

PURPOSE

The purpose of this report is to obtain Council's authority to execute a proposed Development and Partnering Agreement between the City and two joint private landowners (Mary Smith of Langley and Iris Angela McEachern of Vancouver). The private landowners have already executed the agreement, which will, upon execution by the City, allow the creation of two industrial lots, each fronting on a proposed extension of 115 Avenue, west of Bridgeview Drive and containing 2.7 acres (Lot A) and 5.22 acres (Lot B) respectively. A third lot (Lot C) will be created from City-owned lands at the time of subdivision, but will not be part of the Development and Partnering Agreement.

BACKGROUND

Since 2002 the City's Realty Services Division has, in a staged manner, developed and created 10 serviced, industrial lots within East Bridgeview. To date nine lots have been sold, with the sale of the 10th lot (which remains unserviced) expected to complete on October 27, 2006. This lot is to be serviced by the purchaser, from a westerly extension of 114 Avenue from 131 Street.

The private landowners (Smith and McEachern) jointly own three parcels of land fronting 114A and 114B Avenues. The City owns eight parcels of land and three portions of closed road. The parcels of City land front 114A, 114B, 115A and 115B Avenues. Development costs have been calculated at being not less than 18.05% of net sale proceeds in order to recover actual servicing costs. The private landowners and City's percent interest in the land, after first deducting development costs, is:

	Surrey	Smith/McEachern
Lot A (2.7 acres)	36.5%	63.5%
Lot B (5.22 acres)	75.7%	24.3%

The private and City landownership is shown on the maps attached as Appendices II & III.

DISCUSSION

The Development & Partnering Agreement, as executed by the private joint venture owners/partners, incorporates some of the following provisions:

1. The City will be responsible to co-ordinate the extension of services to facilitate servicing of the two lots. All costs, including City staff time, will be reimbursed from the gross sale proceeds.
2. Lots to be created and serviced will be marketed by the City.
3. The lands have received Third Reading and a Preliminary Layout Approval under planning file 7905-0343 for both IL rezoning and subdivision. City staff anticipate completing the remaining obligations necessary to receive Fourth Reading by the end of 2006.

Project Land Values & Engineering Cost Estimate

An independent appraisal of the lands found that the land, following servicing and construction of road works, would have a value of ±\$600,000 per acre as of May 2006. Because of a strong demand for serviced industrial land, Realty staff believe that once the works and services are completed in 2007, the City may actually achieve higher land values.

The City's consulting engineer estimated that the cost of servicing, including road works was in the order of \$822,000 plus engineering fees. (For purposes of the pro forma (Appendix I) costs have been estimated at \$858,000, being 18.05% of the gross sales estimate.)

The project is economically feasible, based upon current strong market demand for serviced industrial sites within the subject area, especially with the imminent construction of the South Fraser Perimeter Road (116 Avenue). Partnering with the private owners results in an efficient and practical lot layout, benefiting the parties equally. The attached pro forma for the two lot, industrial subdivision (Appendix I) sets out the yield on the sale of the land following servicing. The City's portion of the net profit is estimated to be \$2,429,000 and the McEachern/Smith portion is estimated to be \$1,467,000.

Funding Source

The cost of services, including road construction, will be funded through the Utility Pre-Servicing fund. This fund will be reimbursed from the sale proceeds.

In addition to the City's full recovery of its servicing cost at the time of land sales, the City will also collect DCCs from these lands at the time of building permit application.

Public Disclosure

Since the City is funding the servicing cost, which will be reimbursed from the land sale proceeds, the Legal Services Division has recommended that to ensure transparency, a notice of assistance under Section 24 must be published in addition to the standard notification under Sections 26 & 94 of the Community Charter concerning the City's intention to dispose of its land.

Legal and Legislative Services Divisions' Input

Legal Services has assisted in the drafting and review of this report, the Development and Partnering Agreement, and the public notification process. Realty staff will continue to work with staff from the Legal and Legislative Services Divisions should the recommendations in the report be approved.

CONCLUSION

The proposed Development & Partnering Agreement has been prepared by the City's Legal Services Division staff in collaboration with the Realty Services Division and the private landowners. The proposed development has been found to be economically viable and that joint development is the most prudent method for both the private owners and the City to deal with the lands. City staff recommend that Council approve signing the proposed Development & Partnering Agreement and further authorize staff to take all steps to finalize the agreement following the necessary public disclosure process. After the Alternative Approval Process has been completed, and if approval of the electors is received, a by-law will be brought forward to a Regular Council meeting for Council to consider Final Adoption.

Paul Ham, P. Eng.
General Manager, Engineering

WP/mpr

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c.c. - City Solicitor, Legal Services Division
- City Clerk

Appendices

- I. Pro Forma for the Two Lot Industrial Subdivision
- II. Aerial photograph of the proposed two lots
- III. Site plan showing ownership of the lands

APPENDIX I

PRO FORMA FOR THE TWO LOT INDUSTRIAL SUBDIVISION

Land area, Lots A & B	5.22 acres
	<u>2.70 acres</u>
Total	7.92 acres

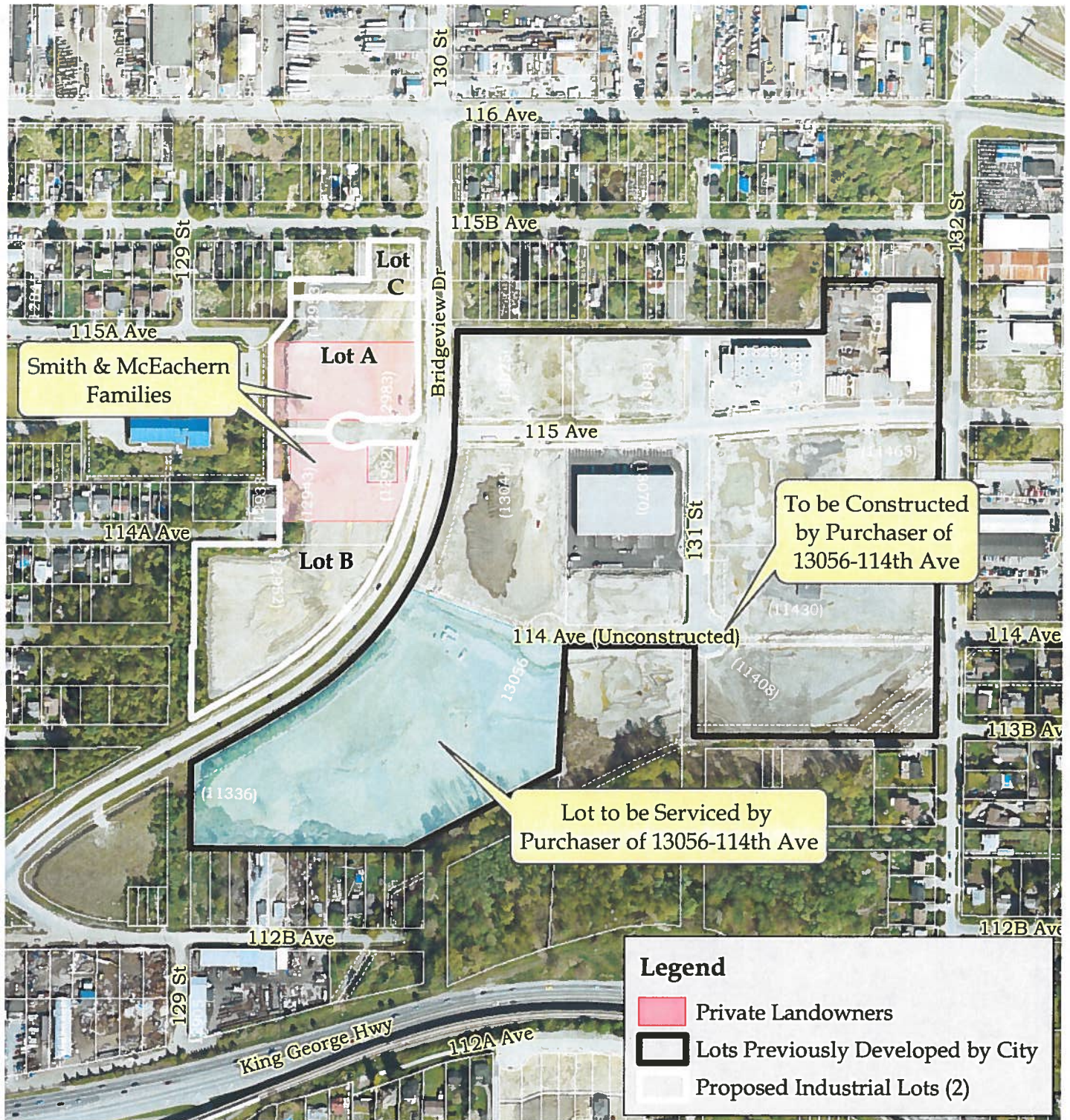
Gross Land Sales

Total Land Sales, Lots A & B		\$4,752,000
Lot A 2.70 acres @ ±\$600,000 per acre	\$1,620,000	
Lot B 5.22 acres @ ±\$600,000 per acre	<u>\$3,132,000</u>	
Less Servicing Costs and Soft Costs (estimate as at April 2006 is \$822,000 or 18.05% of \$4,752,000)		<u>(\$858,000)</u>
Net Land Value		\$3,894,000 (or \$492,000 per acre)

Land Value Apportioned by Owner

	City Interest in Land	McEachern/Smith Interest in Land	Net Land Value
Interest in Lot A 2.70 acres	\$ 484,866 (36.5%)	\$ 843,534 (63.5%)	\$1,328,000
Interest in Lot B 5.22 acres	\$1,944,157 <u>(75.7%)</u>	\$ 624,083 <u>(24.3%)</u>	<u>\$2,568,000</u>
Land Value after Servicing	\$2,429,000	\$1,467,000	\$3,894,000
	City Yield	McEachern/Smith Yield	Total Yield

APPENDIX II AERIAL PHOTOGRAPH OF SITE



PRODUCED BY ENGINEERING, GIS SECTION: October 17, 2006, WT

Date of Aerial Photography: April 2006



EAST BRIDGEVIEW DEVELOPMENT

REALTY DIVISION

The data provided is compiled from various sources and IS NOT warranted as to its accuracy or sufficiency by the City of Surrey.
This information is provided for information and convenience purposes only. Lot sizes, legal descriptions and encumbrances must be confirmed at the Land Title Office.
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