

**Capital Regional District**  
**Quarterly Operating Variance Report - Q2, 2023**  
**Service Budgets Greater than \$1,500,000**

| Service Number | Service Description                                | Operating Expenses            |            |             |                  |                 |                       | Operating Revenue  |                               |            |             |                  |                 |                       |  |
|----------------|--|-------------------------------|------------|-------------|------------------|-----------------|-----------------------|--|-------------------------------|------------|-------------|------------------|-----------------|-----------------------|--|
|                |  | Annual Budget \$ (Schedule A) | Actuals \$ | % of Budget | 2022 % of Budget | Annual Forecast | % Budget (over)/under | Explanation  | Annual Budget \$ (Schedule A) | Actuals \$ | % of Budget | 2022 % of Budget | Annual Forecast | % Budget (over)/under | Explanation  |
| 1.010          | Legislative & General                              | 36,520,973                    | 14,471,730 | 40%         | 41%              | 34,177,413      | 6%                    | Forecast one-time savings on salaries due to staff vacancies and hiring delays, deferred hiring of 3 term FTEs to Q3 for the S4 Hana project, and timing of residual consulting work on Enterprise Asset Management (EAM) and Electronic Records Management (EDRMS) initiatives partially deferred to 2024.        | 36,520,973                    | 11,567,623 | 32%         | 31%              | 35,903,666      | 2%                    | Half of revenue is derived from allocations to other services; one-third is funded by requisition, with balance from reserves, grants and other revenue. Forecasting reduced reserve funds required primarily due to the deferral of 3 term FTEs to Q3 for the SAP S4 Hana project, and some deferral of EAM and EDRMS consultancy work to 2024. |
| 1.105          | Facility Management                                | 2,016,211                     | 918,446    | 46%         | 43%              | 2,002,086       | 1%                    | Service is facilities management services delivered to CRD HQ and satellite facilities. Service is largely on plan.  | 2,016,211                     | 946,038    | 47%         | 44%              | 2,002,086       | 1%                    | Revenues derived from delivery of service to other services and projected to remain on plan for the year.  |
| 1.106          | CRD Headquarters Building                          | 1,977,438                     | 1,153,508  | 58%         | 54%              | 1,975,576       | 0%                    | Service experienced slightly higher operating costs as a result of a winter cold snap in Q1 and commissioning of 1st Flr renovations. Service projected to be on plan for the fiscal year.   | 1,977,438                     | 977,707    | 49%         | 51%              | 1,975,576       | 0%                    | Service provides office space to other CRD services and is on plan.  |
| 1.112          | CRD Regional Grant in Aid                          | 1,532,621                     | 15,000     | 1%          | 1%               | 15,000          | 99%                   | CRD raised the funds in 2013-2015 through tax requisition specifically for one-time funding request from Island Corridor Foundation (ICF). The timeline hasn't been established for the distribution of the funds.   | 1,532,621                     | 1,536,255  | 100%        | 99%              | 1,552,621       | -1%                   | Revenue consists of 2022 surplus carry forward; forecasting increase in revenue due to projected interest income.  |
| 1.226          | Health Facilities - VIHA                           | 1,720,718                     | 362,124    | 21%         | 59%              | 1,133,742       | 34%                   | Service provides leased building to VIHA, and is 100% recovery from tenant. Q1 level of service provided, including rebilling utilities and daily checks were reduced starting Q2, as VIHA assumed these costs directly. A surplus is forecast to be contributed to reserve.                                       | 1,720,718                     | 775,299    | 45%         | 46%              | 1,720,222       | 0%                    | Service provides leased buildings to VIHA, and is 100% recovery from tenant. Any deficit will be recovered from VIHA.  |
| 1.280          | Regional Parks                                     | 17,528,007                    | 6,450,769  | 37%         | 33%              | 17,676,759      | -1%                   | Service experiences a seasonal nature to expenditures, primarily weighted to Q2 and Q3. Forecasted temporary staff vacancies on new service levels for 2023 are largely offset by one-time costs for studies, auxiliary staff backfills and deferred maintenance.  | 17,528,007                    | 1,318,496  | 8%          | 7%               | 17,676,759      | -1%                   | Revenues are primarily from requisition and are on plan. Revenue generated from fees is expected to be slightly higher than budget.  |
| 1.297          | Arts Grants & Development                          | 3,132,037                     | 888,644    | 28%         | 26%              | 3,100,314       | 1%                    | Service is a grant funding service, which had limited grant distribution in Q1 and Q2. Grant funding to arts organisations is forecast to be primarily distributed in Q3.  | 3,132,037                     | 180,243    | 6%          | 7%               | 3,132,037       | 0%                    | Revenues are primarily from requisition and are on plan.   |
| 1.309          | Climate Action and Adaptation                      | 2,288,185                     | 693,978    | 30%         | 16%              | 2,161,496       | 6%                    | Operational services are continuing as planned. Forecast savings for the year due to reduction in contract costs related to Residential Energy Retrofit Program.   | 2,288,185                     | 175,011    | 8%          | 5%               | 2,161,496       | 6%                    | Revenues are approximately 79% from requisition; 21% Grant Revenue. Grant revenue forecasted lower in the remaining quarters.  |
| 1.310          | Land Banking & Housing                             | 3,048,387                     | 1,891,987  | 62%         | 56%              | 2,957,498       | 3%                    | Forecast one-time savings on salaries due to staff vacancies and hiring delays.  | 3,048,387                     | 663,248    | 22%         | 44%              | 3,271,642       | -7%                   | Revenues are approximately 50% requisition and 50% federal grants. Forecasting slightly higher than anticipated recovery from Reaching Home Grant.   |
| 1.311          | Regional Housing Trust Fund                        | 3,676,394                     | 16,669     | 0%          | 7%               | 650,000         | 82%                   | Expenses are driven by internal and external grants, with timing contingent on external factors such as municipal approvals. Any surpluses are carried forward. One grant of \$615K is forecasted to be paid in 2023. Balance of forecast is admin costs.  | 3,676,394                     | 2,725,011  | 74%         | 82%              | 3,767,142       | -2%                   | Revenue is about 70% from surplus carry forward and 30% from requisition. Higher revenues forecasted due to receipt of a one-time donation in Q2.  |
| 1.313          | Animal Care Services                               | 1,663,324                     | 963,528    | 58%         | 73%              | 1,718,658       | -3%                   | Forecasting costs above budget due to increased auxiliary staff costs due to new Royal Roads University service contract, and additional costs for the purchase of protective vests for Bylaw officers as mandated by OH&S and legal expenses.   | 1,663,324                     | 752,402    | 45%         | 28%              | 1,713,568       | -3%                   | Service is funded approximately 28% from requisition, 56% from contract revenue, 14% from dog tag sales and 2% from other. Forecasting higher revenue due to higher than expected dog tag sales, and additional contract revenue due to new service contract with Royal Roads University.  |
| 1.318          | Building Inspection                                | 2,026,725                     | 924,013    | 46%         | 39%              | 1,937,122       | 4%                    | Operating expenses are on plan with some one-time savings forecasted for temporary staff vacancies.  | 2,026,725                     | 739,375    | 36%         | 54%              | 2,083,354       | -3%                   | Service is funded approximately 70% by permit fee revenue, with the balance funded by requisition and reserve. Permit fee revenue forecasted higher due to increased construction values on Salt Spring Island and the Southern Gulf Islands.  |
| 1.324          | Regional Planning Services                         | 1,554,118                     | 673,932    | 43%         | 57%              | 1,493,838       | 4%                    | Operating expenses are on plan with slight savings in salaries, auxiliary wages, staff overtime and training.  | 1,554,118                     | 282,067    | 18%         | 34%              | 1,554,118       | 0%                    | Funding sources consist of approximately 59% requisition, 41% operating reserve and 3% other. Revenue is on plan with the budget.  |
| 1.40X          | SEAPARC  | 4,571,131                     | 2,194,455  | 48%         | 43%              | 4,643,730       | -2%                   | High program levels are forecasted due to stronger user demand than planned. May result in higher overall operating expense for the year, largely in increased auxiliary wages, operating supplies and maintenance.  | 4,571,131                     | 854,559    | 19%         | 11%              | 5,030,006       | -10%                  | Revenues are approximately 70% from requisition; 30% from fees. Higher than budgeted fees projected for the full year based on higher Q1 and Q2 utilization in increased volume of membership fees other recreation user fees.   |
| 1.44X          | Panorama Rec. Center                               | 10,136,965                    | 4,833,314  | 48%         | 43%              | 10,176,147      | 0%                    | Service utilization returning to pre-pandemic level. Due to seasonal nature of service full year expense projected to be in line with budget.  | 10,136,965                    | 2,401,838  | 24%         | 21%              | 10,299,120      | -2%                   | Revenues are approximately 51% from requisition; 49% from fees. Higher than budgeted user generated revenues are projected for the full year based on the higher Q1 and Q2 utilization, particularly in rental revenues, and child care grants.  |
| 1.459          | Salt Spring Is- Pool, Parks, Land, Art & Rec. Prog | 2,154,490                     | 1,291,855  | 60%         | 44%              | 2,258,040       | -5%                   | Higher service level is forecasted due to higher user demand. As a result, operating expenses are forecasted to be over budget for the year, largely in pool programs, staff salaries and Community Centre Recreation programs costs.  | 2,154,490                     | 303,598    | 14%         | 9%               | 2,197,847       | -2%                   | Forecasting operating revenue will be over budget due increased day use and pool pass revenue, and higher than anticipated Community Centre gym and room booking revenue.  |
| 1.521          | Environmental Resource Management                  | 29,690,987                    | 13,682,524 | 46%         | 48%              | 29,232,285      | 2%                    | Operational services are continuing as planned. Experienced increased costs with emerging leachate management issues. Landfill Operations/Diversion Services/Energy Recovery services expenses are forecasted to be slightly lower than budget for 2023. Some new diversion initiatives not yet fully implemented. | 29,690,987                    | 17,551,248 | 59%         | 65%              | 34,032,195      | -15%                  | Tipping fee revenues higher due to an increased quantity of RTF residuals being received. Recycling revenue for scrap metal (price fluctuates with the global commodity markets) is also higher than budgeted.   |

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|----------------------|--|-------------------------------|------------|-------------|------------------|--------------------|-----------------------|--|-------------------------------|-------------|-------------|------------------|--------------------|-----------------------|--|
|                      |  | Year to Q2                    |            |             |                  | Annual Forecast    |                       | Year to Q2   |                               |             |             | Annual Forecast  |                    |                       |  |
|                      |  | Annual Budget \$ (Schedule A) | Actuals \$ | % of Budget | 2022 % of Budget | \$ Annual Forecast | % Budget (over)/under | Explanation  | Annual Budget \$ (Schedule A) | Actuals \$  | % of Budget | 2022 % of Budget | \$ Annual Forecast | % Budget (over)/under | Explanation  |
| 1.576                | Environmental Engineering Services         | 2,765,567                     | 1,273,591  | 46%         | 43%              | 2,860,204          | -3%                   | Service provides engineering and project management services to multiple services across the CRD's recreation and environmental management services. Service is forecast to be slightly above budget with engineering resources dedicated to support Regional Parks and Hartland.  | 2,765,567                     | 1,369,868   | 50%         | 54%              | 2,860,204          | -3%                   | Revenues are driven by providing services to other CRD services which continue to operate as planned. Recovery revenue from CRD service forecasted to be in line with annual budget.   |
| 1.577                | IW - Environmental Operations              | 13,875,220                    | 6,186,672  | 45%         | 48%              | 13,004,708         | 6%                    | Overhead service budget, continuing to deliver services as planned. Expenditures forecasted under budget largely due to temporary staff vacancies.   | 13,875,220                    | 6,450,045   | 46%         | 53%              | 13,037,719         | 6%                    | 99% of revenue is driven by labour recovery, providing services to other CRD services. The remaining 1% of revenue is from reserve transfers to cover one-time costs. Recovery revenue from CRD services forecasted to be below annual budget due to staff vacancies.  |
| 1.578                | Environmental Protection and Water Quality | 9,177,767                     | 4,433,465  | 48%         | 45%              | 9,035,819          | 2%                    | Overhead service budget, continuing to provide service as planned. Forecast largely on plan, with some minor savings on temporary staff vacancies.   | 9,177,767                     | 4,652,391   | 51%         | 49%              | 9,322,154          | -2%                   | Revenues are driven by providing services to other CRD services that continue to operate as planned.   |
| 1.911                | 911 Systems                                | 2,495,079                     | 1,299,674  | 52%         | 51%              | 2,516,856          | -1%                   | This service collects 911 levies from phone carriers and distributes a percentage to participating municipalities. Debt servicing and operating costs are largely on track with budget, except for higher dispatch levies to E-Comm.   | 2,495,079                     | 1,130,967   | 45%         | 45%              | 2,470,642          | 1%                    | Sources of revenue are fixed source requisitions, lease revenue, and variable 911 levies received from phone carriers. Forecasting reduction in revenues due to reduction in 911 levies.   |
| 1.921                | Regional CREST                             | 1,790,531                     | 901,606    | 50%         | 50%              | 1,812,745          | -1%                   | This is a contribution service that provides support to CREST based on service agreement. New agreement is in place which will result in larger contributions, exceeding the budget.   | 1,790,531                     | 97,073      | 5%          | 6%               | 1,789,031          | 0%                    | Operating revenues are primarily requisition and are on plan.  |
| 2.610                | Saanich Peninsula Water Supply             | 7,407,397                     | 3,450,539  | 47%         | 39%              | 7,600,000          | -3%                   | Operational services and system maintenance are continuing as planned. Expenditures are forecasted to exceed prior year and current year budgeted amounts due to higher than budgeted bulk water purchases as a result of increased water demand.  | 7,407,397                     | 3,839,051   | 52%         | 41%              | 7,710,500          | -4%                   | Revenues are driven by seasonal water sales. Demand is forecasted above prior year and above current year budget largely due to dry summer weather.  |
| 2.670                | Regional Water Supply                      | 39,915,804                    | 14,517,058 | 36%         | 39%              | 40,400,000         | -1%                   | Operational services and system maintenance are continuing as planned. Expenditures are forecasted to exceed budget due to agriculture subsidy payments for increased water demand, increased chemical costs due to inflationary cost increases and demand volume, and salary budget variances resulting from timing of settlement of collective agreements and service budget approval. | 39,915,804                    | 18,763,767  | 47%         | 42%              | 41,830,000         | -5%                   | Revenues are driven by seasonal water sales. Demand is forecasted above prior year and above current year budget largely due to dry summer weather.  |
| 2.680                | Juan de Fuca Water Distribution            | 23,970,506                    | 8,152,346  | 34%         | 30%              | 24,120,000         | -1%                   | Operational services and system maintenance are continuing as planned. Expenditures are forecasted to exceed budgeted amounts due higher than budgeted bulk water purchases as a result of increased water demand.   | 23,970,506                    | 9,309,659   | 39%         | 38%              | 24,652,600         | -3%                   | Revenues are driven by seasonal water sales. Demand is forecasted above prior year and above current year budget largely due to dry summer weather.  |
| 3.717                | Core Area Wastewater Operations            | 31,644,016                    | 16,189,228 | 51%         | 47%              | 33,350,000         | -5%                   | Operational services are largely on track as planned. Overspending on waste sludge disposal at the Hartland facility will need to be funded through Operating Reserve Fund. An amendment in Q3 is required to address this overspend.  | 31,644,016                    | 908,974     | 3%          | 3%               | 33,765,015         | -7%                   | Requisition serves as the primary source of service revenue; however due to overspending on waste sludge disposal and the delayed revenue from tipping fees, the operating reserve will be required to fund this increased cost and the revenue deficit. An amendment in Q3 is required to address this funding shortfall. |
| 3.718                | Saanich Peninsula Wastewater               | 4,747,515                     | 2,165,415  | 46%         | 44%              | 4,245,117          | 11%                   | Service delivering on plan. Current expenditures forecast a favourable variance as a result of operational delays from the OMS receiving facility.   | 4,747,515                     | 255,328     | 5%          | 1%               | 4,783,262          | -1%                   | Revenues are approximately 93% from requisition, 7% other. Overall revenue is expected to be on plan.  |
| 3.755                | Regional Source Control                    | 1,641,038                     | 789,590    | 48%         | 51%              | 1,599,538          | 3%                    | Operational services are continuing as planned and forecasted to be in line with budget for the year, with some minor savings on education & display materials related to Regional Source Control Programming.   | 1,641,038                     | 143,886     | 9%          | 8%               | 1,597,789          | 3%                    | Service revenue is primarily from requisition. Overall revenue is expected to be on plan.  |
| Total Services above |  | 264,669,151                   | 84%        |             |                  |                    |                       |  |                               | 264,669,151 | 84%         |                  |                    |                       |  |
| Other CRD Services   |  | 51,518,331                    | 16%        |             |                  |                    |                       |  |                               | 51,518,331  | 16%         |                  |                    |                       |  |
| Total CRD            |  | 316,187,482                   |            |             |                  |                    |                       |  |                               |             | 316,187,482 |                  |                    |                       |  |

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| Service Number                     | Service Description                | Operating Expenses            |            |             |                  |                    |                       |  | Operating Revenue             |            |             |                  |                    |                       |   |
|------------------------------------|------------------------------------|-------------------------------|------------|-------------|------------------|--------------------|-----------------------|--|-------------------------------|------------|-------------|------------------|--------------------|-----------------------|---|
|                                    |                                    | Year to Q2                    |            |             |                  | Annual Forecast    |                       |  | Year to Q2                    |            |             |                  | Annual Forecast    |                       |   |
|                                    |                                    | Annual Budget \$ (Schedule A) | Actuals \$ | % of Budget | 2022 % of Budget | \$ Annual Forecast | % Budget (over)/under | Explanation  | Annual Budget \$ (Schedule A) | Actuals \$ | % of Budget | 2022 % of Budget | \$ Annual Forecast | % Budget (over)/under | Explanation   |
| CRHD                               | Capital Regional Hospital District | 32,678,574                    | 11,211,142 | 34%         | 33%              | 32,594,969         | 0%                    | Forecasted savings in administration due to the deferred hiring of a new capital planner term position to 2024.                | 32,678,574                    | 3,436,425  | 11%         | 9%               | 32,828,661         | 0%                    | Higher interest earnings on savings accounts partially offset by fewer reserve funds required due to deferred hiring of the new capital planner term position to 2024.  |
| Total CRHD                         |                                    | 32,678,574                    |            |             |                  |                    |                       |  | 32,678,574                    |            |             |                  |                    |                       |   |
| CRHC                               | Administration                     | 3,586,855                     | 1,385,987  | 39%         | 42%              | 3,091,464          | 14%                   | Savings forecasted primarily due to temporary staff vacancies.   | 3,586,855                     | 1,802,524  | 50%         | 49%              | 3,661,854          | -2%                   | Revenues are directly tied to property management fees and are forecasted on plan with the exception of increased interest earnings due to higher rates of return.  |
| CRHC                               | Development Services               | 801,498                       | 215,737    | 27%         | 34%              | 552,336            | 31%                   | Savings forecasted due to temporary staff vacancies.   | 838,851                       | 158,628    | 19%         | 36%              | 841,479            | 0%                    | Revenues are 100% project management fees from multiple projects, with a large amount budgeted in Q3. Forecasted on plan.   |
| CRHC                               | CHF Operating                      | 1,347,674                     | 481,606    | 36%         | n/a - new        | 1,203,562          | 11%                   | Forecasted savings due to new building (2782) still in rent-up phase and completion of Michigan building B delayed to Q1 2024. | 1,347,674                     | 499,943    | 37%         | n/a - new        | 1,139,913          | 15%                   | New building (2782) still in rent-up phase and completion of Michigan Building B is delayed until Q1 2024. Revenues are approximately 50% tenant rents and 50% provincial grants.   |
| CRHC                               | UOA buildings                      | 13,182,306                    | 6,597,232  | 50%         | 49%              | 13,115,641         | 1%                    | Forecasted in line with budget. Savings in caretaker salaries are offset by one-time maintenance expenses.                     | 13,030,302                    | 6,747,410  | 52%         | 51%              | 13,275,608         | -2%                   | Revenues are approximately 85% from tenant rents and 15% from provincial grants. Forecasted slightly higher than budget due to some small rent increases.   |
| CRHC                               | ILBC building                      | 868,056                       | 439,771    | 51%         | 49%              | 875,567            | -1%                   | Forecasted on plan.  | 729,881                       | 334,695    | 46%         | 48%              | 694,391            | 5%                    | Revenues are approximately 50% from tenant rents and 50% from provincial grants tied to occupancy controlled by Island Health. Small reduction to forecast due to tenant vacancies.   |
| CRHC                               | NOA buildings                      | 1,653,452                     | 814,487    | 49%         | 47%              | 1,636,950          | 1%                    | Forecasted on plan.  | 1,684,250                     | 866,122    | 51%         | 49%              | 1,684,250          | 0%                    | Revenues are 100% from tenant rents. Forecasted on plan.  |
| CRHC                               | RHFP buildings                     | 9,183,431                     | 4,238,667  | 46%         | 50%              | 8,900,013          | 3%                    | Savings forecasted primarily due to temporary staff vacancies, partially offset slightly by increased maintenance costs.       | 9,217,057                     | 4,205,842  | 46%         | 48%              | 8,609,727          | 7%                    | Budgeted revenues are 98% from tenant rents and 2% transfer from capital project surplus. Forecasting lower tenant rents due to vacancies and deficiencies with accessible units at Prosser. Partial reimbursement of rental losses expected from contractor in Q3. |
| CRHC                               | IHI building                       | 760,553                       | 374,690    | 49%         | 57%              | 751,233            | 1%                    | Forecasted on plan.  | 857,570                       | 427,423    | 50%         | 49%              | 857,570            | 0%                    | Revenues are 100% from tenant rents. Forecasted on plan.  |
| Total CRHC                         |                                    | 31,383,825                    |            |             |                  |                    |                       |  | 31,292,440                    |            |             |                  |                    |                       |   |
| Total Services (CRD + CRHD + CRHC) |                                    | 380,249,881                   |            |             |                  |                    |                       |  | 380,158,496                   |            |             |                  |                    |                       |   |