



Corporate Report

NO: C002

COUNCIL DATE: February 8, 2006

COUNCIL-IN-COMMITTEE

TO: Mayor & Council DATE: February 8, 2006
FROM: General Manager, Engineering FILE: 3150-01
SUBJECT: 2006 Update of Development Cost Charges (DCCs)

RECOMMENDATIONS

1. That a new Engineering DCC rate structure based on the new 2006-2015 10 Year Servicing Plan be approved in principle in accordance with the proposed rates as illustrated in Appendix I.
2. That the Park Land Acquisition DCC rate structure remains unchanged.
3. That a public information meeting be held on the proposed DCC rates.

INTENT

To set DCCs based on the new 2006-2015 10 Year Servicing Plan to assist the City in meeting the infrastructure requirement and costs of growth.

BACKGROUND

A separate corporate report outlines the update of the 10 Year Servicing Plan for engineering services. This report deals with the new DCC rate structure necessary to fund the parks, water, sewer, roads, and drainage works identified in the 10 Year Servicing Plan which are needed to service new growth and foster responsible development within the City.

Council approved the current 10 Year Servicing Plan and DCC rate structure in 2002. Since the last full update we have introduced the following changes:

- eliminating the secondary suite DCC;
- reducing DCCs for seniors housing and congregate care facilities to reflect the likely reduced impact on peak hour traffic and reduced household size;

- reducing the DCCs in the City Centre to reflect the better transit service available and for an interim period reduced the Park DCC for multi-family residential development; and
- establishing area specific DCC rates for Campbell Heights and the Highway 99 Corridor.

Municipal Assist Factor

As seen in the new 10 Year Plan figures, there is a larger increase in non-growth projects than in growth related ones. This is mainly due to the increase inventory of existing infrastructure, some of which is now reaching the end of its useful life and needs replacement. Large increases in the GVRD rates for water and sewer have also significantly increased the demand on utility dollars. For these reasons it is suggested to reduce the municipal assist factor from 10% to 5% for all assets areas. The assist factor for roads is already set at 5%. Quite a number of municipalities have an assist factor of 1%.

Parkland DCCs

The Parkland acquisition program is reviewed annually to ensure the City can meet short and long-term priority parkland needs. Properties targeted for acquisition on the current 10 Year program are located throughout Surrey's six communities and include lands in the four Official Community Plan parkland categories: City, Community, Neighbourhood, and Nature Preservation and Linkages. The lands are acquired in order to meet the Official Community Plan and Park Master Plan commitment of 4.2 hectares of parkland per 1000 new people. (Equivalent of 42m²/person)

The City is able to obtain parkland through a number of sources. The monies received directly from Development Cost Charges are the largest funding source for the parkland acquisition program. The second largest source of parkland, and funds to acquire parkland, is through Section 941 of the Municipal Act where single-family development is required to provide 5% of land dedication or a cash-in-lieu of parkland contribution. More recently the City has acquired additional parkland through different mechanisms, including but not limited to: eco-gift programs, dedication of riparian protection areas, land exchanges, and special levies for neighbourhood plan areas such as the Highway 99 Corridor Plan. These have put downward pressures on the DCC Rates and have permitted us to keep the rates the same, in spite of the increased cost of land.

Construction Costs

Since 2001, construction and land costs have increased significantly, creating upward pressure on the proposed DCC rates. Table 1 shows the construction cost and real estate increases. However, the DCC rates as a percentage of a new detached single family residence was 7% in 2001 and is now projected to be reduced to 6% in 2006.

**Table 1
Cost increases since 2001**

City Infrastructure	2001	2005	% Increase
Arterial Widening (Construction)	\$1,223,000 / km	\$1,634,000 / km	33.6%
Pipe Work – (300mm)	\$415 / m	\$710 / m	74%
Land Acquisition for Drainage Detention Ponds	\$250,000 / acre	\$600,000 / acre	140%
Real Estate	2001	2005	% Increase
Raw Building Lot (1) (3) (Newton)	\$65,000	\$110,000	69%
Detached Single Family (1) (3) Residence (Fraser Valley)	\$240,000	\$410,000	70%

Proposed Changes for 2006

The proposed 2006 update of the DCCs recommends the following changes:

- reducing the municipal assist factor from 10% to 5% for all Utilities (sewer, water, and drainage) for all DCC rates including those previously established for Campbell Heights and the Highway 99 Corridor;
- reducing the Arterial and Major Collector DCC rates in the City Centre for high-density residential developments due to the reduced demand on the City’s road network given the availability of excellent transit in City Centre transit (Previous Addressed in A Separate Corporate Report); and
- elimination of the special higher DCC rate for subdivisions of 3 lots or less.

Summary of Proposed Changes in Rates

The table below details the existing and proposed DCC rates. The DCC rates for all Utilities, Arterial Roads, and Major Collector Roads have increased due to increased construction and land costs, and to a minor degree the reduction of the municipal assist factor (excluding Arterial Roads and Major Collectors, where the municipal assist factor was already set at 5%) and higher servicing costs to service future growth in the newer, more outlying NCP’s. Only the DCC rates for Parks remain unchanged. Overall, there has been no significant increase in the DCCs for 10 years.

**Table 2
Sample DCC Rates**

Land Use	TOTAL		
	Current	Proposed	% ▲
SF (RF, RF-12, RFC)	\$16,875	\$24,356 / lot	44%
SF Small Lot (RF-9, RF-SD)	\$15,019	\$21,481 / lot	43%
RM-10, RM-15 & RM-30	\$10.06	\$13.54 / unit (*)	35%
RM-45 and RM-70	\$12.30	\$16.12 / unit (*)	31%
RM-135 and RMC-150	\$9.88	\$13.00 / unit (*)	32%

*- Based on 1,000 sq. ft.

The DCC rates are based on the growth components of the 10 Year Servicing Plan. The total growth components are as follows:

Table 3
10 Year Servicing Costs

Asset Area	Estimated 10 Year Servicing Cost (Growth Component)
Water	\$59,162,589
Sewer	\$62,201,800
Drainage	\$97,285,426
Arterial – Roads	\$218,227,500
Major Collector – Roads	\$59,835,500
Parkland Acquisition	\$210,488,000

Public Process

Should Council approve the recommendations of this report, public information meetings with both the Development Advisory Committee and the public will be completed to review both the works outlined in the 10 Year Servicing Plan, the proposed impact factors, and the proposed DCC rates. A preliminary outline of the proposed rate increases has already been discussed with the Development Advisory Committee.

Implementation Schedule

It is recognized that the DCC increases are significant; however, the implementation schedule and a one year grace period for applications in stream helps safeguard development projects in process. The draft transitional plan is attached in Appendix II. The anticipated schedule for the applicability of any new rates approved by Council is as follows:

Public Consultation	February / March	2006
Initial Readings of New By-law	March	2006
Submission and Approval Process by the Province Complete by	June / July	2006
Third Reading	June / July	2006
New Rates Become Effective	June / July	2007

It is proposed to widely advertise within the development community to ensure they become aware of the contemplated rate changes. A presentation of the draft DCC rates has already been made to the Development Advisory Committee. A followup with this

committee is also scheduled for late-February. A public open house is also scheduled for late-February that will be advertised in the local paper, in addition to notices that will also be sent to local land development consultants.

NEXT STEPS

Following further meetings with the Development Advisory Committee and a public information meeting and the input that is received, we will bring forward a new DCC By-law for consideration by Council. If approved by Council, the DCC By-law would then be submitted for approval by the Provincial Inspector of Municipalities, together with a finalized 10 Year Servicing Plan.

Paul Ham, P.Eng.
General Manager, Engineering

PH/VL/JA/kd2/brb/rdd/amr
Attachment

- c.c. - General Manager, Parks, Recreation & Culture
- General Manager, Finance, Technology & HR Dept.
- General Manager, Planning & Development

Appendix I - DDC Rates

Land Use	Water	Sewer	Drainage	Arterial	Major Collector	Parks	TOTAL	
							Current	Proposed
Single Family (< 3 lots) (\$ / lot)								
SF (RH, RH-G)	\$1,984	\$2,088	\$7,377	\$8,671	\$2,348	\$2,065	\$19,978	\$24,534
SF (RF, RF-12, RFC)	\$1,984	\$2,088	\$3,689	\$8,671	\$2,348	\$5,575	\$19,680	\$24,356
SF Small Lot (RF-9, RF-SD)	\$1,804	\$1,898	\$2,176	\$7,891	\$2,137	\$5,575	\$17,824	\$21,481
Single Family (> 3 lots) (\$ / lot)								
SF (RH, RH-G)	\$1,984	\$2,088	\$7,377	\$8,671	\$2,348	\$2,065	\$15,983	\$24,534
SF (RF, RF-12, RFC)	\$1,984	\$2,088	\$3,689	\$8,671	\$2,348	\$5,575	\$16,875	\$24,356
SF Small Lot (RF-9, RF-SD)	\$1,804	\$1,898	\$2,176	\$7,891	\$2,137	\$5,575	\$15,019	\$21,481
Multi Family (\$ / sq. ft.)								
RM-10, RM-15, and RM-30	\$1.12	\$1.18	\$1.43	\$3.70	\$1.00	\$5.11	\$10.06	\$13.54
RM-45 and RM-70	\$1.20	\$1.27	\$0.92	\$4.77	\$1.29	\$6.67	\$12.30	\$16.12
RM-45 and RM-70 (City Centre)	\$1.20	\$1.27	\$0.92	\$3.05	\$0.83	\$0.00	\$4.11	\$7.27
RM-135, RMC-135, and RMC-150	\$1.14	\$1.20	\$0.33	\$3.47	\$0.94	\$5.93	\$9.88	\$13.00
RM-135, RMC-135 (City Centre)	\$1.14	\$1.20	\$0.33	\$2.22	\$0.61	\$0.00	\$2.86	\$5.48
Commercial								
Ground Floor (\$ / 1000 sq. ft. of BA)	\$601	\$633	\$2,398	\$3,728	\$1,010	\$0	\$5,209	\$8,370
All Other Floors (\$ / 1000 sq. ft. of BA)	\$601	\$633	\$480	\$2,428	\$798	\$0	\$2,811	\$4,940
Commercial - Hwy 99 (\$ / acre)	\$6,661	\$12,382	\$7,231	\$98,498	\$22,502	\$12,070	\$157,960	\$159,343
Industrial								
Industrial - General (\$ / acre)	\$5,412	\$5,695	\$31,354	\$19,163	\$5,190	\$0	\$42,356	\$66,814
Industrial - Hwy 99 (\$ / acre)	\$6,661	\$12,382	\$7,231	\$28,970	\$6,618	\$12,070	\$72,548	\$73,931
Industrial - Campbell Heights (\$ / acre)	\$12,622	\$13,451	\$11,144	\$71,060	\$9,975	\$0	\$107,523	\$118,252

APPENDIX II

DRAFT TRANSITION PLAN FOR THE NEW DEVELOPMENT COST CHARGE BY-LAW

1. Subdivision and building permit applications submitted after approval of the new DCC By-law by Council, will be subject to the new DCC By-law rates.
2. Subdivision and building permit applications completed before approval of the new DCC By-law by Council, are not eligible for reassessment with the new DCC By-law rates.
3. For subdivision applications that are in-stream at the time of approval of the new DCC By-law:

For subdivision applications that are in-stream at the time of approval of the new DCC By-law, and where DCCs are paid at subdivision stage, applicants may choose to have their applications assessed with the new DCC By-law immediately or the previous DCC By-law rates provided the subdivision application is completed within 1-year from the time of approval of the new DCC By-law.

4. For building permit applications that are in-stream at the time of approval of the new DCC By-law:

Complete building permit applications that are in-stream at the time of approval of the new DCC By-law, and where DCCs are paid at building permit stage, rates will be assessed with the new DCC By-law rates. The applicant may choose to have their DCC rate assessed with the previous DCC By-law provided they request it in writing and the building permit is completed within 1-year from the time of approval of the new DCC By-law.

5. For a building permit application that arises from a subdivision application that are in-stream at the time of approval of the new DCC By-law:

A building permit application, where DCCs are paid at building permit stage, that arises from a subdivision that are in-stream at the time of approval of the new DCC By-law, rates will be assessed with the new DCC By-law rates. The applicant may choose to have their DCC rate assessed with the previous DCC By-law provided they request it in writing and both the subdivision application and building permit are completed within 1-year from the time of approval of the new DCC By-law.

Definitions

"in-stream application" shall mean:

any subdivision, rezoning or development permit application or building permit application for which the application submission requirements have been completed, including payment of the application fees and all required supporting

documentation have been submitted and accepted by the City as complete but has not been granted final approval by the City.

“previous DCC By-law” shall mean:

Development Cost Charge By-law, 2002, No. 14650.

“new DCC By-law” shall mean:

Development Cost Charge By-law, 2006, No. _____.

“completed subdivision application” shall mean:

a subdivision application for which the servicing agreement is executed, zoning is in place, all fees and levies are paid, all conditions of approval are fulfilled and the final plan of subdivision is ready for approval by the Approving Officer.

“completed building permit application” shall mean:

a building permit application for which Engineer's certification letters are submitted; all architectural, structural, plumbing, electrical, site drainage drawings and sprinkler drawings, where applicable, are submitted, all applicable fees and development cost charges are paid; and all off-site legal encumbrances relating to engineering servicing have been registered at the Land Title Office.