



The Corporation of the TOWN OF MILTON

Report to: Mayor Krantz and Members of Council

From: Jim McQueen, Director, Corporate Services and Treasurer

Date: June 3st , 2004

Report No. CS-054-04

Subject: Bristol Survey – Phase 1B Financial Agreement

RECOMMENDATION: That the Bristol Survey-Phase 1B Financial Agreement be approved;

And That the Mayor and Clerk be authorized to sign the said agreement;

And that Council hereby declares that the municipal capital facilities set out in Schedule A to the proposed by-law and Schedule J to the proposed agreement between the Town and the Phase1B Landowners are for the purposes of the municipality, are for public use and are owned, including the lands on which they are situate by the Town

And that the Director, Corporate Services and Treasurer be delegated the authority to effect minor technical modifications to the agreement.

EXECUTIVE SUMMARY

In order for land to be developed in the urban area, a secondary plan is required that includes a financial impact study followed by a financial agreement with landowners that makes the development affordable for the Town. An agreement has now been



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negotiated with the landowners for the Bristol Survey 1B area and is recommended for approval by Council.

REPORT

Background

The Town of Milton Official Plan sets out requirements to be met in order for development to take place in the Urban Expansion Area. As a result in 1999, Milton Council adopted and the Region of Halton approved the Bristol Survey Secondary Plan. This plan covered the land area to the east of Thompson Road and to the southeast of Derry Road. The approved plan allowed for the land development of approximately 2100 acres over the time horizon to 2016 and included 13,270 units of residential housing over this same time period.

The Bristol Secondary Plan allowed for the phasing of these lands in two parts being Phase 1A and Phase 1B. Further, in accordance with the Official Plan and the Secondary Plan, a financial impact study was prepared to show the impact of the development on the Town. This study was adopted by Council and used as the basis of entering into a financial agreement in 1999 with the Phase 1A landowners in the Bristol Survey.

The Phase 1A financial agreement contained a phasing clause that restricted the Phase 1B lands from developing until 3400 building permits had been issued on 1A lands and this plateau has now been reached. As well, by planning policy from the OP and the Bristol Secondary Plan, an appropriate financial impact analysis is required before Phase 1B lands can develop. This was recently completed as part of the financial analysis for the Sherwood Secondary Planning process and approved by Council as the basis of negotiating a financial agreement with the Phase 1B landowners.



Discussion

Town staff along with CN Watson and Associates Ltd. and Aird & Berlis LLP have been working on a financial agreement with the Phase 1B landowners over the past few months. This agreement provided for under Section 110 of the Municipal Act has been finalized and signed by the participating Phase 1B landowners and is attached as schedule "A". An important component of this agreement has been to keep the Town in a financially sound position and limit the financial impact over time as a result of accommodating the Phase 1B development. Without the cash flow assistance through the front-ending arrangement set out in this agreement, the Town would not have been able to finance the infrastructure requirements resulting from developing the Phase 1B lands over the next 10 years. Even with the \$2000 capital provision and the front ending arrangement, the Town's debt limit will increase to approximately 20 % over the 12 year time horizon.

The following are the key areas of the Phase 1B agreement;

Development Charges – The landowners will pay the proposed development charge expected to be about \$8067 for a single detached home. They will not appeal or challenge the new DC by-law.

Capital Provision – The landowners have agreed to make a per unit payment to the Town of \$2000 at building permit stage to help finance infrastructure required but not recovered under the Development Charges legislation. This will lessen the impact on property taxes and assist in keeping debt capacity within policy limits.

Over Contribution Amount – A mechanism has been set up to accommodate an overcontribution related to parkland. The Town will be the administrator in collecting the over contribution and distributing it to the Trustee for the landowners.

Cash Flow Assistance – Despite the payment of development charges and the capital provision, the Town would still not be in a financial position to afford the required



infrastructure for the Phase 1B development within the planning horizon. Of particular concern was the construction requirements for roadworks. Without further financial assistance, the Town would not have available sources of financing and this would force the debt capacity well above policy limits. Cash flow analysis for roadworks was conducted by the Town that showed a financial cash shortfall of \$6550 per unit for Phase 1B developments. This amount would be reduced to about \$5045 per unit when Phase 2 landowners finalize an agreement with the Town.

This issue was thoroughly reviewed with Phase 1B landowners and they have agreed to this front ending arrangement. The quantum will be secured at subdivision agreement stage by letters of credit. The agreement also sets out arrangements for annually reviewing the cash flow model and then updating the security requirements. There is also a mechanism for gradually reducing the security and paying back the landowners.

This is a long-term commitment (at least until 2021) on the part of the Town and similarly with the 1A landowners. A similar arrangement will be required with other landowner groups such as Phase 2 and Phase 3 of the Sherwood Survey. Since time was of the essence, this cash flow assistance arrangement has been established under this Section 110 agreement. However, it is staff's intention to begin a process under the Development Charges Act to deal with front ending on a more inclusive land development basis.

Enforcement of Cost Sharing – A mechanism related to draft plan approvals has been established to ensure that all landowners are in good standing with the Trustee for the group. There is also a procedure for dealing with landowner appeals of draft plan conditions.

Storm Water Management – The mechanics of the Phase 1A central tributary agreement have been transferred to the Phase 1B agreement so that storm water obligations by IB landowners will be met.

Parkland Dedication – The parkland requirements are very similar to the 1A agreement covering type of park and timing of conveyance of the lands.



Woodlots – The woodlots will be conveyed to the Town without charge.

Parkland Development – The agreement sets out arrangements for the development of district and neighbourhood parks and village squares

Servicing Allocation and Development Approvals – The agreements confirms the allocation of 1673 single detached equivalent units and also set out the mechanism for dealing with any additional units that may be available in the future.

Summary

This financial agreement is an important component of accommodating additional residential growth for Milton at the Council approved service levels that are in place today. The agreement will allow for financial stability as a potential 5500 residential units will result when 1B lands are completely developed. The rate of growth and the resultant infrastructure timing would not be possible without the proposed development charge, the capital provision of \$2000 per unit and the cash assistance (front ending) of \$6550 per unit.

Financial Agreement Administration

This agreement is very complex and will take considerable additional staff effort to administer especially with the addition of cash flow assistance. Staff will be considering both the resourcing issue and the permit processing user fee quantum over the next few months in order to accommodate this agreement, the existing Phase 1A agreement and the proposed Phase 2 agreement.



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Financial Impact

The impact is as outlined in this report and the Long Term Fiscal Impact Assessment of Growth report dated April, 2004 prepared by CN Watson and Associates Ltd.

Respectfully submitted,

Jim McQueen
Director, Corporate Services and Treasurer

CAO Approval: _____
