



Corporate Report

NO: R161

COUNCIL DATE: June 27, 2005

REGULAR COUNCIL

TO: **Mayor &
Council** DATE: **June 22,
2005**

FROM: **General Manager,
Engineering** FILE: **7804-0112-
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7804-0312-
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SUBJECT: **Highway 99 Corridor/Grandview Corners –
Development Cost Charge Front Ending
Agreement**

RECOMMENDATION

That Council authorize the use of a Development Cost Charge (DCC) Front-Ending Agreement to an upset limit of \$10,711,700 to reimburse the front-ending Developer for costs incurred to construct community servicing works within the Highway #99 Corridor Neighbourhood Concept Plan (NCP).

INTENT

The purpose of this report is to obtain Council authorization for DCC cost recovery for front-ending costs to install community servicing works as required by the Highway #99 Corridor NCP related to servicing works proposed by the Grandview Corners Developer.

BACKGROUND

Council, at the January 19, 2005 Regular Council Public Hearing, granted third reading to Rezoning By-law No. 15610 (First Professional Management (West) Inc.), and Rezoning By-law No. 15611 (Loblaws Properties West Inc.) to rezone lands around 24 Avenue and 160 Street to enable subdivision and development of the Grandview Corners development, as illustrated in Attachment 1.

Engineering Department staff have been working through the development servicing design process with the Developer's consulting team, with the result that First Pro and Loblaws will be executing a Servicing Agreement with the City in the coming weeks to jointly service the development lands. This site forms the majority of the commercial node designated in the Highway #99 Corridor, and is the first development application to proceed in this NCP. As such, and given the significant scale of this development, there are extensive servicing requirements to support this development. Components of the servicing are eligible for reimbursement by the City; however, due to the size of the reimbursement involved, Council authorization is required.

DISCUSSION

The following trunk and community infrastructure works required by the Highway #99 NCP are proposed as part of the servicing requirements for Grandview Corners:

- New 24 Avenue overpass over Highway #99;
- 24 Avenue ultimate arterial road works – overpass to 162 Street;
- Traffic signals at 24 Avenue/160 Street and 24 Avenue/168 Street intersections;
- 24 Avenue/164 Street intersection upgrade/channelization;
- 160 Street collector widening/upgrade;
- 160 Street south trunk water main;
- Community storm detention pond; and
- 160 Street storm trunk inflow sewer.

These works are included in the DCC By-law with the intention that they be constructed in the future using DCC funds. The collective DCC Budget of these community works is \$10,711,700. Since these works would be necessary to proceed in conjunction with the development, it is appropriate for the developers to front-end the cost of these works. The DCC Front-Ending Agreement provides the cost recovery mechanism.

Based on current estimates, the total cost of these community works inclusive of property acquisition, construction, and engineering plus a 10% contingency and 7% GST is \$12,475,000. City staff have undertaken a thorough review of these cost estimates and concur this estimate is reasonable given the current construction costs. The DCC revenue payable with future Building Permits within the proposed benefiting area at full build-out is estimated to exceed \$12,000,000. However, the cost recovery through the Front-Ending Agreement is limited to the DCC Budget amount of \$10,711,700 noted above.

The Engineering Department has reviewed its flexibility with respect to financing of future community infrastructure within the Highway #99 Corridor NCP, and confirms that supporting this Front-Ending proposal will not significantly affect the Engineering Department's program flexibility in the future.

Should Council approve the Front-Ending Agreement, the City's Legal Services Division will review the Agreement for execution by the Developer. The Developer will pay a DCC Front-Ending Agreement fee of \$4,000 for the preparation, registration and administration of the Agreement. Construction of the works will be based on competitive tendering by the developer with the results reviewed by City staff to confirm that the bid process reflects the City of Surrey purchasing a policy and the prices represent good value for the DCC expenditures.

The Developer has acquired the necessary rights-of-way and will be providing securities for construction of the works through the Servicing Agreement. Construction of the works is required to be completed within 12 months. The DCC Front-Ending Agreement will be finalized upon completion of the work based on actual certified costs to a maximum of the upset limit. Staff will report back to Council in more detail on the schedule for the works when the project moves forward to fourth reading.

CONCLUSION

Much of the servicing proposed for the Grandview Corners development are trunk and community infrastructure DCC funded works, and thus eligible for reimbursement by the City. The scope and estimated costs of these works have been thoroughly reviewed and are in line with current competitive prices for other similar works, representing good value for the expenditure. Council authorization of these finance mechanisms is required.

Based upon the Highway #99 Corridor NCP servicing plan, the Engineering Department supports a DCC Front-Ending Agreement to an upset limit of \$10,711,700 (including 7% GST) to reimburse the Developer for front-ending costs to construct community servicing works. The DCC Front-Ending Agreement will be finalized upon completion of the work based on actual certified costs to a maximum of the upset limit.

Paul Ham, P. Eng.
General Manager, Engineering

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Attachment

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