

**Report to
Rapport au:**

**Planning Committee / Comité de l'urbanisme
June 14, 2016 / 14 juin 2016**

**and Council / et au Conseil
June 22, 2016 / 22 juin 2016**

**Submitted on May 31, 2016
Soumis le 31 mai 2016**

**Submitted by
Soumis par:
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**Ward: STITTSVILLE (6)
RIDEAU-GOULBOURN (21)**

File Number: ACS2016-PAI-PGM-0060

SUBJECT: Front-Ending Report – Shea Road Pump Station

OBJET: Rapport préliminaire – Station de pompage du chemin Shea

REPORT RECOMMENDATIONS

That Planning Committee recommend that Council:

1. Delegate authority to the General Manager, Planning and Growth Management Department, to enter into a Front-Ending Agreement with Stittsville South Inc. and 1384341 Ontario Ltd. to an upset limit of \$3,300,000 plus applicable taxes, for the design and construction of the Shea Road Pump Station and ancillary works, in accordance with the Front-Ending Agreement Principles and Policy outlined in Documents 1 and 2, and to the satisfaction of the City Clerk and Solicitor;
2. Approve the financial disbursement to reimburse the design and construction costs incurred by Stittsville South Inc. and 1384341 Ontario Ltd. pursuant to the execution of the Front-Ending Agreement; and
3. Approve payment of \$3,300,000, plus applicable taxes, from the Development Charge Forecast in 2018, subject to the Front-Ending Agreement Principles and Policy.

RECOMMANDATIONS DU RAPPORT

Que le Comité de l'urbanisme recommande ce qui suit au Conseil :

1. de déléguer au directeur général du Service de l'urbanisme et de la gestion de la croissance le pouvoir de conclure une entente préalable avec Stittsville South Inc. et 1384341 Ontario Ltd., jusqu'à concurrence de 3 300 000 \$, taxes applicables en sus, pour la conception et la construction de la station de pompage du chemin Shea et les travaux accessoires, conformément aux principes de l'entente préalable ainsi qu'à la politique énoncés dans les documents 1 et 2, à la satisfaction du greffier municipal et chef du contentieux;
2. d'approuver la sortie de fonds nécessaire au remboursement des coûts de conception et de construction engagés par Stittsville South Inc. et 1384341 Ontario Ltd., dans le cadre de l'exécution de l'entente préalable; et
3. d'approuver le versement d'un montant de 3 300 000 \$, plus les taxes applicables, provenant des prévisions de redevances d'aménagement de 2018, sous réserve des principes de l'entente préalable et de la politique .

BACKGROUND

The Stittsville South Urban Expansion Area (Area 6) was added to the City's Urban Area during the City's Official Plan Review in 2009 (OPA 76 June 10, 2009) in order to accommodate projected growth to 2031. The lands are generally bounded by Stittsville Main Street to the west, Hartsmere Drive and Fernbank Road to the north, Shea Road to the east and the existing urban boundary to the south. The total land mass occupies an area of approximately 79.4 hectares (196.2 acres) and will be developed with a mix of residential units comprising of low-rise apartments, stacked units, semi-detached, multiple attached, and single detached dwellings as well as a small commercial block at the corner of Shea Road and Fernbank Road.

In accordance with the City of Ottawa's Official Plan (OP) process set out in Section 3.12 of the OP for lands designated Developing Community (Expansion Area) and to meet the requirements of the Municipal Class Environmental Assessment (EA) Process, a Master Servicing Report for the overall development in Area 6 lands was completed in December 2013. There have been two subdivision applications submitted: File No. D07-16-13-0033 is for the western portion of the land (owned by Thomas Cavanagh Construction Ltd. and The Regional Group of Companies Inc.) for which draft approval has been granted and appeal period exhausted with no appeals received; and File No. D07-16-15-0008 is for the eastern portion of the land (owned by Tartan Homes) and is currently under review.

DISCUSSION

The master servicing report evaluated several options to service the lands with sanitary sewers. Due to the natural topography of the lands, which descends in a north to south direction, the preferred alternative is to construct a pump station in the southern part of the site and dual 200-millimetre diameter forcemains which will pump the sewage north to the existing Stittsville Pump Station (also referred to as the Liard Street Pump Station) located on Liard Street north of Fernbank Road, a distance of approximately 1.2 kilometres (refer to Document 3, Location Map). A dedicated three phase power supply will be constructed to the site from Shea Road. The pump station will have a firm capacity of 83 litres per second and will service an ultimate population of 4480 persons. The pump station will be phased by an initial installation of two pumps with a third pump being added as the development builds out.

Initially, flows will be pumped directly to the Stittsville Pump Station until such time as the Fernbank Sanitary Collector Sewer is extended to Fernbank Road to the northern periphery of the Area 6 lands. Extension of this sewer is estimated to occur within the

next three to five years depending on development growth in the Fernbank Community. Once this happens, flows from the Stittsville Pump Station will be conveyed to the Fernbank Collector with a new gravity sewer, and the Stittsville Pump Station on Liard Street will be abandoned. The dual forcemains from the Shea Road Pump Station will be connected to this new trunk sewer. Associated with the construction of the Shea Road Pump Station, the existing pump station on Friendly Crescent will be decommissioned and flows will be conveyed by a gravity sewer to the new station.

The construction of the proposed Shea Road Pump Station is necessary to service the Area 6 lands. Landowners wish to proceed with development therefore are requesting to enter into a front-ending agreement with the City to advance the project. Front-ending of the works will be undertaken jointly by Stittsville South Inc. and 1384341 Ontario Ltd on behalf of all benefitting landowners. A cost-sharing agreement will be entered into by the benefitting owners who will be serviced by the pump station for the costs. The decommissioning of Friendly Crescent Pump Station is not DC-eligible. The landowners accept full responsibility for costs associated with the decommissioning and the costs will form part of the cost-sharing agreement.

Construction of the pump station and ancillary works will be coordinated with the construction of other infrastructure, including roads, sewers, watermains and utilities, within the development.

The Shea Road Pump Station budget (account number 907840) was included in the 2014 Development Charge (DC) Background Study by way of a motion that was approved by Council on June 11, 2014 with an upset limit of \$3,300,000. The forecasted timing of construction of this growth-related capital project is in 2018.

During the detailed cost estimate calculation, the need for an additional \$267,000 was identified. A future report will need to be brought to the Planning Committee and Council seeking authorization for the additional \$267,000 to amend the front-ending upset limit after the incremental amount is approved within the next DC By-law update.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

All development approvals were conducted according to the requirements of the *Planning Act* and the City's own policies. All necessary consultation was conducted in accordance with the *Environmental Assessment Act* and/or the *Canadian*

Environmental Assessment Act. The front-ending entities agree to the process outlined herein. No other public consultation is required.

COMMENTS BY THE WARD COUNCILLORS

Councillor Moffatt and Councillor Qadri are aware of this report and the recommendation of staff.

LEGAL IMPLICATIONS

There are no legal impediments to adopting the recommendations outlined in this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report.

ASSET MANAGEMENT IMPLICATIONS

The recommendations documented in this report are consistent with the City's Comprehensive Asset Management (CAM) Program ([City of Ottawa Comprehensive Asset Management Program](#)) objectives.

Entering into a front-ending agreement, in this case, between the City and the Stittsville South Inc. and 1384341 Ontario Ltd, for the design and construction of the Shea Road Sanitary Pump Station and ancillary works, supports a level of service expectation and what needs to be done to achieve those levels. The recommendations also support financial sustainability given that the report takes into consideration the existing infrastructure and the future decommissioning of obsolete assets.

FINANCIAL IMPLICATIONS

The upset limit for re-imbusement of the project is \$3,300,000 plus applicable taxes, broken down as follows:

Construction of Shea Road Pump Station and ancillary works	\$2,306,786
Land	\$ 70,500
Engineering (15 per cent of construction)	\$346,018
Project Management (10 per cent of construction)	\$ 230,679

Contingency (15 per cent of construction)	<u>\$346,017</u>
Total Eligible Costs under the Front-Ending Agreement	<u>\$3,300,000</u>

The project is identified within the Development Charge Background Study as Area 6 Pumping Station, as a 100 per cent development charge project with an estimated cost of \$3.3 million. The year of repayment is 2018, in accordance with the DC Study.

Repayment is subject to fulfilment of the Front-Ending Agreement conditions, and will be based on the actual value of the costs incurred, to an upset limit of \$3,300,000 plus applicable taxes. This reflects a pre-commitment on DCs.

The additional \$267,000 identified during detailed cost estimates is not within the existing DC Study/By-law and is therefore not affordable/funded. Funding for these additional costs is subject to their inclusion and approval within the next DC Study/By-law. Therefore, for this Front-ending Agreement, should the actual costs exceed the upset limit; the additional costs will be borne by the front-ender.

Pending Council approval for the City to enter into the Front-Ending Agreement, a capital account will be established with budget authority of \$3.3 million, 100 per cent Sanitary Development Charge funded, and 100 per cent of spending forecasted for 2018.

The annual operating impact to the City is estimated to be in the range of \$30,000 to \$35,000 per year, beginning in the year 2017.

ACCESSIBILITY IMPACTS

All infrastructures will be designed in accordance with all relevant legislation and regulations.

TERM OF COUNCIL PRIORITIES

This project addresses the following Term of Council Priorities:

EP2 – Support growth of local economy.

FS1 – Demonstrate sound financial management.

SUPPORTING

Document 1 Front-Ending Agreement Principles

Document 2 Council Approved Front-Ending Policy

Document 3 Location Map

DISPOSITION

Legal Services will prepare the final form of the agreements in consultation with the Planning and Growth Management Department.

Document 1 – Front-Ending Agreement Principles

1. Stittsville South Inc. and 1384341 Ontario Ltd. are required to post 100 per cent securities for the full cost of the design and construction of the Shea Road Pump Station, including all associated works, estimated at \$3,300,000 including engineering, land remuneration, project management and contingencies, plus applicable taxes.
2. The cost of the Shea Road Pump Station, including all associated works, is set at an upset limit of \$3,300,000 including engineering, land remuneration, project management and contingencies, plus applicable taxes. All costs incurred shall be justified and include supporting invoices and payment certificates.
3. The City will reimburse Stittsville South Inc. and 1384341 Ontario Ltd. after the works have been granted approval by the City. Reimbursement will take place in 2018 once the Development Charge By-law update is approved by Council, provided the applicant satisfies all requirements in accordance with the Council approved front-ending policies in Document 2.
4. The repayment of the construction costs for the Shea Road Pump Station shall be pursuant to the Council-approved Front-Ending Agreement Policy as referenced under Document 2.
5. As this revision accounts for escalation in construction and material costs since 2014, Stittsville South Inc. and 1384341 Ontario Ltd. will not be entitled to receive further indexing pursuant to conditions noted in Document 2, subject to Council's review of the indexing policy in the Development Charge review in 2018.

Document 2 – Council Approved Front-Ending Policy

Front-ending agreements are requested by developers who wish to have specific growth-related capital works in place in advance of the City's capital project plans for emplacement of these same works: developers agree to finance the works at the "front end" and recover their costs from the City at a later date. The following conditions must be met in order for the City to enter into a front-ending agreement:

1. All front-ending agreements with the City will be for growth-related capital works that have been included in a development charge study.
2. The contract for Front-Ended works shall be awarded by the Front-ENDER in accordance with the City's Purchasing Policy of a competitive procurement process and subject to the review and satisfaction of the General Manager, Planning and Growth Management Department. Where the front-ender does not award the work in accordance with the City's purchasing policy, they must demonstrate that competitive pricing has been obtained, through independent analysis of their engineer, to the satisfaction of the General Manager, Planning and Growth Management Department. The contract for the work must be made available to the City to provide to the public.
3. Stormwater ponds and related sewer works that are 100 per cent development charge funded in the recommended by-laws will be paid back to the developer based on revenues as they are collected from the designated area. This means that at no time are the repayments to exceed the revenues received. Each front-ending agreement will define the geographic area involved and a separate and specific deferred revenue account may be set up to keep track of the revenues collected and payments made. Crediting will also be allowed for the front-ending agreements related to storm water ponds. Indexing shall apply to the outstanding balance in accordance with the rate of indexation pursuant to the Development Charge By-laws.
4. For all other capital projects, a lump sum payment, both the development charge portion and the City portion, will be made to the developer in the year the project is identified in the City's 10-year capital plan at the time the front-ending agreement is approved. Should growth occur earlier than forecasted, then repayment would be accelerated to reflect the revised timing the City would have budgeted for the project. If growth occurs more slowly than forecasted, then the City will have an additional one to three years (one to three years from the year the project was identified in the 10-year plan) to make repayments. Only in this latter case will the

City's portion of the payment be indexed beginning with the year the project was identified in the 10-year plan.

5. Given that the City will be assuming operating costs earlier than anticipated through the front-ending agreement process; the City is not to pay any carrying costs to the developer.
6. All development charges payable by developers must be paid up front in accordance with the City's by-law. With the exception of the stormwater ponds and related sewer works, there will not be any crediting allowed as a result of entering into a front-ending agreement. On December 8, 2004, City Council approved, "That staff be directed to work with the industry to develop the details of a credit policy to be incorporated into the Front-Ending Policy".
7. In the case where multiple Front-Ending Agreements are in force in the same area-specific development charge By-law, and the City has approved the Front-Ended works for development charge reimbursements, the Front-Enders will share in the distribution of development charge revenues on a pro-rata basis with other storm water drainage projects. The pro-rated works shall be based on the balance of the outstanding amount owing on the date the repayment is due. Existing Front-Enders will be advised of new Front-Ending Agreements for stormwater works within the same benefiting area and area-specific development charge By-law.
8. The capital project upset limits for engineering, project management, and contingency shall be the established rates set in accordance with the City's Development Charge By-laws and accompanying background studies, as amended.
9. Land remuneration shall be subject to an appraisal by a professional land appraiser and the appraisal shall be conducted in accordance with the terms of reference as established in the City's Development Charge By-laws and accompanying background studies, as amended. The upset limit for land remuneration shall be the lesser of the appraised value and the upset limit in accordance with the City's Development Charge By-laws and accompanying background studies.
10. Indexing shall apply to the total project costs if the Front-Ended works have been delayed over a period of time; the Front-Enders provides justification for the delay, and with the written concurrence of the City.
11. Where a Front-Enders is eligible for development charge reimbursement, documentation is required to support the reimbursement in accordance with the

City's Purchasing Policy. The Front-Ending Agreement shall identify at which stage the documentation shall be required. The following documentation shall be forwarded to the City before payment is issued:

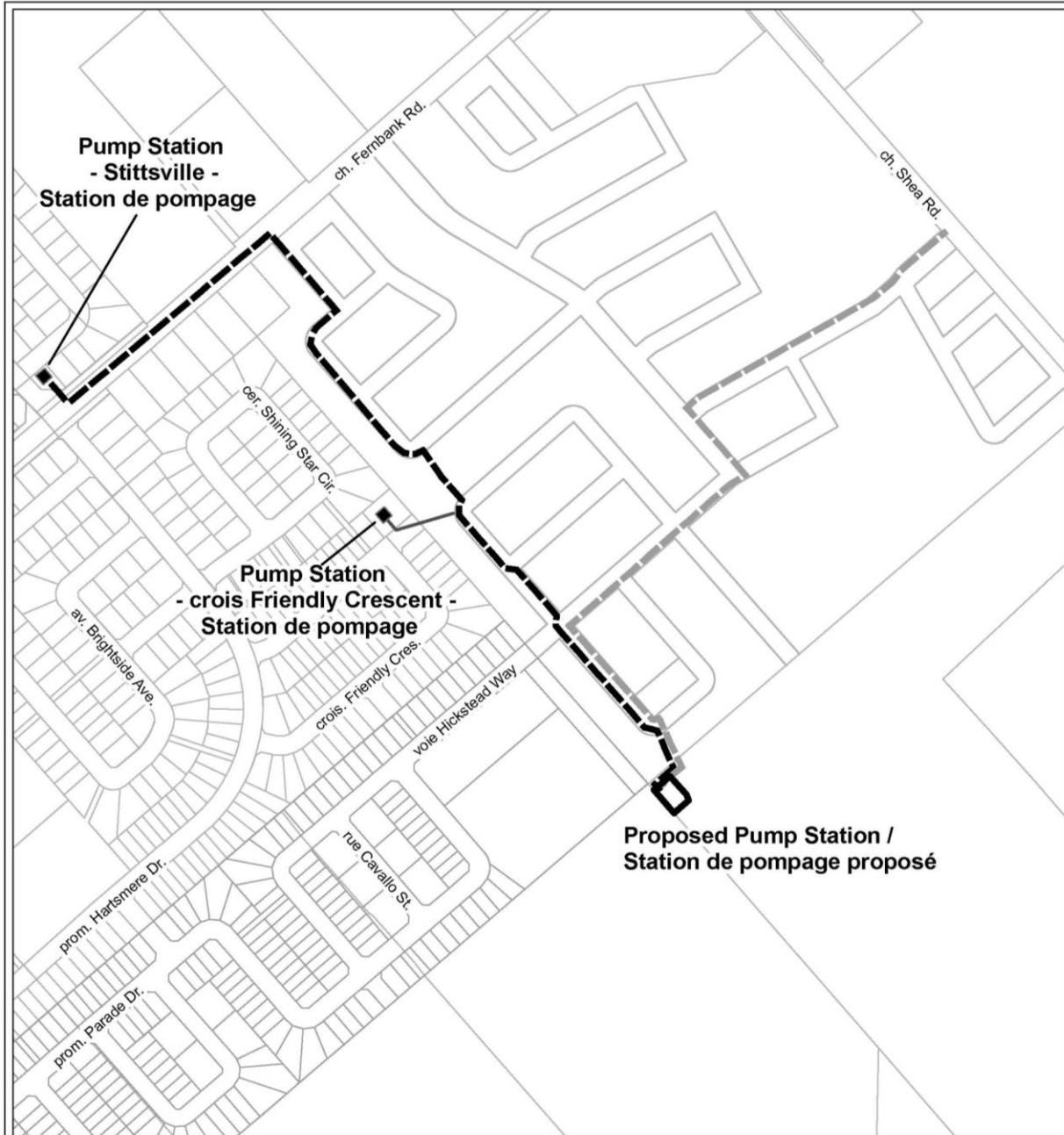
- An invoice summarizing the Front-Ended works, and separate cost items, if applicable, for land, construction costs, engineering fees, project management fees, contingency fees, and applicable taxes.
- Payment Certificates, including the final certificate, signed by the developer's civil engineer.
- All invoices supporting re-payment for the Front-Ended works.
- Statutory Declaration.
- Certificate of Substantial Performance.
- Workplace Safety and Insurance Board Clearance Certificate (WSIB).
- Certificate of Publication.

12. A report to Council is required to authorize staff to enter into a front-ending agreement. The recommendation will include the financial commitment of the City, specify the funding source(s), the project timeline and where necessary, request that a specific deferred revenue account be established. The financial comment in the report will specify the timelines for the repayment, an operating budget impact and an estimate of the year in which the operating budget impact will begin. It should also indicate the year in which the project was originally identified in the City's 10-year capital plan. A capital project will be established upon Council approval to enter into a front-ending agreement. The status of these projects will be provided to Council on a yearly basis.

13. No capital project identified outside of the Council approved 10-year long range capital plan, shown in the Development Charge Background Study is eligible to be Front-ended unless another item(s) of comparable value, funding allocation, and timing is delayed. A capital project identified with a post-period deduction applied to the gross cost will only have the development charge portion reimbursed if front-ended over the term of the by-law. Indexing would not be applicable to the repayment of the post-period component of the project cost. If growth occurs more slowly than forecasted, then the City Treasurer will have the authority to add an

additional three years, without interest, to the repayment of the post-period component of the front-ended project from development charges.

Document 3 – Location Map



		LOCATION MAP / PLAN DE LOCALISATION FRONT ENDING APPLICATION / APPLICATION DE FINANCEMENT INITIAL	
D07-20-16-0001	16-0271-Y		
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