



Corporate NO: R020

Report COUNCIL DATE: February 4, 2002

REGULAR COUNCIL

TO: Mayor & Council **DATE: January 16, 2002**

FROM: General Manager, Engineering **FILE: 7801-0235-00**

SUBJECT: Development Works Agreement for East Newton South Trunk Sanitary Sewer Works

RECOMMENDATION

1. That Council authorize the introduction of a Development Works Agreement By-law to recover the front-ender's cost for advancing the construction of the sanitary sewer lift station works from all the subsequent developers in the agreement benefiting area.
2. That the front-ending developer pay a Development Works Agreement fee of \$4,000 to cover the administration of the Development Works Agreement over the 10 year agreement period.

INTENT

The intent of this Corporate Report is to provide Council with the background on the proposed Development Works Agreement and to seek Council's approval to introduce a by-law over a portion of the East Newton South NCP area that obligates all future developers in the benefiting area to pay their proportionate share of the costs for advancing the construction of the sanitary sewer lift station work.

BACKGROUND

In January, 1998, Council approved a report authorizing the use of a Development Works Agreement as an alternative method to finance the construction of major infrastructure works in NCP areas, and also for the cost of administering of the agreement to be borne by the front-ending developer.

The East Newton South NCP Servicing Plan identifies the requirement for a sanitary sewer lift station at approximately 67 Avenue and 154 Street, and a sanitary force main to service future development in the catchment area located below the GVS&DD trunk sewer main. The proposed lift station will also service the East Newton Business Park lands (see attached sketch). The East Newton sanitary lift station is included in the 10 Year Servicing Plan and, at an estimated cost of \$1.9 million, is proposed for construction in 2006. To have

the works completed prior to 2006, the incremental costs to advance construction will have to be provided by a front-ending developer, or by developers in the catchment area, through a Development Works Agreement. Assuming the works are constructed in 2002, the carrying cost to advance the works is estimated at \$250,000. It is this cost that is proposed to be collected through a Development Works Agreement from developers in the residential catchment area (the "benefiting area").

A front-ending developer in the catchment area, LDM Services Ltd., has agreed to front-end the costs of advancing the sewer work for the benefiting area. The front-ending developer wishes to enter into an agreement with the City for the City to collect a per unit cost from each subsequent developer in the benefiting area to cover the extra financing costs and then to forward these funds back to the developer on an annual basis. This agreement will terminate at the earlier date of either the agreement expiring (10 years) or the full costs having been recovered. Subject to Council approval of the Agreement, the City will coordinate the design and construction of the works with a target completion date of October 30, 2002.

The front-ending developer has identified the limits of the Development Work Agreement benefiting area, and has estimated the number of potential lots to be developed as per the NCP. The City has estimated the financing cost to advance the works. This has resulted in an estimated maximum cost of \$1,689.18/single family lot created as a Development Works Agreement cost in the benefiting area. This cost will be confirmed once the construction of the work has been completed and the per unit rate will be adjusted to reflect the actual cost. In accordance with the Local Government Act, this per unit cost will be subject to a 3% per annum inflation factor for the life of the agreement. Although the work will also benefit the East Newton Business Park area, it is not included in the proposed Development Works Agreement benefiting area for purposes of cost recovery.

The front-enders have petitioned all the land owners in the proposed Development Works Agreement benefiting area and have received support from 78% of the land owners representing approximately 83% of the value of the land in the benefiting area. These exceed the Local Government Act's minimum requirements of 66.6% and at least 50% respectively. A copy of the petition has been submitted to the City and has been certified by the City Clerk as meeting these requirements.

The front-ending developer will also be constructing, under a separate latecomer agreement, the sanitary sewer gravity line from 152 Street to the proposed lift station.

DISCUSSION

The developer has been working with the City in executing the petitioning process and in submitting the necessary supporting documentation. These documents have been reviewed by the Legal Services Division, the Engineering Department and the City Clerk, and found to satisfy the City's requirements.

A By-law will be drafted, and, if approved by Council, will obligate all developers in the Development Works Agreement benefiting area to pay an additional per unit charge, over and above the DCCs, for their development, to the City prior to their Servicing Agreement being approved. The City will collect these contributions and return them to the front-ending developer at the end of each year. The agreement will be valid for 10 years or until the front-ender has been reimbursed for the full cost of the sanitary sewer works, whichever comes first.

Costs of \$4,000 for administering this agreement will be paid by the developer prior to the agreement being executed. The Development Works Agreement fee has been set based on the estimated staff time to review and set up the agreement, and to administer the agreement over the ensuing agreement period.

The By-law will be introduced for initial readings by the City Clerk if the recommendations of this report are approved by Council.

This project was applied for under the Federal-Provincial Infrastructure Program. The next group of projects approved under this program will be announced within the next two months. Should this project be included in the approved projects, the Development Works Agreement can be cancelled. The Engineering Department will monitor the situation and advise Council accordingly.

CONCLUSION

A front-ending developer in the East Newton South NCP has submitted valid petitions requesting Council to pass a by-law to establish a Development Works Agreement that allows them to recover the financing costs to advance construction of sanitary sewer lift station works from subsequent developers in the benefiting area. The petition and the Development Works Agreement are in accordance with the East Newton South NCP Servicing Plans and in accordance with the practice approved by Council in January, 1998.

The supporting documentation has been reviewed by the Engineering Department, the City Clerk and the Legal Services Division and found to meet the City's requirements.

Paul Ham, P. Eng.

General Manager, Engineering

LB:slm/PH/kjj

Attachment

c.c. - Assistant City Solicitor, Legal Services Division

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