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**REPORT TO PENINSULA RECREATION COMMISSION
MEETING OF THURSDAY, JUNE 25, 2026**

SUBJECT **Bylaw No. 4782 Saanich Peninsula Recreation Services (DCS Recreation Facility) Loan Authorization Bylaw No. 2, 2026**

ISSUE SUMMARY

To seek approval for loan authorization Bylaw No. 4782 for the purpose of financing the construction of a revised scope project to develop a 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 establishes capital expenditures for each service, including planned borrowings. Following adoption of the financial plan, staff prepare necessary loan authorization bylaws and security issuing bylaws to support approved capital projects. 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.

At the March 26, 2026, meeting, the Peninsula Recreation Commission (PRC) carried the following motion with respect to Bylaw No. 4761, the loan authorization bylaw for \$14.2 million for the original scope of this project:

“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;”

Bylaw No. 4761 was prepared, presented, and approved to proceed to obtain participating area approval through municipal consent on behalf of the electors.

Municipal consent of the participating areas was not achieved for Bylaw No. 4761. As a result, at its May 28, 2026, meeting, PRC directed staff to explore a reduced project scope through redesigning the spaces within the facility and a reduced project budget of up to \$10.114 million. This reduced project scope is to be funded through \$1 million from capital reserves and \$9.114 million through borrowing. Loan Authorization Bylaw No. 4782, attached as Appendix A, is presented for consideration to support the revised scope and borrowing requirements of the proposed recreation facility in the District of Central Saanich.

Loan authorization bylaws expire after five years and are typically aligned with the five-year financial plan for services requiring borrowing to fund capital. These bylaws establish the maximum borrowing amount, the intended purpose, and the debt repayment amortization period. Previous loan authorization bylaws for the Peninsula Recreation Commission include: \$2.4 million in 2023 for heat recovery system, \$2.9 million in 2023 for the multi-sport box construction, \$1.1M in 2017 for arena floor replacement and \$9 million in 2007 for lifestyle pool renovation. All were approved via consent of municipal councils on behalf of electors.

The Saanich Peninsula Recreation Services capital plan (the “Capital Plan”) includes construction of the Peninsula Recreation Facility in the District of Central Saanich. The revised project scope requires borrowing of up to \$9.114 million from the Municipal Finance Authority of British Columbia

(MFABC). Funds will be requisitioned under the loan authorization bylaw only upon subsequent CRD Board approval of a security issuing bylaw.

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. 4782

ALTERNATIVES

Alternative 1

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

1. That Bylaw No. 4782, “Saanich Peninsula Recreation Services (DCS Recreation Facility) Loan Authorization Bylaw No. 2, 2026”, be introduced and read a first, second and third time; and
2. That participating area approval for Bylaw No. 4782 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.

Alternative 2

That the proposed bylaw be referred 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, both of which highlight 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 priority in the 2022–2026 Panorama Recreation Strategic Plan and is reinforced 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 service gap by improving access for residents of the southern peninsula communities. This facility will offer a diverse range of programming—including fitness, weight room, arts and children’s programming—supporting broad community participation and aligning with Panorama Recreation’s commitment to inclusive service delivery.

Legislative and Financial Implications

The proposed loan authorization for up to \$9.114 million will support capital plan expenditures identified in the 2026-2030 financial plan. Estimated debt servicing costs associated with this borrowing have been incorporated into the Financial Plan Bylaw and will be funded through

requisition. Borrowing will enable efficient delivery of the Peninsula Recreation Facility in Central Saanich.

Based on MFABC’s indicative interest rate of 4.36% (as of February 25, 2026), the estimated annual debt servicing cost is approximately \$876,000 over a 15-year amortization period, for a total repayment of approximately \$13.14 million.

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 \$876,000 over a 15-year term.

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

Municipality	Average Property Assessment (2025)	Annual Debt Servicing Cost per Municipality	Requisition % Share (2025)	Average Annual Cost per Household at Project Completion (2030)
Central Saanich	\$1,117,547	\$339,888	38.8%	\$39.72
North Saanich	\$1,539,357	\$279,444	31.9%	\$47.15
Sidney	\$917,690	\$256,668	29.3%	\$30.50
Total Annual Cost	-	\$876,000	-	-

The annual debt servicing cost per household will not be fully realized until project completion, scheduled for 2030. Debt servicing costs for projects of this nature are incurred incrementally as construction progresses. During the construction phase, costs primarily reflect interest-only payments on funds drawn. As borrowing occurs in stages to align with project expenditures, early-year impacts to households will be lower and will increase as additional funds are utilized.

Long-term borrowing (i.e., loans with a term of more than five years) requires adoption 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 following third reading of the bylaw by the Board and prior to submission to the Inspector of Municipalities for approval. A sub-regional AAP would require approximately six 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/referendum presents similar timing challenges. Typically in an election year, it would be possible to add a referendum question on the election ballot; however, it is too close to the General Local Election date to obtain Inspector approval on the referendum question. A stand-alone referendum would not be possible until at least the Spring of 2027.

Given the timing and resource constraints, neither the AAP nor a referendum is considered feasible. Staff recommend proceeding with approval through the consent of municipal councils on behalf of the electors as the most efficient and cost-effective method of obtaining approval.

To optimize interest rates and timing, temporary borrowing is anticipated following adoption of the loan authorization bylaw. The issuance of long-term debt 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”, establishes capital expenditures for each service, including planned borrowing. The financial plan identified borrowing of up to \$14.2 million for Saanich Peninsula Recreation Services. Loan Authorization Bylaw No. 4761, which would have authorized borrowing of up to \$14.2 million did not receive municipal consent on behalf of the electors. During its May 28, 2026, Peninsula Recreation Commission meeting, the Commission directed staff to revise the project scope and seek approval for a reduced loan amount of up to \$9.114 million. As such, Bylaw No. 4782, “Saanich Peninsula Recreation Services (DCS Recreation Facility) Loan Authorization Bylaw No. 2, 2026”, is introduced to support future borrowing required to deliver the Peninsula Recreation Facility in Central Saanich, as 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. 4782, “Saanich Peninsula Recreation Services (DCS Recreation Facility) Loan Authorization Bylaw No. 2, 2026”, be introduced and read a first, second and third time; and
2. That participating area approval for Bylaw No. 4782 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.

Submitted by:	Varinia Somosan, CPA, CGA, Senior Manager, Financial Services & Deputy Chief Financial Officer
Concurrence:	Steve Meikle, Senior Manager, Panorama Recreation
Concurrence:	Melanie Alsdorf, Acting General Manager, Parks, Recreation & Environmental Services
Concurrence:	Kristen Morley, J.D., Corporate Officer & General Manager, Corporate Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT

Appendix A: Bylaw No. 4782, “Saanich Peninsula Recreation Services (DCS Recreation Facility) Loan Authorization Bylaw No. 2, 2026”