

Subject: Front-Ending Report – Manotick Watermain Link Phase 2

File Number: ACS2023-PRE-PS-0043

Report to Agriculture and Rural Affairs Committee on 6 April 2023

and Council 12 April 2023

**Submitted on March 27, 2023 by Derrick Moodie, Director, Planning Services,
Planning, Real Estate and Economic Development**

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Ward: Rideau-Jock (21)

**Objet : Rapport d'entente préalable – Étape 2 du projet de raccordement de
la conduite d'eau principale de Manotick**

Dossier : ACS2023-PRE-PS-0043

Rapport au Comité de l'agriculture et des affaires rurales

le 6 avril 2023

et au Conseil le 12 avril 2023

**Soumis le 27 mars 2023 par Derrick Moodie, Directeur, Services de la
planification, Direction générale de la planification, des biens immobiliers et du
développement économique**

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REPORT RECOMMENDATIONS

The Agriculture and Rural Affairs Committee recommends Council approve the following:

1. **Authorize the City and delegate authority to the General Manager, Planning, Real Estate and Economic Development Department, to enter into a Front-Ending Agreement (the “Agreement”) with Minto Communities Inc. in relation to the design and construction of the Manotick Watermain Link Phase 2 project, 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 Solicitor;**
2. **Pursuant to said Agreement, authorize the receipt from Minto Communities Inc. to an upset limit of \$12,800,212 plus applicable taxes in accordance with the Agreement, to fund the above-described work which are to be completed by the City;**
3. **Pursuant to 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; and**
4. **Pursuant to said Agreement, authorize financial disbursement to reimburse Minto Communities Inc. by way of Development Charge Credits to an upset limit of \$12,800,212 plus applicable taxes through the Manotick Area Specific Development Charges and in accordance with said Agreement.**

RECOMMANDATIONS DU RAPPORT

Le Comité de l’agriculture et des affaires rurales recommande au Conseil d’approuver ce qui suit :

1. **Autoriser la Ville à conclure une entente préalable (l’« entente ») avec Minto Communities Inc. pour la conception et la réalisation de l’étape 2 du projet de raccordement de la conduite d’eau principale de Manotick, et déléguer le pouvoir à cette fin au directeur général de la Planification, de l’Immobilier et du Développement économique, comme le prévoit le présent rapport, conformément aux principes et à la politique de l’entente énoncés dans les documents 1 et 2, et dont la forme et le contenu définitifs seront à la satisfaction de l’avocat général; et**

- 2. Autoriser, en vertu de ladite entente, la facture de Minto Communities Inc. d'un montant maximal de 12 800 212 \$ (taxes en sus), conformément à l'entente, pour financer les travaux décrits ci-dessus, qui doivent être effectués par la Ville; et**
- 3. Autoriser la Ville, en vertu de ladite entente et après réception du montant précisé ci-dessus, à établir des plans et devis pour les travaux susmentionnés et à assurer l'administration du contrat et l'inspection du site en vue de la construction; et**
- 4. Autoriser, en vertu de ladite entente, la sortie de fonds nécessaires au remboursement de Minto Communities Inc. sous forme de crédits sur les redevances d'aménagement jusqu'à hauteur de 12 800 212 \$ (taxes en sus), crédits portés au compte des redevances d'aménagement propres au secteur de Manotick, le tout conformément à l'entente.**

BACKGROUND

The Village of Manotick is a rural community located in the south end of Ottawa. The Manotick Watermain Link was originally identified in studies related to the 2009 Infrastructure Master Plan, primarily to support growth in the Village of Manotick and to provide a redundant supply of water to the entire village in the event of a failure of the existing watermain feed on Rideau Valley Drive.

The trunk water servicing concept for the village was reviewed as part of preparation of the 2013 Infrastructure Master Plan, and concurrently as part of the 2014 Class Environmental Assessment for the Manotick Watermain Link. The masterplan identified a new concept that would improve the reliability of water supply by connecting the Manotick Watermain Link to the existing watermain on Rideau Valley Drive north of the village through the North Island Link project. This concept resulted in identification of two distinct phases for the Manotick Watermain Link, Phase 1 and 2. Please refer to the location map in Document 3.

The Manotick Watermain Link Phase 1 is now in operation and extends from the urban area in Riverside South, where it connects to the North Island Link that crosses through the north end of Long Island and connecting to the Rideau Valley watermain at Barnsdale Road. The Phase 1 project contributes to supplying the Village and coupled with the North Island Link project improves water exchange between Barrhaven to Riverside South.

The purpose of this report is to discuss the Manotick Watermain Link Phase 2 and to authorize Minto Communities Inc. to front-end and later to be reimbursed for the

development charges portion of the project. The design and construction of the project is being managed by the City.

DISCUSSION

The Manotick Watermain Link Phase 2 project will provide redundancy and reliability to the Manotick community and will also provide additional capacity to service new planned developments of the Mahogany Community development by Minto Communities Inc. (File Number D07-16-17-0017). The proposed subdivision was draft approved for approximately 1,400 residential units, with around 560 units being completed to-date.

Given that the project timing is driven by the growth and development of the Mahogany Harbour development by Minto Communities Inc., the developer has agreed to front-end the development charges portion of the project. The front-ending requirement is also listed as a condition of draft approval within their subdivision application.

The functional design for the Manotick Watermain Link Phase 2 project was completed in 2019, based on the alignment established by the 2014 Class Environmental Assessment. The detail design for the project was recently completed, and the Class A project cost is estimated at \$24,615,793 plus tax. The cost includes funding for contingency and 52 per cent is attributed to growth.

The final alignment of the watermain link begins from Hillside Gardens connection located at Bravar Drive and McLean Crescent, continuing southwards along Bravar Drive, Long Island Road and Van Vliet Road, crossing the west branch of the Rideau River at the south end of Long Island, and tying into the existing watermain connection at the intersection of Manotick Main Street and Bridgeport Avenue. Please refer to the location map in Document 3.

To reflect the updated cost of the Manotick Watermain Link Phase 2, an amendment to the Village of Manotick Area-Specific Development Charges Background Study and By-law was approved by Council on November 9, 2022 ([ACS2022-IWS-AM-0004](#)), with all opportunity for appeal exhausted. The project is shown in Table 2B of the background study, as item number 420, which include outstanding capital cost balances, and item number 11.00694, Manotick Supply Watermain Phase 2 – Additional Funding. The project is funded 52 per cent through development charges and 48 per cent through benefit to existing. The rate supported portion under benefit to existing has been approved by Council. Therefore, the only portion that Minto Communities Inc. will need to front-end is relating to the development charges portion of the project.

Repayment discussion

In keeping with the previous cost recovery agreement for servicing the Village, Minto Communities Inc. has agreed to front-end the growth-related component of the proposed watermain extension. The installation of the infrastructure is part of the overall master servicing plan for the community. The proposed repayment using development charge credits is recommended as being the preferred arrangement in terms of cost recovery since the development charge collected at each building permit will be directed to offset the actual servicing for this area.

As a result, staff is seeking approval to enter into a front-ending agreement with Minto Communities Inc. to an upset limit of \$12,800,212 plus applicable taxes. Under the proposed funding arrangement, Minto Communities Inc. will be repaid on a quarterly basis as the water component of the area-specific development charges is collected for the Village of Manotick. For every permit issued, Minto Communities Inc. is estimated to receive 97.72 percentage of the water component of the area-specific development charges. The remaining percentage is allocated to pay off existing water infrastructure constructed by the City.

RURAL IMPLICATIONS

This report will support developments within the Village of Manotick.

COMMENTS BY THE WARD COUNCILLOR(S)

The Councillor is aware of the recommendations outlined in this report.

LEGAL IMPLICATIONS

There are no legal implications associated with the report recommendations.

RISK MANAGEMENT IMPLICATIONS

There are no risk implications associated with the report recommendations.

ASSET MANAGEMENT IMPLICATIONS

The Front Ending Agreement is needed to ensure that a fair contribution from development to the Mantorick Watermain Link Phase 2 project in accordance with the City's Development Charges By-law, and that adequate funding is available to implement the project 2023. The project itself is needed to ensure to provide redundancy and reliability of water supply to the village of Manotick and will also provide the capacity needed to service new planned developments of the Mahogany Community. The project will add to the City's inventory of drinking water assets to be

operated, maintained, and ultimately be subject to life cycle renewal by the City.

FINANCIAL IMPLICATIONS

The front-ending report and subsequent agreement are in accordance with the 2022 Village of Manotick Area-Specific Development Charges Background Study and By-law.

2022 Village of Manotick Area-Specific Development Charges Background Study Table 2B - Item Number 420 (DC Reserve Fund Balance – Deficit) and 11.0694 (Manotick Supply Watermain Phase 2 – Additional Funding)	Cost Breakdown
Project Cost, Class A, including contingency	\$24,615,793
Minto Communities Inc. Front-End Portion (52 per cent attributed to growth)	\$12,800,212

Pending an executed agreement, an invoice will be issued to Minto Communities Inc. for the amount of \$14,464,240 (\$12,800,212 plus HST). The funding is subject to HST, which will be remitted to CRA.

Reimbursement will be done on a quarterly basis as the water component of the area-specific development charges is collected for the Village of Manotick. For every permit issued, Minto Communities Inc. is estimated to receive 97.72 percentage of the water component of the area-specific development charges.

ACCESSIBILITY IMPACTS

All infrastructure will be designed in accordance with relevant regulations.

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, Real Estate and Economic Development Department.

The Chief Financial Officer to earmark funds for repayment as noted in this report.

Document 1 – Front-Ending Agreement Principles

1. The cost of the Manotick Watermain Link Phase 2 to be funded by Minto Communities Inc., including all associated works, is estimated at \$12,800,212 plus applicable taxes. All costs incurred shall be justified and include supporting invoices and payment certificates.
2. The City will reimburse Minto Communities Inc. on a quarterly basis as revenues are collected through the water component of the area-specific development charges for the Village of Manotick. For every permit issued, Minto Communities Inc. is estimated to receive 97.72 percentage of the water component of the area-specific development charges.
3. Reimbursements will be made pursuant to Council-approved Front-Ending Agreement Policy as referenced under Document 2.

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

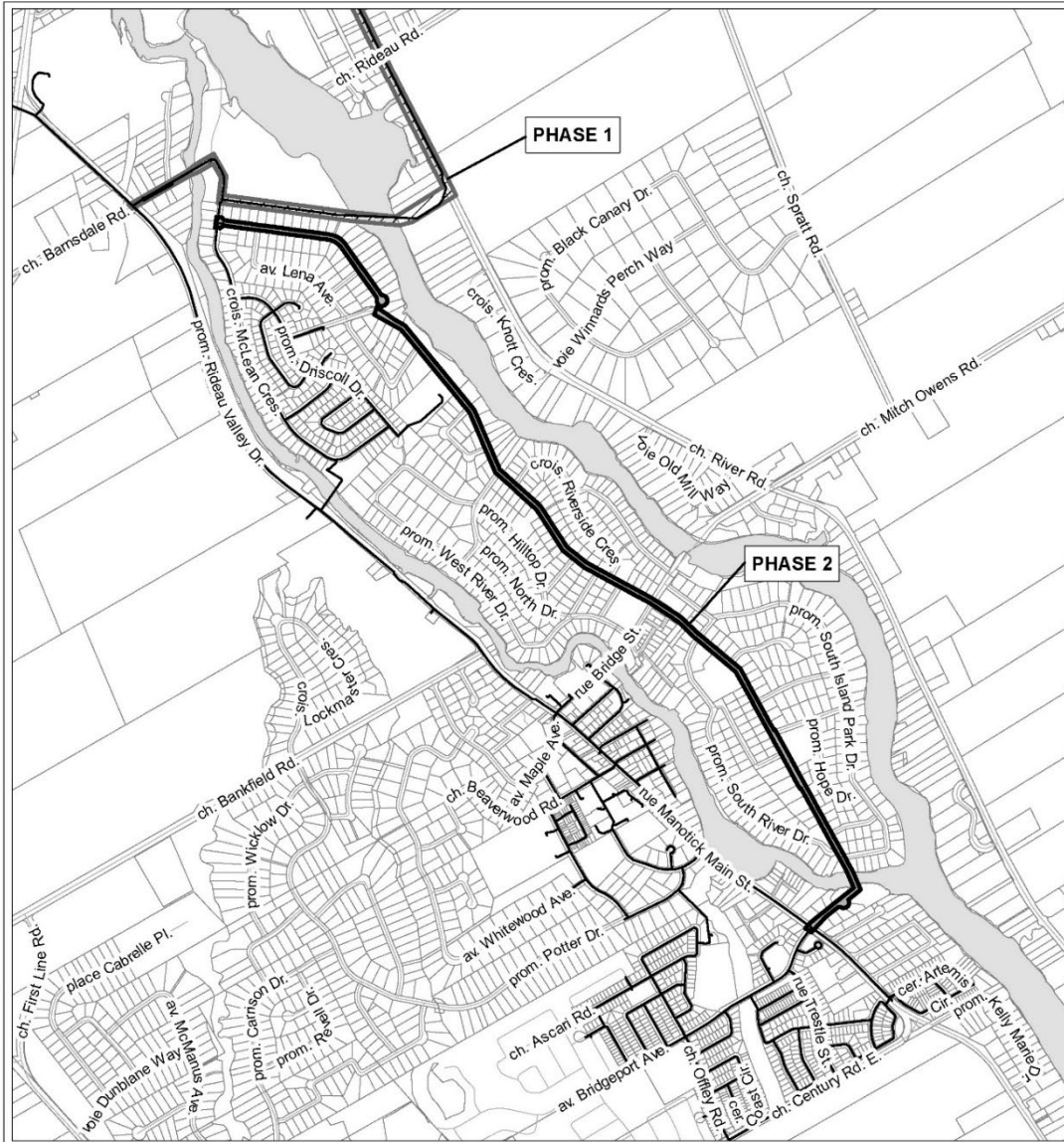
latter case will the City's portion of the payment be indexed beginning with the year the project was identified in the 10-year plan.


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



	
D07-20-20-0005	22-1039-L
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LOCATION MAP / PLAN DE LOCALISATION
FRONT ENDING AGREEMENT / ACCORD DE FINANCEMENT INITIAL
MANOTICK WATERMAIN LINK /
RACCORDEMENT DE LA CONDUITE D'EAU PRINCIPALE DE MANOTICK

	Phase 1 North Island Link/ Raccordement de North Island
	Phase 2
	Water Mains / Conduites d'eau principales

