



Report to: Development Services Committee

Meeting Date: June 26, 2023

SUBJECT: Authority to Provide Development Charge Credits and/or Reimbursements to the Remington Group Inc. for the Property and Construction Cost of Infrastructure on the City's Behalf (Ward 3)

File No.: TECH 17 113103

PREPARED BY: Scott MacKenzie, Ext. 2205
Kevin Ross, Ext. 2126

RECOMMENDATION:

1. That the report entitled "Authority to Provide Development Charge Credits and/or Reimbursements to the Remington Group Inc. for the Property and Construction Cost of Infrastructure on the City's Behalf (Ward 3)" be received; and
2. That Council authorize a City Wide Hard Development Charge credit and/or reimbursement in the amount of \$2,767,576, to the Remington Group Inc. relating to the property costs for the Verdale Crossing extension between Birchmount Road and Andre De Grasse Street; and
3. That Council authorize a City Wide Hard Development Charge credit and/or reimbursement not exceeding \$210,217, to the Remington Group Inc. relating to the construction costs for the 4th lane of the Verdale Crossing extension between Birchmount Road and Andre De Grasse Street; and
4. That Council authorize a City Wide Hard Development Charge credit and/or reimbursement not exceeding \$807,998, the Remington Group Inc. relating to the construction costs for the intersection of the Verdale Crossing extension and Birchmount Road; and
5. Notwithstanding the above recommendations, that the amount available for credits and/or reimbursements be based on the lesser of the actual cost to construct or the capital cost included in the most current Development Charges Background Study, as indexed from time to time, at the time works are complete and the credits and/or reimbursements are being provided; and

6. That all of the above credits and/or reimbursements shall exclude HST and interest and shall be indexed in accordance with the City's Development Charge Credit & Reimbursement Policy; and
7. That the Mayor and Clerk be authorized to execute a Development Charge Credit and/or Reimbursement Agreement(s), if required, in accordance with the City's Development Charge Credit and Reimbursement Policy, with the Remington Group Inc., or its successors in title to the satisfaction of the Treasurer and the City Solicitor, or their respective delegates; and
8. That staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain Council's authorization, in accordance with the City's Development Charge Credit and Reimbursement Policy, to grant City Wide Hard Development Charge credits not exceeding \$3,785,791 to the Remington Group Inc. ("Remington"), or their successors in title. The requested credits and/or reimbursement are for property and construction costs that are included in the City Wide Hard Development Charges By-law, and relate to the roadways and intersections highlighted in Appendix 'A', as follows:

- a) Property cost for the Verdale Crossing extension between Birchmount Road and Andre De Grasse Street;
- b) Design, construction and contract administration cost for the 4th lane of the Verdale Crossing extension between Birchmount Road and Andre De Grasse Street;
- c) Design, construction and contract administration cost for the intersection of the Verdale Crossing extension and Birchmount Road.

The property acquisition and construction works will be necessary for the developer to complete and service its plan of subdivision located on the east side of Birchmount Road, west side of Andre De Grasse Street, north side of Simcoe Promenade and south side of the Verdale Crossing extension. Council's authorization is required in accordance with the Development Charge Credit and Reimbursement Policy, as the credit and/or reimbursement request exceeds the Treasurer's approval authority of up to \$500,000.

BACKGROUND:

The Remington development is located in Markham Centre on lands generally at the southeast corner of Birchmount Road and Verdale Crossing. Remington's subdivision agreement was executed in 2018 and contained the delivery of the aforementioned public works. Remington approached the City and requested development charge (DC) credits and/or reimbursement for the aforementioned public works in order to recoup the cost of the works being done on the City's behalf. In order for Remington to be credited and/or reimbursed for the cost of property and constructing the public works, Council's authorization is required in accordance with the Development Charges Credit and Reimbursement Policy.

OPTIONS/DISCUSSION:

City Wide Hard Development Charge Credits and/or Reimbursement

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

Remington is currently in the process of constructing their development to the south of the proposed Verdale Crossing extension and conveyed the property for the road (from Birchmount to Andre De Grasse) to the City in November 2018. Based on an assessment conducted by the City's Real Property Department, the actual value of the conveyed property in November 2018 is \$2,767,576. The cost of the property for this section of the road is included in the 2022 DC Background Study at a cost of \$2,619, 867, which converts to a current indexed value of \$3,031,186. Based on the City's Policy, the recommended reimbursement will be for the actual value of the property as this is less than the indexed value.

Remington has not yet commenced the construction of the intersection and road, however staff deem it prudent to request approval for these credits in tandem with those for the property. Remington will provide the Engineering Department with the actual construction cost for these works when completed, and staff will at that time make a determination on the quantum of the credits or reimbursement to be provided – this will be based on the lesser of the indexed amount in the Development Charges Background Study or the actual cost of the infrastructure.

Infrastructure	Location	From/To	Recommended DC Credit/ Reimbursement
Intersection	Birchmount Road	At Verdale Road	\$807,998
Road (4 th Lane)	Verdale Gate	Birchmount to Andre De Grasse	\$210,217
Property	Verdale Gate	Birchmount to Andre De Grasse	\$2,767,576 *
			\$3,785,791

* Represents the actual cost of the land

Timing of Recommended Credits and/or Reimbursement

For the property cost, staff recommend that this be reimbursed to Remington upon Council approval as conveyance was performed in 2018. The land cost to be reimbursed will be based on the lesser of, the 2018 value of the land conveyed for the road as determined in consultation with the City's Real Property Department (\$2,767,576) or the indexed amount included in the Development Charges Background Study (\$3,031,186).

As it relates to the construction of the intersection and road, once the Director of Engineering has confirmed that works have been completed and accepted, and the actual certified costs have been provided by the developers, the Engineering Department will review and validate the costs. The DC credit and/or reimbursement to be provided will then be the lesser of the actual cost or the indexed amount included in the Development Charges Background Study. The DC credits and/or reimbursements for the aforementioned public works are to be issued to Remington who have entered into an agreement with the City for the construction of the works.

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 infrastructure works to ensure that the developers will comply with all of the City's standards for design and construction. The securities 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 property acquisition and construction of works included in the City's Development Charges Background Study and, in compliance with the Development Charge Credit and Reimbursement Policy.

The credit and/or reimbursement of up to \$3,785,791 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, and no interest shall be payable on the credit and/or reimbursement. Development charge credits and/or reimbursements are based on the lesser of the indexed cost included in the DC Background Study or the actual cost.

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.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

The recommendations of this report are 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
Director of Engineering

Trinela Cane
Commissioner, Corporate Services

Arvin Prasad, MCIP, RPP
Commissioner, Development Services

ATTACHMENTS:

Attachment 'A' – DC Eligible Infrastructure

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