

Committee of the Whole (2) Report

DATE: Tuesday, December 7, 2021

WARD(S): ALL

**TITLE: BLACK CREEK FINANCIAL STRATEGY AREA SPECIFIC
DEVELOPMENT CHARGES UPDATE**

FROM:

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

ACTION: DECISION

Purpose

To seek Council's approval of the Development Charges ("ASDC") Background Study for the Edgeley Pond and Park and Black Creek Channel Works and By-law and final staff recommendations related to the enactment of a new ASDC by-law for these works.

Report Highlights

- Staff are seeking approval of the ASDC Background Study for the Edgeley Pond and Park and Black Creek Channel Works and associated Area Specific Development Charges By-law
- Substantial consultation has occurred with the development industry during the development of the ASDC rate
- A minor adjustment to the Map 3 ASDC rate is being proposed based on the further consultation that occurred over the summer

Recommendations

1. That the Development Charges Background Study for the Edgeley Pond and Park and Black Creek Channel Works (Attachment 1) be approved;
2. That Council enact the Edgeley Pond and Park and Black Creek Channel Works Area Specific Development Charge By-law (Attachment 2);

3. That upon substantial completion of the Black Creek Technical Assignment, staff report back to the Committee of the Whole on the need, if any, for the reopening of the Area Specific Development Charge By-law, due to any significant variance in costs;
4. That the capital forecast to 2041 for the Edgeley Pond and Park and Black Creek Channel Works, included in the Development Charge Background Study, dated November 22, 2021, and subject to maintenance of service levels, the availability of funding and Council policies, be adopted;
5. That Council commit to funding the future operating costs associated with the capital forecast contained in the Development Charge Background Study, which are estimated to reach \$1.7 million annually by 2040, to be addressed through future budget cycles; and
6. That Council confirm that no further public meetings pursuant to the Development Charges Act, 1997 are required prior to the enactment of the new Area Specific Development Charge By-law.

Background

The Development Charges Background Study for the Edgeley Pond and Park and Black Creek Infrastructure Works were originally presented to the Committee of the Whole on April 7, 2021. A Public Statutory Meeting was then held on May 12, 2021. The previous reports provided the details of the Financial Strategy for the works and can be accessed through the attachments listed below. On June 8, 2021 Staff sought Council approval of a new by-law and ASDC rates. Council directed staff to pass a by-law which would maintain rates at the previous rate structure to allow for further consultation over the summer months.

Staff have continued consultation over the summer months holding several additional one-on-one meetings with the impacted landowners. A subsequent Public Statutory Meeting was held on September 14, 2021 to ensure the opportunity for stakeholders to provide additional feedback regarding any changes that have occurred since the Statutory meeting held on May 12, 2021. These further discussions have resulted in a minor adjustment to the Map 3 ASDC rate, but the Map 1 and Map 2 ASDC rates remain unchanged from what was presented at the Public Statutory Meeting.

It is critical that the City undertake the Edgeley Pond and Black Creek Channel works in order to mitigate the significant flooding risk. Without the mitigation of the flood potential associated with the current infrastructure, the high level of transit investment and the preliminary development of the mobility hub within the downtown are at risk. Redevelopment in the area will be delayed and a significant risk of a future flood event remains, which puts all of the investment that has been made in the area to date at risk.

Legislative Communication Requirements

The Development Charges Act, 1997 has mandatory communication requirements, which mandate the advertising of at least one public meeting, and the City Clerk is mandated to carry out such advertising at least twenty (20) days in advance of the meeting date. The second Public Statutory Meeting was held on September 14, 2021 and was advertised using a number of channels to optimize public awareness. This included advertisements in the Vaughan Citizen and Thornhill Liberal on August 12, 2021. Both advertising of the meeting as well as pertinent information such as the draft Development Charge Background Study for the Edgeley Pond and Park and Black Creek Channel Works and the related ASDC By-law were also made available on the City's website beginning on April 7, 2021.

Extensive consultation has occurred since the initiation of the project in late 2020

Since the initiation of the update to the Development Charges Background Study for the Edgeley Pond and Park and Black Creek Channel Works Update staff have held a series of meetings with the development industry including four (4) group technical sessions, outlined below, and several one-on-one meetings to discuss site-specific issues as they relate to the works.

December 4, 2020 – Kick-off meeting with external stakeholders

March 19, 2021 – Presented Draft ASDC Rates

April 8, 2021 – Technical Session

May 14, 2021 – Technical Session

In addition to the meetings described above, several written deputations were received at the May 12, 2021 Public Statutory Meeting, the June 8, 2021 Committee of the Whole (2) meeting, and at the September 27, 2021 Council Meeting.

After the second Public Statutory meeting staff received two (2) additional deputations. Staff have reviewed the communications and have provided formal responses to the deputants. A minor adjustment to the Map 3 rate is being recommended as a result of the further consultation that has taken place to date.

Previous Reports/Authority

[April 7, 2021 – Committee of the Whole \(1\) – Black Creek Financial Strategy and VMC West Interchange Sanitary Sewer Area Specific Development Charges Update](#)

[May 12, 2021 – Committee of the Whole \(2\) – Black Creek Financial Strategy and VMC West Interchange Sanitary Sewer Public Statutory Meeting](#)

[June 8, 2021 – Committee of the Whole \(2\) - Black Creek Financial Strategy and VMC West Interchange Sanitary Sewer Area Specific Development Charges Update](#)

[June 22, 2021 – Council Communication C38 – Item #1, Report #32 – Black Creek Financial Strategy Area Specific Development Charge By-law Update](#)

[September 14, 2021 – Committee of the Whole \(1\) – Black Creek Financial Strategy and Area Specific Development Charges Public Statutory Meeting](#)

Analysis and Options

The works related to the Edgeley Pond and Park and Black Creek Channel in the VMC total approximately \$220 million. The Development Charges Background Study provides the cost allocation methodology used to split the costs across multiple funding sources. Below is a breakdown of the various cost components of the work:

Funding Source	% of Total
ASDC	26.1%
City-Wide - DC Engineering	34.3%
City-Wide - DC Community Services	5.4%
Site Specific Contributions	5.1%
Region/TRCA	1.8%
Non-Growth	27.3%
Total	100%

The cost for the various components of work is outlined in the table below, with land costs being the largest portion of cost identified for the project.

Infrastructure	Proposed \$(M)	% of Total
Channelization	59.2	26.9%
Land	80.4	36.5%
Edgeley Pond	56.4	25.6%
SE Stormwater Pond/Tank	18.1	8.2%
Other	6.2	2.8%
Total	220	100%

A number of capital projects related to these infrastructure works have been previously approved by Council but are not fully funded. Upon implementation of the Strategy

these projects will have identified sources of funding adjusted to align with the new Strategy to facilitate their scheduling and completion.

The effect on the ASDC rate payers is considered reasonable

The ASDC by-law, in conjunction with site specific contributions, will contribute an estimated 26.1% to the overall cost of infrastructure. The level of impact is dependent on the geographic location of the lands within the Secondary Plan area. Those landowners who are immediately affected by and adjacent to the Black Creek channel are allocated a higher degree of cost due to both the hydraulic and economic benefits accruing to them. The next highest allocation is given to those landowners draining into Edgeley Pond and the lowest allocation goes to the remaining landowners in the Black Creek water shed.

The following table illustrates the recommended ASDC rates compared to the previously proposed rates that were presented throughout the consultation period of the study. Through ongoing consultation, it was determined that there was some rationale to reduce the ASDC rates slightly by moving an additional portion of the land costs to the City-Wide DC Study. Staff do not recommend allocating any further portion of costs to the City-Wide DCs as the allocation model utilizes a fair and rational allocation of costs that considers the benefitting parties for each element of work.

Area	Calculated Rates (\$/net ha): April 7, 2021	Calculated Rates (\$/net ha): Revised June 8, 2021	Calculated Rates (\$/net ha): Proposed September 14, 2021	Calculated Rates (\$/net ha): Final Recommendation
Immediately Affected Landowners (Map 1)	\$9,467,470	\$6,707,788	\$6,685,033	\$6,685,033
Vaughan Metropolitan Centre Draining to Edgeley Pond (Map 2)	\$465,823	\$497,154	\$494,653	\$494,653
Undeveloped Lands in the Black Creek Drainage Shed (Map 3)	\$96,260	\$67,874	\$67,670	\$64,758

A few other minor adjustments were made to the rates as determined through one-on-one discussions with the impacted landowners who were in some cases able to provide additional information that supported minor changes to the subject land areas. The benefiting land area maps related to the ASDC bylaw are located in Attachments 1 and 2. The final recommended subject land areas being recommended within this report and associated attachments is as follows:

Area	Net Hectares
Immediately Affected Landowners (Map 1)	5.78
Vaughan Metropolitan Centre Draining to Edgeley Pond (Map 2)	18.98
Undeveloped Lands in the Black Creek Drainage Shed (Map 3)	150.97

Staff have submitted a grant application for the Disaster Mitigation and Adaptation Fund (DMAF)

A portion of the costs associated with the Edgeley Pond and Park and Black Creek Channel works is considered eligible for potential DMAF grant funding. An application was submitted for consideration on October 15, 2021. The amount of \$111.9 million of the total project costs was considered eligible and, if the application is successful, it would result in the maximum funding potential of \$89.6 million. It may take several months for the application assessment to be completed. After the assessment period, Infrastructure Canada officials will prepare recommendations for approval by the Minister of Infrastructure and Communities of projects up to \$50 million in federal share. Projects outside the Minister's delegated authority will require additional time and information to support obtaining the appropriate authorities by the Treasury Board of Canada. Staff will report back to Council at a future date to provide an update on the outcome. If funding is approved, staff are committed to reopening the Development Charges Background Study for the Edgeley Pond and Park and Black Creek Channel Works. As the potential approval of this funding is currently unknown, staff recommend the passage of a by-law that is reflective of the ASDC rates as presented in this report in order to ensure that a funding model is in place to allow the project to proceed over the next several years.

The Technical Assignment for the Black Creek Channel Works is ongoing

In December 2020, the Technical Advisory Services assignment to undertake the preliminary design for the Black Creek Channel was awarded and the design activities are underway. At the June 2021 VMC Sub-Committee, staff provided an update on the Black Creek Renewal design. Given the interdependencies between the Edgeley Pond and Park, the Highway 7 culvert improvements, and the Black Creek Renewal project, all three project components will be combined into one larger design-build delivery model to gain delivery efficiencies and mitigate construction risks of the critical infrastructure in the VMC. To allow for a seamless delivery, the current Technical Advisor assignment will be expanded to incorporate the administration and design for the additional scope. In addition, staff is continuing to assess feasible options to mitigate

risks from the proposed works to the existing business along the corridor until such time the lands are developed.

Once the Technical Assignment has progressed to a stage where more detailed costs for the Black Creek Channel become available, staff are committed to reopening the Development Charges Background Study for the Edgeley Pond and Park and Black Creek Channel Works to make adjustments to the costs to reflect the more detailed design. This update may coincide with potential updates as they relate to DMAF funding.

Financial Impact

Although there is no direct financial impact as a result of this report, an outline of the full financial implications and related Development Charges Background Study for Edgeley Pond and Park and Black Creek Channel Works can be found in the previous reports linked above and in the attachments to this report.

Broader Regional Impacts/Considerations

The Region of York continues to be involved in discussions regarding the Black Creek and Edgeley Pond and Park Infrastructure. The City intends to apply to the Region's Municipal Streetscape Partnership Program for Streetscaping works associated with this infrastructure (Urban Plaza at the NE corner of Jane Street and Highway 7). Regional lands required for the infrastructure are a large component of the overall cost of the project and as such City staff have initiated discussions with Regional staff regarding the acquisition of the required lands.

In addition, the Black Creek Optimization study identified the need to replace the existing culvert under Highway 7. Discussions with the Region have progressed and as a result the cost of replacing the existing culvert has been included in the Development Charges Background Study with a portion of the cost identified to be funded by the Region. It is most likely that the City will undertake these works as a part of the overall construction of the project.

Conclusion

Completion of the Edgeley Pond and Park and Black Creek and VMC West Interchange Sanitary Sewer works is a vital step towards flood relief and the development of the VMC as Vaughan's new downtown. The Development Charges Background Study attached to this report ensures equitable cost allocation; sound methodology and a financial plan which will be in place for the long-term development of these infrastructure projects.

For more information, please contact: Nelson Pereira, Manager of Development Finance, ext. 8393 or Brianne Clace, Project Manager of Development Finance, ext. 8284

Attachments

1. Development Charge Background Study for the Edgeley Pond and Park and Black Creek Channel Works
2. Edgeley Pond and Park and Black Creek Channel Works ASDC By-Law

Prepared by

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Approved by



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Reviewed by



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