

## **Township of Southgate**

### **Administration Office**

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## **Staff Report CAO2022-063**

**Title of Report:** Flato East Phase 11 Pre-Servicing Final Agreement Report

**Department:** Administration

**Council Date:** October 5, 2022

### **Council Recommendation:**

**Be it resolved that** Council receive staff report CAO2022-063 as information; and

**That** Council approve the Flato Dundalk Meadows Inc. project known as Flato East Phase 11 for a Pre-Servicing Final Agreement and the security requirements for this work for their residential development project; and

**That** Council consider approving the Flato Dundalk Meadows Inc. project known as Flato East Phase 11 Pre-servicing Agreement by Municipal By-law 2022-124 at the October 5, 2022 meeting.

### **Background:**

The developer presently has Draft Plan Subdivision approval for the Flato Dundalk Meadows Inc. project known as Flato East Phase 11 residential development. They also have a Site Alteration Agreement that was approved by the Township of Southgate on June 1, 2022 by municipal By-law 2022-080.

This agreement has been created as a template document we used for past development pre-servicing projects, that has been reviewed by our lawyer, our engineers and approved by Southgate Council for several past projects.

What pre-servicing agreement will allow is the installation by the developer of on-site and off-site infrastructure such as water, sewers, stormwater drains, curbs & gutter, 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 fabric has 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 and posted securities. By the developer undertaking the work prior to Subdivision Agreement approval, they take on more risk and the municipality has considerably less. 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 5% for on-site and 100% for off-site works. In a Subdivision Agreement, the developer securities required is 100% for on-site and 100% for off-site works because 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 only covers sidewalks, street lighting, street signage, lot grading, sodding, fencing, tree planting, final asphalt placement, etc., if all the pre-servicing work has been completed.

At the September 7<sup>th</sup>, 2022 Council staff report CAO2022-055 titled "Flato East Phase 11 Draft Pre-Servicing Agreement Report" was presented and the following resolution was approved at the Council meeting:

**Moved By** Councillor Rice; **Seconded By** Deputy Mayor Milne;

**Be it resolved that** Council receive staff report CAO2022- 055 as information; and

**That** Council approve the Flato Dundalk Meadows Inc. project known as Flato East Phase 11 for a Draft Preservicing Agreement with the appropriate Schedules 10 reflecting the necessary approved Engineered drawing, report information and approved securities for the project; and

**That** Council consider approving the Flato Dundalk Meadows Inc. project known as Flato East Phase 11 Pre-servicing Agreement by Municipal By-law 2022-124 at the September 21, 2022 meeting.

Carried No. 2022-584

### **Staff Comments:**

The Pre-Servicing Agreement is ready for Council approval. It was originally planned for the September 21, 2022 meeting for by-law approval, but was delayed to finish engineering information and the required time for review by Triton. The Flato East Phase Pre-Servicing agreement is included in this agenda with the by-law for Council approval.

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

1. Triton Engineering review (Attachment #1) of the drawings, report documents listed in the "Schedule B" of the agreement;
2. The Triton review of the securities necessary to support the Flato East Phase 11 project work onsite work for infrastructure servicing upgrades and costs that will be included in the final version of the Pre-servicing Agreement;

3. The final step is for Council approval of the Flato East Phase 11 Pre-servicing Agreement by municipal By-law 2022-124 for approval at the October 5, 2022 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.

The developer will maintain or increase the posted securities through an Irrevocable Letter of Credit (LC) to cover the estimated servicing costs determined by Southgate's engineers as being \$832,254.06 (10% for Pre-Servicing on-site works).

This Phase 11 project has no off-site work and will not require a service finance 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. That Council receive this report as information.
2. That Council approve the Flato East Phase 11 Pre-Servicing Agreement included with the By-law.
3. That Council consider approval of Flato Dundalk Meadows Inc. project known as Flato East Phase 11 for a Pre-servicing Agreement by Municipal By-law 2022-124 at the October 5, 2022 Council meeting.

Respectfully Submitted,

**CAO approval:** Original Signed By

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### **Attachments**

- Attachment #1 – Triton review letter for Flato East Phase 11 Pre-Servicing Design and Securities Review