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**REPORT TO ELECTORAL AREAS COMMITTEE
MEETING OF WEDNESDAY, JULY 08, 2020**

SUBJECT **MFABC Equipment Financing Program Borrowing Resolution for Pender Islands Fire and Emergency Response Service**

ISSUE SUMMARY

A borrowing resolution from the Board is required to authorize the borrowing of funds for the Pender Islands Fire Protection and Emergency Response Service under the Municipal Finance Authority (MFABC) Equipment Financing program.

BACKGROUND

The Capital Regional District (CRD) Board approved the 2020-2024 Financial Plan (Bylaw No. 4349) on March 18, 2020, which included an item to the Pender Island Fire Protection and Emergency Service capital plan for the replacement of a fire pumper truck (\$695,000) to be funded from MFA Equipment Financing Program (\$545,000) and Equipment Replacement Fund (\$150,000). Authorization to borrow through the MFA Equipment Financing Program requires a borrowing resolution be approved by the Board.

The annual debt payment for this borrowing is also budgeted and was approved by the Board in the 2020-2024 Financial Plan (Bylaw No. 4349) on March 18, 2020.

ALTERNATIVES

Alternative 1

The Electoral Areas Committee recommends to the Capital Regional District Board:

That the following borrowing resolution be approved:

1. That the Board of the Capital Regional District authorizes up to \$545,000 to be borrowed, under Section 403 of the Local Government Act, from the MFABC Equipment Financing Program, for the purchase of a Fire Truck for Pender Island Fire Protection and Emergency Service.
2. That the loan be repaid within five (5) years, with no rights of renewal.

Alternative 2

That the resolution be deferred pending further analysis by CRD staff.

IMPLICATIONS

Financial Implications

The MFABC has an Equipment Financing Program which replaced the former Leasing Program. Loans under this program are available to both regional districts and municipalities under section 175 of the *Community Charter*. These loans are direct obligations of the entity requesting the funding.

Through this loan agreement, the regional district retains ownership of the asset and is charged a low variable interest rate based on the Canadian Dealer Offered Rate with fixed payment schedule. There are no fees to set up or discharge agreements, no taxes on payments, and no penalties or fees for paying out early or making extra principle payments. The loan agreement will be for a term no longer than five (5) years under the Equipment Financing Program. The current rate for the Equipment Financing Program is 1.515% (July 2020).

CONCLUSION

The 2020-2024 Financial Plan (Bylaw No. 4349), which included the replacement of the fire truck purchase (\$695,000) for Pender Island Fire Protection and Emergency Response Service, was approved at the March 18, 2020 Board meeting. The financial plan identified the fire truck replacement was funded by borrowing under MFABC Equipment Financing Program (\$545,000) and Equipment Replacement Fund (\$150,000). Authorization to borrow through the MFABC Equipment Financing Program requires a borrowing resolution be approved by the Board.

RECOMMENDATION

The Electoral Areas Committee recommends to the Capital Regional District Board:

That the following borrowing resolution be approved:

1. That the Board of the Capital Regional District authorizes up to \$545,000 to be borrowed, under Section 403 of the Local Government Act, from the MFABC Equipment Financing Program, for the purchase of a fire truck for Pender Island Fire Protection and Emergency Service.
2. That the loan be repaid within five (5) years, with no rights of renewal.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Kevin Lorette, P. Eng., MBA, Acting Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Borrowing Resolution for Equipment Financing Program with the Municipal Finance Authority (MFA)