



STAFF REPORT TO COMMITTEE

MEETING TYPE & DATE: Special Committee of the Whole of November 6, 2025
FROM: Corporate Services Department – Finance Division
SUBJECT: Draft 2026 Budget Overview
FILE: 1715-20

PURPOSE/INTRODUCTION

The purpose of this report is to present the Draft 2026 Budget for Committee consideration and direction.

RECOMMENDED RESOLUTION

For information.

BACKGROUND

At the Board meeting of July 9, 2025, the Board approved the following mandate for the 2026 Draft Core Budget:

It was moved and seconded:

- 1. That the 2026 budget mandate be a maximum of 4% on requisition and staff provide options for further reductions to 2.5%; and*
- 2. That staff bring back options for further reductions to the Special Committee of the Whole November 6, 2025, budget meeting.*

The core budget consists of operating expenditures, which are defined as expenditures associated with the ongoing maintenance and administration, on a day-to-day basis, for each function at the same level service as the previous year.

ANALYSIS

The Board approved the mandate for the 2026 Draft Budget to achieve a 4% requisition increase over the 2025 requisition, with options to bring the budget down to a 2.5% requisition increase.

Staff developed their core budgets based on the current Board-approved mandate. Staff have reviewed all options and prepared the draft budget as a status quo budget that equals 3.71%. This draft budget does not include any service changes or reductions. It is also based on current capacity within the departments and does not allow for any additional capacity.

Overall, the Draft 2026 Budget proposes a requisition increase of 3.71% which equals \$2,397,358 (excluding parcel tax) over 2025, before considering any Capital Asset Investment or Service Enhancement requests, other than those already given pre-approval. The change in the costs per \$100K for the amount listed above will range from \$3.30 (Area A) to \$14.96 (Area D). The Draft 2026 Budget book is available on the CVRD website for detailed review by the Board and public at this time: <https://www.cvrld.ca/3608/2026-Draft-Budget>.

During the recent budget process, a number of new capital projects were identified and proposed; however, the current staff capacity required to effectively take on these additional commitments is extremely low. Existing teams are already fully engaged in delivering the current planned capital projects. The lack of capacity sets the CVRD at the risk of overextending its current workforce, which could lead to delays and potential increase in costs.

Attachment A is a high-level overview of all the CVRD Departments. These overviews outline department structure, major initiatives (both completed and underway), planned workplans and budget priorities. This information was presented to the Board in June 2025, during the Budget mandate meeting.

Service Enhancements and Projects

There are 74 capital asset and/or service enhancement requests proposed for the 2026 Budget. Of the 74 requests submitted, 67 are relating to capital assets (either new, replacement or refurbishment), with the remaining 7 being operational/service enhancements. The 4 staffing requests are all related to help maintain current service levels within the respective functions. These requests are mainly being covered by capital reserves, operating reserves, debt, Community Works Funds and other grants, with 6 proposed to be covered by requisition (which are specifically from Regional Recreation). Attachment B is a listing of all these requests. The requests effecting requisition amount to \$802,951 and will increase the overall budget percentage by 1.25%. The projects relating to Community Works Funds will be brought to the Electoral Area Services Committee meeting of November 19, 2025, for review and recommendations to the Board.

Asset Management

The Board discussed Asset Management at the June 2025 Budget mandate meeting and confirmed it as a strategic priority for the CVRD. The Draft 2026 Budget includes a number of transfers to capital reserve for future asset replacements for Committee consideration. Asset Management staff will provide a presentation on asset management and potential options for transfer to reserves. These amounts will have an impact on the Draft 2026 Budget and will be discussed in a presentation during the November 6, 2025 meeting. Attachments C, D and E include details from Asset Management concerning asset maturity, capital reserve contributions and fleet reserve contributions.

Reserves

Finance has provided a listing of highlighted functions (with their balances) that are either over the maximum or under the minimum levels for the operating reserves. As a matter of practice, Finance oversees balance adjustments per reserve policy and engages with Division Managers to determine if the overages should be left in Operating Reserves or moved to Capital Reserves. In some cases, it was due to the fact that the function does not own any capital assets requiring a Capital Reserve. Some of the balances were kept due to upcoming projects that will require the funding. Attachment F includes additional information.

Next Steps

Finance will be working to keep the CVRD 2026 Draft Budget website updated, as well as the budget section on the Plan Your Cowichan site. These will form part of the budget engagement with the public. Communications staff have helped develop a short budget video that will soon be available on the CVRD Budget website.

The Recreation Commission meetings will be held in November with the 2026 Draft Budgets being presented at those meetings. All decisions will be brought forward to the Board in January 2026.

The Finance Division is seeking direction from today's meeting for changes to the 2026 Draft Budget that will be brought back to the Electoral Area Service Committee and Committee of the Whole meetings in January, prior to the adoption of the 5-Year Financial Plan Bylaw in January 2026.

OPTIONS

As part of the Board-approved draft budget mandate, staff have brought forward a list of options to help bring the year-over-year requisition increase down to the 2.5%. These service options will be proposed in Closed Session in accordance with the *Community Charter*.

FINANCIAL CONSIDERATIONS

The Draft Core 2026 Budget includes an increase of \$2,397,358 in property taxes. This is a 3.71% increase over 2025. The effect on individual properties varies based on a number of factors, including property assessment and property location. Only the participants in a service area contribute to the costs of providing those services.

COMMUNICATION CONSIDERATIONS

Public meetings will be held in November 2025. The public is encouraged to attend to learn about potential budget changes in their area and to provide feedback which will be brought back to the Committee as the budgets are deliberated. Additional information regarding public engagement is included in Attachment G.

For more information, please visit Plan Your Cowichan:
<https://www.planyourcowichan.ca/cvrd-budget-2026>

STRATEGIC/BUSINESS PLAN CONSIDERATIONS

Strategic Objective #5 is to demonstrate “strong fiscal stewardship.” The budgeting process and financial reports are prepared annually in consideration of the budget mandate, current strategic priorities and for informed decision-making.

Submitted by: Tracy Bowen, CPA, BComm Chief Financial Officer
Concurrence: Clayton Postings, Deputy Chief Administrative Officer & General Manager,
Corporate Services Department

Reviewed for form and content and approved for submission to the Committee:

Resolution:

Financial Considerations:

Corporate Officer

Chief Financial Officer

ATTACHMENTS:

Attachment A – Department Overviews
Attachment B – 2026 Capital Asset Investment and Service Enhancement Listing
Attachment C – Asset Management Maturity Memo
Attachment D – Capital Asset Reserve Contribution Funding Memo
Attachment E – Fleet Reserve Contribution Memo
Attachment F – Operating Reserve Balances Summary Memo
Attachment G – 2026 Budget Communications and Engagement update Memo