

Report to Council

Report Title:	East Ridge Business Park - Update		
Prepared By:	Sonya Watson, Chief Administrative Officer		
Department:	Administration		
Date:	March 9, 2021		
Report Number:	CAO2021-04	File Number:	C11AD, D02EA
Attachments:	Phasing Plan, Probable Cost Summary		

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number CAO2021-04 - East Ridge Business Park – Update, prepared by Sonya Watson, Chief Administrative Officer, for approval of the updated Phasing Plan to issue a tender for construction of “Road D” and the “Stormwater Management Pond” and approved staff seeking funding through a Floating Rate Capital Loan through Infrastructure Ontario.

Report:

Background:

On July 9, 2019, Report Number CAO2019-18: Master Servicing Plan for East Ridge Business Park was presented to Council. Within this presentation was a high-level overview of the various aspects that would need to be considered when moving into the expansion of the business park. The Master Plan documents and the processes followed were required to complete Phases 1 and 2 of the Municipal Class EA process. A Notice of Completion followed approval by Council in the fall of 2019.

Meetings with BM Ross continued throughout the fall of 2019 and in the spring of 2020 to advance the project. The COVID pandemic has resulted in delays of retrieval of information in a timely manner for the many aspects to this development but we are now on track to move forward.

As Council is aware all of the Phase 1 lots have been sold or are pending a sale. Staff continue to receive inquiries requesting information on available industrial lands. Our Community Development Coordinator will be working on updated sales tools and website information following approval of the Phasing.

Analysis:

The master servicing plan that was presented to Council in 2019, was a high-level overview of the various aspects within the expansion. Since that time staff have been working with BM Ross & Associates and have

now entered into the design phase of the Phase 2 expansion, additional details and variations have to be considered. There are also various external factors and unknowns that make the servicing and plans related to this expansion somewhat challenging such as Barry's Subdivision, the reserved lands for the hospice, the future plans for the soccer fields and reserved lands for the Municipal Complex, the lands rented and the potential uses for the 9.8-acre parcel. All of these future "potentials" are under consideration as we plan appropriate servicing.

Through a review of the available lands for sale in the Phase 2 expansion staff are proposing a change to the construction phasing of Phase 2. Staff propose that constructing the north south "Road D" first, followed by the east west "Road A" in one -three phases, then the East Ridge Road extension. By constructing "Road D" first, staff are able to open 14 acres of land (2 acres pending sale). Then following "Road D", "Road A" construction will open portions of the northern 42 acres, then the East Ridge Road extension will complete the project. The East Ridge Road extension can be considered pending the need for lands in this area.

The Storm Water Management Pond (SWMP) is required as part of the first phase of construction and is required for further lots sales. The SWMP will service the entire park with limited exceptions. Due to the size of the SWMP required and the intent to create a usable recreation space using natural barriers to benefit the Hospice, residential homes and future reserved municipal lands the original acreage set aside for the pond will need to be extended into the proposed Hospice lot and to a limited portion of the reserved municipal lot. Adequate space remains on both lots to support future development.

Staff are working with BM Ross to release the tender for the first construction phase "Road D" of the Phase 2 expansion in late April/May, provided Council approval is received today. The construction of "Road D" and the SWMP to occur in 2021 is estimated at \$1,929,200.

The master servicing plan provided the probable costs, however the costs provided at the design stage are higher than the predicted costs. As per the cost breakdown attached, the current total cost for this project is estimated to be \$6,376,300. Staff were unsuccessful with the FedDev grant that was applied for to cover half of the project costs. However, we are actively seeking other grant opportunities including the Southwestern Ontario Development Fund grant to assist with covering a portion of the costs associated with this project.

Staff have been consulting with Infrastructure Ontario in relation to financing. They offer a Floating Rate Capital Loan. Currently the loan has a floating interest rate of 0.61% on the accumulating advance balance each month until the project is complete, up to a five (5) year period. We would be able to make interest only payments for the five (5) year period (or until the project is completed) from the date of the first advancement. Once the project is completed the loan is converted to a long-term fixed rate debenture within 120 days of the project completion. This is most suited for borrowers that would anticipate receiving incoming cash flows to pay for the capital expenditures. The revenues from lots sold would be applied to the outstanding balances of the capital works.

Frank Vanderloo from BM Ross & Associates will be attending the Council meeting to bring Council up to date on the proposed strategy to the East Ridge Business Park Phase 2 Expansion prior to release of tender.

Sustainability Checklist:

What aspect of the Brockton Sustainable Strategic Plan does the content/recommendations in this report help advance?

- Do the recommendations help move the Municipality closer to its Vision? Yes
- Do the recommendations contribute to achieving Cultural Vibrancy? Yes
- Do the recommendations contribute to achieving Economic Prosperity? Yes
- Do the recommendations contribute to Environmental Integrity? Yes
- Do the recommendations contribute to the Social Equity? N/A

Financial Impacts/Source of Funding:

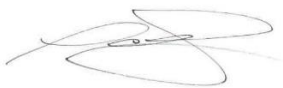
- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes

Based on the Floating Rate Capital Loan with Phase 1 being completed in 2021 at an estimated cost of \$1,929,200 the estimated annual interest costs would be approximately \$11,768.12 which will be included in the upcoming budgets and incorporated within the 2021 ERBP Budget for any interest payments required on the 2021 advancement.

If the entire capital works (\$6,376,300) was to be converted to a loan through Infrastructure Ontario the yearly re-payment fee would be \$317,621.06 based on today’s rates and amortized over 30 years. This would be the worst case scenario based on not having a successful grant application and no sale of land to off-set the capital costs of the project. However, there is approximately \$435,000 of this total project costs that will be funded from the Utilities Reserve Fund and based on interest we expect the sale of lands to be successful and can determine advancing to next Phases based on the interest in lands we receive.

Monies to cover the construction of “Road D” and the Stormwater Management Pond have been approved in the 2021 budget.

Reviewed By:



Trish Serratore, Chief Financial Officer

Respectfully Submitted by:



Sonya Watson, Chief Administrative Officer