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### **NINTH LINE RECONSTRUCTION AND WIDENING REQUEST FOR CONTRIBUTION TO STORM SEWER COSTS MARKHAM STOUFFVILLE HOSPITAL**

*(Regional Council at its meeting on March 27, 2008 amended this Clause by adding the following additional recommendation:*

- 4. Staff be directed to negotiate the recovery of the storm sewer costs from Markham Stouffville Hospital.)**

**The Transportation and Works Committee recommends the following:**

- 1. The communication from Sheila Birrell, Town Clerk, Town of Markham, dated February 13, 2008, regarding 'Ninth Line Sewer in the Cornell Community', be received;**
- 2. The recommendations contained in the following report, February 28, 2008, from the Commissioner of Transportation Services, be adopted.**

#### **1. RECOMMENDATIONS**

It is recommended that:

1. Regional Council authorize the contribution from the 2008 Roads Capital Budget of up to \$310,000 to fund half (50%) of the Markham Stouffville Hospital's share of costs for the Ninth Line (Y.R. 69) storm sewer to be constructed as part of the Region's programmed Ninth Line (Y.R. 69) reconstruction between Rose Way and 407ETR.
2. Regional Council authorize a cost-sharing arrangement with The Town of Markham, Markham Stouffville Hospital, 605819 Ontario Limited, and any other necessary parties, in accordance with the cost-sharing principles attached to this report, and subject to the approval of Legal Services as to form and content.
3. The Regional Clerk forward this report to the Clerk of the Town of Markham.

#### **2. PURPOSE**

This report seeks Council authorization to contribute 50% of Markham Stouffville Hospital's share of the storm sewer construction costs on Ninth Line and to inform Council of the cost-sharing principles for the construction of a storm sewer. This sewer

will accommodate storm water run off from within the Ninth Line right-of-way, from adjacent developments east of Ninth Line of which Markham Stouffville Hospital is a party, and from an existing neighbourhood west of Ninth Line.

A plan showing the location of the sewer is shown in *Attachment 1*.

### **3. BACKGROUND**

York Region is preparing to tender a contract for the reconstruction and widening of Ninth Line, from 407 ETR to Rose Way for construction in 2008. The contract will include new storm sewer draining an area north of Highway 7.

#### **Development Group requests a storm sewer via Ninth Line in 2005.**

York Region's Capital Works program originally provided for the widening of Ninth Line in the Town of Markham in 2006. While undertaking the design in 2005, York Region was approached by members of the adjoining Cornell Landowner's Group who were seeking the Region's accommodation of a storm sewer route from their lands located east of Ninth Line and north of Highway 7, to a storm water management pond located south of Highway 7. The only viable route to the storm water management pond is via the Ninth Line right-of-way.

The members of the Cornell Landowners Group requiring the sewer are 605918 Ontario Limited and Markham Stouffville Hospital, which is in the planning stages of an expansion. These two members of the group can not develop their lands north of Highway 7 until sanitary sewer allocation becomes available in 2012.

These members requested York Region install an oversized storm sewer during the widening of Ninth Line, large enough to accommodate their future needs. The request was premised upon cost sharing a single oversized storm sewer benefiting all parties rather than the development group funding a separate storm sewer system on Ninth Line when they proceed to develop in 2012. Accommodating this request will avoid future disruption to the community and re-excavating Ninth Line only a few years after it is widened by York Region.

#### **In 2006, the Town of Markham requested the Region to defer the portion of Ninth Line reconstruction, south of Rose Way.**

During the sewer design it was identified that an existing neighbourhood west of Ninth Line in the Town of Markham would also benefit from the proposed storm sewer and connection to the storm water management pond located south of Highway 7. The enlarged storm sewer on Ninth Line will enable the routing of major flows to the storm water management pond and thereby provide quantity and quality control to this existing community that does not presently exist.

However, the Town of Markham did not have funding allocated for their share of the sewer costs. In 2006, the Town of Markham requested York Region to defer tendering the portion of Ninth Line south of Rose Way, where the sewer is required, until their funding was allocated. York Region agreed to the request and proceeded to widen Ninth Line north of the storm sewer, from Rose Way northerly to Don Cousen's Parkway in 2007.

**York Region will benefit environmentally from the proposed larger storm sewer and pond.**

The original plan for draining Ninth Line was to construct a new sewer sized to accommodate the road run off only. The new sewer would convey water to the south limit of the project and then outlet to an existing ditch on the west side of Ninth Line. There would not be a storm water management pond for quantity control. Quality control would be achieved by providing an oil-grit chamber.

York Region will benefit from the proposed shared storm sewer since it will enable an added environmental enhancement by routing all of the storm water run off from within the Ninth Line right-of-way to the storm water management pond south of Highway 7 to provide both quality and quantity control. An outlet to the pond will optimize overall storm water management in the area. The storm sewer and connection to the storm water management pond is consistent with the Ninth Line Class EA. On this basis, Regional staff have actively worked to facilitate an oversized sewer solution by negotiating an appropriate cost-sharing solution for these works and enabling them to be included in the Region's construction contract.

**In 2007, Markham Stouffville Hospital requested funding from the Town of Markham.**

Markham Stouffville Hospital remains in the planning phase of a proposed expansion and it does not have funds available for its share of the proposed storm sewer costs in 2008. Hospital staff approached the Town of Markham in 2007 seeking a financial contribution from the Town towards the Hospital's share of the storm sewer costs.

**Town of Markham approved the Hospital's request and asks that York Region contribute the remaining 50% on behalf of Markham Stouffville Hospital.**

On February 5, 2008, the Town of Markham Development Services Committee approved funding for the Town's share of Ninth Line storm sewer construction costs (*See Attachment 2*). Markham also provided a commitment to fund 50% of Markham Stouffville Hospital's share of storm sewer costs with an accompanying request for York Region to fund the balance of Markham Stouffville Hospital's share.

**605918 Ontario Limited Agrees to funding their share of the sewer costs.**

605918 Ontario Limited is a member of the Cornell Landowners Group and was the leading proponent of the oversized storm sewer concept. By ensuring the oversized storm sewer is included within the upcoming road widening, significant savings will be realized for the development interests as they will not incur the restoration costs associated with the roadwork if they were to proceed with their own separate storm sewer pipe in the future. To date, 605918 has agreed to the cost-share estimates.

**Ensuring York Region receives appropriate securities and recoveries through cost sharing principles.**

York Region completed the widening of Ninth Line north of Rose Way in 2007 and has programmed the remaining widening, from Highway 407 to Rose Way, for 2008. Sufficient funds have been allocated to fund the widening of the road and the construction of a shared storm sewer.

Staff will expedite a cost-sharing document detailing the participants' responsibilities as they relate to the cost of the works. A document executed by all parties will ensure each party's commitments and obligations are recorded and thereby ensure York Region receives the appropriate securities and recovers all costs incurred on behalf of other parties under its Ninth Line widening contract. The principles for cost sharing are set out in Schedule A appended to the report (*See Attachment 3*).

**4. ANALYSIS AND OPTIONS**

The impacts of the funding request and the alternatives available to York Region are outlined as follows:

**4.1 DRAINAGE OPTIONS**

**York Region could proceed independently from others. This option would not include an oversized sewer capable of handling future development.**

York Region could proceed to construct an independent storm sewer system in 2008. An independent system would service only the Region's requirements and not provide capacity to either of the Town or developer interests. York Region would outlet its flow within the existing Ninth Line right of way and incur the costs of installing its own quantity control facility and in-line quality control devices such as oil grit chambers. The estimated cost of this option is \$750,000. This option will not yield any savings over a cost-shared pipe system.

When a separate pipe for future development is installed by the Town and/or developers in the future, it will be necessary that the developers re-excavate the recently widened

road. Under this scenario, the developer group, of which Markham Stouffville Hospital is a party, would incur the costs associated with the restoration of the roadway. While York Region will not incur any direct financial costs at that time there will be indirect costs associated with extended disruptions to traffic and transit delays incurred in this corridor by the community at large.

Staff concluded that while it is possible to widen the road in 2008 without constructing a combined sewer sized to accommodate the development lands, it is preferable to ensure an appropriately sized sewer is constructed in conjunction with the planned road widening in 2008.

**York Region could cost share a sewer with the Town only. This option would require the newly constructed and widened Ninth Line to be restored incurring traffic disruptions a second time for residents.**

Under this scenario, the pipe would be sized to accommodate both the Region and Town area and outlet to the storm water management pond. Given the depth and diameter of sewer required to service the Region and Town needs together, The Region's share of estimated cost is \$700,000. There are no cost savings achieved by proceeding independently of the development interests.

Similar to the previous scenario, when developers north of Highway 7 proceed to develop in the future, there will be significant impact to the community as the recently widened road is re-excavated and the impacts to traffic and transit are incurred.

**Staff recommend proceeding with all other parties to maximize efficiencies.**

This recommended alternative provides the outcomes sought by all parties. This alternative will avoid future disruption to the community and re-excavating Ninth Line only a few years after it is widened by York Region. Proceeding under this alternative will enable all required construction on Ninth Line to occur simultaneously and maximize efficiencies for all beneficiaries.

## **4.2 COST SHARING**

The Region's estimated share of costs for storm sewers is \$532,000. The estimate for all parties is outlined in Table 1 below.

**Table 1**  
Anticipated Storm Sewer Cost Share Estimates

| Contributor                  | Estimated Cost Share | Requested Contribution | Estimated Cost Share After Contribution |
|------------------------------|----------------------|------------------------|-----------------------------------------|
| York Region                  | \$ 532,000           | \$ 309,500             | \$ 841,500                              |
| Town of Markham              | 867,000              | 309,500                | 1,176,500                               |
| Landowners Group:            |                      |                        |                                         |
| Markham Stouffville Hospital | 619,000              |                        | 0                                       |
| 605918 Ontario Limited       | <u>1,032,000</u>     |                        | <u>1,032,000</u>                        |
| Total                        | \$3,050,000          |                        | \$3,050,000                             |

**Securing Markham Stouffville Hospital's outstanding 50% share.**

The Town of Markham has committed to 50% of the hospital's share of costs and on behalf of the hospital requested York Region fund the remaining 50% (approximately \$310,000) as a contribution to the hospital's expansion plans.

The hospital's cost share will be funded if Council approves a one-time contribution of up to 50% of the hospital's share of costs as recommended in this report.

**Securing 605918 Ontario Limited's and Town of Markham's cost-sharing contributions.**

605918 Ontario Limited has been a leading proponent of ensuring the sewer is installed and is in agreement with the proportionate flow cost sharing methodology. Correspondence received from MMM Group, on behalf of 605918 Ontario Limited, confirmed its security will be forthcoming from 605918 Ontario Limited and will be received prior to tendering the contract.

As an alternative, York Region previously explored the possibility of implementing an Area Specific Development Charge for this property. Under this scenario, 605918's sewer could be funded from local municipal Development Charges; however, this option is not possible.

Regional staff will expedite a cost-sharing arrangement to document the funding obligations, and security requirements for 605918 Ontario Limited's and the Town of Markham's share of the sewer works to be tendered and constructed in 2008.

#### **4.3 CONSTRUCTION TIMELINES**

Completion of the detail design and tender package is in progress. Pending finalization of cost sharing by early April, and all required securities permits being received, staff plan to tender the project in early May and commence construction in late June 2008. This will enable all lanes to be available to traffic by year end. Final surface restoration will be deferred until spring 2009.

#### **5. FINANCIAL IMPLICATIONS**

The 2008 capital program provides funding for the widening of Ninth Line. There are sufficient funds in the current year capital budget to provide for York Region's road widening and storm sewer costs in addition to front-ending the hospital's \$310,000 cost.

In view of Council's December, 2007 direction to the CAO to report on Capital funding arrangements with hospitals, there is an opportunity for the Region to agree to fund 50% of the hospital's portion of the costs in the context of the larger negotiations.

#### **6. LOCAL MUNICIPAL IMPACT**

Widening of Ninth Line from Highway 407 to Rose Way is necessary to improve travel through this corridor which is used to access Markham Stouffville Hospital. Ensuring an adequately sized storm sewer is constructed under York Region's road widening contract will prevent future disruption of this corridor and provide enhanced storm water management to an existing Markham Community.

#### **7. CONCLUSION**

Ninth Line is programmed for construction in 2008. In order to ensure that the road is completed to serve the needs of York Region, the Town of Markham and the future development area, of which Markham Stouffville Hospital is a part, a shared storm sewer serving all beneficiaries is required. A contribution to the Hospital's share is recommended. Staff will document all cost sharing obligations and ensure that all parties fund their respective share in accordance with York Region's cost sharing guidelines. This report includes the principles for cost sharing.

For more information on this report, contact Dino Basso, Director of Capital Delivery - Roads Branch at Extension 5902 in the Transportation Services Department.

The Senior Management Group has reviewed this report.

*(The attachments referred to in this clause are attached to this report.)*