

MUNICIPAL FINANCE

BUDGET 2014

February 17, 2014

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 text is a white, stylized wave graphic that curves under the letters.

OVERALL PRINCIPLE

- Long Term Financial Sustainability
 - Ensure Adequate Funding for Services and Infrastructure
 - Efficient Management of Expenditures
 - Operate Prudently
 - Maintain Future Reserves
 - Use Debt Strategically

REVENUE

Township of
ESQUIMALT

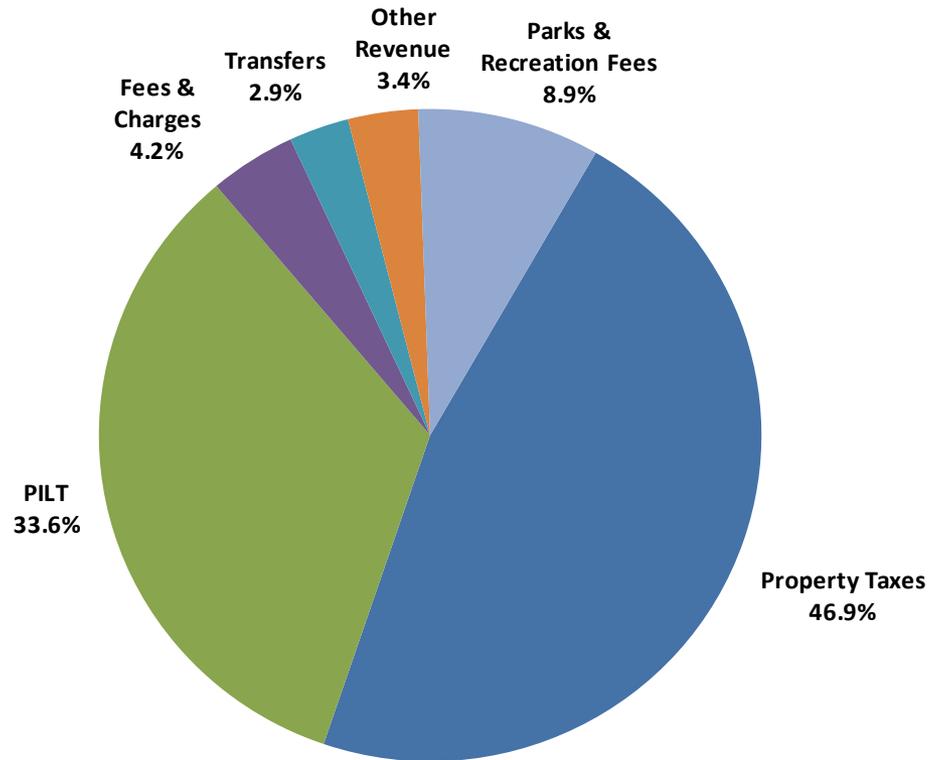
A decorative white wavy line that curves under the word 'ESQUIMALT'.

OPERATING FUND

- Municipal Property Taxes including 1% Utility Taxes and PILT
- Sale of Services - cost recoveries, fees and charges, Parks and Recreation program fees
- Revenue from Own Sources - business and dog licenses, building and development permits
- Other Revenue - Casino, donations, Community Works
- Unconditional Transfers - Small Community and Traffic Fine Revenue
- Conditional Transfers - grant funding



SOURCES OF REVENUE



Based on 2013 Budget



GRANT FUNDING

CAPITAL PROJECT CONTRIBUTIONS

<u>PROJECT</u>	<u>FUNDING</u>	<u>FUNDING SOURCE</u>	<u>TAX IMPACT</u>
Recreation Centre Upgrades	\$292,163	Grant - Provincial	\$0
Bus Shelters	\$9,000	Community Works Fund	\$0
Garbage/Organics Bins	\$299,579	Community Works Fund	\$0
Catch Basin Replacement	\$50,000	Community Works Fund	\$0
Sewer Manhole Separation Program	\$162,311	Community Works Fund	\$0
	<u>\$813,053</u>		<u>\$0</u>

OPERATING CONTRIBUTIONS

Road Sign & Marking Audit	\$7,500	Grant - Risk Management (MIA)	\$0
Archives Image Digitization	\$10,000	Grant - Provincial	\$0



EXPENDITURES

Township of
ESQUIMALT

A decorative white wavy line that curves under the word 'ESQUIMALT'.

OPERATING EXPENDITURES

- Core: necessary funding to maintain current service levels
- Supplemental: funding associated with providing increased service levels
 - Depending on its nature, supplemental items may or may not become part of the core budget for future years
- Prior Year: items approved in the previous year's budget but were not fully completed at the end of the fiscal year

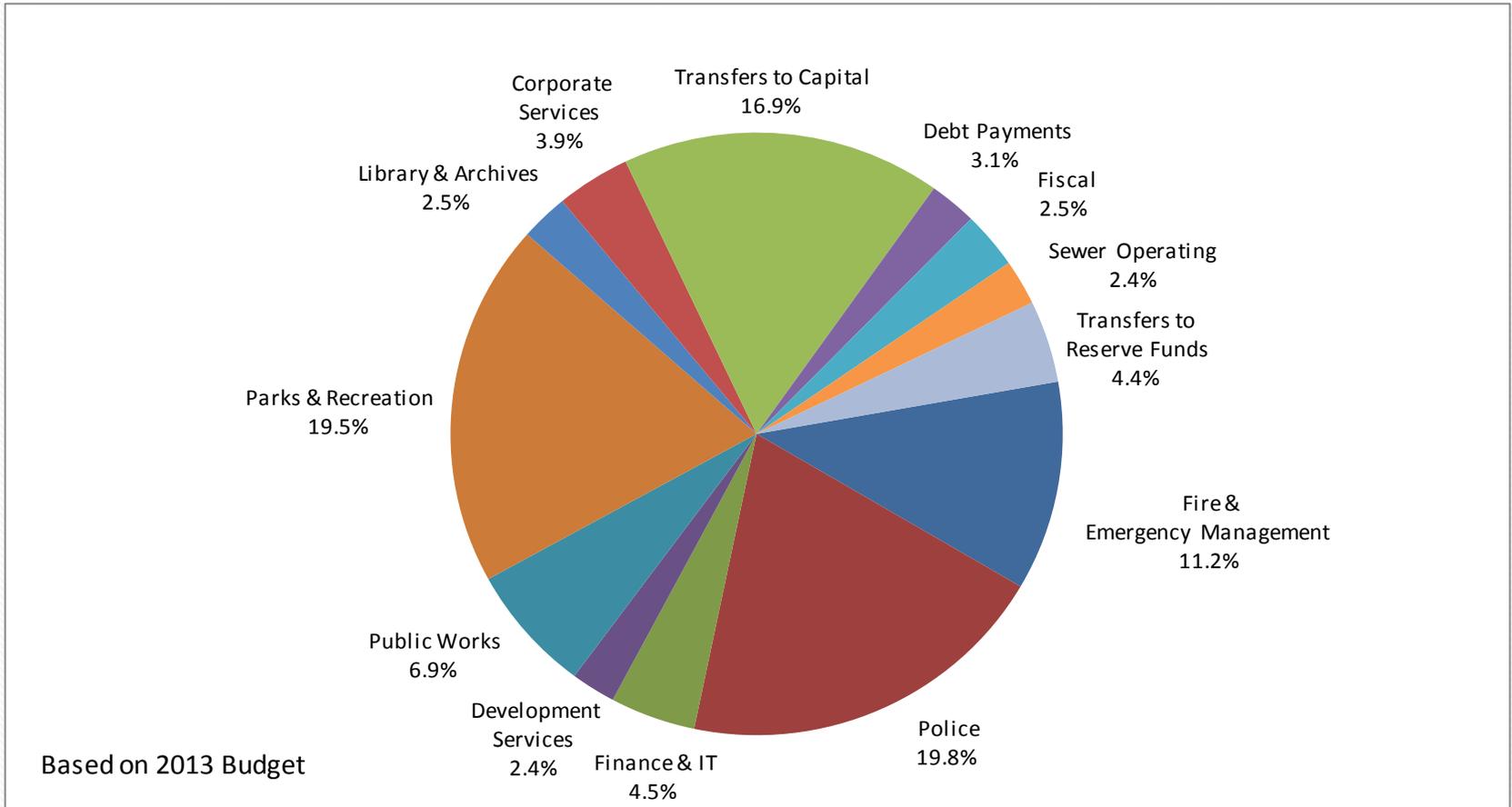


CAPITAL EXPENDITURES

- Operating Fund
 - Funding derived from current year tax revenue unless grant or alternate funding secured
- Capital Fund
 - Funding is transferred from reserves or another revenue source and does not require direct taxation
 - Annual contributions to reserve funds for future capital requirements are calculated and included in tax calculation



WHERE ARE FUNDS SPENT?



BUDGET CHALLENGES

	<u>2013 Budget</u>	<u>2014 Budget</u>	<u>Tax Increase</u>	
			Revenue	%
Victoria-Esquimalt Police Services	\$7,055,504	\$7,275,920	\$220,416	0.90%
Wages & Benefits-CUPE, Fire & Exempt	\$12,800,862	\$13,276,912	\$476,050	1.94%
Greater Victoria Public Library	\$804,386	\$832,000	\$27,614	0.11%
Budget Commitments	<u>\$5,000</u>	<u>\$135,600</u>	<u>\$130,600</u>	<u>0.53%</u>
	<u><u>\$20,665,752</u></u>	<u><u>\$21,520,432</u></u>	<u><u>\$854,680</u></u>	<u><u>3.47%</u></u>

*****1% tax increase = \$246,000 based on 2013 actual***



BUDGET CHALLENGES

SERVICE COMPARISON

	POLICE		FIRE		RECREATION		LIBRARY	
	OWN	COST	OWN	VOLUNTEER	OWN	COST	OWN	COST
		SHARED				SHARED		SHARED
Esquimalt	X		X		X		X	
Oak Bay	X		X		X		X	
Saanich	X		X		X		X	
Victoria	X		X		X		X	
Central Saanich	X			X		X		X
Colwood		X		X		X		X
Highlands		X		X		X		X
Langford		X		X		X		X
Metchosin		X		X		X		X
North Saanich		X		X		X		X
Sidney		X		X		X		X
View Royal		X		X		X		X



CORE BUDGET ANALYSIS

	<u>2013 Budget</u>	<u>2014 Budget</u>	<u>Increase</u>	<u>% Increase</u>
General Government	\$2,914,117	\$3,021,523	\$107,406	3.69%
Protective Services	\$10,824,937	\$11,206,627	\$381,690	3.53%
Public Works	\$3,225,601	\$3,236,955	\$11,354	0.35%
Development Services	\$456,301	\$477,467	\$21,166	4.64%
Parks & Recreation Services	\$7,775,940	\$7,976,540	\$200,600	2.58%
	<hr/> \$25,196,896	<hr/> \$25,919,112	<hr/> \$722,216	<hr/> 2.87%



RESERVE FUNDS & ACCOUNTS

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. A white, wavy line underlines the word "ESQUIMALT".

RESERVE FUNDS

- **Capital Projects**
 - Fixed annual contribution
 - Additional allocation for any retired debt payments
 - Any item/project capital in nature
- **Machinery & Equipment Depreciation**
 - Internal contributions by each department based on useful life and replacement cost of their capital items (e.g. fleet vehicles)
 - Only used to replace capital items if contributions made



RESERVE FUNDS

- **Park Land Acquisition**
 - Funded from disposal or sale of park land and/or money received in lieu of park land
- **Municipal Archives Trust**
 - For acquisitions, restorations, reproductions and equipment for the Esquimalt Municipal Archives
- **Local Improvement**
 - To assist with local improvements such as sidewalks
 - Provides an alternative to borrowing funds



RESERVE FUNDS

- **Tax Sale**
 - Funded from annual tax sale monies including administration fees collected
- **Sustainability**
 - Funded by carbon tax grant program from the Province (Climate Action Revenue Incentive Program)
- **Eva Chafe**
 - To assist in the maintenance of 398 Fraser Street property bequeathed to the Township in 2010



RESERVE FUND BALANCES

M&E Reserve Fund	2,807,005
Capital Projects Reserve Fund	2,489,620
Local Improvement Fund	130,630
Tax Sale Lands Reserve Fund	113,351
Park Land Acquisition Reserve Fund	82,006
Municipal Archives Trust Fund	5,551
Sustainability Reserve Fund	153,985
Eva Chafe Reserve Fund	39,126
	<hr/>
	5,821,274
	<hr/> <hr/>

As at January 1, 2014



RESERVE ACCOUNTS

- **Casino**
 - Payments received as part of Revenue Agreement
 - Township has an internal commitment to fund recreation revitalization project debt payments (\$275,000 annually) from this account
 - Requires a minimum balance of \$100,000



RESERVE ACCOUNTS

- **Community Works**
 - Eligible projects must satisfy strict criteria
 - Annual reporting to UBCM and verification with statements submitted to Province
 - Requires a minimum balance of \$250,000



RESERVE ACCOUNT BALANCES

Casino Revenue	194,281
----------------	---------

Community Works	914,773
-----------------	---------

	1,109,054
--	-----------

As at January 1, 2014



DEBT

MUNICIPAL DEBT

ANNUAL MUNICIPAL DEBT COSTS

Long-term debt	2014	2015	2016	2017	2018
Rec Centre - principal & interest	\$554,150	\$554,150	\$554,150	\$554,150	\$554,150
Sewer - principal & interest	532,320	532,320	532,320	532,320	532,320
	<u>1,086,470</u>	<u>1,086,470</u>	<u>1,086,470</u>	<u>1,086,470</u>	<u>1,086,470</u>
MFA lease payments					
Municipal Hall equipment	1,320	1,320	1,320	1,320	750
Recreation Centre photocopier	2,170	2,170	2,170	1,280	
Engineering equipment	1,220		-	-	-
Eng./Dev. Services photocopier	3,520	660		-	-
	<u>8,230</u>	<u>4,150</u>	<u>3,490</u>	<u>2,600</u>	<u>750</u>
Total Annual Cost	<u><u>\$1,094,700</u></u>	<u><u>\$1,090,620</u></u>	<u><u>\$1,089,960</u></u>	<u><u>\$1,089,070</u></u>	<u><u>\$1,087,220</u></u>
 Liability servicing capacity remaining at December 31, 2013	 6,761,310				



MUNICIPAL DEBT

Total debt issued (excluding leases):

Sewers I&I Program	1,129,000	Matures 2022
	2,353,000	Matures 2022
	1,256,000	Matures 2024
	2,012,000	Matures 2025
	<u>6,750,000</u>	
Revitalization Project	4,000,000	Matures 2022
	2,800,000	Matures 2023
	<u>6,800,000</u>	
	<u><u>\$13,550,000</u></u>	



NEXT STEPS

Township of
ESQUIMALT



NEXT STEPS

- **March 24 & 25**
- Policy Review
 - Policies and objectives
- Consideration of Operating and Capital Expenditures
 - Based on staff assessment of core expenditures, required supplemental items and proposed capital projects



NEXT STEPS

- **April 7**
- Tax and Other Policy Discussions
 - Presentation of tax scenarios for Council consideration
- **Public Input**
 - Opportunities throughout the budget process
 - Specific dates scheduled and communicated on our website
 - March 24/25
 - April 7
 - April 28

