

Drivers for Change in the Operating Budget

Since Provisional approval, the operating budget has increased by \$11.9 million or 2.7%. Below are two tables detailing the major changes arising since Provisional approval.

Changes in Operating Expenses

Expenditure Type (\$M)	2026 Final	2026 Prelim	\$ Change	% Change
Operations	329.0	318.2	10.8	3.4%
Capital Funding	38.2	38.5	(0.3)	(0.8%)
Transfer to Reserves	29.5	29.7	(0.2)	(0.7%)
Debt Servicing	26.5	26.3	0.2	0.8%
Sub-Total	423.2	412.7	10.5	2.5%
Municipal Debt	22.5	21.1	1.4	6.6%
Total	\$445.7	\$433.8	\$11.9	2.7%

Of the overall expenditure increase of \$11.9 million, \$10.8 million is primarily driven by an increase in **Operations** arising from:

- \$2.8 million in carryforward of unspent funds (deferred to 2026) for the Village on the Green, Verdier and the Rural Housing Pilot Program for the Regional Housing Trust Fund.
- \$2.7 million net increase for Regional Transportation due to the transfer of the regional trails function to Regional Parks. Cost includes Operations & Maintenance allocation, trail-related debt, additional regional trails expenses and carryforward of studies.
- \$1.8 million increase for Core Area Wastewater Operations includes contracted annual payments for the Residual Treatment Facility (RTF) representing 30% of biosolids disposal costs, and other RTF costs for a condition assessment and additional operational expenses.
- \$1.3 million increase for bird control and material processing contract costs, and the updated infrastructure impact agreement with Saanich for the Hartland Landfill.
- \$0.5 million in carryforward of unspent funds for connectivity costs in the Southern Gulf Island (SGI) Economic Development Commission service.
- \$0.3 million increase in carryforward of unspent funds for the Electronic Documents & Records Management System project, and the Enterprise Risk Management program in Corporate Services.
- \$0.3 million increase for one-time auxiliary and consultant costs for support of procurement projects.
- \$0.3 million increase for additional waste sludge disposal costs in Saanich Peninsula Wastewater.

Municipal Debt increased by \$1.4 million primarily due to:

- \$1.0 million in debt servicing costs for the District of Saanich borrowing \$15 million in fall 2025.
- \$0.4 million in debt servicing costs from the City of Victoria borrowing \$5 million in fall 2025.

Changes in Operating Revenue

Revenue Type (\$M)	2026 Final	2026 Prelim	\$ Change	% Change
Sale of Services	211.4	210.7	0.7	0.3%
Requisition	102.5	101.9	0.6	0.6%
Internal Allocations	74.5	72.2	2.3	3.2%
Grants, Reserves & Other	34.8	27.9	6.9	24.7%
Sub-Total	423.2	412.7	10.5	2.5%
Municipal Debt	22.5	21.1	1.4	6.6%
Total	\$445.7	\$433.8	\$11.9	2.7%

Of the overall revenue increase of \$11.9 million, \$6.9 million is primarily driven by an increase in **Grants, Reserves & Other** resulting from:

- \$2.8 million surplus increase from a carryforward of unspent funds in 2025 for the Village on the Green, Verdier, and the Rural Housing Pilot Program for the Regional Housing Trust Fund.
- \$1.3 million transfers from reserves increase due to higher contract for services costs and the updated infrastructure impact agreement with Saanich for the Hartland Landfill.

Allocations to Other Services increased by \$2.3 million from:

- \$2.2 million in Regional Parks recoveries from support and debt related to regional trails, allocated to the Regional Transportation Service.
- \$0.5 million in recoveries anticipated for Core Area Wastewater Operations, with the acceptance of the Other Municipal Residual Solids (OMRS) equipment at the RTF.
- (\$0.4) million decrease in internal labour recoveries from consolidating the Salt Spring Island (SSI) Parks and Recreation functions into one service.

Municipal Debt increased by \$1.4 million primarily due to:

- \$1.0 million requisition increase from the District of Saanich borrowing \$15 million in fall 2025.
- \$0.4 million requisition increase from the City of Victoria borrowing \$5 million in fall 2025.

Sale of Services increased \$0.7 million as a result of:

- \$1.1 million increase related change between invoice by agreement and requisition funding, higher biosolids disposal costs, and added funding for joint condition assessments and increased operating costs for the RTF in Core Area Wastewater Operations.
- (\$0.3) million decrease from receiving a MFA surplus payout for the repayment of the load for conceptual design and Seaterra work on Core Area Wastewater Debt. The payout was slightly offset from year-end sewer flow adjustments and PILT contributions.

- (\$0.1) million decrease due to a change in invoice by agreements and requisition from year-end sewer flow adjustments and PILT contributions for Saanich Peninsula Wastewater.

Requisition net increased by \$0.6 million due to:

- \$0.2 million net in Regional Transportation due to increased operational expenses for regional trails function, including bylaw and encampment enforcement, wage reclassification trails roles, and ice management for trails.
- \$0.2 million in Core Area Wastewater Operations due to additional funding to cover increased biosolids disposal costs, and joint condition assessment and increased operational costs for the RTF. Slightly offset from increased OMRS recoveries and PILT payments.
- \$0.2 million in various SGI services, including Health, Fire, Parks and Utilities, primarily driven from Commission or Society requests following Provisional approval.
- \$0.1 increase for Saanich Peninsula Wastewater from new cost apportionment updates based on year-end sewer flow adjustments and PILT contributions.
- (\$0.1) million decrease due to an MFA surplus payout for the repayment of the loan for conceptual design and Seaterra work associated with Core Area Wastewater Debt.