



Economic and Development Services Department

Date: December 20, 2022

File: 03-05

To: Mayor Carter and Members of Council

From: Stephanie Sinnott, Commissioner
Corporate and Finance Services Department

Warren Munro, HBA, RPP, Commissioner
Economic and Development Services

Re: Front Funding Agreement Pilot Project – Conlin Road East

1.0 Purpose

On September 12, 2022, the then Development Services Committee considered Item DS-22-166 (see Attachment 1) regarding the phasing and construction of Conlin Road East and referred it to staff for a report. Item DS-22-166 requests that the City consider entering into a Front Funding Agreement to undertake the tendering and construction of Conlin Road East from Grandview Street North to Kurelo Drive.

The purpose of this Memorandum is to respond to the request from a report. Owing to the Budget implications, this Memorandum is being forwarded to Council prior to 2023 Budget deliberations.

Attachment 1 to this Memorandum is a copy of a letter from Treasure Hill dated May 4, 2022.

Attachment 2 to this Memorandum is a Proposed Reconstruction of Conlin Road East from Grandview Street North to Kurelo Drive.

Attachment 3 is the Treasure Hill Draft Plan S-O-2014-05.

Attachment 4 to this Memorandum lists the Growth Related Road Projects competing for available funds forecasted in 2024.

2.0 Input From Other Sources

The following have been consulted in the preparation of this Memorandum:

- Legal Services
- Town of Ajax
- Town of Whitby

3.0 Analysis

3.1 Background

Section 44 of the Development Charges Act allows a municipality to enter into a front-end agreement as a means for advancing public infrastructure (roads, sewers, watermains) to support development and growth.

These are formal written agreements, typically with a landowner/ landowner group, who are interested in building public infrastructure on behalf of a municipality so that their private lands have adequate services and roads to allow for residential/commercial construction. The landowner(s) essentially agrees to front end the cost of the work until such time as the municipality agrees to make repayments or provide Development Charge credits. As the front end agreement is only for a short period of time, it is not recommended that Development Charge credits be considered for this agreement. The terms of the agreement include what is to be built, what the re-payment terms are and any supporting conditions and would be completed to the satisfaction of the Commissioner of Corporate and Finance Services and the City Solicitor.

A number of municipalities in the Greater Toronto Area have successfully utilized front funding agreements to date.

Project 73-0455 Conlin Road East is comprised of numerous stages, with the design currently underway, the property acquisition and utility relocation planned for 2023 and the construction of the Grandview Roundabout and Stage 1 of Conlin Road East from Grandview Street North to Kurelo Drive forecasted in 2024. The 2024 work is included in the Capital 9-Year forecast with a budget of \$4.285 million (see Attachment 2).

The reconstruction of Conlin Road East in the vicinity of Treasure Hill's lands (see Attachment 3) includes the construction of a roundabout at Grandview Street North and the lowering of Conlin Road East by up to 3 metres (9.84 ft.) in certain locations. As a result of these road improvements, access to Treasure Hill's lands during construction would not be possible. Therefore, it may be beneficial/desirable for Treasure Hill to complete the Conlin Road East construction in concert with their subdivision works. Treasure Hill is currently in the final stages of detailed engineering review of their subdivision, and commenced with construction activity on their lands in August 2022 through a pre-servicing agreement.

In general, it is important to note that more than 90% of the new roads in the City are built via subdivision agreements/through non-City contracts. The contractors who would bid on this type of work would be experienced and familiar with road construction practices. Contract documents and drawings would be prepared, similar to a City capital project. However, the project would be tendered privately. The City would still retain control by approving, partial-approving or declining to proceed with the contract after tendering. Any potential overages would require approvals from the City including, when appropriate, a report to Council or approval through a budget process such as the 2023 Budget deliberations.

3.2 Potential Benefits of a Front Ending Agreement

Staff's research with other local municipalities indicates that the potential benefits of a front ending agreement include:

- Demonstrating collaboration with the development community;
- Advancing more projects in the City in a calendar year in a timely manner;
- Advancing all Conlin Road East closures in this location at one time. If advanced separately, Conlin Road East would be closed during the road reconstruction project followed by a temporary road closure to advance the servicing tie-ins for the subdivision.
- Potential cost savings/economies of scale for the City's portion of the responsibilities since it would be combined with private responsibilities in the same tender process.
- Less risk would be on the City for potential delays as it would not be a City executed contract.

3.3 Potential Risks of a Front Ending Agreement

Staff's research with other local municipalities indicates that the potential risks of a front ending agreement include:

- Impacting the ability to fund other large scale projects in 2024.
- Requiring a temporary full-time independent construction inspector to be hired to represent the City's interest, with the costs to be borne entirely by Treasure Hill.

3.4 Staffing Implications

Owing to capacity and competing interests, Engineering Services staff would not be able to advance this project in 2023. Treasure Hill has advised that they would be agreeable to funding a temporary full-time independent construction inspector. The terms of the employment and the funding mechanism would be included in the Front Ending Agreement referenced in Section 3 of this Memorandum.

Should Council decide to fund the project for 2023 (see Section 3.5 below), Council will need to also authorize staff to enter into a Front Funding Agreement with Treasure Hill. The appropriate language is included below:

1. That, pursuant to the Memorandum dated December 14, 2022, regarding the request from Treasure Hill to enter into a Front Funding Agreement to undertake the tendering and construction of Conlin Road East, that the Commissioner of Economic and Development Services be authorized to sign the agreement provided the agreement is in a form and content to the satisfaction of the City Solicitor and Commissioner of Corporate and Finance Services.
2. That, pursuant to the Memorandum dated December 14, 2022, regarding the request from Treasure Hill to enter into a Front Funding Agreement, that staff be authorized to retain a temporary full-time independent construction inspector to be funded by Treasure Hill.

3.5 Financial Implications

Should Council approve the funding for this project, it will be funded with \$3,424,000 from the Transportation Roads Development Charge Reserve and \$861,000 from the Growth Related Non-Development Charges Reserve.



Stephanie Sinnott, Commissioner
Corporate and Finance Services Department



Warren Munro, HBA, RPP, Commissioner,
Economic and Development Services Department

TREASURE HILL

Attachment 1

VIA EMAIL: WMunro@oshawa.ca

May 4, 2022

The Corporation of the City of Oshawa
Development Engineering
50 Centre Street South
Oshawa, Ontario
L1H 3Z7

ATTN: Warren Munro

Dear Mr. Munro:

**RE: Oshawa (Conlin) Developments Inc. - Subdivision S-0-2014-05
(SD 368-01)
Phasing and Construction of Conlin Road East Reconstruction Works, and
Grandview Roundabout**

This letter is to serve as a formal request for the City of Oshawa to enter into an agreement to allow Treasure Hill to take responsibility, on behalf of the City, for the tendering and construction associated with the Grandview Street and Conlin Road roundabout, and the Conlin Road reconstruction (profile adjustment) east of the roundabout.

The current timelines that have been provided to Treasure Hill by the City, anticipate the final design completion for August 2022 and construction of above mentioned works to be completed in 2024. Treasure Hill's Phase 1 Subdivision Development (S-0-2014-05) is on track to have registration and subdivision agreement completed to allow for Building Permit Availability by Q2 2023. If the City permits Treasure Hill to compete the works on their behalf, Treasure Hill will tender the works in the Fall of 2022 and complete construction in 2023.

Thank you for consideration of above. Should you have any further questions regarding this matter, please do not hesitate to contact the undersigned. We look forward to building our working relationship with the City of Oshawa and demonstrating Treasure Hill's excellent reputation.

Oshawa (Conlin) Developments Inc.

May 4, 2022

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Yours very truly,



Deryck Badz

Project Manager

Treasure Hill Land Development

CC:

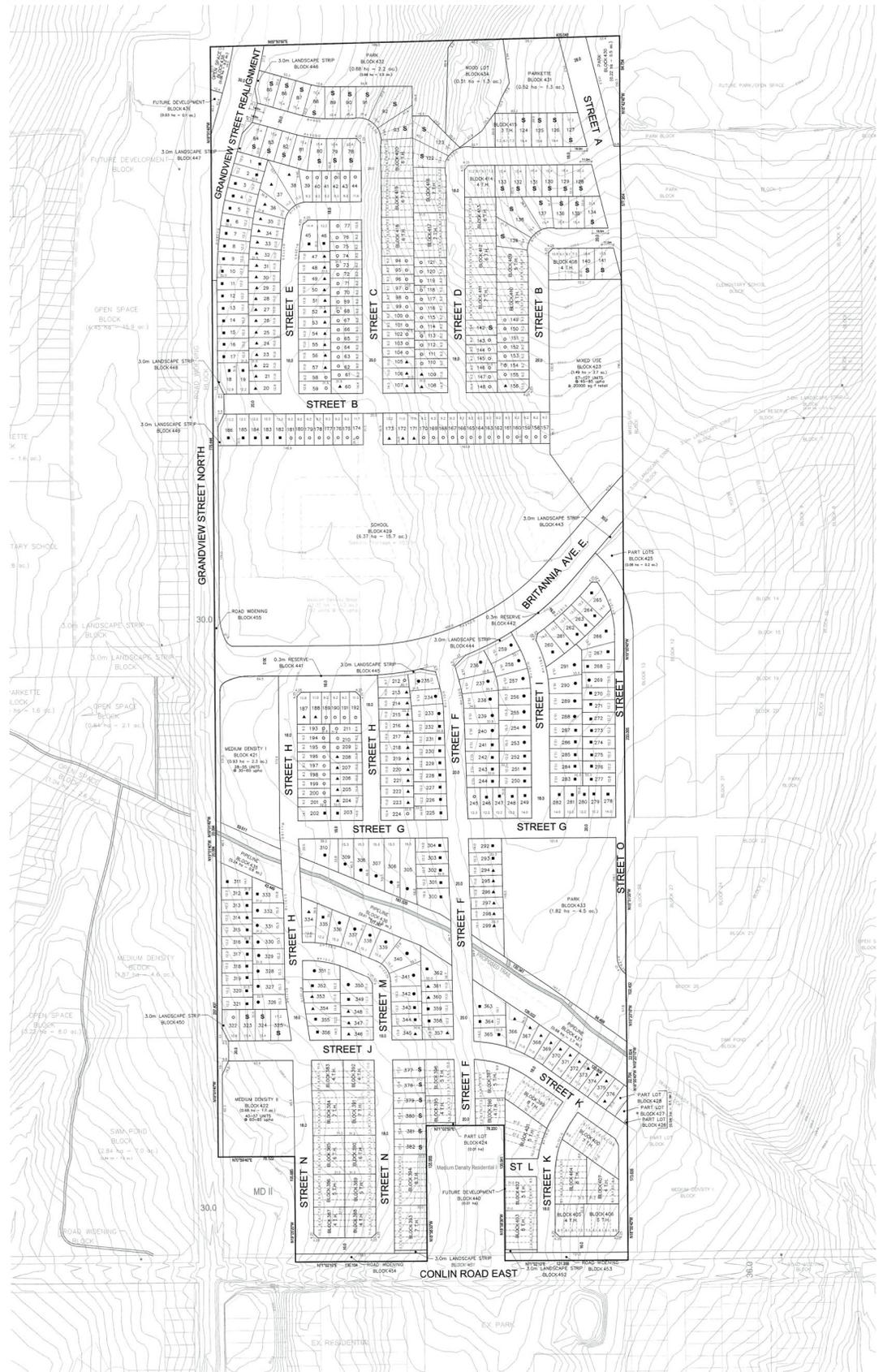
Jamie Pyatt, Treasure Hill (jamiep@treasurehill.com)

Christopher Lato, City of Oshawa (clato@oshawa.ca)

Greg Hardy, City of Oshawa (ghardy@oshawa.ca)

Anthony Ambra, City of Oshawa (aambra@oshawa.ca)

Title: Draft Approved Plan
Subject: Front Funding Agreement Pilot Project – Conlin Road East
Address: 1340 Conlin Road East
Ward: Ward 1
File: 03-05



Attachment 4

**Project 73-0455 Conlin Road East includes the Conlin Road East/Grandview Street
North Roundabout and Conlin Road East Roadwork**

Project Number	Project Description	Cost
73-0453	Conlin-Wilson Roundabout	\$2,630,000
73-0456	Northwood Roads	\$796,000
73-0457	Columbus Road	\$310,000
73-0459	73-0459 Central Oshawa Hub Infrastructure Improvements	\$591,000
73-0461	Thornton Road North	\$802,000
73-0463	Townline Road Intersection Improvements	\$500,000
73-0470	Windfields Collector Road	\$250,00
73-0480	Conlin Road East	\$4,801,000
Not applicable	Various Sidewalk and Multi-Use Path Projects	\$6,194,000