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**DEVELOPMENT CHARGE CREDIT REQUEST
COSTCO WHOLESALE CANADA LTD.
MARKHAM ROAD AT NEW DELHI DRIVE AND KARACHI DRIVE
TOWN OF MARKHAM**

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report from the Commissioner of Finance.

1. RECOMMENDATIONS

It is recommended that:

1. Council authorize a development charge ("DC") credit in the amount of \$141,477 (88%) for the growth-related component (development charge) and a payment of \$14,279 (12%) for the non-growth component (tax levy) of the proposed road widening undertaken by Costco Wholesale Canada Ltd. in the Town of Markham, subject to completion of the works to the satisfaction of the Commissioner of Transportation Services, and
2. The Regional Treasurer be authorized to fund the growth component of the development charge credit regarding the noted works totalling \$141,477 from Regional road DC collected to date from the development at subdivision registration.

2. PURPOSE

The purpose of this report is to authorize a development charge credit for road works performed by Costco Wholesale Canada Ltd. for the road widening of Markham Road at New Delhi Drive and Karachi Drive in the Town of Markham in advance of the construction timing projected in the Regional Roads Capital Program. This report also seeks authorization to fund credits approved by Council from road development charges collected from the developer prior to approval of the road DC credits.

3. BACKGROUND

At its May 9th and May 23rd, 1996 meetings, Regional Council approved a detailed DC credit policy for capital works undertaken by the developer in advance of the planned reconstruction program (subsequently amended June 23, 2003 as part of the passing of Regional DC By-law No. DC-0005-2003-050).

Costco Wholesale Canada Ltd. has forwarded a request to the Regional Transportation Services Department for the consideration of DC credits for the road widening of

Markham Road at New Delhi Drive and Karachi Drive in the Town of Markham (Attachment 1).

4. ANALYSIS AND OPTIONS

Costco Wholesale Canada Ltd. DC Credit request

Costco Wholesale Canada Ltd. has developed a commercial subdivision in the Town of Markham. In order to proceed with the development of the lands, the developer group was required to undertake road widening of Markham Road at New Delhi Drive and Karachi Drive in the Town of Markham in accordance with the planned reconstruction program at an estimated cost of \$499,765. These road improvements have been incorporated in the Region's Ten Year Capital Program for the year 2016.

Discussions as to the development charge credit amount were carried out between the client and Regional staff. The applicant has agreed to the amount and now is in a position to proceed with the DC credit process.

5. FINANCIAL IMPLICATIONS

Subdivision lands benefiting from road widening works totals 12.4 hectares

The subject subdivision benefiting from the road works comprised of a total of 12.4 hectares of which 9.8 hectares was developable commercial land. Buildout of this phase of the subdivision has resulted in Regional development charges of approximately \$9.3 million of which \$4.8 million pertained to the roads component of the charge.

The Regional Transportation Services Department has reviewed the request submitted by Costco Wholesale Canada Ltd. in accordance with the approved DC credit policy, and Regional staff have determined that \$155,756 of the total value of the road works is eligible for consideration through the DC credit process (Attachment 2).

Proposed total DC Credit of \$155,756 be permitted

It is proposed that a payment of \$155,756 be permitted to Costco Wholesale Canada Ltd. The payment is comprised of \$141,477 (88%) for the growth component of the works and \$14,279 (12%) for the non-growth component. As the subdivision has been built out, and the road DC for these subdivisions have been paid in full, it is recommended that the growth-related component DC credit to be funded from Regional roads DC's collected from the developer prior to approval of the road DC credits.

These road works were included in the Region's 10 Year Capital Program in the year 2016. In accordance with the DC credit policy, in order to advance the road works from its' planned construction timing, the developer will be responsible for a share of the non-growth component of the works. This provides for a discounting of the non-growth component of the works due to the construction of the works in advance of the timing proposed in the Region's 10 year capital program. The non-growth discounting methodology associated with this request is outlined in Attachment 3.

It is proposed that a DC Credit be permitted for the growth-related component of the works in the amount of \$141,477 (88%) and \$14,279 (12%) for the non-growth component. The developer has been contacted and is in agreement with the credit amount.

The non-growth component (tax levy) of the works is provided for in the 2009 Roads Capital Budget. The combined year to date (for 2009) cumulative impact of the non-growth component of DC Credits proposed and/or approved by Finance and Administration Committee and Council is \$461,775.

6. LOCAL MUNICIPAL IMPACT

The proposed road improvements will benefit the Town of Markham in terms of improving traffic flow along the roadway of Markham Road at New Delhi Drive and Karachi Drive. These improvements also facilitate the buildout of the subdivision in the Town of Markham.

7. CONCLUSION

The DC credit request submitted by Costco Wholesale Canada Ltd. has been reviewed in accordance with the approved DC credit policy. It is proposed that subject to satisfactory completion of the road widening of Markham Road at New Delhi Drive and Karachi Drive, the developer be eligible for a roads DC credit of \$141,477 (88%) for the growth component to be funded from the Regional roads DC previously collected and a non-growth cost recovery of \$14,279 (12%) from tax levy.

For more information on this report, please contact Kelly Strueby, Director of Business Planning and Budgets at ext. 1611 or Beth Kodama, Manager of Capital and Development Financing at ext. 1699.

The Senior Management Group has reviewed this report.

(Attachment 1 referred to in this clause was included in the agenda for the September 10, 2009 meeting.)

(Attachments 2 and 3 referred to in this clause are attached to this report.)



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YORK REGION	
TRANSPORTATION & WORKS	
MAY 15 2007	
FILE	

May 10, 2007
 10-05076

Mr. Faris Georgis, P.Eng.
 Manager of Development Review and Approvals
 Infrastructure Design & Construction Branch
 Transportation and Works Department
 The Regional Municipality of York
 90 Bales Drive East
 East Gwillimbury, Ontario

Dear Sir,

**Subject: Application for Development Charge Credit
 Markham Road (Y.R. 68) at New Delhi Drive and Karachi Drive
 Adjoining the Kirkham Drive Commercial Subdivision
 Region File No. D19 06.001.M
 Town of Markham, Regional Municipality of York**

On behalf of our client, Costco Wholesale Canada Ltd. and co-developer Markham Kirkham Developments Inc., we are pleased to forward the following documentation requesting consideration for development charge credit for works completed along Markham Road (Y.R. 68) at New Delhi Drive and Karachi Drive for the above-referenced project.

Please find enclosed the following:

- 1) 3 copies of the Removals Drawing for Markham Road, STA 9+865 to STA 10+385, MMM Drawing No. 10-05076-RM1;
- 2) 3 copies of the New Construction Drawing for Markham Road, STA 9+865 to STA 10+385, MMM Drawing No. 10-05076-NC1;
- 3) 3 copies of the Pavement Markings and Signage Drawing for Markham Road, STA 9+865 to STA 10+385, MMM Drawing No. 10-05076-PM1;
- 4) 3 copies of the Electrical Legends, MMM Drawing No. 10-05076-E01;
- 5) 3 copies of the Electrical Charts and Notes, MMM Drawing No. 10-05076-E02;
- 6) 3 copies of the Permanent Traffic Control Signals, Illumination, Pavement Markings & Permanent Roadway Signing drawing, MMM Drawing No. 10-05076-E03;
- 7) 3 copies of Pavement Markings & Permanent Roadway Signing, MMM Drawing No. 10-05076-E04;
- 8) 3 copies of the Electrical Wiring Diagram, MMM Drawing No. 10-05076-E05;
- 9) 3 copies of the Existing Removals, MMM Drawing No. 10-05076-E06;
- 10) Quantity and cost summary.

The Regional Municipality of York
10-05076
May 10, 2007



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Where available, we have applied the 2006 Development Charge Credit Average Unit Rates dated March, 2006 as published by the Region to the recoverable works. For any eligible works not found in the schedule of unit prices, we have included the contract price for the Region's review and approval (those items are noted in asterisk).

We have not included earthwork quantity calculations and cross-sections as there were no recoverable costs associated with earthworks within the Markham Road right-of-way.

If you have any questions or comments regarding these matters, please do not hesitate to contact our office.

Yours very truly

MARSHALL MACKLIN MONAGHAN LIMITED

Nelson Wong, P. Eng.
Senior Project Engineer
Municipal Engineering

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Encl. *wongn @ mmm.ca*

c: Margaret McCulla, Costco Wholesale Canada Ltd.
Thomas Phelan, Markham Kirkham Developments Inc.
Brian Lee, Town of Markham

Marshall Macklin Monaghan Limited
Road widening of Markham Road at New Delhi Drive and Karachi Drive
Town of Markham

	Total Cost	Regional Cost (DC Credit)	Developer Cost
a) Total estimated cost of works	\$499,765		
b) Amount of works not in ultimate Regional location	(\$338,995)		\$338,995
c) Amount eligible for Development Charge Credit (per Development Charge Credit Policy)	\$160,770		
- development charge component 88.00%	\$141,477	\$141,477	
d) Non-growth summary			
- non-growth component 12.00%	\$19,293		
Developer share of non-growth costs			
- present value of works constructed (works included in 10 year capital forecast)	\$5,014		\$5,014
Regional share of non-growth costs	\$14,279	\$14,279	
Total Share of Capital Costs		\$155,756	\$344,009

Developer Recovery Summary:

Total growth-related credit -	\$141,477
Total non-growth reimbursement -	\$14,279
	<u>\$155,756</u>

Summary:

Total Estimated Cost of Works	\$499,765
Regional Share (DC Credit)	\$155,756
Developer Share	\$344,009

DEVELOPMENT CHARGE CREDIT

Non Growth Discounting Methodology
Road widening of Markham Road at New Delhi Drive and Karachi Drive

Assumptions:

Growth Component of capital works:	88.00%
Non Growth Component of capital works:	12.00%
Interest Rate ¹ :	3.40%
Eligible works for DC credit:	\$160,777.00

Planned Construction Year	# Years to advance	Total Eligible for credit (A)	Discounted Non Growth Share ² (B)	Payable to Developer (A-B)	Payment to Developer			
					Growth Component (DC)	% of payment	Non-Growth Component(Tax Levy)	% of payment
2007	0	\$160,777.00	\$0.00	\$160,777.00	\$141,484.00	88.0%	\$19,293.00	12.0%
2008	1	\$160,777.00	\$634.00	\$160,143.00	\$141,484.00	88.3%	\$18,659.00	11.7%
2009	2	\$160,777.00	\$1,248.00	\$159,529.00	\$141,484.00	88.7%	\$18,045.00	11.3%
2010	3	\$160,777.00	\$1,841.00	\$158,936.00	\$141,484.00	89.0%	\$17,452.00	11.0%
2011	4	\$160,777.00	\$2,415.00	\$158,362.00	\$141,484.00	89.3%	\$16,878.00	10.7%
2012	5	\$160,777.00	\$2,970.00	\$157,807.00	\$141,484.00	89.7%	\$16,323.00	10.3%
2013	6	\$160,777.00	\$3,507.00	\$157,270.00	\$141,484.00	90.0%	\$15,786.00	10.0%
2014	7	\$160,777.00	\$4,026.00	\$156,751.00	\$141,484.00	90.3%	\$15,267.00	9.7%
2015	8	\$160,777.00	\$4,528.00	\$156,249.00	\$141,484.00	90.6%	\$14,765.00	9.4%
2016	9	\$160,777.00	\$5,013.00	\$155,764.00	\$141,484.00	90.8%	\$14,280.00	9.2%
2017	10	\$160,777.00	\$5,483.00	\$155,294.00	\$141,484.00	91.1%	\$13,810.00	8.9%
beyond 2017	>10	\$160,777.00	\$19,293.00	\$141,484.00	\$141,484.00	100.0%	\$0.00	0.0%

Notes:

- Represents a 5.4% interest rate less a 2% rate adjusted for inflation as per the Development charge credit policy.
- Due to advancing of works in the 10 year capital plan, the non growth component has been discounted, and is the responsibility of the developer.