



Corporate *NO: R202*

Report *COUNCIL DATE: October 1, 2001*

REGULAR			
TO:	Mayor & Council	DATE:	September 13, 2001
FROM:	Acting General Manager, Finance, Technology & HR	FILE:	0312-006
SUBJECT:	Provincial Government Section 286 Levies		

RECOMMENDATION

That Council repeal the “Surrey-Provincial Guildford-Port Kells Services Installation Agreement Authorization By-law, 1977, No. 5283, Amendment By-law, 1989, No. 10300”, allowing for the elimination of the Section 286 levies in the Fleetwood/Guildford Specified Area and the Port Kells Specified Area.

INTENT

To eliminate the Section 286 Levies in the Fleetwood/Guildford Specified Area and the Port Kells Specified Area, once the most recent amendment to “Surrey Development Cost Charge Bylaw” has been adopted by Council.

BACKGROUND

In 1977 the City of Surrey and the Province of B.C. entered into a loan agreement to finance residential and industrial development in the Fleetwood/Guildford Specified Area and the Port Kells Specified Area. The agreement (previously Section 286 of the Municipal Act), allowed the City to service these areas using funds borrowed from the Province. Levies were collected by the City as development commenced. These levies were then used to reduce the outstanding agreement payable. The agreement with the Province was fully repaid in 1993, although it does provide the City with the option of continuing to collect the levy on remaining developable lands even though the loan and all applicable interest has been repaid in full.

The Local Government Act allows the City to add an interest charge to the levies as a method of recouping the borrowing costs incurred. Over the last 16 years no interest has been added to these levies in an effort to encourage the development of the remaining vacant properties. These areas have now been developed to the point that, most of the remaining parcels are either:

- Owned by the City of Surrey;
- Being held by the current owners for future expansion;
- Encumbered due to existing rights-of-ways, or
- Require substantial capital works before they would be permitted to build.

DISCUSSION

Port Kells Specified Area:

Properties within the Port Kells industrial area are currently paying Development Cost Charges in the amount of \$42,470.00 per acre. Those properties that fall within the specified area that have section 286 levies attached to them receive a partial credit towards the DCC Storm Water rate and a full credit towards DCC Major Collector Roads rate. This results in those specified properties paying an additional \$7,451.03 per acre in development charges over properties that are outside of the specified area. Pending changes to the “Surrey Development Cost Charge Bylaw” will eliminate the credits, which mean that these properties will now pay an additional \$17,515 per acre.

There currently is approximately 50 acres of land in the specified area of Port Kells that has yet to be developed. Approximately 20 acres of this land belongs to the City of Surrey.

Fleetwood / Guildford Specified Area:

Properties with the Fleetwood / Guildford residential area are currently paying full Development Cost Charges at the applicable rate. Those properties falling within the specified area that have section 286 levies attached, pay an additional \$11,756 per acre levy. This results in those specified properties paying an additional \$11,756 per acre in development charges over properties that are outside of the specified area.

There currently is approximately 35 acres of undeveloped land in the specified area of Fleetwood/Guildford.

RECOMMENDATION

The City's loan agreement with the Province of BC has now been fully repaid. It is recommended that, once the most

recent amendment to “Surrey Development Cost Charge Bylaw” has been adopted by Council, the “Surrey-Provincial Guildford-Port Kells Services Installation Agreement Authorization By-law, 1977, No. 5283, Amendment By-law, 1989, No. 10300” be repealed. This will allow for the elimination of the Section 286 levies in the Fleetwood/Guildford Specified Area and the Port Kells Specified Area.

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