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WEST RAINBOW CREEK SANITARY TRUNK SEWER PRINCIPLES OF PREPAID DEVELOPMENT CHARGE AGREEMENT CITY OF VAUGHAN

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, December 11, 2003, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Chair and Clerk be authorized to execute a Prepaid Development Charge Credit Agreement with Roybridge Investments and Roybridge Limited Partnership who have financed the construction of the West Rainbow Creek trunk sewer at a total cost of \$1.6 million, in accordance with the principles outlined herein.
2. Subject to Vaughan Council approval, the City of Vaughan shall be party to the agreement in order to ensure that the existing agreement is terminated and to transfer any funds collected associated with the sewer construction to the Region.

2. PURPOSE

Roybridge Investments and Roybridge Limited Partnership have provided financing to the City of Vaughan for the construction of the West Rainbow Creek sewer, to allow for the development of their lands. Subsequently, the Region has assumed responsibility for the infrastructure from the City of Vaughan. The purpose of this report is to obtain Council's authorization to permit Regional staff to negotiate a prepaid development charge credit agreement with Roybridge Investments and Roybridge Limited Partnership to allow for Regional development charge credits for this infrastructure. This report outlines the proposed principles of the prepaid development charge credit agreement for the West Rainbow Creek trunk sewer works.

The key principles of the proposed agreement are as follows:

- The cost of the West Rainbow Creek trunk sewer is \$1.6 million;
- The Roybridge Investment and Roybridge Limited Partnership developer group has provided financing equal to 100% of the cost of the works, totalling \$1.6 million to the City of Vaughan;
- As the sewage works are not included in the Region's 10 year capital plan, the developer group is entitled to recover prepaid development charge credits for the growth component of the works equal to 80% (\$1.28 million) of the cost of the works by way of credits against the sewer component of the Regional development charge at the time building permit issuance;
- The developer group will be responsible for the non-growth component of the works equal to 20% of the cost of the works or \$320,000; and

- Subject to Vaughan Council approval, the City of Vaughan shall be party to this agreement, as per recommendation two.

3. BACKGROUND

On February 18, 1999, the City of Vaughan and Roybridge Investments and Roybridge Limited Partnership (“Roybridge”) entered into an agreement to provide the financing for the advanced construction of the West Rainbow Creek trunk sewer. On March 1999, the City of Vaughan requested the Region to assume responsibility for the West Rainbow Creek trunk sewer. On September 9, 1999, Regional Council endorsed the assumption West Rainbow trunk sewer from the City of Vaughan, as staff determined that the works met the criteria established for identifying Regional sewage infrastructure.

The City of Vaughan completed the construction of the trunk sewer in January 2001 at a cost of \$1.6 million. As the works are now a Regional responsibility, Roybridge must enter into an agreement with Region to achieve DC credits for the cost of the works, and to terminate the agreement with the City of Vaughan.

4. ANALYSIS AND OPTIONS

4.1 Planning Considerations

The area served by the trunk sewer is designated “Urban Area” in the Regional Official Plan. The lands are designated for Employment Uses by the Vaughan Official Plan. The lands are subject to the land use designations and provisions of Amendments 400, 450 and 600 to the Vaughan Official. The lands are included within Block Plans 57 (east and west), and 58, (east and west). Highway 427 and its extension north of Highway 7 is the dividing line between the east and west blocks.

Block Plans, 57E and 58E are approved and occupied by industrial buildings. The City recently approved Blocks 57W and 58W in June 2003. These block plans provide for a road pattern consistent with the York Peel Boundary Area Transportation Study. The City is currently reviewing plans of subdivision for Block Plans 57W and 58W. The final road and lot pattern for Block 58W will be impacted by the location of the extension of Highway 427, which will be determined by an Environmental Assessment.

4.2 Servicing Considerations

The need for the West Rainbow Creek Trunk to service the industrial land west of Highway No. 27 was identified in the Sewerage Servicing Study for OPA 400, prepared by the City of Vaughan in 1994. The sewer was proposed to extend from Highway No. 27 to the Region’s Woodbridge Collector, which drains to the Humber Pumping Station. (*see council attachment 1*)

In February 1999, the City of Vaughan entered into an agreement with Roybridge Investments and Roybridge Limited Partnership to finance the portion of the sewer between Highway No. 27 and Kipling Avenue. The sewer connected to the existing Rainbow Trunk at Kipling Avenue.

The Rainbow Trunk is presently operating at capacity and it has been identified that the section of West Rainbow Trunk from Kipling Avenue to the Woodbridge Collector is required to provide additional capacity to service growth. In July 2003, the Region commenced the Class EA for this section of the West Rainbow Trunk, which will be a 900 mm parallel sewer that runs along the existing Rainbow Trunk. It is expected that construction of the work will commence in 2004 for completion in early 2005.

The West Rainbow Trunk will have adequate capacity to service the full build-out of the area bounded by Highway 27, Highway 50, Highway 407 and Langstaff Road.

5. FINANCIAL IMPLICATIONS

The City of Vaughan has entered into an up-front financing agreement with the Roybridge Investments and Roybridge Limited Partnership. The total cost of the works is \$1.6 million and has been funded by Roybridge. As the works are no longer under City jurisdiction and not in Vaughan's development charge by-law, Roybridge would not be able to achieve development charge credits from the City. Therefore, Roybridge must enter into an agreement with the Region to achieve development charge credits.

The following are the principles of the prepaid development charge credit agreement between the developer group and the Regional Municipality of York:

- The actual cost for the West Rainbow Creek Trunk Sewer is \$1.6 million;
- Roybridge Investment and Roybridge Limited Partnership have provided financing equal to 100% of the cost of the works, totalling \$1.6 million to the City of Vaughan;
- As the sewage works were not included in the Region's 10 year capital plan, the developer group is entitled to recover prepaid development charge credits for the growth component of the works equal to 80% (\$1.28 million) of the cost of the works by way of credits against the sewer component of the Regional development charge at the time building permit issuance;
- The developer group will be responsible for the non-growth component of the works equal to 20% of the cost of the works or \$320,000;
- The Region will direct to Roybridge Investments and Roybridge Limited Partnership any sewer development charges collected by the Region from non-participating developers within the benefiting area up to the amounts recoverable. Any sewer development charges collected from non-participating and directed to the developer group will reduce the outstanding sewer credit obligation;
- Subject to Vaughan Council approval, the City of Vaughan shall be party to the agreement in order to ensure that the existing agreement is terminated and to transfer any funds collected associated with the sewer construction to the Region;
- The Roybridge Investments and Roybridge Limited Partnership will agree to pay for the Region's legal costs (external or internal) to prepare the agreement; and
- An administration fee equal to 0.5% of the capital cost of the trunk sewer works shall be payable at the time of execution of the agreement.

6. LOCAL MUNICIPAL IMPACT

The City of Vaughan has entered into an agreement to advance the construction of the West Rainbow Creek with the Roybridge Investments and Roybridge Limited Partnership developer group. The City of Vaughan is in receipt of \$1.6 million for the sewer works constructed in January 2001, and has used these funds to finance the construction costs.

The City of Vaughan shall terminate the existing agreement with the developer group and forward to the Region any remaining funds provided by the developer group, and any remaining development charges collected in the West Rainbow Creek benefiting area.

7. CONCLUSION

Roybridge Investment and Roybridge Limited Partnership provided funding to the City of Vaughan totalling \$1.6 million, which was used to fund the cost of construction of the West Rainbow Creek Trunk Sewer. As the sewer works are now under Regional jurisdiction, Roybridge must enter into a development charge credit agreement with the Region to recover costs associated with the sewer works. This report outlines the principles of a prepaid development charge credit agreement between the Region and the Roybridge Investment and Roybridge Limited Partnership for the construction of the sewer works.

The Senior Management Group has reviewed this report.