



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

Municipal Hall
1229 Esquimalt Road
Esquimalt, B.C. V9A 3P1

Legislation Text

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REQUEST FOR DIRECTION

DATE: June 12, 2023

Report No. CSS-23-006

TO: Dan Horan, Chief Administrative Officer

FROM: Blair McDonald, Director of Community Safety Services

SUBJECT:

Public Safety Building Project - Next Steps

ESSENTIAL QUESTION:

After reviewing staff report CSS-23-006 and receiving a briefing from the project team, does the Committee of the Whole (COTW) require any further information, analysis, or recommendations prior to deciding on the way forward for the project?

RECOMMENDATION:

That COTW recommend to Council that staff be directed to do the following:

- a) Begin development of a new concept for the Public Safety Building, including Fire Rescue Services as well as an Emergency Operations Centre (EOC), programable space and CRD office space, using current programming and designs where possible to accelerate the design and implementation process;
- b) Initiate a new project to explore options for development of the north end of the Park Place lot for Council consideration; and,
- c) Initiate a new project to develop options for the future location of Police services within the Township.

BACKGROUND:

On May 8, 2023, Staff along with CORE Project Management appeared before Council to discuss the progress of the Public Safety Building Project. Costs for the project have escalated so that an additional \$14 million would be required to complete the building as originally scoped. Several options for moving forward were presented to Council and are again presented here:

1. Revised Program

- a. Reduce the project scope by eliminating the third floor and any ability to add a third floor in the future; or,

- b. Reduce the project scope by eliminating the 3rd floor but building in such a way as to allow a third floor to be constructed at a future date.

2. Proceed with Existing Program

- a. Tender and build as currently designed. This option would require approximately \$14 million of additional funding for an overall project cost of \$62.2 million; or,
- b. Tender and build as designed but work with trade contractors to find cost savings. It is estimated that approximately 5% cost savings could be achieved, however this would impact the style and features of the building.

3. Re-Evaluate or Re-Define the Project

- a. Cancel or defer the project indefinitely; or,
- b. Redefine the project's objectives and develop a new solution to meet those objectives.

Each option had financial implications which were discussed at the May 8th meeting.

The attached link is to the May 8th report that contains extensive background information on the project as well as detailed financial information on all the options presented.

<https://esquimalt.ca.legistar.com/ViewReport.ashx?M=R&N=Text&GID=5&ID=29939&GUID=26063413-80E2-44A0-893F-FC0D3141B0E8&Title=Legislation+Text>

ISSUES:

Council's discussion at the May 8th meeting led to two primary options for consideration: Option 3 b.-reevaluate or redefine the project's objectives and develop a new solution; and Option 2 a. - Proceed with the existing program and tender and build the PSB as currently designed.

Several questions were posed by Council which required further follow-up.

I. What is the status of the Amenity Funds and will the CRD be satisfied with the Township's use of those funds?

An analysis of the agreement shows that the funds expended by the Township have been fully in compliance with the agreement. There is a reporting requirement that needs to be completed, advising the CRD of how the funds were expended. Staff anticipate completing the reporting requirements soon.

II. What are the options relating to the Indenture on the northern part of the lot?

While there are several options in dealing with the indenture on a portion of the northern part of the lot, some preliminary design work shows that the parcel of land likely can be used for its intended public purpose if the option of developing the northern part of the lot is treated as a separate project from the Public Safety Building.

III. What are the requirements and options for public assent for obtaining additional funding to complete the PSB as originally designed?

There are two methods available to Council to receive electoral support for additional borrowing. They are the Alternate Approval Process (AAP) and a Referendum.

- **Alternative Approval Process**

An AAP was used to receive voter assent for the original borrowing of \$35 million for the construction of the PSB. An AAP process involves asking the electorate to voice their objections only if they are opposed to borrowing a specified sum. If 10% or more of the electorate are opposed, a referendum would be required to seek electoral approval for the borrowing. An AAP could be conducted in approximately 60 days from start to finish. An AAP can be incorporated into current staff work plans and would cost approximately \$10,000 to \$15,000, including staff time, advertising and communications and other associated costs.

- **Assent Voting (Referendum)**

Conducting assent voting is comparable to holding an election. It has similar requirements for advertising, advance voting, elections equipment and ballots, appointment of a Chief Election Officer, reporting, and more. It is likely that staff will be unable to complete this work within current work plans which would necessitate the hiring of a Chief Election Officer. Legal advice will also be required on the development of an appropriate question and to ensure procedural compliance. If Council wishes to proceed with borrowing additional funds to build the PSB as originally proposed, a loan authorization bylaw would be required which would form the basis of the assent voting question.

According to the Province, the timeline for fulfilling the loan authorization requirements is as follows:

- Loan authorization bylaw drafted and given three readings by Council
- Provincial review and statutory approval by the Inspector of Municipalities (6 - 8 weeks)
- Approval of the electors (assent voting - 80 days or approximately 11 weeks)
- Adoption of the bylaw by Council if approval of the electors is obtained
- Challenge period (30 days)
- Provincial Review and certificate of approval by the Inspector of Municipalities (2 - 4 weeks)
- Council passes security issuing resolution and agreement
- Regional District drafts security issuing bylaw and gives three readings and

- adoption (2 - 4 weeks)
- Challenge Period for the security issuing bylaw (10 days)
- Provincial review of the security issuing bylaw and certificate of approval by the Inspector of Municipalities (2 - 4 weeks)
- Security issuing by the Municipal Finance Authority

The trigger for assent voting to occur is the receipt of statutory approval from the Inspector of Municipalities. From the time that Council gives third reading, it could take upwards of 260 days (more than 8 months) to complete the assent voting and, if affirmed, obtain all required approvals to proceed with security issuing of the additional funds.

It is estimated that the referendum process will cost approximately \$100,000 to \$150,000, in addition to the construction costs that are expected to escalate during any periods of delay.

A vote in the affirmative that was not implemented by Council may be repealed either through the same approval method to gain electoral assent, or without the approval of the electors if the Inspector approves, and subject to any terms and conditions the Inspector considers appropriate. Local government loan authorization bylaws are valid for five years from the date of adoption. Once a loan has gone to security issuing it may be difficult to amend or repeal the loan authorization bylaw and such action would require direction from both the Municipal Finance Authority and the Ministry of Municipal Affairs.

IV. What are the options for the north part of the lot if Council chooses to build a reduced scope PSB on the south side of the lot?

There are many options for the north side of the lot. Should Council choose to explore options to develop the north side of the lot, staff recommend that this exploration be treated as a new project independent of the PSB project. The remaining portion of the lot is suitably sized to build another project. There are many ways this can be approached from a private/public partnership, with commercial development, or housing or any other combination. The development of a project of this type will take a considerable amount of time and consultation to arrive at suitable options for Council's consideration.

V. Should Council choose to build a PSB that focusses on Fire Services, what might this look like and what are the associated costs?

HCMA has done a preliminary design for a PSB that excludes police but has an EOC, programmable space and CRD office space (as required by the amenity fund agreement). The new building would be designed using existing programming, such that it will result in a PSB suitable for Township Fire Rescue operations for the next 50 years. CORE Project Management is prepared to provide Council a presentation on the proposed building with estimated costing (see Attachment #1).

Staff Recommendation

Staff do not recommend cancelling the Public Safety Building project (Option 3A). The current temporary fire hall is expected to meet Fire Services needs for 5-7 years, but a decision on a long term plan to house Fire Services is needed at this time. VicPD's current and near-term needs are being met by the facility on the bottom floor of Municipal Hall.

Staff also do not recommend proceeding with the project as originally scoped and designed (Option 2) nor do staff recommend proceeding with a reduced project scope for the Public Safety Building (Options 1A/1B). The Township's capital reserves fund its annual capital infrastructure projects across all service areas, including facilities, parks, transportation and roads, sanitary sewers, and storm sewers. Based on the current 5-year financial plan, there is an anticipated balance of approximately \$5.2M available for capital infrastructure renewal. Though long-term asset management plans have not yet been completed for the Township, staff assess that current reserve balances are not high enough to support medium- and long-term infrastructure needs. The Township's capital reserve balance would need to be significantly higher before staff would consider recommending proceeding with the Public Safety Building project as originally scoped and designed (Option 2) or a Public Safety Building with reduced scope options (Options 1A/1B).

A redefined Public Safety Building project that limits the development of a facility to the southern portion of the property appears to be a way for the Township to meet its immediate operational needs. A Public Safety Building that houses Fire Services as well as an EOC and community/CRD space would meet the Township's commitments with respect to the CRD McLaughlin Amenity Funds, while also providing an opportunity for the Township to explore development options for the northern portion of the property fronting Esquimalt Road.

Therefore, it is staff's recommendation that the COTW recommend to Council that staff be directed to do the following:

- a) Begin development of a new concept for the Public Safety Building, including Fire Rescue Services as well as an Emergency Operations Centre (EOC), programable space and CRD office space, using current programming and designs where possible to accelerate the design and implementation process;
- b) Initiate a new project to explore options for development of the north end of the Park Place lot for Council consideration; and,
- c) Initiate a new project to develop options for the future location of Police services within the Township.

ALTERNATIVES:

1. That the COTW receive report CSS-23-006 for information and, after obtaining any further information that the COTW requires, consider the options and direct staff to proceed with the necessary steps to continue with the construction of a new facility to meet future public safety needs.
2. That the COTW provide alternative direction to staff.

3. That the COTW request further information from staff.