



# Corporate Report

NO: C001

COUNCIL DATE: February 7, 2006

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## COUNCIL-IN-COMMITTEE

TO: Mayor & Council

DATE: February 7, 2006

FROM: General Manager, Engineering

FILE: 3150-01

SUBJECT: New 2006-2015 10-Year Servicing Plan

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## RECOMMENDATIONS

1. That Council endorse, in principle, the Draft 2006-2015 10-Year Servicing Plan.
2. That the 2006-2015 Draft 10-Year Servicing Plan be used as a basis for the calculation of, and seeking public input on, new development cost charges (DCC) for all areas of the City, except for the Highway 99 Corridor and the Campbell Heights Industrial area – which have specific DCC's.

## INTENT

To seek Council endorsement for the updated 2006-2015 10-Year Engineering Servicing Plan, a full copy of which is available in the engineering department, to allow staff to proceed with the public consultation process for the new DCC's.

## BACKGROUND

The 10-Year Servicing Plan serves as a basis for long-term capital expenditure planning, calculating Development Cost Charges (DCC), and providing DCC credits/rebates for developers constructing major infrastructure services identified in the Plan. The Servicing Plan is not a commitment to constructing the works identified, as actual construction is contingent on year to year needs and on having the funding available (i.e., DCCs collected, general revenue, utility funds or funding from other agencies as part of the annual budget).

Since the last servicing plan, a number of significant planning and engineering initiatives and studies had been completed including:

- Neighbourhood Concept Plans (NCP's) for East Clayton, South Westminster, West Newton, Highway 99 Corridor, North Grandview Heights and Morgan Heights.
- Master Drainage Plans prepared for extensive areas of Surrey.
- New city wide water and sewer models.
- An update of the Surrey Sub Area Model identifying 10 Year road improvement needs.

The findings of all these studies and initiatives, some of which involved intensive public consultation, have been incorporated into the 2006-2015 Servicing Plan.

The 2006-2015 Servicing Plan builds on the previous plan in that it deletes projects that have been constructed and brings in new projects needed for the next 10 years. Also, new projects have been amended, as additional information has become available. The plan also allows for TransLink cost sharing of construction and safety improvements on the Major Road Network. Where developers under DCC Frontender Agreements have constructed projects, the remaining balance to be paid to the frontenders has been rolled over into the new Servicing Plan.

### **Relationship to City's Proposed OCP**

This update of the 10-Year Servicing Plan has been underway for some time now and reflects current City OCP policies. For servicing the Campbell Heights Industrial Area and the Highway 99 Corridor, specific servicing plans have now been incorporated in the 10-Year Servicing Plan as separate items as there are area specific DCCs for these locations.

### **Growth Projections**

The Planning and Development Department is projecting a growth of 43,600 residential dwelling units (including Secondary Suites), which represents a population increase of 94,500 from 2006 to 2015. Additionally commercial floor space is expected to increase by 504,000 square feet (excluding additions in the Highway 99 Corridor) per year and industrial development at 35 acres per year (excluding additions in the Campbell Heights Industrial area and the Highway 99 Corridor) over the next 10-years. Distribution of this growth throughout the City was also modeled to match the anticipate infrastructure demand. These growth assumptions were used in the development of the Servicing Plan.

### **SUMMARY OF COSTS**

The Servicing Plan identifies costs of capital projects that will provide servicing capacity for the projected growth as outlined above. In addition, it identifies capital costs to resolve existing servicing deficiencies and to maintain the existing infrastructure, with a replacement value of \$2 billion, which is providing service to the current population of 400,000. The costs included in this plan for the various components are estimated as follows:

	Growth Related*		Non-Growth Related*	
	New Proposed 10 year plan \$ million	Current 10 year plan \$ million	Proposed 10 year plan \$ million	Current 10 year plan \$ million
Arterial Roads	218	164	40	47
Major Collector Roads	60	42	52	50
Drainage/Storm Water Control	97	77	48	83
Sanitary Sewer	62	36	40	20
Water	59	40	101	70
<b>Total</b>	<b>496</b>	<b>359</b>	<b>281</b>	<b>270</b>

\* Excludes Campbell Heights and The Highway 99 Corridor.

### Growth Related Costs

Overall, the proposed growth-related costs are higher than identified in the previous plan due to significant increases in construction and land costs, and the increased amount of capital works needed to provide services for NCP's in outlying areas. As previously explained, these figures do not include servicing costs for Campbell Heights Industrial area or the Highway 99 Corridor.

The growth related costs are funded, apart from a small amount (5%) of City funding assistance, from Development Cost Charges. The rates for DCCs resulting from this 10 year plan are detailed under a separate corporate report.

### Non-Growth Related Costs

The primary focus of this report is the growth related works and costs. The non-growth related costs for Utilities are fundable within the context of the 5-Year Financial Plan approved by Council and the longer 10-Year Financial Plan prepared by the General Manager, Finance, Technology & HR Department.

### Roads

For roads, the non-growth related costs are lower than previously identified. For arterials, this is in large part due to a smaller component of the South Fraser Perimeter Road being assigned as a non-growth cost due to senior levels of government having announced they will be funding the construction of it. For non-arterials, costs are slightly greater due to increased cost for major collector paving. For local roads the increase of paving costs has been offset by a reduced program, reflecting what can be more realistically funded and means that local roads will operate at a somewhat reduced level of service in terms of pavement quality. As in previous servicing plans, identified road related costs, primarily pavement rehabilitation, local road sidewalks and City Centre street beautification works, cannot be fully funded within the currently approved 5 Year Financial Plan. Consequently, the Engineering Department will be reviewing road related funding with a subsequent report back to Council.

## **Drainage**

The non-growth totals have decreased from \$83 to \$48 million for Drainage. The reduction is due primarily to the progress of the Serpentine-Nicomekl flood control program. A review of existing City infrastructure is currently being completed. It is expected that the review will recommend upgrades to the aging systems and improvements to under serviced areas. These recommendations will result in increased non-growth budget requirements for the next 10 year servicing plan.

## **Sewer**

The increase in non-growth sewer costs is mainly due to the significant construction cost increase since 2001. As with drainage the non-growth cost has, as yet, not included the full life-cycle asset replacement program. We are presently undertaking the necessary studies and expect these to be completed for the next servicing plan and will include replacement program costs in the next 10-year plan.

## **Water**

The \$31 million increase in non-growth cost is required because of construction cost increases and the addition of a replacement program for the next 10 year to replace old and obsolete water mains made of cast iron and asbestos cement pipe.

## **CONCLUSION**

The new 10 Year Servicing Plan reflects current land and construction costs and the need for growth as well as for maintaining the existing City infrastructure. Should Council approve the separate report on the new DCCs, then the draft 10 Year Servicing Plan will be presented to the public as part of the public consultation process for the new DCC by-law. The servicing plan will be finalized once the new DCC by-law has had first and second readings.

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- c.c. - General Manager, Parks, Recreation & Culture  
- General Manager, Finance, Technology & HR Dept.  
- General Manager, Planning & Development