

NO. 25-034

A BYLAW OF THE CITY OF VICTORIA

The purpose of this bylaw is to adopt the annual financial plan for the year 2025.

Under its statutory powers, including section 165 of the *Community Charter*, the Council of The Corporation of the City of Victoria, in an open meeting assembled, enacts the following provisions:

1. This Bylaw may be cited as the "FIVE YEAR FINANCIAL PLAN BYLAW, 2025."
2. Schedules 1 to 5 attached hereto and forming part of this Bylaw are adopted as the five year Financial Plan of the Corporation of the City of Victoria.
3. The Director of Finance is authorized to pay out in accordance with the Bylaws of the City, the sums of money shown in Schedule 2 and Schedule 4 for the year 2025, for the purpose described in each category.
4. All cheques drawn on the bank for payment of funds belonging to the City must be signed by the Director of Finance and countersigned by the Mayor before being issued.
5. All payments already made from municipal revenues for the current year are ratified and confirmed.
6. The Five Year Financial Plan Bylaw No. 24-032 is repealed.

READ A FIRST TIME the	24th	day of	April	2025
READ A SECOND TIME the	24th	day of	April	2025
READ A THIRD TIME the	24th	day of	April	2025
ADOPTED the	1st	day of	May	2025

"CURT KINGSLEY"
CITY CLERK

"MARIANNE ALTO"
MAYOR

Bylaw No. 25-034
Schedule 1 - April 24, 2025
City of Victoria

2025 - 2029 Operating Financial Plan

	2025	2026	2027	2028	2029
REVENUES					
Property Value Taxes	193,490,810	207,276,290	225,178,380	242,795,270	260,249,660
Property Value Taxes from New Assessments	1,445,190	1,000,000	500,000	500,000	500,000
Parcel Taxes	1,380,460	1,309,460	1,309,460	1,309,460	1,309,460
Special Assessments	1,372,000	1,290,000	1,290,000	1,290,000	1,290,000
Grants in Lieu of Taxes	8,159,000	8,322,190	8,488,620	8,658,380	8,831,540
User Fees and Charges	8,677,310	9,058,260	9,231,570	9,407,150	9,586,160
Permits and Licences	7,214,850	7,322,750	7,432,810	7,545,070	7,659,580
Parking Services	30,538,000	31,145,520	31,765,210	32,397,250	33,041,980
Sewer Utility Fees and Charges	9,541,730	10,383,270	11,315,680	12,327,130	13,452,690
Stormwater Utility Fees and Charges	8,220,990	9,240,840	9,530,320	10,474,930	11,232,820
Water Utility Fees and Charges	27,657,600	30,625,290	32,236,040	33,000,380	35,626,800
Other Sources	55,170,550	54,154,050	54,619,600	51,282,670	52,361,390
	352,868,490	371,127,920	392,897,690	410,987,690	435,142,080
TRANSFERS FROM					
Accumulated Surplus	1,596,060	-	-	-	-
Reserves					
Art in Public Places	300,000	150,000	150,000	150,000	150,000
Financial Stability	4,668,720	1,641,500	1,222,700	1,223,940	1,225,200
Tree Replacement	183,990	185,900	187,840	189,820	191,840
Climate Action	1,016,520	700,350	707,520	641,560	380,930
Development Stabilization	1,225,020	1,225,020	1,225,020	1,225,020	1,225,020
Police Emergency Response	5,700	5,810	5,930	6,050	6,170
	8,996,010	3,908,580	3,499,010	3,436,390	3,179,160
	361,864,500	375,036,500	396,396,700	414,424,080	438,321,240

**Bylaw No. 25-034
Schedule 2 - April 24, 2025
City of Victoria**

2025 - 2029 Operating Financial Plan

	2025	2026	2027	2028	2029
EXPENDITURES					
General Government	76,425,810	74,259,360	78,268,880	81,781,090	85,476,670
Police	80,986,340	86,183,740	90,799,420	96,474,150	101,640,800
Victoria Fire Department	23,968,050	24,974,370	25,796,600	26,620,960	27,445,690
Engineering and Public Works	30,960,350	29,483,330	29,702,040	29,841,170	29,912,780
Sustainable Planning and Community Development	14,219,900	13,499,610	13,507,870	9,031,190	9,039,790
Parks, Recreation and Facilities	30,848,450	30,967,050	31,159,320	31,355,340	31,555,270
Greater Victoria Public Library	6,307,310	6,435,260	6,565,860	6,699,160	6,835,220
Victoria Conference Centre	7,456,700	7,463,340	7,588,050	7,715,270	7,845,060
Sewer Utility	5,167,730	5,277,270	5,379,680	5,484,130	5,590,690
Stormwater Utility	5,407,860	5,661,420	5,849,190	6,040,680	6,236,050
Water Utility	20,589,600	21,218,290	21,841,040	22,483,380	23,145,800
	<u>302,338,100</u>	<u>305,423,040</u>	<u>316,457,950</u>	<u>323,526,520</u>	<u>334,723,820</u>
DEBT SERVICING					
Principal and Interest - General	6,734,320	10,221,980	12,736,360	16,322,170	19,891,280
Principal and Interest - Parking Services	312,420	-	-	-	-
	<u>7,046,740</u>	<u>10,221,980</u>	<u>12,736,360</u>	<u>16,322,170</u>	<u>19,891,280</u>
TRANSFERS TO					
Capital Funds					
General	16,540,000	21,540,000	26,540,000	31,540,000	36,540,000
Sewer Utility	4,763,000	5,495,000	6,325,000	7,232,000	8,251,000
Stormwater Utility	4,149,000	4,944,000	5,075,000	5,283,000	5,501,000
Water Utility	5,298,000	7,637,000	8,625,000	8,747,000	10,711,000
Reserves					
Equipment and Infrastructure					
City Equipment	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
City Vehicles and Heavy Equipment	2,000,000	2,500,000	3,000,000	3,500,000	4,000,000
City Buildings and Infrastructure	3,847,460	2,447,220	2,463,940	2,488,910	2,506,880
Parking Services Equipment and Infrastructure	2,850,000	2,850,000	2,850,000	2,850,000	2,850,000
Multipurpose Arena Facility Equipment and Infrastructu	201,340	205,370	209,480	213,670	217,950
Canada Community-Building	4,246,470	4,246,470	4,416,330	4,416,330	4,416,330
Police Vehicles, Equipment and Infrastructure	1,320,000	1,346,400	1,373,330	1,400,790	1,428,810
Sewer Utility Equipment and Infrastructure	400,000	400,000	400,000	400,000	400,000
Stormwater Utility Equipment and Infrastructure	100,000	100,000	100,000	675,000	1,050,000
Water Utility Equipment and Infrastructure	1,770,000	1,770,000	1,770,000	1,770,000	1,770,000
Recreation Facilities Equipment and Infrastructure	42,300	43,150	44,010	44,890	45,790
Financial Stability	3,272,870	2,100,000	2,240,000	2,240,000	2,240,000
Tax Sale Lands	-	-	-	-	-
Victoria Housing	315,720	400,000	400,000	400,000	400,000
Art in Public Places	-	-	-	-	-
Climate Action	-	-	-	-	-
Police Emergency Response	11,000	11,220	11,440	11,660	11,900
Park Furnishing	195,000	195,000	195,000	195,000	195,000
Artificial Turf	157,500	160,650	163,860	167,140	170,480
Local Amenities	-	-	-	-	-
	<u>52,479,660</u>	<u>59,391,480</u>	<u>67,202,390</u>	<u>74,575,390</u>	<u>83,706,140</u>
	<u>361,864,500</u>	<u>375,036,500</u>	<u>396,396,700</u>	<u>414,424,080</u>	<u>438,321,240</u>

**Bylaw No. 25-034
Schedule 3 - April 24, 2025
City of Victoria
2025 - 2029 Capital Plan**

	2025	2026	2027	2028	2029
REVENUES					
Utility Connection Fees	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Grants and Partnerships	11,716,000	8,500,000	-	-	-
TRANSFERS FROM					
Operating Funds					
General	16,540,000	21,540,000	26,540,000	31,540,000	36,540,000
Water Utility	5,298,000	7,637,000	8,625,000	8,747,000	10,711,000
Sewer Utility	4,763,000	5,495,000	6,325,000	7,232,000	8,251,000
Stormwater Utility	4,149,000	4,944,000	5,075,000	5,283,000	5,501,000
Reserves					
Equipment and Infrastructure					
City Equipment	7,811,000	1,762,000	963,000	793,000	807,000
City Vehicles and Heavy Equipment	7,443,000	2,500,000	3,337,000	3,111,000	3,791,000
City Buildings and Infrastructure	29,385,000	2,415,000	4,057,000	1,112,000	4,923,000
Accessibility Capital	851,000	521,000	-	-	-
Debt Reduction	1,804,000	-	-	-	28,196,000
Parking Services Equipment and Infrastructure	4,808,000	1,161,000	870,000	380,000	16,294,000
Canada Community-Building	9,460,000	4,988,000	5,609,000	5,796,000	4,085,000
Multipurpose Equipment and Infrastructure	755,000	1,119,000	178,000	55,000	58,000
Police Vehicles, Equipment and Infrastructure	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Sewer Utility	9,662,000	2,859,000	2,150,000	1,550,000	1,150,000
Stormwater Utility	6,357,000	1,647,000	-	-	-
Water Utility	6,003,000	359,000	-	-	-
Tax Sale Lands	1,425,000	-	-	-	-
Local Amenities	310,000	-	-	-	-
Development Cost Charges	1,334,000	-	-	-	-
Parks and Greenways Acquisition	-	-	-	-	-
Park Fixture Dedication Program	156,000	156,000	156,000	156,000	156,000
Tree Replacement Program	206,000	211,000	216,000	198,000	202,000
Bastion Square Revitalization Trust	129,000	-	-	-	-
Climate Action	39,000	-	-	-	-
Growing Communities Fund	-	-	-	-	-
Debt Proceeds	31,218,000	31,542,000	23,633,000	41,891,000	47,184,000
	164,272,000	102,006,000	90,384,000	110,494,000	170,499,000

**Bylaw No. 25-034
Schedule 4 - April 24, 2025
City of Victoria
2025 - 2029 Capital Plan**

	2025	2026	2027	2028	2029
EXPENDITURES					
Capital Equipment	32,179,000	10,501,000	8,019,000	9,731,000	8,890,000
Capital Programs and Projects					
Transportation	45,258,000	29,213,000	25,482,000	25,934,000	27,848,000
Parks	15,988,000	5,293,000	6,723,000	6,786,000	6,613,000
Facilities	13,453,000	27,245,000	22,051,000	36,847,000	92,925,000
Environmental Remediation	1,425,000	-	-	-	-
Sanitary Sewers	17,101,000	9,083,000	8,775,000	9,082,000	9,701,000
Stormwater	13,730,000	7,838,000	7,794,000	8,050,000	8,317,000
Waterworks	13,059,000	8,925,000	9,175,000	9,297,000	11,261,000
Contingency	350,000	350,000	350,000	350,000	350,000
Police	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Structures	6,967,000	2,005,000	261,000	2,317,000	2,473,000
Victoria Conference Centre	1,320,000	53,000	254,000	600,000	621,000
Real Estate	1,942,000	-	-	-	-
	164,272,000	102,006,000	90,384,000	110,494,000	170,499,000

Bylaw No. 25-034
Schedule 5 – April 24, 2025
Financial Plan Objectives and Policies

Revenue and Tax Policy

Purpose

The purpose of the Revenue and Tax Policy is to outline the proportions of revenue sources, the distribution of property taxes among property classes and the use of permissive property tax exemptions.

Objectives

- To provide tax payers with stable, equitable and affordable property taxation while at the same time providing high quality services.
- To support the OCP and other City plans as well as complement the Regional Context Statement.

Policies

1. Revenue Proportions by Funding Sources

Property taxes are the main source of revenue for the City and pay for services such as police and fire protection, bylaw enforcement, and infrastructure maintenance. Property taxes provide a stable and consistent source of revenue for services that are difficult or undesirable to fund on a user pay basis. Therefore, property taxes will continue to be the City's major source of revenue.

However, it is the City's desire to charge user fees where feasible. Some programs, such as recreation, are partially funded by user fees. The City also has several self-financed programs that are fully funded by user fees. These include Water Utility, Sewer Utility, Stormwater Utility, and Garbage Utility.

Policy 1.0

User pay funding will be used for such services that are practical and desirable to fund on a user pay basis.

Services that are undesirable or impractical to fund on a user pay basis will be funded by property taxes.

Policy 1.1

The City will continue to explore alternative revenue sources to diversify its revenue base.

Revenue Source	\$ Total Revenue	% Total Revenue
Property Value Taxes	194,936,000	53.87%
Parcel Taxes	1,380,460	0.38%
Special Assessments	1,372,000	0.38%
Grants in Lieu Taxes	8,159,000	2.25%
User Fees and Charges	8,677,310	2.40%
Permits and Licences	7,214,850	1.99%
Parking Services	30,538,000	8.44%
Water and Sewer Utility Fees and Charges	37,199,330	10.28%
Stormwater Utility Fees and Charges	8,220,990	2.27%
Other Sources	<u>64,166,560</u>	<u>17.74%</u>
TOTAL	361,864,500	100.00%

2. Distribution of Property Taxes Among Property Classes

Market value changes that result in uneven assessment changes between property classes result in a tax burden shift to the class experiencing greater market value increases unless tax ratios are modified to mitigate the shift.

Until 2007, it was Council's practice to adjust tax ratios to prevent such shifts. This equalization practice provided an effective tax increase that was equal for all classes. It is important to note that this practice only avoids shifts between property classes. There is still a possibility for shifts *within* a property class where one property has experienced a market value change that is greater than the average for that class.

However, starting in 2007, business and industrial tax ratios have been held constant in recognition of the larger tax burden that has been placed on those classes. This resulted in higher tax increases being passed on to the residential class compared to business and industrial.

The pressure continues across the country to reduce the tax burden on the business and industrial classes. In recognition of this, and the desire to support a healthy business environment, Council's goal is to have a business class tax burden that is equitable.

In 2012, a comprehensive review of the Revenue and Tax Policy was conducted to determine if Council's objective of reducing the tax burden on the business class was appropriate and if so, that the mechanism of achieving the objective (reduction of tax ratio) was the most effective mechanism to achieve the goal. The review concluded that additional relief for the business tax class was warranted. However, the tax ratio was not the best mechanism of achieving that goal. As a result, Council approved the following policy objective: To reduce the business property tax class share of the total property tax levy to 48% over three years (2012-2014). The redistribution excludes impact of new assessment revenue. The total redistribution of the tax levy was \$1.51 million.

In 2015, an update review was completed, and based on the findings, Policy 2.0 was amended to allocate tax increases equally by maintaining the current share of distribution of taxes among tax classes. In 2025, this policy was further revised to reduce the business to residential property tax ratio to 3.0 to 1 over the period from 2025 to 2030.

In 2024, to support the retention of industrial properties, Council amended Policy 2.1 to allow the industrial tax rates to be lower than the business rate, therefore reducing the tax burden on industrial properties. While the tax increase was distributed equally across all property classes, the lower industrial tax rate resulted in the lowest overall tax increase to industrial properties due to the tax rates for these classes being lower than business.

Policy 2.0

To reduce the business to residential tax ratio to no more than:

- 3.5 to 1 in 2025
- 3.4 to 1 in 2026
- 3.3 to 1 in 2027
- 3.2 to 1 in 2028
- 3.1 to 1 in 2029
- 3.0 to 1 in 2030

Policy 2.1

Tax rates for the light and major industrial tax classes will not exceed the business tax rate to support the City's desire to retain industrial businesses.

Policy 2.2

Farm Tax Rates will be set at a rate so taxes paid by properties achieving farm status will be comparable to what the property would have paid if it were assessed as residential.

2025 Distribution of Property Taxes Among the Property Classes

Property Class	\$ Property Tax Dollars	% Property Value Tax
Residential (1)	106,023,591	54.39%
Utilities (2)	859,042	0.44%
Supportive Housing (3)	0	0.00%
Major Industry (4)	294,355	0.15%
Light Industry (5)	1,824,935	0.94%
Business (6)	85,558,895	43.89%
Recreational (8)	<u>375,182</u>	<u>0.19%</u>
TOTAL	194,936,000	100.00%

3. Use of Permissive Property Tax Exemptions

The City continues to support local non-profit organizations through permissive tax exemptions. Each year, a list of these exemptions is included in the City's Annual Report.

In addition, the City offers a Tax Incentive Program to eligible owners of downtown heritage designated buildings to offset seismic upgrading costs for the purposes of residential conversion of existing upper storeys. The exemptions are for a period up to ten years.

The City encourages redevelopment of lands within the City and the use of environmentally sustainable energy systems for those developments through revitalization property tax exemptions.

Policy 3.0

Permissive property tax exemptions are governed by the City's Permissive Property Tax Exemption Policy, which outlines the criteria for which property tax exemptions may be granted.

Policy 3.1

Heritage property tax exemptions are governed by the City's Heritage Tax Incentive Program.

Policy 3.2

Revitalization property tax exemptions are governed by revitalization property tax exemption program bylaws adopted for specific purposes.