

**REPORT TO ELECTORAL AREAS COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 29, 2025**

SUBJECT **2026 Preliminary Electoral Area Budget Review**

ISSUE SUMMARY

To present 2026 Electoral Area (EA) Budgets for recommended approval to the Capital Regional District Board.

BACKGROUND

The Capital Regional District (CRD) provides a range of regional, sub-regional and local services. Regional services are provided to the entire region, sub-regional services to groups of participating Municipalities and EAs, and local services to single Municipalities, an EA or to groups of residents within a defined service area. The CRD provides services to approximately 23,300 EA residents.¹

Budgets for review are specific to services in the Juan de Fuca (JDF) EA, the Salt Spring Island (SSI) EA, and the Southern Gulf Islands (SGI) EA. EA services are established through the *Local Government Act* and Service Establishment Bylaws and are guided by the Board Strategic and Corporate Plans.

Budget Approval Process

Through the Electoral Areas Committee (EAC) Terms of Reference, review and recommendation for approval of EA service budgets, is delegated to the EAC with an exception that fourteen (14) SSI services were delegated to SSI Local Community Commission (LCC).

In 2023, the SSI LCC was established. The LCC delegated authority includes review and recommendation of select SSI service budgets to the CRD Board directly.

On September 11, 2025, the LCC met to review preliminary budgets. Budget direction was provided at the meeting, and these impacts have been incorporated into the preliminary SSI budgets presented in this report.

All EA budgets will be included in the preliminary 2026 CRD Financial Plan to be presented on October 29, 2025 to the Committee of the Whole. As in previous years and in alignment with the Commission Handbook Guidelines, where applicable, review and recommendation of local EA commission budgets will take place annually through the fall. Budget changes following commission review will be forwarded to the Board and considered at final budget approval in March 2026.

¹ 2021 Census Data

Service Planning and Budget Development

The CRD Board approved the 2023-2026 Board Priorities and CRD Corporate Plan in 2023. The plan includes a number of community needs with outcome statements for staff to advance through the four-year election term. The service planning process is designed to ensure alignment and implementation of strategic objectives during the term. Any initiatives and/or changes to service levels will be advanced through the annual service and financial planning cycle.

As part of the planning process, the Executive Leadership Team (ELT) has met multiple times over recent months to review service plans, initiative business cases and financial implications in alignment with the corporate plan and Board approved financial planning guidelines. ELT has prioritized initiatives in consideration of fiscal constraints, organizational capacity and workforce pressures.

Budget development is based on resources required for delivery of core services, impacts of new initiatives, proposed capital expenditures and other cost pressures such as inflation and contractual agreements. Service budgets include operating and capital plans in addition to any changes in reserve funds. A summary of the changes to budgets for Joint EA Services and each EA is included in this report and supported by Appendix A (Joint EA), Appendix B (JDF), Appendix C (SSI) and Appendix D (SGI).

ALTERNATIVES

Alternative 1

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

1. That the 2026 Electoral Area Services Budgets be given provisional approval as presented; and
2. That the new initiatives for January 1, 2026 implementation identified in Appendix E, be approved for expenditure.

Alternative 2

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

1. That the 2026 Electoral Area Services Budgets be given provisional approval with specific direction on amendments; and
2. That the new initiatives for January 1, 2026 implementation identified in Appendix E, be approved with specific direction on amendments.

IMPLICATIONS

Financial Implications

Joint Electoral Area Services Overview

Joint Electoral Area Services provide services to the three unincorporated areas within the CRD: JDF EA, SSI EA and SGI EA.

Table 1 summarizes the change in tax requisition, operating budget, and capital plan from 2025 final budget to 2026 provisional budget.

Table 1: Summary of Joint Electoral Area Services 2026 Provisional vs 2025 Final (in \$ millions)

	2026 Provisional Plan \$M	2025 Financial Plan \$M	\$M Change	% Change
Requisition	1.50	1.17	0.33	28.3%
Operating Budget	6.17	3.85	2.32	60.3%
Capital Plan	0.12	0.20	(0.08)	-38.5%

The requisition for joint EA services is cost apportioned to each EA on the basis of converted assessments. Detailed requisition summary by service before cost apportionment is included in Appendix A-1.

The provisional 2026 operating budget is \$6.17 million, an increase of \$2.32 million or 60.3% from 2025. The primary drivers of this increase are due to:

- the establishment of the EA Utility Operations service for Southern Gulf Islands and Salt Spring Island under CRD Evolves This new service separates utility operating costs in the Electoral Areas from those in the Core Area Services. As a result, \$1.85 million was transferred from Core Area Services to the new utility service. These costs are fully recovered through labour charge-outs to the SSI and SGI local utilities, with no impact on the tax requisition.
- Annualization of partial year expenditures for the Joint EA Administration Service that was created in Q3 2025
- The Election Service operating budget is increased due to the election that will occur in 2026
- Other increases in operating expenses are primarily related to inflationary adjustments, contractual agreements and reserve transfers in support of capital programs

The Operating Budget Overview summary of changes by service and by expenditure type is included in Appendix A-2.

The provisional 2026 capital plan is \$0.12 million, a decrease of (\$0.08) million or (38.5%). The reduction in capital spending in 2026 is primarily due to the deferral of vehicle replacement by the Building Inspection Service to 2027. This was partially offset by the addition of vehicle replacement by the new EA service, EA Utility Operations. The 2026 Capital Plan Summary overview is included in Appendix A-3.

The detailed budget packages for joint EA services are included in Appendix A-4.

Requisition Overview by EA

Table 2 summarizes the change in tax requisition from 2025 final to 2026 provisional for each EA.

Table 2: 2026 Provisional vs 2025 Final Requisition

	2026 Provisional Requisition		2025 Final Requisition		\$ Change		% Change
	\$M	\$ Per HH	\$M	\$ Per HH	\$M	\$ Per HH	Per HH
JDF	3.46	852.54	3.14	774.74	0.32	77.79	10.0%
SSI	9.71	1,472.54	8.97	1,361.28	0.73	111.26	8.2%
SGI	4.33	639.28	4.10	604.26	0.23	35.02	5.8%

Requisition increases are inclusive of all regional, sub-regional, joint EA and individual EA services in addition to the Capital Regional Hospital District (CRHD). However, Table 2 excludes changes in specified and defined area services within each EA. It should also be noted that regional and sub-regional service budgets may change as service plans and budgets are deliberated at Committee of the Whole and the Board on October 29, 2025.

The actual tax rates impact to EA residents will vary depending on the specified and defined service areas in which they reside in addition to their individual 2026 property assessment values. The 2026 preliminary requisition impact shown in Table 2 (above) reflects the 2025 assessment values from BC Assessments. New assessment information will be incorporated in the final budget when revised data is released by BC Assessments in early February 2026.

Detailed Requisition summaries by service area are included in Appendix B-1 (JDF), Appendix C-1 (SSI), and Appendix D-1 (SGI).

Operating Budget Overview by EA

Table 3 summarizes the change in gross expenditures for each EA in the 2026 provisional budget compared to the 2025 final budget, for individual EA budgets only (excludes Regional, Sub-Regional, Joint EA and CRHD services).

Table 3: Summary of Operating Budget (in \$ millions) by EA

	2026 Provisional Plan \$M	2025 Financial Plan \$M*	\$M Change	% Change
JDF	6.22	5.88	0.34	5.7%
SSI	13.07	12.14	0.93	7.6%
SGI	9.94	9.96	(0.02)	(0.2%)
Total	29.23	27.98	1.25	4.4%

*Based on Amendment Financial Plan (Bylaw No. 4710)

- JDF: The provisional 2026 operating budget is \$6.22 million, an increase of \$0.34 million or 5.7% from 2025. The primary drivers of this increase are due to:
 - Increase in salaries and wages, including additional auxiliary staff, in the JDF EA Community Parks Service
 - Fire Protection services had increases in staffing costs, honorariums, contract for services and vehicle maintenance costs
 - Transfer to reserves have increased in multiple services in support of asset management plans and capital programs

- Operations labour charges and repairs plus maintenance costs are other drivers for local utility services - other minor increases in operating expenses are primarily related to inflationary adjustments
- SSI: The provisional 2026 operating budget is \$13.07 million, an increase of \$0.93 million or 7.6% from 2025, inclusive of fourteen services delegated to LCC. The primary drivers of this increase are due to:
 - Increase in salaries and wages and new debt servicing costs to upgrade pool facilities in SSI Pool and Park Land Service
 - Increase in repairs and maintenance costs and operations labour charges for process improvement and more attention to the system in several local utility services such as Ganges Sewer Service
 - Operating costs in Maliview Sewer will see an increase in 2026 mainly due to new debt servicing costs to complete the upgrade of the Wastewater Treatment Plant (WWTP)
 - There is an increase in sludge hauling costs in SSI Septage and Composting Service in 2026 due to a rise in the rate and forecast volumes.
 - Additional pressures are related to increased contributions through the SSI Public Library service and a higher municipal obligation to SSI Community Transit
 - Transfers to reserves have increased in multiple services in support of asset management and capital programs
- SGI: The provisional 2026 operating budget is \$9.94 million, a decrease of (\$0.02) million or (0.2%) from 2025. The primary drivers of this decrease are due to:
 - One-time grant funding in 2025 for Last-mile Connectivity and Economic Diversification Project grant awarded to the SGI Economic Development Service
 - One-time budget for assessment and servicing of generators in SGI Emergency Program Service in 2025

This decrease in operating budget will be offset by the main drivers for increase in the operating budget stated below.

- Increase in operations labour charges, electricity, repairs and maintenance and supplies costs in Magic Lake Estates Sewer Service due to the new WWTP. These increases are partially offset by decrease in sludge hauling and waste disposal expenses.
- Increased contributions to Pender Fire Society through the Pender Fire Protection Service, slightly offset by reduced MFA debt servicing costs, due to completed debt repayment in 2025, and one-time deficit carryover from 2024 to 2025.
- Increase in salaries and wages in South Galiano Fire Protection Service.
- Increased operations labour charges and supplies in Magic Lake Estates Water to support water sampling and delivery, emergency response, Water Treatment Plant and distribution system, etc.
- Transfer to reserves have increased in multiple services in support of asset management and capital programs. Other minor increases in operating expense are due to inflationary adjustments.

The Operating Budget Overview summary of changes by service, and by expenditure type are included in Appendix B-2 (JDF), Appendix C-2 (SSI) and Appendix D-2 (SGI).

Capital Budget Overview by EA

Capital plans are developed through a process of reviewing:

- Projects in progress
- Condition of existing assets and infrastructure
- Regulatory, environmental, risk, health and safety
- New or renewal initiatives prioritized by communities

The following table summarizes the capital plan by EA.

Table 4 - Summary of Capital Plan by Electoral Area (in \$ millions)

	2026 Capital Plan \$M	2025 Capital Plan \$M*	\$M Change	% Change
JDF EA	3.62	2.99	0.63	21.1%
SSI EA	15.30	9.12	6.18	67.8%
SGI EA	5.92	5.47	0.45	8.2%
Total	24.84	17.58	7.26	41.3%

*Based on Amendment Financial Plan (Bylaw No. 4710)

- JDF: The provisional 2026 capital plan is \$3.62 million, an increase of \$0.63 million or 21.1%. The primary drivers of this increase are due to some new projects planned in 2026, such as the *Otter Point Community Hall Construction* in JDF EA Community Recreation and *Replacement an Engine Pumper Truck* in the Otter Point Fire Protection Service. These capital increases are partially offset by completion or partial completion of capital projects in 2025, such as *Consolidated JDF Official Community Plan Review* in JDF Community Planning, *Vehicle Replacement* in JDF Search and Rescue Service and a *Squad Car Replacement* in East Sooke Fire Protection Service.
- SSI: The provisional 2026 capital plan is \$15.30 million, an increase of \$6.18 million or 67.8%. This increase is mainly due to new capital projects required to maintain or expand service levels or new capital added to existing projects in 2026, such as the *Wastewater Treatment Plant Upgrades* in the Maliview Sewer service, *Kings Lane Sewer Extension* and *UF Membrane Replacement* in Ganges Sewer Service and *Pool Building Structural Upgrades* in SSI Pool and Parkland Service. Part of the increases in capital are offset by projects completing in 2025, such as *Repair Works* in SSI Fernwood Dock and *Construction of Composting Facility* in SSI Septage/Composting Service, or deferral of projects to the years beyond 2026, such as deferral of the *Drummond Park Playground Upgrades* from 2025 to 2027 in SSI Parks, deferral of *Ganges Harbour Walk* in SSI Community Recreation to 2027 and deferral of *Construction of Back Up Power* in Highland/Fernwood Water Service to 2030.
- SGI: The provisional 2026 capital plan is \$5.92 million, an increase of \$0.45 million or 8.2%. The primary drivers of this increase are due to new capital projects required to maintain or expand service levels or new capital added to existing projects in 2026, such as *Design and Construction of New Water Storage Tank* in Surfside Water and *Storage Tank Replacement* in Skana Water Service. Part of the increases in capital are offset by projects completing in

2025, such as partial completion of the *Schooner Way Trail Development* in Pender Parks and completion of the *Miners Bay Dock Improvements* in SGI Harbours Service.

The 2026 Capital Plan Summary overview by service are included in Appendix B-3 (JDF), Appendix C-3 (SSI) and Appendix D-3 (SGI). Capital plan highlights for capital projects over \$100,000 for each EA, are summarized in Appendix B-4 (JDF), Appendix C-4 (SSI) and Appendix D-4 (SGI).

Capital projects are typically funded by annual contributions from operating, grants, reserves and/or long-term debt. Grant funding can have a significant impact on the implementation of the plan as program intakes and results are unknown during the planning process. When changes in funding occurs, financial plan amendments are prepared and presented for approval.

Advanced Approvals

Advanced approval is requested in situations where the commencement or continuity of work before March 2026 is required to address operational needs. These are often related to items that have regulatory compliance implications, grant deadlines and capital projects for which tenders must be issued and where a delay can have negative impacts on service delivery. Items identified as required activities in advance of final budget approval are listed in Appendix E.

Summary

The attached 2026 EA budget packages in Appendix A (Joint EA), Appendix B (JDF), Appendix C (SSI) and Appendix D (SGI), which include operating and capital, are provided for provisional approval. Appendix E contains items that, because of business requirements, require early approval in advance of final budget approval in March.

The provisional budget is subject to change as a result of the final 2025 surplus/deficits, receipt of revised assessment and any adjustments recommended by respective commissions prior to final approval of the financial plan in March 2026.

CONCLUSION

The EA service budgets have been delegated to the EAC by the CRD Board for review and provisional approval. Overall, the 2026 EA preliminary budgets have been prepared in alignment with service plans and direction received by the respective EA director.

RECOMMENDATION

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

1. That the 2026 Electoral Area Services Budgets be given provisional approval as presented; and
2. That the new initiatives for January 1, 2026 implementation identified in Appendix E, be approved for expenditure.

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ATTACHMENTS

- Appendix A: 2026 Preliminary Electoral Area Budget Review – Joint EA Services
Appendix B: 2026 Preliminary Electoral Area Budget Review – JDF
Appendix C: 2026 Preliminary Electoral Area Budget Review – SSI
Appendix D: 2026 Preliminary Electoral Area Budget Review – SGI
Appendix E: 2026 Preliminary Electoral Area Budget Review - January 2026 Approvals