



# Corporate Report

NO: R154

COUNCIL DATE: July 24, 2006

## REGULAR COUNCIL

TO: Mayor & Council DATE: July 17, 2006  
FROM: General Manager, Engineering FILE: 7805-0003-00  
8305-0003-00  
SUBJECT: East Clayton North Expansion – Development Cost Charge Front-Ending Agreement

## RECOMMENDATION

The Engineering Department recommends that Council:

1. Authorize the use of a Development Cost Charge (DCC) Front-Ending Agreement to an upset limit of \$527,000 to reimburse the front-ending Developer for costs incurred to construct the 194A Street/72 Avenue Trunk Storm Sewer within the East Clayton North Expansion Neighbourhood Concept Plan (NCP).

## INTENT

The purpose of this report is to obtain Council authorization for cost recovery for front-ending costs to install community servicing works proposed by the 72 Avenue Development Corporation as required by the East Clayton North Expansion NCP.

## BACKGROUND

At the July 25, 2005 Regular Council Public Hearing, Council granted third reading to Rezoning By-laws No. 15798A/B to rezone 19311 – 72 Avenue.

Engineering Department staff have been working through the development servicing design process with the Developer's consulting team, with the result that 72 Avenue Development Corporation will soon be executing a Servicing Agreement with the City to service the development lands. The storm trunk sewer component of the servicing is eligible for DCC reimbursement by the City. Council authorization is required for this cost recovery agreement.

## DISCUSSION

The 194A Street/72 Avenue Trunk Storm Sewer required by the East Clayton North Expansion NCP is proposed as part of the 72 Avenue Development Corporation site servicing as illustrated in Figure A. This trunk storm sewer is included as DCC eligible in the East Clayton North Expansion NCP with the intention that they be constructed in the future using DCC funds.

The estimated all inclusive cost of the work is \$783,255, and the estimated Drainage DCC revenue within the benefiting area is \$883,160. However, the cap for DCC reimbursement of this infrastructure in the East Clayton North Expansion NCP is \$527,000, as this was the amount that was estimated in the NCP. Since these works are necessary to proceed with this development, the Developer has offered to front-end the cost of these works provided he will be partially reimbursed over time from DCC funds collected from subsequent development within the benefiting areas up to the NCP cap amount. The DCC Front-Ending Agreement provides the cost recovery mechanism. The Developer must pay the shortfall between the NCP cap amount and the actual final cost.

The Engineering Department has reviewed its flexibility with respect to financing of future community infrastructure within the East Clayton NCP and East Clayton North Expansion NCP, and confirms that supporting this front-ending proposal will not significantly affect the Engineering Department's program flexibility in the future.

Should Council authorize the Front-Ending Agreement, the City's Legal Services Division will review the Agreements for execution by the Developer. The Developer 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.

## CONCLUSION

The 194A Street/72 Avenue Trunk Storm Sewer is 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 this finance mechanism is required.

Based upon the East Clayton North Expansion NCP Servicing Plan, the Engineering Department supports a DCC Front-Ending Agreement to an upset limit of \$527,000 to reimburse the Developer for front-ending costs to construct community servicing works.

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Attachments

