



Report to: Development Services Committee

Meeting Date: June 18, 2024

SUBJECT: Authority to Provide Development Charge (DC) Credits and/or Reimbursements for the Construction of Trunk Sanitary Sewer in York Downs Subdivisions, to KM (AG South Village) LTD. and Metropia Minto (Sixteenth) Holdings Inc. (Ward 6)

PREPARED BY: Ziad Yassi, P. Eng., Ext. 7920

REVIEWED BY: Alex Lee, P. Eng., Ext. 2414
Kevin Ross, Ext. 2126

RECOMMENDATION:

1. That the report entitled “Authority to Provide Development Charge Credits and/or Reimbursements for the Construction of Trunk Sanitary Sewer in York Downs Subdivisions, to KM (AG SOUTH VILLAGE) LTD. and Metropia Minto (Sixteenth) Holdings Inc. (Ward 6)” be received; and
2. That Council authorize City Wide Hard Development Charge Credits and/or Reimbursements not exceeding \$777,837 to KM (AG SOUTH VILLAGE) LTD. and Metropia Minto (Sixteenth) Holdings Inc. for the oversizing cost associated with a trunk sanitary sewer crossing under the Bruce Creek (the “Trunk Sanitary Sewer”) within the valley land to the east of the South Village Subdivision to connect to the York Durham Sanitary Sewer (YDSS) from Street ‘C’ (upstream limit of the YDSS connection) to connection to YDSS that will service the lands located in the Future Urban Area (FUA); and
3. That notwithstanding the above recommendation, that the amount available for credits and/or reimbursements be based on the lesser of the actual cost to oversize and 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
4. That the Mayor and Clerk be authorized to execute a Development Charge Credit and/or Reimbursement Agreement and any other associated or necessary documents, if required, in accordance with the City’s Development Charge Credit

and Reimbursement Policy, with the KM (AG SOUTH VILLAGE) LTD. and Metropia Minto (Sixteenth) Holdings Inc., or their successors in title to the satisfaction of the Treasurer and the City Solicitor, or their respective delegates; and

5. That the above credit and/or reimbursement shall exclude HST and interest and shall be indexed in accordance with the City's Development Charge Credit & Reimbursement Policy; and further
6. 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 a Development Charge Credit and/or Reimbursement Agreement with KM (AG SOUTH VILLAGE) LTD. and Metropia Minto (Sixteenth) Holdings Inc., who constructed and oversized the Trunk Sanitary Sewer under the Bruce Creek within the valley land to the east of the South Village Subdivision to connect to the YDSS.

PURPOSE:

The purpose of this report is to obtain Council authorization to grant City Wide Hard Development Charge Credits and/or Reimbursement not exceeding \$777,837 to KM (AG SOUTH VILLAGE) LTD. and Metropia Minto (Sixteenth) Holdings Inc for the design, contract administration, and construction costs associated with the oversizing of the Trunk Sanitary Sewer.

The oversizing is required to service the lands located in the Future Urban Area (Employment Block, Berczy Glen Block, Angus Glen Block and Robinson Glen South Block). The Trunk Sanitary Sewer is shown on a figure appended to this report as Attachment A.

This credit/reimbursement is in accordance with the City's Development Charge Credit and Reimbursement Policy.

BACKGROUND:

On October 29, 2019, the Ontario Municipal Board (OMB), now the Ontario Land Tribunal (OLT) settled a hearing in the matter of appeals by Sixteenth Land Holdings Inc., from the failure of the City of Markham to adopt the requested Official Plan Amendment, make a decision on the proposed Zoning By-Law Amendment and on two draft Plans of

Subdivision within legislated timelines to permit the proposed redevelopment of the York Downs Golf and Country Club. The subject property, known municipally as 4134 16th Avenue, is located on the north side of 16th Avenue and west of Kennedy Road, in the City of Markham.

Both plans of subdivision applications in York Downs 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 City of Markham and KM (AG SOUTH VILLAGE) LTD. and Metropia Minto (Sixteenth) Holdings Inc. have finalized a subdivision agreement to secure the obligation relating to the construction of the portion of the Trunk Sanitary Sewer that will be constructed within their subdivision development. Construction of the Trunk Sanitary Sewer within the subdivision was completed in Q1 2024. The oversizing of the Trunk Sanitary Sewer was constructed along with the remainder of the Trunk Sanitary Sewer as requested by the Waterworks and Engineering Departments. In order for the owners to be credited and/or reimbursed for the oversizing cost of constructing the infrastructure, Council's authorization is required in accordance with the Development Charge Credit and Reimbursement Policy.

On June 26, 2023, Council authorized the construction of the Sanitary Trunk Sewer, which included an oversizing cost, but did not include the oversizing cost of the sewer crossing underneath the Bruce Creek within the valley land from 900mm diameter to 1200 diameter which is required to accommodate the additional flows generated from the lands to the north and FUA. The oversizing costs were not identified in the June 26, 2023 staff report as staff in the Engineering and Finance departments required further analysis and review for the approval under the City's Development Charge Credit and Reimbursement Policy.

OPTIONS/DISCUSSION

City Wide Hard 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 oversizing works will be limited to the lesser of the indexed cost in the Development Charges Background Study (DCBS) and the actual cost of the infrastructure.

The total estimated cost to oversize the Trunk Sanitary Sewer, as submitted by the KM (AG SOUTH VILLAGE) LTD. and Metropia Minto (Sixteenth) Holdings Inc.'s engineer (Stantec Consulting Ltd.) is \$777,837. The City's engineers have reviewed the submitted cost and are satisfied that it accurately reflects the incremental cost to oversize the sewer from 900mm to 1200mm, which is required to service the lands in the Future Urban Area.

KM (AG SOUTH VILLAGE) LTD. and Metropia Minto (Sixteenth) Holdings Inc. will be eligible for City Wide Hard reimbursement and/or credit to a maximum of \$777,837

exclusive of HST. 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. The cost to oversize sanitary sewers to accommodate growth is included in the City Wide Development Charges in the amount of \$2.5M, and is sufficient to reimburse the landowners for their cost incurred on the City's behalf.

Timing of Recommended DC Credits and/or Reimbursements

KM (AG SOUTH VILLAGE) LTD. and Metropia Minto (Sixteenth) Holdings Inc. has constructed 344 m of the Sanitary Trunk Sewer as part of their Phase 1 of the South Village Subdivision.

The reimbursement for the oversizing cost of the trunk sanitary sewer will be eligible for reimbursement from the City Wide Hard reserve, when 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 and reviewed and signed off by the Engineering Department, to ensure that the costs are reasonable.

The City may enter into Development Charge (DC) credits/reimbursements 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 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 DC credit and/or reimbursement of \$777,837 exclusive of HST for the oversizing of the Trunk Sanitary Sewer will be funded from the City Wide Hard reserve 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.

Consistent with the City's Development Charge Credit and Reimbursement Policy, KM (AG SOUTH VILLAGE) LTD. and Metropia Minto (Sixteenth) Holdings Inc. 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 the Development Charge credit and/or reimbursement. The fee is structured in the following manner:

- An application fee of \$1,876.50 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 \$12,508.00. For this application, the fee is \$7,778.37 plus HST and is payable upon credit and/or reimbursement of the approved amounts.

Other legal fees may be applicable upon execution of agreements between the City and KM (AG SOUTH VILLAGE) LTD. and Metropia Minto (Sixteenth) Holdings Inc.

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:

Joseph Silva
Treasurer

Frank Clarizio, P. Eng.
Director of Engineering

Trinela Cane
Commissioner, Corporate Services

Arvin Prasad, MCIP, RPP
Commissioner, Development Services

ATTACHMENTS:

Attachment 'A': DC Eligible Infrastructure – Trunk Sanitary Sewer