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## Media Release

For Immediate Release

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### Recreation Centre Referendum: Funding strategy and impact for taxpayers

**SUMMERLAND** – On November 4, 2023, eligible voters in Summerland (including residents and non-resident property owners) will take part in a referendum for the Summerland Recreation Centre – a new multi-purpose indoor recreation facility. It's intended to replace the Summerland Aquatic & Fitness Centre, which is at the end of its useable life.

The proposed new facility includes an aquatic centre (that features a lap pool, leisure pool, hot tub, sauna or steam room); fitness centre; fitness/activity multi-purpose room; family/youth multi-purpose room; universal access and family change rooms; and modern energy efficiency building standards (minimum LEED Silver).

To help voters make a well-informed decision, the District of Summerland is offering detailed information about the project and the referendum process through a series of weekly media releases with frequently asked questions, leading up to General Voting Day on November 4. This week, we are looking at the project cost, funding strategy, and anticipated impact for taxpayers.

#### What is the estimated cost to build a new Recreation Centre?

The November 2022 project cost estimate is \$50 million, which includes detailed design, construction and contingencies for unforeseen expenses and delays.

#### What is the funding strategy for a new facility?

At this time, the District of Summerland is asking the public's permission to borrow the full amount required to develop a new facility, which would be constructed (at minimum) to LEED Silver energy efficiency standards. However, the District is also actively pursuing grant funding opportunities to reduce the overall project cost and impact to taxpayers.

Recently, the District applied for a grant of up to \$25 million through the Green & Inclusive Community Buildings (GICB) program to obtain funding to construct a net-zero carbon building. While the overall project cost estimate would increase by approximately \$8.5 million to incorporate net-zero building components, with the GICB grant funding of \$25 million, the overall project costs would be reduced to approximately \$32.5 million, thus reducing the financial impact to taxpayers. No timeline has been identified when the GICB grant announcements will be made.

#### How much would a new Recreation Centre cost the average taxpayer?

If electors vote in favour of the referendum question, Council has directed the District to pay debt servicing costs through a 50% leveled parcel tax and 50% property taxation increase.

In order to achieve the appropriate level of new taxation required (for a \$50 million total debt draw), four consecutive years of property and parcel tax increases will be required, for the purpose of financing detailed design and construction of the Recreation Centre to be built to LEED Silver energy efficiency standards.

Based on the District’s borrowing rate with the Municipal Finance Authority (MFA), as of June 19, 2023, the following taxation increases will be required to cover 50% of the estimated debt:

- 2024: 3.76% property tax increase
- 2025: 3.77% property tax increase
- 2026: 3.77% property tax increase
- 2027: 3.76% property tax increase

*Note: should interest rates change during any of the four estimated debt draws during construction, the projected tax rate increases would need to be adjusted to ensure the appropriate amount is collected through taxation to cover the actual debt payments.*

The other half of the debt would be covered through a leveled parcel tax. Together, this would equate to the following estimated annual cumulative increases for the below noted assessed homes\*:

	<b>Tax Rate Leveling &amp; 50% Parcel Tax Leveling Estimated Annual Tax Increases</b>				
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total</b>
<b>Assessed Value - \$ 600,000</b>	114.17	116.00	117.74	119.41	<b>467.34</b>
<b>Assessed Value - \$ 899,173</b>	136.23	138.97	141.57	144.08	<b>560.87</b>
<b>Assessed Value - \$1,100,000</b>	151.03	154.39	157.57	160.64	<b>623.65</b>

\*The ‘Total’ amount listed in the table above is the estimated cumulative increase in property and parcel taxes for the listed assessed value homes, for the purpose of constructing a new Recreation Centre, between 2024 and 2027.

After 2027, no additional property or parcel tax increases for this capital project are anticipated. The term of the loan with the MFA would be 30 years.

Based on the above table, a home assessed at \$600,000 would pay the following annual amounts during the four year construction phase: 2024 - \$114.17; 2025 - \$230.17; 2026 - \$347.91; 2027 - \$467.34.

**Is there a contingency in place for inflation?**

Yes, the current project cost budgets for an escalation rate of 14%, which reflects a late third quarter 2024 construction tender date and construction completed by the end of 2026. It is anticipated these timelines can be met.

Of the project cost estimate of \$50 million, the District has built in a design contingency allowance of 10% and construction contingency of 5%. Council further allocated an additional contingency of approximately \$1 million for any unforeseen expenses or delays. These contingencies are included to provide some room in the budget for unexpected items that may come up through the implementation of the project, which is intended to keep the project within the allocated budget.

For more information on the proposed Summerland Recreation Centre project and the upcoming referendum, please visit [www.summerland.ca/recreationcentre](http://www.summerland.ca/recreationcentre).

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