

NO: **R061**

COUNCIL DATE: **April 2, 2012**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **March 29, 2012**

FROM: **General Manager, Engineering**

FILE: **1211-0560**

SUBJECT: **Local Area Service – Infrastructure Improvements along Musqueam Drive at 12009, 12031, 12233 and 12195 Musqueam Drive to support development within the Bridgeview / South Westminster Economic Investment Zone**

RECOMMENDATIONS

The Engineering Department recommends that Council:

1. Approve the establishment of a Local Area Service (LAS) to allow for a sanitary sewer main extension, a water main extension, drainage improvements and local road improvements along Musqueam Drive at 12009, 12031, 12233 and 12195 Musqueam Drive, all as shown on the map attached as Appendix I, at an estimated total cost of \$3,000,000, which costs will be fully recovered by Local Area Service charges and will be apportioned to the lots within the local service area on a frontage basis and based on final costs in accordance with City policy; and
2. Authorize the City Clerk to bring forward the necessary LAS By-law for the required readings.

INTENT

The purpose of this report is to advise Council of a petition that has been received by the City for the installation of a sanitary sewer main extension, a water main extension, drainage improvements and local road improvements as a Local Area Service and to seek Council approval to proceed with the LAS.

BACKGROUND

As part of the City's Economic Investment Action Plan, the City has committed to a number of incentives and initiatives to encourage new investment in Economic Investment Zones. One such initiative is facilitating the installation of engineering services at strategic locations in the Bridgeview / South Westminster Economic Investment Zone.

The Bridgeview / South Westminster Economic Investment Zone is an under-developed area of the City that has significant development potential. It is strategically located at the geographic centroid of the Metro Vancouver Region.

This area has a variety of servicing challenges. These include:

- **Limited sanitary sewer capacity:** The area is serviced primarily by a vacuum sewer system (VSS), which is operating at or near capacity and is at the end of its useful life. The Engineering Department has developed a replacement strategy for the VSS. The replacement strategy in general calls for a low-pressure force main sewer system (LPS) to be installed to service the industrial and commercial areas and a steep-grade gravity sewer system (SGS) to service the residential areas. The Engineering Department has completed the replacement of the VSS in the West Cell of Bridgeview for which the City of Surrey received a \$5.67 million Federal/ Provincial grant under the B.C.-Build Canada Infrastructure Program. The remaining areas of Bridgeview/South Westminster also require the installation of new sanitary sewer system.
- **Water capacity:** Some of the Bridgeview/South Westminster area does not have sufficiently large water mains to support current demands associated with commercial and industrial land uses.

In response to these and other concerns, at its Regular meeting on July 27, 2009 Council approved the recommendations of Corporate Report No. R133; 2009 that authorized staff to prepare and issue an expression of interest (EOI) to owners of land and/or developers in the Bridgeview and South Westminster Economic Investment Zone as to where and how the City could partner with them through the installation of engineering infrastructure (i.e., pre-servicing) to create the incentive for the immediate development/redevelopment of business lands in this Zone.

To finance engineering infrastructure it was proposed that the costs be financed through a Local Area Service (LAS) process. The LAS process allows benefitting property owners to pay for the improvements on an amortized basis as part of the annual property tax billing process with the charges based on the actual cost of the projects. The installation of engineering services by the City through a Local Area Service process would minimize the financial burden on the property owners while supporting redevelopment on lots in the area.

Local area service projects may be initiated by petition or by Council. When an LAS is initiated by petition, at least half of the property owners representing at least half of the total assessed value of the benefitting properties within the local service area must support the initiative for it to proceed. When the project is initiated by Council, the initiative will proceed unless a petition against the initiative from at least half of the property owners representing at least half of the assessed value of the benefitting properties within the local service area is submitted to the City.

DISCUSSION

The owners of properties fronting Musqueam Drive at 12009, 12031, 12233 and 12195 Musqueam Drive (as illustrated on the map attached as Appendix I to this report) have petitioned the City for a sanitary sewer main extension, a water main extension, drainage improvements, and local road improvements along the frontages of these properties. The petition has been certified as being "sufficient" in accordance with the requirements of the *Community Charter*. A copy of the City Clerk's Certificate of Sufficiency is attached to this report as Appendix II.

The costs of the works have been estimated at \$3,000,000 and will be shared by the properties within the local service area based on the frontage of each property as documented in the Engineer's Report, a copy of which is attached to this report as Appendix III. This is consistent with the City's LAS Policy.

The cost for these works will be recoverable over time based on the LAS charges that will be collected from the properties within the local service area.

Funding/Financing:

Funding for the purpose of financing the improvements while they are being paid on an amortized basis by the owners of the benefitting properties is available in the City's LAS Reserve. The improvements under the LAS will be amortized over a 15-year term.

SUSTAINABILITY CHARTER/CONSIDERATIONS

The works as described in this report will provide service to the lots within the local service area to allow for the redevelopment of these lots for business purposes. The proposed works will assist in achieving the objectives of the City's Sustainability Charter; more particularly, the following action items:

- EC2: Economic Development;
- EC3: Sustainable Infrastructure Maintenance and Replacement;
- EN16: Land, Water and Air Quality Management; and
- EN8: Sustainable Engineering Standards and Practices.

CONCLUSION

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

- Approve the establishment of a Local Area Service (LAS) to allow for a sanitary sewer main extension, a water main extension, drainage improvements, and local road improvements along Musqueam Drive at 12009, 12031, 12233 and 12195 Musqueam Drive, all as illustrated on the map attached to this report as Appendix I, at an estimated total cost of \$3,000,000, which costs will be fully recovered by Local Area Service charges and will be apportioned to the lots within the local service area on a frontage basis and based on final costs in accordance with City policy; and
- Authorize the City Clerk to bring forward the necessary LAS By-law for the required readings.

Vincent Lalonde, P.Eng.
General Manager, Engineering

VL/JA/brb

- Appendix I - Site Map
- Appendix II - City Clerk's Certificate of Sufficiency
- Appendix III - Engineer's Report



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Certificate of Sufficiency
a formal petition for Local Area Service

Pursuant to Section 212, SBC Chap. 26 of the *Community Charter*, I, *Jane Sullivan*, the City Clerk for City of Surrey, British Columbia certify that a formal petition for undertaking the following work as a Local Area Service agreement has been received and is determined to be sufficient.

General Description of the Work: *Local Area Service*
Utilities Extension and Road Improvement
12009, 12031, 12233 and 12195 Musqueam Dr

The Council may, by bylaw, undertake the work described above.

A handwritten signature in black ink, appearing to read "Jane Sullivan".

Jane Sullivan, City Clerk

Date: April 2, 2012

CITY OF SURREY
ENGINEER'S REPORT (*)
LOCAL AREA SERVICE
By FORMAL PETITION

Pursuant to Section 213 of the Community Charter, I wish to advise in regard to the following work resolved to be undertaken as a Local Area Service.

Scope of Work: 580m 50/75/100mm diameter low pressure sewer main extension, 460m 350mm diameter water main extension, 80m 750mm diameter drainage main, and 350m 11m wide local road improvements along Musqueam Drive at 12009, 12031, 12233 and 12195 Musqueam Drive, all as illustrated on the map attached to this report as Appendix I.

Total Estimated Cost	\$ 3,000,000(*)
Total Frontage of the Properties in the Local Service Area	255 m
Cost Per Linear Metre for Tax Component	\$11,370
Number of Properties in the Local Service Area	4
Amortization Period	15 years
Annual Interest Rate	5.75%(*)

Cost Distribution – Base Charge

Address			Adjusted Frontage (m)	Total Cost Per Lot	Annual payment over a 15 year term
House	Road	PID			
12009	Musqueam Dr.	009-213-546	30.00	\$353,454	\$35,800.00
12031	Musqueam Dr.	009-213-635	55.18	\$650,120	\$65,849.01
12233	Musqueam Dr.	005-082-943	81.63	\$961,748	\$97,413.10
12195	Musqueam Dr.	013-197-606	87.82	\$1,034,678	\$104,799.94

(*) All costs are estimates only. A revised Engineer's Report with the actual final cost and the appropriate interest rate for amortization will be prepared upon completion of the work.