

**REPORT TO FINANCE COMMITTEE
MEETING OF WEDNESDAY, JANUARY 07, 2026**

SUBJECT Municipal Finance Authority 2026 Spring Issue – Capital Regional District Security Issuing Bylaw Nos. 4742 and 4743

ISSUE SUMMARY

Approval of the Security Issuing Bylaw Nos. 4742 and 4743 for borrowings by the Capital Regional District (CRD) and for borrowings by the District of Saanich.

BACKGROUND

Under Sections 410 and 411 of the *Local Government Act*, the CRD must adopt a security issuing bylaw to authorize the issue of debt for all or any part of the debt approved under loan authorization bylaws for its own purposes and for municipal borrowing requests.

Debt issuance is undertaken twice annually by the Municipal Finance Authority (MFA). Each borrowing request must be supported by its own CRD security issuing bylaw. Once approved by the CRD Board, the bylaws are submitted to the Ministry of Municipal Affairs for approval prior to MFA issuance.

The CRD is requesting the issue of securities as shown in Table 1 below:

TABLE 1: CRD Financial Plan Borrowing – (\$ Millions)

| Security Issuing Bylaw No. | Service | LOAN AUTHORIZATION | | | | Term of issue | Issue amount (\$M) | Notes |
|----------------------------|-----------------------------------|--------------------|------------------|----------------|-----------------|---------------|--------------------|----------------------------|
| | | Bylaw No. | Authorized (\$M) | Borrowed (\$M) | Remaining (\$M) | | | |
| 4742 | Environmental Resource Management | 4515 | \$36.000 | \$25.650 | \$10.350 | 15 | \$2.900 | 2026 Capital Plan Projects |
| | TOTAL | | | | | | \$2.900 | |

Pursuant to Section 182 of the *Community Charter*, municipality borrowing under a loan authorization bylaw must be undertaken by the applicable regional district. Under Section 410 of the *Local Government Act*, the regional district finances that borrowing once the municipality's loan authorization bylaw has received approval. For the Spring 2026 issue, all requisite loan authorization bylaws, provincial certificates of approval and municipal resolutions supporting the proposed security issuing bylaws are in place.

Municipal requests for the Spring 2026 MFA issue have been submitted by the District of Saanich. The requests are outlined in Table 2 below.

TABLE 2: Municipal Borrowings – (\$ Millions)

| Security Issuing Bylaw No. | Municipality | LOAN AUTHORIZATION | | | | Term of issue | Issue amount (\$M) | Notes |
|----------------------------|---------------------|--------------------|------------------|----------------|-----------------|---------------|--------------------|--------------------------------------|
| | | Bylaw No. | Authorized (\$M) | Borrowed (\$M) | Remaining (\$M) | | | |
| 4743 | District of Saanich | 10056 | \$18.800 | \$12.000 | \$6.800 | 30 | \$6.800 | Firehall #2 Redevelopment Project |
| | | 10025 | \$3.100 | \$0.000 | \$3.100 | 15 | \$3.100 | Transportation Capital Program |
| | | 10027 | \$3.215 | \$0.000 | \$3.215 | 15 | \$3.215 | Community Facilities Capital Program |
| | TOTAL | | | | | | \$13.115 | |

ALTERNATIVES

Alternative 1

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4742, "Security Issuing Bylaw No. 1, 2026", be introduced and read a first, second and third time; and
2. That Bylaw No. 4742 be adopted.
3. That Bylaw No. 4743, "Security Issuing Bylaw No. 2, 2026", be introduced and read a first, second and third time; and
4. That Bylaw No. 4743 be adopted.

Alternative 2

That adoption of Bylaw Nos. 4742 and 4743 be referred back to staff for amendments.

IMPLICATIONS

Financial Implications

The CRD funds capital projects through a range of sources, including long-term borrowing. Borrowing enables the cost of major infrastructure to be spread over time, aligning repayments with the long-term service benefits. All financial impacts associated with the proposed borrowings are already included in the approved 2026 Financial Plan.

The Environmental Resource Management service is borrowing \$2.9 million in the Spring 2026 MFA issue to support three capital plan items identified in the preliminary 2026–2030 Financial Plan. This includes \$750,000 for the Cell 5 and 6 Groundwater Relief Work, \$1,400,000 for Cell 5 Liner Construction and \$750,000 to relocate existing utilities for Cell 5. These works form part of the multi-year capital program required to advance phased landfill development and ensure continued regulatory compliance.

Borrowing Terms

Each borrowing request will be funded by the MFA as part of the Spring 2026 issue, with proceeds expected to be received in May. The amortization period is stipulated in the respective loan authorization bylaw and reflects the duration approved during the public approval process. The MFA will determine the borrowing rate and initial term at the time of issuance. Since 2021, MFA term rates have been locked in rather than following the former standard 10-year initial term, with 5-year renewals. Depending on market conditions, the MFA may establish longer initial and renewal terms to optimize long-term borrowing costs.

The MFA provides indicative market interest rates to assist local governments in estimating potential borrowing costs for upcoming issues. The indicative rates as of December 10, 2025, are:

| Loan Amortization | MFABC – Indicative Rates |
|--------------------------|---------------------------------|
| 5 years | 3.38% |
| 10 years | 4.11% |
| 15 years | 4.60% |
| 20 years | 4.80% |
| 25 years | 4.80% |
| 30 years | 4.80% |

CONCLUSION

The CRD is authorized to borrow from the MFA through security issuing bylaws for both regional district and municipal projects. Borrowing costs are covered by the requesting CRD service or municipality.

For the Spring 2026 MFA issue, two borrowing requests have been submitted: \$2.9 million for the CRD and \$13.115 million for the District of Saanich. Approval of the associated bylaws is required to participate in the Spring 2026 MFA debt issuance.

RECOMMENDATION

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4742, “Security Issuing Bylaw No. 1, 2026”, be introduced and read a first, second and third time; and
2. That Bylaw No. 4742 be adopted.
3. That Bylaw No. 4743, “Security Issuing Bylaw No. 2, 2026”, be introduced and read a first, second and third time; and
4. That Bylaw No. 4743 be adopted.

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| Submitted by: | Varinia Somosan, CPA, CGA, Senior Manager, Financial Services & Deputy Chief Financial Officer |
| Concurrence: | Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer & General Manager, Finance & Technology |
| Concurrence: | Kristen Morley, J.D., Corporate Officer & General Manager, Corporate Services |
| Concurrence: | Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer |

ATTACHMENTS

Appendix A: Bylaw No. 4742, "Security Issuing Bylaw No. 1, 2026"

Appendix B: Bylaw No. 4743, "Security Issuing Bylaw No. 2, 2026"