



Report of the Commissioner of Finance

McCowan Sewer Environmental Assessment Landowner Funding

1. Recommendation

1. Regional Chair and Regional Clerk be authorized to enter into an agreement with McCowan Sewer Landowners to fund the Environmental Assessment for the potential construction of the additional four kilometres of McCowan Sewer infrastructure.

2. Purpose

This report is to obtain authorization to allow the McCowan Sewer Landowners (Landowners) to advance funding required to complete an Environmental Assessment (EA) for the potential construction of an additional four kilometres of McCowan Sewer infrastructure.

Key Points:

- Council-approved 2022 Water and Wastewater Master Plan identified water and wastewater infrastructure to service north Markham and Whitchurch-Stouffville, expected to be constructed from 2033 to 2035
- Municipal Comprehensive Review anticipated these lands could accommodate 5,146 residents and 399 employees by 2051
- Minister's Zoning Orders issued for lands straddling Markham and Whitchurch-Stouffville require additional water and wastewater infrastructure beyond 2022 Water and Wastewater Master Plan for an additional population just under 10,000
- Landowners have requested the Region add an additional four kilometres of Regional sewer to the scope of work for the existing Regional EA work, estimated at \$3.9 million

3. Background

Minister's Zoning Orders issued for lands straddling Markham and Whitchurch-Stouffville require additional water and wastewater infrastructure beyond 2022 Master Plan

The north Markham Future Urban Area covers about 1,288 hectares (3,183 acres) bordered by Major Mackenzie Drive to the south, the Hydro Corridor and Woodbine Avenue to the west, the northern City limits and Elgin Mills Road to the north and Robinson Creek to the east. In 2020 and 2021, Ministry of Municipal Affairs and Housing approved four Minister's Zoning Orders (MZO) straddling the municipal border between City of Markham and Town of Whitchurch-Stouffville.

Planning projections developed by the [Municipal Comprehensive Review \(MCR\)](#) anticipated these MZO lands would accommodate 5,146 residents and 399 employees by 2051 with growth occurring post 2041. However, preliminary population projections available through development applications indicate the magnitude of growth expected in this block is substantially higher than the MCR projections (over 15,000 people and 2,000 jobs).

In the absence of Regional infrastructure to service all MZO lands in the near term, alternative interim servicing strategies are currently under investigation through a landowner-led Master Environmental Servicing Strategy.

Landowners requested Region expand EA scope for McCowan Trunk Sewer

The Council-approved [2022 Water and Wastewater Master Plan](#) identified water and wastewater infrastructure to service north Markham and Whitchurch-Stouffville. For water servicing, it was recommended that a pumping station, reservoir and connecting watermains be implemented at a cost of approximately \$152.5 million. For wastewater servicing, construction of about 2.1 kilometres of sewer along McCowan Road from 16th Avenue to Major Mackenzie Drive East was recommended at an estimated cost of \$43.2 million (see Figure 1).

These works are currently included in the multi-year budget for completion between 2033 and 2035, with EA work starting in Q3 2024. Landowners have requested the Region expand the scope of the existing wastewater EA to include an additional four kilometres of wastewater works to ensure wastewater services are possible for these lands.

Figure 1
Wastewater Servicing Options - Markham-Whitchurch-Stouffville MZO lands



4. Analysis

An EA for the additional section of McCowan Sewer infrastructure is required

To accommodate the proposed population increase in the northern part of the City of Markham and Town of Whitchurch-Stouffville, additional wastewater servicing capacity is required. An EA is required to determine whether construction of the McCowan Sewer infrastructure is possible and to identify preferred alternatives. The [Water and Wastewater Master Plan](#) and [2024 Capital Plan](#) had proposed an EA for two kilometres of sewer ending at Major Mackenzie Drive. The Landowners have requested the Region extend the EA an additional four kilometres to 19th Avenue. The estimated cost of the revised EA is \$3.9 million. It is expected to take at least two years to complete.

The Landowners have proposed to fund the cost of the additional EA

The four-kilometre extension of the McCowan sewer is not included in the Region’s 10-year Capital Plan or Development Charges Bylaw. The Landowners have requested the EA of additional wastewater works be advanced to facilitate full buildout of their lands. These landowners have indicated they are willing to advance timing of the required infrastructure by entering into a prepaid development charge credit agreement with the Region.

However, as the four-kilometre extension of the McCowan Sewer is not included in the Region’s Capital Plan and Development Charges Bylaw, the Landowners are not eligible to recover their costs through development charges credits. At a later point, when/if the project is included in the Region’s Development Charge Bylaw, it may be eligible for development charges credits. The Landowners have been made aware of this and have agreed to proceed with funding EA at their risk.

Regional staff and the Landowners have agreed to key principles for funding the additional four kilometres of the McCowan Sewer Expansion EA

The Landowners Group have requested the Region advance timing of the EA and have also committed to funding the EA costs of the wastewater infrastructure in their letters received in August 2024. Each of the principles detailed in Table 1 were reviewed against the Development Charge Credit Policy and are consistent with the policy.

They have agreed to continue working with staff from the Region, the City of Markham and Town of Whitchurch-Stouffville to develop principles of a Prepaid Development Charge Credit Agreement for any necessary wastewater infrastructure works identified through the EA. These principles will be the subject of a future report to Council.

Table 1
EA Funding Agreement Principles

Area	Principle
Landowner Funding	<p>Landowners will fund 100% of the estimated cost of the McCowan Sewer EA for the additional four kilometres estimated at \$3.9 million.</p> <p>McCowan Sewer, spanning from Major Mackenzie Drive to 19th Avenue, covering approximately four kilometres, is currently not included in the Region’s Development Charges Bylaw and therefore any costs expended by the Owners in respect of the EA are not currently eligible for recovery or reimbursement through Regional development charge credits.</p>

Area	Principle
DC Credit eligibility	Design and construction of the McCowan Sewer are not currently in DC Bylaw and will only be eligible for recovery through DC credits when/if added to a future DC Bylaw.
EA Risk	Landowners agree to proceed with funding EA at their own risk.
Cost remittance	Landowners will provide 100% of EA cost at execution of this agreement, but not later than the tender of the EA.
Region role	Region will tender and award EA. Region will work with Landowners to develop principles of an agreement to advance construction of the works, depending on the EA outcomes and Council direction.
Additional works	Approval of Landowners and Council will be required to advance construction of the works.

This report is consistent with York Region Vision

The report is consistent with the York Region Official Plan, which says it is the policy of Council to ensure 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. It is consistent with York Region’s Vision for strong, caring, safe communities, which can be achieved by proper planning and infrastructure.

5. Financial Considerations

The Landowners have agreed to provide funding to advance the EA timing at their own risk, for potential construction of the McCowan Sewer infrastructure at an estimated cost of \$3.9 million. If a prepaid development charge credit agreement is executed for advanced construction of the McCowan trunk sewer works, the Landowners could be eligible to recover the cost of the EA. The cost of the EA will be included in the total cost of the works and is expected to be included in a future Development Charge Bylaw.

6. Local Impact

Advancement of the EA for the McCowan Sewer facilitates servicing and build-out of the plans of subdivisions within the City of Markham and Town of Whitchurch-Stouffville. The City and Town are responsible for allocating wastewater capacity to the Landowners within their multi-year capacity assignment. In [November 2023](#), a new assignment was issued to the local

municipalities, with 61,431 and 11,655 persons of capacity assigned to the City of Markham and the Town of Whitchurch-Stouffville, respectively. The next assignment is expected in 2025.

7. Conclusion

This report outlines the funding arrangement developed by the Region and the Landowners to advance timing of the EA of the McCowan Sewer infrastructure and principles to enter into a prepaid development charge credit agreement.

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

Recommended by:



Laura Mirabella

Commissioner of Finance and Regional Treasurer

Approved for Submission:



Erin Mahoney

Chief Administrative Officer

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