

**REPORT TO COMMITTEE OF THE WHOLE
MEETING OF WEDNESDAY, OCTOBER 29, 2025**

SUBJECT **Capital Regional District Provisional 2026-2030 Financial Plan Approval**

ISSUE SUMMARY

This report presents the Capital Regional District (CRD) Provisional 2026-2030 Financial Plan for approval.

BACKGROUND

Each year, the CRD creates a five-year financial plan encompassing both revenue and expenditure projections for its operating and capital budgets. This plan is prepared in compliance with legislative requirements and provides expenditure authority for the operations of the CRD. The final budget must be approved annually before March 31.

Before final approval, a provisional budget is created, allowing service participants and local ratepayers to provide feedback on programming, funding needs and initiatives related to advance the corporate plan. This provisional financial plan serves as a basis for public consultations with municipalities, electoral areas (EAs) and ratepayers. Additionally, the budget ensures continuation of capital projects and operational initiatives that either extend over multiple years or begin at the start of the calendar year. Finally, the provisional budget is essential for adjusting annual fees and charges bylaws across various services.

The provisional financial plan is expected to undergo changes due to year-end adjustments, updated assessment data and any amendments by commissions, committees or the Board prior to final approval. The Capital Region Housing Corporation (CRHC) and the Capital Regional Hospital District (CRHD) also conduct their financial planning processes simultaneously with the CRD.

Planning and Approval Process

The 2026 service planning cycle represents the fourth and final year of executing the Board-approved 2023-2026 CRD Corporate Plan and Board Priorities, in addition to establishing objectives for subsequent years. This cycle encompasses initiatives aimed at delivering essential services, maintaining compliance with regulatory requirements and supporting the organization's capacity to address regional growth.

At the March 2025 CRD Board meeting, the Chief Administrative Officer (CAO) announced a pause on new staffing requests for 2026, unless otherwise directed by the Board, Committees or Commissions. This decision was made in response to challenging economic conditions and in recognition of the significant number of staffing approved for 2025. This pause will allow the organization to focus on filling current vacancies and onboarding the positions approved for 2025, before reassessing staffing capacity and future staffing needs. The CAO assured that essential services remain unaffected and that a strategy is being developed to cover critical roles using current vacancies where possible.

The 2026 Service and Financial Planning Guidelines Report was presented to the Board via the Finance Committee in May. These guidelines cover revenue, reserves and debt strategies, using current trends and assumptions such as economic indicators and funding methods. The Executive Leadership Team (ELT) set a planning target of 1.8% and forecasted a consolidated 2026 requisition of 6%, potentially ranging from 5 to 11%. Appendix A contains the full report, the planning timeline and milestones.

Since approval of the guidelines, staff have been refining service plans through the annual planning process. The ELT met several times over the course of several months to evaluate initiative business cases (IBCs) and community needs along with their financial implications, ensuring alignment with the Corporate Plan. Considering fiscal constraints, organizational capacity and corporate direction ELT took several steps to prioritize and mitigate the impact of initiatives impacting 2026 through 2030. These included identifying opportunities to realign or reallocate resources, seek efficiencies among departments and services, review service levels and adjustments related to regulatory compliance and implementing system infrastructure improvements for sustainable service delivery. Several initiatives were deferred, phased or scaled down where feasible. The necessary resources for prioritized initiatives have been incorporated into service plans and the provisional budget.

As in past years, select regional and sub-regional services with budgets over \$5M have been reviewed by standing committees. At the October 1, 2025 Governance and First Nations Relations Committee, the following motion arising was carried:

“That the Governance and First Nations Relations Committee recommends to the Capital Regional District Board: That options be included to reduce the Regional Water Supply Commissions’ FTE increases and to defer non-critical projects across all service areas.”

At the subsequent CRD Board meeting on October 8, staff presented supplementary information on the approved financial planning guidelines, targets and forecasts, including the review process undertaken across the organization to establish the Provisional 2026-2030 financial plan. Following discussion and debate the following referral motion was carried:

“That this item be forwarded to the Committee of the Whole meeting scheduled for October 29, 2025.”

Additionally, the Electoral Areas Committee (EAC) has reviewed budgets for services exclusive to EAs. Nearly 90% of the financial plan has been endorsed to the Committee of the Whole (COW). For the balance of budgets, appendix M details services that advance directly to COW following review by the ELT. All committee-endorsed recommendations are detailed in Appendix N.

External Trends and Observations Impacting Service Delivery and Budget

External economic conditions continue to shape the CRD’s financial planning and service delivery. Factors such as inflation, interest rates, population growth and labour market dynamics directly influence borrowing costs, capital project delivery and long-term sustainability.

Inflation and Interest Rates

Inflation and interest rates remain key drivers of budgetary pressure. Although Canada's national economy has moderated through 2024 and 2025¹, prompting the Bank of Canada to reduce its policy rate several times, borrowing costs continue to affect capital project financing and debt servicing. By September 2025, the policy rate had fallen to 2.50% from 3.25% at the start of the year², easing some financial pressure on future borrowing. The CRD continues to work closely with the Municipal Finance Authority to monitor indicative borrowing rates and adjust long-term planning assumptions accordingly.

While the annual average inflation rate declined to 1.9% as of August 2025 (within the Bank of Canada's target range) Greater Victoria's inflation rate of 2.1% remains slightly above the national average but below the provincial average (2.3%³). Inflation contributes to higher costs for materials, utilities, and contracted services, putting upward pressure on operating budgets and capital project estimates.

Population Growth and Service Demand

Greater Victoria's population has grown 18% since 2015, with four CRD municipalities exceeding the provincial average growth rate of 1.0%⁴ in 2024. Growth continues to drive demand for infrastructure, transit, water, wastewater and housing, increasing fiscal pressures on both capital and operational budgets. Balancing service expansion with affordability and sustainability remains a central challenge in the CRD's planning framework.

Labour Market Conditions

Labour market conditions have begun to ease but remain tight by historical standards. As of August 2025, Canada's unemployment rate⁵ was 6.9%, Vancouver 6.1% and British Columbia was 5.9%. Greater Victoria's unemployment rate was 5.1%. While higher than 2024, the region continues to experience competitive wage pressure and limited workforce availability in professional areas such as finance and accounting, information technology and engineering. Additionally, skilled trades such as electricians, plumbers and general construction are also difficult to recruit and retain employees. These conditions contribute to increased duration of vacancies on turnover, and higher staffing and contracting costs when work is performed, further impacting project timelines and delivery efficiency.

Housing and Development Trends

The regional housing market shows signs of stabilization, with active listings up 9.9% year-over-year and the benchmark single-family home price at \$1.29 million. Although prices are moderating, the cost of land and construction remains high, impacting housing affordability and indirectly affecting demand for CRD services.⁶

¹ At Statistics Canada (Daily release: 2025-08-29): <https://www150.statcan.gc.ca/n1/daily-quotidien/250829/dq250829a-eng.htm>

² <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

³ At: Statistics Canada: <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810000401>

⁴ At: <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates>

⁵ At Statistics Canada (Labour force characteristics by census metropolitan area, three-month moving average, seasonally adjusted): <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410045901>

⁶ At VREB (September 2025 report): <https://www.vreb.org/historical-statistics#gsc.tab=0>

As of July 2025, building permit values⁷ totaled \$959 million, a 19% decline from the same period in 2024, with permits issued down 17% and dwelling unit approvals down 30%. The slowdown, particularly in multi-family developments (apartments, duplexes and townhomes), suggests a transition phase in the housing market, driven by an emerging supply overhang and reduced migration into the region.

At the same time, housing starts increased 31% year-over-year, reaching 3,547 units by August 2025, indicating that previously approved projects are now advancing to the construction phase. This creates strong visible activity and short-term demand for infrastructure connections, inspections and regional services, even as the pipeline of new projects slows.

ALTERNATIVES

Alternative 1

The Committee of the Whole recommends to the Capital Regional District Board:

1. That the Capital Regional District Provisional 2026-2030 Financial Plan be approved as presented;
2. That the Committee/Commission directed and Board endorsed initiatives be approved and incorporated into the final budget, subject to successful service establishment where required;
3. That the new initiatives and capital identified in Appendix H for January 1, 2026, implementation be approved and staff be directed to amend the 2025 to 2029 Financial Plan (Bylaw No. 4665, “2025 to 2029 Financial Plan Bylaw, 2025”);
4. That the 2026 Community Need Summaries be approved as presented; and
5. That the Staff Establishment Chart as attached in Appendix K be approved.

Alternative 2

The Committee of the Whole recommends to the Capital Regional District Board:

1. That the Capital Regional District Provisional 2026-2030 Financial Plan be approved with specific directions on amendments;
2. That the Committee/Commission Directed and Board Endorsed Initiatives be approved and incorporated into the final budget, subject to successful service establishment where required, with specific directions on amendments;
3. That the new initiatives and capital identified in Appendix H for January 1, 2026, implementation be approved and staff be directed to amend the 2025 to 2029 Financial Plan (Bylaw No. 4665, “2025 to 2029 Financial Plan Bylaw, 2025”); with specific directions on amendments;
4. That the 2026 Community Need Summaries be approved with specific directions on amendments; and
5. That the Staff Establishment Chart as attached in Appendix K be approved with specific directions on amendments.

Alternative 3

The Committee of the Whole recommends to the Capital Regional District Board:

1. That approval of the Provisional 2026-2030 Financial Plan be deferred, and that staff be directed to report back to a Special Committee of the Whole meeting on November 26 to present a revised Provisional 2026-2030 Financial Plan with specific direction on amendments.

⁷ At: <https://www.crd.bc.ca/about/data/regional-information/monthly-permit-reporting-tool>

IMPLICATIONS

Financial Implications

Budget Overview

The draft consolidated CRD, CRHD and CRHC financial plans for 2026 total \$907.3 million including \$507.0 million in operating expenditures and \$400.3 million in capital investments.

Table 1 - Consolidated Financial Plan for 2026 (in \$ millions)

Entities	2026 Operating	2026 Capital	Total
CRD	433.8	244.3	678.1
CRHD	32.8	34.8	67.6
CRHC ¹	40.4	121.2	161.6
Total (\$M)	\$507.0	\$400.3	\$907.3

¹CRHC Financial Plan figures are estimates only, Financial Plan is under development for CRHC Board approval November 2025.

The 2026 CRD Financial Plan includes operating revenues and expenditures of \$433.8 million, an increase of \$19.6 million or 4.7% compared to the 2025 plan, as summarized in Table 2.

Table 2 – Summary of CRD Operating Budget (in \$ millions)

Expenditure Type	2026 Plan	2025 Plan ¹	Change \$ H/(L)	Change % H/(L)
Operations	318.2	303.5	14.7	4.8%
Debt Servicing	47.4	43.4	4.0	9.2%
Capital Funding	38.5	37.1	1.4	3.8%
Transfers to Reserves	29.7	30.2	(0.5)	(1.7%)
Total	\$433.8	\$414.2	\$19.6	4.7%

¹ Based on amended Financial Plan (Bylaw No. 4695)

Following the approval of the corporate plan, the annual service planning process identifies initiatives designed to advance each strategic objective, taking into account associated resource requirements. These initiatives are evaluated and incorporated into existing operations to improve efficiency and minimize potential negative impacts. Appendix J provides an overview of Board directed initiatives along with prioritized initiatives scheduled for implementation through 2026.

The overall rise of \$19.6 million in the 2026 budget is primarily driven by higher operating expenses. Detailed budgets for each service are presented in Appendix G (Parts A, B and C), with notable changes in service budgets highlighted in Appendix I. Table 3 summarizes the year-over-year variations in the operating budget by cost driver.

Table 3 – CRD Incremental Operating Budget Drivers (in \$ millions)

Cost Driver	Total \$	% of Total Change
Community Needs (IBCs; Regulatory and Policy)	2.0	0.5%
Reserve and Direct Capital Contribution Requirements	0.9	0.2%
Existing Commitments (Annualization of 2025 and Debt Servicing)	2.9	0.7%
Municipal Debt of Members	3.2	0.8%
Inflation and Core Service Delivery	10.6	2.5%
Total Change	19.6	4.7%
<i>Committee/Commission Directed Initiatives</i>	<i>0.1</i>	<i>0.0%</i>
<i>Board Endorsed Initiatives</i>	<i>-</i>	<i>-</i>

A brief description of each cost driver:

- Community Needs: initiatives forwarded by staff to meet Board and Corporate priorities
- Reserve and Direct Capital Contribution Requirements: funding reserves and capital needs
- Existing commitments: initiatives started in prior year and debt for approved projects
- Municipal Debt: as required by legislation, debt flows through the regional district
- Inflation and Core Service Delivery: operational cost increases including inflation, contractual wage and benefits adjustments, organizational realignments, and service specific cost pressures such as waste disposal or utility expenses

A detailed listing of budget changes is provided in Appendix I, while Appendix J outlines the initiatives. Directed Initiatives identified through committee and commission budget reviews in September and October, are recommended for inclusion in the final approval in March 2026. These items were directed after the annual planning cycle, and include:

- An increase of \$0.1 million in ongoing funding to support SEAPARC's capital reserve
- Increased debt servicing for the Panorama Recreation Arena Facility Expansion project
- Increased debt servicing (in 2027) for a recreation facility located within the new District of Central Saanich's municipal hall facility

Board endorsed initiatives represent items approved for inclusion in final budget subject to advancement of service establishment. These initiatives were excluded from provisional pending legislative authority. This category includes ongoing costs associated with the proposed Regional Performing Arts Facilities service, which will not be established until 2026. However, the select committee endorsed resourcing to undertake planning work ahead of establishment.

The proposed 2026 Staff Establishment Chart, included as Appendix K, is also presented for approval. Consistent with prior years, it provides a five-year staffing projection through 2030. Table 4 outlines the additional resources endorsed by Board or by commissions with delegated authority to support community IBCs.

Table 4 – Summary of Incremental Resourcing for Initiatives by Community Need (FTEs)

Community Need (target outcome)	FTE	Term	Total
Water (safe drinking water and resilient water supply)	9.0	-	9.0
Housing and Health (that residents have access to affordable housing and improved health facilities that enhances livability)	-	1.0	1.0
Climate Action (progress on adaptation, reduced greenhouse gas emissions and triple-bottom line solutions that consider social, environmental and economic impacts)	-	1.0	1.0
Local Government (administer and deliver local services in Juan de Fuca, Salt Spring Island and the Southern Gulf Islands)	5.2	-	5.2
Total CRD	14.2	2.0	16.2
Housing and Health (that residents have access to affordable housing and improved health facilities that enhances livability)	0.0	2.0	2.0
TOTAL CRD and CRHC	14.2	4.0	18.2
<i>Committee/Commission Directed Initiatives</i>	-	-	-
<i>Board Endorsed Initiatives</i>	1.0	-	1.0

Board endorsed initiatives represent 1.0 FTE to undertake planning work ahead of establishment of the Regional Performing Arts Facilities Service.

Operating Revenue

Funding sources vary by service and include revenues from sale of services (such as fees and charges), requisitions from member municipalities and EAs, allocations or interdepartmental cost recoveries, reserve transfers, grants and other income streams. Appendix B gives an overview of these funding sources and their distribution by expenditure type as well as by service grouping.

Required revenue for 2026 is projected to increase by \$19.6 million (4.7%). This growth is driven by higher utility service revenues, realignment of internal cost recoveries and a planned reduction in reserve reliance following completion of several one-time initiatives in 2025. The year over year changes in revenue by source are summarized in Table 5:

Table 5 – Operating Budget Funding (in \$ millions)

Sources of Revenue	2026 Plan	2025 Plan ¹	Change \$ H/(L)	Change % H/(L)
Sale of Services	210.7	196.7	14.0	7.1%
Requisitions	101.9	96.2	5.7	5.9%
Allocation to Other Services	72.2	64.0	8.2	12.8%
Municipal Debt	21.1	17.9	3.2	17.9%
Rentals and Other Revenue	11.2	9.2	2.0	22.3%
Grants	7.0	8.4	(1.4)	(16.7%)
Transfer From Reserve	6.0	14.1	(8.1)	(57.4%)
Surplus	3.7	7.7	(4.0)	(52.2%)

Sources of Revenue	2026 Plan	2025 Plan ¹	Change \$ H/(L)	Change % H/(L)
Total	\$433.8	414.2	\$19.6	4.7%

¹ Based on amended Financial Plan (Bylaw No. 4695)

Of the \$19.6 million net, \$14.0 million is driven by higher **Sales of Services**, including;

- \$3.7 million in Regional Water Supply; increased water consumption and rate adjustments
- \$2.9 million in Core Area Wastewater driven by a combination of reduced reserve funding for residuals biotreatment and disposal expenses, higher labour costs, increased utility and supply costs, and higher chemical costs, partially offset by lower cyclical maintenance costs
- \$2.6 million in Environmental Resource Management, including \$1.3 million blue box revenue received from Recycle BC and \$1.3 million from increased tipping fees
- \$2.3 million from Juan de Fuca Water Distribution; increased water consumption and rate adjustments
- \$0.9 million from Saanich Peninsula Water Supply; increased water consumption and rate adjustments

Allocations to Other Services increased by \$8.2 million and is driven by:

- \$3.5 million in recoveries to Legislative and General Government; \$2.7 million through standard allocation, \$0.4 million to Human Resources and \$0.3 million for the General Manager of EAs
- \$2.1 million for establishment of the Corporate Capital Project Delivery department
- \$1.8 million for establishment of the EAs Utility Operations department
- \$1.6 million for the establishment of the Environmental Innovation department
- (\$1.1) million decrease in Wastewater Operations by transferring to the new the EAs Utility Operations department

Transfer from Reserve decreased by (\$8.1) million net due to:

- (\$3.9) million reduction in Environmental Resource Management reserve use related to one-time expenses for the development of the Hartland diversion program
- (\$2.3) million decrease in required operating reserve funding for biosolids disposal in Core Area Wastewater (CAWW)
- (\$1.5) million net decrease in Regional Planning, reflecting reduced one-time reserve transfers from 2025, and shift of funding to the newly established Transportation Service
- (\$1.1) million net decrease in one-time Legislative and General initiatives including Electronic Document Records Management, various Information Technology initiatives
- \$0.6 million net increase in one-time funding for the newly established Transportation service

Requisition

The 2026 requisition forecast is \$101.9 million (excluding municipal debt), representing an increase of \$5.7 million or 5.9% over 2025.

Table 6 – Requisition by Service Category (in \$ millions)

Description	2026 Requisition	2025 Requisition	Change \$ H/(L)	Change % H/(L)	% of Total Change
Regional	46.0	43.4	2.6	5.8%	2.7%
Sub-Regional	34.5	33.2	1.3	5.1%	1.3%
EAs	21.4	19.6	1.8	9.2%	1.9%
Total	\$101.9	\$96.2	\$5.7	5.9%	5.9%

For 2026, sub-regional and EA requisitions total \$34.5 million and \$21.4 million respectively, accounting for 55% of the total requisition. The specific impact on individual municipalities and EAs will vary based on service participation, cost apportionment formulae and external factors such as assessment growth and population changes.

The primary drivers for increases in requisition include:

Regional Services: The \$2.6 million increase is primarily driven by:

- \$0.5 million for the new Transportation Service, including operational costs, transfer of functions from other services and one-time studies and repayments
- \$1.3 million in Regional Parks reflecting contractual labour agreements, debt servicing for the trail widening and lighting project, and a reduction in surplus carryforward
- \$0.9 million in Legislative and General Government driven by contractual labour agreements and the annualization of 2025 prioritized initiatives

Sub-Regional Services: The \$1.3 million increase is attributable to:

- \$0.6 million for CAWW, reflecting higher utility and labour costs and the reduction of one-time funding from 2025
- \$0.3 million in the Regional Housing Trust, supporting the Rural Housing Pilot Program
- \$0.4 million in additional costs related to salary step increases, higher reserve transfers and new debt servicing for recreation services' skate park and heat recovery projects

EAs: \$1.8 million increase is detailed in Appendices N1. EAC reviewed and recommended approval of their respective budgets on October 29, 2025.

An alternative view, requisition drivers across services is presented in Table 7.

Table 7 – Requisition Drivers (in \$ millions)

Requisition Drivers	\$ Total	% of Total Change
Community Needs (IBCs; Regulatory and Policy)	0.3	0.3%
Reserve and Direct Capital Contribution Requirements	1.0	1.0%
Existing Commitments (Annualization of 2025 and Debt Servicing)	1.9	2.0%
Inflation and Core Service Delivery	2.5	2.6%
Total Change	5.7	5.9%
<i>Committee/Commission Directed Initiatives</i>	<i>\$0.1</i>	<i>0.1%</i>
<i>Board Endorsed Initiatives</i>	<i>-</i>	<i>-</i>

Key drivers of Inflation and Core Service Delivery include operational cost increases such as contractual wage and benefits adjustments, organizational realignments, and service specific cost pressures such as waste disposal or utility expenses.

If the Committee/Commission directed and Board endorsed initiatives are approved, those impacts will be incorporated into the final budget approval in March 2026.

Appendix D presents an overview of the 2026 budget, detailing gross expenditures and sources of revenue, alongside the 2025 budget for comparison. The preliminary impact on member municipalities and EAs is estimated using current BC Assessment data. Updated assessment information will not be available until January 2026.

Capital Budget

The 2026 Capital Plan overview is provided in Appendix C, with projects over \$500,000 listed in Appendix E and detailed capital plans by service in Appendix G. Capital budgets are developed through a comprehensive planning processes that consider:

- The status of projects already in progress;
- The condition and capacity of existing assets and infrastructure;
- Regulatory requirements, resiliency, redundancy, risk, health and safety factors; and
- New or renewal projects prioritized by committees, commissions and local service areas.

The proposed 2026 capital plan is \$244.3 million, representing a decrease of \$70.1 million (22.3%) from the previous year. Table 8 provides a summary of the capital plan.

Table 8 – Capital Plan by Service Type (in \$ millions)

Service Type	2026 Plan	2025 Plan ¹	Change \$ H/(L)	Change % H/(L)
Wastewater	37.9	40.2	(2.3)	(5.7%)
Drinking Water	121.7	154.6	(32.9)	(21.2%)
Planning and Development ²	4.7	29.3	(24.6)	(84.0%)
Protective Services	2.8	2.1	0.7	35.0%
Parks and Environmental	25.5	20.7	4.8	23.4%
Solid Waste	17.5	31.1	(13.6)	(43.9%)
Recreation and Culture	19.4	20.6	(1.2)	(6.0%)
Legislative General and Other	14.8	15.8	(1.0)	(6.9%)
Total	\$244.3	\$314.4	\$(70.1)	(22.3%)
<i>Committee/Commission Directed Initiatives</i>	<i>\$1.3</i>	<i>n/a</i>	<i>\$1.3</i>	<i>0.4%</i>
<i>Board Endorsed Initiatives</i>	<i>-</i>	<i>n/a</i>	<i>-</i>	<i>-</i>

¹ Based on amended Capital Plan (Bylaw No. 4710), ² Includes the Land, Banking and Housing Service

Capital plan highlights include:

- **Wastewater:**
 - \$22.6 million in Core Area for chamber upgrades, Marigold electrical and building improvements, optimization of Residual Treatment Facility (RTF) operations, manhole replacement and various pipe and pump station renewal projects
 - \$4.5 million in odour control upgrades, pump replacement at Keating station
 - \$3.4 million related to Maliview Estates Wastewater Treatment Plant upgrades
 - \$0.6 million for a Biosolids Advanced Thermal Plant
 - \$0.6 million related to Ganges Sewer Utility and the Kings Lane sewer extension
- **Drinking Water:**
 - \$71.9 million for Regional Water Supply remediation, replacement and upgrades to Supply Main No. 4, the new Field Operations Centre at Goldstream, dam upgrades and improvements, various meter replacements and SCADA and radio upgrades
 - \$26.6 million in pipe replacement, upgrades and improvements for Juan De Fuca Water Distribution
 - \$13.4 million for upgrades and expansions in Saanich Peninsula Water Supply
 - \$0.8 million for a water storage tank replacement at Surfside Park Estates
 - \$0.7 million for Dam improvements at Lyall Harbour Water
- **Planning and Development:**
 - \$1.1 million for the Forest Homes affordable housing project
 - \$1.0 million for mechanical and exterior upgrades for the Family Court Building
- **Regional Parks:**
 - \$24.8 million for Trestle Renewal, Trail Widening project, potential land acquisitions, replacement of bridges at Witty's Lagoon and acquisition of a weed harvester
- **Solid Waste:**
 - \$17.3 million for Hartland including cell 5 liner and retaining wall, sedimentation pond relining, and using the RTF to integrate biogas into renewable natural gas
- **Recreation and Culture:**
 - \$5.9 million for Panorama Recreation related to the Heat Recovery project, Centennial Park multi-sport box and equipment replacement
 - \$4.4 million in Salt Spring Island recreation including a parks maintenance facility, pool building upgrades, ball field development and various other local park and trail upgrades
 - \$2.9 million in SEAPARC for implementation of Phase 1 of the heat recovery system
- **Legislative General and Other:**
 - \$5.0 million for digital infrastructure in SAP, physical infrastructure and network upgrades
 - \$3.0 million regional contribution to construction of the Field Operations Centre
 - \$1.0 million for regional electric vehicle charging infrastructure

Committee and commission directed initiatives emerged during budget including \$1.3 million for the Panorama Recreation Arena Facility Expansion project and a recreation facility located within the new District of Central Saanich's municipal hall facility.

Capital Funding

As outlined in Table 9, 2026 operating and work-in-process funds account for 39% of capital funding. Grants, donations and third-party contributions make up 10%, while debt financing funds 32% and reserves contribute 19%. This diversified funding model shows proactive efforts to leverage government grants and optimize internal capacity for project delivery. Additional details around funding sources and their distribution by expenditure type as well as by service grouping are provided in Appendix C and Appendix F.

Table 9 – Capital Plan Funding Profile (in \$ millions)

Funding Sources	2026 Plan \$	% of 2026 Funding	2025 Plan \$ ¹	% of 2025 Funding
Operating and Work in Progress	96.2	39%	100.7	32%
Debenture Debt	77.0	32%	132.7	42%
Reserve Funding	47.1	19%	52.8	17%
Grants	17.0	7%	17.7	6%
Donations and Third Party	7.0	3%	10.5	3%
Total	\$244.3	100%	\$314.4	100%

¹ Based on amended Capital Plan (Bylaw No. 4710)

Reserves

Reserves play a crucial role in leveraging annual revenue to ensure sustainable service delivery. In 2021, the CRD reviewed the health of capital reserves, resulting in the Capital Reserve Guidelines, which define the optimal balance between leveraging funds and maintaining savings based on asset life.

In 2023, Operating Reserve Guidelines were developed to assess operating reserve health and establish targets that support services during unexpected events, seasonal fluctuations and significant material expenses. These guidelines help determine the reserves required for revenue stabilization, emergencies, cyclical maintenance and substantial non-annual operating programs.

Together, the Capital and Operating Reserve Guidelines are integrated into financial planning across all CRD services, enhancing financial stability and service delivery. Detailed reserve schedules by service are provided in Appendix G, with Operating and Capital Reserve Forecasts included in Appendix L. Consolidated summaries of operating and capital reserve activity are also included in Appendix L and reserve financial indicators are presented in Appendix F.

Early Approvals

Initiatives scheduled to begin before the final budget is approved in March 2026 must receive early approval. These initiatives have been identified as critical to meeting operational requirements, ensuring regulatory compliance, fulfilling grant obligations, and advancing capital projects. Delays may adversely affect service delivery or the ability to meet commitments. A comprehensive list of early approval projects is provided in Appendix H.

Any changes to financial plan approval affecting fee-related bylaws will require staff to revise and present the budget at a special meeting, planned for November 26, 2025, to ensure rates are in effect for January 2026.

Public Engagement

The provisional financial plan forms the foundation of the CRD budget and allows stakeholders, service participants and members of the public to comment and offer feedback before being finalized.

Once the provisional financial plan is approved, it will be posted online for public comment. An online information session will also be held sharing how the Regional District develops budgets, makes decisions and delivers services. Comments received online will be shared with the Board as part of the final budget review and approval process in March 2026.

Implications – Alternative 3

Staff will amend the Provisional 2026-2030 Financial Plan as directed and present a revised plan for approval at a special meeting on November 26, 2025. Approval by December 31, 2025 is needed so service participants and ratepayers can give feedback, and to guide consultations with municipalities and EA ratepayers. The budget supports ongoing and new multi-year capital projects and operational initiatives and is necessary for updating annual fees and charges bylaws.

Summary

The Provisional 2026-2030 Financial Plan package, including both operating and capital budgets, is provided in Appendix G for preliminary approval. Appendix H lists items that, due to business requirements, must be implemented by January 1 in advance of the March 31, 2026 final approval.

The provisional budget is subject to change based on the final 2025 surplus/deficits, receipt of revised assessments and any adjustments recommended by the respective Commissions, EA directors and the Board prior to the final approval of the Financial Plan bylaw by March 31, as outlined in the Local Government Act.

The EAC reviewed and provided approval of the Provisional 2026-2030 Financial Plan for EA-only services on October 29, 2025. Once the regional and sub-regional budgets are approved by the COW, together with the EA service budgets, all will be presented to the CRD Board for approval.

CONCLUSION

The CRD Provisional 2026-2030 Financial Plan has been prepared and presented for approval. The plan remains subject to change pending confirmation of the final 2025 surplus/deficits, revised assessment information and any directed amendments prior to final approval by the Board as part of the Financial Plan bylaw by March 31, 2026.

RECOMMENDATION

The Committee of the Whole recommends to the Capital Regional District Board:

1. That the Capital Regional District Provisional 2026-2030 Financial Plan be approved as presented;
2. That the Committee/Commission directed and Board endorsed initiatives be approved and incorporated into the final budget, subject to successful service establishment where required;
3. That the new initiatives and capital identified in Appendix H for January 1, 2026, implementation be approved and staff be directed to amend the 2025 to 2029 Financial Plan (Bylaw No. 4665, “2025 to 2029 Financial Plan Bylaw, 2025”);
4. That the 2026 Community Need Summaries be approved as presented; and
5. That the Staff Establishment Chart as attached in Appendix K be approved.

Submitted by:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer & General Manager, Finance & Technology
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

- Appendix A: 2026 Service and Financial Planning Guidelines Staff Report (May 7, 2025)
Appendix B: CRD 2026 Operating Budget Overview
Appendix C: CRD 2026 Capital Budget Overview
Appendix D: CRD 2026 Preliminary Financial Plan Summary
Appendix E: CRD 2026 Major Capital Projects
Appendix F: CRD 2026 Financial Indicators
Appendix G: Budget Review Package (Parts A, B and C)
Appendix H: January Approvals
Appendix I: Service Budget Highlights
Appendix J: Initiative Business Cases – 2026 Budget Impact
Appendix K: CRD Staff Establishment Chart
Appendix L: Operating and Capital Reserve Forecasts
Appendix M: Service Listing for Budgets Direct to Board
Appendix N: Other Committee/Commission Budget Packages (Parts 1 through 13)
N1: Electoral Areas Committee
N2: Core Area Liquid Waste Management Committee
N3: Environmental Service Committee
N4: Governance & First Nations Relations Committee
N5: Juan de Fuca Water Distribution Commission
N6: Peninsula Recreation Commission
N7: Regional Parks Committee
N8: Regional Water Supply Commission
N9: Saanich Peninsula Water Commission and Wastewater Commission
N10: Sooke and Electoral Area Parks and Recreation Commission
N11: Arts Commission
N12: Royal and McPherson Theatres Services Advisory Committee
N13: Salt Spring Island Local Community Commission
Presentation: 2026-2030 Provisional Budget – Capital Regional District