

Staff Report to Council

Title: Mt. Forest Ave Cost Sharing Agreement

Report Number: Development Services-2023-36

Director: Infrastructure & Development

Manager: Development Services

Meeting Date:
Wednesday, December 13, 2023

Date to be considered by Council:
Wednesday, December 13, 2023

Recommendation:

That Council enter into a Cost Sharing Agreement with Ontario Peninsula Farms Ltd. and 13428290 Canada Inc. for the purpose of upgrading Mt. Forest Ave. to support future development while completing reconstruction of an amortized asset;

That the 2023 Capital Budget be amended to increase the municipal funding contribution by \$380,000 using the funding sources identified in staff report Development Services-2023-36;

That the Mayor and Clerk be authorized to sign all documentation.

Executive Summary:

Mt. Forest Ave. requires reconstruction and has been on our capital plan for a number of years. The 2021 streetscan indicated a PCI value of 31. Within that construction, staff have ensured that upgrades to servicing are completed to support potential development of approximately 230 acres. Undertaking the upgrades now ensures our restored assets will not be prematurely impacted and will allow development opportunities to proceed. A tender is currently out for bidding with work anticipated for the spring of 2024.

Strategic Priorities:

B.5-Evaluate and proactively plan for infrastructure to meet population growth and long-term sustainability

Financial Considerations:

The 2023 capital budget included a project with a total value of \$1,600,000, with \$1,210,000 (75%) to be development funded and \$390,000 (25%) to be funded by the Municipality

(projected breakdown proposed prior to design based on lineal measurement). The municipal portion was to be funded through a combination of Sewer, Water and Lifecycle Reserve Funds. The pre-construction estimate in September totaled \$1,715,000 which is a slight increase from the 2022 fall figure.

The Westerly 125m are not required at this time and would be borne solely by a future development of the site to the east of the hospital lands which adjusts the pre-construction estimate total to \$1,350,000 including the non-refundable portion of HST. The overall project upgrades were divided amongst the stakeholders with the Municipality covering the costs to replace the amortized road within our current limits.

The original estimates for this project did not account for the amortized road being funded by Kincardine in full. The PCI identified that the municipality did need to address the road surface, and further soil tests from the boreholes confirmed the road bed needed replaced as well. This then changes the proportion to be funded by the municipality, as well as bringing the road to an urban standard and extended to support existing built-out development (Women’s House) which extended the limits east. With the adjustment, it was appropriate to remove funding from water and sewer as those upgrades will be done solely to benefit the new development.

The total developer contribution is now estimated at \$515,000, excluding HST. The total budget required by the Municipality is \$770,000, which is an additional \$380,000. The total municipal share of \$770,000 will be funded 100% from the Lifecycle Reserve Fund (tax rate funded) for the roads portion. Prior estimates had contributions from other reserve funds; 22% to sanitary and 13% to water.

Cost Apportionment	2023 Approved Capital Budget	Revised 2023 Budget	Difference
Municipal Portion	\$390,000	\$770,000	+ \$380,000
Developer Portion	\$1,210,000	\$515,000	- \$695,000
Total Cost	\$1,600,000	\$1,285,000	- \$315,000

Municipal Funding Sources	2023 Approved Funding Sources	Revised Funding Sources	Difference
Lifecycle Reserve Fund	\$255,000	\$770,000	+ \$515,000
Sewer Reserve Fund	\$85,000	\$0	- \$85,000
Water Reserve Fund	\$50,000	\$0	- \$50,000
Total	\$390,000	\$770,000	+ \$380,000

Staff worked with both engineering and legal for review of the appropriate breakdowns of costs.

Policy: 2023 Budget

Context and Background Information:

The Municipality has included a project for the reconstruction of Mt. Forest Ave in the 2023 capital budget. The existing road surface is fully amortized and has a low pavement condition index (PCI) rating with a value of 31 out of 100. Within the reconstruction works we have incorporated water and sanitary servicing upgrades to support current needs and planned/future growth.

With the development proposals, other beneficiaries were consulted on servicing needs and financial details were discussed to come to terms on a possible cost sharing agreement between the Municipality and the landowners. Attached to the report is a draft agreement that all parties have agreed to in principle. The developers are investing solely in the upgrades to the water and sanitary infrastructure with the Municipality covering costs to replace the road that is amortized. All parties are sharing costs related to overhead and incidental contract items.

The Municipality has released a tender for bidding which closed on November 24th. Staff has reviewed the submissions and has provided a separate report to Council for the contract award. The plan is to undertake works in the spring of 2024 to ensure we complete works in advance of the development at 7 Mt. Forest. Ave.

Staff are asking Council to support the funding agreement as presented to ensure the project can continue through the tendering process.

Consultation Overview:

Staff have worked closely with both property owners to consider their servicing needs and to negotiate a cost sharing proposal for the works. Beyond the developers, staff have engaged members of the hospital, medical clinic and women's house to understand their access needs to and share proposed plans for the reconstruction of Mt. Forest Ave.

Origin:

Development proposals and reconstruction needs of an amortized asset; capital project included within the 2023 capital.

Implementation Considerations:

Undertaking upgrades will bring servicing potential to approximately 230 acres to the east of the hospital area. Construction will impede traffic flows to the hospital, medical clinic and women's house for a period of the works; continued consultation measures will be included to maintain access to the sites. Communications will be required in advance and throughout the work to ensure minimal impact to the community.

Risk Analysis:

The existing road surface conditions need addressed. Including the upgrades to buried assets to support development ensures tax dollars are spent appropriately and not compromised prematurely following reconstruction. By not entering into a funding agreement,

the costs would be solely borne by the Municipality. If upgrades do not proceed development proposals would stall or not be able to proceed at all.

Attachments: Cost Sharing Agreement

Prepared by: Adam Weishar, Director of Infrastructure & Development

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