

Development Cost Sharing Application for Water Main Extension at 270 Fielding Road

Presented To:	Finance and Administration Committee
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Type:	Managers' Reports
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Recommended by:	General Manager of Growth and Infrastructure

Report Summary

This report provides a recommendation regarding a development cost sharing application for the extension of a water main at 270 Fielding Road.

Resolution

THAT the City of Greater Sudbury approves the Development Cost Sharing Application by CCM Group Management Ltd. for the extension of a water main from Westhill Court to Fielding Road subject to parameters outlined in the report entitled “Development Cost Sharing Application for Water Main Extension at 270 Fielding Road”, from the General Manager of Growth and Infrastructure presented at the Finance and Administration Committee meeting on May 18, 2021;

AND THAT the General Manager of Growth and Infrastructure be directed to negotiate and enter into a Cost Sharing Agreement with CCM Group Management Ltd. for the extension of a water main from Westhill Court to Fielding Road;

AND THAT the City's 50% portion of the Cost Sharing, up to a maximum of \$250,000.00, be funded from the industrial Reserve Fund.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This recommendation is consistent with Council's Strategic Plan, specifically;

- 1.4 Reinforce Infrastructure for New Development;
- 2.1 Build Economic Development Initiatives to Support Existing Businesses, Attract New Businesses and Promote Entrepreneurship;
- 4.2 Leverage Greater Sudbury's Public Sector Assets and Intergovernmental Partnerships to Generate New Economic Activity, and
- 4.4. Invest in Transformative Facilities, Spaces and Infrastructure Initiatives that Support Economic Activity.

Financial Implications

The City's share for 50% of the project costs, up to a maximum of \$250,000, can be funded from the Industrial Reserve Fund, subject to Council approval. The landowner is responsible for 50% of the project costs up to \$500,000 as well as 100% of any project costs over \$500,000.

As per the Reserve Fund By-law, expenditures may be made from the Industrial Reserve Fund to fund the City's share for upgrading of City related infrastructure relating to Industrial Park Land Development and/or Development Cost Sharing Policy for Industrial Parks.

Funding for the easement will be in a separate report to be presented to Council for the procurement of the easement.

Background

The City has received an application for Development Cost Sharing on a water main extension for the property at 270 Fielding Road. The application seeks to share with the City in the cost of extending a new water main from Westhill Court to Fielding Road as part of the development of a 2,043 square metre new industrial building on the property. The water main would extend down an existing 20m wide City service corridor from Westhill Court to the subject property's west property line (Appendix A). At this point the City would be seeking a new easement on the subject property to allow for the water main to extend to Fielding Road and terminate at a new fire hydrant. The total length of the proposed new water main is approximately 600m. The estimated cost to construct the water main from West Hill Court to Fielding Road, as provided with the cost sharing application, is approximately \$500,000.

The servicing of the Fielding Road area was examined through an Environmental Assessment (EA) in 2014. Costs for servicing were also developed during the course of the EA and those costs have been recently updated (attached). The proposed water main extension from Westhill Court to Fielding Road would represent a portion of the water servicing plan outlined in the EA (Appendix B). As a result of this, the City is in the process of negotiating with the owner the establishment of an easement across the property at 270 Fielding Road for the future watermain extension. It should be noted that the EA was completed but not finalized in order to review a possible water only servicing option. A decision whether or not to include a water only option was going to be based on conversations with the property owners along Fielding Road on the desirability of that option. It should be noted that the larger servicing plan and costing for Fielding Road has been broken down into three categories (water, sanitary sewer and road reconstruction, Appendix C). The installation of water and/or sewer services would require the complete or partial reconstruction of Fielding Road.

Vale owns and operates the Vermilion Water System which includes the treatment plant and trunk mains which supply potable water to Lively, Walden and Copper Cliff. There is an agreement between the City and Vale that regulates the use and consumption of water by residential and business uses. This agreement is expiring and needs to be renegotiated. This has implications for the larger Fielding Road servicing scheme, however, it is not anticipated to impact the proposed extension of the water main outlined in this report. Staff are in the process of engaging Vale to address the renewal of the agreement.

Analysis

Policy on Development Cost Sharing

The current version of the City's Policy on Development Cost Sharing was approved by Council in 2016. The Policy establishes a framework with respect to situations where the City may wish to participate in the cost to upgrade deficient services or where enhanced work is desired by the City. There are two sections in the Policy on Development Cost Sharing that could apply regarding the proposed water main extension at 270 Fielding Road.

Section 2.1 (a) & (b)

This section recognizes that development represents an opportunity to rehabilitate, upgrade and or replace infrastructure that would otherwise fall under the City's capital programs.

This section also states that cost sharing is an option in situations where there are off site deficiencies or enhanced work is desired by the City.

With respect to these two sections the City has identified an interest in servicing the Fielding Road area by way of initiating an EA. The purpose of servicing this area would be to enhance the level of service in the area, which currently does not have sewer and water, thereby enhancing public safety in the area (through the introduction of fire flow and potable water) and making the area more attractive for new private investment or business expansion.

In the past, Council has approved cost sharing applications for new infrastructure, specifically collector road infrastructure that has been identified in the Official Plan.

Section 4.0

This section identifies situations where the City may cost share specifically on water mains. There are several situations that are identified, including water mains that service internal and external developments. In this situation, the water main would be both an external and internal service as it would be extended from an offsite connection, through an existing service corridor, to the subject property, through the subject property by way of a new easement to new a hydrant to be located in the Fielding Road allowance. In this type of situation the Policy would allow for a 50% developer and 50% City cost sharing arrangement.

In summary there is a policy framework and precedence in place for the City to cost share on this application up to 50% of the cost (\$250,000) should Council wish to do so.

Benefits of Cost Sharing

There are several benefits for the City to cost share on the water main extension identified in this application. The first is that the extension represents a portion of the water servicing plan identified in the EA. The City has an opportunity through this application to realize a portion of the servicing extension at this time while also sharing in the cost of its construction.

Secondly, the extension of the main to Fielding road would enhance public health and safety in the area by making potable water and fire flow available to the south end of Fielding Road.

Finally, the extension of the water main would allow the development at 270 Fielding Road to proceed. The development includes the construction of an approximately 2,050 sqm (22,000 sq.ft.) industrial building on the site. Depending on the use, a new industrial building of this size would generate \$56,000 to \$94,000 annually in new taxes.

Implications for Larger Servicing Plan for Fielding Road

As mentioned, the proposed water main extension outlined in this report represents a portion of a larger servicing plan for Fielding Road that was the subject of the 2014 EA. This larger servicing plan includes extending water and sanitary sewer services to the rest of Fielding Road. The installation of these services would also require the reconstruction of Fielding Road. The total cost of this project, including road restoration is approximately \$30M.

Staff undertook consultations with the property owners in 2014 as the EA was being developed to understand interest in the project and the appetite for property owners along Fielding Road to share in the servicing costs. There have been no further discussions with property owners since that time. Since 2014, approximately 40%

of the properties in the area have changed ownership. Given the change in property ownership and to address the question of a water only servicing option, City staff will be holding conversations with property owners on Fielding Road again to review the project and the interest in sharing the costs.

In the future should the City decide to proceed with the larger Fielding Road servicing plan and, should the owners on Fielding Road agree to participate in financing part of the costs, consideration should be given to contribution that the property at 270 Fielding Road is making under this application to construct the water main extension. The cost to extend the water main from Westhill Court to Fielding Road is estimated at \$500,000. Should Council approve this cost sharing application, the owner would be contributing \$250,000 or more to the overall project. This amount should be deducted from any future contribution for 270 Fielding Road required for the larger Fielding Road servicing project.

Relationship to Employment Land Strategy

The City of Greater Sudbury is developing an Employment Land Strategy (ELS) to foster economic growth and support a diversified economy now and into the future. The Strategy will ensure that the City is well positioned to respond to Employment Land needs by considering future trends, projected demand, land supply, municipal services, incentives and other tools to support future growth and economic changes

The Fielding Road area is slated to be identified as a “strategic employment area” in the ELS. While it is too early to provide specific recommendations as it relates to this cost sharing application, discussions with key stakeholders during the development of the ELS have identified a strong demand from industrial businesses to be located on the west side of the City in close proximity to mining operations.

Conclusions

Staff have received an application under the City’s Policy on Development Cost Sharing for the extension of a water main at 270 Fielding Road. The 600m long water main extension from Westhill Court, through the property at 270 Fielding Road, to a hydrant at Fielding Road represents a portion of the water servicing strategy identified in the Municipal Class Environmental Assessment for Fielding Road Industrial Area Water and Wastewater Servicing Report. The estimated cost to construct this 600m water main extension, as provided by the applicants, is approximately \$500,000. The City’s Policy on Development Cost Sharing contains a framework that would allow the City to cost share on the proposed water main extension up to 50% (\$250,000). Should the City wish to cost share on this application it would have the benefit of realizing a portion of the identified water servicing plan for Fielding Road at this time, while sharing in the costs. It would also facilitate the creation of a 2,050 sq.m (21,000 sq.ft) industrial building that will contribute to local job and assessment growth, while at the same time providing potable water and fire flow to the south end of Fielding Road.

Council has a number of options with respect to this application, namely:

1. Cost Share with the applicant to extend the water main from Westhill Crt. to Fielding Road and undertake consultation with other area landowners to determine interest in the larger Fielding Road area servicing scheme;
2. Secure easement across 270 Fielding Road only, or
3. Do not cost share.

Based on the analysis in this report, staff recommend that Council approve the application for cost sharing on the water main extension at 270 Fielding Road and authorize the General Manager of Growth and Infrastructure to enter into a cost sharing agreement subject to the following:

1. That the cost sharing agreement provide for the construction of the water main from Westhill Crt. to Fielding Road terminating in a fire hydrant on Fielding Road;
2. That the City’s contribution to the project be 50% of the cost of installing the water main and hydrant

up to \$250,000, and

3. That the 270 Fielding Road contribution to the water main extension be deducted from any future contribution required for the larger Fielding Road servicing project.

Resources Cited

City of Greater Sudbury Policy on Development Cost Sharing 2016:

<https://www.greatersudbury.ca/linkservid/5E38F9D5-04B2-D0AB-05F8E5B48718740A/showMeta/0/>