

DATE: November 9, 2020

REPORT NO: PD-149-2020

SUBJECT: Recommendation Report, Front Ending Agreement – R.V.L Contracting Inc.

CONTACT: Brian Treble, Director of Planning & Building

OVERVIEW:

- In 2019, Township Council passed a new development charges background study and by-law to collect funds to offset the construction/development of new infrastructure that has been identified as a future need in West Lincoln.
- Although the development charge by-law is under appeal to LPAT, it is implemented as if it is in full force and effect.
- One of the items included in the background study was the collection of funds for street and sidewalk improvements on Spring Creek Road from Station Street to Hornak Road.
- R.V.L. Contracting Inc has now made these improvements in this area as part of their construction work for the opening of the Spring Creek Manor plan of Condo and the development of the new “Ellis” lots.
- Since the collection of Development Charge funds for this work has only been underway for about a year, there is little money available to allocate to this work at this time. The works were newly added to the 2019 background study.
- Therefore, the developer has front-ended these works and will be required to be reimbursed over time based on terms contained in a front ending agreement.
- A sample front ending agreement is attached to this report. An authorizing by-law is required in order to provide authority for the Mayor and Clerk to sign this agreement with the developer. The agreement lays out a repayment plan and is currently under review by Township Legal Counsel.

RECOMMENDATION:

1. That, Report PD-149-2020, regarding “Recommendation Report, Front Ending Agreement – R.V.L. Contracting Inc.”, dated November 9th, 2020, be RECEIVED; and,
2. That, an authorizing by-law be passed to authorize the Mayor and Clerk to sign a Front Ending Agreement with R.V.L. Contracting Inc. similar to that found at attachment 2 to this report, once confirmed by Township Legal Counsel.

ALIGNMENT TO STRATEGIC PLAN:

Theme #3

- Strategic, Responsible Growth

BACKGROUND:

As we grow as a community, new infrastructure and services will be required. The development charges by-law and background study contemplate what these needs might be over a future growth period and the development charge collects a portion of the needed money to complete the works. A portion of each development charge that is collected goes towards this project.

There are many cases however, where the funds have not been fully collected by the time that the works are needed. In these instances a front ending agreement is entered such that the developer pays for the works up front and is reimbursed over time as the relevant development charge is collected.

CURRENT SITUATION:

In order for R.V.L. Contracting Inc. to open up new lots on the Ellis property at 371 Station Street (new lots now fronting Spring Creek Road) and the development of the Spring Creek Manor plan of condo, street improvements to Spring Creek were required along with a new sidewalk. These improvements were required and were therefore included in the current Development Charge Background Study.

Since the Development Charge By-law was passed on June 24th, 2019, as By-law 2019-51, and since not enough time has passed to have the necessary funds collected and available, it is normal to enter what is referred to as a front ending agreement to have the developer pay upfront for these works and to provide a repayment plan for development charges collected in the future. Normally such an agreement would be signed before the works are completed. Since this is officially our first such agreement and since the builder was anxious to get development moving, he proceeded with the works in advance of the signing of such an agreement.

The only template front ending agreement that we currently have is with the land owners group to fund the Master Community Plan work. Therefore, a new agreement has been drafted and is currently with Township Legal Counsel for review prior to being signed with the developer.

The details of the Development Charge Background Study are as follow:

1. Project in year 2023 (sidewalks) along Spring Creek Road between Station Street and Hornak Road is included with a gross value of \$145,000.00
2. Project in year 2023 (street upgrades/urbanization) of Spring Creek Road between Station Street and Hornak Road is included with a gross value of \$365,000.00.

This does not represent the total cost of the works but is the estimated cost upon which the development charge was based. The actual development charge that will be available for reimbursement will be based on the value of building permits issued. The development charge background study identifies that \$410,531.00 (\$45,531.00 + \$365,000.00) will ultimately be collected for these projects. The 10 year capital forecast identifies that these works were proposed to be completed in 2023. Therefore, since the works were undertaken in 2020 by R.V.L. Contracting Inc., the developer has had to pay up front. As development occurs, money becomes available to offset the developer's costs of front ending this work.

The draft agreement found at attachment 2 will be the basis to establish a repayment program based on an anticipated timeline for collection of the funds.

The developer would like the fastest repayment plan possible. Realistically however, Township staff are anticipating a 10 year repayment plan that will ultimately be included in a schedule to the agreement.

FINANCIAL IMPLICATIONS:

The front ending agreement authorizes a repayment program based on anticipated development that will pay for this and many other projects for which the development charge is being collected.

INTER-DEPARTMENTAL COMMENTS:

This report has been discussed with senior management and Township Legal Counsel.

The agreement is only in effect so long as the collection of development charge funds for these projects remains following the resolution of the appeal to LPAT by the Niagara Home Builders Association.

CONCLUSION:

Staff recommend that an authorizing by-law be passed to allow the Mayor and Clerk to sign a front ending agreement with R.V.L. Contracting Inc once the agreement has been recommended for signing by Township Legal Counsel.

ATTACHMENTS:

1. Location Map
2. Draft Front Ending Agreement
3. Draft Authorizing By-law

Prepared & Submitted by:



Brian Treble
Director of Planning & Building

Approved by:



Bev Hendry
CAO