



Report to: General Committee

Date Report Authored: August 13, 2015

SUBJECT: Development Charge Credit/Reimbursement Application –
1826918 Ontario Ltd. (Times Group Corporation)
PREPARED BY: Kevin Ross, Manager Development Finance, ext. 2126
Eugene Chen, Capital Works Administrator, ext. 2451

RECOMMENDATION:

- 1) That the report entitled “Development Charge Credit/Reimbursement Application – 1826918 Ontario Ltd. (Times Group Corporation)” be received;
- 2) That Council authorize City Wide Hard Development Charge credits and reimbursements not exceeding \$1,566,764 to 1826918 Ontario Ltd. (Times Group Corporation) for the construction of intersections, enhanced streetscape, 4th lanes, as well as road property costs related to lands located to the southeast of Warden Avenue and Highway 7, as set out in this report;
- 3) That the Mayor and Clerk be authorized to execute a Development Charge Credit and Reimbursement Agreement, if required, in accordance with the City’s Development Charge Credit and Reimbursement Policy, with 1826918 Ontario Ltd. (Times Group Corporation), or their successors in title, to the satisfaction of the Treasurer and City Solicitor;
- 4) And 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 credits and reimbursements not exceeding \$1,566,764 to 1826918 Ontario Ltd. (“Times”), or their successors in title. The requested credits and reimbursement relate to works that are included in the City Wide Hard Development Charges By-law, and relate to the roadways highlighted in Appendix A, as follows:

- a) Design, construction and contract administration cost for the construction of the intersection at Rougeville Promenade and Birchmount Road;
- b) Design, construction and contract administration cost for the construction of streetscape along Rougeville Promenade from its eastern limit at the Sheridan Nursery (Street G) westward to Warden Avenue, as well as Verdale Crossing from Highway 7 to the Rouge River;

- c) Design, construction, contract administration and property cost for the construction of:
- a) The 4th lane on Rougeside Promenade from Warden Avenue to east of Verdale Crossing and,
 - b) The 4th lane on Verdale Crossing from Highway 7 to the Rouge River.

These works are necessary for Times to continue with the development of their lands. Council's authorization is required as the credit request exceeds the Treasurer's approval authority of \$500,000 or less.

BACKGROUND:

Times approached the City requesting authorization to up-front finance the construction of the aforementioned public works and to recoup the cost of the works through City Wide Hard (CWH) development charge credits and reimbursements.

The works were approved and secured in subdivision agreements executed between Times and the City on April 29th, 2011 and March 15th, 2013. While the construction of the works was approved in the subdivision agreements, there was no recognition of future development charge credits being provided. City staff have reviewed the request and associated costs in accordance with the Council approved Development Charge Credit and Reimbursement Policy, and agreed that CWH credits and reimbursements can be provided to Times. The current request is therefore to seek approval to enter into an agreement to grant credits for a specified amount and to provide for how these credits will be issued.

Times has substantially performed some of the infrastructure works approved under the subdivision agreements in order to facilitate the completion of their development, which is being done in three phases. The works related to phase one has been completed as depicted in Appendix A (see 'Completed' area highlighted in green).

The Times development is located on lands at the south-east corner of Highway 7 and Warden Avenue, bordered by Highway 7 to the north and Rougeside Promenade to the south; Times has no development planned south of Rougeside Promenade. The three phases of the development are shown in Appendix B as follows:

- Phase one runs from Street G at the eastern limit of Rougeside Promenade to the western limit of Block 11,
- Phase two runs from the western limit of Block 11 to the west of Street D, and
- Phase three (shown as 'Future Phase') picks up from the west of Street D and continues to the eastern side of Warden Avenue.

The credits being claimed constitute most of the infrastructure required for phases 1 and 2.

The City has entered into similar agreements with developers in the past and is empowered to enter into credit agreements 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 reimbursements have been used in a number of development applications to facilitate the construction of infrastructure in advance of the City's capital program.

OPTIONS/DISCUSSION:

The works described above (see areas highlighted in Appendix A), are included in the City's 2013 City Wide Hard Development Charges By-law. In accordance with the Development Charges 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 2013 DC Background Study includes \$1,578,724 for the cost of the infrastructure, therefore the Times claim will be capped at this amount.

The estimated cost of the works provided by Times totals \$1,668,547 which is their eligible claim as seen in the table below. When assessed in accordance with the City's policy of awarding credits based on the lesser of the actual cost or the amount included in the DC Background Study, the staff recommended CWH credits total \$1,566,764; this is \$11,960 less than the amount in the 2013 DC Background Study. This difference is as a result of the City's cost for the 4th lane on Rougeside Promenade being \$11,960 higher than the developer's claim (\$23,118 versus \$11,158), hence the reduction in the recommended credits.

Subject to Council approval of the amount of the credit/reimbursement, DC credits will be provided to Times in their upcoming development phases and if the costs are not fully recovered through credits, Times will receive a reimbursement for any outstanding amounts.

Infrastructure	Details	Developer's Cost Estimate	% cost in CWH	Developer's Eligible Claim	Cost in 2013 CWH By-law	Recommended CWH Credits
Intersection	Rougeside Promenade at Birchmount Extension	\$ 260,000	100%	\$ 260,000	\$ 209,622	\$ 209,622
Enhanced Streetscapes	Birchmount Road - Highway 7 to Rouge River	\$ 292,340	50%	\$ 146,170	\$ 146,170	\$ 146,170
Enhanced Streetscapes	Rougeside Promenade - Warden Avenue to Birchmount Road	\$ 336,406	50%	\$ 168,203	\$ 168,203	\$ 168,203
Enhanced Streetscapes	Rougeside Promenade - Birchmount Road to West of Sheridan Nurseries	\$ 113,933	50%	\$ 56,967	\$ 56,967	\$ 56,967
Enhanced Streetscapes	Verdale Crossing - Hwy 7 to Rouge River	\$ 147,247	50%	\$ 73,624	\$ 73,624	\$ 73,624
Property	Rougeside Promenade - Warden Avenue to East of Verdale Crossing (3m Right of Way)	\$ 408,014	100%	\$ 408,014	\$ 372,620	\$ 372,620
Property	Verdale Crossing - Hwy 7 to Rouge River (3m Right of Way)	\$ 399,630	100%	\$ 399,630	\$ 399,630	\$ 399,630
Roads	Rougeside Promenade 4 th Lane - Warden Avenue to East of Verdale Crossing	\$ 11,158	100%	\$ 11,158	\$ 23,118	\$ 11,158
Roads	Verdale Crossing - Hwy 7 to Rouge River	\$ 144,782	100%	\$ 144,782	\$ 128,771	\$ 128,771
		\$ 2,113,510		\$1,668,547	\$ 1,578,724	\$ 1,566,764

The recommended CWH credits are for works and property costs associated with the first and second phases of the Times development.

Timing of Recommended Credits

Staff are recommending that credits now be provided for works that have been completed, as well as for property that has already been conveyed to the City. The credits can be offset from CWH development charges due on the Times site at 15 and 25 Water Walk Drive. Times will be eligible for credits for the remaining works when they are completed and this will be provided on their phase three development.

The table below shows the breakdown and timing of the recommended credits:

Infrastructure	Details	Recommended CWH Credits	Timing of Credits	
			Current Credits	Future Credits
Intersection	Rougeside Promenade at Birchmount Extension	\$ 209,622	\$ 209,622	\$ -
Enhanced Streetscapes	Birchmount Road - Highway 7 to Rouge River	\$ 146,170	\$ 146,170	\$ -
Enhanced Streetscapes	Rougeside Promenade - Warden Avenue to Birchmount Road	\$ 168,203	\$ 64,484	\$ 103,719
Enhanced Streetscapes	Rougeside Promenade - Birchmount Road to West of Sheridan Nurseries	\$ 56,967	\$ 56,967	\$ -
Enhanced Streetscapes	Verdale Crossing - Hwy 7 to Rouge River	\$ 73,624	\$ -	\$ 73,624
Property	Rougeside Promenade - Warden Avenue to East of Verdale Crossing (3m Right of Way)	\$ 372,620	\$ 372,620	\$ -
Property	Verdale Crossing - Hwy 7 to Rouge River (3m Right of Way)	\$ 399,630	\$ 399,630	\$ -
Roads	Rougeside Promenade 4 th Lane - Warden Avenue to East of Verdale Crossing	\$ 11,158	\$ -	\$ 11,158
Roads	Verdale Crossing - Hwy 7 to Rouge River	\$ 128,771	\$ -	\$ 128,771
		\$ 1,566,764	\$ 1,249,493	\$ 317,272

The works listed under “*current credits*” have been completed by Times and they are therefore eligible to receive credits for these costs. In addition, the properties for the 3m right-of-way (4th lanes) were conveyed to the City via a subdivision agreement in March 2013, and as such, Times is also eligible for these credits at this time.

Times is therefore now eligible for credits of \$1,249,493 based on works performed, however the intersection improvements, though complete, were not approved for construction in the subdivision agreements executed between the City and Times. The City would have had to construct these works if Times had not done so. As a result, staff recommends that Times be immediately provided with credits of \$1,039,871 (\$1,249,493 less \$209,622) with the remainder of \$209,622 to be provided after the subdivision agreement dated March 15th, 2013 is amended to include the intersection improvements as

works to be undertaken by Times – this will ensure that the City obtains the requisite security to cover the maintenance cost of the works.

The future credits of \$317,272 will be provided when Times commences building phase 3 of their development.

The City is currently holding a letter of credit in the amount of \$2,126,275 for CWH charges due on the Water Walk Drive development. Staff recommend that the credit of \$1,249,493 be offset from this amount thus reducing the CWH charges due to \$876,782.

Financial Security

The City is holding securities for these infrastructure works to cover the warranty period in compliance with all the City's standards for design and construction under the phase one subdivision agreement dated April 29th, 2011 and the phase two subdivision agreement dated March 15th, 2013.

FINANCIAL CONSIDERATIONS:

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

The Engineering Department has reviewed the scope and actual cost of the works provided by Times and these are in alignment with the City's expectations.

Consistent with the City's Development Charge Credit and Reimbursement Policy, Times 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:

- 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. In this case a fee is \$10,000 plus HST 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:

14/09/2015

9/14/2015

X



Joel Lustig
Treasurer

X



Alan Brown
Director, Engineering

14/09/2015

9/14/2015

X



Trinela Cane
Commissioner, Corporate Services

X



Jim Baird
Commissioner, Development Services

ATTACHMENTS:

[Appendix A – Times Construction; Appendix B – Times Phase 1 and 2](#)