

**Subject: Front-Ending Report – Cost Increase on the March Road Sanitary  
Sewer, Kanata North Urban Expansion Area**

**File Number: ACS2025-PDB-PS-0055**

**Report to Planning and Housing Committee on 20 August 2025**

**and Council 27 August 2025**

**Submitted on August 11, 2025 by Derrick Moodie, Director, Planning Services,  
Planning, Development and Building Services**

**Contact Person: Laurel McCreight, Coordinator (A), Front-Ending Agreements  
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**Ward: Kanata North (4)**

**Objet : Rapport d'entente préalable – Augmentation du coût de la conduite  
d'égout sanitaire du chemin March, zone d'expansion urbaine de Kanata-Nord**

**Dossier : ACS2025-PDB-PS-0055**

**Rapport au Comité de la planification et du logement**

**le 20 août 2025**

**et au Conseil le 27 août 2025**

**Soumis le 11 août 2025 par Derrick Moodie, Directeur, Services de la planification,  
Direction générale des services de la planification, de l'aménagement et du  
bâtiment**

**Personne ressource : Laurel McCreight, Coordinateur par interim, Ententes  
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**Quartier : Kanata-Nord (4)**

## **REPORT RECOMMENDATIONS**

**That Planning and Housing Committee recommend Council:**

- 1. Authorize the City and delegate authority to the General Manager, Planning, Development and Building Services, to enter into a modified Front-Ending Agreement with Kanata North Land Owners Group (KNLOG) in relation to the 600-millimetre diameter Sanitary Sewer on March Road and Shirley's Brooke Drive, 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; and**
- 2. Authorize the financial disbursement to reimburse the design and construction costs incurred by Kanata North Land Owners Group (KNLOG) for an additional \$4,884,827 plus applicable taxes to a total upset limit of \$16,623,231 plus applicable taxes, 100 per cent funded by development charges in accordance with the reimbursement schedule set out in the Amending Front-Ending Agreement.**

## **RECOMMANDATIONS DU RAPPORT**

**Que le Comité de la planification et du logement recommande au Conseil :**

- 1. De donner à la Ville l'autorisation de conclure une entente préalable modifiée avec Kanata North Land Owners Group (KNLOG), et de déléguer le pouvoir à cette fin à la directrice générale des Services de la planification, de l'aménagement et du bâtiment, relativement à la conduite d'égout sanitaire d'un diamètre de 600 mm sur le chemin March et la promenade Shirley's Brooke, comme l'explique le présent rapport, conformément aux principes et aux politiques qui régissent les ententes préalables établies dans les documents 1 et 2 et dont la forme et le contenu définitifs doivent être à la satisfaction de l'avocat général de la Ville;**
- 2. D'autoriser la sortie de fonds nécessaires au remboursement des coûts de conception et de construction engagés par Kanata North Land Owners Group (KNLOG), d'un montant supplémentaire de 4 884 827 \$ (taxes applicables en sus) jusqu'à un montant total maximal de 16 623 231 \$ (taxes applicables en sus), montant entièrement couvert par les**

**redevances d'aménagement, conformément au calendrier de  
remboursement fixé dans l'entente préalable modifiée.**

**BACKGROUND**

The Kanata North Land Owners Group (KNLOG) represents the major landowners in the Kanata North Urban Expansion Area (KNUEA) which includes Brigil Homes, CU Development Inc. (Claridge/Uniform), Valecraft Homes, Metcalfe Realty and Minto Communities. The expansion area is approximately 181 hectares (447 acres) and bounded by the established urban communities of Morgan's Grant, Briarbrook, and Brookside to the south and the unused Beachburg Rail corridor to the east. The area requires the extension of a major sanitary sewer trunk to accommodate the level of development proposed.

A Community Design Plan (CDP) process was undertaken to fulfill the requirement of the Official Plan to support the ability to develop these lands.

The Kanata North Master Servicing Study (MSS) was developed in conjunction with the Kanata North CDP, Environmental Management Plan, and Transportation Master Plan through the integrated planning and Environmental Assessment (EA) process. The detailed MSS was prepared following the requirements of the Class EA process and provides a functional level design of the storm drainage, wastewater collection and water distribution servicing requirements. City of Ottawa Council approved the MSS (dated June 28, 2016) and implementation of the Kanata North CDP on July 13, 2016. The sanitary and watermain infrastructure requirements in this area are achieved through the establishment of the 600-millimetre gravity trunk sewer and a 400-millimetre diameter watermain within March Road. The fully constructed and operational sanitary system will connect to the existing 750-millimetre East March Sanitary Trunk Sewer located at the intersection of Shirley's Brook Drive and Sandhill Road, just east of March Road.

The 2019 City-Wide Development Charges Background Study included the cost associated with the Sanitary Trunk Sewer extension, referenced as Development-Related Capital Program Sanitary Sewer, Project Number 10.ASAX1.

On July 10, 2019, a Front-Ending Report to front-end the cost of the design and construction of the sanitary trunk sewer was approved by Council ([ACS2019-PIE-PS-0063](#)). The report estimated the total project cost to be \$11,738,404 plus applicable taxes and indexing.

On November 16, 2020, a Front-Ending Agreement was signed between the City of Ottawa and KNLOG. As per Council approval, the agreement includes a total recoverable amount of \$11,738,404 (\$11,945,000 including 1.76% sunk HST), which includes engineering fees and contingency costs. As of November 2023, the March Road Sanitary Sewer, along with its associated works, was fully constructed and operational, however, the project experienced increased construction costs due to the final design, which included unforeseen items such as utility conflicts and sewer relocations, additional trenchless installation and construction inflation through the pandemic.

The purpose of this report is to seek Council approval for KNLOG to be reimbursed for the additional costs as set out in the 2024 Development Charges Amendment Background Study.

## **DISCUSSION**

The fully operational sanitary sewer supports the existing and continued development of the KNUEA. The area required the extension of the major sanitary trunk sewer to accommodate the level of proposed development.

As per the [2024 Development Charges Amendment Background Study](#), dated April 25, 2025 (Table B.1-2, Item #10.ASAX1, March Road Offsite Sanitary Trunk Sewer – West – FE Agreement 909613), the City shall reimburse KNLOG to an upset limit of \$16,915,800, including applicable taxes. The City has already paid out the interim recovery amount of \$11,945,000 to KNLOG, therefore, the remaining DC Eligible Costs are \$4,970,800 (including the 1.76% sunk HST).

## **RURAL IMPLICATIONS**

There are no rural implications associated with the report.

## **COMMENTS BY THE WARD COUNCILLOR(S)**

Councillor Curry supports the recommendations in the report.

## **LEGAL IMPLICATIONS**

There are no legal impediments to adopting the recommendations in this report.

## **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with the recommendations in this report.

## ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications associated with the recommendations in this report.

## FINANCIAL IMPLICATIONS

The front-ending report and subsequent agreement are in accordance with the 2024 Development Charges By-law and the 2024 Development Charges Amendment Background Study.

Pending Council approval for the City to enter into the Modified Front-Ending Agreement, the additional authority of \$4,970,800 (including applicable taxes) will be added to 909613 FEA2021 March Road San Trunk Sewer and reinstated to address the repayment requirements identified in the 2024 Development Charges (DC) Amendment Background Study, DC reference number 10.ASAX1,100 per cent funded by development charges.

<b>Budget Authority</b>	<b>Existing Approved Budget</b>	<b>Additional Budget Required</b>	<b>Total Budget</b>
Development Charges for Sanitary Wastewater (Out Greenbelt)	\$11,738,404	\$4,884,827	\$16,623,231
Plus 1.76% sunk HST	\$206,596	\$85,973	\$292,569
<b>Total</b>	<b>\$11,945,000</b>	<b>\$4,970,800</b>	<b>\$16,915,800</b>

The additional reimbursement is subject to fulfilment of the revised Front-Ending Agreement conditions and will be based on the actual values of the costs incurred to the upset limit of \$4,884,827, plus applicable taxes. Should the actual costs exceed the upset limit, the additional costs shall be borne by the developer and the City shall not be obligated to compensate for additional costs. This repayment will occur in 2025.

**ACCESSIBILITY IMPACTS**

All infrastructure will be designed in accordance with all relevant legislation and regulations.

**ECONOMIC IMPLICATIONS**

There are no economic implications associated with the recommendations in this report.

**CLIMATE IMPLICATIONS**

There are no climate implications associated with the recommendations in this report.

**ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications associated with the recommendations in this report.

**INDIGENOUS GENDER AND EQUITY IMPLICATIONS**

There are no Indigenous, gender or equity implications associated with the recommendations in this report.

**TERM OF COUNCIL PRIORITIES**

This project addresses the following Term of Council Priorities:

- Thriving Communities
- Sustainable Infrastructure

**SUPPORTING DOCUMENTATION**

Document 1 Front-Ending Agreement Principles

Document 2 Council Approved Front-Ending Policy

Document 3 Location Map

**CONCLUSION**

Staff recommend the Planning and Housing Committee authorize the City and delegate authority to the General Manager, Planning, Development and Building Services

Development, to enter into a modified Front-Ending Agreement with KNLOG for the March Road Sanitary Sewer at an upset limit of \$4,970,800, including applicable taxes.

**DISPOSITION**

Legal Services to prepare the final form of the agreements in consultation with the Planning Services, Planning, Development and Building Services Department.

The Treasurer to earmark funds for repayment as noted in this report.

**Document 1 – Front-Ending Agreement Principles**

1. The cost of the March Road Sanitary Sewer including all associated works, is estimated at \$16,623,231 including engineering and contingences plus applicable taxes. All costs incurred shall be justified and include supporting invoices and payment certificates.
2. The City will reimburse the Kanata North Land Owners Group for an additional \$4,884,827 plus applicable taxes to a total upset limit of \$16,623,231 plus applicable taxes upon execution of the modified agreement. Reimbursement will take place in 2025, provided the applicant satisfies all requirements in accordance with the Council approved Front-Ending Policies in 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-enders provides justification for the delay, and with the written concurrence of the City.
11. Where a front-enders 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

