

2025 | CITY OF VICTORIA

2026-2030 Draft Financial Plan



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Outline

- Budget Framework**
- Overview of Services**
- Asset Management** | Infrastructure Supports Service Delivery
- Infrastructure Funding Strategy**
- 2026-2030 Draft Financial Plan Summary**
- Public Input** | Balancing the Budget
- Options for Reducing Tax Increases**
- Estimated Timeline**

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Overview of Services



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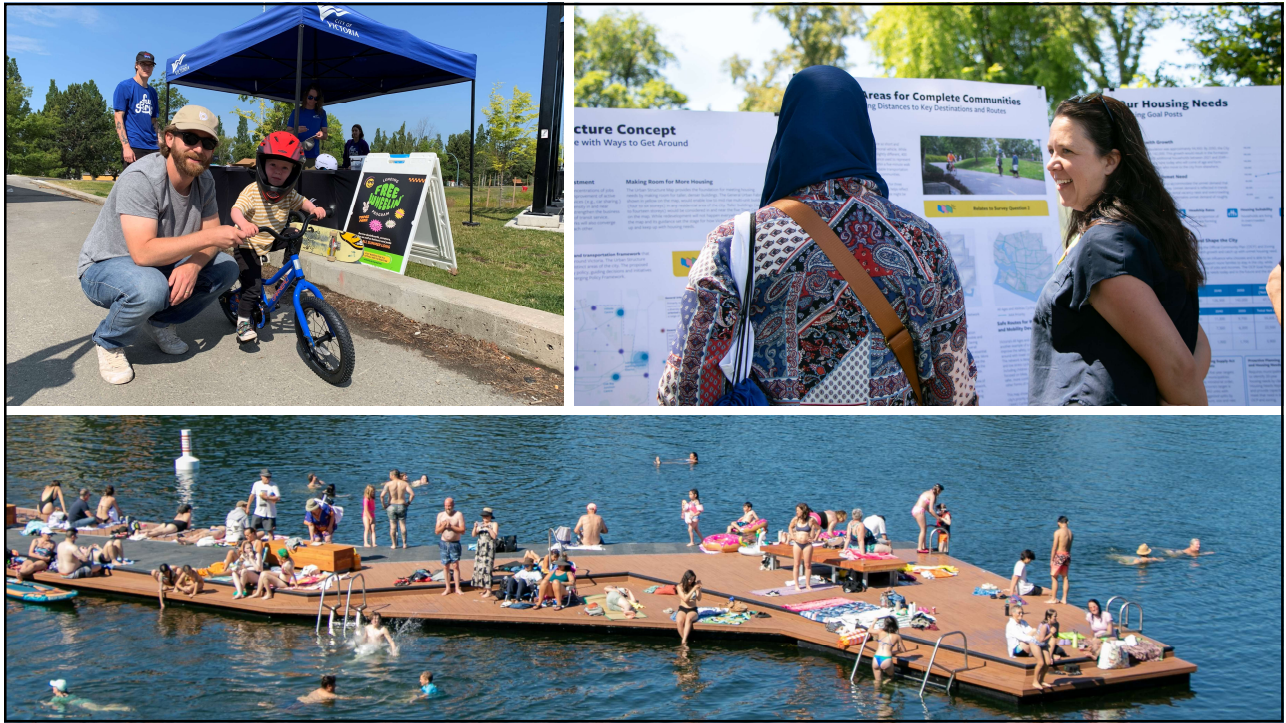
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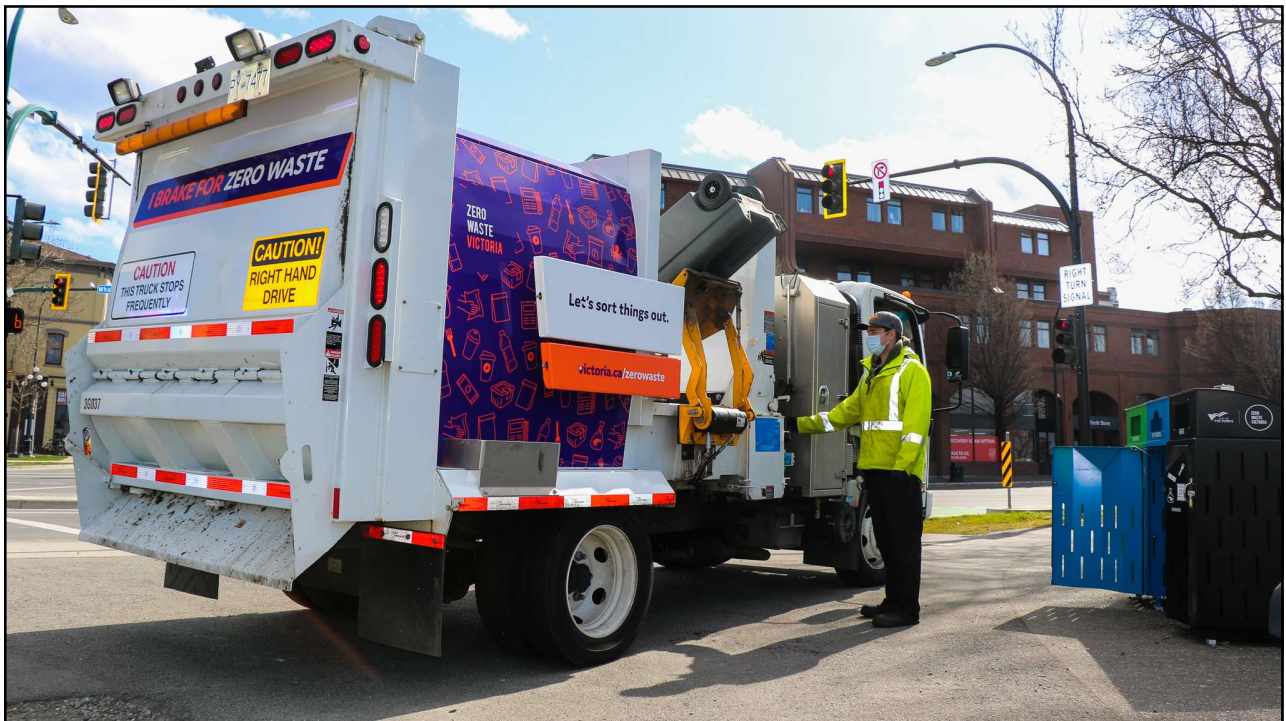
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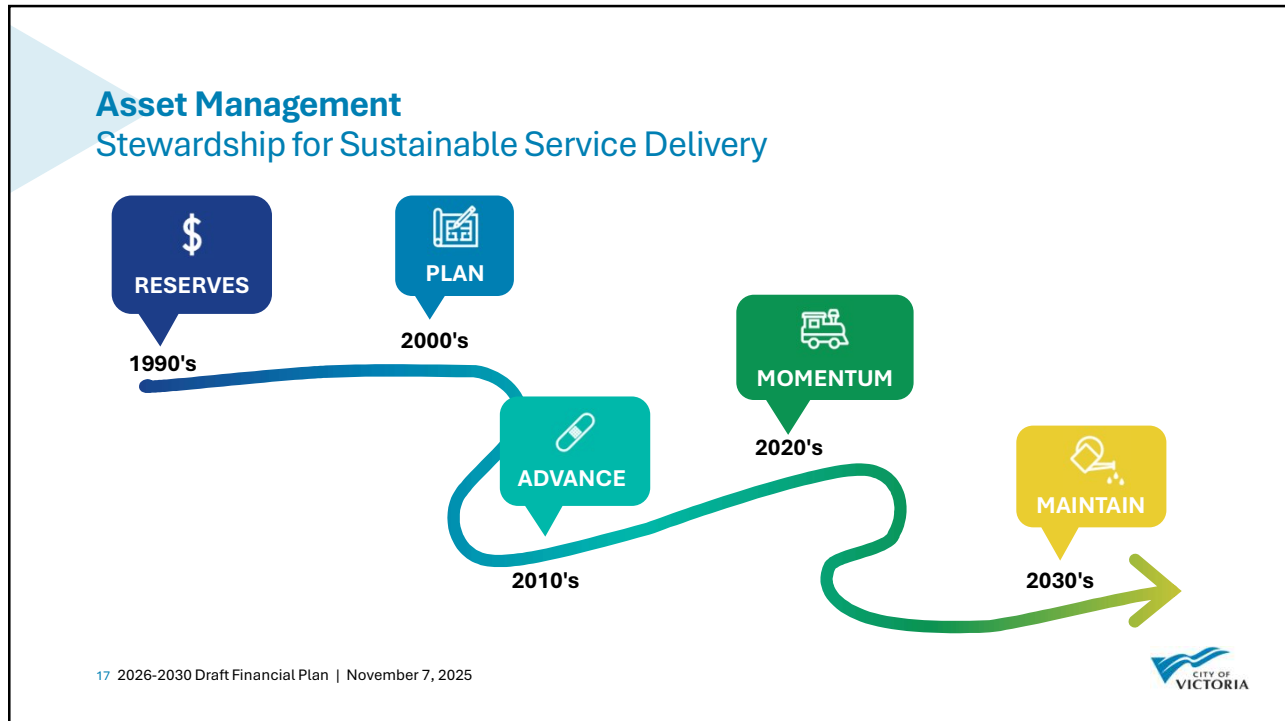
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Asset Management

Why Asset Management Matters—2026 Context

Asset Management and Financial Policy
\$4.9 billion portfolio of diverse assets founded on Financial Sustainability Policy


Role in Reliable Services
Ensures consistent service delivery and supports public safety.

Stewardship and Sustainability
Emphasizes responsible management and sustainability of City’s infrastructure portfolio.

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Supporting Community Resilience
Managing assets well builds resilience and helps communities adapt to challenges.

Importance of Ongoing Investment
Continuous investment is vital to maintain and improve public service levels.



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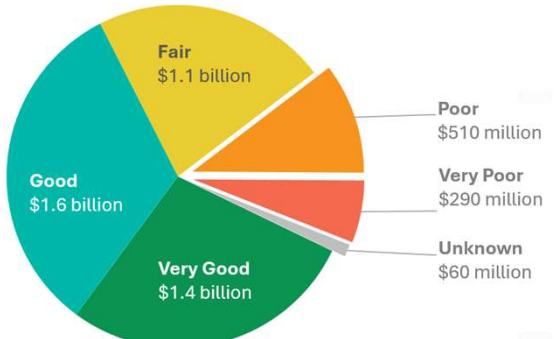
Asset Management

State of City Assets – Condition and Risk

Asset Condition Overview
16% of city assets are in poor or very poor condition, costing about \$800 million to replace.


Data Quality Improvements
Recent efforts have enhanced data quality for more accurate condition assessments.

Risk Assessment Gaps
Significant gaps remain in condition-based risk assessments, limiting full risk understanding.



Condition	Value
Good	\$1.6 billion
Fair	\$1.1 billion
Very Good	\$1.4 billion
Poor	\$510 million
Very Poor	\$290 million
Unknown	\$60 million

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Asset Management


Key Challenges – Impacts of Deferred Asset Investment

Aging & Deferred Replacement
Delayed capital renewal across vehicles, equipment, and infrastructure leads to aging assets, more failures, and lower reliability.

Rising Costs
Older assets need more frequent, costly repairs—diverting funds from planned work and reducing service efficiency.

Service Reliability Risks
Deferred investment increases breakdowns and downtime, disrupting critical services like emergency response, sanitation, and transport.

Limited Asset Visibility
Funding limits data collection and system upgrades, creating gaps that hinder strategic planning and risk management.



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Asset Management

Key Challenges – Long-Term Consequences and Pressures

Reduced Climate Resilience

Aging, underfunded assets struggle with extreme weather, raising vulnerability and recovery costs.

Escalating Replacement Costs

Inflation and market shifts reduce purchasing power, widening funding gaps and increasing deferred costs.

Operational and Staffing Strain

Budget limits reduce technical and management capacity, hindering strategic planning and tech adoption.

Long-Term Financial Pressure

Deferred investment raises lifecycle costs and leads to pricier replacements, straining future budgets.

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Asset Management

Lessons from Calgary: The Value of Proactive Asset Management

Routine Checks

Regular inspections prevent failures

Risk Analysis

Data-driven decisions for safety

Leak Detection

Early issue identification

Staff Training

Skilled teams maintain reliability

Continuous Improvement

Ongoing upgrades ensure resilience



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Asset Management Lessons from Calgary: A Cautionary Tale—The Cost of Deferred Maintenance

Deferred Repairs

Costly consequences

System Gaps

Vulnerabilities exposed

Emergency Response

Citywide impact

Documentation

Accurate records matter

Lessons Learned

Prevention saves resources

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Asset Management Lessons from Calgary: Team Resilience and Innovation

Collaboration

Departments united

Creative Solutions

Adaptive repairs

Tech Adoption

Modern monitoring tools

Rapid Recovery

Efficient crisis response

Stronger Together

Culture of resilience

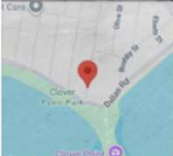


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Asset Management Progress Since Last Year

- Asset management frameworks
- Digital Resources
- OMS Implementation
- Grant funding
- Capital Repairs & Upgrades



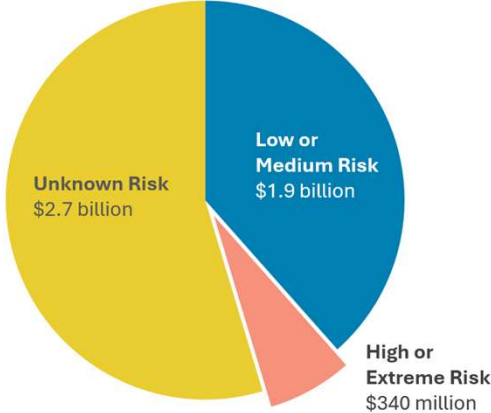
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Asset Management Data-Driven Decisions: Risk-Based Prioritization

- Shift to Risk-Based Prioritization
- Assessment Coverage Status
- Benefits of Risk Assessments
- Guiding Funding Priorities



Risk Category	Value
Unknown Risk	\$2.7 billion
Low or Medium Risk	\$1.9 billion
High or Extreme Risk	\$340 million

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Asset Management Looking Forward – Priorities & Next Steps

Evolving Asset Management

Adapting and improving AM practices.

Iterate Master Plans

Data-based decisions

Critical Asset Renewal

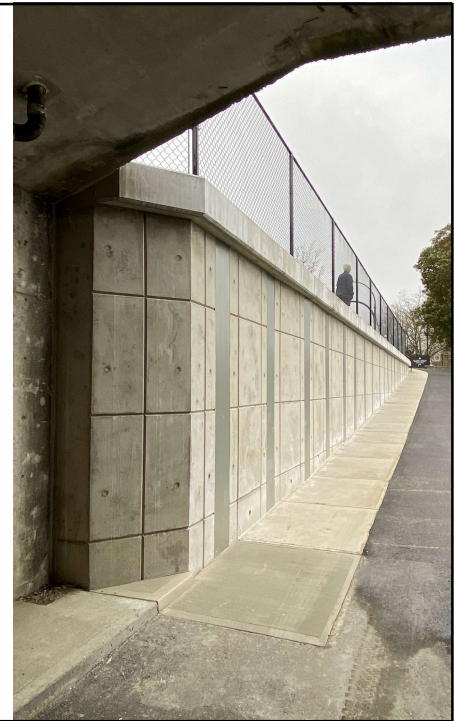
Prioritize renewal of essential assets.

Enhancing Resilience

Withstand environmental & operational risks.

Collaboration and Funding

Council support, ongoing funding, and community feedback

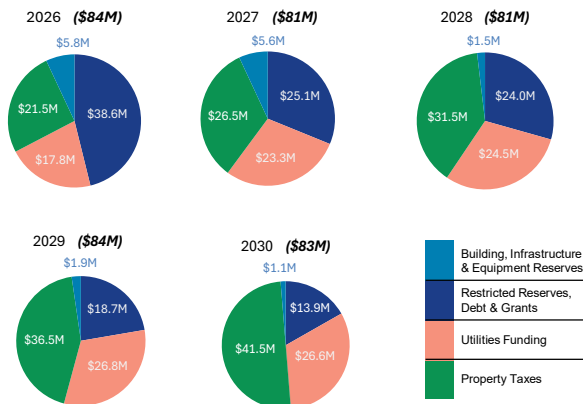


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Infrastructure Funding Strategy Balancing Needs & Risks

Capital Funding (Excl. Crystal Pool)



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2026-2030 Draft Financial Plan Main Cost Drivers

	2026	2027	2028	2029	2030
Employee compensation	5,107,000	3,522,000	3,254,000	3,392,000	3,595,050
Authorized new debt	1,885,930	2,173,570	1,065,830	846,130	406,130
Crystal Pool debt	1,230,000	1,240,000	2,890,000	3,260,000	3,237,000
Infrastructure funding*	5,500,000	5,000,000	5,000,000	5,000,000	5,000,000
Inflationary and other increases	3,655,300	2,725,590	3,255,840	4,004,900	5,378,290
Reductions directed for inclusion in draft for 2026	-5,396,000				
Community Safety and Wellbeing – City	4,186,265	2,900,000			
Total City Increase	16,168,495	17,561,160	15,465,670	16,503,030	17,389,420

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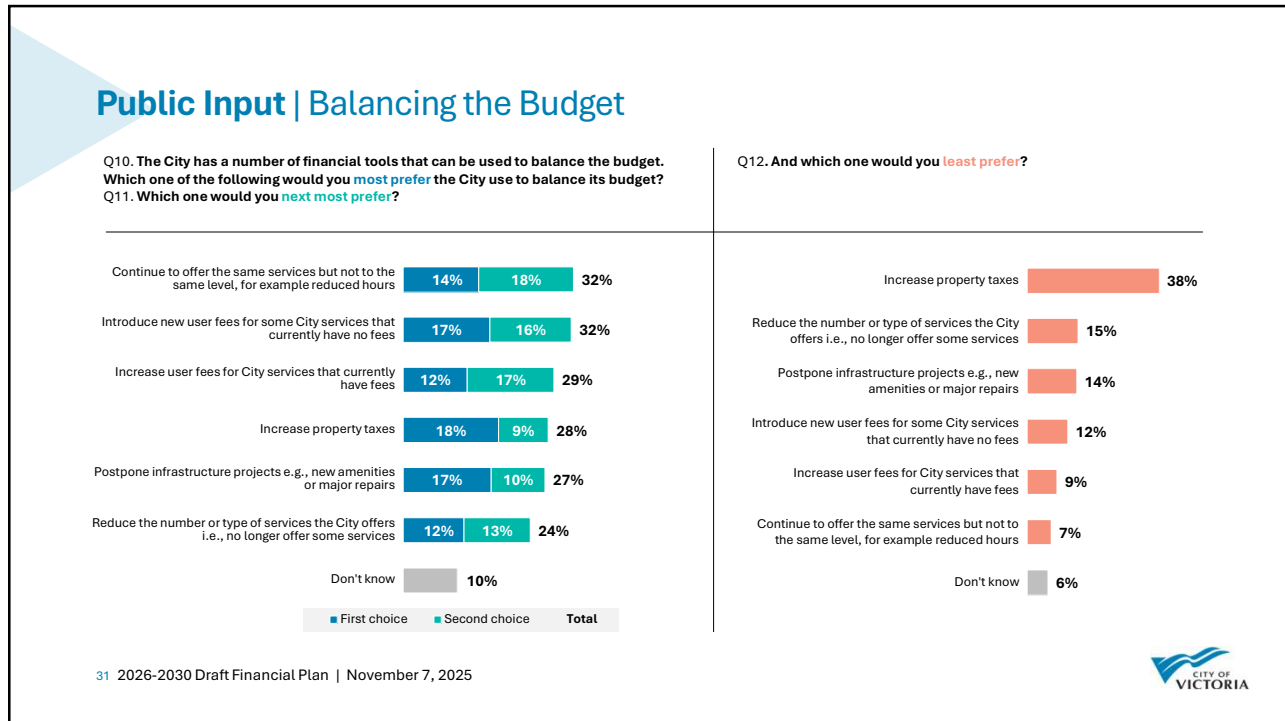
2026-2030 Draft Financial Plan Property Tax Impacts

	2026	2027	2028	2029	2030
City Tax Increase	16,168,495	17,561,160	15,465,670	16,503,030	17,389,420
	8.29%	8.39%	6.94%	6.97%	6.93%
Police Tax Increase* – shared with Esquimalt	6,496,400	4,658,010	4,505,890	4,312,740	4,165,790
Police – Section 27 appeal, Late Night Program; shared	198,560				
Police – Community Safety and Wellbeing (9 officers and equipment); City only funded	1,850,575				
Police – Proposed Crime Reduction Unit (8 officers); City only funded	1,241,120				
	5.02%	2.22%	2.02%	1.82%	1.66%
Total Tax Increase	25,955,130	22,219,170	19,971,560	20,815,770	21,555,210
	13.31%	10.61%	8.96%	8.79%	8.59%

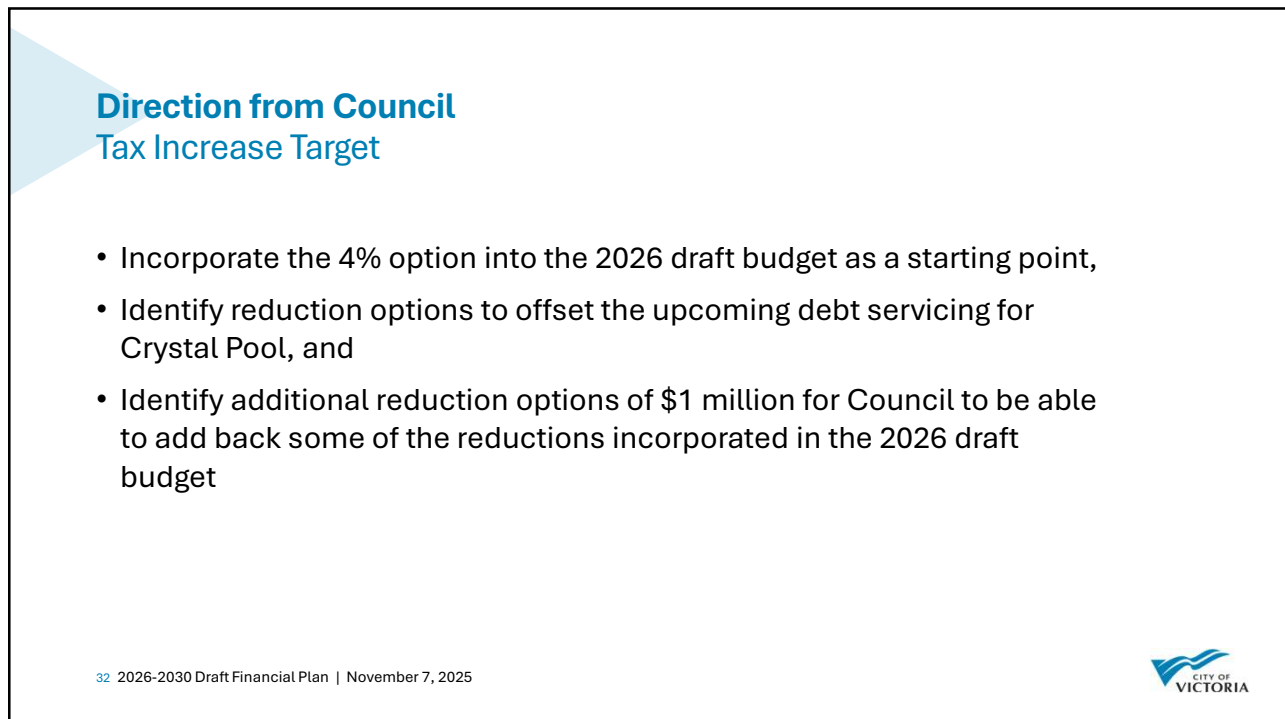
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Guiding Principles

- Focus on ongoing, property tax funded programs and services
- Avoid adding new or expanding services/programs/assets
- Avoid negatively impacting existing assets and increase deferred maintenance
- Pause actioning new / expanded initiatives to reduce or avoid additional tax increases, even if previously directed by Council

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Options for Reducing Tax Increases

- Operational reassessment and duplication of services
- Defer/cancel debt funded projects to avoid debt repayments
- Service and program adjustments
- Alternative or increased revenues

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Estimated Timeline

Dates	Purpose
November 7, 2025 Special COTW	Draft Financial Plan introduced
November 21 and 24, 2025 Special COTW	Budget discussions and direction
November 21, 2025 Special COTW	Direction to bring forward utility rate bylaws
November 27, 2025 Daytime Council	Introductory readings of utility rate bylaws
December or January COTW - tentative	When deliberations have concluded, final budget approval and direction to bring forward Financial Plan Bylaw in April 2026
December 4, 2025 Daytime Council	Adoption of utility rate bylaws
April 2026 Committee of the Whole	Report on tax rates options
April 2026 Council	Final report on Financial Plan including incorporated changes and BCA non-market change data. Introductory readings of Financial Plan Bylaw; Introductory readings of Tax Bylaw
April 2026 Council	Adoption of Financial Plan Bylaw and Tax Bylaw