

**North of Yellowhead – Tripartite Infrastructure Agreement****Report Purpose**

To seek Council approval for an agreement to facilitate the development of the Cambrian Crossing subdivision development located in the North of Yellowhead area.

**Recommendation**

THAT an agreement between Strathcona County, Mattamy (Sherwood Park) Limited, North Sherwood Ltd., and North Sherwood II Ltd., for design, construction, installation, financing, and funding of certain municipal infrastructure to facilitate the development of the Cambrian Crossing subdivision development located in the North of Yellowhead area, on the terms set out in Enclosure 3 of the May 25, 2021 Planning and Development Services report, be approved.

**Clerk's Note**

The approval of the agreement is related to two other reports on the May 25, 2021 Council agenda: Capital Budget Amendment report and the Borrowing Bylaw. If Council does not wish to proceed with the Agreement, then the proposed borrowing bylaw and capital budget amendments are not required.

**Our Prioritized Strategic Goals**

Goal 2 - Manage, invest and plan for sustainable municipal infrastructure

Goal 6 - Provide facilities and services that are available and accessible to residents

**Report****Background**

The North of Yellowhead area contains land proposed for a subdivision development known as Cambrian Crossing. Council recently passed the Cambrian Crossing Area Structure Plan bylaw, which facilitates the development of the lands comprising Cambrian Crossing.

For the Cambrian Crossing subdivision development to be suitable for its intended purposes, certain municipal infrastructure and services must be extended from existing County infrastructure and services lines to provide access and services to Cambrian Crossing.

Administration has been working with North Sherwood Ltd. and North Sherwood II Ltd. (collectively "Rohit") and Mattamy (Sherwood Park) Limited ("Mattamy") (Rohit and Mattamy collectively the "Developers") with respect to determining strategy and corresponding responsibilities for the design, construction, installation, financing, and funding of the municipal infrastructure (off-site servicing and transportation upgrades) required to support Cambrian Crossing. More specifically, determining each of the County and the Developers obligations related to leviable water, wastewater, stormwater, and transportation infrastructure. The result of this collaboration is the agreement proposed for Council's approval pursuant to this report.

### Financing and Funding

For clarity, the term 'financing' is used to describe the up-front payment for an item. This expenditure is incurred until such future time as it can be recovered, which therefore typically involves incurring debt (for all or a portion) and corresponding interest expense. Such interest expense is included in the total cost of an item, and ultimately paid for by the funding party(ies) requiring the financing (in this case, recovered through collection of levies). The term 'funding' is used to describe the ultimate payment for an item. The party who ultimately 'funds' such item is not necessarily the same party who is 'financing' that item. Funding is based on the proportionate share of benefit received by each party.

Prior to Council's approval of Policy SER-009-044 (Offsite Development Levies for New Growth Areas), the County's typical practice was to finance and construct all leviable infrastructure required to service new development areas and then recover costs from developers as development occurred. However, financing to bring servicing to new growth areas is higher than typically experienced in other areas of the County. The approval of Policy SER-009-044 has changed this practice, and instead outlines a shared financing and construction approach to support development in new growth areas. The proposed agreement aligns with Policy SER-009-044 and its new approach to financing. For clarity, the funding of the infrastructure required to service new growth areas remains status quo; development is required to fund new development.

While not the focus, the proposed agreement also reflects portions of County funding obligations that align with the Offsite Development Levies Bylaw (34-2020) and previous funding commitments. In addition to the funding details set out in this report, more specific details of the County's financial commitment included in the proposed agreement is contained within the May 25, 2021 Transportation, Planning and Engineering report to Council titled *2021 Capital Budget Amendment - North of Yellowhead Stage I*.

### Proposed Agreement

The terms of the proposed agreement are set out in Enclosure 3 to this report and detailed below. In addition to setting out the specific obligations of the County and the Developers as set in this report, the proposed agreement includes many provisions typically included in County developer agreements that facilitate the orderly design and construction and installation of municipal improvements. For example, provisions related to indemnification, insurance, acceptable forms of security, adherence to design standards, review and inspection process, and compliance with applicable law. The proposed agreement also includes certain conditions to be satisfied for the County to undertake the municipal improvements. These conditions include things like: obtaining budget, financing, and borrowing approval from Council; and acquiring necessary lands, crossing or utility right of way agreements. The specific obligations of the County and the Developers are summarized below, with the County's obligations being the focus of today's report.

*County Obligations:*

- C1. Finance and construct all leviable water infrastructure required to service the North of Yellowhead area concept plan area as shown in blue in Enclosure 1.
- C2. Finance and construct stage 1 of the leviable wastewater infrastructure required to service Cambrian Crossing. This consists of the northern portion of the wastewater system along the future Township Road 534 alignment, as well as a forcemain service to an existing property in order to decommission the existing sewage lagoon as shown in pink in Enclosure 1.
- C3. Construct provincial transportation upgrades within the intersection of Highway 16 and Range Road 231 as identified between Boundary A and B in Enclosure 2, which is required to service the North of Yellowhead area concept plan area. This consists of Range Road 231 roadway improvements, interchange ramp terminal upgrades and the addition of a pedestrian trail connection under Highway 16.
- C4. Construct leviable roads and associated stormwater management from Highway 16 to the first access point into Cambrian Crossing as identified between Boundary B and C in Enclosure 2. This consists of upgrading to a two-lane urban cross section with multi use trail on one side, as well as a grade separated rail crossing and the realignment of Range Road 231 over the CN rail tracks.
- C5. Construct provincial transportation upgrades at Highway 21 and Township Road 534 required to service initial development within Cambrian Crossing as identified within inset F in Enclosure 2. This consists of signalization and geometric improvements as required by Alberta Transportation.
- C6. Contribute a proportionate share of funding to the above items as outlined in Table 1 below, and as identified in the two orange shades between Boundary A and C in Enclosure 2.

Table 1: County's Proportionate Share of Funding under the Agreement

<b>Infrastructure</b>	<b>Estimated Cost (Millions)</b>	<b>County's Share</b>	<b>County's Share (Millions)</b>
<b>Water</b> (see C1)	\$13.0	0%	\$ 0.0
<b>Wastewater</b> (see C2)	\$14.5	21%	\$ 3.0 <i>(for proportional benefit to existing users)</i>
<b>Transportation</b> (see C3) <i>(Encl 2, Boundary A to B)</i>	\$ 7.5	27%	\$ 2.1 <i>(for previous funding commitments &amp; benefit to existing users)</i>
<b>Transportation</b> (see C4) <i>(Encl 2, Boundary B to C)</i>	\$31.7	6%	\$ 2.0 <i>(for 5<sup>th</sup>/6<sup>th</sup> lane of CN overpass structure)</i>
<b>Transportation</b> (see C5) <i>(Encl 2, Inset F)</i>	\$ 2.5	0%	\$ 0.0
<b>Total</b>	<b>\$78.7</b>	<b>9%</b>	<b>\$ 7.1</b>

Developers' Obligations

- D1. Finance and construct leviable roads and associated stormwater management for Range Road 231 from the first access point to the third access point as identified between Boundary C and E in Enclosure 2.
- D2. Finance County's construction of items C3, C4 and C5 as construction progresses and progress payments are invoiced (excluding the portion to be funded by the County identified previously in C6).
- D3. Provide security for item D1 to the County as required by Policy SER-008-027 (Establishing Security in Developer Agreements).
- D4. Provide security for 100% of estimated construction costs of item D2 to secure County financing capability of this construction should the Developer default on progress payments.

Proposed Next Steps

The form of the proposed agreement is acceptable to the Developers. If Council approves the proposed agreement as recommended by this report, the recommendation in the May 25, 2021 Transportation, Planning and Engineering report to Council titled *2021 Capital Budget Amendment - North of Yellowhead Stage I*, and the subsequent required borrowing bylaw, Administration will be able to facilitate execution of the proposed agreement and move forward with fulfilling its obligations under the proposed agreement. At present, and subject to Council's approval of the proposed agreement, Administration intends to commence certain work during the 2021 construction season.

**Council and Committee History**

December 8, 2020	Council approval of Bylaw 72-2020, the Cambrian Crossing Area Structure Plan
October 27, 2020	Council approval of Policy SER-008-027 (Establishing Security in Developer Agreements)
July 23, 2019	Council approval of Policy SER-009-044 (Offsite Development Levies for New Growth Areas)
March 25, 2014	Council approval of Bylaw 46-2013, the North of Yellowhead Area Concept Plan

**Other Impacts**

**Policy:** Reference to policies SER-009-044 and SER-008-027

**Legislative/Legal:** The Municipal Government Act, RSA 2000, c M-26, provides for the imposition of offsite levies and use of such offsite levy funds by a municipality. The Tri-Party Agreement was drafted by Brownlee LLP in accordance with policy SER-009-044 and the MGA.

**Interdepartmental:** Corporate Finance, Planning and Development Services, Transportation Planning and Engineering, Utilities, Legislative and Legal Services, Corporate Planning

**Master Plan/Framework:** n/a

**Enclosures**

- 1 Schematic of Offsite Municipal Improvements
- 2 Apportionment of Shared Municipal Improvement Construction
- 3 Summary of terms of proposed agreement