

Township of Southgate

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Staff Report CAO2022-012

Title of Report: Randharr Investments Inc. (Wilder Lake Subdivision)
Pre-Servicing Agreement Approval Report

Department: Administration

Council Date: March 16, 2022

Council Recommendation:

Be it resolved that Council receive staff report CAO2022-012 as information; and

That Council approve the Randharr Investments Inc. project known as the Wilder Lake Subdivision residential development for a Pre-servicing Agreement with the Schedules reflecting the necessary approved Engineered drawings, study reports and the approved securities for the project; and

That Council approve the securities being posted as being real property through a first Charge/Mortgage to be registered on the property title for Randharr Investments owned property identified as Roll #420706000119400, to cover the security condition requirement of \$1,121,500.00, as a financial assurance for the life of the project, during the pre-servicing and future subdivision agreement approval phases; and

That Council consider approving the Randharr Investments Inc. project known as the Wilder Lake Subdivision residential development project Pre-servicing Agreement by Municipal By-law 2022-038 at the March 16, 2021 meeting.

Background:

Randharr Investments Inc. presently has Draft Plan Subdivision approval for the Wilder Lake Subdivision residential development project. The Pre-Servicing Agreement is now the next step in the process that will allow the developer to start the site work for the installation of servicing infrastructure and construction of the roadway, based on the approved servicing drawings.

Randharr Investments Inc. have requested a Pre-Servicing Agreement in advance of the Subdivision Agreement. What this agreement will allow is the installation by the developer of on-site and off-site infrastructure such as stormwater drainage ditches & retention ponds, street lighting, property entrances and roadway construction with base course asphalt, while the Subdivision Agreement is going through the approval process. During the pre-servicing phase of the project, without a subdivision agreement in place, the Township has minimal liability as the lot fabrics have not been approved or registered with title, therefore Southgate would have no responsibility to finish the lot servicing. The responsibility the

Township would have with a pre-servicing agreement would be to make the development site safe by filling in holes and leveling the soil on the property, if there was a failure to complete the project.

The Pre-Servicing Agreement will allow the developer to start the work based on approved servicing drawings, with posted securities. By the developer undertaking the work prior to Subdivision Agreement approval, they take on more risk and the municipality has considerably less liability. Therefore, the required posted securities in favour of the municipality, by the developer, is less because the Township has not committed to an approved Subdivision Agreement. When the Subdivision Agreement is approved, the required securities will be reviewed and posted at the required levels based on the amount of servicing work that has been completed and accepted. The developer securities presently required for a Pre-Servicing Agreement is 10% for on-site and 100% for off-site works. In a Subdivision Agreement, with pre-servicing the developer securities required for completed work with preliminary acceptance is 10% for on-site and off-site works and 115% for on-site and off-site works that is incomplete or that has been completed without preliminary acceptance. In the Subdivision agreement stage the lots have been created and likely presold. The major cost of servicing of a residential development is the installation of infrastructure during the pre-servicing agreement phase. When it comes to Subdivision Agreement approval, the amount of securities required is considerably less as it usually is for only the outstanding work that covers finishing street lighting fixtures, street signage, lot grading, sodding, fencing, tree planting, final asphalt placement, etc., if all the other pre-servicing work has been completed.

In the case of this project Randharr Investments Inc., there is no off-site works and Randharr Investments are providing the previously identified property as security through a "first Charge/Mortgage" in favour of the Township of Southgate that will be registered on property title until the end of the warranty period of the property development servicing.

Staff Comments:

The Township approval process of this Pre-servicing agreement is the following steps:

1. Engineering prepared and reviewed drawings and report documents are listed in the agreement's "Schedule B" which has been prepared by GM Blueplan and peer reviewed by RJ Burnsides; and
2. RJ Burnsides has also reviewed amount of securities necessary to support the Randharr Investments Inc., Wilder Lake Subdivision residential development project work for the onsite (as there is no project off-site works) for infrastructure servicing costs that have been included in the Pre-servicing

Agreement Schedule C, prepared by Engineer Harry Bye and peer review confirmed by emailed (Attachment #1), dated March ____, 2022; and

3. Council approval of the Randharr Investments Inc., Wilder Lake Subdivision residential development Pre-servicing Agreement and by municipal by-law which includes a copy of the agreement for approval at this same meeting.

Financial Impact or Long Term Implications

There is no financial impact as a result of this report as the developer will be paying for engineering and legal costs related to the creation of this agreement from the \$10,000 deposit provided by the applicant and placed on account for the purpose to cover the Township costs incurred for the development.

The developer shall maintain registered securities through a first Charge/Mortgage registered on title of the secured property, to cover the estimated servicing costs determined by Randharr's and Southgate's engineers. The detailed breakdown of the Harry Bye security calculations is included in agreement as Schedule "C" of this Pre-servicing Agreement.

Staff recommends that we approve the Randharr Investments Inc., Wilder Lake Subdivision residential development Pre-servicing Agreement with the securities required for this project, as approved by Burnsides Engineers.

The property being provided to Southgate as project security was purchased by Randharr Investments less than 6 months ago, so the Township is using the purchase price as the valuation for the property, which we have been provided with the legal offices Statement of Adjustment for the transaction from their lawyer. The purchase price exceeds the amount of security the Township requires and has property features that supports this valuation with its proximity to the Homestead Resort.

Proof of \$5,000,000 in General Liability insurance certificate has also been provided as a condition of the agreement.

Communications & Community Action Plan Impact:

This report has been written and presented to Council to communicate accurate information to the public.

Goal 3 - Promoting Health Services and Housing Choices

Action 3: The residents and businesses of Southgate envision a caring community which meets the needs of all ages and incomes for a healthy and comfortable life, even as our population grows and changes.

Strategic Initiatives 3-A (2019-2023): By means of appropriate policies, incentives and development partners, the Township will facilitate a significant increase in the supply and variety of both rental and purchase housing/accommodation within Southgate.

Concluding Comments

1. Council receive this report as information.
2. Council approve the Randharr Investments Inc. project known as the Wilder Lake Subdivision residential development for a Pre-servicing Agreement with the Schedules reflecting the necessary approved Engineered drawings, study reports and approved securities for the project.
3. Council approve the securities being posted as property first Charge/ Mortgage to be registered on property title to cover the security condition of \$1,121,500.00 for the life of the project, being the pre-servicing and future subdivision agreement approvals and servicing period and phases of the work.
4. Council consider approval of the Randharr Investments Inc. project known as the Wilder Lake Subdivision residential development Pre-servicing Agreement by Municipal By-law at the March 16, 2021 meeting.

Respectfully Submitted,

CAO approval: Original Signed By

Dave Milliner – CAO dmilliner@southgate.ca 519-923-2110 x210

- Attachment #1 – Burnside's email reporting on their project security review dated March 8, 2022
- Attachment #2 – Burnside email reporting on their peer review project drawings and reports dated March 8, 2022