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**REPORT TO PENINSULA RECREATION COMMISSION
MEETING OF THURSDAY, MARCH 26, 2026**

SUBJECT Bylaw No. 4761 Saanich Peninsula Recreation Services (DCS Recreation Facility) Loan Authorization Bylaw No. 1, 2026

ISSUE SUMMARY

This report brings forward the loan authorization Bylaw No. 4761 for the purpose of financing the construction of the Peninsula Recreation Facility in the District of Central Saanich.

BACKGROUND

On March 11, 2026, the CRD Board approved Bylaw No. 4751, “2026 to 2030 Financial Plan Bylaw, 2026”, which sets out capital expenditures for each service, including planned borrowings. As is the case each year following the financial plan approval, staff prepare necessary loan authorization bylaws and security issuing bylaws. The approved financial plan includes borrowing up to \$14.2 million for Saanich Peninsula Recreation Services to support construction of the Peninsula Recreation Facility in Central Saanich.

Loan authorization bylaws expire after five years, so bylaws are commonly drafted to cover the five-year financial plan for services requiring borrowing to fund capital. These bylaws specify the maximum borrowing amount, the intended use, and the debt repayment amortization period. Previous loan authorization bylaws pertaining to the Peninsula Recreation Commission include: \$2.4M in 2023 for the Heat Recovery System, \$2.9M in 2023 for the Multi-Sport Box construction, \$1.1M in 2017 for the replacement of the arena floor and \$9M in 2007 for the lifestyle pool renovation; all of which were approved via consent of municipal councils on behalf of electors.

The Saanich Peninsula Recreation Services capital plan (the “Capital Plan”) includes the construction of the Peninsula Recreation Facility in the District of Central Saanich, which will require borrowing up to \$14.2 million from the Municipal Finance Authority of British Columbia (MFABC). Requests for funds to be drawn against the loan authorization bylaw will only be authorized upon Board approval of a subsequent security issuing bylaw.

At the September 18, 2025, regular commission meeting and at the October 2 2025, special commission meeting, staff outlined to the commission all available options to obtain participating area approval, and the different financial implications from different debt terms (15 year vs. 25 years). These reports can be found as Appendices B and C.

The following bylaw is proposed:

Service Area	Action	Purpose	Bylaw
Saanich Peninsula Recreation Services	Loan Authorization Bylaw	To create a loan authorization bylaw to permit long-term borrowing related to the capital plan for this service	No. 4761

ALTERNATIVES

Alternative 1

The Peninsula Recreation Commission recommends to the Capital Regional District Board:

1. That Bylaw No. 4761, “Saanich Peninsula Recreation Services (DCS Recreation Facility) Loan Authorization Bylaw No. 1, 2026”, be introduced and read a first, second and third time;
2. That participating area approval for Bylaw No. 4761 be obtained by way of the municipal consent on behalf of electors for Central Saanich, North Saanich, and Sidney and if successful, be referred to the Inspector of Municipalities for approval; and
3. That prior to the Capital Regional District Board adopting Bylaw No. 4761, “Saanich Peninsula Recreation Services (DCS Recreation Facility) Loan Authorization Bylaw No. 1, 2026”, the CRD through the Peninsula Recreation Commission enter into a Memorandum of Understanding with the District of Central Saanich (DCS) to establish mutually agreed-upon conditions for the planning, construction and long-term use of the DCS Recreation Facility.

Alternative 2

That the proposed bylaw be referred back to staff for further information.

IMPLICATIONS

Alignment with Existing Plans & Strategies

The proposed recreation facility in Central Saanich directly supports the 2022–2026 Panorama Recreation Strategic Plan, which recommends exploring cost-effective opportunities to address identified gaps in Central Saanich. It also responds to findings from the 2019 Central Saanich Recreation Needs Assessment and the 2025 Peninsula Recreation Facility Needs Assessment, which identified a need for additional indoor recreation space, particularly in Brentwood Bay and surrounding communities.

Equity, Diversity and Inclusion

Promoting equity, inclusion and access across all programs and services is a core strategy in the 2022–2026 Panorama Recreation Strategic Plan and in the 2025 Peninsula Recreation Facility Needs Assessment. Geographic equity remains a key concern for residents, particularly those living beyond a 10-minute drive from existing indoor recreation facilities. The proposed facility in Central Saanich addresses this gap by improving access for residents of the southern peninsula communities. This facility is proposed to offer a diverse range of programming—from fitness, weight room and arts to children’s programming—ensuring a broad community benefit aligning with Panorama Recreation’s commitment to inclusive service delivery.

Legislative & Financial Implications

The proposed loan authorization for up to \$14.2 million will support the planned five-year capital plan expenditures commencing in January 2026. The estimated debt servicing costs associate with this borrowing are incorporated in the 2026-2030 Financial Plan Bylaw. Borrowing is intended to facilitate the efficient delivery of the Peninsula Recreation Facility in Central Saanich.

Based on MFABC’s current indicative interest rate (4.36% February 25, 2026), the estimated annual debt servicing cost is approximately \$1.360 million over a 15-year amortization period, for a total repayment of approximately \$20.407 million. The debt servicing costs within the plan are funded by requisition.

Actual borrowing amounts over the five-year period will be determined based on annual cash flow requirements. Table 1 outlines each participating municipality’s share of the annual debt servicing costs, along with an estimated annual cost per household based on annual debt servicing cost of \$1.360 million over a 15-year Term.

Table 1: Municipal Share of Debt Servicing Costs and Annual Household Cost

Municipality	Average Property Assessment (2025)	Annual Cost per Municipality	Requisition % Share (2025)	Average Annual Cost per Household
Central Saanich	\$1,117,547	\$528,287	38.8%	\$61.66
North Saanich	\$1,539,357	\$433,228	31.9%	\$73.19
Sidney	\$917,690	\$398,484	29.3%	\$47.36
Total Annual Cost		\$1,360,000		

Long-term borrowing (i.e., loans with a term of more than five years) requires approval of a loan authorization bylaw, followed by a separate security issuing bylaw, in accordance with the *Local Government Act*.

Prior to adoption, the loan authorization bylaw must receive participating area approval. This approval may be obtained through one of three methods: consent of municipal councils on behalf of electors, an assent vote (referendum), or a sub-regional alternative approval process (AAP) for the entire service area. Consent of municipal councils on behalf of electors is initiated after the bylaw has received third reading by the Board and prior to approval by the Inspector of Municipalities. This approach is recommended, as it is the most efficient and cost-effective method of obtaining approval.

A sub-regional AAP would require approximately 6 months to complete, which does not align with the project schedule and would place the elector response period too close to the general local election. An assent vote or referendum presents similar timing challenges and would likely only be possible if the assent vote was held concurrently with the general local election. While inclusion on the ballot may be possible, it would require coordination with municipal election staff in Central Saanich, North Saanich and Sidney, who would be responsible for the administration of the polling stations and vote tabulation. The recreation service would be responsible for reimbursing all the costs of the assent to vote. Given the timing and resource constraints, neither the AAP nor a referendum is considered feasible. Accordingly, staff recommend proceeding with approval through the consent of municipal councils on behalf of electors.

To optimize interest rates and borrowing timing, temporary borrowing will be pursued following adoption of the loan authorization bylaw. The timing of long-term debt issuance will be aligned with project expenditures and prevailing market conditions. A security issuing bylaw will be brought forward for Board approval prior to issuance of long-term debt, which is anticipated to have a 15-year term.

CONCLUSION

The Board-approved Bylaw No. 4751, “2026 to 2030 Financial Plan Bylaw, 2026”, sets out capital expenditure for each service, including planned borrowings. Borrowing for the Saanich Peninsula Recreation Services was identified in the approved financial plan of up to \$14.2 million. Bylaw No. 4761, “Saanich Peninsula Recreation Services (DCS Recreation Facility) Loan Authorization Bylaw No. 1, 2026”, is being introduced in preparation for future borrowing to enable the construction of the Peninsula Recreation Centre in Central Saanich included in the Service’s five-year (2026-2030) capital plan.

RECOMMENDATION

The Peninsula Recreation Commission recommends to the Capital Regional District Board:

1. That Bylaw No. 4761, “Saanich Peninsula Recreation Services (DCS Recreation Facility) Loan Authorization Bylaw No. 1, 2026”, be introduced and read a first, second and third time;
2. That participating area approval for Bylaw No. 4761 be obtained by way of the municipal consent on behalf of electors for Central Saanich, North Saanich, and Sidney, and if successful, be referred to the Inspector of Municipalities for approval; and
3. That prior to the Capital Regional District Board adopting Bylaw No. 4761, “Saanich Peninsula Recreation Services (DCS Recreation Facility) Loan Authorization Bylaw No. 1, 2026”, the CRD through the Peninsula Recreation Commission enter into a Memorandum of Understanding with the District of Central Saanich to establish mutually agreed-upon conditions for the planning, construction and long-term use of the DCS Recreation Facility.

Submitted by:	Varinia Somosan, CPA, CGA, Senior Manager, Financial Services & Deputy Chief Financial Officer
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Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

- Appendix A: Bylaw No. 4761, “Saanich Peninsula Recreation Services (DCS Recreation Facility) Loan Authorization Bylaw No. 1, 2026”
- Appendix B: Staff Report September 18, 2025, “Proposed Recreation Facility in Central Saanich.”
- Appendix C: Staff Report October 2, 2025, “Peninsula Recreation Facility in Central Saanich For Decision.”