

DATE: June 18, 2021

TO: Mayor and Members of Council

FROM: Michael Coroneos, Deputy City Manager, Corporate Services, Chief Financial Officer and City Treasurer
Nick Spensieri, City Manager

RE: **Item # 1, Report # 32, Committee of the Whole 2, June 8, 2021**

VMC WEST INTERCHANGE SANITARY SEWER AREA SPECIFIC DEVELOPMENT CHARGE BY-LAW UPDATE

Recommendation

1. That the Development Charges Background Study for the VMC West Interchange Sanitary Sewer Service Area prepared by Hemson dated April 26, 2021 ("**VMC West DC Background Study**") (Attachment 3, Item #1, Report #32) be approved;
2. That the VMC West Interchange Sanitary Sewer Area Specific Development Charge ("**VMC West ASDC**") By-law, as contained in Attachment 4 of Communication C.7, Memorandum of the Deputy City Manager, Corporate Services, Chief Financial Officer and City Treasurer (Item 1, Report # 32 – Committee of the Whole (2), June 8, 2021), be enacted;
3. That Council commit to funding the capital forecast to 2040 for the VMC West Interchange Sanitary Sewer, included in the VMC West DC Background Study, and subject to maintenance of service levels, the availability of funding and Council policies;
4. That Council commit to funding the future operating costs associated with capital forecast contained in the VMC West DC Background Study, which are estimated to reach \$288,000 annually by 2041, to be addressed through future budget cycles; and
5. That Council confirm that no further public meetings pursuant to the *Development Charges Act, 1997* are required prior to the enactment of the VMC West ASDC By-law.

Background

In May 2018, Council approved the City-Wide and Area Specific Development Charges Background Study and By-laws. During the consultation period, and prior to approval of the 2018 ASDC By-laws, staff acknowledged to affected landowners that the population and costing figures used to develop rates for the “VMC West Interchange Sanitary Sewer” By-law 094-2018 were based on the best information that was available at the time, but that the By-law would most likely require an adjustment once additional information was made available. The original By-law estimated the cost of the works to be \$1.8M. As a result, two appeals were received, both challenging the population forecasts used in the rate calculation.

Since the approval of the original ASDC By-law (By-law 094-2018), staff have continued working with the affected landowners to better determine the sanitary sewer needs in relation to anticipated development, affected population, revised costs and associated rates. Construction of a segment of the Interchange Way sanitary trunk sewer, from Highway 7 to Jane Street, has now been completed by a front-ending landowner with as-built costs available to be included in the VMC West DC Background Study. The remaining works north of Highway 7 will be front-end constructed by another landowner at a future date. The costs included in the VMC West ASDC are inclusive of the works both north and south of Highway 7.

The VMC West Interchange Sanitary Sewer is independent of the Black Creek Financial Strategy

The VMC West Interchange Sanitary Sewer benefitting area is located in the South West quadrant of the VMC. Although these works are unrelated to the Black Creek Financial Strategy, staff advanced the VMC West DC Background Study and VMC West ASDC By-law in step with the Black Creek Financial Strategy in order to streamline the public process required by the *Development Charges Act*. This VMC West ASDC By-law includes as-built costs for the infrastructure south of Highway 7 and includes updated cost estimates for the portion of works that are yet to be constructed north of Highway 7. The passage of the VMC West DC Background Study and VMC West ASDC By-law is required in order to facilitate development charges reimbursement to the front ending parties of these works.

Consultation was undertaken with the benefitting external stakeholders

Staff engaged with external stakeholders regarding the VMC West DC Background Study and resultant rates. The benefitting parties were given the opportunity to provide feedback related to their total anticipated units and timing of their developments. The rates were initially circulated to the benefitting parties on January 14, 2021. Staff received feedback regarding the study and recommended further changes to the rates at the May 12, 2021 public statutory meeting.

Staff received no further feedback on the rates at either the public statutory meeting or at the Committee of the Whole meeting on June 8, 2021. As it is believed that the industry is generally satisfied with the rates as presented on May 12, 2021, it is recommended that this VMC West DC Background Study and VMC West ASDC By-law be separated from the ongoing Black Creek Financial Strategy discussions and

passage be approved in order to avoid delaying potential collections and subsequent reimbursements to the front-ending parties.

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

Respectfully submitted by

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Michael

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

Spensieri,
Nick

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Nick Spensieri,
City Manager