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Corporate Report

NO: R106

COUNCIL DATE: May 10, 2004

REGULAR COUNCIL

Mayor &

Council

DATE: April 27,

2004

FROM: General Manager,

Engineering

FILE: **5250-00**

SUBJECT: Latecomer Agreement Policy Revisions

RECOMMENDATION

That Council approve changes to the Latecomer Agreement Policy as outlined in this report.

BACKGROUND

Latecomer legislation was introduced into the Municipal Act in 1986 to provide a mechanism for partial cost recovery for developers that front-end extended services that benefit other lands. Subsequently, Surrey Council approved amendments to By-law No. 8830 – Subdivision & Development, and adopted Municipal Policy H25 to establish the latecomer process in Surrey. Although minor revisions have been made over the years, the fundamental latecomer process has remained the same.

The Engineering Department is undertaking a number of business process changes in order to streamline administration and gain efficiencies in processing land development applications. Latecomer Agreements and related processes have not been updated in quite some time, and offer an opportunity for process improvements.

DISCUSSION

The Land Development Division has processed 935 latecomer agreements to date, totaling over \$56 million of roads, water, sewer and drainage works. At present, it is estimated that each agreement requires about 10 hours of staff time plus about 5-10 hours of developer's consultant time to prepare the necessary documentation and notification, and a similar amount of staff time to confirm and set up for collection and reimbursement. Given this significant effort, Land Development Engineering staff have undertaken a thorough latecomer process review including several other B.C. municipalities. The following revisions are proposed to Surrey's Latecomer process in order to streamline the process and gain efficiencies.

Assess Benefit on Frontage Basis

There are two standard methods to assess benefit of extended services – equivalent unit and frontage based. Equivalent unit assessment is considerably more time consuming to administer as it requires an understanding of expected land use, densities, layout, and servicing concepts for all the benefiting lands (both frontender and latecomers). Frontage based assessment is much simpler as it only requires the frontage measurement of each property. At present, only road latecomers, which are 7% of the total, are assessed based on frontage. The remaining 93% for water, sanitary sewer and storm sewer latecomers use the more time-consuming equivalent unit assessment.

While this equivalent unit assessment was initially intended to more fairly share the cost of the works, actual practice has not proven that the extra complexity really achieves this. The frontage based assessment would mean that each development would pay for its frontage share of the service for which the latecomer agreement applies. Consequently, the frontage based approach has just as much equity plus will significantly reduce effort – both by City staff as well as the developer's consultant.

A third method of assessing benefit, area based, is and will continue to be utilized on rare occasions for extended services that provide area wide benefit such as sanitary sewer lift stations and off road trunk sewers that have no direct road frontage.

Eliminate Preliminary Latecomer Fee Assessment and Parcel Notification

The current Surrey latecomer process assesses latecomer fees twice – initially at pre—construction (preliminary) stage, and again at post-construction (final) stage. Significant staff and developer's consultant time is required to prepare a detailed pre-construction estimate, and assess the benefiting areas as noted above. Furthermore, once the preliminary latecomer assessment is complete, the developer's consultant is required to provide written notice to all registered property owners in the benefiting area and copy the City, and staff note each preliminary fee on the City property records. Then once the works are complete, staff reassess the final fees based on the actual construction cost and benefit assessment and adjust the notices on the property records. Although most projects do proceed, occasionally the works are never constructed and the latecomer agreement must be canceled and the charges removed from the property roll. Canceled latecomers accounted for 31 of the 935 total to date.

There is nothing in the Local Government Act/Municipal Charter that requires this preliminary assessment, nor benefiting parcel notification. Again, to provide significant efficiency gain, it is recommended that preliminary latecomer fee assessment and parcel notification process be eliminated, and simply finalize and assess the latecomer fees only once – upon substantial completion of the work.

Implement Additional Streamlining

There are a number of additional administrative changes to the latecomer process that could offer further efficiency gain and/or service improvements to the development industry.

If Council supports the elimination of the preliminary latecomer process as recommended above, staff are proposing to utilize a simple Latecomer Term Sheet to manage the pre-construction aspects of the process. The term sheet would require minimal effort to confirm the extent of the latecomer works as well as eligible benefiting frontage. The term sheet would then be the precursor to the formal latecomer agreement which would only be drafted after substantial completion of the works (assuming the works are actually constructed, and the final costs exceed the minimum cost recovery threshold as recommended above).

Staff are also proposing to restructure the latecomer term sheet and agreements to accommodate multiple latecomer components of a single project within a single document. At present, developers must enter separate road, water, sewer and drainage latecomers (and pay multiple administrative fees accordingly). Staff also plan to increase the reimbursement frequency from annually (anniversary date) to twice annually (every 6 months) to speed up the cost recovery/cash flow back to the front-ending developer. The application fees for latecomers will also be reviewed, and may be reduced to reflect the reduced administrative effort required with the revised, streamlined process.

CONCLUSION

Latecomer agreement administration is a significant (and growing) component of Surrey's land development engineering process and changes are long overdue. Fundamental changes are proposed in three areas:

- 1. Assess Benefit on Frontage Basis for All Services
- 2. Eliminate Preliminary Latecomer and Benefiting Parcel Notification Process
- 3. Additional streamlining (i.e., combine multiple services on one agreement, etc.)

These changes, together with additional miscellaneous administrative improvements, collectively offer significant process streamlining and efficiency gains of up to 35% externally, which will reduce developer's consultant fees, and up to 50% internally which, in turn, will position staff to provide better customer service and reduce processing timelines of the overall land development process.

These proposed latecomer policy changes were presented to the Development Advisory Committee (DAC) at their March 25, 2004 meeting. The DAC was very supportive of all the proposed changes and felt the streamlined business processes were much more efficient and would benefit the development industry significantly.

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