

# Report

Date February 19, 2025  
Subject Cowichan Aquatic Centre – Equipment Financing

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File:

## PURPOSE

To seek Council's approval for \$165,000 in short-term borrowing to fund the purchase of fitness equipment and construction of a secure compound at the Cowichan Aquatic Centre.

## BACKGROUND

The Cowichan Valley Regional District (CVRD) Board recommended, at the January 22, 2025, Board meeting, that any municipalities with facilities in the Regional Recreation Function with the capacity to borrow should undertake short-term borrowing to finance necessary capital upgrades and equipment for community facilities. The Cowichan Aquatic Centre requires new fitness equipment and a secure compound to enhance its services and ensure the safety of its assets, totalling \$165,000 in 2025.

## DISCUSSION

There are two options for short-term borrowing through the Municipal Finance Authority (MFA) – simple short-term borrowing, where the only requirement is monthly interest payments and no required principal payment till the end of the term, or equipment financing, where there is a fixed monthly schedule with principal and interest paid over the term. Both options have no longer than five-year terms.

The MFA's 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 option for the following reasons:

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

The interest and principal payments will be recovered through the CVRD's Regional Recreation – Function 390, and the Cowichan Aquatic Centre budget has been adjusted to reflect the Board's recommendation (Attachment 1). 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:

Estimated Annual Cost 			
Year	Principal	Interest	Payment
2025	25,094.26	5,767.69	30,861.95
2026	31,351.79	5,336.77	36,688.56
2027	32,710.64	3,977.92	36,688.56
2028	34,119.68	2,568.88	36,688.56
2029	35,606.56	1,082.00	36,688.56
2030	6,117.07	32.09	6,149.16

## OPTIONS

1. **(Recommended Option)** THAT the Council of the Corporation of the District of North Cowichan authorizes
  - (1) up to \$165,000 be borrowed, under section 175 of the *Community Charter*, from the Municipal Finance Authority, for the purpose of fitness equipment and a secure compound at the Cowichan Aquatic Centre; and,
  - (2) that the loan be repaid within five years, with no rights of renewal.
  - This option allows for the capital purchase of fitness equipment and construction of a secure compound in 2025.
2. THAT the Council of the Corporation of the District of North Cowichan deny the short-term borrowing up to \$165,000 for the purpose of fitness equipment and a secure compound at the Cowichan Aquatic Centre.

## IMPLICATIONS

North Cowichan has no financial implications as the principal and interest payments for this debt will be 100% recovered through Regional Recreation Function 390 over the five-year term. If approved, staff will 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 \$165,000 be borrowed, under Section 175 of the *Community Charter*, from the Municipal Finance Authority, for the purpose of fitness equipment and a secure compound at the Cowichan Aquatic Centre; and,
  - (2) that the loan be repaid within five years, with no rights of renewal.

Report prepared by:



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Report reviewed by:



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**Approved to be forwarded to Council:**



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Ted Swabey  
Chief Administrative Officer

Attachment:

- (1) Revised Cowichan Aquatic Centre budget