

Staff Report

Report To: City Council

Report From: Lara Widdifield, Director of Public Works and Engineering

Meeting Date: November 18, 2024

Report Code: OP-24-045

Subject: Site Plan Approval (ST2023-001) at 1555 18th Avenue East (DA-23-002) and Off-site Infrastructure Improvements Within the City's Road Allowance

Recommendations:

THAT in consideration of Staff Report OP-24-045 respecting Site Plan Approval (ST2023-001) at 1555 18th Avenue East ([DA-23-002](#)) and the off-site infrastructure improvements within the City's road allowance required to support the development, City Council:

1. Directs staff to bring forward a By-law to execute a Master Servicing Agreement with Calloway Real Estate Investment Trust Inc. c/o Heather Jenkins;
2. Delegates authority to staff to execute subsequent amending Servicing Agreements consistent with the Master Site Servicing Agreement; and
3. Approves the Developer's request to reduce the required off-site security amount from the City's standard practice of 100% to 50% of the total value of off-site works, to be submitted per active phase of the development as defined in the Servicing Agreement.

Highlights:

- Calloway Real Estate Investment Trust Inc. (Heather Jenkins) through GSP Group Inc. (Eric Saulesleja) submitted a complete application for site plan approval (ST2023-001) for a two-phased

residential development at 1555 18th Avenue East, with 477 residential units in total.

- Staff approved the Site Plan Application (ST2023-001), subject to the conditions of approval outlined in Schedule 'F' of [DA-23-002](#), which includes, among other matters, the Owner entering into a Servicing Agreement with the City.
- The Application includes the requirement to extend 10th Street East from 18th Avenue East to 20th Avenue East as a modified 20.5 m collector road with a multi-purpose pedestrian path, extending approximately 50 m of 20th Avenue East northerly to connect to the existing southern terminus, as well as the installation of underground infrastructure (water/wastewater/stormwater) within the 10th Street East extension and boulevard landscaping.
- The Developer has proposed to phase the infrastructure works related to the development and will require a Master Site Servicing Agreement to outline the associated off-site improvements required to support each phase of development.
- The Developer is requesting a modification to the City's typical procedures for providing 100% security of the total cost of off-site works under a Servicing Agreement to a 50% security deposit amount.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: A City that Grows.

Climate and Environmental Implications:

This supports the City's Climate Mitigation Plan objective to reduce community greenhouse gas emissions.

Through the logical build-out of development, especially encouraging densification and infill development within the established urban boundary. The logical situation of housing adjacent to commercial districts and amenities and providing connectivity through the inclusion of pedestrian infrastructure such as trails and sidewalks encourages walkability.

Previous Report/Authority:

Staff Recommendation Report [CS-23-046](#) – OPA 12 & ZBA 45

Staff Recommendation Report [DA-23-002](#) – Staff Delegated Site Plan Approval (ST2023-001)

Background:

Site Plan Approval (ST2023-001) was granted for a multi-phased residential development (477 residential units) at the lands municipally known as 1555 18th Avenue East, located south of the existing Walmart site. The development anticipated the extension of 10th Street East, including a multi-purpose pedestrian path, from the existing terminus at 18th Avenue East to 20th Avenue East. It also proposed a southerly extension of 20th Avenue East connected to the 10th Street East extension and all associated underground infrastructure. Collectively, these are referred to as the 'off-site' works.

Staff approved the Site Plan Approval Application (ST2023-001), subject to the conditions of approval outlined in Schedule 'F' of DA-23-002, which required the Owner to enter into a Servicing Agreement with the City. The Servicing Agreement between the Owner and the City will be registered on title and will provide for, among other matters, the following:

- The extension of 10th Street East as a 20.5 m modified collector road from 18th Avenue East to 20th Avenue East;
- The extension of approximately 50 m of 20th Avenue East from 10th Street East to its current terminus south of the Heritage Grove Shopping Centre. The road cross section will be consistent with OSS-100C, provided in Appendix 'A' of the City's 2021 Official Plan, and include stop-control implemented at the intersection of 10th Street East;
- Construction of a multi-purpose path on the south side of the proposed 10th Street East extension;
- The following improvements at the intersection of 10th Street East and 18th Avenue East, as per the TIS:
 - Separated eastbound left turn lane; and,
 - All-way stop control at the intersection.

- Extension of the 250 mm diameter sanitary sewer along 18th Avenue East required to service Phase I and Phase II of the development; and,
- Extension of the 250 mm diameter PVC watermain (connected to the Industrial Pressure Zone) on the south side of the 10th Street East road allowance via the 10th Street East extension, east to 20th Avenue East. The watermain shall be oversized (300 mm diameter) and extend northerly approximately 50 m to connect to the existing watermain terminus on 20th Avenue East, south of the Heritage Grove Shopping Centre, and provide a looping of the City's watermain.
- Phasing-related temporary works may be subject to the requirement for submission of study updates or letter reports from the applicable consultant to demonstrate the ongoing suitability of the temporary condition.

The off-site works (phases) are to be constructed concurrently with the on-site residential construction. Design will be informed by studies required as part of the Site Plan Approval Application, including the Traffic Impact Study (TIS) and Servicing Feasibility Study (SFS) minimum requirements. It should be noted that based on the phasing approach, temporary intersection and/or median improvements may be required that were not contemplated during the Site Plan Approval Application, subject to a revised TIS.

It should be noted that the Owner has identified the development to occur in two Phases, Phase I and Phase II. Furthermore, Phase I has been identified to consist of three subphases, Phase 1A and Phase 1B, each accommodating a single four-storey building with 78 units, and Phase 1C accommodating 87 townhouses. Phase II consists of the remainder of the units, three four-storey buildings, each with 78 units, for a total of 234 units.

The development will require a Master Servicing Agreement and then an amending Servicing Agreement for each phase of development as follows:

- Phase I A and B (first Amending Agreement),
- Phase II (second Amending Agreement), and
- Phase I C (third Amending Agreement).

The City's typical procedure for off-site (road allowance) works being completed by a Developer outside of a Plan of Subdivision process is to enter

into a Servicing Agreement with the Developer to identify the City's requirements for construction, including associated drawings (plan and profiles), consultant oversight and assurance of the constructed works, maintenance periods, and financial securities.

Securities are based on the monetary value for the construction of all off-site works identified in the Servicing Agreement, based on an estimate prepared by the Developer's consultant. The City's historic practice is to require 100% security equal to the costs of off-site works when the Servicing Agreement is signed. As construction is completed, the security is reduced until Substantial Completion of the works, at which time it can be reduced to 10% for the 2-year maintenance period. At the end of the maintenance period, the remainder of the security is released.

The initial plan for the development contemplated the full construction of the off-site works as a part of Phase I. However, during the Site Plan Approval Application condition fulfilment by the Developer, it was requested that the off-site works be phased to reflect the requirements of the on-site demands. The Developer has been in discussion with the City to ensure the Phasing of the off-site works is by the City's Site Development Engineering Standards and the City's Residential Subdivision Policies and prepare any updates to Studies that may be required to support such a change.

Analysis:

Phasing

The offsite works are proposed to be phased in harmony with the extent of the on-site construction. The detailed design and phase limits are intended to be refined during the execution of the Servicing Agreement.

Due to the proposed phasing, the City will be required to enter into a Master Site Servicing Agreement with the Owner, which would outline the overarching requirements of the full build and support Amending Servicing Agreements that complement the on-site development Phasing until the full build-out of the development is achieved.

The Engineering Services Division has considered implementing a Master Site Servicing Agreement for other development applications where phasing is being proposed; however, none have been formally executed at the time of this report. The amending Servicing Agreements are proposed to be staff-

approved, as the details within each amending Servicing Agreement will align with and further detail the intent of the ultimate Master Site Servicing Agreement.

It should be noted that the extension of 10th Street East, from 18th Avenue East to 20th Avenue East, is identified in 'Schedule C' of the City's Official Plan; however, this has not been identified as a City Capital Project as it was anticipated to be constructed and paid for by the developer. This road is included in the City's Development Charges Bylaw, and as such, the City will contribute 10% of the costs for the road from the development charge reserve.

As such, the phasing of this road's construction is appropriate, provided it is in accordance with City standards and required supporting studies (e.g., Traffic Impact Analysis, Servicing Feasibility Study, etc.).

Security Reduction

The Developer has requested a reduction in the amount of the off-site securities required to be retained by the City in the Servicing Agreement from 100% to 50%. The construction of the 10th Street East extension (off-site works) is limited to lands immediately adjacent to the development and will likely be used only by the development until the road is fully constructed (Phase II of on-site works). The City will require Substantial Completion of the off-site works as a condition for Building Occupancy, based on the singular access into the development. The City retains 10% of the off-site costs throughout the maintenance period as security against deficiencies.

Although the reduction in offsite securities to 50% is a deviation from current practices, in this case, Staff are satisfied that this situation is justifiable for the following reasons:

- Securities will be calculated and submitted for each of the three phases: the Master Site Servicing Agreement with three amending agreements (one for each phase) establishing the correct securities for that phase;
- The occupancy of the residential development will rely on the works being completed and as such the developer will be motivated to complete the work;

- The road is not required by, and therefore will not impact, other properties in a significant way if the road is incomplete;
- The road will not be open until the work is accepted by the City;
- The securities will be required to be in the form of a Letter of Credit or cash for use in the case of default or deficiencies.
- As the City is responsible for 10% of offsite costs through Development Charges, in effect the securities held are equivalent to 60%.

Further, the Developer will be unable to seek building permits or ultimate occupancy of any development without access to a municipally maintained road; the City will not assume any incomplete or unsatisfactorily completed infrastructure, imposing a critical checkpoint before the Developer may begin work that would generate revenue. In light of the above, the risk to the City is considered minimal.

Financial Implications:

The Developer has provided a high-level cost estimate for the off-site works for the municipal road extension of 10th Street East from 18th Avenue East to 20th Avenue East, totalling \$4,500,000.00 for construction (+/- 25%), excluding design/consulting/testing/inspection fees, HST, and other incidental costs. It should be noted that a detailed cost estimate and design are required for the preparation of the Master Servicing Agreement. The Developer has requested reduced initial securities for each Phase of construction.

Based on the Development Charges By-law 2023-106 and the 2023 Development Charges Background Study Update, the Developer will be required to pay the Area Specific Development Charge for the Sydenham Trunk Sewer, which shall be collected at each phase of the development. Additionally, the road extension of 10th Street East connecting to 20th Avenue East shall be front-ended by the Developer; 90% of the ultimate cost shall be borne by the Developer, with the remaining 10% as eligible for Development Charge funding from the City. As such, the City will ultimately be responsible for 10% of the total cost of the 10th Street East extension completed by the Developer, to a maximum of \$280,000.00, to be paid to the Developer apportioned to each phase of off-site works.

Communication Strategy:

As this is an agreement associated with a development bound by Planning Act legislation, communications will conform to applicable policies. Notification and solicitation of public input through the Planning Act Application serves as the forum for public notification for the Developer's construction project and ultimate assumption of new road allowances into the City's network.

Consultation:

- Owen Sound Development Team (Director of Community Services, Engineering Services Staff, Planning & Heritage Staff)
- Corporate Services Staff
- Applicant

Attachments:

Phasing Map

Recommended by:

Matthew Pierog, Engineering Technologist III
Lara Widdifield, Director of Public Works and Engineering

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Lara Widdifield, Director of Public Works and Engineering at lwiddifield@owensound.ca or 519-376-4440 ext. 1201.