

Request for Decision

Application for Development Cost Sharing for Auger Avenue Extension

Presented To:	City Council
Presented:	Tuesday, Jul 09, 2019
Report Date	Wednesday, Jun 26, 2019
Type:	Managers' Reports

Resolution

THAT the City of Greater Sudbury approves the cost sharing application by 1582628 Ontario Ltd. and 1929874 Ontario Inc. for the extension of Auger Avenue east from Falconbridge Road to the City's Frobisher Depot property, subject to parameters outlined in the report entitled "Cost Sharing Application for Auger Avenue Extension" dated June 5 , 2019 from the General Manager of Growth and Infrastructure;

AND THAT the Executive Director of Finance, Assets and Fleet be directed to negotiate and enter into a Development Charge Credit agreement with 1582628 Ontario Ltd. and 1929874 Ontario Inc. for the extension of Auger Avenue from Falconbridge Road east to the City's Frobisher Depot property;

AND THAT the General Manager of Growth and Infrastructure be directed to negotiate and enter into a Cost Sharing Agreement with 1582628 Ontario Ltd. and 1929874 Ontario Inc. for the extension of Auger Avenue from Falconbridge Road east to the City's Frobisher Depot property, which includes the parameters outlined in the report;

AND FURTHER THAT Development Charge Credits of 50% be funded from combination of the Development Charges Reserve Fund - Roads and the Capital Financing Reserve Fund - General and that the City cost sharing portion of 25% be included and funded in the 2020 Capital Budget.

Signed By

Report Prepared By

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Digitally Signed Jun 26, 19

Division Review

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Financial Implications

Jim Lister
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Recommended by the Department

Tony Cecutti
General Manager of Growth and Infrastructure
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Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
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Relationship to the Strategic Plan / Health Impact Assessment

This recommendation is consistent with Council's Strategic Plan. Specifically, priority C under the Growth and Economic Development pillar directs the City to "Provide a welcoming environment that is conducive to investment and reduction of red tape, by removing barriers and attracting new business."

Report Summary

The purpose of this report is to provide staff analysis and recommendations on a cost sharing application by 1582628 Ontario Ltd. and 1929874 Ontario Inc, for the properties at 440 and 488 Falconbridge Road. The application seeks to cost share with the City on the construction of the Auger Avenue extension east of Falconbridge Road, which is identified as a future collector road in the City's Official Plan and the Transportation Master Plan. The application has been submitted jointly by two separate land owners who are currently in the process of developing the abutting properties for automotive sales and service related uses.

Financial Implications

The estimated total eligible costs for the completion of Auger Avenue from Falconbridge Road east to the City's Frobisher Street Depot property are approximately \$4,600,000. The draft 2019 Development Charges Background Study and By-law include the extension of Auger Street, with 50% of the cost being development charge eligible. Staff recommend that the remaining eligible amount of approximately \$2,300,000 be cost shared between the City (50%), and 1582628 Ontario Ltd. and 1929874 Ontario Inc (50%).

Overall, the funding of the DC credits (50%) to the two Developers would be a combination from the Development Charges Reserve Fund- Roads and the Capital Financing Reserve Fund - General. The funding of the City portion of cost sharing costs of 25% would be included and funded within the 2020 Capital Budget.

It is important to note that DC revenue is a critical component of the proposed cost sharing formula. The City's current DC By-law expires in June of 2019. Staff presented a draft Background Study to Finance and Administration Committee on March 26th, which included the extension of Auger Avenue in the roads capital program. Should the DC rates be approved below the calculated rates, it would reduce the amount of funding from development charges and instead be funded by the City for this or other cost sharing applications.

Background:

Cost Sharing Applications (440 and 488 Falconbridge Road)

The cost sharing application has been submitted jointly by two separate but abutting land owners who are currently in the process of developing the properties at 440 and 488 Falconbridge Road for automotive sales, service and parts related uses. As a result of these developments, there is an opportunity to realize the construction of a segment of the future Auger Avenue extension, east of Falconbridge Road. This extension is identified as a future collector road in the City's Official Plan and Transportation Master Plan. The Auger Avenue extension would eventually service the industrially designated lands to the east of Falconbridge Road and north of the Kingsway.

This extension would also provide access to the City's Frobisher Depot, enabling heavy truck traffic and staff to utilize the signalized intersection at Auger Avenue and Falconbridge Road as opposed to the current un-signalized intersection at Frobisher Street and Falconbridge Road. Providing improved access to the Frobisher Depot via Auger Avenue was identified as part of the Depot Master Plan that was presented to Council on August 14th, 2018.

The property at 488 Falconbridge Road is occupied by the offices and warehouse of Maslack Automotive & Industrial Supply. This property is currently under a site plan agreement from 2016 for the construction of an addition to the warehouse. Under this site plan agreement, the owner undertook improvements to the Falconbridge Road / Auger Avenue intersection and to the north side of the site to remove rock to create a driveway to facilitate truck access to the site.

The property at 440 Falconbridge Road is a 9 hectare site located to the south and east of the Maslack property, including approximately 75m of frontage on Falconbridge Road. The property has been undergoing blasting and site preparation and was recently developed with an auto body repair shop. The future plans for the property include the relocation of Laurentian Motors, a 15,000 sq.ft. tire storage facility, a 6,000 sq.ft. industrial office and two additional car dealerships totaling 40,000 sq.ft. Part of the development of the site has included blasting and the construction of a driveway along the northern border of the property in the location where the future extension of Auger Avenue is contemplated in the Official Plan.

2014 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 road 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 cost sharing applications (Silver Hills Drive and Montrose Avenue) that will result 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 improving the overall road network.

Official Plan and Transportation Master Plan

The extension of Auger Avenue would also fall into the category of a major future road as it is identified as a future collector road in the current Official Plan and in the Transportation Master Plan. Both of these Plans call for Auger Avenue to be extended east of Falconbridge Road to service industrially designated lands. This extension of Auger Avenue would eventually connect with two other future roads running north / south from Lasalle Blvd to the Kingsway. The Transportation Master Plan estimated that the Auger Avenue extension and related road network would be constructed sometime after 2031.

2019 Development Charges Background Study

The extension of Auger Avenue, while being included in the Official Plan and Transportation Master Plan, was not included in the 2014 Development Charges Background Study or By-law as it wasn't anticipated to be constructed within the ten year timeframe of that study.

Due to the current development of the site, the extension of Auger Avenue was included in the draft 2019 Development Charges background study that was presented to Finance and Administration Committee on March 26th, 2019. In the 2019 background study a 50% DC eligible ratio was applied to the Auger Avenue extension to reflect Council's prior direction for major future roads in 2016.

As a result, should Council adopt the proposed 2019 Development Charges study and by-law, it would enable 50% of the cost of the Auger Avenue extension to be Development Charges eligible.

Cost Sharing Application:

Per section 6.1 (h) of the Policy on Development Cost Sharing 2016, 1582628 Ontario Ltd. and 1929874 Ontario Inc. have submitted a joint cost sharing application for the construction of the Auger Avenue extension from Falconbridge Road east/southeast for approximately 465m to the City's Frobisher Depot property at 1800 Frobisher Street.

Under this proposal, the applicants would construct the Auger Avenue extension and then dedicate the road allowance to the City, who would then assume the road.

As part of the application, the agent for 1582628 Ontario Ltd. and 1929874 Ontario Inc. has provided documentation for the costs of the work completed to date along with three estimates for the cost to upgrade the existing driveway to a collector road standard. This upgrade would include the construction of the Auger Avenue extension to an urban collector standard with a 10m wide asphalt surface, a 1.5m wide sidewalk on the southside, 1.5m wide boulevards on both sides and two 1.5m wide bike lanes. Land costs have not be included in the calculations presented in this report.

It should be noted that the cost sharing policy and any development charge credits would not apply to any water, sewer or other infrastructure meant to service the development, only the costs directly related to the Auger Avenue extension.

It should also be noted that staff, in reviewing the application have identified some additional work that would be required and have included that in the funding formula.

Analysis:

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. In order 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 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 1582628 Ontario Ltd. and 1929874 Ontario Inc. fits within these general principles as the extension of Auger Avenue 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 industrially designated lands east of Falconbridge Road and north of the Kingsway and eventually form part of a larger future road network in this area. Should the existing driveway not be converted to a collector road at this time, the City at some point in the future, may have to acquire lands and construct the Auger Avenue extension 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 1582628 Ontario Ltd. and 1929874 Ontario Inc.

Another general principle of the Policy on Development Cost Sharing is 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 this application, the construction of the Auger Street extension would provide the City's Frobisher Street Depot with an alternative access via a collector road to a signalized intersection at Falconbridge Road. This would facilitate the movement of staff vehicles and heavy truck traffic to and from the depot, thereby addressing one of the recommendations of the 2018 Depot Master Plan, while also providing an improvement to the overall road network.

It should be noted that Council has approved two similar cost sharing applications (Montrose Avenue and Silver Hills Drive) where the costs were divided three ways with 50% of the costs being DC eligible, 25% being City's share and 25% being the Developer's responsibility. Applying a similar formula to this application would be in keeping with past Council decisions regarding cost sharing on collector roads.

Cost Sharing Agreement Considerations

The proposed cost sharing application for the Auger Street extension is unique in that there are two property owners and a significant amount of work has already been completed as part of improvements made under site plan agreement. It should be noted however that this work was not done to a collector road standard and instead was completed, under site plan agreement, for the owner's original intent of accessing both sites via a private driveway. As part of the cost sharing application, the applicants have included cost related to the work that has been completed to date and the work required to construct the Auger Avenue extension to a collector standard. The following is staff's analysis of the cost sharing application and recommendations regarding eligible costs.

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 related to the construction of the Auger Avenue extension to a collector standard. To support the application, the agent has supplied three quotes to bring the existing driveway to a collector standard, including the cost to remove an additional 5m width of rock along the north side of the site. These costs would be eligible under the policy in addition to soft costs related to the construction of the extension to a collector standard.

The application also included costs related to previous work completed on the site to construct the private driveway along with other related site plan work. This previous work can be considered eligible if it can be repurposed and reused to facilitate the construction of the Auger Avenue extension to a collector standard. Examples of previous work that may be eligible include rock removal, granular base and signalization improvements. Examples of work that would not be eligible because it does not facilitate the upgrading of the extension to a collector standard and requires

removal as part of the proposed work include (retaining walls, curbing and existing asphalt).

It should be noted that the cost estimates provided with the application would be considered a "class C" estimate and would be further refined through a detailed design process should Council approve the application. It should also be noted that staff used the lowest estimates provided by the applicants in the calculation.

Based on the above analysis, staff have prepared a table outlining the recommended eligible costs as compared to the applicant's proposal (appendix A). In this scenario, the total eligible costs for the extension of Auger Avenue would total approximately \$4,600,000 (rounded). Based on similar cost sharing agreements, approved by Council for Montrose Avenue and Silver Hills, the proposed cost sharing formula would be 50% (\$2,300,000) Development Charges, 25% Developer(s) (\$1,150,000) (rounded) and 25% (\$1,150,000) (rounded) City Cost Sharing.

It should be noted that if this formula is approved by Council it would required a separate Development Charge Credit Agreement for the DC portion of the costs. The funding for the DC portion would be subject to the passing of a new development charges by-law by Council that contains the Auger Avenue extension. Any reductions to the DC revenue would impact the ability to fund the 50% share proposed in this formula.

Summary:

1582628 Ontario Ltd. and 1929874 Ontario Inc. have submitted a joint cost sharing applications for the construction of the extension of Auger Avenue east from Falconbridge Road for approximately 465m to the City's Frobisher Depot property. Staff recommend that the cost sharing application be approved based on eligible costs for the construction of the Auger Avenue extension of approximately \$4,600,000. The proposed break down would see the eligible costs of \$4,600,000 to construct the road shared between development charge credits (50%), the City (25%) and 1582628 Ontario Ltd. and 1929874 Ontario Inc (25%).

The application is consistent with the City's Policy on Development Cost Sharing 2016 and Council's decision on other cost sharing applications for major roads in the Official Plan. 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:

1. An eligible cost structure as recommended in this report;
2. A cost sharing breakdown of eligible costs for the extension of Auger Avenue from Falconbridge Road east to the City's Frobisher Depot property as follows:

1582628 Ontario Ltd. and 1929874 Ontario Inc 25%, City 25%, Development Charges 50%;

3. That all work to complete the construction of the extension of Auger Avenue from Falconbridge Road east to the City's Frobisher Depot property shall be the responsibility of the applicants to the satisfaction of the City;
4. That the estimated cost be considered an upset limit, and that any additional costs to complete the Auger Avenue extension will be at the applicants' expense. It is anticipated that the costs outlined in this report will be further refined through the detailed design process, and
5. Requirements for 1582628 Ontario Ltd. and 1929874 Ontario Inc. to dedicate lands required for the Auger Avenue extension to the City upon completion of the work and inspection and approval by the City.

Resources Cited:

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/>

City of Greater Sudbury Development Charges By-law 2014-151 and Development Charges Background Study 2104
<https://www.greatersudbury.ca/living/building-permits/development-charges/>

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 Council Resolution CC2016-248
<http://agendasonline.greatersudbury.ca/?pg=agenda&action=navigator&id=949&itemid=rec>

Manager's Report on Silver Hills Drive Cost Sharing Application – December 13, 2016
<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&agenda=report&itemid=24&id=1034>

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/>

Report on Proposed Changes to City's Development Charges By-law and Rates,
Finance and Administration Committee, March 26th, 2019.

<https://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&agenda=report&itemid=2&id=1365>

Depot Master Plan – Frobisher, St. Clair, Suez, Black Lake & Whitefish, City Council,
August 14th, 2018.

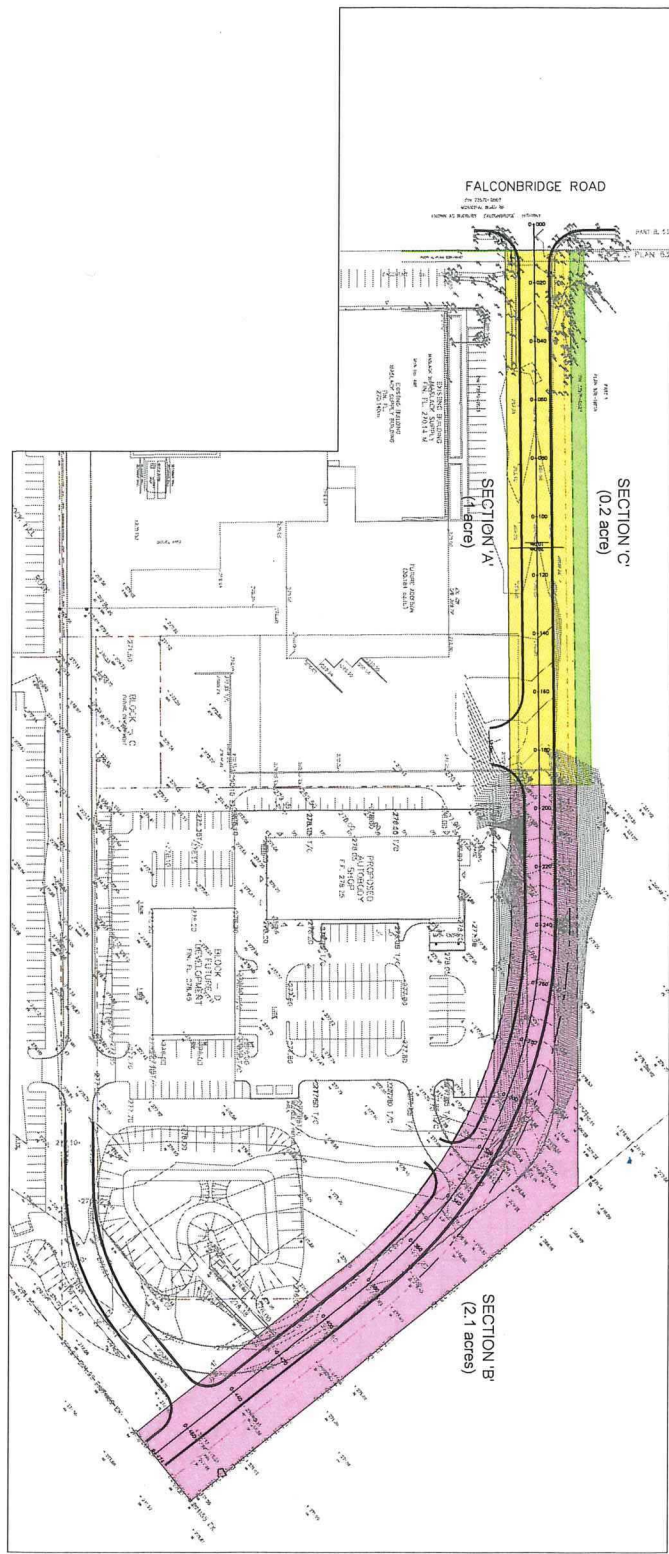
<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&lang=en&id=1245&itemid=15300>

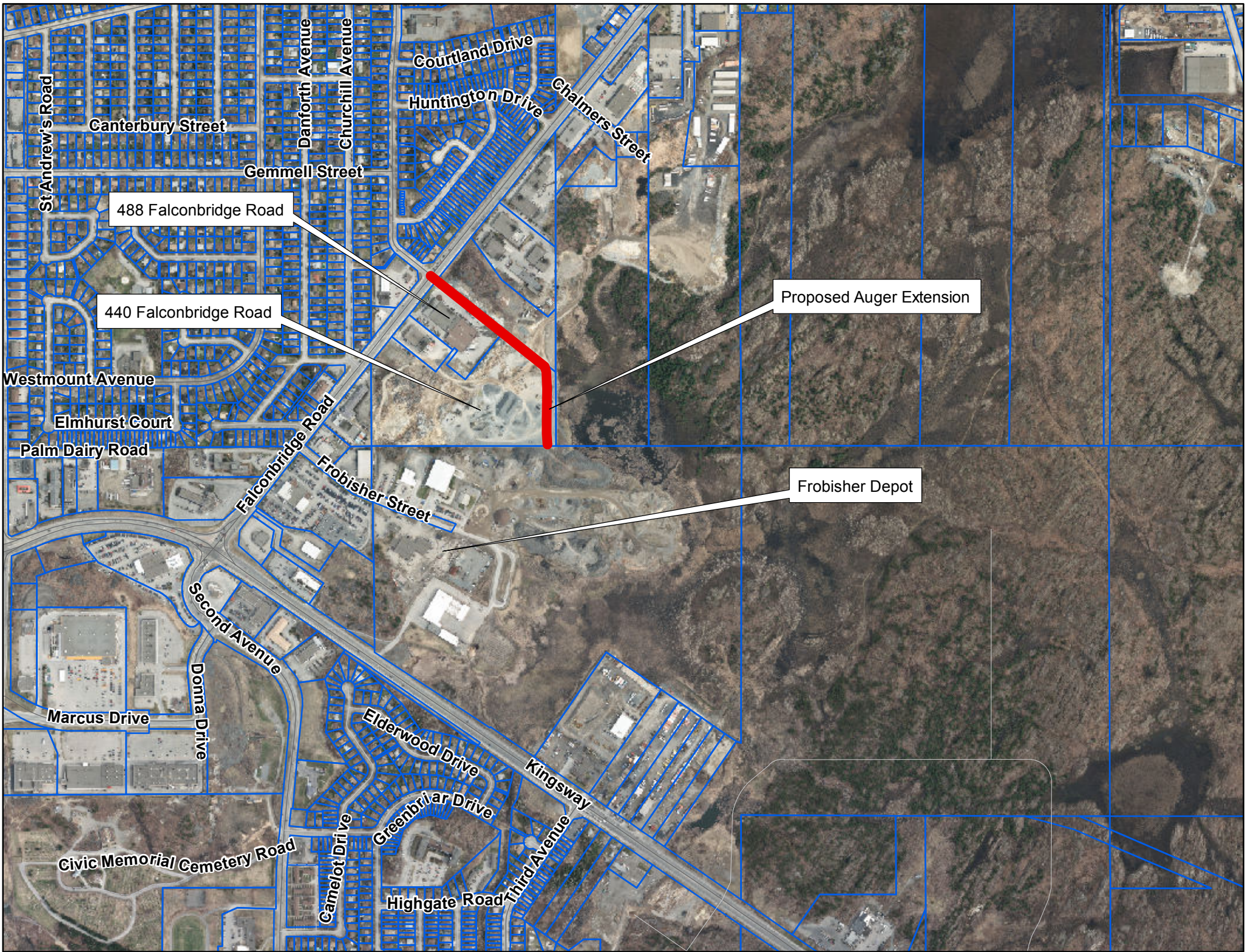
Appendix A

Description	Developer Proposed Costs	Staff Recommended Eligible Costs
Section A (488 Falconbridge Road Property)		
Road Work to Date	\$ 1,326,809	\$ 1,083,743
Cost to Upgrade to Collector Standard	\$ 602,082	\$ 602,082
Soft Costs (Consultants and Legal Costs) 10%	\$ 232,889	\$ 168,582
Sub Total	\$ 2,161,780	\$ 1,854,407
Section B (440 Falconbridge Road Property)		
Road Work to Date	\$ 442,865	\$ 226,210
Cost to Upgrade to Collector Standard	\$ 1,326,744	\$ 1,326,744
Previous Site Plan Work (Intersection)	\$ 200,000	\$ 200,000
Soft Costs (Consultants and Legal Costs) 10%	\$ 280,961	\$ 175,295
Sub Total	\$ 2,250,570	\$ 1,928,249
Section C (Additional Rock Removal)		
Cost to Remove Rock Face 5m from curb	\$ 609,500	\$ 609,500
Soft Costs (Consultants and Legal Costs) 10%	\$ 60,950	\$ 60,950
Sub Total	\$ 670,450	\$ 670,450
Section D (Additional Work Required)		
Street lights and trees	\$ 139,150	\$ 139,150
Soft Costs (Consultants and Legal Costs) 10%	\$ 13,915	\$ 13,915
Sub Total	\$ 153,065	\$ 153,065
Total Cost	\$ 5,235,865	\$ 4,606,172

Proposed Eligible Cost Funding Sources (Rounded)

DC (50%)	\$ 2,300,000.00
Cost Sharing (25%)	\$ 1,150,000.00
Developer (25%)	\$ 1,150,000.00
Total	\$ 4,600,000.00





St Andrew's Road

Canterbury Street

Danforth Avenue

Churchill Avenue

Courtland Drive

Huntington Drive

Chalmers Street

Gemmell Street

488 Falconbridge Road

440 Falconbridge Road

Proposed Auger Extension

Westmount Avenue

Elmhurst Court

Palm Dairy Road

Falconbridge Road

Frobisher Street

Frobisher Depot

Second Avenue

Donna Drive

Marcus Drive

Elderwood Drive

Greenbriar Drive

Kingsway

Third Avenue

Highgate Road

Camelot Drive

Civic Memorial Cemetery Road