

Annex 12: Principles for the Tewin Financial Memorandum of Understanding

Preamble: Commitments from Tewin

The below provides insight into the understanding from Tewin landowners for their financial commitments:

WHEREAS Council has directed staff to add the Tewin area into the urban boundary to create a new 21st century suburban community that reflects Algonquin design and placekeeping principles; and

WHEREAS the Annex 10: Tewin Community Design Planning Process and Studies lists the preliminary list of studies and plans that provide the basis for developing the Tewin area; and

WHEREAS Tewin will fund the above studies in Annex 10 except for the Infrastructure Master Plan; and

WHEREAS Tewin will complete and fund the applicable required studies including a Community Design Plan, a Master Servicing Plan, Environmental Management Plan, required transportation studies as part of the approval of the secondary plan; and

WHEREAS these studies will identify the required transportation and infrastructure services to support the development of the Tewin community, including a Financial Plan; and

WHEREAS Tewin has committed to fully pay for the services benefitting this new community, ensuring no financial burden or risk to the City;

THEREFORE BE IT RESOLVED THAT Tewin and the City will enter into a Memorandum of Understanding identifying the funding mechanisms that will be utilized by the benefitting landowners who will pay for those services with no financial burden to the City or the City taxpayers, consistent with the City's gating policies.

A. Intent

The Principles for the Tewin Financial Memorandum of Understanding (MOU) document states



the principles by which both parties, the Tewin landowners and the City of Ottawa, agree to inform the development and execution of an Tewin Financial MOU for future agreements in relation to the development of Tewin lands.

The intent of this document is to outline the Tewin Financial MOU principles for financial commitments and financial mechanism in which the Tewin landowners will fund capital projects required to support this urban growth area.

Tewin landowners will pay for the Tewin development through a suite of funding mechanisms identified in Section B.

A separate Memorandum of Understanding will also be prepared with the intent of outlining the City staff positions or consultant assignments required to manage the Tewin development, the cost for which will be covered by the Tewin landowners.

1. Transit Infrastructure

Tewin will fully cover the City portion of any new rapid transit infrastructure and phased-in operating cost for a future O-Train or Transitway facility, or other form of rapid transit. The City share of the capital infrastructure would be funded from the Area-Specific Development Charge (ASDC). The operating phase-in costs would be paid as set out in the Transit Service Agreement.

2. Transit Service

The proponent agrees to enter into a Transit Service Agreement with the City of Ottawa that is satisfactory to the GM, PIED, the GM, Transit Services, and the City Treasurer.

The agreement will include, at a minimum:

- That the City undertakes to operate the transit service for the Tewin area as part of the regular OC Transpo system, with regular OC Transpo fares applying
- A definition of the service level to be provided at “Day One” of the development
- A definition of the triggers for service level increases as development continues
- An undertaking by the proponent to fund at “Day One” 100 percent of operating and capital costs of the agreed service, less the share of operating costs covered by customers’ fares and the share of capital costs covered from other sources

- (For greater certainty, the operating costs will include staffing, maintenance, fuel, customer service costs, and other routine costs, and the capital costs will include the purchase of new and replacement buses, the construction of maintenance facility space, the installation of charging stations (for zero-emission buses), supporting infrastructure, and other routine costs.)
- A threshold and mechanism to progressively reduce over time the initial 100 percent funding by the proponent to a long-term future stable-state where the operating and capital costs of the service from the Tegin area will be covered by customers' fares, property taxes, and contributions from senior levels of government (e.g., gas taxes) in the same way as all other transit services in the City
 - (The mechanism will ideally be based on time, the rate of development and occupancy of the area, population and employment in the area, transit ridership to and from the area, and other similar inputs)
- Provision for the agreement and the mechanism to be updated when major influences occur, such as a decision to build a rapid transit facility or to permit additional urban development nearby
- Commitment by the proponent to construct all streets on which buses are planned to run to City standards, including bus stops and shelters, and avoiding temporary arrangements that would discourage people from choosing transit
- Payment mechanisms

The agreement will be consistent with the principles of this document and will ensure appropriate cost-sharing between the proponents and the City, recognising the principles that Council has adopted.

B. Funding Mechanisms

The City will be charging applicable collection mechanisms to the Tegin area, including an Area Specific Development Charge, City-wide Development Charge, Front-ending Agreements, and applicable Community Benefit Charge when it comes into force.

1. Area-Specific Development Charge (“ASDC”)

An ASDC will be used to fund the cost of infrastructure that benefit the Tegin study area. There may be more than one ASDC to fund specific projects within the broader Tegin project. The projects funded by the ASDC will include roads, transit, water, stormwater, and wastewater infrastructure that are identified to service the Tegin study area (Schedule C17 in the New OP). The benefitting Tegin landowners will be directly responsible for the costs of the identified



services and to front-fund infrastructure implementation in accordance with gating requirements that will be established as part of the new Official Plan.

Once in place, the ASDC will ensure that area landowners within Tewin (Tewin landowners) will be directly responsible for the costs of the new services. The ASDC By-law will need to be advanced in concert with an update of the City-wide Development Charge By-Law.

The City will identify any infrastructure, transportation and transit upgrades beyond the immediate growth area, and engage in discussions regarding the recovery of portions of these infrastructure costs from the Tewin ASDC. This is to capture the projects that would not otherwise have been funded by the City should Tewin not have been approved, or captured as a viable project at the time Tewin was approved.

For example, while transit infrastructure provides a City-wide benefit and is largely funded from a City-wide charge, the transit improvements located within the Tewin Area would be covered by the ASDC. Network improvements outside the Tewin area, but that benefit the Tewin area, could be cost-shared between ASDC and City-wide DCs. The City would make this determination on a case-by-case basis.

Infrastructure projects associated with the Tewin development will be covered by the Tewin ASDC, rather than the “Outside Greenbelt Development Charge”. In instances where there is a project with Tewin and City-wide benefit, both funding sources could be used together to fund that specific project. Calculations will be determined by the City based on level of benefit.

2. Developer Cost Sharing Agreement and Front-Ending Agreement

Concurrent to the advancement of an ASDC, Tewin Landowners will establish and execute a Cost Sharing Agreement that will bind the owners to front-end funding of Tewin infrastructure projects. Subject to further negotiations and consideration in the IMP section of the document in Section C, the proponent front-ending of infrastructure will ensure the timely delivery of infrastructure within the Tewin Area, consistent and in accordance with the Tewin-specific gating policies that will be adopted by Council through the Tewin Secondary Plan. This will reduce financial risk to the City in the case of a potential appeal of the ASDC By-law.

As part of the broader Tewin project, there may be multiple front-ending agreements for different works.

In any front-ending agreement for infrastructure, the City does not commit to a future lump sum

repayment, advance payments or interest pay out. The City would adopt a front-end funding policy similar to what is in place for area-specific stormwater facilities where the cost of works is refunded to the developer as revenues are collected from the designated benefitting area. In the instance where not enough revenues are collected for payment, a Development Charge Credit of the equivalent amount would be offered by the City in lieu of payment.

3. City-wide Development Charges

Tewin landowners will remain obligated to pay the City-wide Development Charge, which will be updated to include any City-wide growth requirements (ROPEC upgrades, water purification plans, soft services, etc.). The City-wide DC will be utilized as a basis to recover the cost of arterial road projects and transit works surrounding the Tewin Area, with both City-wide and Tewin specific benefits.

The City-wide DC and the Area-Specific DC will work in tandem to ensure that all infrastructure costs – including those which benefit the City as a whole as well as Tewin specifically – will be fully funded and implemented.

4. Community Benefits Charge

The Community Benefits Charge (CBC) By-law is not yet in effect in the City of Ottawa and is currently being developed by staff as per the Council approved Framework detailed in report [ACS2021-PIE-GEN-0001](#). Upon the enactment of the CBC By-law, the charge will apply to applicable development projects in the Tewin area.

C. Process and Council Decision-Making

Key to the Tewin development are the studies and plans listed in Annex 10 of the New Official Plan, including the Infrastructure Master Plan (IMP) and the transportation studies for Tewin.

1. Infrastructure Master Plan (IMP)

The Infrastructure Master Plan is one of the pre-requisite City plans that will be undertaken concurrently with the Tewin studies, and input can be provided by Tewin landowners as part of the stakeholder engagement process. Recognizing potential major impacts of Tewin on the City's Central water and sewer systems, the City will consult and seek input with Tewin landowners to identify the off-site water and sewer infrastructure, and potentially some on-site infrastructure (i.e., water storage facility connected to the central system) once we have

consolidated draft component plans.

The City will determine appropriate sizing of off-site infrastructure in consideration of a potential build-out condition and Tewin landowners will front-end the full costs.

Initial cost estimates for off-site (and some of the on-site) infrastructure will be determined outside of a Tewin-specific master planning process. In particular, initial Class D estimates for off-site water and sewer will be determined through the IMP. Class C estimates will follow through a Class EA and functional design process. More refined estimates will be established through the City's design and construction process.

Council ultimately approves the IMP as well as City-led Class EA studies of major off-site (and potentially some on-site) water and sewer infrastructure.

2. Transportation Studies

The relevant transportation studies for Tewin include the "South-East Ottawa Transportation Network Study" and "Tewin Community Transportation Plan", both of which will be undertaken by the Tewin team. These studies will provide input to the City's Transportation Master Plan. Since the network study will inform the transportation plan (and vice versa), they would both occur as part of the development of the Community Design Plan for Tewin.

3. Annex 10 of the New Official Plan

The Annex 10 of the New Official Plan illustrates how infrastructure projects will be identified through the Tewin Secondary Planning process. These will be funded through the Tewin Area-Specific Development Charge and the Landowner Cost Sharing Agreement.

As illustrated in Annex 10 of the New Official Plan, planning for Tewin is proposed to be advanced through an integrated Planning Act application and Municipal Class Environment Assessment (EA) process. This study process will identify all the transportation and infrastructure projects that will be required to support the development of the Tewin community. A Financial Plan will also be prepared as part of the Tewin master planning process to identify the costs and facilitate the commencement of the ASDC background study. All of the studies, including the Financial Plan, will be subject to Council approval at the time of adoption of the Community Design Plan.

A detailed ASDC background study will be undertaken to establish the ASDC funding structure



and rates for new residential and commercial development. The ASDC study would be completed in conjunction with Council approval of the Tewin Secondary Plan, so that the Secondary Plan is supported by a clear and effective funding strategy that ensures Tewin pays for Tewin.

An ASDC By-law would be established based on the ASDC background study. The By-law would require all Tewin benefiting landowners to provide front-end funding for the costs to service and deliver infrastructure to their lands. The executed landowner Cost Sharing Agreement will be in place to mitigate any risk to the City concurrent with approval of the Tewin Secondary Plan. In tandem with the preparation of the ASDC By-law, the City's base DC By-law will be updated to identify the projects with City-wide benefits that would be applicable to Tewin.

The City and the benefitting landowners would enter into a Front Ending Agreement whereby the upfront costs of the infrastructure would be borne by the developers and will not require borrowing/financing costs on the part of the City.

The funding strategy outlined above necessitates several stages of Council approval, including approval of the Community Design Plan, associated servicing projects, the Tewin Secondary Plan, the ASDC Bylaw and the Financial Implementation Plan as per Annex 10. In addition, Tewin's implementing zoning by-laws would be expected to contain Holding provisions that Council would be required to remove once all necessary requirements have been satisfied in order to facilitate development.

The general process outlined in Annex 10 of the New Official Plan would ensure that infrastructure for Tewin would be funded by the development and implemented according to the principles outlined above.