



Corporate Report

NO: R095

COUNCIL DATE: May 14, 2007

REGULAR COUNCIL

TO: Mayor & Council DATE: May 9, 2007
FROM: General Manager, Engineering FILE: 7806-0250-00
8306-0250-00-1
SUBJECT: Polygon Developments – Drainage Development Cost Charge Front-Ending Agreement

RECOMMENDATION

The Engineering Department recommends that Council authorize the use of a Development Cost Charge (DCC) Front-Ending Agreement to an upset limit of \$1,095,000 to reimburse the front-ending Developer for costs incurred to construct community storm water detention Pond G within the Grandview Heights NCP Area #1.

INTENT

The purpose of this report is to obtain Council authorization for recovery of costs to construct community servicing work proposed to be front-ended by Polygon Developments as required by the Grandview Heights NCP Area #1.

BACKGROUND

Council has endorsed OCP/NCP Amendments and granted third reading to Rezoning By-laws for numerous multi-family residential development sites along 26 Avenue and 156 Street adjacent Grandview Corners/Morgan Crossing a Polygon Developments proposal to develop a 327-unit townhouse site is included in these sites. Engineering Department staff have been working through the development servicing design process with these Developers and Engineering Consultants, and it is expected several Servicing Agreements will be executed prior to the DCC deadline later this Spring. A component of the servicing for these developments is eligible for DCC reimbursement by the City, and Council authorization is required for a DCC Front-Ending Agreement.

DISCUSSION

Development in the vicinity of the Polygon site requires the construction of community storm detention Pond G as per the Grandview Heights NCP Area #1. Pond G is included in the 10 Year Servicing Plan and the DCC By-law with the intention that it be constructed in the future using DCC funds. The Developer has offered to front-end the cost of Pond G, provided he will be reimbursed over time from DCC funds collected from subsequent development within the benefiting area. The DCC Front-Ending Agreement provides the cost recovery mechanism.

The benefiting area for Pond G is illustrated in Appendix I. Many of the properties within the benefiting area are under active land development application. Based on current estimates, the total cost of Pond G inclusive of property acquisition, construction, and engineering plus a 10% contingency and 6% GST is \$1,199,000. City staff have undertaken a thorough review of this cost estimate and concur this estimate is reasonable given current construction costs.

The 10 Year Servicing Plan funding allocation for Pond G is \$1,095,000. The DCC revenue payable by future development within the proposed benefiting area at full build-out is estimated to be \$1,628,000; however, the first \$400,000 of this DCC revenue has been allocated to reimburse Morgan Heights Development for a portion of the 160 Street trunk storm sewer front-ended by them in 2006. Thus the remaining \$1,228,000 revenue will provide adequate cost recovery through the Front-Ending Agreement up to the 10 Year Plan cap amount of \$1,095,000.

The Engineering Department has reviewed its flexibility with respect to financing of future community drainage infrastructure within the Grandview Heights NCP Area #1, and confirms that supporting this Front-Ending proposal will not significantly affect the Engineering Department's drainage DCC program flexibility in the future.

Should Council authorize the Front-Ending Agreement, the City's Legal Services Division will review the Agreement for execution by the Developer. 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 policy and the prices represent good value for the DCC expenditures.

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

Pond G proposed for development in this area of the Grandview Heights NCP Area #1 is community infrastructure DCC funded works, and thus eligible for reimbursement by the City up to the 10 Year Plan cap amount. The scope and estimated costs of this work have been thoroughly reviewed and are in line with current competitive prices for other similar works, representing good value for the expenditure.

Based upon the Grandview Heights NCP Area #1, the Engineering Department supports a DCC Front-Ending Agreement to the noted upset limit to reimburse the Developer for front-ending costs to construct community storm water detention Pond G.

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General Manager, Engineering

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Appendix I: Benefiting Area for Pond G

c.c.: Manager, Utilities & Transportation, Engineering Department