

Report

Date February 19, 2025
Subject Electrical Vehicle Infrastructure – Equipment Financing

File:

PURPOSE

To seek Council's approval for \$339,830 in short-term borrowing to assist with the costs associated with the electrification of 12 light duty vehicles, a refuse truck and the installation of charging infrastructure.

BACKGROUND

A report was brought to the Committee of the Whole on January 7, 2025, with an update on fleet vehicle electrification and seeking Council approval for short-term borrowing for the electric vehicle (EV) charging infrastructure (Attachment 1). The following motion was made at the January 15, 2025, regular Council meeting:

THAT Council continue with the electrification of 12 light duty vehicles, a refuse truck and install charging infrastructure by:

- (a) Allocating an additional \$167,571 from the Local Government Climate Action Program funds and \$52,903 from the Climate Action and Energy Plan Reserve;*
- (b) Authorize short-term borrowing for the shortfall estimated at \$339,830 through the Municipal Finance Authority;*
- (c) Authorize the Incentive Agreement with BC Hydro for funding electrical infrastructure;*
- (d) Direct staff to apply for BCs Go Electric Fleet Charging Program before the deadline; and,*
- (e) Put the infrastructure out for tender in early 2025.*


DISCUSSION

The Municipal Finance Authority (MFA) equipment financing program is available to regional districts and municipalities under section 175 of the *Community Charter*. These loans are direct obligations of the entity requesting the funding. Staff are recommending this for the following reasons:

- Low interest rates;
- No consent required from the Cowichan Valley Regional District;
- No fees or taxes; and,
- Fixed monthly payment schedule.

Staff consulted with the MFA to assess the eligibility of this project for equipment financing. The MFA confirmed that the project aligns with the program's intended purpose. The financing term is capped at five years, facilitating straightforward budgeting of principal and interest payments throughout the borrowing period. At the time of writing this report, the interest rate for equipment financing was 3.77%.

The estimated annual cost (principal and interest) is shown below and included in the 2025 – 2029 budget:

Estimated Annual Cost 			
Year ▼	Principal	Interest	Payment
2025	52,230.90	10,282.70	62,513.60
2026	64,957.42	9,721.94	74,679.36
2027	67,449.36	7,230.00	74,679.36
2028	70,020.45	4,658.91	74,679.36
2029	72,722.80	1,956.56	74,679.36
2030	12,449.07	58.19	12,507.26

OPTIONS

1. **(Recommended Option)** THAT the Council of the Corporation of the District of North Cowichan authorizes
 - (1) up to \$339,830 be borrowed, under section 175 of the *Community Charter*, from the Municipal Finance Authority, for the purpose of the electrification of 12 light-duty vehicles, a refuse truck and installation of charging infrastructure; and,
 - (2) that the loan be repaid within five years, with no rights of renewal.
 - This option allows for the capital purchase of the EV infrastructure and aligns with Council's Climate Action and Energy Plan.
2. THAT the Council of the Corporation of the District of North Cowichan deny the short-term borrowing up to \$339,830 for the purpose of the electrification of 12 light duty vehicles, a refuse truck and installation of charging infrastructure.

IMPLICATIONS

If the request for short-term borrowing is denied, the EV infrastructure project will lack the necessary funds to proceed. Consequently, no charging infrastructure will be available for the electric refuse truck, which is anticipated to arrive in late spring. This shortfall would significantly hinder the project's progress and the usage of the new vehicle. If approved, staff will proceed with the project and send a certified resolution and Liability Servicing Limit to MFA for processing.

RECOMMENDATION

THAT the Council of the Corporation of the District of North Cowichan authorizes:

- (1) up to \$339,830 be borrowed, under section 175 of the *Community Charter*, from the Municipal Finance Authority, for the purpose of the electrification of 12 light-duty vehicles, a refuse truck and installation of charging infrastructure; and,
- (2) that the loan be repaid within five years, with no rights of renewal.

Report prepared by:



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Approved to be forwarded to Council:



Ted Swabey
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Attachment:

- (1) Fleet vehicle electrification update