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REPORT TO PENINSULA RECREATION COMMISSION MEETING OF THURSDAY, SEPTEMBER 18, 2025

SUBJECT **Proposed Peninsula Recreation Facility in Central Saanich**

ISSUE SUMMARY

To provide an analysis of the service delivery plans and budgets associated with the operation of community recreation spaces within the District of Central Saanich (DCS) Municipal Facility Redevelopment project. The proposal to add community recreation space in Central Saanich is aligned with recommendations in the Panorama Recreation Strategic Plan and the recently completed Sub-Regional Facility Needs Assessment.

BACKGROUND

Exploration into expanded recreation services in the southern communities of the peninsula is well established, supported by findings from the 2019 Central Saanich Needs Assessment and the 2022–2026 Panorama Recreation Strategic Plan. For instance, action item A3 of the Strategic Plan states, *“Explore cost-effective opportunities to meet indoor community space needs and identified gaps in Central Saanich. Undertaking this action may require further feasibility analysis and/or partnership discussions.”* On November 23, 2023, the Peninsula Recreation Commission (PRC) directed staff to work with consultants to conduct a Sub-Regional Recreation Facility Needs Assessment (FNA) through 2024 and 2025. The FNA was recently completed, with results presented to the PRC at its August 28, 2025 meeting.

In Spring 2024, (DCS) staff initiated discussions with the PRC to consider a potential partnership. These conversations focused on assessing the feasibility of incorporating purpose-built recreation space into the redevelopment plans. At its June 27, 2024 meeting, the PRC rose from a closed session and reported: *“The Peninsula Recreation Commission supports exploring recreation facilities in the District of Central Saanich.”* In October 2024, the PRC again rose from a closed meeting to report: *“That staff be directed to continue to explore recreation facilities with the District of Central Saanich as the District develops preliminary concept drawings and completes community engagement as part of the Civic Redevelopment project.”* During Winter and Spring 2025, Panorama Recreation staff collaborated with DCS staff and architectural consultants on concept designs for the Civic Redevelopment Project.

PROPOSED PENINSULA RECREATION FACILITY IN CENTRAL SAANICH

Civic Redevelopment – District of Central Saanich

The DCS is currently exploring options for its Municipal Facility Redevelopment Project at two potential locations: the existing site on Mt. Newton X Road and a proposed site on Hovey Road. Only the Hovey Road site can support community recreation space which is further detailed in the: Central Saanich Civic Facility Concept Design Report (Appendix A). In total, 10,000 square feet of ground floor space is under consideration for community recreation, with municipal offices on the second floor and council chambers on the third floor. Parking—underground or surface—will be finalized during detailed design. The recreation area could include five or more rooms, designed for specific services or flexible multipurpose use.

Using current participation data, along with guidance from the 2022–2026 Panorama Recreation Strategic Plan and the FNA, Panorama Recreation staff identified several key programming amenities for the proposed recreation facility. The following recreation spaces were prioritized for inclusion at the Hovey Road site:

- weight room and fitness studio
- pottery/ceramics and other space dedicated to arts programming
- licensed after-school care
- multipurpose/multi-use space for general programming and camps
- reception, office, storage and maintenance/janitorial spaces

The inclusion of community recreation space in the DCS Municipal Facility Redevelopment Project responds to several priorities identified in the FNA. These include a multipurpose facility in Central Saanich, expanded fitness space, co-location of recreation with other community services, improved accessibility, and enhanced social gathering areas. In June and July 2025, the DCS presented three design concepts for community engagement. One concept at the Hovey Road site included recreation space, while the other two—one at Hovey Road and one at Mt. Newton X Road—did not. Community support during engagement was strong for the Hovey Road site containing community recreation space.

Service Delivery Analysis

The proposed facility could serve as a vibrant social hub, fostering community connection through multipurpose spaces and co-location with civic services. By integrating recreation with municipal functions, the project encourages cross-sector engagement and supports the development of inclusive, welcoming spaces for residents of all ages and backgrounds. The new purpose-built facility could allow Panorama Recreation to expand programming currently at capacity, particularly in pottery and fitness. These services, which are limited by space constraints at existing sites, could benefit from spaces that are specifically designed to support these programs.

As Panorama Recreation currently oversees bookings and maintenance for Centennial Park amenities, including the newly opened Multi-Sport Box, co-locating recreation services at Hovey Road could streamline operations and allow for regular on-site supervision by staff, improving efficiency and responsiveness across all adjacent facilities.

Promoting equity, inclusion, and access across all programs and services is a core strategy in the 2022–2026 Panorama Recreation Strategic Plan. Geographic equity remains a key concern for residents, particularly those living beyond a 10-minute drive from existing indoor recreation facilities. The proposed facility would improve access for residents in Brentwood Bay and Keating, who face documented travel barriers to Panorama Recreation Centre. While the Hovey Road site is only about eight minutes away from the Panorama Recreation Centre location, the Hovey Road site offers a shorter travel time from the Brentwood and Keating areas by both transit and personal vehicles thus supporting improved geographic equity in service delivery.

Co-location of Facilities

Including community recreation space within the redeveloped DCS municipal facility offers both economies of scale and strategic advantages compared to building a stand-alone recreation facility. A co-location model takes advantage of existing municipal infrastructure and land, which may result in significant cost and resource efficiencies. These efficiencies include:

- Elimination of land acquisition expenses
- Shared structural components (e.g., roofing and foundation systems)
- Integrated mechanical systems that reduce energy consumption, particularly through improved air handling and ground-floor cooling
- Operational synergies (e.g., security and janitorial services, etc.)

Beyond financial and operational efficiencies, co-location offers community engagement benefits. Residents visiting the municipal facility for civic services may be introduced to recreation programs they were previously unaware of, creating cross-marketing opportunities. The facility's proximity to Centennial Park also enables operational synergies, such as coordinated supervision, maintenance, and programming across multiple sites.

Further optimization of resources is anticipated through the relocation of existing programs currently delivered at the Central Saanich Cultural Centre in Brentwood Bay. Panorama Recreation offers group fitness classes, after-school care and camps at that site, which would be transitioned to the new facility at Hovey Road. This consolidation would eliminate duplication of services, reduce lease and maintenance costs, and improve operational efficiency by centralizing staffing and programming in a purpose-built space with additional resources including reception and supervisory staff. An overview of anticipated annual operating revenues and expenditures associated with the proposed facility is available in Appendix B.

Challenges may also exist in co-locating a community recreation facility within a larger municipal structure. These may include limitations in design flexibility due to shared building constraints, potential scheduling conflicts between civic and recreational uses, and the need for clear delineation of operational responsibilities and cost-sharing agreements between municipal and recreation service providers. Careful planning and collaboration during the detailed design phase will be essential to mitigate these challenges and ensure that the recreation spaces are functional, welcoming, and responsive to community needs.

Project Management and Procurement Plan

For a large-scale capital construction project involving both municipal and regional government agencies, a dual-agency project management approach should balance collaboration with clearly defined responsibilities. One option is to establish a joint governance committee to oversee shared infrastructure, construction coordination, site access, and parking. This would require a formal agreement outlining cost-sharing arrangements, project roles, and decision-making authority. A master schedule, unified communication plan, and joint risk register would help maintain alignment and minimize disruptions throughout the project lifecycle.

Should the PRC provide direction to proceed with a project in the DCS Civic Redevelopment, procurement for this project would be completed in partnership with the DCS. Through an agreed-upon process, Capital Regional District (CRD) staff would provide feedback and direction concerning the design features of the community recreation space while ensuring that the CRD policies and guidelines are adhered to. Given the dual-agency nature of the project, procurement planning will also need to account for shared infrastructure and coordination between municipal and regional components. The recreation component of the construction project would be overseen by the CRD. Further details on roles and responsibilities would be clarified as part of the negotiation process with the DCS and brought back to the PRC for approval.

Other Sub-Regional Opportunities for the Provision of Recreation Space

While alternative options to improve recreation access on the southern peninsula may exist, their feasibility and effectiveness remain uncertain. Further analysis at this stage would risk delaying delivery of a Strategic Plan priority and could compromise PRC's ability to partner on a project already underway, without assurance of a better outcome. High-level analysis and risks of potential alternatives include seeking:

- Rent/lease existing facility spaces - For example, warehouse or industrial buildings in the Keating area may offer sufficient square footage to accommodate recreation uses such as weight rooms. However, finding a space that meets key requirements such as adequate ventilation, natural lighting, and a welcoming atmosphere, may be challenging. Additionally, this option may involve land use complications or building code upgrade requirements, which could make it administratively complex and costly. These may include zoning restrictions, permitting delays, and the need for significant renovations to meet safety and accessibility standards.
- Renovate or add to existing community facilities - Panorama Recreation currently operates programs at the Central Saanich Cultural Centre and the Centennial Park Fieldhouse under lease agreements with the DCS. In their current condition, these facilities do not adequately meet the recreation needs of southern peninsula residents. However, further exploration may be warranted to assess the potential for upgrades or additions. Since both facilities are located on District-owned land, any changes would require additional discussions around ownership, lease terms, and long-term use.
- Acquire land and build a new stand-alone recreation facility - acquiring land in an appropriately zoned area within the DCS is a possible avenue which requires further exploration. Additional factors to consider here may include land acquisition costs, utility servicing costs, parking availability and location relative to residents experiencing distance/travel barriers. This potential is further explored in the Financial Considerations below. It is important to note that staff did not find an appropriately zoned land in the current market, rather, staff are aware of some potential suitable properties.

Financial Considerations

Capital Cost Estimates

Adding recreation space to the Hovey Road site is projected to increase the base building cost by approximately \$10.2 million, including design and consultant fees. With a 30% contingency applied by the DCS, the total capital investment is estimated at \$13.3 million. An additional \$3 million contingency is recommended to address potential parking requirements including the potential for additional costs associated with underground parking. Project management and other fees applicable to the PRC costing are estimated at \$1.6 million. Further capital costs of approximately \$330,000 will be required for initial equipment purchases to outfit a weight room, fitness studio, pottery studio and multipurpose spaces. The total capital costs associated with this proposal are approximately \$18.2 million.

At the base building cost plus contingencies, without factoring the parking contingency, the cost for this facility is \$1,330 per square foot. The DCS plans to build the facility to post disaster

construction standards. This generally increases the overall cost per square foot for construction purposes.

The following table compares the costs of the current proposal and a benchmark estimation for land acquisition and building a stand-alone community recreation centre of the same size and with the same service delivery options.

Table 1: Comparison of Costs between Current DCS Proposal and Construction of Stand-alone Recreation Facility

Cost Type	Current Proposal – Shared DCS Recreation Facility	Benchmark Estimate – Stand-alone DCS Recreation Facility
Land Acquisition Costs	\$0	\$2M (*see Note 1)
Utility Servicing Costs	\$0	\$0.2M
Parking	\$3M (*see Note 2)	\$2M (*see Note 3)
Total Building Cost	\$13.3M	\$11.75M (*see Note 4)
Project Management Fees	\$1.6M	\$0 (included in total building cost)
Startup Equipment Costs	\$0.33M	\$0.33M
Total Estimated Capital Cost	\$18.23M	\$16.28M
Estimated Requisition Impact (\$/household/year)	\$92.94	\$83.00

Table 1 Notes

1. Estimate is based on high-level review of potentially available parcels in the Keating area. Sites are not actively in the market and further investigation to validate estimates would be required.
2. Estimate is based on discussions with DCS staff and the potential for sharing costs of underground parking needed to meet requirements at the Hovey Road site.
3. Estimate based on surface parking with 200 spaces.
4. Estimate based on the average cost per square foot of similar recreation construction projects as outlined in Appendix C: \$1,175 per square foot. This average cost per square foot includes design, consultant and project management costs.
5. Annual per household cost of debt servicing calculated bases on a 15-year amortization period at 4.5%. Estimates on requisition impact are for reference only. The actual requisition impact may vary and is dependent of other factors, such as increase in folio numbers in the service area.

Capital Borrowing and Debt Servicing

To finance this capital investment, borrowing will be required. At a 4.5% interest rate over 15 years, debt servicing on a \$18.2 million loan would add an annual expense of approximately \$1.8 million to Panorama Recreation’s operating budget, resulting in a 30.1% increase in requisition in the first-year debt servicing is required. The annual debt servicing will equate to approximately \$93 per household per year. A 30-year amortization would reduce the annual debt servicing cost to approximately \$1.07 million, increasing the requisition by approximately 20% in the first year of debt servicing. The additional financing costs for debt servicing over 30 years (versus 15 years) equate to \$12.2 million or approximately \$61 per household annually.

Operating Budget Estimates

Projected revenues for the new facility are estimated at \$902,000, with expenses projected at \$873,000, resulting in a modest net operating income of \$29,000 before debt servicing. The majority of expenses are attributed to staffing, including the addition of approximately 6.5 full-time equivalents positions, such as auxiliary staff, to support operations and lead resident programming.

Revenue projections are based on a 10% increase in admissions and pass sales, and a 15% increase in registered fitness program revenues. These estimates are informed by participation growth trends at the Greenglade Community Centre, current waitlists for fitness programs, and historical increases used in annual budget development. The new facility is expected to attract both existing and new patrons. While some redistribution from Panorama Recreation Centre may help reduce crowding, particularly in the weight room, it will not contribute to new revenue generation.

Efficiencies may be achieved by reallocating existing resources within the Panorama Recreation operating budget. This includes approximately \$50,000 in maintenance wages currently allocated to Centennial Park amenities, and \$40,000 in lease and operating costs associated with the Central Saanich Cultural Centre. Programs currently delivered at the Brentwood Bay site, such as group fitness, after-school care, and camps, would be consolidated at the new Hovey Road facility, reducing duplication and optimizing resource use. The internal reallocations have not been included in the financial projections presented in this report.

Legal Implications

If capital borrowing were required to fund the CRD's capital costs (be it for a partnership with DCS' Civic Redevelopment or for constructing a stand-alone facility in an alternative location), a loan authorization would need to be adopted. A loan authorization requires participating area approval, which can be done by unanimous consent of the municipal participants; by way of alternative approval process, which requires no more than 10% of electors to not be opposed; or by way of referendum (also called elector assent). If participants approve, the next step is approval from the Inspector of Municipalities. As a restriction on capital borrowing, the borrowing bylaw must set out the amount, the term, and the purpose of the borrowing. It must be tied to CRD ownership or long-term interest in the property being constructed.

Regarding structuring agreements, typically a memorandum of understanding is entered into between the parties to a joint construction project setting out mutual responsibilities and interests, working towards a head-of-terms or functional or design specification for the work. This is then used to determine the project delivery and procurement method, and finally the contribution and decision-making responsibility of each party to the funding agreement. DCS has provided a preliminary term sheet (Appendix D) which will help inform the negotiation process should PRC provide direction to proceed with the project.

Ownership Considerations

Further planning and coordination between agencies are required to clarify facility ownership, define responsibilities, and establish long-term operational arrangements. Several options are being considered that support a collaborative, shared-use model. To borrow for the CRD's

contribution to capital, the CRD must have an ownership interest in the facility. This could be done by way of strata, air space parcel, tenants-in-common, long-term lease, or other methods suitable to secure an ownership right and permit capital borrowing. Should the PRC provide direction to continue with this project, further analysis will be required to determine the most effective path for ownership and financing regulations.

Climate and Environmental Considerations

The CRD has established an internal Green Building Policy that ensures new construction and major renovations are low carbon, use energy and water efficiently, minimize waste and utilize green infrastructure. If the new Panorama Recreation Facility in Central Saanich will be owned by the CRD, it will be required to meet Step 4 of the BC Energy Step Code, including stringent limits on greenhouse gas intensity thermal energy demand intensity and total energy use intensity. The policy also mandates a number of other sustainability requirements, and includes optional pathways for enhanced climate leadership, such as LEED or WELL certifications. Confirmation of specific equipment and building design requirements will be confirmed following confirmation of the preferred ownership model as part of the detailed design process should Commission provide direction to proceed.

NEXT STEPS

Following the discussion of this report, staff will prepare a recommendation for the PRC's consideration, to be presented at a special meeting on October 2, 2025.

Pending approval from the PRC, DCS Council and the CRD Board, detailed design work for the proposed recreation spaces at the Hovey Road site is proposed to begin in late Fall 2025. If supported, the PRC and Panorama Recreation will incorporate estimated costs into an amendment to the CRD's provisional five-year capital budget for Board consideration. Preparation for the approval of borrowing to finance this project will follow in the Fall of 2025. Design development and procurement processes are expected to proceed through Spring/Summer 2026, with construction targeted to begin in Fall 2026.

CONCLUSION

The Peninsula Recreation Commission (PRC) has been exploring expanded recreation services in Central Saanich, supported by recommendations in the 2022 Panorama Recreation Strategic Plan and by the recently completed Sub-Regional Facility Needs Assessment. Staff collaborated with the District of Central Saanich (DCS) to evaluate the feasibility of including recreation space within the proposed Civic Redevelopment Project at the Hovey Road site. The proposed recreation space totals approximately 10,000 square feet with flexible and adaptable space options to meet current and future participation demands in the community. Staff recommend proceeding with detailed design work for the recreation component, contingent on the PRC and the DCS's Council approval. If supported, the project will be incorporated into the Capital Regional District's provisional five-year capital budget, with construction targeted to begin in Fall 2026.

RECOMMENDATION

There is no recommendation. This report is for information only.

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ATTACHMENTS

- Appendix A: Central Saanich Civic Facility Concept Design Report (June 27, 2025)
- Appendix B: Operating Budget Summary for District of Central Saanich Municipal Facility Community Recreation Spaces (September 2025)
- Appendix C: Comparable Recreation Construction Projects in BC since 2022 (September 2025)
- Appendix D: Draft Term Sheet from District of Central Saanich (September 2025)