

MEMORANDUM OF UNDERSTANDING
WEST SHORE RCMP BUILDING COST SHARING

Dated for reference May 29, 2025, is

BETWEEN:

CITY OF LANGFORD

(“**Langford**”)

AND:

CITY OF COLWOOD

(“**Colwood**”)

AND:

TOWN OF VIEW ROYAL

(“**View Royal**”)

AND:

CAPITAL REGIONAL DISTRICT

(the “**CRD**”)

WHEREAS:

- A. The Royal Canadian Mounted Police (“RCMP”) provide police services to Langford, Colwood and View Royal (together, the “Municipalities” and each a “Municipality”) from a building located on the land bearing civic address 698 Atkins Avenue, Langford, BC, and legally described as:

PID: 025-105-671

LOT A SECTION 72 ESQUIMALT DISTRICT PLAN VIP72543

(the “Land”);

- B. The Land is owned by the Municipalities as tenants in common with Langford owning a 4,632/10,000 interest, Colwood owning a 3,508/10,000 interest and View Royal owning a 1,860/10,000 interest;
- C. The Municipalities wish to construct a building measuring between 92,000 and 94,400 square feet (the “Building”) to replace the building referred to in Recital A;
- D. The Building will be constructed on the Land and the adjacent lands purchased by Langford for that purpose which are legally described as:

PID: 006-737-501

LOT 12, SECTION 72, ESQUIMALT DISTRICT, PLAN 1954

PID: 004-188-969

LOT 15, SECTION 72, ESQUIMALT DISTRICT, PLAN 1954

PID: 000-306-100

LOT 1, SECTION 72, ESQUIMALT DISTRICT, PLAN 34830

PID: 000-306-118

LOT 2, SECTION 72, ESQUIMALT DISTRICT, PLAN 34830

(the “Additional Lands”);

- E. Colwood and View Royal have agreed to repay a portion of Langford’s cost of acquiring the Additional Lands in exchange for a proportionate interest in the Additional Lands as tenants in common;
- F. The CRD, as a regional district, may create a sub-regional service with the Municipalities as participants (the “Building Service”), and this service, if its establishing bylaw and associated loan authorization bylaw are approved by the participants and the Inspector of Municipalities, may borrow to acquire the Additional Lands and construct the Building and associated improvements through a loan from the Municipal Finance Authority (the “Loan”); and
- G. The parties have agreed, and it is a requirement of the ability of the Building Service to borrow for capital under the *Local Government Act* that until such time as the Loan is fully repaid, the CRD’s Building Service shall own the Building, notwithstanding its affixation to the Lands and the Additional Lands.

This Memorandum of Understanding (“MOU”) sets out the parties’ agreement regarding the above-noted matters.

1. **Loan** – Conditional on participant and Inspector of Municipalities approval of any establishment and loan authorization bylaw and successful creation of the service, the CRD’s Building Service will borrow from the Municipal Finance Authority (“MFA”) on behalf of the Municipalities one hundred-three million dollars (\$103,000,000.00) (the “Loan”), being the estimated cost of acquiring the Additional Lands and constructing the Building and associated improvements on the Land and the Additional Lands.
2. **Funds** – Upon receipt of the funds borrowed under section 1 the CRD shall transfer the funds to Langford, in trust, as described in this MOU. Such funds shall be advanced as a single lump-sum advance in the full value of the Loan.
3. **Use of Funds** – Langford shall be responsible for and shall use the funds received under section 2 only for the purposes of funding:
 - (a) the acquisition of the Additional Lands; and

- (b) construction of the Building and associated improvements on the Land and the Additional Lands.

4. Repayment of Loan

- (a) The Municipalities shall together pay to the CRD an amount equal to each installment due on the Loan until the Loan is fully repaid, under the CRD's Building Service, either by way of invoice in lieu of requisition or by way of requisition. The annual debt serving costs including interests and principle shall be apportioned among the Municipalities as follows:
 - i. Fifty (50) percent of the costs shall be recovered based on the converted property value of land and improvements in the Municipalities; and
 - ii. Fifty (50) percent of the costs shall be recovered based on the population of the Municipalities.
- (b) For clarity, the converted property value, using the Hospital Assessment, of all taxable properties in the Municipalities located in that Municipality will be updated annually according to BC Assessment. The population for the purpose of this section is the population estimate as determined annually by the Regional Planning department of the Capital Regional District.

5. Construction of Building

- (a) Langford shall use the funds received under section 2 to pay the costs of constructing the Building and associated improvements on the Land and the Additional Lands as such costs are invoiced by the contractor(s) and consultant(s) engaged for that purpose. As between the CRD and Langford, Langford shall act as the responsible party to deliver design and construction of the Building, as if it were a vendor for the purposes of delivering construction services to the CRD, given the restrictions in the *Local Government Act*, which requires CRD to borrow only for a capital asset it constructs.
- (b) Langford shall be responsible for administering the builder's lien trust associated with the work and acting as or appointing a payment certifier. Any construction contract utilized by Langford shall have a "no liens" clause for sub-contractors. Langford shall be responsible to discharge any liens taken on the Additional Lands, or surrounding private lands, by its contractors or sub-contractors, without additional cost or expense to CRD. Should CRD need to take steps to discharge a lien after reasonable written notice to

Langford, such costs shall be payable by Langford on demand, or alternatively, requisitioned from the Building Service.

6. **Ownership of Building** – The parties agree that the CRD, through the Building Service, shall own all right in and title to the Building notwithstanding its affixation to the Land and the Additional Lands. Upon the Loan being fully repaid, CRD shall take steps to dissolve the Building Service (subject to outstanding liabilities) and, once insurance of the building is verified by the Municipalities, shall transfer all right and title to the Building irrevocably to the Municipalities in the proportions set out in section 7.
7. **Additional Lands** – Within 30 days of receipt of funds under section 2, Langford shall execute and deliver a Form A transfer prepared by Colwood transferring a fractional interest as a tenant in common to Colwood and a Form A transfer prepared by View Royal transferring a fractional interest as a tenant in common to View Royal, in each legal parcel comprising the Additional Lands. The fractional interest transferred to each of Colwood and View Royal shall be equal to that party's proportionate responsibility for repayment of the Loan calculated under section 4 as at the date of execution of this Agreement. Within 7 days of its receipt of the executed Form A transfer, each of Colwood and View Royal shall submit the executed Form A transfer for registration in the Land Title Office. The transferees shall bear all taxes, legal fees, registration fees, and all other costs associated with completing the transactions contemplated in this section.

Upon Colwood's and View Royal's respective solicitors being satisfied after conducting a post-filing search of title to the Additional Lands that discloses only the pending numbers to the transfers and the encumbrances shown on the title searches attached to this MOU, each of Colwood and View Royal shall authorize Langford to transfer funds received under section 2, and held in trust, to Langford's general accounts to cover Langford's total cost of acquiring the Additional Lands. The parties agree that the total cost of acquiring the Additional Lands is \$4,199,240, and each of Colwood and View Royal agree to authorize Langford to transfer funds equal to that amount multiplied by that party's proportionate responsibility for repayment of the Loan calculated under section 4 as at the date of execution of this Agreement.

8. **Lease of Building** – It is the intent of the parties that the CRD Building Service will lease the Building to the Municipalities and the Municipalities shall sublease or licence the Building to the RCMP for use as the West Shore RCMP detachment. As between the Municipalities and the CRD, all maintenance, operation, asset management, and upkeep shall be coordinated by and paid by the Municipalities. The parties agree that nothing in this section requires the Municipalities to replace the Building or to install anything that would constitute a betterment to the Building and that this obligation to maintain is not intended to, and does not, constitute a

liability of a capital nature. In the unlikely event of a shortfall of revenue to cover the maintenance, operation, asset management, or upkeep, the Building Service may requisition to offset such costs.

9. **Insurance of Building – Construction and Wrap-up** – Langford shall cause to be obtained appropriate construction period insurance for the Building and shall insure appropriately any owner-supplied materials, as well as appropriate wrap-up insurance covering all parties after occupancy for a minimum two-year period. Langford shall ensure that the insurance requirements attached to this MOU as Schedule “B” are complied with by any general contractor or sub-contractor as appropriate.
10. **Insurance of Building – Property Insurance** – At least 60 days prior to obtaining occupancy, Langford shall inform CRD such that CRD’s Building Service may obtain property insurance on the Building. The parties acknowledge that the building will not be included in CRD’s self-insurance or property program, given the high-replacement-value of the asset, and as such, a separate policy may be obtained and paid for by way of requisition from the Building Service or by invoice to the Municipalities.
11. **Construction Contract Security** – For the purpose of ensuring construction completion, Langford will ensure any general contractor will have bonding or other acceptable form of contract security as a performance and labour and materials guarantee in the amount of 50% of the total contract price. Administration of this contract security shall fall to Langford to make determinations whether to enforce the security or take such other steps relating to its use.
12. **Disputes & Claims** – In the event of a dispute between Langford and the contractors or suppliers for the construction of the Building, the parties understand and acknowledge that Langford shall assume responsibility for resolving the dispute. It shall be up to Langford’s discretion how to handle, dispose of, litigate, or settle such claims.
13. **Costs of Disputes, Claims** – The parties acknowledge and agree that all costs, including legal costs, associated with resolving disputes related to the construction of the Building shall constitute costs of constructing the Building and that Langford may use the funds received under section 2 of this Agreement for such purposes.
14. **Cost Overruns** – In the event that the cost of constructing the Building exceeds the funds received by Langford under section 2 of this Agreement, each Municipality shall be responsible for a portion of the cost overruns equal to that Municipality’s proportionate responsibility for repayment of the Loan calculated under section 4, as of the date the Loan monies are exhausted, or alternatively, the CRD Building Service may requisition the participating municipalities to pay such amounts and CRD shall remit these to Langford as if they were funds under section 2 of the Agreement. If the Municipalities collectively agree to proceed with collection by invoice and not

through the CRD Building Service, Colwood and View Royal shall pay their portions of such cost overruns to Langford within 30 days receipt of an invoice.

15. **Costs of Project Generally** – The Municipalities agree that it is their shared intent that all costs associated with constructing the Building be shared. Each Municipality agrees that, except for matters in respect of which a cost-sharing formula is expressly set out in this Agreement, it shall be responsible for a portion of any cost, expense or liability of any nature arising from or associated in any way with the construction, operation and maintenance of the Building equal to that Municipality's proportionate responsibility for repayment of the Loan calculated under section 4, as of the date the cost, expense or liability arises.
16. **Adoption of Bylaws** – The parties acknowledge and agree that the obligations set out in this MOU are contingent upon the parties adopting all bylaws under the *Community Charter* and the *Local Government Act* necessary to facilitate the borrowing contemplated under this MOU.
17. **No Derogation** – Nothing contained or implied in this MOU will impair or affect any party's rights and powers in the exercise of its functions pursuant to the *Community Charter* or the *Local Government Act* or any other enactment and all such powers and rights may be fully exercised as if this MOU had not been entered into between the parties.
18. **Further Acts** – The parties will execute and deliver all such further documents, deeds and instruments, and do and perform such other acts, as may be reasonably necessary to give full effect to the intent and meaning of this MOU.
19. **Time** – Time is of the essence in this MOU.
20. **Assignment** – No party may assign all or any part of this MOU, or the benefit hereof, without the prior written consent of the other parties, which may be withheld arbitrarily and without reason.
21. **Benefit** – This MOU enures to the benefit of and is binding upon the parties and their respective heirs, executors, administrators, successors and assigns.

22. Modification – This MOU may not be modified except by an instrument signed in writing by the parties.

IN WITNESS WHEREOF the parties have affixed the signatures of their authorized signatories as of the dates written below.

CAPITAL REGIONAL DISTRICT

by its authorized signatories:
signatories:

Name:

Name:

Date _____

CITY OF LANGFORD

by its authorized

Name:

Name:

Date _____

CITY OF COLWOOD

by its authorized signatories:
signatories:

Name:

Name:

Date _____

TOWN OF VIEW ROYAL

by its authorized

Name:

Name:

Date _____

SCHEDULE A

[attach titles for Additional Lands]

SCHEDULE B

Insurance Requirements

Insurance Type	Coverages
Pre-construction *For the period when Wrap-Up Insurance is not in force	Commercial General Liability Insurance with a limit of not less than FIVE MILLION (\$5-million), inclusive per occurrence against bodily injury and property damage, adding the Capital Regional District and the Municipalities as additional insured and include a cross-liability clause. This insurance shall be primary and not require the sharing of any loss by any insurer of the CRD.
Construction Period	
Automobile Liability	Any contractor or construction manager shall provide, without limiting its obligations or liabilities, Automobile Liability Insurance in respect of all owned or leased vehicles if used directly or indirectly in performance of services provided or construction of the Building, subject to limits of not less than TWO MILLION DOLLARS (\$2,000,000) inclusive per occurrence. This insurance shall be maintained continuously from commencement of the services and kept in force until the Building is ready for use or is being used for the purposes intended, whichever occurs first, and is so confirmed in writing by Langford, in consultation with the Capital Regional District.
Contractor's Pollution Liability Insurance	Where the construction manager's performance or any contractor's performance of the work is associated with hazardous materials clean up, removal, and/or containment, transit, or disposal. This insurance must have a limit of liability not less than TWO MILLION (\$2,000,000) inclusive per occurrence insuring against bodily injury, death, and damage to property including loss of use thereof. Any insurance under this section must name CRD and the Municipalities as additional insured, but only in respect of liability arising out of a contractor's performance of the work. Such insurance must include sudden and accidental and gradual pollution events for third party liability including ongoing and completed operations and shall not be impaired by any, biological contaminants (without limitation, mould and bacteria), asbestos, or lead exclusions. Any 'insured vs. insured' exclusion shall not prejudice coverage for the CRD or the Municipalities and shall not affect the CRD or the

	Municipalities's ability to bring suit against the contractors as a third party. This insurance shall be maintained continuously from commencement of the work involving hazardous materials clean-up, removal and/or containment, transit and disposal until such work is completed and including a twenty-four (24) month extended reporting period if any such insurance is provided on a claims-made basis.
CGL – Wrap-up Insurance	Commercial General Liability - Wrap Up Insurance with a limit of not less than TEN MILLION DOLLARS (\$10,000,000.00), inclusive per occurrence, TWENTY MILLION DOLLARS (\$20,000,000.00) general aggregate for bodily injury, death, and damage to property including loss of use thereof, product/completed operations hazard liability with a limit of not less than TEN MILLION DOLLARS (10,000,000.00) aggregate. This insurance shall cover the CRD, the Municipalities, the Construction Manager, Subcontractors, Consultant, sub-consultants and anyone employed by them to perform a part or parts of the Project, excluding suppliers whose only function is to supply and/or transport products to the project site, or security protection persons or organizations providing site protection on or at the insured project. The insurance does not extend to any activities, works, jobs or undertakings of the insureds other than those directly related to the Project of this Contract. The insurance shall preclude subrogation claims by the insurer against anyone insured hereunder. Such insurance shall include, but not be limited to: • .01 Premises and Operations Liability; • .02 Products and Completed Operations Liability (24 months); • .03 Blanket Written Contractual Liability; • .04 Cross Liability and/or Severability of Interests; • .05 Contingent Employer's Liability; • .06 Personal Injury Liability; • .07 Shoring, Blasting, Excavating, Underpinning, Demolition, Piledriving, Subsurface and Grading, as applicable; • .08 Limited Pollution Liability (TWO MILLION DOLLARS (\$2,000,000))

	• .09 Broad Form Tenants Legal Liability (ONE MILLION DOLLARS (\$1,000,000)) • .10 Operation of Attached Machinery • .11 Forest Fire Fighting Expenses (ONE MILLION DOLLARS (\$1,000,000)) There will be a deductible not exceeding FIFTY THOUSAND DOLLARS (\$50,000) per occurrence except with respect to completed operations, to which a deductible not exceeding ONE HUNDRED THOUSAND DOLLARS (\$100,000) per occurrence will apply. This insurance will be maintained continuously from commencement of the Work and kept in force until the Project is ready for use or being used for the purpose intended, whichever occurs first, and is so confirmed in writing by the Langford, in consultation with the Construction Manager and the CRD, plus with respect to completed operations cover a further period of twenty-four (24) months.
Course of Construction (Builder's Risk)	Course of Construction (Builders Risk) against "All Risks" of physical loss or damage including the peril of equipment breakdown, and will cover all materials, property, structures and equipment purchased for, entering into, or forming part of the Work whilst located anywhere within Canada and continental United States of America (excluding Alaska) during construction, erection, installation, testing and commissioning, but such coverage shall be subject to off-site storage and transit exposure sub-limits and shall not include coverage for the Construction Manager's and Subcontractor's equipment of any description. There will be a deductible not exceeding: FIFTY THOUSAND DOLLARS (\$50,000) for each and every occurrence where the project value exceeds TEN MILLION (\$10,000,000) except for the following perils: • Earthquake with a deductible not exceeding FIVE PERCENT (5%) of the total project value at the time of the loss, subject to a minimum TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000); • Water Damage perils (includes Flood and Sewer and Drain Back Up) with a deductible not exceeding ONE HUNDRED THOUSAND DOLLARS (\$100,000);

	• Soft Costs with a one day waiting period for each month of the estimated project term subject to a minimum waiting period of 30 days will apply with respect to soft costs. The coverage shall include as a protected entity, the CRD, the Municipalities, any Construction Manager, Consultant and each Subcontractor who is engaged in the Project. The coverage will contain a waiver of the Owner's rights of subrogation against all protected entities except that rights of subrogation will be retained against architects, engineers and manufacturers (who are not employees of a protected entity) for liability in the event of loss caused by or resulting from any error in design or any other professional error or omission pertaining to the subject of this insurance. The Construction Manager (or Langford, if acting as Construction Manager) shall, at its own expense, take precautions to prevent fires occurring in or about the Project and shall observe, and comply with, all insurance policy warranties and all laws and regulations in force respecting fires. This insurance will be maintained continuously from commencement of the Work and will be kept in force until the Project is ready for use or is being used for the purpose intended and is so confirmed in writing by Langford, in consultation with the Construction Manager and the CRD.
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Notes and Conditions

1. The description of the insurance described above is not a statement of the actual policy terms and conditions.
2. The parties (being those insured under the policy, excepting CRD and the Municipalities), shall pay their share of deductible amounts in direct proportion to their responsibility in regards to any loss for which coverage is placed and insurance is required to pay. Where CRD or the Municipalities are required to pay a deductible, that will be paid from the Building Service by requisition, unless under a Municipality's specific policy.
3. Proof of insurance must be provided to CRD or the Municipalities upon request.