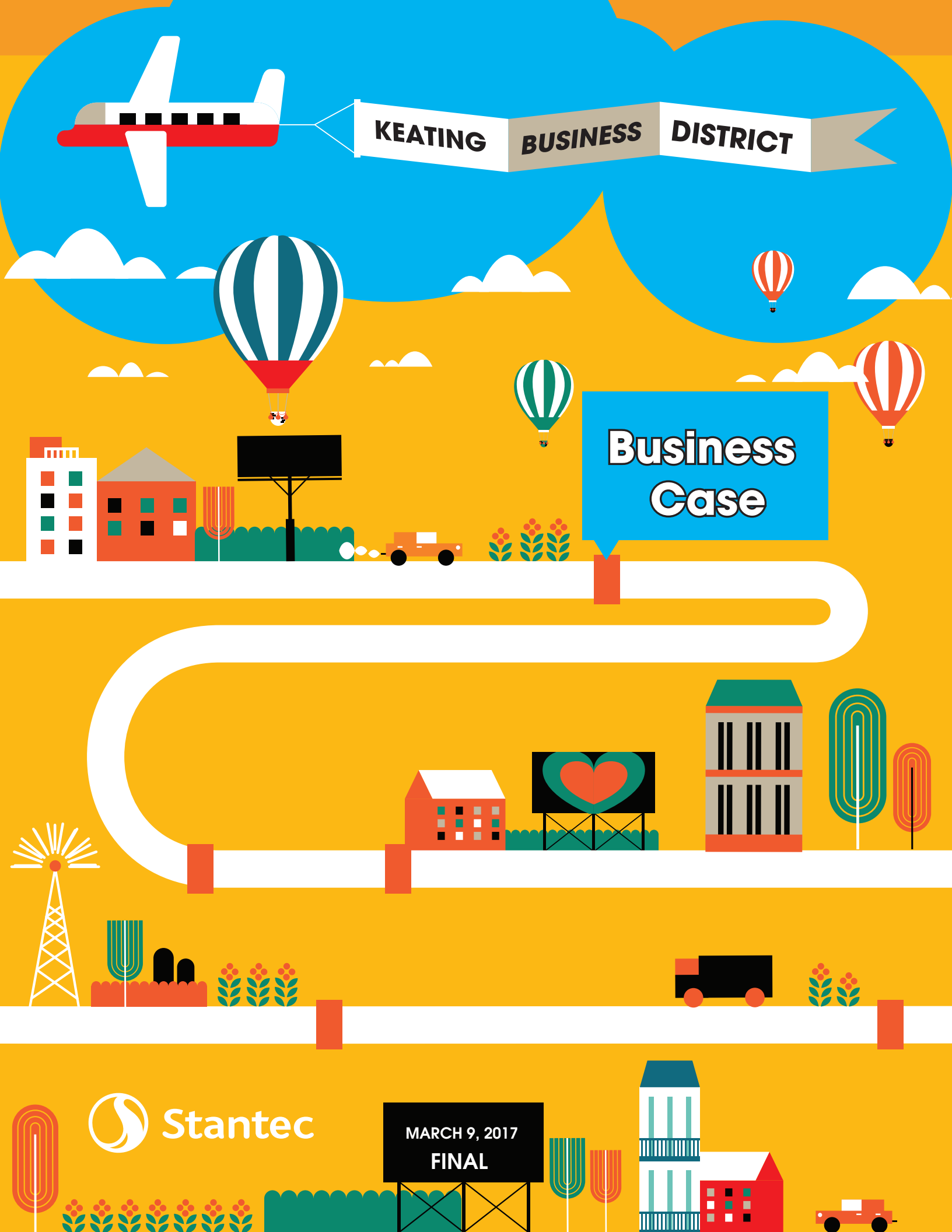

Stantec

MARCH 9, 2017
FINAL

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Executive Summary

Building on community and business input and outcomes of the analysis prepared by Stantec Consulting Ltd. (Stantec), it can be concluded that there is an opportunity to take advantage of the near and long term demands of industrial land needs on Vancouver Island and from the mainland. However, fiscal and economic analysis indicates that there is a clear limit on what can be financially invested to stimulate growth and still maintain a positive return on the investment over the next thirty years. While the construction of an interchange would most likely address traffic, safety, and logistical challenges that face the Keating Business District (KBD) today, it is likely that the Ministry of Transportation and Infrastructure (MOTI) will continue to work with the District of Central Saanich (DCS)to identify intermediate traffic and transportation solutions for the existing network. This business case is intended to lay the foundation for both the DCS and MOTI to continue to work on intermediate solutions, that are aligned with the objective of maintaining the industrial employment lands and working within an economic window of opportunities that are present from dwindling industrial land supplies on Vancouver Island and the mainland.

This business case is a supporting document for a Keating Business District Implementation Plan, which identifies near and long term strategies and recommended actions that are recommended.

Several key issues affecting both Vancouver Island and the Mainland illustrate the need to develop and maintain Industrial employment land:

- A shortage of zoned and serviced industrial land. There is an acute lack of well-located industrial lands within the entire region. Given their land-intensive nature, industrial activities will play an imperative role in the development of employment lands.

- The increase in demand for lower intensity, storage and distribution warehousing. The goods handling industry has seen significant growth while most other heavy industry employment sectors have seen low growth. This use is not an ideal employment generator as it offers relatively few jobs per acre; to address this, the KBD absorption scenarios contemplate a balance of warehouse and flex/light industrial uses, taking advantage of market trends and allowing diversity in the development area.

- There's been a trend to convert land intended for employment to non-employment land use Protecting employment lands from being converted to non-employment land uses will be a challenge in an environment focused on short-term financial gains, without recognition/understanding of mid and long-term implications.

As an expected outcome of this work, the MOTI will be able to factor this information into their own cost benefit model, to determine whether this improves the potential for prioritization of an interchange at the KBD.

Key conclusions of the study include:

- The Butler lands will continue to be in operation for the near future, with an estimated timeline of 2020 before development could begin. This accounts for over 40% of the total available net land development opportunity within the KBD Study Area (study area).
- Total net developable land area is 30.43 hectares (75.19 acres) or 26.5% of KBD Study Area.
- The optimum development mix is comprised of light industrial, flex industrial and warehousing, with minor commercial/retail development in support of the local employment population—no residential development is contemplated in the employment area, however the opportunity for mixed live/work development should be considered
- There is preference, for a medium growth scenario with an estimated net incremental economic benefit of $5,301,000. This scenario would potentially generate 3,470 additional permanent jobs over 25 years.
- Traffic congestion and related transportation matters are the predominant concern of stakeholders.
- Streetscape improvements along Keating Cross Road, housing and community amenities are also key concerns.

1.1 RECOMMENDATIONS

As a result from the analysis and considerations identified in this business case, it is recommended that DCS:

1. Adopt Scenario 2, Medium Growth for the KBD.
2. Focus on catalytic projects that are outlined in a Growth Strategy Framework and codified in a future Local Area Plan for the KBD.
3. Evaluate the viability of potential projects using the Triple Bottom Line Decision Model created during this project, together with a detailed cost benefit analysis.
4. Adopt the Implementation Plan, provided in a separate report, which provides a framework for moving forward on growth for the KBD.

Abbreviations

CRD	Capital Regional District
DCS	District of Central Saanich
KBD	Keating Business District (Formerly Keating Business Corridor)
KBDA	Keating Business District Analysis
MOTI	Ministry of Transportation and Infrastructure
TBL	Triple Bottom Line

Glossary

Absorption	In land development, the rate at which vacant land is utilized, either through buildout or through sale.
Growth	Growth of a community is often measured through increased numbers of residents or employment; homes or businesses. An economic definition is generally based on increases in such measures as personal income, net employment and resident population

1.0 INTRODUCTION

1.1 PROJECT SCOPE

Stantec Consulting Ltd. (Stantec) was retained by the District of Central Saanich in December 2015, to prepare a business case for the Keating Business District (KBD) that would be informed through a Triple Bottom Line (TBL) analysis that addresses financial, environmental, and community and stakeholder input. The boundary of the study area is illustrated below in Figure 1–1.

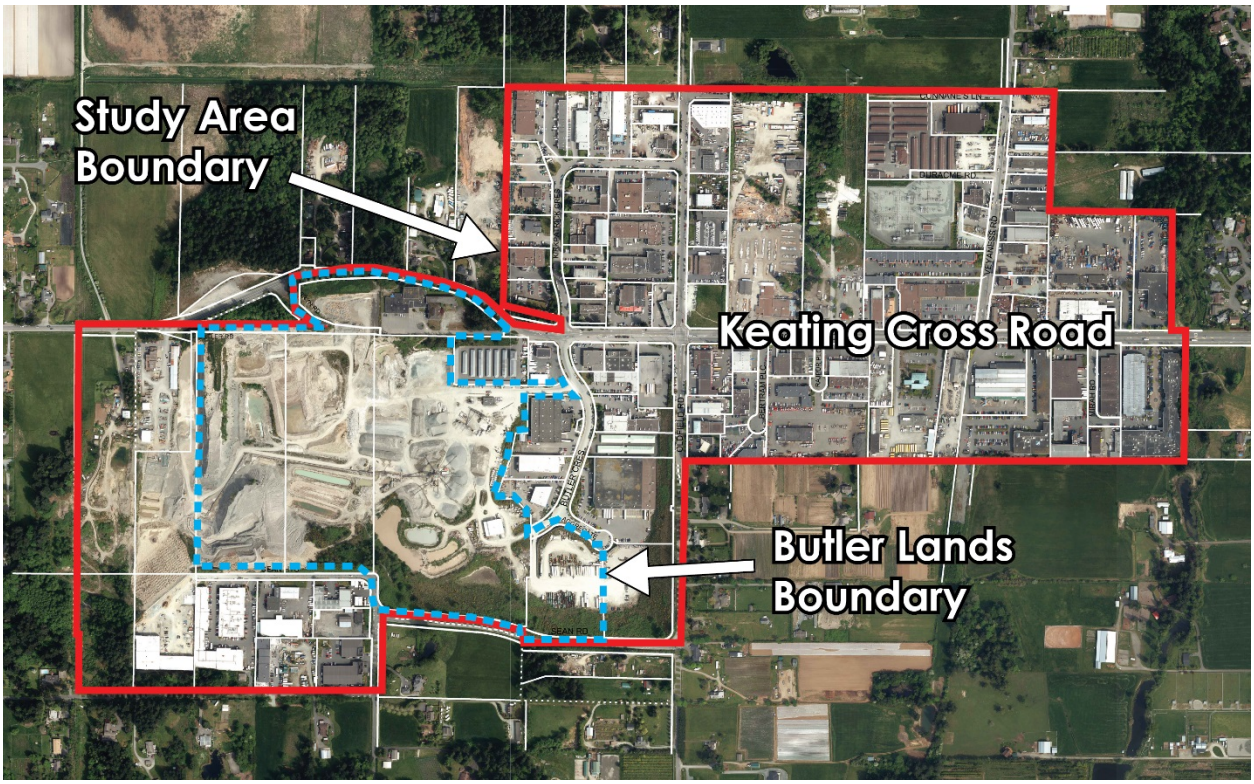

Figure 1–1 Project Context

The Keating area is considered a vital local and regional economic driver. The District of Central Saanich (DCS) wishes to ensure that current and future land uses and infrastructure investment in this area respond appropriately to the changing dynamics within the local and regional economy. The municipality aims to protect existing tax bases and maximize economic opportunities. It is also critical to understand stakeholder and community visions for the area, and ensure appropriate steps are identified to meet the collective vision for the Keating Area.

The catalyst for this study was Council's prioritization of a need to review and understand the opportunities and constraints of Keating Business District lands within its defined boundary, and identify its development's potential timing with the construction on an interchange project at HWY 17 and Keating Cross Road.

As a foundation for evaluating the growth potential of the KBD, The Stantec team conducted an analysis of potential development lands within the KBD, combined with an economic and market study of the area and regional context. The analysis is intended to provide an evidence based foundation for determining the local and regional needs of the Keating Study Area and its industrial employment lands, as well as identifying financial and infrastructure opportunities to support reasonable and sustained growth within the Keating Study Area.

1.1.1 Subsequent Considerations

As of January 2017, and subsequent to the analysis of this report, it was announced that there is a newly proposed 200-acre industrial park to be located on Sooke Road near Westshore in Langford. The project would serve the western communities and to a lesser degree the urban core and Saanich Peninsula. The surrounding land uses and western location indicate it could be less oriented towards industrial and logistics and more towards light industrial and even office oriented uses, which serve the local area. This proposed industrial project is not likely to significantly impact the KBD development program because while more industrial land does equate to more competition, this land's peripheral location in the western communities ensures that the businesses who locate there would generally differ from those who prefer the more central peninsula area and easy access to the regional population base. The addition of these lands will potentially benefit the Capital Regional District (CRD) economy and not have a measurable negative impact on the Keating Industrial Area.

1.2 GOALS AND OBJECTIVES

This business case is intended to assist the DCS in making planning and economic decisions for the development and growth of the KBD. The Keating Business District Analysis (KBDA) in this document will identify actions required to ensure that employment lands are utilized efficiently and effectively. The existing Butler Lands make up over 23% of the study area. The KBDA will guide, future business-related investment in the community and will serve as a foundation for District policies related to planning, land development, and economic development, the latter of which was identified by Central Saanich as its top priority.

Some of the key objectives that have driven the KBDA include:

- Ensure alignment with OCP and zoning.
- Ensure alignment with the Regional Sustainability Strategy.
- Build community and stakeholder buy-in.
- Capitalize on strategic location.
- Support a business case for Hwy17 interchange with the Ministry of Transportation and Infrastructure.

- Understand impacts to surrounding rural and residential areas.
- Intensify use of existing employment lands.
- Eliminate barriers to affordability, investment, and new businesses.
- Plan supply of land) and address infrastructure demands.
- Increase local employment.
- Maximize economic spin-offs and the provision of excellent services.
- Address unique development challenges and opportunities.
- Consider new forms of development.
- Strive towards a high "jobs to worker" ratio.
- Make decisions through a TBL lens.
- Incorporate greenhouse gas emissions analysis.
- Improve the commercial, industrial, and retail property tax base.

1.3 STAKEHOLDER CONSULTATION

Stantec conducted two sessions with invited stakeholders that were complemented by two community open houses to obtain feedback. The community open houses were held at the beginning and end of the consultation process. These consultation summaries were provided to Council. In addition, Stantec has conducted three workshop sessions with Council to confirm social, environmental, and economic decision criteria, and their corresponding weightings, for determining a preferred absorption scenario. These sessions were conducted in Council's public forum, during June and July 2016. The scenarios were evaluated by Stantec, with the criteria weightings determined by Council. To date, the Tsawout and Tsartlip Nations have not been able to participate in this consultation. We recommend discussing the findings of this project with the Nations, as soon as possible.

Key themes that emerged throughout the project consultation process include:

1. Traffic and transportation is a major concern for the broader community, largely due to safety concerns, but also volume of trucks. This concern was not restricted to Keating Cross Road but applied to other parts of the road network surrounding this area. This was an overriding theme in every session.

2. General support for an interchange development; however, there were also concerns about impacts on residential lands such as the potential for expropriation and loss of value.

3. Housing and community amenities for future employee growth should be addressed to ensure a balanced approach to managing the Keating Business District's development.

4. Agricultural lands should be protected—no expansion of the current study area boundary is supported.

5. Future opportunities for agricultural based industry should be encouraged within the KBD along with green industries.

6. The quality of the streetscape along Keating Cross Road should be improved to revitalize the business area and create a gateway experience for visitors travelling to and from Butchart Gardens.

7. That improved transit services would benefit the employment area especially as significant numbers of employees are travelling from the western Communities or Victoria Area.

8. Greater focus on incentives and flexible zoning approaches for the Keating Area would provide a catalyst for growth.

9. Environmental and Social impacts should be considered in all decision making.

10. That the lands should be allowed to develop "organically" without stimulus of marketing efforts.

2.0 PROJECT PROCESS

As a foundation for evaluating the growth potential of the KBD, The Stantec team conducted an analysis of potential development lands within the KBD, combined with an economic and market study of the area and regional context[1].

2.1 ANALYSIS FRAMEWORK

The project process was developed in four overlapping project stages:

1. Baseline current conditions, review of background policy and regulatory materials and development of a market and economic report[2].

2. Evaluate the development potential of the study area lands and integrate the findings with the market and economic report. Identification of scenarios based on rate of absorption versus economic benefit. Analysis of infrastructure and greenhouse gas impacts of the potential development.

3. Develop the TBL decision tool to evaluate scenarios and the selection of a preferred scenario to be implemented.

4. Prepare a business case and implementation plan for the KBD.

2.2 DEVELOPMENT POTENTIAL STUDY

Stantec prepared a development potential study of the existing lands, focused solely on vacant, underutilized, or potential conversion land within the KBD study area. As noted, the predominant land holding is the Butler Gravel Operation which is likely to complete extraction by 2025—however this horizon may change based on demands and quality of the materials.

[1] Refer to Appendix A – Site Economic Ltd. *Keating Business Corridor Analysis District of Central Saanich,* April 2016
[2] Ibid.

It should be noted there are various constraints that can affect the development suitability and capacity of industrial lands, including, for example, location and site features. Additionally, environmental constraints and natural hazards may reduce the amount of land that is potentially developable for industrial uses. Other constraints include established non-industrial uses, the availability of needed infrastructure for development, ownership and smaller sites that may not be adequate for certain types of industrial development—requiring long term assembly of lands to better service larger industrial ventures.

Regardless of type, most industries must have direct and reliable access to transportation infrastructure. For businesses involved in trade, transportation, and logistics, proximity to highways and port terminals is key. The current limitations of access from HWY 17 continue to be a concern for business owners as well as the community, who have concerns about safety and traffic impacts in the future.

Potential available developable land, as well as projected use for that land, is summarized in the table below. Additional details can be found in Appendix B.

Table 2-1 Development Potential Summary

Summary of Development Potential Analysis KBD	Land Area	% of Area
Total Area of KBD	114.75 ha/283.55 acres	
Total Area of Butler Lands	26.88 ha/66.42 acres	23% of KBD Study Area
Total Area of Potential Development after analysis	35.80 ha/ 88.46 acres	31 % of KBD Study Area
Total Area of Potential Development of Butler lands[3]	13.8 ha/34.09 acres	51% of Butler Lands
Allowance for roads and servicing @ 15% of Total Area (15% X 35.80 Ha)	5.57 ha/ 13.2 acres	
Total Net Developable Area	**30.43 ha/75.19 acres**	**26.5% of KBD Study Area**

3.0 ALTERNATIVES

Industrial lands are required to support a prosperous and growing regional workforce, as well as trade and transportation functions that serve Vancouver Island and the Mainland. Given the ongoing pressure to convert industrial lands to other uses and the limited industrial land base, protecting the region's industrial land supply is imperative to accommodate the growing economy and employment

[3] Excludes areas that will remain for cement production or potentially hazardous slopes/environmental buffers for the foreseeable future.

Key assumptions for the KBD analysis were:

1. The KBD will remain as an industrial district with minor supporting commercial development.

2. There is no residential development.

3. The existing urban containment boundary would not be expanded, and land use would be intensified.

4. Current and forecasted market needs would be focused on flex industrial, light industrial, warehouse and distribution centers for the foreseeable future.

3.1 GROWTH SCENARIOS

Based on the analysis completed by the Stantec team three scenarios were identified: Low, Medium and High. Each is described below.

3.1.1 Scenario 1–Low

Scenario 1 assumes that development of the Keating industrial lands will occur at the same level as it has in the past. Based on this growth rate it is forecast that approximately 41%, or 31.1 acres out of the available 75.4 acres, would be developed in the next 25 years. As a result, KBD industrial space maintains a constant market share (at present-day levels of 16.6%) of the total CRD through 2041.

3.1.2 Scenario 2–Medium

Scenario 2 assumes that the municipality will increase marketing efforts to increase awareness of the available industrial land for development. This, combined with an expected shortage of available industrial land in the region, would result in an increased rate of development so that 100% of the available 75.4 acres will be developed within the next 25 years. As a result, the KBD commands a higher market share within the CRD, due to the market's recognition of the ideal location of the KBD in part due to marketing efforts by the DCS. The market share increases from the present 16.6% of CRD inventory to 23.8% by 2041. No incentives are offered under this scenario.

3.1.3 Scenario 3–High

Scenario 3 assumes that the municipality will increase marketing efforts to increase awareness of the available industrial land for development and will also provide some financial stimulus to attract development. For example, DCS could exempt new development from property and/or business taxes for a defined period. These measures combined are forecast to increase the rate of development so that roughly 100% of available 75.4 acres will be developed within the next 20 years.

Market share of the KBD increases at a faster pace than under the Medium Growth scenario, due to incentives or other inducements provided by the DCS, but is also capped at an eventual 23.8% by 2041.

The analysis provided a 25-year forecast measuring how typical growth strategies can be expected to accelerate the rate of growth. The analysis also quantifies what the net economic benefit will be by accelerating the rate of growth to reach a full build out of available industrial lands.

The first strategy considered is an increase in marketing efforts to create increased awareness of the lands available for development. The second strategy is providing some form of economic incentive(s) to entice developers to choose Keating over other available lands.

3.1.4 Summary of Options

Each of these scenarios was evaluated using a TBL tool that identified **Scenario 2** as a preferred direction.

The table below summarizes each scenario:

Table 3-1 Summary of Scenarios

	DEVELOPMENT GROWTH OPTIONS		
	Low	Medium	High
Description	**STATUS QUO**	**ENHANCED MARKETING**	**ENHANCED MARKETING PLUS INCENTIVES**
Industrial Market Share Assumptions	remains at historic levels	increases above historic levels	increases above historic levels
Enhanced Marketing Efforts:	**not used** to promote awareness of available lands	**used** to promote awareness of available lands	**used** to promote awareness of available lands
Financial Incentives:	**not used** to stimulate development	**not used** to stimulate development	**used** to stimulate development
Year of Forecast Full Build Out	No Full Buildout	Year 25	Year 20
Incremental Direct Employment (Total Jobs by Year 25)	**1,380**	**3,470**	**3,470**

4.0 ANALYSIS OF GROWTH SCENARIOS

4.1 EVALUATION METHODOLOGY

4.1.1 Triple Bottom Line Analysis

TBL is a well-established methodology commonly used in both the public and private sectors to select a preferred option among multiple choices. Although there are numerous ways of preparing a TBL evaluation, all variations evaluate options using criteria grouped into three categories; social, environment and economic. Various criteria are developed and evaluated within each category to arrive at a 'total score'. Each of these TBL category scores is then adjusted by a pre-assigned weighting (out of 100) which represents the importance of the category. Summing up the weighted scores for each option then determines the preferred option. Summarized results of the TBL evaluation prepared for this study are provided in Section 6.0 with additional details in Appendix C.

4.1.2 PairWise Comparison

Pairwise comparison is a kind of divide-and-conquer problem-solving method. It allows one to determine the relative order (ranking) of a group of items. This is often used as part of a process of assigning weights to criteria in design concept development. For this study, the PairWise evaluation has been used to assign an appropriate weighting to each triple bottom line criteria reviewed with council. This is accomplished by comparing criteria to each other and judging which is more important to the project. Based on the number of times a criterion is judged to be more important, a weighting out of 100 can be assigned. The pairwise analysis undertaken for the three potential scenarios was administered by Stantec and undertaken by six DCS councillors. Summarized results of the Pairwise evaluation prepared for this study are provided in Section 5.1.

4.2 EVALUATION CRITERIA

Working with the DCS, evaluation criteria were prepared to evaluate the three potential scenarios. These criteria were classified into one of the three TBL categories—Social, Environment or Economic. Following is a summary of the evaluation criteria and a description of each.

4.2.1 Social Criteria

	SOCIAL CRITERIA	Description
C1	Pedestrian Safety Impacts Due to Increased Amount of Heavy and Light Traffic in Surrounding Residential Areas	Development of the lands will result in increased vehicle traffic including heavy equipment and trucks. Vehicular accidents may rise with enhanced density in a given land mass. The degree to which these accidents occur with pedestrians may proxy for overall pedestrian safety in the Keating Industrial Corridor and surrounding area.
C2	Opportunities to Enhance First Nations Employment and Revenue	Development of the lands will result in increased light industrial development opportunities. Increased truck use on highway through reservation could open new opportunities.
C3	Rate of, and Total Volume, of Industrial Development	This metric considers not only Industrial development and how it meets the district's overall development goals, but also the high degree of importance that citizens place on maintaining the rural character. The more rapid the growth, the less likely that the district can maintain its rural character.
C4	Potential for Industrial Development to Service Local Business Requirements	The more rapid the growth the more businesses that would be in operation, meaning a wider array of products/services available for local businesses to utilize in their operations. The level of impact of growth tied to benefit to the community must be understood in the development of employment lands.
C5	Potential for Industrial Development to include work/live opportunities within the Keating Business District	The development of Industrial lands provides an opportunity for integrating alternate types of uses that are encourage diversification of uses and providing housing options that may not be attainable in other areas of the DCS.
C6	Provision for community amenities are considered during development of the Keating Business District	The more rapid the growth the more potential for obtaining necessary investment and funding for amenities for all generations in the DCS
C7	Provision of diverse housing choices are available to employees from the Keating Business District	Intensification of the KBD will likely create demand for all forms of housing near to the employment centre. Availability of employee housing is a key decision factor for new business locating to a community.
C8	Provision of incentives for transportation	Intensification of the KBD will likely create demand for improved transit access and services. In the event that BC transit is not able to provide new infrastructure and service with the growth timeframe, alternate methods of demand management can be implemented by the municipality and employers.

4.2.2 Environmental Criteria

	ENVIRONMENTAL CRITERIA	Description
C1	Total GHG Emissions Impact from Both the Development and the Related Traffic	Total Greenhouse Gases (GHGs) as measured by Tonnes of CO2E is likely to rise along with growth. The rise will come not only from the construction of the new developments, but the increase in trucking and other traffic due to this growth. While, intensity measures may come down from future development, absolute emissions are expected to increase with growth.
C2	Total Impact of Development on Water Supply Through Increased Consumption	With water usage required from both increased employment in the area and increased usage in company operations, enhanced growth will add some degree of strain to the existing water infrastructure.
C3	Potential for Contamination of Water Table and Watershed	Increasing development of the lands generally results in greater storm water runoff due to roads, parking lots, buildings etc. occupying previously pervious ground surfaces.
C4	Total Level of Noise Pollution Related to both the Development and the Related Traffic	Development of the lands may result in increased local noise and air pollution resulting from the light industrial development as well as the increase in heavy equipment and truck use.
C5	Rate of Gravel Pit Conversion	As industrial development increases, more of the Butler pit will require conversion. Quicker growth will result in quicker conversion.

4.2.3 Economic Criteria

	ECONOMIC CRITERIA	Description
C1	Impact on Tax Base	The market value of the increased investment will increase the total amount of commercial property assessments resulting in increased tax bases.
C2	Increase the Number of Jobs in Community	Increased development in the area will lead to an increased number of businesses and an increased need for employees.
C3	Potential of Development to Increase Municipal Tax Rates (e.g., Incentives)	Incentives and infrastructure inducements are a real cost to a municipality that ultimately need to be recouped from existing citizens. To the extent that these incentives create an enhanced financial liability, mill rates can increase, especially in the short term.
C4	Potential for development of Agricultural Services and Support Industries within the KBD	The development of agricultural industry and services is a key part of the overall character and economy of the District.

5.0 QUANTITATIVE AND QUALITATIVE EVALUATION

5.1 PAIRWISE CRITERIA WEIGHTING

As discussed previously in Section 4.1.2, each evaluation criteria was evaluated using a PairWise process to determine appropriate weightings for the criteria, prior to scoring. The final scoring was based on the responses provided by six DCS council members. The results of these PairWise evaluations and the resulting weightings are provided below.

5.1.1 PairWise Results–Social Criteria

PAIRWISE SOCIAL CRITERIA WEIGHTINGS		Weighting - Respondent 1	Weighting - Respondent 2	Weighting - Respondent 3	Weighting - Respondent 4	Weighting - Respondent 5	Weighting - Respondent 6	Weighting
Pedestrian Safety Impacts Due to Increased Amount of Heavy and Light Traffic in Surrounding Residential Areas	C1	13.9%	11.1%	16.7%	11.1%	11.1%	16.7%	13.4%
Opportunities to Enhance First Nations Employment and Revenue	C2	2.8%	8.3%	11.1%	5.6%	8.3%	16.7%	8.8%
Rate of, and Total Volume, of Industrial Development	C3	16.7%	5.6%	22.2%	8.3%	5.6%	11.1%	11.6%
Potential for Industrial Development to Service Local Business Requirements	C4	19.4%	11.1%	19.4%	2.8%	11.1%	22.2%	14.3%
Potential for Industrial Development to include work/live opportunities within the Keating Business District	C5	11.1%	16.7%	2.8%	19.4%	16.7%	2.8%	11.6%
Provision for community amenities are considered during development of the Keating Business District	C6	11.1%	19.4%	11.1%	13.9%	19.4%	11.1%	14.3%
Provision of diverse housing choices are available to employees from the Keating Business District	C7	8.3%	8.3%	5.6%	16.7%	8.3%	8.3%	9.3%
Provision of incentives for transportation	C8	16.7%	19.4%	11.1%	22.2%	19.4%	11.1%	16.7%
		100%	100%	100%	100%	100%	100%	100%

5.1.2 PairWise Results – Environmental Criteria

PAIRWISE ENVIRONMENT CRITERIA WEIGHTINGS		Weighting - Respondent 1	Weighting - Respondent 2	Weighting - Respondent 3	Weighting - Respondent 4	Weighting - Respondent 5	Weighting - Respondent 6	Weighting
Total GHG Emissions Impact from Both the Development and the Related Traffic	C1	26.7%	26.7%	26.7%	33.3%	33.3%	26.7%	28.9%
Total Impact of Development on Water Supply Through Increased Consumption	C2	6.7%	20.0%	20.0%	6.7%	6.7%	20.0%	13.4%
Potential for Contamination of Water Table and Watershed	C3	33.3%	33.3%	13.3%	20.0%	20.0%	20.0%	23.3%
Total Level of Noise Pollution Related to both the Development and the Related Traffic	C4	20.0%	13.3%	6.7%	13.3%	6.7%	6.7%	11.1%
Rate of Gravel Pit Conversion	C5	13.3%	6.7%	33.3%	26.7%	33.0%	26.7%	23.3%
		100%	100%	100%	100%	100%	100%	100%

5.1.3 PairWise Results – Economic Criteria

PAIRWISE ECONOMIC CRITERIA WEIGHTINGS		Weighting - Respondent 1	Weighting - Respondent 2	Weighting - Respondent 3	Weighting - Respondent 4	Weighting - Respondent 5	Weighting - Respondent 6	Weighting
Impact on Tax Base	C1	40.0%	20.0%	40.0%	20.0%	20.0%	40.0%	30.0%
Increase the Number of Jobs in Community	C2	30.0%	10.0%	30.0%	40.0%	10.0%	30.0%	25.0%
Potential of Development to Increase Municipal Tax Rates (e.g., Incentives)	C3	10.0%	40.0%	10.0%	20.0%	40.0%	10.0%	21.7%
Potential for development of Agricultural Services and Support Industries within the KBD	C4	20.0%	30.0%	20.0%	20.0%	30.0%	20.0%	23.3%
		100%	100%	100%	100%	100%	100%	100%

5.2 OPTION SCORING

The next step in the evaluation process was the subjective scoring of how well each project option would satisfy each evaluation criteria. This process was conducted by using a scoring range as follows:

Score "1" – Poor – Does not meet the criteria

Score "2" – Good – Meets criteria

Score "3" – Excellent –Exceeds criteria

The final scoring was based on the consensus of the evaluation group consisting of six DCS councillors. The only exceptions to the subjective scoring was for Economic Criteria 'C1 – Impact on Tax Base' and 'C2 – Increase the Number of Jobs in Community'. These scorings were based on the estimated benefits from the different scenarios. Results of the Options scoring are provided in the tables below.

5.2.1 Social Scoring

SOCIAL CRITERIA		SCORING (1-3)		
		LOW GROWTH	MEDIUM GROWTH	HIGH GROWTH
C1	Pedestrian Safety Impacts Due to Increased Amount of Heavy and Light Traffic in Surrounding Residential Areas	3	1	1
C2	Opportunities to Enhance First Nations Employment and Revenue	1	1	2
C3	Rate of, and Total Volume, of Industrial Development	3	1	1
C4	Potential for Industrial Development to Service Local Business Requirements	1	1	2
C5	Potential for Industrial Development to include work/live opportunities within the Keating Business District	1	1	2
C6	Provision for community amenities are considered during development of the Keating Business District	1	2	3
C7	Provision of diverse housing choices are available to employees from the Keating Business District	1	1	2
C8	Provision of incentives for transportation	1	1	2

5.2.2 Environment Scoring

ENVIRONMENTAL CRITERIA		SCORING (1-3)		
		LOW GROWTH	MEDIUM GROWTH	HIGH GROWTH
C1	Total GHG Emissions Impact from Both the Development and the Related Traffic	1	1	1
C2	Total Impact of Development on Water Supply Through Increased Consumption	1	1	1
C3	Potential for Contamination of Water Table and Watershed	3	1	1
C4	Total Level of Noise Pollution Related to both the Development and the Related Traffic	3	1	1
C5	Rate of Gravel Pit Conversion	1	2	2

5.2.3 Economic Scoring

ECONOMIC CRITERIA			SCORING (1-3)		
			LOW GROWTH	MEDIUM GROWTH	HIGH GROWTH
C1	**Impact on Tax Base**				
		Tax base does not materially increase. Total tax base is within 7% of 2015 tax base.	1		
		Tax base increases but at a minimal level. Total tax base is between 7% and 15% of 2015 tax base.			
		Tax base increases significantly. Total tax base is 15% greater than 2015 tax base.		3	3
C2	**Increase the Number of Jobs in Community**				
		0-1,500 new jobs by 2041	1		
		1,500 to 3,000 new jobs by 2041.			
		Over 3,000 new jobs by 2041.		3	3
C3	**Potential of Development to Increase Municipal Tax Rates**				
		Incentives and inducements utilized to attract industry. Incentives total 5% over rate of return to the municipality .			1
		Either demand alone primarily attracts some industry, or growth is minimal. Incentives total 2% over rate of return to municipality.			
		Demand alone attracts industry. Incentives less than 1%. over rate of return.	3	3	
C4	**Potential for development of Agricultural Services and**				
		Scenario has the potential to increase opportunities for agricultural and support industries within the KBD			

Scoring for C1 was based on the analysis detailed in Section 7.0–Financial Analysis of this document. No score was computed for the C4 economic criterion because it was determined upon subsequent review that the information was not available to provide a score.

5.3 EVALUATION SUMMARY

Using the criteria weightings determined in Section 5.1 and the options scoring determined in Section 5.2, a weighted average score is calculated for each criteria and option. These weighted scores are provided in the summary table located in Section 6.0.

6.0 TRIPLE BOTTOM LINE SUMMARY

The TBL category weightings are a percentage weighting representing the overall importance of each TBL category relative to the others. Each TBL category (social, environment and economic) was assigned a weighting prior to the commencement of the group evaluation and scoring process. Assigning these TBL weightings prior to the evaluation process removes any potential doubt that these weightings may have been adjusted to arrive at a desired outcome. The TBL category weightings predetermined by the same six councillors, who did the scoring, were as follows:

Social	18%
Environment	37%
Economic	45%
Total	**100%**

The following table summarizes the final allocation of the TBL weightings to the weighted scores of each project option.

Summary of Scoring							
	Category Weighting	Scoring			Weighted Score		
TBL Criteria		Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Environmental Criteria	36.96%	1.7	1.2	1.2	0.62	0.46	0.46
Social Criteria	18.24%	1.5	1.1	1.9	0.27	0.21	0.35
Economic Criteria	44.80%	1.2	2.3	1.9	0.54	1.03	0.84
	100.00%	**4.4**	**4.7**	**5.0**	**1.44**	**1.69**	**1.64**

As can be seen from the table above, the Medium Growth Scenario would be the preferred scenario with a weighted score of 1.69, versus a weighted score of 1.64 and 1.44 for High Growth and Low Growth scenarios, respectively.

7.0 FINANCIAL ANALYSIS

7.1 METHODOLOGY

We analyzed the three scenarios by projecting the fiscal impact of each over a 25-year period and comparing them on a discounted net present value basis. The purpose of this analysis is to test the level of cash flow that DCS could be expected to generate for the municipality, and incur, under the various options and determine whether the costs of accelerating development will result in an increased surplus of funds for DCS.

7.2 ASSUMPTIONS

In performing the financial analysis, the following key assumptions were utilized:

1. Capital Expenditures, municipal assist factors, residence information and population figures were obtained from the "District of Central Saanich Development Cost Charge Review" Draft Background Report, dated June 2016, completed by Urban Systems.

2. Industrial space absorption, acres build-out, job creation, development values and population figures were adapted from "Keating Business Corridor Analysis—District of Central Saanich," dated April 2016, completed by Site Economics Ltd.

3. Discount rates, services' expenses information, mill rates and historical DCS housing prices were obtained from public electronic sources (e.g., DCS departments, Victoria Real Estate Board and Municipal Finance Authority of BC).

4. At the direction of DCS, it has been assumed that 20% of the incremental job creation in the area will be for DCS residents (i.e., will be DCS taxpayers).

5. Municipal assist factors were applied to all classes and allocated to any DCS incentives offered to industrial development in the KBD, due to BC legislative restrictions that require differing municipal assist factors by type (e.g., industrial, commercial, residential, etc.)

6. In comparing growth in population, the Low Growth option was utilized as the baseline population growth rate (i.e. incremental services costs for the Medium Growth and High Growth scenarios were calculated in comparison to the baseline Low Growth).

7.3 ANALYSIS

The table below outlines the present value performance of the various options prior to any incentives or inducements:

Table 7-1 Summary Financial Analysis

	Economic Impact (25 Year Present Value–3.15% Discount Rate		
	Low	**Medium**	**High**
Incremental Revenues			
Property Taxes–Industrial	$11,709,000	$29,356,000	$33,181,000
Property Taxes–Residential	$4,303,000	$10,790,000	$12,195,000
	$16,012,000	$40,146,000	$45,376,000
Incremental Costs			
Municipal Service Costs	$0	$5,769,000	$6,971,000
Capital Expenditures	$8,638,000	$21,645,000	$22,627,000
Development Cost Charges - Municipal Assist	$38,000	$95,000	$100,000
	$8,676,000	$27,509,000	$29,698,000
Net Economic Benefit	**$7,336,000**	**$12,637,000**	**$15,678,000**
Incremental Benefit	—	$5,301,000	$3,041,000

As can be seen above, there is a case to be made for investment to accelerate growth. The High Growth scenario outperforms the Medium Growth by approximately $3 million and outperforms the Low Growth scenario by approximately $8.3 million, prior to any additional incentives. Similarly, the Medium Growth scenario, which anticipates a higher market share within the KBD over the baseline (without the requirement for incentives), outperforms the Low Growth scenario by about $5.3 million.

The details of this analysis contrasting the three options over a 25-year period is available in Appendix D.

8.0 RISKS

8.1 PRELIMINARY RISK ANALYSIS

Any development carries risks which could hinder the capability of achieving the anticipated outcomes. The following risks and mitigation strategies have been identified to manage risks.

Table 8-1 Scale of Risks

	Probability of Occurring	Severity of Impact
LOW	Low	Minor impact, easily mitigated or allowed for.
MEDIUM	Medium	Noticeable impact, but will not affect costs or service levels in a significant way.
HIGH	High	Significant impact, could have very damaging results on costs or service levels.

8.2 RISKS IN FUTURE KEATING AREA DEVELOPMENT

Table 8-2 Risks

Risk Assessment for Accelerated Keating Area Development	Probability	Impact
Risk #1 –Enhanced DCS marketing strategy does not elicit the development expected Mitigation Strategies: • Modify marketing strategy	Low	High
Risk #2 –DCS incentives do not elicit the development expected Mitigation Strategies: • Modify incentives offered (either type or magnitude)	Low	High
Risk #3–Butler Pits owner holds land longer than expected Mitigation Strategies: • Phase in development starting on parcels not within the Butler Pits	Low	High
Risk #4–Enhanced competition within Capital Region District Mitigation Strategies: • Modify incentives offered (either type or magnitude) • Enhance promotion of KBD benefits	Low	Medium
Risk #5–Prolonged Economic Downturn Mitigation Strategies: • Modify incentives offered (either type or magnitude)	Low	Medium

Table 8-2 Risks

Risk Assessment for Accelerated Keating Area Development	Probability	Impact
Risk #6–Transportation corridor constraints (development outpaces infrastructure)	Medium	High
Mitigation Strategies: • Phase in development only as transportation infrastructure can meet demands		

9.0 CONCLUSION

9.1 INTERCHANGE DEVELOPMENT

In general, construction of interchanges on major highways are primarily focused on the efficient and safe movement of traffic at a regional level—the additional benefit is that it also helps communities meet their policy objective for growth, transportation, competitive position, tourism, employment and revenues. This analysis has indicated that, within the KBD there is potential for growth, even without the immediate development of an interchange. However, the construction of the interchange[4] within the next fifteen to twenty years would provide an accelerated opportunity for growth by supporting the regional absorption of industrial lands. While this is the desired outcome—it is advisable for MOTI to revisit the cost benefit analysis of an interchange option versus short term improvements to the Island Highway and Keating intersections over the next decade.

In fact, a cost benefit analysis conducted by the MOTI in 2014 assessed the full interchange and flyover options benefit to cost ratios[5], which factored out to 0.36 and 0.49 respectively. Since any option below 1.0 indicates that the benefits do not exceed the costs, it meant that the Interchange was not supported.[6,7]

[4] It is important to note that an interchange would provide access both North and South, where as a flyover would only improve access from the south – the northern access to Keating from the Ferries and Airport would still need to rely on access form the Island Highway intersection.7
[5] The ministry's detailed evaluation framework is called Multiple Account Evaluation (MAE). An MAE evaluates each option under 5 different accounts: financial, customer service, environmental, economic development and social/community. Together, the financial and customer service accounts form the basis of a benefit cost analysis. In short, an MAE evaluates the costs (financial account), benefits (customer service account), and impacts (environmental, economic development, and social/community) of each option.
[6] Urban Systems – Final Report – Highway 17 Planning Study, 2014 p. 34
[7] Informal discussions with MOTI have indicated that smaller improvements to the network around the KBD off HWY 17 are more likely in the immediate term.

While this is not the only factor that influences a build decision, other concerns such as public safety still are a top priority. We recommend that, given the analysis in this report, that the cost benefit be updated to examine if an improvement has been made to the factors.[8]

9.2 OTHER CONSIDERATIONS

Other Consideration for the KBD may include the following:

- The Butler lands have the potential to generate significant development if, and when, they become available. The development analysis suggests that these lands account for almost 40% of the total net developable area for the entire KBD. Given the uncertainty of them coming onto the market, the remaining lands that are vacant, underdeveloped, or constrained should be considered a priority in any implementation strategy.

- The DCS may wish to readdress the housing mix and distribution along Keating Cross Road outside the study area boundary, specifically, around Tanner Ridge. The rationale of this approach is that DCS has limited area for densification of housing choices due to the predominance of Agricultural Lands that are protected under the ALR—if housing is used to retain and attract business into the KBD, it may be essential to begin planning lands for allocation for a future interchange in the and the same time explore options for density and mixed housing types for the remaining lands. For example, permitting accessory dwellings along with the permitted secondary suites, or, changes to minimum lot size. Longer term planning may consider permitting higher density ground oriented development through uplift in density levels for the area.

- What is clear in the fiscal analysis conducted by Stantec, is that from a financial return perspective the DCS would not likely have sufficient investment dollars to effectively contribute to the construction of the interchange. In effect, additional funding sources from other government bodies would have to be sought. However, the DCS may wish to invest in short term upland works through DCC contributions to improve roads and streetscape along and adjacent to Keating Cross Road.

Regardless of the fiscal conclusion provided, our market and economic analysis indicates that the KBD is well positioned to take advantage of dwindling supply of industrial lands in the region. An important question to be answered is, in the absence of strategic catalytic projects that retain and attract development in the area as the first course of action, would there be any external support for providing a significant infrastructure upgrade to the intersection?

Stimulating growth through a variety of policy and physical projects is key to moving the KBD ahead in its development. Based on the feedback and analysis from the project, there were key focus areas that could be acted upon in an implementation strategy:

1. Intermediate Transportation and Traffic Projects
2. Transit Projects
3. Policy changes for Land Use and Zoning

4. Housing
5. Community Amenities
6. Streetscape—including pedestrian friendly networks
7. Marketing

9.3 RECOMMENDATIONS

As a result from the analysis and considerations identified in this Business Case, it is recommended that DCS:

1. Adopt Scenario 2, Medium Growth for the KBD.

2. Focus on catalytic projects that are outlined in a Growth Strategy Framework and codified in a future Local Area Plan for the KBD.

3. Evaluate the viability of potential projects using the Triple Bottom Line Decision Model created during this project, together with a detailed cost benefit analysis.

4. Adopt The Implementation Plan, provided in a separate report, which provides a framework for moving forward on growth for the KBD.

APPENDIX A
KEATING BUSINESS CORRIDOR ANALYSIS
DISTRICT OF CENTRAL SAANICH

Keating Business Corridor Analysis
District of Central Saanich

April 2016

Prepared for:
District of Central Saanich

Prepared by:
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EXECUTIVE SUMMARY

The objective of this study is to outline the development potential for the Keating Corridor industrial area. This is a successful industrial area which generates employment and taxes for the District of Central Saanich. There are significant lands for expansion which require planning and business analysis prior to development.

The analysis has made the preliminary conclusion that there is ample demand for industrial lands in the CRD and that the Keating Industrial area can and should be expanded to meet that demand. …. TO BE ADDED

Contents

Figures

Tables

1.0 Introduction and Overview

The objective of this economic component of the analysis is to outline the development potential for the Keating Corridor industrial area. This is an existing and successful industrial area which generates employment and property taxes for the host municipality, the District of Central Saanich. There are significant vacant lands for potential expansion of the industrial area which require planning and business analysis prior to their development.

1.1 About this Study

Study Goals

The overall study goal is to align municipal policies, regulations, and land use planning with the maximum economic potential ensuring planning corresponds to corridor needs. The official community plan, zoning, servicing, and other important infrastructure and land use changes and improvements will be required. Some of the study goals from the proposal include:

- Alignment with OCP and Zoning
- Alignment with the Regional Sustainability Strategy
- Build community and stakeholder buy-in
- Capitalize on strategic location
- Support a business case for Highway 17 interchange with MOTI
- Understand impacts to surrounding rural and residential areas
- Intensify use of existing employment lands
- Eliminate barriers to affordability, investment and new businesses
- Ensure and plan supply of land (e.g. Butler land potential at 55% increase) and infrastructure demand
- Increase employment
- Maximize economic spin-offs and the provision of excellent services
- Address unique development challenges and opportunities
- Consider new forms of development
- Strive towards a high “jobs to worker” ratio
- Improve the commercial, industrial, and retail property tax base

This report focuses on the economic and market aspects of the projects and is intended to inform the planning component of the project.

Outline of Report

The majority of the project goals can be met through a basic economic overview of supply and demand. The planning and infrastructure components are the practical aspects of this study. The steps in any analysis of this type are as follows:

- The study area and its businesses
- Industrial demand
- Industrial supply
- Strengths and weaknesses of the study area
- Projected demand for the study area

- Business, planning, land use, and infrastructure implications of the analysis for growth of employment generating land uses.

Report Structure

This report has been organized into a number of sections.

- Section 1 provides a set of definitions and provides an overview of the methodology.
- Section 2 incorporates an economic scan that reviews economic data and trends at the federal, provincial and regional levels, including some insights into Richmond, and compares the region to several other centres. The impact of such major economic drivers as the airport and the port operations also receive a brief review.
- In Section 3, development and growth trends are examined, including opportunities and challenges for Central Saanich. The impact of broader forces such as the environment and major transportation infrastructure are also introduced.
- The major employment sectors and land uses, as well as land availability are assessed in Section 4. This section also provides an outlook for future demand.
- Section 5 summarizes employment and land supply projections reflecting population growth and previously discussed trends. Data is provided for the Capital Regional District as a whole and projections for the District of Central Saanich are also offered.
- Section 6 contains an overview of the supply versus demand to the year 2041, as well as discusses recent and established trends in industrial land use.
- Section 7 provides strategic implementation strategies designed to foster a positive environment as well as a comparison of policy-driven development impactors such as tax rates and Development Cost Charges (DCCs).

1.2 Methodology

The following steps were taken in preparing the Employment Lands Strategy Model which provides the projections made in this study.

Employment Projections

Several underlying assumptions were made to project employment. First, it was assumed that the population and employment projections by Urban Futures in their December 2014 document entitled "Regional, Sub-regional & TAZ-level Projections for the Capital Regional District could be used as a starting point for those used in this study. Population and employment forecasts by Urban Futures are widely used by municipal governments across British Columbia, including the Capital Regional District. It was also assumed that the nature of employment by industry in Central Saanich would not be significantly different from other similar communities, allowing for a model of allocating employment into typical land uses such as Industrial, Commercial, Office, Institutional, etc.

Agricultural and Home-based employment were assumed to be outside the scope of this study, while Office, Institutional and Commercial uses were considered to be at a competitive disadvantage to light industrial uses at the Keating Industrial site; as such, employment projections for these non-industrial uses are not provided herein.

The Urban Futures figures for the CRD and the Saanich Peninsula were interpolated to estimate year-by-year projections of population and employment through 2038 and adjusted based on actual population counts recorded in the 2011 census. These numbers were then extrapolated based on pre-existing patterns out to 2040. Employment estimates for the District of Central Saanich were based on the proportion of employees in that municipality to those in the three municipalities comprising the Saanich Peninsula as recorded in the 2011 census, and held constant through the study period. The projections resulting from this process are found in Section 3.

Building Projections

Projecting industrial building requirements in square feet required an estimate of the square footage required per industrial worker. It was assumed that the industrial space inventory figures used by both Colliers International and Cushman & Wakefield (two large and well-respected industrial brokerages) could be used for calculation purposes. These figures are found in Section 4.

It was also assumed that industrial employment projections for 2015 (as discussed above) could be used with the inventory to calculate the average industrial space per worker. The estimated building area per industrial employee in 2015 was then estimated to be approximately 489 square feet and was held constant through the study period. It should be noted that future efficiency gains may bring this number down somewhat over time, which would, in effect, reduce the projected need for industrial space, but these effects were assumed to be negligible. The projections resulting from this process are found in Section 5.

Land Area

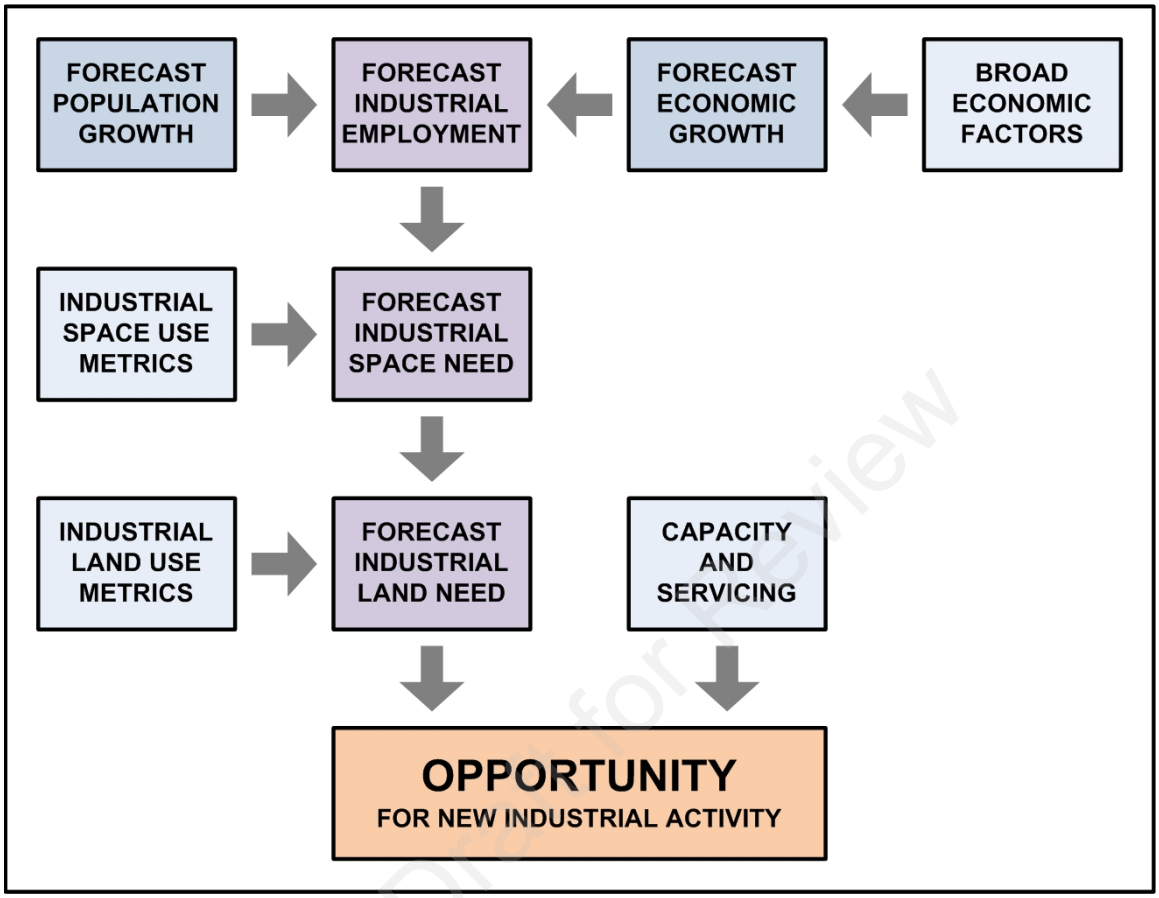
To determine the industrial land area required over the study period it was first assumed that the "CRD Industrial Land Inventory & Assessment 2009" as prepared by the CRD Regional Planning Division could be used as a reliable inventory of industrial land.

As the Central Saanich Zoning Bylaw mandates a maximum Surface Coverage Ratio of 0.01 for extraction lands with the I2 designation, the Butler Pit lands were excluded from the total industrial inventory for purposes of estimating land utilization. It was also assumed that a negligible fraction of all light industrial properties in Central Saanich were multi-level or made use of the maximum floor area ratio of 1.0. Thus, an overall Site Coverage Ratio was calculated by dividing the industrial square footage for Central Saanich as shown in Section 4 and dividing it by the total square footage of non-extraction industrial land. The results of this process are found in Section 5.

It should also be noted that an estimated 17.7 acres of industrial land on the Saanich Peninsula are vacant, according to the "CRD Industrial Land Inventory & Assessment 2009." Because the locations of these vacant acres could not be specified they were not taken into account in these calculations of average SCR, but have the potential to slightly understate the employment-driven industrial land need by anywhere from 0-10%.

The overall approach taken in this report is illustrated in the flow-chart below.

Figure 1: General Approach undertaken in this Report



Source: Site Economics

2.0 Current Economic Context

This section of the report provides a macroeconomic background for employment growth in the Capital Regional District and in the District of Central Saanich. In general terms, due partially to the island location, the majority of industries serve the local and regional economies though there are a number of successful businesses in the area serving provincial or national customers (client input requested). This means that the majority of businesses are relatively small scale with limited diversity compared to major metropolitan areas with a wide assortment of Provincial and National firms.

2.1 Overview

Long term employment growth in Greater Victoria will be influenced by not only regional forces but also by national and international trends. This section serves as an overview of broader economic forces shaping various forms of employment and places Greater Victoria employment growth in a regional context. It also offers a brief comparison of the Capital Regional District to the District of Central Saanich. The context of the recent collapse of oil prices, and the resultant effects on the Canadian economy, will also influence both national and regional trends.

2.2 Provincial Economic Scan

The real estate industry continues to be the most important aspects of the provincial economy. Housing valuations and demands drive business sentiment and labour market gains. For 2015, BC had the highest pace of real GDP in Canada. It is expected that housing and construction will moderate with lower valuations and an expected reduction in monetary policy stimulus.

As the US economy is expected to strengthen, export growth will provide growing demand for BC exports. These will also be helped by a low Canadian dollar. According to various sources, GDP for BC is expected to be 2.9% in 2015, 3.1% in 2016, and 2.9% in 2017. These are all strong growth rates for the near term.

In addition to housing, the severe economic decline in Alberta and other provinces has impacted BC. While some aspects have been positive for BC, others such as intra-provincial trade and the sale of housing to Albertans has declined.

Strong gains in the public sector resulted in the province adding more jobs, on net, year to date in November 2015 than all other provinces, with employment advancing by almost 60,000.

The unemployment rate is expected to be less than 6% in 2016. The flow of individuals moving back from neighbouring Alberta will likely continue to remain elevated, helping to sustain the upswing in population growth that emerged late in 2015.

A major macroeconomic trend has been the strengthening of the US dollar versus the weakening of the Canadian dollar. Higher lumber shipments to the United States will more than make up for small declines in demand from Asia. Mining in such sectors as coal, copper, and natural gas will underperform due to reduced Asian demand. Despite this, a moderate price recovery is expected for commodities in 2016.

The following table provides a snapshot of the provincial economy in the near term. In general, economic indicators are all positive for BC. This has the effect of creating a positive environment for capital investment by both the public and private sectors across the province, which in turn creates a favourable backdrop for economic activity in the Keating Corridor.

Table 1: Outlook for the BC Provincial Economy

British Columbia		PROVINCIAL OUTLOOK | DECEMBER 2015									
		2008	2009	2010	2011	2012	2013	2014	2015F	2016F	2017F
Real GDP	Chained $2007 millions	199,768	194,987	200,324	206,360	211,427	215,901	222,868	229,331	236,532	243,497
	% change	0.7	-2.4	2.7	3.0	2.5	2.1	3.2	2.9	3.1	2.9
Nominal GDP	$ millions	204,406	196,250	205,117	216,786	221,414	226,605	237,188	247,913	259,788	273,321
	% change	3.1	-4.0	4.5	5.7	2.1	2.3	4.7	4.5	4.8	5.2
Employment	thousands	2,242	2,192	2,223	2,228	2,262	2,266	2,278	2,307	2,348	2,364
	% change	1.6	-2.2	1.4	0.2	1.6	0.1	0.6	1.3	1.8	0.7
Unemployment rate	%	4.6	7.7	7.6	7.5	6.8	6.6	6.1	6.0	5.8	5.8
Retail sales	$ millions	57,794	55,288	58,251	60,090	61,255	62,734	66,273	70,751	74,095	76,986
	% change	1.5	-4.3	5.4	3.2	1.9	2.4	5.6	6.8	4.7	3.9
Housing starts	units	34,321	16,077	26,479	26,400	27,465	27,054	28,356	32,200	33,000	27,500
	% change	-12.4	-53.2	64.7	-0.3	4.0	-1.5	4.8	13.6	2.5	-16.7
Consumer price index	2002=100	112.3	112.3	113.8	116.5	117.8	117.7	118.9	120.2	122.8	124.9
	% change	2.1	0.0	1.4	2.3	1.1	-0.1	1.0	1.1	2.1	1.7

Source: Royal Bank of Canada

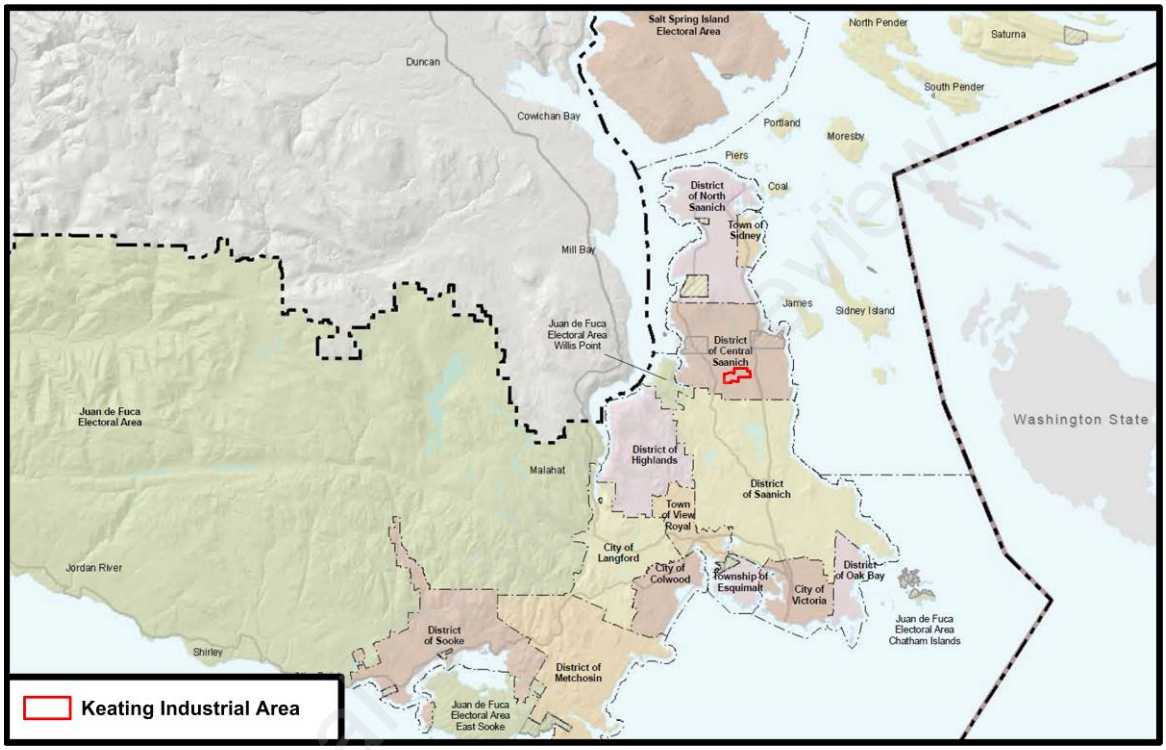
It should be noted, however, that Central Saanich is largely unaffected by large scale development across the BC mainland. In addition, Nanaimo presently serves as the industrial hub of Vancouver Island. As a result, the south Island industrial economy is highly localized. The context of the BC economy is presented simply to provide a background and indication of economic confidence, which has an indirect impact on investment sentiment.

2.3 Regional Economic Scan

2.3.1 Capital Regional District

The following is provided as context for the analysis. The Capital Regional District (CRD) is the local government administrative district for the southern tip of Vancouver Island and the southern Gulf Islands. The CRD, dominated by Victoria, had an official population of 359,991 as of the Canada 2011 Census.

Figure 2: Map of the Capital Regional District

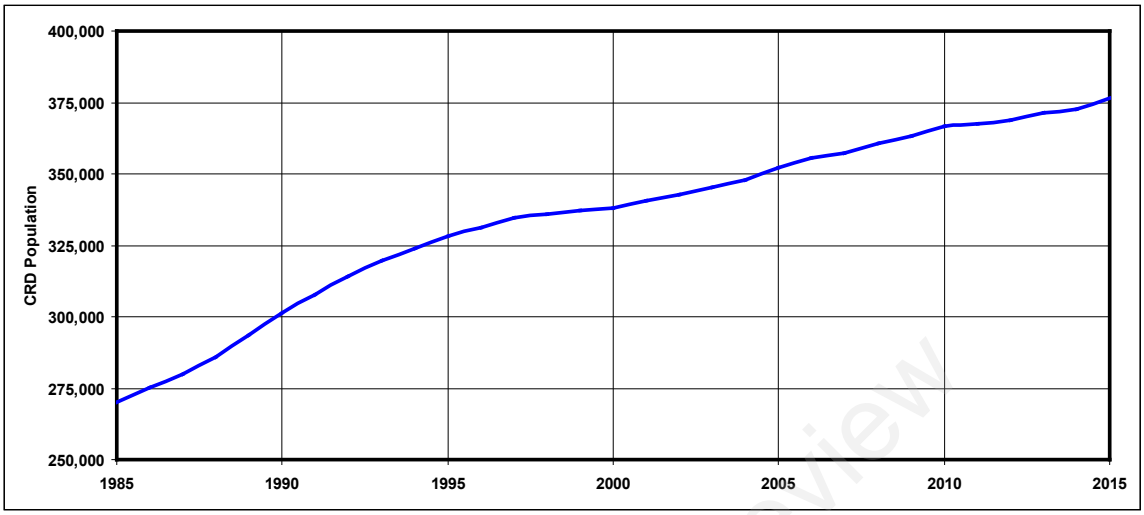


Source: Capital Regional District; Site Economics

The CRD encompasses the thirteen municipalities of Greater Victoria and the Juan de Fuca Electoral Area on Vancouver Island, the Salt Spring Electoral Area, and the Southern Gulf Islands Electoral Area. The total land area is 2,341.11 km2 (903.91 sq. mi.). The Victoria CMA holds the overwhelming majority of the population of the CRD.

Population growth in the CRD has averaged about 0.68% annually since 1996 following a period of more rapid growth in the decade prior. The chart below shows this trend.

Figure 3: Capital Regional District Population - 1985-2015



Source: BC Stats; Site Economics

2.3.2 Regional Transportation Infrastructure

The primary issue for industrial development and transportation infrastructure is that the study area is on an island. As a result, this dramatically reduces the need for major highways, transcontinental railway connections, large scale international airports, and other transportation links commonly associated with major metropolitan areas.

The CRD has regional transportation services which are vital to the economy. The map below shows the regional transportation links connecting the Keating Area to the world.

Figure 4: Saanich Peninsula Regional Connectivity

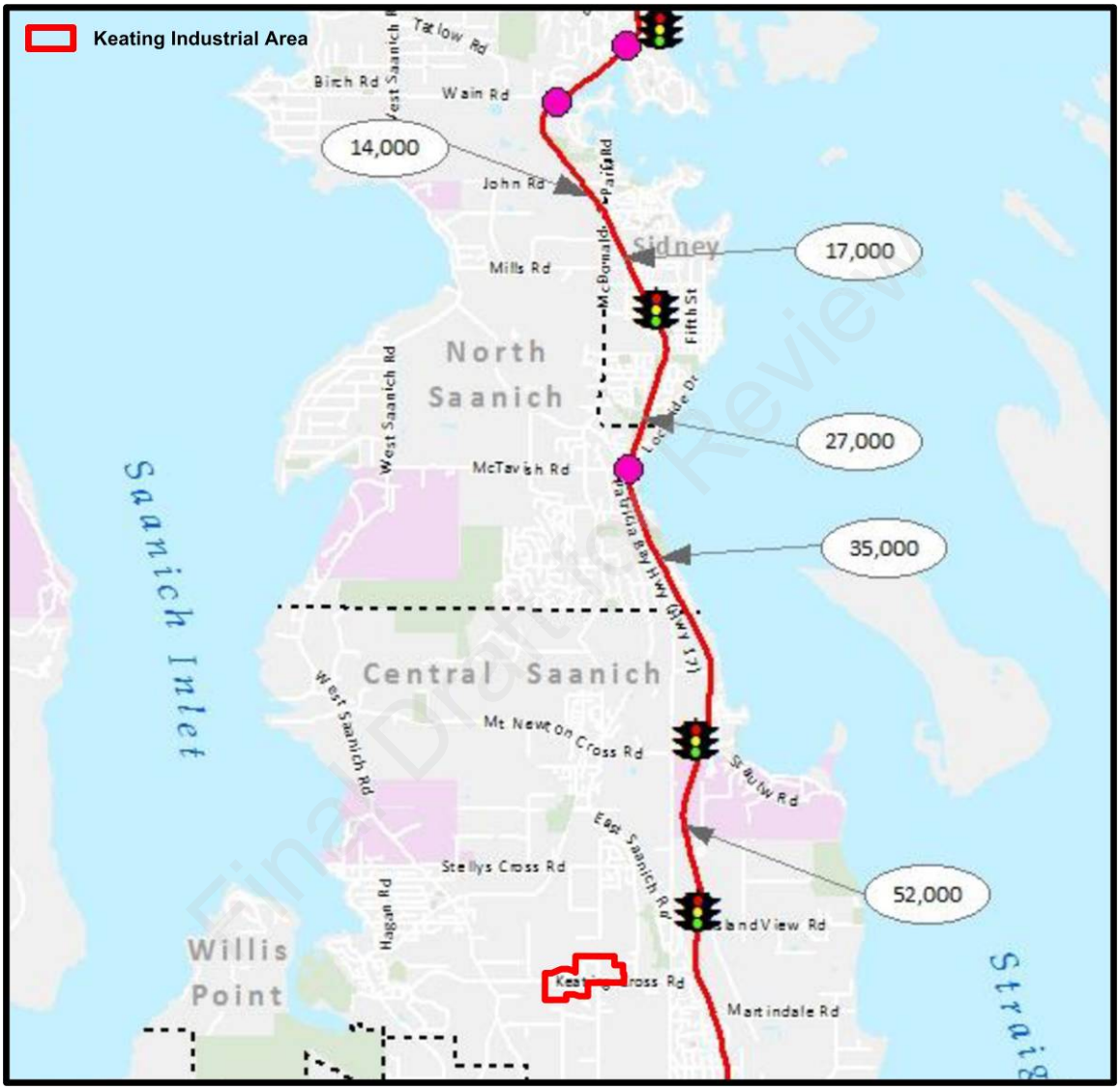
Sources: Google Maps; Site Economics

Highway Infrastructure - Highway 17 - Patricia Bay Highway

There are a number of highways in the region but the two most important are Highway 17 and Highway 1. Highway 17, a four-lane divided freeway punctuated by signalled or grade-separated interchanges, is the primary connection and transportation link for the Keating

Corridor and the entire CRD. This Highway provides excellent service along the entire Saanich peninsula and into the City of Victoria. Virtually all businesses in the study area use this corridor frequently and it is essential to their ongoing success. The Ministry of Transportation and Infrastructure reported a 27% increase of traffic volume along this highway between 2008 and 2013; the map below shows the daily traffic counts.

Figure 5: Daily Traffic Counts along Highway 17 on the Saanich Peninsula



Sources: Urban Systems; Site Economics

The Highway 17 corridor is the northeastern gateway to the Capital Region, accommodating the movement of people, goods and services externally from the BC Ferries terminal at Swartz Bay and the Victoria International Airport through to the Victoria area and other parts of the Island. The corridor is also a critical north-south link for residents and businesses located on the Saanich Peninsula and adjacent to the Highway that travel the corridor daily by car and on transit.

Highway 17 is by far the most important transportation link for the local area and Keating businesses. If it were to become increasingly congested, it would have a serious negative impact on the study area by increasing travel times and reducing the efficiency and viability of the location. These are travel times to destinations important to the regional economy:

- Downtown Victoria is 20 minutes via Highway 17
- Downtown Vancouver is 3 hours via Highway 17 and BC Ferry
- Downtown Nanaimo is 90 minutes via Highway 17 and Highway 1

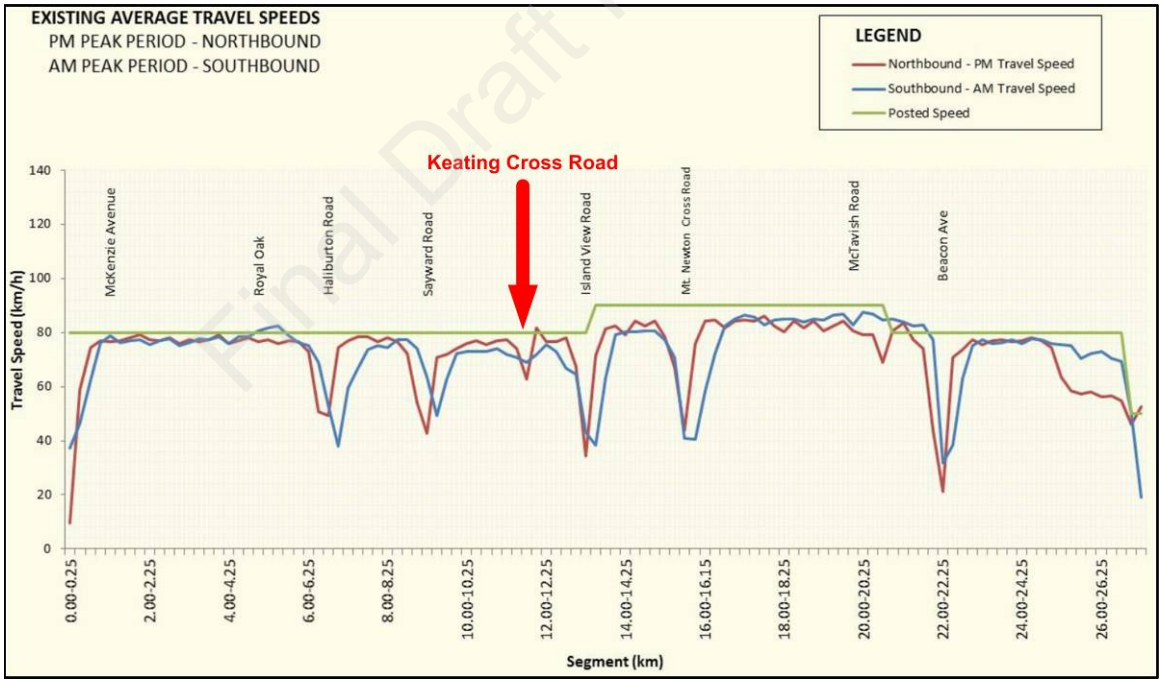
Should these travel times increase significantly, other locations closer to the urban centre would become ever more attractive as they would offer greater efficiency and easier access to both suppliers and customers.

The 2014 Highway 17 Planning Study by Urban Systems noted the following:

- Traffic is generally operating close to posted speeds on Highway 17 during the morning and afternoon peak periods, with the exception of delays experienced at signalized intersections.
- Although the peak period travel speeds are affected by ferry traffic, the average travel speeds decrease by less than 4 km/hr across the length of the corridor.

A graphical representation of the speed of vehicle throughput can be seen below. The dips correspond to signalled interchanges along the Highway.

Figure 6: Average Travel Speeds along Highway 17



Sources: Urban Systems Highway 17 Planning Study 2014; Site Economics

It should be noted that the intersection with Keating Cross Road is presently not signalled, which would account for its higher average travel speed.

The present configuration of the intersection of Keating Cross Road with Highway 17 does pose some challenges. As can be seen in the aerial photo below, Keating Cross Road can only be directly accessed from the northbound side of Highway 17, and likewise traffic from Keating Cross Road may only access Highway 17 southbound.

Figure 7: Aerial Photo of Highway 17 at Keating Cross Road

Source: Google Maps

Traffic between Keating Cross Road and destinations further north, including the ferry terminal at Sidney, has no direct connection to the highway and must take circuitous residential routes to other connecting roads, namely Island View Road or West Saanich Road. Though not demonstrated by severe reductions in average travel speeds at Keating Cross Road, it is likely that the lack of easier bi-directional access to Highway 17 reduces the economic effectiveness of the Keating Industrial Area.

A grade-separated interchange not unlike that at Highway 17 and McTavish Road could facilitate bi-directional highway access with minimal reduction in average travel speed, but may be a costly solution. Alternately, a signalled intersection could be created to provide a similar function. Increased economic activities within the Keating Industrial Area could generate the residual values sufficient to warrant the construction of a new interchange.

Ferry Service - BC Ferries

Given the isolation of the Saanich Peninsula and Vancouver Island, this service provides the most important connection to the mainland. In general, ferry service is comprehensive and sufficient for most transportation requirements for people, private vehicles, and trucks. The ferry service out of Swartz Bay connects directly to Tsawwassen and while slower than a highway, it does provide an adequate link. Some of the weaknesses of the ferry system include: limited sailings, delays, slow travel time, and perhaps most importantly, high cost. While vehicle and passenger traffic out of Swartz Bay had been in decline in 2012 and 2013, it has increased in both 2014 and 2015 as seen in the table below.

Table 2: Ferry Traffic from Swartz Bay to Tsawwassen - 2011-2015

STATISTICS FOR BC FERRIES ROUTE 01 AT SWARTZ BAY OUTBUND				
YEAR	VEHICLES	% CHANGE	PASSENGERS	% CHANGE
2011	876,434		2,805,380	
2012	869,100	-0.8%	2,776,797	-1.0%
2013	859,266	-1.1%	2,765,490	-0.4%
2014	870,895	1.4%	2,807,742	1.5%
2015*	912,200	4.7%	2,932,200	4.4%

* Final values for 2015 were estimated based on December 2015 YTD values and previous trends

Sources: BC Ferries; Site Economics

BC Ferries also offers service from Swartz Bay to Pender Island, Mayne Island, Salt Spring Island, Galiano Island as well as a short run from Brentwood Bay on the west shore of the Saanich Peninsula to Mill Bay.

Other Ferry Services

Private ferry operators offer service to western Washington State. Specifically, Washington State Ferries offers daily service between Sidney, BC and Anacortes, WA, a port about 63 kilometres south of Bellingham. The travel time is about three hours. Black Ball Transport offers daily 90-minute sailings to Port Angeles, WA from Victoria while the Victoria Clipper offers daily passenger service to and from Seattle.

Short Sea Shipping – Barge Services

There is a large, modern and efficient short-shipping industry and barge service which connects Vancouver Island with the Lower Mainland. It is not expected to grow significantly as service is directly tied to population growth. This economic link is vitally important and its utility and form are already optimized.

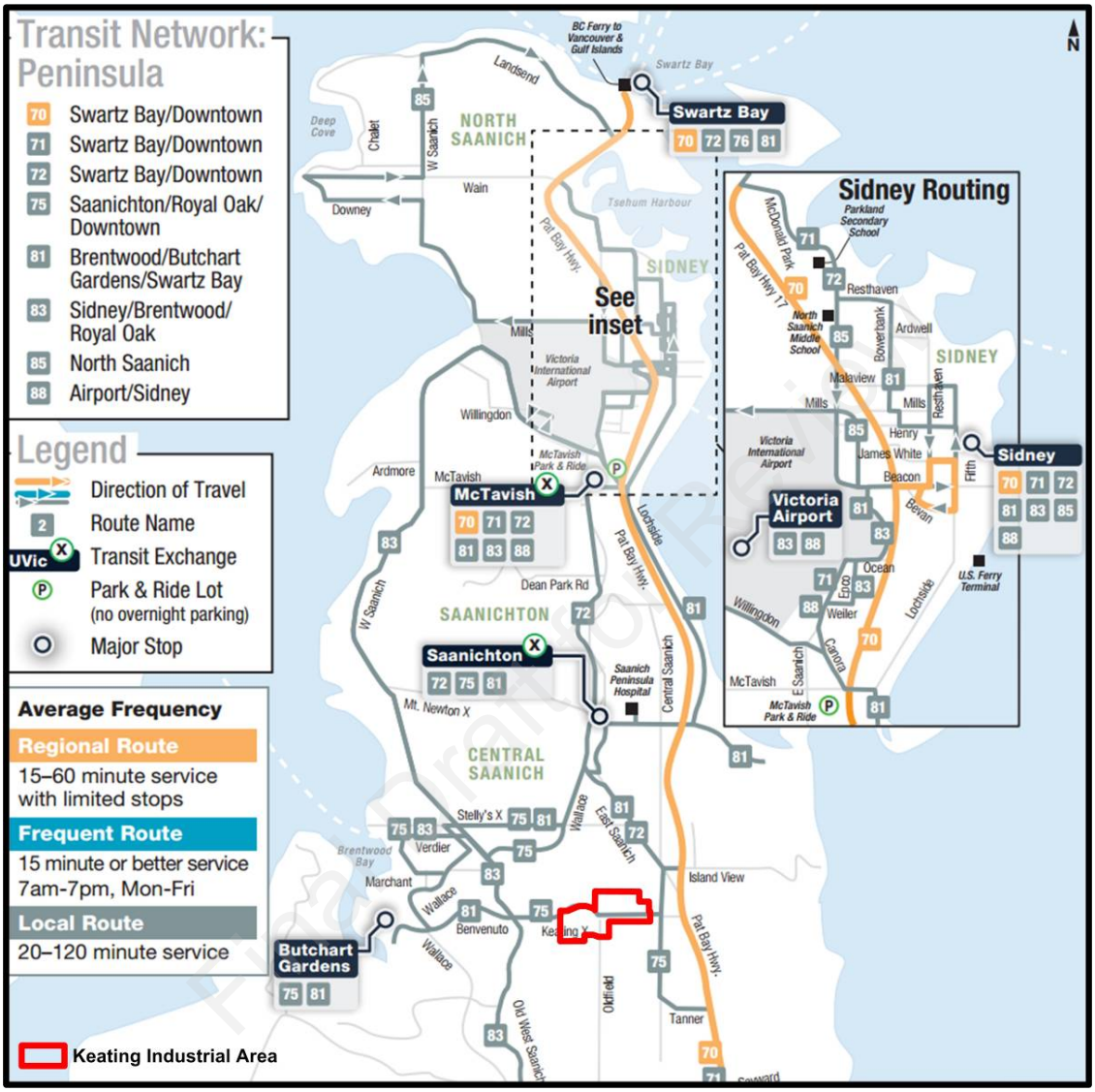
Air Service - Victoria International Airport

The Victoria International Airport (YYJ) is a small regional airport with limited international service to the United States. YYJ saw a total of 1,650,165 passengers in 2014 - a 6.0% increase in traffic over 2013. It is expected that the vast majority of business uses would be employee travel, courier delivery, limited air freight service and connections to the Vancouver International Airport (YVR).

Transit Service - BC Transit

BC Transit operates several bus routes in the Saanich Peninsula, connecting the city of Victoria to Victoria International Airport and Swartz Bay, as shown on the map below.

Figure 8: BC Transit Coverage on the Saanich Peninsula



Sources: BC Transit; Site Economics

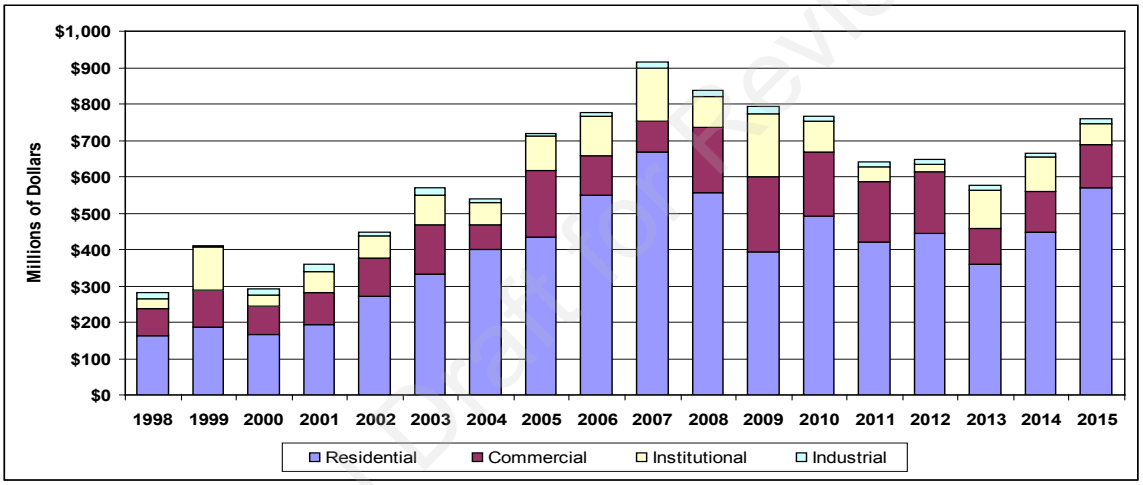
2.3.3 Aggregate Regional Development Trends

Though increasing since 2013, development spending in the CRD still has not fully recovered from the aftermath of the Global Financial Crisis in 2009 with total spending of about $759 million in 2015. This is still well below the peak spending of $914 million observed in 2007 when the pre-recession economy was at its height.

Residential spending continues to be the largest component of development, accounting for 50% to 75% of total spending in the CRD. Spending on industrial development has accounted for only about 2% of total development spending across the CRD every year since 2006. Industrial development is an extremely small part of the real estate industry.

The chart below shows the relative amounts of development spending across the CRD from 1998 through 2015.

Figure 9: Development Permits by Category - Capital Regional District - 1998-2015



Source: BC Stats; Site Economics

Table 3: Development Permits by Category - Capital Regional District - 1998-2015

DEVELOPMENT SPENDING ($ millions) - CAPITAL REGIONAL DISTRICT - 1998-2015						
Development Type	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Residential	162	187	167	194	271	333
Commercial	76	101	77	87	104	134
Institutional	25	117	32	57	63	80
Industrial	16	6	15	22	9	20
Total	**280**	**412**	**291**	**359**	**448**	**568**
Development Type	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Residential	401	434	551	668	556	395
Commercial	68	184	107	86	180	205
Institutional	60	94	106	146	84	175
Industrial	8	9	12	15	18	20
Total	**537**	**720**	**776**	**914**	**838**	**794**
Development Type	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Residential	490	420	443	359	449	569
Commercial	178	165	171	97	110	119
Institutional	83	41	21	107	95	57
Industrial	14	15	13	14	12	14
Total	**765**	**641**	**648**	**577**	**666**	**759**

Source: BC Stats

2.4 Peninsula/Central Saanich Economic Scan

The Peninsula area consists of the District Municipality of Central Saanich, the District Municipality of North Saanich, and the Town of Sidney as well as several First Nation reserves. Other than Sidney and a few small urban concentrations, the vast majority of the peninsula is semi-rural. Very strong land use restrictions across the region indicate that there will be few new industrial parks which compete with the subject area. Rezoning or exclusions from the ALR and the creation of new industrial lands is considered to be extremely unlikely. If any lands were added to the industrial inventory, it is expected that they would be moderate scale.

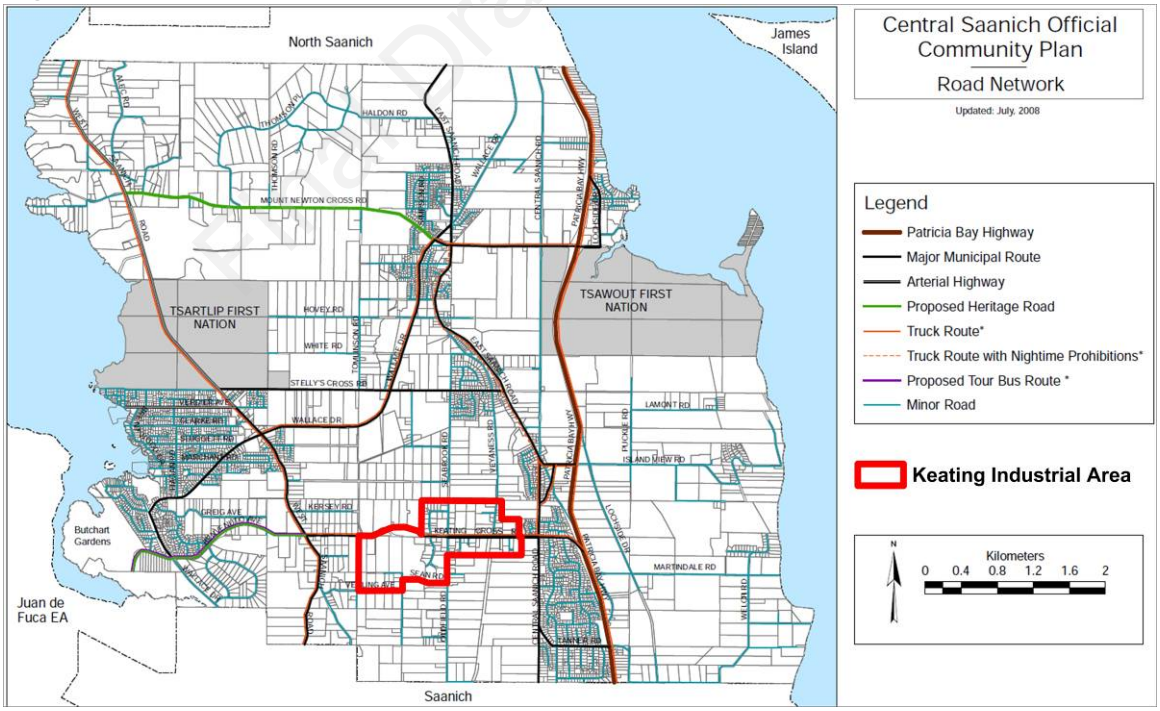
2.4.1 Population Growth

The combined population of the three municipalities comprising the peninsula has slowly grown from about 37,880 in 2006 to about 38,200 in 2011, exhibiting an average annual growth rate of 0.17%. This is a significantly slower rate of growth than the rest of the Capital Regional District which exhibited an average annual growth of 0.68% over that same interval.

2.4.2 Local Transportation Infrastructure

Central Saanich is connected to the rest of the island primarily by the Highway 17 (the Pat Bay Highway) and, to a lesser extent, Highway 17A (West Saanich Road). The Keating Industrial Area lies atop Keating Cross Road, which connects these two highways. The overall context of the road network in Central Saanich is shown on the map below.

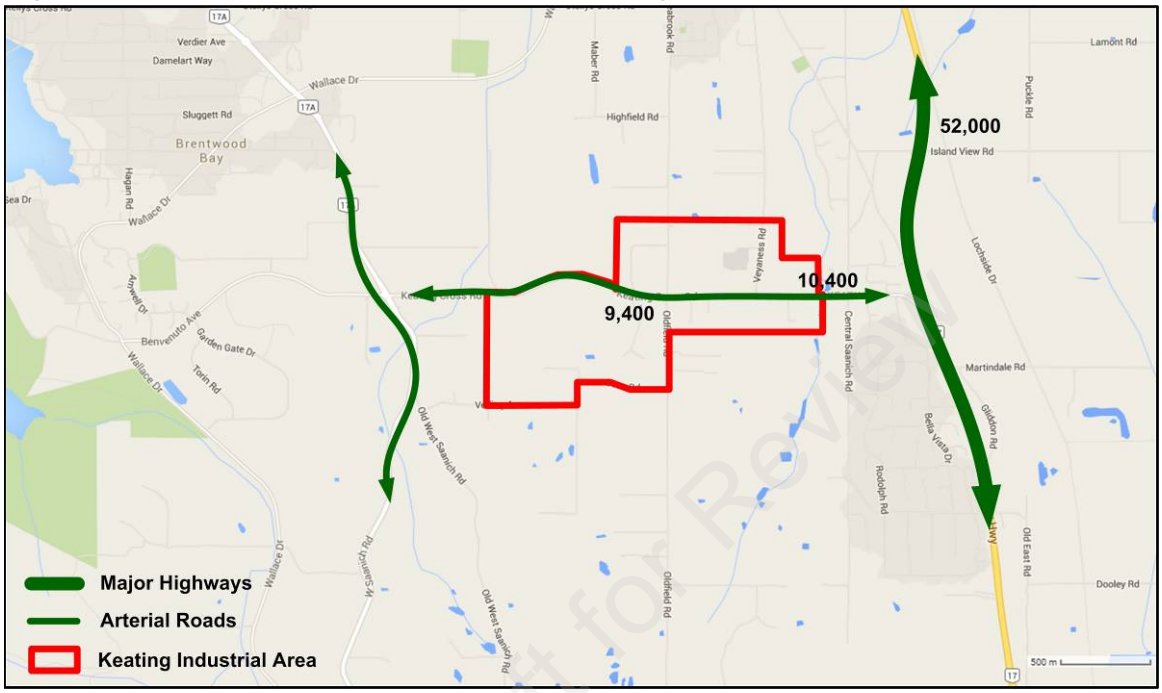
Figure 10: Central Saanich Road Network



Sources: District of Central Saanich; Site Economics

Keating Cross Road is 4-lanes wide between Highway 17 and Butler Crescent, where it becomes a 2-lane road. Traffic counts for the area surrounding the Keating Industrial Area are shown below.

Figure 11: Traffic Counts proximate to the Keating Industrial Area

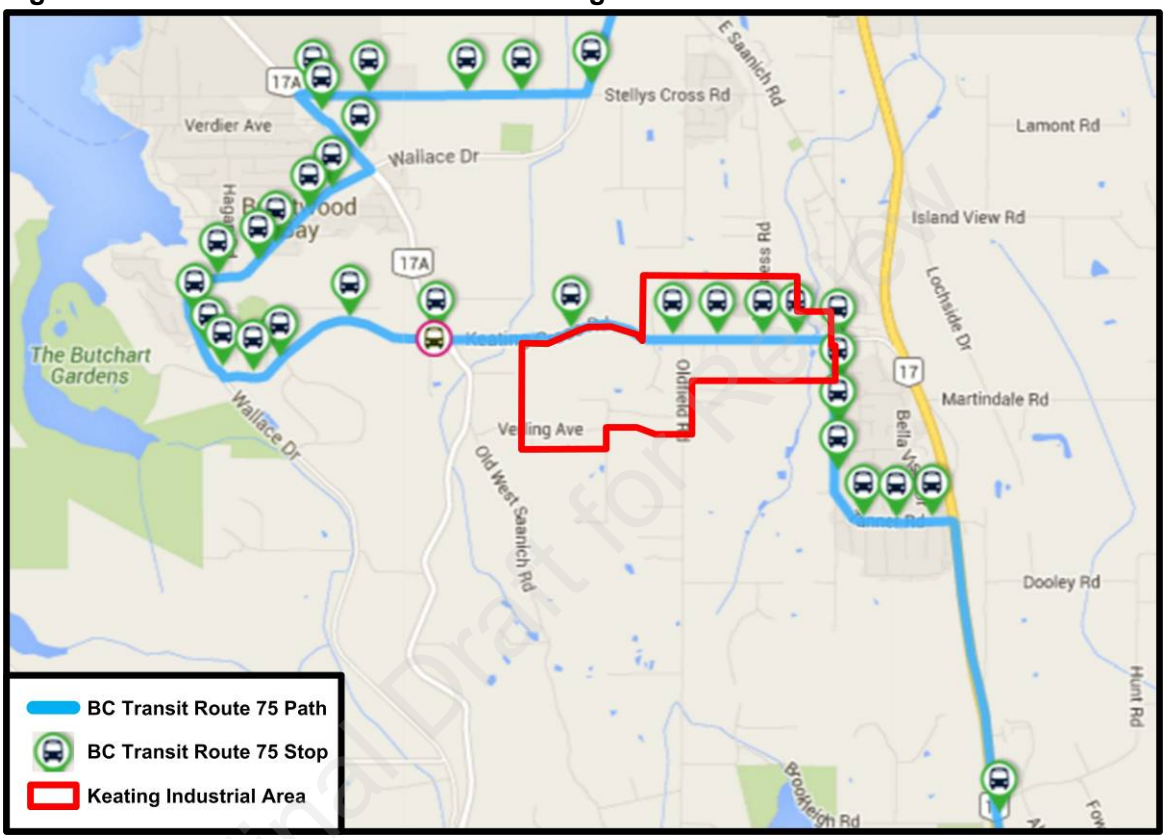


Sources: Google Maps; Capital Regional District Traffic Counts; Site Economics

2.4.3 Local Public Transit

The Keating Industrial Area is served by BC Transit, specifically by bus route 75 which runs between Victoria and Sidney. As can be seen on the map below, there are several stops along Keating Cross Road within the Keating Industrial Area and busses serve these stops every 19-35 minutes during regular working hours. This frequency does drop significantly at night.

Figure 12: BC Transit Bus Line in the Keating Industrial Area



Sources: BC Transit; Site Economics

Given the suburban nature of residential development in Central Saanich and much of the CRD it is assumed that the overwhelming majority of workers employed in the Keating Industrial Area arrive by private automobile. Nonetheless, increased frequency of the bus service through the Keating area could encourage employment by allowing for longer operating hours and/or additional work shifts. It is generally considered essential for modern office buildings to have bus service in order to accommodate many of the lower-income workers, thus enhanced bus frequency and routing would encourage more intensive employment at the Keating site.

2.4.4 Labour Force

The Peninsula has a labour force participation rate of about 56.8%, which is a bit less than the 65.4% observed in the CRD as a whole. This is likely due to the relative age of the population in the Peninsula where the median age is 52.1 years, compared to the 44.2 years seen in the CRD overall. Moreover, 36.2% of the population in the Peninsula is 60 years or older, as compared to 25.8% in the CRD.

The table below compares the labour forces of the District of Central Saanich and the Capital Regional District, respectively. Areas shaded yellow are industries (as defined by their 2-digit NAICS codes) where Central Saanich has a higher than average representation as compared to the region as a whole. Workers in Central Saanich are more than twice as likely to work in agricultural and forest industries and 50% more likely to work in Wholesale trade than their counterparts in the CRD. Workers in Central Saanich are less likely, however, to work in the educational and healthcare sectors than workers from the CRD generally.

Table 4: Workforce Comparison - Central Saanich and the CRD - 2011 Census

	CENTRAL SAANICH		CAPITAL REGIONAL DISTRICT	
	8,702	%base	197,706	%base
All Industries (2-DIGIT NAICS CODES)	8,659	99.5%	194,970	98.6%
11 Agriculture, forestry, fishing and hunting	216	2.5%	2,132	1.1%
21 Mining, quarrying, and oil and gas extraction	29	0.3%	425	0.2%
22 Utilities	31	0.4%	561	0.3%
23 Construction	791	9.1%	14,196	7.2%
31-33 Manufacturing	303	3.5%	6,461	3.3%
41 Wholesale trade	284	3.3%	4,916	2.5%
44-45 Retail trade	951	10.9%	22,523	11.4%
48-49 Transportation and warehousing	355	4.1%	6,911	3.5%
51 Information and cultural industries	149	1.7%	3,761	1.9%
52 Finance and insurance	249	2.9%	6,226	3.1%
53 Real estate and rental and leasing	200	2.3%	4,501	2.3%
54 Professional, scientific and technical services	850	9.8%	16,037	8.1%
55 Management of companies and enterprises	0	0.0%	165	0.1%
56 Admin & support, waste mgmt & remediation svcs	474	5.4%	8,071	4.1%
61 Educational services	576	6.6%	15,762	8.0%
62 Health care and social assistance	989	11.4%	26,027	13.2%
71 Arts, entertainment and recreation	211	2.4%	5,233	2.6%
72 Accommodation and food services	481	5.5%	15,977	8.1%
81 Other services (except public administration)	316	3.6%	8,223	4.2%
91 Public administration	1,204	13.8%	26,862	13.6%
Industry - Not applicable	43	0.5%	2,736	1.4%

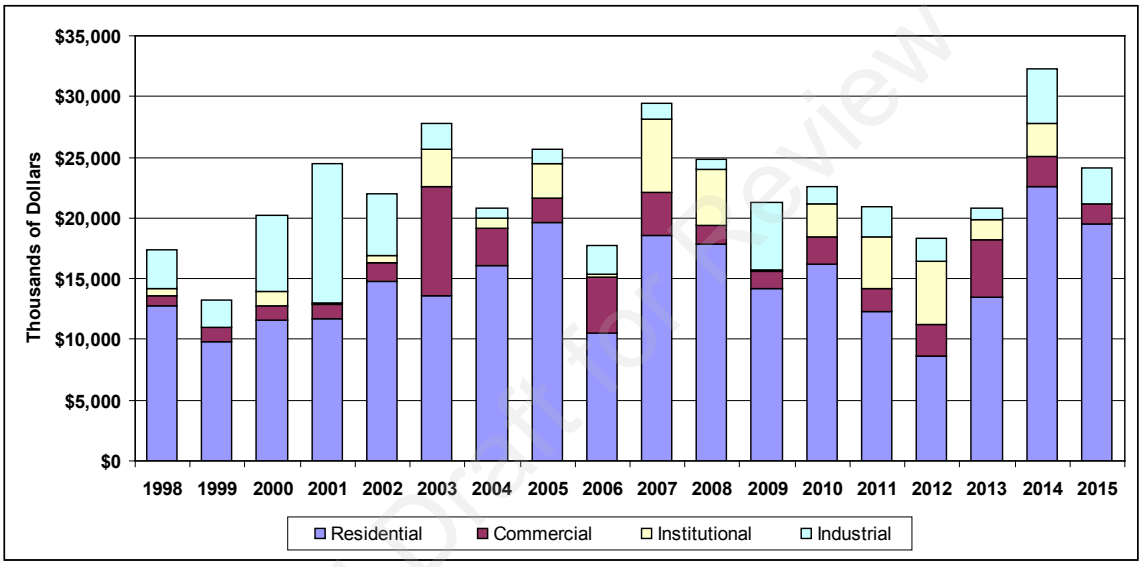
Sources: Statistics Canada; Site Economics

2.4.5 Aggregate Development Trends

Similar to the situation in the CRD, development spending in the District of Central Saanich has largely not fully recovered to pre-recession levels with the notable exception of 2014 when a record $32.3 million was spent.

Residential spending continues to be the largest component of development, usually accounting for more than half of total spending in Central Saanich. Spending on industrial development, however, comprises a much larger share of the total in Central Saanich, averaging about 11% over the past 10 years. The chart below shows the relative amounts of development spending in Central Saanich from 1998 through 2015.

Figure 13: Development Permits by Category - District of Central Saanich - 1998-2015



Source: BC Stats; Site Economics

Since 2010 an average of $2.3 million was spent per year in development permits for industrial uses in the District of Central Saanich. Interestingly, this accounts for, on average, about 17% of industrial development permit activity in the Capital Regional District.

Unfortunately, due to the highly variable nature of the purposes of such developments it is difficult to estimate the precise effect of such investments in concrete terms such as jobs created or square footage developed, much less as a predictive modeling tool. Rather, the reader is encouraged to consider overall economic trends as the tide which directs investment into industrial and other private sector projects.

The table below provides the specific dollars amounts invested in developments by type between 1998 and 2015.

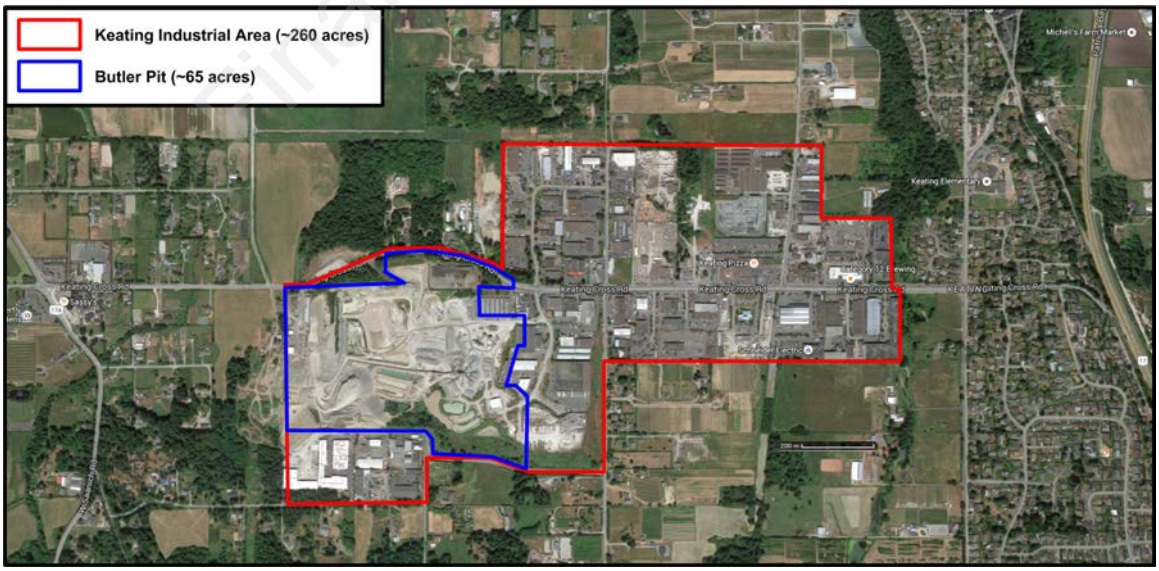
Table 5: Development Permits by Category - DM Central Saanich - 1998-2015

DEVELOPMENT PERMITS - ($ THOUSANDS) - DISTRICT OF CENTRAL SAANICH - 1998-2015						
Development Type	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Residential	12,740	9,760	11,570	11,720	14,750	13,620
Commercial	870	1,210	1,200	1,170	1,580	8,990
Institutional	550	0	1,140	120	590	3,100
Industrial	3,260	2,290	6,330	11,510	5,040	2,020
Total	**17,420**	**13,260**	**20,240**	**24,520**	**21,960**	**27,730**
Development Type	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Residential	16,050	19,610	10,530	18,550	17,900	14,170
Commercial	3,080	1,970	4,640	3,540	1,540	1,430
Institutional	850	2,900	180	6,090	4,510	80
Industrial	860	1,160	2,430	1,260	940	5,630
Total	**20,840**	**25,640**	**17,780**	**29,440**	**24,890**	**21,310**
Development Type	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Residential	16,210	12,250	8,580	13,510	22,570	19,550
Commercial	2,240	1,890	2,600	4,700	2,510	1,600
Institutional	2,750	4,280	5,310	1,650	2,740	30
Industrial	1,410	2,470	1,800	900	4,490	3,000
Total	**22,610**	**20,890**	**18,290**	**20,760**	**32,310**	**24,180**

Source: BC Stats

2.4.6 Site Context

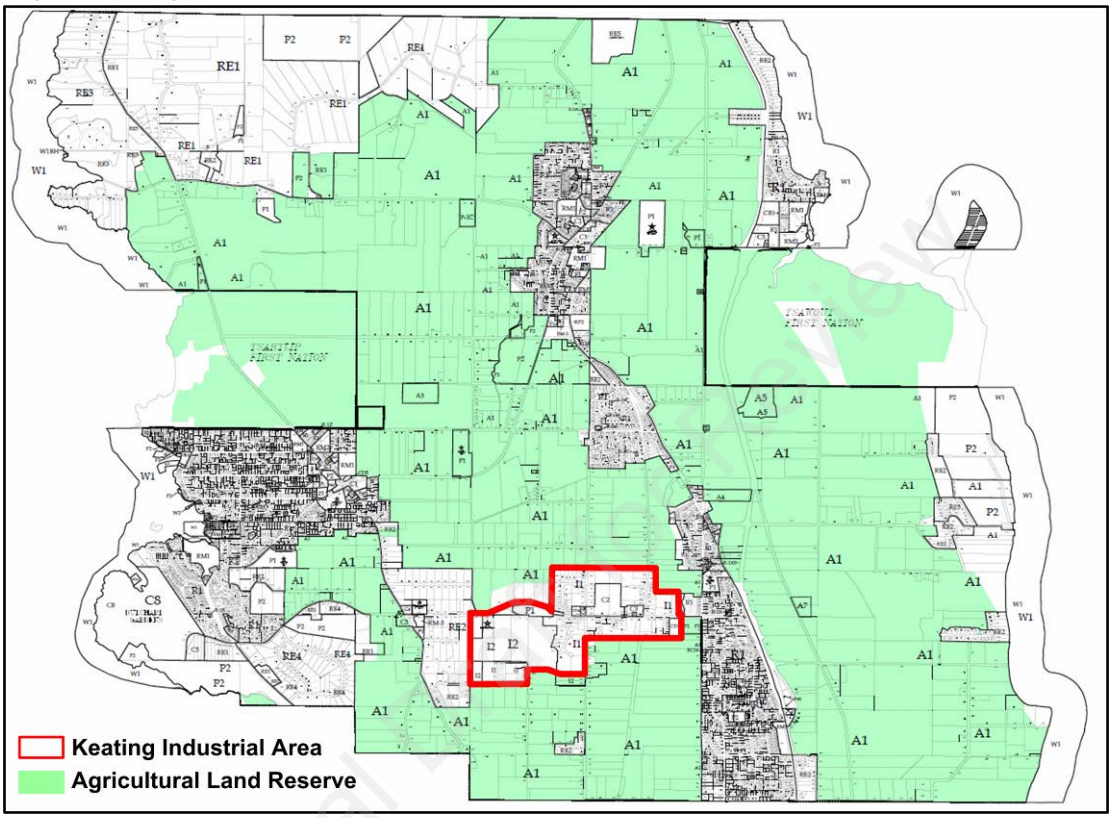
The Keating Industrial Area measures about 115 hectares, or about 260 acres, and contains a significant fraction of the industrially-designated lands in the CRD. The Keating Industrial Area is bisected by Keating Cross Road which ultimately connects the site to Highway 17, the Pat Bay Highway, which in turn connects the site to Victoria and the rest of Vancouver Island as well as to the Mainland via the Swartz Bay ferry terminal. The eastern two-thirds of the Keating site is zoned for Light Industrial and Arterial Commercial, while the western third is the Butler Pit, an operating gravel extraction facility expected to be eventually used for Light Industrial purposes. The site is shown on the map below.



Source: Google Maps; District of Central Saanich; Site Economics

As can be seen in the figure below, the Keating Industrial Area is completely surrounded with ALR except the west where there is a large lot sub-division. Brentwood Bay and Butchart Gardens are to the west with major urban areas to the east following the length of Hwy 17 on both sides. This is a destination industrial park which does not reply on drive b traffic or convenience. The location is a little isolated but that should not hinder most businesses particularly given the lack of alternative industrial sites in the CRD.

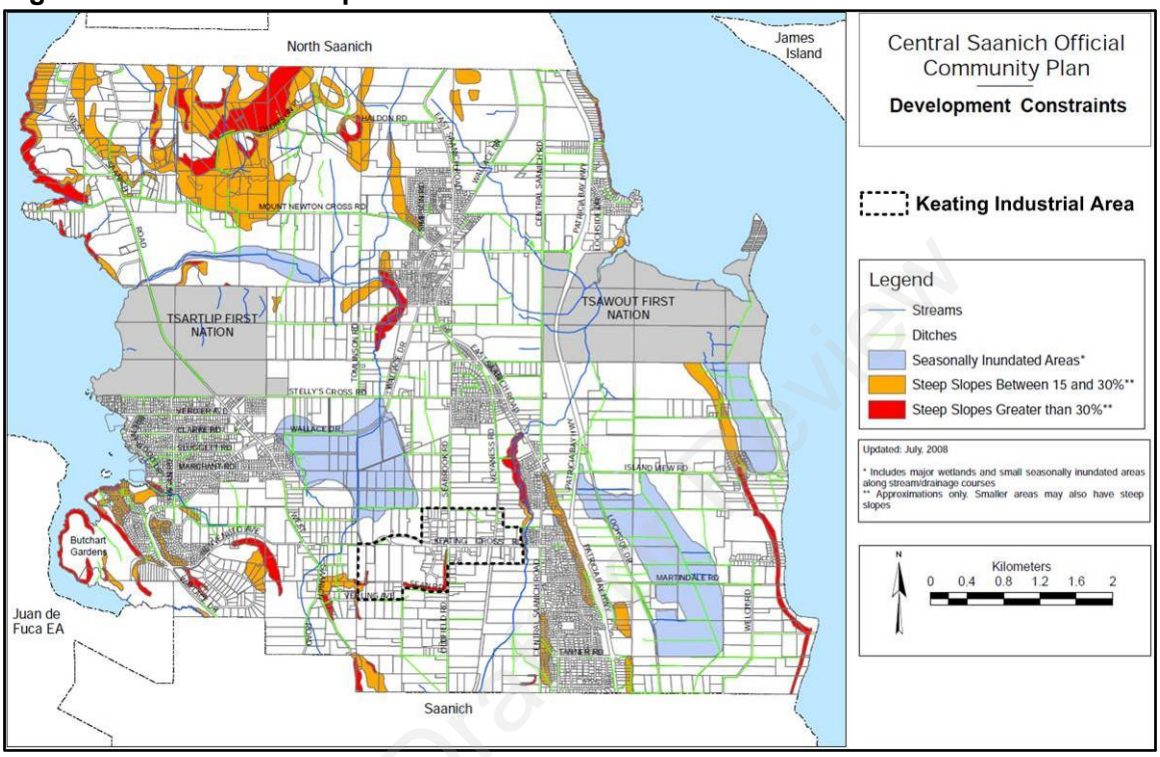
Figure 14: Agricultural Land Reserve in the District of Saanich



Source: District of Central Saanich; Site Economics

Many areas within the District of Central Saanich face natural features such as seasonal inundation, streams or steep slopes which constrain potential development. The Keating Industrial Area has some, but not much, land which with such natural constraints, largely confined to the southern and western fringes of the site. The map below shows these constraints across the District of Central Saanich.

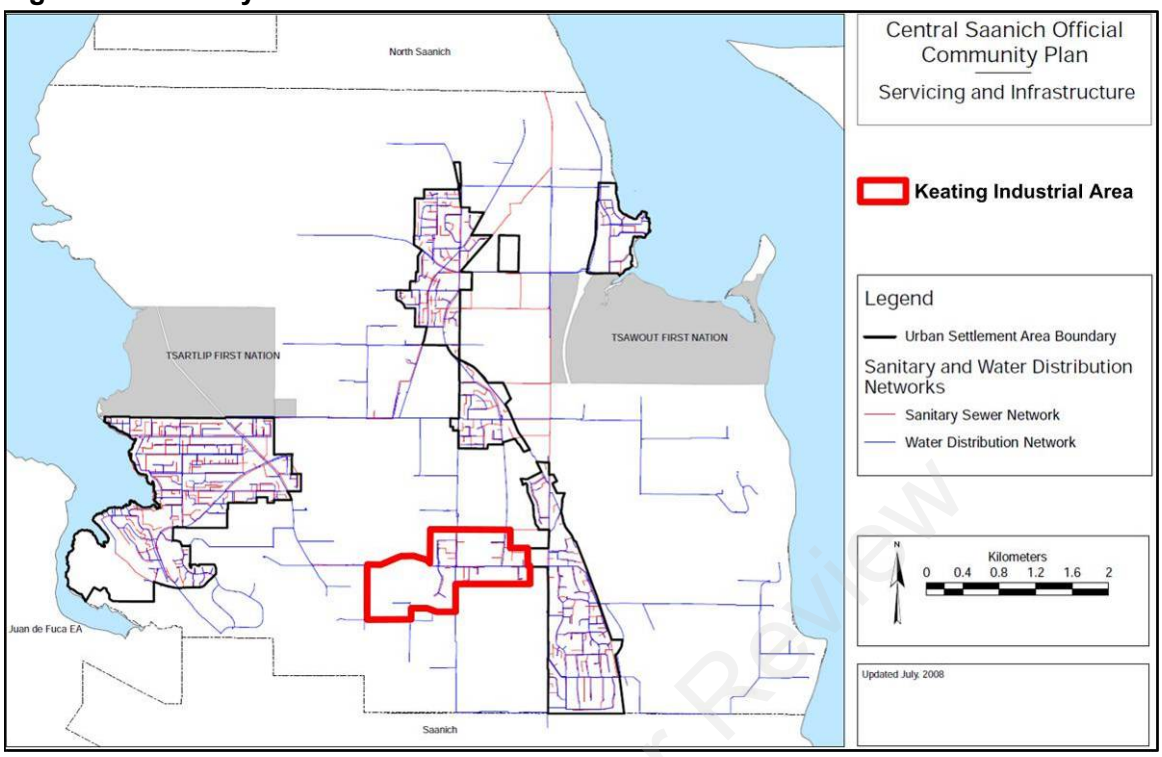
Figure 15: Natural Development Constraints in the District of Central Saanich



Source: District of Central Saanich; Site Economics

The Light Industrial and Commercial areas of the Keating Industrial Area presently have water and sewer infrastructure in place. This infrastructure is adjacent to the Butler Pit area, to one degree or another, on all sides. The infrastructure coverage is shown on the map below.

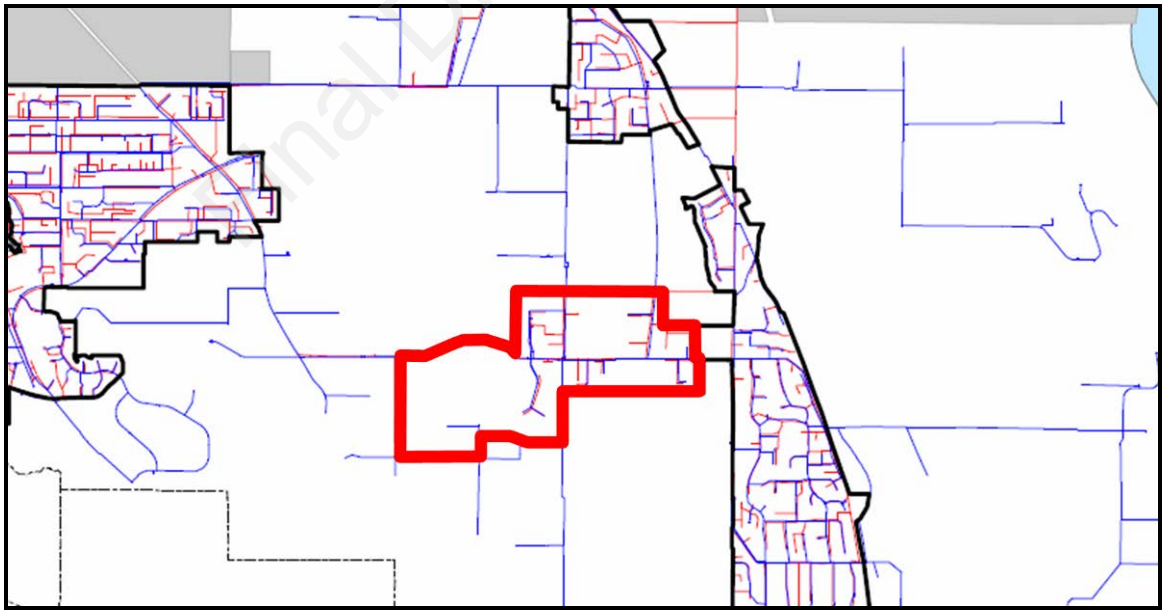
Figure 16: Sanitary and Water Distribution Infrastructure in Central Saanich



Source: District of Central Saanich; Site Economics

The map below zooms in to a closer look at the water and sanitary infrastructure in and surrounding the Keating Industrial Area.

Figure 17: Sanitary and Water Distribution Infrastructure near the Keating Area



Source: District of Central Saanich; Site Economics

2.4.7 Existing Keating Businesses

The Keating area has over 200 existing businesses which serve a wide variety of economic activities. The following Figures indicate the number and location of each in terms of NAICS codes, the North American Industrial Classification System.

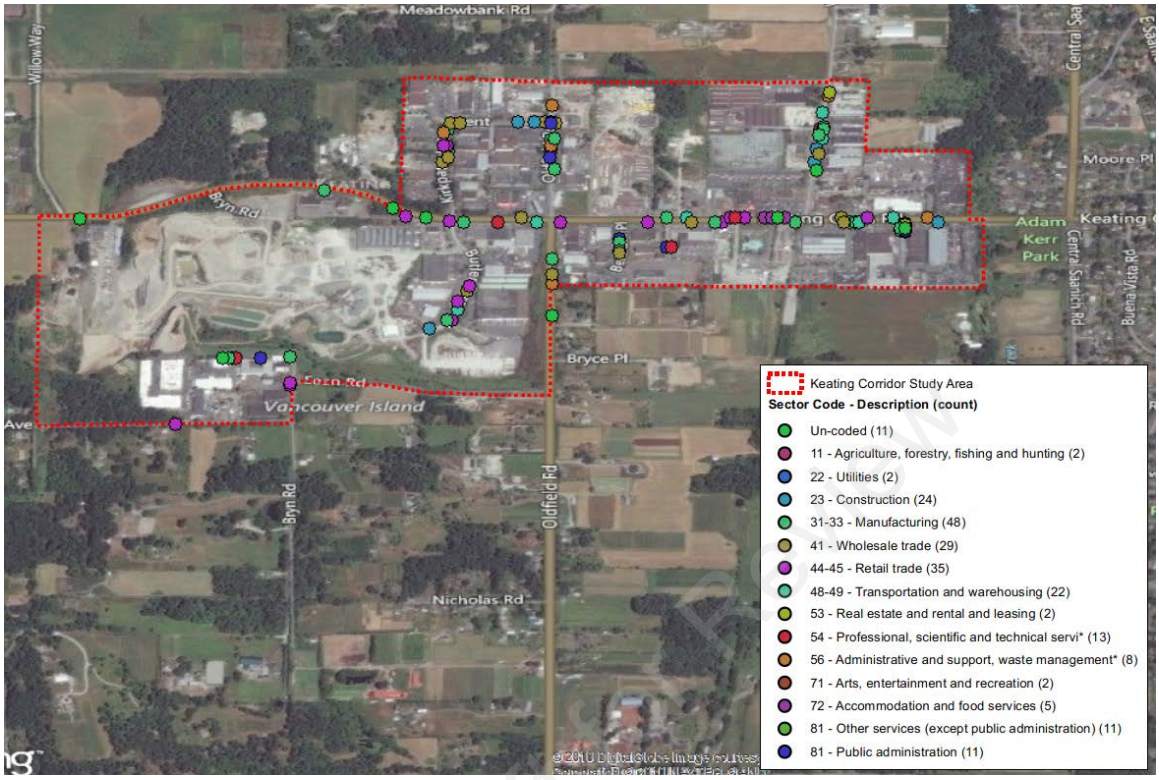
It is clear that the dominant businesses are Manufacturing, Retail Trade, Wholesale Trade, Construction and Warehousing. Other than retail these are all businesses which tend to require larger than average land areas and buildings and are well suited to the suburban location, well out of the more expensive and land constrained urban core. The other categories tend to be oriented more towards services.

This inventory does not reflect the number of employees per business however it is a proxy for what types of businesses thrive here and what type of new businesses would be attracted to the expansion area.

Figure 6: Inventory of Keating Businesses by NAICS Code

Source: District of Central Saanich; Site Economics

Figure 7: Location of each Keating Business by NAICS Code



Source: District of Central Saanich; Site Economics

There is a significant office building with structured parking. It is referred to as Gateway and currently it has a 10% vacancy and rents in the high teens per sq. ft. The listing agent, Tristan Spark, indicated that there was very little demand for office space in this location. Office tenants preferred more urban locations. This agent also leases the Victoria tech centre building at the university. He indicated that leasing at that building was relatively slow as tenants preferred locations in the amenity-rich downtown area. Based on this practical evidence, it is clear that an office building would not be advised in this location and the study area is more suited to industrial.

An example of high quality industrial space which can serve many purposes is the Veyaness industrial building. This flex space can serve industrial, office, and even retail needs. The rents are on the order of $14 per sq. ft., which is not much lower than office space but is far cheaper to build. More buildings with more modern forms of flex space are warranted by the market and the demands of small business.

The leasing agents indicated that the zoning in the Keating area was generally suitable, however they recommended that it become more flexible on the Keating frontage. This would encourage a wider range of tenants and higher quality buildings which in turn would improve the appearance and identity of the Keating business district. While not directly mentioned, it can be inferred that some form of design guidelines to improve the overall quality of

development are warranted. The overall image of the business park, if improved, could significantly add to its appeal.

3.0 Economic Growth Trends, Challenges & Opportunities

3.1 Development Trends

This analysis assumes a relatively steady economic state, although fluctuations in economic growth are of course not unusual. Overall, the pace of development is expected to generally mirror the level of overall population growth, assuming that there are no significant changes to the share of the total market for development enjoyed by the District of Central Saanich. Sustainable practices are expected to influence all sectors, with growing regulation in the transportation and construction sectors. Consumption per capita is expected to drop slightly.

The key 2016 – 2041 development trends and practices are as follows:

- Commercial and retail development is increasingly locating on urban sites, near higher density residential areas, with good transit access and a substantial built in customer base;
- Newer commercial development is often characterized with ever higher floor area ratios (FAR) and locations within multi-level mixed use projects. Victoria's commercial densification occurring at the neighbourhood shopping centres outside the City Centre;
- Some industrial development may adjust to accommodate the high price of land and lack of well-located land by increasing the average building FAR;
- The location of industrial development, while important, has become less critical to businesses as they are forced onto whatever lands they can secure due to a shortage of well-located industrial lands within the region and given competition from other land uses. It is assumed that the ALR will be protected;
- Office projects are becoming more efficient and "green" with optimal layouts, design and engineering reflecting customer demands. Tenants are increasingly oriented towards transit hubs, however the rent differential between low cost business parks and high cost urban centres remains substantial, making the latter more expensive to develop;
- Many new projects tend to be denser with more eco-friendly features. LEED certification can sometimes yield economic gains as well as social and environmental benefits; and
- Businesses will continue to locate in mutually beneficial groupings, for example in instances where one business's by-product is another business's input.

The development industry in the CRD reflects these wider industry trends in all forms of new development.

3.2 Population Growth in the Capital Regional District

The population of the CRD is projected to increase from an estimated 374,000 in 2016 to about 462,000 in 2041, growing at an average annual rate of 0.85%,according to projections derived from Urban Futures' work entitled "Regional, Sub-regional & TAZ-level Projections for the Capital Regional District" from December, 2014. The table below shows the forecasted populations broken down into selected age groups as well as the average annual growth rates for each of the five-year increments. One trend to notice is the overall slowing of the average annual rate of growth.

Table 6: Population Projection for the Capital Regional District - 2016-2041

POPULATION PROJECTION - CAPITAL REGIONAL DISTRICT - 2016-2041						
AGE GROUP	**2016**	**2021**	**2026**	**2031**	**2036**	**2041**
0 - 14	48,000	51,670	54,590	55,240	54,500	53,510
15 - 24	38,440	36,100	36,640	39,350	42,300	45,020
25 - 34	54,020	52,310	48,690	47,020	47,620	49,150
35 - 44	45,940	51,980	57,460	56,180	52,730	49,840
45 - 54	53,990	51,380	52,170	58,460	63,980	67,160
55 - 64	57,880	60,610	59,560	57,320	58,330	61,490
65+	75,870	89,720	104,840	118,440	128,150	136,410
TOTAL POPULATION	**374,140**	**393,760**	**413,940**	**432,010**	**447,610**	**462,390**
AVERAGE ANNUAL GROWTH RATE	0.94%	1.03%	1.00%	0.86%	0.71%	0.65%

Sources: Site Economics, based on projections from Urban Futures (2014) and estimates from Statistics Canada (2011)

Using the Urban Futures forecasts for the Peninsula area, the population of Central Saanich was forecast to increase by nearly 3,800 people between 2016 and 2041, capturing about 4.3% of the CRD growth. Not surprisingly, the average annual growth rates for Central Saanich differ from those of the CRD for each of the five-year increments. Interestingly, the projections indicate a slightly increasing rate of average annual growth between 2016 and 2041. The table below shows the forecasted populations broken down into selected age groups as well as the average annual growth rates for each of the five-year increments

Table 7: Population Projection for the District of Central Saanich - 2016-2041

POPULATION PROJECTION - DISTRICT OF CENTRAL SAANICH - 2016-2041						
AGE GROUP	**2016**	**2021**	**2026**	**2031**	**2036**	**2041**
0 - 14	1,580	1,740	2,010	2,190	2,200	2,150
15 - 24	1,660	1,440	1,390	1,570	1,890	2,240
25 - 34	1,520	1,660	1,380	1,090	970	920
35 - 44	1,010	1,150	1,700	2,010	1,800	1,490
45 - 54	2,090	1,680	1,390	1,600	2,300	3,410
55 - 64	3,020	3,010	2,730	2,340	2,050	1,810
65+	5,180	6,030	6,830	7,450	7,740	7,890
TOTAL POPULATION	**16,040**	**16,700**	**17,420**	**18,230**	**18,960**	**19,830**
AVERAGE ANNUAL GROWTH RATE	0.58%	0.81%	0.85%	0.91%	0.79%	0.90%

Sources: Site Economics, based on projections from Urban Futures (2014) and estimates from Statistics Canada (2011)

3.3 Employment Growth in the Capital Regional District

The 2014 Urban Futures report also provided forecasts for employment broken down into six occupational sectors, as shown in the tables below. Predictably these figures demonstrate an ever decreasing employment participation rate as persons over 65 years of age claim an ever increasing proportion of the population. The first table shows employment projections for the Capital Regional District; between 2016 and 2041, the CRD is expected to add about 29,500 jobs at an average annual growth rate of 0.54%.

Table 8: Employment Projection for the Capital Regional District - 2016-2041

EMPLOYMENT PROJECTION - CAPITAL REGIONAL DISTRICT - 2016-2041						
OCCUPATIONAL SECTOR	**2016**	**2021**	**2026**	**2031**	**2036**	**2041**
Management, Business, Finance & Admin.	54,066	54,442	54,847	55,470	56,260	57,080
Natural and Applied Sciences	18,404	19,581	20,685	21,801	22,922	24,060
Commercial, Sales and Service	60,284	62,355	64,289	66,370	68,563	70,810
Social Sciences, Health and Government	42,603	44,284	45,812	47,428	49,116	50,880
Construction, Trade and Transport	24,041	24,487	24,902	25,395	25,952	26,540
Primary Resources and Manufacturing	5,517	5,637	5,532	5,355	5,215	5,080
TOTAL EMPLOYMENT	**204,916**	**210,786**	**216,068**	**221,819**	**228,028**	**234,450**
AVERAGE ANNUAL GROWTH RATE	0.74%	0.57%	0.50%	0.53%	0.55%	0.56%

Sources: Site Economics, based on projections from Urban Futures (2014) and estimates from Statistics Canada (2011)

Over the 25-year period, the greatest rates of growth are to be seen in the Natural and Applied Sciences and Social Sciences, Health and Government sectors, while Primary Resources and Manufacturing are expected to decline somewhat in the CRD.

Using the Urban Futures employment projections for the Peninsula as a base, projections for Central Saanich were made and are summarized in the table below. Between 2016 and 2041, Central Saanich is expected to add about 1,250 jobs.

Table 9: Employment Projection for the District of Central Saanich - 2016-2041

EMPLOYMENT PROJECTION - DISTRICT OF CENTRAL SAANICH - 2016-2041						
OCCUPATIONAL SECTOR	**2016**	**2021**	**2026**	**2031**	**2036**	**2041**
Management, Business, Finance & Admin.	2,240	2,250	2,270	2,300	2,340	2,380
Natural and Applied Sciences	1,080	1,140	1,190	1,240	1,300	1,350
Commercial, Sales and Service	2,300	2,370	2,450	2,540	2,650	2,750
Social Sciences, Health and Government	1,330	1,390	1,450	1,510	1,590	1,640
Construction, Trade and Transport	1,440	1,460	1,470	1,490	1,520	1,560
Primary Resources and Manufacturing	560	570	560	550	530	530
TOTAL EMPLOYMENT	**8,950**	**9,180**	**9,390**	**9,630**	**9,930**	**10,210**
AVERAGE ANNUAL GROWTH RATE	0.59%	0.51%	0.45%	0.51%	0.62%	0.56%

Sources: Site Economics, based on projections from Urban Futures (2014) and estimates from Statistics Canada (2011)

As with the CRD, the greatest rates of growth are to be seen in the Natural and Applied Sciences and Social Sciences, Health and Government sectors, while Primary Resources and Manufacturing are expected to decline somewhat in Central Saanich.

The ramifications of employment on land use will be discussed in Section 5.

3.4 Opportunities and Challenges for Central Saanich

Opportunities

- Significant industrial acreage to be expanded and intensified - The acreage available in the Butler Pit area is equal to more than a third of the vacant industrial land across the CRD.
- Very close to Highway 17 with good links to the entire CRD - The Keating site is highly accessible to key highways through the Peninsula.
- Reasonable proximity to Victoria and the CRD population base - Downtown Victoria is 20 minutes via Highway 17; Downtown Nanaimo is 90 minutes via Highway 17 and Highway 1.
- Proximity to ferry service to the mainland - Downtown Vancouver is 3 hours via Highway 17 and BC Ferries
- Proximity to Victoria International Airport
- Abundant ALR lands nearby may facilitate agricultural-industrial uses

Challenges

- Difficult office market - The city of Victoria offers a better range of office product.
- Limited public transit - Only a single bus line which runs infrequently outside of peak hours.
- Not on Highway 17 and thus lacks visibility and convenient access - Though connected to Highway 17 via Keating Cross Road, the site lacks the frontage and visibility that could bolster commercial or retail demand. Furthermore, the intersection of Keating Cross with Highway 17 has limited accessibility and has no traffic signal.
- Competitive locations in Victoria are closer to the urban centre and the employment base - The Saanich Peninsula is somewhat removed from the core of the CRD.
- Relatively isolated industrial park surrounded by ALR - While providing some opportunity for agri-industrial development, the ALR severely constrains future growth and development.

3.5 Conclusions

While Central Saanich is somewhat removed from the urban core CRD, it has clearly proven itself a viable and successful location for important industrial businesses. Its levels of employment and development investment have been commensurate with its workforce and population relative to the CRD region at large. The location has not been a disadvantage and it has many strengths which will become even more important as the supply of vacant land diminishes.

4.0 Greater Victoria Employment Sectors

4.1 Introduction

This section of the report profiles the economy with a focus on industrial. The following table indicates that the majority of businesses in Central Saanich are industrial. Approximately 56% of all businesses are in the categories of manufacturing, wholesale trade and construction, transportation and warehousing, and utilities. This is a majority of businesses and it clearly indicates how very important the Keating area is the economy of Central Saanich.

CENTRAL SAANICH BUSINESS LICENSES		
INDUSTRY SECTOR	**COUNT**	**SHARE**
Manufacturing	49	22%
Retail trade	35	15%
Wholesale trade	29	13%
Construction	24	11%
Transportation and warehousing	22	10%
Professional, scientific and technical services	13	6%
Other services (except public administration)	11	5%
Public administration	11	5%
(UNSPECIFIED)	11	5%
Administrative and support, waste management and remediation services	8	4%
Accommodation and food services	5	2%
Agriculture, forestry, fishing and hunting	2	1%
Arts, entertainment and recreation	2	1%
Real estate and rental and leasing	2	1%
Utilities	2	1%
Grand Total	**226**	**100%**

Source: District of Central Saanich

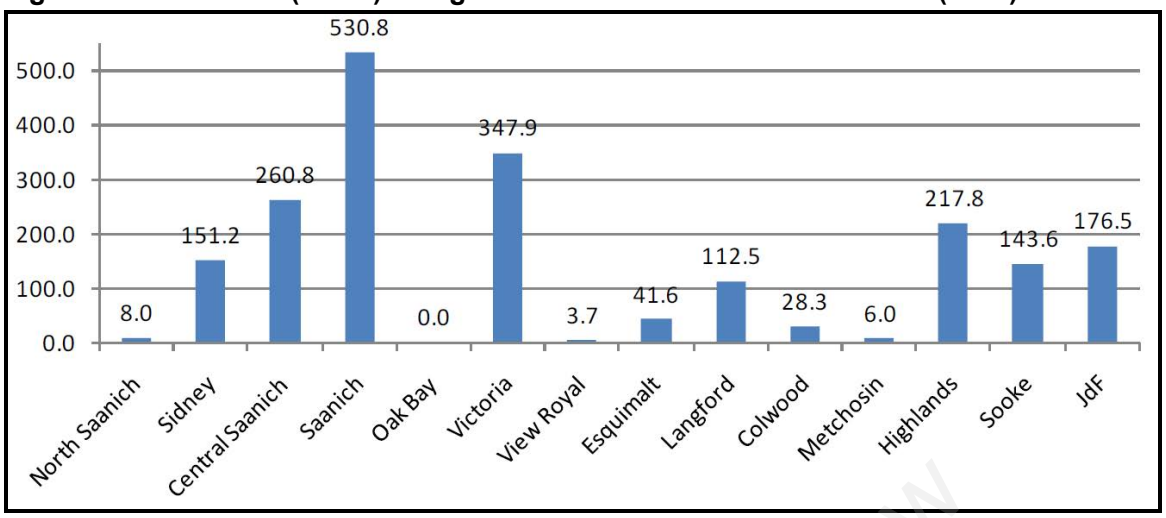
4.2 Industrial Development

4.2.1 Greater Victoria Industrial Conditions

According to the CRD Industrial Land Inventory and Assessment 2009 the Capital Regional District has about 2,028 acres (820.7 ha) of land designated for industrial use. These lands are allocated across the thirteen member municipalities and electoral areas as shown in the chart below.

It should be noted that while the main source for the inventory of industrial lands was over five years old at the time of this report, it remains the most recent publicly available report on the topic. In addition, the market has not changed radically or significantly over past six years.

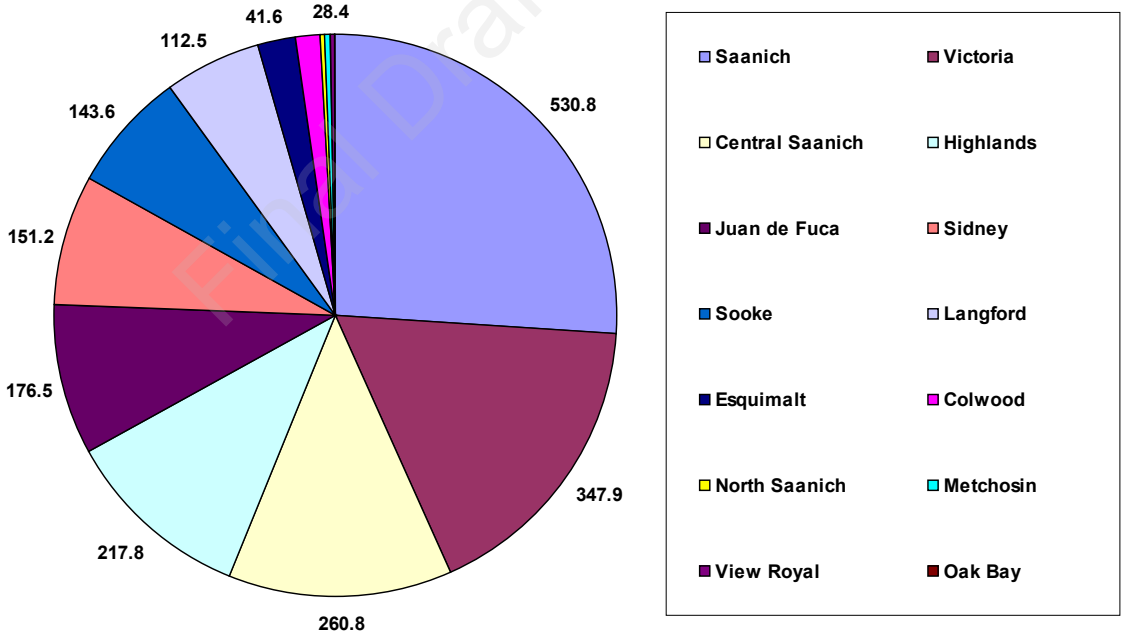
Figure 18: Land Area (acres) Designated for Industrial Use in the CRD (2009)



Source: CRD Industrial Land Inventory & Assessment 2009

It can be seen that the District of Central Saanich ranks third in the amount of industrial land provided, or about 261 acres (about 105.5 hectares), following only the District of Saanich and the City of Victoria. The chart below helps show the significance of Central Saanich's contribution to the regional inventory, measuring about 12.9% of all the industrial land in the CRD. The top five municipalities provide the region with over 75% of its industrially-designated land.

Figure 19: Land Area (acres) Designated for Industrial Use in the CRD (2009)



Source: CRD Industrial Land Inventory & Assessment 2009; Site Economics

The CRD Industrial Land Inventory and Assessment 2009 further disaggregates the industrial lands by type as shown in the table below. Central Saanich is show providing the region with nearly 21% of its Light Industrial land and 100% percent of its Extraction-based land (the Butler Pit gravel operation).

Table 10: Industrial Land Inventory by Category - Capital Regional District

INDUSTRIAL ACREAGE BY CATEGORY - CAPITAL REGIONAL DISTRICT												
MUNICIPALITY	**TOTAL**	**%**	**LIGHT**	**%**	**GEN'L**	**%**	**HEAVY**	**%**	**EXTR'N**	**%**	**MARINE**	**%**
Peninsula	**420**	**20.7%**	**282.3**	**34.6%**	**0**	**0.0%**	**0**	**0.0%**	**91.2**	**100.0%**	**46.4**	**55.0%**
North Saanich	8	0.4%	8	1.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Sidney	151.2	7.5%	104.8	12.8%	0	0.0%	0	0.0%	0	0.0%	46.4	55.0%
Central Saanich	260.8	12.9%	169.6	20.8%	0	0.0%	0	0.0%	91.2	100.0%	0	0.0%
Core	**923.9**	**45.5%**	**433**	**53.1%**	**64.9**	**11.5%**	**406.5**	**85.9%**	**0**	**0.0%**	**19.5**	**23.1%**
Saanich	530.8	26.2%	210.7	25.8%	9.9	1.8%	310.2	65.6%	0	0.0%	0	0.0%
Oak Bay	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Victoria	347.9	17.2%	185.2	22.7%	51.1	9.1%	92.1	19.5%	0	0.0%	19.5	23.1%
View Royal	3.7	0.2%	3.7	0.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Esquimalt	41.6	2.1%	33.4	4.1%	4	0.7%	4.2	0.9%	0	0.0%	0	0.0%
West Shore	**684.7**	**33.8%**	**100.2**	**12.3%**	**499.4**	**88.5%**	**66.5**	**14.1%**	**0**	**0.0%**	**18.6**	**22.0%**
Langford	112.5	5.5%	29.5	3.6%	82.4	14.6%	0.6	0.1%	0	0.0%	0	0.0%
Colwood	28.4	1.4%	1.3	0.2%	27.1	4.8%	0	0.0%	0	0.0%	0	0.0%
Metchosin	6	0.3%	0	0.0%	0	0.0%	6	1.3%	0	0.0%	0	0.0%
Highlands	217.8	10.7%	65.1	8.0%	97.5	17.3%	55.2	11.7%	0	0.0%	0	0.0%
Sooke	143.6	7.1%	4.3	0.5%	116	20.6%	4.7	1.0%	0	0.0%	18.6	22.0%
Juan de Fuca	176.5	8.7%	0	0.0%	176.5	31.3%	0	0.0%	0	0.0%	0	0.0%
ALL CRD	**2028.5**	**100.0%**	**815.6**	**100.0%**	**564.3**	**100.0%**	**473**	**100.0%**	**91.2**	**100.0%**	**84.4**	**100.0%**

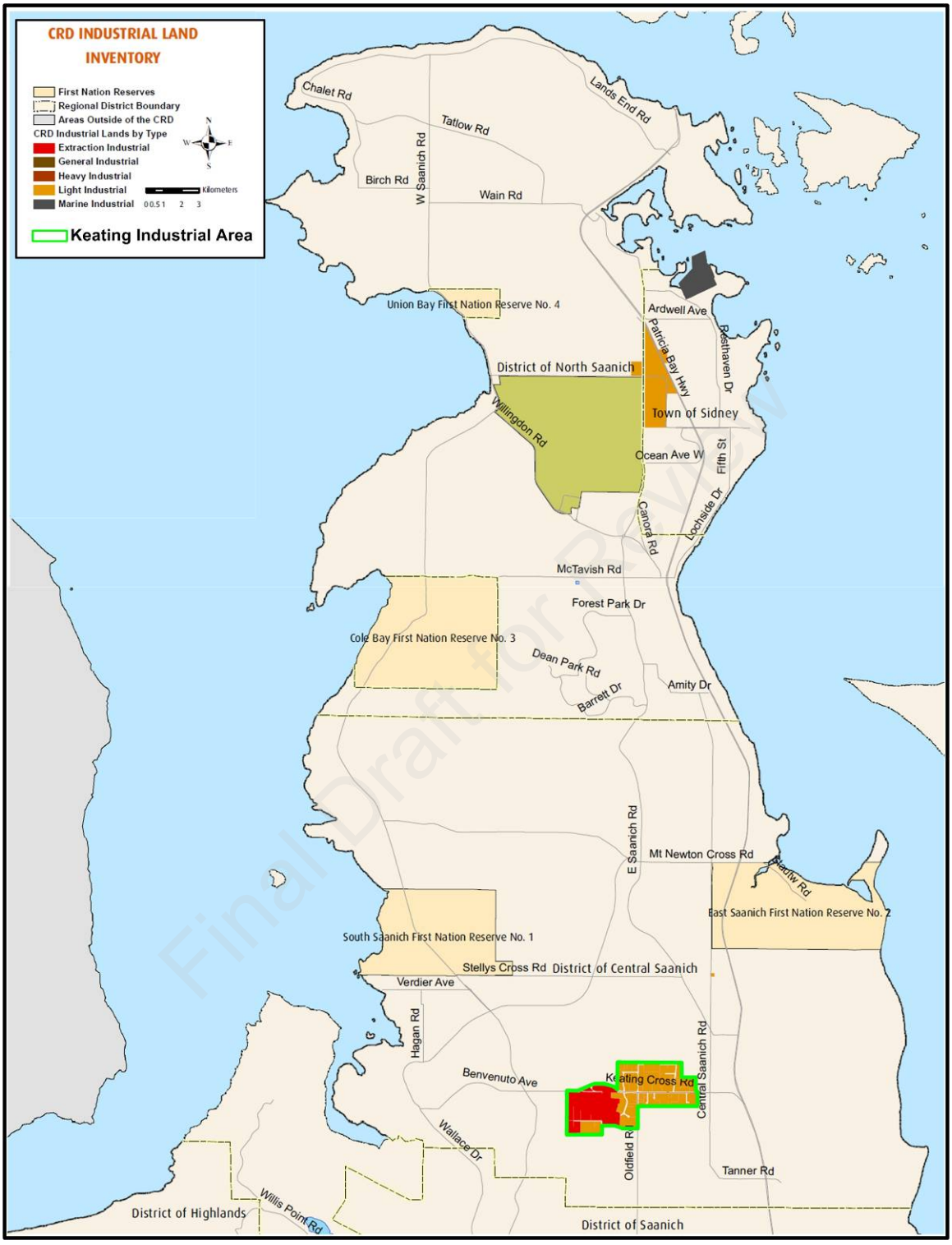
Source: CRD Industrial Land Inventory & Assessment 2009

The CRD Industrial Land Inventory and Assessment 2009 observed that the Saanich Peninsula area (consisting of Central Saanich, North Saanich and Sidney) accounted for 21% of all of the industrial lands in the CRD and 34% of its Light Industrial land. It also stated that the Peninsula held 11% of the vacant industrial land in the CRD. A map of the Peninsula area is shown below where three main industrial areas may be seen, the largest being the Keating Industrial Area (highlighted in green). While the District of North Saanich has just 8 acres of industrial land, it is also home to the Victoria International Airport.

The industrial areas in the District of Saanich are highly competitive and very attractive for business as they are more central than Keating and they are located right on Highway 17 with superior access, convenience, and visibility.

The Victoria industrial areas are also highly competitive and very attractive as they are in immediate proximity to both customers and suppliers near the Urban Core. Industrial land prices in Victoria are extremely high and suburban industrial parks can effectively compete by offering lower land costs for industrial businesses.

Figure 20: Map of Industrial Lands in the Saanich Peninsula

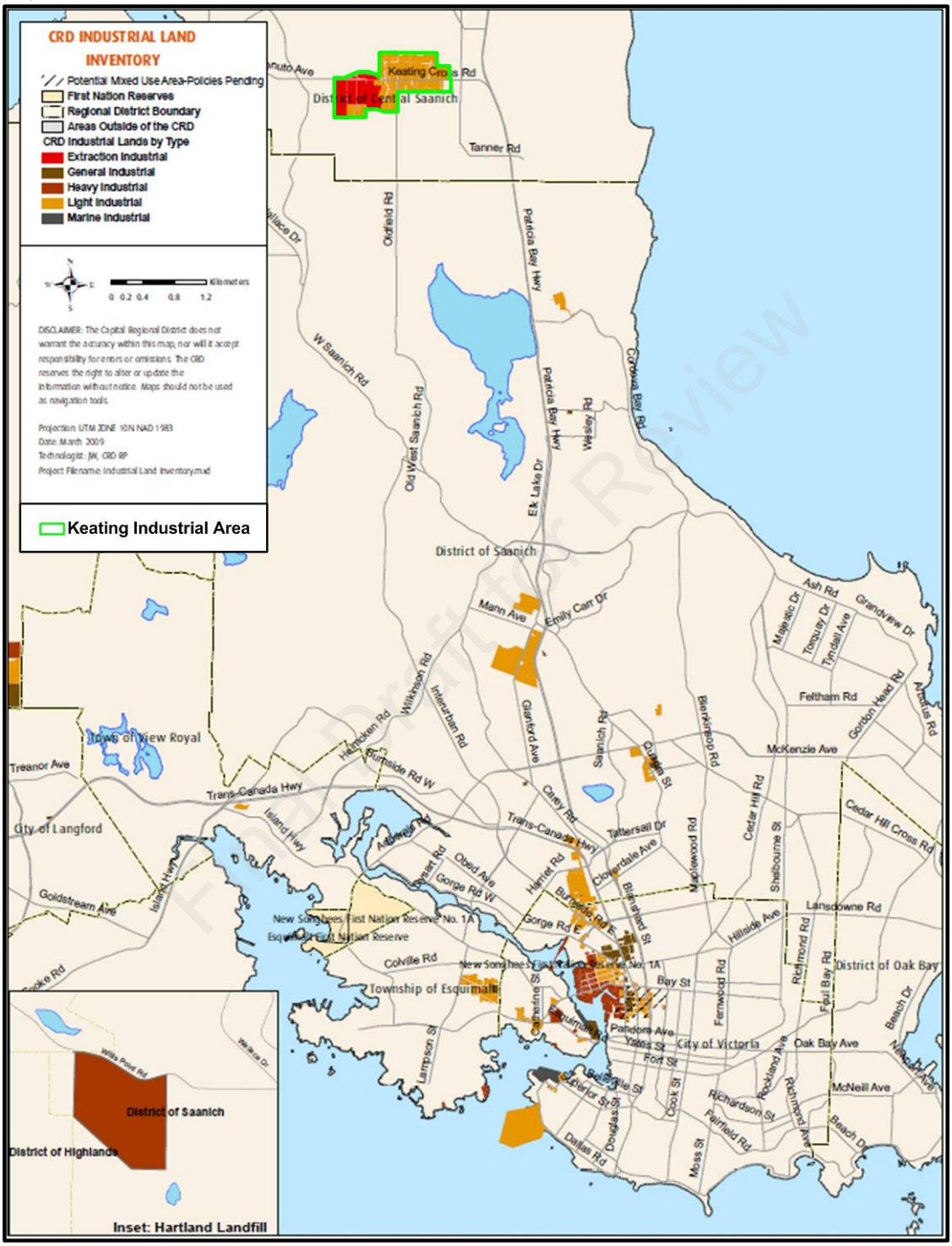


Sources: CRD Industrial Land Inventory & Assessment 2009; Site Economics

The Core area of the CRD (consisting of Victoria, Saanich, Esquimalt, View Royal and Oak Bay) holds just over 45% of the region's industrial lands and are shown on the map below. It

can also be seen that the majority of the industrial lands in the Core area are situated on or near Highway 17, forming a "spine" of industry from Victoria to Sidney.

Figure 21: Map of Industrial Lands in the CRD Core



Sources: CRD Industrial Land Inventory & Assessment 2009; Site Economics

4.2.2 Regional Industrial Vacancy and Absorption Rates

The industrial real estate market has experienced only moderate growth, which has primarily been associated with serving the Greater Victoria region, not all of Vancouver Island. Industrial tenants and businesses do relocate to more modern or larger premises frequently so there is always some form of development opportunity, often contingent on land values. It should be noted that because it is land intensive, many smaller scale localized industrial businesses are owner-users who prefer to own their properties. This puts leasehold lands at a distinct disadvantage unless they offer a better location, are large enough for major industrial users who rent, or are sufficiently low cost to be very competitive.

Commercial brokerage Colliers International describes the Victoria industrial real estate market as a “stagnant market with limited industrial supply coupled with limited demand.”

Negative absorption reflects redevelopment of industrial lands to other uses, particularly residential in high-value inner-urban locations. It should be noted that this comment is a generalization about Victoria as a whole, and not a statement about the merits or prospects of any individual industrial area.

The market has generally added about 50,000 square feet of building area per year, which translates into about three acres of land per year. Keating is well-positioned to capture a portion of this.

VICTORIA CMA INDUSTRIAL MARKET METRICS

Time	Vacancy	Net Rent	Absorption	Construction
2014 Q2	4.5%	$11.50/sq. ft.	4,578 sq. ft.	37,854 sq. ft.
2015 Q2	5.69%	$11.50/sq. ft.	(66,468 sq. ft.)	60,500 sq. ft.

Source: Colliers International - Victoria Industrial Market Report - Summer 2015

4.2.3 Regional Industrial Market Outlook

The Greater Victoria industrial market posted the highest vacancy rate in the past 15 years at 5.69%, which is an increase of 1.1% over the 2014 vacancy rate. This record-setting level of negative absorption is being driven by several large bay warehouses coming vacant and sitting on the market for long periods of time.

This is while small and mid-sized properties continue to exhibit stability, enjoying high demand and average vacancy rates. The increase in overall vacancy is a by-product of a “flight to quality,” in which tenants vacate an older building in favour of a newer one. It is reasonable to expect that newly vacant but high-quality and well-located properties will be absorbed in 2016. (Colliers)

Victoria City and CMA Industrial Market Metrics

	City of Victoria	Victoria CMA
INDUSTRIAL INVENTORY (SF)	2,659,436	9,216,827
VACANT SPACE (SF)	100,533	524,216
VACANCY RATE 2015	3.78%	5.69%
VACANCY RATE 2014	3.40%	4.59%
NET ABSORPTION (2014-2015)	-12,434	-66,468
NET ABSORPTION (2013-2014)	-8,258	4,578
NET NEW SUPPLY (SF)	0	60,500

Source: Cushman & Wakefield

Interest remains strong in modern facilities with good loading and ceiling heights located in close proximity to the downtown core. There is also strong demand in the marketplace for buildings with a substantial land component for outside storage. However, limited demand for older, less efficient Class B and C buildings is contributing to a downward pressure on rental rates for properties in these classes.

Overall, the industrial investment market segment continues to perform well except for the large bay warehousing, which has been characterized by a limited demand contributing to increased vacancy.

Growth is anticipated from boosts in the residential, tourism and technology markets, which benefits business parks. Manufacturing has been strong but partly attributable to increasing contracts from Victoria shipyards. Manufacturing output is expected to increase by 5.1% in 2015 and 2.9% in 2016, according to Colliers Industrial Market Outlook (for Secondary Markets) released in the summer of 2015.

Large bay warehousing vacancy will remain an issue for the Victoria market with older Class B and C properties seeing limited demand. The vacancy rate will increase with 808-836 Viewfield Road in Esquimalt becoming vacant (this is the 131,000 sq. ft. space presently available). The balance of the year will see positive absorption of the existing vacancy as limited new supply will be introduced to the market. Lease rates are anticipated to remain consistent for quality, well-located properties. The rise in vacancy and significant negative absorption is driven almost entirely by large bay warehouses, while small and medium sized properties continue to be sought after in the Greater Victoria market.

4.2.4 Industrial Activity in Central Saanich and the Peninsula

The table below from the Colliers report summarizes the inventory and vacancy metrics across the Victoria Metro area (effectively the CRD).

Table 11: Colliers Victoria Market Report Summary

Market Comparisons							
REGION	INDUSTRIAL INVENTORY (SF)	VACANT SPACE (SF)	VACANCY RATE 2015	VACANCY RATE 2014	NET ABSORPTION	NET ABSORPTION	NET NEW SUPPLY
Sidney/North Saanich	990,026	4,640	0.47%	2.70%	22,458	6,754	0
Central Saanich	1,530,827	142,248	9.29%	3.90%	(7,002)	(16,522)	52,000
Saanich	1,935,102	182,067	9.41%	8.70%	(34,075)	(9,281)	0
City of Victoria	2,659,436	100,533	3.78%	3.40%	(12,434)	(8,258)	0
Esquimalt	791,313	36,213	4.58%	5.20%	5,300	5,688	0
Westshore	1,310,123	58,515	4.47%	0.70%	(40,715)	26,197	8,500
Market Totals	**9,216,827**	**524,216**	**5.69%**	**4.59%**	**(66,468)**	**4,578**	**60,500**

Source: Colliers International - Victoria Industrial Market Report - Summer 2015

The report notes specific trends in the Central Saanich market, notably the sharp rise in vacancy by summer 2015 over the previous year, suggesting that a large portion of this new vacancy is represented by older product requiring improvement or replacement. Indeed those sentiments were echoed by a Victoria-area broker who said that vacancy rates typically hover around 4% and that the recent spike in vacancy was primarily driven by a large block of "outdated" space given back to the market.

Interestingly, industrial space just north in Sidney was, as of the Summer 2015 report, enjoying the lowest vacancy rate in the CRD or just 0.47% despite having a clientele somewhat limited to Peninsula-based operations. This difference in vacancy rates supports the premise that the high vacancy in Central Saanich is driven by the shortcomings of specific properties and not a systemic problem with its industrial real estate market.

Rising land prices in Vancouver are also having ramifications in the Victoria industrial market. Due to land constraints, the Victoria market has long suffered a lack of large industrial parks as compared to other markets, resulting in higher-than-average lease rates, which in turn reduced demand from large industrial users looking to potentially locate to Victoria. Instead, such users would locate in Nanaimo, which is geographically situated to serve both ends of the Island.

However, industrial users are now increasingly incentivized to sell their Vancouver-area properties and lease in the Victoria market, which to them seems comparatively inexpensive. Brokerages report that well-located, fully-serviced industrially-zoned land is presently selling for $1.3 million per acre, while unserviced industrial land is selling for $900,000 per acre. A sampling of active industrial listings is summarized in the table below. Average rent for these listings is $12.44 per square foot, which tend to be higher than in other markets.

Table 12: Selected Industrial Listings

SELECTED INDUSTRIAL LISTINGS - CENTRAL SAANICH AND THE CRD - FEBRUARY 2016				
LOCATION	**ADDRESS**	**SQFT AVAILABLE**	**RENT/SQFT**	**SALE PRICE**
Keating Area	1755 Sean Heights	1,151.74 - 13,508.81	$13.50	
Keating Area	6670 Butler Crescent	9,700 - 25,600	$12.00	
Keating Area	6825 Veyaness Road	10,707 - 10,707	$13.50	$2,390,000
Keating Area	6772-6776 Oldfield Road	2,800 - 39,000	$12.00	
Other Victoria	1986 Mills Road, Sidney	21,684 - 21,684	$13.00	
Other Victoria	721 Vanalman Avenue, Victoria (Vanalman Comm'l Centre)	2,000 - 35,000	$12.00	
Other Victoria	4261 Glanford Avenue, Victoria (Royal Oak Business Park)	8,200 - 8,200	$12.00	
Other Victoria	2658 Wilfert Road, Colwood	7,500 - 7,500	$12.00	
Other Victoria	1075 Henry Eng Place, Langford	3,000 - 3,000	$13.50	
Other Victoria	3318 Oak Street, Victoria	1,651 - 1,651	$12.50	
Other Victoria	543 Hillside Avenue, Victoria	10,966 - 28,966	$11.75	$4,490,000
Other Victoria	A 931 Ellery Street, Victoria	16,450 - 16,450	$12.50	
Other Victoria	4 - 798 FAIRVIEW ROAD, Victoria	2,292 - 2,292	$11.50	$350,000

Source: Colliers International; Site Economics

Anne Tanner, Managing Broker with Cushman & Wakefield in Victoria, commented that there is ample demand to support the expansion of the Keating industrial area. She made the following observations about the industrial market in Central Saanich:

> "The industrial sector is a very interesting market here in Greater Victoria right now. Lots of change on the front!
>
> Traditionally, Victoria wasn't a large industrial market due to being "land locked", however due to lack of supply, Victoria's industrial market has been very strong and stable. Victoria traditionally doesn't have the land mass to provide large industrial parks for users, so what this triggers is your typical supply and demand model. Victoria traditionally has had higher than average lease rates due to lack of product. Net rates range in the $9-$12 per sq. ft. net range, which are much higher than typical industrial markets. For that we haven't seen a huge demand from large industrial users looking to locate in Victoria. Typically these users have headed north to Nanaimo that is a much more expanse and accessible market that will service both ends of the island.
>
> That being said, recently we have seen a huge flux of activity in the industrial market, primarily due to land prices increasing in the lower mainland. Owner/users are opting to sell their land at a high price in Vancouver and have looked for options to buy and lease in Victoria and the surrounding area. Our traditionally high land prices and lease rates are no longer high in their mind! Today we are seeing prices for unserviced land in the $850,000/acre range up to approximately $1,300,000/acre for a strategically located, fully-serviced ready-to-build smaller scale property.

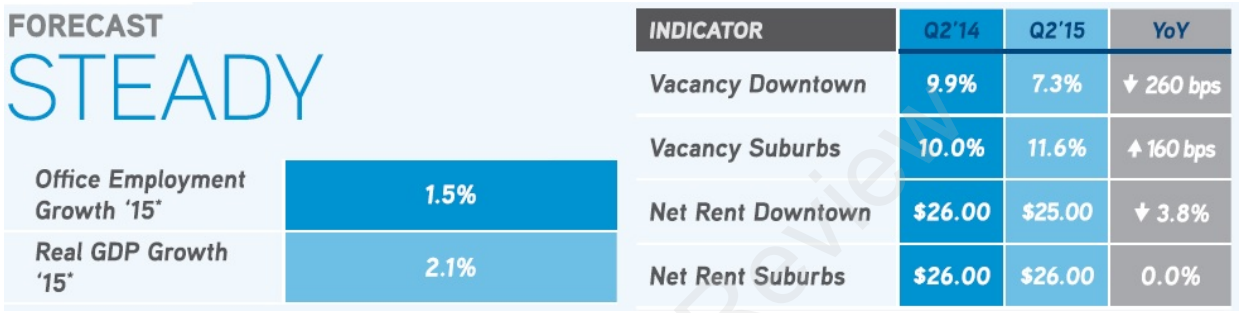
An interesting area of town to look at is the Keating X Road area on Victoria. There is a huge amount of growth on the Saanich Peninsula and this is being driven by young families locating to the Sidney/Central Saanich areas of town, but more predominantly by the jobs being offered by large employers such as Epicure, Viking Air, the new Sobey's distribution warehouse that services Vancouver Island, the airport authority and expected expansion and many other factors. Jobs are being created and young families are following suit.

There are very limited options for various industrial users looking for space such as KMS Tools, Bunzl, Epicure, Viking Air and many other Class A industrial users. Vacancy rates have typically been around the 4% mark, but have increased to approximately 10%. But do not be alarmed…this has been experienced by a large block of space that has been given back, and space that is well outdated. If one were to build new class A flex industrial space on a lease or sale basis, there would be a significant demand in this neck of the woods. Don't be alarmed by the change in vacancy rate! Build and they will come!"

4.3 Office Market Overview

As of mid-year 2015, Victoria has an inventory of nearly 8.7 million square feet of office space with an overall vacancy rate of 9.2%, which is higher than the ten-year average vacancy of about 7.7%. The downtown submarket saw its vacancy rate fall to 7.3% from 9.9% last year, though its inventory shrank by over 22,000 sq. ft. to 4.875 million sq. ft. Rents remained largely stable at $26/sq. ft. net, but fell to $25/sq. ft. net downtown. The chart below summarizes this information, which Colliers International suggests is a steady forecast for the near future.

Victoria Office Market Summary



Source: Colliers International

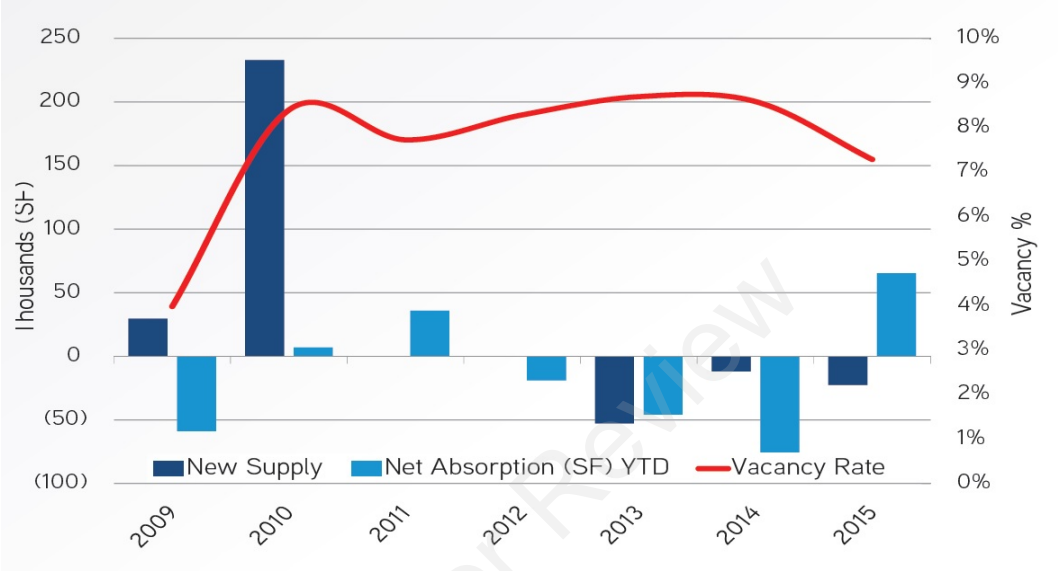
The vacancy rate in downtown Victoria has dropped largely due to public sector absorption caused by the relocation of tenants from the Capital Park construction site. Large supply increases expected over the next two years, however, could drive relocations to downtown. New supply in the suburban office market has seen slow absorption and contributes to an increasing vacancy rate. Additional new supply expected by the end of 2015 may cause further vacancy increases, or put downward pressure on rents in the suburban market.

Changes in Office Supply

The removal of one Class C government office building from the inventory located on the Capital Park site resulted in a reduction of 22,474 square feet in supply in the first half of 2015. More than 100,000 square feet of Class C buildings on the Capital Park site will be demolished in the second half of 2015 and removed from the inventory. Negative supply should continue for the rest of the year and into 2016 as more buildings are removed. Construction has begun on Jawl Properties' 1515 Douglas, which will supply approximately 261,000 square feet to the market in two phases. Construction will begin this summer on Capital Park – the joint project between Jawl Properties and Concert Properties – with 225,000 square feet expected to come to market in 2017. "Customs House", a re-development project at 816 Government Street by Cielo Properties, is in the planning stage and will add approximately 50,000 square feet of new office space in the downtown heritage building. The large supply of quality space becoming available will increase pressure on owners of older buildings to consider repurposing or refurbishing in order to compete in Victoria's expanding office market.

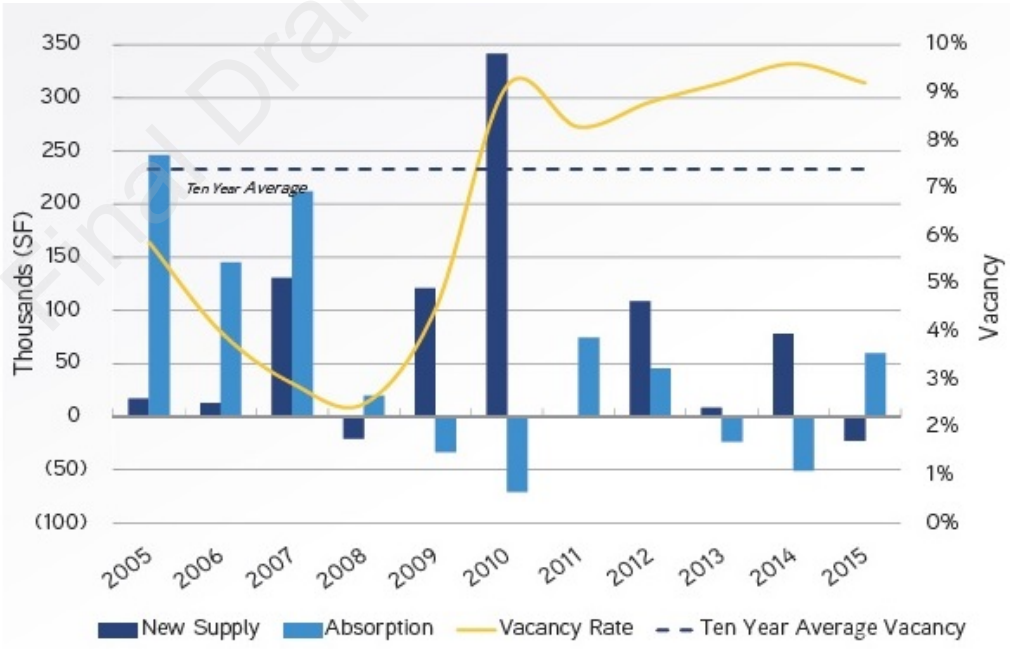
This new supply reduces demand across Victoria and particularly in the suburbs. Office demand in the region is focussed on inner-urban amenity rich locations which have excellent public transit. An office building at the subject site would be very difficult to justify, particularly given the difficulty the existing office building has remaining leased.

Downtown Victoria Office Market Performance



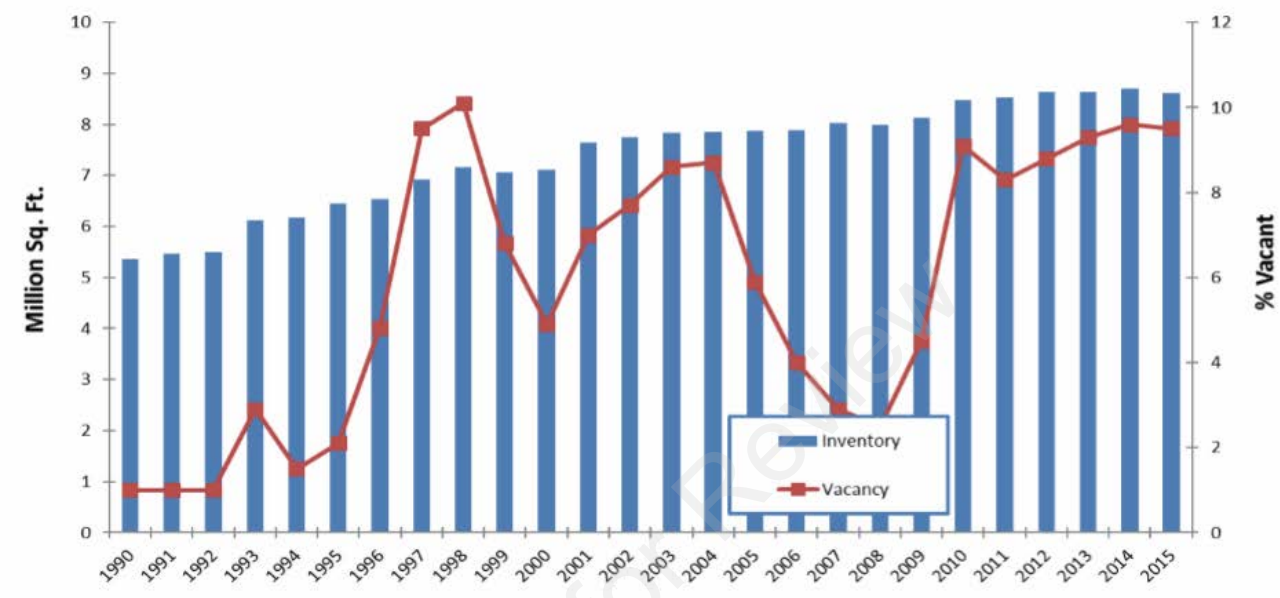
Source: Colliers International

Overall Victoria Office Market Performance



Source: Colliers International

Greater Victoria Office Supply and Vacancy



Office Market Overview

The office market in Greater Victoria has been positive in the first half of 2015, with a decrease in the overall vacancy rate from 9.6% at year-end 2014 to 9.2% by mid-year 2015. New demand downtown and a lack of new supply contributed to an overall positive absorption of 59,401 sq. ft. For the first year since 2011, Victoria has experienced a vacancy rate decrease along with positive overall absorption. Occupied space remains at a record high of 7,893,087 sq. ft., while vacant space decreased from its record of 835,715 sq. ft. at the end of 2014 to 799,313 sq. ft. by mid-year 2015. The chart below shows absorption and vacancy data, broken down by submarket and building class.

OFFICE MARKET DETAILS 2015 Q2

MARKET	CLASS	TOTAL INVENTORY (SF)	VACANT (SF)	VACANCY RATE	NET ABSORPTION	NET NEW SUPPLY
DOWNTOWN						
	A	513,808	4,476	0.87%	(1,755)	0
	B	3,608,423	248,543	6.89%	31,764	0
	C	753,129	113,881	15.12%	35,283	(22,474)
Region Total		**4,875,360**	**354,996**	**7.28%**	**65,292**	**(22,474)**
SUBURBAN						
	A	898,167	170,817	19.02%	5,915	0
	B	2,583,450	222,562	8.61%	8,248	0
	C	335,423	50,938	15.19%	(20,054)	0
Region Total		**3,817,040**	**444,317**	**11.64%**	**(5,891)**	**0**
MARKET TOTALS		**8,692,400**	**799,313**	**9.20%**	**59,401**	**(22,474)**

Source: Colliers International

The difference between suburban and downtown office demand was prevalent in the first half of 2015 – highlighted by Class A vacancy rates. Downtown Class A vacancy remained the lowest at 0.87% while suburban Class A vacancy was the highest at 19.02%. The “flight to quality” phenomenon experienced downtown has not been observed in the suburban market, where tenants tend to be attracted to more affordable and functional middle-class office space, and as a result, absorption of the Uptown and Midtown Court developments continues to move slowly.

Victoria Office Market Forecast

Commercial brokerage Colliers International expects the office market to remain stable downtown over the next two years as tenants and landlords anticipate the arrival of up to 600,000 sq. ft. of high quality office space while 67,000 sq. ft. of Class C office space at the Capital Park site is removed from the inventory. Many industries are following the trend toward more efficient office space. Tech companies demand open, non-traditional spaces, while even traditional office spaces may now require less square footage as new efficiencies reduce space requirements.

Moreover, pushes by head offices and government departments to increase real estate efficiency may result in an increase in subleased space, which, in turn, will likely increase vacancy rates.

Office Land Use Assessment

There are 4.9 million sq. ft. of office space downtown and 3.8 million sq. ft. in the suburbs for a total market in Greater Victoria of about 8.7 million sq. ft. Since 2011, the inventory has increased by about 175,000 sq. ft. across the market but has actually decreased downtown.

The office market in Victoria is dominated by a small group of developers and the provincial government. According to Colliers, in mid-year 2015 vacancy downtown decreased to 4.5% and under 1% for Class A buildings. This is in contrast to the higher vacancy rates in the suburbs. The site's proximity to downtown would serve as an advantage in the office market.

The existing office building at the gateway to Keating Cross is generally considered to be a problem property. Rents are very low - $19 per sq. ft., vacancy is high and there is very little demand. In summary, this land use would not be feasible and the focus should be on industrial with some ancillary office.

4.4 Retail Market Potential

The capital regional district and Central Saanich offers ample demand for retail space. There would be limited demand or potential for any major new retail development in the Keating Cross industrial district. Rather, any potential would be limited to small scale retail stores and services on the grade level of multi-use buildings which have frontage on the major arterial. This is typically limited to food services, restaurants, personal services, business services, and other commercial enterprises which rely on convenience customers. The local

employment base and drive-by traffic comprises a significant number of potential customers but only for a limited and focused type of convenience retail. The ratio of this type of use to industrial would be less than 5% and retail would be generally considered to be ancillary. It would not need its own zone but rather be discretionary within standard industrial zoning.

5.0 CRD Employment Projections and Land Requirements

This section translates the projections for employment into projections for land use.

5.1 Employment Lands Strategy Model

This section of the report outlines the scale of long-term employment demand in Greater Victoria and Central Saanich projected to the year 2041. This is a critical part of the report which shows where and what type of jobs Central Saanich has now and will have to 2041 and what types of land those jobs will require. It will aid in determining whether Central Saanich has enough land to accommodate those future jobs with its Butler Pit lands. In doing so, the Employment Lands Strategy Model as described in Section 1.2 was utilized. This is a simplified but highly reliable and industry-standard method of converting employment forecasts into real estate demand.

5.2 Employment Projections 2016-2041

The table below converts the six occupational sectors, as designated by Urban Futures, into employment by building type. The consultants have reviewed 200 North American Industry Classification System (NAICS) business classifications which make up the six occupational sectors used by Urban Futures and developed a system for allocating those jobs into four land use types: Office, Industrial, Commercial, and Institutional. These figures reflect the unique land and building mix in Central Saanich, and it should be noted that more inner-urban areas would represent greater land use intensity, thus a higher number of employees per square foot.

For example, the data below indicates that 65% of all sales and service employment occurs in Commercial land use buildings, while 30% is allocated to Industrial buildings.

Table 13: Land Use Ratios by Occupational Sector – Central Saanich

LAND USE RATIOS BY OCCUPATIONAL SECTOR					
OCCUPATIONAL SECTOR	**Office**	**Industrial**	**Commercial**	**Institutional**	**Total**
Management, Business, Finance and Admin.	48%	20%	22%	10%	100%
Natural and Applied Sciences	30%	30%	10%	30%	100%
Commercial, Sales and Service	5%	30%	65%	0%	100%
Social Sciences, Health and Government	20%	5%	25%	50%	100%
Construction, Trade and Transport	5%	75%	15%	5%	100%
Primary Resources and Manufacturing	5%	95%	0%	0%	100%

Source: Site Economics

Applying these ratios to the overall employment projections shown in the previous sections, projections for employment within specific land use types may be calculated. The table below shows the projected employment on industrial land in the Capital Regional District. The number employed on industrial land in the CRD is expected to grow from nearly 60,000 to over 67,000 between 2016 and 2041, accounting for roughly 29% of the workforce.

Table 14: Projected Employment by Land Use Type - Capital Regional District

EMPLOYMENT PROJECTION - CAPITAL REGIONAL DISTRICT - 2016-2041						
EMPLOYMENT LAND TYPE	**2016**	**2021**	**2026**	**2031**	**2036**	**2041**
Office	44,490	45,490	46,430	47,510	48,690	49,910
Industrial	59,820	61,400	62,680	64,050	65,570	67,150
Commercial	67,180	69,210	71,110	73,190	75,410	77,690
Institutional	33,430	34,680	35,840	37,070	38,360	39,690
TOTAL EMPLOYMENT	**204,920**	**210,780**	**216,060**	**221,820**	**228,030**	**234,440**
Percent of Population	54.8%	53.5%	52.2%	51.3%	50.9%	50.7%

Source: Urban Futures, Site Economics

The employment projections for industrial lands may be disaggregated further into its constituent occupational sectors, as shown in the table below.

Table 15: Projected Industrial Employment by Occupational Sector - CRD

INDUSTRIAL EMPLOYMENT PROJECTION - CAPITAL REGIONAL DISTRICT - 2016-2041						
OCCUPATIONAL SECTOR	**2016**	**2021**	**2026**	**2031**	**2036**	**2041**
Management, Business, Finance & Admin.	10,810	10,890	10,970	11,090	11,250	11,420
Natural and Applied Sciences	5,520	5,870	6,210	6,540	6,880	7,220
Commercial, Sales and Service	18,090	18,710	19,290	19,910	20,570	21,240
Social Sciences, Health and Government	2,130	2,210	2,290	2,370	2,460	2,540
Construction, Trade and Transport	18,030	18,370	18,680	19,050	19,460	19,910
Primary Resources and Manufacturing	5,240	5,360	5,260	5,090	4,950	4,830
TOTAL INDUSTRIAL EMPLOYMENT	59,820	61,400	62,680	64,050	65,570	67,150

Source: Urban Futures, Site Economics

The same methodology has been applied to the employment projections for the District of Central Saanich, and the projected employment by land use type is summarized in the table below. The number employed on industrial land in the CRD is expected to grow from just over 3,100 to nearly 3,500 between 2016 and 2041, accounting for roughly 35% of the workforce. That Central Saanich has a higher fraction of its workforce working on industrial land should not be surprising, given its higher than average share of regional industrial land.

Table 16: Projected Employment by Land Use Type in Central Saanich

EMPLOYMENT PROJECTION - DISTRICT OF CENTRAL SAANICH - 2016-2041						
EMPLOYMENT LAND TYPE	**2016**	**2021**	**2026**	**2031**	**2036**	**2041**
Office	1,880	1,920	1,960	2,010	2,070	2,120
Industrial	3,140	3,210	3,250	3,310	3,380	3,460
Commercial	2,640	2,720	2,790	2,880	2,990	3,090
Institutional	1,290	1,340	1,380	1,430	1,500	1,540
TOTAL EMPLOYMENT	**8,950**	**9,190**	**9,380**	**9,630**	**9,940**	**10,210**
Percent of Population	55.8%	55.0%	53.8%	52.8%	52.4%	51.5%

Source: Urban Futures, Site Economics

The employment projections for industrial lands may be disaggregated further into its constituent occupational sectors, as shown in the table below.

Table 17: Projected Industrial Employment by Occupational Sector in Central Saanich

INDUSTRIAL EMPLOYMENT PROJECTION - DISTRICT OF CENTRAL SAANICH - 2016-2041						
OCCUPATIONAL SECTOR	**2016**	**2021**	**2026**	**2031**	**2036**	**2041**
Management, Business, Finance & Admin.	448	450	454	460	468	476
Natural and Applied Sciences	324	342	357	372	390	405
Commercial, Sales and Service	690	711	735	762	795	825
Social Sciences, Health and Government	67	70	73	76	80	82
Construction, Trade and Transport	1,080	1,095	1,103	1,118	1,140	1,170
Primary Resources and Manufacturing	532	542	532	523	504	504
TOTAL INDUSTRIAL EMPLOYMENT	**3,140**	**3,210**	**3,250**	**3,310**	**3,380**	**3,460**

Source: Urban Futures, Site Economics

Thus, of the roughly 7,300 new industrial jobs expected in the Capital Regional District between 2016 and 2041, about 350 of them are expected in the District of Central Saanich. This assumes a natural progression in the absence of economic or other interventions.

The lack of industrial land supply indicated that Central Saanich has the potential to capture a much larger share of this regional employment growth than forecast in this conservative population and employment driven scenario. Land supply can lead to land demand and a far greater pace of development when industrial businesses throughout the region have few alternative business parks in which to locate. Alternative growth scenarios for the study area will be based on higher capture rates due to lack of supply elsewhere.

5.3 Industrial Building and Land Use Projections

Employment projections for industrial land uses can be combined with other metrics to determine the overall demand for industrial property. One metric commonly used is square feet per worker. This figure can vary considerably depending on the kind of industrial operation taking place. For instance, light industrial operations often use space at a rate of about 400 square feet per worker, while logistics operations can range from 1,200 to 2,000 square feet of space per worker, depending on the level of automation.

The average industrial square footage per worker in Central Saanich was determined by taking the total square footage as provided by brokerage sources divided by the estimate of the total number of industrial workers. In 2015, Central Saanich was home to a reported 1,530,827 square feet of industrial space and an estimated 3,130 industrial workers, resulting in an average ratio of 489 square feet per worker. This figure aligns with what one might expect from predominantly light industrial activity, and we expect this ratio of workers to space to remain consistent through the study period.

Employment projections and space-per-worker ratios are then combined to project the total industrial square footage required/demanded over the study period. Between 2016 and 2041 Central Saanich is expected to require about 156,500 square feet of additional industrial space to match the needs of its expected workforce, rising to about 1.69 million square feet in 2041 from about 1.53 million square feet in 2015.

Converting the required square footage into land area is done by determining the Site Coverage Ratio (SCR) of existing industrial lands and applying it to the space projection.

Since any new industrial uses in Central Saanich will fall into the Light Industrial category, the current SCR would be based on existing Light Industrial lands. Thus the 169.6 acres of Light Industrial (as per the CRD Industrial Land Inventory & Assessment 2009) yields 7,387,776 square feet of land area or an SCR of 20.7%.

Should the land used to support the projected industrial workforce have the same SCR as existing light industrial land then about 17.4 acres of additional land will be required by 2041. That requirement drops down to 6.0 acres if new industrial properties were built at an SCR of 0.6, which is presently allowed by Central Saanich under I1 zoning. Note that this is a highly conservative scenario relying upon "population-driven" growth.

Table 18: Industrial Space and Land Projections - Central Saanich

INDUSTRIAL LAND USE PROJECTION - DISTRICT OF CENTRAL SAANICH - 2016-2041						
KEY METRIC	**2016**	**2021**	**2026**	**2031**	**2036**	**2041**
Industrial Workers	3,140	3,210	3,250	3,310	3,380	3,460
Building Space (Sqft @ 489 sqft/worker)	1,535,720	1,569,950	1,589,520	1,618,860	1,653,100	1,692,220
Land Area (Sqft @ 20.7% Site Coverage)	7,411,380	7,576,600	7,671,010	7,812,630	7,977,850	8,166,680
Land Area (Acres @ 20.7% Site Coverage)	170.1	173.9	176.1	179.4	183.1	187.5
ADDITIONAL LAND REQUIREMENTS	**2016-21**	**2021-26**	**2026-31**	**2031-36**	**2036-41**	**2016-41**
Acreage Required (@ 20.7% SCR)	3.8	2.2	3.3	3.7	4.4	17.4
Acreage Required (@ 60% SCR)	1.3	0.7	1.1	1.3	1.5	6.0

Source: Site Economics

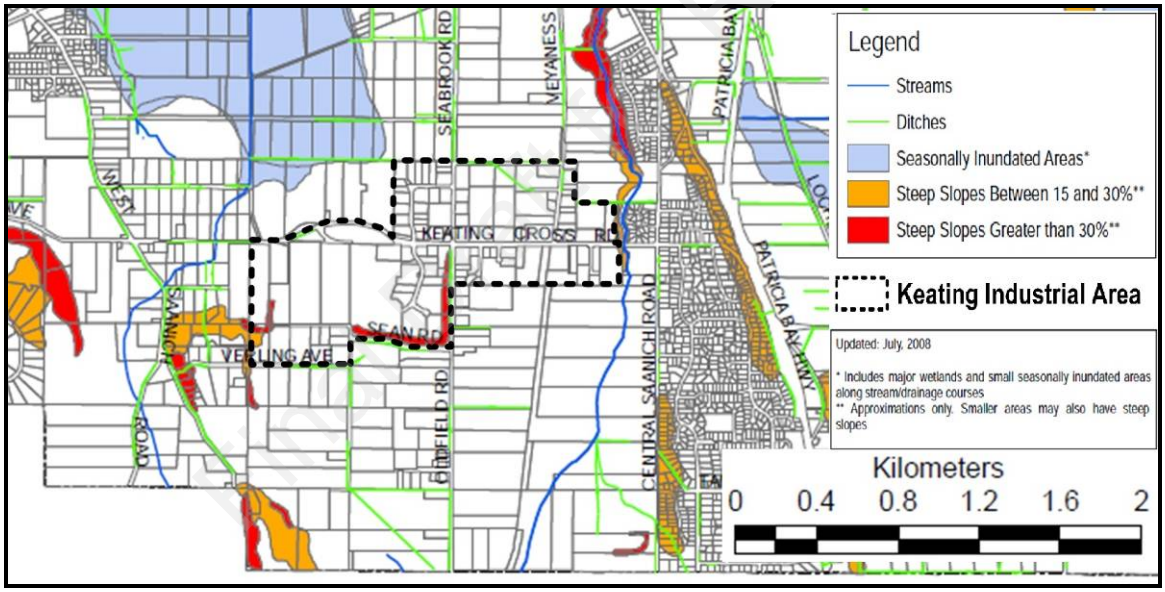
6.0 Overview of Supply vs. Demand to 2041

This section compares the projected demand for industrial space and land to the land available through the conversion of the Butler Pit from extraction to light industrial. Capacity of the Butler Pit site is also explored. This site is the central focus of future expansion for the Keating Corridor. Its projected zoning, servicing, development, and occupancy are the central objective of this study.

6.1 City Wide Observations

The Butler Pit is a 65.45 acre site presently used for gravel extraction but will serve as a sizable source of Light Industrial land in the future. The map below shows constraints which would otherwise impede development. The Butler Pit area has few areas which are constrained by sloped terrain, and these areas are at the western or southern edges of the site. Thus it is assumed that about 75% of this acreage (or 50 acres) could eventually be put to productive use, whereas the remaining 25% is lost to infrastructure, landscaping and terrain too steep to be developed. (stantec to confirm net developable area)

Figure 22: Keating Area Development Constraints



Sources: District of Central Saanich OCP; Site Economics

As discussed previously, natural employment growth in Central Saanich is expected to require, at most, 17.4 acres of industrial land by 2041, assuming they will be developed at the same level of efficiency as existing industrial properties. The Butler Pit area has more than sufficient land to meet this need. Should the new industrial lands be built at the maximum site coverage ratio of 0.6 (and a single storey building with a Floor Surface Ratio of 0.6) then 1.28 million square feet of industrial space can be accommodated, which translates to a potential of over 2,600 additional workers. This number increases to nearly 4,400 additional workers if the new developments are built to the maximum allowed FSR of 1.0. These estimates are summarized in the table below.

Table 19: Butler Pit Employment Potential at Maximum Utilization

BUTLER PIT CONVERSION TO LIGHT INDUSTRIAL	
Total Available Acreage at Butler Pit	65.5
Fraction Lost (servicing/roads/etc)	0.25
Remaining Buildable Acreage	49.1
Building sqft @ 1.0 FSR & 0.6 SCR	2,138,410
New Industrial Worker Capacity @ 489 sqft/worker	4,370
Building sqft @ 0.6 FSR & 0.6 SCR	1,283,050
New Industrial Worker Capacity @ 489 sqft/worker	2,620

Sources: District of Central Saanich; Site Economics

As mentioned in the previous section, the Capital Regional District is expected to add about 7,300 industrial jobs between 2016 and 2041 and natural growth in District of Central Saanich accounts for only about 350 of them. Depending on the level of employment density of new development, the Butler Pit lands could accommodate 2,300 to 4,000 additional workers. Thus instead of capturing a 4.8% share of new industrial jobs, Central Saanich could theoretically capture 35.7-59.6% of new industrial employment, if it became the preferred site for industrial development in the CRD and new development was built to its maximum presently allowable density.

6.2 Development Scenarios

The situations previously discussed represent the extreme possibilities of potential development outcomes, but in order to model more probable scenarios, actual changes in industrial inventory over time were examined. In late 2015, the inventory in the CRD accounted for about 9.217 million square feet and has grown by about 150,000 per year over the past ten years, and that trend is expected to continue through the end of the study period. As of late 2015, the Keating Area accounted for about 1.531 million square feet of industrial space, or about 16.6% of the regional inventory. Thus, development scenarios for the Keating Area can be expressed as variations in absorption rates.

The low-growth scenario keeps the Keating Area share of the total CRD inventory as constant at 16.6%. The result of this scenario is an average construction of about 25,000 square feet of industrial space added to the inventory each year, using an annual average of 1.43 acres of land. By 2041, this scenario builds 623,000 square feet of space over the 2016 inventory on 35.7 acres of the former Butler lands, and employing an additional 1,250 workers. Typical industry-standard metrics were assumed for light-industrial development in this and the other scenarios; an average FSR of 0.47 was assumed as was an average of 500 sqft per worker. It should be noted that in this scenario, the Butler site still has room to expand as only 35.7 acres would be developed by 2041.

The medium growth scenario considers the fact that the Keating Area is a site ideal for light industrial development, and may command a higher market share as sites closer to Victoria "fill up" over time. Thus the market share is modeled as increasing to 19.7% before "topping

out" and running out of available space by 2036. This scenario sees 2.5 to 3.2 acres developed per year until the site is fully developed. By 2036, this scenario builds 871,000 square feet of space over the 2016 inventory on 50 acres of the former Butler lands, and employing an additional 1,740 workers.

The high growth scenario considers the possibility of the Keating site commanding an even higher share of the total CRD industrial market, either through incentives or other inducements such as infrastructural improvements. In this scenario, market share jumps to 19% in 2021 and rises to 20.9% before "topping out" and running out of available space by 2031. This scenario sees 2.8 to 4.2 acres developed per year until the site is fully developed. By 2031, this scenario builds 871,000 square feet of space over the 2016 inventory on 50 acres of the former Butler lands, and employing an additional 1,740 workers.

The results of these scenarios are summarized in the table below.

Table 20: Results of Three Potential Development Scenarios

DEVELOPMENT SCENARIOS - INDUSTRIAL SPACE AND ACREAGE - CENTRAL SAANICH - 2011-2041						
	2016(1)	**2021**	**2026**	**2031**	**2036**	**2041**
CRD INDUSTRIAL SPACE (in 000s of sqft)	9,217	9,967	10,717	11,467	12,217	12,967
LOW GROWTH SCENARIO SHARE	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%
CENTRAL SAANICH FLOOR SPACE (in 000s of sqft)	1,531	1,656	1,780	1,905	2,029	2,154
CUMULATIVE ADDITIONAL SPACE (in 000s of sqft)		125	249	374	498	623
CUMULATIVE CENTRAL SAANICH ACREAGE (2)		7.1	14.3	21.4	28.6	35.7
CUMULATIVE ADDITIONAL EMPLOYMENT (3)		250	500	750	1,000	1,250
MEDIUM GROWTH SCENARIO SHARE	16.6%	18.0%	18.5%	19.0%	19.7%	18.5%
CENTRAL SAANICH FLOOR SPACE (in 000s of sqft)	1,531	1,794	1,983	2,179	2,402	2,402
CUMULATIVE ADDITIONAL SPACE (in 000s of sqft)		263	452	648	871	871
CUMULATIVE CENTRAL SAANICH ACREAGE (2)		15.1	25.9	37.2	50.0	50.0
CUMULATIVE ADDITIONAL EMPLOYMENT (3)		530	900	1,300	1,740	1,740
HIGH GROWTH SCENARIO SHARE	16.6%	19.0%	20.0%	20.5%	19.7%	18.5%
CENTRAL SAANICH FLOOR SPACE (in 000s of sqft)	1,531	1,894	2,143	2,402	2,402	2,402
CUMULATIVE ADDITIONAL SPACE (in 000s of sqft)		363	612	871	871	871
CUMULATIVE CENTRAL SAANICH ACREAGE (2)		20.8	35.1	50.0	50.0	50.0
CUMULATIVE ADDITIONAL EMPLOYMENT (3)		730	1,220	1,740	1,740	1,740

1) Inventory numbers as of late 2015 as supplied by Colliers International

2) Assumes average FSR of 0.4

3) Assumes average of 500 sqft per worker

Sources: Colliers International; Site Economics

7.0 Industrial Real Estate Trends

Industrial Flex Space

While no longer a new trend in industrial land use, flex space remains a very popular and marketable form of commercial space because of its flexibility. Flex space covers a broad range of uses and often is used to combine one or more uses in a single facility, including office space, research and development, showroom retail sales, light manufacturing research and development (R&D) and even small warehouse and distribution uses. Because of this versatility, flex buildings are sometimes listed as separate category. Flex buildings typically have ceiling heights under 18 feet and have a higher percentage of office space than larger industrial buildings. Typically found in industrial and business parks, but also tucked in among more traditional business structures, flex spaces can serve as an office, a warehouse, a light industrial facility or all three at once.

The international brokerage firm Cushman & Wakefield discusses trends in industrial real estate demand in the US and across North America in its report " North American Industrial Real Estate Forecast 2015-2017" published in March 2015. The discussions of warehousing and manufacturing below are excerpted from that report:

Warehousing & Logistics Trends

E-commerce is transforming warehouses into the retail stores of the future as more and more consumers use the internet for purchasing merchandise. The increase in demand for e-commerce facilities is the major driver in the resurgence of new development throughout the country. These new buildings require build-outs not found in many existing facilities.

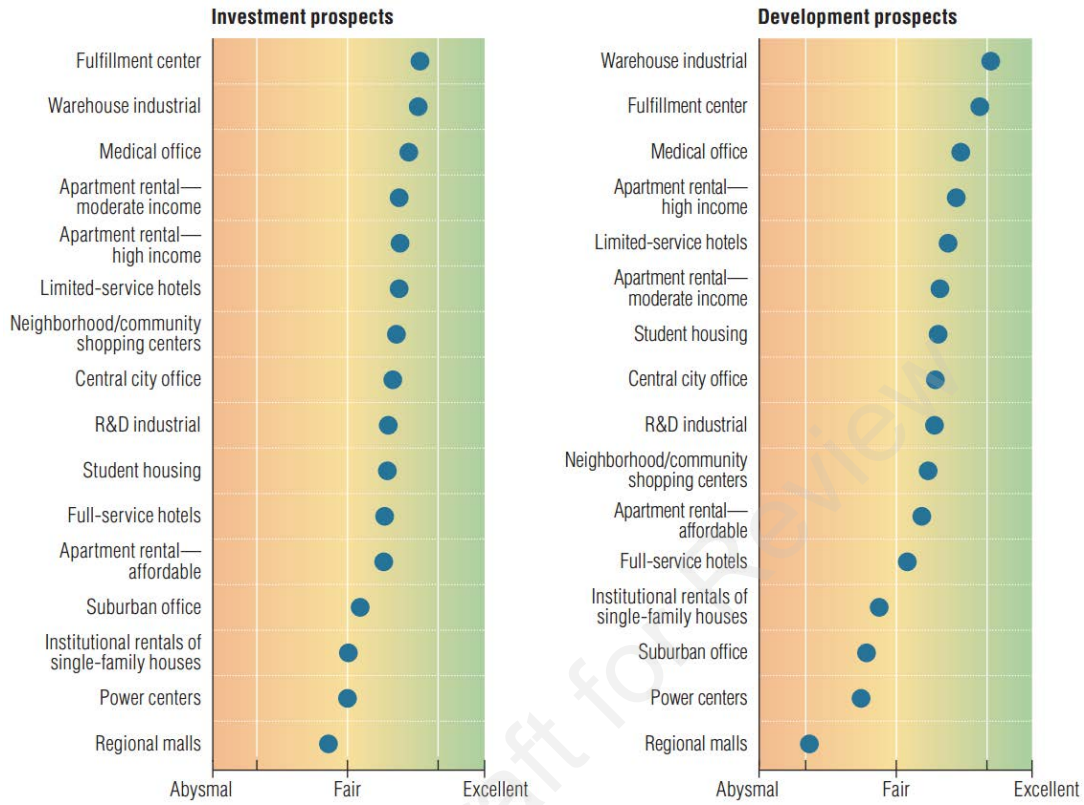
One of the most significant trends in industrial real estate is the growing dominance of large, "big box" space in new construction. These massive structures are generally state-of-the-art distribution facilities equipped with features that many clients desire, such as excess clear heights, larger bays, more surrounding land for additional parking, and more power for fulfillment equipment.

The warehouse of today requires features such as clear heights of 36-to-40 feet to accommodate modern conveyor systems, which need greater temperature control and require more power than many existing locations offer. Other factors pushing distribution centers from 30’-32’ to 36’-40’ are mezzanines that support high-velocity order picking.

Manufacturing Trends

U.S. manufacturing is making a highly anticipated comeback. The promise of cheaper domestic energy sources and rising labour costs around the world are prompting more manufacturers to set up shop locally. This phenomenon, known as re-shoring or in-sourcing, is being adopted by a number of major companies now expanding operations stateside. Emerging technological advances, such as improved measuring/process control, advanced digital technologies and sustainable manufacturing, have made many older facilities functionally obsolete, opening the door for more speculative construction to take place within the next few years.

Urban Land Institute's "Emerging Trends in Real Estate 2016" report identifies several types of North American industrial and commercial land uses and ranks them by their current investment and development potential. The rankings are summarized in the chart below.



Source: *Emerging Trends in Real Estate 2016* survey.
Note: Based on U.S. respondents only.

According to the report, warehouse industrial and fulfillment centres have the best prospects of the development types listed, approaching what the authors describe as an excellent opportunity.

7.1 Space Utilization Trends

Given the pressure to convert industrial lands to other uses, and the limited size of the current industrial land base, protecting the region's industrial land supply is imperative to accommodate a growing economy and employment base. Intensification promotes using lands, resources, and infrastructure more efficiently by allowing sites to achieve higher-density forms of industrial development. It facilitates new growth through the re-development of existing under-utilized sites, while reducing the pressure to convert agricultural and rural lands to industrial uses. It is important to note, however, that industrial intensification is but one tool in a broader policy framework and may not be possible in all locations or for all industrial uses and activities.

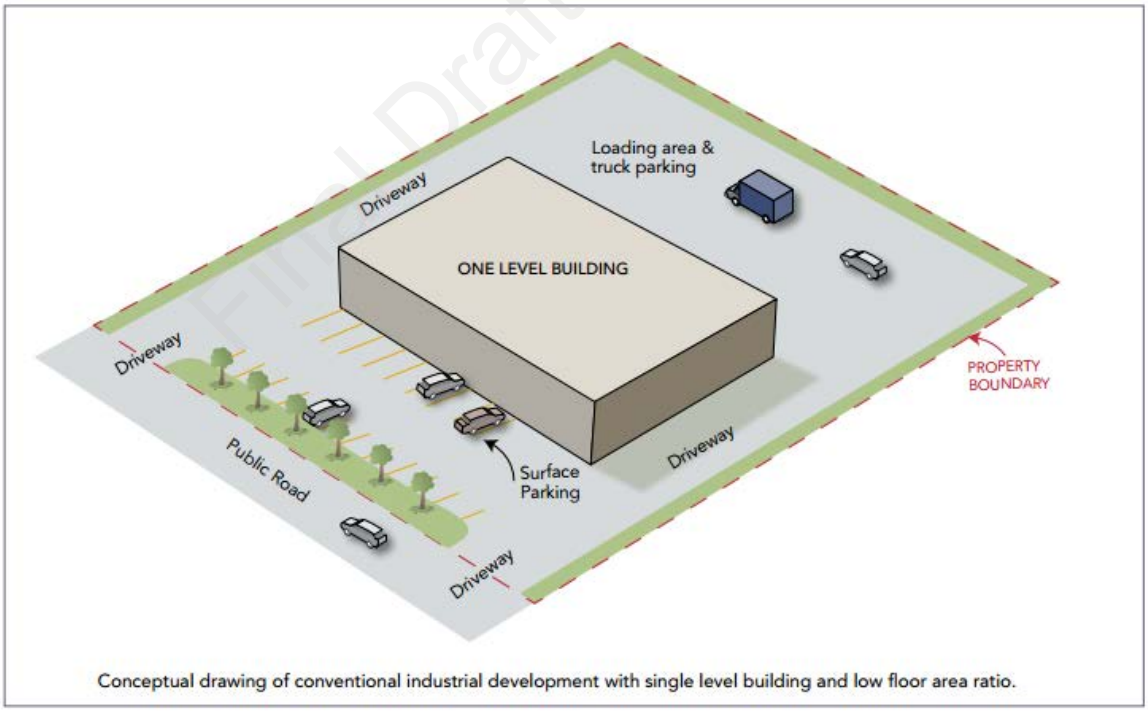
Some frequently recurring intensification concepts include:

Multi-Level Industrial Buildings

Generally, multi-level industrial buildings are currently cost prohibitive from a typical construction perspective, and can also have some user challenges. In order to make multi-level industrial development possible, building uses have to be very high value to fund construction of such building designs; typically industrial uses can only afford low value rents (usually in suburban locations).

The diagram below shows a typical single-storey plan for an industrial space.

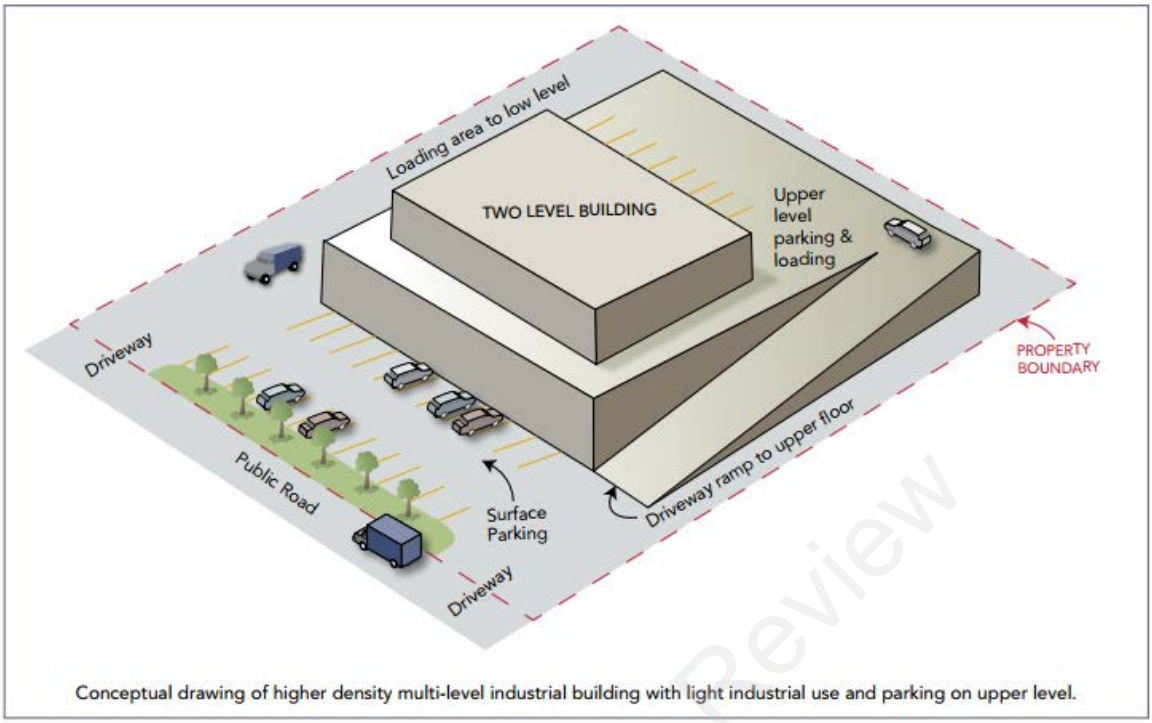
Figure 23: Typical Single-Storey Industrial Development Concept



Source: Metro Vancouver

The figure below shows how that same parcel may be intensified into a 2-storey facility.

Figure 24: Multi-Level Industrial Development Concept



Conceptual drawing of higher density multi-level industrial building with light industrial use and parking on upper level.

Source: Metro Vancouver

Also, multi-level buildings may have design impacts on the lower floor such as increased columns to support the weight of the upper floors, or the load bearing rating of the upper floor may be limited and not adequate for some industrial uses. More columns or smaller building unit spaces may not be appropriate for larger industrial users, but potentially viable for smaller light industrial users.

Photo of light industrial building with roof-top parking in South Vancouver with flex space for multiple tenants. Roof-top parking reduces the need for as much surface parking and can allow for greater building site coverage.

Source: Metro Vancouver

Accessory and Co-Locating Uses

Typically in industrial areas certain accessory or ancillary commercial uses are allowed. Appropriate activities directly related to industrial uses, including other types of industrial functions as well as accessory office and retail uses, could be co-located where possible to enhance business operational efficiencies. The type and amount of accessory use permitted should depend on the situation.

Increased numbers of employees may require greater areas devoted to parking and more demand for transit service. Accordingly, industrial users with larger office worker components may be best located in industrial areas with frequent transit service. The appropriate balance is to allow accessory commercial uses that increase the efficiency of industrial areas, without compromising the long term industrial potential of these industrial areas.

Multi-level industrial building in Surrey with light industrial use on ground floor and flex space and parking on upper floor. This is an example of a building with higher floor area ratio yet conventional site coverage.

Source: Metro Vancouver

8.0 Implementation Strategies

8.1 Mixed Use, Compact and Higher Density Development

What local governments can do
The regional entity Metro Vancouver recently collected the following list of ways local government can help support industrial intensification:

- Establish flexible and accommodating industrial zoning for primarily industrial uses which also allow appropriate accessory uses and creative higher density building designs.
- Streamline the application process – reduce review time for development permits/approvals.
- Reduce development design requirements and building features that are only for aesthetic purposes.
- Use Business Improvement Association (BIA) model to encourage industrial revitalization – business infill, retention, expansion.
- Create utility / energy partnerships to maximize roof space usage.
- Provide infrastructure / servicing as an incentive to spur industrial development.
- Consider fiscal tools / incentives to encourage industrial development - property tax reductions, reducing development application fees, reducing Development Cost Charges.
- Reduce property taxes in order to make the region more cost competitive with other jurisdictions.
- Explore possible surtax on vacant and underutilized industrial land, or other means to encourage land development.
- Provide greater development rights (or some other financial incentive) to larger sites to encourage property assembly and larger developments.
- Consider density bonusing for industrial areas.
- Explore incentives with a limited time offer as a short-term inducement.
- Facilitate land sales directly to developers, rather than speculators.
- Facilitate land assembly for industrial development, where appropriate.
- Explore possible land swap program to facilitate business relocation / land development.
- Inform / educate unsophisticated landowners about industrial re-development potential of their lands.
- Purchase older industrial sites to create industrial incubation zones as economic development generators.
- Keep supportive industries close to anchor industries (co-locating related businesses).
- Focus on municipality-specific or industry-specific uses of intensification - each municipality serves different types of industrial uses.
- Consider possible infrastructure servicing impacts / implications from higher intensity industrial developments.
- Address soil remediation problems and risks for contaminated brownfield sites.
- Assist with addressing site / area specific infrastructure issues to encourage industrial (re)development and intensification.
- Reduce uncertainties in the development process to attract investment.

- Recognize that development and intensification is incremental, and that intermediate or transitional uses will occur between now and the long term future – plans must balance theoretical ideals and site realities.
- Promote Dry Industrial uses that do not require water or sanitary infrastructure should servicing become impractical.
- Promote Agricultural Industrial uses to capitalize on the abundant agricultural lands surrounding the Keating site.
- Promote use of flex spaces
- Avoid low-employment uses (warehouses, layout yards, etc)

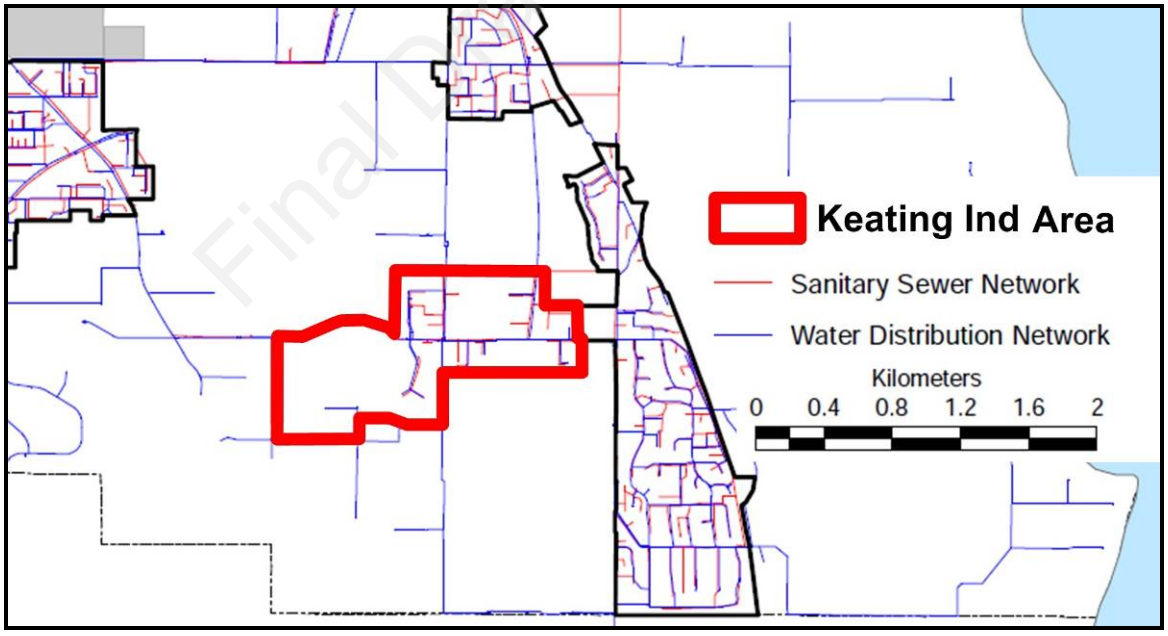
8.2 Agriculture

The District of Central Saanich is predominantly agricultural land protected by the Agricultural Land Reserve and this is not likely to change in the foreseeable future. Moreover, the Central Saanich OCP makes preserving and leveraging its abundant farmland a priority, even suggesting the development of an agricultural-industrial zoning designation.

8.3 Servicing and Sustainability

The Butler Pit area is adjacent to existing light industrial properties already serviced by water and sanitary sewer lines. Moreover, these services are adjacent to the Butler Pit site on all sides, which suggests that new light industrial development can occur along any edge of the site, which adds flexibility to the timing and feasibility of pursuing such development.

Figure 25: Sanitary and Water Infrastructure in and around the Keating Industrial Area



Sources: District of Central Saanich OCP; Site Economics

8.4 Development Cost Charges

Development Cost Charges (DCCs) are used to assist in the creation of infrastructure to serve new areas of development. Each municipality sets its own rates reflecting infrastructure needs, timing of development and projected capital costs. The development industry promotes lower DCC rates to foster economic development. It should be noted that not all municipalities have their DCC schedules enshrined in a by-law, choosing to levy such charges on a case-by-case basis. This not only makes comparing municipalities a challenge, but it also frustrates developers' attempts to understand the full cost of a potential development. The table below compared Central Saanich's DCCs to those in neighbouring municipalities.

Table 21: Comparison of DCCs where Available

MANDATED DEVELOPMENT COST CHARGES IN THE CRD		
MUNICIPALITY	**INDUSTRIAL DCC (per acre)**	**COMMERCIAL DCC (per M^2)**
Central Saanich	$7,228	$7.36
Colwood	$101,738	$23.42
Victoria	$19,870	$23.18
Sooke	$84,134	$20.79
Sidney	$521/unit (Area 2) $986/unit (Area 3) $2500/unit (Area 5)	$521/unit (Area 2) $986/unit (Area 3) $2500/unit (Area 5)

Sources: Various Municipalities; Site Economics

Though there are relatively few municipalities in the CRD that publish their DCC schedules to compare, it would appear that Central Saanich lies in the middle of the range of those shown above for industrial development.

8.5 Taxation Implications

Property tax rates are an important factor for businesses choosing to locate or relocate in a particular municipality. The table below summarizes the 2015 property tax rates for municipalities across the CRD.

Table 22: Comparison of Property Tax Rates where Available

CRD MILL RATES - PROPERTY TAXES PER $1,000 ASSESSED VALUE - BY CLASS - 2015								
	PROPERTY CLASS	**C. SAANICH**	**COLWOOD**	**ESQUIMALT**	**HIGHLAND**	**SIDNEY**	**SOOKE**	**VICTORIA**
1	Residential	4.83673	6.8131	5.0192	3.1546	6.39772	7.11044	7.1137
2	Utility	20.9441	61.5408	21.0896	16.9264	40.37523	42.28809	56.6735
4	Heavy Industry	N/A	N/A	32.2036	N/A	N/A	N/A	23.3965
5	Light Industry	9.99989	51.7851	16.6459	6.2883	16.85907	30.09868	23.0614
6	Business/Other	9.73422	24.5013	12.3939	12.0398	17.54801	18.35889	22.7749
8	Recreation/Non-Profit	9.52012	18.9943	4.9104	16.1228	9.87741	8.40144	12.6931
9	Farm	5.39584	138.1541	N/A	14.8075	12.68589	12.00144	N/A

Sources: Various Municipalities; Site Economics

Central Saanich has a mille rate of roughly half of the regional average for its Class 5 (Light Industrial) and Class 6 (Commercial) properties.

9.0 Business Case and Economic Impact

9.1 Proposed Site Development Plan

Given ongoing demand and shrinking vacant industrial land supply, it is clear that there would be significant demand for lands in this location if and when they are made available for development.

This development opportunity is centrally located for the south Island with good access to major highways.
An optimal industrial park project would be a master planned development with individual lots.

Consideration could be given to the interface between different types of users, and master planned access throughout the property via an internal road network. Design guidelines should also be developed early on to ensure appropriate application green buildings and infrastructure and other sustainable features as suitable. Adaptability may accommodate possible creative land uses, densities, and designs as may be appropriate in the future.

The individual building footprints would be of varying sizes, with an overall site coverage of approximately 40%, a reasonable industry standard. There may be some with a low FSR whereby tenants have ample outdoor storage and thus pay a higher building rent that includes more yard space. This project could include most types of industrial businesses and be flexible offering tenants both highly efficient and cost effective premises.

The absorption rate will increase as inner urban areas of Victoria are redeveloped and rezoned. The project would likely reach buildout anywhere from 15 years to 35 years depending on a high and low scenario.

The following indicates the recommended development concept for the site and the land values according to the development type. It is expected that the site would yield approximately 60 acres of net development industrial area, as approximately one-third would be required for roads, right of ways, dedications, storm ponds, non-revenue uses, and setbacks, etc. This figure may be adjusted as the conceptual land use plan is refined.

The large-scale sites should generally be located towards the remote end of the property. They do not need high levels of exposure to traffic and these uses can typically tolerate a slightly longer driving time. The comprehensive development should ensure functional servicing to minimize construction and maintenance costs.

The industrial uses will range across the spectrum reflects the wide number of businesses already established. Larger goods handling businesses would be complemented by a large component of medium and small bay industrial and flex space. These are all defined as single multi-tenant buildings with a uniform height and depth for each building class but with varying premise sizes. The comprehensive development should ensure functional servicing to minimize and construction and maintenance costs.

Small and medium sized industrial development sites occupy the majority of the property. Smaller site sizes would include most types of industrial businesses offering both efficient and cost effective premises.

It is expected that large sites would generally be suited to goods handling, construction materials, outdoor storage of all types, and other land intensive uses. Smaller site sizes would include most types of industrial businesses offering both efficient and cost effective premises.

It is clear that the entire site should be developed with industrial uses with perhaps a very small service commercial component. Office tenants are generally not considered appropriate.

9.2 Land Valuation

This sub-section outlines the preliminary financial value of the site “as-is”. In order to establish the development costs and benefits of this large scale rezoning and development program, a summary financial analysis has been prepared. This is a preliminary analysis and it should be refined when detailed information becomes available. Using basic industry standards and a set of reasonable assumptions, the following outlines the potential development program and establishes land values “as-is”.

The financial model details the potential development in terms of a basic land residual analysis. This assumes that the developer prepares the sites and readies them for development but does not necessarily construct physical improvements, other than site servicing, water, sewer, road, storm, and electrification. The developer may construct buildings but that step is separated from the land improvement process in this analysis in order to value the land only.

A new industrial site pays the fixed costs of servicing at time of development approval. A reasonable estimate has been prepared by the project engineer and has been included in the following analysis. The estimate is subject to further adjustments as the development concept is revised. The overall development should be phased to allow for a cost effective servicing strategy. Costs are expected to match inflation over the selling period.

The two most important inputs into the model are rents and costs per sq. ft.:

- Market rents are assumed to start at $9.50 per sq. ft. for large buildings and $11 per sq. ft. for smaller premises.
- The hard construction costs are estimated to average $69 to $75 per sq. ft. depending on size and type. Very large buildings cost less per sq. ft. than smaller ones based upon industry standards for this region.
- The sales strategy involves the phased release of lands suited to various uses.

The model assumes development over a medium to long term period.

- Each project has a ‘factor’ and an ‘actual’ column. The ‘factor’ is the input such as cost or revenue per square foot, and the ‘actual’ is the output, the total project revenue.

- The standard financial analysis below indicates that the average site value “as-is” but reasonably well serviced and ready for short term development is just under $800,000 per net acre. Demand is however not pressing for short term development and values are subject to discounting due to delays in absorption.

- The total development capacity has a notional estimated total value of $184 million. This too is subject to delay give a long term projected absorption.

- Due to the expected 15 to 25 years required to reach absorption all values will be discounted.

- If a grade separated highway interchange were to be added it would speed absorption and lead to project build out at least five years earlier than expected with the current poor highway access.

- The value of industrial development for a community lies primarily with associated employment as will be shown in the impact analysis which follows the pro forma.

SUMMARY PRO FORMA INDICATING PROJECT AND LAND VALUES

NET ACRES - FREEHOLD DEVELOPMENT SPECIFICATIONS	LARGE LOTS FACTOR	 ACTUAL	MEDIUM/SMALL LOTS FACTOR	 ACTUAL	TOTAL
NET SITE AREA ACRES / SQ. FT.	30.0	1,306,800	30.0	1,306,800	60.0
GROSS BUILDING AREA SQ. FT. (FAR)	0.46	601,128	0.46	601,128	1,202,256
BUILDING EFFICIENCY	100%		100%		
MEZZANINE SQ. FT.	15%	90,169	20%	120,226	210,395
NET RENTABLE BUILDING AREA SQ. FT. (EX. MEZZ.)		601,128		601,128	1,202,256
DEVELOPMENT COSTS					
OFF SITE COSTS PER ACRE OR FIXED COST	$25,000	$750,000	$25,000	$750,000	$ 1,500,000
HARD CONSTRUCTION COSTS @ SQ. FT. BUILDING	$69.0	$41,477,832	$75.0	$45,084,600	$ 86,562,432
TOTAL HARD COSTS		**$42,227,832**		**$45,834,600**	**$ 88,062,432**
ARCH / CONSULTANTS / PERMITS @ TOTAL HARD COSTS	7.5%	$3,167,087	7.5%	$3,437,595	$ 6,604,682
MUNICIPAL DEVELOPMENT CHARGES	$7,213	$216,390	$7,213	$216,390	$ 432,781
REGIONAL DEVELOPMENT CHARGES - PER SQ. FT.	$0	$0	$0	$0	$ -
TAXES PER $1000 OF HARD COSTS	$15	$633,417	$15	$687,519	$ 1,320,936
TENANT IMPROVEMENTS / LEASING - SQ FT	$4.75	$2,855,358	$11.00	$6,612,408	$ 9,467,766
CONSTRUCTION FINANCING	5.0%	$2,111,392	5.0%	$2,291,730	$ 4,403,122
CONTINGENCY / MISC / PROVISIONAL HARD COSTS	5.0%	$2,111,392	5.0%	$2,291,730	$ 4,403,122
TOTAL SOFT COSTS		**$11,095,037**		**$15,537,372**	**$ 26,632,409**
TOTAL DEVELOPMENT COSTS		**$53,322,869**		**$61,371,972**	**$ 114,694,841**
DEVELOPMENT REVENUES & LAND VALUES					
NET RENT (NOT INCLUDING MEZZ.) PER SQ.FT. OR ACRE	$9.50	$5,710,716	$11.00	$6,612,408	$ 12,323,124
CAP RATE AND PROJECT VALUE	6.5%	$87,857,169	6.6%	$100,188,000	$ 188,045,169
VALUE OF NET BUILT SPACE PER SQ FT (EXCLUDING MEZZ.)		$146		$167	$ 156.41
SELLING COSTS AS A PERCENT OF VALUE	1.5%	$1,317,858	2.5%	$2,504,700	$ 3,822,558
TOTAL PROJECT VALUE		**$86,539,312**		**$97,683,300**	**$ 184,222,612**
PROFIT @ % OF DEV. COSTS	15.0%	$7,998,430	15.0%	$9,205,796	$ 17,204,226
INTEREST ON EQUITY	5.0%	$2,666,143	5.0%	$3,068,599	$ 5,734,742
SITE LAND VALUE		**$22,551,869**		**$24,036,933**	**$ 46,588,802**
LAND VALUE @ SQ FT		**$17.26**		**$18.39**	**$17.83**
LAND VALUE @ ACRE		**$751,729**		**$801,231**	**$776,480**
TOTAL PROJECT COST		**$86,539,312**		**$97,683,300**	**$ 184,222,612**

10. Economic Impact

10.1 Introduction

This section of the report summarizes the overall economic impact of this proposed development. It provides estimates of the overall direct and secondary economic benefits. One of the most important considerations is the potential employment creation and general economic impacts for Central Saanich and the region.

This summary economic impact assessment provides a preliminary estimate of regional economic benefits. The results of the analysis provide sufficient information for the proponent and approving authorities to make informed decisions on the wider economic value of the project. This section lists some of the main issues, describes economic impacts and applies conservative economic multipliers within the model. All references to monetary values are in current (2016) Canadian dollars.

10.2 Overview of the Model

We have developed a summary model using a spreadsheet format to identify and describe the key economic factors of interest for the development. The following is an overview of a theoretical model to estimate both the development (i.e. land preparation and servicing and building construction) and operational considerations of the project (the long term stream of economic activity associated with the project upon completion). It considers both the direct and secondary (indirect and induced) impacts of the project which, together, equal the total effect. This enables relative benefits to be expressed in terms of current dollars through the use of net present value analysis. More details on the model are provided in the Appendix.

The model provides the means for a practical assessment of regional direct and secondary impacts for the following key business expenditure categories:

- Development capital investment to create the project;
- Operational expenditures on wages and salaries for long term business employees;
- Operational expenditures on goods and services by companies for their ongoing business operations; and
- Municipal property taxes and levies.

The approach used for this analysis includes several steps for each of the economic benefit generating categories listed above. These are as follows:

- An estimate of total expenditures under each category (i.e. either development or operational and their timing);
- An estimate of extra-regional leakage (i.e. that portion of direct spending which “leaks” out of the regional economy to employees and companies located outside the Lower Mainland);
- A calculation of the direct regional economic impact (i.e. total expenditures less leakage);
- An estimate of the multiplier for each category which may be applicable (pending further research) to the region to account for secondary economic impacts;
- A calculation of the total regional economic impact under each category; and

- A calculation of the 'net present value', in current dollars, of the total impacts and the secondary impacts on the regional economy from industrial park development and operation.

Many of the estimates used are approximate, generic and/or based on available standards and research given the limited scope of the work. The total direct and secondary impacts will require more detailed analysis as the rezoning application and evaluation processes take place.

A conceptual profile of the economic model is outlined in the figure. This figure is intended only as an explanation of the approach used to estimate direct and secondary economic impacts.

CONCEPTUAL OVERVIEW OF ECONOMIC IMPACT MODEL

(2016 $ X 1,000)

	INITIAL DEVELOPMENT	ONGOING DEVELOPMENT AND OPERATIONAL PHASE

Calendar Year	2009	2010	2011	2012	2013	2014	……	2021
Operating Year	-2	-1	0	1	2	3	……	10
LAND & BUSINESS								
Development Capital	$	$	$	$	$	$	…….	$
Less: Extra-Regional	%	%	%	%	%	%	…….	%
= Direct Regional	$	$	$	$	$	$	…….	$
x Development	Factor	Factor	Factor	Factor	Factor	Factor	…….	Factor
= Total Regional	$	$	$	$	$	$	…….	$
NEW BUSINESS								
New Businesses -	$	$	$	$	$	$	…….	$
Less: Extra-Regional	%	%	%	%	%	%	…….	%
= Direct Regional	$	$	$	$	$	$	…….	$
x Wage & Salary	Factor	Factor	Factor	Factor	Factor	Factor	…….	Factor
= Total Regional	$	$	$	$	$	$	…….	$
New Businesses –	$	$	$	$	$	$	…….	$
Less: Extra-Regional	%	%	%	%	%	%	…….	%
= Direct Regional	$	$	$	$	$	$	…….	$
X Goods & Services	Factor	Factor	Factor	Factor	Factor	Factor	…….	Factor
= Total Regional	$	$	$	$	$	$	…….	$
New Property Taxes &	$	$	$	$	$	$	…….	$
Less: Extra-Regional	%	%	%	%	%	%	…….	%
= Direct Regional	$	$	$	$	$	$	…….	$
X Taxation Expense	Factor	Factor	Factor	Factor	Factor	Factor	…….	Factor
= Total Regional	$	$	$	$	$	$	…….	$
NPV of Total Rezoning	$							
NPV of Multiplier	$							

The overall economic impact analysis does not assume any economic costs associated with industrial development which is diverted from other areas. While this assumption could be debated, the industrial land supply, demand and absorption analysis described earlier in this study identifies the shortage of industrial land and provides a build-out strategy for the site which is reasonable and would not significantly impact other areas. The primary issue is that the location would generally assist industrial businesses in the region by providing a high value location and keeping land costs lower. The proposed development would also add to the CRD's capabilities and keep a larger share of industrial development within the region. The positive impact of this project on Central Saanich specifically would be considerable given the increased taxes and additional employment.

Additionally, there is the (limited) economic impact value and possible social and recreational benefits associated with the use of the un-developed lands which have not been included in this analysis. The anticipated economic impact of the proposed project should be compared with the economic value of current activities on the site. The land is currently unused, with virtually no associated economic or employment activity. The proposed change in use would drastically increase the amount and value of economic and employment activity associated with the site and the resultant benefits accruing to the municipality and region.

10.3 Project Development Scale and Values

The following describes the estimated order of magnitude expenditures and investment associated with land development and building construction at the proposed Logistics Facility. Based on available information, this project has a total potential size of sq. ft. of industrial floor space on 50 net acres, with a total development cost of approximately $ million. These cost estimates are based on industry standards and will be refined once the project design and budget are finalized.

The project information provided, which forms the basis for this valuation, is as follows:

Project Details

- Net site size = 60 developable as industrial
- Approximately 1,200,000 sq. ft. of industrial/business floor space
- Development / absorption period = 15 to 25 years
- Major amenities assumed in short term scenario is grade separated highway interchange.

10.4 Project Construction: Economic Impact Results

The regional economic benefits expected to occur from the business / industrial park are outlined in the following sections. Construction, site works and building costs as well as DCC's are estimated to be spent over a 15 to 25 year construction / absorption period.

Municipal and regional Development Cost Charges (DCCs) are payable at the time of development. DCCs may be used by the local government to fund off-site improvements

which would generate economic and employment activity in the region. These costs do not generally include the very significant on and off site servicing costs which enable the project to proceed and which would be directly paid for by the developers. These costs have been summed in the analysis to determine the total project development costs and the ensuing economic and employment impacts.

It is a widely used industry assumption that approximately half of such construction spending occurs for local labour. Past research has consistently shown industrial jobs pay much more than service jobs. At an average annual salary of $60,000 per person, this equates to about numerous direct jobs per year over the development period. The readily available construction employment multiplier information indicates a multiplier ratio of somewhere between 1.2 (direct only) and 1.6 (considering migration). The analysis assumes a 1.4 multiplier for direct construction jobs, and additional secondary jobs per year associated with the development. The construction project would generate approximately numerous person-years of direct and indirect employment over the development period from site preparation and building construction alone.

10.5 Project Completion: Economic Impact Results

Property Value and Taxes

Based on market conditions, the finished value of the project is expected to be in the order of $184 million (current dollars), including both land and buildings (plus an additional significant investments for machines and equipment).

Using the current industrial mill rate this provides for annual property taxation/levies of approximately $3 million. This is a perpetual and growing annual revenue stream which has an extremely high net present value.

Slightly over half of the property tax / levies would be allocated to the municipality exclusively, and the balance to other taxing authorities. The property taxes were calculated in the traditional manner of the property value divided by 1,000 times the property tax rate.

Permanent Employment

The businesses which locate because of this expanding industrial project will generate ongoing jobs and economic benefits for the municipality and region. Once the development is fully developed, direct employment associated with these business operations will total in the range of 2,672 new permanent full-time jobs annually. This assumes an overall average of 1 employee per 450 sq. ft. of building floor space, which is higher than average. Using an average salary of $50,000, ongoing expenditures on wages and salaries will total in the range of $133 million annually (in 2016 $).

Permanent Annual Economic Contribution

The businesses which locate in the proposed new industrial park in Central Saanich will purchase a wide variety of goods and services locally, regionally and further afield. Expenditures on these goods and services represent valuable economic benefits to those local and regional companies who supply the goods and services needed.

As new businesses locate in Central Saanich, their ongoing business operations will generate economic benefits for the region in three primary areas as follows:

- Employment creation and the resulting expenditures on wages and salaries;
- Ongoing purchases of goods and services for corporate operations; and
- The payment of taxes and other charges during the development of the subject lands and ongoing company operations.

These expenditures are estimated to generate substantial economic benefits regionally over the years. Preliminary estimates of the magnitude of these expenditures have been made for purposes of this overview economic analysis. As with all other economic impact estimates, substantially more detailed analyses will be required to refine these estimates as the project moves forward.

10.6 Secondary Economic Impacts

Secondary (indirect and induced) economic impacts will be realized regionally in proportion to the direct impacts summarized above. These are real and noticeable results of the economic activity and spending which occurs from the project's development and ongoing operation.

Economic impacts are best described in current dollars as a Net Present Value, or what they would be worth today if the benefits all accrued at once. Because of the magnitude of the proposed project and the ongoing employment and business operations it will generate, total economic benefits expected to be realized regionally are considerable.

To determine "direct economic impacts" associated with these expenditures, it has been assumed that 20% of the total investment above leaks directly out of the region to suppliers located elsewhere in B.C., Canada and/or the United States. Once this estimated 'leakage' is taken into account, the NPV of the direct economic impacts on the region arising from this investment over the 15 to 25 years of industrial park construction (i.e. the period of industrial lot absorption) plus the long term use are estimated.

These direct economic impacts are very substantial and, accordingly, they warrant a more detailed evaluation than the scope of this study permits. The economic and employment impacts within the orders of magnitude estimated are realistic given the scope of the development proposed and the land absorption projections described in the previous section.

ECONOMIC AND EMPLOYMENT IMPACT MODEL

Economic and Employment Impact Model				
Project Development Costs				**Total**
Building Construction / Land Servicing Costs				$ 88,062,432
Various Soft Costs				$ 26,632,409
Total Servicing/Construction Costs				**$ 114,694,841**
Project Development Local Labour Component				
Percent of Costs as Local Labour				50%
Total Local Labour Expenditure				$ 57,347,421
Duration of Project Construction (years - adjusted in scenarios)				**1**
Average Local Labour Expenditure per Year				$ 57,347,421
Average Annual Salary per Construction Employee				$ 60,000
Local Development Direct and Indirect Employment				
Total Number of Direct Jobs				956
Employment Multiplier				*1.40*
Total Number of Indirect Jobs				382
Total Number of Direct and Indirect Employment Years for Development				**1,338**
Finished Project Value		Building Sq Ft	Value / Sq Ft	Project Value
Project Final Value - Industrial		1,202,256	$ 156	$ 188,045,169
Total Project Value				**$ 184,222,612**
Ongoing Annual Total Property Taxes/Levies		Total Value	Mill Tax Rate	Annual Taxes
Annual Property Taxes - Industrial		$ 184,222,612	15.7	$ 2,892,295
Total Annual Property Taxes				**$ 2,892,295**
Ongoing Employment of Complete Project	Sq ft per Job	Est. # Jobs	Avg. Income	Annual Salaries
Salary Including Benefits not Including Mezz	450	2,672	$ 50,000	$ 133,584,000
Total Ongoing Employment				**$ 133,584,000**

10.7 Economic Multipliers

Secondary economic impacts will occur in the Lower Mainland as a result of the proposed development in Central Saanich. A detailed evaluation of appropriate multipliers is required to provide an accurate estimate of the magnitude of these induced and indirect economic benefits (which comprise the secondary impacts). These multipliers are estimated to derive total impacts (i.e. direct + secondary impacts) from direct impacts. Effectively, therefore, they indicate that secondary impacts account for 30% to 40% of direct impacts.

Upon project completion and full occupation, the annual property taxes and annual employee payroll is estimated to be approximately $133 million. All cash flows must be subject to a discount rate reflection their lesser value in the future. (The discount rate for an investment by a utility or typical government ministry is on the order of 7-8%. The discount rate for a private sector corporate investment with risk is typically on the order of 12-15%. The industry standard for a large, complex real estate development and the businesses operating there is typically set at 10%.) Using an industry standard 10% discount rate, this economic activity stream provides for a net present value of just under $1.4 billion. In addition, the initial construction/development expenditures are estimated at $114 million. This provides for a net

present value for the total estimated direct economic impact of approximately $1.5 billion. Assuming an economic impact multiplier of 1.30, this provides for an additional secondary impact (indirect induced effects) of approximately $449 million.

ECONOMIC MULTIPLIERS

Economic Multipliers		
Ongoing Annual Property Taxes/Levies		
Annual Property Taxes		$ 2,892,295
Discount Rate		6.0%
NPV of Perpetual Revenue Stream		**$ 48,204,917**
Ongoing Employment of Complete Project		
Jobs Salaries		$ 133,584,000
Discount Rate		10.0%
NPV of Perpetual Revenue Stream		**$ 1,335,840,000**
NPV of Direct Economic Effects		**$ 1,384,044,917**
Total Development/Servicing/Construction Costs		**$ 114,694,841**
Total Costs and NPV of Direct Economic Effects		**$ 1,498,739,758**
Economic Multiplier / NPV Secondary Effects	*1.30*	**$ 449,621,927**
NPV of all Direct and Secondary Economic Effects		**$ 1,948,361,685**

The total estimated net present value of the direct and secondary economic impacts associated with the development and occupation of the project is conservatively estimated at approximately $1.94 billion if developed in the short term. If the absorption period is reduced and the project reaches build out. The majority of this due to the very substantial number of steady well-paying jobs.

In order to estimate the value of the project and the business case it is important to understand the impact of seeding or delaying the absorption rate. The following table indicates total economic value and impact subject to 15, 20 and 25 year absorption periods. The estimate is conservative and uses only a 1% discount rate to reduce the negative impact of time on value. This could easily be increased to 2% dramatically increasing the cost of slower absorption.

As the project would at minimum require 15 years the cost of delay is only considered after that period in the two longer absorption scenarios, 20 and 25 years.

The analysis below shows the impact of a slower absorption reduces values by $8 million annually.

DISCOUNTING OF VALUES AND ECONOMIC BENEFITS

Scenarios	Conservative Value @1% Disc Rate	Notional Cost of Delay Past year 15	Notional Cost of Delay Annually
Short Term	$1,948,361,685		
15 years	$1,800,942,472		
20 years	$1,757,963,199	**$42,979,273**	**$8,595,855**
25 years	$1,716,362,910	**$84,579,562**	**$8,457,956**

In summary, the project will make a significant contribution to the employment and economic base of the region, both during initial construction and ongoing operations of the businesses that locate there. This prime location in Central Saanich offers an excellent opportunity for local development and for the wider community.

Appendix A- Industrial Category Definitions

Definitions and identification of industrial land in the Capital Regional District

The base for the industrial land inventory is land designated for industrial use in Official Community Plans (OCPs), zoning bylaws and BCAA land classifications. Industrial land is defined as land designated in plans and zoning bylaws for manufacturing, heavy or light industrial, research and development, wholesale trade, warehousing, distribution and outdoor storage.

The categories of industrial land used in the regional inventory include:

- Light industrial
- General industrial
- Heavy industrial
- Special Industrial

Light Industrial Land

This designation includes employment-oriented land uses contained within buildings; producing no environmental impacts or nuisance effects. These include clean industry, business industrial and advanced technology uses as well as ancillary and accessory uses. They may include business parks. Light industrial areas often serve as transitional areas between heavier industry and nearby institutional, commercial or agricultural use. To differentiate between commercial and light industrial zones, retail uses are restricted, usually through limits on floor area, parking, hours of sale and/or type of goods sold (e.g. limited to goods manufactured on site – or bulky goods such as building supplies). Examples of light industrial uses include:

- Auto repair, servicing and body shops (not usually sales)
- Limited institutional
- Car wash
- Light manufacturing and processing
- Printing & publishing
- Research establishment
- Warehouse sales
- Warehousing and (indoor) storage
- Wholesaling and wholesale distribution.

General Industrial Land

This designation covers most "conventional " industrial uses and limited accessory and ancillary uses. Land uses may include many of those listed under "Light industrial" but may have more restrictions on retail sales activity and other commercial activity. Requirements for lot coverage, parking, loading facilities and setbacks are usually less restrictive than found in light industrial zones.

Permitted land uses may include:

- Manufacturing
- Processing
- Research
- Storage
- Commercial dry cleaning
- Servicing & repair of goods
- Printing & publishing establishments
- Commercial cleaning facilities
- Utilities & sub-stations
- Communication facilities
- Telecommunication facilities
- Lumber yards, building supply yards; landscaping supplies, etc.

Heavy Industrial Land

Lands designated for heavy industry accommodate uses that may have impacts associated with noise, odour, vibrations and visual impacts. Heavy industrial zones usually accommodate outdoor storage. They are not usually a compatible neighbor with residential. While height restrictions may be less than for light industrial – there are usually very strict conditions placed on retail/commercial uses.

Land uses may include:

- General and heavy construction contractors
- Heavy equipment manufacturing, sales, servicing and storage
- Cargo handling
- Manufacturing, processing and packaging of goods and materials
- Bulk storage

- Waste management facilities and storage
- Recycling plants and facilities

Special Industrial

Some jurisdictions have special industrial zones which are restricted to a certain type of use or location. These may include:

Marine industrial: a specific industrial land use designation to accommodate water-dependant uses such as:

- ship building
- moorage facilities
- marine commercial uses
- aquaculture processing operations
- industrial marine uses
- warehousing and marine-related storage

Airport Industrial: a specific industrial land use designation to accommodate either airplane related uses or industrial uses that can co-exist with airport/noise exposure conditions. The lands included in the inventory are limited to lands zoned for industrial uses and do not include the runways, terminal building and control tower.

DND Industrial: a specific land use designation associated with industrial land use located on Department of National Defence –owned lands. The lands included in the inventory are limited to lands zoned for industrial uses and available to non-DND users.

Industrial – Comprehensive Development Zones: CD zones are designed to accommodate site-specific, unique or innovative land uses or mix of uses that cannot be accommodate within more conventional zones. For the purpose of the industrial land inventory – only CD zones containing a significant portion of industrial use will be included.

Extraction Industrial Land: These are usually sub-sets of heavy industrial limited to large scale resource-based operations. Operations usually involve noise, vibration and dust/air emissions. Land use may include:

- sand and gravel extraction, crushing and washing
- large-scale outdoor storage
- large-scale municipal yard works

Appendix B- Excerpts from the Central Saanich OCP

1.2. Fundamental Principles
Seventeen fundamental principles provide the foundation for the objectives and policies of this plan:

Support Agriculture
The residents of Central Saanich have expressed strong support for preservation of the agricultural land base, and the farming economy which depends on it. Any future residential, commercial or industrial growth should be directed towards the established Urban Settlement Area. Agriculture is an important contributor to the local and regional economy, creating jobs, and generating revenues.

Maintain Rural Character
Rural lands and rural lifestyles are highly valued by residents of Central Saanich. The rural character of Central Saanich, defined by its large agricultural land base and its compact, mixed-use village centres, should be sustained; future growth should be focused within the established Urban Settlement Area within the municipality.

Use Limited Land Supply Wisely
Within a regional context, Central Saanich will accept a modest amount of growth that is consistent with the established settlement patterns of the municipality and that has a minimal impact on environmentally sensitive land, water and agricultural areas. More intensive land use and higher overall densities may be supported in the existing Urban Settlement area.

Manage Growth Carefully
Gradual, low-impact growth is supported provided it does not place an undue burden on the existing utility infrastructure and community services, and does not result in substantial increases in the municipal tax rate. Infilling and intensification of existing residential areas are strongly preferred over extending new services to undeveloped areas.

Provide a Range of Housing Opportunities
A wide range of housing types and different tenure arrangements, ranging from small acreages and detached homes to attached housing, seniors' housing and mixed use buildings are supported. Combined with a mix of ownership and rental housing, this will allow people with a range of ages, income levels and lifestyles to make their home in Central Saanich.

Create Walkable Neighbourhoods
Walkable neighbourhoods are crucial to the overall livability and long term sustainability of Central Saanich. Walkable communities help ensure housing and employment are within an easy walk of transit, services, recreation and other daily needs of residents and employees, and ensure a high quality, vibrant and safe pedestrian environment. As a result, pedestrian activity becomes convenient and desirable, and greater transportation choices are possible.

Walkable communities also foster social interaction and improved physical health while lowering transportation costs, air pollution, and greenhouse gas emissions.

Address the Causes and Impacts of Climate Change

The energy use of industrial, residential and commercial buildings and motor vehicles are responsible for the majority of greenhouse gas emissions, the leading cause of climate change. Central Saanich is committed to reducing greenhouse gas emissions in the community by ensuring greater energy efficiency in new and retro-fit buildings, including municipal facilities and infrastructure, and by fostering a reduction in private automobile usage in favour of less polluting forms of transportation. Adaptation to new conditions caused by climate change such as sea level rise, increased sea surge, changing hydrological cycles, and increase in major weather events is also key to addressing climate change.

Support Economic Development

There is support for economic development and diversification in Central Saanich, including agriculture and home based businesses; this will help balance the number of jobs with the number of residents. There is continuing support for the well-established, pedestrian-oriented commercial centres in Saanichton and Brentwood Bay, as well as support for the intensification of commercial and industrial activities in the Keating Business Park.

Facilitate a Sense of Community

Parks, open space and recreation facilities are essential to meet the changing needs of residents of all ages and abilities and to accommodate community activities which lead to neighbourliness and good will among Central Saanich residents.

Protect and Enhance the Environment, Biodiversity and Natural Ecosystems

Protection and enhancement of species' diversity, significant environmental features, natural habitats, and water and air qualities of the Central Saanich are critical to a sustainable long-term future. It is important to maintain and connect sufficient lands to permit the diverse plant and animal life and important ecosystem processes existing in Central Saanich to continue to exist and flourish. The recreational and environmental values of the shorelines and waters of Central Saanich are highly valued by the residents of Central Saanich. Only low impact recreational uses are acceptable to ensure adequate protection of these resources.

Protect Water Quantity and Quality

Preservation, protection, and, where appropriate, enhancement of the quantity and quality of water from all municipal sources, including groundwater, is critical for the area's long-term future. In particular, the ecological functioning of municipal watersheds, and their associated agricultural and resource uses, are to be maintained and enhanced as central elements of community planning, including the protection of agricultural lands from impacts of urban storm water runoff.

Protect Diverse Heritage

Conservation and recognition of significant historical features and the diverse heritage of Central Saanich is crucial in providing a connection to the past and a sense of continuity into the future.

Ensure Transportation Systems for All

Providing viable alternatives to the private automobile for daily trips (including the trip to work) is essential to fostering a diverse community, a healthy environment, a strong economy, and a vibrant and safe public realm. The transportation system in Central Saanich must balance and ensure the safety of multiple modes of travel including vehicles, public transit, walking, cycling and horseback riding. Transportation choice is necessary to reduce dependence on the use of private vehicles, and further, to provide viable options for people who cannot or choose not to drive.

Protect Infrastructure Investments

Well designed and maintained municipal water, sanitary sewer and storm sewer systems are important services for homes and businesses in Central Saanich. Existing infrastructure investments must be protected and maintained for the benefit of the community. Where improvements are warranted, innovative solutions with minimal environmental impact are preferred. Planning for municipal water system improvements should consider the irrigation needs of agriculture.

Respond to Changing Social Needs

There is support for appropriate social services and facilities to meet the changing needs of Central Saanich's residents. When residents' needs are met locally, Central Saanich becomes a more "complete community".

Support Community Involvement

It is important to involve residents and businesses in decisions that affect the present and the future. This extends to OCP amendments, rezoning proposals, and studies that are undertaken by the District or in which the District is a participant.

Foster Strong Relations

The District will initiate dialogue and continue to foster strong relations with adjacent local governments, the Tsawout and Tsartlip First Nations, School District No. 63 and regional authorities. Central Saanich will maintain open communications with our neighbours when contemplating any major development or community facilities which may impact on neighbouring jurisdictions and regional service providers.

Other Policies from the OCP

Policy 10

Develop an agricultural-industrial zoning designation to protect and encourage agriculture related industries in the Keating Industrial area and at other appropriate locations throughout the District (cross reference Section 5: Economic Development).

5.1.3. Industrial Development

Central Saanich has a thriving light industrial/service commercial area in the Keating Business Park. The developed uses include a variety of light industrial uses, as well as a large gravel extraction operation. Eventually, these gravel areas may become light industrial land as the resources are depleted. This, together with existing vacant areas, should ensure a long-term supply of light industrial land for the municipality.
The industrial land in Central Saanich is an important source of employment, tax revenue, and is significant as part of the overall industrial development within the region. Approximately 16% of the total industrial land in the Capital Region is found in the Keating Business Park.

5.2.5. Keating Industrial/Business Area

- Objective: To support development of more intensive light industrial activities in the Keating Business Park in order to provide business and job opportunities within the municipality.

- Objective: To guide the transition and redevelopment of gravel extraction areas, thereby maximizing land for light industrial purposes in the Keating Business Park.

- Policy 1 Do not support the creation of industrial areas within the municipality outside Keating Business Park.

- Policy 2 Do not expand the Keating Business Park beyond its current boundaries. Instead, encourage the intensification of existing industrial uses including the consideration of higher density, taller buildings in appropriate locations.

- Policy 3 Consider permitting a limited amount of industrial work-live and office/retail mixed-use buildings on the east side of Keating business park. However, under no circumstances will residential uses be allowed on the ground floor in this area.

- Policy 4 Reduced parking requirements may be considered where it can be demonstrated that parking can be effectively reduced or managed.

- Policy 5 Notwithstanding policies 1 and 2 above, if a viable site were proposed, consider allowing the composting of community organic materials outside of the Keating Business Park in a way that supports agricultural uses within the District.

- Policy 6 All industrial areas should be fully serviced with appropriate water and sanitary sewer services. The District may consider allowing wells and onsite sewage disposal systems for industrial uses where municipal servicing is impractical and where on-site systems receive approval from the appropriate jurisdictions governing health and the environment.

- Policy 7 Ensure that industrial uses do not conflict with adjacent residential or agricultural uses by requiring appropriate screening, landscaping and setback provisions in the Land Use Bylaw and by controlling noise, dust and odour

emissions, and by addressing water recharge requirements to reduce any potential conflicts.

- Policy 8 Encourage the Butler pit to continue to remove gravel to allow conversion to light industrial uses or office park uses and/or agricultural industries and/or live-work mixed uses.

- Policy 9 Depleted extractive areas should not be permitted to redevelop until the extractive activities have been completed within an entire planned redevelopment area. A planned redevelopment area may be a portion an extractive area provided that all extractive activity has been completed and it can be effectively buffered from ongoing extractive activity.

- Policy 10 A comprehensive plan for the conversion of depleted extractive areas to industrial use shall be submitted to the municipality prior to rezoning or development and shall include the following information:
    - The soil stability, hydrology and drainage of the site;
    - The regrading of the disturbed area to a natural and stable topography;
    - Internal and external access and road requirements, including assessment of any increased traffic on adjacent land uses and impact on the function of access points along the Pat Bay Highway; d) Methods of buffering planned industrial uses from adjacent residential uses with respect to noise, light, and undesirable visual impacts; and
    - Any requirements for municipal services for water supply, sewerage systems or other services for the proposed development.

- Policy 11 Areas suitable for future gravel extraction are indicated on Map 8. The District will only give consideration to additional proposals for gravel extraction provided there is a demonstrated need in the community.

5.2.7. Agricultural Economy

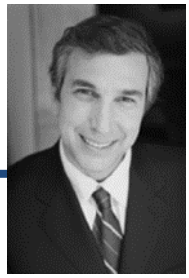
- Objective: To support the improvement and development of the agricultural economy in Central Saanich.

- Policy 1 Support in principle the development of the diversification of the agricultural economy in Central Saanich, including such activities as farmgate marketing, possible opportunities for agri-tourism, and beneficial use of composted organic matter.

- Policy 2 Encourage and support the Peninsula Agricultural Commission in investigating opportunities for agricultural diversification and other means of improving the economic well-being of agriculture.

- Policy 3 Support the retention of Agricultural Service and Support Industries, especially near to active farm areas. It is likely that other suitable areas and policies will be identified in a future Agriculture Area Plan.

Appendix C - PROFESSIONAL RESUME



SITE ECONOMICS LTD.
Richard Wozny, Principal

Experience

Site Economics Ltd. provides real estate development consulting services to developers, land owners, investors and the public sector. We have completed over 1,100 major projects with a total value well over $110 billion. We have very extensive experience in all forms of large scale commercial, industrial, residential and institutional land development projects.

Richard Wozny, the principal, has conducted hundreds of development and financial studies of shopping centres and commercial districts. He has worked on the development of thousands of acres of industrial buildings, including complex logistics parks, thousands of acres of residential sub divisions and hundreds of high density residential buildings and office towers. Richard has also conducted hundreds of store location and feasibility studies for retailers and financial institutions. Richard combines a creative project vision with pragmatic development analysis.

Past Employment and Education

Richard's past work experience includes: Vice President and Manager of Advisory Services, Cushman & Wakefield, Manager of Retail Development for Western Canada, Marathon Realty Company Ltd., and Senior Consultant for Shopping Centre Developments, Thomas Consultants Inc. Richard completed a Master's Degree in Regional Science at the University of Pennsylvania, Philadelphia, PA, a Master's Degree in Religion at Temple University, Philadelphia, PA, and a Bachelor's Degree in Philosophy at the University of British Columbia, Vancouver, BC.

Strategic Real Estate Services

- Market Analysis
- Financial Analysis and Site Valuation
- Highest and Best Use Studies
- Development Feasibility Studies
- Development Strategies & Optimization
- Supply and Demand Assessments
- Absorption and Price Assessments for Major Developments
- Proforma / Discounted Cash Flows
- Property Acquisition and Disposition Strategies
- Strategic Review of Redevelopment Options
- Shopping Centre / Downtown Revitalization
- Market Impact Studies for Major Developments
- Market Input for Land Use Planning
- Site Selection and Location Assessment for Retailers and Landowners

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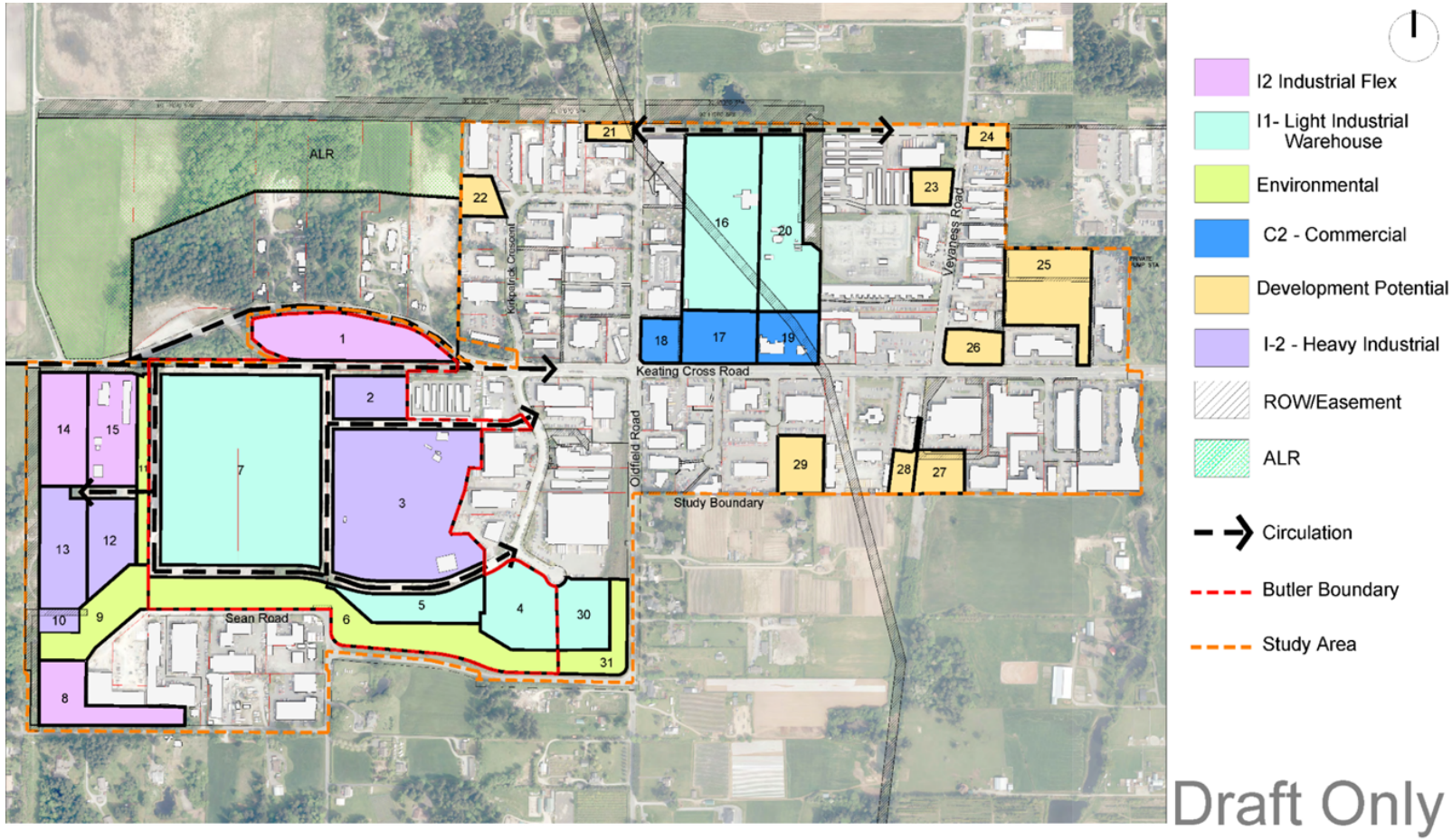
APPENDIX B
DEVELOPMENT POTENTIAL ANALYSIS KBD

Appendix B DEVELOPMENT POTENTIAL ANALYSIS KBD



Draft Only

I1 = Industrial Flex LI = LightIndustrial WH = Warehouse ENV = Steep Slope/Stormwater/Buffer I2 = Exstraction Industrial
C2 = Commercial

Area Table - Development Potential Based on Current Zoning and FAR

	Map Number	Area Ft2	Hectares	Acres	Owner	Use	Max C %	FAR	Potential Gross Building Area Ft2	Potential Ground Flr Max Ft2
Butler lands	1	216,243.58	2.01	4.96	Butler	IF/I1	0.6	0.47	101,634.48	60,980.69
	2	93,247.06	0.87	2.14	Butler	I2	0.6	0.01	932.47	559.48
	3	-	0.00	0.00	Butler	I2	0	0	-	-
	4	164,887.08	1.53	3.79	Butler	I1	0.6	0.47	77,496.93	46,498.16
	5	124,668.63	1.16	2.86	Butler	I1	0.6	0.47	58,594.25	35,156.55
	6	0	0.00	0.00	Butler	ENV	0	0	0.0	0.0
	7	886,078.12	8.23	20.34	Butler	WH/I1	0.6	0.47	416,456.72	249,874.03
		1,485,124.46	**13.80**	**34.09**					**655,114.85**	**393,068.91**
	8	143,811.86	1.34	3.30	Private	IF/I1	0.6	0.47	67,591.57	40,554.94
	9	0	0.00	0.00	Private/Muni	ENV	0	0	0	0
	10	25,661.22	0.24	0.59	Private	I2	0.6	0.01	256.61	153.97
	11	0	0.00	0.00	Munic	ENV	0	0	0	0
	12	116,177.51	1.08	2.67	Munic	I2	0.6	0.01	1,161.78	697.07
	13	163,983.59	1.52	3.76	Private	I2	0.6	0.01	1,639.84	983.90
	14	158,072.87	1.47	3.63	Private	IF/I1	0.6	0.47	74,294.25	44,576.55
	15	163,458.53	1.52	3.75	Munic	IF/I1	0.6	0.47	76,825.51	46,095.31
Private	16	389,025.36	3.61	8.93	Private	I1	0.6	0.47	182,841.92	109,705.15
Private	17	116,940.96	1.09	2.68	Private	C2	0.4	0.8	93,552.77	37,421.11
	18	52,638.67	0.49	1.21	Private	C2	0.4	0.8	42,110.94	16,844.38
Private	19	93,786.93	0.87	2.15	Private	C2	0.4	0.8	75,029.55	30,011.82
Private	20	257,334.00	2.39	5.91	Private	I1	0.6	0.47	120,946.98	72,568.19
	21	24,168.85	0.22	0.55	Private	I1	0.6	0.47	11,359.36	6,815.62
	22	44,519.88	0.41	1.02	Private	I1	0.6	0.47	20,924.34	12,554.61
	23	41,870.96	0.39	0.96	Private	I1	0.6	0.47	19,679.35	11,807.61
	24	28,723.51	0.27	0.66	Private	I1	0.6	0.47	13,500.05	8,100.03
	25	208,726.49	1.94	4.79	Private	IF/I1	0.6	0.47	98,101.45	58,860.87
	26	58,114.13	0.54	1.33	Private	IF/I1	0.6	0.47	27,313.64	16,388.19
	27	62,641.72	0.58	1.44	Private	I1	0.6	0.47	29,441.61	17,664.97
	28	33,380.04	0.31	0.77	Private	I1	0.6	0.47	15,688.62	9,413.17
	29	77,527.04	0.72	1.78	Private	I1	0.6	0.47	36,437.71	21,862.63
	30	107,631.05	1.00	2.47	Private	I1	0.6	0.47	50,586.59	30,351.96
	31	0	0	0	Private	ENV	0	0	0 -	
		2,368,195.18	**22.00**	**54.37**				**0.38**	**1,059,284.44**	**593,432.01**
	total	**3,853,319.64**	**35.80**	**88.46**					**1,714,399.29**	**986,500.92**
	Net allowance	**15%**	5.37	13.27						
			30.43	**75.19**						
			Hectares	Acres						

APPENDIX C
TRIPLE BOTTOM LINE EVALUATION

TBL Test Scoring Exercise

	ENVIRONMENTAL CRITERIA	WEIGHTING CRITERIA	SCORING (1-3)			Weighted Score			Reference	Scoring Considerations	Comments
			LOW GROWTH	MEDIUM GROWTH	HIGH GROWTH	LOW GROWTH	MEDIUM GROWTH	HIGH GROWTH			
C1	**Total GHG Emissions Impact from Both the Development and the Related Traffic**	**28.9%**									
	Scenario positively contributes to the reduction of Emissions (Tonnes of CO_2 Equivalent or CO_2E) targets by 2050		1	1	1	0.289	0.289	0.289	**The District of Central Saanich - The Official Community Plan** 1.2 Fundamental Principles - Address the Causes and Impacts of Climate Change *"Central Saanich is committed to reducing green house gas emissions in the community by ensuring greater energy efficiency in new and retro-fit buildings, including municipal facilities and infrastructure, and by fostering a reduction in private automobile usage in favour of less polluting forms of transportation."*	**Total Greenhouse Gases (GHGs) as measured by Tonnes of CO2E is likely to rise along with growth. The rise will come not only from the construction of the new developments, but the increase in trucking and other traffic due to this growth.** While, intensity measures may come down from future development, absolute emissions are expected to increase with growth. The degree of acceptable total GHGs ultimately determine the score.	All scenarios will see increase in intensity of GHG Emissions - BC Action Plan Goal = 62.8 Mt per Capita (13.7 t/capita) - District of Central Saanich 33% reduction below 2007 by 2020. Policy development around GJ of Energy use per building may provide some level of contorl of intensity in the future. This is tied to the financial potential of gorwth to provide incentivisation to build green. E.g if the municipality investsupfront development funds to incentivize green building - realizing an acceptable return in reduced environmental impacts within a given time frame. 1= Increase intensity 2= Increased intensity with some mitigation. 3 = Potential for meeting set targets to reduce intensity of GHG.
C2	**Total Impact of Development on Water Supply Through Increased Consumption**	**13.4%**									
	Scenario causes impacts on existing water system supply and network		1	1	1	0.134	0.134	0.134	**The District of Central Saanich - The Official Community Plan** 1.2 Fundamental Principles - Protect Water Quantity and Quality *"Preservation, protection, and, where appropriate, enhancement of the quantity and quality of water from all municipal sources, including groundwater, is critical for the area's long-term future."*	**With water usage required from both increased employment in the area and increased usage in company operations, enhanced growth will add some degree of strain to the existing water infrastructure.** A high degree of impact (Low score) would place the town's existing water infrastructure under significant strain and potentially lead to drought. A medium impact would result in serious supply considerations in the long-term (20+ years). A low impact (High score) is consistent with limited, to no, modification in the water supply through the increased consumption.	
C3	**Potential for Contamination of Water Table and Watershed**	**23%**									
	Scenario has the potential to increase contamination of water table and watershed though proposed uses.		3	1	1	0.700	0.233	0.233	**The District of Central Saanich - The Official Community Plan** 1.2 Fundamental Principles - Protect Water Quantity and Quality *"In particular, the ecological functioning of municipal watersheds, and their associated agricultural and resource uses, are to be maintained and enhanced as central elements of community planning, including the protection of agricultural lands from impacts of urban storm water runoff."*	**Increasing development of the lands generally results in greater storm water runoff due to roads, parking lots, buildings etc. occupying previously pervious ground surfaces.** A high degree of impact (Low score) would equate to significant contamination as measured by the composition of pollutants in parts per million (ppm). This degree of contamination has potential for immediate or short-term levels of pollutants exceeding acceptable amounts. A medium impact would be measured by an acceptable ppm of pollutants in the water supply, resulting in a minimal, yet existing, long-term risk. A low risk (High score) shows minimal ppm in the water table and watershedding, with no expected long-term impacts expected to these sources of water.	
C4	**Total Level of Noise Pollution Related to both the Development and the Related Traffic**	**11%**									
	Scenario has the potential to increase noise pollution though proposed uses and related traffic.		3	1	1	0.334	0.111	0.111	**The District of Central Saanich - The Official Community Plan** 5.2.5 Keating Industrial/Business Area - Policy 7 *"Ensure that industrial uses do not conflict with adjacent residential or agricultural uses by requiring appropriate screening, landscaping and setback provisions in the Land Use Bylaw and by controlling noise, dust and odour emissions, and by addressing water recharge requirements to reduce any potential conflicts."*	**Development of the lands will result in increased local noise and air pollution resulting from the light industrial development as well as the increase in heavy equipment and truck use.** A high impact (Low score) would result in a significant increase in either measured noise (dB) or pollutants (ppm) from historical levels. A medium impact would result in a slight increase in either measured noise (dB) or pollutants (ppm) from historical levels, but within acceptable levels as defined by Central Saanich. A low impact (High score) would result in negligible increases in either measured noise (dB) or pollutants (ppm) from historical levels.	
C5	**Rate of Gravel Pit Conversion**	**23%**									
	Scenario has the potential to increase rate of conversion earlier than the forecasted time frame		1	2	2	0.233	0.466	0.466	**The District of Central Saanich - The Official Community Plan** 5.2.5 Keating Industrial/Business Area - Policy 8 *"Encourage the Butler pit to continue to remove gravel to allow conversion to light industrial uses or office park uses and/or agricultural industries and/or live-work mixed uses."*	**As industrial development increases, more of the Butler pit will require conversion. Quicker growth will result in quicker conversion.** The timeframe as determined by the town for converting the Butler Pit determines the score.	
	TOTAL	**100%**	**9**	**6**	**6**	**1.7**	**1.2**	**1.2**			

TBL Test Scoring Exercise

	SOCIAL CRITERIA	WEIGHTING CRITERIA	SCORING (1-3)			Weighted Score			Reference	Description	Comments
			LOW GROWTH	MEDIUM GROWTH	HIGH GROWTH	LOW GROWTH	MEDIUM GROWTH	HIGH GROWTH			
C1	**Pedestrian Safety Impacts Due to Increased Amount of Heavy and Light Traffic in Surrounding Residential Areas**	13%									
	Scenario has the potential to increase safety and noise impacts in and around residential areas		3	1	1	0.403	0.134	0.134	**The District of Central Saanich - The Official Community Plan** 1.2 Fundamental Principles - Create Walkable Neighbourhoods *"Walkable neighbourhoods are crucial to the overall livability and long term sustainability of Central Saanich. Walkable communities help ensure housing and employment are within an easy walk of transit, services, recreation and other daily needs of residents and employees, and ensure a high quality, vibrant and safe pedestrian environment."*	**Development of the lands will result in increased vehicle traffic including heavy equipment and trucks.** Vehicular accidents may rise with enhanced density in a given land mass. The degree to which these accidents occur with pedestrians may proxy for overall pedestrian safety in the Keating Industrial Corridor and surrounding area. Historical data used to populate intervals.	The scenarios are scored as follows: 3= low impact 2= medium impact 1= high impact - this coring is based on the policy for maintaining safety and mangeing noise in the community - higher growth of a certain type of development such as industrial areas must be considered in light of impacts to residential/community areas. The asumption is that higher gowth would increae the opportunity fund mitigations for noise and traffic through DCC, Amenity contribution and other partnerships.
C2	**Opportunities to Enhance First Nations Employment and Revenue**	9%									
	Scenario offers employment opportunities and partnerships for local First Nation		1	1	2	0.088	0.088	0.176	The District of Central Saanich - The Official Community Plan 1.2 Fundamental Principles - Foster Strong Relations "The District will initiate dialogue and continue to foster strong relations with adjacent local governments, the Tsawout and Tsartlip First Nations, School District No. 63 and regional authorities. Central Saanich will maintain open communications with our neighbours when contemplating any major development or community facilities which may impact on neighbouring jurisdictions and regional service providers."*	**Development of the lands will result in increased light industrial development opportunities. Increased truck use on highway through reservation could open new opportunities.** (Low score) = 1 - Minimal potential for First Nations employment in the developed area and minimal revenue expansion on nearby First Nations' reserves from increased traffic in area. (Medium Score) =2 - Some potential for First Nations employment, over alonger time period in the developed area increases given new opportunities from development. Some degree of revenue expansion on nearby First Nations' reserves from increased traffic or business opportunity in area. (High score) = 3- greater potential of First Nations employment in the developed area significantly increases given new opportunities from development. Significant revenue expansion on nearby First Nations' reserves from increased traffic or business opportunity in area.	
C3	**Rate of, and Total Volume, of Industrial Development**	12%									
	Scenario provides acceptable rate of growth to manage for the Municipality without compromising other lands and uses an preferred lifestyle.		3	1	1	0.3475	0.11583	0.115833	**The District of Central Saanich - The Official Community Plan** 1.2 Fundamental Principles - Maintain Rural Character *"Rural lands and rural lifestyles are highly valued by residents of Central Saanich. The rural character of Central Saanich, defined by its large agricultural land base and its compact, mixed-use village centres, should be sustained..."*	**This metric considers not only Industrial development and how it meets the district's overall development goals, but also the high degree of importance that citizens place on maintaining the rural character. The more rapid the growth, the less likely that the district can maintain its rural character.**	Based on current policy - emdium and rapid growth would require some dicsusion to current OCP directions. 1= Greater impact to current policies 2= greater impact to current policies but potentially manageable with the projected time period. 3= least impact to current policy due to remaining at current growth pattern.
C4	**Potential for Industrial Development to Service Local Business Requirements**	14%									
	Scenario provides a diversity of uses, within the available market, to expand or offer new services to the community and region		1	1	2	0.143	0.143	0.287	**The District of Central Saanich - The Official Community Plan** 1.2 Fundamental Principles - Respond to Changing Social Needs *"There is support for appropriate social services and facilities to meet the changing needs of Central Saanich's residents. When residents' needs are met locally, Central Saanich becomes a more 'complete community'."*	**The more rapid the growth the more businesses that would be in operation, meaning a wider array of products/services available for local businesses to utilize in their operations. The level of impact of growth tied to benefit to the community must be understood in the development of employment lands.**	The scenarios are scored based on the diveristy of uses indicated. While the pottneital for some diveristy such as mixed use is possible, the market and economic study indicates that a range of industrial uses, with minor supporting commercial, is supported given regional and local demands. Diversification in this area to other uses as residential, institutional, and retail should be approached with caution as this can limit employment lands for the vommunity in the available in the future and require expansion outside the current urban containment boundaries. 1= Minimal Diversity, 2= limited Diversity 3= Strong Diversity
C5	**Potential for Industrial Development to include work/live opportunities within the Keating Business District**	12%									
	Scenario provides for live work options depending on market viability		1	1	2	0.116	0.116	0.232	**The District of Central Saanich - The Official Community Plan** 4.2. Guiding the Future – Managing Growth Policy 7. *"Where appropriate, some forms of ground oriented work/live buildings and uses may be permitted in areas currently designated Industrial surrounding the Keating Cross Road commercial area. Proposals for work /live buildings and uses must demonstrate appropriate levels of livability for the residential uses and not significantly reduce the capacity for commercial or industrial uses in these area."*	**The development of Industrial lands provides an opportunity for integrating alternate types of uses that are encourage diversification of uses and providing housing options that may not be attainable in other areas of the DCS.**	The policy supports the implmentation of live work opportunities however the current absorption scenarios and uses suggest that this may impact placement of other potential industrial uses in the area. The highest growth scenario may offer opportunity for funding to be inplace to incentive developer. 1= Minimal Opportunity , 2 = limited Opportunity 3= Strong Opportunities
C6	**Provision for community amenities are considered during development of the Keating Business District**	14%									
	Scenario has the potential to offer community amenities and benefits		1	2	3	0.143	0.287	0.430	**The District of Central Saanich - The Official Community Plan** (Guiding the Future – Affordable, Rental, and Special Needs Housing) 4.3. Guiding the Future - Housing Quality and Choice Policy 1. *"Consider using the amenity bonus provisions of the Local Government Act to help achieve specific social and environmental goals such as additional seniors housing, affordable rental housing, low impact and energy efficient site and building design, and/or additional parkland."*	**The more rapid the growth the more potential for obtaining necessary investment and funding for amenities for all generations in the DCS**	
C7	**Provision of diverse housing choices are available to employees from the Keating Business District**	9%									
	A range of attainable housing choices can be made available to accommodate new employees and their families and attract businesses to locate in the Keating Business District		1	1	2	0.093	0.093	0.185	**The District of Central Saanich - The Official Community Plan** (Guiding the Future – Affordable, Rental, and Special Needs Housing) 4.3. Guiding the Future - Housing Quality and Choice Policy 2. Small, more compact forms of housing are encouraged to be developed in the community to provide more affordable housing options for a range of lifestyles and income levels.	**Intensification of the KBD will likely create demand for all forms of housing near to the employment centre. Availability of employee housing is a key decision factor for new business locating to a community.**	Both the medium and high growth scenarios will trigger housing demands that may or may not be aborbed into current OCP projections. The ranking scenario can be determined based on the increased potential to offer amenity contributions to faciliate affordable housing as part of development. 1 = Lowest potential 2= medium potential over longer period 3 =highest potential due to rapid rowth triggering immediate housing needs.
C8	**Provision of incentives for transportation**	17%									
	The Scenario provides an opportunity through development incentives and policies for TDM and other modes or alternate transport		1	1	2	0.1665	0.1665	0.333	**The District of Central Saanich - The Official Community Plan** 9.2.3. Transportation Choice Policy 3: Encourage and support Transportation Demand Management (TDM) measures such as transit passes for residents and employees, bicycle storage and facilities, shared car-programmes for new development proposals, and reduced parking requirements in exchange for these and other TDM strategies, to decrease reliance on private vehicles and, in particular, to reduce single occupancy vehicle travel.	**Intensification of the KBD will likely create demand for improved transit access and services. In the event that BC transit is not able to provide new infrastructure and service with the growth timeframe, alternate methods of demand management can be implemented by the municipality and employers.**	The likelyhood of TDM being applied by future employers may be based on economic need to build in the KBD and incentivization by the municiplaity and CRD to implment plans. This would require a colletive effort of all businesses or a larger business venture. 1= Unlikely to implment TDM 2= May implement limited TDM opportunities 3 = May trigger district wide TDM collectively or through large scale operation.
	TOTAL	100%	12	9	15	1.5	1.1	1.9			

TBL Test Scoring Exercise

	ECONOMIC CRITERIA	WEIGHTING CRITERIA	SCORING (1-3)			Weighted Score			Reference	Description	Comments
			LOW GROWTH	MEDIUM GROWTH	HIGH GROWTH	LOW GROWTH	MEDIUM GROWTH	HIGH GROWTH			
C1	**Impact on Tax Base**	**30%**									
	Tax base does not materially increase. Total tax base is within 7% of 2015 tax base.		1			0.300	0.000	0.000	**The District of Central Saanich - The Official Community Plan** 1.2 Fundamental Principles - Manage Growth Carefully *"Gradual, low-impact growth is supported provided it does not place an undue burden on the existing utility infrastructure and community services, and does not result in substantial increases in the municipal tax rate. Infilling and intensification of existing residential areas are strongly preferred over extending new services to undeveloped areas."*	**The market value of the increased investment will increase the total amount of commercial property assessments resulting in increased tax bases.**	Current 2015 tax base was ~30M. Based on this we would add a minimum of 5M by 2041. Note that it doesn't include a house price inflation and thus is extremely conservative. For new metrics specific to Real Estate or Industrial we could do something similar to this: What we can say is. Industrial development adds: <100 = 1 100 > & < 230 = 2 >230 = 3 3 for both Scenarios Medium and High 1 for Low Growth
	Tax base increases but at a minimal level. Total tax base is between 7% and 15% of 2015 tax base.					0.000	0.000	0.000			
	Tax base increases significantly. Total tax base is 15% greater than 2015 tax base.			3	3	0.000	0.900	0.900			
C2	**Increase the Number of Jobs in Community**	**25%**									
	0-1,500 new jobs by 2041		1			0.250	0.000	0.000	**The District of Central Saanich - The Official Community Plan** 1.2 Fundamental Principles - Support Economic Development *"...balance the number of jobs with the number of residents."* *AND* *5.2.5 Keating Industrial/Business Area - Objective* *"To support development of more intensive light industrial activities in the Keating Business Park in order to provide business and job opportunities within the municipality."*	**Increased development in the area will lead to an increased number of businesses and an increased need for employees.**	Based on the Site Economics and Fiscal Analysis
	1,500 to 3,000 new jobs by 2041.					0.000	0.000	0.000			
	Over 3,000 new jobs by 2041.			3	3	0.000	0.750	0.750			
C3	**Potential of Development to Increase Municipal Tax Rates (e.g., Incentives)**	**22%**									
	Incentives and inducements utilized to attract industry. Incentives total 5% over rate of return to the municipality .				1	0	0	0.217	**The District of Central Saanich - The Official Community Plan** 1.2 Fundamental Principles - Manage Growth Carefully *"Gradual, low-impact growth is supported provided it does not place an undue burden on the existing utility infrastructure and community services, and does not result in substantial increases in the municipal tax rate. Infilling and intensification of existing residential areas are strongly preferred over extending new services to undeveloped areas."*	**Incentives and infrastructure inducements are a real cost to a municipality that ultimately need to be recouped from existing citizens. To the extent that these incentives create an enhanced financial liability, mill rates can increase, especially in the short term.**	
	Either demand alone primarily attracts some industry, or growth is minimal. Incentives total 2% over rate of return to municipality.					0	0	0			
	Demand alone attracts industry. Incentives less than 1%. over rate of return.		3	3		0.65	0.65	0			
C4	**Potential for development of Agricultural Services and Support Industries within the KBD**	**23%**									
	Scenario has the potential to increase opportunities for agricultural and support industries within the KBD					0	0	0	**The District of Central Saanich - The Official Community Plan** 5.2.7. Agricultural Economy Policy 3: *"Support the retention of Agricultural Service and Support Industries, especially near to active farm areas. It is likely that other suitable areas and policies will be identified in a future Agriculture Area Plan."* AND 3.2.2. Support for Agriculture Policy 10: Develop an agricultural-industrial zoning designation to protect and encourage agriculture related industries in the Keating Industrial area and at other appropriate locations throughout the District (cross reference Section 5: Economic Development).	**The development of agricultural industry and services is a key part of the overall character and economy of the District.**	Neither Scenario is granular enough to determine scoring - this is ultimately a policy decision that is formulated in the Implementation Plan.
	TOTAL	**100%**	**5**	**9**	**7**	**1.2**	**2.3**	**1.9**			

APPENDIX D
DETAILED FINANCIAL ANALYSIS

Input	Value	Source
Industrial Square Metres	142,000	June 2016 - DCC Report
Commerical Square Metres	10,000	June 2016 - DCC Report
Institutional Square Metres	9,000	June 2016 - DCC Report
Residential Lots - Detached Dwellings	45	June 2016 - DCC Report
Residential Lots - Small Lot Dwellings	135	June 2016 - DCC Report
Multi-Family Residential - Dwelling Units	2,220	June 2016 - DCC Report
Assumed Population per Lot - Detached	2.7	June 2016 - DCC Report
Assumed Population per Lot - Small	2.4	June 2016 - DCC Report
Assumed Population per Unit	2.0	June 2016 - DCC Report
New Population by 2050	4,886	June 2016 - DCC Report
Average Townhomes Price - Keating	$412,793	2015 - Averages
Average Condo Price - Keating	$318,367	2015 - Averages
Average Home Price - Keating	$706,780	2015 - Averages
Mill Rate - Residential	0.00706084	As of 2015
Mill Rate - Industrial	0.01570993	As of 2015
Municipal Assist Factor	1%	June 2016 - DCC Report
Development Allocation	31%	June 2016 - DCC Report
Percent of New Employees who Reside in DCS	20%	Per DCS Correspondence
Discount Rate	3.15%	Municipal Finance Authority of BC

Metric	Low	Medium	High
1) Present Value of Incremental Revenue	$16,011,507	$40,146,167	$45,376,446
2) Present Value of Incremental Capital Expenditures - DCC Datc	$8,637,677	$21,644,943	$22,627,358
3) Present Value of Property Tax Discounts	$0	$0	$0
4) Present Value of Municipal Assist	$38,020	$95,273	$99,597
5) Present Value of Incremental Services Costs	$0	$5,769,378	$6,971,427
Net Present Value	$7,335,810	$12,636,573	$15,678,065

	Low							
Metrics	2016	2017	2018	2019	2020	2021	2022	2023
Real Estate Absorption (SQ FT, $000s)						125	150	175
Build-outs (Acres)	0	1	2	4	5	6.0	7	8
Job Creation	0	56	112	168	224	280	334	388
Population	16,040	16,172	16,304	16,436	16,568	16,700	16,844	16,988
New Residents from Development	0	0	0	0	0	0	0	0
Incremental Revenues - Annual								
Increase in Market Value of Industrial Assessments	$0	$3,804,597	$7,609,195	$11,413,792	$15,218,390	$19,022,987	$22,827,584	$26,632,182
Property Taxes - Industrial (2015 Mill Rate - 15.7)	$0	$59,770	$119,540	$179,310	$239,080	$298,850	$358,620	$418,390
Increase in Market Value of Residential Assessments	$0	$1,398,187	$2,796,374	$4,194,561	$5,592,748	$6,990,934	$8,389,121	$9,787,308
Property Taxes - Residential (2015 Mill Rate - 7.06)	$0	$21,965	$43,931	$65,896	$87,862	$109,827	$131,793	$153,758
Total Incremental Revenue	**$0**	**$81,735**	**$163,471**	**$245,206**	**$326,942**	**$408,677**	**$490,412**	**$572,148**
Incremental Costs								
Municipal Responsibility Capital Expenditures - Cumulative	$0	$502,734	$1,005,469	$1,508,203	$2,010,938	$2,513,672	$3,016,407	$3,519,141
Industrial DCC Charges - Cumulative (before Municipal Assist)	$0	$221,283.94	$442,568	$663,852	$885,136	$1,106,420	$1,327,704	$1,548,988
Industrial DCC Charges - Annual (before Municipal Assist)	$0	$221,284	$221,284	$221,284	$221,284	$221,284	$221,284	$221,284
Incremental Costs to Municipality - Annual								
Capital Expenditures - Yearly	$0	$502,734	$502,734	$502,734	$502,734	$502,734	$502,734	$502,734
Discounts to Property Taxes	$0	$0	$0	$0	$0	$0	$0	$0
Municipal Assist	$0	$2,212.84	$2,213	$2,213	$2,213	$2,213	$2,213	$2,213
Incremental Services Costs	$0	$0	$0	$0	$0	$0	$0	$0
Total Incremental Costs	**$0**	**$504,947**	**$504,947**	**$504,947**	**$504,947**	**$504,947**	**$504,947**	**$504,947**
Net Cash Flow	**$0**	**-$423,212**	**-$341,477**	**-$259,741**	**-$178,006**	**-$96,270**	**-$14,535**	**$67,200**

				Low					
Metrics	2024	2025	2026	2027	2028	2029	2030	2031	2032
Real Estate Absorption (SQ FT, $000s)	199	224	249	274	299	324	349	374	399
Build-outs (Acres)	10	11	12.0	13	14	16	17	18.1	19
Job Creation	442	496	550	606	662	718	774	830	886
Population	17,132	17,276	17,420	17,582	17,744	17,906	18,068	18,230	18,376
New Residents from Development	0	0	0	0	0	0	0	0	0
Incremental Revenues - Annual									
Increase in Market Value of Industrial Assessments	$30,436,779	$34,241,377	$38,045,974	$41,913,982	$45,781,989	$49,649,996	$53,518,004	$57,386,011	$61,190,608
Property Taxes - Industrial (2015 Mill Rate - 15.7)	$478,160	$537,930	$597,700	$658,466	$719,232	$779,998	$840,764	$901,530	$961,300
Increase in Market Value of Residential Assessments	$11,185,495	$12,583,682	$13,981,869	$15,403,359	$16,824,849	$18,246,339	$19,667,829	$21,089,319	$22,487,506
Property Taxes - Residential (2015 Mill Rate - 7.06)	$175,723	$197,689	$219,654	$241,986	$264,317	$286,649	$308,980	$331,312	$353,277
Total Incremental Revenue	**$653,883**	**$735,618**	**$817,354**	**$900,451**	**$983,549**	**$1,066,647**	**$1,149,744**	**$1,232,842**	**$1,314,577**
Incremental Costs									
Municipal Responsibility Capital Expenditures - Cumulative	$4,021,876	$4,524,610	$5,027,345	$5,538,458	$6,049,572	$6,560,685	$7,071,799	$7,582,912	$8,085,647
Industrial DCC Charges - Cumulative (before Municipal Assist)	$1,770,272	$1,991,555	$2,212,839	$2,437,811	$2,662,783	$2,887,755	$3,112,727	$3,337,699	$3,558,983
Industrial DCC Charges - Annual (before Municipal Assist)	$221,284	$221,284	$221,284	$224,972	$224,972	$224,972	$224,972	$224,972	$221,284
Incremental Costs to Municipality - Annual									
Capital Expenditures - Yearly	$502,734	$502,734	$502,734	$511,113	$511,113	$511,113	$511,113	$511,113	$502,734
Discounts to Property Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0
Municipal Assist	$2,213	$2,213	$2,213	$2,250	$2,250	$2,250	$2,250	$2,250	$2,213
Incremental Services Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Incremental Costs	**$504,947**	**$504,947**	**$504,947**	**$513,363**	**$513,363**	**$513,363**	**$513,363**	**$513,363**	**$504,947**
Net Cash Flow	**$148,936**	**$230,671**	**$312,406**	**$387,088**	**$470,186**	**$553,284**	**$636,381**	**$719,479**	**$809,630**

	Low								
Metrics	2033	2034	2035	2036	2037	2038	2039	2040	2041
Real Estate Absorption (SQ FT, $000s)	424	448	473	498	523	548	573	598	623
Build-outs (Acres)	21	22	23	24.1	25	27	28	29	30.1
Job Creation	942	998	1,054	1,110	1,164	1,218	1,272	1,326	1,380
Population	18,522	18,668	18,814	18,960	19,134	19,308	19,482	19,656	19,830
New Residents from Development	0	0	0	0	0	0	0	0	0
Incremental Revenues - Annual									
Increase in Market Value of Industrial Assessments	$64,995,206	$68,799,803	$72,604,401	$76,408,998	$80,213,596	$84,018,193	$87,822,790	$91,627,388	$95,431,985
Property Taxes - Industrial (2015 Mill Rate - 15.7)	$1,021,070	$1,080,840	$1,140,610	$1,200,380	$1,260,150	$1,319,920	$1,379,690	$1,439,460	$1,499,230
Increase in Market Value of Residential Assessments	$23,885,692	$25,283,879	$26,682,066	$28,080,253	$29,478,440	$30,876,627	$32,274,814	$33,673,001	$35,071,187
Property Taxes - Residential (2015 Mill Rate - 7.06)	$375,243	$397,208	$419,173	$441,139	$463,104	$485,070	$507,035	$529,000	$550,966
Total Incremental Revenue	**$1,396,313**	**$1,478,048**	**$1,559,783**	**$1,641,519**	**$1,723,254**	**$1,804,990**	**$1,886,725**	**$1,968,460**	**$2,050,196**
Incremental Costs									
Municipal Responsibility Capital Expenditures - Cumulative	$8,588,381	$9,091,116	$9,593,850	$10,096,585	$10,599,319	$11,102,054	$11,604,788	$12,107,522	$12,610,257
Industrial DCC Charges - Cumulative (before Municipal Assist)	$3,780,267	$4,001,551	$4,222,835	$4,444,119	$4,665,403	$4,886,687	$5,107,971	$5,329,255	$5,550,539
Industrial DCC Charges - Annual (before Municipal Assist)	$221,284	$221,284	$221,284	$221,284	$221,284	$221,284	$221,284	$221,284	$221,284
Incremental Costs to Municipality - Annual									
Capital Expenditures - Yearly	$502,734	$502,734	$502,734	$502,734	$502,734	$502,734	$502,734	$502,734	$502,734
Discounts to Property Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0
Municipal Assist	$2,213	$2,213	$2,213	$2,213	$2,213	$2,213	$2,213	$2,213	$2,213
Incremental Services Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Incremental Costs	**$504,947**	**$504,947**	**$504,947**	**$504,947**	**$504,947**	**$504,947**	**$504,947**	**$504,947**	**$504,947**
Net Cash Flow	**$891,365**	**$973,101**	**$1,054,836**	**$1,136,571**	**$1,218,307**	**$1,300,042**	**$1,381,778**	**$1,463,513**	**$1,545,248**

	Medium								
Metrics	2016	2017	2018	2019	2020	2021	2022	2023	2024
Real Estate Absorption (SQ FT, $000s)						283	347	411	474
Build-outs (Acres)	0	3	5	8	11	13.7	17	20	23
Job Creation	0	126	252	378	504	630	772	914	1,056
Population	16,040	16,186	16,332	16,478	16,624	16,770	16,932	17,093	17,255
New Residents from Development	0	14	28	42	56	70	88	105	123
Incremental Revenues - Annual									
Increase in Market Value of Industrial Assessments	$0	$8,687,164.10	$17,374,328	$26,061,492	$34,748,656	$43,435,820	$53,200,954	$62,966,087	$72,731,221
Property Taxes - Industrial (2015 Mill Rate - 15.7)	$0	$136,475	$272,949	$409,424	$545,899	$682,374	$835,783	$989,193	$1,142,602
Increase in Market Value of Residential Assessments	$0	$3,192,527	$6,385,053	$9,577,580	$12,770,107	$15,962,633	$19,551,313	$23,139,993	$26,728,672
Property Taxes - Residential (2015 Mill Rate - 7.06)	$0	$50,154	$100,309	$150,463	$200,617	$250,772	$307,150	$363,528	$419,906
Total Incremental Revenue	**$0**	**$186,629**	**$373,258**	**$559,887**	**$746,516**	**$933,146**	**$1,142,933**	**$1,352,720**	**$1,562,508**
Incremental Costs									
Municipal Responsibility Capital Expenditures - Cumulative	$0	$1,147,910	$2,295,821	$3,443,731	$4,591,642	$5,739,552	$7,029,904	$8,320,256	$9,610,608
Industrial DCC Charges - Cumulative (before Municipal Assist)	$0	$505,265	$1,010,530	$1,515,795	$2,021,060	$2,526,325	$3,094,287	$3,662,249	$4,230,211
Industrial DCC Charges - Annual (before Municipal Assist)	$0	$505,265	$505,265	$505,265	$505,265	$505,265	$567,962	$567,962	$567,962
Incremental Costs to Municipality - Annual									
Capital Expenditures - Yearly	$0	$1,147,910	$1,147,910	$1,147,910	$1,147,910	$1,147,910	$1,290,352	$1,290,352	$1,290,352
Discounts to Property Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0
Municipal Assist	$0	$5,053	$5,053	$5,053	$5,053	$5,053	$5,680	$5,680	$5,680
Incremental Services Costs	$0	$17,522	$35,834	$54,962	$74,934	$95,778	$122,559	$150,500	$179,637
Total Incremental Costs	**$0**	**$1,170,485**	**$1,188,797**	**$1,207,925**	**$1,227,897**	**$1,248,741**	**$1,418,591**	**$1,446,531**	**$1,475,668**
Net Cash Flow	**$0**	**-$983,856**	**-$815,539**	**-$648,038**	**-$481,380**	**-$315,595**	**-$275,658**	**-$93,811**	**$86,840**

	Medium								
Metrics	2025	2026	2027	2028	2029	2030	2031	2032	2033
Real Estate Absorption (SQ FT, $000s)	538	602	671	740	808	877	946	1,020	1,094
Build-outs (Acres)	26	29.1	32	36	39	42	45.7	49	53
Job Creation	1,198	1,340	1,492	1,644	1,796	1,948	2,100	2,264	2,428
Population	17,416	17,578	17,759	17,940	18,122	18,303	18,484	18,652	18,819
New Residents from Development	140	158	177	196	216	235	254	276	297
Incremental Revenues - Annual									
Increase in Market Value of Industrial Assessments	$82,496,354	$92,261,487	$102,787,540	$113,313,593	$123,839,646	$134,365,699	$144,891,752	$156,242,134	$167,592,516
Property Taxes - Industrial (2015 Mill Rate - 15.7)	$1,296,012	$1,449,422	$1,614,785	$1,780,149	$1,945,512	$2,110,876	$2,276,239	$2,454,553	$2,632,867
Increase in Market Value of Residential Assessments	$30,317,352	$33,906,032	$37,774,349	$41,642,666	$45,510,983	$49,379,300	$53,247,617	$57,418,874	$61,590,132
Property Taxes - Residential (2015 Mill Rate - 7.06)	$476,283	$532,661	$593,432	$654,203	$714,974	$775,745	$836,516	$902,046	$967,577
Total Incremental Revenue	**$1,772,295**	**$1,982,083**	**$2,208,217**	**$2,434,352**	**$2,660,487**	**$2,886,621**	**$3,112,756**	**$3,356,599**	**$3,600,443**
Incremental Costs									
Municipal Responsibility Capital Expenditures - Cumulative	$10,900,960	$12,191,312	$13,582,210	$14,973,109	$16,364,008	$17,754,907	$19,145,805	$20,645,630	$22,145,455
Industrial DCC Charges - Cumulative (before Municipal Assist)	$4,798,174	$5,366,136	$5,978,355	$6,590,573	$7,202,792	$7,815,011	$8,427,230	$9,087,394	$9,747,558
Industrial DCC Charges - Annual (before Municipal Assist)	$567,962	$567,962	$612,219	$612,219	$612,219	$612,219	$612,219	$660,164	$660,164
Incremental Costs to Municipality - Annual									
Capital Expenditures - Yearly	$1,290,352	$1,290,352	$1,390,899	$1,390,899	$1,390,899	$1,390,899	$1,390,899	$1,499,825	$1,499,825
Discounts to Property Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0
Municipal Assist	$5,680	$5,680	$6,122	$6,122	$6,122	$6,122	$6,122	$6,602	$6,602
Incremental Services Costs	$210,010	$241,662	$277,135	$314,084	$352,558	$392,606	$434,280	$481,828	$531,299
Total Incremental Costs	**$1,506,042**	**$1,537,693**	**$1,674,156**	**$1,711,105**	**$1,749,579**	**$1,789,627**	**$1,831,301**	**$1,988,254**	**$2,037,725**
Net Cash Flow	**$266,253**	**$444,390**	**$534,061**	**$723,247**	**$910,907**	**$1,096,994**	**$1,281,455**	**$1,368,345**	**$1,562,718**

	Medium							
Metrics	2034	2035	2036	2037	2038	2039	2040	2041
Real Estate Absorption (SQ FT, $000s)	1,168	1,242	1,316	1,365	1,414	1,462	1,511	1,560
Build-outs (Acres)	56	60	63.6	66	68	71	73	75.4
Job Creation	2,592	2,756	2,920	3,030	3,140	3,250	3,360	3,470
Population	18,987	19,154	19,322	19,507	19,692	19,878	20,063	20,248
New Residents from Development	319	340	362	373	384	396	407	418
Incremental Revenues - Annual								
Increase in Market Value of Industrial Assessments	$178,942,898	$190,293,281	$201,643,663	$209,126,038	$216,608,413	$224,090,788	$231,573,163	$239,055,538
Property Taxes - Industrial (2015 Mill Rate - 15.7)	$2,811,180	$2,989,494	$3,167,808	$3,284,881	$3,401,953	$3,519,026	$3,636,099	$3,753,172
Increase in Market Value of Residential Assessments	$65,761,389	$69,932,647	$74,103,904	$76,853,672	$79,603,439	$82,353,207	$85,102,974	$87,852,742
Property Taxes - Residential (2015 Mill Rate - 7.06)	$1,033,107	$1,098,637	$1,164,167	$1,207,366	$1,250,564	$1,293,763	$1,336,962	$1,380,160
Total Incremental Revenue	**$3,844,287**	**$4,088,131**	**$4,331,975**	**$4,492,246**	**$4,652,518**	**$4,812,789**	**$4,973,061**	**$5,133,332**
Incremental Costs								
Municipal Responsibility Capital Expenditures - Cumulative	$23,645,279	$25,145,104	$26,644,928	$27,633,640	$28,622,351	$29,611,062	$30,599,773	$31,588,484
Industrial DCC Charges - Cumulative (before Municipal Assist)	$10,407,721	$11,067,885	$11,728,049	$12,163,241	$12,598,433	$13,033,624	$13,468,816	$13,904,008
Industrial DCC Charges - Annual (before Municipal Assist)	$660,164	$660,164	$660,164	$435,192	$435,192	$435,192	$435,192	$435,192
Incremental Costs to Municipality - Annual								
Capital Expenditures - Yearly	$1,499,825	$1,499,825	$1,499,825	$988,711	$988,711	$988,711	$988,711	$988,711
Discounts to Property Taxes	$0	$0	$0	$0	$0	$0	$0	$0
Municipal Assist	$6,602	$6,602	$6,602	$4,352	$4,352	$4,352	$4,352	$4,352
Incremental Services Costs	$582,754	$636,258	$691,878	$729,356	$768,172	$808,367	$849,983	$893,064
Total Incremental Costs	**$2,089,180**	**$2,142,685**	**$2,198,304**	**$1,722,419**	**$1,761,235**	**$1,801,430**	**$1,843,046**	**$1,886,127**
Net Cash Flow	**$1,755,107**	**$1,945,446**	**$2,133,671**	**$2,769,827**	**$2,891,283**	**$3,011,360**	**$3,130,015**	**$3,247,206**

	High								
Metrics	2016	2017	2018	2019	2020	2021	2022	2023	2024
Real Estate Absorption (SQ FT, $000s)						333	406	479	552
Build-outs (Acres)	0	3	6	10	13	16.1	20	23	27
Job Creation	0	148	296	444	592	740	902	1,064	1,226
Population	16,040	16,190	16,341	16,491	16,642	16,792	16,958	17,123	17,289
New Residents from Development	0	18	37	55	74	92	114	135	157
Incremental Revenues - Annual									
Increase in Market Value of Industrial Assessments	$0	$10,209,003	$20,418,006	$30,627,009	$40,836,012	$51,045,015	$62,205,168	$73,365,320	$84,525,473
Property Taxes - Industrial (2015 Mill Rate - 15.7)	$0	$160,383	$320,765	$481,148	$641,531	$801,914	$977,239	$1,152,564	$1,327,889
Increase in Market Value of Residential Assessments	$0	$3,751,801	$7,503,603	$11,255,404	$15,007,206	$18,759,007	$22,860,355	$26,961,704	$31,063,052
Property Taxes - Residential (2015 Mill Rate - 7.06)	$0	$58,941	$117,881	$176,822	$235,762	$294,703	$359,135	$423,566	$487,998
Total Incremental Revenue	**$0**	**$219,323**	**$438,647**	**$657,970**	**$877,293**	**$1,096,616**	**$1,336,373**	**$1,576,131**	**$1,815,888**
Incremental Costs									
Municipal Responsibility Capital Expenditures - Cumulative	$0	$1,349,004	$2,698,008	$4,047,013	$5,396,017	$6,745,021	$8,219,709	$9,694,397	$11,169,085
Industrial DCC Charges - Cumulative (before Municipal Assist)	$0	$593,779	$1,187,557	$1,781,336	$2,375,114	$2,968,893	$3,617,992	$4,267,092	$4,916,192
Industrial DCC Charges - Annual (before Municipal Assist)	$0	$593,779	$593,779	$593,779	$593,779	$593,779	$649,100	$649,100	$649,100
Incremental Costs to Municipality - Annual									
Capital Expenditures - Yearly	$0	$1,349,004	$1,349,004	$1,349,004	$1,349,004	$1,349,004	$1,474,688	$1,474,688	$1,474,688
Discounts to Property Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0
Municipal Assist	$0	$5,938	$5,938	$5,938	$5,938	$5,938	$6,491	$6,491	$6,491
Incremental Services Costs	$0	$23,029	$47,096	$72,236	$98,484	$125,879	$158,936	$193,418	$229,373
Total Incremental Costs	**$0**	**$1,377,971**	**$1,402,038**	**$1,427,178**	**$1,453,426**	**$1,480,821**	**$1,640,114**	**$1,674,597**	**$1,710,552**
Net Cash Flow	**$0**	**-$1,158,648**	**-$963,391**	**-$769,208**	**-$576,133**	**-$384,205**	**-$303,741**	**-$98,466**	**$105,335**

	High								
Metrics	2025	2026	2027	2028	2029	2030	2031	2032	2033
Real Estate Absorption (SQ FT, $000s)	625	698	777	857	936	1,016	1,095	1,181	1,266
Build-outs (Acres)	30	33.7	38	41	45	49	52.9	57	61
Job Creation	1,388	1,550	1,726	1,902	2,078	2,254	2,430	2,622	2,814
Population	17,454	17,620	17,806	17,992	18,178	18,364	18,550	18,723	18,896
New Residents from Development	178	200	224	248	272	296	320	347	374
Incremental Revenues - Annual									
Increase in Market Value of Industrial Assessments	$95,685,625	$106,845,777	$119,020,489	$131,195,201	$143,369,913	$155,544,624	$167,719,336	$180,845,197	$193,971,058
Property Taxes - Industrial (2015 Mill Rate - 15.7)	$1,503,214	$1,678,540	$1,869,804	$2,061,067	$2,252,331	$2,443,595	$2,634,859	$2,841,065	$3,047,272
Increase in Market Value of Residential Assessments	$35,164,400	$39,265,748	$43,739,946	$48,214,144	$52,688,342	$57,162,540	$61,636,738	$66,460,483	$71,284,228
Property Taxes - Residential (2015 Mill Rate - 7.06)	$552,430	$616,862	$687,151	$757,441	$827,730	$898,020	$968,309	$1,044,090	$1,119,870
Total Incremental Revenue	**$2,055,645**	**$2,295,402**	**$2,556,955**	**$2,818,508**	**$3,080,061**	**$3,341,615**	**$3,603,168**	**$3,885,155**	**$4,167,142**
Incremental Costs									
Municipal Responsibility Capital Expenditures - Cumulative	$12,643,773	$14,118,460	$15,727,211	$17,335,961	$18,944,712	$20,553,462	$22,162,212	$23,896,646	$25,631,080
Industrial DCC Charges - Cumulative (before Municipal Assist)	$5,565,291	$6,214,391	$6,922,499	$7,630,608	$8,338,717	$9,046,825	$9,754,934	$10,518,363	$11,281,793
Industrial DCC Charges - Annual (before Municipal Assist)	$649,100	$649,100	$708,109	$708,109	$708,109	$708,109	$708,109	$763,430	$763,430
Incremental Costs to Municipality - Annual									
Capital Expenditures - Yearly	$1,474,688	$1,474,688	$1,608,750	$1,608,750	$1,608,750	$1,608,750	$1,608,750	$1,734,434	$1,734,434
Discounts to Property Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0
Municipal Assist	$6,491	$6,491	$7,081	$7,081	$7,081	$7,081	$7,081	$7,634	$7,634
Incremental Services Costs	$266,851	$305,901	$350,329	$396,604	$444,786	$494,938	$547,124	$607,006	$669,308
Total Incremental Costs	**$1,748,030**	**$1,787,080**	**$1,966,160**	**$2,012,435**	**$2,060,617**	**$2,110,769**	**$2,162,956**	**$2,349,074**	**$2,411,376**
Net Cash Flow	**$307,615**	**$508,322**	**$590,795**	**$806,073**	**$1,019,444**	**$1,230,845**	**$1,440,212**	**$1,536,081**	**$1,755,766**

	High								Source
Metrics	2034	2035	2036	2037	2038	2039	2040	2041	
Real Estate Absorption (SQ FT, $000s)	1,352	1,437	1,523	1,530	1,538	1,545	1,553	1,560	Keating Busines
Build-outs (Acres)	65	69	73.6	74	74	75	75	75.4	Keating Busines
Job Creation	3,006	3,198	3,390	3,406	3,422	3,438	3,454	3,470	Keating Busines
Population	19,070	19,243	19,416	19,582	19,749	19,915	20,082	20,248	2011: https://wv
New Residents from Development	402	429	456	448	441	433	426	418	
Incremental Revenues - Annual									
Increase in Market Value of Industrial Assessments	$207,096,919	$220,222,780	$233,348,641	$234,490,021	$235,631,400	$236,772,779	$237,914,158	$239,055,538	
Property Taxes - Industrial (2015 Mill Rate - 15.7)	$3,253,478	$3,459,684	$3,665,891	$3,683,347	$3,700,803	$3,718,259	$3,735,716	$3,753,172	
Increase in Market Value of Residential Assessments	$76,107,972	$80,931,717	$85,755,462	$86,174,918	$86,594,374	$87,013,830	$87,433,286	$87,852,742	
Property Taxes - Residential (2015 Mill Rate - 7.06)	$1,195,651	$1,271,432	$1,347,212	$1,353,802	$1,360,392	$1,366,981	$1,373,571	$1,380,160	http://www.centi
Total Incremental Revenue	**$4,449,129**	**$4,731,116**	**$5,013,103**	**$5,037,149**	**$5,061,195**	**$5,085,241**	**$5,109,287**	**$5,133,332**	
Incremental Costs									
Municipal Responsibility Capital Expenditures - Cumulative	$27,365,515	$29,099,949	$30,834,383	$30,985,203	$31,136,023	$31,286,844	$31,437,664	$31,588,484	
Industrial DCC Charges - Cumulative (before Municipal Assist)	$12,045,223	$12,808,652	$13,572,082	$13,638,467	$13,704,852	$13,771,237	$13,837,623	$13,904,008	
Industrial DCC Charges - Annual (before Municipal Assist)	$763,430	$763,430	$763,430	$66,385	$66,385	$66,385	$66,385	$66,385	
Incremental Costs to Municipality - Annual									
Capital Expenditures - Yearly	$1,734,434	$1,734,434	$1,734,434	$150,820	$150,820	$150,820	$150,820	$150,820	
Discounts to Property Taxes	$0	$0	$0	$0	$0	$0	$0	$0	
Municipal Assist	$7,634	$7,634	$7,634	$664	$664	$664	$664	$664	
Incremental Services Costs	$734,109	$801,491	$871,537	$876,322	$880,880	$885,198	$889,264	$893,064	
Total Incremental Costs	**$2,476,178**	**$2,543,560**	**$2,613,605**	**$1,027,806**	**$1,032,364**	**$1,036,683**	**$1,040,748**	**$1,044,548**	
Net Cash Flow	**$1,972,951**	**$2,187,556**	**$2,399,498**	**$4,009,343**	**$4,028,831**	**$4,048,558**	**$4,068,538**	**$4,088,784**	

Capital Cost Breakdown						
	Last Year Projects End	**Total Capital Cost**	**Development @ 30.7%**	**Assist Factor @ 1.0%**	**Development Net Municipal Assist**	**Municipal Cost**
Transportation	2026	$10,411,450	$3,191,838	$31,918	$3,159,920	$7,251,530
Storm Drainage	2027	$6,750,000	$2,069,348	$20,693	$2,048,654	$4,701,346
Sanitary Sewer	2040	$13,855,511	$4,247,684	$42,477	$4,205,207	$9,650,304
Water	2018	$9,223,491	$2,827,646	$28,276	$2,799,369	$6,424,122
Parks	Long Term	$5,113,000	$1,567,492	$15,675	$1,551,817	$3,561,183
Total		**$45,353,452**	**$13,904,008**	**$139,040**	**$13,764,968**	**$31,588,484**

	Past Expenses				Current Expenses
Tax-Supported Services	**2011**	**2012**	**2013**	**2014**	**Current Expense - 2015**
General Government	$2,776,000	$2,577,000	$3,086,000	$2,986,000	$2,981,000
Protective Services	$6,388,000	$7,029,000	$6,923,000	$7,282,000	$7,406,000
Transportation Services	$5,266,000	$5,702,000	$5,629,000	$5,598,000	$5,271,000
Environmental & Development Services	$446,000	$378,000	$299,000	$345,000	$343,000
Parks and Cultural Services	$2,387,000	$2,580,000	$2,518,000	$2,596,000	$2,672,000
Other Fiscal Services	$115,000	$149,000	$218,000	$228,000	$325,000
Total	**$17,378,000**	**$18,415,000**	**$18,673,000**	**$19,035,000**	**$18,998,000**
User-Supported Services	**2011**	**2012**	**2013**	**2014**	**Current Expense - 2015**
Water Utility	$3,469,000	$3,687,000	$3,509,000	$3,645,000	$3,885,000
Sewer Utility	$3,139,000	$2,891,000	$2,996,000	$2,569,000	$2,604,000
Total	**$6,608,000**	**$6,578,000**	**$6,505,000**	**$6,214,000**	**$6,489,000**
Inflation for Tax-Supported Expenditures		5.97%	1.40%	1.94%	-0.19%
Average Tax-Supported Inflation			**2.25%**		
Population	15,936	15,920	15,904	15,887	15,871
Tax-Supported Services Cost Per Resident	$1,090	$1,157	$1,174	$1,198	**$1,197**