

Presented To:	City Council
Presented:	Tuesday, Aug 22, 2017
Report Date	Tuesday, Aug 01, 2017
Type:	Managers' Reports

Request for Decision

Montrose Avenue Development Charge Credit and Cost Sharing Applications

Resolution

THAT the City of Greater Sudbury approves the cost sharing and development charge credit applications by Dalron Construction Ltd. for the extension of Montrose Avenue from Forestdale Drive to Woodbine Avenue as recommended in the report entitled "Montrose Avenue Development Charge Credit and Cost Sharing Applications" dated August 1, 2017 from the General Manager of Growth and Infrastructure;

AND THAT the Executive Director of Finance, Assets and Fleet be directed to negotiate and enter into a Development Charge Credit agreement with Dalron Construction Ltd. for the extension of Montrose Avenue from Forestdale Drive to Woodbine Avenue;

AND THAT the General Manager of Growth and Infrastructure be directed to negotiate and enter into a Cost Sharing Agreement with Dalron Construction Ltd. for the extension of Montrose Avenue from Forestdale to Woodbine Avenue, which includes the parameters outlined in the report;

AND FURTHER THAT Development Charge Credits of 50% be funded from the Development Charges Reserve Fund - Roads and the Capital Financing Reserve Fund - Roads and the Cost Sharing portion of 25% be funded from the Growth Related Projects Capital Envelope from prior years.

Relationship to the Strategic Plan / Health Impact Assessment

This recommendation is consistent with Council's Strategic Plan. Specifically, priority C under the Growth and Economic Development pillar directs the City to "Provide a welcoming environment that is conducive to investment and reduction of red tape, by removing barriers and attracting new business."

Report Summary

Signed By

Report Prepared By

Kris Longston
Manager of Community and Strategic Planning
Digitally Signed Aug 1, 17

Manager Review

Kris Longston
Manager of Community and Strategic Planning
Digitally Signed Aug 1, 17

Division Review

Jason Ferrigan
Director of Planning Services
Digitally Signed Aug 3, 17

Recommended by the Department

Tony Cecutti
General Manager of Growth and Infrastructure
Digitally Signed Aug 3, 17

Financial Implications

Apryl Lukezic
Co-ordinator of Budgets
Digitally Signed Aug 2, 17

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Aug 3, 17

Dalron Construction Ltd (Dalron), the developer of the Nickeldale subdivision, has applied under the Policy on Development Cost Sharing 2016 for the City to consider alternative cost sharing measures and for a development charge credit agreement for the construction of Montrose Avenue from Forestdale Drive to Woodbine Avenue (see attached map). Montrose Avenue is an important north-south link, currently identified as a secondary arterial in the Official Plan, which is proposed to eventually connect Lasalle Boulevard to the future Maley Drive.

The eligible costs expended to date to construct this section of Montrose Avenue to Woodbine is approximately \$1,204,000 and the eligible costs to complete the works is estimated to be approximately \$286,000 for a total of \$1,490,000. Dalron proposes a cost sharing/development charge credit breakdown of 50% development charge credits (estimated at \$745,000), 25% City (estimated at \$372,500) and 25% Developer (estimated at \$372,500). It should be noted that there are additional costs associated with the construction of an extension to Woodbine Avenue that are ineligible and would be the responsibility of Dalron.

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. The cost sharing application for Montrose Avenue presents an opportunity for the City to share the cost to create a north south arterial road identified in the City's Official Plan

Financial Implications

The estimated total eligible costs for the completion of Montrose Avenue from Forestdale Drive to Woodbine Avenue are approximately \$1,490,000. In 2016, Council approved that 50% of this cost would be development charge eligible. Dalron is proposing that the remaining eligible amount of approximately \$745,000 be cost shared evenly between the City and Dalron.

There is a remaining uncommitted balance of approximately \$1 million available for Roads/Drainage cost sharing projects from the Growth Related Capital Envelopes. With the approval for Montrose Avenue, there would be an estimated remaining balance \$627,500, with an additional \$225,000 being proposed in the 2018 Budget.

Overall, the funding of the payment of DC credits to the Developer is from the Development Charges Reserve Fund- Roads and the Capital Financing Reserve Fund - Roads. The funding of the City portion of cost sharing costs is from the Growth Related Projects capital envelope.

Background:

The Nickeldale subdivision was originally registered in 1976. In 1990, Regional Council draft approved a plan to re-subdivide most of the previously registered plan. Over the years, there have been a number of extensions to the draft approval as well as minor modifications to the layout. The lands within the plan of subdivision are currently zoned a mix of R1, R2, R3, C1 and Park. This zoning could allow for approximately 450 units in a range of building types upon full build out of the subdivision. The subdivision is owned by Dalron and extends north from Forestdale Drive to the future Maley Drive. The Montrose Avenue road allowance bisects the subdivision from South to North along the eastern side of the property and is owned by the City.

Montrose Avenue currently extends from Lasalle Boulevard to Forestdale Drive. The Official Plan currently shows Montrose Avenue north of Forestdale as a proposed road eventually extending to Maley Drive. The portion of Montrose subject to the cost sharing and development charge credit applications outlined in this report is only the section from Forestdale Drive to Woodbine Avenue. The connection to Woodbine Avenue is crucial as the City will only realize the benefits of this section of Montrose once it is connected to the larger road network.

Dalron started construction of the Montrose Avenue extension north of Forestdale Drive in 2014 for the purposes of developing townhouse blocks on the east side of the road along with single detached homes on the west side. As of January of this year, Dalron has paid approximately \$360,000 in development charges for new units constructed along the extension of Montrose Avenue.

The completed work on Montrose Avenue includes excavating, preparing and installing the road base (base asphalt in some areas) and storm water infrastructure to, and connecting with Woodbine Avenue. The remaining work to complete the road includes road base (in some areas), installing sidewalks and asphalt along with engineering inspection fees.

Development Charge Eligible Costs and Cost Sharing Policy Changes:

On July 12th, 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 Montrose Avenue north to Maley Drive.

On August 9th, 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 and Development Charge Credit Proposal:

Per section 6.1 (h) of the Policy on Development Cost Sharing 2016, Dalron has provided an alternative cost sharing proposal for the extension of Montrose Avenue from Forestdale Drive to Woodbine Avenue for the costs not covered by development charges. Under this proposal, the applicant would be responsible for 25% of the costs not covered by development charge credits and the City would be responsible for the other 25% of eligible costs. The applicant has also requested to enter into a development charge credit agreement per Development Charges By-law 2014-151.

As part of the application, Dalron's Engineer has provided documentation for the costs of the work completed to date along with an estimate for the work remaining to complete the road and its connection to Woodbine Avenue. These invoices and estimates have been reviewed by City staff and deemed to be reasonable costs for the project. It should be noted that the cost sharing policy and development charge credits would not apply to any water, sewer or other infrastructure meant to service only the Nickeldale subdivision. Additionally, the work included constructing an approximate 55m extension of Woodbine Avenue, which is a local road and would not be eligible for DC credits or cost sharing. The proposed cost sharing formula is outlined in the table below.

	Eligible Costs	DC Credit (50%)	City Share (25%)	Dalron Share (25%)
Cost to Date	\$1,204,000	\$602,000	\$301,000	\$301,000
Cost to Complete	\$286,000	\$143,000	\$71,500	\$101,500*
Total	\$1,490,000	\$745,000	\$372,500	\$402,500

* Note that Dalron would also be required to pay for approximately \$30,000 of ineligible work to complete the extension of Woodbine.

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. In this case, Dalron has requested that the eligible costs not covered by development charge credits be split evenly with the City. This cost sharing ratio is consistent with an alternative cost sharing proposal that Council recently approved for Silver Hills Drive.

The road work that is the subject of the applications includes an approximate 382m long extension of Montrose Avenue north from Forestdale and an approximate 55m long extension of Woodbine Avenue to connect the roads. As part of the draft conditions of approval for the Nickeldale Subdivision, the City required Montrose to be

constructed with a pavement width of 13.5m and sidewalks on both sides. At 13.5m, Montrose is considerably wider than a standard collector road. This extra width is necessary to match the existing Montrose Avenue, which is currently classified as a secondary arterial in the Official Plan. The additional costs to construct Montrose to an arterial standard at 13.5m wide with sidewalks on both sides amounts to an approximate 25% increase over a standard 10m wide collector road with sidewalk on one side. It should be noted that Montrose was reclassified from an arterial road to a collector road in the Transportation Master Plan.

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 Dalron fits within these general principles as Montrose Avenue is currently identified as a future secondary arterial road in the City's Official Plan. Should the remainder of the Nickeldale subdivision not proceed, the City at some point in the future, may have to construct Montrose Avenue to Maley Drive 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 portion of its planned motorized and active transportation network (with a connection to Woodbine Avenue) in the short term, while sharing a portion of the construction cost with Dalron.

Cost Sharing Agreement Considerations

The proposed cost sharing application for Montrose Avenue is unique in that much of the work on the road has already been completed by Dalron and the City currently owns the road allowance. Also, the cost to complete the work has been quantified by professional engineers and reviewed by the City but has not been put through the City's procurement process. Finally, the benefit to the City of cost sharing on the Montrose Avenue extension will only be realized once the connection to Woodbine Avenue has been completed, accepted and open to the public.

Therefore, 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. Namely, that the cost sharing agreement stipulate that the City be responsible for completing the work necessary to finish Montrose and its connection to Woodbine. With the completion of the works 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 work, it is recommended that the cost sharing agreement contain requirements for Dalron to provide payment to the City for their entire estimated share to complete the work and that the parties

adjust for final actual costs once such costs are known. The amount would also include the full cost of any infrastructure that is not eligible for cost sharing.

Summary:

Dalron has submitted development charge credit and alternative cost sharing applications for the construction of Montrose Avenue from Forestdale Drive to, and connecting with, Woodbine Avenue. The proposed break down would see the eligible costs of \$1,490,000 to construct the road shared between development charge credits (50%), the City (25%) and Dalron (25%). It is recommended that the cost sharing agreement contain, but not be limited to, the following parameters:

1. A cost sharing breakdown of eligible costs for the extension of Montrose Avenue from Forestdale Drive to and connecting with Woodbine Avenue as follows:

Dalron Construction Ltd. 25%, City 25%, Development Charges 50%

2. Requirements that all remaining work to complete the construction of the extension of Montrose Avenue from Forestdale Drive to, and connecting with, Woodbine Avenue shall be the responsibility of the City in accordance with the City's procurement process;
3. Requirements for Dalron Construction Ltd. to provide the City with payment for their contribution to complete the construction of the extension of Montrose Avenue from Forestdale Drive to, and connecting, with Woodbine Avenue including any costs for required infrastructure not eligible for cost sharing in advance of the City commencing the work;

The applications are consistent with the City's Policy on Development Cost Sharing 2016 and Council's decision on another cost sharing application for a major road in the Official Plan. Staff recommend approval of the applications and that Council direct staff to negotiate and enter into the necessary cost sharing and development charge credit agreements.

Resources Cited:

City of Greater Sudbury Policy on Development Cost Sharing 2016
<https://www.greatersudbury.ca/inside-city-hall/landuseplanning/pdf-documents/policy-on-development-cost-sharing/>

City of Greater Sudbury Development Charges By-law 2014-151 and Development Charges Background Study 2104
<https://www.greatersudbury.ca/living/building-permits/development-charges/>

Manager's Report on Development Charge Eligible Costs for New Major Roads – July 12, 2016

<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&agenda=report&itemid=27&id=949>

City of Greater Sudbury Council Resolution CC2016-248

<http://agendasonline.greatersudbury.ca/?pg=agenda&action=navigator&id=949&itemid=rec>

Manager's Report on Silver Hills Drive Cost Sharing Application – December 13, 2016

<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&agenda=report&itemid=24&id=1034>

CALC PLAN FOR
MONTROSE AVENUE
 9 LOTS
LOTS 23, 24, 25, 26 & 27
 ARE ALIGNED LOTS 193, 194, 195 & 196
 REGISTERED PLAN M-1044

GRAPHIC TOWNSHIP OF MCKIM

CITY OF GREATER SUDBURY

DIV. OF SUDBURY

TERRY DEL BOSCO, ONTARIO LAND SURVEYOR

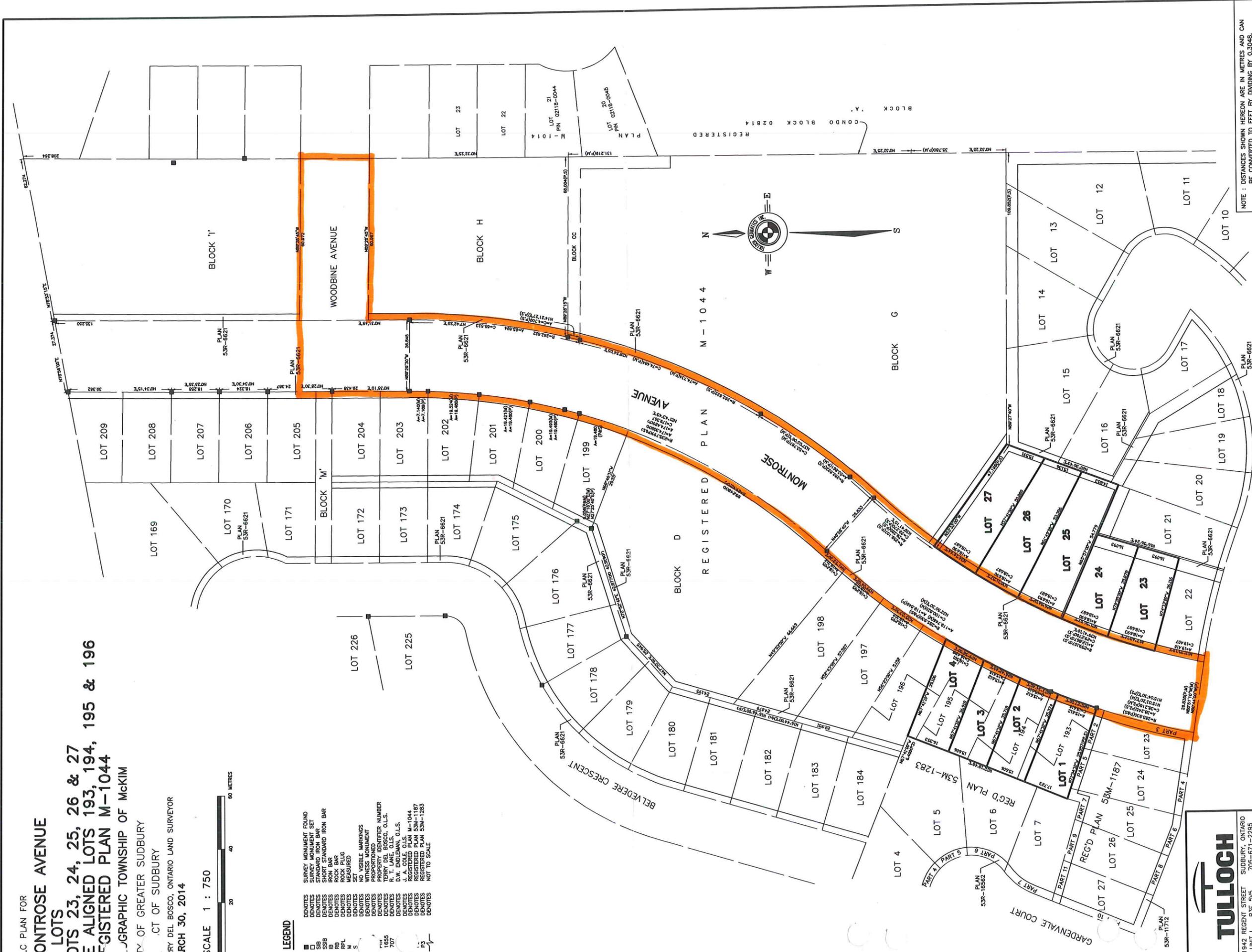
MARCH 30, 2014

SCALE 1 : 750



LEGEND

- DENOTES SURVEY MONUMENT FOUND
- DENOTES SURVEY MONUMENT SET
- DENOTES SHORT STANDARD IRON BAR
- DENOTES IRON BAR
- DENOTES ROCK BAR
- DENOTES NAIL
- DENOTES MEASURED SET
- DENOTES NO VISIBLE MARKINGS
- DENOTES WITNESS MONUMENT
- DENOTES PROPERTY IDENTIFIER NUMBER
- DENOTES TERRY DEL BOSCO, O.L.S.
- DENOTES R. T. JANE, O.L.S.
- DENOTES J. A. COLE, O.L.S.
- DENOTES REGISTERED PLAN M-1044
- DENOTES REGISTERED PLAN 53M-1187
- DENOTES REGISTERED PLAN 53M-1283
- DENOTES NOT TO SCALE



NOTE : DISTANCES SHOWN HEREON ARE IN METRES AND CAN BE CONVERTED TO FEET BY DIVIDING BY 0.3048.

1942 REGENT STREET SUDBURY, ONTARIO
 UNIT L P3E 5V5 705-671-2295
 FILE 125585 CALC PLAN PREPARED BY TOB