

Committee of the Whole (2) Report

DATE: Tuesday, June 8, 2021

WARD(S): 4

TITLE: **BLACK CREEK FINANCIAL STRATEGY AND VMC WEST INTERCHANGE SANITARY SEWER AREA SPECIFIC DEVELOPMENT CHARGE UPDATES**

FROM:

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

ACTION: DECISION

Purpose

To seek Council's approval of the Black Creek Financial Strategy and VMC West Interchange Sanitary Sewer Development Charges Background Studies, and final staff recommendations related to the enactment of the ASDC By-laws for these works.

Report Highlights

- Outline of proposed revisions to the Black Creek Financial Strategy as a result of consultation with the development industry.
- Staff are seeking approval of the Black Creek Financial Strategy and VMC West Interchange Sanitary Sewer Development Charge Background Studies, and associated Area Specific Development Charges By-laws.

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 the Black Creek Financial Strategy Area Specific Development Charge By-law (Attachment 2) be enacted;
3. That the Development Charges Background Study for the VMC West Interchange Sanitary Sewer (Attachment 3) be approved;

4. That the VMC West Interchange Sanitary Sewer Area Specific Development Charge By-law (Attachment 4) be enacted;
5. That upon substantial completion of the Black Creek Technical Assignment, staff report back to 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;
6. That the capital forecast to 2041 for the Black Creek Channel Works and Edgeley Pond and Park Works, included in the Development Charge Background Study, dated May 25, 2021, and subject to maintenance of service levels, the availability of funding and Council policies, be adopted;
7. That Council commit to funding the future operating costs associated with 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
8. 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 Black Creek Financial Strategy and VMC West Interchange Sanitary Sewer Development Charges Background Studies were presented to the Committee of the Whole on April 7, 2021. A Public Statutory Meeting was held on May 12, 2021 as indicated in the Communication section of this report. These previous reports provided the details of the Strategy and those details are also contained in the Attachments to this report. This report serves as the final step in the approval process and includes some proposed changes to the Black Creek Financial Strategy based on feedback received from the Development Industry. Staff undertook considerable consultation with both VMC landowners and the land development industry in advance and during the public process leading to approval.

It is critical that the City undertake the Edgeley Pond and Black Creek Channel works due to the high level of investment that has already been made in the VMC towards public transit and the preliminary development of the mobility hub within the downtown. Without the mitigation of the flood risks associated with the current infrastructure, development 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 Public Statutory Meeting was held on May 12, 2021 and was advertised using a number of channels to optimize public awareness. This included advertisements in the Vaughan Citizen and Vaughan Liberal on April 12, 2021. Both advertising of the meeting as well as pertinent information such as the draft Development Charge Background Studies for the Edgeley Pond and Park and Black Creek Channel Works and the VMC West Interchange Sanitary Sewer Service Area and related Area Specific Development (ASDC) By-laws which were also made available on the City's website beginning on April 7, 2021.

Two written deputations were received from VMC landowners. Staff have reviewed the communications and have provided formal responses to the deputants. Some changes to the funding strategy or allocation of cost is being recommended and staff is recommending the approval of the document with the inclusion of the revisions outlined in this report.

Some comments were received as related to the VMC West Sanitary Sewer works which resulted in some minor revisions to the Development Charges Background Study. These revisions were identified in the staff report for the Public Statutory Meeting. No further changes to the Development Charges Background Study are being recommended and staff are recommending that the study be approved in the same form presented on May 12, 2021.

Previous Reports/Authority

Black Creek Financial Strategy and VMC West Interchange Sanitary Sewer Area Specific Development Charges Updates:

<https://pub-vaughan.escribemeetings.com/filestream.ashx?DocumentId=66239>

Black Creek Financial Strategy and VMC West Interchange Sanitary Sewer Public Statutory Meeting:

<https://pub-vaughan.escribemeetings.com/filestream.ashx?DocumentId=68824>

Analysis and Options

Apportionment of Cost to City-Wide Engineering DCs

The methodology utilized in the Black Creek Financial Strategy to allocate costs is based on a detailed engineering rationale that was developed in consultation with the development industry when the study was originally developed in 2016. This resulted in an allocation of costs on a line by line basis that considered the benefiting parties for each of the construction elements whereby the overall cost allocation of one third to be funded from ASDCs; one third funded from City-Wide DCs; and one third funded by the City from other funding sources (i.e. storm water rates).

Staff have performed a review of the methodology being used to allocate costs and conclude that the rationale is appropriate, with some potential consideration towards flexibility with the allocation of land costs. In recognition of the City-Wide benefit attributable to the broader City, staff have determined that there is rationale to move a higher portion of the land cost to City-Wide Engineering DCs than was previously contemplated. Staff have determined that increasing the allocation to City-Wide Engineering DCs for the land costs from 27% to 50% is appropriate. The timing of the land was also revised slightly to reflect ongoing discussions with Real Estate. This adjustment would result in the following revised rates:

Area	Current Rates	Calculated Rates (\$/net ha): DC Background Study April 7, 2021	Calculated Rates (\$/net ha): Revised May 2021
Immediately Affected Landowners (Map 1)	\$2,972,699	\$9,467,470	\$6,707,788
Undeveloped Lands in the Black Creek Drainage Shed (Map 3)	\$26,695	\$96,260	\$67,874

Revisions to the VMC Areas Draining into Edgeley Pond (Map 2)

The site at the Northwest Corner of Jane Street. and Highway 7 is tributary to the Edgeley Park and Pond and the ultimate solution was contemplated to be conveyed by the Apple Mill Road storm sewer. Due to increased risk of flooding at the TTC station, should drainage from 7800 Jane Street be directed to the Apple Mill Road storm sewer, City Staff have recommended the storm drainage be directed to Jane Street.

Staff agree that as the lands are not currently draining into Edgeley Pond and at the ultimate state will most likely not be draining into Edgeley Pond, this property should no longer be considered for contribution towards Map 2. The ASDC mapping and rates will be revised accordingly and are reflected in the revised site-specific cost estimate (attached) and revised rate tables presented below.

The adjusted rate which removes this site would result in the following revised rate:

Area	Current Rates	Calculated Rates (\$/net ha): DC Background Study April 7, 2021	Calculated Rates (\$/net ha): Revised May 2021
Vaughan Metropolitan Centre Draining to Edgeley Pond (Map 2)	\$98,656	\$465,823	\$497,154

It should be noted that if the storm flows are deemed not acceptable to Jane Street and ultimately flow into Edgeley Pond, this site would be expected to pay the City ASDCs for Map 2.

Financial Impact

Black Creek Financial Strategy

The works related to the Edgeley Pond and Park and Black Creek storm water infrastructure in the Vaughan Metropolitan Centre (VMC) total approximately \$221M. Development Charges Background Study provides the cost allocation methodology used to split the costs across several funding sources. Below is a breakdown of the various cost components of the works:

Funding Source	% of Total
ASDC	26.1%
City-Wide - DC Engineering	34.3%
City-Wide - DC Community Services	6.1%
Site Specific Contributions	4.1%
Region/TRCA	1.8%
Non-Growth	27.7%
Total	100%

These costs have been shared across various funding categories which are outlined in the table below:

Infrastructure	\$(M)	% of Total
Channelization	59.5	26.9%
Land	80.4	36.4%
Edgeley Pond	56.7	25.7%
SE Stormwater Pond/Tank	18.2	8.2%
Other	6.3	2.9%
Total	221	100%

The apportionment to City-Wide Engineering has increased due a further allocation of land cost to City-Wide than was contemplated in the first draft of the Background Study. 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.

VMC West Interchange Sanitary Sewer

After receiving feedback from the stakeholders that will be impacted by the VMC West Interchange Sanitary Sewer, staff had determined that some minor changes to the rates was required. These changes were outlined in the Statutory Public Meeting report which was presented to Committee of the Whole on May 12, 2021.

These changes resulted in the following ASDC Rate tables which staff are recommending for approval.

VMC West Interchange Sanitary Sewer Residential Development Charges

Service	Unadjusted Charge Per Capita	Residential Charge By Unit Type ⁽¹⁾			
		Singles & Semis	Townhouses & Multiples	Large Apartments (\geq 700 sq.ft.)	Small Apartments (< 700 sq.ft.)
Sanitary Sewer Improvements	\$269.87	\$982	\$810	\$599	\$432
<i>(1) Based on Persons Per Unit of:</i>		3.64	3.00	2.22	1.60

VMC West Interchange Sanitary Sewer Non-Residential Development Charges

Service	Non-Residential Charge per Square Metre
Sanitary Sewer Improvements	\$10.83
<i>*Charge levied per Square Meter of Gross Floor Area</i>	

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 Black Creek Financial Strategy 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 Studies 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:

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Attachments

1. Black Creek Financial Strategy and Development Charge Background Study
2. Black Creek Financial Strategy ASDC By-Law
3. VMC West Interchange Sanitary Sewer Development Charge Background Study
4. VMC West Interchange Sanitary Sewer ASDC By-law

Prepared by

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Approved by



Michael Coroneos, DCM, Corporate Services and City Treasurer and CFO

Reviewed by



Jim Harnum, City Manager