



The Corporation of the District of Central Saanich

SPECIAL (OPEN) COUNCIL REPORT

For the Special (Open) Council meeting on Monday, March 31, 2025

Re: Appendix C 2025 Draft Financial Plan Mar 31 Staff Report.docx

PURPOSE:

To introduce the draft 2025 Financial Plan.

BACKGROUND:

Introduction

The draft 2025 Financial Plan (Appendix A) includes the annual budget for the Municipal Services, the Central Saanich Police Services (Police), and the Greater Victoria Public Library (Library) for Council's consideration. This makes up approximately half of property taxes—the other half is collected by the District on behalf of the Capital Regional District, the Capital Region Hospital District, SD 63, and BC Transit.

After new construction growth (non-market change in property assessment) is considered, the 2025 Plan is balanced with \$71.6 million of both revenues and expenditures. Property taxes account for \$23.9 million of revenues. The draft 2025 Financial Plan includes Municipal Services, Police, Library, Water Utility, and Sewer Utility budgets.

Table 1. 2025 average proposed tax increase¹

Operations	%	\$
<i>Municipal Services Operation</i>	3.92	98
<i>Police Operations</i>	1.99	51
<i>Library</i>	0.14	4
Operations Sub-total	6.05	153
Infrastructure (Asset Management Levy)²		
<i>Infrastructure - Replacement</i>	1.25	33
<i>Infrastructure – New</i>	0.5	13
Infrastructure Sub-total	1.75	46

Table 2. 2025 Utilities average increase

Operations and Infrastructure (Asset Management Levy)	%	\$
Water Utility Charge	5.55	26
Sewer Utility Charge	9.93	36

¹ Average home for 2025 has an assessed value of \$1,034,120, a 2.04% decrease over 2024. (The average increase noted varies based on the assessed value and assessed value change from 2024 to 2025).

² Infrastructure includes Municipal and Police Services

Total	7.80	199
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These services are funded through diverse funding sources. Funding sources for these services can be found in Table 3.

Table 3. Financial Plan Funding Sources

Financial Plan Expense	Funding Source
Municipal, Police, and Library Operations, Infrastructure (AMP)	Property taxes, Sales of services, Investment income, Grants, Operating reserves
Municipal, Police, and Library Capital	Capital reserves, long-term debt, Grants, DCCs
Water Utility: Operations & Infrastructure (AMP)	Water rates
Water Utility: Capital	Water capital reserves, long-term debt, Grants, DCCs
Sewer Utility: Operations & Infrastructure (AMP)	Sewer Rates
Sewer Utility: Capital	Sewer capital reserves, long-term debt, Grants, DCCs

BC Assessment

The 7.8% increase is based on the preliminary BC Assessment assessed property values. BC Assessment finalizes the property assessment roll on April 1, 2025, which could result in an increase or decrease to the current forecasted rate. If the final roll shows higher total assessed values than the preliminary roll, the District could collect the same budget revenue with a lower tax rate. If the final roll shows lower total assessed values, the District may need to increase the tax rate to meet budgeted revenue needs.

Municipal and Police Services Annual Resource Planning

The Community Charter requires that local governments in British Columbia approve a Five-Year Financial Plan (in bylaw format) and Property Taxation Bylaw on or before May 15 of each year.

Every year Council and staff work together through an Integrated Planning and Reporting (IP&R) process to develop the budget. The annual budget process is used to review and balance the level of services provided to the community with the level of property taxation and user fees. The process is guided by principles³ developed in the Long-term Financial Strategy and Asset Management Plan (AMP) to ensure the District's ability to manage expected financial shocks in future periods without having to introduce substantial and economically significant revenue, expenditure, or service level adjustments.

In October 2024, staff presented an overview of the anticipated budget drivers (Budget Guidelines) to Council of the Municipal Services (Appendix B), and in September 2024 to the Police Board, estimating an increase of 7-9%.

The main budget drivers identified were:

- a) *Wage and Benefits Increase*: The most significant cost driver for the annual budget continues to be labour related costs. Labour represents over \$18 million or approximately 60% of the District's operating budget expenses, excluding strategic projects. All employee contracts (Employee

³ <https://www.centralesaanich.ca/sites/default/files/2025-2/2025%20CS%20Financial%20Plan%20DRAFT.pdf>, p. 28

Association, Fire Department IAFF, and the Police Association) either expire or rate increases have not been confirmed for 2025 which creates some budgetary risk in this Plan.

- b) *Asset Management Plan levy*: The District is required to replace significant infrastructure. The District first introduced an infrastructure replacement levy in 2018, as an outcome of the development of an Asset Management Plan in 2017. The 2022 AMP update continued to maintain the annual 1.25% tax and utility rate increase to reach targeted funding levels of \$10.8 million by 2032 and within a fifteen-year plan. In addition, a new funding strategy was implemented. Although the tax and rate increase strategies are a fifteen-year plan, increases for capital are considered long-term or even perpetual due to construction cost escalation, expanding infrastructure service levels, required upgrades for community growth and densification, and higher debt levels required during periods of high infrastructure replacement. The District is entering a high replacement period over the next ten to twenty years as it replaces its underground infrastructure and major facilities.

The District introduced a 0.25% increase in 2022 and 2023, and 0.50% thereafter for new and active transportation infrastructure. In 2023 the new levy was increased from 0.25% to 0.75% to escalate the trajectory of funding and support debt related to implementation of \$10.2 million of active transportation amenities.

Debt servicing will be funded from within the current AMP to pay for larger projects that require debt.

- c) *External Contracts*: Significant annual increases to contracted services such as Greater Victoria Integrated units, and Regional E-Comm 911 dispatch services are driving up policing costs. Advocacy by the BC Chiefs of Police and UBCM to the Province on E-comm 911 is ongoing.

The Police Services annual budget process and review are used to balance the level of services expected by Council and community with the ability to pay through reasonable levels of taxation. This is governed under Section 27 of the Police Act. On November 14, 2024 (Appendix C), the Police Board reviewed and approved the 2025 Police Budget, which was referred to the 2025 draft Financial Plan.

Greater Victoria Public Library

The Greater Victoria Public Library submitted its 2025 Operating Budget and Five-Year Financial Plan for 2025-2029. As per the terms of the Library Operating Agreement, approval by Council, resolution is required by May 1, 2025.

The overall system-wide municipal contribution amount increase requested is 5.5%. The District's share of the 2025 requisition, based on converted assessment values and population of the municipality, including rental adjustment, is \$1.12M. A detailed breakdown of each member municipality's individual contribution is provided on pages 4 and 5 of Appendix D. Budget drivers include salaries and benefits, library materials, building occupancy costs and other factors.

The total impact of the library on proposed tax increase is estimated at 0.14%. Analysis of the Library budget is not included in the main body of this report. It pertains solely to the Municipal and Police Services.

DISCUSSION:

The Five-Year Financial Plan is a primary result of the District's Integrated Planning and Reporting Framework (IP&R), adopted in 2022, that allows the District to bring plans and strategies together in a way that supports a clear vision for the future and provides an agreed roadmap for delivering community services, infrastructure, and priorities.

Once strategic priorities have been set, it is the District's responsibility to deliver and report against these objectives, undertake resource planning, and ensure the community's big picture ambitions become operational realities. In May 2023, Central Saanich Council adopted its 2024–2027 Strategic Implementation Plan (SIP) which provides a framework for decision making and prioritizing services. The plan identifies six strategic priorities, each with specific outcomes and actions to make the vision for Central Saanich, as articulated in the Official Community Plan, a reality.

2025 Strategic Integrated Business Planning

Integrated annual planning and reporting ensures alignment across departments on the delivery of operational, strategic and capital services, projects and initiatives. The reporting provides the accountability to Council and community on the outcomes that have been achieved.

The draft 2025 SIP was presented to Council in October 2024 to allow an opportunity for Council and the community to identify if there are any gaps, deferrals, or redundancies in the plan. At that time, some projects/initiatives received early budget approval, while the remainder were referred to the draft 2025 Financial Plan.

This year, staff identified:

- \$34.79M in operating expenses, funding to ensure the continuation of quality core service delivery, such as fire, police, transportation infrastructure, building and planning services, bylaw enforcement, sewer and water infrastructure, and administration.
 - This includes \$2.67M in strategic investment in priority areas identified through the District's Strategic Plan. These projects are funded by grants and through reserves.
- \$27 million capital program, funded by reserves and debt, including \$9.96 million for the sewer system (funded, in part, by senior levels of government), \$4.12 million for the water system, and \$2.5 million for Keating Flyover related improvements.⁴

a) 2025 Strategic Projects and Initiatives

The majority of 2025 Strategic Projects and Initiatives was given early approval by Council in October 2024 to ensure staff would have sufficient time to complete the identified projects.

The program includes \$2.67M in strategic investment in priority areas identified through the District's Strategic Plan. These projects are funded by grants and through reserves. The following Strategic Projects and Initiatives that have been revised following early approval, or did not request early approval can be found below in Table 4 and 5.

Table 4. Strategic Projects and Initiatives revised following early approval by Council

Project Name	2025 (Early Approval)	2025 (Revised)	Increase (\$)
Engineering Standards Update	\$50,000	\$80,000	\$30,000

⁴ <https://www.letstalkcentralsaanich.ca/media/file/2025-central-saanich-draft-financial-planpdf> p. 72

Facilities Redevelopment	\$300,000	\$520,000	\$220,000
Building Bylaw Update	\$10,000	\$20,000	\$10,000
Provincial Housing Initiatives	\$161,200	\$197,100	\$35,900
Parks Planning	\$20,000	\$50,000	\$30,000
Natural Assets Inventory	\$90,000	\$109,000	\$19,000
Energy Efficiency Retrofits Program	\$50,000	\$115,000	\$65,000
Nex Gen 911 Public Education	\$40,000	\$45,000	\$5,000

Table 5. Strategic Projects and Initiatives not requiring early approval by Council

Project Name	2025	2026
Asset Management Plan Update	\$25,000	\$75,000
Community Amenities and Art	\$10,000	\$10,000
Dock Assessments	\$20,000	
Bridge Inspections	\$50,000	
Firesmart Program*	\$200,000	\$200,000
Emergency Response Plan Update	\$6,700	
Water Master Plan Update	\$95,000	
Sewer Master Plan update	\$95,000	

*Grant funded

b) 2025 Capital Program

Capital Projects approved as part of the 2024 budget but not yet completed or started have be carried forward to the 2025 Financial Plan and advanced under authority of the 2024 Financial Plan adoption and Bylaw. A portion of the 2025 Capital Program was also given early approval by Council in October 2024 to ensure staff would have sufficient time to complete the identified projects.

Table 6. 2025 Capital Program that was given early approval by Council

Project	Budget
Active Transportation Plan	\$3,172,000
Fleet and Equipment	\$495,000
Wayfinding Signage	\$60,000
Road Reconstruction	\$850,000
General Drainage	\$150,000
Dock Refurbishment	\$100,000
Water Main Replacements	\$3,500,000
Sewer Mains & Lift Stations	\$330,000
Brentwood Bay Sewer Project	\$3,671,000

The program consists of \$27 million of work with funding of \$18.7M from reserves, \$1.3M from grants and \$5.6M from debt. The five-year capital plan is a significant undertaking given the District's size and staff capacity. Asset management planning has identified the need for significant amounts of underground

pipe replacement over the next ten to twenty years for asbestos concrete, steel, and vitrified clay pipes as they reach the end of their useful lives. The replacement plans and success will be evaluated annually over the next several years to ensure adjustments are made if necessary to meet replacement needs.

i. **Table 7. Highlights of the 2025 Capital Program**

Project	Budget	Funding Comments
Wallace Dr Road Paving	\$600,000	Reserves
Keating (Flyover) Improvements	\$2,500,000	Debt
Multi-Use Path - Mt Newton Cross Rd	\$1,617,000	Grant/Reserves
Fleet Vehicle Replacements (12)	\$3,221,000	Reserves
Wallace Dr Water Main (w ATP)	\$1,500,000	Reserves
Central Saanich Road Water Main (w CRD)	\$2,000,000	Reserves
Brentwood Bay Sewer Project	\$7,300,000	Grant/Reserves/Debt

ii. **Three-Year Core Capital Plan Approval**

Staff are requesting three-year budget approval for core capital replacement programs as found below in Table 8.

Table 8. Three-year Capital Plan approval from Council for core replacement programs

Infrastructure Renewal	2025	2026	2027
Road Reconstruction	\$1,300,000	\$800,000	\$800,000
Active Transportation	\$2,468,000	\$2,210,000	\$2,905,000
Storm Water Drain Replacement	\$110,000	\$115,000	\$120,000
Fleet Replacements - General	\$2,251,000	\$728,000	\$1,815,000
Fleet Replacements - Water	\$120,000	\$230,000	\$0
Fleet Replacements - Sewer	\$850,000	\$0	\$0
Water Pipe Replacement	\$3,800,000	\$2,000,000	\$2,500,000
Sewer Pipe Replacement	\$500,000	\$650,000	\$2,000,000

A multiple year plan approval provides for better multi-year capital planning, design, and advanced tendering to complete work within the planned budget year. It also enables coordination of infrastructure projects to take advantage of carrying out multiple construction projects in one area.

The construction industry typically plans work six to twelve months in advance. Tendering and awarding construction projects early and for multiple year contracts create more interest and opportunity to receive quality and competitive bids and have the work completed in a timely manner. It also provides more timely procurement, future work predictability and delivery.

For vehicles and similar equipment, manufacturers now have short windows of opportunity to place orders, longer delivery times, and have restricted the quantity of vehicle builds citing supply chain limitations. Multiple year budget approval will permit us to be in position to react when windows of opportunity are open. Manufacturers are not consistent when it comes to scheduling and make

announcements at varying times of the year. Missing these windows can result in significant delays and increased costs.

As presented to Council previously, implementation of projects takes several years, and the procurement process is a specific bottleneck that if not completed on time can delay completion significantly. The market for many of the materials and services that the District requires remains challenged by supply chain issues, availability, cost escalation, lead time to delivery, and an increasingly unstable economic and political climate.

iii. *Municipal Facilities*

The District's Municipal Hall, Police Station, Fire Station 2, and Municipal Yard were identified 20 years ago to be at the end of their useful lives and are due for major restoration or replacement. These buildings need replacement to address seismic deficiencies, post-disaster standards, accessibility, energy and safety issues, legislated standards, and support the District's growing needs.

The Municipal Facilities are included in the AMP and therefore, the District is in a strong financial position to fund these replacements. The AMP forecasted the use both reserves and debt to fund the replacement of the Municipal facilities. Staff are anticipating no additional increases to property taxes and will be covered under the AMP.

Concepts and detailed estimates for the project are still underway and require further community consultation and Council approvals. However, local governments in British Columbia must include high-level information in their financial plans to get provincial approval for borrowing; this ensures transparency and accountability. The project budget may also require community approval for debt borrowing through an Alternate Approval Process (AAP)⁵. If required, the District is proposing referring for elector approval by the end of 2025 to keep the project moving; therefore, provincial bylaw approvals must start in May.

Water and Sewer Utility

Water and sewer operations and infrastructure replacement are funded through utility fees. The 2025 Water Utility Budget is based on a water rate of \$2.054 per cubic meter (5.55% increase) and a fixed charge of \$141 annually. The Capital Regional District's Saanich Peninsula Water Commission's 2025 bulk water rate is \$1.2575, or a 4.98% increase over 2024. For an average residential property this would be a combined total of \$641 annually, or a \$26 increase over 2024. The next five years of the Water Capital Program are focused on an annual end of life replacement program for asbestos concrete mains.

Note: A water delivery model and pricing to First Nation communities is being implemented by the CRD but service contracts with municipalities and First Nations are not yet completed. This change is anticipated in 2025, and staff will amend the water budget and rates accordingly and bring back to Council for review and approval.

The 2025 sewer utility budget is based on a sewer rate of \$2.244 per cubic meter, an increase of 9.9%. For an average residential property this would be \$402 or an increase of \$36 over 2024. The next five years of the Sewer Capital Program includes maintenance to several lift stations, implementation of an annual

⁵ <https://www2.gov.bc.ca/gov/content/governments/local-governments/governance-powers/consent-approval-electors/approval-of-the-electors/alternative-approval-process>

asbestos concrete main replacement program, and completion of the Brentwood Bay pump stations and main replacement project in 2025.

2025 Water and Sewer utility rates reflect “business as usual” operations with no changes to service levels and the 2022 realignment of asset replacement funding from the water to sewer fund according to the updated Asset Management Plan (AMP). The combined annual water and sewer utility increase has been focused on the sewer utility to reduce asset replacement funding gap and ensure both utilities can reach targeted AMP funding levels by 2032.

Debt

The District’s current debt as of December 31, 2024, can be found in Table 9.

Table 9. District Debt as of December 31, 2024

Debt Issue	Term (years)	Balance (\$)	Annual Servicing (P&I) (\$)	Maturity Date
Firehall #1	25	\$6,235,000	\$453,200	2040
East Saanich Road	15	195,800	91,200	2026
East Saanich Road	15	62,300	66,500	2025
Total		\$6,493,100	\$610,900	

Debt levels are increasing with recently approved new debt for Brentwood Sewer Project, Wallace Bike Lane, and Keating (Flyover) Improvements. Within the 2025 five-year Financial Plan it’s expected the District will exceed the electoral consent threshold in 2029 (excluding new facilities debt). Debt strategies and funding options will be reviewed as part of the next 2026 Asset Management Plan Update.

Property taxes and utility fees funding of capital reserves are the primary source of funding for the capital plan, and debt is used to supplement funding for large projects in periods of high replacement, and new and upgraded infrastructure where financial reserves are not established or available for those purposes.

Municipal debt is governed by the Community Charter. Municipalities can spend a maximum of 25% of eligible revenues to service debt (principal and interest). The assent free maximum borrowing is 5% of revenues (or 20% of the maximum). The District’s current total borrowing capacity without obtaining electoral approval is approximately \$20M. It is currently forecasted that the District will require electoral approval for the Municipal Facilities. Once the 5% of revenue threshold is exceeded, all debt borrowing will require electoral consent, until such time as servicing drops below the threshold.

2025 Workforce Plan

In 2023 the District developed a Workforce Plan (WFP) to review and match operational, capital, and strategic initiative workplans to staff resources required to successfully manage the volume of work. The WFP identifies 11.9 new positions to be implemented over the 2024 through 2026 Financial Plans. 3.5 FTE were proposed for 2025 in the WFP in 2023.

Annually the workforce plan is reviewed. Unidentified positions are only added to the plan in future years if there is a “substantial” change in service levels or if opportunities arise through grant funding that are aligned with the Strategic Plan. Business cases were presented to Council in December 2024 for two additional FTE for a total of 13.9 positions.

3.5 FTE were provided early approval, and 2 FTE – the Occupational Health and Safety/Return to Work Coordinator. and the Fire Prevention Officer- were referred to the draft 2025 Financial Plan for consideration.⁶

The WFP included increased cumulative costs and funding sources per year over the three-year term, 2024-2026⁷. These costs for 2025 can be found in Table 10.

Table 10. 2025 Workforce Plan Expenses and Funding Sources to be approved in 2025 Draft Financial Plan

Funding Source	2024 Approved FTE	2025 Early Approval Total FTE (a)	2025 Total FTE to be approved (b)	(a)+(b) FTE	2025 Total cumulative funding (\$) ⁸
Taxes	2.0	1.5	2.0	3.5	395,800
Surplus	0.5	1.0	1.0	1.0	74,200
Grant	1.0	0	0	0	93,700
Increased Permit Revenue	1.4	0	0	0	158,300
Capital	3.0	1.0	0	1.0	544,400

The most significant cost driver for the annual budget continues to be labour related costs. Labour represents over \$18 million or approximately 60% of the District’s operating budget expenses, excluding strategic projects. The District has three employee contracts, which have expired at December 31, 2024 or have a “to be determined” clause, dependent on the our come of other prescribed agreements. A contingency increase has been included based on the 2024 increase, changes in the Consumer Price Index, and judgement of the current market conditions. Municipal Services Exempt staff salaries are increased by the Greater Victoria CPI annually.

The Police Services workforce plan includes an increase from 0.6 to 1.0 FTE for their Court Specialist. They have also withdrawn from two integrated teams as of 2025. They are using this funding to phase in the hiring of a second Community Engagement Constable in 2026. The most significant cost driver to the Police Services budget is wages and benefits which account for approximately 82% of operating expenses.

The total increase to wages and benefits for Municipal and Police Services for 2025 is \$1,487,400. \$424,000 of the wage and benefit increase is funded from sources other than taxes.

Financial Plan presentation changes

The 2025 Financial Plan includes a reallocation of fleet mechanic’s non-productive wages and benefits. Past budget practice for fleet “non-productive” labour (vacation and sick time) was charged to Municipal Yard Administration and not to departmental fleet costs. This is not considered best practice as does reflect the total cost of fleet labour as fleet costs. The 2025 Plan reflects the reallocation of approximately \$103,000 of fleet non-productive labour from Yard Administration to departmental charges. Departmental fleet charges for 2025 see regular cost increases in fuel and other costs, as well as the allocation of non-productive time on a weighted average total budget basis.

⁶ <https://www.letstalkcentralsaanich.ca/media/file/2025-central-saanich-draft-financial-planpdf>, p.23

⁷ <https://www.letstalkcentralsaanich.ca/media/file/2025-central-saanich-draft-financial-planpdf>, p.115

⁸ Includes additional costs in 2025 for 2024 approved FTEs, and costs for approved and proposed 2025 FTEs

Public Feedback and Engagement

Staff utilize results of the 2023 Community Satisfaction Survey, which offers insights weighted by age and gender according to the 2021 Canadian Census profile for the District of Central Saanich to ensure the findings are representative of the population. The majority of respondents prefer to maintain current service levels through minor increases to tax levels. The top three priority services for improvement from residents' perspectives were road maintenance and snow clearing, pedestrian and cyclist infrastructure, and community planning and growth management. An open house was held in January 2025 to present progress on the Strategic Implementation Plan (SIP) and budget guidelines.

CONCLUSION:

The 2025 Financial Plan includes ambitious strategic and capital plans being implemented along with increased staffing resources to carry out the work.

Any changes or adjustments noted during deliberations will be recorded, adjusted, and summarized in the adopted Plan. Once adopted, the Financial Plan along with corresponding tax rates and financial plan bylaws will be presented for Council adoption, which is required by May 14th.

Respectfully submitted by:	Fernando Pimentel, A/Director of Finance and Information Technology
Concurrence by:	Nadine Dillabaugh, Manager of Human Resources
Concurrence by:	Dale Puskas, Director of Engineering
Concurrence by:	Emilie Gorman, Director of Corporate Services
Concurrence by:	Christine Culham, Chief Administrative Officer

ATTACHMENTS:

Appendix A: 2025 Draft Financial Plan

Appendix B: [2025 Financial Plan Guidelines – October 23, 2024](#)

Appendix C: [2025 Police Budget - Board Report – December 11, 2024](#)

Appendix D: Greater Victoria Public Library - 2025 Operating Budget and Five-Year Financial Plan

Appendix E: [2025 Budget Early Approvals, Capital and Strategic Implementation Plan – October 23, 2024](#)

Appendix F: [2024-2027 Strategic Implementation Plan – 2025 Financial Plan – October 23, 2024](#)