

Committee of the Whole (2) Report

DATE: Tuesday, September 17, 2024

WARD(S): 1

**TITLE: TESTON ROAD EAST AND WEST SANITARY SEWER AREA
SPECIFIC DEVELOPMENT CHARGES**

FROM:

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

Vince Musacchio, Deputy City Manager, Infrastructure Development

ACTION: DECISION

Purpose

To present the Draft Area Specific Development Charges (“ASDC”) Background Study for the Teston Road East and West Sanitary Sewer Infrastructure and to communicate the timing of the statutory public process that leading to the approval of the new ASDC by-laws.

Report Highlights

- The capital costs associated with the Teston Road East Sanitary Sewer Infrastructure is estimated at \$27.5 million.
- The capital costs associated with the Teston Road West Sanitary Sewer Infrastructure is estimated at \$148.8 million.
- Revised Draft ASDC Background Study and By-laws for the proposed ASDCs will be released in accordance with the Development Charges Act, 1997 (DCA).
- It is anticipated that the City of Vaughan will front-end construct a significant portion of the overall works which will then be funded by future development.

Recommendations

1. That the Draft ASDC Background Study for the “Teston Road East and West Sanitary Infrastructure” (Attachments 1) be received and made available to the

public sixty (60) days in advance of the passage of the by-law in accordance with the Development Charges Act, 1997;

2. That the Draft ASDC By-law for the “Teston Road East and West Sanitary Infrastructure” be made available to the public at a date to be established by the Chief Financial Officer, but no later than two (2) weeks in advance of the public statutory meeting; and
3. That staff be authorized to advertise the Public Statutory Meeting at least twenty (20) days in advance of the date of the meeting in a method that is consistent with the requirements of the Development Charges Act, 1997.

Background

In 2020, the City initiated the City-Wide Integrated Urban Water Plan to support projected growth to 2051. This plan was finalized in early 2024 and includes a comprehensive listing of capital expenditure requirements for new and expanded water, wastewater and stormwater infrastructure. As a part of this work, the Teston Road East and Teston Road West Sanitary Infrastructure were identified as infrastructure that would be required in the short term in order to increase capacity in the area and facilitate development in Block 27, 28, 34, 35, 41, 42 & 49.

As development has already begun to occur in the area where the infrastructure is required, it was determined that an ASDC Study should be undertaken for both Teston Road East and Teston Road West as soon as possible, to establish ASDC rates, to allow the City to maximize the ASDC collections from the benefitting landowners. The total cost of the works for Teston Road West Sanitary Sewer Works is approximately \$148.8 million and approximately \$27.5 million for Teston Road East Sanitary Sewer. These costs, benefitting land areas, and draft ASDC rates will continue to be further refined through the ongoing ASDC consultation process.

Communications Strategy

A kick-off meeting took place with the development industry regarding the Teston Road East and West Sanitary Infrastructure on August 14, 2024, where the draft rates and benefitting map areas were presented. A second meeting was held on August 29, 2024 to discuss the technical aspects of the study. Further meetings will be scheduled as required through September to exchange detailed supporting background information, and to discuss the technical aspects of the draft calculations. The workshops will include developers/landowners within the benefitting land areas that will be impacted by the rates. It is anticipated that ongoing correspondence, meetings, and collaboration

will continue and may result in further adjustments until the finalization of the new by-law in November.

The DCA has mandatory communication requirements around the advertising of at least one public statutory meeting and the Clerk is mandated to carry out such advertising at least 20 days in advance of the meeting date. The Public Statutory Meeting will be scheduled for October 8, 2024.

Although the draft rates were shared with many of the affected landowners on August 14, 2024, this report serves as the notice of public release of the draft background study and by-law for ASDC “Teston Road East and West Sanitary Infrastructure”. The time between the release of the draft study and the statutory public meeting will allow Council, the general public, and the development industry an opportunity to review the technical data and provide feedback.

Public consultation will be arranged as part of the process to prepare the new ASDC by-laws.

The anticipated milestone dates leading up to the new by-law enactment are as follows:

Advertise for Public Statutory Meeting	September 2024
Continued consultation with Development Industry	September 2024
Public Statutory Meeting	October 8, 2024
Present Final Rates to Committee of the Whole	November 12, 2024
Final Approval of Background Study and By-laws	November 19, 2021

Previous Reports/Authority

N/A

Analysis and Options

The Teston Road East and West Sanitary Infrastructure was identified as infrastructure required to support growth as a part of the City-Wide Integrated Urban Water Plan, with the full build out of the benefitting lands anticipated between 2041 and 2046.

The Teston Road East Sanitary Infrastructure works includes a sanitary sewer that runs along Teston Road from Jane Street to Keele Street.

The Teston Road West Sanitary Sewer Infrastructure includes several sanitary sewers, forcemains and sewage pumping stations including Teston Road sewer/forcemain from Weston Road to Jane Street, Weston Road sewer from King Vaughan Road to Teston

Road and Kirby Road sewer/force-main from Pine Valley Drive to Weston Road, as well as two sanitary pumping stations, one on Teston Road east of Weston road and one on Kirby Road west of Weston Road. This infrastructure has been sized appropriately to support the anticipated development in the area to full build out in accordance with the City-Wide Integrated Urban Water Plan. The Teston Road Sanitary Sewer Infrastructure works will connect to York Region's future Jane Street sanitary trunk sewer at Teston Road and Jane Street. The expected completion date for the Region's infrastructure is Q4 2028.

Timing for the works is somewhat unclear due to the linkages between the requirement for the works and the advancement of development in the area. The details around the construction will become more certain as development applications progress. It is important for the City to ensure that an ASDC is in place to begin collections for the infrastructure in advance, particularly due to the DC Freeze provisions recently added to the Development Charges Act that allow a development to freeze its DCs at an earlier time in the development process. Advancing the ASDC at this time ensures that all benefitting parties will contribute to the works.

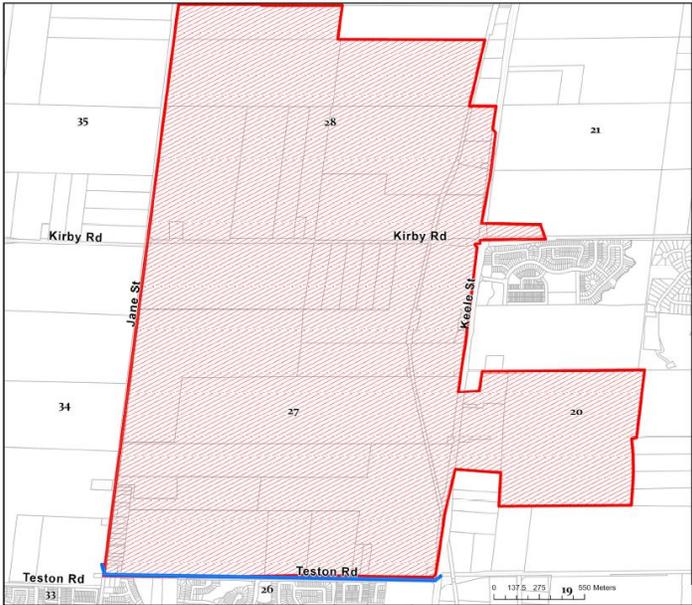
Although discussions with the impacted landowners is ongoing, it is anticipated that the city will undertake the construction of much of the works. To support these costs a new ASDC is being proposed to fund both the capital and borrowing costs to the City associated with emplacing the required infrastructure in the area.

Financial Impact

The City of Vaughan typically uses ASDCs to fund growth-related wastewater and storm drainage services where the benefitting lands can be clearly identified. This allows for the lands directly benefitting from the infrastructure to assume the costs that directly supports their development. The ASDC rates being proposed are on a per net developable hectare basis as is consistent with other greenfield ASDCs that already exist in the City.

Teston Road East Sanitary Sewer ASDC Rates

The Teston Road East Sanitary Sewer cost is estimated at \$27.5 million with a net benefiting area of 443.55 hectares. The works include a sanitary sewer that runs along Teston Road from Jane Street to Keele Street. The benefitting map area includes the following lands:

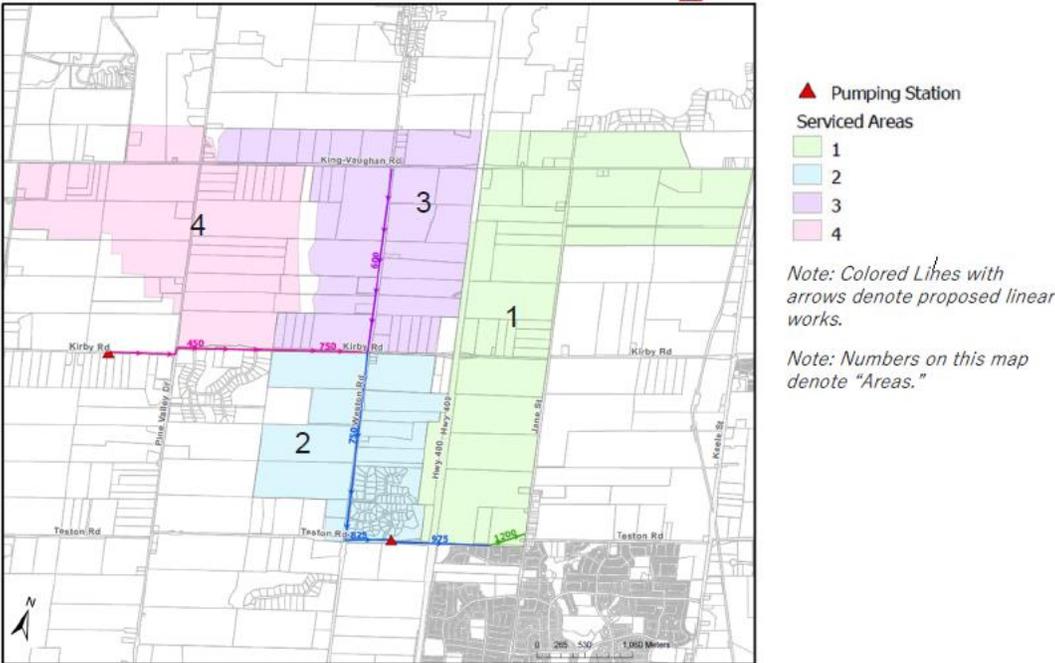


This results in a per hectare rate as follows:

Teston Road East Sanitary Sewer	Net Cost	Net Developable Area	Charge per Net Hectare of Developable Area
TESTON ROAD SANITARY SEWER - EAST	\$ 27,573,405	443.55	\$ 62,165

Teston Road West Sanitary Infrastructure ASDC Rates

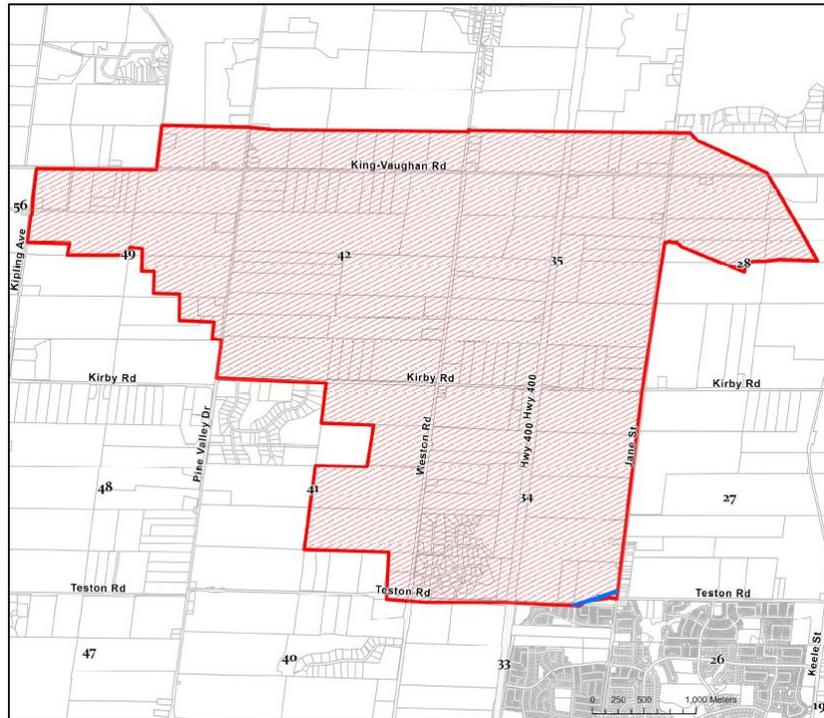
The Teston Road West Sanitary Infrastructure costs are divided into four (4) benefiting map areas which are made up of a combination of four (4) service areas determined by whose is benefiting from the infrastructure. The service areas are as follows:



Each map comprises a benefiting area for portions of the infrastructure with some of the benefiting map areas overlapping where lands benefit from more than one component of the overall infrastructure. This results in 4 benefiting land area maps as follows:

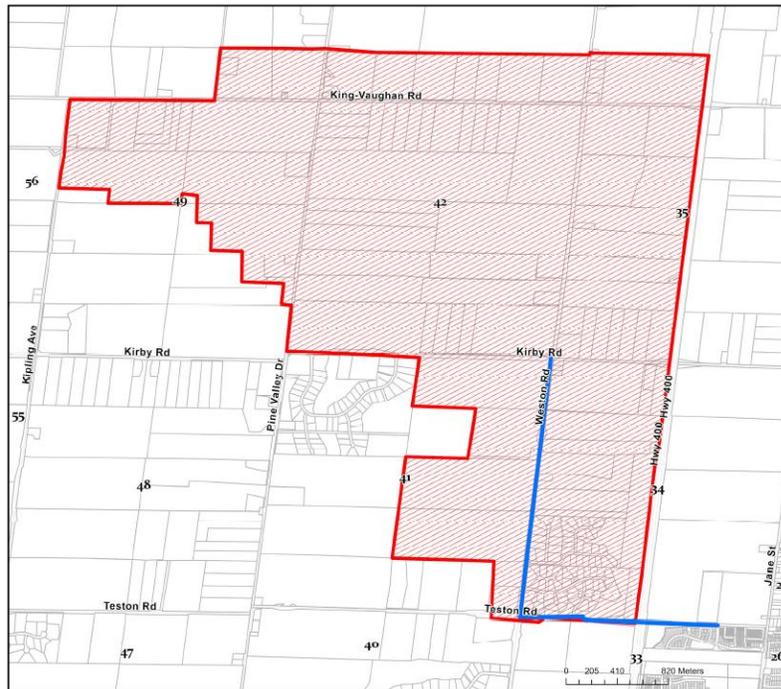
Map 1: Segment A - Teston Road 1050 mm Diameter Sewer

This includes a sewer that runs from Teston Road to Jane Street. Map 1 benefits all four of the service areas described above. The estimated cost of the works is \$4.4 million with a benefitting area of 1,164.03 hectares including the following lands:



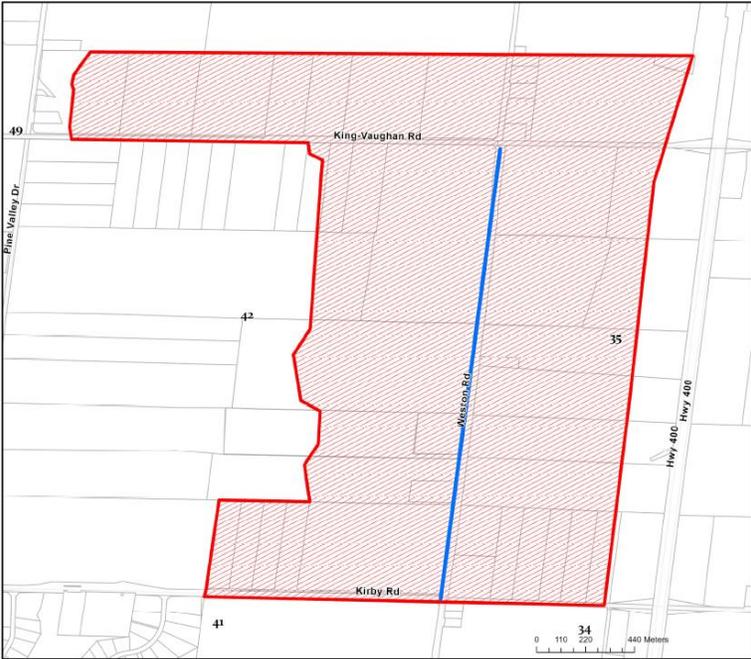
Map 2: Segment B – Weston/Teston Road Sewer and Pumping Station

This includes a sewer that runs along Teston Road and from Teston Road to Kirby Road. Map 2 benefits services areas 2, 3 and 4 as described above. The estimated cost of the works is \$90.7 million with a benefitting area of 731.55 hectares including the following lands:



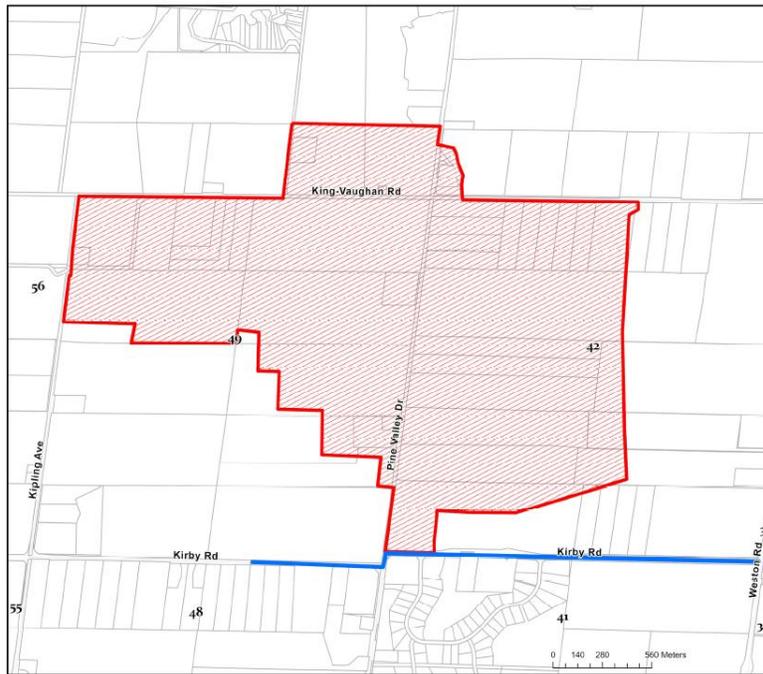
Map 3: Segment C – Weston Road – Kirby Road to King Vaughan Road

This includes a sewer that runs along Weston Road from Kirby Road to King Vaughan Road. Map 3 benefits services area 3 as described above. The estimated cost of the works is \$7.97 million with a benefitting area of 274.14 hectares including the following lands:



Map 4: Segment D – Kirby Sanitary Sewer and Pumping Station

This includes a sewer that runs along Kirby Road from Weston Road to the West of Pine Valley Drive. Map 4 benefits services area 4 as described above. The estimated cost of the works is \$45.8 million with a benefitting area of 265.05 hectares including the following lands:



This results in four (4) per hectare rates as follows:

Teston Road West Sanitary Infrastructure	Map	Net Cost	Net Developable Area	Charge per Net Hectare of Developable
SEGMENT A - TESTON ROAD 1050mm DIAMETER SEWER	Map 1	\$ 4,363,580	1,164.03	\$ 3,749
SEGMENT B - WESTON/TESTON ROAD SEWER & PUMPING STATION	Map 2	\$ 90,716,184	731.55	\$ 124,005
SEGMENT C - WESTON (KIRBY TO K/V) SEWER	Map 3	\$ 7,973,003	274.14	\$ 29,084
SEGMENT D - KIRBY SANITARY SEWER AND PUMPING STATION (KIRBY)	Map 4	\$ 45,750,200	265.05	\$ 172,610

ASDC charges by service area

As the ASDC benefitting map areas and associated rates impact multiple services areas depending on the service area location, lands may be impacted by more than one of the rates listed above. Below is a table that shows the total charge by service area:

Development	Benefitting Infrastructure	Total Applicable Charges per net ha
Lands Located in Area 1	Segment A (Map 1)	\$ 3,748.68
	TOTAL	\$ 3,748.68
Lands Located in Area 2	Segment A (Map 1)	\$ 3,748.68
	Segment B (Map 2)	\$ 124,005.07
	TOTAL	\$ 127,753.75
Lands Located in Area 3	Segment A (Map 1)	\$ 3,748.68
	Segment B (Map 2)	\$ 124,005.07
	Segment C (Map 3)	\$ 29,084.04
	TOTAL	\$ 156,837.78
Lands Located in Area 4	Segment A (Map 1)	\$ 3,748.68
	Segment B (Map 2)	\$ 124,005.07
	Segment D (Map 4)	\$ 172,609.70
	TOTAL	\$ 300,363.44

Financing costs have been included in the rate calculation.

As it is assumed that the City will be required to construct the majority of the works in advance of the bulk of the ASDC collections, financing costs have been incorporated into the rate to support financing costs to the City which will be paid from the ASDC collections over time. The financing was assumed at 4.38% over a 20-year term.

Operational Impact

N/A

Broader Regional Impacts/Considerations

The Teston Road East and West Sanitary Sewer Infrastructure works will outlet to York Region's future Jane Street sanitary trunk sewer at Teston Road and Jane Street. As part of York Region's Northeast Vaughan Wastewater Trunk sewer works, the Region's Jane Street trunk sewer is expected to be in service by Q4 2028.

Conclusion

Completion of the Teston Road East and West Sanitary Sewer Works is vital in ensuring that the infrastructure that is required to support growth is undertaken in alignment with anticipated development. The proposed ASDC Background Study and By-laws will ensure that the funding is in place to support the construction of this infrastructure in such a way as growth pays for growth.

For more information, please contact: Nelson Pereira, Manager of Development Finance, extension 8393.

Attachments

1. Draft Teston Road East and West Sanitary Infrastructure Area Specific Development Charges Background Study, Hemson Consulting Limited (to be distributed prior to the meeting)

Prepared by

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