

DATE: March 19, 2024

REPORT NO: PD-18-2024

SUBJECT: **Recommendation Report – Reimbursement to R.V.L Contracting Inc.**

CONTACT: Brian Treble, Director of Planning & Building
Katelyn Repovs, Acting Director of Finance

OVERVIEW:

- The development of Spring Creek Plan of Condo on the north side of Spring Creek Road, and the four lots on the south side of Spring Creek Road (referred to as the ‘Ellis lots’) are now completed and all securities have been released.
- The current development charges background study and by-law include Capital works for street and sidewalk on Spring Creek Road from Station Street to Hornak Road.
- Previous staff report PD-149-2020 identified that a future report and by-law would address the possibility of offsetting costs incurred by R.V.L Contracting Inc. for improvements to Spring Creek Road.
- R.V.L. Contracting Inc. completed these improvements on the Township’s behalf as part of the development of Spring Creek Manor plan of Condo and the development of the four “Ellis” lots.
- The actual cost of infrastructure construction allocated to roads amounted to \$200,696.94, with the cost allocated to sidewalk construction of \$22,248.03. Therefore, the total cost of construction paid by R.V.L Contracting Inc. towards the Township’s share of work amounted to \$222,944.97.
- Staff recommends the amount of \$222,944.97 be reimbursed to R.V.L Contracting Inc. in keeping with the recommendation included in report PD-144-2020
- Staff recommends that Budget Amendment BA2023-18 be approved in the 2023 year, in the amount of \$223,000, to reflect the cost of construction, with funding through Development Charges and a transfer from the Capital Reserve.

RECOMMENDATION:

1. That, Recommendation Report PD-18-24, regarding “Recommendation Report - Reimbursement to R.V.L Contracting Inc.”, dated March 19th, 2024, be received; and,
2. That, an amount of \$222,944.97 reimbursable to R.V.L Constructing to cover the cost of the Township’s share of construction work, be approved; and,
3. That, Budget Amendment BA2023-18, in the amount of \$223,000, funded through Development Charges and a transfer from the Capital Reserve, be approved in the 2023 year; and,
4. That, the previous Authorizing by-law 2020-111 be and is hereby be repealed; and,
5. That, an authorizing by-law be passed to authorize the Mayor and Clerk to sign the Agreement with R.V.L. Contracting Inc.

ALIGNMENT TO STRATEGIC PLAN:

- **BUILD a safe, connected, caring and active community**

BACKGROUND:

In 2020, staff report PD-149-2020 identified to Planning Committee and Council that a future agreement would need to be entered with R.V.L Contracting Inc. since they covered the cost of street and sidewalk improvements to Spring Creek Road that were also part of the 2019 Development Charge background study and by-law. The recommendation from that report was as follows:

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.*

As we grow as a community, new infrastructure and services will be required. The development charges by-law and background study is intended to contemplate services required for future growth. The current work on the new background study and upcoming implementing by-law will be based on all of the detailed servicing requests of the Master Servicing Plans for the urban boundary expansion. This is based on a growth target of 38,370 population and 14,060 housing development by 2051. The development charge contained in this report relates to works contained in the 2019 background study.

There will be many situations going forward, where adequate funds have not been fully collected by the time that the works are needed. In these instances a front ending

agreement will have to be entered such that the developer pays for the works up front and is reimbursed over time by the Township as the relevant development charge is collected.

CURRENT SITUATION:

In order for R.V.L. Contracting Inc. to develop the four 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 Road were required along with a new sidewalk. These improvements were required for these developments to proceed and has been included in the 2019 Background study. R.V.L Contracting Inc. was required to front end the work and now, the Township is able to offer a plan to reimburse the funds.

It is common for Municipalities and developers 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. However, 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 draft agreement is with Legal Counsel for review at this time.

The details of the 2019 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.

The figures above represent the estimated cost upon which the development charge was based. The actual cost of infrastructure construction allocated to roads amounted to \$200,696.94, with the cost allocated to sidewalk construction of \$22,248.03. Therefore, the total cost of construction paid by R.V.L Contracting Inc. towards the Township's share of work amounted to \$222,944.97.

FINANCIAL IMPLICATIONS:

As noted above, R.V.L Contracting Inc. paid for capital works along Spring Creek Road that were the responsibility of the Township, as outlined in the 2019 Development Charge Background Study. Therefore, staff are seeking Council's approval to issue reimbursement to this vendor to cover their incurred construction costs that the Township otherwise would have paid for. Through their general contractor, the Township obtained copies of the payment certificates and invoices paid by R.V.L Contracting Inc. to verify the cost allocations towards the road and sidewalk work along Spring Creek Road.

The costs allocated to roads was \$200,696.94, and the costs allocated to sidewalks was \$22,248.03. Therefore, the total cost of construction paid towards the Township's share

of work amounted to \$222,944.97. This \$222,944.97 is to be reimbursed to R.V.L Constructing Inc. upon Council's approval of this report, after the March 25, 2024 Council Meeting. Based on the 2019 Development Charge Background Study, a portion of both the road and sidewalk work can be funded through Development Charges, with the remaining amount (i.e. the non-growth portion of the works) to be funded through a transfer from the Capital Reserve, as outlined below:

Description	Expenditure	Funding	
		Development Charges	Capital Reserve
Spring Creek Road - Road	200,697	170,592	30,105
Spring Creek Road - Sidewalks	22,248	6,986	15,262
	\$ 222,945	\$ 177,578	\$ 45,367

As these capital works were not previously approved by Council via the annual budget process, staff are also requesting approval of Budget Amendment BA2023-18 as outlined below. Staff are requesting that this amendment be reflected in the 2023 year, given that the works were complete prior to 2024.

Description	Budget	Funding	
		Development Charges	Capital Reserve
Spring Creek Road - Road	200,700	170,600	30,100
Spring Creek Road - Sidewalks	22,300	7,000	15,300
	\$ 223,000	\$ 177,600	\$ 45,400

INTER-DEPARTMENTAL COMMENTS:

This report has been discussed with senior management and Township Legal Counsel. The Financial Implications section of the report was completed by the Acting Director of Finance.

CONCLUSION:

Staff recommend that a new authorizing by-law be approved to allow the Mayor and Clerk to sign a reimbursement agreement with R.V.L. Contracting Inc. The draft agreement is currently being reviewed by Township Legal Counsel but once finalized can be signed to reimburse for upfront costs paid by R.V.L Contracting Inc. for Spring Creek Road street and sidewalk upgrades.

SCHEDULES:

1. Location Map
2. Draft Authorizing By-law

Prepared & Submitted by:



Brian Treble
Director of Planning & Building

Approved by:



Donna DeFilippis
Interim CAO/Treasurer