

NO: R038

COUNCIL DATE: March 1, 2010

REGULAR COUNCIL

TO: Mayor & Council **DATE: February 26, 2010**

FROM: General Manager, Engineering **FILE: 7809-0065-00**
XC: 8109-0065-00-1

**SUBJECT: Development Cost Charge Front-Ending Agreement -
Water Main Extension on 188 Street between 28 Avenue and 32 Avenue**

RECOMMENDATION

The Engineering Department recommends that Council authorize the use of a Development Cost Charge Front-Ending Agreement to an upset limit of \$489,000 including GST/HST to reimburse the front-ending Developer, Trojan Holdings Ltd., for some of the costs incurred to construct the Water Main Extension on 188 Street between 28 Avenue and 32 Avenue from the benefiting area in Campbell Heights (as shown on the map in Appendix I):

INTENT

The purpose of this report is to obtain Council's approval for the use of a Development Cost Charge Front-Ending Agreement (DCCFEA) to allow the frontending developer to recover some of the costs associated with the construction of a water main extension on 188 Street in Campbell Heights from other benefiting development.

DISCUSSION

To provide water for domestic use and fire protection to a proposed industrial development site at 3023 - 188 Street in Campbell Heights a water main extension is required on 188 Street between 28 Avenue and 32 Avenue as illustrated on Appendix I. This water main project is contained within the City's 10 Year Servicing Plan and is identified as being funded by Development Cost Charges (DCCs) that are collected from new development in the Campbell Heights area. In addition to serving the development site, the water main will provide service to other properties fronting 188 Street. The developer of the referenced development site, Trojan Holdings Ltd., has agreed to construct the water main subject to entering into a DCCFEA. The developer's engineer has estimated the costs (design, construction and inspection) for the water main extension at approximately \$489,000 including GST/HST. The developer intends to fund and complete the construction of the works within 12 months of the DCCFEA being executed. The DCCFEA will allow the City to recover on behalf of the developer the costs of constructing the water main up to a maximum limit of \$489,000 from the Water component of the Campbell Heights DCCs collected from development in the benefiting area (as shown on map in Appendix I) that occurs within the next 15 years. The Developer must pay for any costs above \$489,000 including GST/HST.

The Engineering Department has reviewed its flexibility with respect to financing of current and known future commitments for water main works in Campbell Heights and has concluded that the front-ending agreement proposed in this report will not affect the orderly implementation of other necessary engineering servicing works in Campbell Heights.

LEGAL REVIEW

The City's Legal Services Division has reviewed this report and the related agreement and has no objections.

SUSTAINABILITY CONSIDERATIONS

The proposed water main works to which this report refers support the Economic and Environmental Pillars of the City's Sustainability Charter in relation to the following goals:

- EC2: Economic Development Strategy and an Employment Land Strategy – by facilitating industrial development which creates local job opportunities;
- EC3: Sustainable Infrastructure Maintenance and Replacement – by minimizing operation and maintenance costs and maximizing service life of the water system; and
- EN8: Sustainable Engineering Standards and Practices – by minimizing environmental impacts of development.

FUNDING

The cost of the subject water main work will be front-ended by the developer. The proposed DCCFEA, which has a term of 15 years, will allow the developer to recover some of the costs from constructing the water main from the water component of the Campbell Heights DCCs collected from the development in the benefiting area (as shown on map in Appendix I). The agreement does not imply any City commitment related to the timing or phasing of a development in the benefiting area, but merely gives the commitment that when a development in the benefiting area pays water-related DCCs that the City will provide a reimbursement to the front-ending developer provided that such development occurs within 15 years.

CONCLUSION

Based on the above discussion, it is recommended that Council approve a Development Cost Charge Front-Ending Agreement between the City and Trojan Holdings Ltd. that provides for the recovery over time of some of the costs related to the construction of a water main on 188 Street between 28 Avenue and 32 Avenue to an upset limit of \$489,000 including GST/HST from DCCs that are collected within the next 15 years from development in the benefiting area all as illustrated on Appendix I.

Vincent Lalonde, P.Eng.
General Manager, Engineering

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Appendix I – Benefiting Area

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