

Servicing Agreement based on preliminary engineering work to expedite the rezoning process, which in turn enabled site clearing/preparation during dry weather last summer/fall and initial building permit works to be constructed concurrently with the finalization of the detailed engineering servicing design plans.

Loblaws Properties Ltd. will be executing an amended Servicing Agreement with the City in the coming weeks to service the development lands, which will be followed by the City issuing a full building permit. Given the significant scale of this development, there are extensive engineering servicing requirements. Certain components of the servicing are eligible for DCC reimbursement by the City but Council authorization is required for such reimbursement.

Through the Short Form Servicing Agreement that was executed prior to final adoption of rezoning by-law in 2008, the Developer posted security with the City to ensure construction of the engineering works. Any security amount adjustments will be completed prior to execution of the amended Servicing Agreement that will occur prior to building permit issuance. Construction of the works is to be completed within 12 months of execution of the Final Servicing Agreement. The DCC reimbursement by City will be processed and the DCC Front-Ending Agreement will be finalized upon completion of the construction work and after the certified costs of construction have been received by the City but will not exceed the upset limits specified in the recommendations of this report.

DISCUSSION

The following off-site trunk sanitary sewer works included in the 10 Year Servicing Plan for Campbell Heights are to be constructed by Loblaws as part of their Servicing Agreement with the City:

- Campbell Heights Sanitary Pump Station Upgrade,
- Gravity sewers on 32 Avenue and 188 Street, and
- Sewer siphons between 40 Avenue/190 Street and 52 Avenue/184 Street.

These works total \$9,646,331 and are to be financed by Loblaws with the design and construction being administered by the City.

The following additional 10 Year Servicing Plan works fronting the Loblaws site are also required as part of the Loblaws Servicing Agreement with the City:

- 28 Avenue road works, 188 Street to 190 Street,
- 28 Avenue and 188 Street trunk water mains,
- 24 Avenue sanitary sewer, and
- 188 Street storm sewers.

These works total \$2,867,810 in the 10 Year Servicing Plan for Campbell Heights and will be financed and constructed by Loblaws as part of their site servicing work.

Thus the works that Loblaws is obligated to construct under their Servicing Agreement with the City includes \$12,514,141 of works contained within the 10 Year Servicing Plan

as summarized in Appendix I. Loblaws has agreed to finance the cost of these works, provided they are reimbursed DCCs they pay for their development as well as DCCs that the City collects over time from future development on lands within the area that will also benefit from the works. The term of the Agreement is 15 years as per recent revision to our Policy to extend the period from 10 to 15 years. The area identified as Special Area on Appendix I will pay the Loblaws reimbursement only after sanitary servicing for that area is recovered.

The Loblaws building permit is in process, and will be issued subsequently to the execution of the amended Servicing Agreement by Loblaws. The DCCs that Loblaws will be required to pay for their proposed development are estimated at \$7,180,840. The shortfall between the value of the works that Loblaws will install that are contained within the 10 Year Servicing Plan and the amounts that Loblaws will be reimbursed from DCCs that it will pay directly for its development is \$5,333,301. Loblaws has requested and it is being recommended that the City enter into a Sanitary DCC Front-Ending Agreement with Loblaws to recover and reimburse Loblaws for this difference subject to certification of the actual costs of construction of the subject works justifying this amount of reimbursement.

Appendix II illustrates the benefiting area from which DCCs will be reimbursed to Loblaws under the recommended Sanitary DCC Front-Ending Agreement. There is sufficient sanitary DCC revenue within the benefiting area for full cost recovery of the sanitary front-ended works. The Engineering Department has reviewed its flexibility with respect to financing of future community infrastructure within the Campbell Heights area and confirms that the reimbursements contemplated under the recommendations of this report will not significantly affect the Engineering Department's program flexibility in the future.

The majority of the works will be covered by Contract M.S. 4708-003-11 that is being forwarded to Council for award in follow-up to a public tender process. The Developers administered works will also be subject to a competitive tendering process 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 / reimbursements that are contemplated.

CONCLUSION

Based on the above discussion, it is recommended that Council:

- approve the reimbursement to Loblaws of the Development Cost Charges (DCC) that were paid by Loblaws for development on the site at 18805 – 24 Avenue (estimated at \$7,180,840) to offset the costs that Loblaws will incur in constructing works to support such development that are contained within the 10 Year Servicing Plan for the Campbell Heights Land Use Plan; and
- approve a DCC Front-Ending Agreement to an upset limit of \$5,333,301 to allow the City to reimburse to Loblaws amounts collected from other benefiting lands that will offset the costs that Loblaws will incur in constructing works within the Campbell Heights Land Use Plan that are contained within the 10 Year Servicing Plan and that are not reimbursed as a result of actions related to Recommendation No. 1.

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VL/RAW/brb

Appendix I - 10 Year Plan Works Required by Loblaws

Appendix II - DCC Front-Ending Agreement Benefiting Area

APPENDIX I

10 Year Plan Works Required by Loblaws

10 YEAR SERVICING PLAN PROJECTS WITHIN SANITARY DCCFE

PID 10580	Pump Station Upgrade: 21 Ave/192 St	\$1,215,832
PID 10581	Siphon Sewer (1): 40 Ave/190 St - 52 Ave/184 St	\$2,321,633
PID 10582	Siphon Sewer (2): 40 Ave/190 St - 52 Ave/184 St	\$3,550,668
PID 10574	Gravity Sewer on 32 Avenue: 192 to 188 Street	\$ 832,927
PID 8045	Gravity Sewer 188 St: 36-40 Avenues	\$ 901,146
PID 10565	Gravity Sewer 188 St: 32-36 Avenues	\$ 824,125
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		\$9,646,331

10 YEAR SERVICING PLAN PROJECTS FRONTING SITE

28 Avenue Road	- 10 Year Plan #10601(188-190 St)	\$ 955,760
28 Avenue Water Main (300mm)	- 10 Year Plan #10545 (188-192 St)	\$ 141,063
188 Street Water Main (350mm)	- 10 Year Plan #10552 (24-28 Ave)	\$ 588,093
24 Avenue Sanitary Sewer	- 10 Year Plan #10578 (188-190 St)	\$ 305,883
188 Street Storm Sewer	- 10 Year Plan #8037 (20-28 Ave)	\$ 877,011
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		\$2,867,810
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	Total	\$12,514,141

