

TOWNSHIP OF ESQUIMALT

2025 Budget

March 3, 2025

Council Resolution

- That Council direct staff to develop options to target a tax revenue increase of **9.68%**
- Reduce the proposed annual increase for infrastructure contributions from 3% to 1.5%
- Reduce supplemental requests and staff additions from 4% to 1.5%
- Recognizes limited control over certain items: police and library budgets, by-election costs and wage increases

Council Resolution

- Target proposed by Council was in response to an initial calculated increase of 14.09%
- Subsequent decisions have had a net increase of 0.35% on the calculated revenue requirements:
 - Local grant account reduction
 - VicPD Section 27 costs
- The updated initial tax revenue increase is **14.44%**
- The subsequent adjustments effectively increase Council's target from 9.68% to 10.03%

Options

- 4 options ranging from 10.12% to 11.63%
- All options include a 1.5% reduction to recommended infrastructure funding contribution levels
- Each option defers a portion of supplemental operating and staff requests
- Starting at 14.44%, each option is calculated based on:
 - reductions to infrastructure reserve contributions
 - reductions to supplemental operating and staff requests

Option 1 – 10.12%

- Deferred operating supplementals - \$455,613
- Deferral of: Dev/Eng Administrator, Senior Planner, Fire Inspector and 2 Fire Fighters
- Approval of: Committee Clerk, HR Administrator, Project Manager and 1 Fire Fighter
- Total reduction of 2.82% in supplemental operating and staff requests exceeded Council's direction

Option 2 – 10.75%

- Deferred operating supplementals – \$355,613
 - Pavement Condition Index and Active Transportation Plan Refresh added back
- Deferral of: Dev/Eng Administrator, Senior Planner, and 2 Fire Fighters
- Approval of: Committee Clerk, HR Administrator, Project Manager, 1 Fire Fighter and a Fire Inspector (net of cost recovery)
- Total supplemental operating and staff requests reduced by 2.19%

Option 3 – 11.03%

- Deferred supplementals - \$355,613 (same as option 2)
- Deferral of: Dev/Eng Administrator, Senior Planner, and 1 Fire Fighter
- Approval of: Committee Clerk, HR Administrator, Project Manager, 2 Fire Fighters and a Fire Inspector (net of cost recovery)
- Total supplemental operating and staff requests reduced by 1.91%

Option 4 – 11.63%

Deferred supplementals - \$355,613 (same as option 2 & 3)

Deferral of: Dev/PW Administrator only; all other positions approved

Total supplemental operating and staff requests reduced by 1.31%

Infrastructure

- Increased reserve contributions are proposed to address the current annual infrastructure funding gap
- Tax increases are intended to be applied annually to achieve compounding of reserve contributions
- Draft financial plan currently includes annual infrastructure reserve contributions that represent a tax increase of:
 - 2% for infrastructure
 - 1% for fleet renewal

2026 Budget

Council direction has focused on lowering the required tax increase without reductions to service levels or the Council Priorities Plan; therefore:

- All supplemental operating and staff requests deferred from the current budget will be included in the 2026 budget
- The 2026 budget will also include:
 - additional new staff requests as part of 5-year workforce plans
 - new operating supplementals
 - renewed requests for increased infrastructure reserve contributions