



TO: GENERAL COMMITTEE

SUBJECT: DEVELOPMENT CHARGE CREDIT AGREEMENT – MAPLEVIEW
SANITARY SEWER PROJECT

WARD: ALL

PREPARED BY AND KEY CONTACT: C. PACKHAM, LEGAL COUNSEL, EXT. 4511

SUBMITTED BY: I. PETERS, DIRECTOR OF LEGAL SERVICES
B. ARANIYASUNDARAN, P.ENG, DIRECTOR OF ENGINEERING

GENERAL MANAGER APPROVAL: A. MILLER, GENERAL MANAGER OF INFRASTRUCTURE AND
GROWTH MANAGEMENT

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That the General Manager of Infrastructure and Growth Management be authorized to complete a Development Charge Credit Agreement wherein the Hewitt's Creek Landowners Group and their Trustee and the City agree to the details of the landowners commitments to complete a portion of the Mapleview Sanitary Sewer being a component of Project Number EN1270 (the "Project"), in a form approved by the Director of Legal Services, the Director of Engineering, and the Director of Finance and Treasurer.
2. That the Mayor and City Clerk be authorized to execute a Funding and Development Charge Credit Agreement with the Hewitt's Creek Landowner Group and their Trustee.

PURPOSE & BACKGROUND

3. The purpose of this report is to seek Council's approval to authorize the completion and execution of a Development Charge Credit Agreement with the Hewitt's Landowner Group and their Trustee (The "Agreement"). This includes the major landowners in the Hewitt's Secondary Plan Area. The Development Charge Credits would be recognized and given to the Owners in exchange for their completion of the Project, subject to and in accordance with the terms of the Agreement.
4. On May 21, 2014, Council approved the recommendations in Staff Report IGM003-14 entitled Growth Management Update: MOU, IIP and Approval of Secondary Plans. Approval of these recommendations advanced three key elements of the City's growth management program including the terms of a Memorandum of Understanding with landowners in the Secondary Plan Areas (MOU), the approval of an Infrastructure Implementation Plan (IIP) and the adoption of the Salem and Hewitt's Secondary Plans.
5. On June 17, 2014, the City and the Salem and Hewitt's landowners signed the MOU. The MOU provides the framework for implementing the vision identified in the Secondary Plans and addresses a wide range of associated financial, development and infrastructure matters.
6. The MOU references four growth financing tools that had been approved by Council in December 2013. One of the tools is permitting the landowners to complete designs and construction for certain

projects identified in the IIP and benefitting the Secondary Plan Areas. In return, the landowners were to be reimbursed through development charge credits. An agreement is required to formalize this credit arrangement.

7. The City has entered into a number of Development Charge Credit Agreements with both the Salem and Hewitt's Landowners for various projects associated with development in the Secondary Plan Areas, including:
 - a) Funding and Development Charge Credit Agreement Environmental Assessment and Design projects
 - b) Development Charge Credit Agreement – Hewitt's Trunk Sanitary Project
 - c) Funding and Development Charge Credit Agreement – Engineering Design for Developer-Build Infrastructure Projects
 - d) Development Charge Credit Agreement – Essa Road Watermain – Athabaska Road to Koda Street.

These projects are underway and the framework of these agreements is working well.

8. The City is proposing to enter into further arrangements to permit the Hewitt's Creek Landowners to complete the Project.

ANALYSIS

9. The MOU sets out some of the terms and conditions by which the landowners will be reimbursed if they choose to exercise their option to deliver DC-eligible projects:
 - a) City will reimburse the landowners for the actual cost of the project through DC credits;
 - b) City will pay for the "benefit to existing" component of the project at the time of construction.
10. The Project entails construction of a sanitary sewer along Mapleview Drive East from the Hewitt's Trunk Sewer to East limits of the Bulut Lands. Detailed Design of this Project has been completed by the Landowners and is currently being reviewed by the City.
11. The cost of the Project is expected to be \$2,016,000.00. This does not include future costs associated with additional sewer and road works contemplated as part of the total works for project EN1270.
12. The Project was originally scheduled in the IIP to be completed in 2020. Following internal review and consultation with the Hewitt's Landowners, City staff have agreed to advance the timing of the Project in order to accelerate the projected receipt by the City of revenues in the form of Development Charges and other contributions pursuant to the MOU.
13. The works associated with the Project will be completed at the same time as the works associated with the Mapleview Transmission Watermain, which is being completed by both the Salem and Hewitt's Landowner's Groups. This will be done in order to minimize disturbance to Mapleview Drive and to avoid having to dig the road up on multiple occasions.
14. The Agreement is also expected to contain the following terms and conditions:
 - a) Landowners will retain a Consulting Engineer with a project team and scope of work for design, construction administration and inspection services.

- b) The design will be completed in accordance with all City requirements and design drawings will be sealed by a licensed professional engineer.
- c) Landowners will obtain all necessary approvals from the applicable authorities and sign-off from the City prior to commencing procurement of contractors for the Project.
- d) Landowners will undertake a fair and transparent procurement process.
- e) Contractor will provide insurance to the City prior to commencing work on the Project.
- f) City will have a dedicated resource paid through the DC project who will oversee and inspect construction of the Project and will have the ability to stop the work if it is not in accordance with the contract documents.
- g) Landowners will submit all proposed construction change orders to the City for review and approval prior to acceptance.
- h) As per the City's Capital Project Financial Control Policy, aggregate funding requirements that exceed the lesser of 10% of the approved Capital Budget or \$500,000 require Council approval.
- i) Consulting Engineer will certify the works and submit all required documentation for City review and acceptance.
- j) Reimbursement through DC Credits will be based on actual costs.
- k) DC Credits will be earned upon either substantial completion of the Project, or at the time the Project was initially scheduled to be completed as per the IIP, whichever is later, in order to protect the City's cash-flow position.
- l) Credits may then be used by the Landowners at such times as DC's are otherwise payable pursuant to the City's Development Charge By-Law or the Development Charges Act.
- m) Securities will be based on a minimum of 70% of the construction cost.

ENVIRONMENTAL MATTERS

15. There are no environmental matters related to the recommendation.

ALTERNATIVES

16. The following alternative is available for consideration by General Committee:

Alternative #1 General Committee could choose not to authorize staff to finalize and arrange for the execution of a Development Charge Credit Agreement with the Hewitt's Landowner's Group for the Project.

This alternative is not recommended as the Agreement implements provisions in the MOU whereby the landowners agreed to pay the costs associated with Developer Build projects identified in the IIP. This is an important step in implementing the vision that Council approved for the Secondary Plan Areas.

FINANCIAL

17. As agreed in the MOU, in exchange for front ending or paying the costs of the Project, developers will receive credits against development charges payable. The Development charge credit agreement will outline the process and timing of when the credits will be considered earned.

LINKAGE TO 2018-2022 COUNCIL STRATEGIC PLAN

18. The recommendation included in this Staff Report support the following goals identified in the 2018-2022 City Council Strategic Plan:
- Building Strong Neighbourhoods – An important cornerstone of the City’s growth management program is the implementation of the land use and servicing plans for the Secondary Plan Areas. The MOU provides a framework for this process. The proposed Development Charge Credit Agreement with the Hewitt’s Landowners Group is necessary in order to advance the infrastructure planning and design projects identified in the approved Infrastructure Implementation Plan and required to service the new growth areas.