

BUDGET OVERVIEW

January 24, 2022

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.

Overview

- Financial Plan
- Operating and Capital Expenditures
- Funding Sources
- Reserves
- Budget Challenges
- Council Direction



Council Direction

- Staff are looking for direction regarding the desired range of 2022 tax revenue increase scenarios
- Staff will present various scenarios to Council in March once the draft 2022-2026 Financial Plan has been fully compiled



FINANCIAL PLAN

Township of
ESQUIMALT

Legislative Requirements

- Community Charter and Local Government Act set the provisions that municipalities must follow:
 - Have a five year plan adopted annually
 - No deficit permitted (revenue=expenditures)
 - Have both an operating and a capital budget
 - Council to undertake a “process of public consultation”



Bylaw Requirements

Two separate bylaws:

Financial Plan Bylaw gives the municipality spending authority

Tax Rates Bylaw authorizes the levying of property taxes

- The Financial Plan Bylaw must be adopted prior to the adoption of the Tax Rates Bylaw



Financial Plan

- Multi year estimate of future expenditures, staffing and revenues required to maintain service levels and infrastructure and to manage growth
- Adopted annually by Council through bylaw
- Sets out policies and objectives
 - Proportion of revenue from each funding source
 - Distribution of property taxes among the classes
 - Use of permissive exemptions

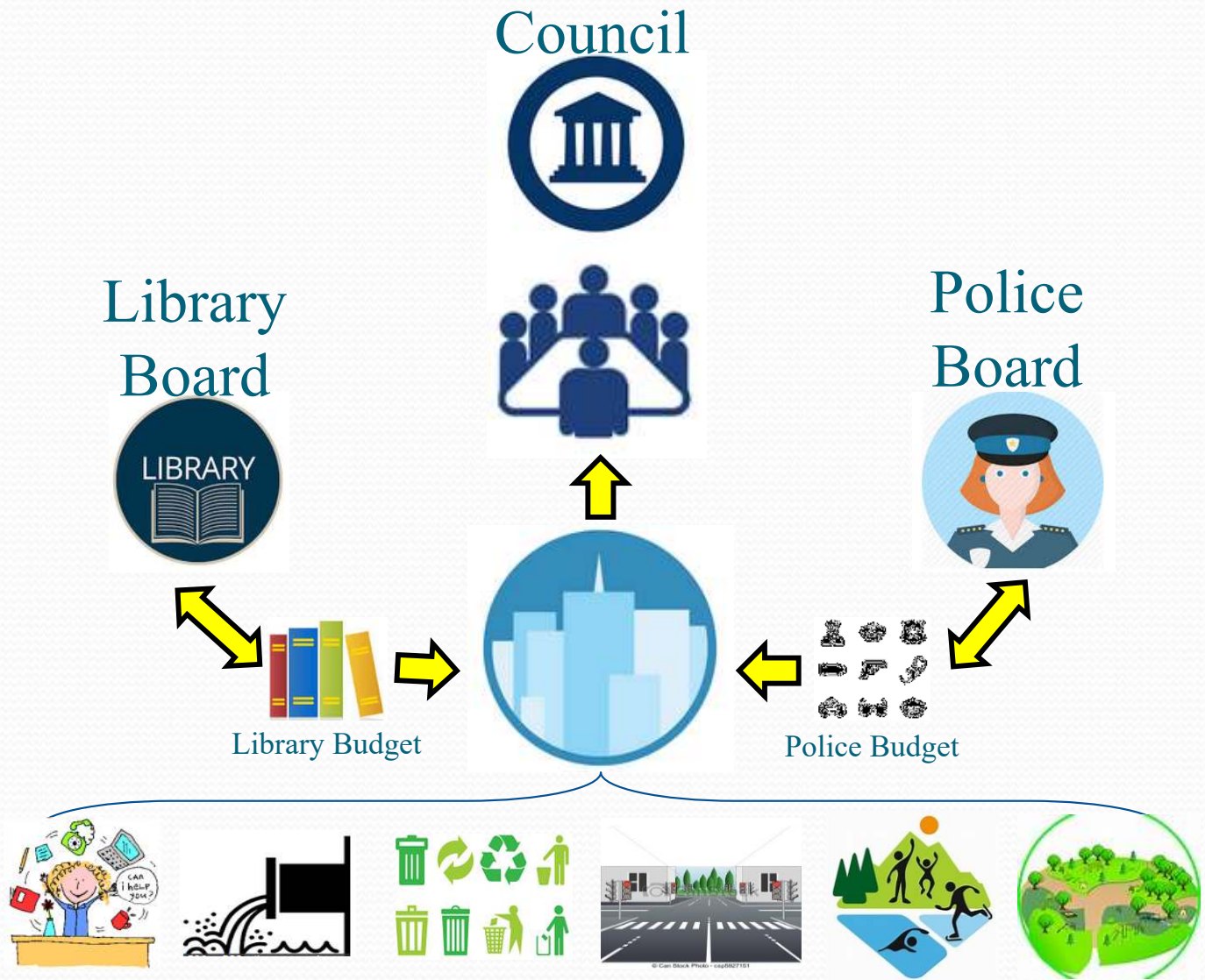


Financial Plan Process

- Management prepares draft plan and recommendations based on Council direction
 - Completed Assessment Roll
 - Includes Accepted PILT Values
- Tax Revenue Increase Scenario Approved by Council
 - Potential adjustment based on Revised Assessment Roll
- Policies and Objectives
- Tax Rate Review
- Financial Plan and Tax Rates Bylaws



Approval Process



Timeline

- Early Budget Approvals – February 7
- Department Core Presentations – February 7
- Local Grant Approvals – March 7
- Consideration of Operating and Capital Requests & – March 15 (& March 16 if required)
- Policy and Objectives Review – April 4
- Tax Rate Scenarios – April 4
- Financial Plan and Tax Rate Bylaws – adoption May 2



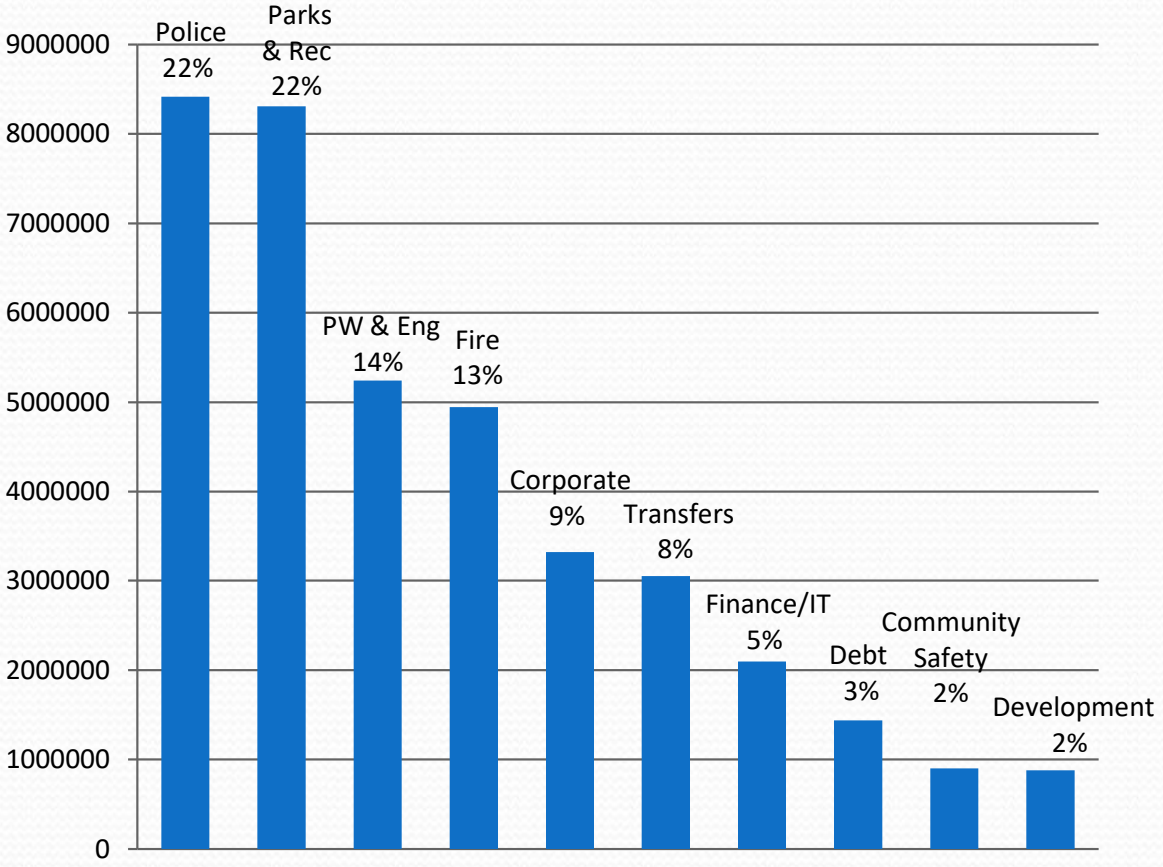
OPERATING & CAPITAL EXPENDITURES

Operating Expenditures

- Incurred to meet service and infrastructure demands
- Examples:
 - Wages & Benefits
 - Equipment & Supplies
 - Contracted Services
 - Program Costs
 - Repairs & Maintenance



Operating Expenditures



Capital Expenditures

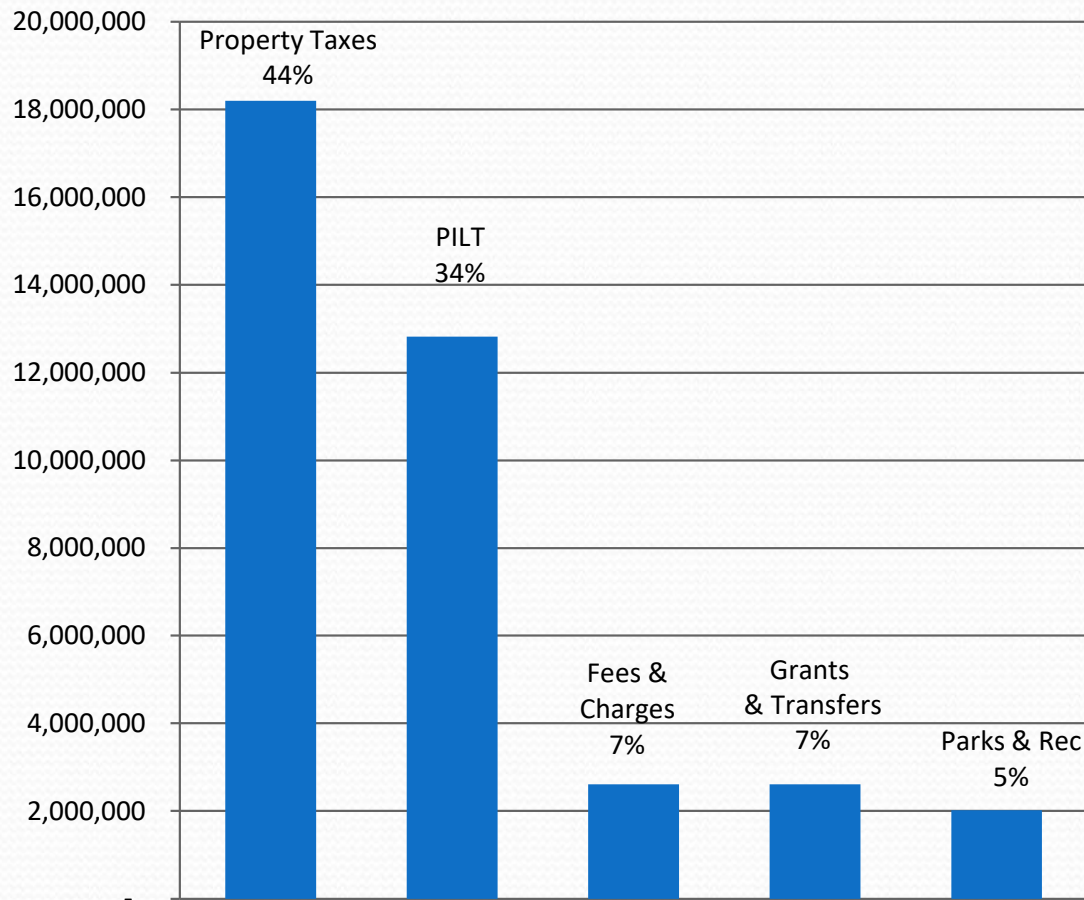
- One time expenditures for infrastructure
 - Roads & Sidewalks
 - Vehicles & Equipment
 - Parks & Playgrounds
 - Sanitary & Sewer Lines
- Funding from reserves does not require direct taxation
- Annual contributions to reserves impact current year tax calculation

FUNDING SOURCES

Revenue

- Property Taxes
- PILT
- Parks and Recreation Fees
- Other Fees and Charges
 - Permits, licences and cost recoveries
- Government Transfers & Grants
 - Small Community, Traffic Fine, Casino, Gas Tax

Revenue Sources



Debt

- Long Term Loans (5-30 years)
- For Major Capital Expenditures
- Secured through Municipal Finance Authority and CRD
- Spreads project cost and any resulting property tax increases over a number of years

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
	<u>6,750,000</u>	
Revitalization Project	4,000,000	Matures 2022
	<u>2,800,000</u>	Matures 2023
	<u>6,800,000</u>	
Admirals Road Corridor	1,200,000	Matures 2024
Public Safety Building	35,000,000	Matures 2051
Total Debt	<u><u>\$49,750,000</u></u>	



Debt Costs

Principal & Interest Payments	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Sewer I & I Program	\$353,689	\$353,689	\$353,689	\$279,423	\$187,148
Recreation Centre Revitalization	375,450	164,480			
Admirals Road Corridor	135,950	135,950	135,950		
Public Safety Building	1,729,477	1,729,477	1,729,477	1,729,477	1,729,477
Total Debt Costs	<u>\$2,240,877</u>	<u>\$2,029,907</u>	<u>\$1,865,427</u>	<u>\$1,729,477</u>	<u>\$1,729,477</u>
Unutilized Liability Servicing Capacity at December 31, 2021	\$	7,321,924			



Reserve Funds

- Established through bylaw
- May only be used for specified use
- Require Council resolution to expend these funds

Reserve Fund Balances

M&E Reserve Fund	\$2,563,223
Capital Projects Reserve Fund	3,738,687
Infrastructure & Revitalization Reserve Fund	2,133,633
Park Land Acquisition Reserve Fund	125,328
Sustainability Reserve Fund	139,443
Municipal Archives Trust Fund	4,320
Local Improvement Fund	190,498
Eva Chafe Reserve Fund	28,088
Tax Sale Lands Reserve Fund	121,627
Public Art Reserve Fund	76,573
McLoughlin Amenity Funds	6,467,274
	<hr/>
	\$15,588,694
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Reserve Accounts

- Used to account for specific funds received from external sources
- No statutory requirement to establish accounts
- Unexpended amounts may be carried forward or transferred to surplus

Reserve Accounts

Community Works (Gas Tax)	\$3,007,461
Casino Revenue	36,631
Community Impact Fee	292,991
Library Reserve	225,596
Safe Restart	2,970,193
	<u>\$6,532,872</u>

As at December 31, 2021



BUDGET CHALLENGES

Budget Challenges

- Effects of Pandemic and Provincial Health Orders
- Long Term Debt Costs
- Increasing Policing Costs
- Collective Agreement Wage Increases
- Infrastructure Renewal and Increasing Construction Costs

Budget Challenges

	2022	2021	Increase	
	Budget	Budget	Revenue	%
Victoria-Esquimalt Police Services	\$8,666,731	\$8,409,862	\$256,869	0.83%
Wages & Benefits-CUPE, Fire & Exempt	\$17,744,332	\$16,757,236	\$987,096	3.18%
Greater Victoria Public Library	\$989,324	\$953,701	\$35,623	0.11%
Long Term Payments	\$2,594,566	\$1,173,873	\$1,420,693	4.58%
	<u>\$29,994,953</u>	<u>\$27,294,672</u>	<u>\$2,700,281</u>	<u>8.71%</u>

***1% tax increase = \$310,000 based on 2021 actual*



Assessed Values

	2021 Revised Roll \$	2022 Completed Roll \$	Increase/ (Decrease) \$	Increase/ (Decrease) %
Class 1 Residential	3,950,548,005	4,823,835,105	873,287,100	22.11%
Class 2 Utilities	2,132,800	1,978,500	█ (154,300)	█ (7.36%)
Class 4 Major Industry	36,039,500	45,235,900	9,196,400	25.52%
Class 5 Light Industry	16,831,500	29,720,900	12,889,400	76.58%
Class 6 Business/Other	304,653,201	328,581,151	23,927,950	7.85%
Class 8 Recreation/Non-Profit	24,925,700	28,985,100	4,059,400	16.29%
	<u>4,335,130,706</u>	<u>5,258,336,656</u>	<u>923,205,950</u>	<u>21.30%</u>

Assessed Value Increases

	<u>Existing Assessments</u>	<u>% Increase</u>		<u>Non Market Change</u>	<u>% Increase</u>
Residential	779,203,900	19.72%		94,083,200	2.38%
Utilities	237,100	11.12%	▼	(391,400)	-18.35%
Major Industry	9,155,900	25.41%		40,500	0.11%
Light Industry	12,889,400	76.58%		-	-
Business/Other	30,264,350	9.93%	▼	(6,336,400)	-2.08%
Recreation/Non-Profit	2,593,400	10.40%		1,466,000	5.88%
	<u>834,344,050</u>			<u>88,861,900</u>	

Council Direction

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