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**REPORT TO CAPITAL REGIONAL DISTRICT BOARD
MEETING OF WEDNESDAY, JULY 08, 2026**

SUBJECT Municipal Finance Authority 2026 Fall Issue - Capital Regional District Security Issuing Bylaw Nos. 4788, 4789, 4790 and 4791

ISSUE SUMMARY

Approval of the security issuing Bylaw Nos. 4788, 4789, 4790 and 4791 for borrowings by the Capital Regional District (CRD) and for borrowings by the City of Victoria, the District of Saanich and the District of Oak Bay.

BACKGROUND

Under Sections 410 and 411 of the *Local Government Act*, the CRD must adopt a security issuing bylaw to provide for the issue of debt for all or any part of the debt authorized under loan authorization bylaws for its own borrowings and on behalf of municipalities requesting debt.

Debt issuance is undertaken twice annually by the Municipal Finance Authority (MFA). The process requires the CRD Board to adopt separate security issuing bylaws for each borrower. The approved bylaws are then submitted to the Ministry of Municipal Affairs for approval.

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

Table 1: Capital Regional District 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)			
4788	Core Area Wastewater Treatment Plant	4375	\$34.3000	\$10.0000	\$24.3000	15	\$24.3000	Capital Projects / Debt Conversion
		4374	\$22.7000	\$10.4700	\$12.2300	15	\$12.2300	Capital Projects / Debt Conversion
	Seagirt Water Service	4488	\$2.1000	\$0.0000	\$2.1000	25	\$1.3399	Debt Conversion
	TOTAL		\$59.1000	\$20.4700	\$38.6300		\$37.8699	

Pursuant to Section 182 of the *Community Charter*, municipality borrowing under a loan authorization bylaw must be undertaken by the applicable regional district on behalf of the municipality. Pursuant to Section 410 of the *Local Government Act*, the regional district will finance municipal loan authorization bylaws approved under the *Community Charter*. For

CAPITAL REGIONAL DISTRICT BOARD July 8, 2026
Municipal Finance Authority 2026 Fall Issue - Capital Regional District Security Issuing Bylaw

municipalities the requisite loan authorization bylaws, provincial certificates of approval and municipal resolutions for the proposed security issuing bylaws are in place.

Municipal requests for the fall 2026 MFA issue have been submitted by the City of Victoria, the District of Saanich and the District of Oak Bay. The requests are outlined in Tables 2 to 4 below.

Table 2: Municipal Borrowings – City of Victoria (\$ Millions)

Security Issuing Bylaw No.	Municipality	LOAN AUTHORIZATION				Term of issue	Issue amount (\$M)	Notes
		Bylaw No.	Authorized (\$M)	Borrowed (\$M)	Remaining (\$M)			
4789	City of Victoria	24-054	\$168.9000	\$0.0000	\$168.9000	20	\$17.0000	Crystal Pool Replacement
	Total		\$168.9000	\$0.0000	\$168.9000		\$17.0000	

Table 3: Municipal Borrowings – District of Saanich (\$ Millions)

Security Issuing Bylaw No.	Municipality	LOAN AUTHORIZATION				Term of issue	Issue amount (\$M)	Notes
		Bylaw No.	Authorized (\$M)	Borrowed (\$M)	Remaining (\$M)			
4790	District of Saanich	10023	\$0.4000	\$0.0000	\$0.4000	15	\$0.4000	Sewer Capital Program
		10024	\$1.7000	\$0.0000	\$1.7000	15	\$1.7000	Storm Drainage Capital Program
		10026	\$1.2000	\$0.0000	\$1.2000	15	\$1.2000	Parks Capital Program
		10164	\$5.4000	\$0.0000	\$5.4000	15	\$5.4000	Transportation Capital Program
		10166	\$1.5800	\$0.0000	\$1.5800	15	\$1.5800	Community Facilities Capital Projects
	Total		\$10.2800	\$0.0000	\$10.2800		\$10.2800	

Table 4: Municipal Borrowings – District of Oak Bay (\$ Millions)

Security Issuing Bylaw No.	Municipality	LOAN AUTHORIZATION				Term of issue	Issue amount (\$M)	Notes
		Bylaw No.	Authorized (\$M)	Borrowed (\$M)	Remaining (\$M)			
4791	District of Oak Bay	4929	\$13.2500	\$0.0000	\$13.2500	15	\$3.7463	Road Reconstruction Program
		4930	\$12.9500	\$0.0000	\$12.9500	15	\$5.2098	Storm Sewer Rehabilitation Program
	Total		\$26.2000	\$0.0000	\$26.2000		\$8.9561	

ALTERNATIVES

Alternative 1

1. That Bylaw No. 4788, “Security Issuing Bylaw No. 3, 2026”, be introduced and read a first, second and third time; and
2. That Bylaw No. 4788 be adopted.
3. That Bylaw No. 4789, “Security Issuing Bylaw No. 4, 2026”, be introduced and read a first, second and third time; and
4. That Bylaw No. 4789 be adopted.
5. That Bylaw No. 4790, “Security Issuing Bylaw No. 5, 2026”, be introduced and read a first, second and third time; and
6. That Bylaw No. 4790 be adopted.
7. That Bylaw No. 4791, “Security Issuing Bylaw No. 6, 2026”, be introduced and read a first, second and third time; and
8. That Bylaw No. 4791 be adopted.

Alternative 2

That Bylaw Nos. 4788, 4789, 4790 and 4791 be referred back to staff for amendments.

IMPLICATIONS

The CRD funds capital projects through various sources, including long-term borrowing, which spreads capital costs over time. Related borrowing costs are included in the approved financial plan bylaw for the respective years.

Under the approved 2026-2030 Financial Plan, \$37.8699 million is planned to be borrowed by the CRD through the fall 2026 MFA issue, as summarized in Table 1. This includes \$36.53 million for the Core Area Wastewater Treatment Plant service, of which \$26.5 million will convert existing short-term borrowing to long-term debt and \$10.03 million will fund 2026 capital projects. The remaining \$1.3399 million relates to the Seagirt Water Service and will convert temporary borrowing to long-term debt.

On an illustrative basis, the Core Area Wastewater Treatment Plant borrowing of \$36.53 million over 15 years at 4.61% results in estimated annual debt payments of approximately \$3.6 million

and total payments of approximately \$53.9 million. The Seagirt Water Service borrowing of \$1.3399 million over 25 years at 4.83% results in estimated annual debt payments of approximately \$0.10 million and total payments of approximately \$2.5 million.

Combined, the CRD service borrowings result in estimated annual debt payments of approximately \$3.7 million and total payments of approximately \$56.4 million. Actual interest rates and repayment schedules will be confirmed by the MFA at issuance.

Municipal borrowing requests for the fall 2026 MFA issue total \$36.236 million: \$17.0 million for the City of Victoria, \$10.280 million for the District of Saanich and \$8.956 million for the District of Oak Bay. These borrowings are the responsibility of the respective municipalities and have no funding impact to the CRD. The related liabilities and recoveries are reflected in the CRD's financial statements, with the CRD invoicing municipalities and remitting payments to the MFA.

Borrowing Terms

Each borrowing request will be funded by the MFA as part of the fall issue, with proceeds expected to be received between September and December. The amortization period is stipulated in the respective loan authorization bylaw and is for a period established during the public approval process. The rate and initial term will be determined by the MFA at the time of issuance.

Since 2021, MFA borrowing has not necessarily followed the previous general structure of a 10-year initial term with 5-year renewal terms. Depending on market conditions, the MFA may issue debt using longer initial or renewal periods.

The MFA provides current indicative market interest rates as an estimate of potential rates for the upcoming issue. The indicative rates, as of June 10, 2026, are:

Loan Amortization	MFABC – Indicative Rates
5 years	3.47%
10 years	4.10%
15 years	4.61%
20 years	4.83%
25 years	4.83%
30 years	4.83%

CONCLUSION

The CRD, through security issuing bylaws, is authorized to borrow from the MFA for both regional district and municipal borrowings. Borrowing costs are covered by the requesting CRD service or municipality. For the fall 2026 MFA debt issuance, the CRD has submitted one regional district security issuing bylaw covering two service borrowings, and three municipalities have submitted borrowing requests. Approval of these bylaws is recommended to facilitate participation in the fall MFA debt issuance.

RECOMMENDATION

1. That Bylaw No. 4788, "Security Issuing Bylaw No. 3, 2026", be introduced and read a first, second and third time; and
2. That Bylaw No. 4788 be adopted.
3. That Bylaw No. 4789, "Security Issuing Bylaw No. 4, 2026", be introduced and read a first, second and third time; and
4. That Bylaw No. 4789 be adopted.
5. That Bylaw No. 4790, "Security Issuing Bylaw No. 5, 2026", be introduced and read a first, second and third time; and
6. That Bylaw No. 4790 be adopted.
7. That Bylaw No. 4791, "Security Issuing Bylaw No. 6, 2026", be introduced and read a first, second and third time; and
8. That Bylaw No. 4791 be adopted.

Submitted by:	Andrew Hoge, CFA, CPA, Manager, Corporate Finance & Treasury
Concurrence:	Varinia Somosan, CPA, CGA, Acting 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. 4788, "Security Issuing Bylaw No. 3, 2026"
Appendix B: Bylaw No. 4789, "Security Issuing Bylaw No. 4, 2026"
Appendix C: Bylaw No. 4790, "Security Issuing Bylaw No. 5, 2026"
Appendix D: Bylaw No. 4791, "Security Issuing Bylaw No. 6, 2026"