



**STAFF REPORT
ACTION REQUIRED**

Extension of Redlea Avenue from Steeles Avenue East to McNicoll Avenue

Date:	March 25, 2008
To:	Public Works and Infrastructure Committee
From:	General Manager, Transportation Services
Wards:	Ward 39, Scarborough –Agincourt
Reference Number:	P:\2008\ClusterB\tra\tim\pw08006tim

SUMMARY

The City is finalizing the zoning by-law amendment and site plan approval for the owners of Splendid China, an existing retail mall in the area of Kennedy Road and Steeles Avenue East. One of the City’s conditions of approval is that the developer is responsible for the construction or provision of securities equal to 100 percent of the cost of implementation of the portion of the Redlea Avenue extension from Steeles Avenue East to Passmore Avenue, together with intersection improvements required at the Redlea Avenue and Steeles Avenue East intersection, before building permits will be issued. While the City owns the majority of the land required for this section of the Redlea Avenue extension, additional land acquisition is required prior to the commencement of road construction.

To minimize potential traffic infiltration impacts on the adjacent Heathwood residential community, the recommended staging for the construction of Redlea Avenue identifies the section between Steeles Avenue East and McNicoll Avenue as a single stage. This report describes the associated costs, funding sources, and potential timelines for the construction of Redlea Avenue from Steeles Avenue East to McNicoll Avenue, and associated recommended adjustments to the Capital Works Program.

RECOMMENDATIONS

The General Manager of the Transportation Services Division recommends that:

1. Funding be reallocated from within the approved 2008 Transportation Services Capital Budget Account CTP 308-03 (local road resurfacing) in the amount of \$1.0 million for the Redlea Avenue extension from Steeles Avenue to Passmore Avenue, and a new account be set-up accordingly for this work.

2. A funding request of \$1.5million for the Redlea Avenue extension from Passmore Avenue to McNicoll Avenue be included in the 2009 Transportation Services Capital Budget submission with a corresponding offset in order that established net debt targets are not affected.
3. A funding request of \$2.3 million for the Redlea Avenue extension from Passmore Avenue to McNicoll Avenue be included in the 2010 Transportation Services Capital Budget submission with a corresponding offset in order that established net debt targets are not affected.
4. The appropriate City Officials be authorized and directed to take necessary action to give effect thereto.

Financial Impact

For 2008, there is a requirement for a reallocation of \$1.0 million of the approved 2008 Transportation Services Capital Budget. This will make a corresponding reduction from other approved 2008 debt projects for a zero net impact to debt.

A funding request for the inclusion of the Redlea Avenue extension from Passmore Avenue to McNicoll Avenue will be included in the 2009 and 2010 Transportation Capital Budget submissions, and will be referred for consideration during the 2009 and 2010 Capital Budget process, without affecting established targets.

The Deputy City Manager and Chief Financial Officer have reviewed this report and agree with the financial impact information.

DECISION HISTORY

At its meeting of November 19 and 20, 2007, City Council adopted, as amended, report PW10.2 “Redlea Avenue and Silver Star Boulevard Class Environmental Assessment Study”. Recommendation 3 of the report states that, should short-term funding from developers be available to construct Redlea Avenue, the General Manager, Transportation Services will report to the appropriate Committees outlining total project costs, required cash flows and any other associated financial implications. In addition, Recommendation 4 states that if funds are available, Phase 1 and 2 of the construction of Redlea Avenue be done concurrently.

The decision document can be found at:

<http://www.toronto.ca/legdocs/mmis/2007/pw/reports/2007-10-31-pw10-cr.pdf>

COMMENTS

The owners of the Splendid China retail mall, located in the area of Redlea Avenue and Steeles Avenue East, have made a zoning by-law amendment and site plan approval application to the City. One of the City's requirements, as part of the Section 37 agreement, is that the owners of Splendid China are responsible for the construction, or provision of securities equal to 100 percent of the cost of implementation, of the proposed Redlea Avenue extension as a fully serviced municipal road from its present terminus southerly to Passmore Avenue, including the intersection improvements required at the Redlea Avenue and Steeles Avenue East intersection. These improvements are required prior to the issuance of building permits.

The City is nearing completion of the required zoning by-law amendment and site plan approval for the expansion of the Splendid China retail mall. As such, the extension of Redlea Avenue from Steeles Avenue East to Passmore Avenue will be required. Regarding the status of the EA approval for the Redlea Avenue extension, the Notice of Completion has been issued and the 30-day public review period has expired. The City received one Part II Order Request, which staff are addressing. Until such time as the Part II Order is resolved, the construction of the road cannot commence. However, detailed design and property acquisition can occur.

The City owns the majority of land that would be required to extend Redlea Avenue from Steeles Avenue East to Passmore Avenue. However, the City will need to acquire additional land, prior to the construction of the road, and this land acquisition will have to be coordinated with the construction timelines of the owners of Splendid China. The owners are eager to proceed, and have attempted to facilitate a quick implementation of this section of the extension by purchasing one of the outstanding parcels of land.

The requirements for the expansion of Splendid China also trigger a City commitment to minimize potential traffic infiltration impacts on the adjacent Heathwood residential community, associated with the Redlea Avenue extension. To meet this commitment the recommended staging for the construction of Redlea Avenue identifies the section between Steeles Avenue East and McNicoll Avenue as a single stage. As such, this requires the construction of Redlea Avenue from Passmore Avenue to McNicoll Avenue, which will have to be coordinated with the construction (by the owners of Splendid China) of the section from Steeles Avenue East to Passmore Avenue. Both the land acquisition and related costs and the construction costs associated with the extension of Redlea Avenue from Passmore Avenue to McNicoll Avenue would be the responsibility of the City.

Thus, to meet the City's obligations with respect to the pending agreement with the owners of Splendid China and its commitments to the Heathwood Community, the following activities are required:

- Phase 1 and Phase 2 (as required) Environmental Site Assessment (ESA) on all lands to be acquired;

- Purchase of all lands necessary to construct Redlea Avenue between Steeles Avenue East and McNicoll Avenue;
- Detailed design of Redlea Avenue between Passmore Avenue and McNicoll Avenue; and
- Construction of the Redlea Avenue extension between Passmore Avenue and McNicoll Avenue.

The estimate of these costs is approximately \$ 6.6 million, of which \$ 4.8 million would need to be funded by Transportation Services and \$1.8 million by Toronto Water. Regarding the estimated land purchase price, it does not include any estimate for injurious affection, disturbance, business loss, if any, legal fees, appraisal fees, reinstatement costs, etc. and it is assumed that there is no taking of any physical structures.

Budget Implications

Presently, there is no funding allocation for the Redlea Avenue Extension in the capital works program contained in the Transportation Services Division's five-year plan. Funding for any infrastructure enhancement project will require corresponding reductions in funding for state of good repair works.

The gross funding cash flow recommended for the project is \$1.0 million in 2008, \$1.5 million in 2009 and \$4.1 million in 2010.

Of the \$4.1 million funding required in 2010, \$2.3 million is for road infrastructure, which would be funded by Transportation Services, and \$1.8 million is for water infrastructure, which would be funded by Toronto Water.

Funding of \$1.0 million in 2008 for land acquisition and associated costs required for the extension of Redlea Avenue from Steeles Avenue to Passmore Avenue would require a reallocation of funding from the 2008 Transportation Services Capital Budget.

For 2009 and 2010, the source of funding for the Transportation Services portion of the project would likely be debt and could be reviewed with the Finance Division to seek alternative sources of funding, such as development charges. The availability of development charges funding is unclear, implying that other development charges related works may need to be deferred in order to accommodate this reserve account which is presently fully allocated.

With regard to the water infrastructure, Toronto Water has funding available for new infrastructure in its 5 Year Capital Plan.

Next Steps

Following approval of this report by City Council, Transportation Services will undertake the necessary work required of the City to enable the extension of Redlea Avenue from Steeles Avenue East to McNicoll Avenue. The initial phase of this work will be the acquisition of the necessary land to permit Splendid China to undertake the construction of the Redlea Avenue extension from its present terminus southerly to Passmore Avenue together with the intersection improvements required at the Redlea Avenue and Steeles Avenue intersection.

Subsequently, the City will undertake work on the acquisition of those lands required for the construction of the Redlea Avenue extension from Passmore Avenue to McNicoll Avenue, and initiate detailed design work, in 2009. It is proposed that road construction for the extension from Passmore Avenue to McNicoll Avenue would commence in 2010.

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