



Corporate Report

NO: R012

COUNCIL DATE: FEBRAURY 12, 2007

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **February 7, 2007**
FROM: **Acting General Manager, Planning & Development** FILE: **3150-01**
General Manager, Engineering XC: **5250-01**
SUBJECT: **2007 Development Cost Charge Deadline Project Management Strategy**

RECOMMENDATIONS

The Planning & Development Department and Engineering Department recommend that Council:

1. Receive this report as information; and
2. Authorize staff to forward the information contained in this report to all land development and building consultants with active, in-stream applications, post the information on the City web page, and present the information to the Development Advisory Committee.

INTENT

At its meeting on December 18, 2006, Council requested information regarding processing in-stream projects prior to the Development Cost Charge (DCC) rate increase. The intent of this report is to update Council on efforts within the Planning & Development and Engineering Departments to process "in-stream" Land Development projects and Building Permit applications prior to June 26, 2007, the date that the new DCC rates become effective.

BACKGROUND

Council adopted Development Cost Charge By-law No. 15973 on June 26, 2006, which increased DCCs. This by-law became effective immediately for all Land Development applications and Building Permit applications submitted after June 26, 2006 (Files 7806-0331-00 and newer). It also established a grace period, allowing all in-stream Land Development projects (File 7806-0330-00 and lower), including subdivisions and Building Permits where the associated Development Permit was in-stream on June 26,

2006, to pay the old DCC rates if completed by June 26, 2007. It is noted that Surrey is the only City or Municipality to extend the in-stream status for Development Cost Charges to Building Permit applications.

Planning, Engineering, and Building staff are coordinating their efforts and are utilizing a variety of strategies to maximize the number of “in-stream” subdivisions and Building Permits which are completed prior to the DCC deadline.

DISCUSSION

DCCs are payable at the time of subdivision for single family residential development, and are collected via the Servicing Agreement. DCCs are payable at the time of Building Permit issuance for multi-family residential and commercial/industrial development.

The Planning and Development Department received an extraordinary number of new Land Development applications in April, May, and June 2006 in anticipation of By-law No. 15973 being adopted. These last minute applications, as well as many other projects in-stream over the last couple years, are progressing through the Planning and Engineering processes with the objective of completing the Servicing Agreement (single family residential) or Building Permit (multi-family residential, commercial/industrial) prior to the end of the one-year grace period - June 26, 2007.

The Engineering Department issued a general bulletin to Surrey Developers, Builders, and Land Development Consultants on July 11, 2006, advising of the adoption of By-law No. 15973, and outlining the grace period during which applications would qualify for the old DCC rates (Attachment A). This was followed by a Planning Department letter to all in-stream Land Development applicants on August 3, 2006 (Attachment B).

In order to be most effective in delivering service up to the DCC deadline, staff are establishing a consolidated DCC Deadline Priority Project list that will represent projects that are confirmed as a priority by the Applicant and Consultant, and that have a high probability of progressing in a timely way and meeting established milestone dates leading to completion prior to June 26, 2007. Interim work management measures have been implemented in all Sections and additional temporary resources have been allocated to the Engineering Development Services Section in order to manage the high workload expected over the next five months.

Priority Projects

A follow-up review of in-stream projects by the Planning Department last Fall revealed approximately 680 Land Development projects that were “in-stream” at June 26, 2006. However, a number of these applications were more minor in nature and did not trigger DCC payments. Furthermore many of these projects, although considered in-stream, have been dormant for extended time periods and are unlikely to proceed in the short term – if at all. Based on a comprehensive application status review undertaken by Planning and Engineering staff, including recent project activity, the Priority Project list was further reduced to about 440 active in-stream projects. Projects with significant unresolved planning or engineering issues, or “show stoppers”, that are expected to take many weeks or months to resolve are not included on the list.

Completing Servicing Agreements in a timely manner requires priority processing by the Applicant and Consultant(s) as well as City staff. As such, the Project Priority list has been sorted and provided to the Consultants to assess the Consultant's potential workload – which totals over 50 projects for some individual consultants. A key player meeting was held between senior Planning and Engineering staff and representatives from the main land development Consultants representing the majority of the development applications. One of the key focuses of the meeting was to ensure staff and the Consultants are coordinating all efforts to target the same projects for completion. As a follow-up to this meeting, Consultants have been asked to assess their own resource constraints, and identify in-stream projects that realistically could meet the milestones necessary, as well as projects not likely to complete due to complexities and/or resource limitations on their part. It is hoped this priority confirmation with Consultants will finalize the DCC Deadline Priority Project list at about 300 to 350 projects - which represents about 1.5 years work based on completion of Land Development projects in Surrey in recent years. This information would then be provided back to the owners/developers.

Building Division staff estimate there are approximately 110 in-stream Building Permits at present and expect about 120-150 more to be submitted, all of which need to be reviewed for completeness to qualify for acceptance prior to June 26, 2007. A list of Priority Building Permit projects will be maintained over the next 5 months to provide ongoing information as to the magnitude of work, and to allow management to assign staff resources while maintaining a balance with other work flowing into the Building Division.

Due to the varying range of complexity of projects in-stream and expected over the next 5 months, a prediction of timelines for processing and issuance of Building Permits is impossible at this time. Every effort will be made to expedite the process. However, as an in-depth review of submissions can only begin after they are accepted, and the quality and accuracy of submissions is not uniform, varying degrees of delays should be anticipated. In order to assist applicants, an information package listing requirements in order to qualify for acceptance was recently sent to all anticipated applicants as well as made available at the Front Counter (Attachment C).

Building Division staff resources are currently operating at maximum capacity. Recruitment is underway to fill several positions but the market conditions are making it difficult to find candidates with the proper qualifications. Due to the nature and complexity of life safety issues typically under review, there are no shortcuts. Progress will be monitored and currently we are actively seeking out external resources for secondments to assist in the review and processing of applications.

Project Milestones

Planning and Engineering staff have worked in conjunction with some regular Surrey Land Development Consultants to establish a typical timeline to progress through the Planning and Engineering processes over the next four months, and identified milestone dates that must be met for in-stream Land Development projects to stay on track for completion prior to June 26, 2007. The milestones for the various steps within each of the application processing phases are as follows:

1. Application Processing Phase
 - RCLU/first & second reading February 26
 - RCPH/third reading March 12

2. Servicing Agreement and Project Completion Phase
 - Pay Servicing Agreement processing fee March 13*
 - Submit Project Scoping Package February 6*
 - Submit Project Detailing Package March 12*
 - Drawings accepted & Legal Documents concluded April 23
 - Servicing Agreement Issued to Developer June 4
 - Executed SA returned with all payments June 15
 - Final confirmation Planning and Engineering requirements June 26

- * Developers are given the option to commence the SA process in advance of their RCPH/Third Reading.

3. Building Permit Submission Phase
 - Complete Building Permit submission May 26

These project milestones represent a typical Land Development project progressing through to completion, based on an average processing time, taking into consideration the significantly increased work volume. Some simpler projects may require less effort and progress more quickly, while others may take more effort and time. The purpose of the timeline is to track Priority Projects against the Milestones over the next five months, to ensure they continue to progress towards completion prior to June 26, 2007. If a project fails to make the Milestone dates to a significant degree, it will be dropped from the Priority Project list, to enable staff to continue focusing on projects that are more likely to complete in time. There is a Council meeting scheduled for Monday, June 26, 2007.

Similarly the Building Division has established the last acceptable date for submission of complete in-stream Building Permit applications including prepayment of DCCs is May 26, 2007.

City Resources and Work Management

As noted above, Planning, Engineering, and Building staff are faced with very high workloads leading up to the DCC deadline, as the DCC increase is substantial.

The DCC Priority Project list will be updated regularly over the next 5 months to ensure staff focus on projects that are being given high priority by Consultants and that are on track to complete in time. The Priority Project list will also be communicated to the applicants to keep them informed and manage expectations. Consultants will be reminded to make complete, quality submissions addressing all City issues to speed processing. In some cases, staff will be authorized to return incomplete or substandard submissions unchecked to maximize staff efficiency and time management. Developers will also be reminded of options to simplify their project such as minimizing challenges and appeals, and possibly foregoing some discretionary components such as latecomers that add processing effort and time.

Planning and Engineering staff's focus and work priorities during the next 4 to 6 weeks will be on the completion of in-stream projects on the Priority List to Council for consideration, 1st and 2nd reading, and Public Hearing, in anticipation of these projects possibly being completed before the DCC deadline. Following this first priority phase, staff will be shifting priorities and allocating resources to focus on project completion, or the resolution of outstanding requirements for in-stream projects. This will likely result in a slower processing time for new projects, and in a smaller number of land development projects proceeding to Council for consideration in the weeks and months leading to June 26, 2007.

Staff vacation approvals and absences from the office will be minimized over the next 5 months, and overtime is authorized for Priority Projects to also help increase production in all three Departments. Additionally, Project Manager resources have been temporarily reallocated from other areas of the Engineering Department to increase capacity in Development Services by about 40% through to the end of June.

CONCLUSION

The one-year grace period provided in Development Cost Charge By-law No. 15973 for projects to be eligible for the old DCC rates comes to an end June 26, 2007, and the financial impact of the new DCC rates is significant for many in-stream applications. At this time there are over 300 in-stream Land Development projects working towards completion, and approximately 110 in-stream Building Permits with another 120-150 expected prior to May 26, 2007.

Staff are attempting to do all that can reasonably be done to process these Land Development projects and Building Permits in a timely manner through maintaining focus on the DCC Deadline Priority Project list and Milestones over the next five months. Detailed project tracking is underway, and efforts are being coordinated with land development and building Consultants to ensure priorities are placed on the appropriate targeted projects. Staff are presently focused on moving Priority projects through the application review phase and to Council consideration, but priorities will shift in the following weeks to ensure all efforts are targeted to project completion leading up to June 26, 2007.

How Yin Leung
Acting General Manager
Planning & Development

Paul Ham, P.Eng.
General Manager, Engineering

PH/RAW/brb

Attachment A – Engineering Department Bulletin 2006-03 – July 11, 2006
Attachment B – Planning Department Letter to Applicants – August 3, 2006
Attachment C – Building Division Bulletin – February 1, 2007

Attachment A



Bulletin

Engineering Department

Issue Date: July 11, 2006

Reference No. 2006-3

AUTHORITY: Surrey Council – By-law No. 15973

ATTENTION: Developers, Builders, and Land Development Consultants

SUBJECT: Surrey Development Cost Charge By-law No. 15973

BACKGROUND:

Surrey Council has adopted a new 10 Year Servicing Plan (2006-2015) to address current and future municipal Infrastructure needs of the City. Surrey Council has also adopted a new Surrey Development Cost Charge By-law No. 15973, to generate the revenue necessary to implement this Plan.

All Land Development and building permit applications are subject to the DCC rates as outlined in By-law No. 15973. However, there is a one-year grace period, during which time previous DCC rates (By-law No. 14650) would apply if the following criteria are met:

- (a) applications for subdivision of land that are in-stream on the adoption date (June 26, 2006) and which are completed within one year of the adoption date (June 26, 2007); or
- (b) applications for building permit that are in-stream on the adoption date (June 26, 2006) and which are completed within one year of the adoption date (June 26, 2007); or
- (c) applications for building permit for which the associated development permit has been issued and has not lapsed on the adoption date (June 26, 2006) if the building permit application is completed within one year of the adoption date (June 26, 2007); or
- (d) applications for building permits for which the associated development permit is in-stream on the adoption date (June 26, 2006) if the building permit application is completed within one year of the adoption date (June 26, 2007).

In addition to the revised DCC rates, developments of less than four units are now no longer exempt from DCCs, unless the required building permits are already in-stream.

For further information on the 10 Year Servicing Plan and Surrey Development Cost Charge By-law No. 15973, please visit www.surrey.ca/Living-in+Surrey/Utilities+Transportation+and+Projects or contact Mr. Jeff Arason, P.Eng., Special Projects Engineer, at 604-591-4367 or jrarason@surrey.ca.

A handwritten signature in black ink, appearing to read "Paul Ham".

Paul Ham, P.Eng.
General Manager, Engineering

JA/kd2

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Attachment B



CITY OF SURREY
Planning & Development Department

14245 - 56th Avenue, Surrey
British Columbia, Canada V3X 3A2

Telephone
604-591-4441

SURREY
CITY OF PARKS

Fax
604-591-2507

August 3, 2006

File: 79«FILENUM»

«NAMEFIRST» «NAMELAST»

«ORGANIZATIONNAME»

«ADDRESSLINE1»

«ADDRESSLINE2»

Dear Sir/Madam:

Re: New Development Cost Charges (DCCs)

Please be advised that on June 26, 2006, Surrey City Council adopted a new schedule of Development Cost Charges (By-law No. 15937). According to our records, you have a land development application that was in process on June 26, 2006.

All land development and building permit applications are now subject to the new development cost charge (DCC) rates. However, there is a one-year grace period, during which time the previous DCC rates (By-law No. 14650) may apply if DCCs apply to your project and have yet to be collected by the City, based on the following criteria:

- (a) applications for subdivision of land that were in-stream on June 26, 2006 and which are completed by June 26, 2007; or
- (b) applications for building permits that were in-stream on June 26, 2006 and which are completed by June 26, 2007; or
- (c) applications for building permit for which the associated development permit had been previously issued and has not lapsed on June 26, 2006, if the building permit application is completed by June 26, 2007; or
- (d) applications for building permits for which the associated development permit is in-stream on June 26, 2006 if the development permit and building permit applications are completed by June 26, 2007.

With respect to in-stream subdivision applications noted in (a) above, in order for a subdivision application to be deemed complete, the servicing agreement must be completed and signed, appropriate zoning must be in place, all fees and levies must be paid, all conditions of approval must be fulfilled and the final plan of subdivision must be ready for approval by the Approving Officer.

With respect to Building Permit applications under (b), (c) and (d) above, kindly contact the Commercial Section at 604-591-4812 for information on building permit submission and completion requirements.

If you have any questions, please contact the planner assigned to your project, «PLANNER», and cite your file number.

Yours truly,
«Signature»

c.c. - Building Division

Attachment C

February 1, 2007
BUILDING DIVISION

SURREY DEVELOPMENT COST CHARGE BY-LAW NO. 15937

Building Permit Applications

Please be reminded that Surrey Development Cost Charge (DCC) By-law No. 15937 came into effect on June 26, 2006 and that the one-year grace period for in-stream applications will end on June 26, 2007.

The attached Engineering Department Bulletin dated July 11, 2006 and Planning & Development Department letter dated August 3, 2006 were sent to applicants with information explaining how By-law 15937 will affect applications for Land Development and Building Permits.

In view of the anticipated surge in Building Permit applications as the end of the one-year grace period approaches the following measures are being implemented:

- 1) The provisions and procedural requirements described in this bulletin apply only to the following cases, in order to qualify for the 100% DCC rates:
 - In-stream Building Permit applications submitted on or before June 26, 2006; or
 - New Building Permit applications for which the associated Development Permit has not lapsed on June 26, 2006 and continues to be in effect at the time the Building Permit application is submitted; or
 - New Building Permit applications for which the associated Development Permit application has been in-stream on or before June 26, 2006

- 2) All the aforesaid in-stream and new Building Permit Applications must be **COMPLETE** in all respects on or before June 26, 2007. A complete Building Permit application must include all the required Engineer's certification letters, all applicable architectural, structural, plumbing, electrical, site drainage drawings and sprinkler drawings, registration at Land Title Office of all off site legal encumbrances relating to engineering, and payment of all applicable fees and Development Cost Charges. Applicants are strongly advised to calculate all tax outstanding fees for all in-stream and new Building Permit Applications and submit payment to the City by May 26, 2007 to ensure that the Building Permit applications are complete. To assist applicants, fee calculation guides and a checklist of documents required to constitute a complete application are attached.

- 3) New Building Permit applications, for which the associated in-stream Development Permit has been issued by Council, should be submitted to the City by May 26, 2007. This is necessary to allow City staff sufficient time to review the submissions for COMPLETENESS prior to the June 26, 2007 termination date of the one-year grace period. Applications found to be incomplete or remaining incomplete as of June 26, 2007 will be subject to the increased rates of DCC Bylaw 15937.

For further information on this matter, please visit:

www.surrey.ca/building or www.surrey.ca/transportation and www.surrey.ca/projects or contact

Mehran Nazarian, Manager, Commercial Section, at 604-591-4347.