

Committee of the Whole (1) Report

DATE: Tuesday, December 01, 2020

WARD(S): ALL

**TITLE: ALLOCATION OF SERVICING CAPACITY ANNUAL
DISTRIBUTION AND UPDATE**

FROM:

Nick Spensieri, Deputy City Manager, Infrastructure Development

ACTION: DECISION

Purpose

This Report updates Council on the status of the City's servicing capacity reserve assigned by York Region, tributary to the York Durham Servicing System (YDSS) and Kleinburg Water Resource Recovery Facility (KWRRF).

Report Highlights

- Status of the City's servicing capacity reserve city-wide
- Overview of future Regional Servicing Capacity assignments
- Recommend distribution of servicing capacity to active development applications
- Inform stakeholders that short-term capacity needs have been met

Recommendations

1. "THAT the Allocation of Servicing Capacity Policy (included in Attachment No. 1) be included for information purposes only;
2. "THAT development application File Numbers 19T-17V007, DA.18.107, DA.19.011, DA.19.016, B024/19 and B005/20 be ALLOCATED servicing capacity from the York Sewage / Water Supply System for a total of 158 persons equivalent. The allocation of said capacity may be redistributed (at the discretion of the City) in accordance with the City's Servicing Capacity Distribution Policy if the development does not proceed to registration and/or building permit issuance within 36 months";

3. THAT servicing capacity be RESERVED from the York Sewage / Water Supply System as noted below:
 - a. 15,075 persons equivalent for distribution to active development applications city-wide (excluding the Kleinburg Water Resource Recovery Facility service area);
 - b. 10,000 persons equivalent (approximately 5,000 apartment units) for distribution to active development applications in Regional Centres/Corridors including the Vaughan Metropolitan Centre;
 - c. 2,000 persons equivalent (approximately 1,000 apartment units) for distribution to active development applications at the discretion of Council (Council's Reserve); and
 - d. 2,482 persons equivalent for distribution to active development applications within the Kleinburg Water Resource Recovery Facility service area.
4. THAT an annual review of the City's available servicing capacity and related Policy be undertaken by staff and brought forward annually to a Committee of the Whole meeting; and
5. THAT a copy of this report be forwarded to York Region and to the Building Industry and Land Development Association (BILD) – York Chapter.

Background

York Region supplies bulk water through large transmission mains to local area municipalities for daily consumption and fire protection. York Region is also responsible for providing trunk wastewater conveyance and treatment for local area municipalities. Accordingly, York Region establishes limits on sewage and water servicing capacity to each of the nine local area municipalities within the Region. Limits are set based on the overall availability and capacity of the Regional infrastructure network. Each local municipality is then responsible to allocate this capacity to individual land development applications. A formal servicing capacity allocation process is necessary to efficiently manage the distribution of the limited Regional capacity.

The City's last Servicing Capacity Allocation Strategy Annual Distribution and Update was dated December 17, 2019. Since then, Regional servicing capacity equivalent to approximately 4,775 persons was allocated, primarily to high-rise development

applications supporting the Provincial Growth Plan, thereby allowing development of high-density communities around major transit investments underway by York Region and the Province.

York Region presented its latest 2019 water and wastewater capacity assignment to local area municipalities at their September 12, 2019 Committee of the Whole meeting with no new assignment updates in 2020

The distribution of Regional servicing capacity amongst local area municipalities is typically based on historical growth rates and future growth projections and is reviewed on an annual basis with the objective of sustaining short-term growth forecasts and market trends.

On September 12, 2019, York Region confirmed a new capacity assignment to Vaughan for approximately 45,000 people from the York Sewage / Water Supply System (excluding the Kleinburg Water Resource Recovery Facility service area). The capacity assignment included 36,869 persons equivalent of capacity to be utilized city-wide, and an additional 8,000 persons equivalent specific to Centres and Corridors. To the end of October 2020, 9,794 persons equivalent (includes 2,386 persons equivalent utilized by Centres and Corridors) has been allocated from the city-wide capacity reserve plus 8,000 persons equivalent from the Centres and Corridors reserve.

In addition, a 4,000-person Regional reserve was established to support new private purpose-built rental developments throughout the Region. There were no applications that utilized this reserve to the end of October 2020.

There were no new servicing capacity assignment updates by York Region for Vaughan in 2020. A Regional Capacity Monitoring Report is expected to be published by the end of 2021. York Region's next Capacity Monitoring Assignment is scheduled at the end of 2023.

Previous Reports/Authority

<https://pub-vaughan.escibemeetings.com/filestream.ashx?DocumentId=43819>

Analysis and Options

A formal Corporate Policy is in force and applies to the allocation of servicing capacity to active development applications

In November 2005, Council approved the City's Servicing Capacity Distribution Protocol. The protocol has been effectively utilized and periodically updated ever since. The original intent of the protocol was to consistently prioritize active development

applications city-wide and place them in queue to ultimately receive allocation by Council resolution. The protocol established specific criteria to assist in realizing the priority status (or queue) of an active development application.

In 2018, staff initiated an internal process to update the protocol document and to convert it to an official City policy. As part of this process the following tasks were completed to develop the new policy:

- An industry scan / comparison with other municipalities;
- An analysis of historical growth trends for Vaughan;
- Presentations and discussions with the City's Policy Committee;
- Various City Growth Management Committee presentations / discussions;
- Discussion and coordination with Regional staff;
- Consultation with the Building Industry and Land Development Association (BILD); and
- Consultation with internal City departments.

The original protocol, approved in 2005, required an update and has been formalized into a corporate policy in order to:

- Ensure allocated capacity does not sit idle and may be redistributed if necessary;
- Better align with York Region's latest processes and procedures; and
- Place greater importance on sustainable servicing incentive programs.

On December 17, 2019 a formal Servicing Capacity Distribution Policy (Corporate Policy Number 08.C.01) was approved by Vaughan Council. Per the current Policy, development applications are placed in one of two priority categories prior to receiving formal allocation. Development applications are generally prioritized based on the status of planning approvals and anticipated timing of development. Reservation of capacity is broken down into two priority categories, as noted below:

Priority 1 Reservation

For development applications proceeding to register a Draft Plan of Subdivision or execute a Site Plan Agreement (or Letter of Undertaking, whichever is in effect) within the next 12 months, per the current Policy in effect.

Priority 2 Reservation

For development applications proceeding to register a Draft Plan of Subdivision or execute a Site Plan Agreement (or Letter of Undertaking, whichever is in effect) within the next 12 – 36 months, per the current Policy in effect.

From a planning approval status perspective, immediate consideration is given to active development applications which have received LPAT, Draft Plan of Subdivision or Site Plan Development approval. In sequential order of priority, consideration is also given to

those applications which have the appropriate zoning in place for an intended use, are Official Plan compliant, and/or represent infill development or completion of partially built communities.

City to encourage participation in servicing incentive programs to realize additional servicing capacity

Servicing incentive programs provide ability for new growth in local municipalities to gain servicing capacity beyond the Regional assignment while promoting sustainable residential development.

Innovative and sustainable water and wastewater reduction initiatives such as York Region's Servicing Incentive Program (SIP), York Region's Sustainable Development through Leadership in Energy and Environmental Design (LEED) Incentive Program and York Region's Developer-funded Inflow and Infiltration (I & I) Reduction Program have proven successful in realizing additional servicing capacity throughout the Region.

The Region continues to encourage municipalities to optimize capacity allocation by implementing servicing best practices and water and wastewater sustainability strategies. The City's Sustainability Performance Metrics Program is in place and through this program the City will be creating a servicing capacity incentive for active development applications meeting the minimum qualifying criteria as per the City's Policy.

The implementation of "use it or redistribute it" policy provisions will ensure efficient use of assigned capacity

The City's current Policy ensures allocated capacity will not sit idle. Provisions have been included to ensure Council may consider the redistribution of capacity post allocation if an application does not proceed to registration and/or building permit issuance within a 36-month period subject to conditions stipulated in the Policy in effect.

Local Planning Appeal Tribunal (LPAT) approved development applications and previously approved developments requiring additional units are formally allocated servicing capacity

Six (6) development applications have been approved by LPAT or require additional servicing capacity as a result of a unit count increase. They are as follow:

- 1) Nashville Barons and Nashville 10 Acres Inc. (19T-17V007). Five (5) additional townhouse units (15 persons equivalent) are required. The application was previously approved and allocated servicing capacity on June 19, 2018 (220 single-family units plus 46 townhouse units or 825 persons equivalent) by Vaughan Council.
- 2) Promenade Limited Partnership (DA.18.107). Twenty-eight (28) apartment units (62 persons equivalent) are required. The application was previously approved and allocated servicing capacity on October 23, 2019 (729 apartment units or

1,611 persons equivalent). Development Planning has confirmed its support of the requested unit increase, that when added to the originally approved unit count, is within the zoning approved upset limit of 790 apartment units.

- 3) Baif Thornhill (DA.19.011). Fifteen (15) apartment units (33 persons equivalent) are required. The application was previously approved and allocated servicing capacity on October 23, 2019 (763 apartment units or 1,686 persons equivalent). Development Planning has confirmed its support of the requested unit increase, that when added to the originally approved unit count, is within the zoning approved upset limit of 797 apartment units.
- 4) Concord GO (DA.19.016). Eighteen (18) apartment units (40 persons equivalent) are required. The application was previously approved and allocated servicing capacity on October 23, 2019 (932 apartment units or 2,060 persons equivalent). Development Planning has confirmed its support of the requested unit increase, that when added to the originally approved unit count, is within the zoning approved upset limit of 950 apartment units.
- 5) 47 Railway Street (B024/19). One (1) single-family unit (4 persons equivalent) was approved by LPAT. Its decision was issued on April 8, 2020.
- 6) 31 Napier Street (B005/20 and DA.20.012). One (1) single-family unit (4 persons equivalent) was approved by the Committee of Adjustment. Its Notice of Decision was issued on July 30, 2020.

Accordingly, and in accordance with the City's Servicing Capacity Distribution Policy, it is recommended the above noted development applications be allocated capacity by Council resolution.

A new 10,000-person reserve is created for Regional Centres and Corridors

On September 12, 2019, York Region assigned an 8,000 persons equivalent servicing capacity reserve for Regional Centres and Corridors. This capacity was specifically dedicated to areas such as the Vaughan Metropolitan Centre (VMC). To date, 10,386 persons equivalent has been allocated with 2,386 persons equivalent utilized from the city-wide reserve. Accordingly, it is recommended that the Regional Centres and Corridors assignment be topped up to approximately 5,000 residential units (10,000 persons equivalent) and reserved for future active development applications.

A 2,000-person Council reserve is available for allocation to active development applications at Council's discretion

This reserve has been re-established thereby allowing Council the ability to allocate capacity to development applications of strategic importance. As this capacity is allocated, the reserve may be topped up on a yearly basis (if required).

Staff will continue to closely monitor Regional servicing limitations in the Jane Rutherford and Humber Pumping Station sewer shed areas to mitigate potential gaps to 2028

Staff have worked closely with York Region on the West Vaughan Sanitary Sewage Servicing Class Environmental Assessment and Northeast Vaughan Water and Wastewater Servicing Class Environmental Assessment. Both class environmental assessments are complete and have advanced to detailed design. The combined service area of both projects account for the majority of the City's remaining white-belt developable land area. Therefore, the implementation of the recommendations of both projects is crucial in realizing and effectively servicing anticipated targets of projected new growth city-wide. York Region's anticipated in-service date has not changed at 2028 for the West Vaughan Sanitary Sewage Servicing Project. However, Regional Council, at its meeting on June 11, 2020 recommended Regional staff be authorized to negotiate a prepaid development charge credit agreement with the Block 27 Developer Group to accelerate the construction of Phase 1 (in-service date of Q4-2025) of each of the Northeast Vaughan Water and Wastewater Servicing capital projects.

In order to address more immediate servicing requirements, the City has completed an Interim Servicing Strategy (ISS) Study for Vaughan's New Community Areas and intensification corridors. The intent of the Study was to analyze the City's local sanitary sewage system to identify residual servicing capacity to accommodate Vaughan's New Community Areas city-wide in advance of the construction of York Region's water and wastewater infrastructure. The Study concluded that capacity is available within the existing outlets and will be able to safely accommodate future developments on an interim basis while maintaining acceptable level of service if identified Risk Management Measures are followed. Vaughan Council, at its meeting on October 21, 2020, approved the conclusions and recommendations of the ISS Study.

Capacity remains available for 2,482 new residents in Kleinburg-Nashville from the Kleinburg Water Resource Recovery Facility

Servicing capacity remains available to the Kleinburg Water Resource Recovery Facility for an additional 2,482 persons. This capacity may be distributed to active development applications located with the Kleinburg-Nashville service area.

York Region has committed to monitoring the capacity of standalone wastewater facilities to ensure there is adequate servicing to support approved growth in these communities.

Future capacity needs for the Kleinburg-Nashville service area will be subject to policies impacting future expansion opportunities for the Kleinburg Water Resource Recovery

Facility and will be considered through the Municipal Comprehensive Review (MCR) and the Regional Water and Wastewater Master Plan Update.

Financial Impact

Not applicable.

Broader Regional Impacts/Considerations

Annual allocation status reports serve to inform York Region of the City's short-term development projections and demonstrate the City's effectiveness in managing Regional capacity and overall growth.

In order to accelerate the construction of specific water and wastewater infrastructure in northeast Vaughan, the Block 27 Developer Group has expressed an interest in entering into a prepaid development charge credit agreement with York Region to advance the construction of the Northeast Vaughan Water and Wastewater Servicing (Phase 1) pre-construction works, to permit the full build-out of the Northeast Vaughan Secondary Plan area. Per the Regional Municipality of York Committee of the Whole (Finance and Administration) extract dated June 11, 2020, Regional staff have been authorized to negotiate a prepaid development charge agreement with the Block 27 Developer Group.

Based on the proposed schedule, the Phase 1 water and wastewater infrastructure capital delivery timing is revised and programmed for Q4-2025. The Phase 2 water and wastewater infrastructure capital delivery timing remains the same and is programmed for 2028. York Region will deliver the project in two phases and the Block 27 Developer Group will be responsible for financing the actual cost of Phase 1 of the water and wastewater works calculated at approximately \$154 million. The Block 27 Developer Group will be reimbursed the front-end financing to advance the Phase 1 water and wastewater infrastructure. York Region will fully finance Phase 2 of the works. York Region and the Block 27 Developer Group agree that the proposed Prepaid Development Charge Credit Agreement is contingent on it being executed prior to December 31, 2020.

From an allocation of servicing capacity perspective, York Region has committed in its Agreement with the Block 27 Developer Group that upon commissioning of the Phase 1 water and wastewater infrastructure it will allow up to 9,923 residential units (approximately 28,837 persons equivalent) to proceed to approval unconditionally and on an unrestricted basis. The City of Vaughan is committed to honouring York Region's reserve commitment specific to Block 27 and the Block 27 Developer Group. City staff

will work closely with York Region, the Block 27 Developer Group Trustee to ensure servicing capacity is efficiently, effectively and appropriately allocated to Block 27 and other development applications city-wide, pursuant to the City's Servicing Capacity Distribution Policy in effect.

The timely delivery of Regional water and wastewater related infrastructure for Vaughan and the resulting distribution of Regional servicing capacity to the City will:

- Maximize population and employment land development potential;
- Accelerate Development Charge revenue collections for York Region and the City;
- Support Provincial, Regional and City objectives to create jobs, economic growth and housing options;
- Maximize intensification potential along Regional corridors and within the Vaughan Metropolitan Centre by dedicating existing residual water and wastewater system capacity to these areas; and
- Capitalize on the 20,000 transit riders expected to be moving through the Vaughan Metropolitan Centre daily.

Conclusion

York Region's latest capacity assignment update to support growth to 2026 to its Council occurred on September 12, 2019. York Region confirmed an additional capacity distribution to Vaughan for approximately 45,000 people. The capacity assignment included specific unrestricted Centres and Corridors servicing capacity and the remainder to be utilized city-wide. To date, 17,794 persons has been utilized from this reserve. Of this, 10,386 persons equivalent has been utilized by Centres and Corridors and the remaining 7,408 persons equivalent has been utilized city-wide.

In 2020, York Region did not provide a formal servicing capacity assignment update to Council. A Regional Capacity Monitoring Report is expected to be published by the end of 2021. York Region's next Capacity Monitoring Assignment is scheduled in Q4-2023.

It is recommended that an annual review of available servicing capacity and related Policy be undertaken by staff and brought forward annually to a Committee of the Whole meeting.

It is further recommended a copy of this report be forwarded to York Region and to the Building Industry and Land Development Association (BILD) – York Chapter.

For more information, please contact: Frank Suppa, Director, Development Engineering (Ext. 8255).

Attachments

1. Allocation of Servicing Capacity (Corporate Policy No.08.C.01)

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Approved by

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Reviewed by

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Jim Harnum, City Manager