

**REPORT TO REGIONAL PARKS COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 22, 2025**

SUBJECT Regional Parks Service – 2026 Operating and Capital Budget

ISSUE SUMMARY

To provide an overview of the draft 2026 Regional Parks budget, including 2025 year-end budget projections and budget highlights.

BACKGROUND

Since its incorporation in 1966, the Capital Regional District (CRD) has provided and maintained regional parks and trails. As of 2025, the system includes 34 regional parks and 4 regional trails, covering over 13,370 hectares, with nearly 95 km of regional trails and over 375 km of internal park trails. Visitation has risen 42% since 2015, with over 4.1 million visits to trails and 5.1 million to parks in 2024.

In 2025, property taxes funded \$18.9 million of the \$21.3 million operating budget. The CRD Board supports this funding model while exploring ways to reduce taxpayer impact. Non-tax revenues—mainly from fees, permits, donations, fines, and grants—make up about 9% of the budget.

The draft 2026 budget is ready for review by the Regional Parks Committee and will go to the CRD Board, through the Committee of the Whole, on October 29, 2025. The draft budget, provided in Appendix A, includes operating costs for both parks and trails. Considerable efforts have been made to identify trail-related expenses, which will be reallocated to the new Regional Transportation Service. This upcoming change, to be finalized for final budget approval in March, will significantly alter the Regional Parks budget. The current draft does not reflect this transfer, but details will be provided at final budget approval in March 2026.

2025 Year-End Financial Projections

There is an estimated one-time favourable variance of \$781,000 for the Regional Parks 2025 operating budget. A portion of this variance will be carried forward into 2026 to reduce requisition, while the remaining amount will be transferred into the capital reserve and operating reserve at year-end. The bulk of the net variance is a result of:

- Reduced salary costs due to challenges filling vacant positions.
- Reduced contract for services costs due to capacity issues related to vacant positions.
- Timing of new debt payments for land acquisition and the Regional Trail Widening and Lighting Project.

Details can be found in Appendix A (page 4) under the 2025 Estimated Actual column.

As outlined in the CRD Board-approved 2025-2029 Capital Plan, 34 capital projects were scheduled for 2025, with a total budget allocation of \$19.4 million. Of that, approximately \$1.6 million is expected to carry forward into 2026. Funding for these projects has been sourced

through a mix of debt financing, reserves, grants, equipment replacement funds and existing capital allocations. The Capital Program is primarily focused on replacing aging critical infrastructure in regional parks and trails while also meeting dam safety regulatory requirements.

Key capital projects in 2025 included:

- Expansion of the Aylard Farm parking lot.
- Renewal of the Lochside Regional Trail section at North Weiler.
- Girder repairs on E&N Trail bridges.
- Installation of EV charging stations at high-use parks.
- Implementation of the Regional Trestles Renewal, Trail Widening and Lighting Project.

2026 Operating Budget

The Regional Parks budget for 2026 is set at \$22.5 million, reflecting a 5.73% increase over the 2025 budget. This total encompasses operating costs, capital and reserve transfers and debt servicing. The increase supports the continued delivery of park services while accounting for inflationary pressures and strategic adjustments across the organization.

Of the total budget, \$16.8 million is allocated to operations, representing a 6.42% increase from the previous year. This rise is attributed to both core operational needs and a mix of ongoing and one-time expenditures. The core operating budget alone accounts for \$16.5 million, a 4.79% increase over 2025. This growth is driven by nondiscretionary factors such as negotiated staff wages and salaries, corporate support services, and inflationary adjustments required to maintain consistent service levels.

Additionally, the core budget reflects internal service transfers resulting from CRD Evolves, specifically the integration of fleet and communications services. Beyond the core budget, ongoing and one-time operating items contribute 1.63% to the overall increase in operating costs. These items support temporary initiatives and project-specific needs that enhance service delivery without becoming permanent fixtures in the budget.

Ongoing:

- \$130,000 – George Hill – maintenance (auxiliary time and hazard tree)

One-time:

- \$2,500 Bylaw Initiative
- \$50,000 Dam Safety IBC
- \$75,000 George Hill – legal surveys and property assessments

Capital/Reserve Transfers

Total capital/reserve transfers are \$4.1 million in 2026, which is a -4.12% decrease over 2025. The decrease is a result of a reduction of a 2025 one-time \$250,000 transfer to reserves for the Royal Oak Golf Course.

Direct capital funding in 2026 is \$290,000. This is a direct transfer into the Capital Fund to support small annual infrastructure maintenance projects. The total transfers to reserves consist of transfers to the Operating Reserve Fund, Equipment Replacement Fund and Capital Reserve

Fund. The 2026 transfer to reserve budgets is \$3.8 million. The 2026 transfers include a one-time supplementary amount.

One-time:

- \$75,000 – Transfer to Annual Infrastructure Fund for George Hill site securement upgrades

Debt Servicing

Total debt charges for 2026 are projected at \$1.7 million, representing a 28.91% increase over the 2025 budget. Currently, Regional Parks has three loan authorization bylaws with the following debt servicing costs for 2026:

- Bylaw No. 4142 – E&N Rail Trail—Humpback Connector – \$570,000
- Bylaw No. 4506 – Land Acquisition – \$600,000
- Bylaw No. 4588 – Regional Trestles Renewal, Trail Widening and Lighting Project – \$540,000

The overall increase in debt charges reflects the addition of new ongoing and one-time servicing costs tied to the Land Acquisition Fund Strategy and regional trail investments, which were not part of the 2025 budget.

Ongoing:

- \$7,500 – Land Acquisition Fund (LAF) Principle and Interest (P&I) payments
- \$255,000 – Regional Trail Widening P&I payments

One-time:

- \$20,000 – LAF Municipal Finance Authority (MFA) Debt Reserve Fund
- \$100,000 – Regional Trail Widening and Lighting MFA Debt Reserve Fund

Table 1: 2026 Year-over-Year Budget Comparison

Expenditure Type	2026 Financial Plan	2025 Financial Plan	Change	% Change
Operations	16,765,836	15,754,300	1,011,536	6.42%
Capital / Reserve Transfer	4,055,252	4,229,641	-174,389	-4.12%
Debt Servicing	1,709,671	1,326,257	383,414	28.91%
Total	\$ 22,530,759	\$ 21,310,198	\$ 1,220,561	5.73%

Details can be found in Appendix A – Operating Budget.

2026 Capital Budget

The estimated replacement value of built infrastructure in regional parks and trails is \$120 million (2023). Regional trails make up \$40 million (33%), while dam infrastructure accounts for 45% of the parks' total. These figures are based on asset assessments and may rise due to inflation and material costs.

The 2026–2030 capital budget is set at \$92 million, with key investments in:

- Regional Trestles Renewal, Trail Widening and Lighting – \$47 million
- Regional Parks – \$12 million
- Trail Bridges and Surfaces – \$11 million
- Land Acquisition – \$10 million
- Dam Projects – \$6 million
- Vehicle and Equipment Replacement – \$6 million
- Regional Parks Headquarters Service Yard Improvements – \$1 million

The 2026 capital budget totals \$24.8 million, including \$1.6 million carried forward from 2025. Priorities include replacing aging infrastructure, meeting dam safety requirements and improving service delivery. Key projects: bridge replacements at Witty's Lagoon, Beaver Lake Dam upgrades, new portal signs and shoreline restoration at Coles Bay.

Table 2: 2025 Capital Expenditures

Budget Component	2026	% of Total
Buildings	610,000	2.46%
Equipment	183,000	0.74%
Land	2,000,000	8.07%
Engineered Structures	19,918,862	80.33%
Vehicles	2,085,000	8.41%
Total	\$ 24,796,862	100%

Capital Funding Overview

The Capital Program is mainly supported by reserves from annual operating contributions and debt financing for long-term infrastructure and land acquisition. For 2026, funding includes:

- \$17 million in new debt
- \$5.7 million from reserve funds (ERF and Capital Reserve)
- \$500,000 in grants
- \$1.6 million in carry-forward capital from 2025

Current reserve levels and annual transfers are not sufficient to meet the growing infrastructure and maintenance needs of the Regional Parks Capital Program. As a result, debt financing has been identified as a necessary tool to bridge the funding gap and support key projects over the next five years.

For a detailed breakdown of expenditures and funding sources, refer to Appendix A (pages 5-9).

Reserve Funding

There are currently five reserve funds established by bylaw for this service. Reserves serve several purposes, including stabilizing revenue requirements and funding capital renewal and replacement.

The five reserve funds are:

- Legacy Reserve—Bylaw No. 4103: Established to set aside money received for specific purposes through bequests, charitable donations or otherwise given.
- Operating Reserve—Bylaw No. 4145: Established to help Regional Parks cover cyclical costs, unexpected expenses, special projects, and revenue fluctuations. Currently, transfers to the fund support cyclical expenses like visitor surveys and mountain bike trail assessments.
- Equipment Replacement Reserve Fund—Bylaw No. 945: Established to allow Regional Parks to save for replacing vehicles, machinery, and equipment. The 2026 contribution is \$750,000, a \$20,000 increase from 2025, to maintain scheduled replacements and support fleet decarbonization.
- Capital Reserve Fund—Bylaw No. 2313: Established for the purpose of setting aside funds for new infrastructure and renewal or replacement of existing assets. The 2026 contribution is \$3.3 million, \$50,000 more than 2025. Planned 2026 expenditures total \$3.4 million. Current transfers don't fully cover the needs to maintain aging Regional Parks infrastructure. The fund balance includes \$2.3 million restricted for the Land Acquisition Levy.
- Land Acquisition Reserve Fund—Bylaw No. 1831: A statutorily required reserve fund where funds received from the sale of designated park land are placed until they can be used for the purpose of purchasing land for regional park purposes.

Details of reserve fund balances and planned expenditures can be found in Appendix A (pages 23-30).

2026 Budget Context

Salaries and wages make up most of the annual operating budget, at approximately 45% of the total 2026 operating expenditures. Other key drivers are internal allocations for corporate services, consultant/contract for services, reserve transfers and debt servicing. Requisition is the main revenue source for Regional Parks, funding approximately 89.5% of the total operating costs.

The totals are summarized in Appendix A (page 4), along with the 2025 year-end estimated actuals and the 2027-2030 future projections.

Requisition

The 2026 requisition is set at \$20.2 million, reflecting a 6.94% increase over 2025. This includes a 4.95% rise in the core budget and 1.99% for ongoing and one-time items. The requisition for 2026 has been reduced by \$340,000 due to a carryforward of estimated surplus funds from 2025.

ALTERNATIVES

Alternative 1

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

That Appendix A, Operating & Capital Budget – Regional Parks Service, be approved as presented and form the basis of the Provisional 2026-2030 Financial Plan.

Alternative 2

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

That Appendix A, Operating & Capital Budget – Regional Parks Service, be approved as amended and form the basis of the Final 2026-2030 Financial Plan.

IMPLICATIONS

Financial Implications

The CRD's Regional Parks Division is planning for a growing and increasingly complex parks and trails system. Budget increases are driven by inflation, mandatory wage adjustments, the George Hill land acquisition, dam safety work, staffing needs and debt servicing for major capital projects such as the Regional Trestles Renewal, Trail Widening and Lighting Project.

The operating budget includes \$280,000 for the George Hill acquisition, covering \$130,000 in ongoing maintenance and \$150,000 for site securement and assessments. Without this funding, service levels in other areas may be reduced.

Additionally, a one-time \$50,000 request has been submitted to address dam safety through a risk assessment, which will help prioritize future investments and avoid impacts to other services.

The Regional Trestles Renewal, Trails Widening and Lighting Project has been included in the five-year capital plan and the debt servicing costs have been included in the five-year operating budget. The 2026 debt servicing for the project is estimated at \$535,000, which includes \$355,000 in new debt servicing costs.

Alignment with Board & Corporate Priorities

The 2023-2026 CRD Corporate Plan highlights the initiatives the CRD needs to deliver over the Board's four-year term to address the region's most important needs. The Corporate Plan identifies a number of initiatives under various priorities that fall under the regional parks and trails mandate. In addition to these initiatives, other Board-approved plans, such as the Regional Parks and Trails Strategic Plan 2022-2023, provide additional direction for the operating and capital budget.

CONCLUSION

To ensure long-term sustainability and safety across the regional parks system, replacing aging infrastructure remains a top priority. The Capital Reserve Fund, which includes \$2.3 million in restricted Land Acquisition Levy funds, plays a critical role in supporting these upgrades. Strategic investments such as the George Hill and Royal Oak Golf Course acquisitions, dam safety assessments, and the Regional Trestles Renewal Project reflect the CRD's commitment to maintaining service levels while addressing future growth. Continued refinement of the financial plan and pursuit of alternative funding sources will help balance infrastructure needs with fiscal responsibility.

RECOMMENDATION

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

That Appendix A, Operating & Capital Budget – Regional Parks Service, be approved as presented and form the basis of the Provisional 2026-2030 Financial Plan.

Submitted by:	Mike MacIntyre, Senior Manager, Regional Parks
Concurrence	Luisa Jones, MBA, General Manager, Parks, Recreation & Environmental Services
Concurrence	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
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ATTACHMENTS:

Appendix A: Capital Regional District 2026 Budget – Regional Parks
Presentation: 2026 – 2030 Financial Plan