

Committee of the Whole (2) Report

DATE: Tuesday, March 18, 2025

WARD(S): 1

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

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 seek Council's approval of the Development Charges Background Study for the Teston Road East and West Sanitary Sewer Service Area, and final staff recommendations related to the enactment of the Area Specific Development Charges (ASDC) By-laws for these works.

Report Highlights

- Seeking approval of the Development Charges Background Study for the Teston Road East and West Sanitary Sewer Area as well as the two associated by-laws.
- Extensive consultation has occurred with the impacted landowners to determine the final draft rates being presented.

Recommendations

1. That the Development Charges Background Study for the Teston Road East and West Sanitary Sewer Service Area (Attachment 1) be approved;
2. That the Teston Road East Sanitary Sewer By-law (Attachment 2) be approved;

3. That the Teston Road West Sanitary Sewer Infrastructure By-law (Attachment 3) be approved;
4. That the capital forecast to 2041 for the Teston Road East and West Sanitary Sewer Infrastructure included in the Development Charges Background Study, dated March 3, 2025, and subject to maintenance of service levels, the availability of funding and Council policies, be adopted;
5. That Council commit to future operating costs associated with the capital forecast contained in the Development Charges Background Study, 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 Charges By-laws.

Background

In 2020, the City initiated the City-Wide Integrated Urban Water Plan to support projected growth to 2051. This plan was finalized in September 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 \$85.1 million and approximately \$31.8 million for Teston Road East Sanitary Sewer. These costs, benefitting land areas, and draft ASDC rates were 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 and third meeting were held on August 29, 2024 and September 17, 2024 to discuss the technical aspects of the study. A public statutory meeting was held on October 8, 2024 which was advertised in accordance with the Development Charges Act, 1997. Further meetings since the

public meeting have been held with the impacted landowners to address site specific concerns. The DC Background Study and associated rates included within this report are the cumulative result of those discussions that took place.

Previous Reports/Authority

[Teston Road East and West Sanitary Infrastructure Area Specific Development Charges – Release of the Study](#)

[Teston Road East and West Sanitary Infrastructure Area Specific Development Charges – Statutory Public Meeting](#)

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 and sanitary sewer oversizing in Block 27.

The Teston Road West Sanitary Sewer Infrastructure includes sanitary sewers and forcemains on Teston Road between Weston Road and Jane Street and on Weston Road north of Teston, as well as a sewage pumping station. 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 ASDCs have been adjusted as an outcome of the consultation with the development industry.

A public statutory meeting was held on October 8th where the draft ASDC rates for Teston Road West and Teston Road East Sanitary Sewer Infrastructure were presented to the public. At that time there were four rates and benefitting map areas identified for Teston Road West, to be charged on a per hectare basis as outlined below:

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

Within Teston Road East, there was one ASDC rate and benefitting map area identified 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

Since the public statutory meeting, there has been ongoing discussion with the impacted landowners which has resulted in a series of changes to the ASDCs that were presented last year.

Adjustments to the Teston Road East Sanitary Improvement ASDCs

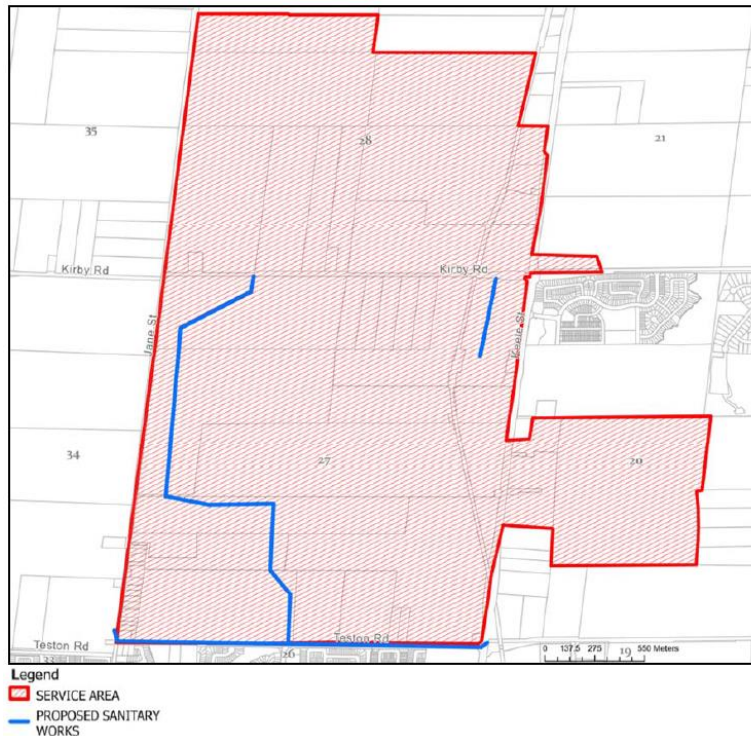
The Teston Road East Sanitary Sewer – Map 1 sanitary sewer to run along Teston Road from Jane Street to Keele Street has had the sizing and costing adjusted based on feedback from the industry. This resulted in an increase to the net cost of approximately \$3.5 million.

A second benefitting map area was added to the Teston Road East ASDC to capture a recovery for Block 27 oversized works that will be undertaken. The DC eligible costs for this work are approximately \$700K and would be applicable to Block 28 landowners.

The changes outlined above have resulted in a total estimated cost for Teston Road East Sanitary Infrastructure of approximately \$31.8 million and is outlined below.

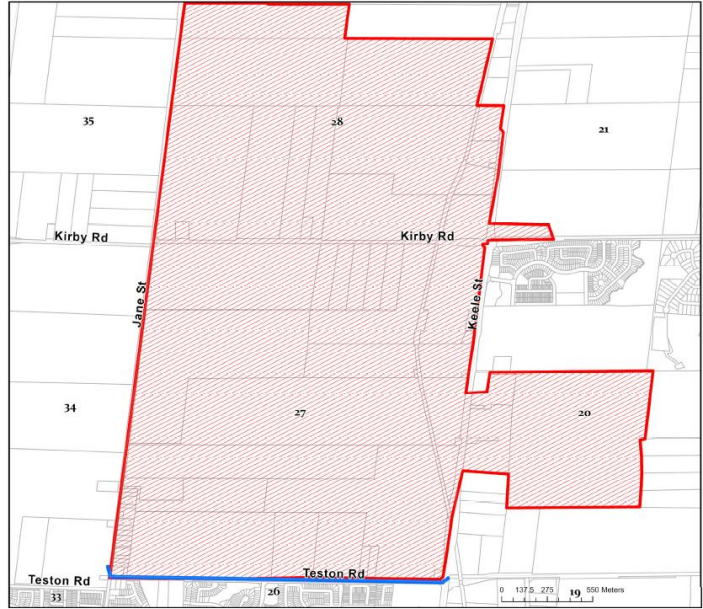
Teston Road East Sanitary Sewer Service Area

The map below represents the service area for the Teston Road East Sanitary Sewer Service area for illustration purposes but does not reflect the specific areas where area-specific charges apply. Maps 1 and 2 below illustrate where ASDCs apply.



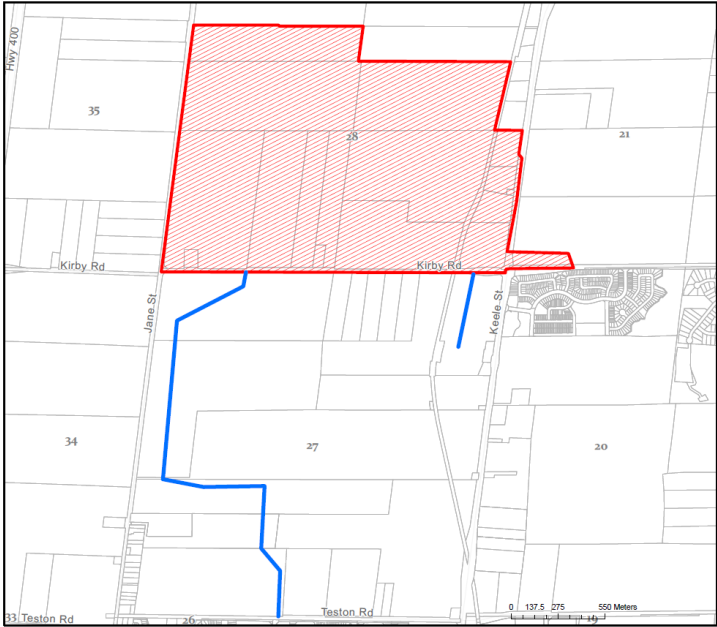
Map 1: Teston Road East Sanitary Sewer – Jane Street to Keele Street

This includes a sewer along Teston Road from Jane Street to Keele Street. The total cost is estimated at \$31.1 million, with a net benefitting area of 443.55 hectares. The benefitting map area includes the following lands:



Map 2: Teston Road East Sanitary Sewer – Block 27 Oversizing

This includes a recovery for Block 27 sanitary sewer oversized works. The total cost estimate for the work is \$700K, with a net benefitting area of 180.99 hectares. The benefitting map area includes the following lands:



This results in two (2) per hectare rates as follows:

Teston Road East Sanitary Sewer	Map	Net Cost	Net Developable Area	Charge per Net Hectare of Developable Area
Teston Road Sewer - Jane St. to Keele St.	Map 1	\$ 31,086,967	443.55	\$ 70,087
Block 27 Sanitary Sewer Oversizing	Map 2	\$ 700,364	180.99	\$ 3,870

Adjustments to the Teston Road West Sanitary Improvement ASDCs

The Teston Road West Sanitary Infrastructure – Map 1 and Map 2 net developable areas have been reduced through the removal of 45.3 hectares in response to discussions with the development industry regarding existing infrastructure that those lands currently tie into in the area.

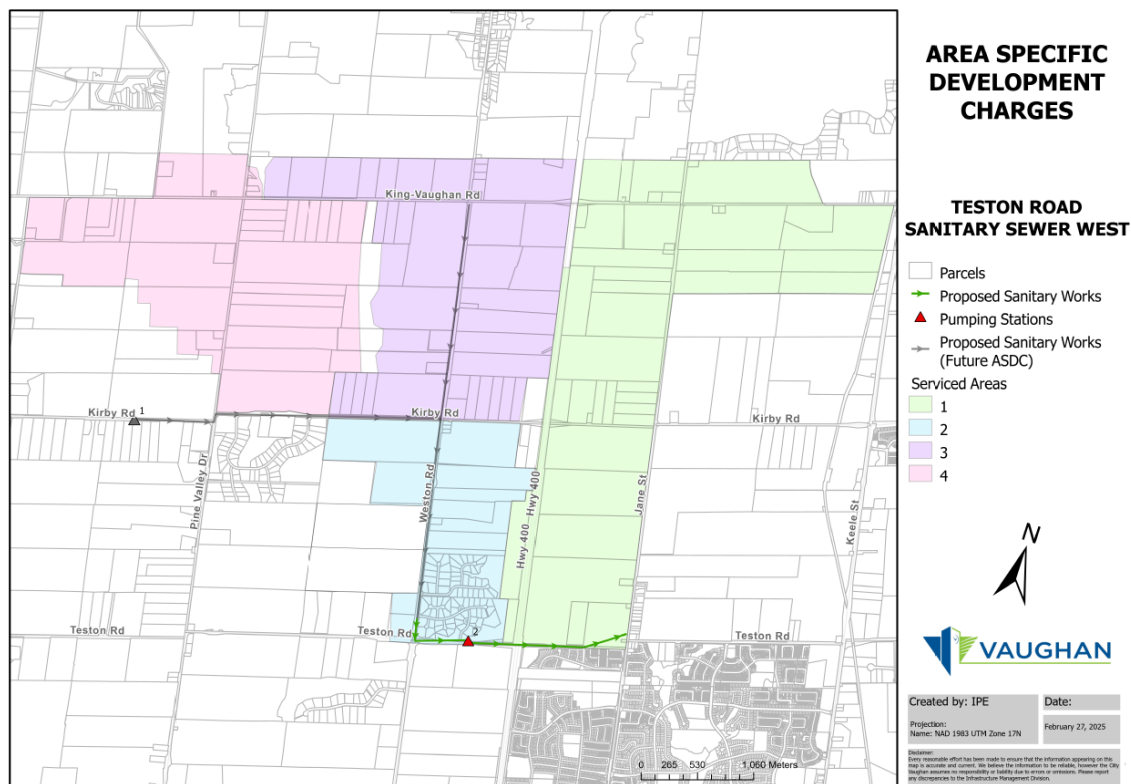
The Teston Road West Sanitary Infrastructure – Map 2 sanitary sewer that runs along Weston Road was adjusted and has been updated to terminate at Phillips Lane, north of Teston Road, this has resulted in an overall net cost reduction of approximately \$10.1 million. Although the section of sewer north of Phillips Lane is required, staff have removed this portion of the cost from the ASDC until further consultation with the front-ending landowners can be undertaken and revised costings can be determined. This ASDC will be updated along with the City-Wide DC Update, which is planned for approval in Q2 2026, at which time these additional costs will be added.

Teston Road West Sanitary Infrastructure – Maps 3 & 4 with servicing for lands north of Kirby Road have been removed from the updated ASDC Study at this time because of the changes to Map 2 and its impact to Map 3 & 4 benefitting areas and costs. Although these works are still required to service the lands it has been excluded at this time but will be added to the ASDC in a future update that will coincide with the City-Wide DC Study Update which will be undertaken this year, with approval expected in Q2 2026. This will allow for additional time to determine the costing and benefitting areas for Map 2, 3 and 4.

Further oversizing has been identified to be included in the area but because the City still requires time to work with the landowners to determine these costs, it has been excluded at this time but will be added to the ASDC in a future update that will coincide with the City-Wide DC Study Update which will be undertaken this year with approval expected in Q2 2026.

The changes outlined above have resulted in a total estimated cost for Teston Road Sanitary Infrastructure of approximately \$85.1 million and is outlined below.

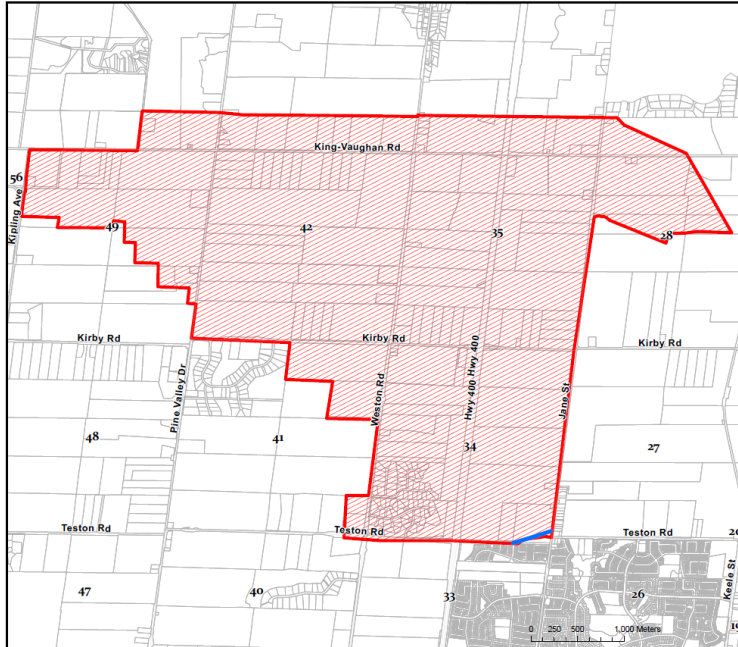
The Teston Road West Sanitary Infrastructure costs are divided into four (4) benefiting map areas which are made up of a combination of four (4) service areas determined by whose is benefiting from the infrastructure. The service areas are as follows:



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 two (2) benefiting map areas, with the understanding that two (2) further benefiting map areas will be forthcoming as a part of a future ASDC update. The two (2) benefiting map areas included in the Teston Road West Sanitary Sewer ASDC are as follow:

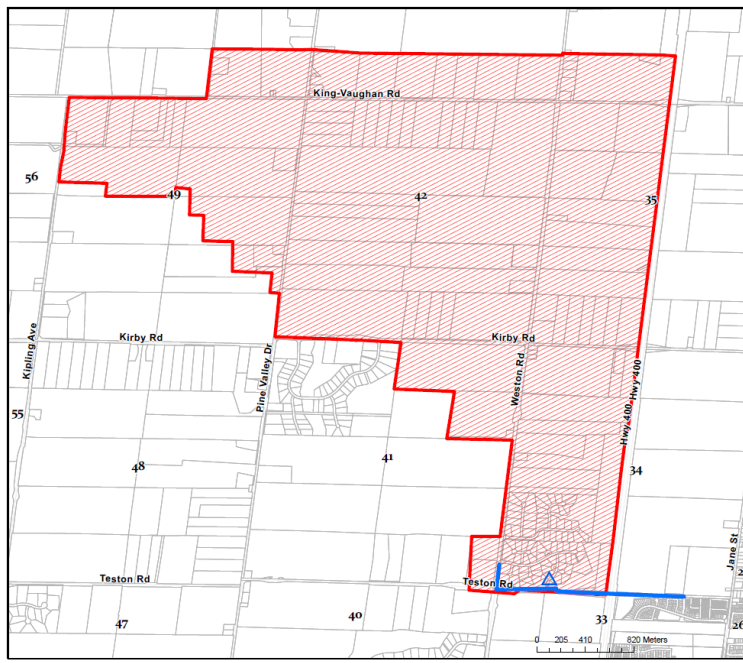
Map 1: Teston Road West Sanitary Sewer Infrastructure – Segment A: Teston Road Sanitary Sewer

This includes a sewer that runs from Shipwell Street/Mosque Gate 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 benefiting area of 1,113.67 hectares including the following lands:



**Map 2: Teston Road West Sanitary Sewer Infrastructure – Segment B:
Weston/Teston Rd Sewer and Pumping Station**

This includes a sewer that runs along Weston Road from Teston Road to Philips Lane, and on Teston Road from Weston Road to Shipwell Street/Mosque Gate. Map 2 benefits services areas 2, 3 and 4 as described above. The estimated cost of the works is \$80.7 million with a benefitting area of 681.19 hectares including the following lands:



This results in two (2) per hectare rates as follows:

Teston Road West Sanitary Sewer	Map	Net Cost	Net Developable Area	Charge per Net Hectare of Developable Area
Segment A: Teston Road Sanitary Sewer	Map 1	\$ 4,380,169	1,113.67	\$ 3,933
Segment B: Weston/Teston Rd. Sewer & Pumping Station	Map 2	\$ 80,670,528	681.19	\$ 118,425

Operational Impact

Funds required to operate and maintain the infrastructure will be generated through the utility rates and any additional operating costs triggered by the capital program will be included within those rates.

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: Brianne Clace, Project Manager, Development Finance, ext. 8284.

Attachments

1. Development Charges Background Study for the Teston Road East and West Sanitary Sewer Service Area, Hemson Consulting Ltd., March 3, 2025
2. Teston Road East Sanitary Sewer ASDC By-Law, Financial Planning and Development Finance
3. Teston Road West Sanitary Sewer Infrastructure ASDC By-Law, Financial Planning and Development Finance

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