

Report

Date November 25, 2025
Subject 2026 Regional Recreation Draft Budget – Fuller Lake Arena

PURPOSE

For the Cowichan North Recreation Commission to provide a recommendation to the Cowichan Valley Regional District (CVRD) Board for approval of the 2026-2030 Fuller Lake Arena Regional Recreation budget.

BACKGROUND

2025 was the first year in which the Fuller Lake Arena (FLA) received 100% of the budgeted expenses less projected revenue from Regional Recreation.

At the CVRD Board meeting of July 9, 2025, the Board approved the following mandate for the 2026 Draft Core Budget:

It was moved and seconded:

- 1) *That the 2026 budget mandate be a maximum of 4% on requisition and staff provide options for further reductions to 2.5%; and*
- 2) *That staff bring back options for further reductions to the Special Committee of the Whole November 6, 2025, budget meeting.*

The CVRD Special Committee of the Whole budget meeting on November 6, 2025, did not change the budget direction provided on July 9, 2025.

The core budget consists of operating expenditures, which are defined as expenditures associated with the ongoing maintenance and administration, on a day-to-day basis, for each function at the same level service as the previous year.

Due to the funding model of Regional Recreation and the requirement for early budget approvals, any operating deficit or surplus is addressed on a one-year lag. This means that actuals from 2024 will be reflected and reconciled in the 2026 budget cycle. This approach also applies to emergency capital repairs funded through capital reserves. These expenditures are made with the understanding that the reserves will be replenished in the 2026 budget. Operating deficits from 2024 for Fuller Lake Arena are being carried forward in 2026 and staff consider these to be outside the scope of the CVRD Board's mandate for requisition increases. As such, the deficit has not been included in the calculation of percentage or dollar amount increases for the 2026 budget.

DISCUSSION

At the close of 2024, the FLA experienced increases in admissions and overall revenue, leading to expanded operations for 2025. As of July 2025, this upward trend has continued, with growth observed across multiple revenue streams, while operational expenses have remained aligned with budget projections.

Total operating revenues have increased by approximately 15.82% over 2025, based on current projections and actuals to date. In 2025 Council approved amendments to the fees and charges bylaw which reflects some of the revenue increase. Additionally, expansion of ice into the spring months has also created additional programming opportunities and facility rentals, which are expected to continue in 2026.

Operating expenses have risen by about 3.93% over the same period, totaling \$52,048. This amount excludes transfer to reserve, deficit from 2024, and capital enhancements. A key contributor to this rise is the wage increase outlined in the CUPE contract ratified in July 2025, which provides for a 5% salary increase in both 2026 and 2027. Other factors driving these cost increases is the aging infrastructure and additional planned preventive maintenance as well as expansion of ice operations during the spring months. Staff remain mindful of rising costs and are carefully monitoring financial performance to ensure continued alignment with budget expectations. Overall expenses in 2026 are an increase of 6.8% over 2025, which is inclusive of reserve transfer. Excluding capital enhancements and deficit, this is an increase to requisition of 1.56%.

Total user fees for 2026 are budgeted at \$365,303 (\$312,261 in 2025) and CVRD requisition of \$1,495,460 (\$1,218,066 in 2025). The 2026 budget includes a transfer to the capital reserve fund of \$225,000 (\$175,000 in 2025). This allocation is designed to mitigate the need for tax rate increases when significant capital expenditures are required for the facility and as Fuller Lake Arena is an aging building, it has, and will, encounter ongoing maintenance and infrastructure demands. If the reserve was not increased by \$50,000 in 2026, the increase to overall expenses, excluding capital enhancements and deficit, would be 3.47% and a decrease to requisition of 2.54%.

There is a capital request of \$175,000 for the installation of a new arena condenser. Industry best practices suggest replacing ammonia condensers every 15–20 years. As a critical component of the ice plant, the condenser ensures effective heat removal from the cooling loop. Timely replacement will maintain ice quality and ensure a safe environment for users. If the capital enhancement was not approved, the increase to overall expenses, excluding deficit, would be 3.5% and decrease to requisition of 2.5%.

The deficit for the Fuller Lake Arena in 2024 was \$125,082 and with Regional Recreation paying 2/3 of the costs associated, the deficit in the 2026 budget is \$83,388 which accounts for roughly 4.48% of the overall expenses.

Table 1.0: FLA Facility Ice Rentals and Program Registrations

	2021	2022	2023	2024	2025
Ice Rental Hours	1,161	1,608	1,680	1,828	~1,814
Program Registrations	223	508	589	775	~1,151

The overall budget for Fuller Lake Arena, including capital, reserve transfer and deficit from 2024, shows an 21.6% increase from 2025 and this is mainly attributed to the increase to capital enhancements of \$175,000 (\$30,000 in 2025) and the funding of the 2024 deficit. The 2026-2030 budget is shown below, with 2025 budget as a reference.

Table 2.0: FLA 2026-2030 Financial Plan

Fuller Lake Arena						
	2025	2026	2027	2028	2029	2030
REVENUE						
User Fees	312,261	365,303	374,437	383,798	393,392	403,228
CVRD Requisition	1,218,066	1,495,460	1,525,164	1,574,589	2,205,732	1,727,488
TOTAL REVENUE	1,530,327	1,860,763	1,899,601	1,958,387	2,599,124	2,130,716
EXPENSES						
Maintenance	843,320	876,227	909,128	939,587	971,710	988,620
Office/Administration	258,834	267,482	277,701	288,550	299,084	306,275
Programs	223,173	233,666	237,772	245,250	253,330	210,821
Surplus/deficit from 2024		83,388				
Transfer to Reserve	175,000	225,000	275,000	325,000	375,000	425,000
Capital	30,000	175,000	200,000	160,000	700,000	200,000
TOTAL EXPENSES	1,530,327	1,860,763	1,899,601	1,958,387	2,599,124	2,130,716

Table 3.0: FLA 2026 Supplemental Requests

Project	Description	Total Estimated Cost	Sources of Funds
Arena Condenser Replacement	Replacement of 14-year-old ammonia condenser	\$175,000	Requisition

IMPLICATIONS

The Fuller Lake Arena budget shows a 21.6% increase over 2025 primarily due to two factors outside of staff's control: (1) the carry-forward deficit from 2024, and (2) an increase in capital funding from \$30,000 to \$175,000. The capital request represents a necessary upgrade to maintain facility standards and service levels. Deferring this investment could lead to operational and safety issues in the short term. It is important to note that operating expenses remain within the mandated percentage increase, at 3.93%.

RECOMMENDATION

THAT it be recommended to the Special CVRD Board meeting on February 12, 2026:

- 1) That the 2026 Draft Budget for the Fuller Lake Arena, with a \$277,394 requisition increase, be approved;
- 2) That a \$50,000 transfer to Capital Reserve for the 2026 budget, be approved; and
- 3) That the 2026 Capital Asset Investment request for the installation of a new arena condenser in the amount of \$175,000 from requisition, be approved.

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Attachments:

Attachment A: Capital Expenditure Request