

2024 Draft Budget

January 29, 2024

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.

Service Levels

- 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

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
- Plan as presented is sustainable in the short term
 - Significant projects in current year; more in planning phase
 - Supplement reserves with grants and matured debt payments
- Must look to increases in future reserve transfers
 - Cumulative 1% increase (minimum) to infrastructure reserve
 - Asset management planning to determine required amounts

Capital Requests

- Total Capital Budget **\$57,675,000**

- Major Projects:
 - Public Safety Building \$40,918,000
 - Esquimalt Road Improvements \$ 3,200,000
 - Tillicum Road \$ 2,243,000
 - Fleet Replacements \$ 2,051,000
 - Lampson Improvements \$ 1,811,000
 - I&I Program \$ 1,347,000
 - Sidewalk Improvements \$ 1,250,000
 - SC-Equipment and Roof \$ 996,000



Capital Funding Sources

• Debt	\$ 34,918,000
• Capital Reserves	\$ 10,727,000
• Accumulated Surplus	\$ 6,000,000
• Community Works Fund	\$ 3,562,000
• Grants	\$ 1,700,000
• Contributions	\$ 522,000

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 long term planning
- Additional review of core budgets and supplemental requests while considering service level impacts

Tax Increase

- Draft 2024 Financial Plan includes an increase of 7.65%
 - Several new supplemental budget items
 - Subject to Council approval
- Inclusion of various alternate funding sources
 - Casino, Safe Restart, Climate Action, Local Government Housing
- New staffing requests are prorated for initial year
 - If approved, full amount included in 2025

Cost Drivers

- Police
 - Increase of 6.86% over 2023 which includes core and additional resource requests
- Labour
 - Wages associated with negotiated collective agreements
- Asset Management
 - Additional reserve contributions (1%)
 - Facilities and Storm Sewer Management Plans

Budget Challenges

	2024 Budget	2023 Budget	Increase	
			Revenue	%
Victoria-Esquimalt Police Services	\$9,866,625	\$9,228,253	\$638,372	1.99%
Wages & Benefits-CUPE, Fire & Exempt	\$20,739,706	\$19,202,298	\$1,537,408	4.80%
Greater Victoria Public Library	\$1,083,793	\$1,027,155	\$56,638	0.18%
			<u>\$2,232,418</u>	<u>6.97%</u>

***1% tax increase = \$320,000*

Significant Items

- Policing \$638,272
 - Core and Addt'l Resources
 - Excludes potential Section 27 costs

- New Staff Requests \$252,947

- Asset Management Planning \$530,000
 - Storm Master, Facilities Mgmt, EV Fleet

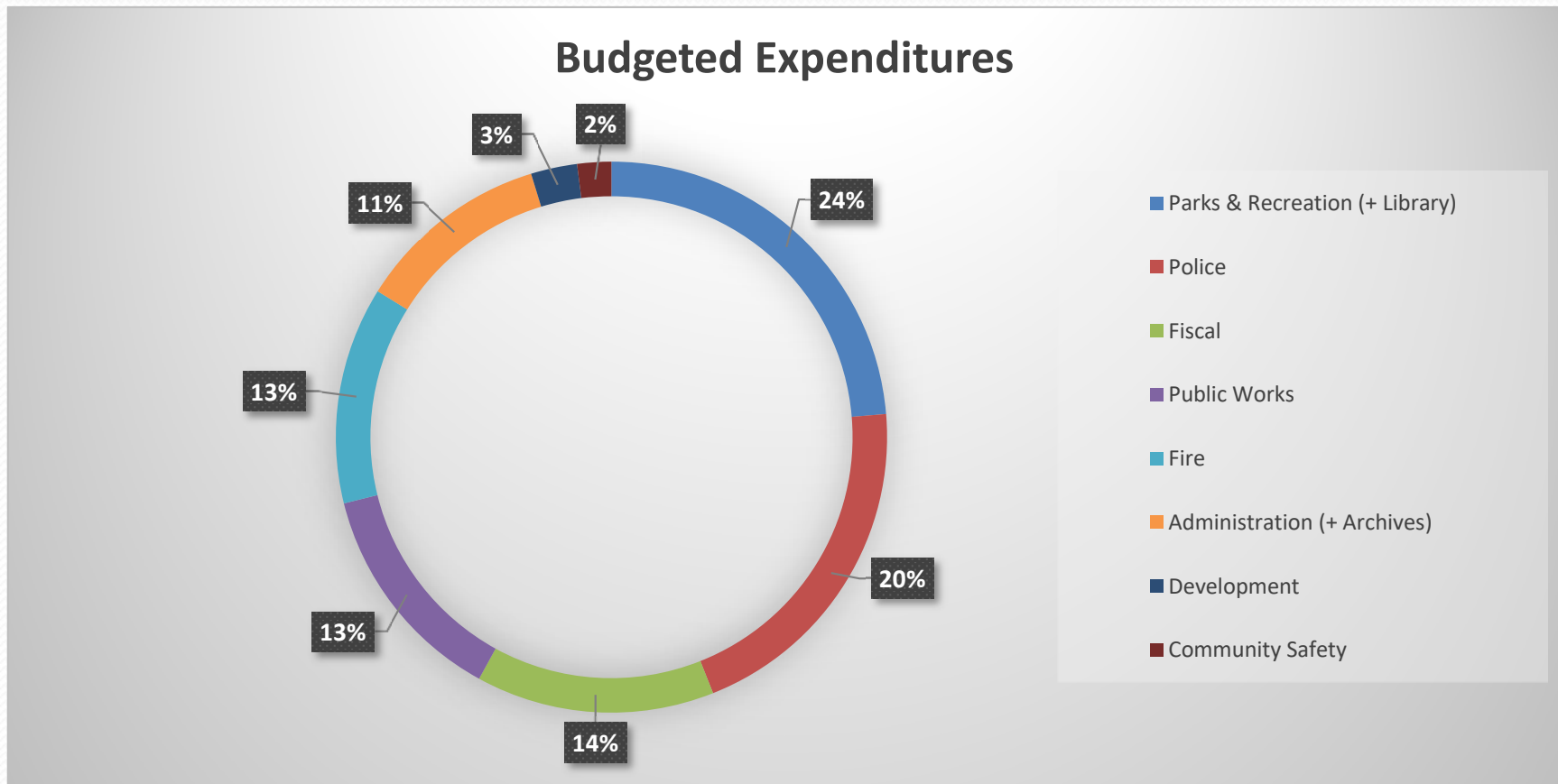
- Impact of 2023 Core Additions \$281,529



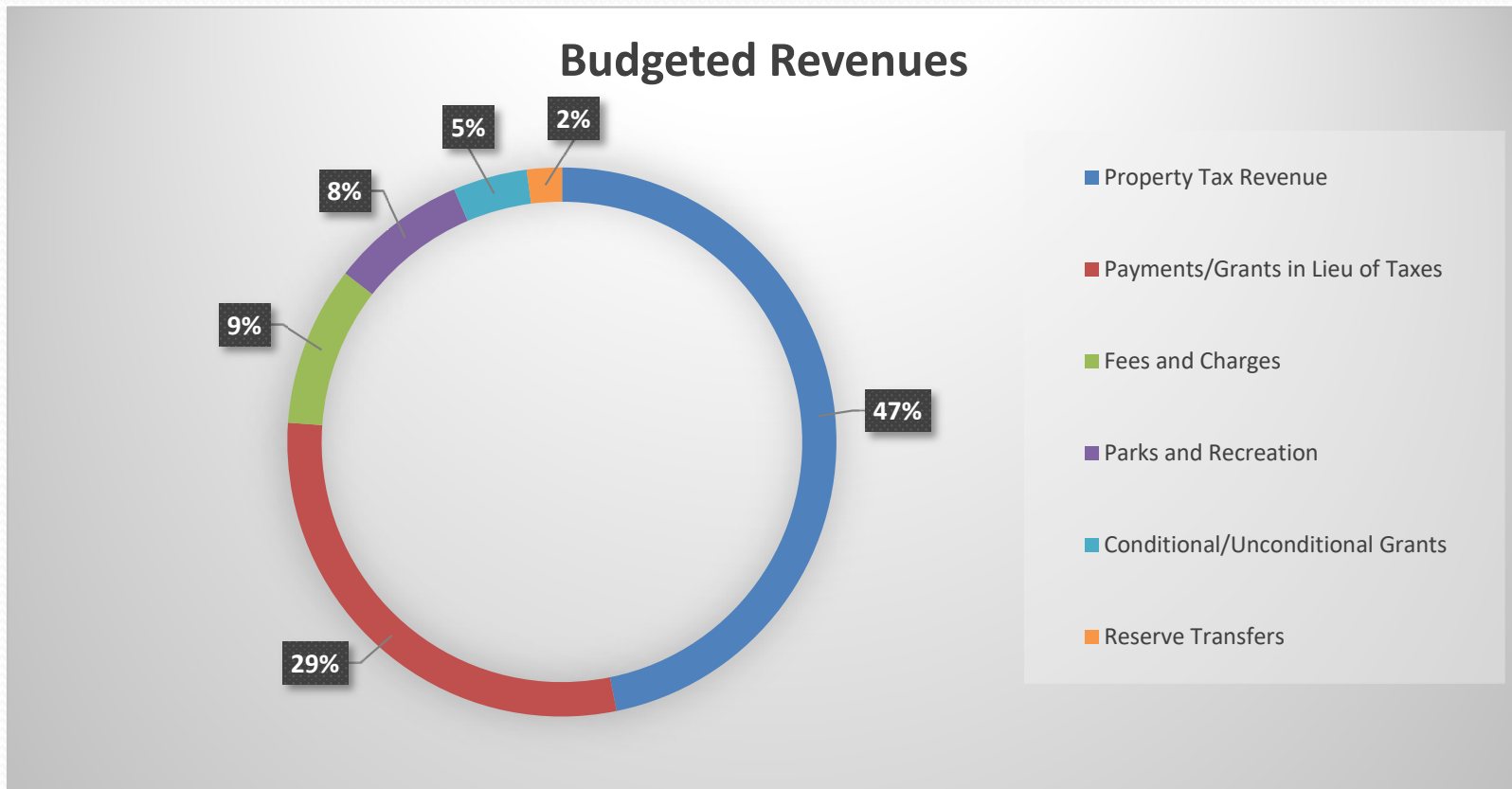
New Staff Requests

- 2024 requests
 - 4 new FTE
 - 2 Part Time additions
- Current year increase: \$252,947
 - 0.79% tax increase
 - 2025 total cost: \$461,123 (incremental increase \$208,176)
- 7 FTE approved during 2023 (across all departments)
 - Full year impact included in 2024 draft financial plan

Budgeted Expenditures



Budgeted Revenues



Debt Summary

Sewers I&I Program	1,256,000	Matures 2024
	2,012,000	Matures 2025
	1,129,000	Matures 2026
	<u>2,353,000</u>	Matures 2027
	6,750,000	
Admirals Road Corridor	1,200,000	Matures 2024
Public Safety Building	35,000,000	Matures 2051
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Total Debt	<u><u>\$42,950,000</u></u>	

Debt Costs

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Sewer I & I Program	\$401,853	\$335,608	\$235,312	\$180,124	
Admirals Road Corridor	135,950				
Public Safety Building	1,732,477	1,732,477	1,732,477	1,732,477	1,732,477
Total Principal & Interest Payments	<u>\$2,270,280</u>	<u>\$2,068,085</u>	<u>\$1,967,789</u>	<u>\$1,912,601</u>	<u>\$1,732,477</u>

Unutilized Liability Servicing Capacity \$ 9,007,601
at December 31, 2023



Reserve Funds

Capital Projects Reserve	\$5,252,383
Eva Chafe Reserve	29,442
Growing Communities Reserve	4,710,000
Infrastructure & Revitalization Reserve	3,026,527
Local Improvement Reserve	208,125
Machinery & Equipment Reserve	2,558,606
Municipal Archives Trust	4,507
Park Land Acquisition Reserve	1,165,591
Public Art Reserve	106,134
Sustainability Reserve	354,277
Tax Sale Lands Reserve	127,489
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	\$17,543,081
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Reserve Accounts

Canada Building Fund (Gas Tax)	\$4,250,118
Casino Revenue	214,847
WWTP Mitigation Impact	373,565
Safe Restart	1,319,500
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	\$6,158,030
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Property Taxation

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

CPI vs Tax Increase

	Average			
	<u>2012-2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Consumer Price Index (CPI)	1.44%	2.45%	6.96%	3.70%
Tax Increase	1.39%	4.92%	7.41%	7.65%

- While CPI is one measure of inflation, it does not fully capture the expenditure types that the Township incurs
- Oil and gas prices, construction material costs have greater impact than the typical basket of goods
- CPI also does not account for additions to the basket (i.e. new services)

Assessment Values

	2023 Supplemental Roll \$	2024 Completed Roll \$	Increase/ (Decrease) \$	Increase/ (Decrease) %
Residential	5,502,194,719	5,510,573,305	8,378,586	0.15%
Utilities	1,903,100	2,165,500	(154,300)	13.79%
Major Industry	53,681,400	63,405,000	9,723,600	18.11%
Light Industry	32,613,500	37,096,600	4,483,100	13.75%
Business/Other	336,307,401	376,922,301	40,614,900	12.08%
Recreation/Non-Profit	26,218,500	27,313,400	1,094,900	4.18%
	<u>5,952,918,620</u>	<u>6,017,476,106</u>	<u>64,557,486</u>	<u>1.08%</u>

Assessment Changes

	<u>Existing Assessments</u>	<u>% Change</u>	<u>Non Market Change</u>	<u>% Change</u>
Residential	(93,017,014)	(1.70%)	101,395,600	1.84%
Utilities	262,400	13.79%		
Major Industry	9,488,600	17.68%	235,000	0.44%
Light Industry	4,483,100	13.75%		
Business/Other	44,799,700	13.32%	(4,184,800)	(1.24%)
Recreation/Non-Profit	1,040,300	3.97%	54,600	0.21%
	<u>(32,942,914)</u>		<u>97,500,400</u>	

Municipal Values

<u>Property Class</u>	<u>Final</u>	<u>Tax Rate</u>	<u>Multiple</u>	<u>Revenue</u>
Residential	5,502,194,719	2.893320	1.00000	15,919,610
Utilities	1,903,100	17.097980	5.90947	32,539
Major Industry	53,681,400	33.980410	11.74444	1,824,116
Light Industry	32,613,500	7.664200	2.64893	249,956
Business/Other	336,307,401	8.679970	3.00000	2,919,138
Recreation Non-Profit	26,218,500	3.239920	1.11979	84,946
	5,952,918,620			21,030,306
		2024	2024	2024
<u>Property Class</u>	<u>Revised</u>	<u>Tax Rate</u>	<u>Multiple</u>	<u>Tax Revenue</u>
Residential	5,409,177,705	3.16822	1.00000	17,137,460
Utilities	2,165,500	16.17566	5.10560	35,028
Major Industry	63,170,000	33.98041	10.7254	2,146,542
Light Industry	37,096,600	7.25345	2.28944	269,078
Business/Other	381,107,101	8.24559	2.60259	3,142,452
Recreation Non-Profit	27,258,800	3.35467	1.05885	91,444
	5,919,975,706			22,822,006
<u>Property Class</u>	<u>Revised</u>	<u>Tax Rate</u>	<u>Multiple</u>	<u>NMC</u>
Residential	101,395,600	3.16822	1.00000	321,243
Utilities	-	16.17566	5.10560	-
Major Industry	235,000	33.98041	10.72540	7,985
Light Industry	-	7.25345	2.28944	-
Business/Other	(4,184,800)	8.24559	2.60259	(34,506)
Recreation Non-Profit	54,600	3.35467	1.05885	183
	97,500,400			294,906

PILT Values

	2024	2023	<u>Increase/(Decrease)</u>	<u>Change(%)</u>
Accepted Assessed Values				
Class 1	534,435,000	524,653,000	\$ 9,782,000	1.83%
Class 4	206,784,000	200,665,000	6,119,000	2.96%
Class 5	256,000	257,000	(1,000)	-0.39%
Class 6	587,800,430	524,102,000	63,698,430	10.84%
Class 8	50,414,000	48,366,000	2,048,000	4.06%
Total	<u>1,379,689,430</u>	<u>1,298,043,000</u>	\$ 81,646,430	5.92%
Revenue				
Class 1	\$ 1,691,528	\$ 1,516,710	\$ 174,818	10.33%
Class 4	7,026,605	6,818,679	207,926	2.96%
Class 5	1,857	1,970	(113)	-6.08%
Class 6	4,851,130	4,553,026	298,104	6.15%
Class 8	169,122	156,702	12,420	7.34%
Total	<u>\$ 13,740,242</u>	<u>\$ 13,047,087</u>	\$ 693,155	5.04%

Tax Impact

	Class 1		Class 6	
	<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	1,029,731	232	1,656,987	971
Average		\$99		\$ 315

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

Policy Considerations

- Treatment of Non-Market Change
 - Set annual property tax rates after considering new growth and assessment changes within each property class
- Business to Residential Class Ratio
 - Adjust the tax rates each year with the intent of gradually working towards a business to residential ratio of 2.50:1
- Cumulative Annual Reserve Contributions
 - Annual transfers equivalent to a 1% tax revenue increase (minimum) to help fund long term infrastructure renewal

Next Steps

- February 5
 - Supplemental operating items affecting the tax increase
 - Capital requests and funding sources
- April 8
 - Tax Rates Discussion
- May 6
 - Financial Plan and Tax Rates Bylaw Adoption

