

Subject: Front-Ending Report – Stormwater Management Pond 5 and Storm Sewer Oversizing for Pond 1 in the Riverside South Community

File Number: ACS2022-PIE-PS-0076

Report to Planning Committee on 23 June 2022

and Council 6 July 2022

**Submitted on June 10, 2022 by Derrick Moodie, Director, Planning Services
Planning, Real Estate and Economic Development**

**Contact Person: Stream Shen, Coordinator (A), Front Ending Agreements and
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Ward: Gloucester-South Nepean (22)

**Objet : Rapport d'entente préalable – bassin 5 de gestion des eaux pluviales
et surdimensionnement des égouts pluviaux du bassin 1 à Riverside-Sud**

Dossier : ACS2022-PIE-PS-0076

Rapport au Comité de l'urbanisme

le 23 juin 2022

et au Conseil le 6 juillet 2022

**Soumis le 10 juin 2022 par Derrick Moodie, Directeur, Services de la planification,
Direction générale de la planification, des biens immobiliers et du développement
économique**

**Personne ressource : Stream Shen, Coordinateur par intérim, Ententes préalables
et Programme de friches industrielles, Services de la planification**

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Quartier : Gloucester Nepean-Sud (22)

REPORT RECOMMENDATIONS

That Planning Committee recommend 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 with Riverside South Development Corporation and Claridge Homes (River Phase 2) Inc. for the design and construction of the Stormwater Management Pond 5 to an upset limit of \$14,483,260 plus applicable taxes and inclusive of applicable indexing 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. **Authorize the City and delegate authority to the General Manager, Planning, Real Estate and Economic Development Department, to enter into Subdivision Agreements with Riverside South Development Corporation, which provide for the repayment of development charges eligible for the Storm Sewer Oversizing for Pond 1 to an upset limit of \$1,887,547 plus applicable taxes and indexing 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;**
3. **Authorize the financial disbursement to reimburse the design and construction costs incurred by Riverside South Development Corporation and Claridge Homes (River Phase 2) Inc. pursuant to the execution of the Front-Ending Agreement, to a maximum amount of \$14,483,260 plus applicable taxes and inclusive of applicable indexing for the Stormwater Management Pond 5, and in accordance with the reimbursement schedule set out in the Front-Ending Agreement; and**
4. **Authorize the financial disbursement to reimburse the oversizing costs incurred by Riverside South Development Corporation pursuant to the execution of the Subdivision Agreements, to a maximum amount of \$1,887,547 plus applicable taxes and indexing for Storm Sewer Oversizing for Pond 1, and in accordance with the reimbursement schedule set out in the Subdivision Agreements.**

RECOMMANDATIONS DU RAPPORT

Que le Comité de l'urbanisme recommande au Conseil d'approuver ce qui suit :

1. **Autoriser la Ville à conclure une entente préalable avec Riverside South Development Corporation and Claridge Homes (River Phase 2) Inc., et**

- déléguer le pouvoir à cette fin au directeur général de Planification, Immobilier et Développement économique, en vue de procéder à la conception et à la construction du bassin 5 de gestion des eaux pluviales, jusqu'à concurrence de 14 483 260 \$, taxes applicables et indexation en sus, conformément aux principes et à la politique de l'entente préalable énoncés dans les documents 1 et 2, et dont la forme et le contenu définitifs seront à la satisfaction du greffier municipal et de l'avocat général;
2. Autoriser la Ville à conclure des accords de lotissement avec Riverside South Development Corporation, et déléguer le pouvoir à cette fin au directeur général de Planification, Immobilier et Développement économique, accords qui prévoient le remboursement du surdimensionnement des égouts pluviaux du bassin 1 jusqu'à concurrence de 1 887 547 \$, taxes applicables et indexation en sus, conformément aux principes et à la politique de l'entente préalable énoncés dans les documents 1 et 2, et dont la forme et le contenu définitifs seront à la satisfaction du greffier municipal et de l'avocat général;
 3. Autoriser la sortie des fonds nécessaires au remboursement des coûts de conception et de construction engagés par Riverside South Development Corporation and Claridge Homes (River Phase 2) Inc., dans le cadre de l'exécution de l'entente préalable, jusqu'à concurrence de 14 483 260 \$, taxes applicables et indexation du coût associé au bassin 5 de gestion des eaux pluviales en sus, et conformément au calendrier de remboursement fixé dans l'entente préalable; et
 4. Autoriser la sortie des fonds nécessaires au remboursement des coûts de surdimensionnement engagés par Riverside South Development Corporation, conformément aux accords de lotissement, jusqu'à concurrence de 1 887 547 \$, taxes applicables et indexation du coût associé au surdimensionnement des égouts pluviaux du bassin 1 en sus, et conformément au calendrier de remboursement fixé dans les accords de lotissement.

BACKGROUND

On June 22, 2016, Council approved the Riverside South Community Design Plan Update and associated Official Plan and Zoning Amendments ([ACS2016-PAI-PGM-0070](#)). Subsequently, to align with the policy direction within the updated Community Design Plan, a Master Drainage Plan Update for the Rideau River Study Area was

completed on September 1, 2016. The update resulted in a change to the drainage area and design criteria associated with Stormwater Management Pond 5. The detail design of the pond was adjusted to reflect the updated criteria.

Stormwater Management Pond 5

On August 27, 2014, Council approved the Front-Ending Agreement for Stormwater Management Pond 5, Riverside South Community ([ACS2014-PAI-PGM-0198](#)). The report authorized the city to enter into a front-ending agreement with Claridge Homes (River Road) Inc. and Riverside South Development Corporation for the design and construction of Pond 5 in the Riverside South Community up to an upset value of \$9,922,000 plus applicable taxes and inclusive of applicable indexing.

Following Council approval, a front-ending agreement and a subsequent amending agreement was executed for the developer to contribute towards the design cost for the pond in which the city is undertaking. A total of \$331,137 plus applicable taxes was collected, and a sum of \$256,940 plus applicable taxes has been repaid to-date. No agreement was entered into for the remainder of the Council approved amount. In addition to this committed amount, Pond 5 is also listed in the 2019 Stormwater Management Area-Specific Development Charges Back Study under Riverside South Urban Centre Area S-1 as Item Number S1-8 with an additional development charges recoverable cost of \$4,903,000.

Pond 1 Storm Sewer Oversizing

Pond 1 Storm Sewer Oversizing is listed in the 2019 Stormwater Management Area-Specific Development Charges Back Study under Riverside South Urban Centre Area S-1 as Item Number S1-1 with a development charges recoverable cost of \$4,032,000.

DISCUSSION

Riverside South Development Corporation has submitted a front-ending application (D07-20-22-0002) to enter into a front-ending agreement with the city to allow for the design and construction of Stormwater Management Pond 5 and Storm Sewer Oversizing for Pond 1 in the Riverside South community. The pond is located southwest of the River Road and Solarium Avenue intersection. The exact location for the pond and the sewers can be referenced in the location map under Document 3.

Stormwater Management Pond 5

A previous front-ending report in 2014 has identified the cost for the design and construction of Pond 5 at \$9,922,000. Since 2014, the Riverside South Community Design Plan and Master Drainage Plan update has been completed, which altered the overall drainage area for the pond. The detail design was subsequently revised, and construction has commenced and is substantially completed. The actual cost for the design and construction of the pond, including land acquisition cost is approximately 17.69 million dollars. The final figure will be provided by the applicant following the full completion of the project. The significant cost escalation is mainly due to construction cost inflation between the time of functional design and the actual time of tender and construction of the pond.

The 2019 Development Charges By-law Update has included an additional \$4,903,000 (\$4,818,199 plus sunk HST) in development charges recoverable cost for the pond. Adding to the existing approved amount of \$9,922,000, minus the already front-ended and repaid amount of \$256,940 for a total eligible amount of \$14,483,259 plus applicable taxes and inclusive of applicable indexing. However, the total is still less than the actual construction cost of 17.69 million dollars. Therefore, a future report to Council will be required to update the stormwater area-specific development charges and to increase the upset limit to match the construction value. Moving forward with this current report will allow for partial repayment to proceed while the development charges update process is undertaken.

Pond 1 Storm Sewers Oversizing

The Pond 1 over-sized storm sewers have all been constructed between the years of 2012 to 2016. The requested front-ending amount is therefore based on the actual sewer oversizing cost, which is \$1,887,547 plus applicable taxes and indexing. The cost is within the upset limit of \$4,032,000 outlined in the development charges background study.

Repayment

For both the stormwater management pond and the storm sewer oversizing, upon completion of the proposed works and fulfillment of the front-ending agreement conditions, the repayment of the cost of works, subject to approval, will be reimbursed on a quarterly basis as revenues are collected through the Riverside South stormwater Area-Specific Development Charges. If there are multiple front-ending agreements in force in the same stormwater area-specific developments charges area, the front-ender will share in the distribution of development charges revenue on a pro-rata basis with other stormwater drainage projects.

RURAL IMPLICATIONS

There are no rural implications associated with report recommendations.

COMMENTS BY THE WARD COUNCILLOR

The Councillor concurs of the recommendations outlined in this report and has no comments.

LEGAL IMPLICATIONS

There are no legal implications associated with implementing the recommendations contained within this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk implications associated with the report recommendations.

ASSET MANAGEMENT IMPLICATIONS

The infrastructure installed through this FEA supports growth in the adjacent development areas and on a timeline that meets the needs of the growing community.

FINANCIAL IMPLICATIONS

The front-ending report and subsequent agreement are in accordance with the 2019 Development Charges Bylaw and the 2019 Stormwater Management Area-Specific Development Charges Background Study.

Upset limits and cost breakdowns are shown below. Repayments are subject to fulfilment of the Front-Ending Agreement conditions and will be based on the actual values of the costs incurred, to the upset limits. 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.

Stormwater Management Pond 5

2019 Stormwater Management Area-Specific Development Charges Background Study Table 2 - Item Number S1-8 – Stormwater Pond 5	Previously Approved Cost Breakdown	Cost Increase Outlined in this Report	Total Updated Cost Breakdown
A. Construction	\$5,337,350	\$2,836,696	\$8,174,046
B. Engineering	\$727,650	\$498,457	\$1,226,107
C. Contingency	\$0	\$1,226,107	\$1,226,107
D. Land Cost for Pond 5	\$3,857,000	\$0	\$3,857,000
Sub-Total	\$9,922,000	\$4,561,260	\$14,483,260
E. City Sunk HST (1.76% of Sub-Total)	\$174,627	\$80,278	\$254,905
Total	\$10,096,627	\$4,641,538	\$14,738,165

Pond 1 Storm Sewers Oversizing

2019 Stormwater Management Area-Specific Development Charges Background Study Table 2 - Item Number S1-1 – Pond 1 Storm Sewers - Oversizing	Cost Breakdown
A. Construction	\$1,887,547
B. City Sunk HST (1.76% of Construction)	\$33,221
Total	\$1,920,768

For both projects, upon completion of the proposed works and fulfillment of the front-ending agreement conditions, the repayment of the cost of works, subject to approval, will be reimbursed on a quarterly basis as revenues are collected through the Riverside South stormwater Area-Specific Development Charges. If there are multiple front-ending agreements in force in the same stormwater area-specific developments charges area, the front-ender will share in the distribution of development charges revenue on a pro-rata basis with other stormwater drainage projects.

Pending Council approval, the budget authority for 907805 Riverside S Pond 5 budget will be increased by \$4,818,199 plus sunk HST, funded 100% from development charges; and a new account will be established for the Pond 1 oversizing with budget authority of \$1,887,547 plus sunk HST, 100% funded from development charges.

The annual operating impact for the Stormwater Pond 5 is estimated to be in the range of \$15,000 to \$20,000 beginning in 2024. The Pond 1 oversized storm sewers identified in this report has been fully constructed between the years of 2012 to 2016. The sewers are currently under city ownership and maintenance, and as such, there are no new annual operating impact associated with the sewers.

ACCESSIBILITY IMPACTS

All infrastructure will be designed in accordance with relevant regulations.

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

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 Riverside South Development Corporation and Claridge Homes (River Phase 2) Inc. is required to post 100 percent securities for the full cost of the design and construction of Stormwater Management Pond 5, including all associated works, estimated at \$14,483,260 including engineering and contingencies plus applicable taxes. Pond 1 Storm Sewers has been completed since 2016, therefore, no securities are required.
2. The cost of the Stormwater Management Pond 5 and Pond 1 Storm Sewers Oversizing to be funded, including all associated works, is estimated at \$16,370,807 including engineering and contingencies plus applicable taxes. All costs incurred shall be justified and include supporting invoices and payment certificates.
3. The City will reimburse Riverside South Development Corporation and Claridge Homes (River Phase 2) Inc. after the works have been granted approval by the City. Reimbursement will take place on a pro-rated quarterly basis once work is completed and approved by the City, provided the applicant satisfies all requirements in accordance with the Council approved Front-Ending Policy in Document 2.
4. The repayment of construction costs for the Stormwater Management Pond 5 and Pond 1 Storm Sewers Oversizing shall be pursuant to Council-approved Front-Ending 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

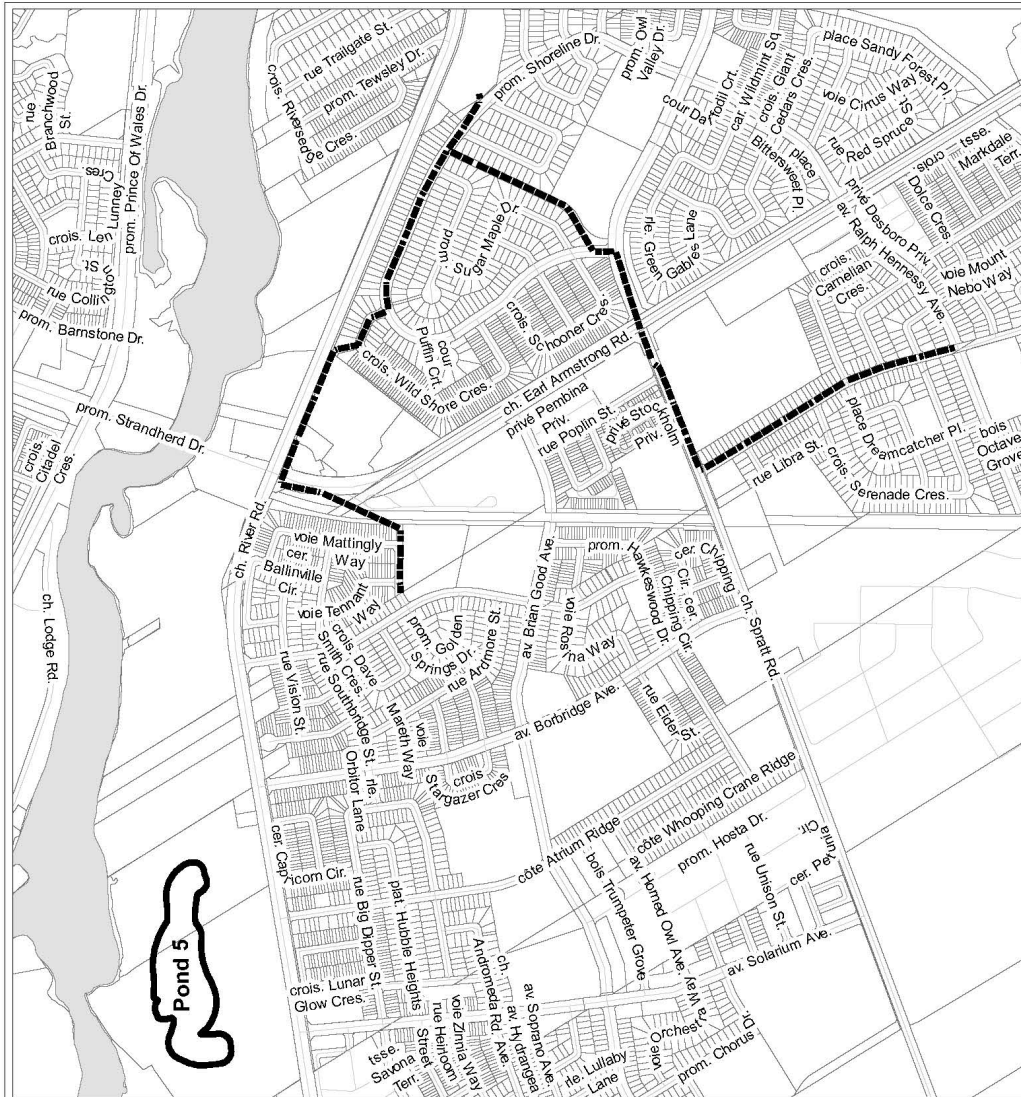
latter case will the City's portion of the payment be indexed beginning with the year the project was identified in the 10-year plan.

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



		LOCATION MAP / PLAN DE LOCALISATION FRONT ENDING AGREEMENT / ACCORD DE FINANCEMENT INITIAL	
D07-20-22-0002	22-0492-D		
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REVISION / RÉVISION - 2022 / 05 / 20		Stormwater Management Pond 5 and Pond 1 Storm Sewer Oversizing in the Riverside South Community Surdimensionnement des égouts pluviaux - bassins de gestion des eaux pluviales 5 et 1 de la communauté de Riverside-Sud	
			