

Esquimalt Public Safety Building Project

The Alternative Approval Process—frequently asked questions

1. What is the AAP all about?

- Under the B.C. Community Charter, local governments such as the Township of Esquimalt may use an Alternative Approval Process (AAP) to directly engage citizens about a proposed bylaw or other matter requiring elector approval. An AAP can be used for various initiatives to undertake long-term borrowing, a boundary extension, to establish a new regional district service, or other matter requiring approval of the electorate.
- This AAP is asking the electors of Esquimalt whether the Township can proceed with long-term borrowing to fund the new PSB. Elector approval is required as the Township's annual servicing cost for the projected debt required to complete the PSB would exceed the assent free limit under the legislation.
- The AAP will succeed if fewer than 10% of electors submit an elector response form indicating their disapproval of the proposed long-term borrowing. The AAP is taking place April 9th to May 10th, 2021.

2. Why are we using this new process?

- The AAP process is commonly used by local governments and is laid out in detail by the Province on B.C. In fact, some of the other B.C. municipalities that have recently used the process include Nanaimo, Central Saanich, Prince George, Powell River and the Capital Regional District.
- Amenity funding or no, council will need public approval to borrow funds for a new public safety building.

3. How is it different than a referendum?

- A referendum and an alternative approval process are both available options for obtaining voter assent. Referendums are far more costly and complex than an AAP. If the AAP fails to provide elector support, the township will not be able to proceed with the bylaw without going to referendum.

- Councils most commonly use an AAP to gauge public opinion because AAP is less expensive for taxpayers than Assent Voting (referendum) and can be used whenever the legislation requires the local government to obtain permission from the electors.
- It is less costly to the taxpayers and less time consuming than assent voting.

4. How to participate

- If you approve of the Township of Esquimalt using long-term borrowing to fund the Public Safety Building Project, no action is needed.
- If you are opposed to the proposed long-term borrowing for the PSB, you may submit an Elector Response Form.

5. Can I submit electronically?

- Response forms can be found on esquimalt.ca and can be submitted via email or hard copy. Paper forms are available at the municipal hall, 1229 Esquimalt Road.

6. How were residents notified of the AAP?

- Legislatively, the AAP must be advertised in the newspaper at least twice. In this case, the AAP was introduced in The Current newsletter (hard copy to every house/business and electronic edition), in the newspaper via paid advertising, via social media, on the Esquimalt website and through media articles starting in late March.

Financials— frequently asked questions

1. How would the repayment be funded?

- It would be funded from capital reserves so there would be no direct tax impact to residents

2. Do we own the current PSB outright or do we owe money on it? Who will own the new one?

- We own the current PSB outright and will own the new building as well. Funds gained from the commercial space rental will be revenue for the township

3. What does it mean if the AAP goes through?

- If the AAP for Public Safety Building Improvements Loan Authorization Bylaw No. 3021 receives the approval of the electors, then the Township of Esquimalt will fund approximately 83% of the Public Safety Building Improvements Project through debt borrowing.

4. How long will it take to pay off?

- The Township proposes to repay up to \$35,000,000 of long-term debt over 30 years using annual transfers from its existing statutory reserve funds.

5. What about the interest?

- The amount of interest to be paid is only an estimate at this time. Through the Municipal Finance Authority, the Township can lock in for a period of 5 or 10 years at a time, at the interest rate in effect at the time the borrowing is secured. The Township is planning to lock in for a 10 year term and the current estimated interest rate is 1.81% for this term. Each time a term expires, the Township would have to lock in for another 5 or 10 year term at the rates effective at that time. The following table outlines estimated annual and total costs at varying average interest rates over the 30-year term, including the projected 30-year rate of 2.66% as provided by MFA.

| Debt Repayment (Principal and Interest) | 30 Years @ 2.00% | 30 Years @ 2.66% | 30 Years @ 3.00% |
|--------------------------------------------------------------|-------------------------|-------------------------|-------------------------|
| Annual payment based on debt borrowing for 83% of total cost | \$1,597,000 | \$1,828,000 | \$1,947,000 |
| Total amount repaid over 30-year term | \$47,911,000 | \$54,841,000 | \$58,411,000 |

6. Will this limit the ability to borrow for future projects?

- With the additional borrowing per the bylaw, the Township would be at approximately 35% of its borrowing capacity. This would leave sufficient room for other important projects in the future however the Township does not envision ever using anywhere near its full borrowing capacity.

7. Can we use the funding for something else?

- The conditions of the funding include both funded projects and timelines. The possible spending areas were new, expanded or enhanced emergency services facilities with the potential to integrate other uses. In this case, there will be retail fronting Esquimalt Road, spaces available for community use, increased offices for Esquimalt staff and offices for CRD staff. What was excluded from the agreement included funding operations, programming, equipment, maintenance, and events.

8. How reliable is the budget due to changes in construction costs?

- The budget was created recently and with potential future cost increased incorporated.

- The total budget amount estimate is \$42 million. There are numerous costs associated with a project of this nature; demolition and abatement of the old PSB, construction of the new PSB, outfitting and equipping the building, temporary police and fire facilities and consultant costs, to name a few.
- There is \$7.1 million in amenity funding dedicated to the PSB project. The remaining funding shortfall is approximately \$35 million. This amount exceeds the township's threshold to borrow without seeking public approval.

9. Why is this process happening now?

- Part of the conditions of the MAF includes a timeline when the funds need to be spent or committed to a project. We are approaching this deadline and initiated the PSB project in 2019 to accommodate the timeframe.
- While there is a clause that may allow the extension of that deadline, the condition of the existing public safety building and anticipated increased demand for services made the timing of the project in line with taking advantage of the amenity funding: a win-win.

Building overview

1. The existing fire hall and police building is dated, cramped and unable to meet current post-disaster standards. It is nearing the end of its useful life and we want to address this issue proactively.
2. The need to bring this facility into the modern era is a huge investment in community resilience for the citizens of Esquimalt.
3. The building includes the new and expanded program of spaces needed to serve the community for the next 50 years.
4. The planned new building will go beyond the current public safety building which holds police and fire services. The new building will contain a 4-bay fire hall, police facility, community safety services offices including bylaw and emergency management functions as well as a dedicated emergency operations centre space plus room for community use, offices for the Capital Regional District and a retail space fronting Esquimalt Road.
5. The building is purpose-built post disaster adding crucial capacity for emergency response and recovery planning.

6. It will be a three-storey building with an underground parking structure for 41 operational vehicles.
7. The new build will increase the fire/police building from 16,499 sq ft to 41,743 sq ft for police and fire in addition to an emergency operations centre, office space, 1,800 sq ft of programmable community space and approximately 2,451 sq ft of retail space.
8. The ground floor commercial component will help to provide retail continuity and vibrancy along the southern edge of Esquimalt Road.
9. The building will be highly energy efficient and built to a [Zero Carbon Building Standard](#).

For further information, please contact the Corporate Officer at 250-414-7100 during regular office hours: Monday to Friday from 8:30 am – 4:30 pm or by email at corporate.services@esquimalt.ca.

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