

Here are the answers to your questions regarding the civic redevelopment project in Central Saanich:

**How did the District arrive at \$55M for the civic redevelopment?**

The \$55M estimate for the civic redevelopment project is based on high-level cost estimates including a Class D estimate on basic square footage needs and potential land sales.

**Does the \$55M civic redevelopment estimate include the \$5M already spent on Hovey Road?**

The \$55M estimate includes the \$5M spent on acquiring the Hovey Road property.

**How will property taxes be affected if the cost of the civic redevelopment project increases from \$55M to \$70M, \$80M, \$90M?**

The estimate of \$55 million is high and includes contingencies.

Although the District's Asset Management Plan (AMP) identifies these facilities for replacement, the plan is based on the high level estimate, which includes reasonable contingencies. Although unlikely, if the project cost increased beyond the forecasted high estimate including contingency, the District would reassess the project and financial strategy, including any tax impact. A guiding principle from the outset of this project has been to minimize the impact on taxpayers and the District remains committed to this. Currently, no additional taxes above the annual AMP levy are anticipated and the District aims to use reserves and borrowing within manageable limits.

**If the civic development estimate increases from \$55M to \$70M, \$80M, \$90M, will the incremental debt servicing cost come from reserves or increased debt?**

As per the previous response, the plan is based on the high level estimate, which includes reasonable contingencies. Although unlikely, if the project cost increased beyond the forecasted high estimate including contingency, the District would reassess the project and financial strategy, including any reserve or debt (or tax) impact.

**If the civic redevelopment exceeds \$55M, will interfund borrowing be required? If so, from where?**

As per the previous response, the plan is based on the high level estimate, which includes reasonable contingencies. Although unlikely, if the project cost increased beyond the forecasted high estimate including contingency, sources for interfund borrowing could be considered and would be determined based on the District's financial policies and available reserves.

**What does the BC Assessment Authority assess the 1903 Mt. Newton property to be worth?**

The 1903 Mt. Newton property is assessed at approximately \$5,674,000 as of July 1, 2024. Property assessments are available online through [BC Assessment](#). This is of course based on current zoning and building value.

**What term was used to estimate the \$55M civic redevelopment debt? Would a different term be factored in if cost estimates for the project increased to \$70M, \$80M, \$90M?**

The term used for the estimated \$33.5M debt (anticipated to be lower once estimates are complete) is 30 years. A different term would not be considered if costs increase. If the full debt amount is not needed, the District can borrow a lesser amount.

**What will the adjusted reserves to liability service levels ratio be if \$21.5M from reserves is used to fund the civic redevelopment? Can you clarify your definition of liability service levels. What are you comparing the reserves to? I estimate 2025 liability service levels to be about \$38.3M (thank you for your April 4th email explaining what revenue components are NOT used for this calculation). It is to this dollar value that I am asking for a ratio comparison to the estimated \$21.5M from reserves to be used for the proposed civic redevelopment.**

The Liability Servicing Limit is the maximum amount of debt servicing costs (principal and interest) the District is allowed. This limit is the maximum of 25% of eligible revenues. I think the \$38.5M estimate that you have calculated is the eligible revenues. For context, the 2023 eligible revenues were \$36.5M. The Liability Servicing Limit in 2023 was \$9.1M (25%).

The adjusted reserves to liability service levels ratio will depend on the total reserves and liability servicing limit at the time of funding. As indicated in the draft Financial Plan, the \$21.5M includes potential land sales. Again, for context, the total reserves in 2023 was \$52.4M.

**As stated on page 68, 'Major buildings are in reasonable condition, though the public works facility and Municipal Hall Complex are approaching their end of life'. Specifically, what does 'approaching' mean ... 1 year, 5 years, 10 years?**

"Approaching end of life" typically means within the next 5 years, based on the condition assessments and expected lifespan of the facilities. The facilities were determined to be approaching end of life in 2021 during the Facilities Long Term Master Plan condition assessments.

**When the loss of interest on \$21.5M from reserves is used for capital (facilities), what will the actual debt servicing cost (debt servicing + loss of interest on reserves) to taxpayers be for 2025~2029?**

I need to correct a couple of inaccuracies made in this question. First, the reserve amount is not currently \$21.5M; as indicated in the draft Financial Plan, the \$21.5M includes potential land sales (therefore the District is not collecting interest revenue on land sale value currently). Second, there is no loss of interest. The money, while in reserves (savings) - accrues interest but once the money is used for a project, it reduces the interest on debt – saving the District interest cost. In summary, the reserve amounts either makes money through interest, or saves money through the lower debt amount and interest paid.

The debt servicing budget is identified in the Financial Plan.

**In 2 years, the District will be faced with a shortfall in optimum reserves levels of \$7,945,926. If reserves are topped up to optimum at that time, will that affect the ability to draw from reserves supporting the funding of capital projects from 2025~2029? Can you provide the calculation for the \$7,945,926 shortfall in reserves.** From page 88 in financial plan, I have calculated the delta between 2023 and 2028 for the following reserves identified as Low in 2028. I have made an assumption that a Good or Optimum dollar value in 2023, would be the same value in 2028. Please note that in recalculating the delta for these funds, I came up with \$7,774,500, not the \$7,945,926 I originally stated.

**General Vehicles and Equipment Replacement Reserve Fund**

**Police Vehicles and Equipment Replacement Reserve Fund**

**Fire Vehicles and Equipment Replacement Reserve Fund**

**Drainage Replacement Reserve Fund**

**Water Utility Replacement Reserve Fund**

The District is carefully timing major projects so as to be able to fund them in a healthy and low risk manner. The District aims to maintain multiple healthy reserve levels to ensure financial stability. As an example, water and sewer have their own reserves. Although I can't verify the delta that you calculated, one item to note is that the District's General Capital Reserve (2023 balance, \$9.6M) is also used to fund these asset classes. The Gas Tax Reserve (2023 balance, \$6M) is used for all asset classes.

With the current Financial Plan (taking into consideration transfers to and from reserves), here are the anticipated reserve balances for 2028 for these asset classes:

General Vehicles and Equipment - \$4.2M

Police Vehicles and Equipment - \$1.7M

Fire Vehicles and Equipment - \$1.8M

Drainage - \$10.4M

Water Utility - \$1M

**Why is the District budgeting money for facilities which are rated at level C, when there is more urgent need for drainage, water, and sewer which are assessed below level C?**

The District has plans for maintenance and replacement of all critical infrastructure, including dedicated reserves. The District has many urgent projects underway and planned for, including \$29 Million of capital in 2025 alone. Civic facilities need urgent attention due to their condition and importance. The District assesses projects based on a combination of factors, including safety, regulatory requirements, and long-term community benefits.

**The projected rating for 'facilities in 2027 at proposed funding' is estimated at level B. Why wouldn't it be rated at level A?**

The District owns more than 35 buildings and all facilities are included in that rating. Although the Municipal Hall and Yard represent major facilities, other buildings such as the Cultural Centre/Library, Lions Hall and many other facilities are rated lower, reflected in a level B rating.

**Please confirm that the District's budget in 2027 and 2028 will drop by 40% and 12%, respectively.**

The District's Five-Year Financial Plan is updated every year based on long-term budget projections. Each year, future years projections are able to be refined. As of 2025, those are the projections, however the District will not confirm future years budgets this far in advance as that would not be responsible given the fluctuations of inflation, emerging priorities, grants and other factors.

**Please confirm that the District's budget for property taxes from 2026 to 2029 will drop to about 4.5% annually?**

Please see the answer above. The projected annual property tax increase is subject to change based on the District's financial planning and external factors.

**Debt servicing in 2024 consumed 5.3% of the District's surplus. Please confirm that in 2027, 2028, 2029, debt servicing, as a percentage of surplus, will jump to 34%, 38%, and 37%, respectively? Can you clarify what you are referencing when you use the term 'surplus'. The Financial Plan is a balanced budget and doesn't include surplus. Total revenue less total expenses. For 2025, surplus is estimated to be \$7,777,700 (\$42,573,300 - \$34,795,600).**

As stated, the Financial Plan is balanced and there is no surplus. There is perhaps a misunderstanding of items like transfers to/from reserves, capital expenses, and debt as surplus. All revenue and expenses must be taken into account. As an example, if the District receives a Federal grant for \$1M for a capital expense, in your definition, the \$1M would be surplus. However, the offsetting capital expense must be taken into consideration and the \$1M revenue would be offset by the \$1M in expenses.

To assess the debt impact on the overall budget, one metric that is considered is the debt to general expenses. For 2025, debt as a percentage of general expenses is 2%, this will increase to 10% by 2029, which is a reasonable debt level. As with the answers above, these are projections and the District's position is refined during the financial plan process each year.

**How does the population growth rate from 2024 to 2025 compare to the following department cost increases?**

The population growth rate for 24/25 is not available yet. Department cost increases cannot be easily compared over a short-time frame as they reflect longer-term planning and service needs.

**Across all departments, what is the estimated FTE hours needed to support the civic redevelopment project?**

Currently, the redevelopment project is an operational project, and we do not keep track of staff time. These types of operational projects are part of the staff's annual work plan. If this moves to the next phase and becomes a capital project, then staff time is allocated accordingly.

**Across all departments, what is the estimated cost of staffing the civic redevelopment project?**

Please see the answer above.

**What is the scope of the new facilities project coordinator role?**

Job description is attached.

**Grant revenue in 2024 was \$2,876,053. In 2025, it is budgeted to be \$4,810,500. What is the source of the approximate \$2M increase in grant revenue? Can you let us know where you get the \$4,810,500 for 2025 from? Any specific budget lines is helpful. I incorrectly used 2024 values to do my calculation [Grants in lieu of taxes + Grants (Capital)]. My apologies.**

N/A

**What cost-saving programs are identified in the budget, and what will be the savings to the taxpayer?**

Initial forecasts for 2025 to Council presented in the Budget Guidelines report in 2024 were 7-9% and the initial budget forecast did come in closer to 9%. As you know the tax increase was drafted at 7.8% and has been lowered to 7.2%.

**Has contingency been created for the effects of tariffs on vehicles, equipment, supplies, etc., for operational expenses and capital initiatives?**

The District has a general contingency budget for unforeseen expenses. As the District's operations are mainly comprised of staff labour, local consultancy and goods, tariffs should have little effect on the overall operating budget. The capital projects, which may be affected by tariffs (it's unclear to what degree as the situation is still very fluid) on equipment or parts are being assessed on a case by case situation.

**What is the value of the contingency?**

The District general contingency budget is \$450k.

**Has contingency been created for a potential loss of the Hovey Road lawsuit?**

The amount paid for the site was determined from the District's two independent land appraisals; these were based on market value, which includes current zoning and the potential use of the land (determined by the Official Community Plan and supporting policies), and data such as current similar land sales, as required by the BC Expropriation Act. The final price paid to the owner for Lot A was \$4.64M. The owner obtained their own appraisal, which had a much higher value (\$7.27M) than the District appraisal. The District's appraiser reviewed the owner's appraisal and determined there were factors in the owner's appraisal that resulted in the owner's appraisal overvaluing Lot A. The District is well supported in the price paid and any contingency calculated takes this into account.

**What is the value of the contingency?**

As the compensation claim is before the courts, the District can't release any financial information regarding value.

**Does the contingency include legal fees?**

Yes, the contingency includes legal fees.

**What are the Hovey Road cumulative legal costs-to-date?**

The legal costs have been included in the project budget, as stated above. Legal fees are subject to s. 14 of the *Freedom of Information and Protection of Privacy Act*, as they may

permit accurate inferences about the legal advice sought or provided (a finding supported by the Office of the Information and Privacy Commissioner). Therefore, no precise legal costs to date will be provided.

**Risk management is budgeted to cost the District \$168K. I could find no notes in previous financial statements that listed any identified risks. What work product is generated from this role?**

The Risk management budget is the annual invoiced amount for the Municipal Insurance Association (MIA) and is the District's liability insurance coverage. The MIA is a reciprocal insurance pool which insured 90% of the Province's local governments.

## Nareka Jacques

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**From:** David Lawson [REDACTED]  
**Sent:** Friday, April 4, 2025 9:46 AM  
**To:** Municipal Hall  
**Cc:** Fernando Pimentel; Mayor Ryan Windsor; Chris Graham; Gordon Newton; Niall Paltiel; Sarah Riddell; Bob Thompson; Zeb King  
**Subject:** April 7th Special (Open) Council Meeting

Please add these questions to the April 7<sup>th</sup> Special (Open) Council Meeting.

- How did the District arrive at \$55M for the civic redevelopment?
- Does the \$55M civic redevelopment estimate include the \$5M already spent on Hovey Road?
- How will property taxes be affected if the cost of the civic redevelopment project increases from \$55M to \$70M, \$80M, \$90M?
- If the civic development estimate increases from \$55M to \$70M, \$80M, \$90M, will the incremental debt servicing cost come from reserves or increased debt?
- If the civic redevelopment exceeds \$55M, will interfund borrowing be required. If so, from where?
- What does the BC Assessment Authority assess the 1903 Mt. Newton property to be worth?
- What term was used to estimate the \$55M civic redevelopment debt. Would a different term be factored in if cost estimates for the project increased to \$70M, \$80M, \$90M?
- What will adjusted reserves to liability service levels ratio be if \$21.5M from reserves is used to fund the civic redevelopment?
- As stated on page 68, 'Major buildings are in reasonable condition, though the public works facility and Municipal Hall Complex are approaching their end of life'. Specifically, what does 'approaching' mean ... 1 year, 5 year, 10 year?
- When the loss of interest on \$21.5M from reserves is used for capital (facilities), what will the actual debt servicing cost (debt servicing + loss of interest on reserves) to taxpayers be for 2025~2029.
- In 2 years, the District will be faced with a shortfall in optimum reserves levels of \$7,945,926. If reserves are topped up to optimum at that time, will that affect the ability to draw from reserves supporting the funding of capital projects from 2025~2029?
- Why is the District budgeting money for facilities which are rated at level C, when there is more urgent need for drainage, water and sewer which are assessed below level C?
- The projected rating for 'facilities in 2027 at proposed funding' is estimated at level B. Why wouldn't it be rated at level A?

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- Please confirm that the District's budget in 2027 and 2028 will drop by 40% and 12%, respectfully.
- Please confirm that the District's budget for property taxes from 2026 to 2029 will drop to about 4.5% annually?
- Debt servicing in 2024 consumed 5.3% of the District's surplus. Please confirm that in 2027, 2028, 2029, debt servicing, as a percentage of surplus, will jump to 34%, 38% and 37%, respectfully?

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- How does the population growth rate from 2024 to 2025 compare to the following department cost increases?
  - o Fire Department increase by 15.8% over 2024.
  - o Police services increase by \$486,800 or 7.6% over 2024.
  - o Finance department increase of 14.8% over 2024.
  - o Planning, Building & Bylaw Services of 37.9% over 2024.
- Across all departments, what is the estimated FTE hours needed to support the civic redevelopment project?



- Across all departments, what is the estimated cost of staffing the civic redevelopment project?
- What is the scope of the new facilities project coordinator role?

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- Grant revenue in 2024 was \$2,876,053. In 2025, it is budgeted to be \$4,810,500. What is the source of the approximate \$2M increase in grant revenue?
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David Lawson

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