



Investing in Our Community

How Oak Bay Pays for Infrastructure



Every day, Oak Bay residents rely on hidden essentials for our community: safe roads, clean drinking water, reliable sewer systems to name a few. They also enjoy community facilities like parks recreation centres.

Together, these make up our Municipality's **infrastructure**, the physical assets that allow our community to thrive. Local governments own and maintain these assets on behalf of residents. They are long-lasting and expensive to replace, however, they are essential to daily life.

Renewing our Community's Infrastructure

Infrastructure is critical to a community, and most of Oak Bay's infrastructure was built decades ago. These assets wear out with regular use over time, and need to be repaired, upgraded or replaced. This allows them to remain safe and reliable for our community.

Many of these assets are now nearing the end of their useful life. If they are not renewed on time, the risk of failures, service disruptions, and costly emergency repairs increases.

Typical infrastructure lifespans include:

- Roads: 40–60 years
- Water and sewer pipes: 60–100 years
- Recreation and civic facilities: 40–75 years





Putting the **Capital** in Projects

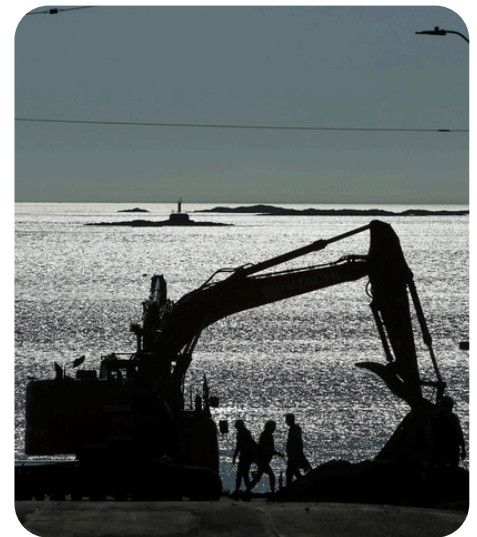
When discussing infrastructure, you'll often hear us talk about **capital projects**, but what exactly does *capital* mean?

Capital Projects refer to large, long-term investments in our infrastructure.

Capital projects can include:

- Replacing underground water or sewer pipes
- Rebuilding roads
- Renewing recreation centres or civic buildings

This is different from operational costs, considered our day-to-day costs. These annual expenses can include staffing, utilities or routine maintenance. Capital assets last for decades and serve multiple generations.



Why Borrowing Is Part of the Solution

Capital projects are large and can take a while to complete. Municipalities often use borrowing (debt) to help pay for them. This is a standard and responsible approach used by local governments across British Columbia.

Borrowing allows the District to:

- Pay for major projects upfront, when they are needed
- Spread the cost over the many years the asset is used
- Avoid sharp spikes in taxes and fees

Without borrowing, the District would need to save the full cost of a project in advance. That would mean waiting longer for needed infrastructure, risking higher repair costs and facing significant tax increases in specific years.

Borrowing Means Fairness Across Generations

Our infrastructure - from underground utilities to parks - will be enjoyed by residents today and generations to come. Borrowing supports intergenerational fairness, which outlines that the people who benefit from an asset should help pay for it.

For example:

- Water pipes supply your drinking water today and will serve future residents
- Recreation centres you enjoy today will be used by families decades from now.

Spreading costs over time ensures today's taxpayers share the costs with future taxpayers for infrastructure they both will use.

The Role of Reserves

Reserves are like the District's "savings." They remain a critical part of our financial management, and can be used to:

- Fund smaller or routine capital projects
- Reduce the borrowed amount for large projects
- Provide flexibility for emergencies or unexpected costs

However, using reserves alone for major infrastructure replacements can:

- Deplete savings too quickly
- Reduce financial resilience
- Lead to sudden tax increases



A Balanced, Prudent Approach

Oak Bay uses a balanced funding strategy that combines both reserves and borrowing (debt). In general:

- **Borrowing** is used for large, long-lived infrastructure projects
- **Reserves** are used to partially fund major projects, support smaller assets, and maintain financial flexibility

The District's blended approach:

- Reduces total borrowing
- Preserves reserves for emergencies
- Maintains long-term affordability and stability for residents

Setting up our Community for Decades

This balanced approach to funding infrastructure renewal, through **borrowing (debt)** and **reserves**, ensures our present and future community has:

- Safe roads, reliable water, and well-maintained facilities
- Fewer service disruptions and emergency repairs
- Fair sharing of costs over time
- Stable taxes and fees
- Infrastructure that supports today's residents and future generations

