

TOWNSHIP OF ESQUIMALT

2026 Draft Budget

Budget Timeline

- Staff presented draft 2026 Financial Plan with a tax revenue increase of 13.00%
- Council directed staff to develop scenarios for tax increases of 7% and 9%
- Presented Council with supplemental and service level reductions to achieve a 7.56% increase

Budget Timeline

- Council directed staff to provide additional information regarding the impacts of removing:
 - Local Grants, OCP Costs, Fire Inspector, Advertising
- Council decision to defer OCP costs and Fire Inspector position to 2027
- City of Victoria decision to deny request of 2 patrol officers in 2026

Initial Tax Increase

	Budget \$	Budget %
Initial Tax Increase	\$5,201,774	13.00%
Additional Subsequent Costs	\$22,738	0.05%
Department Reductions Made	(\$148,800)	(0.37%)
Revised Tax Increase	\$5,075,712	12.68%

Approved Budget Reductions

	\$ Potential Change	Budget %
Revised Tax Increase	\$5,075,712	12.68%
OCP Costs – <i>Deferred to 2027</i>	(\$75,000)	(0.18%)
Fire Inspector – net of cost recovery – <i>Deferred to 2027</i>	(\$161,269)	(0.40%)
OT Reduction (Conversion of 3 Fire Fighters)	(\$50,000)	(0.13%)
Police Budget – Reduction of 2 Patrol Officers (COV Decision Pending)	(\$54,501)	(0.14%)
Current Tax Increase	\$4,734,942	11.83%

Tax Increase

	2026 Budget	Increase %
Municipal Increase	\$3,693,604	9.23%
<i>Police:</i>		
Police Core Budget	959,585	2.40%
2026 Additional Resources	136,254	0.34%
Reduction – 2 Patrol Officers	(54,501)	(0.14%)
Total Police Increase	\$1,041,338	2.60%
Total Tax Increase	\$4,734,942	11.83%

Budget Components

2026 Cost Drivers

	2026 Budget	Increase %
Wages & Benefits – CUPE, IAFF, Exempt	\$1,189,879	2.97%
GV Public Library	88,250	0.22%
Infrastructure Reserve Contributions	1,200,000	3.00%
Staffing Changes	624,904	1.56%
Supplemental Operating Requests (funded by taxation)	242,900	0.61%
Inflationary & Other Increases	347,671	0.87%
Police Budget	1,041,338	2.60%
TOTAL	\$4,734,942	11.83%

Staffing Changes

	2026 Budget	Increase %
Senior Planner	\$120,733	0.30%
HR Advisor – offset by (\$58,214) GVLRA reduction – prorated cost (8 months)	104,264	0.26%
<i>Fire:</i>		
Fire Fighters – offset by (\$137,000) OT reduction	399,907	1.00%
Inspector – offset by cost recovery – <i>Deferred to 2027</i>		
Total Additions	\$624,904	1.56%
Project Manager - ** funded from capital reserves (no tax implications)	\$165,615	

Future Cost Drivers

	2027 Budget	Increase %	2028 Budget	Increase %
Wages & Benefits – CUPE, IAFF, Exempt	\$1,200,000	3.00%	\$1,200,000	3.00%
GV Public Library	72,000	0.18%	72,000	0.18%
Infrastructure Reserve Contributions	1,200,000	3.00%	1,200,000	3.00%
Staffing Changes	410,000	1.02%	450,000	1.12%
Fire Inspector (net of recoveries)	169,332	0.42%	---	---
HR Advisor – Full Year Increase	50,339	0.13%	---	---
OCP Costs	550,000	1.38%	150,000	0.37%
Police Budget	1,000,000	2.50%	1,000,000	2.50%
Total	\$4,651,671	11.63%	\$4,072,000	10.18%

Potential Reductions

Potential Reductions - Supplementals

	\$ Potential Change	Budget %
Electric Bike	(\$5,000)	(0.01%)
Irrigation Costs – Ken Hill Park	(\$8,500)	(0.02%)
Traffic Modelling Software	(\$9,000)	(0.02%)
Municipal Hall Blinds	(\$10,000)	(0.03%)
Garden Enhancements – Recreation Centre	(\$10,000)	(0.03%)
Senior Planner (FTE)	(\$120,733)	(0.30%)
Potential Budget Impact	(\$163,233)	(0.41%)

Potential Service Reductions

	\$ Potential Change	Budget %
Advertising – Engineering - <i>additional info provided</i>	(\$4,000)	(0.01%)
OT Community Events (Fire)	(\$5,544)	(0.01%)
Advertising – Corporate Services - <i>additional info provided</i>	(\$9,000)	(0.02%)
Professional Services (Engineering)	(\$10,000)	(0.03%)
South Island Powwow Sponsorship	(\$10,000)	(0.03%)
Place Making – Economic Development	(\$10,000)	(0.03%)
Advertising – Communications - <i>additional info provided</i>	(\$12,900)	(0.03%)
Municipal Newsletter	(\$15,900)	(0.04%)
Psychological Support Program (Fire)	(\$19,582)	(0.05%)
Reserve Contributions – Public Art Reserve	(\$20,414)	(0.05%)

Potential Service Reductions (con't)

	\$ Potential Change	Budget %
Full Facility Statutory Holiday Closures	(\$25,000)	(0.06%)
Webcasting Costs	(\$26,000)	(0.07%)
Crossing Guard Program	(\$28,392)	(0.07%)
Medical Dispatch Call Adjustments	(\$32,000)	(0.08%)
South Island Prosperity Project	(\$38,350)	(0.10%)
Full Facility Service Reductions	(\$50,000)	(0.12%)
Contingency	(\$50,000)	(0.12%)
Local Grants – <i>additional info provided</i>	(\$80,000)	(0.20%)
Infrastructure Reserve Contributions	(\$1,200,000)	(3.00%)
Potential Budget Impact	(\$1,647,082)	(4.12%)

Accumulated Surplus and Reserves

Accumulated Surplus

- Each fiscal year, unexpended amounts are recorded as unappropriated surplus in Township's financial statements
- Amounts accumulate until Council provides direction
- In 2014, \$2,900,000 was used to establish the Infrastructure Reserve Fund

Accumulated Surplus

- Comprised of more than unappropriated funds
 - Tangible Capital Assets
 - Appropriated Funds
 - Reserve Accounts
- Almost \$31M of the current total accumulated surplus is allocated to fund PSB construction
 - Through debt (\$25M) and use of unappropriated funds (\$6M)

Reserves

- Appropriated Funds
 - Casino Revenue Sharing
 - Canada Community Building Fund
 - WWTP Community Impact Fund
- Statutory Reserve Funds
 - Infrastructure
 - Growing Communities
 - Sustainability
 - Public Art

Appropriated Funds

	2025 Balance
Canada Community Building Fund (Gas Tax)	\$2,646,076
Future Expenditures	980,003
WWTP Community Impact Funds	620,284
Tax Adjustments and Working Capital	500,000
Casino Revenue Sharing	357,261
Total	\$5,103,624

Statutory Reserves

	2025 Balance
Capital Projects	\$6,295,775
Growing Communities	5,278,237
Infrastructure	2,069,634
Machinery and Equipment	1,599,739
Parkland Acquisition	1,284,176
Sustainability	617,545
Local Improvement	240,650
Public Art	142,946
Tax Sale	140,461
Total	\$17,669,163

Growing Communities Fund

- In 2023, Province provided \$4.71M to support community growth
- Intended to fund capital infrastructure projects
- Council directed staff to provide long term capital funding strategy
- Expectation for funds to be fully allocated by December 2028

Accumulated Surplus

Category	2025 Balance
Unappropriated Surplus	\$11,727,459
Equity in Tangible Capital Assets	91,590,777
Public Safety Building	24,871,303
Appropriated Operating Funds	5,103,624
Statutory Reserve Funds (previous slide + Archives and Eva Chafe Reserves)	17,706,618
Total Accumulated Surplus (unaudited)	\$150,999,781

Annual Surplus

	Operating Budget	Surplus	% of Budget
2023	\$41,018,744	\$1,211,236	2.95%
2024	\$44,453,230	\$1,545,818	3.48%
2025	\$47,394,509	\$1,315,626	2.77%

- While not able to budget for a surplus, the Township's financial plan includes a contingency of \$250,000 which is often not utilized
- Other typical amounts contributing to surplus include:
 - Additional Recreation Revenues
 - FTE Vacancy Gaps
 - PILT lease revenue (not budgeted)
 - Legal and Professional Services

Utilization of Surplus Funds

- Staff monitor accumulated surplus balances in anticipation of:
 - long-term infrastructure plans
 - potential significant projects or requirements
- Not recommended that these funds be used to reduce property tax increases
- Maintain minimum balance

Potential Options

- Allocation to infrastructure reserves for focused project funding
- Establish and contribute to new reserve funds
 - Financial stability
 - PILT stabilization
- Maintain the current practice of accumulating surplus to fund future significant projects
 - Policing model and/or facility costs
 - Enterprise resource planning

Council Direction

- Provide staff with any final changes to the budget, then direct staff to prepare the financial plan bylaw, in accordance with Council's direction
- Authorize staff to begin the hiring processes for the full-time equivalent positions approved by Council for 2026.
- Direct staff to prepare a report for Council to enable a comprehensive policy discussion about accumulated surplus and reserve funds, to be completed before July 2026.