

C2.1

memorandum

DATE: January 30, 2015

TO: Honourable Mayor and Members of Council

FROM: Andrew Pearce, Director of Development Engineering & Infrastructure Planning
Lloyd Noronha, Director of Development Finance & Investments
Laura Mirabella-Siddall, Director Financial Planning & Analytics

RE: **Item #2 Finance, Administration and Audit Committee – January 12, 2015 (PM)**

Capital Projects DT-7120-13 (Black Creek Renewal) & DT-7121-13 (VMC NE Storm Water Management Pond)

Purpose

Council, at its meeting on January 20, 2015, requested staff to report on the details of the funding sources for the Black Creek Renewal and VMC North-East storm water management pond high profile projects. The purpose of this report is to address this request.

Background

The Black Creek renewal and the VMC North-East storm water management pond in the VMC Secondary Plan area are two capital projects collectively being reported on a quarterly basis as a part of the High Profile Capital Project requirements. The current project descriptions are as follows:

- Black Creek Renewal – Renewal of Black Creek within the VMC Secondary Plan Area between Highway 7 and Highway 407, including culvert improvements at Doughton Road and Interchange Way, and
- VMC NE Storm Water Management Pond (SWMP) – Design and construction of required improvements to the City's existing storm water management pond at the northeast corner of Jane Street and Highway 7 within the VMC Secondary Plan Area.

In the Consolidated Quarterly Report ending September 30, 2014 presented at the Finance, Administration and Audit (FAA) Committee meeting of January 12, 2015 (morning) (Item 3, Report No. 1), a status update was provided on High Profile Capital Projects Black Creek Renewal and Vaughan Metropolitan Centre NE Storm Water Management Pond. The Black Creek Renewal project has approved budget of \$0.2M and recognized budget of \$44.1M. The Vaughan Metropolitan Centre NE Storm Water Management Pond project has approved budget of \$1.0M and recognized budget of \$6.1M. Staff recognized that the total value that was presented may have created confusion and therefore in future, a breakdown between approved and recognized project values will be included in the presentation.

The current funding structure and estimated cost are placeholders and will change

The recognized capital forecast (2016-18) for each project is funded through debenture financing. The debenture financing represents the \$34M that has not yet been secured through Area Specific Development Charges (ASDC) or other funding source. This was done in order to follow prudent budgeting procedures to ensure that the estimated cost to the City was captured in the absence of having certainty around a final funding source or blend of sources.

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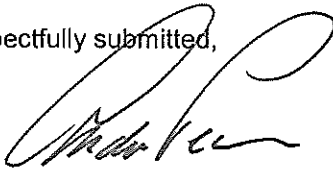
A Black Creek Financial Strategy will be presented to Council later in 2015

Through 2014, City staff were working with consultants to refine the resultant costs and creating preliminary cost allocations for the purposes of creating a financial strategy for the funding of the infrastructure. The financial strategy, inclusive of both the subject projects, is currently being worked on by City staff and consultants from both the engineer and finance disciplines. The strategy and accompanying ASDC will then be brought to Council later in 2015 and will subsequently be incorporated into the 2016 Capital Budget process.

Conclusion

The financial strategy for Capital projects related to Black Creek Renewal and the associated North-East SWMP will be presented to Council later in 2015. Any developers that proceed in the interim will be providing financial securities to guarantee their payment of the future ASDC. In the meantime, the 2016-18 recognized budgets will continue to show financing of these projects using debentures until the finalization of the details the ASDC and the overall Financial Strategy.

Respectfully submitted,



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COPY: Paul Jankowski, Commissioner of Public Works
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