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DEVELOPMENT CHARGE CREDIT REQUEST ORLANDO CORPORATION LIMITED LESLIE STREET AT ORLANDO STREET TOWN OF RICHMOND HILL

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 $61,478 (88%) for the growth-related component (development charges) and a payment of $6,205 (12%) for the non-growth component (tax levy) of the road widening works undertaken by Orlando Corporation Limited in the Town of Richmond Hill, subject to completion of the works to the satisfaction of the Commissioner of Transportation Services, and

2. The Regional Solicitor be authorized to include the development charge credit provisions in the subdivision agreement regarding the above-noted subdivision with credits to be funded from future Regional road DC Credits otherwise payable at the time of subdivision registration.

2. PURPOSE

The purpose of this report is to authorize a development charge credit for road widening works performed by Orlando Corporation Limited for the widening of Leslie Street at Orlando Street in the Town of Richmond Hill in advance of the construction timing projected in the Regional Roads Capital Program.

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).

Orlando Corporation Limited has forwarded a request to the Regional Transportation Services Department for the consideration of DC credits for the road widening improvements at Leslie Street at Orlando Street in the Town of Richmond Hill (Attachment 1).

4. ANALYSIS AND OPTIONS

Orlando Corporation Limited DC Credit request

Orlando Corporation Limited is developing an industrial subdivision in the Town of Richmond Hill. In order to proceed with the buildout of the lands, the developer was required to undertake road widening improvements on Leslie Street at Orlando Street in the Town of Richmond Hill in accordance with the planned reconstruction program at an estimated cost of $170,934. These road widening improvements have been incorporated in the Region's 10 Year Capital Program for the year 2016.

Discussions as to the development charge credit amount were carried out between the applicant 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 totals 35.9 hectares

The subject subdivision benefiting from the road works is comprised of a total of 35.9 hectares of which 31.2 hectares is developable non-residential land. Buildout of this subdivision would result in regional development charges of approximately $9.5 million, of which $3.6 million pertains to the roads component of the charge.

The Regional Transportation Services Department has reviewed the request submitted by Orlando Corporation Limited in accordance with the approved DC credit policy, and Regional staff have determined that $67,683 of the total value of the road works is eligible for consideration through the DC credit process (Attachment 2).

Regional road DC Credit of $61,478 to be applied to future phases of development

Regional staff recommend that a Regional road DC Credit of $61,478 be made available, to Orlando Corporation Limited, for future phases of their development.

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 $61,478 (88%) and a reimbursement of $6,205 (12%) for the non-growth component. The developer has been contacted and is in agreement with the credit amount.

The growth-related component (development charges) of the DC credit is to be funded from future Regional roads DC credits otherwise payable at the time of subdivision registration, subject to completion of the works to the satisfaction of the Commissioner of Transportation Services. It is recommended that the Regional Solicitor be authorized to include the DC Credit (growth component) for the road widening improvements on Leslie Street at Orlando Street in the Town of Richmond Hill at subdivision registration.

The non-growth component (tax levy) of the works is provided for in the 2009 Roads Capital Budget. The developer is entitled to recover the non-growth component of $6,205 for the works. 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 intersection improvements will benefit the Town of Richmond Hill in terms of improving traffic flow along the roadway of Leslie Street at Orlando Street. These improvements also facilitate the buildout of the subdivision in the Town of Richmond Hill.

7. CONCLUSION

The DC credit request submitted by Orlando Corporation Limited has been reviewed in accordance with the approved DC credit policy. It is proposed that subject to completion of the works to the satisfaction of the Commissioner of Transportation Services, the developer be eligible for a roads DC credit of $61,478 (88%) for the growth component and the non-growth cost recovery of $6,205 (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.)

SCHAEFFERS
CONSULTING ENGINEERS

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Date: September 3, 2008

Our File: 2005-2855

REGIONAL MUNICIPALITY OF YORK
Transportation and Works Department
90 Bales Drive
Sharon, Ontario
L0G 1V0

Attention: Mr. Calvin Mollett, P.Eng.

Re: **Application for Development Charge Credit**
Orlando Corporation Limited – Proposed Industrial Development
Region File No. 19T-05001.R
Town of Richmond Hill, Regional Municipality of York

On behalf of our client, Orlando Corporation Ltd., we are pleased to forward the following documentation requesting consideration for development charge credit for works completed on Leslie Street at Orlando Avenue for the above-referenced project.

1. Three copies of the new colored construction drawings
2. Three copies of the quantity and cost summary
3. Three copies of the earthwork quantity calculations

Please note that we have also included the roadworks within the daylight triangle as per Region's latest Development Charge Credit Guidelines for Applicant.

We trust the above are in order. However, should you have any queries pertaining to the above matter, please do not hesitate to contact us.

Yours truly,
SCHAEFFER & ASSOCIATES LTD.

H. Tozcu

07.003.R

Hacik Tozcu, P.Eng.
Attachments

cc. Mr. Gary Kramer – Orlando Corporation Ltd.

Schaeffers Consulting Engineers
Road widening of Leslie Street
Town of Richmond Hill

			Total Cost	Regional Cost (DC Credit)	Developer Cost
a)	Total estimated cost of works		$170,934		
b)	Amount of works not in ultimate Regional location		($101,072)		$101,072
c)	Amount eligible for Development Charge Credit (per Development Charge Credit Policy)		$69,862		
	- development charge component	88.00%	$61,478	$61,478	
d)	Non-growth summary				
	- non-growth component	12.00%	$8,384		
	Developer share of non-growth costs				
	- present value of works constructed ***(works included in 10 year capital forecast)***		$2,179		$2,179
	Regional share of non-growth costs		$6,205	$6,205	
Total Share of Capital Costs				**$67,683**	**$103,251**

Developer Recovery Summary:

Total growth-related credit -	$61,478
Total non-growth reimbursement -	$6,205
	$67,683

Summary:

Total Estimated Cost of Works	$170,934
Regional Share (DC Credit)	$67,683
Developer Share	$103,251

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:	$69,861.59

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	$69,862	$0	$69,862	$61,478	88.0%	$8,384	12.0%
2008	1	$69,862	$276	$69,586	$61,478	88.3%	$8,108	11.7%
2009	2	$69,862	$543	$69,319	$61,478	88.7%	$7,841	11.3%
2010	3	$69,862	$801	$69,061	$61,478	89.0%	$7,583	11.0%
2011	4	$69,862	$1,050	$68,812	$61,478	89.3%	$7,334	10.7%
2012	5	$69,862	$1,291	$68,571	$61,478	89.7%	$7,093	10.3%
2013	6	$69,862	$1,524	$68,338	$61,478	90.0%	$6,860	10.0%
2014	7	$69,862	$1,750	$68,112	$61,478	90.3%	$6,634	9.7%
2015	8	$69,862	$1,968	$67,894	$61,478	90.5%	$6,416	9.5%
2016	**9**	**$69,862**	**$2,179**	**$67,683**	**$61,478**	**90.8%**	**$6,205**	**9.2%**
2017	10	$69,862	$2,383	$67,479	$61,478	91.1%	$6,001	8.9%
beyond 2017	>10	$69,862	$8,384	$61,478	$61,478	100.0%	$0	0.0%

Notes:
1. Represents a 5.4% interest rate less a 2% rate adjusted for inflation as per the Development charge credit policy.
2. 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.