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AMENDING PRINCIPLES FOR THE PREPAID DEVELOPMENT CHARGE CREDIT AGREEMENT - QUEENSVILLE/HOLLAND LANDING/SHARON YORK DURHAM SEWAGE SYSTEM PROJECT - TOWN OF EAST GWILLIMBURY

(Mayor Hackson declared an interest in this matter as she lives on the 2nd Concession and did not take part in the consideration or discussion of or vote on this matter.)

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report dated May 31, 2011, from the Director of Financial Services and Deputy Treasurer and the Commissioner of Environmental Services, subject to amending recommendation 2 to add the following:

2.

3. The Commissioner of Finance and Treasurer is hereby authorized to prepare and submit an application to the Ontario Municipal Board for the long-term financing requirements associated with this project.

1. RECOMMENDATIONS

It is recommended that:

1. Regional Staff cancel Request for Tenders T-09-66, the current procurement process for construction of the Queensville/Holland Landing/Sharon York Durham Sewage System Connection, and deliver the project in accordance with the purchasing by-law.
2. Regional Council authorize an amendment to the 2011 Capital Budget to increase the Total Project Budget Authority for this project from \$112,500,000 to \$150,000,000, to be funded in the following manner:
 1. \$122 million in prepaid development charges by the Queensville/Holland Landing/Sharon Developer Group and
 2. \$28 million through debt financing by the Regional Municipality of York subject to resolution of Provincial Annual Repayment Limit financial requirements.
3. Regional staff be authorized to negotiate the terms of a prepaid development charge credit amending agreement with the Queensville/Holland Landing/Sharon Developer Group and the Town of East Gwillimbury for construction of the Queensville/Holland Landing/Sharon York Durham Sewage System Connection, in accordance with the revised principles (see Attachment 2).

4. The Regional Chair and Clerk be authorized to execute the amending agreement for the advanced construction of the sewage works.

2. PURPOSE

This report provides information on recent developments related to the prepaid development charge credit agreement for the Queensville/Holland Landing/Sharon York Durham Sewage System Connection project and seeks Council authorization to:

1. Cancel the current procurement process for construction of the Queensville/Holland Landing/Sharon York Durham Sewage System Connection,
2. Increase the budget authority by \$112,500,000 to \$150,000,000 to be funded by the developer group at \$122,000,000 and from York Region at \$28,000,000, and
3. Enter into a prepaid development charge credit amending agreement, in accordance with the attached revised principles.

3. BACKGROUND

Prepaid development charge credit agreements provide funding to advance Regional infrastructure

Prepaid development charge credit agreements are used when a developer group has expressed an interest in advancing infrastructure projects to ensure earlier completion than that provided for by the Region. Under prepaid development charge credit agreements, a developer group provides funding to advance the capital cost of building the proposed infrastructure and is compensated by way of development charge credits.

Development charge credits are granted at the time that payment of development charges would otherwise be required (typically subdivision registration or building permit issuance), and as such, compensation to the developer group in the form of credits is contingent on the timing of their build-out.

Regional Council initially approved principles of a prepaid development charge credit agreement to advance construction of YDSS Connection project at an estimated cost of \$63 million

To proceed with build-out of their subdivisions, a developer group having interests in the communities of Queensville, Holland Landing and Sharon executed a tri-party prepaid development charge credit agreement with the Region and the Town of East Gwillimbury to advance construction of the Queensville/Holland Landing/Sharon York Durham Sewage System Connection through prepayment of development charges. Provisions of

that agreement were based on principles, including an estimated capital cost of \$63 million for the works, which were approved by Regional Council in June of 2008. The works subject to the agreement include gravity sewers, forcemains and pumping stations.

Developer group has carried out and funded initial approvals and design work at an estimated cost of \$8 million at their risk

To date the developer group has carried out and funded all necessary environmental assessment, detailed design and property acquisition work and prepared the tender package. In accordance with provisions of the prepaid development charge credit agreement the Region tendered the project and, upon award, would have administered delivery of the remainder of the project through the construction and commissioning phases.

Total pre-tender project costs of Queensville/Holland Landing/Sharon York Durham Sewage System Connection were estimated at \$112.5 million

The final detailed design and tender package for the project was submitted to the Region by the developer group's engineering consultant in August of 2010. This package included a revised pre-tender engineer's cost estimate for the project of \$107 million. On September 23, 2010, Regional Council approved a recommendation increasing budget authority for the project to \$112.5 million from \$63 million. The increase in budget authority also included Regional project administration costs and a moderate contingency allowance.

Construction bids were received in December 2010 and total post-tender project costs estimates were revised to \$170 million

On September 30, 2010, following receipt of the final tender package from the developer group's engineering consultant, the tender for the Queensville/Holland Landing/Sharon York Durham Sewage System Connection was formally released by the Region. As outlined in the prequalification documents, the tender included a unique provision requiring the contractor to finance approximately \$30 million in construction work until June 2016. This provision was added to enable a partial funding of construction from future payment of Regional sewer development charges within the benefiting area.

Most of the local sewer and watermain contractors that usually prequalify and submit bids on York Region tenders for this type and scope of work did not make a submission for prequalification to bid on this contract. Of the four contractors that were prequalified, three tender bids were received. The tender bids were opened publicly by the Clerk's Office on December 14, 2010. The low bid, as read out, equalled \$139,221,617.87 excluding taxes. Based on the low bid price and factoring in already expended and anticipated future project engineering and contract administration fees resulted in an

updated estimated total project cost of \$170 million. This cost includes a moderate contingency for field conditions and other issues that may emerge during construction.

This updated total project cost, based on the submitted low bid, is significantly higher than the pre-tender total project cost estimate of \$112 million. One of the contributing factors to this high bid price is the unique contractor financing provisions associated with the project which may have limited the number of contractors bidding on this tender. Another significant factor was the construction of sewage works on 2nd Concession in advance of related road improvements.

Implementation of the Upper York Sewage System project is necessary for developer group to fully recover costs

In November 2009 the total estimated project cost of \$63 million was included in the Queensville/Holland Landing/Sharon York Durham Sewage System Connection prepaid development charge credit agreement (recognizing that this cost could change with actual tendered prices). Under the terms of the agreement, the developer group is to fund 100% of the cost of the works and is eligible to recover 93% of total project costs. The non-growth component is not eligible for recovery through development charge credits as the proposed works were planned outside of the Region's ten year capital program. This equates to the developer group being responsible for funding 100% (i.e. approximately \$170 million) of the revised project cost and only being eligible to recover approximately \$158 million.

The Queensville/Holland Landing/Sharon York Durham Sewage System Connection will initially accommodate a service capacity of 5,465 units. At the current single family dwelling development charge rate for the sewer component of \$11,582, these 5,465 units would generate development charge credits of approximately \$63 million. The remaining development charge credits of approximately \$95 million would be contingent upon additional servicing capacity being made available through completion of the Upper York Sewage Solutions project. The Upper York Sewage Solutions project is included in the 2011 Ten Year Capital Program for commissioning at a budget of \$502 million and is currently in the Individual Environmental Assessment phase. The service area encompassing the project also includes the Towns of Aurora and Newmarket and envisions growth of approximately 50,000 units by 2031.

Queensville/Holland Landing/Sharon York Durham Sewage System Connection award is on hold pending decision from developer group on posting of project securities

In accordance with the prepaid development charge credit agreement, the developer group must post securities equalling 100% of the total project cost based on the actual submitted tendered price prior to the Region awarding the construction contract to the lowest responsive bidder. Given the above costs and cost recovery issues, the developer group has requested sufficient time to fully assess their options moving forward with the

agreement. Accordingly, award of the Queensville/Holland Landing/Sharon York Durham Sewage System Connection construction contract is currently on hold.

4. ANALYSIS AND OPTIONS

Regional staff continue to meet with developer group representatives and Town of East Gwillimbury staff to explore a more cost effective approach to servicing these communities

Since January 2011, several meetings have been held with Regional staff, landowner representatives and Town of East Gwillimbury staff. The purpose of these meetings has been to facilitate a process by which the parties can fully assess implications and options to continue with this project. The developer group has indicated that obtaining necessary financing of the current project value and the timeframe to recover the full cost of the project through sewer development charge credits are key concerns and therefore, the current agreement is no longer a preferred option.

From the Region's perspective, the total project cost which significantly exceeds the approved budget for the project, and the resulting lack of sewer development charges to fund other downstream costs, are significant areas of concern in proceeding with the current agreement.

Town of East Gwillimbury Council requested that York Region combine construction of 2nd Concession road and sewer work to minimize impact to community

An additional consideration is the Town of East Gwillimbury Council resolution dated January 18, 2011. The Town's resolution requests all necessary sewer works on 2nd Concession be combined with the planned widening of 2nd Concession road works, scheduled to be tendered in 2014 and coordinated with the future opening of the Highway 404 extension to Ravenshoe Road anticipated to be opened at the end of 2012.

Given the delays the YDSS extension project has experienced, other Regional sewer and road projects in this area of the Region have advanced, including identification of a tentatively recommended alternative for the Upper York Sewage Solutions project. New information available on these projects may provide opportunities for cost savings and reduced construction impacts to the local community and environment by combining various initiatives.

The Environmental Assessment Study for the widening of 2nd Concession from Green Lane to Doane Road is scheduled to be completed in Q3 of this year. Detailed design of the road widening will commence shortly thereafter providing an opportunity to combine the sewer, water and road works in accordance with the Town of East Gwillimbury's Council resolution.

Technical review of tenders and proposed construction efficiencies reduce the estimated Total Project Cost from \$170 million to \$150 million

Based on a preliminary review of the Queensville/Holland Landing/Sharon York Durham Sewage System Connections project tenders, Regional staff have proposed an alternative servicing strategy. The alternative servicing strategy was developed in part by the need to accommodate the Town of East Gwillimbury's Council resolution to combine the wastewater and road works. Combining the delivery of these projects should result in potential cost savings of approximately \$10 million. Additionally, the Queensville/Holland Landing/Sharon Developer Group has also expressed a willingness to absorb greater financial risk and has agreed to remove the requirement for the construction contractor to provide a financial contribution to the agreement. It is anticipated that this change will result in an additional cost savings of approximately \$10 million. Accordingly, these two changes to the delivery method of the agreement have the potential to result in a combined cost savings of approximately \$20 million and are expected to reduce the Total Project Cost from \$170 million to \$150 million.

The Queensville, Holland Landing and Sharon communities require a revised sewage servicing strategy to accommodate growth

Sewage, water and roads infrastructure are required to proceed with the build out of the Queensville, Holland Landing and Sharon communities. As these communities have been approved to accommodate Regional population and employment growth in the future, York Region will eventually be responsible for delivering infrastructure to accommodate the growth. Environmental assessments completed to date contemplate sewage servicing through connection to the York Durham Sewage System. Completion of the Upper York Sewage Solutions Individual Environmental Assessment will either confirm this strategy or provide for a more effective, Lake Simcoe based option.

The revised principles place significant obligations on the developer group and provide value to York Region

The Queensville/Holland Landing/Sharon Developer Group will prepay their development charges and thereby contribute the majority of funding to advance construction of the sewage works. The advancement of the Regional infrastructure works requires the developer group to absorb the non-growth costs associated with the project (currently estimated to be \$10 million plus financing/interest costs associated with providing the advanced funds to York Region).

As part of developing an alternative funding strategy, the Queensville/Holland Landing/Sharon Developer Group is required to make an estimated total funding commitment total of \$122M to York Region. The Queensville/Holland Landing/Sharon Developer Group anticipates increasing the number of units that can be serviced with the available capacity by verifying water use conservation measures through the "Sustainable

Home Incentive Program” (SHIP). It is the developer group’s obligation to meet such requirements, which may result in an anticipated increase beyond the 5,465 units to approximately 7,000 units. Accordingly, the Queensville/Holland Landing/Sharon developer group has agreed to provide total security based on the anticipated 7,000 units at their risk, as the developer group is working towards such increased number of units.

Key components of the revised agreement that now make the project viable for all parties have been developed

As part of the consultation process with the Town and the developer group, various options were explored. Proceeding with the agreement in its current form was considered as well as terminating the agreement and cancelling the tender based on the fact that the total project cost no longer made the project viable for the parties to the agreement. However, to move forward with this project, all parties worked together to develop key components of a revised approach including:

1. To accommodate the ongoing discussion with the developer group, tender bid validity periods for the Queensville/Holland Landing/Sharon York Durham Sewage System Connection and Queensville Elevated Tank may be extended to July 31, 2011.
2. Combining the appropriate portions of the works with the 2nd Concession road widening will minimize community disruption and enable sections of the linear works to be constructed through less costly techniques.
3. In an effort to further contain costs, Regional staff will develop an alternative delivery strategy for provision of water and wastewater infrastructure including but not limited to issuing multiple smaller tenders and combining with 2nd Concession road project.
4. In recognition of the magnitude of the project (estimated at \$150M) and that future servicing capacity to achieve the full eligible sewer development charge credits is long term, the Region will contribute a portion of project costs to be funded by future DC’s to be generated from future phases of development.
5. Should the Regional Municipality of York determine that an alternative or interim servicing solution for these communities becomes financially feasible (significantly reduces timelines and/or project costs), York Region may alter the delivery and/or provision of the infrastructure.
6. All parties acknowledge that the Region’s financial contribution will require debt financing and this contribution is therefore subject to either the Region meeting its Annual Repayment Limit, or obtaining any other required approvals. Should such approval not be granted the parties agree to explore alternative funding options prior to tendering any contract(s).

5. FINANCIAL IMPLICATIONS

York Region's financial contribution, capped at \$28 million, will require debt financing

The Queensville/Holland Landing/Sharon developer group will provide the majority of their funding approximately \$122 million up front and York Region will provide their share on proportionate basis to maximum of \$28 million (*see Attachment 1*) and as detailed in the principles (*see Attachment 2*).

Based on the amending principles for the revised prepaid development charge credit agreement, it was suggested that York Region provide a financial contribution consistent with the methodology outlined in *Attachment 1*. The Region's financial contribution will require debt financing, to be repaid by wastewater development charges. All parties acknowledge that such financing is subject to the Region meeting its Annual Repayment Limit in the year of issue, or obtaining any other required approval from the Province or Ontario Municipal Board. Should such approval not be granted, the parties agree to explore alternative funding options prior to tendering any contract(s) requiring the Region's share of the funding.

Amending agreement provides for revised project cost to be included in 2012 By-law update and prevents credits from being achieved until in effect

The Regional 2010 development charge By-law update includes the total project cost at \$67 million. Based on this update, the Region will not collect the appropriate development charge amount until 2012 when the Total Project Cost will be included in the next development charge By-law update. An amending agreement that addresses the difference between the \$67 million and the \$112.5 million was executed by all the parties in November 2009. The amending agreement includes provisions to capture the final total project cost that will be included in the 2012 development charge By-law and prevents the developers from collecting any credits until the 2012 development charge By-law is in effect.

The anticipated development within these communities as well as within the Town of East Gwillimbury, ROPA 1 area, will generate development charge revenues for all components of the Regional development charges. The other components of the development charges (roads and water) will generate enough development charges to not only cover the cost of providing the infrastructure in the area but to also fund other infrastructure in the Region. These are all important factors in determining the appropriate servicing strategy for moving forward with the project to accommodate both the economic and social benefits of growth in the Town of East Gwillimbury and the Regional Municipality of York.

Total Project Budget Authority to be increased to \$150 million for the YDSS Connection project

This report requests Council approval for an increase in Total Project Budget Authority by \$37,500,000 from \$112,500,000 to \$150,000,000 for construction of the YDSS Connection project. It is anticipated that the expenditures for this project would occur in 2013 and 2014 and the Region would issue the debt for this project on such timelines. The revised budget reflects the updated Total Project Cost estimate, based on the recently closed tender for the works and a shift toward a revised delivery method.

York Region, Town of East Gwillimbury staff and Queensville/Holland Landing/Sharon Developer Group agree to amending principles

The Queensville/Holland Landing/Sharon Developer Group has agreed to provide financing to advance the construction timing of the Queensville/Holland Landing/Sharon York Durham Sewage System Connection. All parties have reviewed the financial principles as outlined in *Attachment 2* and are in agreement with them.

Subject to receipt of all the financial security in format satisfactory to the Regional Municipality of York, York Region will deliver the project in accordance with the Purchasing By-law. Longer term servicing options may provide relief to future servicing costs.

6. LOCAL MUNICIPAL IMPACT

The Queensville/Holland Landing/Sharon York Durham Sewage System connection will provide sewer capacity to the communities of Queensville, Holland Landing and Sharon in the Town of East Gwillimbury. This additional capacity will facilitate development in accordance with the Official Plans of East Gwillimbury and York Region.

The prepaid development charge credit agreement anticipates that 5,465 units could be allocated pending completion of the Queensville/Holland Landing/Sharon York Durham Sewage System Connection and other needed downstream York Durham Sewage System projects. Water conservation measures are proposed that may permit servicing of approximately 7,000 units. Upon completion of the Upper York Sewage Solutions project, currently scheduled for 2018, the required servicing capacity to accommodate growth to the Official Plan numbers would be allocated to affected local municipalities including East Gwillimbury in accordance with Regional policies. Delays in delivery of the Queensville/Holland Landing/Sharon York Durham Sewage System Connection project may impact East Gwillimbury's growth projections to 2018.

7. CONCLUSION

The Queensville/Holland Landing/Sharon York Durham Sewage System Connection project is being delivered through a prepaid development charge credit agreement whereby the developer group is to be compensated for their up-front costs through development charge credits as development occurs. The total cost for this project using the as-bid project delivery method is now estimated at \$170 million, however, it has been determined that approximately \$20 million in cost savings can be realized by combining the wastewater and road works on 2nd Concession and by eliminating the requirement for the construction contractor to carry a portion of the project financing. Total Project Budget Authority is also recommended to be increased from \$112.5 million to \$150 million for this project.

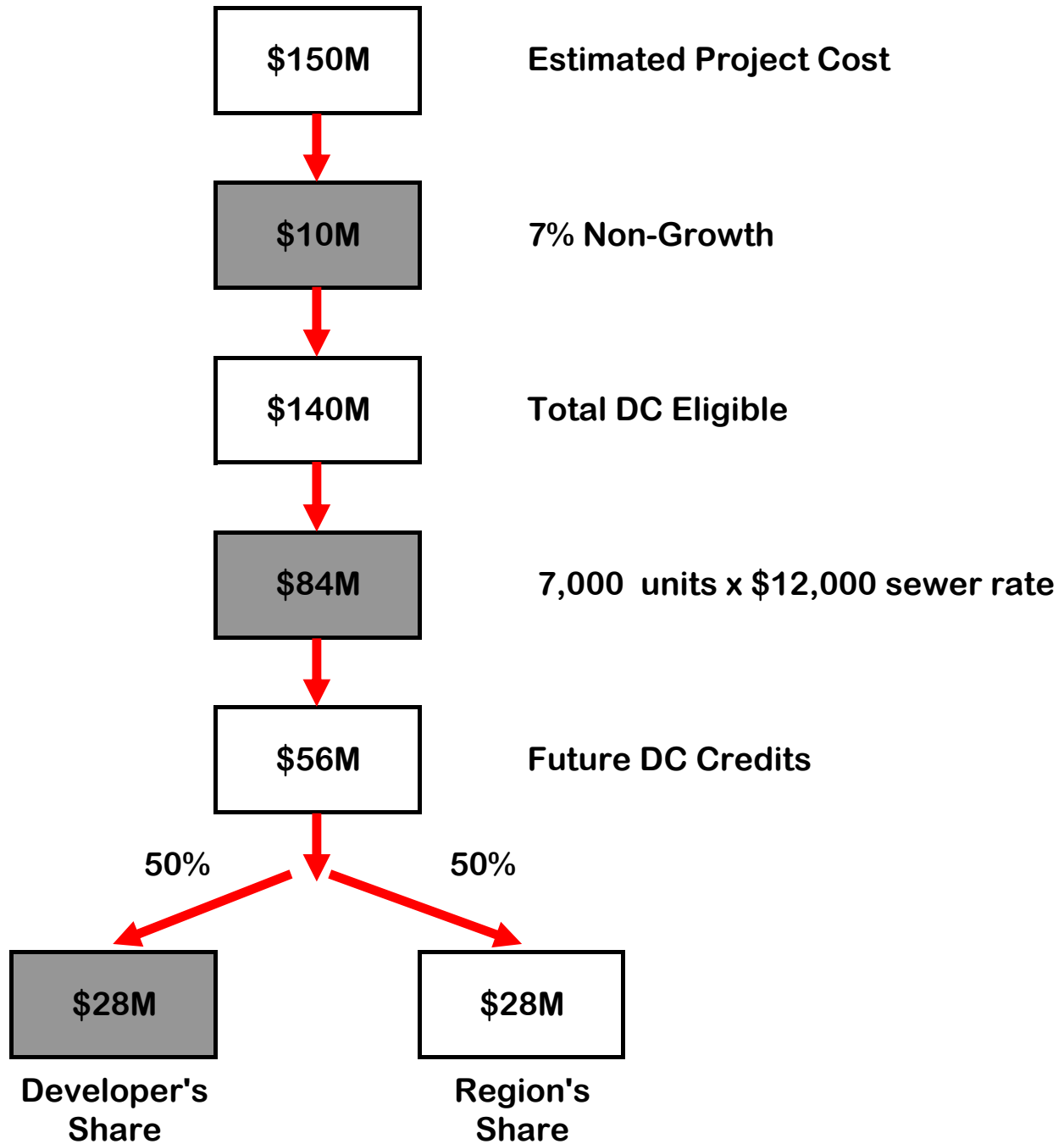
Given that this current total project cost is significantly higher than the pre-tender estimate included in the prepaid development charge credit agreement, it is recommended that staff cancel Request for Tenders T-09-66, the current procurement process for construction of the Queensville/Holland Landing/Sharon York Durham Sewage System Connection, and deliver the project under the terms of an amending prepaid development charge credit agreement and an alternate strategy.

For more information on this report, please contact Kelly Strueby, Director Business Planning and Budgets at Ext. 1611 or Daniel Kostopoulos, Director Capital Planning and Delivery at Ext. 5070.

The Senior Management Group has reviewed this report.

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

YDSS EXTENSION FUNDING SCENARIO



 Funded by the Developer Group (total \$122 M)

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

Subject to receipt of all necessary approvals, the following are the principles of the proposed prepaid development charge credit agreement:

TOWN OF EAST GWILLIMBURY

1. Subject to Town of East Gwillimbury Council approval, the Town of East Gwillimbury will be party to the agreement for the purposes of achieving the necessary planning approvals and servicing allocation for the subject lands.
2. **The Town of East Gwillimbury will be responsible for allocating servicing capacity.**

REGIONAL MUNICIPALITY OF YORK

3. From a Regional perspective the key issues regarding the development of the Queensville, Holland Landing and Sharon Communities Plans are the extension of the YDSS for wastewater servicing and the provision of a 7.5 ML Elevated Tank in Queensville for water servicing and other down stream infrastructure.
4. Phasing plans are to be approved, by both the Town of East Gwillimbury and York Region.
5. Phasing plans will be geographically specific both amongst and within the communities and are required to ensure the goal of complete neighbourhoods is achieved along with the provision of employment opportunities.
6. ~~The Environmental Assessment for the YDSS Connection must be approved by the Ministry of the Environment by addressing all Part II orders and related conditions to the satisfaction of the MOE prior to the commencement of construction and/or prior to the execution of the Agreement~~
7. **The Regional Municipality of York shall use best efforts to advance the design and construction for the Second Concession road works to allow for the combined construction of the road, sewer and watermain works in the corridor.**

GENERAL MUNICIPAL (YORK REGION AND EAST GWILLIMBURY)

8. **Regional Municipality of York and Town of East Gwillimbury acknowledge, subject to the Holland Landing, Queensville and Sharon Developer Group carrying out the obligations set out herein, 5,465 units of sewage capacity.**
9. **The Holland Landing, Queensville and Sharon Developer Group has studied the use of water conservation measures, through the “SHIP Program” and proposes to increase servicing capacity to approximately 7,000 units.**
10. **Subject to satisfactory verification of conservation measures by York Region, the Town of East Gwillimbury may allocate such additional capacity to the developer group.**

WASTEWATER SERVICING

11. The Region will tender and administer the construction for the YDSS extension from the existing Newmarket Pumping Station, south of Green Lane, to just south of Queensville Sideroad, subject to satisfaction of the Regional Municipality of York.
12. **A revised procurement strategy including project phasing and/or bundling to optimize efficiencies and cost savings, consistent with the Regional Purchasing By-law, including engineering services and construction shall be developed to the satisfaction of the Regional Municipality of York.**
13. **All parties acknowledge that the current estimated Total Project Cost of \$150 million is based on tendered works and recognition of potential cost saving measures resulting from a revised procurement strategy.**
14. **Should the revised Total Project Cost based on the revised procurement strategy increase by more than 10% either party may decide to cancel the tender(s) and revisit the need/delivery methods of the project.**
15. The Holland Landing, Queensville and Sharon Developer Group will be responsible for financing 100% of all the costs associated with engineering (internal and/or external), property acquisition, **decommissioning of Holland Landing Lagoons** etc., to the satisfaction of the **Regional Municipality of York**, for this project. These costs will form part of the Total Project Cost and will be eligible for recovery, by way of credits against the wastewater component of the Regional development charge at time of subdivision(s) registration, site plan approval and/or building permit issuance.

16. **Should the Regional Municipality of York determine that an alternative or interim servicing solution for these communities becomes financially feasible (i.e. significantly reduces timelines and/or project costs), the Regional Municipality of York may alter the delivery and/or provision of the infrastructure to reflect an overall Regional servicing strategy.**
- ~~17. The constructor will be responsible for constructing and financing 100% of the capital cost of the YDSS extension, to the satisfaction of the Commissioners of Environmental Services and Finance, estimated at \$63 million;~~
- ~~18. The financial terms (interest charges, penalty clauses, term, etc) of the agreement between the Region, Holland Landing, Queensville and Sharon Developer Group and the constructor shall be to the satisfaction of the Commissioner of Finance;~~
- ~~19. The Holland Landing, Queensville and Sharon Developer Group will provide letters of credit to the Region, on an annual basis commencing on the completion of the YDSS works, in a format acceptable to the Commissioner of Finance, equal to the prevailing wastewater development charge for 500 units per year (i.e. 500 units x \$8,590 = \$4.3 million);~~
- ~~20. If the wastewater development charges collected in the benefiting area are less than 500 units, the letters of credit will be drawn to ensure a cash flow to the contractor of at least 500 units per year;~~
- ~~21. The Region will forward to the constructor the wastewater component of the development charges collected in the benefiting area on an annual basis;~~
- ~~22. The Region will forward an estimated total of \$25.8 million (i.e. 3,000 units x \$8,590 the prevailing wastewater development charge collected in the benefiting area) to the constructor on the earlier of construction of the Upper York Sewage Services or June 30, 2016;~~
- ~~23. Once the Region satisfies it's obligation as set out in Clause 13, the Region will forward to the Holland Landing, Queensville and Sharon Developer Group the wastewater development charges collected from non-participating developers in the benefiting area on an annual basis;~~
24. **The Holland Landing, Queensville and Sharon Developer Group will be responsible for financing 100% of the Total Project Cost of the YDSS extension, less the Region's contribution amount (capped at \$28 million). For clarity, the Developer Group's share is estimated at \$122 million (\$150m - \$28m, as detailed in Attachment 1):**
 - a. **York Region recognizes that Developer Group has posted securities of \$17 million in accordance with the original agreement;**

- b. **The Holland Landing, Queensville and Sharon Developer Group shall post security representing 50% of the revised Developer Group's share of \$122 million, prior to execution of the Amending Agreement, equal to \$44 million (\$61 million minus \$17 million already provided);**
 - c. **For funding purposes all parties acknowledge that 7,000 units shall be used to determine the Initial Contribution from the Holland Landing, Queensville and Sharon Developer Group;**
 - d. **The Initial Contribution estimated to equal \$84 million (7,000 units at \$12,000 anticipated 2012 sewer rate). The actual initial contribution made by the Developer Group will be based on the prevailing sewer development charge rate to be specified in the 2012 DC By-law;**
 - e. **Prior to award of any component of the works the Holland Landing, Queensville and Sharon Developer Group shall provide an additional \$23 million (the difference between the Initial Contribution of \$84m less the \$61m posted upon execution of the agreement);**
 - f. **Should the cost of any portion of the works exceed the \$84 million security posted by the Holland Landing, Queensville and Sharon Developer Group, the Developer Group shall provide their share of the balance of security estimated at \$38 million (\$122M - \$84M) in following manner:**
 - i. **\$10 million shall be posted first to bring the total security provided to \$94 million;**
 - ii. **The remaining \$28 million required by the Developer Group shall be provided on a 50% proportionate basis to match York Region's contribution.**
 - g. **York Region will be responsible for contributing 50% of the balance of the Total Project Cost of the YDSS Connection greater than \$94 million, to a maximum amount of \$28 million,**
 - h. **York Region will also recognise the eligible costs incurred by the Holland Landing, Queensville and Sharon Developer Group, which will be deducted from the Developer Group's required security amount; and**
 - i. **The balance of the required security shall be posted prior to award of the final works associated with the project.**
25. **Should the final tendered price for any of the elements of this project exceed the Total Project Budget Authority, specific Council approval will be required for these elements prior to award of that component of the work.**
26. **The Holland Landing, Queensville and Sharon Developer Group will be eligible to recover the growth component (93%), of the Total Project Cost, by way of credits against the wastewater component of the Regional development charge at time of subdivision(s) registration less the Region's funding contribution.**

27. **The Holland Landing, Queensville and Sharon Developer Group will not be eligible to recover the non-growth component (7%) of the Total Project Cost of the wastewater works, estimated at \$10 million.**
28. **For the first 7,000 units, York Region will provide development charge credits for units registered by the Holland Landing, Queensville and Sharon Developer Group and will forward the wastewater component of the development charges collected from non-participating landowners in the Queensville, Holland Landing and Sharon communities Benefiting Area to the Holland Landing, Queensville and Sharon Developer Group.**
29. **For the purpose of this agreement, the Extended Benefiting Area shall include the municipal boundaries of the Town of East Gwillimbury, excluding the communities of Mount Albert, Queensville, Holland Landing and Sharon.**
30. **York Region will retain 100% of the sewer development charges generated in the Extended Benefiting Area to reduce the Region's funding amount estimated to be \$28 million.**
31. **The Holland Landing, Queensville and Sharon Developer Group shall not achieve any sewer development charge credits, from any residential units that are greater than the 7,000 units, until such time as the Region has been fully reimbursed its funding contribution.**
32. **In acknowledgement of York Region's funding contribution, all parties agree that York Region's funding contribution shall, upon Council annually indexing the Development Charge By-law, be indexed annually in-accordance with the Statistics Canada Non-residential Building Construction Price Index.**
33. **The Holland Landing, Queensville and Sharon Developer Group shall be eligible to recover the outstanding wastewater development charges within the Extended Benefiting Area on an annual basis once the Region has fully reimbursed its funding contribution.**
34. **In recognition of the Region's financial contribution to fund a portion of the YDSS extension, all parties acknowledge that the Holland Landing, Queensville and Sharon Developer Group and all signatory/controlling minds shall not appeal the 2012 DC By-law.**
35. **All parties acknowledge that the Region's financial contribution may require debt financing and is therefore subject to either the Region meeting its Annual Repayment Limit in the year of issue, or obtaining any other required approvals from the Province or the Ontario Municipal Board. Should such approval not be granted the parties agree to explore alternative funding options prior to tendering any contract(s).**

- ~~36. The Holland Landing, Queensville and Sharon Developer Group will be responsible for financing the balance of capital cost of the YDSS extension estimated at \$37.2 million in accordance with the following schedule:~~
- ~~a. 10% prior to execution of the agreement (\$3.72 M);~~
 - ~~b. 40% prior to issuance of construction tender (\$14.88 M)~~
 - ~~c. 50% prior to awarding the contract for construction of the works (\$18.6 M)~~
37. ~~The final 50% of the required funding will be adjusted up or down in accordance with tendered price, and would be required by the Region prior to proceeding to Council for approval of the award.~~
38. The Holland Landing, Queensville and Sharon Developer Group undertakes to provide any additional funding within **30 days** of a written request from the Region, and conversely, will be refunded any project savings upon project completion to the satisfaction of the Region.
- ~~39. On the earlier of June 30, 2016 or construction of the Upper York Sewage Services, the Holland Landing, Queensville and Sharon Developer Group will be responsible for financing 100% of all costs associated with the YDSS extension, including the Region's portion;~~
- ~~40. The Holland Landing Developer Group will be responsible for a portion of the cost associated with decommissioning the existing Holland Landing lagoons estimated to be \$1.5 million.~~
- ~~41. Based on the non-residential development charge rate in effect at the time of completion of construction of the YDSS extension, the Developer Group will be eligible to recover the share of non-growth costs; specifically, the non-growth recovery will be reduced to reflect the non-residential DC discounted rate in effect; and~~
42. In acknowledgement of the long-term recovery of wastewater development charge credits by the Holland Landing, Queensville and Sharon Developer Group, upon Council annually indexing the Development Charge By-law, the outstanding wastewater development charge credit will be indexed annually in accordance with StatsCan non-residential index for a maximum of **15 years, commencing on the earlier of the date of the first registration of the plan of subdivision, or completion of construction of the sewage works.**

WATER SERVICING:

43. The estimated cost of the Queensville Elevated Tank is **\$10 million.**
44. Subject to the Holland Landing, Queensville and Sharon Developer Group's commitment to advance the construction of the YDSS Connection, in accordance

with the principles set out above, the Region will finance and construct the Queensville Elevated Tank to coincide with the construction schedule of the YDSS Connection works.

ROADS:

45. **Subject to the Holland Landing, Queensville and Sharon Developer Group's commitment to advance the construction of the YDSS Connection, in accordance with the principles set out above, The Regional Municipality of York shall use best efforts to advance the design and construction for the Second Concession roads works to allow for the combined construction of the roads, sewer and watermain works in the corridor.**

GENERAL PRINCIPLES

46. The Holland Landing, Queensville and Sharon Developer Group will agree to pay for the Region's legal costs (external or internal) to prepare the agreement.
47. A fee equal to 0.5% **of \$112 million (minus fees paid to date)** shall be payable to the Region by the Holland Landing, Queensville and Sharon Developer Group for the preparation and administration of the agreement.