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WELDRICK ROAD RELIEF SEWER PREPAID DEVELOPMENT CHARGE CREDIT AGREEMENT PRINCIPLES TOWN OF RICHMOND HILL

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, February 23, 2005, from the Commissioner of Finance, Commissioner of Transportation and Works and the Commissioner of Planning and Development Services:

1. RECOMMENDATIONS

It is recommended that:

1. Regional staff be authorized to negotiate the terms of a prepaid development charge credit agreement with the Town of Richmond Hill and a developer group in the Town of Richmond Hill (“Developer Group”) regarding the construction of the Weldrick Road Relief Sewer, in accordance with the principles outlined in this report.
2. The Regional Chair and Clerk be authorized to execute the agreement.
3. Regional Council, in principle, include the Weldrick Road Relief Sewer in the proposed 2005 Development Charge By-law update and that the payments made by the Developer Group be made in accordance with the rates in effect under the new 2005 DC By-law.

2. PURPOSE

The purpose of this report is to obtain Council’s authorization to permit Regional staff to negotiate a prepaid development charge credit agreement with Developer Group in the Town of Richmond Hill and the Town of Richmond Hill for the construction of Weldrick Road Relief Sewer, to provide relief in the North Richmond Hill sewer shed. On October 21, 2004 Council recommended that Regional and Town of Richmond Hill staff proceed with the construction of the Weldrick Road Relief Sewer. The construction of the sewer will be managed by the Town of Richmond Hill and the funding will be provided by the participating Developer Group in the Town of Richmond Hill. The Region will be responsible for the non-growth component of the cost of the works in recognition that the Weldrick Road Relief Sewer provides relief to the existing York Durham Sewage System (YDSS) in case of a significant storm event along with allowing the Developer Group to meet home purchaser obligations.

3. BACKGROUND

The Regional Municipality of York has experienced significant delays in achieving approvals from the Ministry of the Environment (MOE) for many infrastructure projects within the Region. This delay, coupled with the continued growth within the Region, has created wastewater capacity constraints, restricting the buildout of developments in North Richmond Hill and throughout the Region. In order to address servicing capacity within the Town of Richmond Hill, the proposed construction of the Weldrick Road Relief Sewer was identified as an option to potentially alleviate some of the capacity constraints in the North Richmond Hill area. The Weldrick Road Relief Sewer is currently under the jurisdiction of the Town of Richmond Hill.

On June 24, 2004, Regional Council adopted a report that authorized Regional staff to work with Richmond Hill staff to pursue the Weldrick Road Relief Sewer option. Regional and Town staff were directed to investigate feasibility, cost and timing of the sewer construction. During this time, Regional staff continued with the technical review of the overall YDSS system capacity to identify opportunities for additional capacity. The review indicated that there would be sufficient capacity in the North Don Sewer to receive additional flow from the proposed Weldrick Road Relief Sewer connection. On October 21, 2004, Regional Council directed staff to move forward with construction of the Weldrick Road Relief Sewer in collaboration with the Town of Richmond Hill and to pursue other risk mitigation proposals.

Additionally, certain developers in the Town of Richmond Hill expressed an interest in facilitating the construction of the works by advancing the funding for the design and possible construction of the Weldrick Road Relief Sewer. The Developer Group has provided \$150,000 to the Town of Richmond Hill to initiate the design of sewer. In order to receive credit for funding the construction of the sewer works, the Developer Group will have to enter into a tri-party agreement that includes the Region and the Town of Richmond Hill.

4. ANALYSIS AND OPTIONS

Construction of the 19th Avenue sewer, and the proposed equalization tanks in Newmarket and Aurora, provide additional sewage capacity to the northern part of York Region including the Yonge Street Sewage Area in Richmond Hill. Given that all three critical infrastructure projects are currently in the approvals process, and construction timing remains uncertain, the construction of the Weldrick Road Relief Sewer will provide short term sewage servicing capacity to the Town of Richmond Hill in a short time period. The Town of Richmond Hill has proposed that the design of the Weldrick Road Relief Sewer shall be completed in February/March 2005. Shortly after it plans to tender and award the construction in April and start construction in May with the Weldrick Road Relief Sewer being in service by September/October 2005.

4.1 Planning Considerations

The proposed Weldrick sewer will benefit proposed development in the Yonge Street Trunk Service Area of Richmond Hill. The developments represent the larger developments in the service area as outlined in the following Table 1. The proposed total allocation from the Weldrick Road Relief Sewer represents a more practical allocation than the existing allocation as it allows for complete multi-unit, high rise development to be built as well as contiguous areas of the draft approved subdivisions.

4.1.1 Official Plan

All of the lands within the benefiting area are designated as “Urban Area” by the Regional Official Plan. The “Urban Area” designation permits a variety of residential, employment, institutional and open space uses.

The benefiting area contains Residential, Mixed Use and Village Core designations in the Official Plan of the Town of Richmond Hill. These designations permit residential, commercial and related uses.

4.1.2 Development Applications

The benefiting lands are comprised of 5 plans of subdivision and 3 site plan/zoning applications totalling 2,975 units. The York Harris/Empire and Baldex applications represent high rise developments that need enough allocation to complete full buildings. This new allocation from the Weldrick Road Relief Sewer will allow for the completion of full buildings. Allocation through the Weldrick Road Relief Sewer will also allow for the various subdivisions to be developed in contiguous sections at this time rather than in a dispersed manner based on initial sales.

Table 1

Application Name	Application Number	Current Allocation (units)	Additional Allocation (units)	Total Allocation (units)
Lebovic	19T-98011	209	615	824
Metrus – Oak Ridges Farm Co-Tenancy	19T-99006	211	621	832
Metrus - Zavala	19T-99007	165	484	649
Baif	19T-87012	74	219	293
Duke/Tribute	19T-99014	114	338	452
York Harris/Empire	D06-03059	103	305	408
Baldex	D02-03002	107	317	424
Autumn Grove	D06-03056	26	76	102
TOTALS		1009	2975	3984

The 3,984 units represents approximately 28% of the current inventory of draft approved units in the Yonge Street Drainage Area with an additional 1000 units being held in reserve by Richmond Hill for small infill and intensification projects or approved projects that will deliver key infrastructure such as roads. There still remains a deficit of 7,636

units that will need to wait until additional capacity is available in the Yonge Street Drainage Area through completion of infrastructure such as the 19th/Leslie, 16th, and Southeast Collectors. Richmond Hill has put in place a by-law (under Section 34 of the Planning Act) requiring that development must have allocation of servicing capacity prior to a building permit being issued. This is an effective means of ensuring that buildout of the subdivision occurs in an orderly manner. Additionally, Richmond Hill as the approval authority for subdivisions and condominiums may need to revise existing conditions of approval to clearly articulate the constrained servicing situation and imbed the triggers to move toward registration.

4.2 Servicing Considerations

The Richmond Hill area is generally divided into four major wastewater serviced area: (see Attachment 1)

- Highway 404 Trunk
- North Don Trunk
- East Beaver Creek Trunk
- Yonge Street Trunk

For accommodating future Richmond Hill growth, the 2002 York Region YDSS Master Plan Update identified the need for the 19th Avenue Interceptor, the Lower Leslie Street Trunk Sewer and the 16th Avenue Sewer, which will provide relief to the Yonge Street Trunk Sewer by diverting sewage flow to the Leslie Street Trunk. The delay in obtaining approval for the required infrastructure, which is required to provide the needed downstream capacity has created a constraint in the Yonge Street Trunk Sewer. The Town of Richmond Hill and Regional staff have identified the Weldrick Road Relief Sewer could provide additional capacity, by diverting flow on an interim basis to the North Don Sewer and helps safeguard the YDSS system in case of a significant storm event.

Capacity review indicated that an equivalent population capacity of 8,000 can be diverted from the Yonge Street Sewer to the North Don Trunk Sewer. The Town of Richmond Hill was allocated 6,436 units in the Yonge Street Trunk Service Area by Council on October 21, 2004 of which 3,975 units were identified as priority commitments and conditional on the construction of the Weldrick Road Relief Sewer, as reported in Table 1 of the October 21, 2004 Council minutes. The construction of the Weldrick Road Relief Sewer satisfies the condition to release the 3,975 units which are within the overall capacity limit approved by Council (refer to Attachment 2).

The proposed Newmarket and Aurora equalization tanks are scheduled to be completed in 2006 and 2007 respectively will detain peak flows during wet weather events. Both projects are subject to approval process which may impact the delivery of the Newmarket and Aurora equalization tanks. The completion of the two tanks will further provide relief to the Yonge Street Trunk Sewer and capacity review indicates that the Weldrick Road Relief Sewer will not be as critical in providing capacity relief to the Yonge Street Sewer and the entire YDSS at that time. If the Weldrick Road Relief Sewer can be

constructed in the proposed timelines, (i.e. October 2005) it will provide immediate relief and safeguard the YDSS in case of significant storm events and allow the Developer Group to meet home purchaser obligations.

4.3 DC Credit Policy

The Town of Richmond Hill undertook an analysis of the YDSS. The analysis determined that immediate construction of the Weldrick Road Relief Sewer would provide for an increased level of certainty with regards to short term servicing capacity constraints in the Town of Richmond Hill, safeguards the YDSS and would provide a certain level of risk mitigation by diverting flow from the Yonge Street Sewer to the North Don sewer. Also it would allow for the Region and Town of Richmond Hill to address servicing commitments made to development within the Town of Richmond Hill. The Town of Richmond Hill requested that the Region pursue the construction of the Weldrick Road Relief Sewer and that Developer Group within the Town of Richmond Hill would provide the necessary funding for the construction. Subsequently, on October 21, 2004 Regional Council recommended that the staff move forward with the construction of Weldrick Road Relief Sewer in collaboration with the Town of Richmond Hill.

In accordance with the Regional Development Charge Credit Policy, typically where the capital works are not included in the Regional ten year capital plan, the developer would be required pay for the full value of the non-growth component of the costs equal to 20% of the total cost.

In recognition that this is a unique situation whereby:

1. The Weldrick Road Relief Sewer provides a solution to existing sewage capacity constraints within the Town of Richmond Hill in the event of a significant storm event.
2. Enables the Region and Town of Richmond Hill to meet development approval obligations.
3. Provides certainty and enables the Region to proceed with construction of certain key sewage infrastructure in a timely manner while other projects are in the approval process and may experience uncontrollable delays.
4. It is proposed that the Developer Group provide funding in accordance with the new DC rates that will be in place in the 2005 DC By-law Update.

Accordingly, Regional staff recommends that Council recognize this situation and allow the Developer Group to recover the 20% non-growth component of the cost of the works.

The cost of the Weldrick Road Sewer is estimated to be \$2 million. In order to provide development charge credits, the cost of the sewer must be included in the DC By-law. Regional staff is currently working toward amending the DC By-law for other considerations. Subject to the Region and the Town of Richmond Hill authorizing the construction and subsequent assumption of the sewer, the works will be included in the DC By-law.

5. FINANCIAL IMPLICATIONS

It is proposed that the Region enter into a Prepaid Development Charge Credit Agreement with the developer group for the construction of the Weldrick Road Relief Sewer. The following are the principles of the prepaid development charge credit agreement between the developer group, the Regional Municipality of York and the Town of Richmond Hill:

- The cost of the design and construction of the Weldrick Road Relief Sewer is estimated at \$2 million.
- The Developer Group will secure 100% of the estimated cost of the Weldrick Road Relief Sewer with the Town of Richmond Hill.
- The Town of Richmond Hill will ensure that complete construction of the Weldrick Road Relief Sewer will occur on or before October 2005.
- Should the Weldrick Road Relief Sewer not be in service due to unforeseen circumstances, Regional Council and the Town of Richmond Hill may revisit the need for the Weldrick Road Relief Sewer and may decide to explore alternative options presented at that time.
- Upon completion of the works to the satisfaction of the Commissioner of Transportation and Works, and completion of the maintenance period, the Weldrick Road Relief Sewer shall be transferred to the Region.
- The Town of Richmond Hill shall be responsible for operation and maintenance of the sewer up until ownership is transferred to the Region.
- Once the Weldrick Road Relief Sewer has been transferred to Region, the cost has been included in the DC By-law and the new rates which includes the sewer becomes effective, the Developer Group will be entitled to recover the sewer component of the Regional development charge as described below.
- The Developer Group will be entitled to recover the growth component of the works equal to 80% of the cost of the works or \$1.6 million, by way of credits against the sewer component of the Regional development charge at time of subdivision(s) registration, subject to the inclusion of the cost of construction in the DC By-law.
- The DC Credit Policy be waived to permit the Developer Group to recover the non-growth component of the works equal to 20% of the cost or \$0.4 million subject to completion of the works to the satisfaction of the Commissioner of Transportation and Works and the assumption of the sewer by the Region.
- Should the Region and the Town of Richmond Hill decide that the sewer is not required or if the works not completed for an unforeseen reason, the Developer Group will be responsible for all the costs incurred to date.
- The Region will direct any sewer development charges collected by the Region from non-participating developers within the benefiting area after completion of the sewer to the Developer Group to reduce the outstanding sewer credit obligation.
- The Town of Richmond Hill shall be party to the agreement in order to ensure that all planning approvals, allocation of water and sewage servicing, funding arrangements

and the placement of appropriate restrictions on development phasing are handled in the agreed manner.

- The Developer Group shall agree to provide a waiver and release to the Region with respect to any sewer capacity constraints that may be experienced by the Developer Group as they relate to development approvals respecting other land holdings within the Region.
- The Developer Group will agree to pay for the Region's legal costs (external or internal) to prepare the agreement.
- A fee equal to 0.5% of the capital cost of the works shall be payable to the Region by the Developer Group for the preparation and administration of the agreement.

6. LOCAL MUNICIPAL IMPACT

The Weldrick Road Relief Sewer will provide limited interim sewage servicing for developments in Richmond Hill. The Town of Richmond Hill will be responsible to construct the sewer and ensure that it meets Regional standards for assumption.

7. CONCLUSION

Regional staff have recommended that the construction of the Weldrick Road Relief Sewer be commenced in order to address servicing constraints in the Town of Richmond Hill and reduce Regional risk associated with YDSS capacity.

The Weldrick Road Relief Sewer design is currently underway. Once completed, Town of Richmond Hill staff anticipates tendering the project March/April 2005 and award to occur soon after. Funding of the project will be provided by the Developer Group. Once the Town of Richmond Hill has constructed and the maintenance period has lapsed, and subject to the satisfaction of the Commissioner of Transportation and Works, the Region will assume Weldrick Road Relief Sewer. This report outlines the principles of the prepaid development charge credit agreement, which is subject to Council authorization.

Upon assumption, inclusion of the cost of the sewer in the DC By-law, and the approval of higher sewer rates which reflect the Weldrick Road Relief Sewer and other sewage infrastructure costs, the Developer Group will be entitled to recover the growth and non-growth component cost of the works at that time. Funding of the non-growth component of the sewer infrastructure will be included in the Region's Capital Plan.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is appended to this report.)