Victoria Regional Transit Commission

Chair and Members

March 11, 2025

#9

SUBJECT: 2025/26 Budget & Tax Regulation

PURPOSE

The 2025/26 Budget and Tax Regulation is submitted to the Victoria Regional Transit Commission (the “Commission”) for **APPROVAL.**

BACKGROUND

This document presents the 2025/26 Budget for approval, along with three options for property tax levies to support the Commission’s share of expenses.

DISCUSSION

The 2025/26 budget for the Victoria Regional Transit System includes the following assumptions:

Revenue

- Passenger and advertising revenues are budgeted in line with forecasted 2024/25 revenues. This is a decrease of 6% versus the 2024/25 budget.
- Fuel tax revenue is budgeted in line with forecasted 2024/25 revenues at $17.3M.
- Safe Restart funding was exhausted in 2024/25, so no Safe Restart funding is included in the 2025/26 budget.

Operating expenses

- Annualization of 20,000 expansion hours from 2024/25 with a further 6,250 expansion hours in 2025/26.
- 13 additional operators and six maintenance staff to support annualization of 2024/25 expansion.
- 17 additional operators, seven mechanics and one dispatcher to support 2025/26 service expansion (effective January 2026).
- Budgeted general wage increases and contracted step increases for Unifor and MoveUP employees.
- Budgeted diesel fuel price of $1.75 per litre, compared to $2.00 per litre in 2024/25.
- Increase to fleet maintenance parts and materials of 30% to reflect price inflation and higher parts consumption (including service expansion).

- Increase to facilities maintenance expense reflecting a 22% increase for contracted services (repairs, plumbing, electrical, janitorial etc.) and increased expenses related to the new View Royal handyDART Facility.
- No increase to administration costs.
- Operating expenses for RapidBus study and Victoria Transit Future Plan.

Lease fees

- Commission share of use of asset fees associated with planned replacement of vehicles and major capital repairs, planned facility maintenance/upgrades and equipment purchases.
    - Notable projects include new battery electric buses and supporting infrastructure, Saanich Transit Centre Phase 1 and facility upgrades for the Victoria Training Centre.

The 2025/26 Budget is summarized in Table 1:

Table 1: 2025/26 Victoria Regional Transit System Budget

(figures in thousands) **Revenues**	**Budget 2024/25**	**Q3 Forecast 2024/25**	**Total Budget 2025/26**
Passenger & Adv Revenue	$43,271	$40,475	$40,836
Safe Restart Funding	5,431	5,431	$0
Provincial Oper Contribution	59,401	59,265	$64,442
Fuel Tax Revenue	17,850	17,290	$17,290
Local Contribution	64,395	67,057	$85,490
Total	**$190,348**	**$189,518**	**$208,059**
Expenses			
Operating Costs	$172,435	$172,332	$187,291
Lease Fees (local share)	$17,913	$17,186	$20,768
Total	**$190,348**	**$189,518**	**$208,059**
Service Hours	**1,023**	**995**	**1,039**

Table 2 presents options for the transit levy and associated use of the Transit Fund to fund the Commission's share of expenses for the 2025/26 Budget. Estimates for transit levies are calculated using the January 2025 valuations from BC Assessment.

Table 2: 2025/26 Victoria Regional Transit System Transit Levy Options

			Option 1	Option 2	Option 3
(figures in thousands)	**2024/25 Budget**	**2024/25 Forecast**	**2025/26 Budget**	**2025/26 Budget**	**2025/26 Budget**
FUNDS GENERATED FROM PROPERTY TAXATION					
Estimated Transit Levy per Average Household	**$275.42**	**$276.08**	**$361.67**	**$372.66**	**$386.41**
($ Increase)			**$85.59**	**$96.59**	**$110.33**
(% increase)			**31.0%**	**35.0%**	**40.0%**
Current funds generated from Transit Levy	$62,334	$62,455	$83,891	$86,406	$89,548
Balance from/(to) Transit Fund	$2,061	$4,602	$1,599	($915)	($4,058)
Total Local Contribution	**$64,395**	**$67,057**	**$85,490**	**$85,490**	**$85,490**
TRANSIT FUND					
Opening Balance	$16,168	$16,168	$6,601	$6,601	$6,601
Contribution to expenses	(2,061)	(4,602)	(1,599)	915	4058
Cowichan Valley Commuter					
Contribution to expenses	(198)	(128)	(245)	(245)	(245)
Other					
Safe Restart funding usage	(5,431)	(5,431)	-	-	-
Interest	100	594	100	100	100
Ending Balance	**$8,578**	**$6,601**	**$4,858**	**$7,372**	**$10,514**
Restricted Balance (2.5% of Operating Costs)			$4,682	$4,682	$4,682
Unrestricted Balance			$176	$2,690	$5,832

RECOMMENDATION

It is recommended that the Commission:

- **APPROVE** the 2025/26 Budget.
- **APPROVE** Option 2 for a tax regulation to maintain a sufficient Transit Fund balance.

ATTACHMENT – 2025/26 Operating Budget (Conventional & Custom)

VICTORIA CONVENTIONAL TRANSIT	2025/26 BUDGET
Operations	$107,174,140
Maintenance	43,973,555
Administration	19,942,209
TOTAL OPERATING COSTS	**$171,089,903**
Provincial Share ($)	$54,235,499
Provincial Share (%)	31.7%

VICTORIA CUSTOM TRANSIT	2025/26 BUDGET
Operations	$11,878,493
Maintenance	2,738,082
Administration	1,584,516
TOTAL OPERATING COSTS	**$16,201,090**
Provincial Share ($)	$10,206,687
Provincial Share (%)	63.0%

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Position:	VP, Strategy & Public Affairs	Date reviewed:	March 3, 2025