

NO: R133

COUNCIL DATE: June 13, 2016

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **June 3, 2016**

FROM: **General Manager, Engineering** FILE: **8216-0016-00-1**
XC: **7816-0016-00**

SUBJECT: **Development Cost Charge Front-Ending Agreement for Works that Support Development in the East Clayton Neighbourhood**

RECOMMENDATION

The Engineering Department recommends that Council authorize the execution of a Development Cost Charge Front-Ending Agreement to an upset limit of \$2,373,000.00 (including all applicable taxes) with GG Utilities Ltd. (the Developer) in relation to the construction of the sanitary sewer for the East Clayton neighbourhood all as generally described in this report and in Appendix "I" to this report.

INTENT

The purpose of this report is to obtain approval for a Development Cost Charge Front-Ending Agreement (DCCFEA) as means by which to reimburse the Developer with a Sewer Development Cost Charge (DCC) that will be collected by the City from development on the benefiting properties, as illustrated on the map attached as Appendix "I", for some of the costs that the Developer will incur in constructing the sanitary sewer within the East Clayton neighbourhood.

BACKGROUND

At its Regular meeting on October 28, 2013, Council considered Corporate Report No. R219;2013 and, by approving the recommendations of that report, approved the engineering servicing strategies for the Aloha Estates Infill Area Concept Plan in the East Clayton neighbourhood.

The use of a Sewer DCC to fund construction of the sanitary sewer is consistent with the provisions of the *Local Government Act* regarding development cost recoveries. The use of a DCCFEA, as recommended in this report, is in keeping with City policy regarding the use of such an Agreement as a means of financing the construction of services that are contained in the City's 10-Year (2016-2025) Servicing Plan.

DISCUSSION

The Developer is proceeding with development on multiple sites that are in the East Clayton neighbourhood. The construction of the sanitary sewer is required to allow development to proceed on those sites and other lands in the East Clayton neighbourhood.

The benefiting properties for the DCCFEA are illustrated in Appendix "I", which is attached to this report.

The DCCFEA, as proposed, will not significantly affect the reasonable implementation of the City's Sewer DCC program or the 10-Year (2016-2025) Servicing Plan.

In anticipation of the demand for the sanitary sewer to support development in the East Clayton neighbourhood, staff retained a consultant to undertake the design. Staff have prepared supporting documentation that would allow the design package to be issued for tender and construction immediately following Council's approval of this Corporate Report.

The Developer will post securities for the construction of the sanitary sewer through a Servicing Agreement. The amounts to be collected from the benefiting properties under the DCCFEA will be finalized upon completion of construction of the works and on certified actual costs to a maximum of the upset limit included in the Recommendation section of this report.

Occupancy of the new houses/units on the benefiting properties will only be granted after the sanitary sewer has been accepted by the City.

FUNDING

The cost of the sanitary sewer construction will be front-ended by the Developer. The proposed DCCFEA has a term of 15 years, and will allow the Developer to recover some of the costs of constructing the works from a Sewer DCC that will be collected by the City from development on the benefiting properties, as illustrated on the map attached to this report as Appendix "I". The DCCFEA will expire 15 years after the Completion Date, regardless of the amount of the recoveries that is achieved by the Developer at that time.

SUSTAINABILITY CONSIDERATIONS

The proposed works and funding strategies to which this report refers support the Economic and Environmental Pillars of the City's Sustainability Charter; more particularly, the following goals:

- EC3: Sustainable Infrastructure Maintenance and Replacement – by minimizing initial capital and long term maintenance costs of infrastructure; and
- EN9: Sustainable Land Use Planning and Development Practices – by allowing for planned and orderly development in the City.

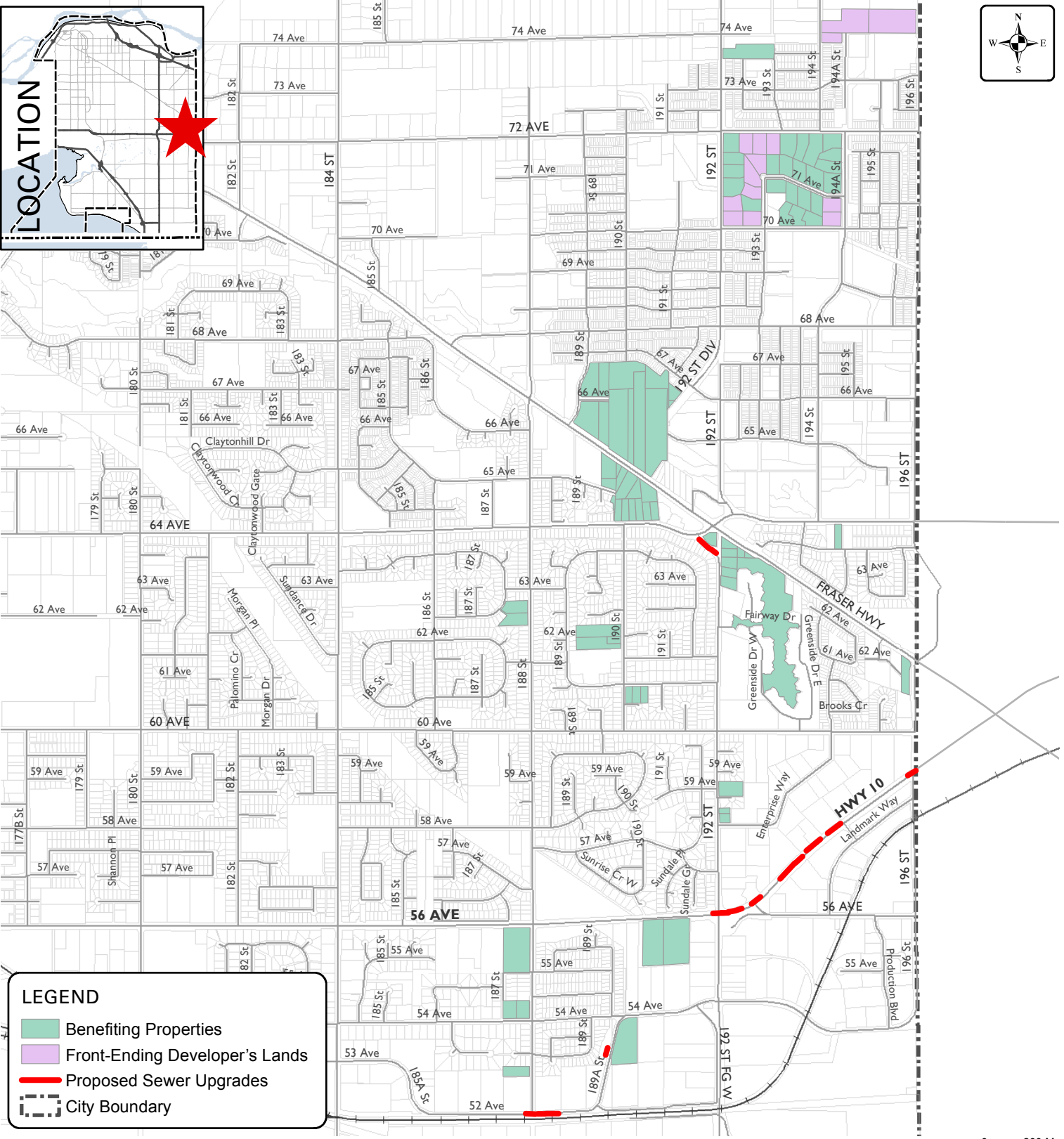
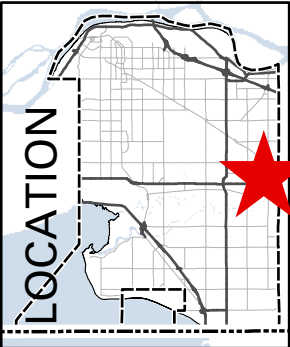
CONCLUSION

Based on the above discussion, it is recommended that Council authorize the execution of a Development Cost Charge Front-Ending Agreement to an upset limit of \$2,373,000.00 (including all applicable taxes) with GG Utilities Ltd. (the Developer) in relation to the construction of the sanitary sewer for the East Clayton neighbourhood all as generally described in this report and in Appendix "I" to this report.

Fraser Smith, P.Eng., MBA
General Manager, Engineering

SSL/clr

Appendix "I" - Benefiting Area Map for the Proposed Sewer DCC Front-Ending Agreement



LEGEND

- Benefiting Properties
- Front-Ending Developer's Lands
- Proposed Sewer Upgrades
- City Boundary

Produced by GIS Section: 02-Jun-2016, JJR

Scale: 1:22,000 0 200 M



Benefiting Area Map for Proposed Sewer DCC Front-Ending Agreement

ENGINEERING DEPARTMENT

The data provided is compiled from various sources and IS NOT warranted as to its accuracy or sufficiency by the City of Surrey. This information is provided for information and convenience purposes only. Lot sizes, Legal descriptions and encumbrances must be confirmed at the Land Title Office. Source: \\file-server2\eng\ENGFILES\MAPPING\GIS\Maps\CorporateReps\LandDev\BenefitingAreaMapForProposedSewer_TA-v2.mxd