

REPORT TO GOVERNANCE AND FIRST NATIONS RELATIONS COMMITTEE MEETING OF WEDNESDAY, OCTOBER 01, 2025

SUBJECT **Legislative and General Government, Facilities Management Services – 2026
Operating and Capital Budgets**

ISSUE SUMMARY

To provide an overview of the proposed 2026 Legislative and General Government and Facilities Management service budgets, including 2025 year-end budget projections.

BACKGROUND

The Capital Regional District (CRD) was created in 1966 as part of the British Columbia Provincial Government's initiative to provide regional decision-making on matters that transcend municipal boundaries, and to enable more effective service delivery through region-wide or shared delivery models. In addition, as the local government for electoral areas, the CRD facilitates and delivers projects and services for residents living in unincorporated areas. The CRD also owns and operates the Capital Region Housing Corporation (CRHC), the second largest non-profit housing provider in the province, and administers the Capital Regional Hospital District (CRHD) which provides capital funding for healthcare infrastructure, such as health facilities and hospital equipment.

The governance structure includes a 24-member Board of Directors which is composed of one or more elected officials from each of municipality and electoral area within CRD boundaries. Each local government and electoral area hold one director position on the Board for every 25,000 residents (or portion thereof). Each director also serves on the CRHD and CRHC Boards.

By way of legislation, costs for legislative and general government activities are included in a Legislative and General Government Service. This service includes sub-budgets for Board Expenditures, the Chief Administrative Officer (CAO) and Executive Services, Corporate Climate Action, Corporate Communications, Corporate Emergency Services, Corporate Services, Financial Services, First Nations Relations, Human Resources (HR), Information Technology (IT), and select General Managers (GM).

These services are primarily funded through cost recovery from CRD services, the CRHC and the CRHD. Legislative and General Government service also receives funding through requisition, and other funding sources including transfers from reserve, grants and surplus carryforward when available.

This report provides forecasted 2025 results and an overview of the 2026-2030 Financial Plan for the Legislative and General Government and Facilities Management service budgets.

2025 Year End Projected Results

Details of each budget, including forecasted year-end results can be found in Appendices B through Q.

The Legislative and General Government service is forecasting a one-time net favourable operating variance of \$1.8M for 2025. The surplus is primarily the result of labour market challenges in staffing new and vacant positions. Staff have recommended a surplus carryforward of \$1.05 million into 2026 to offset requisition while transferring the balance to fund one-time initiatives identified in the 2026-2030 Financial Plan. The Facilities operating budgets are forecasted to be on budget for 2025.

In 2025, a total of 35 capital projects were planned with combined budgets of \$5.0 million. Staff are forecasting a favourable variance of \$2.6 million due to timing of Fisgard Boardroom improvements, timing of upgrades to the public website, and data centre upgrades. All projects have been rescoped in 2026 where the funds have been budgeted. For the Facilities capital expenditures, 20 capital projects were planned for 2025, totaling \$4.04 million. Staff are projecting a favourable variance of \$3.1 million due to timing of the capital contribution for the Field Operations Centre.

2026 Operating Budget

The proposed 2026 Legislative and General Government and Facilities operating budget, including year-over-year changes in expense and revenue, is summarized in Appendix A. Total budgeted expenditures for 2026 are \$54.77 million, a 10.9% increase over 2025. Less than a third of operating expenditures are funded through requisition or \$14.6 million, a 6.7% increase over 2025. Table 1 summarizes the change in expenditures for each sub-budget in the service.

Table 1. 2026 Year-Over-Year Budget Comparison (\$Millions)

| Budget Description | 2026 Financial Plan | 2025 Financial Plan | \$ Change | % Change |
|----------------------------------|---------------------|---------------------|----------------|--------------|
| Board Expenditures | 1.463 | 1.412 | 0.051 | 3.6% |
| CAO & Executive Services | 1.561 | 1.229 | 0.332 | 27.0% |
| Corporate Services | 4.396 | 4.121 | 0.275 | 6.7% |
| HR | 4.573 | 4.252 | 0.321 | 7.5% |
| Financial Services | 9.664 | 9.302 | 0.362 | 3.9% |
| IT | 16.302 | 15.393 | 0.909 | 5.9% |
| First Nations | 2.117 | 1.881 | 0.236 | 12.5% |
| Corporate Communications | 3.036 | 1.459 | 1.577 | 108.1% |
| GM – Electoral Areas | 0.458 | 0.250 | 0.208 | 83.2% |
| Other* | 6.154 | 4.898 | 1.256 | 25.6% |
| Legislative & General | \$49.72 | \$44.20 | \$5.527 | 12.5% |
| Facilities Budgets | 5.044 | 5.197 | -0.153 | -2.9% |
| Total | \$54.77 | \$49.39 | \$5.37 | 10.9% |

**Other: Includes the functions of Corporate Climate, Real Estate, Health Planning, GM Housing, Planning and Protective Services, Reserve Contributions, Corporate Emergency and GM Regional Parks and Environmental Services*

Drivers for each operating budget are detailed in bridge files found in Appendices B through Q. Appendix R provides descriptions of all initiatives planned for 2026, along with forecasts for 2027 and 2028.

Three overarching drivers are impacting the 2026 operating budgets:

1. Collective bargaining is ongoing and base wages and benefits in the 2026 service budgets have been forecasted based on estimates. These figures will be revised in the final budget, once negotiations are finalized. Standard salary step increases and pay grade adjustments have also been incorporated into the budgets along with annualization costs for incremental positions added during the 2025 planning cycle.
2. In 2023, the Executive Leadership Team (ELT) developed an organizational plan called CRD Evolves to guide the next phase of the CRD's organizational journey. The plan was rolled out in two phases in 2025. As a result, several changes are reflected in various 2026 Legislative & General Government sub-budgets.
3. To prepare for the 2026 service planning financial planning cycle, the ELT directed a pause on new staffing requests for 2026 (unless directed otherwise by the CRD Board or a sub-regional or local Commission). This decision was in response to ongoing economic challenges and the number of staffing positions approved in 2025. The ELT emphasized that essential services would not be compromised, and a separate strategy was developed to meet critical staffing needs by reallocating existing vacancies, where feasible. The transfer of repurposed vacancies is included in the 2026 sub-budgets.

The following explanations provide more detail about drivers for sub-budgets with expenditure changes that exceed the guideline threshold of 1.8% and \$50,000, as well as functions affected by initiative-related costs.

Board: The 2026 budget reflects an increase in ongoing directors' remuneration based on projected Consumer Price Index, along with one-time costs for initiative 12c-2.1 Board Orientation and Strategic Planning 2027-2030. Please refer to the description in Appendix R for more information about the latter. These increases are partially offset by a reduction in one-time costs to improve the Board Portal.

CAO & Executive Services: The 2026 budget includes the transfer of one full-time equivalent (FTE) to reflect a shift in responsibilities under CRD Evolves. The resulting increase in staffing, wages and benefits in the CAO budget is balanced by a corresponding reduction in the Regional Planning budget.

Corporate Emergency: The 2026 budget includes increases in software costs for the Alertable emergency notification system and other operating costs. These costs are partially offset by a reduction in one-time expenditures related to the review of the *Emergency and Disaster Management Act* and other expenses.

Corporate Communications & Engagement: The 2026 budget reflects a transfer of 10.5 FTE and auxiliary resources to reflect a shift in responsibilities under CRD Evolves. The shift has resulted in an increase in staffing, wages and benefits in the Corporate Communications & Engagement budget. These increases are balanced by corresponding reductions in wages and benefits and the introduction of new cross-allocations from services that will continue to be served by these resources, namely:

- Environmental Engineering (now called Corporate Capital Project Delivery)
- Environmental Protection
- Environmental Resource Management

- GM – Planning & Protective Services
- Land Banking and Housing
- Panorama Recreation
- Regional Parks
- Regional Planning
- Regional Water Supply (RWS)

Corporate Services: The 2026 budget reflects a net increase of 3 FTEs

- 2 FTEs were transferred from RWS to Legislative Services. One position was moved to reflect a shift in responsibilities under CRD Evolves and one vacant position was repurposed to address a critical staffing need. The resulting increase in staffing, wages and benefits in the Corporate Services budget is balanced by a corresponding reduction in the RWS budget.
- 1 new FTE added to the Legal Services division to support the implementation of the RWS Master Plan (2022), as requested by the RWS Committee on July 16, 2025. This position will be funded through the Regional Water Rate.

The sub-budget also includes increases in base wages and benefits due to anticipated collective agreement changes. These increases are partially offset by cost reductions for one-time initiatives completed in 2025, including records migration to SharePoint online, a preparatory study to advance centralized procurement, and actuarial support to optimize insurance coverage.

HR: The 2026 budget includes annualization cost for 11b-1.2 Manager, Safety and an increase in licensing costs for LinkedIn Talent, which both started in 2025. These increases are partially offset by reduced costs for one-time initiatives, including contract costs for the Employee Experience Survey, which has been deferred to 2026, facilitation costs for Equity, Diversity, Inclusion and Accessibility and support costs for the Human Resource Information System.

Finance: The 2026 budget includes increases in base wages and benefits due to anticipated collective agreement changes, annualization costs for FTEs added in 2025 and an ongoing uplift in software licensing expenses for SAP, the CRD's enterprise resource planning system. These increases have been partially offset by a reduction in consultancy costs and other expenses. In 2026, 1.5 FTEs are being redistributed from existing vacancies within the department to address critical gaps, resulting in a net-zero change to the overall staff complement from 2025 to 2026.

First Nations Relations: The 2026 budget reflects a net increase of 1 new FTE to support the implementation of the RWS Master Plan, as requested by the RWS Committee on July 16, 2025. This position will be funded through the Regional Water Rate.

It also includes annualization costs for 15a-1.2 First Nations Staffing (Project Coordinator), which was approved in 2024 to support relationship building and corporate reconciliation priorities. In addition, one-time contract costs have also been included to prepare the Reconciliation Action Plan, which was approved in 2022.

IT: The 2026 budget includes increases in base wages and benefits due to anticipated collective agreement changes, annualization costs for 5.5 FTEs added in 2025 and both inflationary and non-inflationary adjustments to IT-managed software licensing. Over the past several years, major technology vendors have increased their licensing and maintenance fees at above-inflation rates, on average between 8% and 15% annually. These costs are partially offset by the completion of several one-time initiatives in 2025, which were funded through operating reserves.

The Technology & Digital Transformation division has been working to reduce IT-related operating costs through a range of actions. These include software licensing reconciliation, reduction of legacy applications, renegotiation of vendor agreements, grant assessments, expansion of shared enterprise platforms, device lifecycle management, green IT and efficiency initiatives, automation and self-service, and cross-departmental license pooling. These efforts reflect the organization's commitment to responsible financial management while advancing modernization, resilience, and sustainability.

GM – Electoral Area Services: The 2026 budget includes annualization costs for 16e-5.1 Electoral Area Services Department Oversight, which added 2 FTEs, including a new General Manager position. The department was established in July 2025 and this budget is funded through requisition, split 30/70 between Regional Legislative and General Services and the three Electoral Areas, based on converted assessment.

2026 Capital Budget

The proposed five-year capital plan for the Legislative and General Government Service totals \$9.31 million with \$6.3M in year one. Table 2 summarizes the capital plan by budget within the service.

Table 2. 2026-2030 Capital Expenditure by Function (\$Millions)

| Budget Description | Annual Capital Plan (2026) | Total Capital Plan (2026-2030) | % of L&G |
|----------------------------------|----------------------------|--------------------------------|-------------|
| Board Expenditures | 0.801 | 0.891 | 12.67% |
| CAO | 0.002 | 0.020 | 0.03% |
| Corporate Services | 0.014 | 0.039 | 0.22% |
| HR | 0.005 | 1.126 | 0.07% |
| Financial Services | 0.144 | 0.279 | 2.28% |
| IT | 5.044 | 6.564 | 79.81% |
| First Nations | 0.002 | 0.012 | 0.02% |
| Corporate Communications | 0.292 | 0.337 | 4.63% |
| Other* | 0.017 | 0.036 | 0.27% |
| Legislative & General | \$6.320 | \$9.305 | 100% |
| Facilities Budgets | 4.413 | 7.653 | |
| Total | \$10.733 | \$16.958 | |

**Other: Includes the functions of Corporate Climate, Real Estate, Health Planning, GM Planning and Protective Services, Corporate Emergency and GM Regional Parks, ES and Electoral Areas.*

Details for each capital plan can be found in appendices B through Q.

Below are explanations for sub-budgets with capital expenditures exceeding \$250,000:

Board Expenditures: This budget includes funding to upgrade the Boardroom, including \$240,000 to add additional capacity to the tables in the Boardroom, \$446,000 to replace the audio-visual equipment and \$115,000 for other technology replacements. Most of this funding was carried forward from 2025.

Corporate Communication: This budget includes \$279,500 carried forward from 2025 to support the ongoing implementation of the new public website at crd.ca, which was launched in March 2025 and enhanced digital accessibility and user experience. The remaining budget supports scheduled office equipment replacements.

IT and Digital Transformation: This capital plan includes several critical modernization initiatives aimed at enhancing operational resilience and addressing digital infrastructure needs. For 2026, this budget includes \$1.242 million (including \$293,000 carried forward from 2025) to complete the migration of SAP from ECC to S/4Hana. It also includes \$2.550 million (including \$750,000 carried forward from 2025) for SAP system performance enhancements, including expanded analytics and reporting capabilities, increased automation and security improvements. The remaining budget supports cybersecurity improvements, ongoing maintenance and upgrades to the data center and audiovisual equipment in meeting rooms at 625 Fisgard, and the purchase of a field service vehicle to support the maintenance of the CRD's 300+ radio locations.

Geo-Spatial Referencing: This budget includes \$250,000 (including \$100,000 carried forward from 2025) to replace the Real-Time Kinematic (RTK) Tool System which has reached end-of-life and needs updating. The RTK Tool System is used by the CRD to provide high-precision geo-spatial referencing across 13 municipalities, enabling survey crews and field teams to capture centimeter-level positional data that is essential for asset management, infrastructure planning and engineering projects.

CRD Headquarters Building (625 Fisgard): This budget includes \$230,000 for HVAC system upgrades to improve energy efficiency, supporting the CRD's greenhouse gas reduction and climate action objectives. An additional \$300,000 is allocated for upgrades to gender neutral washrooms. The remaining budget covers minor building enhancements and operational equipment replacements, addressing components that have reached end-of-life or require updating.

Corporate Satellite Facilities: This budget includes \$3.0 million carried forward from 2025 for additional corporate office space at the Infrastructure & Water Services Field Operations Center. As the facility development progresses and departmental occupancy plans are finalized, the budget will be reevaluated to ensure alignment with operational needs. The remaining budget supports emergency repairs.

ALTERNATIVES

Alternative 1

The Governance and First Nations Relations Committee recommends the Committee of the Whole recommend to the Capital Regional District Board:

That Appendices A through R, the Legislative and General Government, Facilities Management Services Operating and Capital Budgets be approved as presented and form the basis of the Provisional 2026-2030 Financial Plan.

Alternative 2

The Governance and First Nations Relations Committee refer the budget back to staff for additional information for the Capital Regional District Board's consideration.

IMPLICATIONS

Financial Implications

Staff continue to manage cost pressures on revenue through utilization of reserves and surplus carryforward where possible as well as refinement of cost recovery across services.

Alignment with Board and Corporate Priorities

Community Need Summaries present an overview of the operational and strategic context, services levels, initiatives and performance data for each Community Need in the CRD 2023-2026 Corporate Plan. They also provide details of the initiatives, associated staffing, timing and service levels required to advance the work in future years.

The Community Need Summaries related to the Legislative and General Government service are Advocacy, People, Open Government, First Nations, and Business Systems and Processes. These Community Need Summaries are being presented under a separate report to the Committee of the Whole on October 29, 2025, and document the organization's service planning recommendations for 2026.

CONCLUSION

The proposed 2026 Legislative and General Government and Facilities service budgets have been prepared for review by the Governance and First Nations Relations Committee. Following consideration, the Committee will bring forward budget recommendations to the CRD Board through the Committee of the Whole. The proposed 2026 budget reflects the advancement of numerous CRD Corporate Plan initiatives across various Legislative and General functions.

RECOMMENDATION

The Governance and First Nations Relations Committee recommends the Committee of the Whole recommend to the Capital Regional District Board:

That Appendices A through R, the Legislative and General Government, Facilities Management Services Operating and Capital Budgets be approved as presented and form the basis of the Provisional 2026-2030 Financial Plan.

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ATTACHMENTS

- Appendix A: 2026 Legislative & General Consolidated Operating Budget
- Appendix B: CRD 2026 Budget Board Expenditures
- Appendix C: CRD 2026 Budget Other Legislative & General - Climate
- Appendix D: CRD 2026 Budget CAO & Executive Services
- Appendix E: CRD 2026 Budget Corporate Services
- Appendix F: CRD 2026 Budget Real Estate
- Appendix G: CRD 2026 Budget Human Resources
- Appendix H: CRD 2026 Budget Finance
- Appendix I: CRD 2026 Budget Health & Capital Planning Strategies
- Appendix J: CRD 2026 Budget Information Technology
- Appendix K: CRD 2026 Budget GM Housing, Planning & Protective Services
- Appendix L: CRD 2026 Budget Corporate Emergency
- Appendix M: CRD 2026 Budget First Nations Relations
- Appendix N: CRD 2026 Budget GM – Parks, Recreation & Environmental Services
- Appendix O: CRD 2026 Budget Corporate Communications & Engagement
- Appendix P: CRD 2026 Budget GM – Electoral Area Services
- Appendix Q: CRD 2026 Budget – Facility Management
- Appendix R: Initiatives Descriptions