

|               |                       |
|---------------|-----------------------|
| Presented To: | City Council          |
| Presented:    | Tuesday, Dec 13, 2016 |
| Report Date   | Tuesday, Nov 22, 2016 |
| Type:         | Managers' Reports     |

## Request for Decision

### Silver Hills Drive Cost Sharing Application

#### Resolution

WHEREAS it is a principle of the City of Greater Sudbury Policy on Development Cost Sharing 2016 that the City has an interest in cost sharing in situations where there are demonstrated gains in closing the infrastructure gap and opportunities to upgrade infrastructure that would otherwise fall under the City's capital programs;

AND WHEREAS the cost sharing application for Silver Hills Drive presents an opportunity for the City to share the cost to create a north south collector road identified in the City's Official Plan;

NOW THEREFORE BE IT RESOLVED THAT the City of Greater Sudbury approve the cost sharing application by 1232252 Ontario Inc. for the extension of Silver Hills Drive to Bancroft Drive, including the internal road segment, the external road segment and the redesigned intersection at Bancroft Drive and Bellevue Avenue for the Silver Hills Development on PIN 73580-0576, Lot 1, Concession 4, Township of McKim in addition to third party lands located between the southern boundaries of the subdivision and Bancroft Drive.

AND THAT the General Manager of Infrastructure Services be directed to negotiate and enter into a Cost Sharing Agreement with the registered owner that includes, but is not limited to the following key parameters:

A breakdown of eligible cost sharing for the extension of Silver Hills Drive as follows:

Internal Road Segment – Developer 35%, City 15%, Development Charges 50%

External Road Segment – Developer 30%, City 20%, Development Charges 50%

Intersection Improvement – Developer 10%, City 40%, Development Charges 50%

Requirements that all work conducted on the External Road Segment and the Intersection shall be the responsibility of the City in accordance with the City's procurement process;

Requirements for the owner to provide the City with payment for their contribution to the external road

#### Signed By

**Report Prepared By**

Kris Longston  
Manager of Community and Strategic Planning  
*Digitally Signed Nov 22, 16*

**Division Review**

Jason Ferrigan  
Director of Planning Services  
*Digitally Signed Nov 23, 16*

**Recommended by the Department**

Tony Cecutti  
General Manager of Infrastructure Services  
*Digitally Signed Nov 24, 16*

**Recommended by the C.A.O.**

Ed Archer  
Chief Administrative Officer  
*Digitally Signed Nov 25, 16*

segment and the intersection, including costs for required infrastructure not eligible for cost sharing, in advance of the City commencing its work, and

Provisions to ensure integrated design and construction schedules and the timely completion of the entire road from Kingsway to Bancroft.

AND FURTHER THAT funding for the City's share of cost sharing be allocated as follows:

Internal Road Segment (estimated at \$442,046.40) be funded from the Growth Related Projects Capital Budget;

External Road Segment (estimated at \$311,715) be included in the 2018 Capital Budget, and

Intersection Improvement (estimated at \$861,120) be included in the 2018 Capital Budget.

AND FURTHER THAT staff be directed to undertake the necessary land acquisition and any other reasonable action required to construct the intersection and the external road segment.

### **Summary:**

The owner of the property has applied under Policy on Development Cost Sharing 2016 for the City to consider alternative cost sharing measures for the construction of Silver Hills Drive from the north boundary of the Silver Hills subdivision to an improved intersection at Bancroft and Bellevue (see attached map). Silver Hills Drive is an important north-south collector road identified in the Official Plan, as well as a prominent active transportation connection between the commercial development at Barry Downe and The Kingsway and the residential areas to the south and west. The road would also provide required access to the Silver Hills subdivision.

The cost sharing application breaks the construction of the road into three segments, an internal segment that is entirely within the developer's lands, an external segment that is on lands not owned by the developer that need to be acquired by the City and an intersection improvement at Bancroft and Bellevue.

The estimated cost to construct the road is \$6.65M of which the developer is proposing a cost sharing breakdown of Developer 26%, City 24% and Development Charges 50%.

### **Background:**

#### **Silver Hills Subdivision**

The Silver Hills subdivision was draft approved by City Council in 2012 and was recently granted an extension of draft approval by City Council until 2019. The draft approved subdivision is approximately 23 hectares and proposes a mixture of single detached, semi detached and medium density residential for a total of approximately 700 units. The conditions of draft approval specify requirements pertaining to the design and construction of Silver Hills Drive and also call for the design and construction of a roundabout at the intersection of Bancroft Drive, Bellevue Avenue and the future Silver Hills Drive. The conditions of draft approval further specify that the owner agrees to participate in the construction of the collector road and intersection in accordance with the City's Policy on Development Cost Sharing.

The external segment of the road and the improvements to the intersection will require the City to acquire full and partial properties along Bancroft Drive and Barry Street. At this time, the final design of the intersection and the road is being completed. This final design will inform the property acquisition process.

It should be noted that the north limit of the Silver Hills subdivision is bounded by the southern edge of the trunk water main block. The road crossing of this trunk watermain along with the portion of Silver Hills Drive from the northern boundary of the draft plan of subdivision to Marcus Drive is currently subject to a

separate front ending agreement and development charge agreement with the City and does not form part of this cost sharing application.

The City will only realize the motorized and active transportation benefits of Silver Hills Drive upon its total completion (Kingsway to Bellevue and Bancroft) and being opened to the public. As a result, the timely completion of the entire road should be addressed in any future cost sharing agreement.

**Development Eligible Costs and Cost Sharing Policy Changes:**

On July 12<sup>th</sup>, 2016 Council directed staff to apply a development charge eligible cost ratio of 50% to five major future roads identified in the Official Plan, including the future Silver Hills Drive and intersection at Bellevue and Bancroft. The result of this change is that developer's cost for the road and intersection have decreased from 73% to 50%, as the Development Charge By-law currently lists Silver Hills Drive as 27% Development Charge eligible. Development Charge credits can take the form of a reduced (roads portion) development charge payable at time of building permit issuance or a cash contribution from the Development Charge Reserve Fund or a combination of the two.

On August 9<sup>th</sup>, 2016 Council adopted an updated Policy on Development Cost Sharing 2016. One of the changes featured in the new policy is the ability for Council to consider alternative cost sharing measures on a case by case basis in situations where a proposed road is identified as a major future road in the Official Plan and creates an improvement in the existing road network.

**Cost Sharing Proposal**

Per section 6.1 (h) of the Policy on Development Cost Sharing 2016, the applicant has provided an alternative cost sharing proposal for the future extension of Silver Hills Drive and intersection for the costs not covered by development charges.

As part of the application the developer's Engineer has provided an estimate for the cost sharing eligible works involved in this project. It should be noted that the cost sharing policy would not apply to any water, sewer or other infrastructure meant to service the Silver Hills subdivision, nor would any local roads in the subdivision be eligible.

The following chart shows the applicant's proposed cost sharing breakdown of the three individual components of the road:

|  | <b><u>Cost Sharing<br/>Eligible Total Cost</u></b> | <b><u>Developer</u></b> | <b><u>Development<br/>Charges</u></b> | <b><u>City Funded</u></b> |
|--|--|-------------------------|---------------------------------------|---------------------------|
| <b><u>Internal Road<br/>Segment</u></b>    | \$2,946,976.00<br>(44.3% of total<br>cost)         | \$1,031,441.60<br>(35%) | \$1,473,488.00<br>(50%)               | \$442,046.40<br>(15%)     |
| <b><u>External Road<br/>Segment</u></b>    | \$1,558,575.00<br>(23.4% of total<br>cost)         | \$467,572.50<br>(30%)   | \$779,287.50<br>(50%)                 | \$311,715.00<br>(20%)     |
| <b><u>Intersection<br/>Improvement</u></b> | \$2,152,800.00<br>(32.3% of total<br>cost)         | \$215,280.00<br>(10%)   | \$1,076,400.00<br>(50%)               | \$861,120.00<br>(40%)     |

|                      |                |               |                |               |
|----------------------|----------------|---------------|----------------|---------------|
| <b><u>TOTALS</u></b> | \$6,658,351.00 | \$1,714,294.1 | \$3,329,175.50 | \$1,614,881.4 |
| Does not include HST |                | (26%)         | (50%)          | (24%)         |

The above costs do not include land acquisition costs for the external road and intersection. In January the City purchased 59 Barry Street as part of the property acquisition for the future Silver Hills Drive. Further land acquisition requirements will be determined by the final design of the intersection and the external road segment.

## **Analysis**

The Policy on Development Cost Sharing 2016 allows the City to consider alternative cost sharing measures on a case by case basis in situations where a proposed road is identified as a major future road in the Official Plan and creates an improvement in the existing road network.

In order to maintain flexibility, the Policy on Development Cost Sharing does not prescribe parameters for cost sharing on major future roads as each situation is unique and the policy requires each application to be considered on a case by case basis.

## **Internal Road Segment**

The internal road segment is a proposed 676m long section located entirely within the limits of the draft approved Silver Hills subdivision. Through the subdivision approval process, the City required the design of the road to include an 11m wide urban cross section, a full length centre turn lane, sidewalks on both sides and a 3m wide asphalt cycle path. The developer has requested that the City cost share 15% (\$442,046.40) of this segment of the road.

The cost of the additional 1m width of the road and 3m wide bike path is estimated to be approximately 10% to 15% more than the prescribed CGS standard collector road with no bike path. As a result, the developer's request is consistent with the premium associated with the City's requirements.

## **External Road Segment**

The external road segment is a proposed 250m long section that would extend south from the southern limits of the draft approved subdivision to the intersection of Bancroft and Bellevue. This section of the road would be constructed over third party lands and will require the acquisition of property by the City. The developer has requested that the City cost share 20% (est. \$311,715.00) of the cost of this segment of the road.

The developer will not have any developable frontage on this segment and as such receives no benefit beyond a necessary second access to the subdivision. As a result, cost sharing on the part of the City could be considered.

## **Bancroft/Bellevue/Silver Hills Intersection Improvement**

The third component of the future Silver Hills Drive is an improved intersection at Bancroft and Bellevue. The existing intersection is a signalized three-way intersection at Bancroft Drive and Bellevue Avenue. The developer has submitted a proposed design for a roundabout intersection for the City's review. Per the cost sharing application, the developer is proposing that 40% (est. \$861,120.00) of the cost of this intersection be borne by the City.

With respect to this component of the cost sharing application, the City is requesting, through the subdivision approval process, the redesign and reconstruction of an intersection that currently has three existing legs, with Silver Hills drive adding a fourth. This, along with the fact that Silver Hills Drive will be used by through traffic can be used as a basis to consider cost sharing on the intersection component.

## **General Cost Sharing Principles**

The general principles of the Policy on Development Cost Sharing state that the City is interested in cost sharing in situations where there are demonstrated gains in closing the infrastructure gap or opportunities to upgrade infrastructure that would otherwise fall under the City's capital programs.

The cost sharing application submitted by the developer would fit within these general principles as Silver Hills Drive has been identified as a future Collector Road in the City's Official Plan. Should the subdivision not proceed, the City, at some point in the future, may have to construct Silver Hills Drive and improve the intersection as part of its roads capital program. This future work may not involve any cost sharing partners and the future costs would likely be higher due to inflation. The current cost sharing proposal would allow the City to complete a major segment of its planned motorized and active transportation network in the short term, while sharing a significant portion of the construction cost with the developer.

## **Financial Implications**

Per the Developer's Cost Sharing application, the estimated total eligible costs for the completion of Silver Hills Drive from the north boundary of the subdivision to a redesigned roundabout intersection at Bancroft and Bellevue are \$6,658,351. In July, Council determined that 50% of this cost would be development charge eligible. The Developer is proposing that the remaining \$3,329,175 be cost shared with the City, with the developer paying 51% (\$1,714,294.1) and the City paying 49% (\$1,614,881.4) of the non development charge eligible estimated cost.

Funds have been set aside for development cost sharing starting with \$ 200,000 in the 2012 budget. As of May 1, 2016 a total of \$1,049,539 was in the City's account for Cost Sharing. Recently, cost sharing applications for Koskimiemi (\$381,944) and Coniston Seniors Non-Profit (\$286,770) have been approved.

The Coniston Seniors application will be funded from the W/WW capital budget. As a result, there is a remaining balance of \$667,595 available for Roads/Drainage cost sharing projects, with an additional \$200,000 being proposed in the 2017 Budget.

Overall, the funding of the payment of DC credits to the developer would come from the Roads DC Reserve Fund and the Roads – Capital Financing Reserve Fund (uncommitted). The funding of the City portion of cost sharing costs would come from the Roads – Capital Financing Reserve Fund (uncommitted). If the reserve fund doesn't have sufficient funds, then Council could direct staff to allocate the necessary funds from a future Roads capital budget (ie. 2017/2018) to pay the developer, resulting in less funds being available for other road capital projects. Therefore, should Council approve this cost sharing application, direction should be given to staff to allocate the necessary funds as part of future budgets.

Additionally, since there are limited funds available for development cost sharing opportunities, the City should include a sunset clause in any cost sharing agreement for Silver Hills Drive that expires when the draft subdivision approval expires in 2019, should construction have not substantially commenced. This would provide Council with an opportunity to consider the progress and whether it wishes to continue its financial investment in the project.

It should be noted that if Council approves the proposed cost sharing formula for Silver Hills Drive it would impact funds available for the City to participate in cost sharing on other development projects. Should Council wish to approve a future cost sharing application, capital budgets may have to be reprioritized.

## **Cost Sharing Agreement Considerations**

The Silver Hills Drive Cost sharing application is complex for a number of reasons, including:

- The proposed road is comprised of three components, which are located on lands owned by the developer, lands owned by third parties that have to be acquired by the City and lands currently

owned by the City at the existing intersection of Bancroft Drive and Bellevue;

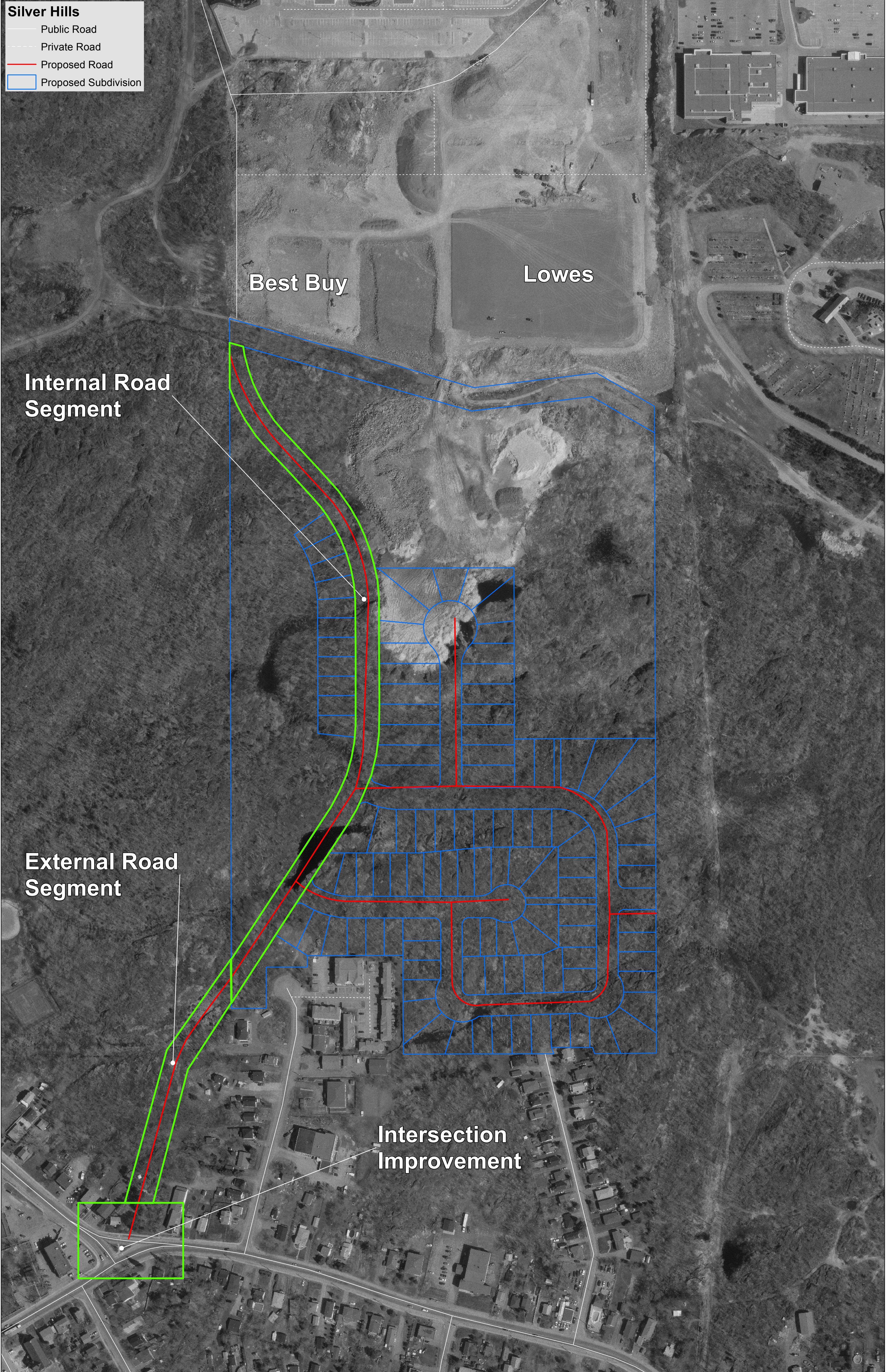
- The proposed cost sharing formula would see the City have a smaller contribution on the internal segment, a larger contribution to the external segment and the majority contribution to the intersection;
- The cost for the work is currently based on the developer's estimates and not on bids submitted through the City's procurement process, and
- The benefit to the City of cost sharing on the Silver Hills extension will only be realized once the entire road has been completed, accepted and open to the public.

As a result, it is recommended that should Council approve the cost sharing application, the cost sharing agreement should contain, amongst other things, provisions to protect the City's interests in relation to the above issues.

Because of the varied cost sharing obligations and land ownership between the three segments, it is recommended that the cost sharing agreement stipulate that the City be responsible for constructing the external road segment and the intersection improvement. With these components being the City's responsibility, the City's procurement process would be followed to ensure the best market pricing for the work and consistency with past practice.

With respect to the issue of ensuring the completion of the entire road and intersection improvement, it is recommended that the cost sharing agreement contain requirements for the developer to provide payment to the City for their entire estimated share of the external road segment and the intersection improvements and that the parties adjust for final actual costs once such costs are known. The amount would also include the cost of infrastructure that is not eligible for cost sharing (i.e. water and sewer mains) but required for the subdivision. For the internal road segment, it is recommended that the City provide its share of the funds when the road is complete and accepted by the City.





**Silver Hills**

- Public Road
- Private Road
- Proposed Road
- Proposed Subdivision

Best Buy

Lowes

Internal Road Segment

External Road Segment

Intersection Improvement





City of Greater Sudbury  
PO Box 5000, Stn A  
200 Brady Street  
Sudbury, ON  
P3A 5P3

August 8, 2016

Attention: Kris Longston

RE: Cost Sharing Application

Dear Mr Longston:

Further to our cost sharing application we wanted to provide you with some further information for consideration as we believe Silver Hills Drive once constructed will be a positive addition to the existing road infrastructure and will have many added benefits to the Sudbury Community. Please find attached the supplemental information to update our cost sharing application.

As a leading developer in the City, we continue to work diligently in attracting growth and future development into our Community. We thank you for your attention to this matter and if you have any questions please give us a call.

Yours truly,

A handwritten signature in black ink, appearing to read "Celia Teale". The signature is fluid and cursive, with a large loop at the beginning.

Celia Teale, MCIP, RPP  
Development Manager

Steve A Vaccaro, MBA, CPA  
Vice-President



SUPPLEMENTAL UPDATE TO COST SHARING  
APPLICATION FOR SILVER HILLS DRIVE

**Traffic Impacts:**

- Silver Hills Drive has long been identified in the Official Plan and the Community Improvement Plan for Minnow Lake as a desired linkage required to complete a north/south road connection for the Community. The construction of this road linkage would be a benefit to the road network within the CGS.
- Traffic volumes on Bancroft Drive between the Kingsway and Bellevue Avenue and Second Avenue are expected to be reduced and there will be a benefit to existing intersections with the connection of Silver Hills Drive.
- The completion of Silver Hills Drive will improve the connection between Minnow Lake and the existing retail development. This connection will complete the Regional Centre.
- Silver Hills Drive is unique in design as it incorporates an active transit component consisting of dual bike lanes and sidewalks on both sides of the street.
- With the construction of Silver Hills Drive there will be no need to phase the development with a temporary access through Barry Street.

**Social and Environmental Impacts:**

- The construction of Silver Hills Drive will allow for the development of a residential community that will have a number of positive social and environmental attributes.
- New and enhanced walking trails and bike paths will be developed for the neighbourhood and the Minnow Lake Community.
- Blueberry Hill will have a new and enhanced trail system for walking and biking.
- As part of the residential development that will coincide with the construction of Silver Hills Drive a new storm water management facility will be constructed and become a feature of Blueberry Hill. The storm pond will be a benefit from an environmental perspective because it will control the quality and quantity of storm water runoff.
- This new Phase will allow ARG Devco to complete our long-term vision which is to create Sudbury's and Northern Ontario's most desirable life style centre which will connect features such as the retail hub of North-eastern Ontario, new housing forms, and nature's beautiful landscape of rolling hills, walking trails and parks all in one location.



### Economic Impacts:

- The construction of Silver Hills Drive will allow us to create a tremendous economic benefit.
- We are negotiating with several industry leaders to bring to Sudbury several forms of senior residential living. Our initial targets will be a Long Term Care Facility and a senior residence.
- The estimated value of construction for the above mentioned facilities would be in the range of approximately 85 million dollars. This will be a huge boost to the local tax base.
- It is anticipated that with the construction of each of these facilities 50 construction jobs will be created for a period of one year. That translates into 150 jobs for the Sudbury Community.
- When construction is completed the long term care home and the seniors' residence will employ 120 full and part time staff.
- Silver Hills Drive construction will also allow for a mixture of dwelling units to be constructed giving residents a new choice in housing options.
- The construction of approximately 30-50 dwelling units each year at Silver Hills Residential will create jobs and provide for positive economic spin offs. The National Association of Home Builders have reported that the estimated one year of impacts of building 100 single family homes in a local area generates:
  - 28.7 million in local income
  - 3.6 million in taxes and other revenue for local governments
  - 394 local jobs
  - We have the opportunity to build over 600 doors, creating tremendous opportunities
- 35 full time jobs will also result as the construction of Silver Hills Drive proceeds
- The construction of the new units will create a new tax base for the City of Greater Sudbury
- Future growth will happen because of the road linkage as new residential projects are undertaken in the area. The Minnow Lake Community will be revitalized and the City will have brand new infrastructure in the road network with no risk.
- There will be future benefits from completion of over 600 doors in our project with between 30 and 50 new homes being built as well as a number of condominium apartments. The City could potentially add \$20 to \$50 million dollars in new housing infrastructure to its existing tax base annually. This residential component is over and above the senior residential facilities that we are currently working on.
- The Minnow Lake area will attract younger families; the Sudbury community will see the benefits of in-filling which will utilize existing and improved infrastructure all without placing any hardship on the existing tax base.



### Timing of Construction

- It is the intent to start the construction of Silver Hills Drive in November of this year with completion targeted for June 30, 2017, the intersection work at Bellevue/Bancroft would be completed by September 30, 2017.
- The start of construction of Silver Hills Drive is also highly dependent on the City of Greater Sudbury completing the land acquisitions required for the construction of the road and the intersection. We are aware that this process has commenced, with only a few acquisitions remaining.
- The lease agreement between the City of Greater Sudbury and the Nickel District Conservation Authority would also have to be amended to reflect the construction of the road and the storm water pond. The Nickel District Conservation Authority Board has approved in principle amending of the lease agreement with the City of Greater Sudbury.