

Capital Cost Recovery for Heartland Roads

Date of Approval by Council: 06/16/09; 04/06/2010

Resolution No.: 404/2009; 208/2010

Lead Role: Chief Commissioner

Replaces: n/a

Last Review Date: April 6, 2010

Next Review Date: 04/2013

Administrative Responsibility: Heartland Servicing Project Team

Policy Statement

To establish a funding formula as well as a funding mechanism to pay for the design, construction, and installation of Road Improvements within the Heartland Industrial area.

The Municipal Government Act, RSA 2000, c.M-26, as amended or replaced from time to time, establishes a development cost structure that places responsibility for constructing new or improved infrastructure upon developers.

Definitions

“Contributing Developers” mean the registered owners, from time to time, of the Contributing Lands.

“Contributing Lands” means all those lands located adjacent and or contiguous to a portion of County Roads, directly or indirectly benefited by a Project comprising of the Road.

“Contribution in Aid of Construction (CIAC)” means a financial contribution payable to the County to be applied towards the capital cost of the roads, identified in the Strathcona Area Industrial Heartland Transportation Study, pursuant to the respective Cost Contribution Agreement.

“Cost Contribution Agreement” means all cost contribution agreements required from each Contributing Developer.

“Development” means any development, as that term is defined within the County’s Land Use Bylaw, upon the Lands in accordance with and as contemplated within any permit of subdivision approval now or hereafter issued in respect of the Lands.

“Heartland Area” means all that portion of the County identified and contained within the Heartland Transportation Study and as shown on Schedule “A”;

“Project” means portion of the Road Improvements as defined and designated by the County into distinct projects to be designed, constructed and installed by the County as contemplated within a Cost Contribution Agreement and “Projects” means more than one of such defined or designated portions of the Road Improvements as shown on Schedule “A”;

“Road Improvements” means those certain improvements, extension, enhancements, and upgrades to County Roads as the County, acting reasonably, deems necessary in order to provide proper access to the Lands including, without restriction, as set forth, described (including design, location and specifications), or otherwise recommended within the Transportation Study;

“Transportation Study” means Strathcona Area Industrial Heartland Transportation Study dated November 2007, prepared by Stantec for the County respecting the County Roads within the Heartland Area, and shall include additions and annexations thereto as are approved and adopted by Council from time to time;

Guidelines

1.0 Principles

- 1.1 The intent of the Heartland Road Improvement Program is to deal with access to Developments within the Heartland Area and the construction of Road Improvements associated with that need. This program provides a funding mechanism that initially uses estimated project costs for purposes of establishing a reasonable contribution by contributing developers upon subdivision or development events.
- 1.2 Due to the broad and open use of roads and the significant costs required to satisfy all needs, the Cost Contribution Agreement must facilitate the need to tie road construction and the funding of the Road Improvements with Development upon those adjacent Contributing Lands. Such funding is to be provided just in time for commencing construction, payment of the costs, and the use and enjoyment of the benefiting lands.
- 1.3 As just in time funding is intended as the goal, there are limited opportunities for the County to require contributions in lieu of imposing construction obligation upon the developers. Accordingly, execution of a Cost Contribution Agreement upon typical subdivision and development milestones will be necessary together with payment of an initial contribution.
- 1.4 From time to time, subdivision or development may take place in advance of road upgrade requirements or in advance of sufficient funds being collected to upgrade the road. In such circumstances, the CIAC must be made at the time of subdivision or development and the County will hold the funds in an account designated for this purpose.
- 1.5 The County shall maintain control over, and discretion in respect of the timing and sequencing of all aspects of the construction and installation of all associated road infrastructure. Furthermore, the County shall remain in control of the calculation of estimated costs, tendering of the required road improvements on a project by project basis, the calculation of the proportionate contributions required and funding of the projects through the contributions received.
- 1.6 The nature, extent, and specifications of the Road Improvements to be constructed shall be in accordance with the Industrial Heartland Transportation Study (the “Transportation Study”), and subject to adjustments by the County from time to time prior to actual construction.
- 1.7 Construction costs are estimated based upon anticipated Road Improvements which estimates are utilized to determine initial contributions required from the developer under Cost Contribution Agreements. Prior to commencement of any given Project, the actual costs of construction are determined through typical County tendering practices on a project by project basis. Final costs for each road project are determined after completion of the individual projects and final receipt of invoices.

- 1.8 The contribution in aid of construction is based on a per acre rate calculated as follows and are:

$$\frac{\text{*Estimate Road Project Costs}}{\text{**Contributing Zone Area}} = \text{Per Acre Rate}$$

The per acre rate within each contributing zone will be amended from time to time based on inflation/deflation of project costs.

* Estimated Road project costs include costs associated with planning, design, construction and land for all internal roads within the boundary area, including minor intersection improvements on provincial highways. Not included in the project costs are major provincial highway improvements including, but not limited to, highway twinning and interchanges.

** Contributing Zone Area means titled area less 10% undevelopable lands such as ER.

- 1.9 The County may contribute some portion of the costs of the Road Improvements. This share will be determined by Council on a year to year basis, or on a project by project basis.
- 1.10 The County will use its best efforts in order to apply for and obtain any and all grants that may be available from time to time These grants are to be specific to each project, and shall not include general transportation grants. Grants shall be applied to Project Costs after the application of the County's contribution as contemplated above. As a result, grants specific to the limits of a defined project directly benefit the Developer. Notwithstanding any of the foregoing, application of grants shall at all time be subject to the terms and conditions of the particular grant, and as such grant monies shall be applied if received and only in strict conformance to such terms and conditions of the grant.

2.0 Timing of Payments

- 2.1 In order to manage risk to the County, contributions from the Developer shall occur in five (5) phases:
- (a) Initial Contribution - payable upon execution of a Cost Contribution Agreement, based upon the estimated cost and proportionate benefit of projects;
 - (b) Supplemental Contribution - payable prior to commencement of construction and upon receipt of tendered costs for construction.
 - (c) Oversized Contributions - when and if applicable, payable prior to commencement of construction and upon receipt from the County that the tendered costs for construction is under-funded due to incomplete participation by all adjacent benefiting parcels;
 - (d) Supplemental/Oversized Contribution - payable during construction in the event that the County experiences cost overruns in respect of any individual project. The County may require a further supplemental contribution from contributing developers before continuing with the project and/or incurring the additional costs in the completion of the project; and
 - (e) Final Contribution/Refund - payable or refundable upon final accounting of all project costs, cost escalations and overruns, grants and cost savings.

3.0 Exemptions

- 3.1 The requirement for contribution upon issuance of a Development Permit or Subdivision Approval shall exclude such permits or approvals issued for the purposes of an on-going agricultural zoning use. In this manner, the requirements for a Cost Contribution Agreement will only be invoked by the County where the Development Permit or Subdivision Approval is part of a development of the subject lands for a use contemplated within the Area Structure Plan and the associated Heavy Industrial land use zone. Agricultural uses will not trigger the requirement for a Cost Contribution Agreement and all are subject to the discretion of the County and its assessment for the proposed development.

- 3.2 For smaller non-intensive industrial developments, and at the sole discretion of the County, a one time initial payment without the requirement for supplemental and/or final contribution may be considered when a subdivision or a development permit application is being considered for lands within a contributing zone basin for which the road upgrades are not contemplated within the County's budget.
- 3.3 If the County agrees to the one-time payment option noted in clause 6.2 above, this payment shall be considered full and final payment. As such, the Developer will not receive any reimbursement for any future grant funding and/or County contributions which may be applied to the respective road project costs. In turn, the County will not charge the Developer for any project shortfalls in the future, as the one-time initial payment by the Developer is considered full and final payment.