



STAFF REPORT TO COMMISSION

MEETING TYPE & DATE: Cowichan South Recreation Commission of November 25, 2025
FROM: - South Cowichan Recreation
SUBJECT: 2026 Draft Budgets for KPRC and SLCC – Functions 411, 464
FILE: 1720-20 2026 SCR

PURPOSE/INTRODUCTION

The purpose of this report is to present the 2026 Draft Budgets for the following budget functions:

- Function 411 – Kerry Park Recreation Centre; and
- Function 464 – Shawnigan Lake Community Centre.

RECOMMENDED RESOLUTION

That it be recommended to the Special Board on February 12, 2026:

1. That the 2026 Draft Budget for Function 411 – Kerry Park Recreation Centre, with a \$10,194 requisition increase, be approved.
2. That the 2026 Draft Budget for Function 464 – Shawnigan Lake Community Centre, with a \$17,075 requisition increase, be approved.
3. That the 2026 Capital Asset Investment request for Function 411 – Kerry Park Recreation Centre, Chiller Gasket Replacement in the amount of \$50,000 from requisition, be approved.
4. That the 2026 Capital Asset Investment request for Function 411 – Kerry Park Recreation Centre, Ice Resurfacer Battery Replacement in the amount of \$45,000 from requisition, be approved.
5. That the 2026 Capital Asset Investment request for Function 464 – Shawnigan Lake Community Centre, Curtain Replacement in the amount of \$25,000 from Operating Reserve, be approved.

BACKGROUND

On July 9, 2025, the Board approved the following in relation to 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 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.

The 2026 Draft Budget is exclusively based on core expenses, as well as presenting capital asset investment and service enhancement requests.

ANALYSIS

Proposed Core Budgets (Attachment A)

Function 411 – Kerry Park Recreation Centre (KPRC) is proposing a core budget increase of \$10,194 in requisition, resulting in a 0.29% increase to the core budget. This accounts for inflation-related adjustments in core operating expenses such as wages, benefits and building expenditures; however, staff were able to offset the overall increase in requisition with an increase to revenues and a reduction to short term debt. All short-term debt owing in 2025 has reached maturity, resulting in a reduction of \$65,559 for the 2026 budget.

Function 464 – Shawnigan Lake Community Centre (SLCC) is proposing a core budget increase of \$17,075, resulting in a 1.81% increase to the core budget. This accounts for inflation-related adjustments in core operating expenses such as wages, benefits and building expenditures; however, staff were able to offset the overall increase in requisition with an increase to program revenues.

2026 Capital Asset Investment Requests (Attachment B)

The Senior Leadership Team supported 3 of the capital asset investments proposed by staff which include the chiller gasket replacement, the ice resurfacer battery replacement, and the SLCC playground replacement.

Function	Project	Description	Total Estimated Cost	Source of Funds
411	Chiller Gasket Replacement	This project is to replace the arena chiller gasket, which has reached the end of its serviceable life. The chiller is a critical component of the arena refrigeration system, and the gasket is a key part that requires scheduled replacement to ensure ongoing operation of the chiller.	\$50,000	Requisition
411	Ice Resurfacer Battery Replacement	This project is to replace the lead-acid battery on the current Zamboni ice resurfacer. The ice resurfacer was purchased in 2019 and the battery is reaching the end of its serviceable life. Performance of the battery has been noticeably deteriorating in the past two years and currently requires constant charging when not in use to maintain daily demands.	\$45,000	Requisition
464	SLCC Curtain Replacement	This project is to replace the existing window treatments at Shawnigan Lake Community Centre with rolling blinds. The	\$25,000	Reserves

Function	Project	Description	Total Estimated Cost	Source of Funds
		existing curtains are beginning to show signs of their age and due to their weight are not user friendly for all groups.		

OPTIONS

1. Approve all resolutions outlined in the staff report.
2. Approve some of the resolutions outlined in the staff report.
3. Approve alternate resolutions based on Commission direction.

FINANCIAL CONSIDERATIONS

Impacts to Requisition

The following details the budget impacts of core changes with the three recommended Capital Asset Investment requests and the impacts to reserves and requisition.

Function 411 – Kerry Park Recreation Centre

The proposed draft 2026 budget includes \$10,194 for core and \$95,000 for capital asset investments, resulting in an overall requisition increase of 3.03%.

Function 464 – Shawnigan Lake Community Centre

The proposed draft 2026 budget includes \$17,075 for core and no additional requisition required for capital asset investments as this project will be funded through grant and reserve funds, resulting in an overall requisition increase of 1.81%.

Fiscal Stewardship and Capital Reserve Contributions

As outlined in the 2023–2026 Corporate Strategic Plan, one of the CVRD’s key strategic objectives is to demonstrate strong fiscal stewardship. Similar to many other local governments, the CVRD has identified that existing capital reserves are not sufficient to sustainably fund future asset renewals.

The lowest annual reserve contribution has been calculated at 0.9%, based on the total asset value and current reserve levels divided over a 50-year period. It is recommended that this percentage be established as the minimum annual reserve contribution for all services that have minimal or no reserves. While a contribution of 0.9% of asset value will not fully fund all future asset renewals, it represents a prudent starting point until more accurate asset data is available through ongoing asset management planning.

Maintaining contributions below this level increases the risk that CVRD divisions will be unable to renew or replace assets without reliance on debt financing or external grant opportunities. Persistent underfunding may also affect service delivery, potentially requiring reductions in service levels or, in extreme circumstances, the discontinuation of services.

For illustrative purposes, applying the 0.9% contribution rate to South Cowichan Recreation facilities results in a recommended annual transfer to capital reserves of \$177,242 for KPRC and \$63,680 for SLCC. The 2026 draft budgets for KPRC and SLCC were prepared without any inclusion of Transfers to Reserves to support the overall budget mandate given by the Board.

The Special Committee of the Whole budget meeting on November 6, 2025, included the following motion:

That the Board consider committing to contributing to the capital reserves for Kerry Park Recreation Centre and Shawnigan Lake Community Centre at the same level as Cowichan Lake Sport Arena.

To deliver upon this motion, the Transfer to Reserve amount for Function 411 – KPRC will be \$25,000 and Function 464 – SLCC will be \$9,000. While this supports an overall lower organizational budget increase, it results in continued underfunding of capital reserves for South Cowichan Recreation and does not meet the minimum recommended contribution threshold for long-term asset sustainability.

The detailed 5-Year Financial Plans (Attachment C) and the 5-Year Capital Plans (Attachment D) are included with this report.

COMMUNICATION CONSIDERATIONS

The budget documents on the website will be updated so that the impact of all budget decisions can be seen.

STRATEGIC/BUSINESS PLAN CONSIDERATIONS

2023-2026 Corporate Strategic Plan – Objective 12 - To demonstrate strong fiscal stewardship.

REFERRED TO (UPON COMPLETION):

Submitted by: K.Liddle, Manager South Cowichan Recreation
Concurrence: N.Pukesh, General Manager, Community Services

Reviewed for form and content and approved for submission to the Committee:

Resolution:

Financial Considerations:

Corporate Officer

Chief Financial Officer

ATTACHMENTS:

Attachment A – Draft 2026 Budgets (F411 and F464)

Attachment B – Capital Enhancement Requests

Attachment C – 5-year Financial Plans

Attachment D – 5-year Capital Plans