

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 a group of developers as required by the East Clayton NCP and the East Clayton North Extension NCP, and also obtain Council authorization for additional City work proposed in conjunction with the development works.

BACKGROUND

Council has endorsed OCP/NCP Amendments and granted third reading to Rezoning By-laws for numerous residential development sites adjacent to 196 Street, from 64 Avenue to north of 72 Avenue. 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. Certain components of the servicing are eligible for DCC reimbursement by the City, another component is proposed for recovery through a Development Works Agreement levy, and finally other components are payable by the City through Development Coordinated Works (DCW) funding. Council authorization is required for these cost recovery agreements and DCW expenditures.

DISCUSSION

Site development in the eastern portion of the East Clayton NCP and the East Clayton North Extension NCP requires the construction of community storm detention Pond C located at 68 Avenue/196 Street, as well as the upgrade of the Langley Bypass sanitary trunk sewer downstream, which is reaching its capacity. Pond C and the Langley Bypass sanitary trunk sewer are included in the 10 Year Servicing Plan and the DCC By-law with the intention the works be constructed in the future using DCC funds. A group of Developers have offered to partner and front-end the cost of Pond C and the Langley Bypass sanitary trunk sewer, provided they will be reimbursed over time from DCC and DWA funds collected from subsequent development within the benefiting area. The DCC Front-Ending and Development Works Agreements provide the cost recovery mechanism. The Developers have also agreed to include the phase 3 upgrades of the Langley Bypass sanitary and storm trunk sewers to be funded by the City at this time, as these works will be required shortly given the rapid pace of development in this area.

The benefiting area for Pond C and associated works is illustrated in Figure 1. Many of the properties within the benefiting area are under active land development application. Based on current estimates, the total cost of Pond C and associated works inclusive of property acquisition, construction, engineering and 6% GST is \$4,117,000. The 10 Year Servicing Plan funding allocation for Pond C and associated works is \$923,000, and the DCC revenue payable by future development within the proposed benefiting area at full build-out is estimated to be \$1,752,300. As such, the cost recovery through the Front-Ending Agreement is limited to the 10 Year Plan cap amount of \$923,000. This leaves a \$3,194,000 shortfall, and thus a Development Works Agreement is required over and above the DCC Front-Ending Agreement to recover the shortfall, which equates to a DWA levy amount of roughly \$46,000 per acre for lands within the benefiting area. Subject to Council authorizing the Development Works Agreement, the Developer will

be undertaking a Development Works Agreement petition process of the benefiting properties, and if supported by a majority of landowners the petition will be reviewed with the City Clerk for conformance to the Community Charter, and a DWA By-law will be subsequently introduced to Council.

The benefiting area for the Langley Bypass Trunk Sewer phase 2 upgrade is illustrated in Figure 2. Based on current estimates, the total cost of the Langley Bypass Trunk Sewer phase 2 upgrade inclusive of property acquisition, construction, engineering and 6% GST is \$2,027,000. The 10 Year Servicing Plan funding allocation for the Langley Bypass Trunk Sewer phase 2 upgrade is \$1,920,000 including 6% GST, and the DCC revenue payable by future development within the proposed benefiting area at full build-out is estimated to exceed \$4.3 million. As such, the cost recovery through the Front-Ending Agreement is limited to the 10 Year Plan cap amount of \$1,920,000, which leaves a shortfall the Developers will fund as it does not meet the criteria for a Development Works Agreement.

The City staff have undertaken a thorough review of these cost estimates and concur they are reasonable given current construction costs.

The Engineering Department has reviewed its flexibility with respect to financing of future community drainage and sewer infrastructure within the East Clayton NCP and the East Clayton North Extension NCP, and confirm that supporting these Front-Ending proposals will not significantly affect the Engineering Department's drainage nor sewer DCC Program flexibility in the future.

Should Council authorize the Front-Ending and Development Works Agreements, the City's Legal Services Division will review the Agreements for execution by the Developer. Construction of the works is 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 Developers will be providing securities for construction of the works through the Servicing Agreements. Construction of the works is required to be completed within 12 months. The DCC Front-Ending and Development Works Agreements will be finalized upon completion of the work based on actual certified costs to a maximum of the upset limits.

This area is a tremendous growth area of Surrey, and it is prudent for the City to fund the phase 3 upgrades of the Langley Bypass sanitary and storm trunk sewers in conjunction with this project as these works relieve the final East Clayton servicing constraints and will be required shortly. Based on current estimates, the cost of the Langley Bypass phase 3 upgrades inclusive of construction, engineering and 6% GST are \$604,000 to be funded through the Drainage DCW budget and \$619,000 to be funded through the Sanitary DCW budget.

CONCLUSION

Pond C and associated works proposed for the East Clayton developments is community infrastructure DCC funded works, and thus eligible for reimbursement by the City up to the 10 Year Plan cap amount as there is more than adequate DCC revenue from within the benefiting area. The shortfall between the estimated cost and the DCC reimbursement meets the criteria for a Development Works Agreement. Similarly, the Langley Bypass Trunk Sewer phase 2 upgrade proposed for the East Clayton developments is community infrastructure DCC funded works, and thus eligible for reimbursement by the City up to the 10 Year Plan cap amount as there is more than adequate DCC revenue from within the benefiting area. Lastly, it is prudent for the City to fund the Langley Bypass phase 3 storm and sewer upgrades at this time through DCW funding.

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 approval is recommended for these finance mechanisms and DCW expenditures.

Based upon the East Clayton NCP and the East Clayton North Extension NCP, the Engineering Department supports a DCC Front-Ending Agreements and Development Works Agreement to the noted upset limits to reimburse the Developer for front-ending costs to construct community storm and sanitary works.

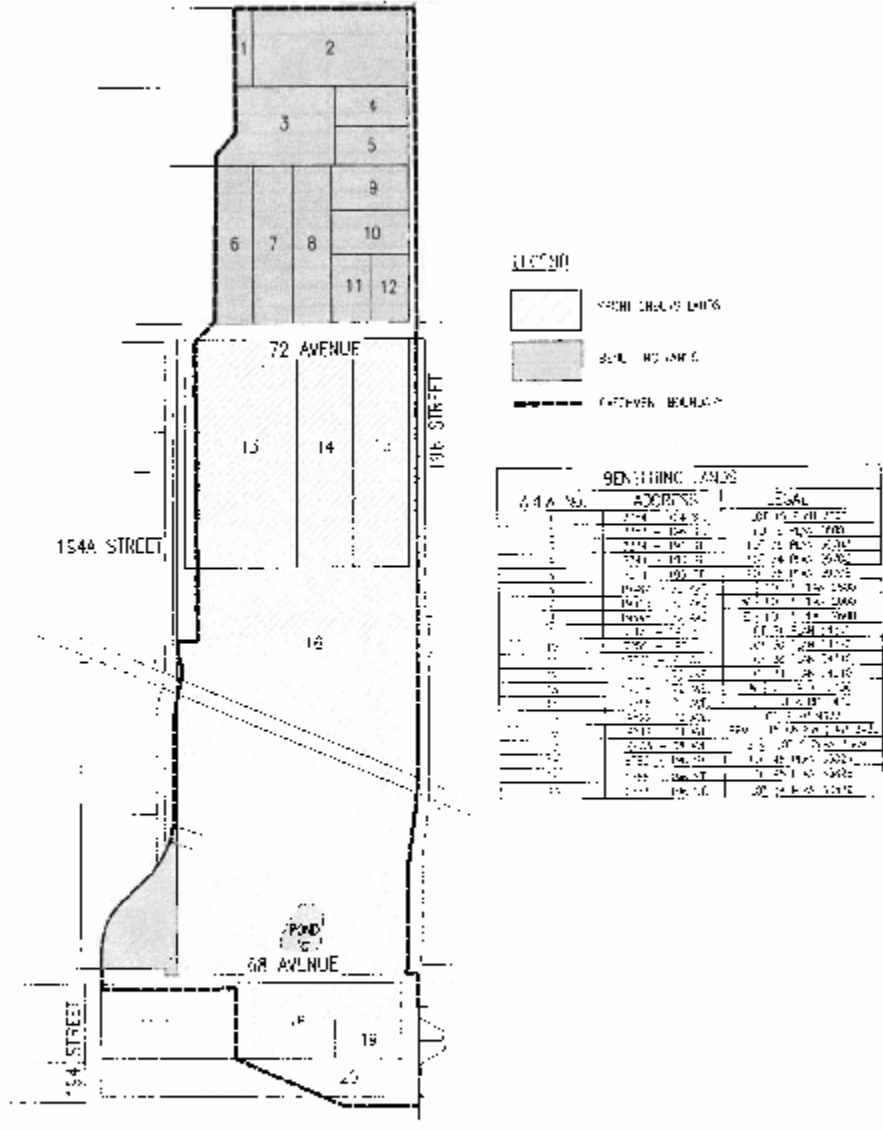
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Figure 1: Pond C and Associated Works

Figure 2: Langley Bypass Trunk Sewer Phase 2 Upgrade

FIGURE 1: Pond C and Associated Works

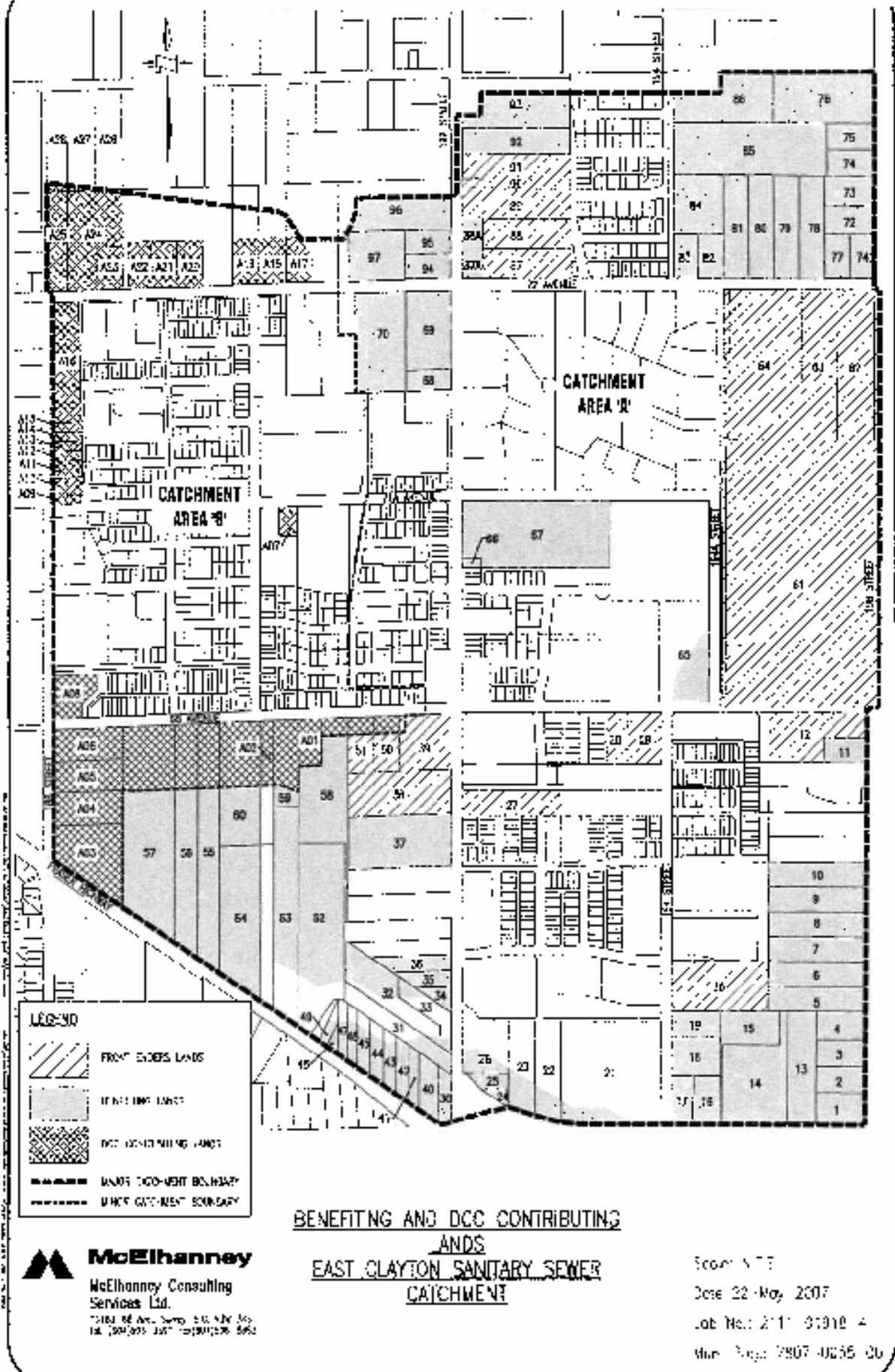


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POND 'C'
 BLINDING AREAS

Scale: N.T.S.
 Date: 15-Sept-2007
 Job No: 2007-0727M-7
 Map. Proj: 7500-1001-17

FIGURE 2: Langley Bypass Trunk Sewer Phase 2 Upgrade



LEGEND

-  FRONT EBERS LANDS
-  FRONT EBERS LANDS
-  DCC CONTRIBUTING LANDS
-  LANDS 100-MET BOUNDARY
-  URBAN CATCHMENT BOUNDARY

**BENEFITING AND DCC CONTRIBUTING
LANDS
EAST CLAYTON SANITARY SEWER
CATCHMENT**

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Scale: N.T.S.
 Date: 22 May 2007
 Job No.: 211 01310 4
 Map No.: 7807-0635-00

