

Clause 5 in Report No. 14 of Committee of the Whole was referred back to the Commissioner of Finance for consideration as part of the 2016 budget process, by the Council of The Regional Municipality of York at its meeting held on September 24, 2015.

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Release of Conditional Funding for the Toronto and Region
Conservation Authority's Kortright Municipal Servicing Capital
Project

Committee of the Whole recommends adoption of the recommendations contained in the following report dated August 28, 2015 from the Commissioner of Corporate Services:

1. Recommendations

It is recommended that:

1. Council authorize the release of conditional funding of \$500,000 for the Toronto and Region Conservation Authority's (TRCA) Kortright municipal servicing capital project, subject to the TRCA securing all required permits from the City of Vaughan.
2. The Regional Clerk circulate this report to the TRCA and the City of Vaughan.

2. Purpose

This report seeks approval for the release of \$500,000 in conditional funding for the TRCA's Kortright municipal servicing capital project.

3. Background

The Kortright Centre is one of Canada's leading environmental and sustainability learning centres

The Kortright Centre opened in 1979 and is located in Vaughan on 325 hectares of woodlands, wetlands and natural spaces. The Centre hosts 135,000 visitors

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annually, offers over 50 environmental education programs, and delivers 30 sustainable technology workshops for the public, trades and professionals. The Centre is owned and operated by the TRCA.

In 2008, The Living City Campus was established at the Centre to encourage the integration of sustainable development into new and existing development practices, including the construction of an Archetype Sustainable House.

In 2012, TRCA established a business arrangement with the Building Research Establishment in the United Kingdom to create an Innovation Park at The Living City Campus. Through this partnership, TRCA aims to work with its municipal and corporate partners to expand its existing sustainable housing demonstrations, research and education projects to become Canada's Innovation Park.

In recent years, TRCA developed a plan to renovate and retrofit buildings at the Kortright Centre to ensure it remains a leading environmental and sustainability learning centre. To support these projects, York Region's 2012 Budget included annual funding of approximately \$510,000. This annual funding commitment was included in the 2015 Budget and outlook, which was approved by Council.

As part of the presentation of its 2014 Budget to the Finance and Administration section of Committee of the Whole on December 12, 2013, the TRCA requested funding of \$3 million for the Kortright municipal servicing project, consisting of \$1 million per year beginning in 2014 and ending in 2016. The project includes the extension of municipal services from Pine Valley Drive to the Kortright property line, as well as the installation of new water and wastewater service lines to various buildings including the Visitor Centre, Archetype House, Innovation Park, rental property, maintenance workshop, greenhouse/barn, and the Peregrine Foundation.

For additional background on the Kortright municipal servicing project, including estimated project timelines, please see Attachment 1.

York Region is the second largest contributor to the TRCA

TRCA has six participating or member municipalities: City of Toronto, Regional Municipality of Durham, Regional Municipality of Peel, Regional Municipality of York, Township of Adjala-Tosorontio and Town of Mono. These municipalities contribute to the TRCA annual general levy according to their adjusted share of the Current Value Assessment (CVA) in the watershed. Table 1 summarizes the municipalities and their share of the TRCA general levy for 2015.

Table 1
Share of TRCA 2015 General Levy Based on CVA Apportionment

Municipalities	*CVA % share	**TRCA adjusted % share
City of Toronto	64.58	61.2
York Region	21.27	22
Peel Region	11.31	12.7
Durham Region	2.83	4.1
Town of Mono	0.01	0.0
Township of Adjala-Tosorontio	0.01	0.0
Total 2015 General Levy Apportionment	100	100

**Based on latest CVA data provided by the Ministry of Natural Resources applicable to the 2015 year.*

*** Adjusted CVA per TRCA policy.*

Conditional funding approved as part of the 2014 Budget

During its 2014 budget deliberations, Council approved partial funding of \$500,000 of the \$3 million TRCA request, subject to TRCA obtaining matching growth partner funding. Council also directed staff to clarify the future financial implications for York Region associated with municipal servicing.

At its meeting on June 26, 2014, Regional Council deferred the \$500,000 in conditional funding for Kortright municipal servicing as funding from growth partners had not been obtained.

4. Analysis and Options

TRCA has confirmed 2015-2017 partner funding for the Kortright municipal servicing project

In June 2015, TRCA staff advised Regional staff that partner funding had been confirmed for the Kortright municipal servicing project through the reprioritization of \$920,000 in existing funding from the Region of Peel, City of Toronto and the Ontario Power Authority. Table 2 summarizes the financial support from partners.

Table 2
Partner Funding for Kortright Municipal Servicing

Municipalities	2015 Funding (\$000)	2016 Funding (\$000)	2017 Funding (\$000)
City of Toronto	100	100	60
Region of Peel	200	200	60
Ontario Power Authority	200	-	-
Total Partner Funding	\$500	\$300	\$120

TRCA staff has advised that funding from the City of Toronto will be provided through existing funding for the Living City Project, where TRCA has the flexibility to set priorities. TRCA has also indicated that staff has highlighted specific Kortright municipal servicing project costs in the City of Toronto's budget forecast.

The Region of Peel provides \$200,000 in annual capital funding for the Kortright Centre because various groups from Peel municipalities benefit from the educational programs at the Centre. TRCA plans to use \$460,000 of this funding for the municipal servicing project over the next three years.

TRCA staff has also confirmed that \$200,000 in funding from the Ontario Power Authority can be used as a one-time contribution to the municipal servicing project.

Phase Three Kortright Centre retrofits have been delayed pending completion of the municipal servicing project

TRCA has completed Phase 1 and Phase 2 of its planned Kortright Centre retrofits, and has put Phase 3 on hold in order to complete the municipal servicing project. Phase 3, which includes architect and engineering support, kitchen interior retrofits, alterations to washrooms and classrooms, and exterior site work is estimated to cost \$2.4 million.

Between 2015-2017, the TRCA is proposing to re-prioritize \$1,090,000 of York Region funding originally intended for the Kortright Centre retrofits to the municipal servicing project. This is in addition to York Region's \$500,000 in conditional funding.

Funding for the Kortright Centre retrofits was included in the York Region budget as part of TRCA's outlook for 2016-2018. Given the proposed delay in the

Kortright retrofits, TRCA staff has advised that they will be bringing forward a request as part of the 2016 Budget process for a continuation of the \$510,000 in annual retrofit funding in future years.

Link to key Council-approved plans

This initiative supports the *2015-2019 Strategic Plan* objective to manage environmentally sustainable growth.

5. Financial Implications

Kortright municipal servicing is estimated to cost \$2.51 million over three years, with York Region funding 63 per cent of the cost

As outlined in the report to Council on June 19, 2014, estimates provided by TRCA staff indicated the municipal servicing project would cost \$3.6 million over four years. Currently, the municipal servicing project is estimated to cost \$2.51 million over three years. The project estimates are lower due to a change in the scope of the project. In 2014, the project included a pressurized force main for the sanitary system that would require an on-site pumping station. Under the new proposal, the system has been revised to a gravity flow, thus eliminating the need for an on-site pumping station.

TRCA staff has advised that the \$2.51 million estimate is preliminary only, and is subject to change once the detailed design has been completed (anticipated in fall 2015). Multi-year financial information provided by the TRCA is outlined in Attachment 2.

Overall, York Region is expected to fund \$1,590,000 or 63 per cent of total municipal servicing costs. A breakdown of municipal servicing costs, York Region and partner funding is outlined in Table 3. The TRCA has not apportioned the project costs to all of its municipal partners as TRCA's general practice is to seek capital funding for large projects from the municipalities in which the project is located.

Table 3
Total Estimated Kortright Municipal Servicing Project Cost by Funding Partner

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Estimated Share of Costs (in \$000)	2015 Approved	2016 Outlook	2017 Outlook	Estimated Total Costs
York Region	510	510	70	1,090
York Region – conditional funding	500	-	-	500
Region of Peel	200	200	60	460
City of Toronto	100	100	60	260
Ontario Power Authority	200	-	-	200
Total Municipal Servicing Funding	1,510	810	500	2,510

2016 and 2017 York Region funding for municipal servicing costs are subject to 2016 Budget approvals

While TRCA has presented cost estimates for the entire municipal servicing project from 2015-2017, including a re-prioritization of York Region funding for the Kortright Centre retrofits, any York Region funding identified by TRCA in 2016 and 2017 for the municipal servicing project is subject to approval of the 2016 Budget. Funding for the municipal servicing project will need to be accommodated within the TRCA's approved outlook in 2016 and 2017.

TRCA plans to begin the Kortright municipal servicing project in fall 2015. However, there is a risk that funds will not be fully spent in 2015. As a result, it is anticipated that TRCA will propose to carry forward unspent York Region funding to future years as part of the 2016 Budget. Additional project and financial details on Kortright municipal servicing spending, including the timing of this spending, are expected to be provided as part of the 2016 Budget process.

6. Local Municipal Impact

Continued development of the Kortright Centre will benefit the City of Vaughan, as well as neighbouring municipalities.

7. Conclusion

Based on the Council's direction in the 2014 budget approval, TRCA has reprioritized existing municipal partner funding to achieve a matching contribution of \$500,000. Projects that were previously planned will be delayed pending completion of the municipal servicing project.

Staff recommend that the \$500,000 be released.

For more information on this report, please contact Kelly Strueby, Director, Office of the Budget, at ext. 71611.

The Senior Management Group has reviewed this report.

August 28, 2015

Attachments (2)

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Accessible formats or communication supports are available upon request

Additional Background – Kortright Municipal Servicing

1. Status of the Kortright Centre's existing water and wastewater system

The Kortright Visitor Centre is serviced by an on-site well and septic systems, as well as separate wells and septic systems for the Archetype House. In terms of the water system, elevated concentrations of nitrate (just below the Ontario Drinking Water Standard of 10 mg/l) have been detected in a sentry well located between the on-site septic system and the supply well. The current well does not have an adequate supply and has high maintenance costs due to hard water scaling. The Centre is prone to water capacity disruptions, which have led to shutdowns of its facilities.

The current wastewater septic system at the Kortright Visitor Centre is reaching its functional lifespan (37 years). TRCA has advised that obtaining an approval permit from the Ministry of Environment and Climate Change to replace the septic system would likely be difficult and would result in a shutdown of the Centre for an unspecified period of time. Municipal servicing would eliminate the need for a new septic system.

While TRCA estimates that they can replace the current on-site well and septic systems at an estimated cost of \$500,000-\$700,000, staff has advised that similar issues with the water and wastewater system would continue. As well, TRCA anticipates that additional demands on the Centre for education and sustainability programs, including development of The Living City Campus, could not be met.

2. Municipal servicing project would enable the Kortright Centre to meet increased demands and growth

TRCA has undertaken significant renovations at the Kortright Visitor Centre in order to ensure that the Centre remains safe and functional, as many of the building elements are reaching the end of their useful lifecycle. Funding for these renovations has been secured through the TRCA municipal capital budget process with funding from York Region (\$510,000 annually), the Region of Peel and the City of Toronto.

However, one of the limiting factors in future development at the Kortright Centre is the outdated water infrastructure system. Without water infrastructure upgrades, future development of the Centre, including plans for an Innovation Park, may be jeopardized.

Conditional funding for the municipal servicing project is intended to support the extension of municipal services from Pine Valley Drive to the Kortright property line, as well as the installation of new water and wastewater service lines to various buildings including the Visitor Centre, Archetype House, Innovation Park, rental property, maintenance workshop, greenhouse/barn, and the Peregrine Foundation.

3. *Municipal servicing for the Kortright Centre to begin in fall 2015*

TRCA has undertaken planning and detailed design for a connection to municipal water and wastewater services in the City of Vaughan, and are hoping to begin the servicing project in fall 2015.

The first phase of the detailed design related to the sanitary system was completed on March 27, 2015, and a construction permit application was filed with the City of Vaughan on March 31, 2015. It is anticipated that the second phase of the detailed design will be ready by mid-September 2015.

Approval for the Site Plan and permits for installation have been granted; however, approval of a Right of Way permit from the City of Vaughan is outstanding. TRCA has indicated that the servicing project will start in the fall 2015, with a targeted completion date of summer 2016. However, TRCA has advised that funding may be required until 2017 due to possible project delays.

Without the release of York Region's conditional funding, TRCA will be unable to begin the municipal servicing project, which could delay other projects at the Kortright Centre.

Kortright Centre Capital Improvements - Estimated Costs/Revenues - As provided by TRCA on July 23, 2015

	Municipal Servicing			*Kortright Centre Capital Improvements		
	2015 Approved	2016 Outlook	2017 Outlook	2017 Outlook	2018 Outlook	2019 Forecast
Revenues						
York Region	510,000	510,000	70,000	440,000	510,000	550,000
York Region - Conditional Funding	500,000					
Peel	200,000	200,000	60,000	140,000	200,000	300,000
Toronto	100,000	100,000	60,000	40,000	100,000	100,000
Ontario Power Authority	200,000					
TOTAL REVENUES	1,510,000	810,000	190,000	620,000	810,000	950,000

*Includes Phase 3 retrofits such as kitchen interior and alterations (washroom and classrooms) and exterior site work (estimated total of \$2.4M).