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HOLLAND LANDING, QUEENSVILLE AND SHARON COMMUNITIES PREPAID DEVELOPMENT CHARGE CREDIT AGREEMENT REVISED PRINCIPLES TOWN OF EAST GWILLIMBURY

The Finance and Administration Committee recommends:

- 1. the receipt of the letter dated April 25, 2008 from Hajnalka Hartwick, Technical Clerk, Town of East Gwillimbury, April 25, 2008; and**
- 2. the adoption of the recommendations contained in the following report, May 28, 2008, from the Commissioner of Finance, the Commissioner of Planning and Development Services and the Commissioner of Environmental 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 East Gwillimbury and the Holland Landing, Queensville and Sharon Developer Group in accordance with the revised principles outlined in this report for:
 - a) The extension of the York Durham Sewage System from the Newmarket Pumping Station to just south of Queensville Sideroad at an estimated cost of \$63 million.
 - b) The accelerated construction of a 7.5 ML Elevated Tank in Queensville at an estimated cost of \$7.5 million to be paid for by the Region.
2. The Regional Chair and Clerk be authorized to execute the agreement subject to the Town of East Gwillimbury receipt of funding as outlined in this report.

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 the Town of East Gwillimbury and the Holland Landing, Queensville and Sharon Developer Group for the advanced construction of York Durham Sewage System (YDSS) extension and the Queensville Elevated Tank.

The Holland Landing and Queensville Communities prepaid development charge credit agreement principles report was adopted by Regional Council on June 12, 2003, and now

has been amended to reflect the outcome of additional discussions recently held with the developer group.

3. BACKGROUND

Developer Groups request advanced construction of sewage infrastructure

In order to proceed with the build-out of their subdivisions, sufficient sanitary sewage servicing capacity, water servicing capacity and road capacity must be made available. This requires the extension of the YDSS, the Aurora and Newmarket Sewage Equalization Tanks, the Queensville Elevated Tank and the extension of Highway 404.

Accordingly, the Holland Landing, Queensville and Sharon Developer Groups have requested that the construction of the sewage servicing and water servicing infrastructure be advanced through pre-payment of sewage and water development charges.

MMM Group report estimated sewage infrastructure cost increase to \$63M

It has been reported by the MMM Group, that the scope of the sewage and water servicing infrastructure changed from 2003 to present. The estimated sewage infrastructure costs have changed from \$17.5 million in 2003, to \$42 in 2007 million to a current estimate of \$63 million. Additionally, the estimated water infrastructure cost increased from \$3.1 million in 2003 to \$7.5 million in 2008. The key factors of the sewage infrastructure cost increase from 2003 to present are related to: the expanded sewage service areas, addition of a pumping station, route change, more restrictive environment consideration, higher construction standards on material, change in construction techniques to minimize impacts on existing community, increase in depth of sewer to provide service by gravity and the protection for future Regional road design on Second Concession. The cost increases coupled with the servicing constraints faced within the Region resulted in the Developer Group proposing a revision to the principles of the agreement.

4. ANALYSIS AND OPTIONS

Phasing of development will ensure complete liveable neighbourhoods and employment opportunities

The sewage connection to the YDSS will provide servicing for the communities within the approved boundaries of the existing communities of Sharon, Queensville and Holland Landing. The key planning consideration for the build-out of these communities that make up the Central Growth Area of East Gwillimbury is the phasing of development amongst the individual communities and the achievement of complete functional and liveable neighbourhoods and employment opportunities.

Phasing plans that are geographically specific both amongst and within the communities are required to ensure the goal of complete neighbourhoods is achieved along with the provision of employment opportunities. It is important to avoid partially completed neighbourhoods containing a checkerboard of gaps for any extended period of time.

The implementation of such a phasing plan will also provide the opportunity for complete neighbourhoods that can function on their own should there be a delay in any of the future infrastructure required such as the Southeast Collector Sewer required for system-wide capacity and the future Upper York Sewage System which will service long term growth in East Gwillimbury, Newmarket and Aurora.

Servicing allocation will impact the build out of these communities

Servicing allocation is also a factor in the phasing of developments. It is important to establish how servicing allocation will impact the build out of these communities and, ultimately, impact the recovery of costs of the infrastructure that has been financed.

It has been determined that the infrastructure can service growth for a new population of 15,000 people (or about 5,000 units) prior to the implementation of the Upper York Sewage System. This is above the June 2005 assignment of allocation of 1,100 units which represents the Town's share of the existing sewage treatment capacity provided by the Duffin Creek Water Pollution Control Plant and the Peel Sewage diversion. There are currently 465 units of this capacity remaining. This capacity for 465 units could be used now for areas currently connected to the YDSS like Green Lane West, however to use this allocation in Sharon, Queensville or Holland Landing, the YDSS connection and the Queensville elevated tank are required.

The first phase of new allocation for East Gwillimbury was confirmed in the report entitled "Servicing Allocation and Future Regional Conditions for Draft Plan of Subdivision Approval" adopted by Council on November 14, 2007. This provided the first 500 units of the 5,000 unit capacity resulting from the YDSS connection. These additional 500 units are dependent on the completion of the Duffin Creek Expansion and the YDSS flow control. A further amount of units may be assigned through an allocation report scheduled in 2008 which represents the balance of the capacity available prior to the Southeast Collector completion scheduled for December 2012. Therefore, Regional staff can only project an annual absorption rate of 500 units per year and this has formed part of the Regional financial principles.

Infrastructure capacity thresholds and Town allocation phases development of lands

The following table illustrates the allocation granted plus potential allocation and infrastructure capacity thresholds that will impact the phased development for the portion of East Gwillimbury connected to the YDSS.

Table 1: Servicing Allocation, Potential Allocation and Infrastructure Requirements

	Allocation Assigned to East Gwillimbury by Regional Council (in units)	Potential Assignment of Allocation (in units)	Infrastructure Required to Use Allocation
Assigned June 2005	1,100 (465 units uncommitted to individual developments)		Proposed Works • Connection to YDSS • Elevated Water Tank Works Under construction • Newmarket EQ tank • Aurora EQ tank • 16th Ave Phase 2 Sewer • YDSS interceptor • Lower Leslie Sewer • Aurora/Newmarket Feedermain • Bathurst Watermain
Assigned Nov. 14/2007 Occupancy 2011	500		All of above plus: • Duffin Creek WPCP Expansion • YDSS Flow Control
Occupancy 2012	To Be Confirmed through Council	up to 500 units	All of above
Occupancy 2013 to Upper York Sewage System Completion date	To Be Confirmed through Council	Balance of 5,000 units – phased annually at a rate of 500+/year	All of above plus: • Southeast Collector
Occupancy to be determined	To Be Confirmed through Council	Beyond 5,000 units	All of above plus: • Upper York Sewage System and other infrastructure as identified by the Master Plan Update • Queensville tank #2 and/or other water infrastructure as identified by the Master Plan Update

Currently, the Holland Landing lagoon services a population of approximately 4,150. With the proposed decommissioning of the lagoon, 4,150 existing residents will be

connected to the YDSS. The Region has previously reserved capacity for the decommissioning of the lagoon.

Key changes to 2003 approved principles

As mentioned above, the costs of the projects and the servicing constraints resulted in the Developer Group proposing revisions to the approved principles. These changes no longer make the advancement of the infrastructure feasible for the developer group. Therefore, the Regional staff met with the developer group to assist in developing revised principles that recognize the unique situation for this project within the Region.

As part of the discussions, the developer group proposed that the constructor of the sewage works finance the construction of the works and be reimbursed as development occurs within the three communities. As development occurs within the area, the Region will forward the sewage component of the development charges collected to the contractor. The contractor would be eligible to receive an interest rate that is satisfactory to the Regional Treasurer for funding the works. The developer group will post letters of credit with Region equal to the wastewater component of the development charge for 500 units per year. The Region will forward to the contractor the wastewater development charge received in the benefiting area each year. Should the wastewater development charge collected by the Region from development within the benefiting area be less than the 500 units in any given year, the letters of credit will be drawn to ensure a cash flow to the contractor of at least 500 units is made.

The rationale for the 500 unit guarantee is based on the Developer Group's projection of 650 to 900 units lot absorption rate per year and the capacity constraints within the municipality provided there is sufficient servicing allocation available for assignment as outlined in this report.

5. FINANCIAL IMPLICATIONS

The Holland Landing, Queensville and Sharon Developer Group has proposed to provide financing to advance the construction timing of extension of the YDSS and the Queensville Elevated Tank.

Subject to receipt of all necessary planning approvals, *Attachment 1* details the principles of the prepaid development charge credit agreement between the Town of East Gwillimbury, Holland Landing Queensville and Sharon Developer Group and the Regional Municipality of York required to advance the associated servicing infrastructure.

6. LOCAL MUNICIPAL IMPACT

The advancement of the York Durham Sewage System and the Queensville Elevated Tank will facilitate the servicing and build-out of the plans of subdivisions within the Holland Landing, Queensville and Sharon Communities. It will be the responsibility of the Town of East Gwillimbury to allocate water and sewer capacity to the Holland Landing, Queensville and Sharon Communities.

7. CONCLUSION

This report outlines the principles of a prepaid development charge credit agreement between the Region, Town of East Gwillimbury and the Holland Landing, Queensville and Sharon Developer Group, required to advance the construction timing of the YDSS extension and the Queensville Elevated Tank. The advanced construction of the YDSS extension and the Queensville Elevated Tank are estimated at \$63 million and \$7.5 million respectively. These works are required to permit the development of the lands within the Holland Landing, Queensville and Sharon communities.

The Developer Groups will be responsible for providing funding in the form of prepaid development charges for the YDSS extension in accordance with the principles set out in this report. The Region will direct water development charges collected in the benefiting area towards the financing of the required water capital works.

For more information on this report, please contact Kelly Strueby, Director Business Planning & Budgets at ext. 1611 or Fabrizio Filippazzo at ext. 1696.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the June 5, 2008 Committee meeting.)