



STAFF REPORT TO COMMISSION

MEETING TYPE & DATE: Cowichan Lake Recreation Commission of November 24, 2025
FROM: - Cowichan Lake Recreation
SUBJECT: 2026 Draft Budget for Function 405 – Cowichan Lake Recreation
FILE: 1720-20 2026

PURPOSE/INTRODUCTION

The purpose of this report is to present the 2026 Draft Budget for Function 405 (F405) – Cowichan Lake Recreation (CLR).

RECOMMENDED RESOLUTION

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

1. That the 2026 Budget for Function 405 – Cowichan Lake Recreation, which includes a requisition increase of \$52,711, be approved.
2. That the 2026 Service Enhancement request for Function 405 – Cowichan Lake Recreation, Programs & Administration Coordinator, in the amount of \$69,500 from requisition, be approved.
3. That the 2026 Capital Asset Investment request for Function 405 – Cowichan Lake Recreation, Vehicle Replacement, in the amount of \$75,000 from Operating Reserves, be approved.
4. That the 2026 Capital Asset Investment request for Function 405 – Cowichan Lake Recreation, Youbou Community Hall Roof Replacement, in the amount of \$300,000 from Operating Reserves, 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.

Included in this report is the 2026 Draft Budget, reflecting core expenditures along with proposed service enhancement and capital asset investments requests.

The Regional Recreation usage-based funding model was fully implemented in 2025, meaning taxation, excluding long term debt, for the Cowichan Lake Sports Arena (CLSA) will be funded by all Electoral Areas, (66%). Whereas funding for the rest of CLR operations is funded by Electoral Areas F, I and the Town of Lake Cowichan, (34%).

ANALYSIS

Proposed Core Budget (Attachment A)

Function 405 – Cowichan Lake Recreation has a proposed 2026 draft core budget requisition increase of \$52,711. This is a result of increases to allocations and expenses such as wage increases and operating expenses. Additionally, there are small decreases to some individual expense items, as staff are expecting increased revenues to help partially offset the increase in costs and find efficiencies.

This draft budget also includes \$22,750 for minor capital projects, which will fund necessary improvements, such as a new heat pump for Mesachie Lake Hall, and/or tables and chairs for Honeymoon Bay Hall.

There are long-term loans associated with the 2010 renovation of the CLSA that are set to mature in 2029 and 2030. The 2026 annual interest payment is \$149,860 and the principal payment is \$219,973, totalling \$369,832.

The short-term debt estimates for the CLSA exterior cladding project include \$29,858 in interest and \$216,732 in principle, totalling \$246,590.

2026 Service Enhancement Requests (Attachment B)

Function	Project	Description	Total Estimated Cost	Source of Funds
405	Programs & Administration Coordinator	The addition of an exempt Programs and Administration Coordinator will help bring CLR in line with other CVRD Recreation Divisions in regard to staffing resources and support for service delivery. This new position would be responsible for management and supervision of admin and program staff, help with day-to-day operations, assisting with accounting as well as budget preparation and maintenance.	\$69,500*	Requisition

**Note: The estimated cost for 2026 has been calculated at 50% to account for the anticipated mid-year start date of the incumbent.*

2026 Capital Asset Investment Requests (Attachment B)

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.

Applying the 0.9% contribution rate results in a recommended annual transfer of \$191,377 to capital reserves (or 4.59%) for CLSA, and \$68,066 (or 2.03%) for the community halls.

The 2026 draft budget proposes a 1.57% requisition increase, which maintains current service levels and includes \$37,374 in capital reserve contributions.

While staff were able to meet the 4% mandate with a contribution to Capital Reserves of \$118,934, requisition reductions were made by decreasing Capital Reserves to last year’s level of \$37,374. This resulted in a requisition increase of only 1.57%.

The requisition reduction helps offset the overall CVRD-wide budget increase of 3.7% across all functions for the 2026 budget year. While this supports an overall lower organizational budget increase, it results in continued underfunding of CLR’s capital reserve and does not meet the minimum recommended contribution threshold for long-term asset sustainability.

Function	Project	Description	Total Estimated Cost	Source of Funds
405	Youbou Hall Roof Replacement	The purpose of this project is to replace the low slope portion of the Youbou Community Hall roof, which has reached the end of its serviceable life. A full tear-off is required to remove all existing roofing materials and prepare the roof substructure for installation of new roofing.	\$300,000	Operating Reserves
405	Vehicle Replacement	The purpose of this project is to replace the 2001 Chevrolet Silverado 1500, which has reached the end of its serviceable life. The truck is used daily for operations activities at the CLSA and all Cowichan Lake community halls.	\$75,000	Operating Reserves

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

The following outlines the budget impacts associated with core changes, including Capital Asset Investment requests and a Service Enhancement request, as well as the resulting impacts on reserves and requisition:

- 2026 draft budget reflects a 1.57% increase in requisition for F405 - CLR.
- Service Enhancement request for a Coordinator position would result in an additional 2.07% increase in requisition.
- Capital Asset Investment requests totaling \$375,000 are proposed to be funded from Operating Reserves.

The 5-year Financial Expenditure Plan (Attachment C), 5-year Capital Plan (Attachment D), and F405 Function Summary Report (Attachment E) 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: D. Williams, Manager, Cowichan Lake Recreation
Concurrence: N. Pukesh MA, 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 – 2026 F405 Draft Budget

Attachment B – 2026 Service Enhancements and Capital Asset Investment Request Forms

Attachment C – 5-year Financial Expenditure Plan

Attachment D – 5-year Capital Plan

Attachment E – F405 Function Summary Report