

Corporate Report

NO: R110

COUNCIL DATE: May 10, 2004



REGULAR COUNCIL

TO: **Mayor &
Council** DATE: **May 5,
2004**

FROM: **General Manager, Engineering
General Manager, Finance,
Technology & HR** FILE: **6520-20
(CH)**

SUBJECT: **Funding of City Share of Pre-Servicing for
Campbell Heights**

RECOMMENDATIONS

1. That the City's share of the \$10 million program of pre-servicing of the City lands in Campbell Heights Group be financed from the following sources:
 - \$4.4 million for road works from the proceeds of the sale of the City lands in Campbell Heights:
 - \$2.2 million in 2004;
 - \$2.2 million in 2005.
 - \$4.1 million for sewerage and drainage works from the Sewerage & Drainage Utility's pre-servicing account.
 - \$1.5 million for water works from the Water Utility's pre-servicing account.
2. That these funding sources be repaid as future DCCs are collected in the Campbell Heights area in accordance with the current agreement between the City and Campbell Heights Group.

INTENT

To establish Council approved financing sources for the pre-servicing of City lands in Campbell Heights.

BACKGROUND

The Campbell Heights Group (CHG) has waived all its conditions on the purchase of 141 acres of City land in Campbell Heights and has provided the City with the first of a series of letters of credit to cover their share of the servicing of these lands. Under the agreement between the City and CHG, the cost of the trunk and major road servicing is shared equally up to the first \$20 million. Local servicing is fully funded by CHG. The City's share will be recovered over time as future DCCs are collected in the Campbell Heights area in accordance with the agreement between the City and CHG. The sale of the first 141 acres will generate \$4.935 million for the City. Proposed financing sources for the pre-servicing are a component of this \$4.935 million, namely \$4.4 million for the road works, and \$4.1 million and \$1.5 million from the Council approved pre-servicing accounts in the Sewer & Drainage Utility and the Water Utility respectively.

Construction Schedule

CHG will be securing for their share of the servicing through a series of letters of credit, the first of which has been received. The design and construction of the work is being overseen by the City and will be constructed to full City standard and specifications. Tenders close next week on the first contract and a series of five other tenders will close over the next two months with construction proceeding over the balance of this year and into early next year. Based on the financing outlined above and the letter of credit securities provided by CHG, tender awards will be brought forward to Council for approval. Under the agreement, contract payments will be equally shared between the City and CHG with their letters of credit then drawn down in the usual manner. The first development proposals for the area are expected to commence the planning and development process shortly.

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