

Communication : C50  
Committee of the Whole (2)  
June 8, 2021  
Item # 1

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June 7, 2021

City of Vaughan  
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via email: [clerks@vaughan.ca](mailto:clerks@vaughan.ca) and to Members of Council

Attention: Mayor Bevilacqua and Members of Council

**RE: Committee of the Whole (2) – June 8<sup>th</sup>, 2021**  
**Black Creek Financial Strategy (BCFS) and VMC West Interchange Sanitary**  
**Sewer Area Specific Development Update (Item 6.1)**  
**2431247 Ontario Limited, 7725 Jane Street, City of Vaughan**

ZZEN Developments Limited is the consultant for **2431247 Ontario Limited** ("Client"), the owner of 7725 Jane Street ("Subject Site"), located at the southeast corner of Jane Street and Highway 7 in the City of Vaughan (the "City").

We would like to thank the City staff and the consulting team in preparing the development charges background study for the Edgeley Pond & Park and Black Creek Channel Works, as well as the draft Area Specific Development Charges (ASDC) Bylaw. Upon review of the materials, our client is concerned with the proposed ASDC Bylaw which imposes additional costs to this area that will create significant financial burdens on the subject site. We offer the following comments:

- 1. Benefitting Land Areas** - The proposed ASDC excludes public lands from benefitting areas which our client disagrees, if capital works reduce flooding risk on public lands such as open space, parks, woodlots, schools, buffers and widenings of Regional roads, hydro corridors, etc., these public lands should be included in the benefitting areas calculation. Any lands benefitting from the works through reduced flooding risk that are exempt from paying the development charge should not have their costs made up through higher development charges imposed on development lands.
- 2. Layering of Contingency Factors** – The "Summary of Capital Costs" table in the background study shows that four separate factors are applied to the base capital costs. These factors are not applied to the base construction cost, but rather are layered onto each other, so that the ultimate contingency sum is about 77.1% adjustment to base costs. We believe the contingency factors should be applied to the base construction cost rather than being layered.

3. **Contingency Factor Applied against Land Purchase (Private Land & Regional/Provincial Land)** – Why is a contingency factor applied against the acquisition costs for Region/Provincial land and Private Land?
  
4. **Edgeley Pond Contingency Adjustments** – The 2021 background study notes that cost estimates for the Edgeley Park and Pond have increased due to improved accuracy of cost estimation as a result of advanced design being underway, noting that this has also “resulted in the City’s ability to lower the contingencies being applied to the park and pond related components of the infrastructure”. However, for several components of the Edgeley Pond works, the combined contingency adjustments are greater than they were in the 2016 background study, with an additional 10-17 percentage points of adjustment evident (see below table).

**Change to Contingency and Adjustment Factors, Edgeley Pond and Park Works, City of Vaughan 2016 and 2021 ASDC Studies**

2016 ASDC Study	Base Construction Cost	Total Cost	Total Contingency Adjustment	Change in Adjustment vs. 2016 ASDC Study
	<i>Dollars (000)</i>		<i>Percent</i>	
<b>Base Design Components</b>				
Plant Material	1,175	1,490	27%	
Edge Treatments	1,050	1,332	27%	
Urban Design Features	100	127	27%	
<b>Enhanced Design Components</b>				
Urban Design Features	642	814	27%	
Site Furnishing	720	913	27%	
South Pond Enhancements	448	568	27%	
<b>2021 ASDC Study</b>				
<b>Base Design Components</b>				
Plant Material	1,649	2,266	37%	<i>Pct Points</i> 10.6
Edge Treatments	1,459	2,005	37%	10.6
Urban Design Features	247	354	43%	16.6
<b>Enhanced Design Components</b>				
Urban Design Features	1,273	1,750	37%	10.6
Site Furnishing	949	1,304	37%	10.6
South Pond Enhancements	509	700	37%	10.6

Source: Altus Group Economic Consulting based on City of Vaughan 2016 and 2021 ASDC Studies

5. **City Admin Fee** – Page 27 of the background study shows a 3.0% “City Admin Fee” applied to each cost component – what is the rationale for the inclusion of this cost, and how will these funds be used?
  
6. **Land Areas** – Can the reasons for the deductions to 2016 ASDC Study land areas be provided (see table below), as well as mapping indicating the location and areas for lands removed from the ASDC denominators?

	2016 ASDC Study	2021 ASDC Study
Immediately Affected Landowners	5.47 ha	5.78 ha
VMC Draining to Edgeley Pond	33.55 ha	20.06 ha
Undeveloped Lands in Black Creek Drainage Shed	161.12 ha	144.58 ha



7. **Land Costs for Private Land** – Why have the base land costs for “Private Land” acquisition increased from \$2.08 million in the 2016 ASDC Study to \$51.99 million in the 2021 ASDC Study, an increase of nearly 2400%? Furthermore, what are the City’s plans for these acquired lands? For the reasons outlined in section 1 above, the cost burden of these private land acquisitions should be allocated on a much greater cost basis over a much greater benefitting land area.
8. **Labour Recovery** – What is the nature of the “Labour Recovery” costs including \$825,000 for the Black Creek Channelization Works, and \$495,000 for the Edgeley Pond Improvements?
9. **Alternative EA Solutions and Site-Specific Works** – It is our understanding that there may be specific works (i.e. channelization works) that could be designed and constructed using much more cost-effective measures as a solution to the flood remediation works being proposed, and may reduce the need for land acquisition, which represents a substantial portion of costs included in the calculation of the ASDC rates. Has the City considered all possible solutions and may we ask the City to disclose what design elements and construction measures have been considered to reduce the significant cost of land acquisitions and construction costs?
10. **Capital Cost increase Since 2016 ASDC Study** – The table below shows numerous capital components that have seen their base capital costs increase significantly since the 2016 ASDC Study. Given the materiality of the cost increases, can an explanation for each of the significant cost increases be provided?

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**Capital Cost Elements with Significant Cost Increases, 2021 ASDC Study vs. 2016 ASDC Study**

	Component Costs		% Change
	2016 ASDC Study	2021 ASDC Study	
	<i>Dollars (000)</i>		<i>Percent</i>
<b>Black Creek Channelization Works</b>			
Realignment, Earthworks and Restoration	6,500	13,000	100%
Naturalized Western Edge	975	2,643	171%
<b>Edgeley Pond Improvements</b>			
Earthworks, Erosion/Sediment Control, Site Prepar	1,974	9,116	362%
Natural Channel Realignment and Restoration	750	3,018	302%
Inlet and Outlet Control Structures	610	4,881	700%
Structures Servicing VMC Lands	545	3,174	482%
Urban Design Features	100	244	144%
Bridges - Long-Term	2,950	7,631	159%
<b>Public Art</b>	500	2,000	300%

Source: Altus Group Economic Consulting based on City of Vaughan 2016 and 2021 ASDC Study

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11. **Timing of Revenues** – The timing of revenues in the cash flow analysis are based on forecast timing of development of lands within the ASDC. Can the details and assumptions used to formulate the forecasted timing of development in each of the three cash flow tables be provided?

Based on the above, we respectfully request Council to defer the approval of the proposed ASDC Bylaw to allow additional consultation between staff and the immediate affected landowners. We look forward to continuing discussions with the City of Vaughan on this matter.

Thank you for your time and consideration.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Sgro', written over the text 'Yours truly,'.

**Joseph Sgro CPA, CA**  
**General Manager and Partner**  
**ZZEN Developments Limited**