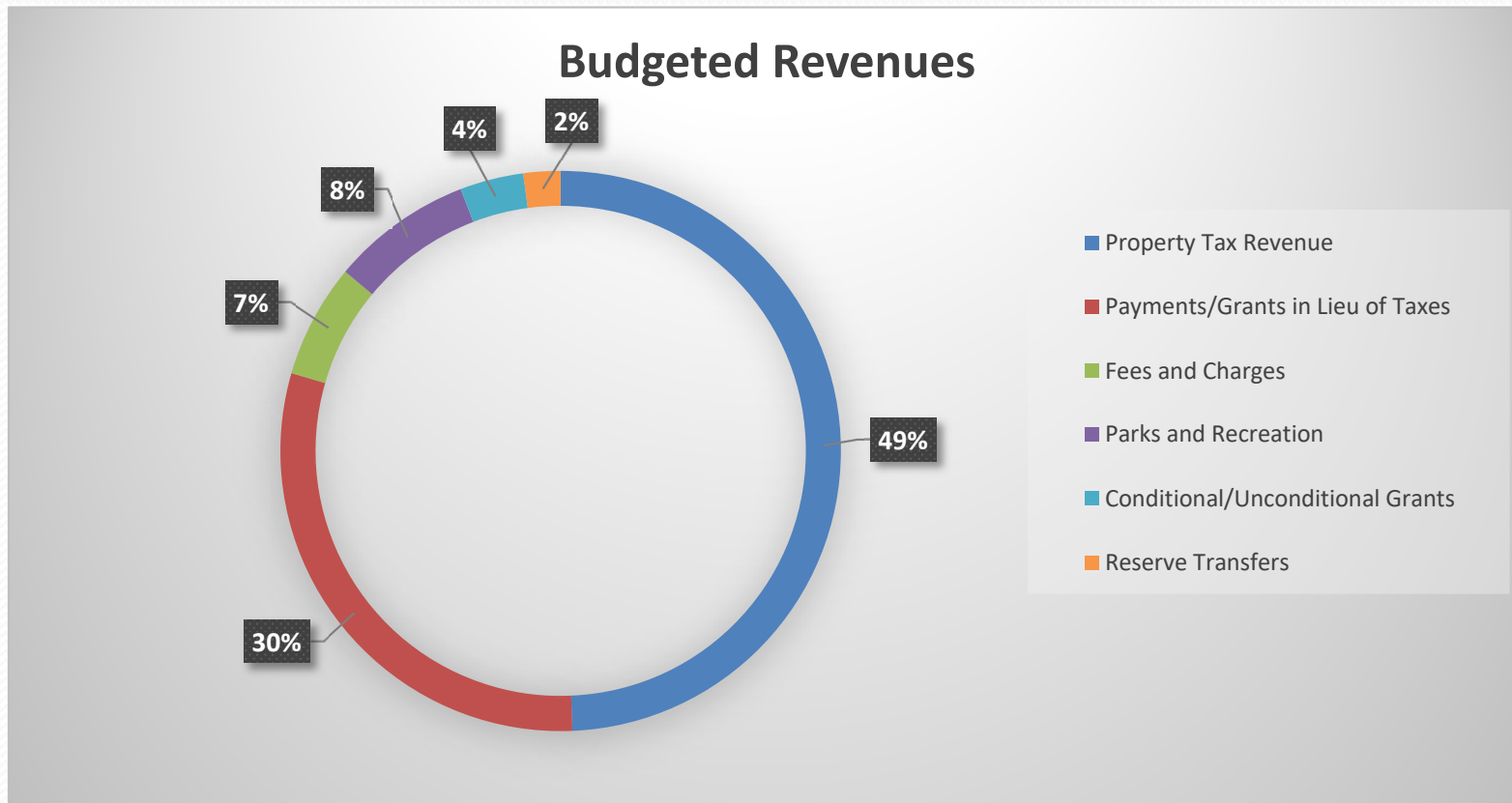
Staffing Changes

- 2025 - 8 new FTE funded through taxation
 - Development (2)
 - Engineering (1)
 - Human Resources (1)
 - Fire (4)
- Corporate Services – 1 new FTE approved in 2024-2028 financial plan
- Capital Works Program – 2 new FTE funded fully from capital reserves (not taxation)

Budgeted Expenditures



Budgeted Revenues



Debt Summary

Sewers I&I Program	2,012,000	Matures 2025
	1,129,000	Matures 2026
	<u>2,353,000</u>	Matures 2027
	5,494,000	
Public Safety Building	35,000,000	Matures 2051
Total Debt	<u><u>\$40,494,000</u></u>	

Debt Costs

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Sewer I & I Program	\$401,853	\$335,608	\$235,312		
Public Safety Building	1,732,477	1,732,477	1,732,477	1,732,477	1,732,477
Total Principal & Interest Payments	<u>\$2,134,330</u>	<u>\$2,068,085</u>	<u>\$1,967,789</u>	<u>\$1,732,477</u>	<u>\$1,732,477</u>

**Unutilized Liability Servicing Capacity \$ 9,386,443
at December 31, 2023**



Reserve Funds

Capital Projects Reserve	\$4,729,884
Eva Chafe Reserve	31,435
Growing Communities Reserve	5,115,088
Infrastructure & Revitalization Reserve	3,079,136
Local Improvement Reserve	228,617
Machinery & Equipment Reserve	2,500,337
Municipal Archives Trust	4,781
Park Land Acquisition Reserve	1,244,485
Public Art Reserve	122,915
Sustainability Reserve	692,840
Tax Sale Lands Reserve	136,119

\$17,885,637



Reserve Accounts

Canada Building Fund (Gas Tax)	\$2,097,170
Casino Revenue	331,508
Housing	235,583
Local Government Climate Action	430,960
WWTP Mitigation Impact	533,426
	<hr/> <hr/> \$3,628,647

Property Taxation

- After all funding sources considered, budget is balanced through property taxation
- Tax increase partially mitigated by Non-Market Change (NMC)
 - General increase applied evenly
- Assessment changes are factored when setting rates
- Different rates set for various property classes

CPI Considerations

- CPI is the most widely used indicator of inflation, but focuses primarily on common household purchases
 - Housing, transportation, food are typical CPI basket items
- The Township purchases an entirely different range of goods and services
 - Labor, materials and contractual services are the largest expenditures
 - As costs increase, municipalities require more money to purchase and provide the same mix of goods and services
- While municipalities continually provide new and enhanced service levels, CPI does not account for additions to the typical basket

Assessment Values

	2024 Supplemental Roll \$	2025 Completed Roll \$	Increase/ (Decrease) \$	Increase/ (Decrease) %
Residential	5,492,043,905	5,616,245,605	124,201,700	2.26%
Utilities	2,165,500	2,349,300	(154,300)	8.49%
Major Industry	61,026,200	59,166,700	- 1,859,500	-3.05%
Light Industry	37,096,600	39,949,400	2,852,800	7.69%
Business/Other	376,432,501	378,215,800	1,783,299	0.47%
Recreation/Non-Profit	29,396,400	31,412,000	2,015,600	6.86%
	<u>5,998,161,106</u>	<u>6,127,338,805</u>	<u>129,177,699</u>	<u>2.15%</u>

Assessment Changes

	<u>Existing Assessments</u>	<u>% Change</u>	<u>Non Market Change</u>	<u>% Change</u>
Residential	(19,770,700)	(0.36%)	143,972,400	2.62%
Utilities	183,800	8.49%	-	
Major Industry	(188,000)	(0.31%)	(1,671,500)	(2.74%)
Light Industry	3,052,600	8.23%	(199,800)	(0.54%)
Business/Other	20,680,599	5.49%	(18,897,300)	(5.02%)
Recreation/Non-Profit	(1,903,000)	(6.47%)	3,918,600	13.33%
	<u>2,055,299</u>		<u>127,122,400</u>	

Tax Impact

	Class 1 - Residential		Class 6 - Business	
	<u>Average Assessment</u>	<u>Annual Increase</u>	<u>Average Assessment</u>	<u>Annual Increase</u>
2015	461,363	\$49	835,982	210
2016	481,790	46	787,167	205
2017	556,653	12	865,474	52
2018	661,266	69	1,008,867	320
2019	728,308	121	1,041,457	-
2020	744,172	52	1,119,836	225
2021	773,026	42	1,376,736	184
2022	928,731	131	1,440,119	614
2023	1,047,439	235	1,462,206	1,025
2024	1,045,506	232	1,636,663	971
2025	1,041,742	467	1,726,579	1,923
Average		\$132		\$ 521

Municipal Services

- Recreation
- Fire Services
- Police Services
- Parks Maintenance
- Garbage & Kitchen Scrap Collection
- Yard and Garden Waste Facility
- Library
- Road & Sidewalk Maintenance
- Snow Clearing
- Archives
- Bylaw Enforcement
- Storm & Sanitary Drain Maintenance

Next Steps

- February 3
 - Review Supplemental Operating Items
 - Work Force Plans
- February 10
 - Capital Program Review
- April 7
 - Tax Rates Discussion
- May 5
 - Financial Plan and Tax Rates Bylaw Adoption