



Report to: General Committee

Report Date: September 17, 2015

SUBJECT: 2015 Area Specific Development Charges By-Law Update for Areas 9, 42B-6 and 42B-8
PREPARED BY: Kevin Ross, Ext 2126

RECOMMENDATION:

- 1) That the report titled “2015 Area Specific Development Charges By-Law Update for Areas 9, 42B-6 and 42B-8” be received;
- 2) That City staff be authorized to schedule a Development Charge Public Meeting on November 10, 2015, as required by Section 12 of the *Development Charges Act, 1997*; and
- 3) That staff be directed to do all things necessary to give effect to this report.

EXECUTIVE SUMMARY:

Markham enacted the Area Specific Development Charges (“ASDC”) by-laws for areas 9, 42B-6 and 42B-8 on June 17, 2013. At the time of the enactment, the cost of the Highway 7 sanitary sewer was not yet completed and the City agreed to update the by-laws when the final costs were determined. The ASDC by-laws are subject to a five year term. The developer up-fronting the infrastructure on behalf of the City, Times Group Corporation (“Times”), agreed to pay for the update of the by-laws if the total costs for the Highway 7 sanitary sewer exceeded the amount included in the original by-laws.

The cost of the sanitary sewer has now been finalized and Times has requested that the update be completed. The by-law update is being done to enable Times to recover the cost of the sanitary sewer from the other benefitting landowners in the area.

PURPOSE:

The purpose of this report is to:

- 1) Advise Council of the update to the ASDC by-laws for Areas 9, 42B-6 and 42B-8 (see Appendix A for a map of the areas).
- 2) Request Council approval to hold a statutory Development Charge Public meeting on November 10, 2015 to allow staff to obtain input from the development industry and other stakeholders on the ASDC Background Study.

BACKGROUND:

ASDC by-laws are levied on specific localized geographical areas that benefit from particular infrastructure, rather than on a city-wide basis. The ASDC by-laws for areas 9, 42B-6 and 42B-8 were enacted in June 2013. It was acknowledged at the time that final cost of one element of the infrastructure being recovered for, the Highway 7 sanitary sewer, was not reflected as these were still being determined when the by-laws were adopted by Council.

In the staff report recommending the adoption of the three ASDC by-laws on June 17, 2013, staff noted that there would be a larger than expected increase in the cost of the Highway 7 sanitary sewer, due to a dispute between Times and the general contractor for the project. The dispute was the subject of a commercial arbitration process which is now complete, and a decision has been rendered on the cost of the infrastructure. Times has provided the City with an indemnity for all costs relating to the defense of the three area specific by-laws.

As the cost of the Highway 7 sanitary sewer has now been finalized, Times has requested that the ASDC by-laws be updated to facilitate the recovery of the true cost of the infrastructure. The City commenced the ASDC background study in June 2015 with the assistance of Hemson Consulting and has completed the calculation of new ASDC rates using the updated costs of the infrastructure.

Staff invited the landowners in the three ASDC areas to a consultative meeting on September 11, 2015, where the new rates and updated infrastructure costs were discussed. The landowners were provided the opportunity to review the revised rates and provide feedback on any concerns that they may have. Through this process, the City has been requested to clarify some of the costs utilized in the calculation of the rates and has done so. There has been no other concerns raised to-date.

In accordance with an executed construction agreement dated March 7, 2011 between Times and the City, the developer agreed to, and has funded the cost of preparing the updated ASDC Background Study.

The main infrastructure included in these three ASDCs are:

- Highway 7 Sanitary Sewer
- Highway 7 Storm Sewer and Stormwater Management Pond
- Village Parkway Reconstruction

This infrastructure is required in order for development to proceed on lands along Village Parkway (east and west) and to the south of Highway 7. The cost of these works was mostly borne by Times and the update of the ASDCs is to enable the recovery of the costs from the other landowners who benefit from the infrastructure.

Public Meeting

Before passing a development charge by-law, Section 12 of the *Development Charges Act, 1997* stipulates that Council shall hold at least one public meeting and provide at a minimum, 20 days notice in advance of the meeting. The proposed by-law(s) and background study are to be made available at least two weeks prior to the meeting. In

order to achieve the proposed date of November 10th, Council approval to place the public notice is required and is being requested through this report.

FINANCIAL CONSIDERATIONS

Updated ASDC Cost and Rates

The ASDC by-laws are being updated primarily to accommodate the finalized cost for the Highway 7 sanitary sewer, however the opportunity was taken to refine other costs, such as those included for the storm water management pond. The chart below outlines the updated infrastructure cost being proposed for the 2015 ASDC by-laws and compares them to the costs included in the current 2013 by-laws. As depicted in the chart, the main cost change relates to the \$3.8M increase in the Highway 7 sanitary sewer, coupled with a slight reduction in the cost of the Highway 7 storm sewer and stormwater management pond; these represent the finalized cost for these two infrastructure.

PROJECT DESCRIPTION		2015 Gross Cost	2013 Gross Cost	Change in Gross Cost
Intersection				
Roundabout		\$ 400,250	\$ 400,250	\$ -
Roads				
Village Parkway	Southbound dedicated left turn lane @ Hwy 7	\$ 44,553	\$ 44,553	\$ -
Sciberras Dr (ROW)	Highway 7 to Rouge River	\$ 2,132,284	\$ 2,132,284	\$ -
		\$ 2,176,837	\$ 2,176,837	\$ -
Special Projects				
Village Parkway	Dedicated Bike Lanes	\$ 206,409	\$ 206,409	\$ -
Storm Water Management				
Sheridan Pond (Construction)		\$ 1,582,964	\$ 1,541,949	\$ 41,015
Highway 7 Storm Sewer	Village Pkwy to East of Street G	\$ 1,607,823	\$ 1,724,230	\$ (116,407)
Sheridan Storm Sewer	Highway 7 to Sheridan Pond	\$ 1,810,704	\$ 1,896,080	\$ (85,376)
Area 42B-8 Stub to Pond		\$ 49,945	\$ 53,125	\$ (3,180)
		\$ 5,051,436	\$ 5,215,384	\$ (163,946)
Sanitary Sewers				
Highway 7 Sanitary Sewer	Village Parkway to Main Street Unionville	\$ 16,630,334	\$ 12,832,266	\$ 3,798,068
Highway 7 Sanitary Sewer	Hwy 7 to YDSS	\$ 762,093	\$ 762,093	\$ -
		\$ 17,392,427	\$ 13,594,359	\$ 3,798,068
Total Gross Cost		\$25,227,359	\$ 21,593,239	\$ 3,634,120

The cost of the infrastructure is allocated across the three areas based on their projected usage of the facilities, which is based on population and employment forecasts. The allocation of the costs also includes a percentage ascribed to the Region of York as they have agreed to contribute to the cost of the Highway 7 storm sewer and stormwater management pond. Below is a chart which depicts the allocation of the costs across the three ASDCs.

PROJECT DESCRIPTION	2015 Gross Cost	ASDC & OTHER SHARES (%)				
		9	42.B-6	42.B-8	Region/ Other	Total
Intersection						
Roundabout	\$ 400,250	100.0%	0.0%	0.0%	0.0%	100.0%
Roads						
Village Parkway Southbound dedicated left turn lane @ Hwy 7	\$ 44,553	100.0%	0.0%	0.0%	0.0%	100.0%
Sciberras Dr (ROW) Highway 7 to Rouge River	\$ 2,132,284	0.0%	0.0%	85.7%	14.3%	100.0%
	\$ 2,176,837					
Special Projects						
Village Parkway Dedicated Bike Lanes	\$ 206,409	100.0%	0.0%	0.0%	0.0%	100.0%
Storm Water Management						
Sheridan Pond (Construction)	\$ 1,582,964	67.5%	1.3%	22.3%	8.9%	100.0%
Highway 7 Storm Sewer Villiage Pkwy to East of Street G	\$ 1,607,823	89.6%	0.0%	0.0%	10.4%	100.0%
Sheridan Storm Sewer Highway 7 to Sheridan Pond	\$ 1,810,704	92.9%	1.7%	1.7%	3.7%	100.0%
Area 42B-8 Stub to Pond	\$ 49,945	0.0%	0.0%	100.0%	0.0%	100.0%
	\$ 5,051,436					
Sanitary Sewers						
Highway 7 Sanitary Sewer Village Parkway to Main Street Unionville	\$16,630,334	15.7%	60.5%	23.8%	0.0%	100.0%
Highway 7 Sanitary Sewer Hwy 7 to YDSS	\$ 762,093	15.7%	60.5%	23.8%	0.0%	100.0%
	\$17,392,427					
Total Gross Cost	\$25,227,359					

The costs as detailed and allocated in the table above are used to calculate the updated, proposed rates for the three areas. Attached in Appendices B though D are the calculation tables which will be included in the ASDC background study. The chart below summarises the proposed rates as calculated in the attached tables.

Area Name	Service Area	Total ASDC Recoverable ¹	Land Area (Ha)	Revised Charge per Net Ha (A)	Current Charge per Net Ha ² (B)	Increase / (Decrease) (\$) (C) = (A) - (B)
PD 1-7	Area 9	\$ 6,732,364	9.57	\$ 703,457	\$ 763,560	\$ (60,103)
Markham Centre - South Hwy 7	Area 42B.6	\$ 8,010,138	6.20	\$ 1,292,166	\$ 1,074,075	\$ 218,091
Markham Centre - Sciberras	Area 42B.8	\$ 7,024,707	4.80	\$ 1,463,786	\$ 311,718	\$ 1,152,068

¹ Amounts have been adjusted to account for DC credits provided as well as reserve balances

² Current charge as of July 1, 2015

The difference in the rates shown in the original by-laws versus current charges is mainly due to the following:

- ASDC 9 – Lower allocation of the Highway 7 sanitary sewer cost has contributed to the lowering of the proposed rate
- ASDC 42B-6 – Higher allocation of the Highway 7 sanitary sewer cost has contributed to the increase in the proposed rate
- ASDC 42B-8 – The realignment in the land area to take out the undevelopable flood plain has resulted in a reduction in the land area and an increase in the proposed rate.

ENVIRONMENTAL CONSIDERATIONS:

Not applicable.

ACCESSIBILITY CONSIDERATIONS:

Not applicable.

ENGAGE 21ST CONSIDERATIONS:

Not applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

Legal and Engineering Services.

RECOMMENDED BY:

29/09/2015

X



Alan Brown
Director, Engineering

28/09/2015

X



Joel Lustig
Treasurer

9/29/2015

X



Jim Baird
Commissioner, Development Services

28/09/2015

X



Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

[Appendix A – Map of ASDC Areas](#)

[Appendix B – Calculation Table, Area 9, PD 1-7](#)

[Appendix C – Calculation Table, Area 42B-6, Markham Centre - South Hwy 7](#)

[Appendix D – Calculation Table, Area 42B-8, Markham Centre - Sciberras](#)