

# COST-SHARING AGREEMENT

between  
**City of Moncton**  
("Moncton")  
and  
**City of Dieppe**  
("Dieppe")  
and  
**Town of Riverview**  
("Riverview")

## 1. Purpose

- 1.1 This Agreement outlines the responsibilities and obligations of the City of Moncton, City of Dieppe and Town of Riverview in regards to the construction and future operation of a new RCMP Detachment to be located on Albert Street in Moncton, New Brunswick at PID 70439849, as shown on the map attached hereto as Schedule "A" (the "Detachment"). The Detachment is being constructed to house the Codiac Regional Policing Authority or its successor regional policing authority serving the three municipalities (the "CRPA"), and the overall objective is to continue with the CRPA being in place and located within this Detachment over the term of the life of the building.
- 1.2 It is understood that the three municipalities have a shared interest in the construction and subsequent operation of the Detachment. The purpose of this document will be to further outline the relationships surrounding ownership, construction, cost-sharing, risks, benefits and final disposition of the Detachment.

## 2. Mutual Commitments

- 2.1. Each municipality pledges to cooperate through openness and transparency of all information related to the pre-construction, construction and subsequent operation of the Detachment.
- 2.2. Each municipality will continue to provide representation on the CRPA Building Committee with the objective that the Detachment will be ready for occupancy in 2022 and constructed in the most efficient and cost effective manner.
- 2.3. Each municipality pledges to cooperate to maintain a fair and equitable share of risks, costs and future residual value.

## 3. Term

- 3.1. This Agreement shall come into force on the date of execution and shall end on the anniversary of the 30<sup>th</sup> year after the substantial completion date of construction of the Detachment, or when the Detachment is sold or otherwise no longer used to house a regional policing authority, whichever is earlier.
- 3.2. This Agreement may be renewed upon mutual written agreement by each municipality for successive periods of 5 years.

## 4. Cost-sharing and Ownership

### a. Ownership

- 4.1 It is understood that the City of Moncton will own and manage the Detachment with capital and future operating costs to be shared with the other municipalities as outlined in this Agreement. Moncton will also manage the overall construction of the Detachment while working with the CRPA Building Committee and will provide updates to the CRPA Board and to each of the municipal Councils at major milestones of the project.

**b. Pre-Construction Costs**

4.2 Any pre-construction costs incurred, including but not limited to consulting fees, legal fees, property taxes and non-capitalizable project management fees that will be incurred in advance of construction, will not form part of the final capital cost of the Detachment, and will be paid for by Moncton and shared directly with Riverview and Dieppe based on the existing CRPA cost sharing allocation (via invoices issued), who will be required to pay such invoices within 30 days of receipt of same.

4.3 To the best of its ability, Moncton will provide estimates of such costs and expected timeframes of incurring such costs to the other municipalities to allow each party to include their share of such costs in their annual operating budget requirements.

**c. Construction Costs**

4.4 "Construction Costs" shall include all costs related to the purchase of the land and construction of the Detachment, accumulated to full value to the date of occupancy, including but not limited to the following:

- a) Shared costs for professional consulting services;
- b) Purchase of Land and any related investigation costs, and other remediation costs required to prepare the land for construction of the Detachment;
- c) Construction Costs, including but not limited to:
  - i. Consulting Costs (e.g. Architect, Civil, Mechanical, Electrical, Structural, Fire Protection), Project Management and Clerk of Works costs and other oversight costs;
  - ii. Geotechnical, Topography and other testing and inspection services. (e.g. concrete testing, soils testing for foundation, underground services, asphalt and concrete, steel alignment verification, torque testing, humidity testing prior to flooring installation and welding inspection (If applicable));
  - iii. Contractor Costs (including any interest paid on contractor progress payments); and
  - iv. All other construction-related costs.

Moncton will report back on a quarterly basis to the other parties as to the Construction Costs incurred to date.

**d. Interest**

4.5 a) On an annual basis, any and all Interest accumulated on funds borrowed or imputed interest on expenditures paid by Moncton will be calculated to December 31<sup>st</sup> of each year at the Prime interest rate in place throughout the year. Each municipality then agrees to reimburse the City of Moncton annually for such interest costs based on the existing CRPA cost sharing allocation for each particular year. To the best of its ability, Moncton will provide estimates of such interest cost to the other municipalities to allow each party to include their share of such costs in their annual operating budget requirements.

b) For costs directly related to the construction contractor, actual interest incurred for the borrowing of funds will be charged to the other municipalities as incurred during the process of construction.

**e. CRPA Lease and Payment**

4.6 Moncton shall enter into a Lease Agreement with the CRPA which shall include provision for an annual rent payment by the CRPA to the City (the "Total Rent"). The Total Rent shall be made up of the following costs:

- a) The annual fiscal cost (principal plus interest) of the total Construction Costs, bonded and amortized over 30 years;
- b) Operating Costs for the Detachment, including but not limited to the following items:
  - i) property taxes;
  - ii) property insurance;
  - iii) utility costs;
  - iii) annual building inspection, including but not limited to such items as roof inspection, testing of alarm systems, fire extinguishers, and other equipment, etc.);
  - iv) overall building condition assessment every 5 years;
  - v) property management;
  - vi) maintenance and repairs (other than those costs supported by the Life Cycle Reserve);
  - vii) snow removal; and
  - viii) cleaning and Janitorial contracts.

b) An annual contribution to a Life Cycle Reserve, based on best practices and consultation to address future asset component replacement requirements based on an established Life Cycle Replacement Plan for the Detachment. An annual report will be produced providing updates to the Life Cycle Reserve and related cost incurrences and deposits made.

4.7 While it is expected that the Life Cycle Reserve will cover most of the major asset replacement costs, there may be the requirements during the Lease Agreement term for additional capital costs to be incurred. Should this occur, Moncton will be responsible for providing the other parties with information in advance of such plans. It would be the intent to develop a five year capital plan to be shared with the parties. Once completed, the additional capital costs incurred over and above the Life Cycle costs will be amortized with interest costs at the current rate over the lessor of a 10 year period or remaining term of the lease and included in the Total Rent from that period forward.

4.8 Upon receipt of an annual rental invoice for the Total Rent from Moncton, the CRPA shall notify Moncton, Dieppe and Riverview of their respective contributions, as part of the annual CRPA budget, based on the then current cost-sharing formula between Moncton, Dieppe, and Riverview.

4.9 On an annual basis, the City of Moncton will provide an accounting of the actual costs incurred for the rent and operations of the Detachment for the previous year. This accounting will be provided to the other municipalities by the end of the following April. Any variance from budgeted values to the actual costs incurred will be reflected in providing the municipalities with a credit or additional charge accounting for this variance.

## **5. Expiration**

5.1 In year 25, a full building assessment and review will be performed by a qualified engineering/consulting firm to assist in determining the long-term requirements and plans for the Detachment.

5.2 If after 30 years, Moncton decides to dispose of the Detachment, Dieppe and Riverview will share in the net proceeds of such disposition based on their average allocation percentage over the term of the Lease Agreement. Such payout to Dieppe and Riverview shall only be made when all funds from the disposition have been received and related disposition costs have been paid.

5.3 If after 30 years, Dieppe and/or Riverview elect to withdraw from the CRPA but Moncton elects to continue to own the Detachment, Moncton shall pay such withdrawing municipality up to the lesser of its proportionate share of the Construction Costs paid over the term of the Lease Agreement or its proportionate share of the established residual value as determined by a licenced real estate appraiser, accepted by all three municipalities, at that time.

## **6. Early Withdrawal**

6.1 If Moncton withdraws from the CRPA prior to expiration of this Agreement, it will be required to reimburse the other parties for the proportionate net residual value of the property at the time of withdrawal. The net residual value will be defined as the Fair Market Value ("FMV") as determined by a licenced real estate appraiser, accepted by all three municipalities, less the remaining debt on the Detachment to be assumed by Moncton at the date of withdrawal. Should such withdrawal occur prior to the end of 20 years, the City shall be required to give Riverview and Dieppe at least 5 years' prior written notice of its intention to withdraw.

6.2 If Riverview or Dieppe withdraws from the CRPA prior to expiration of this Agreement, they will forego any entitlement to their proportionate share of the net residual value as defined above. If such withdrawal occurs prior to the end of 20 years, the party that withdraws from the CRPA will be required to pay their portion of the outstanding principal to the end of 30 years to Moncton to support the future costs to be absorbed by the remaining municipalities.

6.3 Should all three municipalities mutually agree to withdraw from the CRPA prior to the expiration of this Agreement, or should the CRPA no longer exist due to a change in provincial or federal legislation, the parties will use best efforts in good faith to adopt a plan with respect to future use or disposition of the Detachment.

## **7. Dispute Resolution**

The parties agree that any question as to the application and/or interpretation of this agreement shall be addressed through discussion and negotiation. In the event agreement cannot be reached the parties agree that any party may request the issue in question be referred to a unbiased mediator. The parties shall mutually agree on a mediator.

## **8. Relationship between the parties**

This Agreement is not intended to and does not create or establish between the parties any relationship as partners, joint ventures, employer and employee, master and servant, or principal and agent.

**9. Entire Agreement**

Except where provided otherwise in this Agreement, this Agreement constitutes the entire agreement between the Parties in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings, whether oral, written, express or implied, concerning the subject matter of this Agreement.

[Signature page to follow]

**IN WITNESS WHEREOF** the parties have executed this Agreement as of the date first written above.

**THE CITY OF MONCTON**

Per: \_\_\_\_\_  
Dawn Arnold, Mayor

Per: \_\_\_\_\_  
Barbary A. Quigley, City Clerk

**THE CITY OF DIEPPE**

Per: \_\_\_\_\_  
[Mayor]

Per: \_\_\_\_\_  
[Clerk]

**THE TOWN OF RIVERVIEW**

Per: \_\_\_\_\_  
[Mayor]

Per: \_\_\_\_\_  
[Clerk]

**Schedule "A"**