



Corporate Report

NO: R142

COUNCIL DATE: JUNE 25, 2007

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **June 20, 2007**

FROM: **General Manager, Engineering**

FILE: **7803-0470-00
8603-0470-00-1**

SUBJECT: **South Newton – Drainage Development Cost Charge Front-Ending Agreement**

RECOMMENDATIONS

The Engineering Department recommends that Council:

1. Authorize the use of a Drainage Development Cost Charge (DCC) Front-Ending Agreement to an upset limit of \$834,402 to reimburse the front-ending Developers for partial costs incurred to construct a storm water biofiltration channel and associated trunk works within the South Newton NCP.
2. Authorize the use of a Drainage Development Works Agreement (DWA) to an upset limit of \$447,669 to reimburse the front-ending Developers for further costs incurred to construct a storm water biofiltration channel and associated trunk works within the South Newton NCP.

INTENT

The purpose of this report is to obtain Council authorization for recovery of costs to construct community storm drainage work proposed to be front-ended by a developer as required by the South Newton NCP.

BACKGROUND

Council, at the January 24, 2005 Regular Council Public Hearing, granted third reading to Rezoning By-law No. 15622 to rezone development site 7803-0470-00 proposed by Rockstone Homes and Hillton Homes Ltd. in keeping with the South Newton NCP.

Engineering Department staff have been working through the development servicing design process with this Developer and Engineering Consultant, and it is expected Servicing Agreement 7803-0470-00 will be executed prior to the DCC deadline. A portion of the servicing is eligible for DCC reimbursement by the City, and another

portion is proposed for recovery through a Development Works Agreement levy. Council authorization is required for these cost recovery agreements.

DISCUSSION

Development in the 6000 to 6300 block of 148 Street area of the South Newton NCP requires the construction of a storm water biofiltration channel and associated trunk storm sewer works. These works 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. Rockstone Homes and Hillton Homes Ltd. have offered to front-end the cost of these works, 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 benefiting area of the works is illustrated in Schedule A attached. Many of the properties within the benefiting area are under active land development application. Based on current estimates, the total cost of the biofiltration channel and associated works inclusive of property acquisition, construction, engineering and 6% GST is \$1,282,071. The 10 Year Servicing Plan funding allocation for these works is \$972,735; however, the DCC revenue payable by future development within the proposed benefiting area at full build-out is estimated to be only \$834,402. As such, the cost recovery through the Front-Ending Agreement is limited to the DCC revenue amount of \$834,402. This leaves a \$447,669 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 \$12,000 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 Engineering Department has reviewed its flexibility with respect to financing of future community drainage infrastructure within the South Newton NCP, and confirm 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 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.

CONCLUSION

The storm water biofiltration channel and associated trunk storm sewer works proposed for the South Newton developments is community infrastructure DCC funded works, and thus eligible for reimbursement by the City up to the 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.

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 cost recovery agreements.

Based upon the South Newton 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 drainage works.

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General Manager, Engineering

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Schedule A: DCC Front Ender Benefiting Area

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