



Corporate Report

NO: R041

COUNCIL DATE: March 6, 2006

REGULAR COUNCIL

TO: Mayor & Council DATE: March 3, 2006

FROM: General Manager, Engineering FILE: 3150-01
General Manager, Finance, Technology & HR

SUBJECT: New 2006-2015 10-Year Servicing Plan and Development Cost Charges
(DCCs)

RECOMMENDATIONS

1. That the DCC By-law attached in Appendix "1" be given first 3 readings.
2. That the amendment By-law be submitted to the Ministry of Community Services for approval following Third Reading
3. That the amended 10 Year Capital Financial Plan as presented in Appendix 2, be approved.

INTENT

To approve the new 2006-2015 10-Year Servicing Plan and implement the new DCC rates.

BACKGROUND

On February 13, 2006, the background principles behind the 2006 update of the DCCs were presented to Council together with draft DCC rates. Since that time, further public consultation has taken place and the 2006-2015 10-Year Servicing Plan and DCC calculations have been finalized.

Public Consultation

Public consultation for the update of the DCCs has consisted of the Development Advisory Committee, ads in local papers, a DCC consultation section on our web site, meetings with Urban Development Institute and Greater Vancouver Home Builders Association members and a public information meeting.

During this month-long public consultation period, the following major issues were raised:

- **Municipal assist factor**

In order to offset some of the unavoidable cost increase in construction cost, some developers suggested that a higher assist factor would be appropriate. Under the proposed DCC Rate we are suggesting lowering the assist factor from 10% to 5% for the utilities to be in line with the 5% assist factor for Roads and Parks.

Essentially the assist factor is a political / policy level decision which determines how much existing residents will contribute to new infrastructure needed for growth. Council has consistently had a position of developer pay which supports in general lower assist factors.

Keeping the assist factor at 10% for utilities or increasing the existing 5% for roads and parks will put additional burden on the existing residents to offset essentially higher servicing cost of growth. Due to the already high pressures on utility rates from expensive regional infrastructure such as the Seymour Filtration Plant, we are recommending a consistent assist factor of 5% for all services.

- **Phase-in period and implementation**

Many developers realize the increase in the cost of construction for servicing increases the DCC rates; however, they requested as long of a phase-in period as possible. Council also raised the issue at the February 13th meeting.

In order to accommodate as many projects as possible that are presently in-stream, we are suggesting in the new revised implementation plan that all in-stream applications (as defined in the implementation plan) at the time of the final reading of the new by-law are given 1 year to complete under the old DCC rates. The Urban Development Institute is very supportive of this approach.

Appendix 3 gives a synopsis of the other issues raised during the public consultation process.

OTHER ISSUES ADDRESSED IN NEW BY-LAW

- **Elimination of the Exemption 4 Units or Less**

Previous Provincial regulation did not allow municipalities to collect DCCs from building containing 4 units or less. Under revised regulation, municipalities now have the option to collect DCCs on buildings containing 4 units or less and the option to collect has been included in the by-law. This is more equitable under a City-wide DCC program.

- **Parkland Acquisition DCCs**

Parkland DCCs have not changed significantly during the recalculation of the rates with the new 2006-2015 Requirements. Parkland acquisition DCCs have lowered for all land uses except for townhouse zones which have increased.

- **Phase out of zero Parkland Acquisition DCCs in City Centre**

In mid-2003, Council directed staff to seek provincial approval for reduced multi-family residential DCCs in the City Centre. The zero Parkland Acquisition DCC component of this reduction was approved by the Province on a 2-year 'pilot project' basis. In mid-2005, Council directed staff to seek a further 2-year extension on this reduction. The new DCC by-law reverts back to the original 2003 park DCC rates; however, with the time taken for Provincial approval and the phase-in 'grace' period for projects in process, the new rate will not come into effect until mid-2007. This is essentially the 2-year extension requested by Council. It should be noted, however, that even with this change there is a reduced DCC in the City Centre to reflect the better level of transit service available (i.e., areas within walking distance of SkyTrain) and the reduced need for new park space in the City Centre.

- **Increasing Construction Cost Trigger**

The Provincial legislation set a minimum exemption for projects where construction cost are lower than \$50,000. This cuts down on administration of collecting small DCC amounts on minor projects. This threshold has not been adjusted in the last 20 years. Since building construction has also increased significantly, an increase of this exemption to \$100,000 has been included in this By-law.

IMPACT ON THE FINANCIAL PLAN

The Five Year Financial Plan, adopted by Council on January 30, 2006 was prepared prior to the completion of the 10 Year Servicing Plan. While the financial plan addresses most of the requirements of this servicing plan, additional funding will be required to complete the roads program, which has increased by \$48.7 million. The Ministry of Community Service requires that an approved 10 Year Capital Financial Plan that includes the servicing requirements, be provided with the DCC By-laws. In order to meet this requirement, an amended 10-Year Capital Financial Plan has been prepared and is attached in appendix 3. The amended capital plan does not impact the adopted Five Year Financial Plan, however some assumption have been made in the last five years of the plan to address the new servicing plan requirements. During the 2007 – 2011 Financial Planning process, these assumptions will need to be reviewed in more detail.

CONCLUSION

DCCs are calculated based on the Council approved 2006-2015 10-Year Servicing Plan and Parks and Recreation Master Plan, together with factors to reflect the impacts of various land uses.

The current update of DCCs has included public and stakeholder input. This input together with previous comments on DCCs, has resulted in a range of opinion, some of which is conflicting. Consequently, it has not been possible to meet all the various stakeholder concerns. To this end, the City has had to balance input and maintain a position that demonstrated data and/or sound rationale must be used in the calculation of development cost charges.

The resultant DCCs are shown on the attached schedule of rates. It is recommended that a new by-law to amend the existing DCC rates be introduced and that the by-law and supporting documentation be submitted to the Ministry of Community Services for approval following third reading.

Vivienne Wilke
General Manager, Finance, Technology & HR

Paul Ham, P.Eng.
General Manager, Engineering

PH/VL/kd2/brb
Attachments

c.c. - General Manager, Planning & Development
- General Manager, Parks, Recreation & Culture

APPENDIX 2



2006 - 2010 CAPITAL FINANCIAL PLAN EXECUTIVE SUMMARY \$ 000's

Appendix 2 -1

| CONTRIBUTION SUMMARY | 2006 | 2007 | 2008 | 2009 | 2010 | 5 YEAR PROGRAM | 10 YEAR PROGRAM |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|------------------------|
| Non-Discretionary Contributions | | | | | | | |
| DCC Reserve Funds | \$ 57,071 | \$ 64,548 | \$ 64,548 | \$ 63,588 | \$ 63,588 | \$ 313,343 | \$ 733,354 |
| NCP Reserve Funds | 5,187 | 2,883 | 1,300 | 1,300 | 1,300 | 11,970 | 18,170 |
| Other Statutory Reserve Funds | 6,100 | 5,187 | 4,850 | 4,500 | 4,500 | 25,137 | 47,637 |
| | 68,358 | 72,618 | 70,698 | 69,388 | 69,388 | 350,450 | 799,161 |
| Discretionary Contributions | | | | | | | |
| Operating Appropriated Surplus | 16,585 | 7,550 | 7,600 | 7,600 | 7,600 | 46,935 | 106,526 |
| Contribution from Operating | 18,114 | 22,407 | 22,707 | 23,042 | 23,342 | 109,612 | 239,771 |
| Other Statutory Reserve Funds | 13,189 | 13,341 | 13,283 | 14,628 | 12,587 | 67,028 | 120,121 |
| | 47,888 | 43,298 | 43,590 | 45,270 | 43,529 | 223,575 | 466,418 |
| Other Contributions | | | | | | | |
| External Sources | 20,405 | 13,455 | 10,180 | 5,380 | 5,380 | 54,800 | 81,775 |
| Borrowing Proceeds | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 5,000 | 10,000 |
| | 21,405 | 14,455 | 11,180 | 6,380 | 6,380 | 59,800 | 91,775 |
| Unspecified - Budget Authority | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 100,000 | 200,000 |
| Total Current Year's Contributions | 157,651 | 150,371 | 145,468 | 141,038 | 139,297 | 733,825 | 1,557,354 |
| Carry Fwd from Previous Years | 47,295 | 45,111 | 43,640 | 42,311 | 41,789 | 660,443 | 1,401,619 |
| | \$ 204,946 | \$ 195,482 | \$ 189,108 | \$ 183,349 | \$ 181,086 | \$ 1,394,268 | \$ 2,958,973 |
| EXPENDITURE SUMMARY | | | | | | | |
| Statutory & Asset Maintenance | | | | | | | |
| Property Acquisition | \$ 26,720 | \$ 22,230 | \$ 21,893 | \$ 21,543 | \$ 21,543 | \$ 113,929 | \$ 256,729 |
| Buildings | 4,132 | 3,832 | 3,450 | 3,450 | 3,450 | 18,314 | 36,564 |
| Engineering Structures | 84,570 | 91,905 | 87,429 | 81,704 | 81,704 | 427,312 | 948,308 |
| Equipment | 6,149 | 5,874 | 6,066 | 8,211 | 6,920 | 33,220 | 74,703 |
| | 121,571 | 123,841 | 118,838 | 114,908 | 113,617 | 592,775 | 1,316,304 |
| Ranked Projects | | | | | | | |
| Buildings | 10,730 | 5,230 | 5,330 | 5,430 | 4,980 | 31,700 | 31,700 |
| Engineering Structures | 5,350 | 1,300 | 1,300 | 700 | 700 | 9,350 | 9,350 |
| | 16,080 | 6,530 | 6,630 | 6,130 | 5,680 | 41,050 | 41,050 |
| Unidentified - Budget Authority | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 100,000 | 200,000 |
| Total Current Year's Expenditures | 157,651 | 150,371 | 145,468 | 141,038 | 139,297 | 733,825 | 1,557,354 |
| Carry Fwd from Previous Years | 47,295 | 45,111 | 43,640 | 42,311 | 41,789 | 660,443 | 1,401,619 |
| | \$ 204,946 | \$ 195,482 | \$ 189,108 | \$ 183,349 | \$ 181,086 | \$ 1,394,268 | \$ 2,958,973 |



**2006 - 2010 CAPITAL FINANCIAL PLAN
CONTRIBUTION (FUNDING) SUMMARY
\$ 000's**

Appendix 2 - 2

| CONTRIBUTION SUMMARY | 2006 | 2007 | 2008 | 2009 | 2010 | 5 YEAR PROGRAM | 10 YEAR PROGRAM |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|------------------------|
| Non-Discretionary Contributions | | | | | | | |
| DCC Reserve Funds | | | | | | | |
| Arterial Roads | \$ 15,092 | \$ 15,410 | \$ 15,410 | \$ 15,410 | \$ 15,410 | \$ 76,732 | \$ 207,316 |
| Major Collector Roads | 4,149 | 4,005 | 4,005 | 4,005 | 4,005 | 20,169 | 51,856 |
| Park Lands | 18,662 | 15,269 | 15,269 | 15,269 | 15,269 | 79,738 | 189,438 |
| Parkland Development | 2,390 | 1,686 | 1,686 | 1,686 | 1,686 | 9,134 | 18,278 |
| Drainage | 6,313 | 9,241 | 9,241 | 9,241 | 9,241 | 43,277 | 92,532 |
| Sewer | 2,859 | 7,142 | 7,142 | 7,142 | 7,142 | 31,427 | 58,959 |
| Water | 2,599 | 7,038 | 7,038 | 7,038 | 7,038 | 30,751 | 55,810 |
| Hwy 99 Corridor | 257 | 257 | 257 | 257 | 257 | 1,285 | 8,770 |
| North Grandview | 250 | 0 | 0 | 0 | 0 | 250 | 250 |
| Campbell Heights | 4,500 | 4,500 | 4,500 | 3,540 | 3,540 | 20,580 | 50,145 |
| | <u>57,071</u> | <u>64,548</u> | <u>64,548</u> | <u>63,588</u> | <u>63,588</u> | <u>313,343</u> | <u>733,354</u> |
| NCP Reserve Funds | | | | | | | |
| Fire | 674 | 50 | 50 | 50 | 50 | 874 | 1,124 |
| Police | 479 | 50 | 50 | 50 | 50 | 679 | 829 |
| Library Services | 457 | 100 | 100 | 100 | 100 | 857 | 1,157 |
| Recreation Services | 3,577 | 2,683 | 1,100 | 1,100 | 1,100 | 9,560 | 15,060 |
| | <u>5,187</u> | <u>2,883</u> | <u>1,300</u> | <u>1,300</u> | <u>1,300</u> | <u>11,970</u> | <u>18,170</u> |
| Other Statutory Reserve Funds | | | | | | | |
| Affordable Housing | 350 | 350 | 350 | 0 | 0 | 1,050 | 1,050 |
| Cash In Lieu of Parkland | 5,750 | 4,837 | 4,500 | 4,500 | 4,500 | 24,087 | 46,587 |
| | <u>6,100</u> | <u>5,187</u> | <u>4,850</u> | <u>4,500</u> | <u>4,500</u> | <u>25,137</u> | <u>47,637</u> |
| | 68,358 | 72,618 | 70,698 | 69,388 | 69,388 | 350,450 | 799,161 |
| Discretionary Contribution | | | | | | | |
| Operating Appropriated Surplus | | | | | | | |
| Other Appropriations | 12,785 | 3,700 | 3,700 | 3,700 | 3,700 | 27,585 | 67,676 |
| Utility Rate Stabilization Reserve | 3,800 | 3,850 | 3,900 | 3,900 | 3,900 | 19,350 | 38,850 |
| | <u>16,585</u> | <u>7,550</u> | <u>7,600</u> | <u>7,600</u> | <u>7,600</u> | <u>46,935</u> | <u>106,526</u> |
| Contributions from Operating | | | | | | | |
| Current Year's General Operating | 5,100 | 5,400 | 5,700 | 6,000 | 6,300 | 28,500 | 78,500 |
| Water | 4,268 | 8,418 | 8,418 | 8,423 | 8,423 | 37,950 | 70,419 |
| Sewer & Drainage | 8,746 | 8,589 | 8,589 | 8,619 | 8,619 | 43,162 | 90,852 |
| | <u>18,114</u> | <u>22,407</u> | <u>22,707</u> | <u>23,042</u> | <u>23,342</u> | <u>109,612</u> | <u>239,771</u> |
| Other Statutory Reserve Funds | | | | | | | |
| City Land Sales | 7,518 | 7,600 | 7,400 | 6,600 | 5,850 | 34,968 | 49,968 |
| Cranley Drive Revolving | 15 | 15 | 15 | 15 | 15 | 75 | 125 |
| Vehicles & Equipment | 4,056 | 4,126 | 4,268 | 6,413 | 5,122 | 23,985 | 54,028 |
| Interest from Capital Legacy Fund | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 8,000 | 16,000 |
| | <u>13,189</u> | <u>13,341</u> | <u>13,283</u> | <u>14,628</u> | <u>12,587</u> | <u>67,028</u> | <u>120,121</u> |
| | 47,888 | 43,298 | 43,590 | 45,270 | 43,529 | 223,575 | 466,418 |
| Other Contributions | | | | | | | |
| External Sources | | | | | | | |
| Private Contributions | 1,008 | 858 | 883 | 883 | 883 | 4,515 | 9,005 |
| GVTA | 19,397 | 12,597 | 9,297 | 4,497 | 4,497 | 50,285 | 72,770 |
| | <u>20,405</u> | <u>13,455</u> | <u>10,180</u> | <u>5,380</u> | <u>5,380</u> | <u>54,800</u> | <u>81,775</u> |
| Internal Borrowing | | | | | | | |
| Local Improvement | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 5,000 | 10,000 |
| | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>5,000</u> | <u>10,000</u> |
| | 21,405 | 14,455 | 11,180 | 6,380 | 6,380 | 59,800 | 91,775 |
| Unspecified - Budget Authority only (not funded) | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 100,000 | 200,000 |
| | <u>\$ 157,651</u> | <u>\$ 150,371</u> | <u>\$ 145,468</u> | <u>\$ 141,038</u> | <u>\$ 139,297</u> | <u>\$ 733,825</u> | <u>\$ 1,557,354</u> |



2006 - 2010 CAPITAL FINANCIAL PLAN
EXPENDITURE SUMMARY
\$ 000's

Appendix 2 - 3

| EXPENDITURE SUMMARY | 2006 | 2007 | 2008 | 2009 | 2010 | 5 YEAR PROGRAM | 10 YEAR PROGRAM |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|------------------------|
| Statutory & Asset Maintenance | | | | | | | |
| Land Acquisition | | | | | | | |
| General Corporate | \$ 1,326 | \$ 1,320 | \$ 1,320 | \$ 970 | \$ 970 | \$ 5,906 | \$ 10,731 |
| Parks, Recreation & Culture | 25,394 | 20,910 | 20,573 | 20,573 | 20,573 | 108,023 | 245,998 |
| | 26,720 | 22,230 | 21,893 | 21,543 | 21,543 | 113,929 | 256,729 |
| Buildings | | | | | | | |
| General Corporate | 2,456 | 2,350 | 2,350 | 2,350 | 2,350 | 11,856 | 24,106 |
| Parks, Recreation & Culture | 1,676 | 1,482 | 1,100 | 1,100 | 1,100 | 6,458 | 12,458 |
| | 4,132 | 3,832 | 3,450 | 3,450 | 3,450 | 18,314 | 36,564 |
| Engineering Structures | | | | | | | |
| General Corporate | 90 | 90 | 90 | 90 | 90 | 450 | 900 |
| Engineering Services | 43,901 | 37,284 | 33,984 | 29,184 | 29,184 | 173,537 | 458,454 |
| Parks, Recreation & Culture | 6,187 | 4,746 | 3,545 | 3,545 | 3,545 | 21,568 | 40,042 |
| Sewer & Drainage Services | 22,463 | 29,267 | 29,292 | 29,322 | 29,322 | 139,666 | 278,333 |
| Water Services | 11,929 | 20,518 | 20,518 | 19,563 | 19,563 | 92,091 | 170,579 |
| | 84,570 | 91,905 | 87,429 | 81,704 | 81,704 | 427,312 | 948,308 |
| Equipment | | | | | | | |
| General Corporate | 4,408 | 4,051 | 4,051 | 4,051 | 4,051 | 20,612 | 42,917 |
| Protective Services | 1,213 | 1,245 | 1,387 | 3,532 | 2,241 | 9,618 | 25,506 |
| Parks, Recreation & Culture | 128 | 128 | 128 | 128 | 128 | 640 | 1,430 |
| Sewer & Drainage Services | 200 | 250 | 250 | 250 | 250 | 1,200 | 2,450 |
| Water Services | 200 | 200 | 250 | 250 | 250 | 1,150 | 2,400 |
| | 6,149 | 5,874 | 6,066 | 8,211 | 6,920 | 33,220 | 74,703 |
| | 121,571 | 123,841 | 118,838 | 114,908 | 113,617 | 592,775 | 1,316,304 |
| Ranked Projects | | | | | | | |
| Buildings | | | | | | | |
| Multi-Purpose/Youth Centre | 0 | 1,000 | 0 | 0 | 0 | 1,000 | 1,000 |
| Cloverdale Revitalization: | | | | | | | |
| - Fairgrounds Re-Development | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 12,000 | 12,000 |
| - Multi-Purpose/RCMP District Office | 2,630 | 1,830 | 2,930 | 3,030 | 2,580 | 13,000 | 13,000 |
| New Firehall # 10 - Newton | 3,200 | 0 | 0 | 0 | 0 | 3,200 | 3,200 |
| RCMP Whalley District Office | 2,500 | 0 | 0 | 0 | 0 | 2,500 | 2,500 |
| | 10,730 | 5,230 | 5,330 | 5,430 | 4,980 | 31,700 | 31,700 |
| Engineering Structures | | | | | | | |
| Additional Roads & Traffic Needs | 4,050 | 500 | 500 | 500 | 500 | 6,050 | 6,050 |
| Artificial Turf Fields | 800 | 0 | 0 | 0 | 0 | 800 | 800 |
| Guildford/Hjorth Park Youth Park | 300 | 0 | 0 | 0 | 0 | 300 | 300 |
| Tennis Courts/Sportsfield Upgrades | 0 | 600 | 600 | 0 | 0 | 1,200 | 1,200 |
| Greenways | 200 | 200 | 200 | 200 | 200 | 1,000 | 1,000 |
| | 5,350 | 1,300 | 1,300 | 700 | 700 | 9,350 | 9,350 |
| | 16,080 | 6,530 | 6,630 | 6,130 | 5,680 | 41,050 | 41,050 |
| Unidentified - Budget Authority only (not funded) | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 100,000 | 200,000 |
| | \$ 157,651 | \$ 150,371 | \$ 145,468 | \$ 141,038 | \$ 139,297 | \$ 733,825 | \$ 1,557,354 |

APPENDIX 3

Other issues revised during the public consultation process, together with City comments, are summarized as follows: (copies of correspondence and comment sheets are attached)

- **Will there be a Public Hearing on the By-law?**

It was explained that there would not be a formal public hearing before Council. The public consultation process provides an opportunity for public questions and comments, which will be forwarded to Council for consideration.

- **Need for more frequent updates**

It was acknowledged that there needs to be frequent updates of the 10 Year Plan and the DCCs. It was explained that the City proposes to update the proposed plan and rates within the next 2 to 3 years.

- **Can DCCs be prepaid to take advantage of existing rates**

The City's position is that the notice period plus the one-year timeframe to gain approvals presents a reasonable opportunity to take advantage of existing rates. The City has found that pre-paying DCCs on projects with uncertain scope has too many technical and administrative problems.

- **Servicing costs have increased, DCC increases just make this situation worse**

It is recognized that servicing costs have increased for developers; however, it is these same construction cost increases in the new infrastructure needed for development that are causing the DCCs to increase.

- **High-rise park DCCs in Guildford are higher than in the City Centre, which is a disincentive for such development;**

It is recognized that both, under the existing and the proposed park DCCs, rates are higher in Guildford than the City Centre. For both City Centre and Guildford, the proposed DCC rates for park are not very much different from the current ones. The issue of the appropriate park DCC level for Guildford is an item that will need more in-depth review before any conclusions can be reached. In view of the timeframe involved, this review will have to be carried out following approval of the proposed by-law.

- **Increased DCC will make industrial development in South Westminster marginal**

The WesGroup has expressed concerns that the new DCC rates will make industrial development in South Westminster marginal. South Westminster was one of the prime examples among the NCPs where the identified growth works far exceeded the DCCs generated by development of the area. The new DCC rates will allow the City

to better fund the works needed for the area. While it is recognized that industrial land prices have not increased as greatly as residential, there is a growing shortage of industrial land in the region which, together with the new South Fraser Perimeter Road and other services that will now be affordable, will likely make industrial development in this area more viable.

- **Certain Individual Items in the 10 Year Plan**

There were a number of questions on specific items in the 10 Year Plan which were addressed individually by staff.

**CORRESPONDENCE
RECEIVED**