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**REPORT TO COMMITTEE OF THE WHOLE  
MEETING OF WEDNESDAY, OCTOBER 30, 2024**

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**SUBJECT**     **Capital Regional District 2025 Financial Plan Provisional Approval**

**ISSUE SUMMARY**

This report presents the Capital Regional District (CRD) 2025 Financial Plan for review and provisional approval.

**BACKGROUND**

Each year, the CRD is required to create 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 preliminary 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 span multiple years or commence at the beginning 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 2025 service planning cycle outlines the third year of the Board-approved 2023 to 2026 CRD Corporate Plan. It includes efforts to deliver core services, adhere to regulatory standards and enable the organization to respond to growth in the region. Additionally, this plan highlights initiatives designed to enhance service delivery in alignment with Board Priorities.

As in previous years, the Service and Financial Planning Guidelines Report was presented to the Board in May via the Finance Committee. These guidelines support strategies for revenue, reserves and debt management. To proactively influence planning, they incorporate updated trends, assumptions and drivers affecting the organization which include economic indicators, financial capacity and funding approaches. As detailed in the guidelines report, ELT recommended setting the planning target at 3% while signaling the 2025 requisition forecast to be 6% (with a potential range from 5 to 8%). The report can be found in Appendix A, along with the 2025 planning timeline and milestones.

Since the guidelines were approved in May, staff and continued through the established planning process, where the Executive Leadership Team (ELT) convened multiple times over multiple days to evaluate initiative business cases (IBCs), Community Needs and their associated financial implications, balancing alignment with the corporate plan and financial planning guidelines. In light of fiscal constraints, organizational capacity and workforce pressures, ELT prioritized 2025 initiatives. Actions taken included identifying opportunities for resource realignment or reallocation, seeking efficiencies among departments and services, reviewing service levels and adjustments related to regulatory compliance and implementing system infrastructure improvements for sustainable service delivery. Several initiatives were deferred, phased, mitigated 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. Additionally, the Electoral Areas Committee (EAC) has reviewed budgets for services exclusive to electoral areas. As such, more than 80% of the financial plan has been endorsed to Committee of the Whole (COW). COW will review these recommendations and the entire provisional plan. All committee-endorsed recommendations are detailed in Appendix N.

### **External Trends and Observations Impacting Service Delivery and Budget**

Inflation and interest rates can significantly impact the overall budget. According to Statistics Canada, the economy has been slowing down, prompting the Bank of Canada to lower the overnight lending rate several times in 2024.<sup>1</sup> By September, the rate decreased to 4.25% from 5.00% at the start of the year.<sup>2</sup> The CRD continues to engage the Municipal Financing Authority (MFABC) on indicative borrowing rates for long-term financial planning.

Canada's inflation rate declined to 1.6% as of September 2024, comfortably within the Bank of Canada's target range, after fluctuating between 2.5% and 2.9% from January to July. Inflation rates in Greater Victoria are slightly higher at 1.9%, compared to 1.7% in Vancouver and 2.0% provincially.<sup>3</sup> While these rates are close to the national average, they reflect moderately higher local cost pressures.

Greater Victoria continues to experience strong population growth, increasing by 16% since 2015. In 2024, seven municipalities in the CRD exceeded the provincial average growth rate of 1.5%.<sup>4</sup> This growth continues to put strain on key priorities including sustainable service delivery and housing affordability.

In September 2024, Vancouver's unemployment rate was 6.3% while British Columbia came in at 5.8%.<sup>5</sup> The unemployment rate in Greater Victoria was 3.4%, the lowest in the country signaling a constrained labour market, particularly in professional roles.

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<sup>1</sup> At: <https://www.bnnbloomberg.ca/business/economics/2024/08/30/canadian-economy-grows-at-21-annual-pace-in-q2-per-capita-household-spending-drops/>

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

<sup>3</sup> At: BC Stats: <https://www2.gov.bc.ca/assets/gov/data/statistics/economy/cpi/cpidata.xlsx>

<sup>4</sup> At: [https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population\\_estimates?keyword=regional&keyword=district&keyword=population](https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population_estimates?keyword=regional&keyword=district&keyword=population)

<sup>5</sup> At: [Table 14-10-0380-01 Labour force characteristics, three-month moving average, seasonally adjusted](#)

As of September, regional active real estate listings rose to 3,361, marking a 24.5% increase from 2023. The benchmark value for a single-family home in Victoria decreased to \$1,279,700, reflecting a 2.8% drop compared to the previous year.<sup>6</sup> These trends suggest a cooling in the real estate market, with more sellers looking to exit and buyers either gaining more negotiating power or fewer buyers being qualified to purchase.

The year-to-date 11% rise in regional building permit values through August 2024, alongside an 8% decrease in the number of permits issued, suggests builders are experiencing increased construction costs, postponing new projects due to regulatory or land availability challenges, and/or focusing on higher end developments amid ongoing economic uncertainty.<sup>7</sup> Additionally, the 8% drop in housing starts, from 2,937 in August 2023 to 2,706 by August 2024, further highlights a slowdown in new construction activity.<sup>8</sup>

## **ALTERNATIVES**

### *Alternative 1*

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

1. That the Capital Regional District 2025 Financial Plan be given provisional approval as presented;
2. That the Board 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, 2025, implementation be approved for expenditure;
4. That the 2025 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 2025 Financial Plan be given provisional approval with specific directions on amendments;
2. That the Board 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, 2025, implementation be approved with specific directions on amendments;
4. That the 2025 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.

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<sup>6</sup> At: <https://www.vreb.org/historical-statistics#gsc.tab=0>

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

<sup>8</sup> At: <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-data/data-tables/housing-market-data/monthly-housing-starts-construction-data-tables>

**IMPLICATIONS**

*Financial Implications*

**Budget Overview**

Collectively, the consolidated draft financial plans for 2025 of the CRD, CRHD and CRHC amount to \$872.7 million. This consists of \$480.7 million allocated for operating expenses and \$392.0 million set aside for capital projects. Table 1 provides a summary of these consolidated financials.

*Table 1 - Consolidated Financials (in \$ millions)*

Entity	2025 Operating Budget \$	2025 Capital Budget \$	Total \$
CRD	410.8	283.1	693.9
CRHD	33.0	34.4	67.4
CRHC <sup>1</sup>	36.9	74.5	111.4
<b>Total</b>	<b>\$480.7</b>	<b>\$392.0</b>	<b>\$872.7</b>

<sup>1</sup>CRHC Financial Plan figures are estimates only, Financial Plan is under development for CRHC Board approval December 2024.

The 2025 CRD Financial Plan includes operating revenues and expenditures of \$410.8 million, an increase of \$42.3 million or 11.5% compared to the 2024 plan, as summarized in Table 2.

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

Expenditure Type	2025 Financial Plan \$	2024 Financial Plan \$ <sup>1</sup>	\$ Change	% Change
Operations	299.8	270.5	29.3	10.8%
Debt Servicing	43.1	39.9	3.2	8.0%
Capital Funding	37.1	32.7	4.4	13.5%
Transfers to Reserves	30.8	25.4	5.4	21.3%
<b>Total</b>	<b>\$410.8</b>	<b>\$368.5</b>	<b>\$42.3</b>	<b>11.5%</b>

<sup>1</sup> Based on amended Financial Plan (Bylaw No. 4626)

Following the approval of the corporate plan, the yearly service planning process outlines initiatives that aim to achieve each objective with the consideration of resource implications. These initiatives are assessed and incorporated into current operations to enhance efficiency and reduce any negative impacts. Appendix J provides an overview of Board directed initiatives along with prioritized initiatives set for implementation through 2025.

The overall rise of \$42.3 million is mainly attributed to higher operating expenses. Detailed budgets for each service are outlined in Appendix G (Parts A, B, and C), with changes in service budgets emphasized in Appendix I. Table 3 details 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 (Initiative Business Cases)	7.6	2.1%
Community Needs (Regulatory and Policy)	8.6	2.3%
Reserve and Direct Capital Contribution Requirements	9.9	2.7%
Existing Commitments (Annualization of 2024 Initiative Business Cases and Debt Servicing)	3.8	1.0%
Inflation and Core Service Delivery	12.4	3.4%
- Base Salary and Benefits	2.6	0.7%
- Other Inflation and Core Service Delivery	9.8	2.7%
<b>Total Change</b>	<b>42.3</b>	<b>11.5%</b>
<i>Board Directed Initiatives</i>	<i>0.7</i>	<i>0.2%</i>
<i>Board Endorsed Initiatives</i>	<i>0.3</i>	<i>0.1%</i>

The total change of \$42.3 million or 11.5% is summarized by cost driver in the table above.

- The Community Needs (IBCs) represent new initiatives brought forward by staff to address Board and Corporate priorities.
- Community Needs (Regulatory and Policy) represent obligations outside of the IBC process, that are required to meet regulatory needs or specific Board-approved plans. In 2025, this is specific to the current Solid Waste Management Plan.
- Reserve and Direct Capital Contribution Requirements reflect transfers to operating and reserves, and direct funding to capital needs for 2025.
- Existing commitments reflect the annualization impact in 2025 for initiatives started in 2024 and debt servicing costs for committed capital work that began in 2024.
- Inflation and Core Service Delivery represents all other cost changes, including base inflationary lifts of 3%, estimated salary and benefit and reclass increases and cost drivers specific to individual services.

A detailed listing of budget changes is included in Appendix I while a list of initiatives is included in Appendix J. Board directed initiatives are items approved for inclusion in the final approval in March 2025. These items were directed after the annual planning cycle concluded and result in an additional \$0.7 million or 0.2% to the operating budget. This includes \$0.6 million for ongoing funding to implement the establishment of a transportation service, while the balance is for a regional supportive housing assessment.

Board endorsed initiatives are items approved for inclusion in final subject to advancement of service establishment. These initiatives were excluded based on legislative authority. This includes planning and feasibility work to create a Foodlands Access Service totaling \$0.3 million or an additional 0.1%.

The proposed 2025 Staff Establishment Chart is included for approval as Appendix K. Similar to previous years, it provides a five-year staffing view up to 2029. Projections for years two through five are for consideration only and will be reviewed and approved annually. Table 4 outlines the additional resources needed to meet community IBCs.

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

Community Need (target outcome)	FTE	Term	Total
Wastewater ( <i>efficient and effective management of the region's wastewater</i> )	2.0	-	2.0
Water ( <i>safe drinking water and resilient water supply</i> )	10.1	-	10.1
Solid Waste and Recycling ( <i>minimizing waste disposal and maximizing waste diversion</i> )	3.5	-	3.5
Transportation ( <i>that residents have access to convenient, green and affordable multi-modal transportation systems that enhance livability</i> )	-	3.0	3.0
Housing and Health ( <i>that residents have access to affordable housing and improved health facilities that enhances livability</i> )	-	2.0	2.0
Climate Action ( <i>progress on adaptation, reduced greenhouse gas emissions and triple-bottom line solutions that consider social, environmental and economic impacts</i> )	1.0	-	1.0
Regional Parks ( <i>additional land acquisitions and increased access to parks and recreational trails that respect Indigenous culture and conservation values</i> )	6.4	-	6.4
Safety and Emergency Management ( <i>protect public safety and cooperatively mitigate against, prepare for, respond to and recover from emergencies</i> )	1.0	-	1.0
Arts and Recreation ( <i>residents having access to appropriate and affordable arts and recreation opportunities that enhance quality of life</i> )	2.5	-	2.5
People ( <i>an organization staff are proud to be a part of</i> )	1.0	-	1.0
Business Systems and Processes ( <i>leading systems and policies to respond to best practices, comply with legislative requirements and deliver sustainable budgets</i> )	11.5	-	11.5
First Nations Reconciliation ( <i>strong relationships with First Nations based on trust and mutual respect, partnerships and working together on shared goals</i> )	1.0	-	1.0
Local Government ( <i>administer and deliver local services in Juan de Fuca, Salt Spring Island and the Southern Gulf Islands</i> )	4.2	-	4.2
<b>Total CRD</b>	<b>44.2</b>	<b>5.0</b>	<b>49.2</b>
CRHC - Housing and Health ( <i>that residents have access to affordable housing and improved health facilities that enhances livability</i> )	9.0	5.0	14.0
<b>TOTAL CRD and CRHC</b>	<b>53.2 *</b>	<b>10.0 *</b>	<b>63.2 *</b>
<i>Board Directed Initiatives</i>	<i>1.0</i>	<i>-</i>	<i>1.0</i>
<i>Board Endorsed Initiatives</i>	<i>-</i>	<i>-</i>	<i>-</i>

\* includes 13.5 ongoing and 7 term FTEs directly supporting a Board Priority



## Operating Revenue

Funding sources differ by service, encompassing the sale of services (including various fees and charges), requisitions to member municipalities and EAs, recoveries from other departments, reserve transfers, grants and other income streams. Table 5 shows the annual changes in revenue by source, and Appendix B includes an operating budget graph.

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

Sources of Revenue	2025 Financial Plan \$	2024 Financial Plan \$ <sup>1</sup>	\$ Change	% Change
Sale of Services	197.5	172.6	24.9	14.4%
Requisitions	96.5	88.5	8.0	9.1%
Allocation to other Services	64.0	57.7	6.3	10.8%
Municipal Debt	17.5	18.2	(0.7)	(3.6%)
Transfer from Reserve	11.3	10.0	1.3	13.0%
Rentals and other Revenue	9.2	8.2	1.0	12.2%
Grants	8.1	6.8	1.3	19.4%
Surplus	6.7	6.5	0.2	3.5%
<b>Total</b>	<b>\$410.8</b>	<b>\$368.5</b>	<b>\$42.3</b>	<b>11.5%</b>

<sup>1</sup> Based on amended Financial Plan (Bylaw No. 4626)

Of the total \$42.3 million net increase in revenue, \$24.9 million is raised through incremental **Sales of Services** primarily driven by:

- \$8.4 million in natural gas and \$5.0 million in landfill revenue from updated tipping fees and increased waste diversion in alignment with the Solid Waste Management Plan.
- \$3.9 million in Core Area Wastewater for invoice by agreement payments due to a combination of increased labour for operations, chemical, cyclical repairs and maintenance, higher Residuals Treatment Facility Biotreatment and disposal, offset with reduced operating reserve transfers.
- \$2.9 million in Regional Water Supply due to increased water consumption and rate adjustments.
- \$1.1 million in Juan de Fuca (JDF) Water Distribution due increased water consumption and rate adjustments.

**Allocations to other Services** increased by \$6.3 million and were driven by:

- \$3.1 million in recoveries to Legislative and General Government service through increases to the allocation of \$2.6 million, Human Resources allocation of \$0.4 million and a SharePoint records data migration allocation of \$0.4 million.
- \$0.9 million in Wastewater Operations for labour recoveries to accommodate charge-out rate increases and newly approved full-time equivalent (FTE) positions.
- \$0.8 million for Environmental Engineering to recover costs from an increase in FTEs linked to projects in Regional Parks, Panorama, SEAPARC, Hartland and Integrated Water Services (IWS).

- \$0.5 million in Facilities recoveries for additional office space at the Douglas building. Increased recoveries from operating costs at the JDF administration building, Millstream (Bylaw) and the Animal Shelter.
- \$0.4 million for Environmental Protection and Water Quality due to labour charge-out rate increases in alignment with the collective agreement and prioritized initiative business cases.
- \$0.2 million in Environmental Resource Program from increases to the allocation due to prioritized initiative business cases.

**Transfer from Reserve** increased by \$1.3 million net due to:

- \$1.7 million increase in reserve fund usage for Environmental Resource Management due to a one-time Hartland Heavy Equipment contract for the pilot use of a refuse shredder.
- \$1.5 million net decrease in one-time Legislative and General Government initiatives including Electronic Document Records Management System and a centralized procurement study.
- \$0.5 million increase in Regional Planning due to a one-time operating reserve transfer to fund a Regional Growth Strategy Review and a Growth and Mobility study.
- \$0.4 million in Core Area Wastewater Operations from a one-time operating reserve transfer for cyclical maintenance.

**Grants** revenue increased by a net \$1.3 million, driven primarily from one-time payments:

- \$0.5 million for the Rural Economic Diversification and Infrastructure Program
- \$0.4 million for Union of BC Municipalities FireSmart Community Funding
- \$0.3 million for the Community Works Fund for water-related initiatives on Salt Spring Island
- \$0.3 million for Local Government Housing Initiative
- \$(0.2) million net of various minor changes

## Requisition

The 2025 requisition forecast is \$96.5 million (excluding municipal debt), representing an increase of \$8.0 million or 9.1% over 2024. Table 6 details the change by regional, sub-regional and EAs.

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

Description	2025 Requisition	2024 Requisition	\$ Change	% Change	% of Total Change
Regional	43.7	39.3	4.4	11.1%	5.0%
Sub-Regional	32.9	31.3	1.6	5.1%	1.8%
Electoral Areas	19.8	17.8	2.0	11.5%	2.3%
<b>Total</b>	<b>\$96.5</b>	<b>\$88.5</b>	<b>\$8.0</b>	<b>9.1%</b>	<b>9.1%</b>

Sub-regional and electoral area requisition for 2025 is \$32.9 million and \$19.8 million respectively, making up a combined 55% of total requisition. The impact of sub-regional and electoral area requisition on each municipality and EA will differ based on service participation. Other factors include cost apportionment, which can be influenced by assessment and population growth.

The primary drivers for increases in requisition include:

- **Regional:** Of the \$4.4 million increase, \$1.4 million is attributable to Regional Parks for salary and step increases, capital reserve transfers, prioritized initiatives and core operating. \$1.2 million is attributable to Land Banking and Housing for debt servicing costs related to the



Regional Housing First Program. \$1.1 million for initiatives within Legislative and General Government including prioritized initiatives for centralizing procurement, additional First Nations Relations staffing, a Resiliency and Recovery Coordinator and the creation of an Electoral Area Services Department.

- **Sub-Regional:** The \$1.6 million increase is largely attributable to \$1.2 million to Core Area Wastewater due to a combination of additional debt servicing, increased chemical costs, one-time and ongoing maintenance, and increased insurance premiums. The remaining \$0.4 million is mainly due to increased operating costs at the Panorama Recreation Centre.
- **EAs:** For additional details on the \$2.0 million increase, see appendices N1.1 through N1.6. The EAC recommended approval of their respective budgets on October 28, 2024.

Table 7 – Requisition Drivers (in \$ millions)

Requisition Drivers	\$ Total	% of Total Change
Community Needs (Initiative Business Cases)	1.7	1.9%
Reserve and Direct Capital Contribution Requirements	1.2	1.3%
Existing Commitments (Annualization of 2024 Initiative Business Cases and Debt Servicing)	1.5	1.7%
Inflation and Core Service Delivery	3.6	4.2%
<b>Total Change</b>	<b>8.0</b>	<b>9.1%</b>
<i>Board Directed Initiatives</i>	<i>\$0.7</i>	<i>0.8%</i>
<i>Board Endorsed Initiatives</i>	<i>\$0.3</i>	<i>0.4%</i>

Key drivers of Inflation and Core Service Delivery include significant insurance premium increases affecting most services, wage and benefit increases from contractual agreements and adjustments in Core Area Wastewater Operations due to tank cleaning and elevated maintenance.

If the Board Directed and Board Endorsed initiatives are approved, the impacts will be incorporated into the final budget approval in March.

Appendix D presents an overview of the 2025 budget, detailing gross expenditures and sources of revenue, alongside the 2024 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 2025.

### Capital Budget

The 2025 Capital Plan overview is included in Appendix C, the list of projects over \$500,000 in Appendix E and detailed capital plans by service in Appendix G. Capital budgets are developed through the planning processes and consider:

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

The proposed 2025 capital plan is \$283.1 million, an increase of \$16.8 million or 6.3% from prior year. Table 8 summarizes the capital plan by department.

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

Department	2025 Capital Plan \$	2024 Capital Plan \$ <sup>1</sup>	\$ Change	% Change
Wastewater	41.1	45.9	(4.8)	(10.5%)
Drinking Water	149.3	102.2	47.1	46.1%
Planning and Development <sup>2</sup>	21.6	12.5	9.1	73.1%
Protective Services	1.1	2.0	(0.9)	(46.3%)
Regional Parks	16.7	13.6	3.1	23.2%
Solid Waste	18.5	57.7	(39.2)	(67.9%)
Recreation and Culture	18.0	17.6	0.4	2.4%
General Government and Other	16.8	14.9	1.9	13.0%
<b>Total</b>	<b>\$283.1</b>	<b>\$266.4</b>	<b>\$16.8</b>	<b>6.3%</b>

<sup>1</sup> Based on amended Capital Plan (Bylaw No. 4626)

<sup>2</sup> Includes the Land, Banking and Housing Service

Capital plan highlights include:

- **Wastewater:**
  - \$30.6 million in Core Area Wastewater for various inlet chamber and plant upgrades, Marigold electrical and building improvements, optimization of residual treatment facility operations and various meter, gravity sewer and manhole renewal projects.
  - \$5.5 million in planned odour control upgrades and component replacements to the Saanich Peninsula treatment plant.
  - \$1.7 million for a Biosolids Advanced Thermal Pilot Demonstration Plant.
  - \$1.2 million related to Maliview Estates Wastewater Treatment improvements.
- **Drinking Water:**
  - \$106.8 million for Regional Water Supply focusing on remediation, replacement and upgrades to Supply Main 4, ultraviolet system replacement, watershed land acquisition, office and lab replacement at the Goldstream Integrated Water System field office.
  - \$22.8 million in pipe replacement, upgrades and improvements for Juan de Fuca Water Distribution.
  - \$16.0 million for upgrades and expansions in Saanich Peninsula Water Supply.
- **Planning and Development:**
  - \$18.7 million for the Regional Housing First Program, including \$10.3 million for Village on the Green and \$5.8 million for the Campus View.
  - \$1.4 million for mechanical and exterior upgrades for the Family Court Building.
- **Regional Parks:**
  - \$16.7 million includes the Regional Trestle Renewal, Trail Widening and Lighting project, potential land acquisitions, designing and expanding the East Sooke Alyard Farm parking lot, various vehicle replacements and trail infrastructure upgrades.

- **Solid Waste:**
  - \$15.8 million for Hartland Landfill, including the Renewable Natural Gas project, Cell 5 Liner Construction and aggregate production.
- **Recreation and Culture:**
  - \$8.3 million for Panorama Recreation largely related to the Heat Recovery project, Centennial Park multi-sport box and equipment replacement.
  - \$2.5 million in SEAPARC for skate park project, roof replacement and building upgrades.
  - \$2.3 million in Salt Spring Island recreation including a parks maintenance facility, ball field, Ganges harbour walk and various other local park and trail upgrades.
  - \$1.4 million in building repairs and fixture and fittings replacement at the Royal Theatre
- **General Government and Other:**
  - \$5.0 million regional contribution to construction of office space at the IWS field office.
  - \$4.2 million for replacements and upgrades to the Island Health Facilities.
  - \$2.9 million in Information Technology, largely for SAP migration, enhancements, and network and infrastructure improvements.
  - \$1.0 million for regional electric vehicle charging infrastructure in Climate Action.
  - \$0.8 million Boardroom furniture replacement and technology upgrades.

Capital projects are financed through yearly contributions from operations, grants, reserves and/or long-term debt. The availability of grant funding can greatly influence the execution and schedule of the plan. Progress on capital projects is regularly reported to the Board via the Chief Administrative Officer’s Quarterly update.

### Capital Funding

In 2025, debt financing rose from 32% to 46% of the funding profile. Grants, donations and third-party contributions make up 8% of capital funding. Operating and work-in-process funds cover 29%, while reserves provide 17%. This diversified funding model shows proactive efforts in leveraging government grants and reevaluating internal capacities for project delivery. For more details see Appendix C.

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

Funding Sources	2025 Capital Plan \$	% of Total Funding	2024 Capital Plan \$ <sup>1</sup>	% of Total Funding
Operating and Work in Progress	81.1	29%	89.1	33%
Debenture Debt	131.1	46%	84.4	32%
Reserve Funding	47.1	17%	63.5	24%
Grants	15.2	5%	22.7	9%
Donations and Third Party	8.6	3%	6.6	2%
<b>Total</b>	<b>\$283.1</b>	<b>100%</b>	<b>\$266.3</b>	<b>100%</b>

<sup>1</sup> Based on amended Capital Plan (Bylaw No. 4626)

### Reserves

Consolidated summaries of operating and capital reserve activity can be found in Appendix L.

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. These guidelines define the optimal balance between leveraging funds and savings based on asset life. Additionally, in 2023, Operating Reserve Guidelines were developed to evaluate operating reserve health and set targets to support services during unexpected events, seasonal changes and significant material expenses. These guidelines help determine the reserves needed for revenue stabilization, emergencies, cyclical maintenance and substantial non-annual operating programs. Together, they are integrated into financial planning across all CRD services, improving financial stability and service delivery. Detailed reserve schedules by service are included in Appendix G.

### **Advance Approvals**

Advance approval is sought when starting work before March 2025 is essential for operational needs, regulatory compliance, grant deadlines or capital projects. Delays could negatively impact service delivery. See Appendix H for such items.

### **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 2025.

### **Summary**

The attached 2025 budget package in Appendix G, which includes operating and capital, is provided for preliminary approval. Appendix H contains items that, because of business requirements, need to be implemented by January 1 in advance of the March 31 approval.

The provisional budget is subject to change due to final 2024 surplus/deficits, receipt of revised assessment and any adjustments recommended by the respective Commissions and Electoral Area directors and the Board prior to final approval of the Financial Plan bylaw by March 31, as outlined in the *Local Government Act*.

The EAC reviewed and provided preliminary approval of the 2025 Electoral Area-only budgets on October 28, 2024. The regional and sub-regional budgets, once approved by the COW, together with the EAC budgets, will be presented to the CRD Board for preliminary approval.

### **CONCLUSION**

The CRD 2025 Financial Plan has been prepared and presented for preliminary approval. The Financial Plan will be subject to change due to the final 2024 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, 2025.

**RECOMMENDATION**

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

1. That the Capital Regional District 2025 Financial Plan be given provisional approval as presented;
2. That the Board 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, 2025, implementation be approved for expenditure;
4. That the 2025 Community Need Summaries be approved as presented; and
5. That the Staff Establishment Chart as attached in Appendix K be approved.

Submitted by:	Varinia Somosan, CPA, CGA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

**ATTACHMENTS**

- Presentation: 2025 Capital Regional District Provisional Budget
- Appendix A: 2025 Service and Financial Planning Guidelines Staff Report (May 1, 2024)
- Appendix B: CRD 2025 Operating Budget Overview
- Appendix C: CRD 2025 Capital Budget Overview
- Appendix D: CRD 2025 Preliminary Financial Plan Summary
- Appendix E: CRD 2025 Major Capital Projects
- Appendix F: CRD 2025 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 – 2025 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 (N1.1 through N1.6)
  - N2: Core Area Liquid Waste Management Committee
  - N3: Environmental Service Committee
  - N4: Governance 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
- Appendix O: Potential Adjustments to the Provisional 2025 Financial Plan