

REPORT TO: Council  
REPORT FROM: Administration  
PRESENTED: September 8, 2015  
SUBJECT: Squamish Oceanfront DCC Frontender Agreement

FOR: Special

FILE:

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**Recommendation:**

That Council approve the following resolution:

**THAT** the District of Squamish Development Cost Charge Frontender Agreement Authorization Bylaw No. 2403, 20152015 be given first three readings.

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**1. Executive Summary:**

A key component of the Newport Developments proposal to develop the Oceanfront Lands is the option for the developer to pay up front for the construction of required off-site infrastructure works. In order to formalize the mechanism for this proposal, a legal agreement with the developer and corresponding authorization bylaw is required.

**2. Background:**

A development can front end the payment of costs to complete required off-site DCC works, usually paid for out of a municipality's DCC reserves. A front ending agreement is a legal way in which the municipality can ensure that the infrastructure required to meet growth demands are constructed as needed, in the event there are not sufficient reserves to pay for the projects. As Development Cost Charge (DCC) revenue is collected, the developer is reimbursed. Off-site projects required to meet development growth that are paid for through DCC reserves fall into five categories: roads, water, sanitary, sewer, drainage and parks. A list of the DCC projects that relate to the Oceanfront and downtown are attached to the bylaw as schedule "B". A key component of the Newport proposal includes front ending the off-site infrastructure costs required to service the Oceanfront and Downtown area growth resulting from development of these lands. The District will reimburse the developer for these costs from both a portion of current DCC reserves, future DCC collections as well as general revenue for the municipal share of the project. Municipal share represents that proportion of the project that is non-growth related, i.e., benefits the current community.

**3. Project Information:**

The Development Cost Charge Frontender agreement includes the following terms:

1. Reimbursement to the developer is limited to 20 years. Should the commensurate growth not occur to provide DCC revenue to reimburse for any DCC projects required to develop the Oceanfront over the 20 year timeframe of this agreement; the municipality will not be responsible for the shortfall.

2. For the first six years from the date of the frontender agreement, the developer is limited to reimbursement for works completed only under the roads and drainage categories as follows:

- Peninsula Main Road: \$3.763 M
- Drainage (all three projects): \$990,990

The six year time frame and limit to reserve amounts provides for the District to understand and plan projects in other areas of the community regarding the balance of current reserves.

3. Following the six years, on the date that the developer commences construction of a new DCC project, reimbursement for the DCC portion will comprise:

- 78% of reserves at that date, with the exception of reserves required for a DCC project previously committed to by the District elsewhere in the community; and
- 78% of DCC revenues collected each quarter during construction and until the developer is made whole, or the 20 year term expires.

The 78% proportion of DCC revenues has been calculated to represent a blend of 90% of downtown DCC revenues and 70% from the balance of the District. The higher amount from downtown reserves recognizes that the projects will service the growth of the Oceanfront and the downtown area. This proportion of DCC revenue reimbursable to the developer aligns with the Official Community Plan which prioritizes development of the downtown, and still provides the ability for the municipality to construct DCC projects required for growth throughout the rest of the District. This has been modeled financially with the District's Land Economic Consultant (Coriolis Consulting) and our Finance department. It is important to note that any municipal share cannot be paid for with DCC reserves in any event.

4. Interest is payable on outstanding balances. The District is able to collect interest thorough the DCC bylaw, for particular projects. The District will pay any applicable interest to the Developer quarterly, together with the quarterly payments for the capital cost of the DCC construction works. The interest rate is limited in the DCC bylaw, as is the amount that can be collected. The developer is entitled only to the interest that is accrued based on outstanding balances, and the total amount of interest on the DCC portion of the project cannot exceed the maximum outlined in the DCC Bylaw.
5. The District will only be responsible to reimburse the Developer if the Developer delivers written evidence satisfactory to the District of the cost of the work, and the final payment is subject to a professional engineer's certificate of completion, and certificate of costs for the DCC construction work.
6. Terms for construction include the requirement for value engineering, approval of design and engineering and construction by the District and adherence to all applicable laws and legislation.

#### **4. Implications:**

##### **a) Budget:**

The District's Five Year Financial Plan will be required to reflect the schedule of Oceanfront DCC works and ensure that the District capital projects, operational budget and other District DCC projects are planned and financed accordingly.

##### **b) Organizational Impact:**

Administration of the DCC Frontender will require additional Finance and Development Services staff time, similar to any growth related work.

##### **Policy:**

##### **Official Community Plan: Downtown**

**18 - 43** Future planning and development on the Oceanfront Peninsula south of Vancouver Street in the Downtown will achieve the following goals:

- a. To create a downtown waterfront that enhances the sense of community and celebrates the uniqueness of Squamish;
- b. To create a downtown waterfront that is safe and healthy for residents and visitors;
- c. To create a downtown waterfront that is accessible by all;
- d. To create a downtown waterfront that blends a mix of land uses;
- e. To create a downtown waterfront that protects and enhances natural systems;
- f. To create a downtown waterfront that demonstrates leadership in environmental stewardship;
- g. To create a downtown waterfront that enhances the connection with the natural world;
- h. To create a downtown waterfront with many and diverse economic opportunities;
- i. To create a downtown waterfront that is economically stable and sustainable;
- j. To create a downtown waterfront that is a model of "green" development;
- k. To create a downtown waterfront that is based on an inclusive and effective public involvement process;
- l. To create a downtown waterfront that is based on a long-term vision; and
- m. To create a downtown waterfront that is linked to broader development initiatives.

##### **c) Environment:**

N/A

##### **d) Council Priority and Strategic Plan Alignment:**

*Community*

6.2.3 The Squamish Oceanfront Park will be built by October 31, 2018. While the Oceanfront Park is not specifically a DCC project, entering into an agreement that encourages timely development of the Oceanfront lands will contribute to achieving this goal.

##### **e) Citizen Engagement**

DCC Frontender Agreement specifically: *Inform*

The proposed bylaw was presented on the squamish.ca website prior to the Phased Development Agreement Public Hearing on September 8, 2015.

DCC Bylaw No. 2265, 2015: *Consult*

The DCC bylaw underwent extensive stakeholder engagement, which included discussion of interest inclusion in the proposed DCC rates.

f) **Implementation**

A formal administrative process needs to be established between the District and the Developer to ensure that sufficient and timely planning occurs to inform the five year financial plan and dovetail with the District's other capital and growth related works.

g) **Attachments:**

1. District of Squamish Development Cost Frontender Authorization Bylaw No. 2403, 2015

2. **Alternatives to Staff Recommendation:**

THAT Council refer discussion of the District of Squamish Development Cost Charge Frontender Agreement Authorization Bylaw No. 2403, 2015 to a Committee of the Whole for further discussion.

5. **Staff Review**

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Robin Arthurs  
GM, Corporate Services

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Gary Buxton  
GM, Development Services & Public Works

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Joanne Greenlees  
GM, Financial Services

**CAO Recommendation:**

That the recommendation of the Administration Department be approved.

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Linda Glenday  
Deputy CAO