

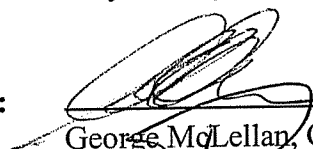


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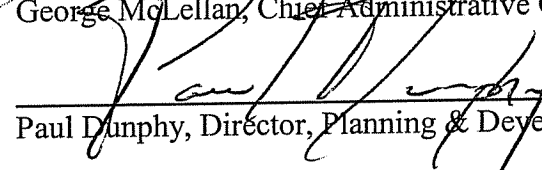
Halifax Regional Council
August 2, 2005
(Committee of the Whole)

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



 George McLellan, Chief Administrative Officer



 Paul Dunphy, Director, Planning & Development Services

DATE: July 28, 2005

SUBJECT: Project 00818 - Capital Cost Contribution - Russell Lake West

ORIGIN

- On October 4, 2004, staff presented the results of the Greenfield Study and Regional Council confirmed Morris-Russell Lake as a future area for development.
- On March 22, 2005, Regional Council approved MPS amendments for the Morris-Russell Lake Secondary Plan Area which include policies to establish this as a Capital Cost Contribution area.
- On May 25, 2005, Harbour East Community Council approved a development agreement with Clayton Developments Limited for the first phase of development within this secondary plan area.

RECOMMENDATION

It is recommended that Regional Council:

1. Give First Reading to the proposed Subdivision By-Law amendments to the Subdivision By-Law, as presented in Attachment 1, and schedule a Public Hearing date.
2. Upon adoption of the proposed Subdivision By-Law amendments, adopt the proposed infrastructure agreement, as presented in Attachment II, as fulfillment of the Capital Cost Contribution from Clayton Developments Limited.

EXECUTIVE SUMMARY

The CCC Legislation and Policy requires site specific amendments to the subdivision by-law in order to implement a Capital Cost Contribution. Regional Council is being asked to move first reading of these by-law amendments and schedule the public hearing. This report addresses the implementation of an infrastructure agreement with Clayton Development to allow for the first phase of development in the Morris-Russell Lake Secondary Plan Area. The infrastructure agreement is required before development can proceed.

This report refers to three distinct areas of development:

- Area being developed now (Russell Lake West)
- Areas to be developed in the future;
- Existing areas which will benefit and use the infrastructure being constructed in the new development areas referenced above.

- Charges being established in this motion are for the first phase of development which will be built now. Some of this infrastructure requires a municipal contribution now because existing residents and future developers will benefit.
- It is premature to establish a charge on the remaining lands which will be developed at a later date. Once more detailed planning and design has occurred, staff will propose infrastructure charges for the later phases. In the mean time, the Municipality's financial interests in the later phases are protected because these areas are not allowed to develop before the infrastructure charge is established.

- The overall infrastructure costs associated with this phase and future phases of development exceeds \$100 million, with costs for oversized infrastructure accounting for approximately \$25 million of this amount.
- Clayton Developments will be responsible for over \$24 million in total infrastructure costs.
- Future developers will be responsible for \$12 million of the currently known oversized infrastructure costs.
- In the long term, HRM's share of the total infrastructure build out in the Morris-Russell Lake area will be approximately \$9 million of the \$100 million total cost.
- The capital cost charge per acre is \$15,733 for the land associated with this infrastructure agreement.
- The cost for a single family home will be approximately \$2020 and for each apartment unit will be approximately \$1356 in the Russell Lake West development.

- **The Highway 111 interchange tender award report and this report are linked. Construction of the Highway 111 interchange is the critical piece of infrastructure which provides access to the Morris-Russell Lake area and without which development cannot commence.**

- Under the infrastructure agreement, Clayton Developments will be undertaking work which exceeds the equivalent value of their CCC contribution. Therefore, Clayton Developments will be reimbursed a credit of \$399,844 for the work which exceeds their required contribution.

BACKGROUND

The Greenfield study anticipated development of an approximately 1100 acre site. Regional Council approved a comprehensive policy set for development in the Morris-Russell Lake area. These policies identify key infrastructure components which are required to meet servicing needs for the entire secondary plan area while minimizing negative impacts upon existing communities. **In fact, many of these infrastructure elements will also benefit citizens in nearby existing communities because they resolve existing infrastructure deficiencies. For this reason, a significant share of the oversized infrastructure costs are assigned to HRM.** The infrastructure charge agreement attached to this report is for the first phases of development in the Morris-Russell Lake area.

Costs are also being assigned to other undeveloped lands in the area. Once more detailed planning has been completed on these properties, Regional Council will be asked to establish an infrastructure charge on these properties. In the mean time, they cannot develop until a charge is approved.

The Harbour East Community Council approved a development agreement for the first development phase within the secondary plan area. The agreement provided for a comprehensively planned community with a mixture of approximately 1100 housing units over 165 acres and a mixed commercial-residential district of over 100 acres. In accordance with the secondary planning strategy, the development agreement stipulated that no subdivision or permit approvals would be granted until infrastructure charges have been approved by Council and adopted under the Dartmouth Subdivision By-Law. This requires amendments to the Dartmouth Subdivision By-Law (Attachment 1). This infrastructure agreement focusses on these lands.

At this time, plans for proposed development in the full Morris-Russell Lake Secondary Plan Area are largely unknown. Staff have met with adjacent land owners and have determined that, at this time, there are no defined plans for development of these sites. Decisions regarding any surplus lands on the Shearwater Property were anticipated by this time but have been delayed. For these reasons, staff recommend entering into an infrastructure agreement with Clayton Development for the first phase of development in the Morris-Russell Lake area which is known as Russell Lake West. Once development plans for the other sites are known, staff will undertake a further analysis of infrastructure needs and assign a capital cost charge area.

DISCUSSION

The Capital Cost Charge is used to fund oversized infrastructure such as collector roads, interchanges, and trunk sewers which are needed in the master plan area. All costs for local infrastructure are borne by the developers. Key objectives of the CCC Program are to:

- Provide adequate infrastructure, when it is needed by requiring the payment of the CCC prior to subdivision approval; and

- Ensure that the cost of infrastructure is borne by those who benefit from the infrastructure.

The total cost of both local and regional infrastructure which is required in the Morris Russell Lake area is expected to exceed \$100 million dollars. Over \$25 million of this amount is for oversized infrastructure.

- Of this amount, Clayton Developments will pay in excess of \$24 million (\$20 million for local roads and services and \$4.5 million for oversized infrastructure). These costs include engineering, contingencies, and escalation factors which consider the year in which the infrastructure will be built.
- Approximately \$12 million in oversized infrastructure costs is assigned to future developers within the Morris-Russell Lake Secondary Plan Area
- HRM's non-recoverable costs will be approximately \$9 million dollars for oversized regional infrastructure. **This amount is not subsidization of the development. It is for the portion of the infrastructure that will be used by existing residents out side of the boundaries of Morris-Russell Lake (e.g. use of the interchange and arterial road by residents of Portland Estates, Colby Village, Caldwell Road area, etc.)**
- **This amount may be further reduced depending on the assignment of additional charge areas. Preliminary analysis indicates that future capital cost charge areas may reimburse up to 65% of the total interchange and arterial costs. Contributions towards other infrastructure costs would be determined with further CCC analysis once proposed development plans are known.**
- The average Capital Cost Contribution for this infrastructure agreement area required from developers, including interest costs, was calculated to be \$15,733 per acre.
- The CCC contribution from Clayton Developments will be provided through services in kind via an infrastructure agreement, rather than cash. This agreement is beneficial to HRM as the oversized infrastructure is constructed simultaneously with Clayton's local infrastructure. This is more expedient and efficient than if HRM received the cash contributions and the projects were done in a piecemeal manner. As the work involves discreet pieces of infrastructure, it is not possible to have an exact match to the value of the capital cost contribution. Therefore, Clayton Developments will receive a credit from HRM for work which exceeds their CCC contribution. This credit amounts to \$399,844. This amount is expected to be recovered from future charge areas. The value which Clayton is contributing to oversized infrastructure is \$4.5 million.

Infrastructure Components and Apportioned Costs

The following table outlines the infrastructure and the sharing of the costs between HRM and the developers.

Infrastructure	Oversized Costs	Clayton's Share	Future Development Share	HRM's Share
New or expanded wastewater facilities	\$2,565,000	\$410,100	\$905,400	\$1,249,500
New or expanded stormwater systems	None for this charge area	N/A	N/A	N/A
New or expanded streets	\$10,622,945	\$1,359,108	\$5,014,659	\$4,249,178
Upgrading intersections/ interchange	\$12,215,000	\$2,109,644	\$6,026,017	\$4,079,339
New traffic signs and signals	\$200,000	\$66,000	\$80,000	\$54,000
New transit bus bays	None for this charge area	N/A	N/A	N/A
Total*	\$25,602,945*	\$3,944,852*	\$12,026,076*	\$9,632,017*

*Note: These costs exclude interest, study costs and escalator costs which will be charged to the developer.

- Halifax Regional Water Commission has an existing capital cost contribution policy for the Morris Russell Lake area which has been approved by the Nova Scotia Utility and Review Board. This amount of \$1,300/acre is for master water systems and is in addition to the costs noted in this report.
- HRM contributes 37% of costs for new oversized water service extensions under the Halifax Regional Water Commission's Capital Cost Contribution Policy as approved by the NS Utility and Review Board. This contribution is for oversizing of water pipes to meet fire protection requirements and is funded through the Fire Protection Rate.

As mentioned earlier Clayton Developments are also investing an additional \$20 million for local roads, sidewalks, storm and sanitary sewer, etc. Approximately \$12 million of HRM's share will be recoverable from future developers outside of the Clayton lands who use some of the oversized infrastructure in this development when their development occurs. The most significant elements which will likely be used by future developers are the new interchange and new arterial road.

Infrastructure Charge Calculation

The Capital Cost Charge for this area has been calculated to be \$15,733 per acre (See Attachment III). The calculation of this charge incorporates the cost of the required oversized infrastructure, financial risks to the Municipality, timing of contributions, phasing of development, costs of financing the cash flows and any other considerations having a financial impact on the project. The cost includes \$113,864 financing costs at 4.5% interest for cash flow funding provided by HRM over the life of the project.

The charge for each single family home and each unit in a semi detached home or townhouse will therefore be approximately \$2020. For each apartment building unit it will be approximately \$1356.

Assessment of Risks

The Capital Cost Charge is the basis for recovery of costs as the project progresses. While the positive impacts of this have been noted, there are certain risks. The Primary Risk factors which were evaluated for this area and are managed within the CCC policy are described below.

- Cost Overruns

A standard engineering contingency of 15% and a 3.1% inflation factor has been applied to each sub-project in the charge area. These two measures create conservative cost estimates which will mitigate the risk of cost overruns. Nevertheless, the **party responsible for constructing an infrastructure element is also responsible for managing cost overruns. The interchange and arterial road are the only infrastructure components which will be constructed by HRM.** Of these two items, the arterial road represents the larger risk because the timing of construction and exact location have not been finalized. More accurate cost estimates for the arterial road would be determined once preliminary design is completed. There is lesser risk associated with the interchange since the detail design has been completed and the project has been tendered. **If actual costs exceed cost estimates on all other infrastructure elements these cost overruns will be borne by the developer.**

- Construction Timing

The capital cost financial analysis assumes full development for the remaining lands and a requirement to build the bulk of the additional required oversized infrastructure (ie the arterial

road will occur in 2012). Since this assumption is very much an unknown, the calculation could be different under different scenarios. If further development did not occur in 2012, HRM could choose to not invest in any additional road infrastructure. The current calculation shows, however, that HRM is still anticipating additional CCC charges to cover its net cash flow investment in 2011 which at that point is \$529,658. If further development did not proceed, HRM would have to absorb this additional cost over and above its investment in its share of the oversized infrastructure already built.

- Commercial Development

Phase 1 development for which we are establishing this agreement includes 100 acres of commercial development. HRM recognizes that the analysis undertaken contemplates Clayton Development attracting “big-box” commercial tenants for this site. If Clayton Development is not successful in all of the proposed commercial development, the development would change to a mixture of high density residential and commercial uses. HRM acknowledges that the traffic generation rate for the interchange would be reduced and the CCC analysis and resulting infrastructure agreement may need to be reviewed and renegotiated since the property owner cannot be charged for more traffic than they generate.

Funding HRM’s Share of Oversized Infrastructure

Further development requires approval of development agreements and assignment of a charge area and associated capital cost contributions. HRM’s commitment is expected to be significantly reduced as there are an additional 800 acres of land over which a Capital Cost Charge Area would be set. The appropriate share of the interchange, arterial and other necessary infrastructure costs would be assigned to the charge area based on traffic generation and population density.

A significant portion of HRM’s share of the interchange and arterial costs can be recovered from future developments in the Morris-Russell Lake Secondary Plan Area as required by policy. This amount will be based upon trips generated by new developments which utilize the new interchange and arterial. This amount is currently estimated to be \$12 million. It may be subject to change as future developments become more specific and charge areas and charge rates are established for them.

Provincial Funding

HRM is required to build the Highway 111 interchange and then transfer ownership to the Province of Nova Scotia. A portion of the land currently required for the interchange ramps is under Provincial ownership. Discussions between HRM and provincial staff are occurring regarding the sale of the land for the ramps and the possible transfer of the land as a contribution to HRM for the interchange construction. If discussions with the province are successful, the overall amount of land required to be purchased would be reduced and therefore, the costs to construct the interchange would also be reduced. This cost saving would not only reduce

HRM's share, but also that required to be contributed by current and future land owners under the CCC policy. As some of the land which could be included in future charge areas is Provincially held, this possible agreement is also beneficial to the Province, and subsequently, future residents and taxpayers. The infrastructure agreement as proposed is financially feasible for HRM, however, agreement with the Province would enhance the agreement.

There may also be opportunity to establish additional charge areas for future developments benefitting from this infrastructure. For example, Woodside Industrial Park lands; lands adjacent to the Caldwell Road to the south of Bissett Lake, which are currently outside of a service boundary might be included. Preliminary traffic analysis indicates that traffic generation for these site may result in contributions of up to 65% of the total costs of the interchange.

BUDGET IMPLICATIONS

Current Year

Council has approved funds in the Capital Budget for studies related to capital cost contribution charge areas. These funds are recoverable and are included in the charge. There are funds approved in the Capital Budget for HRM's share of the interchange. The tender award report for the Highway 111 interchange being presented to Council this evening provides specific details about this budget item.

Multi-Year

Amounts paid to support infrastructure for this charge area including amounts paid to Clayton Developments under the infrastructure agreement and amounts paid to build the interchange and other infrastructure (a total of approximately \$10 M at present) that are intended to be collected from future Capital Cost Charge (CCC) contributions have a degree of uncertainty as to their collection. Staff feel that up to 65% of the total interchange costs could be collected from future charge areas. If this does not occur then the funding will have to come from other sources which will effectively reduce amounts available for future capital projects.

No additional commitment is required under the capital budget until such time as a full charge area has been set and costs for all infrastructure assigned. Part of the analysis would involve infrastructure timing and related capital budget approvals. The future required infrastructure for this development, which would be the responsibility of HRM, would be part of future capital budget decisions of Council.

Additionally, expenditure of the funds without a confirmed and received funding source will reduce investment income earned until such time as the CCC's are collected.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation. The Municipality will establish infrastructure charges to be applied to land developers and also the share of expenditures which form a regional benefit and accrue to existing taxpayers. The Municipality will identify infrastructure investment and cost-sharing through its capital budgetary process.

ALTERNATIVES

1. Regional Council could approved the recommendations as stated. This is the approved option.
2. Regional Council could opt to defer a decision until there is greater certainty regarding surplus Shearwater lands. This option is not recommended, as the development agreement requires infrastructure charges to be in place prior to any approvals for subdivision. This development has strong community support.
3. The agreement could be rejected. This option is not recommended, as the development agreement requires infrastructure charges to be in place prior to any approvals for subdivision. This development has strong community support.

ATTACHMENTS

- Attachment I: A By-Law to Amend the City of Dartmouth Subdivision By-Law
Attachment II: Proposed Infrastructure Agreement
Attachment III: Capital Cost Charge Calculation

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Denise Schofield, P.Eng A/Manager, Development Engineering (490-6252)
Report Reviewed by: Catherine Sanderson, Project Manager -Revenue Solutions (490-1562)

Report Approved by: 
Fol Dale MacLellan, Director, Financial Services

**ATTACHMENT I:
A BY-LAW TO AMEND THE DARTMOUTH SUBDIVISION REGULATIONS
THE RUSSELL LAKE WEST INFRASTRUCTURE AREA**

1. The area known as the Russell Lake West Infrastructure Area is designated as an infrastructure agreement area in which an infrastructure charge is to be levied.
2. The Russell Lake West Infrastructure Area includes all undeveloped lands to the east of Highway 111, to the west of Russell Lake, and to the north of the Imperial Oil lands, being the boundaries more particularly illustrated on Map B-1 as the shaded area.
3. The infrastructure charge within the future Morris-Russell Lake Charge Area is levied to recover capital costs associated with new streets and street intersections, traffic signs and signals, and wastewater facilities required to service the Russell lake West lands.
4. (1)The infrastructure charge for the Russell Lake West Infrastructure Area shall be \$15,733 per acre based on an average density of 26.1 persons per acre and is adjusted for the estimated density of land being subdivided in accordance with the following formula:

$$\text{Infrastructure Charge} = \$15,733/\text{per acre} \times \text{Gross Area} \times \frac{\text{Population Density}}{26.1 \text{ persons per acre}}$$

(2)For the purposes of subsection (1):

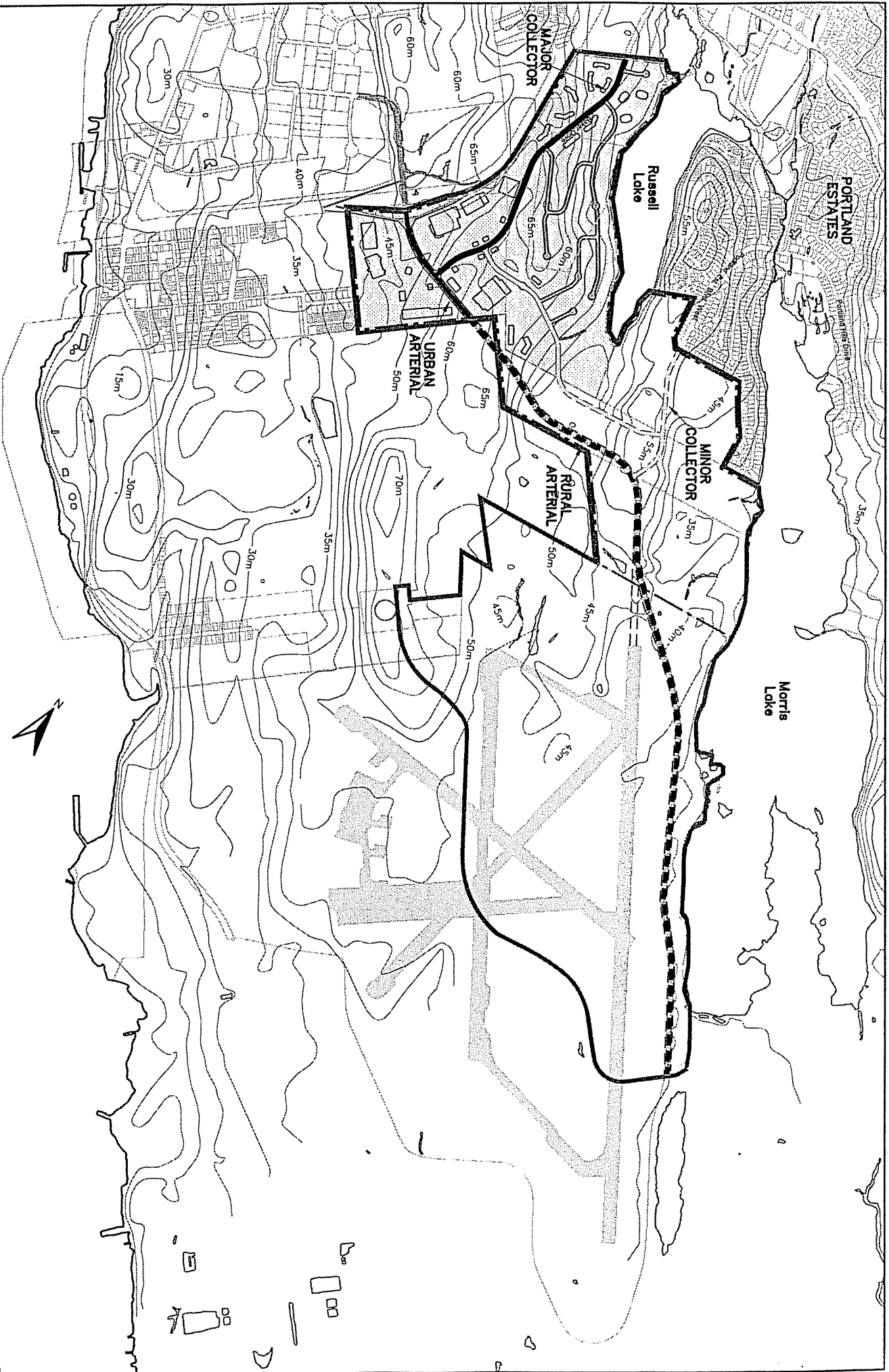
- (a) Gross Area means the area in acres within the external boundaries of the lands (including streets, walkways and park parcels) proposed for each phase of subdivision approval;
- (b) Population Density means the Total Projected Population divided by the Gross Area; and
- (c) the Total Projected Population within the Gross Area shall be calculated based on the following table:

Land Use	Projected Population
Single Unit, Two Unit or Town House Unit	3.35 persons/unit
Multiple Dwelling Unit Building	2.25 persons/unit
General and Local Commercial Building	40 persons per acre, or part thereof, for each lot

THIS IS TO CERTIFY that the by-law of which this is a true copy was duly passed by a majority vote of the whole of Halifax Regional Council at a duly called meeting of the Halifax Regional Municipality held on _____ A.D., 2005.

GIVEN under the hand of the Municipal Clerk under the corporate seal of the said Municipality this ____ day of _____ A.D., 2005.

Jan Gibson
Municipal Clerk



Map B-1 Future Morris - Russell Lake charge area

- Infrastructure Agreement Area
- Future Charge Area

June 27, 2005

HRM does not guarantee the accuracy of any base map information on this map.



Attachment II:
SUBDIVISION INFRASTRUCTURE AGREEMENT

THIS AGREEMENT made this _____ day of _____, 20 ____.

BETWEEN: CLAYTON DEVELOPMENTS LIMITED,
(hereinafter called the "Subdivider")

of the First Part

- and -

HALIFAX REGIONAL MUNICIPALITY,
(hereinafter called the "Municipality")

of the Second Part

WHEREAS the Subdivider is the registered owner of lands located between Russell Lake and Highway 111 in Dartmouth and which lands are shown on Schedule "A" of this Agreement ("the Lands");

AND WHEREAS the Harbour East Community Council of Halifax Regional Municipality (the "Council") granted approval of a development agreement (Case No. 00731) pertaining to the subdivision and development of the Lands which said agreement is recorded at the Registry of Deeds in Book _____ at Pages _____ through _____ (the "Development Agreement");

AND WHEREAS, pursuant to the Morris-Russell Lake Secondary Planning Strategy approved by Regional Council on March 22, 2005, the Subdivider is responsible for the payment of certain Infrastructure Charges associated with new streets and street intersections, traffic signs and signals, stormwater systems and wastewater facilities required to service the Lands;

AND WHEREAS the Subdivider has agreed to enter into this Agreement for the terms and conditions of the Infrastructure Charges which are to be paid to the Municipality pursuant to the provisions of the development agreement and the Subdivision By-law;

IN CONSIDERATION of the sum of One Dollar (\$1.00), the mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties covenant, promise and agree as follows:

1. In this Agreement all words shall carry their customary meaning except those defined in the Subdivision By-law and, unless the context otherwise requires, the following words shall have the following meanings:

- (a) "Applicable Laws" means any law, rule, regulation, by-law, requirement, guideline, judgement or order of any federal, provincial or municipal government, governmental

- body or agency or court having jurisdiction, applicable from time to time to the design, construction, installation or operation of the Primary or Secondary Services.
- (b) "By-law" means the Subdivision By-law for the former City of Dartmouth.
 - (c) "Capital Costs" means the costs of providing new or expanded infrastructure systems needed to service the Lands. Capital Costs may include necessary infrastructure external to the Lands. Cost estimates may be used. Costs may include design, construction, materials and cost escalators, interest during construction, financial costs, legal, surveying and land costs.
 - (d) "Infrastructure Charge" means a charge levied on a subdivider as a condition of subdivision approval within the Lands for the purpose of recovering Capital Costs associated with new or expanded infrastructure related to water distribution, sanitary sewerage and storm drainage systems, streets and intersections, traffic signs, signals and bus bays as well as other related or required infrastructure to service the Charge Area both on and off-site, along with any costs associated with land acquisition, surveying, studies or legal services.
 - (e) "Primary Services" means those services which must be installed and accepted by the authority having jurisdiction prior to listing a Public Street and include sanitary sewer, storm sewer, separated storm and sanitary sewer lateral, storm surface drainage, water system, valves and hydrants, water service laterals up to and including the lateral shut off valve, dry hydrants in areas without a water distribution system, street construction including all gravel layers and base lift of asphaltic concrete or Portland cement concrete pavement including curb and gutter backfilled, permanent stabilization of all exposed areas, driveways, guiderails, electrical and communication distribution system including underground conduit, street name signs and sign base and standards, and street lighting system.
 - (f) "Public Streets" means the complete and properly functioning public streets providing land access to the subdivision and includes the land area as shown on the final plan of subdivision constructed in accordance with the specifications and drawings and the provisions of the subdivision construction agreement.
 - (g) "Secondary Services" means all services other than Primary Services and includes top lift of asphaltic concrete or Portland cement concrete pavement, sidewalks, parkland works, walkways with approved surface, sodding, seeding, walkway lights and street trees.
2. The Subdivider agrees:
- (a) subject to meeting all Applicable Laws, to construct the streets and services, consistent with the subdivision phasing schedule in the Development Agreement, shown on Schedule "B" at no cost to the Municipality;
 - (b) that upon completion of the streets and services and simultaneous with the request to

- the Development Officer for the acceptance of the streets and services, in addition to any requirement contained in the subdivision construction agreement, to provide detailed records of actual construction costs and quantities breakdown for the completed works;
- (c) that, in the alternative to submitting payment of the Infrastructure Charge prior to approval of the final plan of subdivision, the Subdivider may defer payment until the acceptance by the Municipality of the Primary Services, provided the Subdivider deposits with the Municipality performance security in form satisfactory to the Municipality equal to the amount of the Infrastructure Charge pursuant to clause 2(c) of this Agreement; and
 - (d) that payment of the Infrastructure Charge pursuant to clauses 2(c) and (d) of this Agreement is a condition of final approval of the plan of subdivision and the Municipality is under no obligation to the Subdivider or any third party to grant final approval of the plan of subdivision unless and until the Subdivider has paid the Infrastructure Charge to the Municipality.
 - (e) The Subdivider hereby agrees to assume and does hereby assume liability for, and does hereby agree to indemnify, protect and save and keep harmless the Municipality, its agents, servants, employees and officers, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses (including legal expenses) of whatsoever kind and nature imposed or assumed by, incurred by or asserted against the Municipality, or its agents, servants, employees or officers, in any way relating to or arising out of the failure by the Subdivider to observe or perform any condition, obligation, agreement, covenant or provision contained in this Agreement to be observed or performed by the Subdivider or resulting from the breach of any representation or warranty contained herein on the part of the Subdivider.

Rights and Remedies on Default

- 3. (a) If the Subdivider becomes insolvent or makes an assignment for the benefit of creditors, the Development Officer may declare that the Subdivider is in default of this Agreement.
- (b) Seven days after written notice of default signed by the Development Officer and sent to the Subdivider by certified mail, the Municipality may, at its option:
 - i) make any payment which ought to have been made by the Subdivider, and upon demand, collect the amount thereof from the Subdivider, or enforce any security available to the Municipality, including performance security for the Infrastructure Charge pursuant to clauses 2(b) and (c) of this Agreement.
 - ii) exercise an other remedy granted to the Municipality under the terms of this agreement or available to the Municipality in law.

TIME shall be the essence of this Agreement.

THIS AGREEMENT and everything contained herein shall enure to the benefit of and be binding upon the parties hereto, their heirs, successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

SIGNED, SEALED AND DELIVERED in the presence of:

SIGNED, SEALED AND DELIVERED in
the presence of:

CLAYTON DEVELOPMENTS LTD.

Per: _____

Per: _____

SEALED, DELIVERED AND
ATTESTED to by the proper signing
officers of Halifax Regional Municipality,
duly authorized in that behalf, in the
presence of:

HALIFAX REGIONAL
MUNICIPALITY

Per: _____

Mayor

Per: _____

Clerk

Schedule A

"RUSSELL LAKE WEST"

BAKER DRIVE - CIRCUMFERENTIAL HIGHWAY

DARTMOUTH, HALIFAX COUNTY, NOVA SCOTIA

ALL that certain block of land situated on the northeastern side of Circumferential Highway in Dartmouth, County of Halifax, Province of Nova Scotia and being more particularly described as follows:

BEGINNING at the southern corner of Baker Drive (Parcel BDE-2) as Baker Drive (Parcel BDE-2) is shown on a Plan of Survey of Lot WEW-1, Lot WEW-2 and Parcel BDE-2, a Subdivision of Lands of W. Eric Whebby Limited, signed by Michael J. Crant N.S.L.S., dated December 21, 1999, filed as Registry of Deeds Plan No. 33710, Drawer 369;

THENCE N 50 degrees 46 minutes 32 seconds E 367.39 feet along the southeastern boundary of Baker Drive (Parcel BDE-2) and Lot WEW-1 to the southern corner of Lot P-1A as Lot P-1A is shown on a plan (Servant, Dunbrack, McKenzie & MacDonald Ltd. Plan No. 14-604-A) of Survey of Lots 108-C1, 108-C2, S-3A, W-4B-1A, W-3B-1A, P-1A, P-1B, Parcel BDE-1 and Norm Newman Drive, Consolidation and Subdivision of Lands Conveyed to IPCF Properties Inc., MacPhee Pontiac Buick GMC Limited, Inglewood Realities Limited, City of Dartmouth and W. Eric Whebby Limited signed by Granville Leopold N.S.L.S., dated August 27, 1993, filed as Registry of Deeds Plan No. 30066 Drawer 324;

THENCE N 50 degrees 46 minutes 29 seconds E 244.71 feet along the southeastern boundary of Lot P-1A to the High Water Mark of Russell Lake as Russell Lake is shown on a Compiled Plan Showing Parcels "RM-1" to "RM-4" incl., "RM-5A" and "RM-5B", The Russell Lake – Morris Lake Land Assembly, The Nova Scotia Housing Commission, signed by Frank Longstaff, Nova Scotia Land Surveyor, dated February 18, 1976, filed as Registry of Deeds Plan No. 16395, Drawer 210;

THENCE southeasterly following the various courses of the High Water Mark of Russell Lake for a distance of 4975.5 feet, more or less, to the western corner of lands, now or formerly of Her Majesty the Queen (In the Right of Canada) (Department of National Defence) by Indentures recorded at the Registry of Deeds for The County of Halifax in Book 1540 Page 708, Book 1541 Page 423 and Book 1839 Page 631;

THENCE S 25 degrees 07 minutes 57 seconds E 823.88 feet along the southwestern boundary of Lands of Her Majesty the Queen (In the Right of Canada) (Department of National Defence) to the southern boundary of Parcel "B" lands now or formerly of Industrial Estates Limited by Indenture recorded at the Registry of Deeds for the County of Halifax in Book 2504, Page 910;

THENCE S 73 degrees 06 minutes 14 seconds W 1566.34 feet along the northern boundary of Parcel "B";

THENCE N 44 degrees 14 minutes 57 seconds W 533.83 feet along the northeastern boundary of Parcel "B" to the northern corner of Parcel "B" as said northern corner of Parcel "B" is shown on a plan (Servant, Dunbrack, McKenzie & MacDonald Ltd. Plan No. 14-1169-0) of survey of Block IOL-1, Subdivision of Lands Conveyed to Irving Oil Company Limited, signed by Carl K. Hartlen, N.S.L.S., dated October 4, 2004;

THENCE S 39 degrees 04 minutes 43 seconds W 2196.32 feet along the northwestern boundary of Parcel "B" and lands acquired by Imperial Oil Limited by Indentures recorded at the Registry of Deeds for the County of Halifax in Book 1903, Page 863 and Book 3248 Page 777 to the eastern corner of Lot 23B;

THENCE N 50 degrees 14 minutes 03 seconds W, 493.38 feet along the northeastern boundary of Lots 23B, 23A, 24B, 24A, 25B, 25A, 26 and Waynewood Drive to the southeastern boundary of Lot 9AB, lands conveyed to Gaston Joseph and Therese

Marie Cournoyer by Indentures recorded at the Registry of Deeds for the County of Halifax in Book 1739, Page 100; Book 2217, Page 305 and Book 2864, Page 570;

-2-

"Russell Lake West" (continued)

THENCE N 39 degrees 45 minutes 57 seconds E, 3.92 feet along the southeastern boundary of Lot 9AB;

THENCE N 50 degrees 14 minutes 03 seconds W, 1315.94 feet along the northeastern boundary of Lot 9AB and Remaining Lands of Irving Oil Company Limited to the southeastern boundary of the Circumferential Highway, lands conveyed to Her Majesty The Queen in the Right of the Province of Nova Scotia by Indenture recorded at the Registry of Deeds for the County of Halifax in Book 1885, Page 759;

THENCE N 38 degrees 58 minutes 37 seconds E, 2382.84 feet along the southeastern boundary of the Circumferential Highway to the northeastern boundary of the Circumferential Highway as the northeastern boundary of the Circumferential Highway is shown on a Compiled Plan Showing Parcels "RM-1" to "RM-4" incl., "RM-5A" and "RM-5B", The Russell Lake – Morris Lake Land Assembly, The Nova Scotia Housing Commission, signed by Frank Longstaff, Nova Scotia Land Surveyor, dated February 18, 1976, filed as Registry of Deeds Plan No. 16395, Drawer 210;

THENCE N 44 degrees 14 minutes 57 seconds W 0.24 feet along the northeastern boundary of the Circumferential Highway to an angle therein;

THENCE N 44 degrees 24 minutes 33 seconds W 401.11 feet along the northeastern boundary of the Circumferential Highway;

THENCE northerly on a curve to the left having a radius of 1534.53 feet for a distance of 313.56 feet along the curved eastern boundary of the Circumferential Highway to a point of curvature;

THENCE N 14 degrees 58 minutes 59 seconds W 992.93 feet, more or less, along the eastern boundary of the Circumferential Highway to the southwestern boundary of the reconstruction of the Gaston Road (so called) as the southwestern boundary of the reconstruction of the Gaston Road is shown on a plan, Province of Nova Scotia, Department of Transportation, Plan No. misc; 2469, Circumferential Highway and Gaston Road dated January 24, 1985, filed as Registry of Deeds Plan No. 21701, Drawer 182;

THENCE S 46 degrees 58 minutes 43.5 seconds E 97.09 feet along the southwestern boundary of the reconstruction of the Gaston Road;

THENCE N 43 degrees 01 minutes 16.5 seconds E 98.43 feet along the southeastern boundary of the reconstruction of the Gaston Road;

THENCE N 20 degrees 26 minutes 32.16 seconds W 239.07 feet along the eastern boundary of the reconstruction of the Gaston Road to a point of curvature;

THENCE northwesterly on a curve to the left which has a radius of 180.45 feet for a distance of 196.81 feet along the curved northeastern boundary of the reconstruction of the Gaston Road to the eastern boundary of the Circumferential Highway as the eastern boundary of the Circumferential Highway is shown on a Compiled Plan Showing Parcels "RM-1" to "RM-4" incl., "RM-5A" and "RM-5B", The Russell Lake – Morris Lake Land Assembly, The Nova Scotia Housing Commission, signed by Frank Longstaff, Nova Scotia Land Surveyor, dated February 18, 1976, filed as Registry of Deeds Plan No. 16395, Drawer 210;

THENCE N 14 degrees 58 minutes 59 seconds W 312.51 feet, more or less, along the eastern boundary of the Circumferential Highway to the southeastern boundary of the Circumferential Highway as said southeastern boundary of the Circumferential Highway is shown on a Plan of Survey of Lots WEW-2A and WEW-2B, a Subdivision of Lot WEW-2 Lands Conveyed to Home Depot Holdings Inc. signed by Michael J. Crant N.S.L.S., dated May 27, 2002, filed as Registry of Deeds Plan No. 35402, Drawer 387;

"Russell Lake West" (continued)

THENCE N 51 degrees 00 minutes 03 seconds E 474.98 feet, more or less, along the southeastern boundary of the Circumferential Highway and Lot WEW-2A;

THENCE N 50 degrees 46 minutes 32 seconds E 270.24 feet along the southeastern boundary of Lot WEW-2A to the place of BEGINNING;

SAVING AND EXCEPTING Parcel CD-1 previously conveyed to the City of Dartmouth by Indenture recorded at the Registry of Deeds for the County of Halifax in Book 4233, Page 222, as Parcel CD-1 is shown on a Plan (Servant, Dunbrack, McKenzie & MacDonald Ltd. Plan No. 71-74-0) of Survey of Parcel CD-1, Portion of Land Conveyed to Portland Estates Limited, Easement D-1134 and Construction Easements T-1 to T-4 incl. Over Lands Conveyed to Portland Estates Limited and W. Eric Whebby Limited, signed by Robert A. Daniels, N.S.L.S., dated May 28, 1986, revised July 7, 1986, filed as Registry of Deeds Plan No. 23213, Drawer 260.

CONTAINING 270.34 Acres more or less.

SUBJECT to horizontal, transitional and approach surface restrictions as defined within the Shearwater Naval Air Station Zoning Regulations, P.C. 1964-1178 and P.C. 1966-163 (an amendment) made under Section 4 of the Aeronautics Act.

The above described "Russell Lake West" being and intended to be:

Parcel "RM-5B", lands conveyed to Clayton Developments Limited by Indenture recorded at the Registry of Deeds for the County of Halifax in Book 6191, Page 450; saving and excepting Parcel CD-1, lands conveyed to the City of Dartmouth by Indenture recorded at the Registry of Deeds for the County of Halifax in Book 4233, Page 222; and further saving and excepting lands conveyed to Her Majesty the Queen In Right Of The Province Of Nova Scotia As Represented By The Minister of Transportation And Communications by Indenture recorded at the Registry of Deeds for the County of Halifax in Book 5195, Page 1005; and further saving and excepting any water courses vested in Her Majesty in right of the Province of Nova Scotia by virtue of the Environmental Act, Chapter 1 of the Acts of 1994-95, amended 1998, Part X, Water-Resource Management; and further saving and excepting Parcel R-1 lands conveyed to the City of Dartmouth by Indenture recorded at the Registry of Deeds for the County of Halifax in Book 4412, Page 586,

AND ALSO Block K, lands conveyed to Clayton Developments Limited by Indenture recorded at the Registry of Deeds for the County of Halifax in Book 7071, Page 1186;

AND ALSO Block IOL-1, lands conveyed to Clayton Developments Limited by Indenture recorded at the Registry of Deeds for the County of Halifax in Book 7933, Page 579;

Carl K. Hartlen, N.S.L.S.
April 7, 2005

SCHEDULE B: RUSSELL LAKE WEST INFRASTRUCTURE AGREEMENT

Item	Description	CDL Responsibility	Escalator Year	Esc Cost	CDL Credit (infrastructure they build)	Escalator Esc costs
2.1a	375mm sewer	0	2006	0	46,250	47,684
2.1b	375 mm sewer	91,650	2006	94,491	176,250	181,714
2.2	Sewage PS	45,000	2006	46,395		0
2.3	Forcemains	37,500	2006	38,663		0
2.9	Trunk sewer replacement	37,950	2006	39,126		0
2.10a	Russell Lake - back up power	180,000	2005	180,000		0
2.11	Realign forcemain	18,000	2005	18,000	20,000	20,000
2.12	Realign forcemain	0	2005	0	20,000	20,000
3.1	Arterial - interchange to Baker	261,415	2006	269,519	1,136,585	1,171,819
3.2	Arterial - Baker to boundry	187,245	2006	193,050	985,500	1,016,051
3.3	Arterial - boundary to Caldwell	678,899	2006	699,945	0	0
3.4a	Baker - Home depot to Road E	0	2005/06	0	896,000	923,776
3.4b	Baker - Roade E to Arterial	120,711	2006	124,453	365,790	377,129
3.5a	Road E - Baker to Boundary	20,878	2006	21,525	160,600	165,579
3.5b	Road E to boundary to end	17,160	2006	17,692		0
3.6	Portland Estates Blvd	14,300	2006	14,743		0
3.8	Caldwell Road	58,500	2006	60,314		0
3.9	Norm Newman	3,840	2006	3,959		0
3.1	Portland/Eisener	7,200	2006	7,423		0
3.13	Traffic Lights	66,000	2006	68,046		0
3.14	Interchange	1,775,522	2005	1,775,522		0
3.15	Land for interchange	323,082	2005	323,082		0
3.16	Studies	47,960	2005	47,960		0
3.18	Parkland Credit (Cl6.1)	0	2006	0	520,000	520,000
Total		3,992,812		4,043,908	4,326,975	4,443,751

Variance 399,844

PROVINCE OF NOVA SCOTIA
COUNTY OF HALIFAX, NOVA SCOTIA

ON THIS ___ day of _____, AD., 20___, before me, the subscriber personally came and appeared _____ a subscribing witness to the within and foregoing Indenture, who, having been me duly sworn, made oath and said that **CLAYTON DEVELOPMENTS LTD.**, one of the parties thereto, caused the same to be executed and its Corporate seal to be thereunto affixed by the hands of its duly authorized officers in his presence.

A Commissioner of the Supreme Court
of Nova Scotia

PROVINCE OF NOVA SCOTIA
COUNTY OF HALIFAX, NOVA SCOTIA

ON THIS ___ day of _____, AD., 20___, before me, the subscriber personally came and appeared _____ a subscribing witness to the within and foregoing Indenture, who, having been me duly sworn, made oath and said that **HALIFAX REGIONAL MUNICIPALITY**, one of the parties thereto, caused the same to be executed and its Corporate Seal to be thereunto affixed by the hands of Peter Kelly, its Mayor, and Jan Gibson, its Municipal Clerk, its duly authorized officers in his presence.

A Commissioner of the Supreme Court
of Nova Scotia

ATTACHMENT III

Morris Russell Lake Capital Cost Contribution Calculation

	San & Storm	Traffic	Total
A. Total Cost of Upsized infrastructure	\$2,816,550	\$26,731,742	\$29,548,292
TOTAL	\$2,816,550	\$26,731,742	\$29,548,292
B. Interest based on avg 1 yr construction 4.5	\$28,316	\$104,471	\$132,787
C. Total Cost of Infrastructure Installed	\$2,844,866	\$26,836,213	\$29,681,079
D 1) Portion that Benefits HRM	\$1,558,061	\$22,088,578	\$23,646,639
SubTotal	\$1,286,805	\$4,747,635	\$6,034,440
E. Interest Charge	\$0	\$113,864	\$113,864
F. Net cost to developers	\$1,286,805	\$4,861,499	\$6,148,304
G. Gross area of land (acres)	425.6		
H. Area of land not developable	34.8		
I. Area of developable land	390.8	390.8	
J. Development Charge per acre			\$15,733
K. Total Density based on 26.1 ppa	10,204		
L. Avg Density	26.1		

ATTACHMENT III

Financing Model

Year	Phase	Acres	Density	Popn	Total Cost		Cum Cash Out	Cash In-Density	Cumulative Cash In	Net Cash	Cum Finance	Finance 4.5%	Total Cumulative Cost	HRM Share
					Taxes In	Cum Taxes In								
2006	1	81.5	30.6	2492	1,227,597	1,227,597	1,501,723	1,501,723	-274,126	-12,336	-12,336	-286,462	4,091,542	
2007	2	43.5	29.5	1285	2,788,824	4,016,421	773,938	2,275,661	1,740,760	65,999	78,334	1,806,758	11,547,213	
2008	3	46.9	28.3	1328	0	4,016,421	800,178	3,075,839	940,582	108,325	42,326	1,048,906	0	
2009	4	48.0	27.3	1308	16,688	4,033,109	788,338	3,864,178	168,931	115,927	7,602	284,858	109,222	
2010	5	18.2	12.0	218	0	4,033,109	131,199	3,995,377	37,732	117,625	1,698	155,357	0	
2011	6	30.5	17.4	529	675,412	4,708,521	318,854	4,314,231	394,290	135,368	17,743	529,658	0	
2012	7	122.3	24.9	3044	1,303,513	6,012,034	1,834,074	6,148,304	-136,270	129,235	-6,132	-7,035	7,752,011	
2013	8	0.0			22,406	6,034,440	0	6,148,304	-113,864	124,112	-5,124	10,248	146,651	
2014	9	0.0			0	6,034,440	0	6,148,304	-113,864	118,988	-5,124	5,124	0	
2015	10	0.0			0	6,034,440	0	6,148,304	-113,864	113,864	-5,124	-0	0	
					390.8	26.1	10204.3	6,034,440	6,148,304			113,864	23,646,639	