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May 24, 2017

THE COUNCIL OF THE REGIONAL MUNICIPALITY OF YORK

Regional Administrative Centre
17250 Yonge Street
Newmarket, Ontario
L3Y 6Z1

Attention: Regional Chair Mr. Wayne Emmerson

**Regarding: 2017 DEVELOPMENT CHARGE
BACKGROUND STUDY & BYLAW
REPORT OF THE COMMISSIONER OF FINANCE - MAY 18, 2017
COMMITTEE OF THE WHOLE FINANCE AND ADMINISTRATION**

Dear Chairman Emmerson:

I am writing as Landowner Group Manager for the **Berczy Glen Landowner Group** (the "**BGLG**") who collectively own the lands in the concession block referred to as 'Berczy Glen' in the **City of Markham**. Berczy Glen is located west of Warden Avenue, south of Elgin Mills Road, north of Major Mackenzie Drive / the estate residential and open space lands on its north side, and east of the hydro corridor / east of Woodbine Avenue. This is one of the blocks that Ms. Gatzios of Gatzios Planning and Development Consultants referred to in her recent deputation to Regional Council.

The BGLG lands are contained within the Region's ROPA 3 Urban Boundary expansion, and are within the City of Markham's Future Urban Area, designated for residential and related urban land uses. Markham's Future Urban Area is currently the subject of an ongoing, multi-million dollar landowner funded subwatershed study and related studies intended to support the approval of OPA's / Secondary Plans that will permit urban development of these lands, thereby implementing the City of Markham's Official Plan, the Region's Official Plan, and the Province's current provincial policies. The OPA's / Secondary Plans required to appropriately designate these lands for urban residential uses containing 3,000 to 4,000 residential units will be submitted to the City this fall, and we are working with the City to see them processed to an approval as soon as possible.

We have reviewed the various staff reports and studies on the matter of the Region's new DC bylaw, and have serious concerns with Regional staff's overall approach to funding capital requirements in the planning period. We believe that the approach taken fails to fund many projects identified as part of the infrastructure to support growth to 2031 and will result in a lost opportunity to collect funding from growth which occurs between now and 2031, meaning that when various projects are needed, the funding won't be available. There could be delays to the Region's return on previous infrastructure investment, as well as seriously curtailed development charge cash flows.

We echo the comments and fully support the submissions made to the Region on this matter by the City of Markham Staff Report dated March 20, 2017, and by Sixteenth Land Holdings Inc. in its submissions to you (copies attached).

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We note that staff propose the deferral of a significant number of Roads projects to the Contingent Items List, while no other categories of service are being proposed to be deferred to said List. Approximately half of the 2016 Master Transportation Plan identified Roads projects for the planning period being addressed by this DC Bylaw are in fact being deferred to the Contingent Items List, while no projects in any other projects category are being deferred.

If the current DC bylaw rates cannot include all of the Region's projects, there is no rationale offered to defer only Roads projects while including all projects in all other categories.

Many of the Roads projects proposed by staff for the Contingency Items List are included in the Region's 2016 Transportation Master Plan, reflected in the Region's and in the City of Markham's growth management work, and are contemplated in both Official Plans.

We support the request by others that the Region allocate projects between the DC Project List and the Contingent Item List in a logical and sustainable manner, consistent with provincial policy, with a reasoned allocation of projects from all categories, instead of only from the Roads category. We would also ask that triggers for moving projects from the Contingent Items List to the DC Project List be reconsidered and revised to be more certainly attainable.

In closing, we urge that the Region reconsider the DC bylaw approach to Roads projects proposed by staff.

Yours truly,

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Robert Webb P. Eng
Berczy Glen Landowner Group Manager

Copy to:

Mr. Bill Hughes – Region of York
Mr. Jim Baird – City of Markham
BGLG
WeirFoulds
Gatzios Planning
SCS Consulting Group
Poulos + Chung



Report to: Development Services Committee

Meeting Date: March 20, 2017

SUBJECT: Draft York Region 2017 Development Charges Background Study

PREPARED BY: Loy Cheah, Senior Manager, Transportation, ext.4838

RECOMMENDATION:

- 1) That the report entitled "Draft York Region 2017 Development Charges Background Study" be received;
- 2) That the Region be requested to include all road projects in Markham as recommended in the York Region 2016 Transportation Master Plan in the York Region 2017 Development Charge Bylaw Background Study;
- 3) That the Region consult with City staff to prioritize the timing of implementation of all Regional road improvements to align with planned growth in the City of Markham to 2031;
- 4) That the Region be requested to consult with City staff when the Region conducts the annual review of the Regional 10-Year Roads and Transit Capital Construction Program starting with review of the 2017 Program;
- 5) That staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to inform Development Services Committee that Regional Council, at its meeting held on February 16, 2017, adopted certain recommendations regarding the Draft York Region 2017 Development Charges Background Study (the "Draft York 2017 DC Study"), see Attachment A. Regional staff has indicated that some of the roads and transit projects in the 2016 Transportation Master Plan are not funded. Therefore, it is a concern that the reduced road program will negatively impact planned growth in the City of Markham.

BACKGROUND:

Draft York Region Development Charge Bylaw Background Study

On February 16, 2017, York Region published the Draft York 2017 DC Study and the proposed DC by-law. On March 9, 2017, a public meeting was held to receive feedback on the draft documents.

The York Region 2017 By-law will be brought to Regional Council for anticipated approval on May 18, 2017, and will come into force by June 17, 2017. Staff has undertaken a preliminary review of the roads capital program included in the Draft York 2017 DC Background Study, and noticed that a number of road projects identified in the York Region's 2016 Transportation Master Plan (the "TMP") were not included in the DC Background Study. While the TMP has an ultimate 2041 planning horizon year, staff has anticipated that most of the projects will be implemented within the 2031 timeframe.

Transportation Services is provided by Multi-Levels of Governments

While transportation services in Markham, including road, buses, commuter rail, and active transportation, are provided by the Province, York Region and the City of Markham, the Regional arterial road network forms the largest component of the road system for intra and inter-regional traffic movement. A significant portion of the transit services also relies on the arterial road system.

Land use planning and transportation planning in York Region and City of Markham have relied on the coordinated expansion of the Regional arterial road network as recommended in the 2009 and 2016 York Region Transportation Master Plans to support growth in the City.

Planned Growth in Markham

The City of Markham is planned to grow to a population of 421,600 and employment of 240,000 by the year 2031 as indicated in the Markham Official Plan. This growth requires expansion to the multi-modal transportation services.

Some key development/redevelopment areas in Markham are:

- o Markham Centre
- o Future Urban Area
- o York Downs
- o Buttonville Airport
- o Langstaff Gateway

Completed or on-going secondary planning studies for these growth areas rely on the Region's transportation program as the basis for developing the transportation plans for each of these development areas.

OPTIONS/ DISCUSSION:

York Region Draft DC Background Study presents a constrained Roads Capital Program

The York Region TMP was prepared generally under a financially unconstrained scenario, resulting in a transportation plan that recommended estimated expenditures of

\$8.9 B for transit and \$7.6 B for road-related infrastructure and program costs across York Region to the planning horizon of 2041.

In the February 16, 2017 report to Regional Council, York Region staff noted that:

“However, funding the full Transportation Master Plan with Regional revenue sources would result in significant tax levy and debt pressures. Preliminary estimates indicate that annual tax levy increases of approximately 6 per cent per year, every year to 2031, would be required to fully fund the initial emplacement and ongoing capital and operating requirement of infrastructure envisaged by the 2016 Master Plan.

In addition, the Region would need to accumulate considerably higher debt to finance these investments. In short, the Region cannot afford to fund the full master plan with current revenue sources.

Due to these challenges, many of the projects in the Transportation Master Plan and in the 2012 Development Charge Bylaw were not included in the 2017 development charge rate calculation. Additional revenue sources will be necessary to fully fund 2016 Transportation Master Plan.”

Based on the fiscal constraint approach noted above, the Background Study included only a selected number of road projects from the TMP. Figure 1 shows, among other things,

- Road projects included in TMP but excluded from the proposed 2017 DC Bylaw (shown in red)
- Road projects included in the proposed 2017 DC Bylaw (shown in green)
- Highway 404 mid-block crossing projects included in the proposed 2017 DC Bylaw (shown in orange)

Implications of a Constrained Regional Roads Capital Program

Also shown in Figure 1 are the approximate boundaries of growth areas in Markham that will be most affected by the missing road expansion program.

As indicated earlier, the draft DC Bylaw has a planning horizon of 2031; therefore, the road projects shown in Figure 1 are the recommended projects to 2031 compared against the TMP which has a 2041 planning horizon. It is likely that deferring the 2031 road projects identified in the Regional TMP will only compound the fiscal situation that led to the constrained Regional roads capital program as there is another set of recommended road projects that are to be implemented within the 2031 to 2041 timeframe.

City staff is seeking analysis and explanations from York Region staff of the impacts of the proposed DC Bylaw capital program on transportation levels of service, both for road traffic as well as for transit services, in the major development areas as well as across the City of Markham. It can be safely assumed that traffic congestion forecasts for the areas surrounding the growth areas will be worse with the constrained network than with the network recommended in the Regional TMP.

If growth in these areas is to proceed as currently envisioned, the issue will be about providing alternative transportation capacities and services to fill the gaps of the deferred road expansion. The growth in Markham has to continue with alternative transportation capacities to not be negatively impacted by the slowing down of the Regional road program.

Therefore, it is recommended that York Region provides assurance that planned growth in Markham will not be delayed by York Region due to insufficient road capacity that is the direct result of York Region not being able to include the recommended road projects in its capital program. This can be achieved either by including all recommended road projects from the TMP in the 2017 York Region DC Bylaw or by providing alternative transportation capacities and services around the major development areas.

Consultations with York Region and Future Transportation Capital Program

To ensure that the City is kept informed of any major change in the Regional road and transit capital program, staff recommends that York Region conducts on-going consultations with City staff as part of the Region's annual review of the Regional 10-year roads and transit capital program starting with the review of the 2017 program.

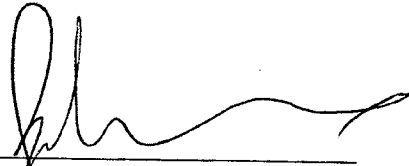
FINANCIAL CONSIDERATIONS:

There will be significant financial implication to the City if the Region's transportation services expansion, as recommended in the TMP, is scaled back. This will either impact the pace of growth in Markham or the service level of the transportation network will continue to deteriorate or both, which will all have financial implications to the residents and businesses in Markham. It is not possible to estimate this financial implication at this time.

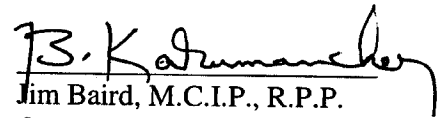
BUSINESS UNITS CONSULTED AND AFFECTED:

N/A

RECOMMENDED BY:



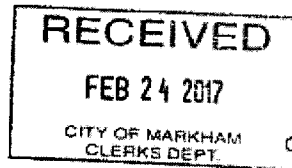
Brian Lee, P.Eng.
Director of Engineering



Jim Baird, M.C.I.P., R.P.P.
Commissioner, Development
Services

ATTACHMENTS:

- Attachment A – Letter from Regional Clerk to City Clerk dated February 27, 2017
- Attachment B – Location of Markham growth areas and proposed Regional Road Capital Program



Attachment A

Regional Clerk's Office
Corporate Services Department

February 17, 2017

Mayor & Members of Council
A. Taylor
J. Baird
B. Kaminovskiy
K. Lamb

Ms. Kimberley Kitteringham
City Clerk
City of Markham
101 Town Centre Boulevard
Markham, ON L3R 9W3

Dear Ms. Kitteringham:

Re: Draft 2017 Development Charge Background Study and Proposed Bylaw

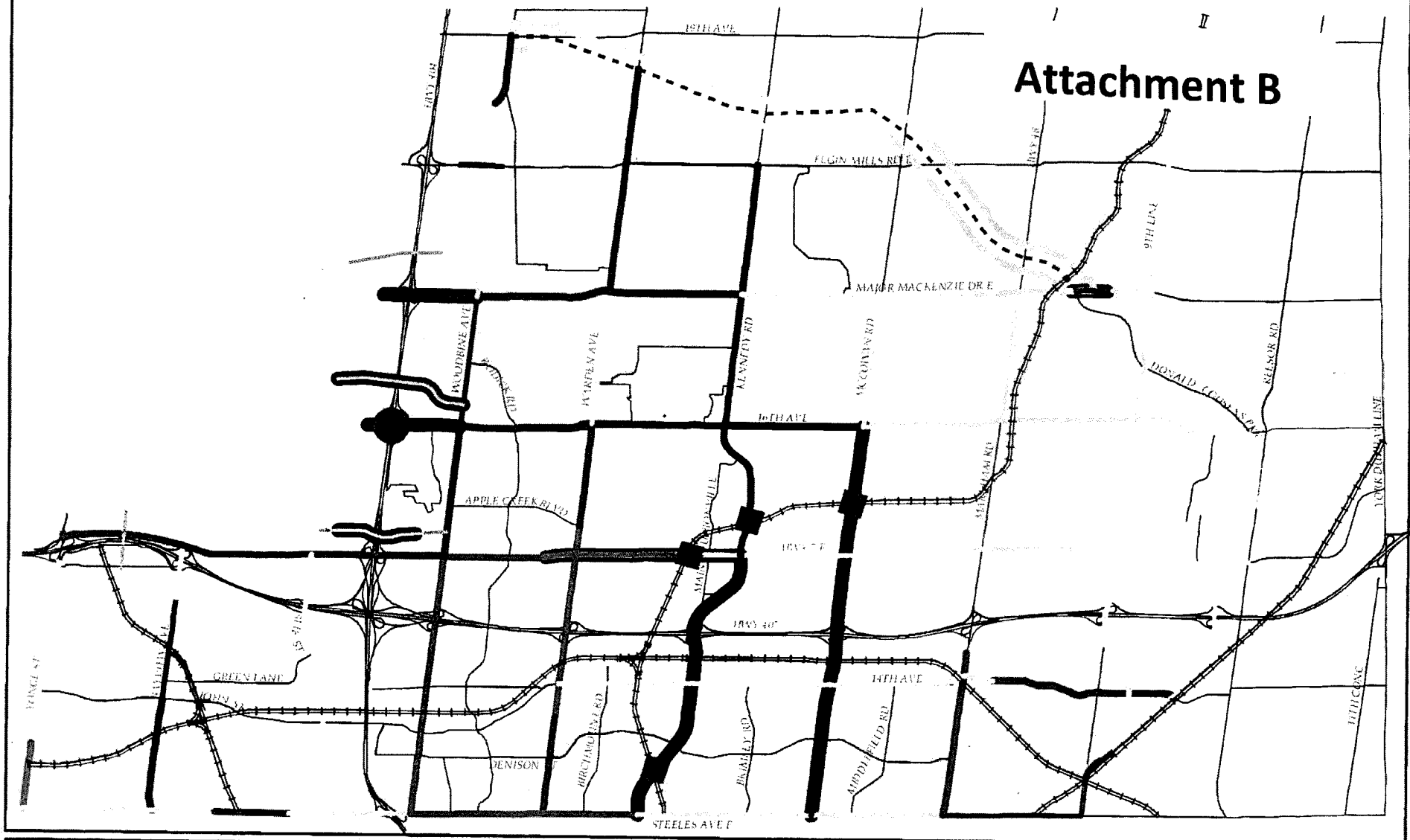
Regional Council, at its meeting held on February 16, 2017, adopted the following recommendations of Committee of the Whole regarding "Draft 2017 Development Charge Background Study and Proposed Bylaw":

1. Council receive the draft 2017 Development Charge Background Study and proposed Bylaw (Attachment 1).
2. A report be brought forward to the May 18, 2017 meeting of Regional Council recommending the 2017 Development Charge Bylaw, taking into consideration the input received at the public meeting, to be held on March 9, 2017.
3. New revenue sources be sought for unfunded roads and transit projects in the Transportation Master Plan.
4. The Regional Clerk circulate this report to the local municipalities.
5. The Regional Clerk circulate this report to the Building Industry and Land Development Association – York Chapter (BILD).

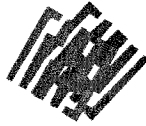
A copy of Clause 5 of Committee of the Whole Report No. 3 is enclosed for your information.

Draft York Region 2017 Development Charges Background Study

Attachment B



<p>Road Network</p> <ul style="list-style-type: none"> Existing 4 Lane Road Existing 6 Lane Road Proposed Future Road Widening Not in DC Midblock Crossing Proposed New Road Not in DC EA / Design 		<p>Grade Separations</p> <ul style="list-style-type: none"> Proposed Grade Separation Proposed Grade Separations Not in DC 		<p>2017 10 - Year Roads Construction Program</p> <ul style="list-style-type: none"> In 10-Year Roads Construction Program (Including Under Construction) 	
<p>Interchange Improvements (to be confirmed by MTO)</p> <ul style="list-style-type: none"> Interchange Improvements 					



Gatzios Planning + Development Consultants Inc.

March 22, 2017

THE COUNCIL OF THE REGIONAL MUNICIPALITY OF YORK

Regional Administrative Centre
17250 Yonge Street
Newmarket, Ontario
L3Y 6Z1

Attention: Regional Chair Mr. Wayne Emmerson

**Regarding: REVISED DRAFT 2017 DEVELOPMENT CHARGE
BACKGROUND STUDY & BYLAW
ITEM C.1 ON COUNCIL'S MARCH 23, 2017 AGENDA
REPORT No. 1 OF THE COMMISSIONER OF FINANCE**

Dear Chairman Emmerson:

I am writing as consultant to Sixteenth Land Holdings Inc., the owner of the former York Downs Golf & Country Club lands in Markham. Planning applications were submitted in October 2016 for the development of this property into a new residential community totalling approximately 2,400 residential units. The City of Markham is currently processing the applications and consulting with the public and agencies.

We have reviewed the various staff reports and studies on the matter of the Region's new DC bylaw, and have serious concerns with the Regional staff's overall approach to funding the capital requirements in the planning period, as outlined below.

1. APPROACH TO DC FUNDED PROJECTS

Regional staff are proposing to fund \$3,713 million worth of projects in the proposed new DC, with revenue expected to be generated by an anticipated 136,250 residential units, plus non-residential growth, all in the forecast period of 2016-2031.

Our understanding of staff's overall proposed approach to the new DC project funding is very generally summarized as follows:

Component	DC funded	Contingent Items List	Total Projects Identified
Roads projects:	\$1,983 million	\$1,938 million	\$3,921 million
all other projects:	\$1,730 million	\$25 million	\$1,755 million
Total:	\$3,713 million	\$1,963 million	\$5,676 million

The staff reports indicate that: "**A contingent items list is a schedule of proposed capital projects with associated development charge rate increases should certain conditions be met (the trigger event).**". As a result, projects on the Contingent Items List are currently not funded, not committed to, and not included in the amount of DC revenue being collected.

The Region's previous DC bylaw had a Contingent Items List totalling \$590 million, consisting of \$25 million for Gormley Water and Wastewater servicing, and \$564 million for various Roads projects.

The current staff proposal is to add \$1,374 million of Roads projects to the Contingent Items List, bringing it to a total of \$1,963 million, of which \$1,938 million, virtually all of it, would be Roads projects.

We note that staff propose the deferral of a significant amount of Roads projects to the Contingent Items List, while no other category of services are being proposed to be deferred to the List. Of the \$3,921 million Roads projects identified as required to support growth, only \$1,983 million are proposed for inclusion in the DC bylaw. The balance, being \$1,938 million of Roads projects are being proposed for deferral to the Contingent Items List, but no other projects in any other category are being deferred.

If the current DC bylaw rates cannot include all of the Region's projects totalling \$5,676 million, there is no planning rationale to defer ONLY Roads projects while including all projects in all other categories.

Many of the Roads projects proposed by staff for the Contingency Items List are included in the Region's Transportation Master Plan, reflected in the Region's and in the City of Markham's growth management work, and contemplated in both Official Plans.

In fact, we point out that the Region's Transportation Master Plan indicates growth-related costs for Roads as \$5,592 million for 2017-2031, however only \$2,782 million is proposed for inclusion in the DC bylaw.

The Provincial Growth Plan, the Provincial Policy Statement, and the Planning Act all contemplate and provide a policy framework where infrastructure, including Roads infrastructure, are required to be coordinated and integrated with land use planning so that they are available to meet current and projected needs, and in particular, to implement the Growth Plan. The proposed DC approach is contrary to provincial policy, and fundamentally flawed.

In particular, staff are proposing an untenable approach to funding projects, as fully 50% of the identified Roads projects are deferred, while virtually 100% of all other projects are being funded. This creates a peculiar situation whereby growth may be delayed due to the lack of Roads projects being undertaken, however all other

infrastructure and services contemplated to service that growth is included in the DC bylaw, therefore it will all be funded and built. Moreover, the DC rate is calculated based upon an anticipated 136,250 new residential units, the approval of which may be largely dependent upon the Roads projects which the Region will have failed to include in its DC by-law and therefore build in a timely manner.

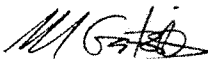
Further, we point out that political pressure is most acute around the subject of roads and traffic when considering development approvals, and the deferral of 50% of the identified Roads projects will create political challenges around the Region as local municipalities consider approvals for the Region's 136,250 new residential units anticipated in the planning period.

We request that the Region allocate projects to the Contingent Item List in a logical and sustainable manner, consistent with provincial policy, with a reasoned allocation of projects from all categories, instead of only from the Roads category. In addition, we request that the Region consider a further detailed review of the Roads projects in the Contingent Item List to determine which projects should rightly be brought forward into the current DC bylaw in order to support the forecasts of the Growth Plan and the anticipated new residential units during the planning period.

In closing, we urge that the Region reconsider the DC bylaw approach to Roads projects proposed by staff, and we echo the concerns raised in the City of Markham staff report dated March 20, 2017 which we understand was endorsed by Markham Development Services Committee on March 20, 2017.

Sincerely,

Gatzios Planning + Development Consultants Inc.



Maria Gatzios, MCIP RPP

Copy to: Sixteenth Land Holdings Inc.
Cassells Brock
Stantec
City of Markham