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REPORT TO ARTS COMMISSION
MEETING OF WEDNESDAY, SEPTEMBER 17, 2025

SUBJECT **2026 Budget for Arts and Culture Support Service**

ISSUE SUMMARY

The 2026 service plan and budget for the Arts and Culture Support Service has been prepared by staff and is ready for review by the Arts Commission in preparation for presentation to the CRD Committee of the Whole and subsequent adoption by the Board.

BACKGROUND

In the budget recommendation for 2026, the requisition increase for the Arts and Culture Service for participating areas is 2.87% (Appendix A). This is higher than the CRD Board's financial planning guidelines of 1.8%, but necessary to deliver the existing five granting programs, including the full version of the Grow Forward grant program. The total budgeted costs are $3,375,641, 2.23% over 2025. Key budget components include:

- Grants budget of $2,820,170, an increase of $56,400, or 2.0%; and
- Administrative costs of $480,686, an increase of $13,731, or 3.6%.

The budget recommendation from the Arts Commission will be reviewed by the CRD Committee of the Whole on October 29th, 2025 as part of the provisional budget review process.

ALTERNATIVES

Alternative 1
The Arts Commission recommends the Committee of the Whole recommend to the Capital Regional District Board:
That the 2026 Arts & Culture Support Service Budget be approved as presented.

Alternative 2
The Arts Commission recommends the Committee of the Whole recommend to the Capital Regional District Board:
That the 2026 Arts & Culture Support Service Budget be approved as amended.

IMPLICATIONS

Financial Implications

On May 25, 2022, the Arts Commission approved the utilization of the Operating Reserve funds to support expenses related to the Equity, Diversity, Inclusion (EDI) Implementation Framework, including a doubling of the budget for Equity Grants and additional funds to support reducing barriers to access in the application and adjudication processes.

On October 23, 2024, the Arts Commission approved utilization of the Operating Reserve funds to support expenses related to the Grow Forward program, if necessary, including an increase from the pilot program to the full version in 2026, dependent on the level of external funding partners. At this time, several discussions with external funding partners have been advanced but none have made a firm commitment to contribute to Grow Forward program in 2026.

The balance of the Operating Reserve is estimated to be $313,205 by the end of 2025 including interest. Currently, $37,700 of EDI initiatives are funded from the Operating Reserve on an annual basis. The Grow Forward program would require an additional $15,000 from the Operating Reserve for 2026. In total, the Operating Reserve would be drawn down by $52,700 in 2026 to support the budget for a portion of the expenses related to the EDI Implementation Framework, as well as the full version of the Grow Forward program.

Service Delivery Implications

The core budget will enable the Arts and Culture Support Service to deliver five key granting programs in 2026: Operating Grants; Project, Series and Extended Programming Grants; IDEA (Innovate, Develop, Experiment, Access) Grants; Equity Grants; and Grow Forward Grants. In 2026, the Arts and Culture Support Service will continue to develop and champion regional arts through convening events and workshops that champion the value of the arts and connect the region's arts communities to funding, while continuing to expand the reach of the service's robust social media channels and e-newsletter dedicated to CRD Arts.

The Grow Forward grant program received a high level of community demand in its pilot program, receiving 19 applications. Eight projects were funded that showed high potential for activating innovation, capacity-building, and collaboration within the sector. The main feedback from the program evaluation from applicants was that the request maximum should be increased in order to activate projects of a more substantial magnitude. The approved plan (from October 2024) is to increase the request maximum from $5,000 to $15,000, while also increasing the grant program budget from $30,000 to $75,000.

CONCLUSION

The Arts & Culture Support Service Budget for 2026 notes changes and additions in alignment with direction provided by the Commission and accommodates increases related to contract increases and internal allocations within the CRD approved Financial Planning Guidelines.

RECOMMENDATION

The Arts Commission recommends the Committee of the Whole recommend to the Capital Regional District Board:
That the 2026 Arts & Culture Support Service Budget be approved as presented.

Submitted by:	Chris Gilpin, MPA, Manager, Arts and Culture
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT

Appendix A: 2026 Budget for the CRD Arts and Culture Support Service

Appendix A

CAPITAL REGIONAL DISTRICT

2026 BUDGET

Arts Grants and Development

ARTS COMMISSION REVIEW

September 2025

Service: 1.297 Arts Grants and Development **Committee: Finance**

DEFINITION:

To establish a service for the provision of assistance in relation to the arts and culture for the purpose of benefiting the community or an aspect of the community. Bylaw No. 2884, July 3, 2001.

SERVICE DESCRIPTION:

CRD municipalities invest in the arts for the economic impact and employment they provide, for the provincial and national visibility arts organizations provide to the region, and for providing a wide range of educational, participatory and audience opportunities for citizens and visitors, improving quality of life. This service provides grants for NFP arts sector organizations within the CRD. An arms length committee, the CRD Arts Advisory Council, adjudicates grant applications based on parameters and total budget limits set by the CRD Arts Commission. Operating grants provide annual, ongoing assistance to larger arts organizations that meet established criteria for artistic, organizational and financial accountability. Project grants support one-time projects, short series, or extended programming of smaller organizations. Equity grants support applicants from communities that are at risk of exclusion or have difficulty accessing funding support for systemic reasons. Incubator grants support new and emerging arts organizations. IDEA grants encourage the development of arts programming capacity within non-arts mandated not-for-profit organizations.

PARTICIPATION:

Municipalities of Victoria, Saanich, Oak Bay, Esquimalt, and View Royal (Group 1 participating area) and Highlands, Metchosin, Southern Gulf Islands, and Sooke (Group 2 participating area).

MAXIMUM LEVY:

Greater of $1,980,000 or $0.102 / $1,000 for hospital assessed values of Group 1 participating area.

MAXIMUM CAPITAL DEBT:

N/A

COMMISSION:

Arts

Change in Budget 2025 to 2026
Service: 1.297 Arts Grants and Development

	Total Expenditure	Comments
2025 Budget	**3,046,565**	
Change in Wages & Benefits:		
Base wages & benefits change	14,093	Inclusive of estimated collective agreement changes
Step increase/paygrade change	6,998	
Total Change in Wages & Benefits	21,091	
Other Changes:		
Standard Overhead Allocation	1,871	Increase in 2025 operating costs
Human Resources Allocation	323	Increase in 2025 wages & benefits
Software Licences	850	Estimated increase in licence fees
Transfer from Reserve	14,214	Decline in budgeted transfer from operating reserve
Arts direct grants	56,400	Increase in Growth Forward Grants, Commission recommended.
Meeting costs	(6,565)	No arts summit in 2026
Other Costs	(729)	
Total Other Changes	66,364	
2026 Budget	**3,134,020**	

Summary of % Expense Increase		
2026 Base salary and benefit change	0.5%	
Standard Overhead Allocation	0.1%	
Arts direct grants	1.9%	
Transfer from Reserve	0.5%	
Balance of increase	0.0%	
% expense increase from 2025:	***2.9%***	
% Requisition increase from 2025 (if applicable):	***2.9%***	*Requisition funding is (93)% of service revenue*

Overall 2025 Budget Performance
(expected variance to budget and surplus treatment)

There is an estimated one-time favourable variance of $52,700 (1.7%) due mainly to an unbudget recovery from the Performing Arts Facilities feasibility study. This variance will be moved to Operating Reserve, which has an expected year end balance of $260,000 before this transfer.

ARTS GRANTS	2025 BOARD BUDGET	2025 ESTIMATED ACTUAL	BUDGET REQUEST 2026 CORE BUDGET	2026 ONGOING	2026 ONE-TIME	2026 TOTAL	FUTURE PROJECTIONS 2027 TOTAL	2028 TOTAL	2029 TOTAL	2030 TOTAL
ARTS GRANTS:										
Operating Grants	2,436,170	2,436,170	2,442,570	-	-	2,442,570	2,491,420	2,541,250	2,592,080	2,643,920
Project Grants	384,000	384,000	434,000	-	-	434,000	442,680	451,530	460,560	469,770
Total Grants Payment	2,820,170	2,820,170	2,876,570	-	-	2,876,570	2,934,100	2,992,780	3,052,640	3,113,690
		0.00%	2.00%			2.00%	2.00%	2.00%	2.00%	2.00%
ADMINISTRATION COSTS:										
Salaries and Wages	342,628	342,157	363,719	-	-	363,719	374,246	385,072	394,273	403,687
Standard Overhead Allocation	64,146	64,146	66,017	-	-	66,017	67,205	68,550	69,921	71,319
Human Resources Allocation	12,730	12,730	13,053	-	-	13,053	15,258	15,973	15,383	15,533
Building Occupancy Allocation	14,048	14,048	13,753	-	-	13,753	14,409	15,043	15,286	15,535
Other Allocations	4,154	3,604	-	-	3,604	3,604	-	-	-	-
Insurance Cost	750	750	850	-	-	850	895	941	989	1,040
Opearting Cost - Other	42,230	34,890	37,025	-	-	37,025	44,720	38,480	46,470	39,975
Total Administration Costs	480,686	472,325	494,417	-	3,604	498,021	516,733	524,059	542,322	547,089
		-1.74%	2.86%			3.61%	3.76%	1.42%	3.48%	0.88%
						-				
TOTAL OPERATING COSTS	3,300,856	3,292,495	3,370,987	-	3,604	3,374,591	3,450,833	3,516,839	3,594,962	3,660,779
		-0.25%	2.12%			2.23%	2.26%	1.91%	2.22%	1.83%
CAPITAL / RESERVE TRANSFER										
Transfer to Operating Reserve Fund	-	52,733	-	-	-	-	-	-	-	-
Transfer to Equipment Replacement Fund	1,030	1,030	1,050	-	-	1,050	1,070	1,090	1,110	1,130
TOTAL CAPITAL / RESERVES TRANSFER	1,030	53,763	1,050	-		1,050	1,070	1,090	1,110	1,130
TOTAL COSTS	3,301,886	3,346,258	3,372,037	-	3,604	3,375,641	3,451,903	3,517,929	3,596,072	3,661,909
		1.34%	2.12%			2.23%	2.26%	1.91%	2.22%	1.83%
Internal Recoveries	(15,628)	(60,000)	(16,142)	-	-	(16,142)	(16,610)	(17,090)	(17,498)	(17,916)
OPERATING LESS RECOVERIES	3,286,258	3,286,258	3,355,895	-	3,604	3,359,499	3,435,293	3,500,839	3,578,574	3,643,993
		0.00%	2.12%			2.23%	2.26%	1.91%	2.22%	1.83%
FUNDING SOURCES (REVENUE)										
Transfer from Operating Reserve Fund	(66,914)	(66,914)	(52,700)	-	-	(52,700)	(52,700)	(52,700)	(52,700)	(52,700)
Payments In Lieu of Taxes	(172,779)	(172,779)	(172,779)	-	-	(172,779)	(172,779)	(172,779)	(172,779)	(172,779)
					-	-				
TOTAL REVENUE	(239,693)	(239,693)	(225,479)	-	-	(225,479)	(225,479)	(225,479)	(225,479)	(225,479)
		0.00%	-5.93%			-5.93%	0.00%	0.00%	0.00%	0.00%
REQUISITION	(3,046,565)	(3,046,565)	(3,130,416)	-	(3,604)	(3,134,020)	(3,209,814)	(3,275,360)	(3,353,095)	(3,418,514)
			2.75%			2.87%	2.42%	2.04%	2.37%	1.95%
AUTHORIZED POSITIONS:	3.00	3.00	3.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00

CAPITAL REGIONAL DISTRICT

FIVE YEAR CAPITAL EXPENDITURE PLAN SUMMARY - 2026 to 2030

Service No.	1.297 Arts Grants and Development	Carry Forward from 2025	2026	2027	2028	2029	2030	TOTAL
	EXPENDITURE							
	Buildings	$0	$0	$0	$0	$0	$0	$0
	Equipment	$0	$3,800	$0	$0	$4,000	$0	$7,800
	Land	$0	$0	$0	$0	$0	$0	$0
	Engineered Structures	$0	$0	$0	$0	$0	$0	$0
	Vehicles	$0	$0	$0	$0	$0	$0	$0
		$0	**$3,800**	**$0**	**$0**	**$4,000**	**$0**	**$7,800**
	SOURCE OF FUNDS							
	Capital Funds on Hand	$0	$0	$0	$0	$0	$0	$0
	Debenture Debt (New Debt Only)	$0	$0	$0	$0	$0	$0	$0
	Equipment Replacement Fund	$0	$3,800	$0	$0	$4,000	$0	$7,800
	Grants (Federal, Provincial)	$0	$0	$0	$0	$0	$0	$0
	Donations / Third Party Funding	$0	$0	$0	$0	$0	$0	$0
	Reserve Fund	$0	$0	$0	$0	$0	$0	$0
		$0	**$3,800**	**$0**	**$0**	**$4,000**	**$0**	**$7,800**

Definitions for the 5-year Capital Plan

Asset Class	Asset class is used to classify assets for financial reporting in accordance with the Public Sector Accounting Board (PSAB) 3150. **L** - Land **S** - Engineering Structure **B** - Buildings **V** - Vehicles **E** - Equipment
Capital Expenditure Type	Capital expenditure type is used for reporting on asset investments and may be used to justify operational needs for a service. **Study** - Expenditure for feasibility and business case report. **New** - Expenditure for new asset only **Renewal** - Expenditure upgrades an existing asset and extends the service ability or enhances technology in delivering that service **Replacement** - Expenditure replaces an existing asset
Carryforward	Represents the carryforward amount from the prior year capital plan that is remaining to be spent. Forecast this spending over the next 5 years.
Funding Source	**Debt** - Debenture Debt (new debt only) **ERF** - Equipment Replacement Fund **Grant** - Grants (Federal, Provincial) **Cap** - Capital Funds on Hand **Other** - Donations / Third Party Funding **Res** - Reserve Fund **WU** - Water Utility If there is more than one funding source, additional rows are shown for the project.

CAPITAL REGIONAL DISTRICT

5 YEAR CAPITAL PLAN

2026 - 2030

Service #: 1.297

Service Name: Arts Grants and Development

PROJECT DESCRIPTION				PROJECT BUDGET & SCHEDULE										
Project Number	Capital Expenditure Type	Capital Project Title	Capital Project Description	Total Project Budget	Asset Class	Funding Source	Carryforward from 2025	2026	2027	2028	2029	2030	5 - Year Total
26-01	Replacement	Computer and Printer	IT scheduled Routine Replacement	$ 3,800	E	ERF	$ -	$ 3,800	$ -	$ -	$ -	$ -	$ 3,800
29-01	Replacement	Computer and Printer	IT scheduled Routine Replacement	$ 4,000	E	ERF	$ -	$ -	$ -	$ -	$ 4,000	$ -	$ 4,000
													$ -
													$ -
			Grand Total	**$ 7,800**			**$ -**	**$ 3,800**	**$ -**	**$ -**	**$ 4,000**	**$ -**	**$ 7,800**

Service:	**1.297**	**Arts Grants and Development**

Project Number	26-01	**Capital Project Title**	Computer and Printer	**Capital Project Description**	IT scheduled Routine Replacement
Project Rationale	Computers and printers will be replaced based on equipment lifecycle assessment managed by IT department				

Project Number	29-01	**Capital Project Title**	Computer and Printer	**Capital Project Description**	IT scheduled Routine Replacement
Project Rationale	Computers and printers will be replaced based on equipment lifecycle assessment managed by IT department				

1.297 Arts and Cultural Grants
Operating Reserve Summary
2026 - 2030 Financial Plan

Profile

Arts and Cultural Grants

Established by Bylaw No. 4145 to enable CRD services to set aside operating funds to cover cyclical expenditures, unforeseen operating expenses, special one-time operating projects, as well as to mitigate fluctuations in revenue.

Operating Reserve Schedule - FC 105300

Operating Reserve Schedule	Est Actual	Budget				
Projected year end balance	2025	2026	2027	2028	2029	2030
Beginning Balance	317,386	313,205	270,505	217,805	165,105	112,405
Planned Purchase	(66,914)	(52,700)	(52,700)	(52,700)	(52,700)	(52,700)
Transfer from Ops Budget	52,733					
Interest Income*	10,000	10,000				
Total projected year end balance	**313,205**	**270,505**	**217,805**	**165,105**	**112,405**	**59,705**

Assumptions/Background:

* Interest should be included in determining the estimated ending balance for the current year. Interest in planning years nets against inflation which is not included.

1.297 Arts grants and Development
Asset and Reserve Summary
2026 - 2030 Financial Plan

Asset Profile

Arts grants and Development

Assets held by the Arts grants and Development service consist of computers and office equipment.

Equipment Replacement Fund Schedule (ERF)

ERF Fund: 1.297 Arts Grants and Development Equipment Replacement Fund

Equipment Replacement Fund	Est Actual	Budget				
	2025	2026	2027	2028	2029	2030
Beginning Balance	3,940	5,020	2,320	3,390	4,480	1,590
Planned Purchase (Based on Capital Plan)		(3,800)	-	-	(4,000)	-
Transfer from Ops Budget	1,030	1,050	1,070	1,090	1,110	1,130
Interest Income*	50	50	-	-	-	-
Ending Balance $	**5,020**	**2,320**	**3,390**	**4,480**	**1,590**	**2,720**

* Interest should be included in determining the estimated ending balance for the current year. Interest in planning years nets against inflation which is not included.