

COMMITTEE OF THE WHOLE – JUNE 21, 2004

McNAUGHTON ROAD EXTENSION KEELE STREET EAST TO MAJOR MACKENZIE DRIVE

Recommendation

The Commissioner of Engineering & Public Works and the Commissioner of Finance & Corporate Services in consultation with the Director of Development & Transportation Engineering, the Director of Reserves & Investments, the Commissioner of Legal & Administrative Services and the Director of Legal Services recommend:

1. That this status report be received; and
2. That Council approve the repayment schedule outlined in this report.

Purpose

On April 7, 2003 Council authorized the execution of the development agreement for the construction of the McNaughton Road Extension from Keele Street to Major Mackenzie Drive (refer to Attachment 1). However due to the complexity of the project, it is appropriate that Council be informed of some of the various issues of the project prior to the execution of the agreement including the repayment terms.

Background

The McNaughton Road extension is a growth related capital project identified as a development charge project within the current City of Vaughan Development Charges Background Study and is being undertaken in conjunction with the Region of York's Pressure District Number 6 watermain construction project. York Major Holdings Inc., in order to accelerate the development of their lands, is constructing this capital work on the City's behalf.

The construction of McNaughton Road and the development of York Major Holdings' land was an important element in the City's strategy with respect to the closure of the Keele Valley Landfill. In addition, McNaughton Road addresses some of the City's traffic concerns, particularly with the City's decision to redevelop and intensify the existing Civic Centre site.

York Major Holdings Inc. has already commissioned the design of the project, as well as, issued and awarded the construction contract through an open pre-qualification and tender process. The tender was awarded to Con-Strada Construction. The construction of the McNaughton Road Extension has commenced and should be completed to base course asphalt by December 2004.

Land Requirements

A portion of the McNaughton Road allowance lies within the "Secondary Buffer Area" of the Keele Valley Landfill site. In accordance with the approved Certificate of Authorization amendment from the Ministry of the Environment, dated April 30, 2004, the land required for the right of way can only be transferred to the City of Vaughan by written authorization from the Director of Section 39, Environmental Protection Act of the Ministry of the Environment and Energy. York Major Holdings is currently seeking approval from the Director to permit the transfer of these lands to the City of Vaughan. It is appropriate that the City withhold the December 2004 payment until such time as the MOE approval is granted and the land is transferred to the City.

Repayment Terms

The City will repay York Major Holdings Inc. for the works up to the amount identified in the Development Charges Background Study, without interest. Repayment will be through a combination of scheduled cash reimbursements and City Engineering Services development charge credits. The timing of receiving the credit is dependant on the timing of development. This provides an incentive to the landowner to develop.

At any point in time the repayment shall be the lower of the actual certified costs for the works completed to-date and the amount per the repayment schedule. The amount in the development charge background study is approximately \$11.8M. The majority of this amount relates to work being undertaken by York Major Holdings. The costs to be repaid to York Major Holdings are being finalized. Once finalized, the three equal annual repayments can be determined. York Major Holdings has incurred significant costs to-date that are of benefit the City even if York Major Holdings were not able to complete the project. It is therefore appropriate to make the initial payment on finalization of the agreement.

The repayment terms are as follows:

At Execution of Agreement	\$1,000,000
December 31, 2004	\$ TBD
December 31, 2005	\$ TBD
December 31, 2006	\$ TBD

The December 31, 2004 repayment is subject to the following conditions:

- (a) All lands required for the McNaughton Road right of way as well any easements necessary to accommodate the road's stormwater management drainage system are transferred to the City; and,
- (b) The amending agreement between Eastern Power Limited and the City is executed.

In the event that the December 2004 repayment is delayed as a result of either of these two conditions, the December 2005 and 2006 repayments should not be impacted.

Engineering Services Development Charge Credits

The Engineering Services development charges credit relates to York Major Holdings' lands to be developed in the northwest corner of Major McKenzie Drive and McNaughton Road (refer to Attachment 2). In the event that York Major Holdings sells all or a portion of the lands the City will not be a party to any arrangements between York Major Holdings and the purchaser. Any provisions regarding the engineering services development charge credit will be addressed in the agreement between the City and York Major Holdings.

Third Party Agreements

Go Transit

The City has executed standard crossing agreements for the underground sanitary sewer and storm sewer. The standard above ground road crossing agreement to permit vehicular traffic to cross the tracks has recently been received from GO Transit and is anticipated to be executed shortly by the City. At its meeting of December 15, 2003, Council gave direction to allow the City to enter into these agreements.

York Major Holdings

The City is currently preparing a development agreement, which details the responsibilities and limitations of the City with respect to the McNaughton Road extension project. In order to finalize the agreement, the repayment details must be approved by Council as they are atypical and constitute a key component of the agreement. At its meeting of April 14, 2003, Council gave direction to allow the City to enter into this agreement.

Eastern Power

Eastern Power generates electricity from the methane gasses collected from the Keele Valley Landfill and in doing so requires a significant quantity of water to operate the cooling towers. On September 7, 1993, Eastern Power and the City of Vaughan entered into an agreement with respect to the supply and use of raw water withdrawn from the Maple Community Centre. Once McNaughton Road becomes a public highway it will be appropriate that the agreement be amended to reflect the new ownership of the land as well as the road occupancy permit requirements. An amending agreement has been drafted and agreed upon by both Eastern Power and the City. Eastern Power will not execute the amending agreement however without having first executed an agreement with York Major Holdings Inc. Consequently, it is appropriate to withhold the December 2004 payment until such time as the City's Eastern Power amending agreement has been executed by Eastern Power.

Total Project Budget

The current Development Charges By-law includes \$11,812,579 for the construction of the City's portion of the McNaughton Road Extension. This includes amounts in addition to amounts owing to York Major Holdings. The City and Regional staff agreed that the tendering process for the McNaughton Road project, including the PD#6 and PD#7 watermains, would be through an open process. The City and the Region had input into the pre-qualifications of the prospective tendering companies. The tender was opened at Marshall Macklin Monaghan's office on March 4, 2004 and York Major Holdings subsequently awarded the tender to the lowest bidder.

Relationship to Vaughan Vision

The McNaughton Road Extension project funded through Development Charges is consistent with the Vaughan Vision 2007 as it enables the City to provide the appropriate infrastructure required to alleviate gridlock through Maple along Major Mackenzie Drive (3.2) as well as retain and attract business (2.2.3), which will encourage redevelopment of the secondary buffer zone of the Keele Valley Landfill (4.4.3).

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Conclusion

The City of Vaughan, the Region of York and York Major Holdings have been making progress over the past year on the McNaughton Road Extension project. The project has progressed to the point where the execution of the development agreement is imminent. Should Council concur with the repayment terms, the agreement will be executed by the City of Vaughan and York Major Holdings.

Attachments

1. Location Map
2. Land Subject To Development Charges Credits

Report prepared by

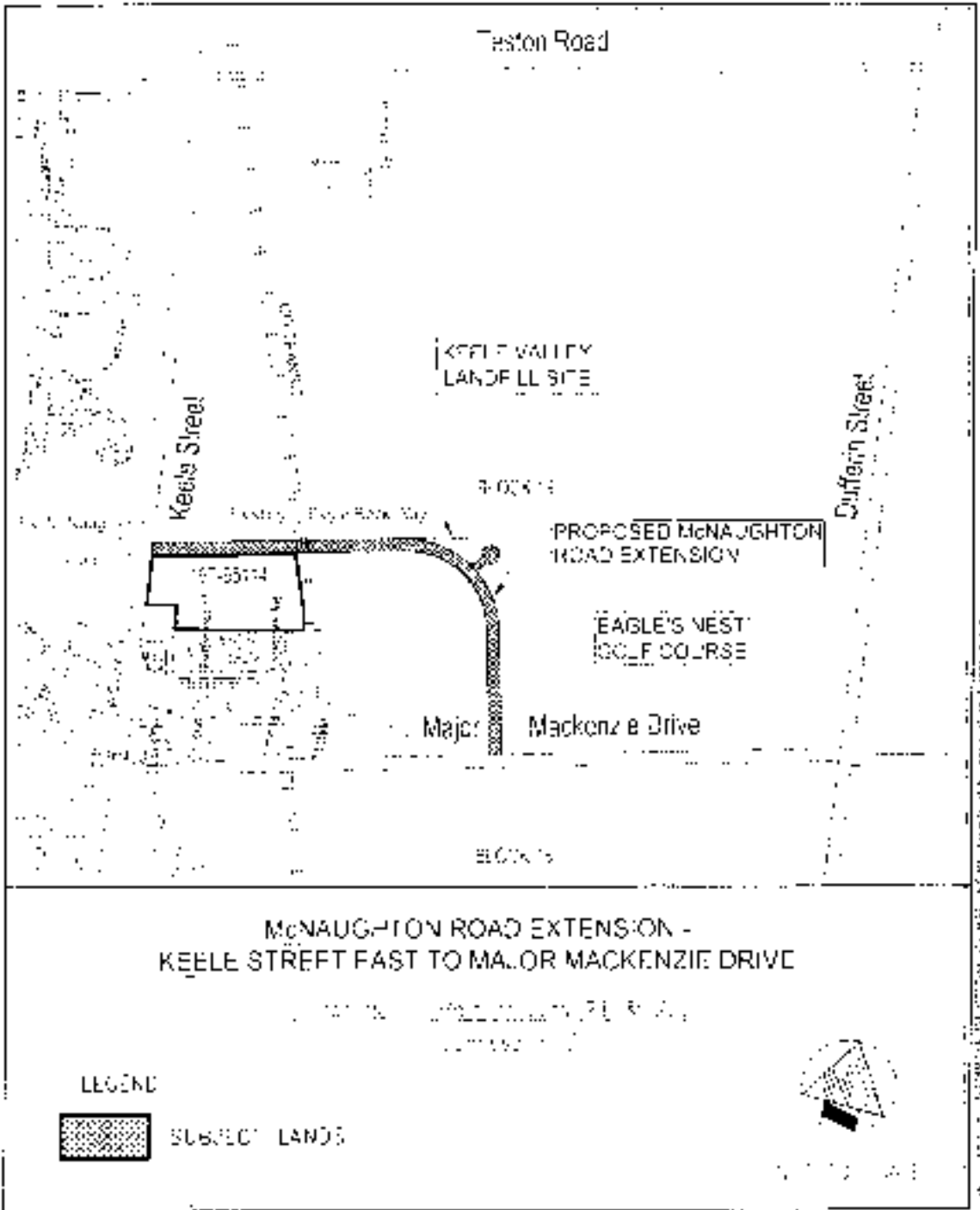
Jacqueline Thoman, Senior Engineering Assistant, ext 8728
Anthony C. K. Ching, Development Engineer, ext. 8711

Respectfully submitted,

Bill Robinson, P. Eng.
Commissioner of Engineering &
Public Works

Clayton Harris, C.A.
Commissioner of Finance &
Corporate Services

ATTACHMENT No. 1



ATTACHMENT No. 2

