

Remington Road Extension Cost Sharing and Development Charge Credit Applications

Presented To:	Finance and Administration Committee
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Recommended by:	General Manager of Growth and Infrastructure

Report Summary

This report provides recommendations regarding applications by Dalron Construction Limited for Cost Sharing and Development Charge Credits for the extension of Remington Road from Regent Street to Algonquin Road.

Resolutions

Resolution 1:

THAT the City of Greater Sudbury approves the cost sharing application by Dalron Construction Limited for the construction of Remington Road from Regent Street to Algonquin Road and directs the General Manager of Growth and Infrastructure to negotiate and enter into a cost sharing agreement as per the parameters outlined in the report entitled "Remington Road Extension Cost Sharing and Development Charge Credit Applications" from the General Manager of Growth and Infrastructure, presented at the Finance and Administration Committee meeting on January 28, 2025;

AND THAT Council direct staff to fund the City's share of costs up to \$1,883,835 from the Capital Financing Reserve Fund – General.

Resolution 2:

THAT the City of Greater Sudbury approves the development charge credit application by Dalron Construction Limited for the construction of Remington Road from Regent Street to Algonquin Road and directs the General Manager of Corporate Services to negotiate and enter into a development charge credit agreement as per the parameters outlined in the report entitled "Remington Road Extension Cost Sharing and Development Charge Credit Applications" from the General Manager of Growth and Infrastructure, presented at the Finance and Administration Committee meeting on January 28, 2025.

Relationship to the Strategic Plan, Health Impact Assessment and Climate Action Plans

The applications align with Council's Strategic Priorities, particularly 1.4 "Reinforce Infrastructure for New Development", 2.1 "Build Economic Development Initiatives to Support Existing Businesses, Attract New Businesses and Promote Entrepreneurship" and 2.8 "Invest in Transformative Facilities, Spaces and Infrastructure that Support Economic Activity."

The applications support Goal 1 of the CEEP, specifically achieving energy efficiency and emissions reductions by creating compact, complete communities through infill developments.

Financial Implications

The total eligible cost for the construction of Remington Road is \$7,535,342. The costs of the project will be shared with funding from future development charge credits (50%), the developer (25%), and the City (25%).

The City's share of the project costs of \$1,883,835 will be reimbursed to the developer upon substantial completion of the project and will be funded from the Capital Financing Reserve Fund – General.

The developer will receive credits on the road portion of development charges that will be levied on future applicable construction up to the cost sharing amount of \$3,767,671 as per the development charge credit agreement.

Background

The opportunity for cost-sharing on this project and property aligns with the City's policies and strategic direction.

- In 2016, Remington Road was identified as one of five major future roads eligible for 50% development charge ratios, as it represents a key prospect for development that accommodates future growth and represents improvements to existing transportation networks.
- Remington Road was also identified explicitly as a future road within the City's Transportation Master Plan.
- The construction of the road will open access to 20 ha of industrial land, much needed to support the growth of Greater Sudbury companies and attract new investment to the community and in line with the recommendations of the City's Employment Land Strategy
- The 2024 Development Charges Background Study also includes the extension of Remington Road in the roads development related capital program, meaning that it remains eligible for development charge credits.

As outlined in the applicant's submission, the eligible costs related to construction of Remington Road total \$7,535,342. Staff have reviewed this cost estimate and have determined that it is in general conformity with the City's quantities and unit prices and reflects an accurate value for the work.

Following previous Council direction regarding cost sharing on major future roads of 50% development charge credits, 25% Developer and 25% City, the eligible cost breakdown for the construction of the road would be Development Charge Credits - \$3,767,671, Developer - \$1,883,835 and City - \$1,883,835.

Employment Land Strategy

The construction of the Remington Road extension from Regent Street to Algonquin Road will support the City's Employment Land Strategy by opening 20 hectares of vacant industrial land for development.

The City of Greater Sudbury Employment Land Strategy was approved by Council in August of 2022 and provides key recommendations to ensure that Greater Sudbury is well positioned to be investment-ready and able to support and attract industrial, commercial, and institutional development and job growth over the next 25 years. Key findings and recommendations of the Employment Land Strategy include:

- Ensuring the availability of a broad range of land options in terms of location, size, land pricing and servicing.
- Ensuring that a suitable supply of at least 100 net hectares of employment land be available to

accommodate anticipated demand so that the community is competitive for investment attraction into the future.

This cost sharing opportunity aligns with the direction of the Employment Land Strategy and helps to advance the City's plans for growth and investment attraction.

Subject Property and Draft Plan of Subdivision

The lands containing the future Remington Road extension are vacant, approximately 20 ha (50 acres) in size and are zoned light industrial (M2) with the portions fronting on to Regent Street zoned mixed industrial/service commercial (M1). The lands are subject to an industrial draft plan of subdivision that was approved by the City in April of 2024 (Appendix A). The plan of subdivision would create the extension of Remington Road from Regent Street to Algonquin Road and enable the future development of the property for industrial uses.

Future Road Connection – Official Plan and Transportation Master Plan

The extension of Remington Road is identified as a future collector road in the City's Official Plan and Transportation Master Plan. Upon full completion, Remington Road will provide an additional east/west collector road and active transportation connection between Regent Street and Long Lake Road, connecting to the existing road to the north of the Smart Centre retail plaza. The design of the road will be to an urban collector standard with a centre left turn lane. The design also includes sidewalks on both sides along with 2m wide paved boulevards to facilitate active transportation. In addition to providing a vehicular and active transportation connection, the future road will also open additional lands for industrial and mixed-use commercial development in the City's south end.

Development Charges Background Study and 2016 Policy on Development Cost Sharing

On July 12th, 2016, Council directed staff to apply a development charge eligible cost ratio of 50% to five major future roads identified in the Official Plan, namely Montrose Avenue, Silver Hills Drive, Remington Road, Martilla Drive and John Street in Val Caron. These future roads all represent extensions to existing collector roads that would accommodate future growth and represent improvements to the existing transportation network. These roads were also identified as future roads in the City's Transportation Master Plan.

On August 9th, 2016, Council adopted an updated Policy on Development Cost Sharing 2016. One of the changes featured in the new policy is the ability for Council to consider alternative cost sharing measures on a case-by-case basis in situations where a proposed road is identified as a major future road in the Official Plan and creates an improvement in the existing road network.

The above Council decisions created a policy framework that has enabled the City to approve prior cost sharing and development charge credit applications (Silver Hills Drive, Montrose Avenue and Auger Avenue) resulting in the construction of road infrastructure that would otherwise fall under the City's capital program while at the same time facilitating growth and development in the City and improvements to the overall transportation network. In these previous applications Council approved a cost sharing and Development Charge (DC) credit formula of 50% DC credits, 25% developer cost and 25% City.

The City's 2024 Development Charges Background Study also includes the extension of Remington Road in the roads development related capital program, meaning that it remains eligible for development charge credits.

General Cost Sharing Principles

The Policy on Development Cost Sharing 2016 allows the City to consider alternative cost sharing measures on a case-by-case basis in situations where a proposed road is identified as a major future road in the Official Plan and creates an improvement in the existing road network. To maintain flexibility,

the Policy on Development Cost Sharing does not prescribe parameters for cost sharing on major future roads as each situation is unique and the policy requires each application to be considered by Council on a case-by-case basis.

The general principles of the Policy on Development Cost Sharing state that the City is interested in cost sharing in situations where there are demonstrated gains in closing the infrastructure gap or opportunities to upgrade infrastructure that would otherwise fall under the City's capital programs. The cost sharing application submitted by Dalron Construction Ltd. fits within these general principles as Remington Road is currently identified as a future collector road in the City's Official Plan and the Transportation Master Plan. This future extension is intended to serve the newly draft approved industrial subdivision at this location as well as provide a transportation linkage through to Algonquin Road. Should this subdivision development not proceed, the City at some point in the future, may have to acquire land and construct Remington Road as part of its roads capital program. This future work may not involve any cost sharing partners and the future costs would likely be higher due to inflation. This cost sharing application would allow the City to complete a portion of its planned motorized and active transportation network in the short term, while sharing a portion of the construction cost with the applicant.

Eligible and Ineligible Costs

The City's Policy on development cost sharing defines the cost for a proposed service as the final cost of designing and constructing the service, as determined by the City, after the construction is complete. Based on this definition, eligible costs in this application should be limited to those costs directly related to the construction of Remington Road to a collector standard and not include any water, sanitary sewer, storm sewer or hydro infrastructure that is only required to service the future subdivision. To support the application, the agent has supplied a "Class C" estimate of the costs associated with building the road to a collector standard (Appendix B). As mentioned, this estimate has been reviewed by City staff and determined to represent an accurate value for the work. It is recommended that the City's Cost Sharing contribution be capped to an upset limit based on the estimate provided with the application.

Analysis

Cost Sharing Application

Per section 6.1 (h) of the Policy on Development Cost Sharing 2016, Dalron Construction Ltd. have submitted a cost sharing application for the construction of Remington Road from Regent Street westerly to Algonquin Road.

Under this proposal, the applicants would construct Remington Road and then dedicate the road allowance to the City, who would assume the road through the draft plan of subdivision process. As part of the application, the agent for Dalron Construction Ltd. has provided documentation for the estimated cost to construct Remington Road to a collector road standard. The eligible costs related to construction of Remington Road total \$7,535,342. Staff have reviewed this cost estimate and have determined that it is in general conformity with the City's quantities and unit prices and reflects an accurate value for the work. As previously described, the eligible costs do not include infrastructure that is only required to support the new industrial subdivision. The above costs would result in the construction of Remington Road to an urban collector standard with a 10m wide asphalt surface, centre left turn land, a 1.5m wide sidewalk on both sides of the roadway, and 2.0m wide asphalt boulevards on both sides. Land costs are not included in the calculations presented in this report as the lands are owned by Dalron Construction Ltd. and would be transferred to the City through the subdivision process under the Planning Act.

Per Council's previous direction regarding cost sharing on major future roads of 50% development charge credits, 25% Developer and 25% City, the eligible cost breakdown for the construction of the road would be Development Charge Credits -3,767,671, Developer - \$1,883,835 and City - \$1,883,835.

Additionally, since there are limited funds available for development cost sharing opportunities, the City should include a sunset clause in any cost sharing agreement for Remington Road that expires when the draft plan of subdivision approval expires in 2027, should construction have not substantially commenced. This would provide Council with a future opportunity to consider the progress and whether it wishes to continue its financial investment in the project. It is also recommended that the City's cost sharing contribution be capped at an upset limit of \$1,883,835 as per the cost estimate included with the application.

Development Charge Credit Agreement

As discussed, the proposed extension of Remington Road was identified as one of the five major future roads for which a 50% development charge eligible cost ratio was assigned by Council in 2016. The current 2024 Development Charge Background Study includes Remington Road in the road related capital program, making it eligible for development charge credits.

The *Development Charges Act, 1997* includes provisions where developers can be reimbursed for the cost of work identified in the City's development charges background study through credits on development charges that would be levied on future construction. Section 14 of the City's Development Charges By-law 2024-105 provides the ability for the City to enter into agreements for development charge credits in exchange for work that relates to services for which a development charge is imposed under the by-law. In the case of Remington Road, the credits would only apply to the roads related portion of future development charges paid by the applicant or their designate. For example, the current rate for industrial development is \$6.15 per square foot with the roads related portion being \$1.34 or 22%. As a result, the total DC credit amount would be for 50% of the cost of the eligible works, however the credit would only be refunded on the roads portion of future DCs paid, meaning it would take longer (and require more development value) for the applicant to recoup the value of the work through DC future credits. The *Development Charges Act, 1997* allows for the transfer of credits owed to other properties owned by the developer and to other parties, with the consent of the City. It is recommended that any future DC credit agreement include these provisions to ensure flexibility.

Alternatively, Council could elect to upfront the future DC credits in cash. Under this scenario the City would reimburse the developer in full for the DC credit portion of the cost upon completion of the work. The DC portion of the cost of the road would then be recouped by the City over time through the city wide payment of DCs. This option would also eliminate the need to administer the agreement for credits in the future. Funding for an upfronted DC credit option would initially need to come from the Capital Financing Reserve Fund - General as there are insufficient funds in the Development Charges Reserve Fund - Roads. As a result, it is recommended that the future DC credit agreement not include full reimbursement and instead provide for the credit of future DCs paid.

If Council wishes to reimburse the DC credits in cash, the City would borrow the \$3,767,671 from the Capital Financing Reserve Fund General and reimburse this fund over time from the roads portion of DCs collected in the future, before being applied to other growth related capital projects.

Summary and Recommendation

Dalron Construction Ltd. have submitted applications for development cost sharing and development charge credits for the construction of the Remington Road extension west from Regent Street to Algonquin Road. The future road is identified as a major future road in the City's Official Plan and is included in the City's Development Charge Background Study.

In addition to providing improvements to the City's transportation network, the road would also open 20 ha of industrial land for development. Staff recommend that the cost sharing application be approved based on the submitted eligible cost estimate of \$7,535,341.83. The proposed break down would see the eligible costs of \$7,535,341.83 to construct the road shared between development charge credits (50%), the City (25%) and Dalron Construction Ltd. (25%).

Total Eligible Cost	Development Charge Credits – 50%	Developer Cost – 25%	City Cost – 25%
\$7,535,341.83	\$3,767,670.91	\$1,883,835.45	\$1,883,835.45

Staff recommends approval of the applications and that Council direct staff to negotiate and enter into the necessary cost sharing and development charge credit agreements subject, but not limited to, the following parameters:

- A development cost sharing/DC Credit structure as outlined above.
- That the City's cost sharing contribution have an upset limit of \$1,883,835.45 per the applicants cost estimate.
- A requirement that the road be substantially complete and assumed by the City prior to the City's portion of the cost sharing costs being paid or development charge credits being issued.
- That the construction and transfer of the future Remington Road be in accordance with the draft plan approved subdivision.
- A sunset clause for the City's cost sharing contribution requiring the work to be substantially completed prior to April 29th, 2027.
- The Development Charge Credit Agreement include provisions for the transfer of credits to other properties owned by the applicant and/or third parties assigned by the applicant.

Resources Cited

Remington Road Draft Plan of Subdivision Application – April 29, 2024

<https://pub-greatersudbury.escribemeetings.com/filestream.ashx?DocumentId=53206>

City of Greater Sudbury Development Charges By-law 2024-105

<https://www.greatersudbury.ca/live/building-and-renovating/development-charges/development-charges-pdfs/dc-bylaw-2024-105/>

City of Greater Sudbury Development Charges Background Study 2024

<https://www.greatersudbury.ca/live/building-and-renovating/development-charges/development-charges-pdfs/2024-development-charges-background-study/>

Development Charges Act, 1997

<https://www.ontario.ca/laws/statute/97d27#BK58>

City of Greater Sudbury Policy on Development Cost Sharing 2016 <https://www.greatersudbury.ca/inside-city-hall/landuseplanning/pdf-documents/policy-on-development-cost-sharing/>

Manager's Report on Development Charge Eligible Costs for New Major Roads – July 12, 2016

<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&agenda=report&itemid=27&id=949>

City of Greater Sudbury Official Plan, Schedule 6 Transportation Network.

<https://www.greatersudbury.ca/?LinkServID=AB98FAC5-90BC-20CF-19A99848C83DD34C>

City of Greater Sudbury Transportation Master Plan.

<https://www.greatersudbury.ca/live/transportation-parking-and-roads/road-plans-and-studies/transportation-master-plan/>