

Report to Council



Date: April 19, 2021

To: Council

From: City Manager

Subject: Intersection Improvement – Hwy.97/Leckie Road

Department: Planning and Development Services

Recommendation:

That Council receive, for information, the report from the Planning and Development Services Division, dated April 19, 2021 regarding Intersection Improvements at Hwy.97 and Leckie Road;

AND THAT the 2021 Financial Plan be amended to include \$500,000 for the City share of improvements at the Hwy.97/Leckie intersection as part of the partnership between the City of Kelowna, Ministry of Transportation, and Costco, with funding from the Capital Works, Machinery, and Equipment Reserves;

AND THAT the Capital Works, Machinery, and Equipment Reserves funding be recovered through the latecomer process with interest added as outlined in Bylaw No. 6519-89;

AND FURTHER THAT a Latecomer Agreement in accordance with Option 1 as outlined in the report from the Planning and Development Services Division, dated April 19, 2021, be prepared and executed by the City's Development Engineering Manager to recover the City costs associated with Hwy.97 and Leckie Road intersection upgrade.

Purpose:

To amend the 2021 financial plan to allocate \$500,000 toward the improvement of the Hwy.97/Leckie Road intersection.

Background:

On January 12 of 2021, Council gave 2nd and 3rd readings to Bylaws No. BL12122 and BL12123 which are the precursors to Council considering a Development Permit application for the development of a new Costco Wholesale store.

During this process it was identified by a traffic impact assessment that the intersection of Hwy.97 and Leckie may experience level of service failures because of traffic pattern changes related to the opening of the new Costco.

As a requirement of the rezoning process, Costco was required to contribute towards a future improvement (southbound double left-hand turns) at that intersection (among other significant offsite improvements). City staff have since been working with the Ministry of Transportation to determine when the improvement is required and how it will occur.

It is important to note that this intersection is already experiencing challenges. The traffic impact study found the following related to existing conditions:

The current protected southbound left turn phase is only functional from 9 am to 3 pm. This movement also was shown to perform poorly under existing conditions during the PM and Saturday peak hours for all horizon years. Southbound left turn queues will also be quite long under total traffic conditions in 2021 and 2031.

The trip assignment for the new Costco location assumed that traffic coming from the north would use the shortest route which meant a high trip assignment at Leckie Road. If this intersection capacity is not upgraded or phasing is not updated, then likely traffic will use alternative routes.

Discussion:

The Hwy 97 corridor between Spall and Hwy 33 is one of the busiest areas of the City from a traffic perspective and is also experiencing significant development pressures. The road network in this area is constrained by natural topography to the north and south.

During the traffic impact study process, traffic modelling determined improvements to the Hwy 97 and Leckie intersection are required. These service levels identified are not solely related to the Costco project (many other factors also contribute) but the modelling does indicate that this project could potentially cause greater intersection challenges without mitigative measures.

City staff and the Ministry of Transportation explored 2 options related to the necessary intersection improvements:

Option 1 - Intersection Improvements Immediately: The City advances funds to partner with Ministry of Transportation and Costco to improve Hwy.97/Leckie intersection while other network improvements are being completed. The City recovers all expenditures via a Latecomer Agreement. To determine with a high degree of certainty the costs of the improvements, Costco has had their engineers complete tender ready design complete with cost estimate. The total Cost of Hwy.97/Leckie Intersection improvement is estimated at \$1,140,326.00.

City of Kelowna	\$466,004.00 (recoverable)
Ministry of Transportation	\$200,000 (reduced to \$150,000 if project occurs after March 31, 2022)

Costco	\$474,322
Total project cost	\$1,140,326.00

Option 2 – Intersection Improvements Delayed for further study: Hwy.97/Leckie intersection improvements delayed with an agreement between the City of Kelowna and MOTI. Intersection improvements would only be triggered if pre-determined intersection thresholds are reached after the Costco Wholesale store opens.

Option 1 is the recommended option for the following reasons:

Option 1 Pros	Option 1 Cons
Ministry of Transportation contribution to project	Exact timing of cost recovery uncertain but likely within 5 years.
Latecomer collection begins sooner and cost recovery by the City occurs sooner	
Transportation network/congestion risk reduced	
Future cost uncertainty risk eliminated	

Option 2 Pros	Option 2 Cons
No initial costs incurred by the City or Ministry of Transportation	Transportation network congestion risks impacting business and residents
	Intersection safety risks
	Project timing challenges
	Longer cost recovery as other development proceeds without paying into latecomer for intersection improvement

City Cost Recovery Discussion

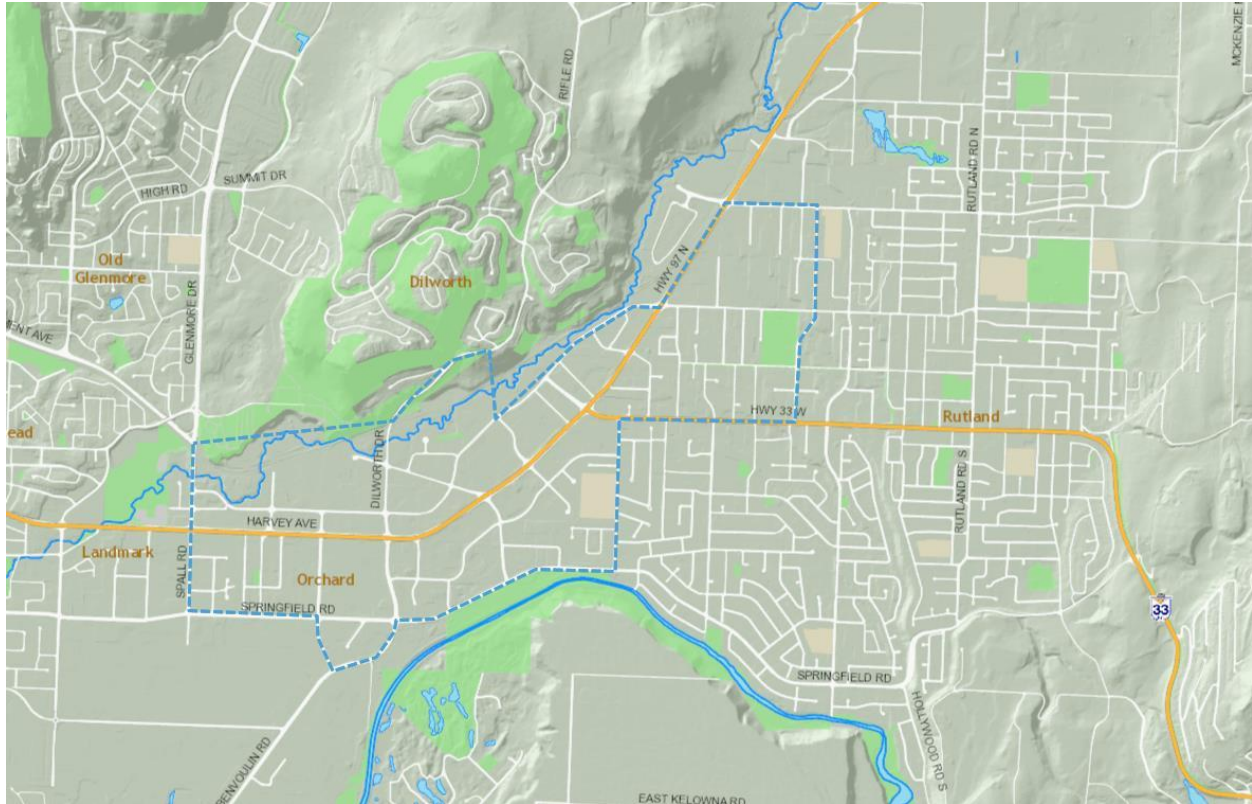
Staff have explored a variety of options to recover the costs of the intersection improvements and have landed on the use of the latecomer tool. There are currently a variety of other sites in this area that will benefit from intersection improvements at Leckie and Hwy.97. From a broader perspective, all business in this area benefit from improvements to the transportation network that increase safety and facilitate the free flow of traffic, goods and services.

Staff estimate that it is likely the City investment of approximately \$500,000 would be recovered in 5 years although staff will structure the latecomer to be 10 years in length. The following formula is proposed:

DETERMINING THE NUMBER OF SINGLE FAMILY EQUIVALENTS	
BASIS: 1.0 single family residential unit equals 1.0 SINGLE FAMILY EQUIVALENTS (SFE)	
ZONING CATEGORY AS DETERMINED BY SECTION 1.3.1 OF ZONING BYLAW NO. 8000	FACTOR
Residential	Each building lot or single or two dwelling housing residential unit equals 1.0 SFE. Each mobile home space or multi-family residential unit equals 0.70 SFE.
Commercial	The first 2,600 square feet of floor area or portion thereof equals 1 SFE. Thereafter 1/2600 SFE per square foot of floor area.
Industrial	The first 0.36 acres of developed land or portion thereof equals 1 SFE. Thereafter 2.8 SFE's per acre of developed land.
Public and Institutional	For the first 2,600 square feet of floor area or portion thereof equals 1 SFE. Thereafter 1/2600 SFE per square foot of floor area. For schools, 50 elementary students equals 1 SFE and 35 middle or senior students equals 1 SFE.

Based on a proposed rate of \$1000/SFE and a conservative estimate of roughly 1500 new units constructed in the area proposed for the latecomer, the City could generate approximately \$1 million to cover the advance of funds. The intent would; however, be to end the latecomer once the city investments has been recovered.

Draft Latecomer Cost Recovery Area



Conclusion:

To take advantage of the current partnership opportunity, staff are recommending that Council amend the Financial Plan to facilitate the advancement of Option 1 described above. Not only will this option have benefits in terms of facilitating the relocation of Costco but also broader benefits to the transportation network this area.

Internal Circulation:

Financial Services
Infrastructure

Considerations applicable to this report:

Legal/Statutory Authority:

Local Government Act Sec. 507: Excess and Extended Services

If the local government pays the capital costs of the excess capacity, it can recover the costs by creating a local service area and applying a property tax or user-fee on the properties within the boundaries of the local service area, or it can apply a latecomer charge.

Financial/Budgetary Considerations:

Staff are requesting the 2021 Financial Plan be amended to include \$500,000 for the City share of improvements at the Hwy.97/Leckie intersection as par of the partnership between the City of Kelowna, Ministry of Transportation and Costco. Funding is recommended to come from the Capital Works, Machinery, and Equipment Reserves with payback, and interest as outlined in Bylaw No. 6519-89, to be received through the latecomer process with full recovery expected to be complete within the next five years.

Considerations not applicable to this report:

External Agency/Public Comments:

Communications Comments:

Legal/Statutory Procedural Requirements:

Existing Policy:

Submitted by:

Ryan Smith, Divisional Director of Planning and Development Services

Approved for inclusion:



D. Gilchrist, City Manager