



REPORT TO PENINSULA RECREATION COMMISSION MEETING OF THURSDAY, OCTOBER 2, 2025

SUBJECT Peninsula Recreation Facility in Central Saanich – For Decision

ISSUE SUMMARY

To provide the Peninsula Recreation Commission (PRC) Commission with an options analysis of proposed funding and approaches to proceed with the development of an agreement to construct and operate a recreation facility in Central Saanich.

BACKGROUND

Both 2022–2026 Panorama Recreation Strategic Plan and the 2025 Sub-regional Facility Needs Assessment (FNA) affirm the need to address geographic inequities in the distribution of recreation services on the peninsula through the development and operation of a recreation facility in Central Saanich. Furthermore, the FNA offered several other recommendations which would be addressed by the development of a new recreation facility in Central Saanich. These include increased weight room and fitness studio spaces, additional social gathering spaces and co-location of recreation facility spaces with other community amenities such as housing, etc. In Spring 2024, District of Central Saanich (DCS) staff-initiated discussions with the PRC to consider a potential partnership with the District to incorporate recreation space into the proposed redevelopment of their municipal facilities. Staff have since been engaged with DCS in the development of conceptual designs for the designated recreation spaces within this municipal facility.

On September 18, 2025, detailed information on this project was presented to the PRC for review (Appendix A). This follow-up report addresses questions posed by the PRC and outlines an approach for advancing the proposed Peninsula Recreation facility in Central Saanich initiative.

PROPOSED PENINSULA RECREATION FACILITY IN CENTRAL SAANICH

As requested at the September 18, 2025, meeting, Table 1 provides an overview of the proposed sizing of spaces within the proposed Peninsula Recreation Facility in Central Saanich in comparison to existing facilities which host similar activities or programming. The notes listed below the table provide an overview of further details regarding the purpose, equipment and structure of the proposed spaces.

Table 1: Proposed Facility Room/Amenity Size with Comparison

		Comparable Facilities	
Room/Amenity	Est. Size	Room/Amenity	Size
Weight Room (*1)	2800 sq ft	Greenglade (GG) Weight Room	1700 sq ft
Fitness Studio (*2)	1500 sq ft	PRC Fitness Studio	1700 sq ft
Pottery/Ceramics (*3)	1500 sq ft	GG Pottery Studio	568 sq ft
Art Studio (*4)	500 sq ft	-	-
Multipurpose (*5)	1250 sq ft	GG Room 6	858 sq ft
Washrooms/changerooms, common areas (*6)	1750 sq ft	PRC Link Changerooms & partial lobby	1300 sq ft
Reception, offices, storage, custodial (*7)	500 sq ft	GG offices, reception, storage	690 sq ft
TOTAL	10,000 sq ft		6,816 sq ft

Table 1 Notes:

1. Weight Room: Variety of cardio, free weight and multi-functional machines (e.g. squat rack, Smith machine, cable cross). Lockers/cubbies within.
2. Fitness Studio: Accessible from common areas and weight room, serve as open floor space when programs not in session.
3. Pottery/Ceramics includes hand building, wedging, wheels, sinks, storage, self-contained kiln room and glazing room.
4. Art Studio: Accessible from common areas and pottery/ceramics, can function as expanded pottery space when art programs not in session.
5. Multipurpose: Licensable for 20 children, kitchenette, integrated a/v, room divider, accessible/open from common areas to facilitate gatherings/community living room.
6. Washrooms/changerooms, common areas: Accessible and inclusive with sinks in common area and individual stalls for toileting, showering, changing. Minimum one stall equipped with lift and adult change table.
7. Reception, offices, storage, custodial: General storage included in each room size, one custodial/maintenance room, reception counter, two staff offices.

Updated Capital Costs

At the September 18, 2025 meeting, staff were directed to review the costs estimates in more detail. Table 2 presents a revised cost summary with amended estimates for the parking allocation. After further discussions with DCS staff it has been confirmed that underground parking will no longer be pursued as an option for recreation facility patron usage and thus the cost for the provision of underground parking is not applicable any longer. Furthermore, details of the potential cost sharing model for parking have been addressed and the cost applied to the updated estimates is focused on any additional parking spaces at Centennial Park required to support the overall parking plan for the Hovey Road site.

Table 2: Peninsula Recreation Facility in Central Saanich Capital Updated Cost Summary

Cost Type	Updated Cost Estimates	Initial Costs Estimates (September 18 Staff Report)
Land Acquisition Costs	\$0	\$0
Utility Servicing Costs	\$0	\$0
Parking	\$0.165M (*1)	\$3M (*2)
Total Building Cost	\$13.3M	\$13.3M
Project Management Fees	\$1.4M	\$1.6M
Startup Equipment Costs	\$0.33M	\$0.33M
Total Estimated Capital Cost	\$15.19M	\$18.23M

Table 2 Notes:

1. New as of October 2, 2025, estimate for parking has been revised based on potential cost sharing for any additional parking to be located at Centennial Park, across Wallace Drive from the Hovey Road site and the removal of potential to fund underground parking stalls for PRC.
2. September 18, 2025, Estimate is based on discussions with DCS staff and the potential for sharing costs of underground parking needed to meet parking requirements at the Hovey Road site.

Should staff be directed to proceed with further negotiations for this project, an updated cost estimate would be provided to the Commission at the time an agreement with DCS is brought forward for approval.

Forecasted Operating Budget

At the September 18 meeting, staff were directed to provide projections of operating budgets. Staffing is the primary cost driver, with approximately 6.5 full-time equivalent positions required to support operations and resident programming. Revenue forecasts assume a 10% increase in admissions and pass sales and a 15% rise in registered fitness program revenues, informed by participation growth at the Greenglade Community Centre and current waitlists. Internal reallocations within the Panorama Recreation operating budget—including \$50,000 in maintenance wages and \$40,000 in lease and operating costs—will further improve efficiencies by consolidating programs currently delivered at other sites. These internal reallocations have been included in Table 3, labelled as the “internal reallocations” row.

Table 3: Proposed Central Saanich Facility Operating Budget Overview 2028-2035

Operating Costs – Central Saanich Recreation Facility								
Component	2028	2029	2030	2031	2032	2033	2034	2035
1. Revenues-Admissions & Passes (*1)	156K	167K	179K	191K	200K	211K	221K	232K
2. Revenues- Program Fees (*2)	746K	798K	854K	913K	960K	1M	1.06M	1.11M
Total Revenues:	902K	965K	1.03M	1.10M	1.16M	1.21M	1.28M	1.34M
3. Expense-Salaries & Wages (*3)	741K	786K	833K	883K	918K	955K	993K	1.03M
4. Expense-Operating & Custodial Supplies, Utilities (*3)	97K	103K	109K	116K	121K	128K	134K	140K
5. Transfer to Equipment Replacement Fund (ERF) (*4)	35K	37K	39K	41K	43K	45K	47K	49K
6. Transfer to Capital Reserve	375K	375K	375K	375K	375K	375K	375K	375K
7. Transfer to Operating Reserve	10K	10K	10K	11K	11K	11K	12K	12K
Total Expenses:	1.26M	1.31M	1.37M	1.43M	1.47M	1.51M	1.56M	1.61M
8. Internal Re-Allocations (*5)	-90K	-92K	-94K	-96K	-97K	-99K	-101K	-103K
Total (Net):	-266K	-254K	-239K	-226K	-211K	-204K	-179K	-161K
9. Debt Servicing Costs 15-year Financing (*6)	1.4M	1.4M	1.4M	1.4M	1.4M	1.4M	1.4M	1.4M
Net with 15-year Debt Servicing Costs	-1.67M	-1.65M	-1.64M	-1.63M	-1.61M	-1.60M	-1.58M	-1.56M
10. Debt Servicing Costs 30-year Financing (*7)	912K	912K	912K	912K	912K	912K	912K	912K
Net with 30-year Debt Servicing Costs	-1.18M	-1.17M	-1.15M	-1.14M	-1.12M	-1.12M	-1.09M	-1.07M

Table 3 Notes:

1. Admissions & Pass Revenue: Based on 1% population growth for baseline increase to attendance, 3% fees and charges increase, plus additional growth in attendance as follows: 3% in 2029-2031 (7% total increase to revenue), 1% in 2032 onward (5% total increase in revenue).
2. Program Fee Revenue: Based on 1% population growth for baseline increase to attendance, 3% fees and charges increase, plus additional growth in offerings and attendance as follows: 3% in 2029-2031 (7% total increase to revenue), 1% in 2032 onward (5% total increase in revenue).
3. Salaries & Wages, Operating Supplies: Based on 6% increase from 2029-2031 to account for higher program growth, and 4% for subsequent years.
4. Equipment Replacement Fund Transfer: Based on 5% increase annually.
5. Internal Re-Allocations: Includes consolidation of maintenance hours currently allocated to Centennial Park facilities and removal of Central Saanich Cultural Centre lease fees.
6. This is the debt servicing costs specific to the Peninsula Recreation Facility in Central Saanich project and based on a 15-year amortization period at 4.5%.
7. This is the debt servicing costs specific to the Peninsula Recreation Facility in Central Saanich project and based on a 30-year amortization period at 4.5%

ALTERNATIVES

Alternative 1

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

1. That the five-year Peninsula Recreation Capital Plan be amended to include the Peninsula Recreation Facility in Central Saanich project including \$1 million from Capital Reserves and an additional \$14.2 million, to be scheduled as outlined in the Financial Implications section of this staff report;
2. That staff engages in discussions with District of Central Saanich staff to develop a partnership agreement, including roles and responsibilities pre, during, and post construction stages;
3. That a draft of such an agreement and an updated project budget be brought back to the Peninsula Recreation Commission for consideration; and
4. That following an agreement approval, staff engage in further design to update the budget for a loan authorization bylaw recommendation to be considered by the Peninsula Recreation Commission.

Alternative 2

1. The Peninsula Recreation Commission endorses borrowing and debt servicing over a longer amortization period than the 15-year period outlined in the Financial Implications section of this report.
2. The Peninsula Recreation Commission provides alternative direction to staff.

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 Sub-Regional Facility Needs Assessment, which identified a need for additional indoor recreation space, particularly in Brentwood Bay and surrounding communities.

Climate and Environmental Implications

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 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 and may include other sustainability requirements as outlined in the policy. Confirmation of specific equipment and building design requirements will be confirmed following confirmation of the preferred ownership model and as part of the detailed design process should the PRC provide direction to proceed.

Equity, Diversity & Inclusion Implications

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

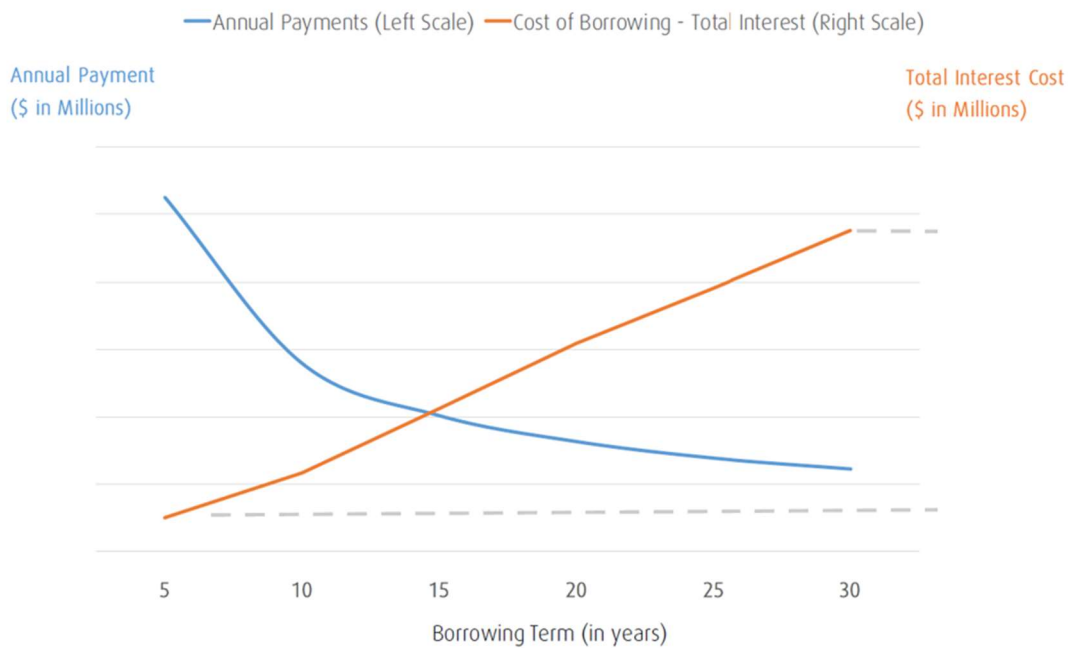
facilities. The proposed facility addresses this gap by improving access for southern peninsula communities. Its diverse programming—including arts, fitness, and children’s activities—ensures broad community benefit and aligns with Panorama Recreation’s commitment to inclusive service delivery.

Financial Implications

Debt Financing Options

Staff are proposing that expenses in 2026, estimated at \$1M, be funded through Capital Reserves and the balance of the project be financed through borrowing. The project has a total estimated cost of \$15.2 million with \$1 million funded through Capital Reserves and the remaining \$14.2 million to be funded through debt financing. The borrowing is proposed to be scheduled as \$6 million in 2027 and the remaining funds of \$8.2 million in 2028.

Based on the Board-approved guidelines, the optimal borrowing term (where the cost–affordability balance intersects most effectively with financing costs) is 15 years.



Based on current borrowing scenarios for \$14.2M in borrowing, a 15-year amortization at 4.5% interest would result in annual debt servicing cost of approximately \$1.4 million. This equates to a 23.4% increase in the requisition or roughly \$72 per household per year.

An alternative approach is to align the borrowing term with the life of the asset. Under a 30-year amortization, annual debt servicing costs for \$14.2 million in borrowing would be approximately \$912,000, resulting in a 15.5% requisition increase in the first year, or about \$48 per household per year.

However, a 30-year amortization significantly increases overall costs due to interest payments over the term adding an incremental \$7 million over a 15-year term. Given this impact, staff are

recommending a 15-year amortization period.

Appendix B provides summary tables comparing debt servicing costs and cumulative requisition impacts under both 15-year and 30-year amortization scenarios along with the cumulative requisition impact when adding the new debt for this project to existing debt servicing commitments.

Legal Implications

District of Central Saanich and Capital Regional District Project Agreement

A detailed and thorough agreement must be reached with the District of Central Saanich to ensure considerations for ownership, project management, construction processes and operational responsibilities are clearly defined and agreed upon. 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. Staff are proposing this agreement is obtained as the first step in the project and prior to a loan authorization request.

NEXT STEPS

To advance the proposed recreation facility in Central Saanich, a coordinated approach will be required across design, funding, and governance processes.

Fall 2025

October

- 2026 Budget Presentation (October 2, 2025).
- Central Saanich facility for Decision (Oct 2, 2025).
- If the PRC elects to proceed as recommended in the three reports, staff will:
 - Prepare an amendment to the CRD's provisional five-year capital and operating budgets, with CRD Board consideration at Final 2026 Budget Approval.
 - Work with DCS staff to develop a draft agreement for the PRC and CRD Board approval (October - December).
- As soon as an agreement is reached with DCS, and endorsed by the CRD Board:
 - Staff will proceed with project design (with DCS) to gain more certainty on costs.
- Detailed design work for the recreation facility in Central Saanich is anticipated to begin in late fall 2025.

Winter/Spring/Summer 2026

- Upon costs estimate refinement:
 - Staff will develop the loan authorization bylaw and elector approval process recommendation for PRC and the CRD Board approvals.
- Depending on the option selected, the elector approval process will commence, and process will be undertaken during this time frame.
- Detailed design for the recreation facility in Central Saanich will continue, led by DCS staff in collaboration with Panorama Recreation and architectural consultants.

- If Elector approval is reached:
 - Procurement processes for the projects will be initiated, with coordination between the CRD and DCS for shared infrastructure and construction planning.

Fall 2026

- Construction of the recreation facility in Central Saanich and DCS Municipal building is targeted to begin.

CONCLUSION

The Peninsula Recreation Commission has identified geographic equity as a priority in its 2022–2026 Strategic Plan and the 2025 Sub-regional Facility Needs Assessment and the proposed recreation facility in Central Saanich directly addresses this need. The Central Saanich facility addresses service gaps in an underserved area, offering purpose-built spaces for fitness, arts, and multipurpose programming. Staff have engaged with District of Central Saanich staff in developing concept designs and have proposed recommendations for operational considerations and funding approaches. The opportunity to develop a new recreation facility in partnership with the District of Central Saanich provides a viable option to enhance recreation service delivery on the peninsula.

RECOMMENDATIONS

The Peninsula Recreation Commission agrees in principle to engage in a partnership with the District of Central Saanich to construct a Recreation Facility within their Civic Redevelopment Project at Hovey Road.

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

1. That the five-year Peninsula Recreation Capital Plan be amended to include the Peninsula Recreation Facility in Central Saanich project including \$1 million from Capital Reserves and an additional \$14.2 million, to be scheduled as outlined in this staff report;
2. That staff engages in discussions with District of Central Saanich staff to develop a partnership agreement, including roles and responsibilities pre, during, and post construction stages;
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4. That following an agreement approval, staff engage in further design to update the budget for a loan authorization bylaw recommendation to be considered by the Peninsula Recreation Commission.

Submitted by:	Steve Meikle, M.A., Senior Manager, Panorama Recreation
Concurrence:	Luisa Jones, General Manager, Parks, Recreation & Environmental Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services and Corporate Officer
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Staff Report: Proposed Peninsula Recreation Facility in Central Saanich (September 18, 2025)

Appendix B: Financial Considerations – Funding Options and Cumulative Debt Servicing Cost Estimates (October 2025)