Our Community Profile

• Almost 2/3 of Region’s residents work in Victoria
• 42% of all jobs in Region are in Victoria
• Approximately 1,400 businesses in downtown Victoria
• 90% of Victoria businesses have less than 20 employees
Our Community Profile

- Estimated population: 79,000
- Average age is 41.6
- Population represents 22.6% of regional total and occupies 2.8% of regional land base
- Slightly lower growth rate (5.3%) than Capital Region (6%)
- Victoria residents earn 26% less than median CRD income

2006 Census, Stats Canada

Our Core City Reality

- Capital City
- Centralized social programs
- Entertainment district
- Special events: festivals/sporting events
- Tourism
- Victoria Conference Centre
- Police
- Grants and property tax exemptions
- Arena
- Theatres
- Limited land
Priorities for 2013 to 2015

1. Enhance Community Well-being
2. Improve Financial Sustainability
3. Strengthen the Economy
4. Enhance Customer Service
5. Foster Informed and Open Decision-Making

Budget Conversations

VICTORIA'S BUDGET | 2013 – 2015
2012 Council Direction:

- City Council will move to 3 year budget cycle
- City will hold tax increases to 3.25% or below for 2013, 2014, 2015
- The City will engage the public in budget process

Budget Conversations

- Builds on previous years of information sessions on financial context
- 3 year budget cycle and strategic plan provides opportunity for greater public participation
- Builds foundation for further discussions and Council decisions
- Further opportunities will be informed by input received and recommendations within Organizational Review
- Council decisions for 2014 and 2015 will be challenging
Budget Quick Facts

- $195 million operating budget in 2012
- Proposed 2013 increase to City net operating budget is $2.17 million
- Average annual capital budget is $30-35 million
- Proposed 2013 increase to capital budget is $1.35 million
- If 3.25% is achieved in 2013, will need to find additional $3 million in on-going reductions for 2014 and 2015 to achieve 3.25% in those years

Where Our Revenue Comes From

City of Victoria | 2012 Revenue by Type
Where the Money Goes

City of Victoria | 2012 Program Expenditures

Budget Conversations VICTORIA’S BUDGET 2013–2015

Where the Money Goes

City of Victoria | 2012 Expenditures by Type (Police Shown Separately)

Budget Conversations VICTORIA’S BUDGET 2013–2015
Where the Money Goes

City of Victoria | 2012 Expenditures by Type
(Incorporating Police Expenditures with City)

- Top 30 business property taxpayers pay approximately 30% of the total business taxes paid.

Who Pays?
External Pressures

- CRD costs: sewage, hospital
- Increasing expectations
- Downloading from other governments
- Regional competition
- Transit
- Esquimalt Police Agreement

Operating Budget Cost Drivers

- Collective agreement increases
- Increases to capital spending and reserves
- Emergency Services
- Emerging issues: eg. Social issues, climate change, technology, long term planning
Financial Sustainability Policy

The sustainability policy, adopted in 2009, follows a principles approach to financial decision-making.

• The City will only apply for grant funding for projects that are already planned.

• Debt services charges kept at current budget level, only add new debt in years when other debt issues are retired, so no increase in property taxes as a result of new debt.

Financial Sustainability Policy

The City has two strategies for dealing with its infrastructure gap:

• Increasing annual capital spending, to ensure that the City’s infrastructure is being adequately maintained.

• Increasing reserves so assets can be replaced and upgraded when needed.
Financial Sustainability Policy

The City’s Financial Sustainability Policy is seeing results

• Capital spending through property tax levy has increased from $2.5 million in 1999 to $10 million in 2012

• Annual contribution to Building and Infrastructure Reserve has more than doubled over past 10 years from $1.5M to $4.1 million in 2012.

• The City has $23M in Building & Infrastructure Reserves; and a total of $46M for Equipment Replacement, Building and Infrastructure Reserves (Dec 2011)

• Debt servicing position – even with the bridge – is still below average per capita of similar size municipalities

Budget Principles and Impacts

1. Share budget cuts:
   1. Consider existing assets before adding new
   2. Tax increase for capital 1.25% (reduced from 1.5%)
   3. Maximum tax increase for operating 2% for 2013

2. New revenue will be implemented with realistic estimates and timelines
Budget Principles

3. Annual salary increases for all employees will be kept at affordable level.

4. Staff will recommend changes to service delivery that have the least impact on the community. The following will be considered:
   A. changes to service delivery methods
   B. reduced service levels
   C. elimination of services

Specific budget reductions being considered 2013-2015

- 0% increase to salary in 2013 for City Council
- Change to Council taxable remuneration
- 0% increase to salary in 2013 for exempt staff
- Limit budget increases for library and police to 2% for 2013, 2014, 2015
- Allocate 1.25% of 2013 tax increase ($1.3 million) to capital work to maintain City infrastructure
- Partial automation of some parkades during slow periods
- Advertising in parkades, on parking machines etc
- Shift from annuals to perennials in some garden beds, outside of downtown
- Reduction in City-led seasonal programming in Centennial Square
- Savings realized from organizational review
Organizational Review

- City must be structured effectively to deliver City services and advance strategic priorities
- More important during times when faced with tough economy and growing financial pressures
- The review is intended to align the structure and services in a way that best meets OCP vision and strategic priorities
- And, ensure the annual tax increase remains no more than 3.25% over the next three years

The consultant will:
- Review current structure
- Compare Victoria to other similar municipalities
- Make recommendations to the City Manager on where efficiencies or capacity can be found through changes to structure or how services are delivered

Next Steps

January sessions

Council Budget meetings in February/March

Organizational Review recommendations in March

Next steps to be determined
Thank you

Questions/Comments