



Report to: Development Services Committee

Meeting Date: September 10, 2018

SUBJECT: Development Charge Reimbursement Application – Village of Fairtree by Forest Bay Homes Ltd., 6350 Steeles Avenue E, Ward 7 (AMANDA No. 98 224944 SU)

PREPARED BY: Mark Visser, Senior Manager, Financial Strategy & Investments, ext. 4260
Alain Cachola, Senior Manager, Infrastructure and Capital Projects, ext. 2711

RECOMMENDATION:

- 1) That the report entitled “Development Charge Reimbursement Application – Village of Fairtree by Forest Bay Homes Ltd., 6350 Steeles Avenue E, Ward 7 (AMANDA No. 98 224944 SU) ” be received; and
- 2) That Council authorize City Wide Hard Development Charge reimbursement not exceeding \$4,045,149, to Forest Bay Homes Ltd. for the construction of the extension of Denison Street and Kirkham Drive and associated infrastructure, external to the plan of subdivision, as set out on this report and all in accordance with the City’s Development Charge Credit and Reimbursement Policy; and
- 3) That Council authorize the reimbursement of any completed works to date, subject to the approval of the Director of Engineering and the Treasurer; and
- 4) That the Mayor and Clerk be authorized to execute a Development Charge Reimbursement Agreement, if necessary, in accordance with the City’s Development Charge Credit and Reimbursement Policy, with Forest Bay Homes Ltd., or their successors in title, to the satisfaction of the Treasurer and City Solicitor; and further
- 5) That staff be directed to do all things necessary to give effect to this report.

EXECUTIVE SUMMARY:

Not applicable.

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 reimbursements not exceeding \$4,045,149 to Forest Bay Homes Ltd. (“Developer”), or their successors in title. The requested reimbursement is included in the 2017 City Wide Hard Development Charge By-laws, and relates to the infrastructure highlighted in Appendix A, as follows:

- a) Design, construction and contract administration cost for the road construction, including streetlighting, of Denison Street, from Bethany Street to the east limit of the development;
- b) Property cost for the lands required for the road right-of-way for Denison Street, from Bethany Street to the east limit of the development;
- c) Design, construction and contract administration cost for the road construction, including watermain, sidewalk and streetlighting, of Kirkham Drive, from Karachi Drive to the north limit of the development;

These works were necessary for the Developer to complete the development of the Village of Fairtree plan of subdivision, and therefore, cannot be constructed by the City at a later date. Council's authorization is required in accordance with the Development Charge Credit and Reimbursement Policy, as the reimbursement request exceeds the Treasurer's approval authority of less than \$500,000.

BACKGROUND:

The Developer constructed, at its own expense, approved infrastructure that is eligible for Development Charge (DC) credit or reimbursement, in order to meet its timing for the development of the Village of Fairtree plan of subdivision. The DC credit / reimbursement eligible infrastructure is shown in Appendix 'A'.

The Developer commenced the construction of the community in early 2018 and has constructed some of the DC eligible infrastructure. The Developer has requested that the actual cost of the completed DC eligible works be reimbursed to them upon approval of this report, subject to the approval of the Director of Engineering confirming that the works have been completed satisfactorily, and the costs are acceptable. The remaining DC eligible works will be reimbursed once the DC Reimbursement agreement is executed, if necessary, and the Director of Engineering is satisfied with the works and costs.

OPTIONS/DISCUSSION:

In accordance with the DC Credit and Reimbursement Policy, development charge credits and reimbursements will be limited to the lesser of the amount included in the Development Charges (DC) Background Study and the actual cost of the infrastructure. In this instance, the 2017 DC Background Study establishes the estimated cost of the infrastructure, in the amount of \$4,045,149.

The Developer is to submit the actual costs claimed for reimbursement to the Director of Engineering for review and confirmation of the amount of eligible reimbursement.

The table below provides information on the specific DC reserves where the eligible infrastructure cost is to be reimbursed. The details of each reserve is as follows:

City Wide Hard

DC eligible infrastructure that the Developer is to construct is shown on the table below. The total cost of the infrastructure is \$7,274,699, of which \$4,045,149 is eligible for DC reimbursement to the Developer.

	Total	DC Eligible
	Gross Cost	Cost
	(\$)	
Denison Street		
Illumination	\$ 230,674	\$ 37,191
Roads	\$ 2,277,858	\$ 406,760
Property - Roads	\$ 1,359,131	\$ 194,162
SUB-TOTAL:	\$ 3,867,662.8	\$ 638,113
Kirkham Drive		
Illumination	\$ 120,976	\$ 120,976
Roads	\$ 2,592,138	\$ 2,592,138
Sidewalks	\$ 120,976	\$ 120,976
Watermain	\$ 572,945	\$ 572,945
SUB-TOTAL:	\$ 3,407,036	\$ 3,407,036
TOTAL:	\$ 7,274,699	\$ 4,045,149

Timing of Recommended Reimbursement

The Developer has submitted a claim for the completed works to date. Based on an initial review, the Developer is eligible to receive DC reimbursement for the watermain works on Kirkham Drive. Based on the submission, the claim will be less than \$500,000, as such, the Treasurer can approve the DC Reimbursement request subject to final approval and recommendation from the Director of Engineering.

The remaining DC eligible infrastructure are to be completed by the Developer and once the DC reimbursement agreement is executed, the work completed and the costs approved by the Director of Engineering, the final DC eligible amount is to be issued to the Developer.

Financial Security

The City is holding securities for infrastructure works based on the standard conditions in the subdivision agreement, to ensure municipal infrastructure is constructed to the City’s standards for design and construction.

FINANCIAL CONSIDERATIONS:

There is no net financial impact to the City. 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 Engineering Department will review the scope and actual cost of the works provided by the Developer to confirm that these are in alignment with the City’s expectations.

Consistent with the City’s Development Charge Credit and Reimbursement Policy, the Developer 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 reimbursement. The fee is structured in the following manner:

- o An application fee of \$1,500 plus HST to review the development charge credit request; plus

- A fee equivalent to 1.0% of the value of the credit request or a maximum of \$10,000. For this application, the fee is \$10,000 plus HST and is payable upon credit or reimbursement of the approved amounts.

HUMAN RESOURCES CONSIDERATIONS:

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

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

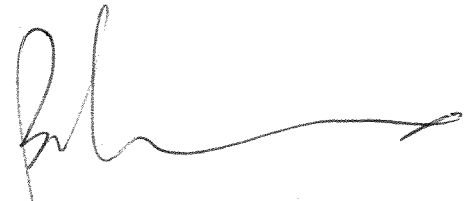
BUSINESS UNITS CONSULTED AND AFFECTED:

Finance, Engineering and Legal Services Departments.

RECOMMENDED BY:

for **X** 

Joel Lustig
Treasurer

X 

Brian Lee
Director, Engineering

X 

Trinela Carne
Commissioner, Corporate Services

X 

Arvin Prasad
Commissioner, Development Services

ATTACHMENT:

Appendix A – DC Eligible Infrastructure

Appendix 'A' – DC Eligible Infrastructure

