



Report to: Development Services Committee

Meeting Date: December 12, 2022

SUBJECT: Authority to provide Development Charge (DC) Credits and/or Reimbursements for the Construction of a Trunk Sanitary Sewer by the Landowners in the Berczy Glen Secondary Plan Area and the Trustee of Berczy Glen Landowners Group Inc. (Wards 2 and 6)

PREPARED BY: Nhat-Anh Nguyen, P. Eng., Ext. 2894

RECOMMENDATION:

1. That the report entitled “Authority to provide Development Charge (DC) Credits and/or Reimbursements for the Construction of a Trunk Sanitary Sewer by the Landowners in the Berczy Glen Secondary Plan Area and the Trustee of Berczy Glen Landowners Group Inc. (Wards 2 and 6)” be received;
2. That Council authorize Development Charge Credits and/or Reimbursements not exceeding \$21,985,407.00 to the Trustee of Berczy Glen Landowners Group Inc. (“Trustee”) for the design, contract administration, and construction costs associated with the construction of a trunk sanitary sewer (Trunk Sanitary Sewer) that will service the Berczy Glen Secondary Plan, Angus Glen Secondary Plan, and Employment block in the City’s Future Urban Area (FUA) and lands external to the FUA with such credits being:
 - a. Area Specific Development Charges to a maximum of \$21,357,548 and,
 - b. City Wide Hard Development Charges to a maximum of \$627,859;
3. That Council authorize an Area-Specific Development Charge Credit and/or Reimbursement not exceeding \$3,518,308.00 to Berczy Warden Holdings Inc. (“DG Group”) for the design, contract administration, and construction costs associated with the construction of a trunk sanitary sewer (Trunk Sanitary Sewer) that will service the Berczy Glen Secondary Plan and Employment block in the FUA;
4. That Council authorize an Area-Specific Development Charge Credit and/or Reimbursement not exceeding \$598,000.00 to Monarch Berczy Glen Developments Limited (“Monarch Berczy”) for the design, contract administration, and construction costs associated with the construction of a trunk sanitary sewer (Trunk Sanitary Sewer) that will service the Berczy Glen Secondary Plan and Employment block in the FUA;
5. That Council authorize an Area-Specific Development Charge Credit and/or Reimbursement not exceeding \$742,500.00 to Mattamy Walmark Development Limited, Mattamy (Monarch) Limited, E.M.K. Construction Limited and, Treelawn Construction Limited (collectively “Mattamy Walmark”) for the design,

- contract administration, and construction costs associated with the construction of a trunk sanitary sewer (Trunk Sanitary Sewer) that will service the Berczy Glen Secondary Plan and the Employment block in the FUA;
6. That the Mayor and Clerk be authorized to execute Development Charge Credit and/or Reimbursement Agreements, if required, in accordance with the City's Development Charge Credit and Reimbursement Policy, with the Trustee of Berczy Glen Landowners Group Inc. and with DG Group, or their successors in title to the satisfaction of the Treasurer and the City Solicitor, or their respective delegates;
 7. That the Mayor and Clerk be authorized to execute Development Charge Credit and/or Reimbursement Agreements, if required, in accordance with the City's Development Charge Credit and Reimbursement Policy, with Monarch Berczy and with Mattamy Walmark, or their successors in title to the satisfaction of the Treasurer and the City Solicitor, or their respective delegates;
 8. That all of the above credits and/or reimbursements shall be the absolute value of the credits and/or reimbursements, and that HST and interest shall not be credited and/or reimbursed; and
 9. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

This report recommends that the Mayor and Clerk be authorized to enter into Development Charge Credit and/or Reimbursement Agreements with developers identified in this report who will be constructing a trunk sanitary sewer to accommodate growth in the Berczy Glen Secondary Plan, the Angus Glen Secondary Plan, the Employment block in the FUA, and lands external to the FUA.

PURPOSE:

The purpose of this report is to obtain Council authorization to grant Area-Specific and City Wide Hard Development Charge Credits and/or Reimbursements to:

- the Trustee of Berczy Glen Landowners Group Inc. (Trustee) not exceeding \$21,985,407.00 comprising Area Specific of \$21,357,548 and City Wide Hard of \$627,859;
- DG Group not exceeding \$3,518,308.00 (Area Specific);
- Monarch Berczy not exceeding \$598,000.00 (Area Specific); and
- Mattamy Walmark not exceeding \$742,500.00 (Area Specific)

all in accordance with the City's Development Charge Credit and Reimbursement Policy for the design, contract administration, and construction costs associated with the

construction of a Trunk Sanitary Sewer that will service the Berczy Glen Secondary Plan, Angus Glen Secondary Plan, and Employment block in the FUA and lands external to the FUA. The Trunk Sanitary Sewer is shown on a figure appended to this report as **Attachment A**.

BACKGROUND:

On November 19, 2018, the Planning Department's recommendations identified in the report entitled, "*Recommendation Report, Berczy Glen Landowners Group, Application for Official Plan Amendment and Secondary Plan in the north Markham Future Urban Area (Ward 2)*" were received and approved by Council.

The Berczy Glen Secondary Plan builds on the Conceptual Master Plan (CMP) for the FUA, which was endorsed by Council on October 17, 2017.

Four plans of subdivision applications in the Berczy Glen Secondary Plan have received draft plan approval and the developers are in the process of designing the required infrastructure to service their respective plans of subdivision. The draft plan conditions included a requirement for the respective Berczy Glen landowners to enter into a construction agreement to secure the design and construction of all works external to their lands. The City and the Trustee are finalizing a construction agreement to secure the obligations relating to the construction of the portion of the Trunk Sanitary Sewer external to the Berczy Glen Secondary Plan.

The City will be entering into subdivision agreements with DG Group, Monarch Berczy, and Mattamy Walmark to secure their obligations relating to the construction of the portion of the Trunk Sanitary Sewer that will be constructed within the Berczy Glen Secondary Plan area. Construction of this sewer is anticipated to commence in Q4 2022 to coincide with their development schedule and minimize potential delays.

In order for the identified developers to be credited and/or reimbursed for the cost of constructing the infrastructure, Council's authorization is required in accordance with the Development Charges Credit and Reimbursement Policy.

DISCUSSION:

Development Charge Credits and/or Reimbursements

In accordance with the City's Development Charge Credit and Reimbursement Policy, the development charge credit and/or reimbursement for the works will be limited to the lesser of the cost included in the Development Charges Background Study (DCBS) or the actual cost of the infrastructure.

The 2022 Development Charges Background Study established the estimated cost for this section of the Trunk Sanitary Sewer to be \$26,844,215. The total estimated cost of the Trunk Sanitary Sewer, as submitted by the Engineer (SCS Consulting Limited) for the landowners constructing the trunk sanitary sewer is \$26,844,215. The value of the works is reflected in the 2022 DCBS, and is shown in **Table 1**.

Sewer Description	2022 Development Charges Background Study			
	Employment Block ASDC Area 50A-1 (Table D-2)	Berczy Glen Block ASDC Area 50A-3 (Table D-2)	Angus Glen Block ASDC Area 50A-4 (Table D-2)	City Wide Hard – Oversizing Component (Table C-2)
Internal to Berczy Glen block (length: 1845m)				
Internal Berczy Glen – south side of Elgin Mills Road E. to west side of Warden Ave.	\$4,858,808			
External to Berczy Glen block (length: 1265m)				
Angus Glen – west side of Warden to Street A/E	\$7,341,729	\$9,728,798		
Angus Glen – west side of Warden Ave. to Street A/E easement	\$430,082	\$569,918		
Angus Glen – Street A/E to north end of Angus Glen Community Centre	\$646,119	\$856,197	\$716,526	
Angus Glen – north end of Community Centre to Major Mackenzie Drive	\$311,050	\$412,184	\$344,945	\$627,859
SUB TOTAL	\$13,587,788	\$11,567,097	\$1,061,471	\$627,859
TOTAL	\$26,844,215			

Table 1- Cost of Trunk Sanitary Sewer as Reflected in 2022 Development Charges Background Study

Of the total amount:

- the Trustee will be constructing the 1265m portion of the trunk sanitary sewer external to the Berczy Glen Secondary Plan for \$21,985,407 (total cost of \$26,844,215 less \$4,858,808 which is the portion internal to the Berczy Secondary Plan);
- The trunk sanitary sewer internal to the Berczy Glen Secondary Plan (cost of \$4,858,808) will be constructed as follows:
 - DG Group will be constructing the 1015m portion of the trunk sanitary sewer (\$3,518,308.00) internal to the Berczy Glen Secondary Plan as part of the servicing for their subdivision;
 - Monarch Berczy will be constructing the 425m portion of the trunk sanitary sewer (\$598,000.00) internal to the Berczy Glen Secondary Plan as part of the servicing for their subdivision; and
 - Mattamy Walmark will be constructing the 380m portion of the trunk sanitary sewer (\$742,500.00) internal to the Berczy Glen Secondary Plan as part of the servicing for their subdivision.

Therefore, the Trustee, DG Group, Monarch Berczy and Mattamy Walmark will each be

eligible for development charges reimbursement and/or credit to a maximum of the amounts identified above, exclusive of HST, for the respective portions of the trunk sanitary sewer that they will be constructing. It should be noted that the City does not give credit for, or reimburse HST costs, and no interest shall be payable on the credit/reimbursement

Timing of Recommended DC Credits and/or Reimbursements

Once the Director of Engineering has confirmed that the DC eligible works have been completed, and the actual certified costs have been provided by the developers, the Engineering Department will review and sign off on the costs to ensure that they are reasonable. The DC credit and/or reimbursement to be provided will then be the lesser of the actual cost and the amount included in the DC Background Study. The DC credits and/or reimbursements for the Trunk Sanitary Sewer are to be issued to the Trustee, DG Group, Monarch Berczy and Mattamy Walmark.

The City may enter into DC credit and reimbursement agreements as permitted by Section 38(1) of the *Development Charges Act, 1997* which provides as follows:

“If a municipality agrees to allow a person to perform work that relates to a service to which a development charge by-law relates, the municipality shall give the person a credit towards the development charge in accordance with the agreement.”

Development Charge credits and/or reimbursements have been used in a number of development applications to facilitate the construction of infrastructure in advance of the City’s capital programs in order for development to proceed.

Financial Security

The City will require security for these works to cover the warranty period and the developers will comply with all of the City’s standards for design and construction. The construction letter of credit will be held until the works are accepted by the City.

FINANCIAL CONSIDERATIONS

There is no net financial impact to the City as DC credits/reimbursements are provided to developers in exchange for the construction of works included in the City’s Development Charges Background Study, in compliance with the Development Charge Credit and Reimbursement Policy.

The total credit and/or reimbursement of \$26,844,215 exclusive of HST for the infrastructure will be funded from DCs as it is required due to growth. As such, there is no negative financial impact to the City. It should be noted that the City does not give credit for, or reimburse HST costs, as well, no interest shall be payable on the credit and/or reimbursement.

The Engineering Department has reviewed the scope of the works provided by the landowners to confirm that they are in alignment with the City’s requirements. Consistent with the City’s Development Charge Credit and Reimbursement Policy, the Trustee, DG

Group, Monarch Berczy and, Mattamy Walmark will be required to pay an administration fee for the Engineering, Legal and Finance Department's costs incurred relating to the review, preparation and administration of their development charge credit and/or reimbursement. The fee is structured in the following manner:

- An application fee of \$1,690.50 plus HST to review the development charge credit and/or reimbursement request; plus
- A fee equivalent to 1.0% of the value of the credit and/or reimbursement request or a maximum of \$11,268.50. For these applications, the fee plus HST is payable upon credit and/or reimbursement of the approved amounts.

Other legal fees may be applicable upon execution of respective agreements between the City and the Trustee, DG Group, Monarch Berczy and Mattamy Walmark.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

This is consistent with the City's goal of efficient service delivery and financial stewardship.

BUSINESS UNITS CONSULTED AND AFFECTED:

Finance and Legal Services Departments have reviewed this report and their comments are incorporated.

RECOMMENDED BY:

Mark Visser
Acting Treasurer

Frank Clarizio, P. Eng.
Director of Engineering

Trinela Cane
Commissioner, Corporate Services

Arvin Prasad, MCIP, RPP
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ATTACHMENTS:

Attachment 'A': Trunk Sanitary Sewer