

The Regional Municipality of York

Committee of the Whole
Finance and Administration
May 5, 2022

Report of the Commissioner of Finance

Prepaid Development Charge Credit Agreement with the Sutton Developer Group in the Town of Georgina

1. Recommendations

The Regional Chair and Regional Clerk be authorized to enter into a funding agreement with the Sutton Developer Group for the design of an expansion of the Sutton Water Resource Recovery Facility (Sutton WRRF).

2. Summary

This report is to obtain authorization for an agreement with the Sutton Developer Group to advance the funding needed to complete the design work for an expansion of the Sutton Water Resource Recovery Facility.

Key Points:

- The Sutton Developer Group has requested that the Region advance the design work, estimated at \$5 million, for the expansion of the Sutton WRRF under the same principles used for similar recent infrastructure projects

3. Background

Undeveloped land within the existing Sutton/Jackson's Point urban boundary will require additional water and wastewater servicing to enable development

The current capacity of the Sutton WRRF is 7,500 persons. During the preparation of the 2013 Sutton/Jackson's Point Secondary Plan, the Region also undertook an Environmental Assessment (EA) for the future expansion of the facility. The EA determined that the facility could be expanded to accommodate a maximum serviced population of 13,500 persons. An expanded Sutton WRRF could service 13,500 persons with the remaining 700 persons, needed for the full build out of the Secondary Plan, being serviced by the Keswick WRRF.

An expansion of the Sutton WRRF will likely be required within the next 20 years

An Environmental Assessment was completed in 2013 which determined the preferred solution to provide additional wastewater capacity was to expand the Sutton WRRF from 3.4 ML/day to 6.2 ML/day. With the EA complete, the next step will be to proceed with the design of the expansion works which are currently shown in the Master Plan for the 2032-2041 time period.

Since 2016, the Sutton plant has operated at less than 60% of its Environmental Compliance Approval rated capacity. Flow to this plant will continue to be monitored, and once it reaches 70% of its capacity, consideration will be given to include the expansion as part of the Region's 10-Year Capital Plan. As it is anticipated that this target may be reached within the next two to three years, the Sutton Developer Group has requested that the Region advance the design work for this project, currently estimated at a cost of \$5 million.

If the design works are advanced, staff propose using the same principles for the funding agreement that have been used for similar works, such as the Nobleton Water Resource Recovery Facility expansion.

4. Analysis

The Sutton Developer Group has proposed to fund the cost of the design works

The Sutton Developer Group has requested the wastewater works be advanced to facilitate the full buildout of their lands. These landowners have indicated they are willing to fund the estimated \$5 million cost of the design works to help advance the timing of the required infrastructure.

Expansion of the Sutton WRRF is included and planned beyond 2031 in the proposed 2022 DC Bylaw. This enables the Sutton Developer Group to eventually recover their costs if the infrastructure works are eventually included as part of the Region's 10-year Capital Plan. The landowners have been made aware of this and have agreed to proceed with the funding of the design works at their risk.

The Sutton Developer Group has agreed to many of the key principles needed to complete a funding agreement

The Sutton Developer Group has agreed to the following key principles for the design work funding agreement:

- The Sutton Developer Group will fund 100% of the estimated cost of the Sutton WRRF expansion and associated water and wastewater infrastructure design works estimated at \$5 million

- The Sutton Developer Group will provide 50% of the estimated cost upon execution of the agreement and 50% prior to award of the contract to carry out the design work
- The Region will tender and award the design works
- The parties agree that the proposed Prepaid Development Charge Credit Agreement is contingent on it being executed prior to December 31, 2022
- Once a Prepaid Development Charge Credit Agreement is executed, staff will commence the design works
- The cost of design and construction of approved works would be eligible for recovery by the developer group if and when the plant is expanded

For the Region to commence the design, funding for the works must be provided. An executed Prepaid DC Credit Agreement ensures that above principles are adhered to and that there is no delay in delivering the design works due to lack of funding. If the agreement is not executed by the end of the year, cancelling the agreement would limit the Region's exposure to deliver this project without a funding partner.

The Sutton Developer Group has also expressed an interest in advancing the funding for the potential expansion costs of the plant. They have agreed to continue to work with staff from the Region and Town of Georgina to develop principles of a Prepaid Development Charge Credit Agreement for the expansion of any necessary wastewater and water infrastructure works identified through the Environmental Assessment. The principles of a Prepaid Development Charge Credit Agreement for the construction of a plant expansion will be the subject of a future report to Council.

This report is consistent with the York Region Official Plan

This report is consistent with the York Region Official Plan, which says that it is the policy of Council to ensure that the provision of water and wastewater servicing within communities be coordinated with land use planning approvals to achieve complete communities and to assist in the sequencing of growth within communities.

5. Financial

The Sutton Developer Group has agreed to provide financing to advance the design for the expansion of the Sutton WRRF and associated water and wastewater infrastructure at an estimated cost of \$5 million. The cost of the design is part of the total cost of the works identified in the Development Charge Bylaw. Construction of the Sutton WRRF through a Prepaid Development Charge Credit Agreement to advance the plan, would allow the landowners to be eligible to recover the cost of the design work.

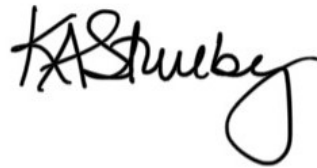
6. Local Impact

The advancement of the design for the Sutton WRRF supports the servicing and further build-out of the Sutton/Jackson's Point Secondary Plan area. The Town of Georgina will be responsible for assigning the capacity. The funding of the design does not guarantee any future servicing allocation to the Sutton Developer Group. These lands may be subject to further planning review and approvals completely independent of servicing capacity becoming available.

7. Conclusion

This report outlines the funding arrangement proposed by the Sutton Developer Group to advance the timing of the design of the Sutton Water Resource Recovery Facility.

For more information on this report, please contact Edward Hankins, Director, Treasury Office and Deputy Treasurer at 1-877-464-9675 ext. 71644. Accessible formats or communication supports are available upon request.



Recommended by:

Kelly Strueby

Acting Commissioner of Finance and Regional Treasurer



Approved for Submission:

Bruce Macgregor

Chief Administrative Officer

April 22, 2022
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