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DEVELOPMENT CHARGE CREDIT REQUEST THE GATES OF NEWMARKET / 724903 ONTARIO INC. LESLIE STREET AT VETERANS WAY AND POPPY LANE TOWN OF NEWMARKET

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report dated August 27, 2010, from the Commissioner of Finance.

1. RECOMMENDATIONS

It is recommended that:

1. Council authorize a combined development charge (“DC”) credit in the amount of \$170,955 for the growth-related component (development charges) and a combined recovery of \$19,723 for the non-growth component (tax levy) of the proposed intersection improvement works undertaken by The Gates of Newmarket/724903 Ontario Inc. in the Town of Newmarket, subject to completion of the works to the satisfaction of the Commissioner of Transportation Services.
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 intersection improvement works performed by The Gates of Newmarket/724903 Ontario Inc. for the intersection at Leslie Street and Veterans Way and at Leslie Street and Poppy Lane in the Town of Newmarket 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 18, 2007 as part of the passing of Regional DC By-law No. DC-0007-2007-040).

The Gates of Newmarket/724903 Ontario Inc. has forwarded a request to the Region's Transportation Services Department for the consideration of DC credits for the intersection improvement works at Leslie Street and Veterans Way and at Leslie Street and Poppy Lane in the Town of Newmarket (*Attachment 1*).

4. ANALYSIS AND OPTIONS

The Gates of Newmarket/724903 Ontario Inc. has requested a DC Credit of \$375,444

The Gates of Newmarket/724903 Ontario Inc. has developed a residential subdivision (19T-90064 Newmarket) in the Town of Newmarket. In order to proceed with the development of the lands, the developer group was required to undertake intersection improvement works at Leslie Street and Veterans Ways and at Leslie Street and Poppy Lane in the Town of Newmarket in accordance with the planned reconstruction program at an estimated cost of \$375,444. These intersection improvement works have been incorporated in the Region's 10 Year Capital Program for the year 2015.

Discussions as to the development charge credit amount were carried out between the applicant and Regional staff, and 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 intersection improvements works totals 641 residential units

The subject subdivision benefiting from the intersection improvement works is comprised of a total of 641 residential units. Buildout of this subdivision would result in regional development charges of approximately \$13.6 million of which \$4.7 million pertains to the roads component of the charge.

The Region's Transportation Services Department has reviewed the request submitted by The Gates of Newmarket/724903 Ontario Inc. in accordance with the approved DC credit policy and staff has determined that \$194,267 of the total value of the intersection improvement works is eligible for consideration through the DC credit process (*Attachment 2*).

Proposed total DC Credit of \$190,723 be permitted

These intersection improvement works are currently included in the Region's 10 year Capital Program in the year 2015. In accordance with the DC credit policy, in order to

advance the intersection improvement works from 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 when construction of the works is advanced prior to the timing proposed in the Region's 10 year capital program. Attachment 3 outlines the non-growth discounting methodology associated with this request.

It is proposed that a DC Credit be permitted for the combined growth-related component of the works in the amount of \$170,955 (89.7%) and \$19,723 (10.3%) for the combined non-growth component. This is comprised of a growth related DC credit of \$63,797 and \$107,158 for Leslie Street at Veterans Way and at Leslie Street and Poppy Lane respectively, and non-growth component of \$7,360 and \$12,363 respectively. 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 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) in the subdivision agreement for the intersection improvement works at Leslie Street and Veterans Way and at Leslie Street and Poppy Lane in the Town of Newmarket.

The non-growth component (tax levy) of the works is provided for in the 2010 Roads Capital Budget. The developer is entitled to recover the non-growth component of \$19,723 for the works. The combined year to date (for 2010) cumulative impact of the non-growth component of DC Credits proposed and/or approved by Finance and Administration Committee and Council is \$478,526.

6. LOCAL MUNICIPAL IMPACT

The proposed road intersection improvement works will benefit the Town of Newmarket in terms of improving traffic flow along the roadway of Leslie Street and Veterans Way and at Leslie Street and Poppy Lane. These intersection improvements also facilitate the buildout of the subdivision in the Town of Newmarket.

7. CONCLUSION

The DC credit request submitted by The Gates of Newmarket/724903 Ontario Inc. has been reviewed in accordance with the approved DC credit policy. It is proposed that subject to completion of the intersection improvement works to the satisfaction of the Commissioner of Transportation Services, the developer be eligible for a roads DC credit

of \$170,955 (89.7%) for the growth component and the non-growth cost recovery of \$19,723 (10.3%) 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.

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



SCHAEFFERS
CONSULTING ENGINEERS

Date: November 16, 2009

Our File: 2003-2545

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

6 Romrose Drive, Concord, Ontario L4K 4R3
Tel: (905) 743-6100 Fax: (905) 743-6873
For. Line: (416) 213-5590 Email: general@schaeffers.com

Attention: Mr. Faris Georgis, P.Eng.

Re: Application for Development Charge Credit
Leslie Street at Veterans Way
Region File No. D19 03.004.N
Town of Newmarket, Regional Municipality of York

On behalf of our client, Preston Group (724903 Ontario Inc. & 771322 Ontario Inc.), we are pleased to forward the following documentation requesting consideration for development charge credit for works completed on Leslie Street at Veterans Way for the above referenced project.

Please find enclosed the following:

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

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

Yours truly,
SCHAEFFER & ASSOCIATES LTD.


Hacik Tozcu, P.Eng
Director / Partner

YORK REGION	
TRANSPORTATION SERVICES	
NOV 23 2009	
FILE / ROUTING	

cc. Ms. Janice Robinson – Preston Group (Without attachment)

(09 0990)

Schaeffers Consulting Engineers
Intersection Works Leslie Street at Veterans Way and Leslie Street and Poppy Lane
Town of Newmarket

	Total Cost	Regional Cost (DC Credit)	Developer Cost
a) Total estimated cost of works	\$375,444		
b) Amount of works not in ultimate Regional location	(\$181,177)		(\$181,177)
c) Amount eligible for Development Charge Credit (per Development Charge Credit Policy)	\$194,267		
- development charge component 88.00%	\$170,955	\$170,955	
d) Non-growth summary			
- non-growth component 12.00%	\$23,312		
Developer share of non-growth costs			
- present value of works constructed (works included in 10 year capital forecast)	(\$3,589)		(\$3,589)
Regional share of non-growth costs	\$19,723	\$19,723	
Total Share of Capital Costs		\$190,678	(\$184,766)

Developer Recovery Summary:

Total growth-related credit -	\$170,955
Total non-growth reimbursement -	\$19,723
	<u>\$190,678</u>

Summary:

Total Estimated Cost of Works	\$375,444
Regional Share (DC Credit)	\$190,678
Developer Share	(\$184,766)

DEVELOPMENT CHARGE CREDIT

Non Growth Discounting Methodology
Intersection Works Leslie Street at Veterans Way and Leslie Street and Poppy Lane

Assumptions:

Growth Component of capital works: 88.00%
Non Growth Component of capital works: 12.00%
Interest Rate¹ : 3.40%
Eligible works for DC credit: \$194,267.04

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
2010	0	\$194,267	\$0	\$194,267	\$170,955	88.0%	\$23,312	12.0%
2011	1	\$194,267	\$767	\$193,500	\$170,955	88.3%	\$22,545	11.7%
2012	2	\$194,267	\$1,508	\$192,759	\$170,955	88.7%	\$21,804	11.3%
2013	3	\$194,267	\$2,225	\$192,042	\$170,955	89.0%	\$21,087	11.0%
2014	4	\$194,267	\$2,918	\$191,349	\$170,955	89.3%	\$20,394	10.7%
2015	5	\$194,267	\$3,589	\$190,678	\$170,955	89.7%	\$19,723	10.3%
2016	6	\$194,267	\$4,237	\$190,030	\$170,955	90.0%	\$19,075	10.0%
2017	7	\$194,267	\$4,865	\$189,402	\$170,955	90.3%	\$18,447	9.7%
2018	8	\$194,267	\$5,471	\$188,796	\$170,955	90.6%	\$17,841	9.4%
2019	9	\$194,267	\$6,058	\$188,209	\$170,955	90.8%	\$17,254	9.2%
2020	10	\$194,267	\$6,625	\$187,642	\$170,955	91.1%	\$16,687	8.9%
beyond 2020	>10	\$194,267	\$23,312	\$170,955	\$170,955	100.0%	\$0	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.