

MINUTES

Development Advisory Committee

File: 360-20 (DAC)
Date: April 26, 2018
Time: 2:30 p.m.
Location: 3W Meeting Room
A, Surrey City Hall

Members:

Rob Blackwell
Matt Brock
Jeff Fisher
Mike Harrison
Dwight Heintz
Nathan Hildebrand
Dexter Hirabe
Brad Howard
Nick Kasidoulis
Jaret Lang
Marc MacCaull
Scott Pelletier
Mark Sakai
Sunny Sandher
Tony Sandhu
Stefan Slot
Larry Vetter
Christopher Vollan

City Staff:

Jeff Arason
Tommy Buchmann
Jean Lamontagne
Sam Lau
Mehran Nazeman
Matt Osler
Jason Owen
Jaspreet Rehal
Fay Keng Wong

1. Previous Minutes

The notes of the February 22, 2018 meeting were accepted as distributed.

2. Construction Noise By-law (Jaspreet Rehal, Manager, Public Safety Operations, Public Safety)

- Jaspreet provided an update on Surrey's Construction Noise By-law. A copy of his presentation is attached.
- Surrey By-law No. 7044 permits construction noise from 7:00 am to 10:00 pm on Mondays to Saturdays. No construction noise is permitted on Sundays. Where it is impossible or impractical to comply with this section, the City may give written approval to carry on the work that is found to be necessary at designated hours (noise extension permit). Responsibility for obtaining written approval lies with the person carrying on the work. The Municipal Ticket Information (MTI) fine is \$500.00.
- Noise Extension Permit Process. Completion of a Noise Extension Permit Application is through Bylaw Enforcement & Licensing Services, and a Traffic Obstruction Permit is through the Engineering Department. Once the application has been submitted, it will be reviewed/approved by Management and payment is made for the permit, \$75.00 per week. The majority of Noise Extension Permits are for Roadwork, Construction, Storm and Sanitary Sewer, Pouring Concrete, Paving, Gas Work, Drilling and Repairs.
- Noise Extension Permits prevent increased traffic delays/impacts to businesses as many projects are completed at night or on weekends so as to avoid disruption along major transportation routes and commercial areas; and prevent increased cost to complete some

projects, as projects that are completed at night or on weekends are generally completed quicker, so costs to the City are lower.

- The number of MTI fines issued in the past 3 years, in violation of the construction noise and construction noise on Sunday sections of Bylaw No. 7044 are 7 in 2015, 6 in 2016, 5 in 2017, and currently 0 in 2018.
- Regional Scan. Construction hours for Saturdays across various municipalities:
 - City of New Westminster begins at 7:00 am.
 - City of Langley begins at 7:00 am.
 - City of Burnaby, Coquitlam, and Delta; and Township of Langley begin at 9:00 am.
 - City of Vancouver begins at 10:00 am on private property and 7:00 am on City Property (roads/laneways).
 - City of Richmond begins at 10:00 am.
 - All municipalities prohibit construction noise on Sundays and Statutory Holidays; with the exception of the City of Surrey, which permits construction noise on Statutory Holidays.
- Potential Implications. If By-law No. 7044 is amended, complaints from residents regarding early morning construction on Saturdays would be alleviated; but there could be negative feedback from the Construction Industry. The By-law amendment may impact major projects such as LRT and other Engineering projects if applied to roads. If By-law No. 7044 is not amended, concerns and complaints from some residents regarding noise construction would not be addressed.
- Jaspreet asked if there is any feedback from the DAC.
- DAC members are to e-mail Fay Wong any additional feedback.

Comments:

- Marc commented that the development industry prefers to do more work.
- Jeff F. commented that it would be good if the rules for the private and the rules for the public sector are the same.
- Rob commented that starting construction at 9:00 am on Saturdays does not seem like a problem. Is there any consideration for context? Some projects are higher impact than others. Jean responded that there are exemptions.

3. District Energy Connection Fee (Jason Owen, District Energy Manager, Engineering)

- Jason Owen provided an update on Surrey City Energy – Proposed By-law Amendment – Customer Connection Costs. A copy of his presentation is attached.
- Recently a review was done and the impact on the rates was looked at. This is done on an annual basis.
 - Cost recovery. All capital operating debts are intended to be recovered.
 - Rate competitiveness. Ensure rates are competitive with the life-cycle costs of conventional alternatives.
 - Return on investment.
 - Shortfall recovery.
 - Low-carbon/renewable energy.
 - Fairness. General fairness for all stakeholders regarding the utility.
- District Energy Rate Structure.
 - The Levy is based on annual peak heat demand and reduces the risk of cost recovery on fixed costs. Fixed costs include financing costs of capital infrastructure, non-fuel operation and maintenance, and depreciation.

- The Charge is based on variable consumption. Utility-grade meter at service connection.
- Capital Infrastructure – Energy Centre. Temporary energy centres are smaller in scale (the City still has 2 of these in operation). Future low carbon energy centre will use either Metro Vancouver trunk sewer or clean waste wood as a heat source.
- The Energy Transfer Station (ETS) is the customer transfer point.
- Individual Versus System-Wide Costs. 50% comes from distribution mains, 35% from Energy Centres, and 15% from branch and ETS (customer connection costs).
- Costs are individual to the building and cannot transfer to another.
- Comparison with Other Utilities. The City of Surrey’s water, sewer, and storm utilities place the cost of service connections on the developer. The City of Richmond and City of North Vancouver have district energy utilities and connection fees.
- Proposed By-law Amendment. The Connection Fee is to be calculated based on the Peak Demand in Application for Service. The proposed Connection Fee is \$100/kW, which is based on the average cost of design and construction of ETS and service connection. The new Connection Fee is to be collected in advance of Building Permit issuance. There is additional cost for remote location of ETS (no amendment required).
- Impact on Customer Rates. The Connection Fee will result in a reduction of future capital infrastructure costs. Commensurate reduction in future rate increases is to be reviewed by an Expert External Rate Review Panel. The Connection Fee will be revenue neutral.
- Boilers Versus ETS. A 410 sq. ft boiler would cost \$500,000 - \$800,000 whereas an 80 sq. ft ETS would cost \$100,000 - \$200,000.
- Policy for In-stream Applications. The Connection Fee will be collected at the time of Building Permit approval. Projects with approved Development Permits prior to adoption of by-law amendment will be exempt provided that they are issued a Building Permit within 1 year of the adoption of by-law amendment.
- Summary. The proposed Connection Fee will increase fairness, secure cost recovery, and improve rate competitiveness.
- The by-law amendment will be brought forward within the next month.

Comments:

- Marc asked if the Development Permit will be issued as part of Advisory Design Panel or separate. That is, is the building design based on a requirement of having a district energy station in the area? Jason responded, no.
- Rob asked if any analysis of the connection of a building (connection fee) has been done. Jason responded that 1.5 MW is the average and that would be the charge.
- Larry asked if a development is near the district energy line, would it get a credit. Jason responded, no.
- Jeff F. commented that the end user will probably be left with the additional cost (passed on by the developer). Why do you not have a minimum sized pipe and if the developer wants to oversize it they can pay to do so.
- Larry asked what happens if the supply is not enough. Overdesigning. What would the developer do if they do not have enough coverage (the safety factor). Jason responded that the City is more than happy to provide the capacity required by the engineer but the City would like more rigour to be put into the design. Sometimes the valves/pipes are so large that its operation is not very efficient. For example, operating at the lowest 10-20%.
- Larry further commented that it is an extra cost, which will be passed onto the consumer.
- Rob asked if there would be any consideration for a cost-sharing subsidy so that the developer is not paying the whole thing. Would there be grandfathering for projects that not have a Development Permit, yet, but have an application in? With increases occurring in other costs, grandfathering would help.

- Larry asked if it would make a difference if you delay until occupancy to start. Jason Owen responded that is possible if the design work is done after the issuance of the building permit.
- Larry commented that he is more concerned about the amendment to the disclosure statement (keeping the strata fees low) and the longer term effects on strata. Jason responded that he has reached out to the development community, developments in stream, and found that the big difference is where energy is from both electricity and gas. It is better for the cost to be all done by the City. The costs of gas are not always factored in.
- The DAC Members asked Jason to provide them with a breakdown of the energy costs.
- Stefan commented that if disclosure to amendment affects the value of a lot, purchasers are able to back-up, so it is better to have accurate numbers. Jason responded that is why it is better to have the numbers earlier, at the Development Permit stage. Jason will have an educational workshop for developers. In the past, Jason had brochures and offered to have information about district energy at sales centres but there was no uptake.
- Chris commented that it would be helpful for developers to have a better idea of Engineering fees and the Step Code.
- Larry commented that the Step Code becomes a factor. Whatever decision, you would be one step lower.
- Jeff F. asked if it had been decided that if it would be Step 2, Step 1 would be accepted? As BC adopts the Energy Step Code, the base code may be 3 or 4 so how would district energy address this? Would there be a district energy areas cap? Jason responded that the Step Code does not have or consider greenhouse gas requirements. The Step Code is an alternative to greenhouse gas requirements that achieves the same goal.
- Chris commented that as the development industry moves towards including air conditioning, will it be considered? Jason commented, yes, we will likely move to that direction.
- Larry asked when the system is commissioned and there is an annual fee, when is that fee going to be due – at occupancy, at connection? Jason responded during the Building Permit review, the developer would be asked for the expected occupancy date. The City typically prefers that the occupancy date is within 6 months.
- Larry also asked about the case of development that occurs in stages. Would that be prorated? Jason responded that there is typically one service connection per stage. May add to the list to the rate review panel. Chris commented that he agrees with this if it is based on when the permit is submitted.

4. Coastal Flood Adaptation Strategy (Matt Osler, Senior Project Engineer, Drainage Engineering)

- Matt Osler provided an update on the Surrey Coastal Flood Adaptation Strategy (CFAS). A copy of his presentation is attached.
- In 2011, Provincial guidelines on sea level rise were published, which outlined expected sea level rise and flood protection requirements. A 2012 report estimated the cost to adapt flood protection to meet the rise in sea level predicted to occur by 2100 to be an estimated \$9.5 billion for the Lower Mainland. This includes the cost of seismic dyke upgrades and land acquisition.
- The Province has directed municipalities to plan for at least a 1 m sea level rise by 2100. In Surrey, and elsewhere in the Lower Mainland, most drainage systems are not designed for projected changes. (Much of the infrastructure in Surrey was built in the early 1900s. Residents of Surrey's Coastal Floodplain have relied on a system of dykes and sea dams to protect themselves from ocean and river flooding.) Most of the study area is subject to

ground subsistence which over 100 years adds up to an additional 20 cm. Land is going down while water level is going up.

- On February 22, 2016, under Corporate Report No. R034, Council adopted recommendations to develop a Coastal Strategy, continuing commitment to participatory planning. CFAS is anticipated to be complete by the end of 2018. It is a large study area with many communities, stakeholders, and partners. The areas shaded in lighter blue on the map shows the study area, which are vulnerable areas.
- Engagement. Over 1,000 community members were directly involved:
 - 3 Crescent Beach Community Meetings (2016)
 - 3 Focus Groups – Agricultural, Residential, and Environmental (2017)
 - 2 Open Houses (2017-2018)
 - 7 Technical Workshops (2016-2017)
 - Semiahmoo First Nation
 - Options Assessment (2017)
- Focus Group Results (What Matters Most). Residential Priorities:
 1. Agriculture impacts (i.e. viability, food security) (20%)
 2. Infrastructure vulnerability (i.e. rail lines, evacuation routes, derailment/dangerous goods) (20%)
 3. Home damage and loss of property value (i.e. loss of views) (19%)
 4. Localized flooding (15%)
 5. Environmental and habitat impacts (10%)
 6. Erosion of shoreline (9%)
 7. Impact to vulnerable communities (i.e. First Nations) (3%)
 8. Health and wellbeing of citizens (2%)
 9. Recreation, tourism impacts, and beach access (2%)
- Options Overview: What Can We Do? There is no good option for managing sea level rise. It is about minimizing the damage and preserving what is important for our community and lifestyle. Options were developed with stakeholder input and in collaboration with UBC and LINT (a Dutch firm). A 10,000 ft view was taken – a large area with many possibilities/options. Only options that are significantly different from each other are being presented. Received early input on preliminary options. Details and phasing come at a later point.
- The CFAS Advisory Group includes experts representing broad skills (engineering, planning, engagement, visualization, economics, geomorphology, agrology, etc.).
- The risk of options was considered based on the likelihood of their failure and the impact of their failure.
- Options for Mud Bay:
 - Current Conventions (building up existing dykes)
 - Mud Bay Barrier (building a super dyke offshore)
 - Highway 99 Realignment (building a super dyke inland)
 - Managed Retreat (removing dykes over time)
 - Looking at both the Advisory Group and Online Survey responses, the Highway 99 Realignment was preferred as the first or second choice option. This option sets flood protection back from the ocean and is the emerging direction that is being further detailed in CFAS. By building the dyke along Highway 99, other inland routes are protected, whereas in managed retreat all transportation routes would be subject to flooding or require costly upgrades. A total of 14 km of dykes along the Serpentine/Nicomekl Rivers and coastline would no longer need to be maintained or upgraded. This option would provide some environmental benefits, while maintaining a portion of land for agricultural uses. Agricultural areas (about 5 square km) would transform to marsh and tidal flats over time.
- Options for Crescent Beach:

- Expanded Edge (building up a large dyke on shoreline)
- Barrier Island/Spit (building a protective island offshore)
- Mud Bay Barrier (building a super dyke offshore)
- Managed Retreat (removing dykes over time)
- Managed Retreat was the preferred option in the online survey and is the emerging direction that is being further detailed in CFAS. Over time, as sea levels continue to rise and flooding worsens, residents and businesses will gradually relocate from Crescent Beach and the area will return to its original natural state, before European Settlement in the 1900's. This option assumes that other areas are made available for residents, businesses, and institutions, the approximately 1,400 people who live and work in Crescent Beach. The community represents 0.7% of Surrey's gross assessed value (2016) and 0.2% of Surrey's total residential floor space. By the end of the century, the area will be turned into a flood tolerant park with enhanced environmental habitat and limited seasonal hiking trails. Managed Retreat is likely to offer the most viable, lower cost, long-term solution in this high flood and earthquake hazard area.
- Options for Semiahmoo Bay:
 - No Adaptation
 - Road and Land Raising (raising lands and roads above flood levels)
 - Expanded Edge (building up the shoreline)
 - Semiahmoo First Nation Preferred Options are. Expanded Edge first choice, Road and Land Raising second choice, and No Adaptation third choice. Due to the requirement for the railway to be relocated by others for Expanded Edge to be possible, the emerging direction is Road and Land Raising. Beach Road would be raised. The small section of 8 Avenue that is vulnerable to flooding would be raised. Future development would be limited to high ground or raised to meet estimated flood construction levels. Land vulnerable to flooding in the southeast corner would be filled.
- CFAS Next Steps. Complete further technical work including economic and engineering analysis, including identifying implementation and decision points moving forward, and consulting with potential partners for implementation. The draft strategy will be presented at an Open House in November 2018.
- All material is online at www.surrey.ca/coastal.
- Matt will present again when he has another update.

Comments:

- Jeff F. asked if the Highway 99 Realignment option for Mud Bay will follow the railway. Matt responded yes. The railway said that they will see what Surrey does and respond. BNSF could adapt to any of the options.
- Jeff F. asked if there are examples of how other cities have addressed flooding issues with managed retreat. Matt responded that Calgary is an example of a city that bought floodplain land. It is really up to the federal government to see how they would like to do it.
- Dwight asked if the survey included costs. Matt responded, yes, high level costs for now, ongoing, and future generations.
- Jeff F. asked if CFAS will impact NCPs. Matt responded that there are no NCP areas in the study area. The Crescent Beach Land Use Plan is being updated so CFAS will be incorporated into it.
- Mark asked how much subsidence will occur. Matt responded that the subsidence is gradual so it cannot be felt but there is a noticeable difference since the infrastructure built over 100 years ago.

- Dwight asked if the sinking is due to normal subsidence or global warming. Matt responded that subsidence has always occurred, but we now have the technology to measure more accurately.
- Larry asked about building permits. Matt responded that before 1997, buildings were built at grade. After 1997, buildings are elevated to flood construction levels. In Crescent Beach, for example, property owners must sign a Restrictive Covenant with the understanding that there may be flooding and a variance to build below flood construction levels can occur (the mechanical room may be required to be placed on the second floor, etc.). Regarding insurance, private insurance for coastal flooding does not exist here, there is a national disaster fund, but at the moment, the federal government is paying out more due to flood damage than fire damage.

5. Comments on the Market (All)

- Sunny. Economics have changed. Commercial side is still high. Wesgroup has 3 rezoning applications. Regarding construction, it is hard to find contractors, experiencing higher costs.
- Brad. PCI has an excavation permit at King George station and a Development Permit for Phase 3. Preparing final phase at King George, which will consist of 3 towers. The project will be like another Marine Gateway. 700+ units. Construction costs are going through the roof. In downtown, one trade is charging \$18/sq. ft. There is a shortage of labour.
- Larry. WestStone just went through a public hearing for a large project in City Centre. The project is at third reading. Construction costs are seeing huge increases throughout the Lower Mainland. Construction costs of typical highrises are between \$350-\$390/sq. ft. Three years ago, construction costs were about \$100/sq. ft cheaper. There are not enough labourers, such as in re-bar. Cost of living in other markets (e.g. Seattle) are more comfortable, but the rental market here is good.
- Rob and Nick. Anthem. \$205/sq. ft for townhouses at grade in Queensborough.
- Stefan. Townline is in development for a project in May/June.
- Dexter and Scott. WSP is seeing a lot of new projects in Maple Ridge and Langley. Things are crazy right now. Seeing prices going up for tenders/bidders.
- Jaret. Beedie. The industrial market is still very buoyant. Same issues for the industrial side – there are not enough skilled labourers. They are harder and harder to come by.
- Jeff F. No comments on the market.
- Mark. No comments on the market.
- Dwight. Pollyco has some townhouse projects in construction. Construction costs have increased, along with limited land and DCCs.
- Mike. Frontline Real Estate. There is a massive amount of demand for attached properties. Apartments and townhouses are flying off the shelf. Detached homes are selling slower. Fraser Valley statistics: 4% increase for apartments, 2% increase for townhouses, and 1% increase for detached homes.
- Matt. Bosa Properties has a development in City Centre, at 104 Ave. Construction costs increased 5% compared to about 10 months ago. Probably due to lack of workers in the industry.
- Chris. Rize has 3 projects in Surrey. Seeing land prices move up.
- Marc. Streetside has very little coming to market. Construction costs have gone up significantly.
- Nathan. Canadian Horizons currently has nothing for sale, everything is sold. The upcoming election will be a big issue for anything new.

- Tony. Community Savings Credit Union. Credit unions are regulated at the provincial rather than the federal level so they are not subject to the new federally regulated stress test.

6. Other Business (All)

- Jeff asked if an update on the LRT line could be presented at a future DAC meeting.
- Marc asked if the new City Architect could introduce herself at a future DAC meeting.

7. Next Scheduled Meeting – May 24, 2018

- The meeting adjourned at approximately 4:22 pm.