

To attract investment, create jobs, and stimulate the economy, the City has implemented the Economic Investment Action Plan Phases I and II. The Plan provides for reduced building permit fees, property tax exemptions for 3 years and the waiving of the City's density bonus policy for certain categories of development in the City Centre.

The City is also investing in the City Centre area through the Build Surrey Program, which includes the construction of the Chuck Bailey Recreation Centre, a new City Centre Library, a new City Hall and Community Plaza and a Performing Arts Centre.

The Economic Investment Action Plan is targeted at encouraging investment by the development industry. In addition to the actions that are noted in the background section of this report, the Economic Investment Action Plan includes the City investing in pre-servicing areas with engineering services as a means to encourage investment. Staff has worked with the development industry to identify pre-servicing opportunities in the Bridgeview and South Westminster Economic Investment Zone. Although no partners have been found to date, staff is continuing to search for pre-servicing opportunities to support the development industry in the Bridgeview and South Westminster Economic Investment Zone.

DISCUSSION

In searching for other ways to facilitate development in City Centre, staff has had a series of meetings with the development community to establish opportunities that allow for servicing costs for development projects to be distributed over a longer period of time (i.e., to better match expenditures with revenues from development projects with a view to minimizing holding costs) so as to facilitate development projects. In response to these meetings, staff has now developed a policy for the construction of local infrastructure in the City Centre area. By means of this strategy, the City will provide an opportunity for development in the City Centre Economic Investment Zone to finance local sewer, water, and drainage infrastructure works over an extended period of time in comparison to the current approach.

Proposed City Centre Local Infrastructure Servicing Strategy

Under the proposed local infrastructure servicing strategy in City Centre, the Development Works Agreement (DWA) approach will be applied to local sewer, water and drainage infrastructure as part of a servicing plan for those development projects that meet the City Centre development goals.

Projects would be recommended to Council based on their alignment with the City Centre development goals and compliance with the City Centre Land Use Concept. Projects requiring engineering services with a construction value in excess of \$250,000 would qualify under the policy, as detailed in Appendix I.

Funding for this policy would be provided by the City's "engineering pre-servicing accounts" for sewer, water, and drainage infrastructure, where funding in the amount of \$1.5 million is available for water infrastructure projects and a combined total of \$1.5 million is available for drainage and sewer infrastructure projects.

Should Council endorse in principle this policy, staff will forward to Council a final policy for Council's consideration with the first complete application that is received from a developer. The following steps will be followed for the project:

- The City will initiate a Development Works Agreement (DWA) process to service the benefitting area;
- The City will provide notice of the DWA to the owners of properties that are deemed to benefit from the services proposed by means of the DWA and if a sufficient petition against the proposed DWA is not received, Council will consider a by-law authorizing the DWA;
- The City will finance and arrange for the construction of the works included in the DWA;
- Upon completion of the works, the cost to each of the properties in the benefitting area subject to the DWA will be established;
- Each benefitting property will then be allocated an equitable share of cost as debt;
- At the fifth anniversary of completion of the works or upon issuance of a building permit to allow development on a benefitting property, whichever occurs first, the City will require the owner of the benefitting property to begin to pay their share of the costs of the DWA by instalments over a period not exceeding 10 years.

This servicing strategy provides the following:

- a) every owner of property benefitting from the construction of engineering services takes responsibility for an equitable share of the cost of the services along the frontage of their property;
- b) the DWA approach allows for the deferral of payment for the works and as such the property owners will not face an immediate financial burden; and
- c) the City Centre area will probably be serviced more quickly, which will act as an incentive for development, the objective of the City's Economic Investment Action Plan.

SUSTAINABILITY CONSIDERATIONS

The provision of a local infrastructure servicing strategy for the City Centre Economic Investment Zone supports the Economic and Environmental Pillars of the City's Sustainability Charter; particularly the following:

- EC2: Economic Development Strategy and an Employment Land Strategy by making Surrey a more attractive place for business investment.

CONCLUSION

Based on the above, it is recommended that Council endorse in principle the proposed Local Infrastructure Servicing Policy as documented in Appendix I and as generally described in this report and if adopted will apply to the lands in the City Centre Economic Investment Zone.

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JA/JP/brb/jkb
Appendix I: City Centre Local Infrastructure Servicing Policy

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CITY POLICY

No. H-XX

REFERENCE:

APPROVED BY:

DATE:

HISTORY:

TITLE: LOCAL INFRASTRUCTURE SERVICING POLICY FOR THE CITY CENTRE ECONOMIC INVESTMENT ZONE

1. This policy is applicable to local water, sanitary sewer, and drainage servicing works related to new development in the City Centre Economic Investment Zone (the "Works") as defined in the City document titled "City of Surrey Economic Investment Zone Action Plan" and Corporate Report No. Ro63, dated April 20, 2009.
2. For Works to be considered under this policy, the developer must forward to the City in writing a request that the policy be applied and provide details of the Works that are proposed to be covered by this policy. The application of this policy is entirely at the discretion of the City. The City reserves the right to reject any particular application.
3. Staff will evaluate each application based on the availability of funding to construct the Works and on the alignment of the related development project with the City's vision and goals for the City Centre area, including but not limited to, the degree to which the proposed development matches the land use concept for the City Centre.
4. In relation to each application that is considered supportable based on the alignment of the related development with the City's goals for City Centre, compliance with the Land use concept for City Centre and satisfaction of the other criteria contained within this policy, staff will forward a report to Council for consideration that recommends the application of a Development Works Agreement for the Works.
5. Subject to Council approval of the recommendations of the report related to any individual development application, the local infrastructure servicing process shall be carried out following the requirements of the Local Government Act, Section 937.1 "Development works agreements with private developers" (DWA). In relation to the DWA, Council may allow in the Agreement that when the debt on benefitting properties is to be paid, that it be paid by instalments over a period not to exceed 10 years.
6. To qualify for this policy the Works for any particular application must exceed a value of \$250,000.
7. The policy will only be relevant in any calendar year to the extent that funds are available in the "industrial pre-servicing accounts" in the amount necessary to support the construction of the Works.

8. If no sufficient petition against the proposed DWA is received by the City and subject to Council approval, the City shall arrange for the construction of the Works. The City, at its own discretion, may utilize the developer's contractor for installation of Works and pay for the Works according to the terms of the DWA.
9. The City shall collect from the owners of the benefitting properties the appropriated costs of Works as identified in the DWA, including any interest charges. The cost to be paid by the owners of the benefitting properties shall not include the portion of the cost for any upsizing beyond the size of the municipal service specified under the standards and specifications for the area.
10. The cost of the Works will be appropriated to each property within a benefitting on a frontage length basis. The definition of frontage shall be as contained in the Surrey Zoning By-law. Where the frontage length of a property is less than the minimum lot width under the Zoning By-law based on the current zoning of the lot, the minimum lot width, as specified in the Zoning By-law, will be used for calculating the costs that will be appropriated to the lot. For any other exceptional categories, the General Manager of Engineering will determine the cost apportionment method.
11. If both the frontage and the flankage of a lot are serviced by the Works, the cost of servicing the flankage will be apportioned among all benefitting properties based on their respective frontage lengths. The definition of flankage shall be as contained in the Surrey Zoning By-law.
12. Where costs are appropriated to a benefitting property as referenced above, the costs shall be a debt payable by the owner at the earlier of the fifth anniversary of completion of the Works or upon issuance of a building permit to allow development on the lot, at which time the debt related to the lot must be paid in full except if Council has approved the debt to be paid by instalments. The date of completion of Works means the date of issuance of the 'Certificate of Completion' for the Works.