



# 2021 Draft Budget Summary

The COVID-19 pandemic has impacted cities worldwide and the City of Victoria is no different. We're experiencing significant revenue reductions this year, which is projected to continue in 2021.

We know how much our residents and businesses depend on our services. That's why we've sharpened our pencils and created mitigation strategies to build a 2021 Draft Budget that keeps the tax increase to one per cent plus inflation, delivers over 200 programs and services that enhance the well-being of our community, invests in infrastructure upgrades and achieves the City's Strategic Plan.

Mitigation strategies will minimize impacts on service delivery and maintenance of the City's infrastructure. These strategies include focusing the capital budget on essential projects; eliminating some office leases; reducing travel, conference and training budgets; delaying the re-opening of the Victoria Conference Centre; and using new property tax revenue from new developments to offset cost increases and revenue shortfalls.

Revenue loss in 2020 means there will be no surplus to carry over into 2021, however, the City will receive \$6,522 million from the Federal-Provincial Restart Grant, some of which will help make up for revenue shortfalls.

As presented in the Draft Financial Plan, the 2021 operating budget totals \$255.9 million and the capital budget totals \$52.9 million. Council has provided direction to add an additional \$3 million back into the capital budget. Projects are still to be determined.

Victoria City Council is deliberating on the 2021 Draft Financial Plan (City Budget) and is looking for your input to help inform how best to invest your tax dollars.

## Budget Highlights:

In addition to maintaining service levels, below are some of the key highlights of investments proposed in the 2021 Draft Budget:

- Replace and upgrade aging water main pipes, underground infrastructure and sanitary sewer pipe rehabilitation. The work includes replacing some of the City's oldest pipes that were installed in 1891 to ensure clean water and environmental protection for the harbour and City natural areas.
- Provide a capital investment of \$6.3 million to improve City streets, make concrete repairs to sidewalks and curb ramps, and install new sidewalks.
- Invest \$510,000 in capital to create five new signed crosswalks, upgrade 10 existing crosswalks and add a second marked crosswalk at Douglas Street and Pembroke Avenue. An additional \$250,000 will be invested in traffic calming measures such as speed humps, curb extensions or medians to enhance pedestrian crossings and safety.
- Replace the artificial turf field at Topaz Park by investing \$4.25 million in capital to initiate and complete construction. Another \$600,000 in capital funding will replace the playground equipment at the Stadacona Park.
- Invest \$270,000 in capital to remove the roadway between Mile Zero and Beacon Hill Park to create a continuous green space.
- Allocate \$424,300 to support economic development and recovery to implement the *Victoria 3.0 Recovery Reinvention Resilience Economic Action Plan*, work with stakeholders to create an Oceans Future Hub and continue to make it easier for new and existing businesses to do business in Victoria.
- Implement the City's new Zero Waste Strategy.

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# 2021 Draft Budget Summary

## Budget Highlights, continued:

- Deliver climate action initiatives in Victoria's Climate Leadership Plan to reduce emissions by 80% and transition to 100% renewable energy by 2050. Climate action will include initiating the Fleet Master Plan to continue the transition to electric vehicles, continuing development of the Climate Lens Framework and implementing the City's Sustainability Framework. A capital investment of \$100,000 is allocated for EV infrastructure support.
- Focus on implementing the Victoria Housing Strategy and increasing housing choice for renters and owners.
- Continue to focus on public safety with \$60.68 million for police services, \$17.89 million for fire services and \$2.68 million in bylaw and licensing services.
- Invest \$4 million in community-driven initiatives and economic activity with the City's suite of grant programs that include Direct Award Grants, Strategic Plan Grants, Festival Investment Grants, Community Garden Volunteer Grants and Great Neighbourhood Grants.
- Invest \$700,000 to provide free bus passes to youth living in the municipality of Victoria.
- The Office of Equity, Diversity and Inclusion will continue to champion these values as goals for the City of Victoria, as well as continue implementation of the City's TNB2S+ Inclusion Plan and Accessibility Framework and update the City's Equity Framework.
- Allocate approximately \$49.1 million for reserves and capital investment including transfers to the affordable housing reserve, building and infrastructure reserve, gas tax reserve and debt reduction.

## Property Tax Impacts:

Together with the mitigation strategies, the proposed 2021 budget would result in an overall tax increase of no more than inflation plus one per cent (1.75%). The property tax impact would be \$44 for an average household and \$124 for a typical business.

### Proposed Property Tax Breakdown

<b>1.21%</b>	City Operations
<b>0.52%</b>	Police Operations
<b>0.02%</b>	Greater Victoria Public Library
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<b>= 1.75%</b>	Proposed Overall Tax Increase

## Your City Budget. Have Your Say.

We need your input on the 2021 Draft Financial Plan. Read the plan or Budget Summary at [engage.victoria.ca](https://engage.victoria.ca).

Fill out the **2021 Draft Budget Survey** by **January 10** to tell us your priorities for investment to help inform Council's decision making.

Ask budget questions in real time or share in advance and tune in to our **Virtual Budget Town Hall** on **Wednesday, January 13, 2021 at 6:30 p.m.** for the answers.

Find out more at [engage.victoria.ca](https://engage.victoria.ca)

# Your City Budget: How does it work?

The City of Victoria is growing and changing. With these changes come added pressures on City services and infrastructure. The City's 2021 Draft budget looks to adapt to change and balance competing priorities while continuing to provide the high-quality services our citizens have come to expect. Doing so within available financial resources, and the ability of the taxpayer to pay, is top priority.

## What is a city budget?

Council's Strategic Plan guides City priorities and identifies the actions to achieve these over four years. The budget allocates funding for the priorities set out by Council in the Strategic Plan.

Like your own personal budget, the City's budget is divided into two types of expenses – operating and capital.

The operating budget includes daily or regular expenses to keep things running smoothly. In your household, these would be things such as gas for your vehicle or groceries for your family. For the City, this includes garbage collection, clean water, and the maintenance of facilities like Crystal Pool and community centres, to name a few.

Capital expenses are one-time purchases or upgrades as an investment for the future – things like renovations for your home or new appliances. For the City, capital expenses include things like road improvements, park upgrades or equipment needed to maintain roads or respond to emergencies.

## How is the operating budget determined?

The operating budget is the largest portion of the City's budget, at \$255.9 million for 2021. It is determined based on what it will cost to continue existing City services and programs at service levels set by Council. The City's operating and utility budgets include capital funding and reserve savings that provide annual funding to ensure the city's infrastructure is maintained for residents today, and the future.

## How is the capital budget determined?

The capital budget for the City is \$52.9 million for 2021. A number of factors are taken into consideration when creating each year's capital budget including master plans such as the Parks and Open Spaces Master Plan, transportation plans, and the City's Strategic Plan. Other factors include:

- safety considerations (traffic calming and crosswalks as an example)
- replacement costs
- age and condition of current City assets
- maintenance history
- risk assessment (what are the possible risks if this asset were to fail?)
- coordination with other capital projects (a stormwater main replacement might trigger updated curbs and sidewalks, so that a road is only dug up once)
- future capacity needs

When creating new assets, staff and Council will also consider what the annual operating and maintenance costs will be.

## What happens when a capital project is not completed in a given budget year?

If a capital project that is underway is not completed in a given year, it is automatically rolled over into the work plan for the following year.

# Strategic Priorities

Council has established the following eight Strategic Priorities for the City from 2019 to 2022:



1. Good Governance and Civic Engagement



2. Reconciliation and Indigenous Relations



3. Affordable Housing



4. Prosperity and Economic Inclusion



5. Health, Well-Being and a Welcoming City



6. Climate Leadership and Environmental Stewardship



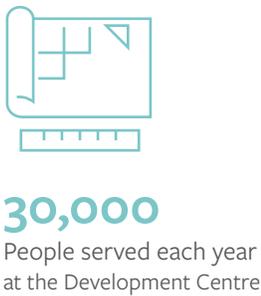
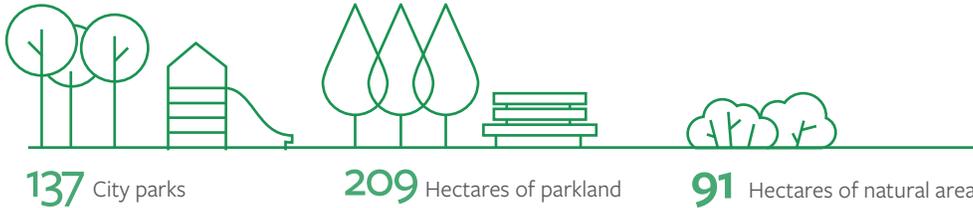
7. Sustainable Transportation



8. Strong, Liveable Neighbourhoods

# Highlights of City Services

## Maintain:



# Revenues

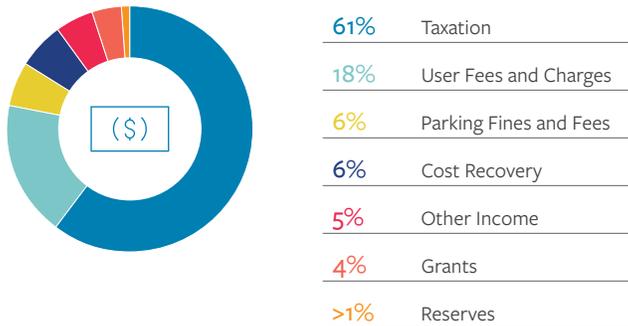
Similar to most Canadian municipalities, taxation is the largest source of revenue, financing the majority of the services provided by the City. Every property owner in British Columbia must pay property taxes based on the value of their property, unless the property is specifically exempted by provincial statute.

The City's revenue is generated mainly from taxation at \$156.1 million. User fees form the next significant portion of revenue collected by the City at \$46.2 million. In accordance with the Community Charter, municipal governments set fees and charges by bylaw to cover the costs of providing that service to the public. The fees charged must be for the services delivered and designed not to generate a surplus and are supported by bylaws.

The remaining revenue consists of parking fees and fines revenue that provide the City with \$15.0 million in revenue, followed by cost recoveries of \$14.3 million, which includes recovery from Esquimalt for our amalgamated Police Department; other income at \$11.6 million, which includes revenue from the conference centre, real estate, investment interest, and revenue from property taxes for stormwater utility; grants at \$11.6 million and funding from reserves at \$1.1 million.

## Consolidated Revenue by Type

2021 Budget Funding Sources (\$255.9 million)

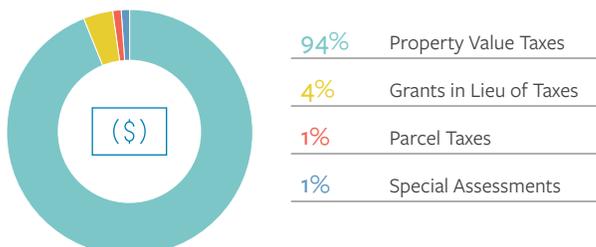


## Taxation

Property taxes represent the most significant funding source within taxation at \$146.9 million. Grants in lieu of taxes at \$6.5 million form the next significant portion of taxation, followed by parcel taxes at \$1.4 million and special assessments at \$1.3 million.

### Taxation Revenue by Type

2021 Budget Funding Sources (\$156.1 million)

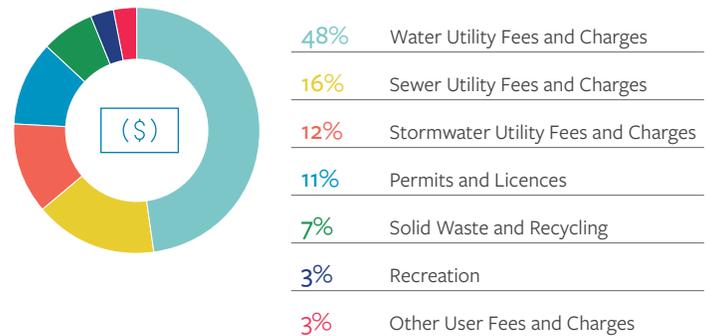


## User Fees and Charges

The second largest source of revenue is user fees and charges that are charged for the use of city services. The City operates the water distribution systems for both the City of Victoria and the Township of Esquimalt. Water utility fees and charges represent \$22.2 million out of the total \$46.2 million. Sewer utility fees and charges are the second largest source of user fees at \$7.3 million, followed by stormwater utility fees and charges at \$5.7 million, permits and licenses at \$5.0 million, solid waste and recycling at \$3.4 million, recreation fees at \$1.4 million and other user fees and charges at \$1.2 million. Other user fees and charges include fees for rezoning, records, plan searches, fire prevention and sale of hanging baskets.

### User Fees and Charges Revenue by Type

2021 Budget Funding Sources (\$46.2 million)

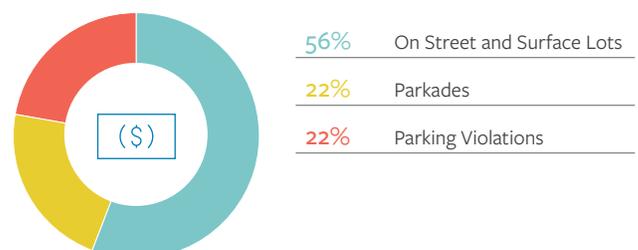


## Parking Fees and Fines

The City of Victoria operates five parkades, three surface lots and has nearly 2,000 on-street parking spaces downtown that are budgeted to generate approximately \$15.0 million in revenue for 2021. The budget includes revenue from on street and surface lots at \$8.4 million, which is the largest parking revenue source. This is followed by parkade parking at \$3.4 million and parking violations at \$3.2 million.

### Parking Fees and Fines Revenues by Type

2021 Budget Funding Sources (\$15.0 million)



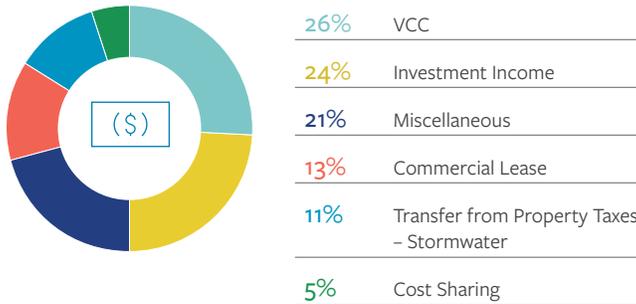
# Revenues

## Other Income

Other income is comprised of a variety of revenue sources. The Victoria Conference Centre's revenue of \$3.0 million is primarily comprised of event cost recovery paid by event organizers of \$1.6 million, as well as revenue generated from parking and room rentals. Miscellaneous revenue is \$2.4 million and includes revenue from tax certificates, tax penalties, bus shelter advertising, food and beverage and revenue from Save-On-Foods Memorial Centre. Investment income is at \$2.8 million. The revenue from the City's real estate leases amount to approximately \$1.5 million and the transfer from property taxes to Stormwater Utility is \$1.3 million. The City receives \$552,000 for cost sharing income received by other Police forces and from Burnside/Gorge for annual capital contribution.

### Other Income by Revenue by Type

2021 Budget Funding Sources (\$11.6 million)

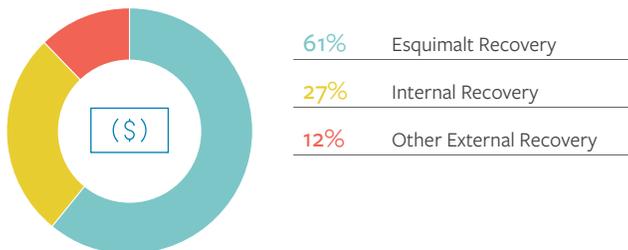


## Cost Recovery

The City's cost recovery budget is at \$14.3 million in 2021, with the majority of the recovery at about \$8.7 million for Esquimalt's share of policing costs for our amalgamated Police Department. Internal recoveries at \$3.9 million include costs related to self-funded utilities such as water, sewer and stormwater. The City also recovers costs from outside external agencies in the amount of \$1.7 million.

### Cost Recovery Revenue by Type

2021 Budget Funding Sources (\$14.3 million)

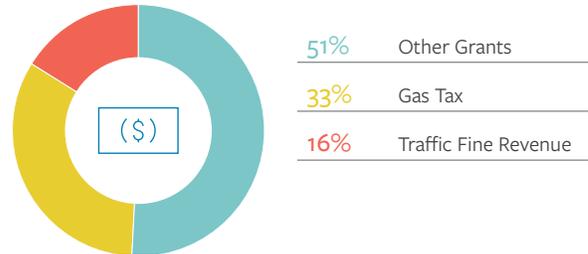


## Grants

This year, the City's budget includes the funding from the Province's Restart Grant in addition to the annual funding from the Federal Government's gas tax program which is approximately \$3.8 million and the Provincial Traffic Fine Revenue at about \$1.9 million.

### Grants Revenues by Type

2021 Budget Funding Sources (\$11.6 million)

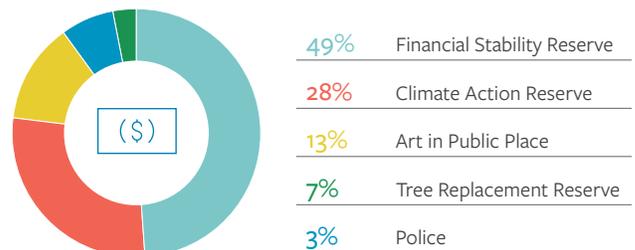


## Reserves

The purpose of setting aside funding in reserves is to provide funding for various future expenditures, to ensure sufficient future funds are available and to smooth the annual tax increase. For 2021, funding from the Financial Stability Reserve, which holds carry forward funding from prior year unspent budgets, is at \$560,000 for continuing City initiatives including the second year of a two-year position in Bylaw, emergency management, training for reconciliation and indigenous relations and Citizen's Assembly. The Art in Public Place reserve provides \$150,000 for art in public spaces and expands opportunities for artists and the public to participate in the process. Climate Action Reserve funding is \$322,000 for climate mitigation and adaptation strategies that target energy and GHG reductions. The Tree Replacement Reserve funding is at \$82,000 for additional tree planting and Police Reserves provides funding of \$32,000 for equipment replacement.

### Reserves Revenues by Type

2021 Budget Funding Sources (\$1.1 million)



# Operating Budget

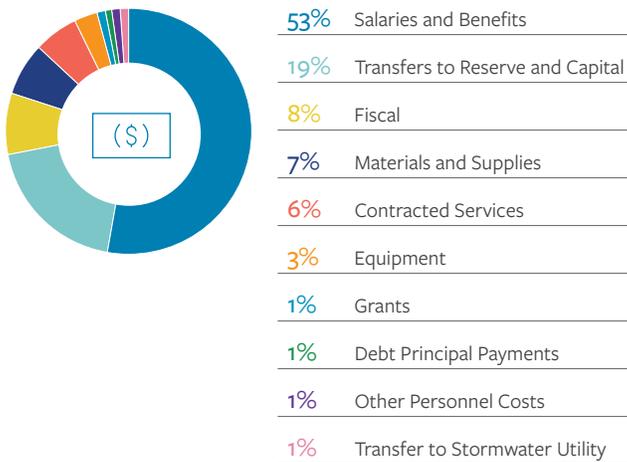
The City of Victoria provides services to the community by incurring operating costs and capital costs. With each service, the capital costs of any equipment, infrastructure or facility needed to deliver the service must be considered in addition to the ongoing operational and labour cost of providing that service.

Like most municipalities, the City is faced with balancing rising costs, limited resources and providing more and higher level of services to its citizens. To achieve this balance through the budget process, departments undertake re-analysis of budget needs, endeavour to find economies and efficiencies that are expected of a prudent budgeting process. Staff are to explore opportunities to increase efficiencies throughout the City's operations focusing on providing better service to the community and reducing expenditures.

The graph below outlines the operating expenditures by type:

## Operating Expenditures by Type

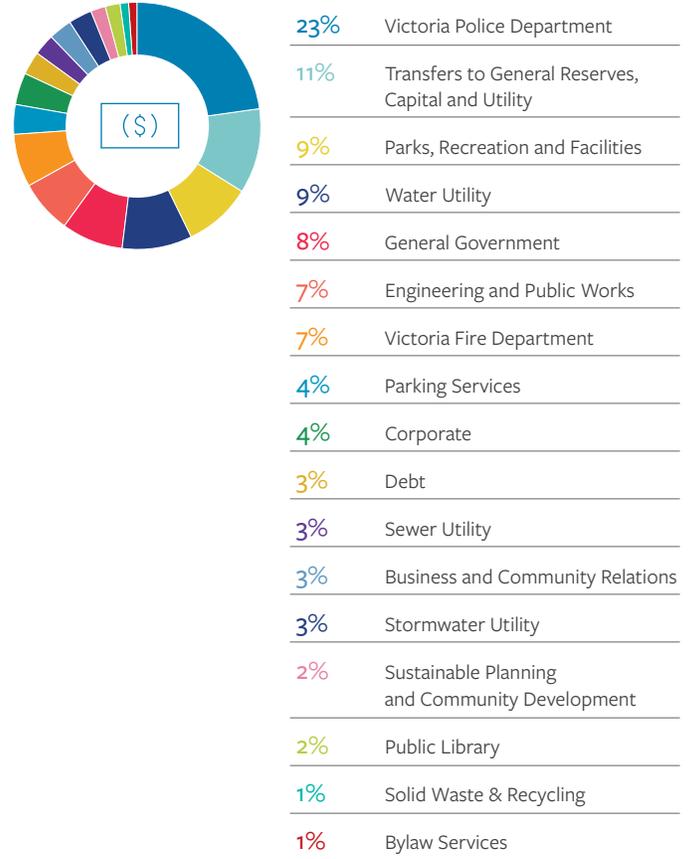
2021 Budget Expenditures (\$255.9 million)



The graph below outlines the 2021 expenditures by function:

## Operating Expenditures by Function

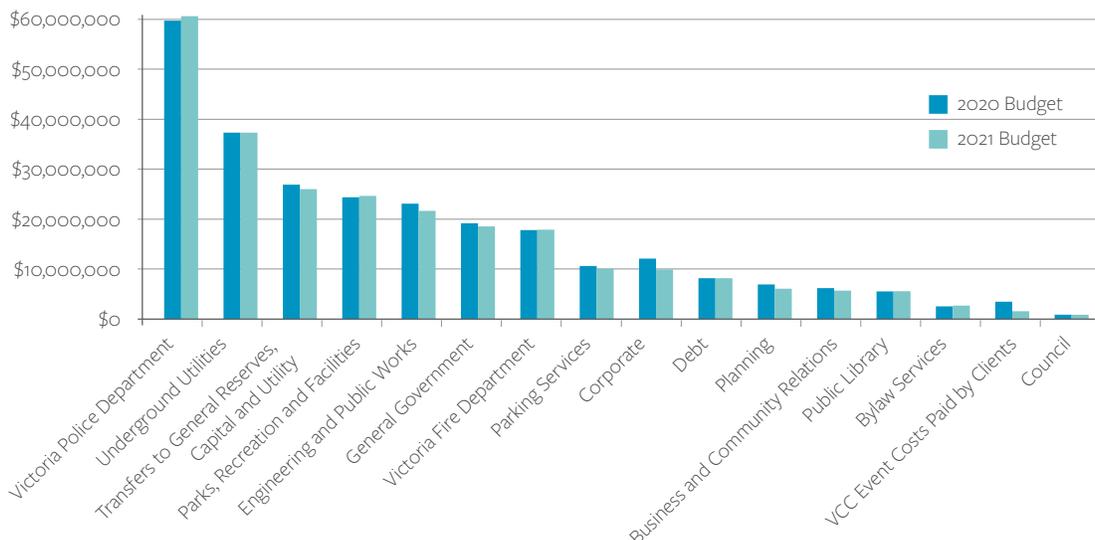
2021 Budgeted Function Expenditures (\$255.9 million)



This graph shows the budget change from 2020 to 2021 for operating expenditures by function:

## Operating Expenditures by Function

Budget Trends 2020-2021



# Capital Budget

## Capital Budget

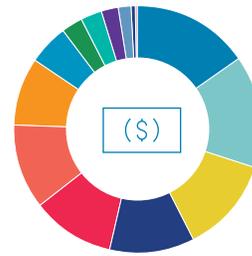
The City's 20-year capital budget is a plan that identifies required projects, related funding and timelines including the impact of multi-year and multi-department projects. Capital requirements are driven by the need to maintain, upgrade or replace existing aging infrastructure, meet industry standards, population growth and invest in new capital in alignment with the Strategic Plan and community input.

The capital budget for 2021 totals \$52.9 million. The annual capital investment needs are determined through asset master plans and condition assessments. Asset master plans outline the level of funding that is considered sustainable to maintain current service levels and the priorities of infrastructure investment.

For 2021, the Capital budget has been grouped into 14 categories which are displayed in the graph below by total expenditures:

### Capital Expenditures by Category

2021 Budgeted Category Expenditures (\$52.9 million)



15.4%	Stormwater
14.7%	Active Transportation
12.5%	Sanitary Sewers
11.1%	Waterworks
11%	Complete Streets
10.9%	Parks
8.9%	Equipment
5.3%	Street Infrastructure
2.9%	Police
2.6%	Facilities
2.4%	Safety
1.5%	Structures
0.7%	Contingency
0.1%	Neighbourhoods

The graph below shows the capital spending by category in dollars:

### Capital Budget by Category in Dollars

2021 Budgeted Category Expenditures (\$52.9 million)

