

COMMUNICATION 136038

Received From: Niki Dwyer, MCIP RPP Director of Development Services
Addressed To: Committee of the Whole
Date: April 22, 2025
Topic: Initial Funding Agreement – Project 26 (Sanitary Sewer Upsizing)

BACKGROUND

Council approved the inclusion of \$401,574.00 in the 2025 capital budget for the upsizing of a sanitary sewer in the vicinity of McNeely Avenue running east-west along the frontage of the Independent Grocery Store (also known as “Project 26”).

The Town previously tendered the same project in 2024 and received a competitive bid price of \$1,123,475.42 (including HST + contingency). However, as the project was \$721,901.42 over budget, Council cancelled the tender.

The completion of the upsizing is necessary prior to the construction and connection of development upstream of the infrastructure. Most notably, this capital project will facilitate the timely construction of the Carleton Lifestyles Ltd. (a retirement community) and 355 Franktown Road Subdivision (a 102-unit residential infill development).

Figure 1 – Context Map



Both Carleton Lifestyles Ltd. and 355 Franktown Road have received recommendations from the Town of Carleton Place for draft subdivision approval which have included the following conditions:

- *The Owner shall demonstrate to the satisfaction of the Town of Carleton Place that sufficient downstream sanitary capacity exists to service the development lands.*
- *The Owner may enter into a Front-ending Agreement respecting the construction of sufficient downstream sanitary capacity to the satisfaction of the Town of Carleton Place.*

COMMENT

The proponents of the subdivision lands have expressed a keen interest in front-ending the unfunded costs of the pipe construction to expedite their construction schedule.

Staff have negotiated mutually agreeable terms of an Initial Funding Agreement with the parties on the following principles:

- That the Parties shall provide initial funding equal to the cost of the Works to the Town within 20 days of the effective date of the agreement;
- On completion of the construction of the Works, the Town will update the amounts based on actual costs and invoice the final amounts to the contributing parties;
- That the Town's total contributions to the costs of the project shall be limited to the budgeted value of \$401,574.00;
- That the Town will amend By-law 61-2022 to recognize the updated cost of the Works and distribute the costs amongst the benefitting owners;
- That the Town shall owe no obligation to the parties to ensure the recovery of the funds from benefitting owners;
- When funds are collected from benefitting owners they will be distributed on a pro-rata basis.

FINANCIAL IMPLICATIONS

The Town's total costs associated with the completion of Project 26 are to be limited to the budgeted value of \$401,574.00.

Costs including but not limited to design, detailed design, sewer modelling, permitting, soil testing construction, inspection, staging area rental costs, legal costs, project management, contract administration and contingencies are included in the total cost of the "Works" as defined in the Initial Funding Agreement and shared by parties.

The Town will recover the capital expenditure from benefitting landowners as further properties develop and connect to the service. The Agreement is proposing a 33% - 38% - 29% between the Town, Carleton Lifestyles Ltd., and 11309445 Canada Inc. split on the recovery of costs between the three (3) initial funding parties.

Staff estimate that 25% of the invested funds will be recovered within the first 3 years and 70% of the funds within 10 years.

The recovery of costs associated with the construction of Project 26 were established within the Town's Core Service Cost Recovery By-law 61-2022. At the time of adoption, the value of the project was based on construction estimates at 60% detailed design drawings and valued at \$401,574.00.

As the project has been tendered and the Town's inclusive project costs can be more accurately calculated to be \$1,568,046.08, the parties have agreed to amend the Cost Recovery By-law to increase the cost of the Works to reflect the current project cost. It is important to undertake the amendment to By-law 61-2022 now to provide notice to all other benefitting property owners of the increased costs of the project and to provide opportunity to recover the funds as close to the true value of the project as possible.

Once the project is completed, a final amendment will be required to By-law 61-2022 to capture the final value of the project taking into account any change orders that may arise during construction.

STAFF RECOMMENDATION

THAT Council pass a By-law authorizing the Mayor and Clerk to execute an Initial Funding Agreement for Project 26 – McNeely Sewer Extension with Carleton Lifestyles Ltd. and 11309445 Canada Inc.; and

THAT Council pass a By-law amending Schedule "C" to By-law 61-2022 (Core Service Cost Recovery By-law) as outlined in the report by the Director of Development Services dated April 22, 2025.

ATTACHMENTS

- 1) DRAFT Amendment to Schedule "C" By-law 61-2022