



Report to: General Committee

Meeting Date: November 12, 2018

SUBJECT: Development Charge Reimbursement Application –
Cornell CSA Group Limited

PREPARED BY: Kevin Ross, Manager Development Finance, ext. 2126
Alain Cachola, Senior Manager, Infrastructure and Capital
Projects, ext. 2711

RECOMMENDATION:

- 1) That the report entitled “Development Charge Reimbursement Application – Cornell CSA Group Limited” be received; and
- 2) That Council authorize a City Wide Hard Development Charge reimbursement of \$3,629,890 to the Cornell CSA Group Limited for the acquisition of property, construction of roads, sidewalks and watermain on lands located within the Cornell community, as set out in this report; and
- 3) That Council authorize the City Wide Hard Development Charge reimbursement to be paid to the Trustee of the Cornell CSA Group Limited, Davies Howe LLP in Trust; and
- 4) That the Mayor and Clerk be authorized to execute a Development Charge Reimbursement Agreement for \$3,629,890, in accordance with the City’s Development Charge Credit and Reimbursement Policy, with the Cornell CSA Group Limited, 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 reimbursement not exceeding \$3,629,890 to the Cornell CSA Group Limited (“Group”), or their successors. The requested reimbursement relates to works that were previously constructed on behalf of the Group and are included in the 2017 City Wide Hard Development Charge By-laws, and relate to the infrastructure highlighted in Appendix A1-A3, as follows:

- a) Design, contract administration, construction cost and property cost for the 3rd and 4th lanes relating to two sections of Bur Oak Avenue – 9th Line to White’s Hill and Riverlands to Highway 7;

- b) Design, contract administration and construction cost for 1.5 metre wide sidewalk sections along 9th Line from Donald Cousens Parkway to Highway 407;
- c) Design, contract administration and construction cost for 1.5 metre wide sidewalk sections along 16th Avenue from 9th Line to Donald Cousens Parkway; and
- d) Design, contract administration and construction cost for watermain exceeding 300mm diameter along 9th Line, 16th Avenue, and the Cornell North Loop.

These works were necessary to complete the development of the Cornell community. Council's authorization is required as the reimbursement request exceeds the Treasurer's approval authority of \$500,000 or less.

BACKGROUND:

Members of the Group constructed, at their own expense, approved infrastructure required for the Cornell Secondary Plan Area through the subdivision process. The secondary plan is comprised of lands east of 9th Line, south of Donald Cousens Parkway, west of Reesor Road, north of the 407 ETR.

While the construction of the infrastructure was approved through the subdivision process, the recovery mechanism for the Group to recoup the amount expended on behalf of the City was not determined at the time of construction.

Prior to the commencement of the 2017 Development Charges Background Study, the Group approached staff and requested a review of the infrastructure built on the City's behalf through the subdivision process, with a view to recovering the cost incurred to install the works over the period from 2004 to 2010. City staff engaged the Group and worked through issues raised with the aim of reaching a resolution.

City Engineering staff have reviewed costs related to the works being claimed by the Group, in accordance with the Council-approved Development Charge Credit and Reimbursement Policy, and have also verified the scope of the works to ensure compliance with the subdivision agreements. The amount being recommended by staff following the review of the Group's costs, is based on actual amounts expended when the works were undertaken, and does not include cost escalation such as indexing.

Staff is recommending that Council approve a reimbursement of the costs incurred by way of development charge reimbursement.

The City has entered into similar agreements with developers in the past and is authorized to enter into credit agreements by Section 38(1) of the *Development Charges Act, 1997, as amended*, 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 reimbursements have been used in a number of development applications to facilitate the construction of infrastructure in advance of the City's capital program in order not to delay the planned development.

OPTIONS/DISCUSSION:

In accordance with the Development Charges Credit and Reimbursement Policy, development charge credits and/or 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. The cost of the Cornell works included in the 2017 DC Background Study is \$4,607,717, while the actual cost of the works verified by the Engineering Department, following a series of reviews of source documentation submitted by the Group is \$3,629,890 (see table below). Based on the City's policy, the Group is eligible for a reimbursement of \$3,629,890 which is less than the amount included in the 2017 DC Background Study.

The table below shows the Group's claim of \$3,936,697 which is reduced by partial credits in the amount of \$306,807 which were provided for road construction and property cost for Bur Oak Avenue from 9th Line to White's Hill. The credits were provided in two increments: \$236,418.80 on subdivision agreement dated May 12, 2004 with 1473092 Ontario Limited (Metrus) and \$70,388.42 on subdivision agreement dated June 25, 2004 with Wykland Estates Inc. No further credits were provided to the Group.

Infrastructure	Location	Developer's Submitted Claim [A]	DC Credits Provided [B]	Developer's Eligible Claim [C] = [A - B]	Cost in the 2017 CWH By-law	Recommended CWH Reimbursement ¹
Roads	Bur Oak Avenue - 9 th Line to White's Hill	\$ 399,786	\$ 89,496	\$ 310,290	\$ 310,290	\$ 310,290
Roads	Bur Oak Avenue - Riverlands to Hwy 7	\$ 316,580	\$ -	\$ 316,580	\$ 362,594	\$ 316,580
Property	Bur Oak Avenue - 9 th Line to White's Hill	\$ 651,934	\$ 217,311	\$ 434,623	\$ 434,623	\$ 434,623
Property	Bur Oak Avenue - Riverlands to Hwy 7	\$ 356,848	\$ -	\$ 356,848	\$ 356,848	\$ 356,848
Sidewalks	Ninth Line (East Side) - 16 th Ave /Bur Oak Avenue	\$ 68,302	\$ -	\$ 68,302	\$ 68,302	\$ 68,302
Sidewalks	Ninth Line (East Side) - Church Street / 16 th Avenue	\$ 9,018	\$ -	\$ 9,018	\$ 9,018	\$ 9,018
Sidewalks	Ninth Line (East Side) - Highway 407 / Church Street	\$ 39,907	\$ -	\$ 39,907	\$ 39,907	\$ 39,907
Sidewalks	Ninth Line (Both Sides) - Bur Oak Ave to Donald Cousens Pkwy (DCP)	\$ 27,692	\$ -	\$ 27,692	\$ 63,756	\$ 27,692
Sidewalks	Sixteenth Avenue (North Side) - 9 th Line to Bur Oak Avenue	\$ 104,484	\$ -	\$ 104,484	\$ 147,883	\$ 104,484
Sidewalks	Sixteenth Avenue (South Side) - 9 th Line to Bur Oak Avenue	\$ 76,524	\$ -	\$ 76,524	\$ 147,883	\$ 76,524
Sidewalks	Sixteenth Avenue (Both Sides) - Bur Oak Ave to Donald Cousens Pkwy (DCP)	\$ 181,724	\$ -	\$ 181,724	\$ 727,041	\$ 181,724
Watermain	9th Line North - 16 th Ave/Markham By-Pass (DCP)	\$ 312,176	\$ -	\$ 312,176	\$ 312,179	\$ 312,176
Watermain	9th Line - Cornell South / Church Street	\$ 266,615	\$ -	\$ 266,615	\$ 480,083	\$ 266,615
Watermain	16th Avenue - 9th Line / Ext. Markham By-Pass	\$ 515,672	\$ -	\$ 515,672	\$ 515,672	\$ 515,672
Watermain	Cornell North Loop - Through the Cornell Development	\$ 609,435	\$ -	\$ 609,435	\$ 631,638	\$ 609,435
		\$ 3,936,697	\$ 306,807	\$ 3,629,890	\$4,607,717	\$ 3,629,890

1) - Based on the lesser of the amount in the 2017 CWH By-law and the Developer's Eligible claim

Reimbursement of Costs

The works listed in the table above have been completed and the cost and scope verified by staff in the Engineering Department. Staff recommend that the Group be reimbursed after approval by Council and execution of a reimbursement agreement. The verified cost claimed by the Group (\$3,936,697) will be reduced by previous credits of \$306,807 for a recommended reimbursement of \$3,629,890.

Financial Security

There is no security required to cover the cost of the constructed infrastructure, as the works have been assumed by the City through the related subdivision agreements, and they comply with the City's standards for design and construction.

FINANCIAL CONSIDERATIONS:

There is no net financial impact to the City. Development charge reimbursement and credits are provided to a developer in exchange for the construction of works included in the City's Development Charges Background Study, in compliance with the City's Development Charge Credit and Reimbursement Policy.

The Engineering Department has reviewed the scope and actual cost of the works provided by the Group and these are in alignment with the City's expectations. The Finance Department has reviewed and confirmed the quantum of DC credits previously provided to the Group and also the cost of the works included in the 2017 DC Background Study. Based on the City's policy that DC reimbursement/credits are provided based on the lesser of the amount included in the DC Background Study and the actual cost of the infrastructure, Finance and Engineering staff concur on the reimbursement recommended in this report.

The amount being recommended for City Wide Hard development charge reimbursement by staff is \$3,629,890 and is for works completed in the Cornell community by the developers who collectively form the Group. These works include the construction of roads, sidewalks and watermains to provide services to residents in the new subdivisions.

Consistent with the City's Development Charge Credit and Reimbursement Policy, the Group will be required to pay an administration fee for the Engineering, Legal and Finance Departments' costs incurred relating to the review, preparation and administration of the development charge reimbursement. The fee is structured in the following manner:

- An application fee of \$1,560 plus HST to review the development charge credit/reimbursement request; plus
- A fee equivalent to 1.0% of the value of the reimbursement request to a maximum of \$10,400 which amounts to \$10,400 plus HST payable upon 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:

2018-11-05

X 

Joel Lustig
Treasurer
Signed by: cxa

2018-11-05

X 

Trinela Cane
Commissioner, Corporate Services
Signed by: cxa

2018-11-05

X 

Brian Lee
Director, Engineering
Signed by: cxa

2018-11-05

X 

Arvin Prasad
Commissioner, Development Services
Signed by: cxa

ATTACHMENTS:

Appendix A – DC Eligible Infrastructures

Appendix A1 – DC Eligible Infrastructure (Roads and Property)



Appendix A2 – DC Eligible Infrastructure (Sidewalks)



Appendix A3 – DC Eligible Infrastructure (Water)

