



Staff Report for Committee of the Whole Meeting

Date of Meeting: March 19, 2018

Report Number: [SRCFS.18.009]

Department: Corporate and Financial Services

Division: Financial Services

Subject: Proposed Amendment to the Barker Business Park
Phase 2 Limited Subdivision Agreement (19T-06005)
with respect to the Development Charges Provisions

Purpose:

To request that Council authorize an amendment of the subdivision agreement with Barker Business Park Phase II Limited to retroactively increase a Town contribution (funded by development charges) for the oversized services provided by the developer.

Recommendation(s):

- a) That upon the written recommendation of the Town Treasurer, the Mayor and Clerk be authorized to execute an amending agreement to the Barker Business Park Phase II Limited Subdivision Agreement (19T-06005) to retroactively increase a Town contribution towards development charge services in the amount of \$286,055.60

Contact Person:

Gigi Li, Manager, Capital and Development Financing, Extension 6435

Report Approval:

Submitted by: Mary-Anne Dempster, Commissioner of Corporate and Financial Services

Approved by: Neil Garbe, Chief Administrative Officer

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), Town Solicitor (as required), Commissioner, and Chief Administrative Officer. Details of the reports approval are attached.

Background:

In order for a new subdivision or site plan to be developed, it is often a requirement that certain public works have to be constructed to allow the development to commence. In some cases, a developer may carry out the construction of public works to advance the infrastructure necessary for private development to proceed.

Development charge credits occur when the costs of these works exceed the development charges payable. These excess development charge credits would normally be carried forward to other lands within the applicable development area (from the same developer) or recovered from other developers who eventually build in that same development area (other benefiting developers).

Where developers carry forward excess credits and they do not have any other lands within the applicable development area, it is the preference of the Town that they use credit transfer agreements. This is usually effective in satisfying both the first constructor and other developers, and also results in the Town not receiving development charge monies and the development charge reserve fund not accumulating funds. If, for whatever reason, a development charge reserve fund does accumulate funds, it is the Town's practice to make contributions towards future development charge services as part of agreements entered into for those services.

Barker Business Park (Phase II) Limited ("Barker") developed the lands within Plan 65M-4146 and, in doing so, installed oversized works (storm pond, watermains and road construction) covered by the Bayview North East Area Specific Development Charges (ASDC) By-law No. 02-08 (Bayview North East). The total agreed-upon cost of these creditable services (\$7,649,104) exceeded the development charges payable by the developer, which was \$2,740,950. At the time of execution of the subdivision agreement, the Town had funds in the applicable DC reserve fund and agreed to contribute the amount of \$433,446. This still left an "excess credit" carried forward in the amount of \$4,474,709.

The Town has been successful in facilitating one credit transfer agreement in 2015, in the amount of \$38,867. In 2017, the developer (Liuna) for D06-13012 opted to not enter into a credit transfer agreement and paid the total development charges payable directly to the Town. As a result, SRCFS.17.034 was brought forward and approved by Council to authorize an amendment of the subdivision agreement with Barker Business Park Phase II Limited to retroactively increase a Town contribution (funded by development charges) to transfer the portion of development charges collected. The current balance in "excess credits" is \$4,431,874, reflecting the annual indexing of the credit.

Site Plan Agreement D06-16087

Following the request for Liuna (D06-13012) presented to Council in 2017, another developer (Urbancon Properties Limited) for D06-16087 in the Bayview North East ASDC development area has opted to not enter into a credit transfer agreement with

Barker. The developer saw such an arrangement as potentially causing a delay in the execution of its agreement.

In accordance with the Bayview North East Area Specific Development Charges By-law, No. 30-16 (Bayview North East), the total Area Specific Development Charges payable was \$336,338.35. Urbacon paid the total development charges payable directly to the Town and this payment increased the balance of the Bayview North East ASDC Reserve Fund by the amount of the general component that would have otherwise transferred to Barker via a credit transfer agreement facilitated by the Town. The table below illustrates the breakdown.

Total ASDC Payable	\$336,338.35
Mandatory component due to the Town	(\$50,282.75)
General component due to Barker	\$286,055.60

The only way to allocate these funds to Barker is to retroactively amend the Barker subdivision agreement to increase the Town contribution by the \$286,055.60. The Town does not intend to undertake construction of any development charge services in the area and therefore will not be using these funds. Although it is the Town's preference that credit transfer agreements be used to manage excess development charge credits, developers are not always in favor of them and are not obligated to enter into these agreements. While staff do not recommend this as a standard practice, it is reasonable to allow for this Town contribution for the reasons set out above (these funds are reasonably owing to Barker) to be transferred to Barker through an amendment to the Barker subdivision agreement.

Development charge credits, town contributions and other policy items will be reviewed as part of the 2019 Development Charges Update.

Financial/Staffing/Other Implications:

Given that these were development charge funds collected for the purpose of funding infrastructure works in the development area and that there would appear to be sufficient development charges yet to be collected which will cover off any remaining development charge services and credits, there is no direct impact upon the Town.

Relationship to the Strategic Plan:

Proceeding in the manner recommended by this report reflects responsible municipal management and demonstrates Goal Four – Wise Management of Resources in Richmond Hill.

Conclusion:

It is reasonable and in the best interest of all parties to provide for an amendment to the Barker Business Park Phase II Limited Subdivision Agreement (19T-06005) to allow for a retroactive increase in Town contribution payment in the amount of \$286,055.60.

Report Approval Details

Document Title:	SRCFS.18.009 Proposed Amendment to the Barker Business Park Phase 2 Limited Subdivision Agreement (19T-06005).docx
Attachments:	
Final Approval Date:	Mar 2, 2018

This report and all of its attachments were approved and signed as outlined below:

David Dexter - Feb 28, 2018 - 1:44 PM

MaryAnne Dempster - Mar 1, 2018 - 1:59 PM

Neil Garbe - Mar 2, 2018 - 10:36 AM