



# Town of Sidney

Financial Plan

2025 – 2029

Introduced on February 3, 2025

# Legislative Overview

The Community Charter requires that municipalities adopt a five-year financial plan each year.



Each Plan covers a rolling 5-year period; provides authority to spend money and collect revenues to support operations.

Until new Fin. Plan is adopted, old one remains in effect.



The Financial Plan establishes the basis upon which Property Tax and Utility rates are calculated.

# Budget Process Timing

## February 3<sup>rd</sup> – Budget Introduction

- Presentation of summary budget information.
- Will clearly outline the starting point for deliberations.
- Budget package distributed to Council, and available to public.

## February 18<sup>th</sup> – Initial Deliberations

- Opportunity to discuss and clarify various parts of the budget.
- Opportunity for in-depth discussion prior to final deliberations.
- Opportunity for public input.
- Additional staff reports will be part of agenda.

## March 4<sup>th</sup> – Special Council Meeting – Final Deliberations

- Updated presentation for benefit of Council and the public.
- Direction from the previous meetings to be incorporated.
- Goal is for Council to approve the Financial Plan.
  - If additional meeting(s) required, will be scheduled.

# Tonight's goal:



To introduce the Draft 2025 – 2029 Financial Plan to Council and the public.



To provide an overview of the major budgetary impacts.



To outline the major Capital projects and Supplemental Requests that are coming forward for approval.



To add context to the review of budget documentation.

# Another Unique Budget Year!

- 2020 tax reductions due to COVID
  - We cut our revenues, but left our services intact
    - And we've added more since then.
  - We made up for lost revenues by borrowing from our Surplus.
  - We must eventually bring our tax revenues back up to the previous level
    - AND we have to account for all new tax impacts.

# Another Unique Budget Year!

Canada-BC Safe Restart Grant helped to replenish our Surplus

- Also made it easier for us to maintain the 10% tax reduction for businesses as our starting point for 2021.
- This helped bridge the gap between Commercial/Residential tax rates.

Safe Restart helped us transition back to a sustainable revenue level

- Last small portion was used in 2024
- Fully on our own for 2025.

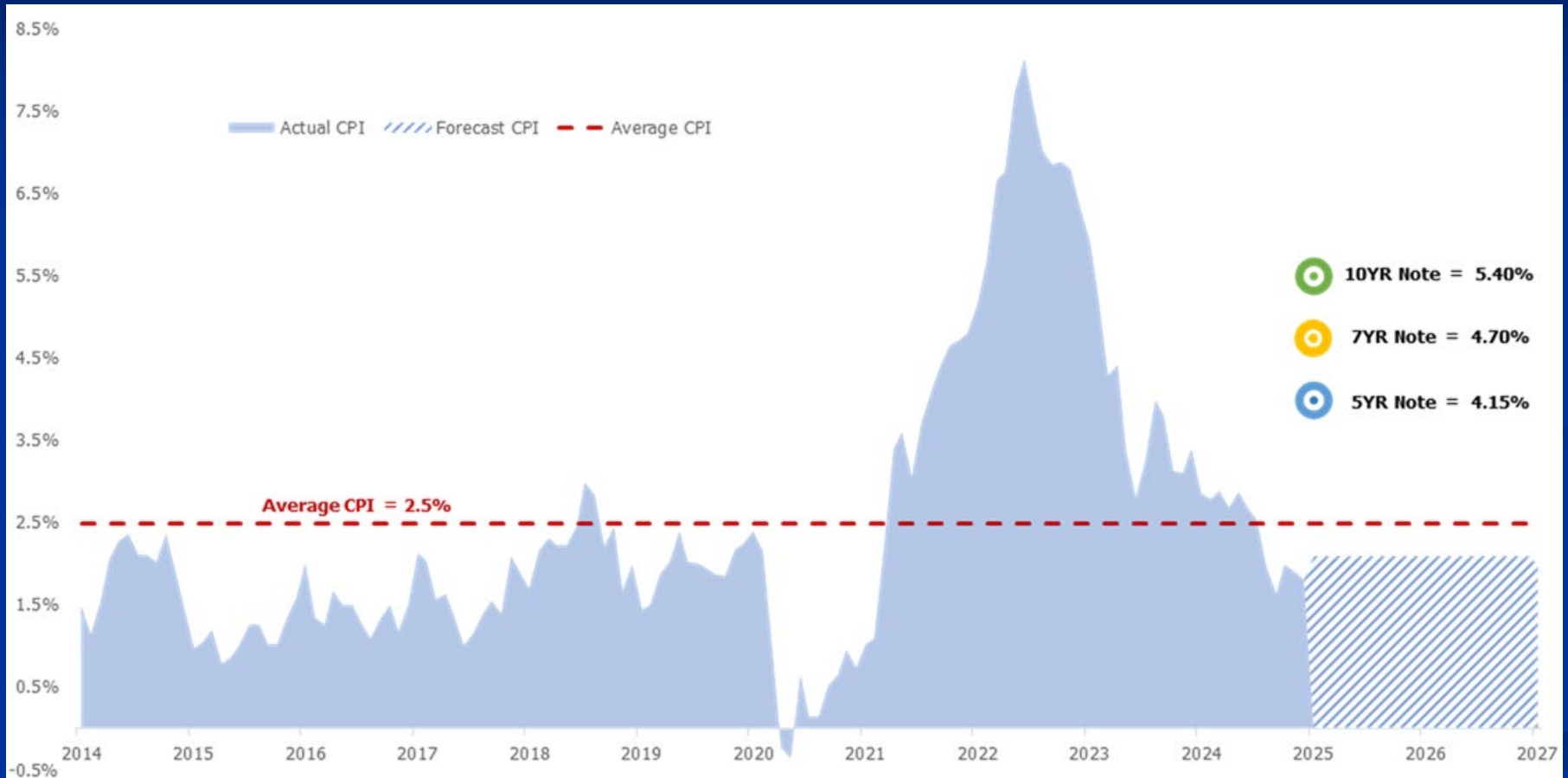
# Another Unique Budget Year!

## ■ Inflation!

- The 2023 inflation rate of 6.96% was the highest I've ever worked with for a budget.
- It was lower in 2024, but still high at 3.71%.
- The rate for the 2025 budget is stabilizing, at 2.5%.
- And that's CPI; not the best measure of our costs.
- It is the cumulative effect that is reducing our ability to keep tax increases to a minimum.
- Everything costs more; we are not immune to that reality.



# Historical Inflation



Source: FactSet, Raymond James

# Another Unique Budget Year!

- Expanding areas of responsibility:
  - Under ongoing pressure to respond to service needs previously outside our mandate
    - Affordable housing
    - Homelessness
    - Climate change
    - Accessibility improvements
    - Economic Development
    - Reconciliation
    - Police Dispatch
    - Emergency Management
    - Medical first response...
  - All while grappling with our traditional responsibilities, like infrastructure replacement and expanding recreational opportunities.

# So What's the Tax Increase?

- The Draft Financial Plan starts out with a general tax increase of 12.85% for 2025
  - Several new budget items are included in the 12.85%
  - These are subject to Council approval.
- We will cover what is included in the above figures.
- We will identify some of the areas to focus on, and decisions to be made, over the upcoming meetings.

# So What's the Tax Increase?

- We begin this budget process with a realistic look at the level of tax increase we need to pay for everything we want to do.
  - That doesn't mean we have to end up at that level.
    - Several Supplementals to consider; they may not all be approved.
    - Some initiatives may be deferred.
  - **Very little latitude for more funding from Surplus.**
    - **Given the status of our Surplus, we want to be careful about kicking the issue down the road.**

# Major Components of Budget (Glossary)

## Water, Sewer and General “Funds”

- Each funded independently
  - Water & Sewer through Parcel Tax and User Fee
- Each has an Operating and Capital component
- Key features will be highlighted.

# Major Components of Budget (Glossary)

## Capital Budgets

- Renewal of existing infrastructure or other existing Town assets
- New items or projects
- Presented in terms of ongoing programs, new items, or carryforwards
- All funding sources identified
  - Level of annual tax funding somewhat consistent
  - Tax funded items receive the most attention, as these impact tax increase.

# Major Components of Budget (Glossary)

## Supplemental Requests (Operating)

- These are changes to existing services; new or additional
- Often one-time studies or minor operating items
- Can also be major, ongoing items such as Firefighter Hiring Plan
- Sometimes these result from external requests
  - e.g. Community support
- Tend to be some of these every year
  - Change in total cost from previous year identified as tax impact
- Most significant items backed up by more detailed reports at 2<sup>nd</sup> meeting.

# Major Components of Budget (Glossary)

## Service Levels

- The “Base Budget” is developed to maintain existing levels of service to taxpayers
  - i.e. what does it cost to provide the services that have been previously approved by Council, and expected by the public?
- Staff use collective experience, along with the latest external information, to determine cost of delivering Council approved service levels.
- We don’t budget for “worst case”, only “most likely case” based on experience
- Various departmental budgets are developed on this basis
  - We look at “bottom line” for each function
  - Individual line items are only a best guess as to the mix of labour, contract and materials required to get the job done for the year
- Not always an increase; we look for efficiencies where possible.



# Major Components of Budget (Glossary)

## Reserves

- We are allowed to set aside funds in Reserves, for specific purposes
  - Reserve funds may then be used only for their intended purposes
- Asset Replacement:
  - Roads, Drainage, Water, Sewer Infrastructure
  - Vehicle Replacement (including Fire Dept.)
  - Computer Equipment
  - Ferry Terminal
- Less Defined:
  - General Capital
- Other:
  - Land Sale, Amenities, Climate Action
  - Growing Communities Fund.

# Major Components of Budget (Glossary)

## Reserves (cont'd)

- What is the required balance we should have in each reserve?
  - Depends on our plans, and funding strategies
  - Some are easy to establish:
    - Vehicles, Computers
  - Others require more investigation:
    - Infrastructure
    - Asset Management Plan in its final phases.
  
- Reserve balances will be cyclical
  - Some years we put more money in than we use
  - Other years we take more out, to finance the intended projects.
  
- Limited reserves for Buildings and Waterfront Infrastructure
  - Building up these Reserves (if desired direction) will take time.
    - Short-term needs sometimes derail our efforts.
  - Long-term financial planning may include a conscious plan to borrow for some types of assets (e.g. Buildings).

# Reserves

	<b>Beginning Balance</b>	<b>2025 Contribution</b>	<b>2025 Use</b>	<b>Ending Balance</b>
Infrastructure Reserve	4,947,982	2,194,900	(5,078,829)	2,064,053
Vehicle Replacement	587,383	270,000	(1,095,000)	(237,617)
Fire Vehicles	(264,819)	200,000	(155,000)	(219,819)
Computer Replacement	463,231	110,000	(126,000)	447,231
Ferry Terminal	1,548,898	201,500	(126,520)	1,623,878
Agreements	138,057	16,900	(61,000)	93,957
Parkland Acquisition	13,073	-	-	13,073
Off Street Parking	425,197	-	-	425,197
Alternative Transportation	387,742	-	(291,500)	96,242
Climate Action	147,741	-	(69,000)	78,741
General Capital	566,308	150,000	(612,946)	103,362
Amenities	1,161,468	-	(117,000)	1,044,468
Land Sale Proceeds	324,967	-	(285,000)	39,967
Growing Communities Fund	1,232,039	-	(695,625)	536,414
Canada Community-Building Fund	1,846,693	625,000	(1,511,400)	960,293
	<b>13,525,960</b>	<b>3,768,300</b>	<b>(10,224,820)</b>	<b>7,069,440</b>

# Debt (Borrowing)

- It is important to note that any debt held by the Town is for the purposes of capital acquisition and construction, and bears no relation to the type of debt associated with senior governments.
  - Senior governments incur deficits, resulting in debt to finance their operations as a whole.
  - Sidney is only allowed to incur debt for capital purposes, and must maintain a running surplus from operations.
- Rules around borrowing clearly identified in Charter.
- The Town has relatively low levels of debt.
  - More can be incurred if required, subject to public process
  - Not being encouraged, but certainly not discouraged either
    - May (perhaps should) form part of our long-term capital funding strategies.
- Short-term borrowing (up to 5 years) also used
  - May access up to \$600K (\$50 per resident) assent free.

# Budget Development

- Origin of new budget items?
  - Council requests
  - Community requests
  - Best judgment of trained, experienced staff to:
    - Maintain what we have
    - Make a purchase to reduce ongoing operating costs
    - Add new features or amenities.
  - Our staff take their roles very seriously and bring forward ambitious plans each year to address service expectations.

# Water Utility

Includes:

- Bulk Water Purchase, operation and maintenance of distribution system, Water infrastructure renewal and Capital projects.
- Funded with Water Parcel Tax and User Fees.
  - Infrastructure Levy/Parcel Tax: \$75/year
  - Fixed Charge: **increase to \$24.50 per quarter per unit**
  - Consumption Charge: **increase to \$6.41 / 1,000 Gallons.**

# Water Utility

- Reason for increase:
  - Higher transfer to Infrastructure Reserve for asset renewal.
    - In line with one of the goals of the rate review
    - i.e. match Reserve transfer to Infrastructure Levy.
  - Increase in CRD bulk water rate.

# Water Utility

- New Water Rate structure and rates implemented in 2021
  - Provides sufficient revenues to ensure financial sustainability
  - Stable revenues to match our cost structure
  - Better matching of fees paid to benefits received.
  - Working as intended!



# Sewer Utility

Includes:

- Sidney's share of operating the Unified Treatment Plant, operation and maintenance of collection system, Sewer infrastructure renewal and Sidney's Sewer Capital Projects.
- Funded with Sewer Parcel Tax and User Fees.
  - Parcel Tax: \$65/\$130 per year
  - User Fees: **increase to \$10.70 / 1,000 gallons.**
    - **Impact for average Residential account is \$12 per quarter or less.**

# Sewer Utility

- Reason for increase:
  - Cost increase for the joint treatment plant.
    - SPWWC manages the sub-regional function for the Town.
  - Higher cost related to system repair/maintenance.
  - Exhausted surplus as source of funding to minimize increase.
  
- Review of Sewer Rate structure still to take place
  - Hoping to undertake late this year.

# General Operating Fund

The General Operating Fund provides for all municipal functions except for sewer and water.

Programs areas:

- Legislative and General Government (Administration, Finance, IT, Driver Services)
- Protective Services (Police, Fire, Emergency Programs, Building Inspections/Bylaw Enforcement)
- Engineering & Works (Roads, Storm Drains, Docks & Ports)
- Waste Services
- Environmental Services
- Municipal Planning

# General Operating Fund

- Parks
- Cultural
  - Library
  - Seniors Centre
  - Museum Services (Historical and Shaw Centre)
- Fiscal Services
  - Reserve Transfers
  - Debt Repayment
  - Community Support (incl. Grants-in-aid, E.D.)

# General Operating

## Significant Items - 2025

Significant impacts on the 2025 general operating fund:

- Supplemental Requests: net increase of \$544,300
  - Plus full-year impact of 2024 items: \$75,000.
- Reserve contributions: adding \$100,000
  - plus additional \$107,800 in Water/Sewer.
- RCMP Contract and Dispatch.
- Personnel costs:
  - 2 collective agreements expiring
  - First management salaries market review since 2007/8.

# General Operating

## Significant Items - 2025

Significant impacts on the 2025 general operating fund:

- Reductions in offsetting revenues:
  - Growth in tax base – low again, for 2<sup>nd</sup> year.
  - Safe Restart Grant – last of it used up in 2024.
  - Surplus funding:
    - Below minimum policy levels
    - Still using in 2025/26, but capacity limited.

# General Operating

## Significant Items - 2024

- 2025 core operating budget
  - No across the board inflationary increases
  - Increases only in certain areas where required to maintain existing service levels
    - e.g. utilities, contractual obligations.
  - But the cumulative impacts of inflation have required larger than average, catch-up increases to maintain service levels.
- Additional revenue through growth in tax base
  - First offset before applying general tax increase
  - \$400K in 2023
    - Only \$100K last year, and \$70K for this year.

# General Operating

## Departmental Budget Highlights

### Legislative Services and General Government

- Net increase of \$382,450 over 2024 (15.6%)
  - Total net budget: \$2.84M
  - \$120,000 for Supplementals
    - Civic Sites, Survey, Records Management, etc.
  - Expanded HR function
    - Moved part of Safety Officer cost from PW.
  - Loss of one-time funding
  - Salary adjustments.



# General Operating

## Departmental Budget Highlights

### Protective Services – RCMP

- Net increase of \$232,500 from 2024
  - RCMP Contract increase is \$191,000
  - Partially offset this year by prior year savings.
- Supplemental request for additional part-time staffing
  - Net impact after N.S. share: \$23K.
- Dispatch costs downloaded
  - Starting April 1 of this year.
    - Proposed funding from Surplus this year.
  - Full-year cost estimated at \$460K.

# General Operating

## Departmental Budget Highlights

### Protective Services – Fire & Emergency Services

- Net increase over 2024: \$425,600
  - Call volumes at record levels.
  
- Mostly due to Supplementals.
  - 2<sup>nd</sup> Deputy Fire Chief – April 1 target hire
  - Full year cost of 2024 Supplementals
    - 5<sup>th</sup> firefighter, overnight coverage, etc.
  - End of initial IAFF contract; increases projected.

# General Operating

## Departmental Budget Highlights

### Building Inspection/Bylaw Enforcement

- Net increase from 2024: \$58,770.
  - Personnel cost reallocations, esp. to Business Licencing.
  - Expecting Building Permit revenue bounce back.

### Development Services

- Net *decrease* from 2024: \$18,850.
  - Personnel cost reallocations, esp. to Business Licencing.
  - Provincial grants for housing policy impacts.

# General Operating

## Departmental Budget Highlights

### Engineering and Public Works

- Net increase of \$134,500 (5.5%)
  - Net budget of \$2.5M
  - \$140K in Supplementals
    - Storm Drain Repairs - \$87,500.

### Environmental Services

- Net increase of \$20,230
  - Provincial grant funding covers most of this function.

# General Operating

## Departmental Budget Highlights

### Parks & Cultural Services

- Net increase of \$287,500
  - Net budget of \$2.2M
  - Supplementals - \$146,000
  - Additional playground equipment, park space, green spaces, downtown landscaping
  - Events, long growing/maintenance season
  - A level of “catch up” following years of overages through trying to absorb new demands.

# General Operating

## Departmental Budget Highlights

### Fiscal Services

- Net increase from 2024: \$188,400 (gross).
- Reserve transfers: \$89,200
  - Some offset in other functions.
- Debt servicing: \$61,700
  - Parkland acquisition.
- Community Support: \$34,000; mostly inflation.

# General Operating

## Supplementals

- Supplemental Items – one-time or ongoing additions to existing service levels.
  - i.e. Studies, new staffing, new programs or services, higher levels of service on existing programs, etc.
- All of the following Supplemental requests have been included in the budgets being brought forward in the Draft Financial Plan.
- Brief descriptions of all items included in the distributed materials.
  - More detail to follow in staff reports at next meeting.

# General Operating

## Supplementals

- Fire Department personnel additions/adjustments- \$161,000
- Engineering Services - \$140,000
- Parks & Library - \$146,000
- Corporate and Admin - \$120,000
- Others - \$38,300.

Total 2025 impact of Supplemental Items: \$605,300.

Net impact after one-time 2024: \$544,300.

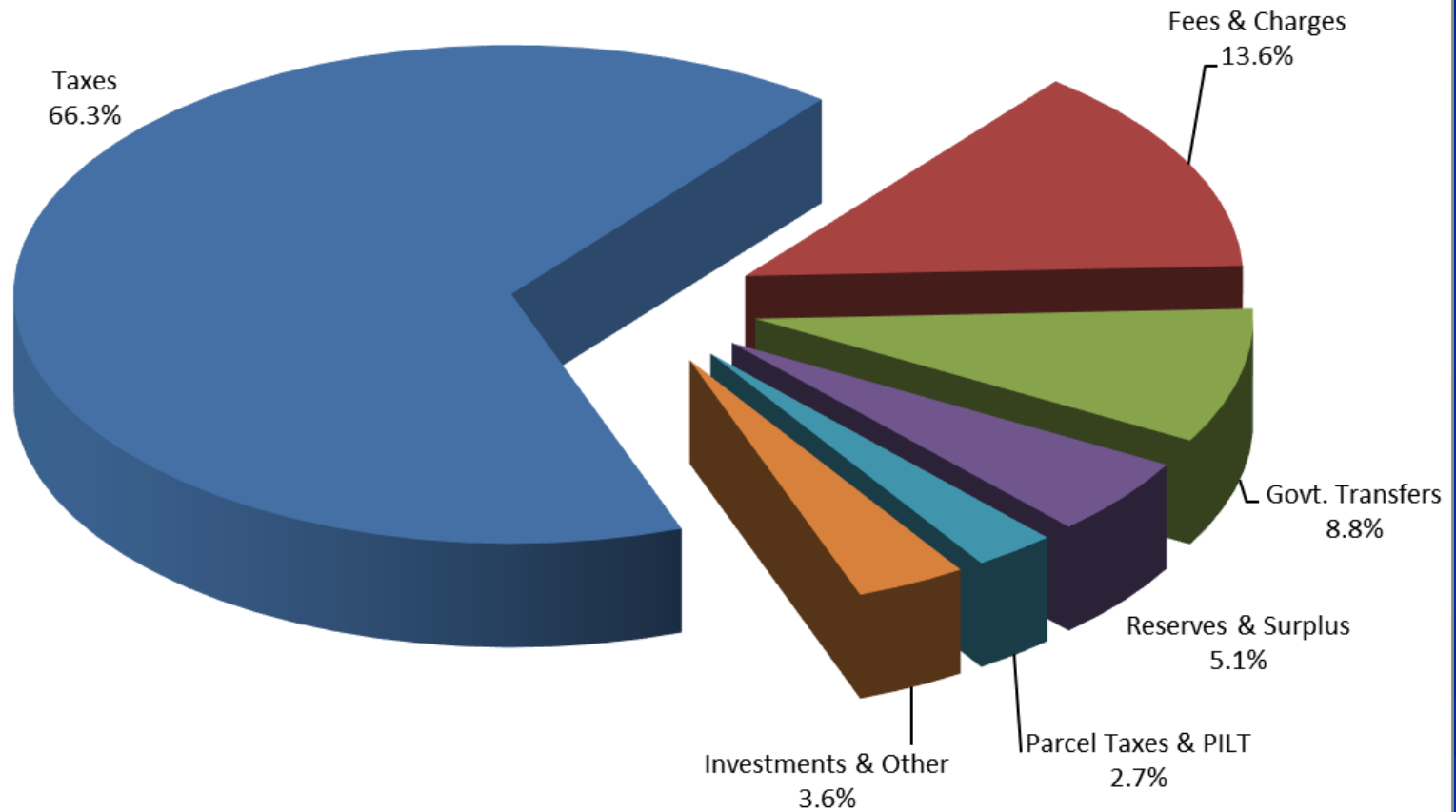


# General Operating

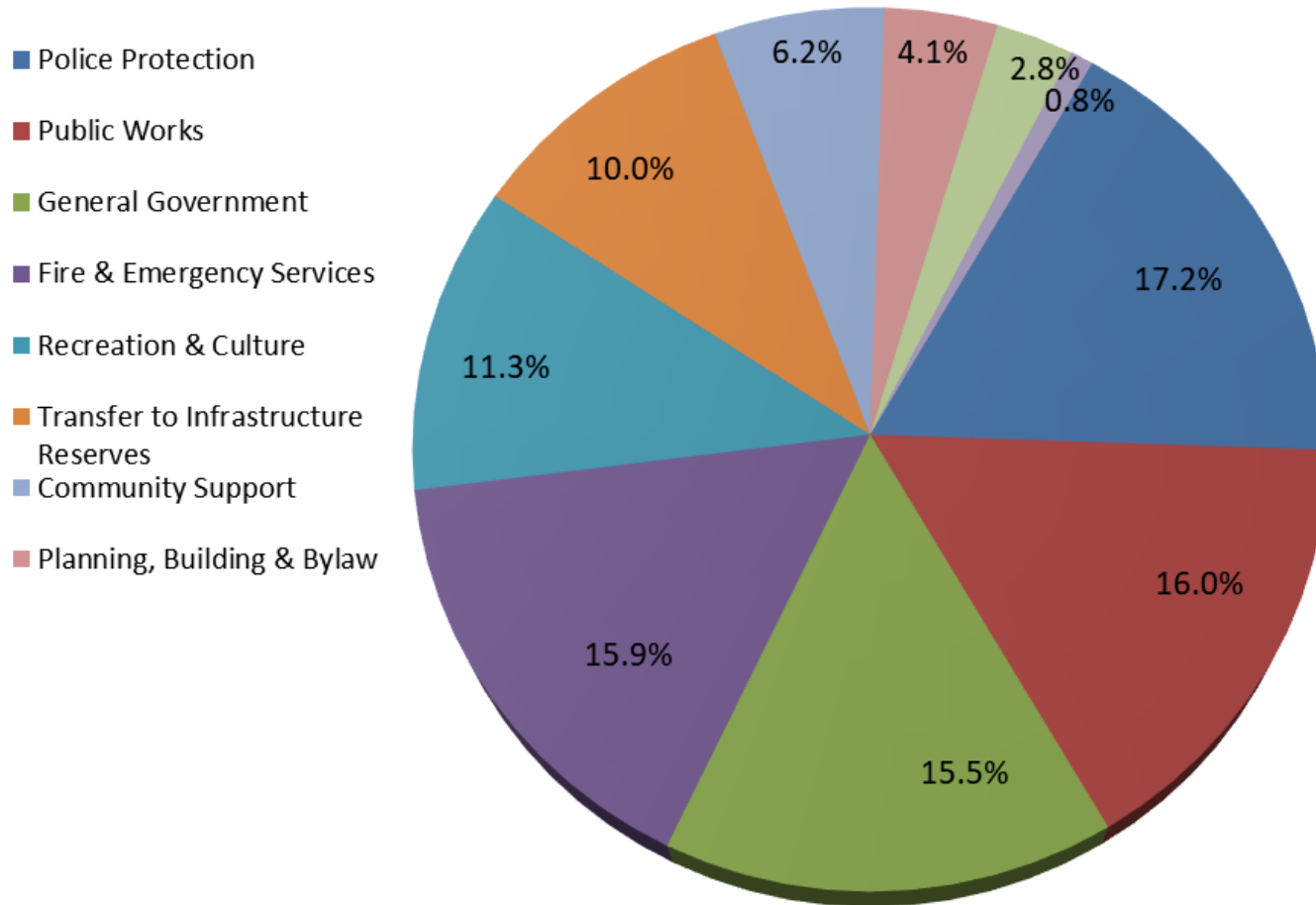
## Supplementals

- Also several items that are non-Tax funded
  - E.g. grant-funded environmental and Planning initiatives
  - Water utility projects
  - Increase in transfer to Water Infrastructure Reserve
  - Police Dispatch (Surplus funded).
  
- Also several large items in years 2 to 5 (2026-29)
  - E.g. RCMP Dispatch, Major Crime Unit, various Study updates.
  
- Future year Supplementals will be revisited
  - To be confirmed next year, or later
  - Waiting for more complete information on some items
    - E.g. RCMP Major Crime Unit.

# General Operating Revenues



# Tax Funded Expenditures



# Capital Budget

## Total Capital for 2025: \$9.67M

- \$6.8M in Replacement Plan projects
  - Infrastructure Plans - \$5.1M
  - Other replacement plans - \$1.7M
- \$307K in Recurring Programs
  - e.g. Street Lighting, Underground Wiring, Small Equipment
- \$2.6M in one-time projects
  - ATP projects, Park improvements, etc.
- Does not include several projects that will be carried over from 2024.

# Capital Budget

## Capital Funding Sources

- \$9.67M Capital program funded as follows:
  - Reserves - \$7.6M
  - Canada Community-Building Fund (Gas Tax) - \$1.3M
  - Funds carried forward from previous years - \$297K
  - Taxes and User Fees - \$219K
  - North Saanich - \$67K
  - Other - \$179K

# Capital Budget

## Property Tax funding for Capital

- Level of Tax funding for 2025 Capital: \$155,680.
  - \$29,400 more than last year.
- Average annual funding in 2009 financial plan: \$500K.
  - Our new “normal” seems to be in \$200K range
  - There is now more reliance on reserve funding
  - Gas Tax and Amenity funds also help to reduce tax reliance
  - Land Sale funds from sale of Fire Hall almost used up.

# Capital Budget

## Significant Projects

- Infrastructure Replacement
  - \$18M over next 5 years
- Other Asset Replacement Plans
  - \$5M over next 5 years – Vehicles, Computer Equipment, etc.
- Active Transportation Plan
- Ferry Terminal – upon assurance of return
- Several Park improvements.

# So How do we Fund it All?

## Surplus

- Town is required to have an ongoing Surplus from prior years' operations
  - Does not mean that we can't have a deficit in a given year.
- We have a long-standing policy that outlines what our minimum balances should be:
  - Based on percentage of previous year's revenues
  - 25% for Taxes, 15% for Utilities
- We use a certain amount of Surplus to balance the budget each year (\$500K for 2025 – plus Dispatch)
  - This prevents “over-taxing” for current operations
  - *Normal* expectation is that departments given sufficient funds to carry out mandate, but that some savings will occur.



# So How do we Fund it All?

## Surplus

- Council recently considered a report on the status of Surplus
  - Confirmed staff recommendation to keep using for next 2 years, then develop multi-year plan for replenishment thereafter.
- Surplus has been heavily relied upon to reduce tax impacts over the past few years
  - The ability to do this is diminishing
- Without Surplus and Safe Restart funds, and with ongoing cost impacts, remaining fallback is tax increases.

# So How do we Fund it All?

## Safe Restart Grants

- Large, one-time grant from Federal & Provincial Govt's to assist with COVID-19 costs and recovery.
- Allowed Town to replenish reserves we used to balance budget in 2020 after tax cuts.
- Allowed Town to carry business tax reductions forward for another year.
- Allowed Town to gradually transition back to full revenues.

# So How do we Fund it All?

## Safe Restart Grants

- Our focus for use of the funds was to reduce tax impacts for residents and businesses in 2020.
- Remaining funds earmarked for transitioning back to full revenues, while accommodating ongoing impacts.
- 2024 saw the last small remainder of funds used up.
- Must now complete the transition to full tax funding!

# Safe Restart Grants

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Beginning balance	\$ 2,758,000	\$ 2,108,000	\$ 1,192,341	\$ 536,991	\$ 126,991
Replenish Surplus/ Revenues	(550,000)	(550,000)	(450,000)	(350,000)	(126,991)
EOC Response Costs	(50,000)	-	-	-	-
Operating Impacts	(50,000)	-	-	-	-
Lost Investment Revenues	-	(100,000)	-	-	-
Waived Business Licences	-	(85,000)	(85,000)	-	-
ED Strategy	-	-	(54,000)	-	-
SBIA Bus. Dev. Support	-	(60,000)	(60,000)	(60,000)	-
Safe Restart Grants Program	-	(26,700)	(6,350)	-	-
Additional Bylaw Enforcement	-	(20,000)	-	-	-
Town Washroom Cleaning	-	(20,000)	-	-	-
Overnight Fire Staffing	-	(48,000)	-	-	-
Chamber Washrooms	-	(2,400)	-	-	-
Temporary Bike Parking	-	(3,559)	-	-	-
Year End Balance	\$ 2,108,000	\$ 1,192,341	\$ 536,991	\$ 126,991	\$ -
Amount Used/Allocated	\$ (650,000)	\$ (915,659)	\$ (655,350)	\$ (410,000)	\$ (126,991)

# So How do we Fund it All?

## Property Taxation

- Once all other funding sources considered, budget must be balanced through sufficient property tax funding
- Tax “increase” is partially mitigated by “new” revenues through growth
  - General increase is then applied (evenly).
- General changes in Assessments are factored out when setting rates
  - This keeps our revenues predictable.
- Different rates paid by various classes of property.

# So How do we Fund it All?

## Property Tax Distribution Policy

- In 2022, Council approved a new policy to reduce the gap between Residential and Commercial tax rates.
- 10-year phase in approved
  - 2025 is year 3.
- General tax increase has been slightly larger for Residential than for Commercial over first 2 years.
- 2025 sees a natural gap reduction between classes
  - Council will be asked to weigh in on policy implications.
  - More information to come at next meeting.

# So How do we Fund it All?

## General Revenue

- Increase in Property Taxes required: \$1,969,823
  - Was \$936K last year.
  
- Allocated as follows:
  - \$70,000 in taxes from new construction
    - Was \$100K last year.
  - \$1,899,823 in general tax increase
    - Roughly 12.85%.

# Property Tax Impacts

Town of Sidney - 2025 Financial Plan		Required Tax Revenue	% Tax Increase
<b>2024 Taxes</b>		<b>14,780,849</b>	
<b>Add: Changes to core budget</b>			
Miscellaneous Operational increases	696,441		
Police Dispatch	331,500		
RCMP Contract	191,000		
Increase in Reserve transfers	100,000		
Increase in Tax funded Capital	29,377		
Increase in Debt servicing	61,713	1,410,031	<b>9.54%</b>
<b>Add: Incremental items</b>			
Full year impact of 2024 additions	75,000		
Supplementals - one time	235,875		
Supplementals - continuous	369,426		
Less: 2024 one-time Supplementals	(61,000)	619,301	<b>4.19%</b>
<b>Deduct: Offsets</b>			
Decrease in Safe Restart funding	126,991		
Increase in Surplus funding	(186,500)		
2025 Tax Base growth (non-market) revenue	(70,000)	(129,509)	<b>-0.88%</b>
<b>2025 Property tax increase to existing taxpayers</b>		<b>1,899,823</b>	<b>12.85%</b>

Note: 1% increase in taxes = \$147,808 in additional revenue.

Each 1% tax increase represents approximately \$1.49 per month for the average residence.



# Impact on Tax Bill

Example: financial impact of 12.85% property tax increase for “average” home assessed at \$911,000 (2024: \$922,500).

	2024				2025		
	Annual	Monthly	Daily		Annual	Monthly	Daily
Municipal Taxes	1,788	149	4.90	Municipal Taxes	2,018	168	5.53
Water Parcel Tax	75	6	0.21	Water Parcel Tax	75	6	0.21
Sewer Parcel Tax	130	11	0.36	Sewer Parcel Tax	130	11	0.36
<b>Total</b>	<b>1,993</b>	<b>166</b>	<b>5.46</b>	<b>Total</b>	<b>2,223</b>	<b>185</b>	<b>6.09</b>
				<b>Increase</b>	<b>\$230</b>	<b>19.15</b>	<b>0.63</b>
				<b>Actual % increase on municipal charges</b>			<b>11.53%</b>

# Quarterly Utility Bill

- SFD Account with Full Garbage Service, Water & Sewer billed at 6,500 gallons (average).

	2025	2024	Chg
Garbage	\$63.00	\$60.00	\$3.00
Water	\$66.17	\$59.72	\$6.45
Sewer	\$69.55	\$57.53	\$12.03
<b>Total</b>	<b>\$198.72</b>	<b>\$177.24</b>	<b>\$21.48</b>

- Commercial Account with Basic Garbage Service, Water & Sewer billed at 7,000 gallons (average).

	2025	2024	Chg
Garbage	\$104.50	\$101.25	\$3.25
Water	\$69.37	\$62.77	\$6.60
Sewer	\$74.90	\$61.95	\$12.95
<b>Total</b>	<b>\$248.77</b>	<b>\$225.97</b>	<b>\$22.80</b>

# 5-Year Projection

	2025	2026	2027	2028	2029
New Revenue Required	\$ 1,969,823	\$ 1,352,372	\$ 656,770	\$ 660,482	\$ 477,875
Tax Base Growth	<u>_(70,000)</u>	<u>_(200,000)</u>	<u>_(200,000)</u>	<u>_(200,000)</u>	<u>_(200,000)</u>
General Tax Increase	<u>\$ 1,899,823</u>	<u>\$ 1,152,372</u>	<u>\$ 456,770</u>	<u>\$ 460,482</u>	<u>\$ 277,875</u>
% increase	12.85%	6.88%	2.52%	2.45%	1.43%

- Tax Base growth offsets some of the increases.
- Any changes in year 1 will impact future years.
- Year 2 (2025) tends to be overstated; **but not last year!**
- Last 2-3 years of plan tend to be understated.

# Inflation vs Tax Increases

- The following table compares (one measure of) inflation over the last 5 years to the annual tax increases:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Cumul.</u>
Victoria CPI*	2.46%	1.09%	2.45%	6.96%	3.71%	2.50%	20.7%
Tax Increase	nil	2.70%	3.76%	4.57%	6.04%	12.85%	33.3%

- The inflation factor used in the above table is not the most relevant to capture the Town's expenditure types.
  - Price of oil and construction materials, for example, has greater impact on Town budget than on typical basket of goods that makes up CPI.
- More importantly, CPI does not allow for additions to the “basket”
  - i.e. New services.

# Budget Process Timing

## Goals of Second Meeting (Feb. 18<sup>th</sup>):

- To provide additional details on new or complex budget items, through staff reports.
- To provide Council with first opportunity to ask questions, make recommendations on adding/removing items from the budget, etc.
  - Staff will ensure Council is prompted where appropriate, at various parts of the budget review.
- To provide taxpayers an opportunity to comment on what is or is not included in the draft budget
  - Although we hear from them on an ongoing basis, this is a chance to see if we got it right.

# Budget Process Timing

## February 18<sup>th</sup> Meeting:

- Public will have opportunity to comment at beginning of meeting
- Staff will provide a summary presentation, with additional details and information.
- Will focus on individual items impacting tax increase:
  - New Capital projects, Supplemental Requests.
- Results of Feb. 18<sup>th</sup> meeting will be built into a 2<sup>nd</sup> draft of financial plan, to be considered on March 4<sup>th</sup>.



# Financial Plan 2025-2029

Staff are available to answer questions  
between now and the next budget meeting.

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