

NO: R045

COUNCIL DATE: **MARCH 23, 2015**

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **March 12, 2015**

FROM: **General Manager, Engineering** FILE: **6520-20 (GH NCP #4)**
General Manager, Planning and Development

SUBJECT: **Redwood Heights Neighbourhood Concept Plan (NCP) –
Funding of the Stage 2 component of the NCP**

RECOMMENDATION

The Planning and Development Department and the Engineering Department recommend that Council:

1. Receive this report as information; and
2. Authorize staff to execute an amendment to the existing agreement for the preparation of the Stage 2 component of the Redwood Heights NCP, such that the City agrees to front end of the cost of the Stage 2 component with the City recovering its costs through a future charge on development applications in the NCP area imposed through the Surrey Land Use and Development Applications Fees Imposition By-law.

BACKGROUND

On September 14, 2009, Council adopted the recommendations of Corporate Report No. R175;2009, which included the approval of a Terms of Reference for the preparation of a Stage 1 Land Use Plan for the Grandview Heights Area #4 Neighbourhood Concept Plan (NCP) and authorization for staff to retain a consultant to assist in the development of this NCP. A consultant was retained to support the preparation of the Stage 1 component of the NCP. Council also approved an amendment to a draft agreement between the City and the Owners' Group regarding the preparation of an NCP for this area. The Owners' Group is a subset of the NCP area property owners who petitioned Council to advance the preparation of this NCP. A copy of the final agreement, dated September 21, 2009, ("the Agreement") is attached to this report as Appendix I.

On October 7, 2013, Council adopted the recommendations of Corporate Report R201;2013, which:

- approved the Stage 1 Land Use Concept for the Grandview Heights Area #4 Neighbourhood Concept Plan (to be named the "Redwood Heights" NCP);
- authorized staff to forward a copy of this report and the related Council resolution to the Redwood Heights NCP Owners' Group (the "Owners' Group") and confirm that the Owners' Group wishes to proceed with the preparation of the Stage 2 component of the NCP pursuant to the Agreement with the City dated September 21, 2009; and

- authorized staff to proceed with all necessary actions associated with the preparation of the Stage 2 component of the NCP following instructions from the Owner's Group.

DISCUSSION

Normally, work on the Stage 2 component of an NCP begins immediately upon the completion of the Stage 1 component; however, for this NCP, the Agreement with the Owner's Group stipulates that, before starting the Stage 2 planning process, a further agreement will be required with the Owners' Group that will provide for that Group to pay all costs associated with the detailed servicing studies required to complete the Stage 2 component.

Section 2 of the Agreement states that:

Subject to the approval of the Stage I NCP by the City, the preparation of the Stage II component of the NCP will be dependent on the Owners' Group agreeing to pay for all costs associated with the detailed servicing studies required to complete the Stage II component of the NCP process.

And Section 6 of the Agreement states that:

The City will initiate a process to recoup its costs for the Stage I NCP and to recoup and return to the Owners' Group, the costs of Stage II NCP preparation, through a per unit or area charge applied to all owners in Area #4 which is payable at the time of development.

The Owner's Group has advised staff that they wish to proceed with all necessary actions associated with the preparation of the Stage 2 component. The Owner's Group has also requested that the City fund all costs associated with the detailed servicing studies required to complete the Stage 2 component, rather than the Owner's Group front ending these costs.

The process in the Agreement requires that the City develop a funding agreement with the Owner's Group where the Owner's Group will front end the cost of the Stage 2 component. The City is to then establish a charge payable by each development in the NCP to reimburse the Owner's Group for their costs.

Staff are unsure as to why the Owner's Group was required to front end the cost of the Stage 2 component.

The approach of the City funding the Stage 2 component and recovering its costs through a future charge on development applications in the NCP area imposed through the Surrey Land Use and Development Applications Fees Imposition By-law is how the costs for most detailed servicing studies have been recovered or will be recovered on completed NCPs or NCPs currently underway, such as the Stage 2 component of the West Clayton NCP, East Clayton North of 72 Avenue NCP, Anniedale-Tynehead NCP and the Fleetwood Enclave Infill Area Concept Plan. The last Stage 2 component that was front-ended by the development community was the West Cloverdale North NCP, which was initiated in December 1995 and completed in November 1997.

The future Community Amenity Contribution fee is the method that the City will be using to recover its costs for the preparation of the Stage 1 component.

Staff are of the opinion that the current process Stage 2 funding and cost recovery process is a time consuming accounting process to ensure that the Owner's Group is appropriately compensated. As such, staff see the merits of this request as it simplifies the administrative burden associated with the currently agreed upon process in the Agreement. It is, therefore, recommended that the City front end of the cost of the Stage 2 component with the City recovering its costs as a component of the Community Amenity Contribution fee, and thereby establishing a consistent recovery of plan costs among NCP areas.

Next Steps

Subject to Council supporting the recommendations of this report, staff will complete the award for consulting services for the Stage 2 component of the NCP. Staff anticipate that the Stage 2 component of the NCP will be ready to be brought forward for consideration by Council in early 2016.

CONCLUSION

The Planning and Development Department and the Engineering Department recommend that Council:

- Receive this report as information; and
- Authorize staff to execute an amendment to the existing agreement for the preparation of the Stage 2 component of the Redwood Heights NCP, such that the City agrees to front end of the cost of the Stage 2 component with the City recovering its costs through a future charge on development applications in the NCP area imposed through the Surrey Land Use and Development Applications Fees Imposition By-law.

Fraser Smith, P.Eng., MBA
General Manager,
Engineering

Jean Lamontagne
General Manager,
Planning and Development

Appendix I – Agreement with the Owners' Group dated September 21, 2009

AGREEMENT

GRANDVIEW HEIGHTS AREA #4 NEIGHBOURHOOD CONCEPT PLAN

THIS AGREEMENT is dated the 21 day of SEP, 2009.

BETWEEN:

CITY OF SURREY
14245 – 56 Avenue
Surrey, British Columbia V3X 3A2

(the "City")

OF THE FIRST PART

AND:

PLATINUM ENTERPRISES LTD., a British Columbia corporation having its registered office at #201 – 12837 76 Avenue, Surrey, British Columbia V3W 2V2
and

SOUTH SURREY DEVELOPMENT CORP., a British Columbia Corporation having its registered office at #100 – 1450 Creekside Drive, Vancouver, British Columbia V6J 5B3

(the "Owners' Group")

OF THE SECOND PART

WHEREAS:

A. Grandview Heights Area #4 "Area #4" consists of 92 individual properties and approximately 195 hectares (481 acres) of land bounded by 176 Street (Highway 15) to the west, the Agricultural Land Reserve to the north and east, and the Redwood Park Community to the South, as shown on the map attached as Schedule I to this Agreement.

B. On July 24, 2006, Council resolved as follows:

"Direct staff to bring forward a Terms of Reference for the preparation of an NCP for Grandview Heights Area #4 subject to the proponents agreeing to:

- a) pay the costs for construction and maintenance of all interim engineering services required for opening the area to development (such costs are not eligible for DCC rebates);*
- b) pay to the City, all costs the City incurs in retaining consultants for studies and plan preparation work in support of preparing the subject NCP;*
- c) the NCP planning process commencing when the Stage I component of the NCP for Grandview Heights Area #2 has been completed and approved by Council;*
and

d) that conditions a) and b) be incorporated in an agreement, prior to the commencement of the NCP process'.

- C. The Owners' Group, representing themselves and the owners of certain properties within Area #4 as set out in Schedule II as the proponent, has advised the City that it wishes to proceed with the preparation of a Neighbourhood Concept Plan ("NCP") for Area #4 in advance of the anticipated normal phasing of development from west to east in Grandview Heights.
- D. The Stage I component of the NCP for Grandview Heights Area #2 has been completed.

THEREFORE in consideration of the payment of ONE (\$1.00) DOLLAR and other good and valuable consideration paid by each of the parties to the other (the receipt and sufficiency of which is hereby acknowledged) the City and the Owners' Group agree as follows:

- 1. The City will undertake the Stage I component of the NCP for Area #4 which will consist of a Land Use Concept showing the distribution of uses, densities and population, preliminary engineering concepts and a preliminary financial analysis as outlined in the NCP Checklist attached as Schedule III to this Agreement.
- 2. Subject to the approval of the Stage I NCP by the City, the preparation of the Stage II component of the NCP will be dependent on the Owners' Group agreeing to pay for all costs associated with the detailed servicing studies required to complete the Stage II component of the NCP process.
- 3. Subject to the approval of the Stage II NCP by the City, in order for development to proceed the Owners' Group will agree to pay the costs for design, construction and maintenance of all works required for the opening of the NCP area to development.
- 4. For the purposes of this Agreement, the "Works" shall mean any works that are required to be constructed for the development of the NCP area, including and without limitation sewer, water, drainage, transportation services and parkland development.

PHASE 1 – NCP STUDY

- 5. The City shall, in consultation with the Owners' Group, finalize a Terms of Reference for the preparation of the NCP.
- 6. The City will initiate a process to recoup its costs for the Stage I NCP and to recoup and return to the Owners' Group, the costs of Stage II NCP preparation, through a per unit or area charge applied to all owners in Area #4 which is payable at the time of development.
- 7. The City will retain qualified consultants through a "Request for Proposals" process and will pay for other costs directly associated with the preparation of the NCP, excluding the Stage II studies. The City will select and manage the work of the consultants under its normal process for undertaking the Stage I and Stage II components of the NCPs.

PHASE 2 – NCP IMPLEMENTATION

8. Upon completion of the NCP and prior to its final approval by the City and the implementation of any Works, the City will require a further agreement to be signed between the City and the Owners' Group specifying how the works will be implemented and financed. To the extent that there is an inconsistency between section 3 and section 8 of this Agreement, section 8 shall prevail.
9. The Owners' Group understands and agrees that only permanent trunk works will be eligible for Development Cost Charge (DCC) reimbursement and for possible inclusion in the City's 10 Year Servicing Plan.
10. The Owners' Group acknowledges that permanent, DCC eligible works may not necessarily be included in the current 10 Year Servicing Plan. The DCC Works will be assessed in relation to the total cost of servicing the area and the area's DCC revenue. If the estimated costs for the DCC eligible Works exceed projected DCC revenues for the area it is agreed that the additional costs may be covered by a special area levy, or other such cost recovery mechanism, for the NCP area to cover all permanent infrastructure costs. Such a levy will be charged and can be available to reimburse front ending proponents only once the DCC eligible works are included in the City's 10 Year Servicing Plan. If the DCC eligible Works are not included in the City's 10 Year Servicing Plan at time of development, costs recovery may be achieved through the Development Works Agreement process, which requires successful petitioning of benefiting properties and a By-law.
11. The Owners' Group agrees that because the NCP is proceeding out of sequence with regard to the normal west to east progression of the construction of services anticipated for Grandview Heights, the NCP study will include the upsizing of any infrastructure within or outside Area #4. This upsizing will accommodate potential future growth in the areas to be serviced by the system, namely Grandview Heights NCP#5 and North Grandview NCP areas. This may be greater than the densities currently suggested in the Grandview Heights General Land Use Plan and North Grandview NCP. Should development proceed based on the approved NCP, the Owners' Group will agree to construct and pay for the reasonable upsizing of infrastructure as identified in the approved NCP, before proceeding to development. This upsizing, although part of permanent infrastructure, shall not be eligible for the 10 Year Servicing Plan, but its cost may be recovered through the Development Works Agreement process.
12. The Owners' Group agrees that because the NCP is proceeding out of sequence with regard to the normal west to east progression of the construction of services anticipated for Grandview Heights, the NCP study will include an analysis of additional operational costs associated with the services to ensure the proposed works do not impose an unreasonable burden on the City's operational budgets.

- 13. In the event that the Owners' Group attempt to circumvent the spirit of this Agreement or to change its terms and conditions, Surrey retains the right to cease all work on the NCP.

THIS AGREEMENT has been executed as of the day and year first above written.

CITY OF SURREY by its authorized signatories)

Mary Krantz)
authorized signatory Acting Mayor)

Tom Sullivan)
authorized signatory City Clerk)

PLATINUM ENTERPRISES LTD. by its authorized signatory(ies))

[Signature])
authorized signatory)

authorized signatory)

SOUTH SURREY DEVELOPMENT CORP. by its authorized signatory(ies))

[Signature])
authorized signatory)

authorized signatory)