

# Report

Date May 15, 2024  
Subject Long-Term Borrowing for Integrated RCMP Facility

---

File:

## PURPOSE

To obtain a security issuing resolution that will enable long-term borrowing for the North Cowichan/Duncan Integrated RCMP Facility through the Cowichan Valley Regional District (CVRD).

## BACKGROUND

Section 182 of the *Community Charter* requires a municipality borrowing under a loan authorization bylaw to have its regional district undertake the financing through the Municipal Finance Authority (MFA) of British Columbia. This provides joint and several liability for the debt, helping ensure that all local governments in BC benefit from low interest rates as a result of the MFA's triple A credit rating.

A security issuing resolution adopted by Council is required to be sent to the CVRD in order for the Board to consider adoption of the Security Issuing Bylaw required to obtain financing. The MFA issues long term debt twice per year, in the spring and the fall. To be included in the fall 2024 issue, municipal security issuing resolutions are required to be received by the CVRD by June 13, 2024.

## DISCUSSION

On July 15, 2020, Council adopted North Cowichan/Duncan Integrated RCMP Facility Loan Authorization Bylaw No. 3787, 2020, authorizing borrowing a sum not exceeding \$48,000,000 for a term of 20 years. \$22 million was borrowed in the 2022 fall issue, leaving \$26 million available.

Typically, long-term debt is not secured until the project is complete, and the exact amount of required debt is known. In this case, the final costs will not be known in time for the fall 2024 issue, delaying the completion of the long-term borrowing until the spring of 2025. However, as the majority of the costs have already been paid, and North Cowichan obtained a \$10 million loan (and \$1.5 million grant) from the Federation of Canadian Municipalities (FCM) for the North Cowichan/Duncan Integrated RCMP Facility, which also must be borrowed through the MFA, staff feel it is prudent to borrow this amount now. The final borrowing will be undertaken in the spring once the final costs are known, ensuring that the total amount borrowed does not exceed the project's actual cost.

## OPTIONS

1. **(Recommended Option)** THAT Council approve borrowing from the Municipal Finance Authority of British Columbia, as part of the 2024 Fall Borrowing Session, \$10,000,000 as authorized through North Cowichan/Duncan Integrated RCMP Facility Loan Authorization Bylaw No. 3787, 2020, and that the Cowichan Valley Regional District be requested to consent to our borrowing over a 20-year term and include the borrowing in a Security Issuing Bylaw.

- This resolution contains the MFA required wording and asks the CVRD Board to secure the funding on our behalf.

## IMPLICATIONS

Staff recommends borrowing the \$10 million FCM amount at this time to ensure that cash flows will not be adversely affected. The final costs for the Integrated RCMP Facility are still unknown, and to date, the expenses have exceeded this recommended borrowing amount.

The current economic climate makes interest rates challenging to predict. The estimated 10-year rate under the FCM agreement is approximately 4.2%, which is slightly less than the current MFA rate of 4.49%. It is impossible to predict the loan rate in the spring of 2025 when the final project costs are known.

## RECOMMENDATION

THAT Council approve borrowing from the Municipal Finance Authority of British Columbia, as part of the 2024 Fall Borrowing Session, \$10,000,000 as authorized through North Cowichan/Duncan Integrated RCMP Facility Loan Authorization Bylaw No. 3787, 2020, and that the Cowichan Valley Regional District be requested to consent to our borrowing over a 20-year term and include the borrowing in a Security Issuing Bylaw.

Report prepared by:



---

Teri Vetter  
Director, Financial Services

Report reviewed by:



---

Talitha Soldera  
General Manager, Corporate Services

## Approved to be forwarded to Council:



---

Ted Swabey  
Chief Administrative Officer