

TOWNSHIP OF ESQUIMALT

Policies and Objectives

April 13, 2026

Community Charter

- Each municipality must adopt a five-year Financial Plan Bylaw prior to adoption of the annual Tax Rates Bylaw
- Must set out policies regarding:
 - revenue proposed to come from property taxes, borrowings, and fees & charges
 - distribution of taxation among property classes
 - use of tax exemptions

Property Taxes

- Property Tax and Payment in Lieu of Taxes (PILT) represent 80% of total revenue
- Residential (Class 1) properties are over 82% of the total assessment base (92% if PILT excluded)
- Tax rates difficult to compare:
 - Service levels for police, fire, recreation and library
 - Utility and user fees
- Tax rate reductions can be achieved by:
 - reducing expenditures
 - increasing revenue
 - increasing the tax base

Property Taxes

- Increase revenue by considering initiatives and strategies to increase the tax base and promote economic development
- Set annual property tax rates after considering new growth and assessment changes within each property class
- Adjust the tax rates each year with the intent of working towards a business to residential ratio of 2.50:1
- Use the municipal tax levy and PILT to balance the budget after reviewing sustainable revenue from other sources

Permissive Exemptions

- Community Charter grants municipalities the authority to provide exemptions for land and/or improvements
 - Must satisfy specific criteria
 - Total 2025 exemptions = \$170,711 (municipal: \$92,804)
 - Places of worship granted three-year exemptions
 - reduced to 75% (2025 & 2026); 50% (2027)
 - 2025 exemptions = \$104,593 (municipal: \$56,046)

Permissive Exemptions

- Consider social benefits and economic development within the community when granting exemptions
- Continue to evaluate criteria to help ensure exemption recipients are providing benefits to the community
- Assess exemptions in conjunction with other financial support provided to ensure assistance is reasonable and appropriate

Growth and Revitalization

- Create and maintain a desirable environment is likely to attract new, and retain existing, businesses which will add to the tax base
- Explore opportunities and employ strategies which are intended to grow and revitalize the community
- Stimulate and reinforce development initiatives, including an increase to the commercial tax base, where permitted

Financial Sustainability

- Consider property tax impacts of projected cost increases before considering service level enhancements
- Departments will seek external funding to reduce tax increases or implement new or enhanced services
- New or enhanced services will be funded by:
 - Increases to property taxes
 - Service level reductions or resource reallocations
 - Increases in non-taxation revenues

Capital Asset Accountability

- Capital assets and infrastructure are maintained to avoid costly failures and to effectively and economically extend the life of each asset
- An annual property tax increase of 3% will be included in the financial plan to accelerate increased cumulative contributions to the long-term capital infrastructure reserves **(NEW)**
- Projects not started are not automatically carried forward and will be considered with all new capital requests

Debt Management

- Limit the use of long-term debt to the financing of large infrastructure and economic development projects
- Minimize debt costs by seeking provincial and federal grant funding wherever possible
- Assess borrowing options to ensure flexibility and cost effectiveness while maintaining servicing liability at a manageable level

Fees and Charges

- Review recreation user fees annually to ensure they remain affordable and comparable
- Review other fees and charges regularly to ensure the Township is working towards full recovery of the costs provided
- Represents 10% of total revenue
 - Recreation fees: 8.5%
 - Licences and permits: 1.6%