

Staff Report to Council

Title: MTO Russell Street Intersection Improvements

Report Number: Development Services-2024-18

Director: Infrastructure & Development

Manager: Development Services

Meeting Date:
Wednesday, July 10, 2024

Date to be considered by Council:
Wednesday, July 10, 2024

Recommendation:

That Council direct staff to proceed with completing an update to the Area-Specific Development Charges (ASDC) for the 9/21 Business Park Lands (By-law No. 2020-048) to include the improvements to the Russell Street and Highway 21 intersection as contained in Report Development Services-2024-18; and

That Council direct staff to fund the estimated MTO upgrades of \$800,000 from the existing Floating Rate Capital Loan through Infrastructure Ontario, with the costs to be recovered through future development (ASDCs); and

Further that Council direct staff to amend the 2024 budget to include the additional \$800,000 capital project and to include the cost to update the 9/21 Business Park Lands ASDC By-law estimated at \$15,000.

Executive Summary:

Council directed staff to execute agreements with the Ministry of Transportation (MTO) for improvements to the Russell Street and Highway 21 intersection including the east leg upgrades. The Municipality will be the funding partner for the east leg improvements scope between the two layers of Government and will seek to recoup the costs from the land beneficiaries when they proceed with development. The existing Area Specific Development Charge (ASDC) will require an update to include these new costs and staff are requesting support to proceed with that update.

Strategic Priorities:

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

Financial Considerations:

MTO planned upgrades are estimated to cost \$800,000 for the east leg scope. The Municipality has made a commitment to proceed with this scope and will be funding this work upfront.

For the servicing works at the 9/21 Business Park, there is an existing Credit Facility available under a Floating Rate Capital Loan through Infrastructure Ontario. This loan was used to pay for the extension of water, sanitary and stormwater servicing at the Business Park originating in 2019. This loan structure was selected as being the most suitable for this type of work, as only the interest portion of the loan needed to be repaid on an annual basis. The product was suited for borrowers who anticipated receiving future incoming cash flows, such as Area-Specific Development Charges, to pay for infrastructure projects.

The total approved borrowing was \$4.25 million and there is still \$2.424 million available for borrowing. This loan matures in December 2024, and upon maturity, the Municipality will not be able to withdraw any more funds after this date. At that point, the Municipality must either (1) pay off the entire loan, or (2) convert the loan to a debenture. Unless the Municipality collects ASDC's sufficient to pay off the loan balance upon maturity, then the balance will need to be converted to a debenture which will have undesirable financial implications for the 2025 operating budget.

The expectation with this is approach is that the benefiting landowners would fund the infrastructure cost to support their future development, however unfunded through the municipal funding sources, therefore, a funding source will need to be identified until the costs are eventually recovered through development.

The cost to update the existing ASDC By-law is in the range of \$10,000-\$15,000. Given the overall timelines staff suggest a budget amendment to permit commencement and completion of the ASDC update prior to the lapse of the existing By-law.

Policy:

N/A

Context and Background Information:

At the May 8, 2024 Council meeting staff were given direction to enter into agreements with the MTO for the planned upgrades to the Russell Street intersection at Highway 21 inclusive of the eastern leg into the Business Park lands.

Council requested further information on the existing loan in place to allow a decision on how to fund these upgrades on an interim basis, moving forward until development allows for the recouperation of those funds.

The existing servicing works provided to the Business Park have been assigned as a benefit to the development lands through an ASDC. The ASDC By-law is set to lapse in March of 2025 and will require an update prior to expiration. Including these new costs in that update would enable the Municipality to recover front-end costs in full at the time of site development.

Consultation Overview:

Staff discussed with Hemson consulting options to consider the best approach to assign these additional costs to the benefiting lands. Hemson has advised in their opinion an update to the existing ASDC makes the most practical sense.

It will take approximately 4 months to complete a new study and to pass a new By-law. To consider passage of a By-law a study must be posted for a period of 60 days. These By-laws can also be appealed at the Ontario Land Tribunal (OLT). With these timelines staff suggest commencement of the study in 2024.

Origin:

MTO improvements to the intersection along with Council direction to proceed with the scope inclusion of the east leg.

Implementation Considerations:

The scope of work will enhance development opportunities at the 9/21 Business Park. MTO has included the scope within their design and tendering considerations. MTO will continue to lead the project through the tendering and contract administration stages and the Municipality will act as a funding source for our share of the works.

Risk Analysis:

The Municipality has assumed the financial debt to undertake and include the east leg upgrades while MTO completes other work at the intersection. There is no timeline associated with the developments that are associated with the ASDC and therefore the sole risk relates to the front-end costs to service and open development opportunities at the Business Park and the unknown timelines to receive a return on the investment.

Attachments: None

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