



Municipality of North Grenville

To:	COUNCIL	Meeting Date: 2020/11/12
Subject:	River Run Phase III, Security Reduction	Report No: PD-033-2020
Prepared by:	Amy Martin, Acting Director of Planning and Development	File No: C7-PD

RECOMMENDATION(S)

THAT Council permit the reduction of financial security for River Run Phase II and direct staff to prepare a consequential amendment to the subdivision agreement.

EXECUTIVE SUMMARY

Purpose

- To permit the reduction in financial security for Phase II of the River Run Subdivision from \$572,110.50 to \$290,000.00.

Key Findings

- The developer is requesting to reduce the required security from \$572,110.50 to \$290,000, which represents a 50% reduction.
- An amendment to the subdivision agreement is required to reduce the amount of security and to not allow for a reduction of securities once Preliminary Approval has been granted.

Financial Implications

- The Municipality will still require the applicant to pay the Engineering and Administrative fee of \$20,023.87.

BACKGROUND

Phase II of the River Run Subdivision is the last phase to be developed. A subdivision agreement was entered into on September 17th, 2018, requiring a security in the amount of \$572,110.50 which represents 100% of the site works.

To date no work has commenced on the subdivision. Phase II of the River Run subdivision consists of 23 residential lots, which will be serviced by private well and septic.

ANALYSIS

The developer is seeking to reduce the amount held in financial security for Phase II of the River Run Subdivision from \$572,110.50 to \$290,000.00.

The Municipality requires a letter of credit for 100% of the engineering works to be constructed as per the subdivision agreement. The greatest cost in developing a subdivision happens before preliminary approval is granted. For a subdivision on private services, such as River Run Phase II, this includes the construction of the road base up to the base course of asphalt being laid and the stormwater management works.

The Municipality requires that the developer provide a cost estimate for the works to be constructed. The estimated cost of works required for preliminary approval to be granted is \$385,473. This includes the laying of the granular, base course of asphalt, storm drainage and utilities. There is a risk associated with reducing the amount of the letter of credit. Should the developer not complete any of works as required, the Municipality would only have partial funds to finish the works or address any deficiencies. It should be noted that a majority of the costs of the subdivision occurs prior to preliminary approval being granted, which is the threshold for which building permits are issued. Once preliminary approval is granted, the Municipality would have sufficient security to address the final works required for the subdivision.

The reduction in security would represent 50% of the on-site works. Should Council support the reduction in security, Staff recommend amending the subdivision agreement to reflect the reduced security. An amendment would be required to Article 4.10 of the agreement to allow the Municipality to not allow for a further reduction in security once Preliminary Approval has been granted. It is standard Municipal practice to allow for a security reduction once Preliminary Approval has been granted when 100% security is posted. Since the developer is asking to reduce their security by 50%, the Municipality needs to ensure it has adequate security until Final Acceptance is granted.

Strategic Alignment

Strategic Focus Area 1: Sustainable, Strategic Growth (Goal 1: Work Where We Live)

- Outcome: Enable strategic investment for the distinct parts of North Grenville, Kemptville neighbourhoods, hamlets and rural areas by supporting the continued development of the River Run Subdivision.

COMMENTS

None.

EXISTING POLICY/BY-LAW

None.

FINANCIAL IMPACT

This item has been identified in the current budget: Yes ☐ No ☐ N/A **X**

This item is within the budgeted amount: Yes ☐ No ☐ N/A **X**

Staffing implications, as they relate to implementing Council's decision on this matter, are limited to the existing staff complement and applicable administrative policies as approved by Council.

The Municipality will still collect the Engineering and Administrative Fee of \$20,023.87, which represents 3.5% of the subdivision works.

PUBLIC INPUT

No public input is required to consider a reduction in security.

INTERNAL/EXTERNAL CONSULTATION

The Director of Public Works and Director of Legislative Services/Municipal Solicitor were consulted on this file. The security pertains to subdivision works that will be assumed by the Municipality at Final Acceptance.

CONCLUSION

A reduction in security subject to an amendment to the subdivision agreement requiring the Municipality to hold onto the financial security and not permit a reduction at the Preliminary Approval stage is supported by Staff. This reduction will allow for the developer to move forward with constructing the subdivision works for Phase II of their development, opening up more lots for development.

SIGNATURE

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ATTACHMENTS

- River Run Phase II – Reduction of Financial Security Request