

Corporate Report

NO: R226

COUNCIL DATE: November 3,

2003

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **October 29,
2003**

FROM: **General Manager,
Engineering** PROJECT **4700-500**
FILE:

SUBJECT: **Proposed Specified Charge for East Newton Sanitary
Pump Station and Force Main**

RECOMMENDATIONS

1. That Council approve and initiate the proposed Specified Area Charge to pre-service the East Newton Sanitary Pump Station and Force Main, and authorize staff to initiate the required public notification and counter petition process upon reaching the trigger point as described in this report.
2. That Council approve a \$3,824 per connection Specified Area Charge for the residential and fronting agricultural areas, \$854 per 1,000 sq.ft. for commercial areas, and \$7,700 per acre for the industrial areas to cover the deficit of the Sanitary Pump Station and the Force Main.
3. That Council approve an additional \$2,558 per connection Specified Area Charge for the residential and fronting agricultural areas and \$774 per 1,000 sq. ft. for commercial area to cover the cost of the Gravity Main.
4. That Council approve additional Specified Area Charges for the industrial lots fronting the Gravity Main as per Schedule 1 (see Appendix III).

INTENT

To establish a financing scheme for the East Newton Sanitary Pump Station, Gravity Main and Force Main, and to establish the specified area charges for the East Newton sewer catchment area.

BACKGROUND

The East Newton Sanitary Pump Station and Force Main were identified in the East Newton Business Park Neighbourhood Concept Plan (NCP) to service both this NCP area and the residential area immediately to the east of the GVRD sewer interceptor as shown in the Appendix 1 Site Map. This residential area lies between the GVRD sewer interceptor and 152 Street, and between 68A Avenue and 72 Avenue. As the residential area lies below the GVRD sewer interceptor in elevation, this area has to be serviced by pumping through a community pump station. The flow from this residential area reaches the pump station via the Gravity Main identified on the site map. Due to the different land uses in the sewer catchment, different allocation of the specified charges are proposed for each of these land uses.

DISCUSSION

The need for the pump station and associated mains leads to a high cost of sewer servicing for this area. The consequence is a deficit of \$1,434,000 of costs over DCC's generated in this benefiting sewer area at full build-out

when applying standard DCC rates. Although the DCC program of works is based on City-wide needs, funding of works in deficit areas is achieved through surpluses in other areas. In order for this principle to be effective in fostering growth, priority must first be given to areas that will generate the required surpluses. The problem arises when areas with large deficits wish to proceed ahead of more favorable DCC generating projects. In order to fast-track the servicing of deficit areas without compromising other areas, a specified area charge in accordance with Section 646 of the Local Government Act is proposed. The estimated specified charges, to fund the DCC deficit, based on full cost-sharing are: \$7,700 per acre for industrial area, \$854 per 1,000 sq.ft. for commercial area and \$3,824 per connection or lot for the residential and fronting agricultural area.

The Gravity Main makes up \$500,000 of the deficit. The upper portion of the Gravity Main only services the residential/commercial/fronting agricultural areas (the Upper Section); while the lower section also services the fronting industrial lots on the northern portion of the East Newton Business Park (the Lower Section). As the Upper Section of the Gravity Main only services the residential/commercial and fronting agricultural areas, only these areas will be charged with the Upper Section cost. The Lower Section of Gravity Main cost will be shared among the fronting industrial lots and the residential / commercial/fronting agricultural areas. The estimated additional specified charges on the residential/commercial/fronting agricultural areas are: \$774 per 1,000 sq. ft. for commercial area and \$2,558 per connection or lot for the residential and fronting agricultural area. The estimated additional charges on the fronting industrial lots are listed in Schedule 1 (see Appendix III).

Public Input

A meeting with the owners, having properties in the benefiting catchment, was held on October 22, 2003, to gauge their interest in developing the industrial area in the immediate future and to gauge their support for the proposed financing scheme. At the meeting, all attending 16 property owners and agents (5 from the residential/commercial areas and 11 from the industrial area) supported the specified charge proposed in this report. Six owners in the industrial area and 4 owners in the residential area have indicated their interest, by show of hand, to develop their lots in the immediate future once the community sanitary pump station is in place. In addition, 7 owners/representatives in the catchment had written to the City requesting the sanitary pump station and indicating their support for the levy that is being proposed.

Levy/Charge Comparison

The following table summarizes the levy or charge comparison of East Newton Business Park with Campbell Heights and Port Kells:

Area	Existing or Proposed Overall Levy (over & above City-wide DCCs per acre of Industrial Land)	Levy or Charge for Sanitary Sewer only	Year Introduced	Comments
Campbell Heights	\$65,172 ¹	\$9,048	2002	
Port Kells	\$11,957 ²	N/A	1977	Figure has been adjusted to present value based on an annual 3% inflation factor
East Newton Business Park	\$7,700	\$7,700	2003	To finance their full share of the cost

1. The Campbell Heights rates are the highest as there is no existing servicing in place and the closest sewer service to tie-in to is some 6 km away.
2. The Port Kells levy was eliminated once the Provincial loan was fully repaid and more than 90% of the area developed.

As indicated in the comparison table, the proposed specified area charge for East Newton Business Park is comparable with the levies in other industrial areas.

Economic Rationale

Pre-servicing this business park will be consistent with the City's OCP to promote a healthy balance between residential and industrial/commercial development by increasing the inventory of serviced industrial land. Increasing

serviced industrial land will provide immediate availability of suitable developable sites at a competitive price to prospective business. Benefits from this industrial development are: job creation, tax base increase, and a work/live community goal attainment. The City has a limited bank of vacant serviced industrial lands that are not constrained by environmental issues, poor soil conditions, access or cost. Adding this 70-ac. business park to the City inventory of serviced industrial lands offers choice and opportunities to prospective investors and developers.

Some of the advantages of facilitating development in the East Newton Business Park: its central location in Surrey; its proximity to work force; its relative low cost to service, its proximity to Newton Town Centre, it is abutting the green space of the agriculture lowland; and it is already serviced by a 4-lane 152 Street and an upgraded 64 Avenue. This area offers its own distinct characteristic and opportunities.

Trigger for Initiating Specified Area

To avoid expending scarce financial resources on an area that might not be immediately developed, a mechanism is proposed to trigger the initiation of the Specified Area process. It is proposed that the Specified Area Charge be activated when either an application representing over 10% of the total business park area or 2 major applications (each area exceeding 4 acres) within the business park have been submitted and approved by Council.

Under the Local Government Act, all benefiting properties within the East Newton sewer catchment will, if this report is endorsed by Council, be notified of the City's intention to apply a specified area charge to facilitate the sanitary servicing of the area. If more than 50% do not counter petition against the area specified charge, the by-law establishing the charge will be brought forward, at which time the exact rates will be established.

CONCLUSION

Use of a specified charge as outlined in this report will provide a means of sharing the deficit between costs and DCC generated in the area and will facilitate development in both the residential component of the East Newton NCP and the larger East Newton Business Park.

Paul Ham, P.Eng.
General Manager, Engineering

PH/VL/RL/brb
Attachments

g:\wp-docs\2003\utilities\sewer\10290744rl.doc
BRB 11/3/03 8:21 AM



