

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 21, 2017**

Item 25, Report No. 10, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on March 21, 2017.

#### **25 UPDATE ON YORK REGION DRAFT 2017 DEVELOPMENT CHARGE BACKGROUND STUDY AND BYLAW**

The Committee of the Whole recommends approval of the recommendation contained in the following report of the Deputy City Manager of Public Works, the Deputy City Manager of Planning and Growth Management and the Chief Financial Officer and City Treasurer, dated March 7, 2017:

##### **Recommendation**

The Deputy City Manager of Public Works, the Deputy City Manager of Planning and Growth Management and the Chief Financial Officer and City Treasurer recommend:

1. THAT staff be directed to report to the Committee of the Whole meeting in April 2017 on the outcome of further discussions with York Region staff and the changes made to the York Region 2017 Development Charge Background Study and Bylaw; and
2. THAT staff submit this report and correspondence outlining the City of Vaughan's principle concerns with the draft 2017 York Region Development Charge Background Study and Bylaw to the York Region Committee of the Whole March 9, 2017, Public Meeting – Proposed York Region Development Charges Bylaw.

##### **Contribution to Sustainability**

This report contributes to the goals and objectives within Green Directions Vaughan, The City's Community Sustainability and Environmental Master Plan, specifically:

Goal 2: To ensure sustainable development and redevelopment

Objective 2.1: To achieve sustainable growth and development by completing and implementing Vaughan Tomorrow, the City's Consolidated Growth Management Strategy – 2031, and by ensuring the strategy is subject to periodic review and renewal.

Goal 3: To ensure that Vaughan is a city that is easy to get around with a low environmental impact.

Objective 3.2: To develop and sustain a network of roads that supports efficient and accessible public and private transit.

##### **Economic Impact**

There are no direct financial implications of this report to the City of Vaughan. However, it is widely recognized that the level of service of a transportation system has a direct correlation to economic development the cost of goods movement, business and travel. A reduced level of service in the Regional road and transit systems will result in an economic impact to the citizens and businesses in Vaughan.

In addition, the City has initiated the process of updating its Development Charge Background Study and By-law before the current By-law expires in 2018. The final list of projects within the Regional Development Charge Background Study may influence what is included in the City's Background Study. For example, the City has requested the Region to assume the jurisdiction of certain city arterial roads such as King-Vaughan Road and Kirby Road. If the Region doesn't

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assume these roadways and include the necessary improvements in the 2017 Development Charge Background Study, then the City will need to maintain them in the City's Development Charge By-law, which will increase the City's overall charge.

#### **Communications Plan**

York Region Committee of the Whole will hold a public meeting on March 9, 2017, pursuant to the Development Charges Act, 1997, to receive input on the proposed 2017 Development Charge Bylaw.

#### **Purpose**

The purpose of this report is to update Council on the recent consultation between City and York Region staff on the York Region Draft 2017 Development Charge Background Study and Bylaw.

#### **Background - Analysis and Options**

##### **Development Charges fund vital infrastructure needed to accommodate population and employment growth across York Region**

Development Charges fund growth-related infrastructure projects required to accommodate residential and non-residential development and are the primary source of funding for the growth-related portion of the Region's capital plan. The York Region 2017 Development Charge Bylaw will help recover a significant portion of the Region's capital program from 2017 – 2031.

##### **York Region Council endorsed the updated Transportation and Water and Wastewater Master Plans in June 2016**

The Transportation Master Plan update provides a list of infrastructure and proposed policy recommendations necessary to accommodate the planned population and employment growth to 2041, while improving transit service and managing changes in roads service. York Region consulted extensively with stakeholders throughout the development of the Transportation Master Plan, including the public, BILD, Metrolinx and Ministry of Transportation, Conservation Authorities, TTC and City of Vaughan Council and staff. It was anticipated the Transportation Master Plan recommendations would inform the 2017 Development Charge Background Study and Bylaw and the Regional Council approved service level objectives would be achieved.

##### **York Region is updating their Development Charge Bylaw and Background Study**

The Development Charges Act requires that a municipality pass a new bylaw at least every five years to impose Development Charges, and that the bylaw must be supported by a background study. The background study provides an estimate of the anticipated growth and infrastructure costs to support that growth.

York Region began the update of their 2012 Development Charge Bylaw and Background Study in June 2016. York Region Council received the draft Bylaw and Background Study at their meeting on February 19, 2017 and requested a report be brought forward to the May 18, 2017 Regional Council meeting recommending approval of the final 2017 Development Charge Bylaw and Background Study. If approved, the new Bylaw will come-into-force on June 17, 2017.

##### **Although stakeholder consultation was done during the York Region 2017 Bylaw update there was no consultation with City staff on the Background Study projects lists**

York Region staff consulted with a variety of stakeholders, including City of Vaughan staff during preparation of the Bylaw. The consultation topics included growth forecasts, Development Charge

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calculation methodology, area-specific Development Charges, hotel Development Charges, apartment occupancy and size and asset management plans.

The consultation did not include discussion with City staff on what growth-related infrastructure would be included in the Background Study.

#### **The 2017 Development Charge Background Study project lists exclude \$3.0B in growth related costs that were being recovered under the 2012 Bylaw**

York Region has identified that under the 2017 Bylaw; approximately \$3.7B in growth-related infrastructure can be recovered through Development Charges. This is significantly less than the \$6.7B in growth-related costs that were being recovered through the 2012 Bylaw.

York Region has explained the growth-related expenditures are lower in the 2017 Background Study because:

- Reduced requirements for water and wastewater infrastructure due to a reduction in flow generation rates and due to considerable built capacity
- A 15-year planning horizon, as opposed to a 20-year planning horizon, results in less growth-related expenditures being required for some services
- The full extent of the road and transit infrastructure program identified as needed to accommodate growth under the Transportation Master Plan has not been included in the draft 2017 background study

#### **Council unanimously passed a members resolution requesting York Region to include all of the needed infrastructure required to accommodate growth**

Vaughan Council, at their meeting on February 21, 2017, passed a members resolution identifying the compelling reasons why growth-related infrastructure, specifically transportation infrastructure, is absolutely necessary to accommodate growth to 2031 and 2041. A copy of the member's resolution is included as Attachment 1 to this report. The excluded infrastructure from the 2017 Background Study means collection of Development Charges for the needed projects may be delayed or never occur and existing projects may be deferred and new projects not added to York Region's 10-year Capital Plan. This includes a number of projects that are currently in York Region's 10-year Capital Program (ex. Major Mackenzie Drive – Jane Street to Bathurst Street) and projects that are Term of Council Priorities (ex. Teston Road – Keele Street to Dufferin Street missing Link).

Council specifically requested York Region include all incomplete projects in the 2012 Background Study in the 2017 Background Study and to clearly identify how service levels and development will be impacted by the proposed exclusions in the 2017 Background Study.

#### **Staff met with York Region staff throughout the week of February 27 to review the proposed 2017 Background Study**

York Region staff held a series of consultation session with staff during the week of February 27. This included the following meetings:

- February 28 – meeting between the City Manager and York Region Chief Administrative Officer (including senior staff)
- March 1 – meeting between City Finance staff and York Region Finance staff

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- March 3 – meeting between City Public Works, Development Engineering & Infrastructure Planning and Finance staff and York Region Transportation Service and Finance staff

At each meeting York Region provided an overview of the 2017 Development Charge Background Study and Bylaw and clearly identified the constraints under which it was developed. This included:

- The 2012 DC background study was unconstrained and included a total project list that was unaffordable for York Region to build and operate;
- The 2017 DC background study has been constrained based on York Region's ability to fund the non-growth capital and operating costs of the infrastructure;
- An overall prioritization across all service areas was not done for this study; and
- All transportation service needs will not be met based on the proposed infrastructure in the background study.

City staff provided comments under several theme areas, including:

- Prioritization of projects across all service areas and, specifically, within the Roads service area and why some Roads projects were included in the background study and other, seemingly higher priority projects were included (a map of the included/excluded projects in the City of Vaughan is included as Attachment 2);
- Impacts to roads and transit service levels resulting from the exclusion of needed capacity expansion projects;
- How York Region will address the gap between the Roads Regional Council Approved Standard of Service and the standard of service that will be provided by the infrastructure in the 2017 Background Study; and
- How York Region will address deficiencies in the growth-related infrastructure during development planning and implementation processes and specifically if development will be constrained by York Region due to insufficient transportation capacity.

#### **York Region staff clearly stated that not all incomplete projects in the 2012 Background Study will be included in the 2017 background Study**

At each meeting York Region staff clearly and specifically stated that not all incomplete projects from the 2012 Background Study will be included in the 2017 Background Study. York Region's Council approved Fiscal Strategy has placed constraints on the amount of debt and tax levy increases available for funding growth-related infrastructure. This is the primary reason why needed infrastructure has been excluded from the 2017 Background Study, specifically in the Roads and Transit service areas.

Further, the York Region 2016 Transportation Master Plan identified that approximately \$12.8 billion of Roads and Transit infrastructure is needed by 2031 to accommodate the planned population and employment growth across the Region. The 2017 Background Study has included approximately twenty-five percent of the needed transportation infrastructure.

City staff are increasingly concerned that needed infrastructure to accommodate population and employment growth will not be in service when required. This situation has the potential to delay

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approval of planned development until sufficient transportation capacity is available. If York Region does not constrain development based on transportation capacity the likely outcome is that service levels will decline below acceptable limits and existing residents and businesses will be negatively impacted.

#### **The Region will review staff comments and take them into consideration in developing the final 2017 Development Charge Background Study and Bylaw**

York Region staff documented the comments from staff during these meetings and agreed to pursue a number of action items, including:

- Develop a description of the level-of-service provided by the proposed project lists and how this compares to the historic level of service and the future level of service anticipated in the 2016 Transportation Master Plan;
- Provide details on the impact the gap between the 2016 Transportation Master Plan level-of-service and proposed level-of-service will have on development and how the proposed transportation network will accommodate the planned growth in travel demand;
- Revisit the list of transportation projects included in the 2017 Background Study based on guiding principles and priorities established to maximize the effectiveness of the transportation system recognizing the fiscal limitations; and
- Develop a second contingency list of projects that will be added to the Development Charge when/if various trigger events are realized. The main trigger event under this list would be new Regional revenue sources.

#### **The Region will update the bylaw following completion of the Municipal Comprehensive Review**

Due to proposed amendments to the Provincial Growth Plans, the Region's Municipal Comprehensive Review, intended to address growth to 2041, was put on hold. Consequently, the 2017 Background Study was prepared with a forecast horizon to 2031. The Region anticipates it will update its Development Charge bylaw after the new Growth Plan policies have been finalized and the Regional Municipal Comprehensive Review is complete.

#### **Relationship to Term of Council Service Excellence Strategy Map (2014-2018)**

In consideration of the strategic priorities related to the Term of Council Service Excellence Strategy Map (2014-2018), this report is consistent with the following Term of Council Priorities; however, the excluded infrastructure in 2017 Development Charge Background Study has the potential to slow progress on the following priorities:

- Improve municipal road network
- Continue to develop transit, cycling and pedestrian options to get around the City
- Invest, renew and manage infrastructure and assets

#### **Regional Implications**

The exclusion of many needed growth related Roads and Transit infrastructure from the 2017 Development Charge Background Study will impact Regional transportation service levels across the City. York Region is assessing the impact of the gap between the needed infrastructure and proposed infrastructure. Updates will be provided to City staff as the Region advances this work.

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**Conclusion**

The York Region Draft 2017 Development Charge Background Study and By-law has been prepared in accordance with the Region's Fiscal Strategy, which defines debt and tax levy limits. This fiscal limitation has resulted in many needed infrastructure projects identified in the 2016 Regional Transportation Master Plan being excluded from the 2017 Background Study. The exclusion of many needed growth-related infrastructure projects in the City of Vaughan from the York Region 2017 Development Charge Background Study and Bylaw may impact roads and transit service levels.

Vaughan staff has requested York Region to assess the impact to service levels resulting from the exclusion of approximately seventy percent of the transportation infrastructure that was recommended in the 2016 Transportation Master Plan.

Staff will report to the Committee of the Whole meeting in April 2017 on the outcome of further discussions with York Region staff and the changes made to the York Region 2017 Development Charge Background Study and Bylaw.

**Attachments**

1. Members Resolution approved by Council on February 21, 2017
2. Map showing York Region TMP Roads infrastructure needs and projects included in the 2017 Development Charge Background Study

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)