

SPECIAL PLANNING AND DEVELOPMENT COMMITTEE

HILLSIDE

**February 21, 2014
SCRD Board Room, 1975 Field Road, Sechelt, BC**

AGENDA

CALL TO ORDER 1:30 p.m.

AGENDA

1. Adoption of the Agenda

PETITIONS AND DELEGATIONS

2. John Jansen, Director – Special Projects, Chilliwack Economic Partners Corporation (cepc)
Regarding Economic Development at Hillside

REPORTS

3. Potential 2014 Hillside Work Plan/Budget Items

ANNEX A
pp 1 - 4

ADJOURNMENT

SCRD STAFF REPORT

DATE: January 7, 2014
TO: Planning and Development Committee -
FROM: Steven Olmstead, GM, Planning and Development
RE: Potential 2014 Hillside Work Plan/Budget Items

RECOMMENDATION(S)

1. That the R1 budget proposal for Hillside [Function 540] provide for:
 - a. up to \$12,000 for an appraisal of SCRD land at Hillside that includes values for sale of DL 1482 "as is" and values if subdivided.
 - b. up to \$??,???, for preparation of a cost estimate for subdivision of District Lot 1482.
 - c. up to \$6,500 for preparation of a business case for a pellet plant at Hillside Industrial Park.
 - d. up to \$3,000 to assess opportunities for establishing medical marihuana facilities at Hillside.
 - e. up to \$5,000 for contract maintenance services at Hillside.
 2. That a report, including cost estimates, regarding establishing an arm's length corporation to manage Hillside be brought to R2 budget considerations.
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BACKGROUND

In recent months the Board has passed a number of resolutions regarding budget and work plan initiatives for the Hillside development.

At its October 24, 2013 meeting the Board passed the following resolution:

... THAT a budget proposal be prepared to include the following:

1. The true expected value of disposable land for lease or sale in an updated report;
2. The recommendation of a reasonable threshold of liability best/worst expected case;
3. There be an assessment of infrastructure costs of land development and maintenance of current infrastructure.

On November 28th, the following resolutions were passed:

Recommendation No. 3. *Hillside Development Corporation*

THAT staff investigate the possibility of setting up an arm's length corporation to manage the development of Hillside Industrial Park.

Recommendation No. 4. *Hillside Development Contract Services*

THAT consideration be given to including funding for retaining a consultant to assist with the Hillside Development Project in the 2014 budget.

DISCUSSION

Further to the above, staff have developed a potential 2014 work plan based around four major areas of interest at Hillside: land disposition; business opportunities; operation and maintenance; and long term management of the development.

Land Disposition

In determining the best alternative for land disposition we need a valuation of the land and an estimate of the cost of development to make a decision about whether to sell land "as is" (i.e. raw, unsubdivided land) or to subdivide where possible. The proposed work plan would be roughly as follows:

1. Determine potential revenue from land sales

With the sale of Lot H in 2013, the only remaining easily developable (and salable) SCRD lot at Hillside is Lot G. District Lot 1482 could be sold as a single property or it could be subdivided into up to five or six lots, but it is presently "raw land". As the SCRD has had a policy since the inception of Hillside of incurring expenses and carrying a deficit based on future repayment occurring from "future land sales". As the amount of land available for sale diminishes over time, it is prudent to ensure that revenues from sales of remaining lands will be sufficient to cover all liabilities. While there is a question of how much of the 145 acres in SCRD ownership is developable, at this point there is no immediate concern that sales would not cover outstanding expenses.

The committee is aware there remains an unanswered question about the market value of the SCRD's saleable land at Hillside, even from an assessed value perspective, as the present assessed value of two property folios seems inordinately high. BC Assessment is presently reviewing its valuation of the two folios. Staff have obtained a "ballpark" estimate of the cost of an appraisal as being in the \$10,000 to \$12,000 range.

Recommendation 1 – That the R1 budget proposal provide for up to \$12,000 for an appraisal of SCRD land at Hillside that includes values for sale of SCRD land "as is" and values if subdivided.

2. Estimate subdivision costs

The costs of subdivision/development will involve land survey costs, engineering (geotech, roads, hydrology) legal (covenants, if required) and actual construction costs for roads/accesses, site preparation etc. Staff are in the process of making enquiries to obtain a cost estimate for budget purposes. In keeping with the SCRD vision for Hillside, the decision to subdivide would be based on considerations such as the additional employment that may result from a larger number of properties being developed and that financially the objective is more toward breaking even than gaining a financial return on investment.

Recommendation 2 – That the R1 budget proposal provide for up to \$??,??? for preparation of a cost estimate for subdivision of District Lot 1482.

Contract Services - Business Investment Attraction Initiatives

Wood Pellet Plant

The 2013 update of the Hillside Industrial Park Competitiveness and Development Opportunities Assessment concluded that the Hillside Industrial Park is a competitive location for a hog fuel processing plant or wood pellet plant. There are 150,000 tonnes of raw woody biomass generated annually at Howe Sound log sorting yards. HIP is a logistically favourable location to amass biomass from the Strait of Georgia region. Processing of biomass into a low grade product for pulp mill use or into a high energy product for a wide range of energy users may be economically viable.

In discussion with Rural Futures Inc. staff have been advised that the business case for a pellet plant needs more work before the opportunity can be marketed. Rural Futures submitted a concept to work with the Canadian Wood Pellet Association to create a prospectus that examines the primary factors in the choice of HIP as a competitive location. The Executive Director of the Wood Pellet Association has agreed to collaborate and his organization will market the opportunity if it is viable.

Recommendation 3 – That the R1 budget proposal provide for up to \$6,500 for preparation of a business case for a pellet plant at Hillside Industrial Park.

Marine Services - Ocean Access

Opportunities at Hillside for a marina and marine services cluster have been explored over the past year or two. The key constraint – lack of appropriate ocean access – has yet to be resolved. A report from the habitat biologist retained by the SCRD was supportive of developing ocean access at the SCRD owned Lot B, which is presently leased to 2019, but was not supportive of modification of the foreshore covenant to permit ocean access at Lot G. However, if the Board did wish to pursue access at Lot G, the report noted that "if access is required, I suggest exploring a small opening through the riparian and across the intertidal at the most southern end of the lot. (adjacent to Lot C). This would ensure the majority of the protected area on Lot G remains and reduces the fragmentation of the habitat on Lot G."

If the Board wishes to pursue ocean access through the covenant area on Lot G, then up to \$?,??? to retain a consultant to prepare and manage the authorization/permitting application and process.

Marine Services - Shipbuilding

In 2012 the regional district had preliminary discussions with various interests in the shipping sector. Of particular interest was the possibility of attracting business associated with the federal shipbuilding contract to Hillside. The conclusion after these preliminary discussions was that there would be little or no opportunity. Recently, it was mentioned in passing that there may be some new potential in conjunction with the shipbuilding contract. This topic should be discussed further at the meeting.

Medical Marihuana

Over the past couple of months staff have received several enquiries about the potential availability of land at Hillside for medical marihuana production. If there is interest in exploring this opportunity it would be useful to investigate potential locations, value/acre of taxes, employment generation, lease or sell options, security and the attitude of present occupants on that industry in their midst.

Recommendation 4 – That the R1 budget proposal provide for up to \$3,000 to assess opportunities for establishing medical marihuana facilities at Hillside.

Contract Services –Maintenance

Given the limited staff resources available, the Board has recognized the need to retain contract services to assist with maintenance issues at Hillside. A maintenance contractor would be responsible for arranging and overseeing routine maintenance such as ditch clearing, brushing roadways and brushing Lot G and other miscellaneous maintenance matters.

Recommendation 5 – That the R1 budget proposal provide for up to \$5,000 for contract maintenance services at Hillside.

Management of Hillside Industrial Park

Staff made preliminary enquiries in December about the possibility of forming an arm's length Hillside Development Corporation and were advised that the authority exists. Costs involved in taking this idea to the next steps would be associated with management consultant and legal fees. Staff are awaiting a reply on a request for a general cost estimate from the President of the Chilliwack Economic Partners Corporation if a consultant was to assist in this process. Further information and consideration is needed prior to deciding on a course of action and can be provided prior to Round 2 of the budget process

Recommendation 6 – That a report, including cost estimates, be brought to R2 budget considerations regarding establishing an arm's length corporation to manage Hillside.