

To: Electoral Area Services Committee
From: David Bennett, Planner 2

Date: 2021-06-10
File No: RFP 20011

Subject: Harrison Mills Neighbourhood Plan funding and Request for Proposals contract

RECOMMENDATION

THAT the Fraser Valley Regional District Board authorize its signatories to execute a contract with Diana Properties Holdings Ltd. for the funding of the Harrison Mills Neighbourhood Plan, and

THAT the Fraser Valley Regional District Board authorize its signatories to execute a contract with Urban Systems Ltd. to provide consulting services for the development of the Harrison Mills Neighbourhood Plan.

BACKGROUND

Harrison Mills - Neighbourhood Background

The neighbourhood of Harrison Mills is located in Electoral Area C of the FVRD. The current Official Community Plan ("Fraser Valley Regional District Official Community Plan for Portions of Electoral Area "C", Morris Valley, Harrison Mills and Lake Errock, Bylaw No. 0020, 1998") was adopted in April 2000.

Over the last 20 years, the OCP vision for the Morris Valley Road area has generally been achieved. The development of the Sandpiper Golf Course, the recreational development of Tapadera Estates and the residential subdivisions of Eagle Point and Harrison Mills have played a key role in the development of Harrison Mills area in recent years. The existing FVRD community water and community sewer services were designed to accommodate current developments.

In recent years, the FVRD has been approached by land owners in the neighbourhood to examine new development proposals, proposals that require amendments to the existing OCP. These proposals involve tourist accommodation (motel/hotel, RVs), boat launch facilities, community medical facilities, local commercial uses, relocation of existing civic uses (FVRD waste transfer station) as well as industrial and resource uses. Given the level of interest in development and re-development in this area and the age of the existing OCP, the development of a neighbourhood plan and local servicing plan for the Harrison Mills neighbourhood is essential for orderly and sustainable community planning.

The Harrison Mills neighbourhood is a gateway to recreational activities in the Harrison watershed. The area is a salmon stronghold and it includes vital eagle habitat. Recreational, environmental and community amenities need to be integrated and coordinated with compatible land uses. Comprehensive servicing is also needed to address community water and community sanitary needs. A neighbourhood plan will develop policies for technical reporting and public review of future rezoning applications within the Plan area.

October 27, 2020 Harrison Mills Neighbourhood Plan - FVRD Board Resolution

In response to Sandpiper Resort's redevelopment concepts for the existing golf course at 14282 Morris Valley Road, Electoral Area C, the Fraser Valley Regional District Board directed staff by resolution to prepare a Request for Proposals (RFP) for professional services to develop a Neighbourhood Plan on the basis of funding from Sandpiper Resort (October 2020).

Request for Proposals

The FVRD issued a Request for Proposals for professional planning and engineering services to develop the Neighbourhood Plan on February 19, 2021. The consultants will prepare a Neighbourhood Plan for the community of Harrison Mills, Electoral Area C. The Neighbourhood Plan will provide for efficient, sustainable development that protects the environment and human health, provides for the needs of rural residents, makes efficient use of land and identifies servicing needs, capacity and options to provide efficient community water and community sewer services to the plan area.

Harrison Mills Neighbourhood Plan RFP Process

RFP 20011 for the Harrison Mills Neighbourhood Plan was issued on February 19, 2021. The RFP was posted on BC Bid and closed on April 12, 2021. The FVRD received three (3) proposals from proponents.

Each proposal received was evaluated based on a scoring matrix that considered many factors including methodology, experience and total cost implications. Staff identified Urban Systems Ltd as the preferred proponent. Their proposal meets all of the planning and engineering requirements of the project. Urban Systems LTD has extensive knowledge in neighbourhood planning, municipal water and sanitary systems.

RFP Funding Agreement

In October 2020, Sandpiper Resort executed a Letter of Understanding with the FVRD regarding the funding of the Harrison Mills Neighbourhood Plan. Sandpiper offered to provide payment to the FVRD of the full Neighbourhood Plan costs prior to the FVRD entering into a contract with the successful consultant identified through the RFP process. The benefit to the developer in funding the

neighbourhood plan is solely that a plan will be in place sooner than it otherwise would be if FVRD was the funder and undertook the process in its own time. No other benefit accrues to the developer from funding the work.

The parent company that operates Sandpiper Resorts, Keltic Resorts Inc, has reorganized its corporate structure. They have requested that Diana Properties Holdings Ltd, which is owned by Keltic Resorts Ltd, be named in all future agreements related to the neighbourhood plan costs.

The cost for the Neighbourhood Plan is \$481,260.00. A simple breakdown of the costs is provided below.

	Planning Costs	Engineering Costs
NEIGHBOURHOOD PLANNING	\$254,360	
LOCAL SERVICING AREA PLAN		\$42,000
WASTEWATER TREATMENT PLAN PRE-DESIGN		\$184,900
Sub-total:	\$254,360	\$226,900
TOTAL	\$481,260.00	

DISCUSSION

In keeping with the direction from the Board at its October 2020 meeting, the next step is now to enter into a contract with Diana Properties Holdings Ltd regarding funding for the development of a Neighbourhood Plan. A copy of the draft agreement is attached. The contract covers payment amounts, FVRD's control of the work, costs overruns, refunds of excess contribution as well as a Developer acknowledgement that states:

“The Developer acknowledges and agrees that it pays the Developer Contribution to the Regional District to enable the Regional District to obtain the Reports and Services as part of the Developer’s request for amendment to the Regional District’s official community plan in relation to the Development Lands and by making such payment the Developer acquires no special rights in relation to the Regional District’s official community plan amendment process.”

The agreement also states that the FVRD provides no assurances about the outcomes of the Neighbourhood Plan process, including pre-design for the waste water treatment:

“The Developer wishes to contribute towards the Regional District’s costs of obtaining such reports and planning and consulting services, on the understanding that there is no guarantee that the Regional District will proceed with that process to any particular stage.”

Upon completion of a contract with Diana Properties Holdings Ltd., the FVRD may then enter into a contract with Urban Systems Ltd to deliver the services set out in the RFP.

Measures to Prevent Bias

It is common in British Columbia for developers to fund the development of neighbourhood plans where the developer has substantial land holdings or development interests. In many cases, the developer itself will prepare the plan for consideration by the local government.

Staff recognize that when development interests fund the preparation of plans it can lead to a perception of bias – that by providing funding the developer has extra influence over the outcome of the planning process. In recent weeks, Electoral Area C Director Wendy Bales has expressed concerns that accepting monies from a developer to fund the neighbourhood plan may result in a perception of bias and reduce community confidence in the planning process.

To eliminate opportunities for bias and undue influence:

- FVRD alone prepared the RFP for planning and engineering services to develop the neighbourhood plan, evaluated the proposals and selected the preferred proponent. FVRD alone will guide the work of the consultant and the planning process as a whole. The developer had no influence over the scope of the work or the selection of the proponent. And the developer will not in any way guide the work of the consultant.
- The terms under which the developer provides funds to FVRD will be set out in a contract **prepared by FVRD's** legal advisors. The contract is clear that FVRD is in sole control of the work; the developer has no special rights or access; and, there is no assurance whatsoever that the outcomes of the planning process will support the development vision of the developer.
- Funds would be received from the developer in advance of entering into a contract with the consultant so that there is no ongoing financial reliance on the developer. The monies are received ahead of time and cannot be revoked or otherwise used to influence the work as it proceeds.

These measures are intended to provide transparency, **vest control of the work solely with FVRD's** hands, and ensure the developer understands that the outcomes of the planning processes are not in any way assured to be favourable to the developer.

The benefit that the developer derives from funding the work is that the plan will be completed earlier than it otherwise would be. Funding the work does not give the developer any greater access to the process, or influence over the outcomes, than it would already have as a significant stakeholder, among other important stakeholders, who provide input into the planning process through normal channels of community consultation and engagement.

Neighbourhood Plan Funding Options

If the Board wishes to proceed with the development of the Morris Valley Neighbourhood & Servicing Plan, but consider different options for funding the work, three options are outlined below.

Option 1: Developer Funded (Diana Properties Holdings Ltd)

The proposed funding arrangement is for the developer (Diana Properties Holdings Ltd) to be responsible for the costs. In this arrangement, the FVRD will have sole control over and discretion in relation to the work and services of the consultant and the content of the Neighbourhood Plan, including to the timing, content and the extent to which such work is completed. The Regional District will be the owner of the **consultant's deliverables** and any product resulting from them. The developer will have no rights whatsoever in relation to the Reports and Services and resulting products. And most importantly, there is no guarantee: 1) that the Regional District will proceed with the Harrison Mills Neighbourhood and Servicing Plan process to any particular stage; or, 2) that the content of any plan adopted by the Board will be favourable to the aspirations of the developer.

Staff recommend proceeding with the above RFP funding arrangement because the current FVRD planning department work plan does not include the costs and staff time to complete a plan for the Harrison Mills neighbourhood. This arrangement accommodates the **developer's desire to complete a neighbourhood plan in advance of the FVRD's work plan timelines.**

This arrangement is structured to remove the developer from the RFP selection process, as well as sub consultant selection, which results in a process that is open and transparent. The FVRD will remain in full control of the planning and engineering processes in order to remove any perceptions of bias resulting from developer funding the work. The FVRD Board will ultimately decide on the content of any plan that is adopted and the developer has no assurances whatsoever that plan policies will support the development vision that the developer has put forth.

Option 2. FVRD Funded with Gas Tax Monies

Electoral Area C Gas Tax monies could be used to fund the Neighbourhood and servicing plan work in its entirety. Area C has sufficient Gas Tax funds (approximately \$700,000) to cover this expenditure. Some of the Area C Gas Tax funds could be allocated to the Morris Valley Neighbourhood & Servicing Plan project.

Option 3. Cost Sharing (FVRD-Developer funded)

A combination of funding from the developer and Gas Tax monies could be used to undertake the Neighbourhood & Servicing Plan. Under this option:

- FVRD would fund the public engagement, planning and policy components of the RFP with Gas Tax monies. These components of the work address the land use of the neighbourhood and may be more subjective or values-based than the engineering components. Public monies would be used to fund the planning component which requires balancing of various community interests and objectives. Costs to FVRD would be \$254,360.
- The developer would fund engineering components of the work (wastewater treatment review and design, geohazard reports, environmental impact assessments, engineering pre-design) which are more technical in nature and less values-based. The intent is to reduce the potential for perceptions of bias associated with developer-funded planning while utilizing funds provided by the developer for technical products that are less susceptible to perceptions of bias. Costs to the developer would be \$226,900.

Option	Pros	Cons
1. Developer funded	<ul style="list-style-type: none"> • Avoids the use of public funds which could then be used for other community projects • Contribution agreement with developer makes it clear that FVRD controls the processes and that the plan may not ultimately support the developer's aspirations 	<ul style="list-style-type: none"> • potential perception of bias
2. FVRD funded (Gas Tax)	<ul style="list-style-type: none"> • No possible perception of bias that might have resulted from developer funding the work 	<ul style="list-style-type: none"> • places the entire cost, on the public • utilizes Gas Tax monies which could be used to fund other projects in Electoral Area C that would otherwise be funded by property taxes or other public funds
3. Cost Sharing: FVRD-Developer Funded	<ul style="list-style-type: none"> • balances perception issues with reducing costs for the community • Contribution agreement with developer makes it clear that FVRD controls the processes and that the plan may not ultimately support the developer's aspirations 	<ul style="list-style-type: none"> • utilizes Gas Tax monies which could be used to fund other projects in Electoral Area C that would otherwise be funded by property taxes or other public funds

CONCLUSION

The RFP 20011 – Harrison Mills Neighbourhood Plan was issued on February 19, 2021. The RFP was posted on BC Bid and closed on April 12, 2021. The FVRD received Three (3) proposals from proponents.

Each proposal received was evaluated based on a scoring matrix that considered many factors including methodology, experience and total cost implications. Staff identified Urban Systems Ltd. As the preferred proponent.

The next steps to proceed with the Harrison Mills Neighbourhood Plan are to enter into a contract with Diana Properties Holdings Ltd for costs and then a contract with Urban Systems Ltd for the RFP.

THAT the Fraser Valley Regional District Board authorize its signatories to execute a contract with Diana Properties Holdings Ltd. for the funding of the Harrison Mills Neighbourhood Plan.

THAT the Fraser Valley Regional District Board authorize its signatories to execute a contract with Urban Systems Ltd. to provide consulting services for the development of the Harrison Mills Neighbourhood Plan.

If the Board wishes to consider alternative approaches to funding the work, options are outlined above.

COMMENTS BY

Graham Daneluz, Director of Planning & Development: Reviewed and supported

Tareq Islam, Director of Engineering & Community Services: Reviewed and supported

Kelly Lownsborough, Chief Financial Officer/ Director of Finance: Reviewed and supported.

Jennifer Kinneman, Chief Administrative Officer: It should be noted that staff will be bringing forward **Community Works Funds (CWF), or “Gas Tax Monies,”** to the 2022 Work Plan discussions. At present, staff have not identified all of the potential uses and needs for these funds in each electoral area. While the CWF balance for Electoral Area C is healthy, utilizing this funding for the Harrison Mills Neighbourhood Plan could potentially affect other infrastructure needs or opportunities.