

THE REGIONAL MUNICIPALITY OF YORK

**REPORT NO. 2 OF THE REGIONAL COMMISSIONER OF FINANCE AND THE
COMMISSIONER OF TRANSPORTATION AND WORKS**

**For Consideration by
The Council of The Regional Municipality of York
on June 22, 2006**

**1
EAST HOLLAND TRUNK SEWER – AUTHORITY TO EXECUTE PREPAID
DEVELOPMENT CHARGE CREDIT AGREEMENT**

1. RECOMMENDATIONS

It is recommended that the Regional Chair and Clerk be authorized to execute the prepaid development charge credit agreement for the advanced construction of the East Holland Trunk Sewer – Tablelands Portion, at an estimated cost of \$6.65 million.

2. PURPOSE

The purpose of this report is to update Regional Council on the status of the East Holland Trunk Sewer – Tablelands Portion prepaid development charge credit agreement with the Aurora 2B Developer Group and seek Council authorization to execute the agreement subject to receipt of funding.

3. BACKGROUND

On June 23, 2005, Regional Council authorized staff to proceed with negotiating the terms of a prepaid development charge credit agreement with Aurora 2B Developer Group for the advanced construction of the East Holland Trunk Sewer – Tablelands Portion, based on the following principles:

- The Aurora 2B Developer Group will be responsible for providing funding to advance the East Holland Trunk Sewer – Tablelands Portion, at an estimated cost of \$2.5 million;
- The Aurora 2B Developer Group will secure by way of Letter of Credit, 100% of the estimated cost of the East Holland Trunk Sewer – Tablelands Portion, with the Region, that will be reduced as progress payments are made by the Aurora 2B Developer Group;
- The Aurora 2B Developer Group will be entitled to recover the growth component of the works equal to 80% of the cost of the works or \$2.0 million, by way of credits against the sewer component of the Regional development charge at time of subdivision(s) as the works are included in the Region's 10 Year Capital Plan;
- The Aurora 2B Developer Group will be eligible to recover the non-growth component of the works equal to 20% of the cost or \$0.5 million subject to completion of the works to the satisfaction of the Commissioner of Transportation and Works;
- The Region will direct any sewer development charges collected by the Region from non-participating developers within the benefiting area to the Aurora 2B Developer Group to reduce any outstanding sewer credit obligation;
- The Aurora 2B Developer Group will agree to pay for the Region's legal costs (external or internal) to prepare the agreement; and
- A fee equal to 0.5% of the capital cost of the works shall be payable by the Aurora 2B Developer Group for the preparation and administration of the agreement.

The East Holland Trunk Sewer – Tablelands Portion will be constructed by the developer group. The works will be constructed within the lands owned by the Aurora 2B Developer Group located north of Wellington Street, east of Bayview Avenue and South of St. John's Sideroad.

4. ANALYSIS AND OPTIONS

4.1 Revisions to the Agreement Principles

The estimated cost of the East Holland Trunk Sewer –Tableland Portion totalling \$2.5 million was based on information developed during the Class Environmental Assessment in 2002. The information at the time was limited and did not anticipate the soil conditions in the area. Through the detailed design process the sewer design and contract documents were developed to account for the soil conditions and the required depth of the sewer. These changes in addition to market conditions have increased the estimated cost of works to \$7.5 million.

The developer group has provided the Region with the \$3.75 million in securities for these works. Following receipt of the funding the developer group proceeded to tender the works. Based on the tenders received, the estimated cost of the above mentioned

works is now \$6.65 million. Therefore, it is recommended that the prepaid development charge credit agreement be amended to reflect a tendered amount of approximately \$6.65 million, and subject to receipt of the balance of the securities required by the developer group in the amount of \$2.9 million, the Chair and Clerk be authorized to execute the agreement.

5. FINANCIAL IMPLICATIONS

The current budgeted cost of the East Holland Trunk Sewer – Tablelands Portion is \$2.5 million, which is reflected in the Region's Development Charge By-law. In order to recover funds sufficient to pay for these works, the increased cost for the works to \$6.65 million must be updated in the Development Charge By-law. It will be adjusted during the DC By-law update scheduled for completion in February/March 2007.

6. LOCAL MUNICIPAL IMPACT

The Town of Aurora will be responsible to allocate servicing capacity to the participating landowners.

7. CONCLUSION

It is recommended that Regional Chair and Clerk be authorized to execute the prepaid development charge credit agreement based on the amended estimated cost of East Holland Trunk Sewer – Tablelands Portion from \$2.5 million to \$6.65 million to reflect the tendered price received by the Aurora 2B Developer Group. Accordingly, once the agreement has been amended to reflect the necessary changes, it is recommended that Council authorizes the Regional Chair and Clerk to execute the agreement, subject to receipt of the necessary funding.

The Senior Management Group has reviewed this report.

Respectfully submitted,

**June, 2006
Newmarket, Ontario**

**L. Russell
Commissioner of Finance**

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Commissioner of Transportation and Works**

(Report No. 2 of the Commissioner of Finance and the Commissioner of Transportation and Works was adopted, without amendment, by Regional Council at its meeting held on June 22, 2006.)