

Jack Nicholas Business and Innovation Subdivision Street 'C' 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 Kingsway Employment District Inc. for Cost Sharing and Development Charge Credits for the construction of Street "C" within the Jack Nicholas Business and Innovation Subdivision (Kingsway Employment District) from Kingsway Boulevard to the north limit of the subdivision property.

Resolutions

Resolution 1:

THAT the City of Greater Sudbury approves the cost-sharing application by Kingsway Employment District Inc. for the construction of Street "C" within the Jack Nicholas Business and Innovation Subdivision from Kingsway Boulevard to the north limit of the property 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 "Jack Nicholas Business and Innovation Subdivision Street 'C' Cost Sharing and Development Charge Credit Applications" dated March 18, 2025, from the General Manager of Growth and Infrastructure;

AND THAT Council direct staff to fund the City's share of costs up to \$2,866,296 from the Capital Financing Reserve Fund – General.

Resolution 2:

THAT the City of Greater Sudbury approves the development charge credit application by Kingsway Employment District Inc. for the construction of Street "C" within the Jack Nicholas Business and Innovation Subdivision from Kingsway Boulevard to the north limit of the subdivision property 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 "Jack Nicholas Business and Innovation Subdivision Street 'C' Cost Sharing and Development Charge Credit Applications" dated March 18, 2025, from the General Manager of Growth and Infrastructure.

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 Street 'C' within the Jack Nicholas Business and Innovation Subdivision (Kingsway Employment District) is \$11,465,185. 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 up to \$2,866,296 will be reimbursed to the developer upon substantial completion and assumption of the road by the City and will be funded from the Capital Financing Reserve Fund – General.

The developer will receive credits on the road portion of the development charges that will be levied on future applicable construction up to the cost sharing amount of \$5,732,592 as per the development charge credit agreement.

Background

Subject Property and Draft Plan of Subdivision

The lands known as Jack Nicholas Business and Innovation Subdivision (Kingsway Employment District) are vacant, approximately 70 ha (173 acres) in size and are zoned heavy industrial (M3) and light industrial (M2), with the portions fronting on to the Kingsway zoned mixed industrial/service commercial (M1). The lands are subject to an industrial draft plan of subdivision that was approved by the City in October of 2010. The plan of subdivision would enable the future development of the property for industrial uses and create a collector road from the intersection of Levesque Street and Kingsway Boulevard northward to the limit of the property that will eventually connect Lasalle Boulevard with the Kingsway.

Future Road Connection – Official Plan and Transportation Master Plan

The extension of Street 'C' is identified as a future collector road in the City's Official Plan and Transportation Master Plan. Upon full completion, Street 'C' will provide a portion of the future collector road and active transportation connection between Lasalle Boulevard and the Kingsway. The design of the road will be to an urban collector standard and include sidewalks on both sides along with 1.5m 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 east end.

Employment Land Strategy

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 finding and recommendations of the Employment Land Strategy include:

- Identifying the Kingsway Industrial Area as a strategic employment area.
- 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.

The construction of Street 'C' from the Kingsway to the north limit of the Jack Nicholas Business and Innovation Subdivision (Kingsway Employment District) lands will support the City's Employment Land Strategy by opening approximately 30 hectares of vacant industrial land for development as well as providing a north/south transportation connection along the eastern side of the City.

Development Charges Background Study and 2016 Policy on Development Cost Sharing

On August 9th, 2016, Council adopted an updated Policy on Development Cost Sharing. 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 decision created a policy framework that has enabled the City to approve prior cost sharing and development charge credit applications (Silver Hills Drive, Montrose Avenue, Auger Avenue and Remington Road) 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 along with 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 a roadway from Lasalle Boulevard to Kingsway Boulevard at this location in the roads development related capital program, meaning that it is 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 provides analysis and recommendations regarding how the applications by Kingsway Employment District Inc. fit within these general principles as Street 'C' 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 portion of the transportation linkage through to Lasalle Boulevard. Should this subdivision development not proceed, the City at some point in the future, may have to acquire lands and construct Street 'C' 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 Street 'C' (Appendix A) to a collector standard, based on the approved transportation impact study, 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).

Analysis

Cost Sharing Application

Section 6.1 (h) of the Policy on Development Cost Sharing 2016, states that the City may consider cost sharing on a case-by-case basis where a proposed road is identified as a major future road in the Official Plan. Kingsway Employment District Inc. have submitted a cost sharing application for the construction of Street 'C' from the Kingsway signalized intersection with Levesque Street northward to terminate in a cul-de-sac at the north limit of the applicant's property. Under this proposal, the applicants would construct Street 'C' and then dedicate the road allowance to the City, who would assume the road. Furthermore, the stormwater management pond is being designed to treat the stormwater generated within the future City road allowance. All stormwater generated within the future lots will require individual stormwater management works, not subject to cost sharing, to ensure that the stormwater entering the road allowance is at pre-development flows.

In support of the application, Kingsway Employment District Inc. has provided documentation for the estimated cost to construct Street 'C' to a collector road standard. The eligible costs related to construction of Street 'C' total \$11,465,184.78. 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 Street 'C' to an urban collector standard with a 14m wide asphalt surface, centre left turn lane, a 1.5m wide sidewalk on both sides of the roadway, and 1.5m wide asphalt boulevards on both sides. Land costs are not included in the calculations presented in this report as the lands are owned by Kingsway Employment District Inc. 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 - \$5,732,592, Developer - \$2,866,296 and City - \$2,866,296. The City's cost sharing contribution would be based on the final cost to complete the road necessary to service the subdivision, based on an approved traffic impact study, to an upset limit of \$2,866,296 based on the applicant's cost estimates.

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 Street 'C' that expires when the draft plan of subdivision approval expires in October of 2026, 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.

Development Charge Credit Agreement

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 building permits. 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 Street 'C', 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. 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.

Summary and Recommendation

Kingsway Employment District Inc. have submitted applications for development cost sharing and development charge credits for the construction of the Street 'C' extension north from the Kingsway to the north limit of their property. 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 approximately 30 ha of industrial land for development. Staff recommend that the cost sharing application be approved based on the submitted eligible cost estimate of \$11,465,184. The proposed break down would see the eligible costs of \$11,465,184 to construct the road shared between development charge credits \$5,732,592 (50%), the City \$2,866,296 (25%) and Kingsway Employment District Inc. \$2,866,296 (25%).

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 / development charge credit structure as outlined above.
- That the City's cost sharing contribution and development charge credits be based on final actual construction costs of the road necessary to service the subdivision, based on an approved traffic impact study, to an upset limit of \$2,866,296 per the applicant's cost estimate.
- A requirement that the road be substantially complete to the north limit of the subdivision and assumed by the City prior to City costs being expended or development charge credits being issued.
- That the construction and transfer of the future Street 'C' 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 October 26, 2026.
- 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

Kingsway Employment District (Jack Nicholas Business and Innovation) Draft Plan of Subdivision Application – August 12, 2024

<https://pub-greatersudbury.escribemeetings.com/filestream.ashx?DocumentId=54299>

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

<https://www.greatersudbury.ca/live/building-and-renovating/development-charges/development-charges-pdfs/dc-by-law-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 7 Transportation Network.

<https://www.greatersudbury.ca/city-hall/reports-studies-policies-and-plans/official-plan/official-plan/op-pdf-documents/op-schedule-7/>

City of Greater Sudbury Transportation Master Plan.

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