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

SUBJECT **Proposed Peninsula Recreation Facility in Central Saanich—Revised Scope**

ISSUE SUMMARY

To seek Commission direction regarding proposed revisions for the development of a reduced-scope recreation facility within the proposed redevelopment of the District of Central Saanich's municipal complex project at Hovey Road and Wallace Drive.

BACKGROUND

The 2022–2026 Panorama Recreation Strategic Plan and the 2025 Peninsula Recreation Facility Needs Assessment (FNA) identify the need to address geographic inequities in recreation service delivery through the development of a facility in Central Saanich. The FNA further identifies the need for additional fitness, arts, and multipurpose program space, as well as opportunities to co-locate recreation services with other community amenities.

In Spring 2024, the District of Central Saanich initiated discussions with the Peninsula Recreation Commission (PRC) to explore a partnership to incorporate recreation space into a proposed civic redevelopment. Through 2025 and early 2026, staff from both organizations advanced the project by developing conceptual and schematic designs, preparing Class C and Class D cost estimates, and establishing a partnership framework through a Memorandum of Understanding to guide future construction and lease agreements.

On October 2, 2025, the PRC endorsed the development of a funding strategy and partnership agreement to advance the project. Subsequent work refined the project scope, design, and costing, resulting in a Class C estimate of approximately $15 million.

Participating area approval for the required borrowing bylaw was sought by municipal consent; however, it was not obtained due to concerns regarding the overall project cost, the impact of debt servicing costs on individual households, the suitability of the facility location and the perceived need for the amenities in the proposed facility. As a result, at its May 28, 2026, meeting, the PRC directed staff to explore a reduced project scope and budget with the following resolution:

That the Peninsula Recreation Commission:

1. *Endorse a reduced-scope recreation facility at the Hovey Road Civic Facility location in the District of Central Saanich, with a footprint of approximately 7,500 square feet, retaining the weight room and multi-purpose program space as core program elements, with reduced or eliminated pottery studio and/or reduced or eliminated meeting room components to be confirmed through detailed design.*
2. *Request that the Capital Regional District (CRD) Board give immediate consideration to an updated borrowing bylaw of up to $9,114,000 to support the reduced-scope facility.*
3. *Confirm that any residual square footage from the originally proposed 10,000 sq. ft. footprint shall remain with the District of Central Saanich, with no further financial or operational obligation to the PRC; and*

4. *Affirm the Commission's continued commitment to equitable, evidence-based, and collaborative recreation service delivery across the Saanich Peninsula in partnership with member municipalities and the W̱SÁNEĆ Nations.*

This report responds to that direction and presents options for advancing the development of a recreation facility in Central Saanich within a revised project budget of up to $10.114 million to be funded via $1 million from capital reserves and $9.114 million through borrowing.

OPTIONS ANALYSIS FOR REVISED FACILITY SIZE AND SCOPE

To align with the revised $10.114 million project budget, staff have identified three options to reduce the facility footprint and associated service levels.

Option 1: Retain Pottery Studio; Combine Fitness Studio and Multipurpose Room
This option retains a reduced-sized pottery studio and combines the fitness studio and multipurpose room into a single flexible program space that can be partitioned. Moderate size reductions are also applied to other areas. This option maintains a broad range of programming opportunities but reduces overall capacity and requires shared use of program space in the combined fitness studio/multi-purpose room. This approach maintains a broad range of programming opportunities while improving space efficiency through shared use. It enables larger gatherings and expands programming in a flexible format; however, it reduces overall capacity and limits concurrent use due to fewer dedicated spaces.

Option 2: Retain All Program Areas; Reduce Overall Facility Size
This option retains all original program elements, including the pottery studio, fitness studio, and multipurpose room, while reducing the size of all spaces across the facility. While program variety is maintained, the resulting smaller, lower-capacity spaces may limit functionality, reduce participant capacity, and may negatively impact user experience and participation opportunities.

Option 3: Remove Pottery Studio; Reduce Other Spaces
This option removes the pottery studio and reduces the size of most remaining program and support spaces, including the weight room, fitness studio, multipurpose room, and associated support areas from the original 10,000 sq. ft. design. The resulting facility would primarily focus on weight training and fitness, with limited general community programming. This approach provides the most straightforward approach path to achieving the required cost reduction but narrows program offerings. While removing the pottery studio may yield the greatest cost savings, it eliminates a high-demand program area that is currently constrained by limited space.

Other Options Considered (Not Recommended at This Time)
An alternative approach considered reducing Peninsula Recreation Commission–funded space by incorporating washroom and change room facilities into shared spaces funded by the District of Central Saanich, allowing a greater proportion of the facility footprint to be dedicated to programming. This concept could improve space efficiency and reduce duplication of support areas, allowing a greater proportion of the building to be dedicated to programming. However, additional reductions to the overall building area would still be required to remain within the $10.114 million budget. In addition, this approach would depend on successful negotiation of partnership arrangements related to capital contributions, operational cost-sharing, design, and long-term access to shared facilities. At this time, the District of Central Saanich has indicated it is not in a position to pursue this concept or discussion related to cost sharing of washroom

facilities. As a result, this option is not considered to be viable.

On balance, staff recommend Option 1. This approach maintains a diverse range of programming, including arts-based activities, while improving space efficiency and remaining within the $10.114 million budget. By combining the fitness studio and multi-purpose spaces using a moveable partition, this option introduces a flexible, larger-format room/space, which is not currently available in the inventory of rooms and spaces within the scope of facilities of the PRC. This flexibility supports larger group activities, workshops and events while avoiding the limitations associated with uniformly reduced room size.

A key consideration across all options is the inclusion of a pottery studio. While removing it reduces capital and operating costs, it also eliminates a high-demand program that is currently constrained by limited space. Retaining the pottery studio supports program diversity and broader community use but requires trade-offs elsewhere in the facility design.

ALTERNATIVES

Alternative 1
That the Peninsula Recreation Commission:
Endorse the revised scope of the proposed recreation facility with a target project budget of up to $10.114 million, based on a program configuration consistent with Option 1.

Alternative 2
That the Peninsula Recreation Commission:
Endorse the revised scope of the proposed recreation facility with a target project budget of up to $10.114 million, based on a program configuration consistent with Option 2 (or Option 3).

Alternative 3
That the Peninsula Recreation Commission:
Direct staff to explore other options for the development and provision of recreation services within the District of Central Saanich.

IMPLICATIONS

Alignment with Existing Plans & Strategies

The proposed recreation facility in Central Saanich aligns with the 2022–2026 Panorama Recreation Strategic Plan and the 2025 Peninsula Recreation Facility Needs Assessment, both of which identify the need to address geographic inequities and expand access to fitness, arts, and multipurpose programming. All options advance the objective of establishing a recreation facility in Central Saanich. Options 1 and 2, which retain a broader range of programming, including arts-based activities, more closely align with the program diversity and service mix identified in these plans, while Option 3 represents a more focused service model.

Equity, Diversity & Inclusion Implications

Improving geographic access to recreation services remains a key equity objective. All options enhance access for residents in Central Saanich and surrounding areas, particularly those located farther from existing facilities. Options 1 and 2 support participation across a wider range of interests, demographics, and abilities by maintaining a broader mix of programming. Option 3, with a more limited and fitness-focused program offering, may reduce participation opportunities for some user groups.

Service Delivery Implications

The table below summarizes the changes to room allocation across the revised options.

Table 1: Comparative Recreation Facility Room Allocations and Key Features (units in square feet)

Room / Amenity	Previous Design (10,000 square feet)	Option 1 (combine fitness/ multipurpose room)	Option 2 (keep all, reduce sizes)	Option 3 (remove pottery)
Weight Room	~3000	~2400	~2200	~2850
Fitness Studio	~1600	~1850 **Combined**	~1400	~1600
Multipurpose Room	~1200		~1000	~1200
Pottery Studio	~1800	~1350	~1200	Removed
Washrooms / Changerooms	~800	~600	~600	~600
Reception / Admin / Storage	~800	~600	~500	~550
Lobby / Circulation	~800	~700	~600	~700
Total	**~10,000**	**~7500**	**~7500**	**~7500**

Table 1 Note: Final room sizes subject to design refinement. Pottery Studio, Fitness Studio and Multipurpose room sizes include in-room storage.

Option 1 maintains the broadest range of programming opportunities while improving space efficiency through flexible use of program space. Option 2 retains all program areas but at reduced sizes, resulting in lower participant capacity across the facility. Option 3 focuses on fitness and general recreation programming and does not include a pottery studio.

Financial Implications

<u>Capital Costs</u>
The table below provides a high-level comparison of capital costs across the options provided.

Table 2: Comparative Capital Cost Summary

Cost Component	Previous Design (class C est. as of February 2026)	Option 1 (combine fitness studio & multipurpose spaces)	Option 2 (all spaces remain with reduced sizes)	Option 3 (remove pottery)
1. Base Building Cost	$6,623,500	$4,967,625	$4,967,625	$4,967,625
2. Site Development Costs	$968,000	$968,000	$968,000	$968,000
3. Tenant Improvements (Class D est.)	$2,000,000	$1,300,000	$1,300,000	$1,050,000
4. Design and Legal Fees	$960,000	$800,000	$800,000	$800,000
5. Start-up Equipment Costs	$630,000	$560,000	$560,000	$480,000
6. Contingency	$2,878,000	$1,447,125	$1,447,125	$1,397,125
Total Estimated Cost	**$14,059,500**	**$10,042,750**	**$10,042,750**	**$9,662,750**

Table 2 Notes:

1. A quantity survey was not feasible within the condensed timeframe; therefore, base building costs for options 1 to 3 have been calculated at 75% of the February 2026 Class C cost estimate for a 10,000 sq. ft. facility space.
2. Site development costs were refined for the March 26, 2026, Commission meeting and are not impacted by changes to the facility size. The parties have agreed to equally share the cost to pave an adjacent parking area within Centennial Park as this will benefit existing operations (multi-sport box and picnic shelter areas).
3. Tenant improvements represent a Class D estimate, as functional requirements and specialty features of the recreation facility are being finalized. Updated costing will be provided to the Commission alongside the construction agreement and/or at the next stage of design.
4. Design and construction management costs decrease with the size of the facility; however, legal costs associated with the construction and operating agreements largely unchanged.
5. Equipment costs include standard furnishings and fitness equipment (e.g., weight room, fitness studio, tables, and chairs). Pottery studio equipment is estimated at $120,000. Weight room equipment is estimated at $260,000 for smaller configurations (Options 1 and 2) and $300,000 for the larger configuration (Option 3).
6. With Class C and D estimates received for items 1,2 and 3, the contingency has been set at 20%.

All options achieve the required reduction in project cost to align with the $10.114 million budget, through different approaches. The proposed funding model includes $1 million from capital reserves (previously approved by the Commission) and borrowing of up to $9.114 million.

Option 1 maintains a broader program mix with cost savings achieved through space consolidation. Option 2 retains all program elements while reducing overall space, preserving service diversity but resulting in smaller, lower-capacity spaces throughout. Option 3 provides the most direct savings through reduced building area and elimination of the specialized pottery space. The reduction in capital costs with the removal of the pottery studio is estimated at approximately $420,000.

Table 3 outlines each participating municipality's share of the annual debt servicing costs at the highest loan amount of $9.114 million represented by design options 1 and 2, along with an estimated annual cost per household based on annual debt servicing cost of $876,000 over a 15-year term.

Table 3: Municipal Share of Debt Servicing Costs and Annual Household Cost for Options 1 and 2

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 capital cost estimates presented are based on a combination of Class C and Class D estimates and therefore remain subject to refinement as design development progresses. Key risks include potential cost escalation due to market conditions and evolving design requirements. The reduced project scope also increases sensitivity to design decisions, as smaller footprints limit flexibility to accommodate future program changes or growth.

Operating Costs

The table below summarizes the relative operating impacts across options.

Table 4: Year One Comparative Operating Budget Impact Summary

Year One Operating Costs – Central Saanich Recreation Facility			
Component	**Previous Design (10,000 sq ft.)**	**Options 1 & 2**	**Option 3 (remove pottery)**
1.Revenues-Admissions & Passes	$ 156,000	$ 140,000	$156,000
2.Revenues- Program Fees	746,000	506,000	350,000
3. Total Revenues:	**902,000**	**646,000**	**506,000**
4.Expense-Salaries & Wages	741,000	701,000	631,000
5.Expense-Operating & Custodial Supplies, Utilities	97,000	97,000	82,000

6.Transfer to Equipment Replacement Fund (ERF)	35,000	35,000	25,000
7.Transfer to Capital Reserve	375,000	250,000	250,000
8.Transfer to Operating Reserve	10,000	10,000	10,000
9.Total Expenses:	**1,258,000**	**1,093,000**	**998,000**
10.Internal Re-Allocations	(90,000)	(90,000)	(90,000)
11.Total (Net):	**(266,000)**	**(357,000)**	**(402,000)**
12.Debt Servicing Costs 15-year Financing	1,400,000	876,000	876,000
13.Net with 15-year Debt Servicing Costs	**$ (1,666,000)**	**$ (1,233,000)**	**$ (1,278,000)**

Table 4 Notes:
1. Item 2 and 4: Out of School Care has been removed from operating revenues and expenses for Options 1, 2, and 3, based on further analysis of transportation logistics from schools to this location.
2. Item 10: Internal Re-Allocations includes consolidation of maintenance hours currently allocated to Centennial Park facilities and removal of Central Saanich Cultural Centre lease fees.

Operating budget impacts vary by programming mix and staffing requirements. Option 1 generates the highest projected program revenues due to the retention of pottery programming and a broader mix of services. Option 2 maintains a similar service mix, but reduced room sizes may limit future growth in participation and revenue. Option 3 has lower operating costs but also lower revenues and is projected to require the highest net operating subsidy due to the removal of pottery programming.

First Nations Implications

The proposed recreation facility in Central Saanich is in closer proximity to W̱JOȽEȽP (Tsartlip) and SȾÁUTW̱ (Tsawout) First Nations than existing Peninsula Recreation facilities, presenting an opportunity to improve access to recreation services for those Nations. Increased proximity may support greater participation and help reduce barriers related to travel distance.

All three options maintain this locational advantage; however, differences in programming mix and facility capacity may influence the extent to which diverse recreation needs can be met. Options that retain a broader range of programming, including arts-based activities such as pottery, may offer increased opportunities to support inclusive and culturally relevant participation, depending on program design and delivery.

As the project advances, there will be opportunities to engage with local First Nations to better understand community interests, programming priorities, and approaches to inclusive service delivery.

Intergovernmental Implications

All options require continued coordination with the District of Central Saanich as a development partner, including alignment on design, servicing, and overall project delivery. Shared capital and operational elements of the building include mechanical, electrical and air handling systems. The operations, maintenance and lifecycle capital planning for these building systems will need to be negotiated through the development of an operating agreement. None of the options presented create further shared capital infrastructure (e.g., washrooms or changerooms). Successful implementation will depend on maintaining alignment between both parties on design, cost containment, and long-term operational considerations. If funding is secured through the loan authorization process, a construction agreement and operating agreement will be developed based on the Memorandum of Understanding approved by the Commission at its March 26, 2026, meeting.

Social Implications

All options support improved community health, wellbeing, and social connection by expanding access to recreation services in Central Saanich. While the options vary in program diversity and facility capacity, each would increase recreation opportunities and support community participation within the Peninsula Recreation service area.

CONCLUSION

The Peninsula Recreation Commission directed staff to provide options for a reduced project scope with a budget of up to approximately $10.114 million in response to not obtaining municipal consent for the initial borrowing bylaw to construct a recreation facility in Central Saanich. In developing design and service delivery options staff considered program diversity, cost efficiency, and partnership opportunities with the District of Central Saanich. The recommended approach maintains a diverse range of programming while improving efficiency through space consolidation, enabling delivery within the reduced budget. Subject to approval of the loan authorization and the partnership agreement with the District of Central Saanich, the recreation facility can advance.

RECOMMENDATION

That the Peninsula Recreation Commission:
Endorse the revised scope of the proposed recreation facility with a target project budget of up to $10.114 million, based on a program configuration consistent with Option 1.

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