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**TO:** GENERAL COMMITTEE

**SUBJECT:** TEMPORARY SANITARY PUMP STATION AND FORCEMAIN PROJECT AGREEMENT – WATERSANDS CONSTRUCTION LTD.

**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 INFRASTRUCTURE

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

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

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**RECOMMENDED MOTION**

1. That the General Manager of Infrastructure and Growth Management and the Chief Administrative Officer be authorized to complete a Construction, Maintenance and Operation Agreement wherein Watersands Construction Ltd. and Wormwood Developments Ltd. (collectively, the “Landowner”) and the City agree to the details of the Landowner’s commitments to construct, operate and maintain a temporary sanitary pumping station and forcemain (the “Project”), in a form approved by the Director of Legal Services and the Director of Infrastructure.
2. That the Mayor and City Clerk be authorized to execute a Construction, Maintenance and Operating Agreement for the Project with Watersands Construction Ltd. and Wormwood Developments Ltd.

**PURPOSE & BACKGROUND**

3. The purpose of this Report is to seek Council’s approval to authorize the completion and execution of a Construction, Maintenance and Operation Agreement for the Project with the Landowner (The “Agreement”).
4. The Project will provide a temporary sanitary sewage servicing solution for lands owned by the Landowner within the Salem Secondary Plan Area located at the southwest corner of McKay Road and Veterans Drive (the “Subject Lands”). The Subject Lands currently have approval for a draft plan of subdivision.
5. The Project will also provide a temporary sanitary sewage servicing solution for other lands within the Salem Secondary Plan Area subject to several criteria; specifically, confirming capacity and the contribution of a pro-rata share of the cost of the Project by other landowners.
6. Infrastructure associated with the Project includes a temporary sanitary pumping station on lands owned by the Landowner at the northeast corner of McKay Road and Veteran’s Drive. It also includes the construction of a sanitary forcemain which will be located on other lands owned by the Landowner fronting on Veteran’s Drive, with main components located within the City’s right-of-way.

7. There is currently no sanitary servicing available for the Subject Lands. The permanent sanitary sewer solution for this area of the Salem Secondary Plan Area (the McKay-Huron Sanitary Sewer) is not currently anticipated to be completed until 2027, as per the City's proposed 2021 Capital Plan. The expenditures associated with this sewer will be confirmed in approvals of Capital Plans by Council in subsequent years, subject to the availability of funding.
8. The Salem Secondary Plan Landowners provided a Sub-Watershed Impact Study (the "SIS") in 2017 as part of the Salem Secondary Plan development requirements. The SIS identified and recommended the opportunity to use a temporary servicing solution for sanitary sewer services if the permanent IIP solution was delayed, due in part to the anticipated costs of permanent sanitary sewer infrastructure. The City has reviewed and accepted the SIS and its recommendations for development of the Salem Secondary Plan.
9. The Project requires (but does not include) the completion of permanent municipal infrastructure identified in the City's Infrastructure Implementation Plan (the IIP) as Developer (D) projects. These permanent works are intended to be addressed in a separate agreement, generally in accordance with the City's process for D Projects, which will permit the Landowner to complete the design and construction of the works in exchange for Development Charge Credits.

#### **ANALYSIS**

10. The Project is not identified within the City's Infrastructure Implementation Plan as being a cost-shared item to be constructed by the Salem Landowners Group. Therefore, it is to be constructed solely by the Landowner, at the Landowners sole cost and expense, and not subject to reimbursement through Development Charge Credits or otherwise.
11. As the Project is being constructed solely by the Landowner at their sole cost and expense, the Agreement will be solely between the City and the Landowner. All components of the Project will be owned by the Landowner.
12. The Landowner is required to permit other landowners to connect to and utilize the services associated with the Project. Such permission to connect will not be unreasonably withheld by the Landowner. This requirement reflects the intent of the IIP and SIS that servicing will be done comprehensively and in a coordinated manner, notwithstanding that the Project is a temporary solution.
13. The Agreement will outline the commitments of the Landowner to the City with respect to the design, construction, operation, and maintenance of the Project. The City will retain approval rights with respect to these items and will have the ability to review and approve operational plans, flow monitoring plans, maintenance plans, and plans in the event of emergencies or service failure.

The Landowner has completed sanitary flow monitoring analysis, as normally required by the City as part of the development approval process and in support of the Project. Based on the analysis presented in the professionally prepared reports, they are requesting that the City allocate 1516 units of servicing capacity for the Landowner's exclusive use. This capacity will be allocated and held by the City for a period of ten years following the first registration of the first phase of Landowners plan of subdivision for the Subject Lands. This timeframe reflects a reasonable buildout period and acknowledges the timeline for implementation of the permanent servicing solution (McKay Sewer) as presented in the 2021 Capital Plan.

14. The Landowner will use commercially reasonable efforts to commence construction prior to the end of 2021 and will do likewise to proceed with registration of the first phase of the plan of subdivision for the Subject Lands prior to the end of 2022.

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15. The completion of the Project will satisfy the City's requirements in the Salem Secondary Plan and other Planning approvals with respect to the availability of Sanitary Sewer servicing. Additionally, the completion of the Project will satisfy the municipal servicing requirement related to the issuance Building Permits.
  16. The Agreement shall require the Landowner to share their flow monitoring data and hydraulic modelling with other Salem Secondary Plan landowners so that such owners may conduct their own investigations with respect to servicing capacity made available by the completion of the Project. If another Salem landowner can demonstrate additional servicing capacity within the system, as is required by the City as part of normal development approval process, the Project will facilitate additional lands proceeding to construction.
  17. 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 reviewed and accepted by the City and design drawings will be sealed by a licensed professional engineer.
    - c) The Landowner will obtain all necessary approvals from the applicable authorities and sign-off from the City prior to commencing the Project.
    - d) The Landowner will agree to operate, maintain and repair (if required) the Project in accordance with the provisions of the Agreement, and the City will have remedial rights in the event of the Landowners default of its obligation to operate, maintain and repair.
    - e) The Landowner will provide insurance to the City prior to commencing work on the Project.
    - f) The City will have the ability to 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) Consulting Engineer will certify the works and submit all required documentation for City review and approval.
    - h) The Landowner will be solely responsible for decommissioning the Project to the satisfaction of the City upon the completion and commissioning of the permanent McKay-Huronian Sanitary Sewer.
    - i) Securities in the amount of six-hundred and fifty-thousand dollars (\$650,000.00) will be posted by the Landowner with the City. This amount is intended to provide the City with sixty-five thousand dollars per year for ten years to cover the costs of operating and maintaining the Project if the Landowner defaults in doing so. The security will be reduced by sixty-five thousand dollars per year for the first nine years of the Agreement. The City will hold the final sixty-five thousand dollars of Security following the tenth year of operation of the Project until such time as it is decommissioned by the Landowner.

#### **ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS**

18. There are no environmental and/or climate change impact matters related to the recommendation. The temporary sanitary sewage servicing solution will be designed, constructed, operated and maintained to ensure there are no adverse impacts to the natural environment.

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## **ALTERNATIVES**

19. 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 Construction, Operating and Maintenance Agreement with the Landowner for the Project.  
This alternative is not recommended as the Agreement will permit a significant portion of the proposed development for the Salem Secondary Plan Area to proceed in advance of the of the planned permanent servicing solution in 2027 creating the opportunity to receive revenue in the form of Development Charge payments.

## **FINANCIAL**

20. There are no Financial matters related to the recommended motion, as the Project is being paid for entirely by the Landowner without any entitlement to reimbursement or compensation from the City.

## **LINKAGE TO 2018-2022 COUNCIL STRATEGIC PLAN**

21. The recommendation included in this Staff Report support the following goals identified in the 2018-2022 City Council Strategic Plan:

- Building Strong Neighbourhoods