



Report to: Development Services Committee

Date Report Authored: June 17, 2014

---

**SUBJECT:** Box Grove Community – 14th Avenue Sanitary Sewer Servicing  
**PREPARED BY:** Binu Korah, P.Eng., Ext.2849

---

**RECOMMENDATION:**

- 1) That the “Box Grove Community – 14th Avenue Sanitary Sewer Servicing” report be received; and
- 2) That the property owners of 6814, 6828 and 6832, 14th Avenue be allowed to extend the service connection to the property line as part of the Plan B Homes Inc. development subject to the benefiting property owners submitting the required funds and executing a funding agreement to the satisfaction of the CAO, City Solicitor and the Director of Engineering, and;
- 3) That the Finance Department be authorized to collect from the three property owners the assessed costs currently estimated at a total of \$42,739.20 (Approx. \$14,246.40 per lot) (including 15% Administration Fees and HST), for the sanitary sewer, and;
- 4) That Council enact a Fees By-Law pursuant to Section 391 of the *Municipal Act 2001* for costs associated with the sanitary sewer installation substantially in the form attached as per Attachment ‘A’ – Fees By-law, upon completion of all work and final determination of costs, and;
- 5) That the costs per lot be paid either as a one-time payment or annual payment up to a maximum of 10 years accruing interest at the same rate as the Region of York 10 Year Debenture Rate, 3.60% starting in 2015 and ending in 2024, and;
- 6) That interest not be applied if the servicing costs are paid in full by March 30, 2015, and;
- 7) That the property owners of 6814, 6828 and 6832, 14th Avenue be eligible to receive future credit (amount to be determined by Council), if Council agrees to utilize the Box Grove Community Fund for the sanitary sewer improvements within this area, and;
- 8) That a new Engineering Department 2014 capital project be created in the currently estimated amount of \$42,739.20 for the 14<sup>th</sup> Avenue sanitary sewer extension (from B to C, as per attached Figure 1) to be funded by the property owners (6814, 6828 and 6832, 14th Avenue) to be finalized upon completion of the work, and;
- 9) 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 seek Council approval for the installation of the sanitary sewer extension and service connection for the three (3) property owners on 14<sup>th</sup> Avenue under Section 391 of the *Municipal Act 2001*, as part of the Plan B homes Inc. subdivision developments.

**OPTIONS/ DISCUSSION:**

In February of 2008, a report titled "Box Grove Sanitary Sewer System" was prepared by Asset Management staff to address the Sanitary Service options including a large scale project to service all property owners (99 lots) in the Box Grove Hamlet that are not connected to municipal sanitary services. The cost associated with that project in 2008 dollars was approximately \$38,095 per household. The cost estimate was based on preliminary designs and was prepared by an Engineering Consulting firm on behalf of the City.

The City did not receive the generally accepted minimum level of support to proceed with this project (67%) and as such the installation of sanitary sewers in this area did not proceed.

On May 7, 2013, Council adopted a City-wide policy on Construction of Municipal Services to permit minor extension of municipal services for private individual landowners. This policy allows property owners to enter into a Construction Agreement with the City to design and construct municipal sanitary sewers, at no cost to the City. The cost will vary for each property depending, in large part, on the distance between the property and the existing infrastructure. In accordance with this Council policy, the property owner of 6810 - 14th Avenue extended the sewer to service their lot at their own cost in 2013.

At the February 4, 2014, Development Services Committee meeting the Planning Department report related to Plan B Homes Inc. application was deferred to February 25, 2014 to provide an opportunity for staff and the Ward Councillor to meet with the 14th Avenue property owners in Box Grove to discuss sanitary sewer servicing of their lots.

On February 18, 2014, Councillor Kanapathi arranged a meeting with staff and 9 property owners to discuss the sanitary servicing options. During the meeting the property owners requested to use the "Box Grove Community Fund" to assist in funding their sanitary sewer installation.

On March 25, 2014 the draft plan of subdivision application for the Plan B homes Inc. & 2381423 Ontario Inc. was approved by Council. As a condition of this draft plan, the applicant has to extend the sanitary sewer along 14<sup>th</sup> Avenue from B to C, as per attached Figure 1. On March 25, 2014 Council also requested staff to report back to the June, 2014 Development Services Committee with the final cost of the sanitary sewer installation along 14th Avenue including the property owners' funding commitment to this project. In order to establish the cost, Council direction is required as to whether 14th Avenue property owners can utilize a portion of the Box Grove Community Fund to support the sanitary sewer extension project.

At the May 20, 2014 Development Services Committee meeting, staff submitted a report related to the distribution of the Box Grove Community Fund, which has an available amount of \$357,858. Council deferred the report to June 10, 2014 to provide an opportunity for staff and the Ward Councillor to meet with the Box Grove community to discuss their priorities to spend the available funding.

On June 4, 2014, Councillor Kanapathi arranged a meeting with City staff and the Box Grove community to discuss the Box Grove Community Fund distribution. At this meeting, residents requested that the distribution of \$357, 858 be deferred to allow the residents to review and prioritize the projects. As such no funding can be allocated to the sanitary sewer extension within this community at this time. Staff will bring this matter back to Council in March 2015 following community meeting. If the Council decides that any portion of this funding can be used for the sanitary sewer improvements for the Box Grove Community, staff recommend that the property owners who are funding the sanitary servicing with Plan B Homes Inc. be reimbursed their portion of the Box Grove Community Fund.

Engineering staff forwarded a formal questionnaire to the 9 property owners that front onto the proposed sanitary sewers (B to C and C to D, as per attached Figure 1) to be constructed on 14<sup>th</sup> Avenue. The property owners were requested to respond by June 9, 2014 and advise if they wish to proceed to service their lot as part of the Plan B homes Inc. developments. The details are as follows:

a) Sanitary Sewer Extension Section B to C

Plan B homes will extend the sewer from B to C (Part 1, as per Figure 1) as part of their development this summer and the property owners of 6814, 6828 and 6832, 14<sup>th</sup> Avenue have an opportunity to connect into the sewer. The cost of the sewer extension and service connection to the property line for each property owner is currently estimated at \$14, 246.40 (including 15% Admin Fees and HST).

All three property owners within section B to C submitted their acceptance letter to extend the sewer and service connection to their property line as part of the Plan B Homes Inc. development process. Therefore staff recommend that City allow the property owners of 6814, 6828 and 6832, 14<sup>th</sup> Avenue to service their lots subject to funding commitments from the property owners. The property owners have the following options to pay their associated share of the costs:

1. One-time interest free lump sum payment by March 30, 2015; or
2. Annual payments by installments over a 10 year period (from 2015 through 2024) at an interest rate of 3.60%. Any outstanding balance, plus accrued interest, up to the date of the final payment, may be paid at any time prior to December 31, 2024.

b) Sanitary Sewer Extension Section C to D

The sanitary sewer extension from C to D (Part 2, as per Figure 1) is the responsibility of the property owners of 6840, 6848, 6856, 6864, 6872 and 6882, 14<sup>th</sup> Avenue. However, Plan B

Homes Inc. agreed to extend the sewer and provide services connection to the property line if the property owners fund the cost. The cost of the sewer extension and service connection from C to D is about \$24,000/lot excluding applicable taxes.

The City received one (1) response out of 6 property owners supporting the sanitary sewer extension of this section. In accordance with the City requirements, a minimum 67% of the property owners have to support the project. As there is insufficient interest from the property owners to extend the sewer at this time, staff recommends that sanitary sewer extension, section C to D not be constructed as part of the Plan B Homes Inc. project. This matter will be reviewed again when the Bellport Homes development application is processed.

#### **Fees By-law – 14<sup>th</sup> Avenue Sanitary Sewer Extension Section B to C**

Pursuant to Section 391 of the *Municipal Act, 2001*, Council will enact a fees by-law to recover the costs from the benefiting property owners. A fees by-law may provide for interest charges and other penalties for fees that are due and unpaid. Fees may be added to the tax roll and collected in the same manner as taxes (under Subsection 398(2) of the *Municipal Act, 2001*).

The Fees by-law may provide the property owners with the option of paying the full amount either as a one-time payment or annually up to a maximum of 10 years with interest payable at the same rate as the 10 Year Region of York Debenture Interest Rate. The rate is 3.60% and payment in full of the outstanding balance plus accrued interest would be permitted at anytime.

**Table 1 – Local Improvement Estimated Cost Breakdown**

| <b>Item</b>                             | <b>Amount<br/>(Inclusive of HST)</b> |
|---|--------------------------------------|
| Construction Cost for 3 property owners | \$42,739.20                          |
| <b>Cost per Lot</b>                     | <b>\$14, 246.40</b>                  |

As the assessed cost to the property owners is based on an engineer's cost estimate, staff will update this estimate based on the final construction tender award and revise the amount owing per property owner accordingly. If the tender costs exceed by 10% of the above estimate, the City will consult with the 3 property owners to ascertain whether they are still willing to proceed with the project.

#### **FINANCIAL CONSIDERATIONS AND TEMPLATE: [\(external link\)](#)**

A new Engineering Department 2014 capital project is requested in the currently estimated amount of \$42,739.20 for the 14<sup>th</sup> Avenue sanitary sewer extension (from B to C, as per attached Figure 1) funded by the property owners (6814, 6828 and 6832, 14th Avenue). This amount will be finalized upon completion of the work to ensure full recovery of the associated costs.

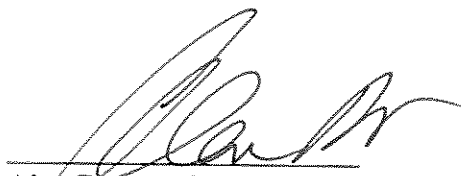
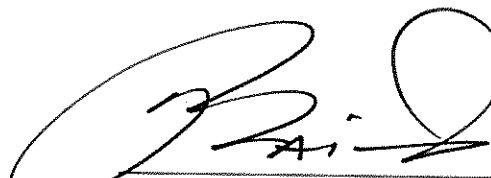
**ALIGNMENT WITH STRATEGIC PRIORITIES:**

The proposed applications will align with the City's strategic priority of Growth Management and providing Municipal Services by implementing the proposed developments and providing additional services to the existing properties.

**BUSINESS UNITS CONSULTED AND AFFECTED:**

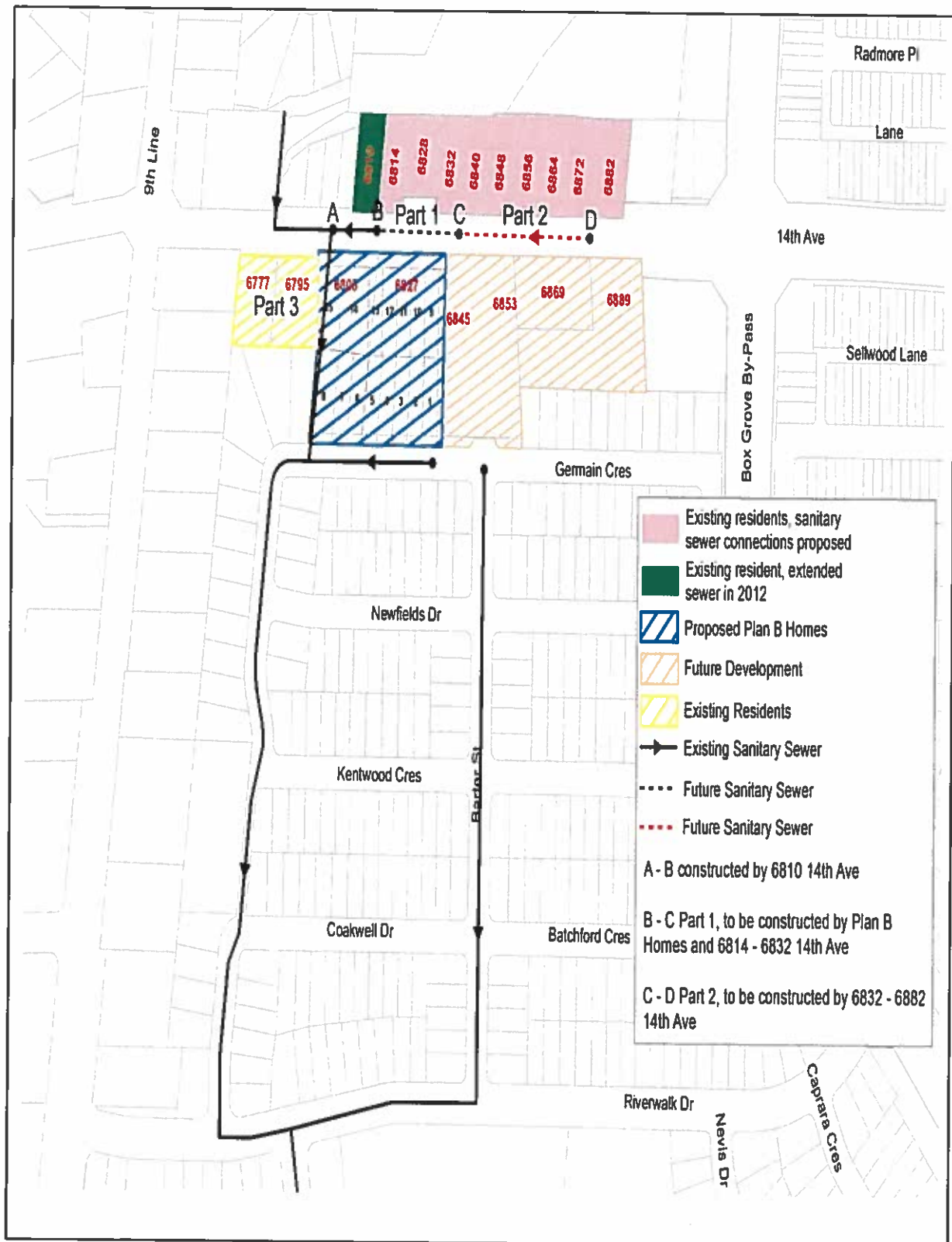
The Finance and Legal Departments have reviewed this report.

**RECOMMENDED BY:**

  
Alan Brown, CET  
Director of Engineering  
Jim Baird, MCIP, RPP  
Commissioner of Development Services

**ATTACHMENTS:**

Figure 1: 14<sup>th</sup> Avenue Sanitary Sewer Concept  
Attachment 'A' – Fee By-law

**Figure 1:- 14th Avenue Sanitary Sewer Concept**

## Attachment "A"

### Draft By-law – 14th Avenue Sanitary Sewer System Fee By-law

#### BY-LAW 2014 –

Being a By-law to levy the actual cost of construction of the sanitary sewer on 14<sup>th</sup> Avenue from section B to C, refer to attached Figure "1"

---

WHEREAS paragraph 391(1)(a) of the *Municipal Act*, 2001 provides that a municipality may pass a by-law for imposing fees or charges or activities provided by or done on behalf of it;

AND WHEREAS Council of The Corporation of the City of Markham on June 17, 2014 authorized a by-law to levy a portion of the actual cost of construction of a sanitary sewer system in 14th Avenue, subject to funding commitments from the property owners;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF MARKHAM ENACTS AS FOLLOWS:

1. 14th Avenue sanitary sewer extension project benefiting the properties as set out in Schedule "A" hereto. These properties shall hereinafter be referred to collectively as "14th Avenue residents".
2. The Actual Cost to be allocated, as per Schedule "A", to each lot on 14th Avenue residents (the "Lot Cost") shall be \$14,246.40 (including 15% Admin Fees and HST).
3. Each benefiting property owner on 14th Avenue shall pay the Lot Cost by making annual payments, comprised of principal and interest, as set out in Schedule "B" attached hereto. The payments shall be made in instalments as set by the final annual tax levy by-law until the Lot Cost is paid in full.
4. Interest shall be calculated and paid by each property owner on the outstanding principal amount at the rate of 3.60% annually.
5. Notwithstanding section 4 above, the outstanding balance, plus accrued interest up to the date of payment, may be paid at any time prior to December 31, 2024.
6. There shall be no interest payable if the Lot Cost is paid in full by March 30, 2015.
7. The Schedules attached hereto shall be and form part of this By-law.

READ A FIRST, SECOND AND THIRD TIME AND PASSED THIS DAY OF , 2014.

---

**SCHEDULE "A"**  
**TO BY-LAW 2014-XX**

| <b>Address</b>               | <b>Lot Cost</b>    |
|------------------------------|--------------------|
| 6814 14 <sup>th</sup> Avenue | \$14,246.40        |
| 6828 14 <sup>th</sup> Avenue | \$14,246.40        |
| 6832 14 <sup>th</sup> Avenue | \$14,246.40        |
| <b>Total</b>                 | <b>\$42,739.20</b> |



**SCHEDULE "B"**  
**TO BY-LAW 2014-XX**  
**14<sup>th</sup> Avenue Sanitary sewer Extension**  
**Repayment Plan: 10 years at 3.60% annually**

|                  |             |
|------------------|-------------|
| Cost per lot:    | \$14,246.40 |
| Interest:        | 3.60%       |
| Number of Years: | 10          |

|       | Year | Principal   | Interest   | Payment     |
|-------|------|-------------|------------|-------------|
|       | 2015 | \$14,246.40 | \$512.87   | \$1,721.65  |
|       | 2016 | \$13,037.62 | \$469.35   | \$1,721.65  |
|       | 2017 | \$11,785.32 | \$424.27   | \$1,721.65  |
|       | 2018 | \$10,487.95 | \$377.57   | \$1,721.65  |
|       | 2019 | \$9,143.86  | \$329.18   | \$1,721.65  |
|       | 2020 | \$7,751.39  | \$279.05   | \$1,721.65  |
|       | 2021 | \$6,308.79  | \$227.12   | \$1,721.65  |
|       | 2022 | \$4,814.26  | \$173.31   | \$1,721.65  |
|       | 2023 | \$3,265.92  | \$117.57   | \$1,721.65  |
|       | 2024 | \$1,661.84  | \$59.83    | \$1,721.65  |
| Total |      |             | \$2,970.12 | \$17,216.50 |