

**Report to  
Rapport au:**

**Agriculture and Rural Affairs Committee  
Comité de l'agriculture et des affaires rurales  
3 September 2020 / 3 septembre 2020**

**and Council  
et au Conseil  
9 September 2020 / 9 septembre 2020**

**Submitted on 24 August 2020  
Soumis le 24 août 2020**

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

**File Number: ACS2020-PIE-PS-0072**

**SUBJECT: Front-Ending Report – Front Ending of the Costs of the Design and  
Construction of 5.9 kilometres of 600 mm diameter Forcemain for the  
servicing of the Village of Richmond**

**OBJET: Rapport d'entente préalable – Entente préalable visant les coûts de  
conception et d'installation d'un tronçon de 5,9 kilomètres de  
conduite de refoulement d'un diamètre de 600 mm, destiné à  
viabiliser le village de Richmond**

## REPORT RECOMMENDATIONS

That Agriculture and Rural Affairs Committee recommend that Council:

1. **Provided that Caivan Communities withdraw their appeal from the City’s Development Charges By-law (2019-156) in respect of the Village of Richmond area specific charges:**
  - a) **Authorize the City and delegate authority to the General Manager, Planning, Infrastructure and Economic Development Department, to enter into a modified Front-Ending Agreement (the “Agreement”) with Mattamy (Jock River) Limited in relation to the design and construction of 5.9 kilometres of 600-millimetre diameter forcemain, from the existing twinned 600-millimetre diameter forcemain at the overflow lagoon to 5.9 kilometres along Eagleson Road, as outlined in this report, in accordance with the Front-Ending Agreement Principles and Policy set forth in Documents 1 and 2 and with the final form and content being to the satisfaction of the City Clerk and Solicitor;**
  - b) **Pursuant to said Agreement, authorize the receipt from Mattamy (Jock River) Limited of \$11,647,179 plus applicable taxes in accordance with the Agreement, to fund the above-described works which are to be completed by the City;**
  - c) **Pursuant to the said Agreement, upon receipt of the above-described funds, authorize the City to tender drawings and specifications for the said works and provide contract administration and site inspection for their construction;**
  - d) **Pursuant to the said Agreement, authorize financial disbursements to reimburse Mattamy (Jock River) Limited to a total of \$11,647,179 plus applicable taxes, funded as follows:**
    - i. **Area specific development charges collected, on a schedule to be set out in the Front-Ending Agreement and which maintains priority of funding for currently planned area-specific development charge-funded projects, pursuant to the Front-Ending Agreement, to an upset limit of \$8,735,384 plus applicable taxes;**
    - ii. **Sewer reserves to an upset limit of \$2,911,795 plus applicable taxes.**

## RECOMMANDATIONS DU RAPPORT

Que le Comité de l'agriculture et des affaires rurales recommande au Conseil :

1. **À condition que Caivan Communities retire l'appel relatif au *Règlement sur les redevances d'aménagement* (n° 2019-156) de la Ville concernant les redevances du village de Richmond :**
  - a) **de permettre à la Ville et de déléguer le pouvoir au directeur général de la Planification, de l'Infrastructure et du Développement économique de modifier l'entente initiale (l'« entente ») avec Mattamy (Jock River) Limited concernant la conception et la construction d'une conduite de refoulement de 600 millimètres de diamètre et de 5,9 kilomètres de long, à partir de la conduite jumelée existante de 600 millimètres de diamètre au bassin de débordement le long du chemin Eagleson, comme énoncé dans le présent rapport, conformément aux principes de l'entente préalable ainsi qu'à la politique énoncés dans les documents 1 et 2, le format et le contenu définitifs de l'entente étant à la satisfaction du greffier municipal et avocat général;**
  - b) **d'autoriser, en vertu de ladite entente, la facture de Mattamy (Jock River) Limited d'un montant de 11 647 179 \$ taxes en sus, conformément à l'entente, pour financer les travaux décrits ci-dessus, qui doivent être terminés par la Ville;**
  - c) **d'autoriser la Ville, en vertu de ladite entente et après réception du montant précisé ci-dessus, d'établir des plans et devis pour les travaux susmentionnés et d'assurer l'administration du contrat et l'inspection du site en vue de la construction;**
  - d) **d'autoriser, en vertu de ladite entente, les sorties de fonds nécessaires pour rembourser à Mattamy (Jock River) Limited un total de 11 647 179 \$ taxes en sus, de la manière suivante :**
    - i. **redevances d'aménagement propres à un secteur perçues selon un calendrier à établir dans l'entente initiale et accordant la priorité au financement des projets associés aux redevances d'aménagement propres à un secteur qui sont actuellement prévus et financés, en vertu de l'entente initiale, jusqu'à hauteur de 8 735 384 \$ taxes en sus;**

ii. **Fonds de réserve d'égout jusqu'à hauteur de 2 911 795 taxes en sus.**

## **BACKGROUND**

The Village of Richmond is in the southwestern end of rural Ottawa, south of Kanata in Rideau-Goulbourn Ward. All new major development areas in the Village are and will be serviced by City-operated central wastewater system. The existing Village wastewater collection system gravity pipe network conveys sewage to the Richmond Pumping Station located in the Village south of the Jock River. From there, the sewage is pumped through a 13.5-kilometre long, 500-millimetre diameter force main along Eagleson Road to Kanata where it discharges into the Glen Cairn Trunk Sewer just south of Hazeldean and Robertson Roads.

The Village of Richmond Water and Sanitary Master Servicing Study (MSS), finalized on July 22, 2011, was prepared as a supporting technical document for the long-term Village Development Objectives and Vision as per the Richmond Community Design Plan. The MSS was conducted according to Schedule "C" of the Municipal Class Environmental Assessment (Class EA) with an evaluation and selection of preferred solutions for upgrades/expansions to the water and wastewater infrastructure servicing Richmond Village.

The Functional Design Study Report for Village of Richmond wastewater collection system upgrades was completed in September 2019. The Report identified the first two phases of the upgrade towards the existing pump station, the third phase being the installation of 5.9 kilometres of 600-millimetre diameter forcemain including trenchless Jock River crossing and interconnection to the existing 500-millimetre diameter forcemain and Phase 4 being the installation of the remaining forcemain to connect to city main services.

The City of Ottawa has initiated the preliminary and detailed design for the entire length of 12.4 km (Phases 3 and 4) of the new 600-millimetre diameter forcemain twinning. The City of Ottawa will provide tender drawings and specifications for Phase 3 and provide contract administration and site inspection for the Phase 3 of forcemain construction, subject to Mattamy (Jock River) Limited entering into a Front-Ending Agreement for the payment of \$11,647,179 plus applicable taxes for the remaining portion of the works.

Mattamy (Jock River) Limited has submitted a Front-Ending application (D07-20-20-0001) to enter into a Front-Ending Agreement with the City of Ottawa to front end the costs of these works, in advance of the scheduling of the works originally identified in the 2019 Development Charges Background Study.

## DISCUSSION

Development in the Village of Richmond is limited in expansion due to the need to upgrade the Richmond Village Sanitary Pump Station and the twinning of the existing 500-millimetre diameter forcemain along Eagleson Road. The Richmond Village Sanitary Pump Station upgrade design is underway, and construction is anticipated to be completed by Q2/2022. This upgrade will provide enough capacity to allow approved developments in the Village of Richmond to proceed.

Mattamy (Jock River) Limited has applications for subdivision development in the Village of Richmond with the City of Ottawa for approval which are being placed on hold due to the limited available capacity both pre- and post-Richmond Sanitary Pump Station improvements. In order to increase sanitary flow capacity over and above the Richmond Village Sanitary Pump Station upgrade to allow further development in the Village of Richmond, 5.9 kilometres of additional 600-millimetre diameter sanitary forcemain, running parallel to the existing 500-millimetre diameter forcemain needs to be constructed.

While this 600-millimetre diameter forcemain twinning of the existing forcemain is not for the entire length to the Glen Cairn Trunk Sewer in Kanata, it will reconnect to the existing forcemain, which will provide for additional capacity for Mattamy (Jock River) Limited to develop. The option to complete the remaining portion of the twinning of the existing forcemain will be when further development pressures and funding levels are defined.

Mattamy (Jock River) Limited has submitted a Front-Ending application (D07-20-20-0001) to enter into a Front-Ending Agreement with the City of Ottawa to front end \$11,647,179 plus applicable taxes towards the costs of these works.

The 2019 Development Charges Background study, Appendix D.3, Table 2 (page 218) under Project description Item 3.2.1 Richmond Pump Station and Forcemain Expansion - Phase 2 for Sanitary Sewer Infrastructure Project 10.508B4 identifies the project forecast along with the funding splits of 25 per cent "Benefit to Existing" (BTE) and 75 per cent Growth (DC).

The project phasing has been revised to provide flexibility in execution of the overall project. Phase 1 and 2 budgets identify the recovery for the growth component through Area Specific Charges for the works. The portion of the charges related to the Area Specific Charge, which are collected at the time of building permit, will be directed towards Phase 1 and 2. In accordance with the recommendation of this report, area specific development charge revenue would only be allocated to Phase 3 budgets for

the works once Phase 1 and 2 budgets have been recovered through development charges. Phase 4 budgets are to be determined at a later date.

As per the 2019 Development Charges Background Study, the remaining 25 per cent of funding would be budgeted to come from user rates. This report recommends that this amount be refunded to the front-ending developer in 2026. Staff project 2026 is a reasonable timeframe in which the City would otherwise have planned to incur the expense for Phase 3.

## **RURAL IMPLICATIONS**

There are no rural implications associated with the proposed Front-Ending Agreement.

## **CONSULTATION**

All development approvals were conducted according to the requirements of the *Planning Act* and the City's Public Notification and Consultation Policy. The front-ending entities agree to the process outlined herein.

## **COMMENTS BY THE WARD COUNCILLOR**

Councillor Moffatt is aware of this report.

## **LEGAL IMPLICATIONS**

Caivan Communities ("Caivan") has filed an appeal with the Local Planning Appeal Tribunal from the 2019 Richmond Village area-specific development charges by-law. Among other allegations and requests for relief in the appeal (which are related to other aspects of the 2019 development charges by-laws and are not relevant to the present report), Caivan alleges that the pace of infrastructure improvements have not progressed quickly enough and that a more appropriate ratio of funding, as between "benefit to existing" (BTE) (i.e. user rate) and "growth"-related funding, would be a ratio of 60 per cent to 40 per cent BTE " to growth (compared to the currently-approved ratio of 25 per cent to 75 per cent).

The City disputes these claims and is contesting the appeal. However, the appeal presents an impediment to advancing the objective in this report as, while it remains undecided, it causes uncertainty as to the allocation of funding for the project.

This concern is addressed by making withdrawal of this portion of Caivan's appeal a pre-condition to the approval of the front-ending agreement. From discussions with counsel for Caivan, Legal Services staff expect that Caivan will withdraw its appeal upon approval of this report by Council. If Caivan fails to do so, staff will have no authority to proceed with the front-ending arrangement and forcemain upgrades will

proceed as previously scheduled and budgeted, unless directed otherwise by Council at another date.

Approving this report is not an admission of Caivan's claims in the appeal and will not prevent the City from contesting Caivan's position if Caivan refuses to withdraw this aspect of the appeal.

### **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with the front-ending of the 5.9 kilometres of 600-millimetre diameter sanitary forcemain.

### **ASSET MANAGEMENT IMPLICATIONS**

The recommendations documented in this report are consistent with the City's [Comprehensive Asset Management \(CAM\) Program](#) objectives. The implementation of the Comprehensive Asset Management program enables the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users. This is done in a socially, culturally, environmentally, and economically conscious manner.

The proposed Richmond Forcemain [Development-Related Capital Program, Project Number 10.508B4] is included in the City of Ottawa 2019 Development Charges Background Study, as a component of the overall Richmond Pump Station and Forcemain Expansion project. By entering into a Front-Ending Agreement with Mattamy (Jock River) Limited for the proposed sewage forcemain works, the City will support a level of service expectation and provide for future growth.

### **FINANCIAL IMPLICATIONS**

#### **Recommendation 1. b)**

Richmond Forcemain Expansion estimates and project funding are as follows:

Project estimates	\$18,713,179
Available funding (908247 Richmond Forcemain Expansion)	\$7,066,000
Shortfall	\$11,647,179

The shortfall will be funded by from Mattamy (Jock River) Limited, which will be reimbursed in accordance with the 2019 Development Charges Background Study / By-law and the Long-Range Financial Plan.

Pending an executed agreement and receipt of funds from Mattamy, the 908247 Richmond Forcemain Expansion budget authority will be increased by \$11,647,179. The Mattamy funding is subject to HST, which will be remitted to CRA.

**Recommendation 1. d)**

The Mattamy (Jock River) Limited payments are subject to HST, therefore the City will incur an additional cost of 1.76 per cent for sunk HST.

Mattamy (Jock River) Reimbursements	\$11,647,179
Sunk HST	\$204,990
Total City Cost	\$11,852,169

The total payments of \$11,647,179 (plus applicable taxes) to Mattamy (Jock River) Limited will be reimbursed as follows:

\$8,735,384, plus applicable taxes, through the Special Area Development Charges. The Special Area Development Charge is used to recover costs for the growth component of each of the project phases of the Village of Richmond wastewater collection system upgrades. Once the growth component for Phases 1 and 2 are complete, the Special Area Development Charge will be used to reimburse Mattamy (Jock River) Limited. Reimbursements will be done on a quarterly basis, as they are collected (2019-156 DC By-law). The total amount of Special Area Development Charges payments is \$8,735,384 plus applicable taxes.

\$2,911,795, plus applicable taxes, through the sewer reserves. This payment will be made in 2026, in accordance with the Long-Range Financial Plan.

Pending Council approval for the City to enter into the Modified Front-ending Agreement, a capital account will be established with budget authority and funding as follows:

Special Area Development Charges (75 per cent)	\$8,889,127
Sewer Reserves (25 per cent)	\$2,963,042
Total Budget Authority	\$11,852,169

**ACCESSIBILITY IMPACTS**

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



## **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications with the front ending of this Forcemain.

## **TERM OF COUNCIL PRIORITIES**

This application is directly related to the 2019-2022 Term of Council Priorities:

- **Economic Growth and Diversification:** Encourage economic growth and diversification by supporting business investment and expansion, talent attraction and retention, showcasing the city's bilingual and multicultural character, and branding Ottawa as a place to be
- **Sustainable Infrastructure:** Ensure sustainable infrastructure investment to meet the future growth and service needs of the city.

## **SUPPORTING DOCUMENTATION**

Document 1      Front-Ending Agreement Principles

Document 2      Council Approved Front-Ending Policy

Document 3      Location Map

## **DISPOSITION**

Legal Services to prepare the final form of the agreements in consultation with the Planning, Infrastructure and Economic Development Department. The Treasurer to earmark funds for repayment as noted in this report.

## Document 1 – Front-Ending Agreement Principles

1. The cost of the 5.9 km of 600-millimetre diameter sewage forcemain, including all associated works, estimated at \$11,647,179 including engineering, project management and contingences plus applicable taxes. All costs incurred shall be justified and include supporting invoices and payment certificates.
2. The City will reimburse Mattamy (Jock River) Limited in accordance to the following schedule;
  - 25 per cent attributed to “user rate” - \$2,911,795 plus applicable taxes to be paid in 2026.
  - 75 per cent to Growth - \$8,735,384 plus applicable taxes to be paid through the “Specific Area Specific Charge” for sanitary sewers (2019-156 DC Bylaw).

The Phase 3 “user rate” portion will be reimbursed to Mattamy (Jock River) Limited in 2026.

The Specific Area Specific Charge Development Charge is used to recover costs for the growth component of each of the project phases of the Village of Richmond wastewater collection system upgrades.

Once the growth component cost recovery for Phases 1 and 2 (Pump Station Upgrades) are complete, the Phase 3 (Forcemain Works), front ended by Mattamy (Jock River) Limited, growth component will be reimbursed through the “Specific Area Specific charges for Sanitary Sewers” as they are collected (2019-156 DC Bylaw). Reimbursement will be on a Quarterly Annual basis.

3. Reimbursements will be made provided the applicant satisfies all requirements in accordance with the standard-form, Council-approved Front-Ending Policies in Document 2. To the extent that the specific recommendation of this report is inconsistent with the standard-form policy in Document 2, the specific recommendations of this report should be followed. Specifically, notwithstanding item 2 in Document 2, the City will oversee the award of the contract for this project and the construction of the works.

## 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, Infrastructure and Economic Development 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, Infrastructure and Economic Development 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

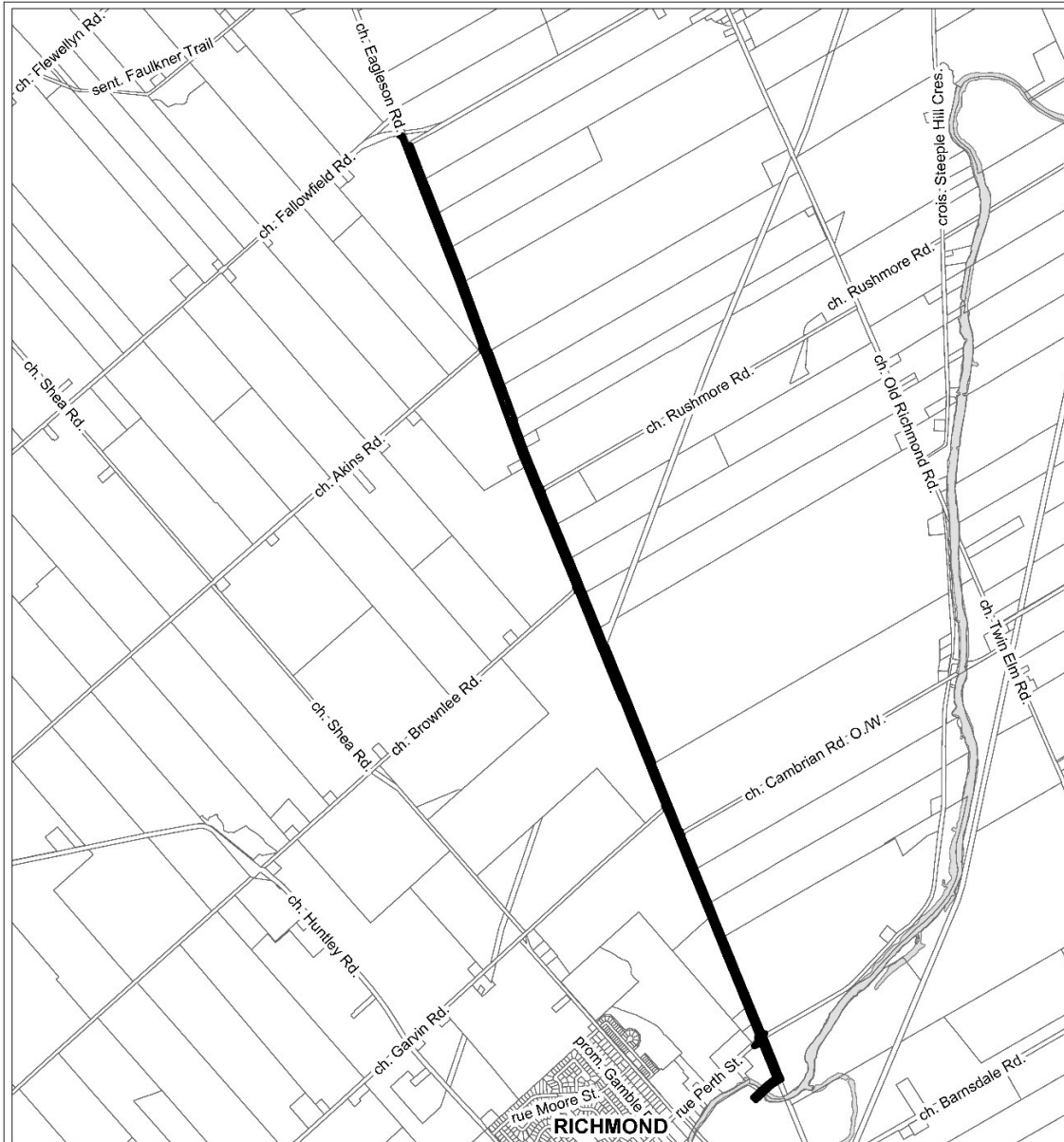
repayments. Only in this latter case will the City's portion of the payment be indexed beginning with the year the project was identified in the 10-year plan.


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-ender provides justification for the delay, and with the written concurrence of the City.

11. Where a front-ender 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



	
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REVISION / RÉVISION - 2020 / 06 / 08	

LOCATION MAP / PLAN DE LOCALISATION  
FRONT ENDING AGREEMENT / ACCORD DE FINANCEMENT INITIAL

 **ch. Eagleson Road**  
**600 mm Force Main / conduite de refoulement**

