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DEVELOPMENT CHARGE CREDIT REQUEST
404 MAJOR MACKENZIE DEVELOPMENTS
MAJOR MACKENZIE DRIVE AT MARKLAND STREET
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 $405,377 (88%) for the growth-related component (development charge) and a payment of $48,359 (12%) for the non-growth component (tax levy) of the proposed road widening undertaken by 404 Major Mackenzie Developments 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 $405,377 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 404 Major Mackenzie Developments for the road widening of Major Mackenzie Drive at Markland Street 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.

2. 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).

404 Major Mackenzie Developments has forwarded a request to the Regional Transportation Services Department for the consideration of DC credits for the road widening of Major Mackenzie Drive at Markland Street in the Town of Markham (Attachment 1).

4. ANALYSIS AND OPTIONS

404 Major Mackenzie Developments DC Credit request

404 Major Mackenzie Developments 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 Major Mackenzie Drive at Markland Street in the Town of Markham in accordance with the planned reconstruction program at an estimated cost of $741,418. These road improvements have been incorporated in the Region's Ten Year Capital Program for the year 2013.

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 23 Acres

The subject subdivision benefiting from the road works comprised of a total of 23 acres of which 15.8 acres was developable commercial land. Buildout of this phase of the subdivision has resulted in Regional development charges of approximately $1.9 million of which $0.8 million pertained to the roads component of the charge.

The Regional Transportation Services Department has reviewed the request submitted by 404 Major Mackenzie Developments in accordance with the approved DC credit policy, and Regional staff have determined that $453,736 of the total value of the road works is eligible for consideration through the DC credit process (Attachment 2).

Proposed total DC Credit of $453,736 be permitted

It is proposed that a payment of $453,736 be permitted to 404 Major Mackenzie Developments. The payment is comprised of $405,377 (88%) for the growth component of the works and $48,359 (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 be funded from Regional road 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 2013. 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 reimbursement for the growth-related component of the works in the amount of $405,377 (88%) and $48,359 (12%) for the non-growth component be permitted. 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 $554,301.

6. LOCAL MUNICIPAL IMPACT

The proposed road improvements will benefit the Town of Markham in terms of improving traffic flow along the roadway of Major Mackenzie Drive at Markland Street. These improvements also facilitate the buildout of the subdivision in the Town of Markham.

7. CONCLUSION

The DC credit request submitted by 404 Major Mackenzie Developments has been reviewed in accordance with the approved DC credit policy. It is proposed that subject to satisfactory completion of the road widening of Major Mackenzie Drive at Markland Street, the developer be eligible for a roads DC credit of $405,377 (88%) for the growth component to be funded from the Regional roads DC previously collected and a non-growth cost recovery of $48,359 (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 October 8, 2009 meeting.)

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

Attachment 1

LEA Consulting Ltd.
Consulting Engineers & Planners
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September 9th, 2008 Our Ref.: 8382-200

Director, Infrastructure, Design and Construction Branch
Transportation and Works Department
Regional Municipality of York
17250 Yonge Street, Box 147
Newmarket, ON
L3Y 6Z1

Dear Sir/Madame:

Re: Application for Development Charge Credit
Major Mackenzie Drive East from Markland Street to Woodbine Avenue
Region File No. SP-M-016-04
Town of Markham, Regional Municipality of York

On behalf of our client, 404 Major Mac Developments Limited, we are pleased to forward the following documentation requesting consideration for development charge credit for works completed on Major Mackenzie Drive East from Markland Street to Woodbine Avenue for the aforementioned project.

With the construction of the retail development in the northeast quadrant of Major Mackenzie Drive East and Markland Street (see **Figure 1**), the section of Major Mackenzie Drive from Markland Street to beyond Nichols Boulevard on the north side was improved with:

- road widening
- urbanization of the rural road cross-section including:
  - landscaped boulevard
  - concrete sidewalk
- intersection operation improvements (traffic control signal)

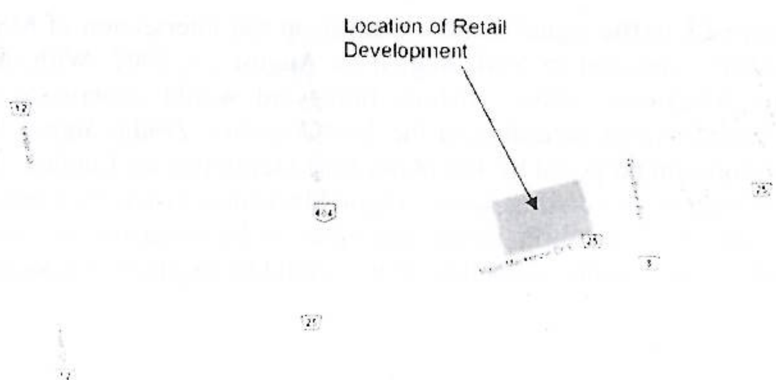

Figure 1 – *Location of 404 Major Mac Development*

It is our opinion that the some of the above listed works are eligible to be considered for a development charge credit because they represent programmed roadwork, storm sewers, electrical items, and an enhanced physical environment. It is also our opinion that the constructed work would be eligible as it can be seen to be in its ultimate location or is salvageable in the event of future planned construction works. The sections of the construction that we believe to be eligible for development charge credit have been highlighted in **Figures 2** and **3**.

Programmed Road Widening

The widening of Major Mackenzie Drive East to 6-lanes, from Bayview Avenue to Woodbine Avenue, is included in the 10 Year Capital Program as programmed roadwork for 2012. Since, the area of interest for this letter is from Markland Road to Woodbine Avenue, it can be seen to fall within the extent of the programmed roadwork. We anticipate that the constructed exclusive right-turn lane on Major Mackenzie Drive East in front of the site would become a shared through-right turn lane when the remaining sections of Major Mackenzie Drive are widened to the 6-lane cross-section. As a result, the road widening that were undertaken by 404 Major Mac Developments Limited can be shown to be in their ultimate location as per the 10 Year Capital Program.

Urbanization

The subject section of Major Mackenzie Drive East is located within the urban boundary for York Region; however, before reconstruction it exhibited a typical rural cross-section. The construction resulted in the removal of the gravel shoulder, replacing it with a 1.5 metre sidewalk, a curbed edge of road and a landscaped boulevard. The construction also included the provision of four 1200 mm storm maintenance holes, 115 metres of 300 mm concrete storm sewer pipe, 270 metres of 375 mm of concrete storm sewer pipe, seven 600 mm by 600 mm catch basins. The sidewalk has been constructed in its ultimate location and is buffered by a landscaped boulevard as the roadway is already widened to 3 full westbound lanes (see **Programmed Road Widening**).

Intersection Operation Improvements – Traffic Control Signal

Associated with the improvements on Major Mackenzie Drive were intersection operation improvements at the intersections of Markland Street and Major Mackenzie Drive, and Nichols Boulevard and Major Mackenzie Drive. With extension of Markland Street, the fourth leg was formed at the intersection with Major Mackenzie Drive. This required adjustments to the existing traffic control signal at the Major Mackenzie/Markland intersection.

LEA Consulting Ltd. prepared a traffic signal warrant analysis at the intersection of Major Mackenzie Drive and Nichols Boulevard, submitted to York Region on August 13, 2007. With the considerable traffic volumes on Major Mackenzie Drive, Nichols Boulevard would experience notable delay, justifying for the traffic control signal according to the *York Region's Traffic Signal Warrant Policy* regardless of the retail development proposed by 404 Major Mac Developments Limited. In addition, the signal also provides a safe pedestrian crossing across Major Mackenzie Drive East between Markland Street and Woodbine Avenue. Since the traffic signal was shown to be warranted for vehicle traffic and provide a valuable safe pedestrian crossing, we believe that it would be eligible for a development charge credit.

Cost Summary

The following is a summary of the estimated costs, based on the *2008 Development Charge Credit Unit Rates*, for the eligible works described in this letter. A detailed list of the approved quantities, unit prices, and costs has been included in **APPENDIX A**.

Road Improvements:	$ 191,389.81
Urbanization (Storm Sewers and Landscaping):	$ 113,325.92
Intersection Improvements:	$ 323,188.46
Total:	$ 627,904.19

Enclosed with this letter are the following:

- new construction drawings
- typical Major Mackenzie Drive East cross-sections showing widening and lane configuration
- detailed quantity and cost summaries

Should you wish to discuss further, please do not hesitate to contact Ahsun Lee at (905) 470-0015 ext. 277 or Christopher Sidlar at ext. 282.

Yours very truly

LEA Consulting Ltd.

Ahsun Lee, B.A.Sc., P.Eng.
Transportation Engineer

Christopher Sidlar,
Transportation Planner

cc: Debbie Pacchiarotti/David Rezmovitz, 404 Major Mac Developments Limited
Andrew Brown/Adriano Costa, LEA Consulting Ltd.

Scaeffers Engineering Ltd.
Major Mackenzie Drive at Markland
Town of Markham

			Total Cost	Regional Cost (DC Credit)	Developer Cost
a)	Total estimated cost of works		$741,418		
b)	Amount of works not in ultimate Regional location		($280,762)		$280,762
c)	Amount eligible for Development Charge Credit (per Development Charge Credit Policy)		$460,656		
	- development charge component	88.00%	$405,377	$405,377	
d)	Non-growth summary				
	- non-growth component	12.00%	$55,279		
	Developer share of non-growth costs - present value of works constructed ***(works included in 10 year capital forecast)***		$6,920		$6,920
	Regional share of non-growth costs		$48,359	$48,359	
Total Share of Capital Costs				**$453,736**	**$287,682**

Developer Recovery Summary:

Total growth-related credit -	$405,377
Total non-growth reimbursement -	$48,359
	$453,736

Summary:

Total Estimated Cost of Works	$741,418
Regional Share (DC Credit)	$453,736
Developer Share	$287,682

DEVELOPMENT CHARGE CREDIT
Non Growth Discounting Methodology
Major Mackenzie Drive at Markland

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:	$460,655.88

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
2009	0	$460,656	$0	$460,656	$405,377	88.0%	$55,279	12.0%
2010	1	$460,656	$1,818	$458,838	$405,377	88.3%	$53,461	11.7%
2011	2	$460,656	$3,576	$457,080	$405,377	88.7%	$51,703	11.3%
2012	3	$460,656	$5,276	$455,380	$405,377	89.0%	$50,003	11.0%
2013	**4**	**$460,656**	**$6,920**	**$453,736**	**$405,377**	**89.3%**	**$48,359**	**10.7%**
2014	5	$460,656	$8,510	$452,146	$405,377	89.7%	$46,769	10.3%
2015	6	$460,656	$10,048	$450,608	$405,377	90.0%	$45,231	10.0%
2016	7	$460,656	$11,535	$449,121	$405,377	90.3%	$43,744	9.7%
2017	8	$460,656	$12,974	$447,682	$405,377	90.6%	$42,305	9.4%
2018	9	$460,656	$14,365	$446,291	$405,377	90.8%	$40,914	9.2%
2019	10	$460,656	$15,710	$444,946	$405,377	91.1%	$39,569	8.9%
beyond 2019	>10	$460,656	$55,279	$405,377	$405,377	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.