

**REPORT TO COMMITTEE OF THE WHOLE
MEETING OF WEDNESDAY, SEPTEMBER 21, 2022**

SUBJECT **Capital Regional District 2023 Financial Plan Provisional Approval**

ISSUE SUMMARY

This report presents the Capital Regional District (CRD) 2023 Financial Plan for review and provisional approval.

BACKGROUND

Annually, the CRD must develop a five year financial plan inclusive of both revenue and expenditures for operating and capital budgets. The financial plan is developed in alignment with legislation and, upon approval, provides authority for the operations of the CRD. Final budget approval is required before March 31 each year.

A preliminary budget (the provisional financial plan) is developed prior to final approval to allow service participants and local rate payers to comment on and make recommendations to programming, funding requirements, and initiatives to execute the corporate plan. The provisional financial plan also forms the foundation of materials used in public consultation to engage with municipalities, electoral areas, and the public. Additionally, a provisional budget is required for continuance of capital projects and operating initiatives that either overlap through or start at the beginning of the calendar year. Finally, the provisional budget is required to amend annual fees and charges bylaws in various services.

The provisional financial plan will be subject to changes as a result of final year-end adjustments, revised assessment information, and any other amendments from commissions, committees, or the Board prior to final approval. It should also be noted that both the Capital Region Housing Corporation and Capital Regional Hospital District execute their respective financial planning processes concurrently with the CRD.

Planning and Approval Process

The 2023 service planning process marked the final year of the corporate plan. The planning cycle is designed to ensure alignment and implementation of strategic objectives identified and prioritized during the election term. A new corporate plan will be prepared to incorporate new and revised priorities following local government elections this fall. Any changes to service levels and financial plans to be brought forward in the annual planning cycle.

As in prior years, the Service and Financial Planning Guidelines were presented through committee and approved by the Board in May. The guidelines support financial management strategies related to revenue, reserves and debt management. The guidelines for 2023 directed staff to focus on retraction of activities where possible, absorbing cost pressures, while still balancing essential services and initiatives. Refer to Appendix A for the Service and Financial Planning Guidelines report and 2023 planning timeline with milestones and activities.

As part of the planning process, the Executive Leadership Team (ELT) has met multiple times to review individual service plans, initiative business cases (IBCs), 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.

Through a systematic decision-making process, a number of initiatives have been deferred, phased, mitigated and scaled down as much as possible while still maintaining services and meeting corporate plan objectives. The identified resource implications for prioritized initiatives and changes to service levels have been consolidated for the Committee of the Whole to review on September 21, 2022.

Review and recommendation for approval of all regional and sub-regional budgets are made by the Committee of the Whole. Approval of all electoral-area-exclusive, and local service commission budgets, are made by the Electoral Areas Committee (EAC). The EAC recommended approval of electoral area budgets on September 21, 2022. Appendix I includes the EAC budget Review Package.

2023 Financial Plan Overview

The Financial Plan has been developed based on resources required for delivery of core services, the impact of new initiatives, proposed capital programs, current economic conditions and other cost pressures such as inflation and contractual agreements. The Plan includes operating and capital budgets in addition to changes in reserve funds.

Various pressures influence both the total budget and cost apportionment to participants. Drivers such as inflation and interest rate changes have a direct, and sometimes significant impact on the overall budget. Other impacts, including benefit rates, materials and supplies, and utilities such as electricity, natural gas and fuel, also influence the cost of service delivery. In addition, the majority of services are cost apportioned on an assessment basis. Historical growth trends have been positive on an aggregate regional basis, but difficult to forecast on a participant basis.

Service level drivers are a product of community needs, Board priorities, and regulatory requirements. The prioritized initiatives to support these demands are highlighted in the service plan report and resulting financial plan.

Major initiatives affecting the organization across multiple services are addressed through service planning to coordinate an organizational response. This year, the results have focused impacts to the community needs of Accountability, Water & Wastewater, Affordable Housing, and others.

Regional Trends and Observations

National and regional indicators including unemployment and inflation have seen dramatic changes in the past 12 months. The rebound from COVID-19 has resulted in low unemployment (near pre-pandemic levels) paired with 30-year high inflation rates. In July 2022, the greater Victoria consumer price index (CPI) reached 8.2%, up from 2.5% in July 2021¹. In BC, the cost of food and groceries were up 9.1%, while the cost of shelter also increased for both homeowners

¹ At: <https://www2.gov.bc.ca/assets/gov/data/statistics/economy/cpi/cpdata.pdf>

(+8.1%) and renters (+6.1%) year over year. The cost of electricity increased 1.0%, while both piped gas and fuel, and oil rose sharply at 28.9% and 53.8% respectively².

Population growth continues to drive the regional economy as well as the need for investments in infrastructure and an increase in service delivery. Since 2011, the population of the CRD has increased 17.5% through 2021, or 1.4% last year.³ The population growth in the region continues to outpace Metro Vancouver and the Province as a whole.

As of June 2022 the unemployment rate in greater Victoria was 4.1%, significantly lower than pandemic highs of 10.3%, and lower compared with the provincial and national rates of 4.8% and 4.9%. Victoria continues to have one of the lowest unemployment rates in the province, second only to Kelowna at 4.0%, but ahead of Abbotsford-Mission at 4.5% and Vancouver 5.0%⁴. Labour shortages continue to impact all sectors across the region and present significant resourcing challenges.

The building construction sector continues to be a key driver of the local economy. The quantity of dwellings in building permits have increased 13% year over year while the value through the first six months of 2022 are approximately \$1.0 billion or 6% higher over the same period in 2021⁵. A lagging indicator to permits, housing starts are higher through the first seven months by 7.2% than the same period last year. Assuming this trend continues through year end, the total starts are estimated to be 5,157 versus 4,809 in 2021⁶.

The Bank of Canada (BoC) raised the overnight rate in September 2022 by 0.75%, moving from 2.5% to 3.25%. Since March 2022, the BoC has raised the key policy rate 300 basis points (3%), the quickest rise in rate since the mid-1990s, in an attempt to bring inflation back to its annual target of 2%. The Canadian economy continues to experience excess demand and tight labour markets, contributing to high core inflation fueling long-term inflation speculation. The BoC wrote in their press release, given the outlook for inflation the overnight policy rate will need to rise further⁷.

Housing affordability continues to be a challenge in the region with the benchmark value of a single family home increasing from \$1,082,000 to \$1,433,800, or 32.5%, in July 2022 versus July 2021. Prices are expected to fall with the impact of rising interest rates and a 70.2% increase in the number of active listings compared to a year ago (2,162 versus 1,270 in July 2021)⁸. As a result, assessment value increases in recent years could taper as home sale prices moderate through the remainder of 2022.

² At: https://www2.gov.bc.ca/assets/gov/data/statistics/economy/cpi/cpi_highlights.pdf

³ At: <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates>

⁴ At: <https://www.saanichnews.com/news/unemployment-rate-in-greater-victoria-rises-to-4-1-per-cent/>

⁵ CRD Regional Planning Statistics

⁶ At: <https://www03.cmhc-schl.gc.ca/hmip-pimh/#Profile/2440/3/Victoria>

⁷ <https://www.bankofcanada.ca/2022/09/fad-press-release-2022-09-07/>

⁸ At: <https://www.vreb.org/current-statistics#gsc.tab=0>

ALTERNATIVES

Alternative 1

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

1. That the Capital Regional District 2023 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, 2023, implementation be approved for expenditure;
4. That the 2023 Community Need Summaries be approved as presented; and
5. That the Staff Establishment Chart as attached in Appendix M be approved.

Alternative 2

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

1. That the Capital Regional District 2023 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, 2023, implementation be approved with specific directions on amendments;
4. That the 2023 Community Need Summaries be approved with specific directions on amendments; and
5. That the Staff Establishment Chart as attached in Appendix M be approved with specific directions on amendments.

IMPLICATIONS

Financial Implications

Budget Overview

On a consolidated basis, the combined 2023 financial plans of the CRD, CRHD, and CRHC total \$680 million; \$391 million in operating, and \$289 million in capital, as summarized below.

Table 1 - Consolidated Financials (in \$ millions)

Entities	2023 Operating Budget \$	2023 Capital Budget \$	Total \$
Capital Regional District (CRD)	329.0	210.6	539.6
Capital Regional Hospital District (CRHD)	32.8	30.2	63.0
Capital Region Housing Corporation (CRHC)*	29.0	48.6	77.6
Total	\$390.8	\$289.4	\$680.2

**Preliminary estimate ahead of CRHC budget approval in December 2022*

The 2023 CRD financial plan includes operating revenues and expenditures of \$329.0 million, an increase of \$15.6 million or 5.0% compared to the 2022 plan, as summarized below.

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

Expenditure Type	2023 Financial Plan \$	2022 Financial Plan \$ ¹	\$ Change	% Change
Operations	237.8	225.2	12.6	5.6%
Debt Servicing	41.3	40.9	0.4	1.0%
Capital Funding	26.1	23.3	2.8	12.0%
Transfers to Reserves	23.8	24.0	-0.2	-0.8%
Total	\$329.0	\$313.4	\$15.6	5.0%

¹ Based on amended Financial Plan (Bylaw No. 4498)

The total increase of \$15.6 million is due primarily to increases in operating expenditures and capital funding which are partially offset by reduced transfers to reserves. The detailed budgets by service are included in Appendix G and changes in service budgets are highlighted in Appendix K. The following table explains the year over year changes to the operating budget by cost driver:

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

Cost Driver	Total \$	% of Total Change
Corporate Plan Priorities (Initiative Business Cases)	\$3.7	1.2%
Community Needs (Regulatory and Policy)	\$2.9	0.9%
Annualization of 2022 Initiatives	\$2.5	0.8%
Inflation & Core Service Delivery	\$6.5	2.1%
Total Change	15.6	5.0%
<i>Board Directed Initiatives</i>	<i>+\$0.4</i>	<i>+0.1%</i>
<i>Board Endorsed Initiatives (subject to successful service establishment)</i>	<i>+\$0.9</i>	<i>+0.3%</i>

The main drivers of the \$15.6 million or 5.0% change to the operating budget are Initiative Business Cases supporting Corporate Plan Priorities (\$3.7 million or 1.2%), Regulatory and Policy changes supporting Community Needs (\$2.9 million or 0.9%), Annualization of prior year initiatives (\$2.5 million or 0.8%), and the net impact of Inflation with Core Service Delivery optimization (\$6.5 million or 2.1%). To mitigate inflationary and core service adjustments, staff have reviewed and rebalanced ongoing service delivery including adjustments to annual capital and reserve funding through alignment with approved capital reserve guidelines. As a result, inflation and core service delivery results are below the Board approved financial planning guidelines which set the benchmark CPI inflation rate at 3.0%. A detailed listing of initiatives is included in Appendix L.

Additionally, Board Directed Initiatives are items approved at provisional for inclusion in the final budget. These initiatives were directed outside of the planning process and total \$0.4 million or 0.1% incremental to the operating budget. This includes \$0.25 million one-time funding for government-to-government relationship building with First Nations, and a one-year renewal (to the recently expired \$0.45 million, 3 year funding) of \$0.15 million to the Aboriginal Coalition to End Homelessness.

Finally, Board Endorsed Initiatives are items approved at provisional for inclusion in the final budget subject to successful services establishment. These initiatives were part of the planning process but excluded from the current budget based on authority. There are three initiatives totaling \$0.9 million or 0.3% including the establishment of a regional geese management service, a transportation service for the Southern Gulf Islands, and a local community commission for Salt Spring Island.

With the approval of the corporate plan, the annual service planning process identifies initiatives to deliver each objective with resourcing implications. Each initiative is evaluated and integrated into existing operations with an aim to optimize and minimize impacts. Appendix L summarizes prioritized initiatives.

Additionally, the proposed 2023 Staff Establishment chart is included as Appendix M. The following table captures resourcing impacts to deliver these initiatives grouped by community need.

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

Community Need (target outcome)	FTE	Term	Total
Accountability (<i>being leaders in organizational performance, transparency and service delivery</i>)	0.45	6.00	6.45
Affordable Housing (<i>that residents have access to affordable housing that enhances community well-being</i>)	6.00	0.70	6.70
Water (<i>ensuring a sustainable and resilient water supply</i>)	2.61	-	2.61
Wastewater (<i>efficient and effective management of the region's wastewater</i>)	3.00	-	3.00
Arts & Culture (<i>strategic investment to maximize the artistic, social and economic contributions that arts and culture make to the quality of life in the region</i>)	0.20	-	0.20
Total	12.3	6.7	19.0
<i>Board Directed Initiatives</i>	<i>+0.0</i>	<i>+0.0</i>	<i>+0.0</i>
<i>Board Endorsed Initiatives (subject to successful service establishment)</i>	<i>+2.0</i>	<i>+0.5</i>	<i>+2.5</i>

Operating Revenue

Sources of funding vary by service, including sale of services (inclusive of various fees and charges), requisition to member municipalities and electoral areas, recovery from other departments, reserve transfers, grants, and other revenue. The following table outlines the year over year change in revenue by source, where Appendix B provides an operating budget infographic.

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

Sources of Revenue	2023 Financial Plan \$	2022 Financial Plan \$ ¹	\$ Change	% Change
Sale of services	154.1	146.3	7.8	5.3%
Requisitions	79.9	78.1	1.8	2.3%
Allocation to other services	53.8	47.6	6.2	13.0%
Municipal Debt	16.5	15.4	1.1	7.1%
Rentals and other revenue	8.9	7.4	1.5	20.3%
Surplus	6.3	8.0	(1.7)	-21.3%
Grants	5.4	5.1	0.3	5.9%
Transfer from reserve	4.1	5.5	(1.4)	-25.5%
Total	\$329.0	\$313.4	\$15.6	5.0%

¹ Based on amended Financial Plan (Bylaw No. 4498)

Of the total \$15.6 million increase in 2023 revenue, half or \$7.8 million is raised through incremental sales of services. This is primarily driven by:

- \$3.5 million in Landfill and Composting revenue driven by forecasted volume growth.
- \$2.2 million in Regional Water Supply, due to a combination of increased water consumption and water rate adjustments.
- \$1.3 million in Juan de Fuca Water Distribution, due to a combination of adjusted water consumption and water rate adjustments.

Allocations to other services increased by \$6.2 million driven by:

- \$4.5 million in recoveries to Legislative and General Administration largely due to prioritized 2023 initiative business cases, and annualization of 2022 initiatives in support of the corporate plan.
- \$1.1 million in water and wastewater support provided to multiple services in the electoral areas and core area wastewater treatment.

Rentals and other revenue increased by \$1.5 million primarily as a result of a one-time return of debt reserve funds of \$1.1 million on the expiring debt for the Leech land acquisition in Regional Water Supply.

Surplus decreased by \$1.7 million largely driven by a \$1.8 million change for Regional Housing Trust Fund, resulting from a larger carryforward in the prior year for unallocated grants.

Transfer from reserve decreased by \$1.4 million driven by the removal of one-time 2022 transfers related to:

- \$0.7 million in Regional Planning program development
- \$0.2 million in Core Area Wastewater to reflect revised cyclical maintenance requirements
- net decrease of \$0.2 million in Legislative and General Administration projects

Requisition

Revenue raised through requisition totals an estimated \$79.9 million (excluding municipal debt), an increase of 2.3% from 2022. Electoral area requisition accounts for \$15.9 million or 20% of the \$79.9 million CRD total. The impact to each municipality and electoral area will vary depending

on the sub-regional and local services they participate in, in addition to changes in cost apportionment, inclusive of assessment and population growth. Table 6 summarizes the change in requisition from 2022 categorized by regional, sub-regional, and electoral areas.

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

Description	2023 Requisition	2022 Requisition	\$ Change	% Change	% of Total Change
Regional	34.3	33.3	1.0	2.9%	1.2%
Sub-Regional	29.7	29.5	0.2	0.8%	0.3%
Electoral Areas	15.9	15.3	0.6	3.9%	0.8%
Total	\$79.9	\$78.1	\$1.8	2.3%	2.3%

The primary drivers for the increase in regional requisition are funding for initiatives to meet remaining corporate plan priorities.

- Regional: Largely attributable to inflationary increases across all regional services of \$0.6 million. \$0.3 million relates to the annualization of initiatives in the updated Climate Action strategy, and \$0.1 million relates to the annualization of funding initiatives within Legislative and General Administration supporting several organization-wide initiatives.
- Sub Regional: Inflationary increases of \$0.2 million largely relates to SEAPARC, Panorama Rec, and Arts Grants and Development.
- Electoral Areas (EA): for additional details see appendices I-1 through I-5. The EAC recommended approval of their respective budgets on September 21, 2022.

Table 7 – Requisition Drivers (in \$ millions)

Requisition Drivers	\$ Total	% of Total Change
Incremental Impact of Board Strategic Priorities (IBCs)	0.0	0.0%
Annualization of 2022 Initiatives	0.4	0.6%
Core Service Delivery & Inflation	1.4	1.7%
Total Change	1.8	2.3%
<i>Board Directed Initiatives</i>	<i>+\$0.4</i>	<i>+0.5%</i>
<i>Board Endorsed Initiatives (subject to successful service establishment)</i>	<i>+\$0.9</i>	<i>+1.1%</i>

Of the total \$1.8 million or 2.3% increase in requisition, the main driver is related to inflation and core service adjustments, netting to \$1.4 million or 1.7%. Annualization of 2022 initiatives account for the balance of the change of \$0.4 million or 0.6%.

Requisition would increase a further \$0.4 million or 0.5% with the inclusion of the Board directed initiatives and a further \$0.9 million or 1.1% for those initiatives contingent on service establishment or referendum approval. If approved, the impacts will be incorporated in the final budget approval in March.

Appendix D (the Financial Plan and Municipal/EA Summaries) shows a high level summary of the overall 2023 budget, including gross expenditures and revenue sources, in addition to the 2022 budget for comparison. The preliminary impact to member municipalities and electoral areas is estimated in the schedules attached to Appendix D and are based on current BC Assessment information. Updated assessment data will not be available until the new year.

Capital Budget

The 2023 Capital Plan overview is shown in Appendix C and the list of projects over \$500,000 in Appendix E. Detailed capital plans by service are included in Appendix G. Capital budgets are developed through the service planning and budget processes and consider:

- status of projects already in progress
- condition of existing assets and infrastructure
- regulatory, environmental, risk, and health and safety factors
- new or renewal projects prioritized by the commissions, committees, or local service areas

The proposed 2023 capital plan is \$210.6 million, an increase of \$21.8 million or 11.5% from 2022. The change in investment is primarily the result of the Regional Housing First Program (RHFP) planned purchase of \$15.4 million for the Prosser building, and \$7.2 million for the Cell 4 Liner at the Hartland Landfill. Table 7 summarizes the capital plan by department.

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

Department	2023 Capital Plan \$	2022 Capital Plan \$ ¹	\$ Change	% Change
Wastewater	46.3	47.1	-0.8	-1.8%
Drinking Water	73.5	72.5	1.0	1.4%
Planning & Development ²	17.4	0.9	16.5	1849.8%
Protective Services	1.9	2.4	-0.5	-21.7%
Regional Parks	15.8	14.0	1.8	12.7%
Solid Waste	34.6	27.7	6.9	24.8%
Recreation & Culture	12.8	16.0	-3.2	-19.9%
General Gov & Other	8.3	8.2	0.1	1.4%
Total	\$210.6	\$188.8	\$21.8	11.5%

¹ Based on amended Capital Plan (Bylaw No. 4498)

² Includes the Land, Banking and Housing Service

Capital plan highlights include:

- Within Wastewater, \$34.2 million planned for the Core Area Wastewater service including various pump station renewal projects, Marigold electrical and building upgrades, the Bowker sewer rehabilitation project, various meter, gravity sewer and manhole renewal projects, and closeout of remaining capital obligations for CAWTP. There is an additional \$6.1 million planned pump station and treatment plant upgrades for the Magic Lake Sewer System and \$2.0 million in treatment plant upgrades for Maliview Estates Sewer System
- Within Drinking Water, infrastructure projects totalling \$38.5 million in the Regional Water Supply service focus on remediation, replacement, and upgrades to vulnerable sections of Supply Main 4, replacement of the UV System, and vehicle and equipment replacement. Additionally, there is \$27.9 million for the Juan de Fuca Water Distribution service with significant projects targeted at replacement of aged pipe sections, extending Seagirt watermain, and updates at Rocky Point. There is an additional \$5.1 million in the Saanich Peninsula Water Supply service for system upgrades and expansion, and Keating Cross Road water main.

- Within Planning & Development, \$15.4 million is allocated to the Prosser building acquisition for RHFP to create new affordable housing units throughout the region.
- Within Solid Waste, investments total \$34.6 million for projects including Landfill Gas Utilization, Cell 4 Liner Installation, and aggregate production.
- Within Recreation & Culture, there is \$2.5 million planned for the Heat Recovery Plant project at Panorama Recreation. The Royal Theatre and McPherson Playhouse services combine for \$2.9 million in various capital replacements.
- Parks infrastructure investments of \$15.8 million include widening the Selkirk Trestle, development of the Mayne Island Regional Trail, and potential land acquisitions.

Capital projects are typically funded by annual contributions from operating, grants, reserves and/or by long term debt. Grant funding can have a significant impact on the implementation and timing of the plan. Results are communicated throughout the year.

Capital Funding

The funding profile in 2023 has seen a rise in proportion of debt, increasing from 19% to 26%. 2023 planned grant revenue and donations and third party contributions account for nearly one fifth of all capital funding. The remainder of the capital plan is funded from operating and WIP (24%) and Reserves (32%). The funding profile for 2023 continues to show a more diversified and sustainable funding model for capital investment. Staff continue to be proactive in leveraging senior government funding, internal capacity to deliver projects and programs, and enabling business transformation by continuously improving operations through prioritized capital investment. See Appendix C for the capital budget overview.

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

Funding Sources	2023 Capital Plan \$	% of Total Funding	2022 Capital Plan \$¹	% of Total Funding
Operating & WIP	51.0	24%	49.5	26%
Grants	21.6	10%	23.5	12%
Debenture Debt	54.5	26%	35.5	19%
Reserve Funding	67.0	32%	69.5	37%
Donations & 3rd Party	16.5	8%	10.8	6%
Total	\$210.6	100%	\$188.8	100%

¹ Based on amended Capital Plan (Bylaw No. 4498)

Reserves

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

Reserves are a mechanism for leveraging annual revenue in support of sustainable service delivery. A review of capital reserve health for the CRD was completed in 2021 and resulted in Board approved guidelines. The guidelines define the relationship between leverage and savings and are now incorporated into financial planning across all CRD services.

Detailed reserve schedules are included in Appendix G by service where applicable. Reserve schedules provide detailed information on the proposed activity for the next five years, in alignment with operating budgets and capital expenditures. The schedules assist in evaluating transfers to reserves from the current operating budget, and the impact of prior year surpluses and deficits.

Advance Approvals

Advance approval is requested in specific situations where the commencement of work before March 2023 is considered necessary to address operational needs for meeting service plans or efficiency of work plans. These are often related to items that have regulatory compliance implications, grant deadlines and capital projects for which tenders have to be issued and where a delay in commencement of work can have a negative impact on service delivery timing. Items identified as necessary activities to begin in advance of the March 31 final approval are listed in Appendix H.

Summary

The attached 2023 budget package in Appendix G, which includes operating and capital, is provided for preliminary approval. Appendix H contains items that, as a result of business requirements, need to be implemented as early as January 1 in advance of the March 31 approval.

The provisional budget is subject to change as a result of final 2022 surplus/deficits, receipt of revised assessment and any adjustments recommended by the respective Commissions and the 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 Electoral Areas Committee (EAC) reviewed and provided preliminary approval of the 2023 Electoral Area-only budgets on September 21, 2022. The regional and sub regional budgets, once approved by the Committee of the Whole, together with the EAC budgets, will be presented to the CRD Board for preliminary approval.

CONCLUSION

The Capital Regional District 2023 Financial Plan has been prepared and presented for preliminary approval. The Financial Plan will be subject to change as a result of the final 2022 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, 2023.

RECOMMENDATION

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

1. That the Capital Regional District 2023 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, 2023, implementation be approved for expenditure;
4. That the 2023 Community Need Summaries be approved as presented; and
5. That the Staff Establishment Chart as attached in Appendix M be approved.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S)

Presentation: 2023 Capital Regional District Provisional Budget
Appendix A: CRD Budget Planning Process and Financial Planning Guidelines Report
Appendix B: CRD 2023 Operating Budget Overview
Appendix C: CRD 2023 Capital Budget Overview
Appendix D: CRD 2023 Preliminary Financial Plan Summary
Appendix E: CRD 2023 Major Capital Projects
Appendix F: CRD 2023 Financial Indicators
Appendix G: Budget Review Package (Parts A, B and C)
Appendix H: January Approvals
Appendix I: Electoral Areas Committee Budget Packages (Parts 1 thru 5)
Appendix J: CRD 2023 Operating Cost Summary by Service
Appendix K: Service Budget Highlights
Appendix L: Initiative Business Cases – 2023 Budget Impact
Appendix M: CRD Staff Establishment
Appendix N: Operating and Capital Reserve Forecasts