



Corporate Report

NO: R053

COUNCIL DATE: April 20, 2009

REGULAR COUNCIL

TO: Mayor & Council DATE: April 20, 2009
FROM: General Manager, Engineering FILE: 3150-01
SUBJECT: Implementation of the Economic Investment Action Plan – DCC Rate
Adjustments for Large-Scale Business Projects

RECOMMENDATION

The Engineering Department recommends that Council:

1. Receive this report as information;
2. Approve amendments to the Surrey Development Cost Charge By-law, 2007, No. 16494, as summarized in Appendix I to this report, to include new DCC rates for Significant Commercial Projects in the City Centre Economic Investment Zone; and
3. Authorize the City Clerk to bring forward the necessary Amendment By-law for the required readings and, subsequently, to forward to the Provincial Minister of Community Services for approval prior to final adoption.

INTENT

The purpose of this report is to obtain Council's approval for reductions to the DCC rates for new building projects in business zones in the City Centre area and which have a minimum construction value of \$10 million.

BACKGROUND

As part of the City's Economic Investment Action Plan, a number of incentives are being put in place to encourage new large-scale investment in the City Centre Economic Investment Zone. One such incentive is the reduction of Development Cost Charges for business projects in the City Centre area.

DISCUSSION

Significant business projects (building value in excess of \$10 million) within the City Centre are important to the ongoing development of the City Centre area and to stimulating economic activity in Surrey, which is the fundamental objective of the Surrey Economic Investment Action Plan. The City is focusing on making the development of such projects in the City Centre more attractive to the development industry by, among other things, introducing lower DCC rates for such projects. These lower rates will be applicable to any such projects for which an application is received within one year of the date of adoption of the By-law and on which construction commences by the end of 2010. The following table documents the proposed new DCC rates:

Commercial – Ground Floor

DCC Rate	Water	Sewer	Arterial	Collector	Drainage	Parks	TOTAL	Units
Ground Floor	\$563	\$660	\$4,441	\$1,089	\$2,431	\$0	\$9,184	/1000 sq.ft. of BA
Ground Floor in City Centre (Significant Projects)	\$563	\$660	\$2,274	\$558	\$2,431	\$0	\$6,486	/1000 sq.ft. of BA
Reduction (\$)			\$2,167	\$531			\$2,698	/1000 sq.ft. of BA
Reduction (%)			49%	49%			29%	/1000 sq.ft. of BA

Commercial – All Other Floors

Location	Water	Sewer	Arterial	Collector	Drainage	Parks	TOTAL	Units
All Other Floors	\$563	\$660	\$2,892	\$709	\$486	\$0	\$5,310	/1000 sq.ft. of BA
All Other Floors in City Centre (Significant Projects)	\$563	\$660	\$1,481	\$363	\$486	\$0	\$3,553	/1000 sq.ft. of BA
Reduction (\$)	\$0	\$0	\$1,411	\$346	\$0	\$0	\$1,757	/1000 sq.ft. of BA
Reduction (%)	0%	0%	49%	49%	0%	0%	33%	/1000 sq.ft. of BA

The changes to the arterial and collector road DCCs will result in a 29% reduction in “Commercial Ground Floor DCC” rates and a 33% reduction in “Commercial – All Other Floors DCC” rates in the City Centre.

Public Process

The City is scheduled to meet with the Development Advisory Committee at their April meeting, to present the City’s Economic Investment Action Plan including the proposed Development Cost Charge reductions for the City Centre Economic Investment Zone.

Implementation Schedule

The anticipated schedule for the adoption of the new DCC rates is as follows:

Initial Readings of By-law Amendment	April 20, 2009
Approval Process by the Province (estimated)	May 2009
Final Adoption of Amendment By-law (estimated)	May 25, 2009

Legal Review

This report and the proposed by-law amendments have been reviewed and approved, as to form, by the Legal Services Division.

Impact on Development Activity

The lower DCCs will reduce the costs of development, which is anticipated to lead to increased business development activity in the Surrey City Centre. The lower rates will also place Surrey in a more favourable position in relation to other municipalities, resulting in an improved perception about Surrey as a place to do business.

Since the initial announcement of the City's intention to reduce business DCCs in the City Centre, the City has received several inquiries from potential developers seeking information on the DCC reductions.

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General Manager, Engineering

GMc/VL/JA/cm/brb

Appendix I – Proposed Amendments to Surrey Development Cost Charge
By-law, 2007, No. 16494

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

APPENDIX I

PROPOSED AMENDMENTS TO SURREY DEVELOPMENT COST CHARGE BY-LAW, 2007, No. 16494 (the “By-law”)

That the By-law be further amended as follows:

1. By inserting a new definition of “Building Value” in Section 2 immediately following the existing definition of BA:

Building Value has the same meaning as “Building Value” as defined in Surrey Building By-law, 1987, No. 9011, as may be amended from time to time, and as calculated by the building inspector.

2. By inserting a new definition of “Significant Project” in Section 2 immediately following the existing definition of Seniors’ Apartments:

Significant Project means any application for a building permit for construction, alteration or extension of a building or structure on a commercially zoned lot located in the City Centre where the Building Value exceeds \$10 million (\$10,000,000.00).

3. By replacing Schedule “A” in its entirety with the attached new Schedule “A”.
4. By inserting a new Schedule “C” as attached.

Schedule "A"
City of Surrey DCC's for Zones and Land Uses

No	Zones and Land Uses	DCC Components						Total	Units for Each Column
		Water	Sewer	Arterial Roads	Major Collector Roads	Drainage	Parkland Acquisition		
	All Commercial Zones & Uses excluding CTA, CPG, CPR, CCR								
19	Commercial - Ground floor (except for line 19a)	\$563	\$660	\$4,441	\$1,089	\$2,431	\$0	\$9,184	/1000 sq.ft. of BA (j)
19a	Commercial - Ground floor (Significant Projects in City Centre) (See Schedule "C")	\$563	\$660	\$2,274	\$558	\$2,431	\$0	\$6,486	/1000 sq.ft. of BA (j)
20	Commercial - All other floors (except for line 20a)	\$563	\$660	\$2,892	\$709	\$486	\$0	\$5,310	/1000 sq.ft. of BA (j)
20a	Commercial - All other floors (Significant Projects in City Centre) (See Schedule "C")	\$563	\$660	\$1,481	\$363	\$486	\$0	\$3,553	/1000 sq.ft. of BA (j)
21	Commercial Zones in Highway 99 Corridor	\$6,266	\$12,907	\$118,358	\$26,883	\$7,533	\$12,074	\$184,021	/acre (j)
	CTA, CPG, CPR, CCR Zones & Uses								
22	CTA	\$901	\$1,056	\$2,789	\$684	\$823	\$0	\$6,253	/pad (g)
23	CPG, CPM, CPR, CCR	\$563	\$660	\$3,615	\$887	\$1,459	\$0	\$7,184	/1000 sq.ft. of BA
24	DU in Commercial Zones (excluding line 25)	\$1.13	\$1.32	\$5.68	\$1.39	\$0.94	\$5.85	\$16.31	/sq.ft. of DU (c)
25	DU in Commercial Zones in City Centre	\$1.13	\$1.32	\$3.64	\$0.89	\$0.94	\$3.16	\$11.08	/sq.ft. of DU (d)
26	All Industrial Zones & Uses (except line 27 and 28)	\$5,069	\$5,939	\$22,826	\$5,598	\$31,792	\$0	\$71,224	/acre (h) (j)
27	All Zones within Campbell Heights	\$11,879	\$14,022	\$85,387	\$11,917	\$11,610	\$0	\$134,815	/acre (h) (j)
28	All Industrial Zones within Highway 99 Corridor	\$6,266	\$12,907	\$34,811	\$7,907	\$7,533	\$12,074 (i)	\$81,498	/acre (h) (j)
	Institutional Uses								
29	PA-1, PA-2	\$563	\$660	\$0	\$0	\$1,459	\$0	\$2,682	/1000 sq.ft. of BA (j)
30	Public & Private Schools (to grade 12)	\$563	\$660	\$0	\$0	\$1,459	\$0	\$2,682	/1000 sq.ft. of BA (j)
31	Public & Private Schools (Post Secondary)	\$563	\$660	\$2,892	\$709	\$1,459	\$0	\$6,283	/1000 sq.ft. of BA (j)
32	Hospitals	\$563	\$660	\$1,446	\$355	\$1,459	\$0	\$4,483	/1000 sq.ft. of BA (j)
33	Federal and Provincial Buildings	\$563	\$660	\$2,892	\$709	\$486	\$0	\$5,310	/1000 sq.ft. of BA (j)
34	Municipal Buildings	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	/1000 sq.ft. of BA

- (a) DCC Rate for Duplex lots is based on an ultimate of 2 DU per lot
- (b) Rate to charged based on the total sq. ft. of DU to a maximum of \$26,000/DU
- (c) Rate to charged based on the total sq. ft. of DU to a maximum of \$22,000/DU
- (d) Rate to charged based on the total sq. ft. of DU to a maximum of \$15,500/DU
- (e) Rate to charged based on the total sq. ft. of DU to a maximum of \$17,500/DU
- (f) Rate to charged based on the total sq. ft. of DU to a maximum of \$12,000/DU
- (g) Rate to be charged per trailer pad or camping site in addition to rate of line 19 for BA of any other building
- (h) Rate to be charged for Developed Area of the lot - Total is a combined rate, DCC components shown for illustrative purposes only.
- (i) This component is for environmental reserve for Highway 99 Corridor only.
- (j) Dwelling Units within Commercial, Institutional, or Industrial zones shall be charged the closest equivalent Residential zone and land use rate in lines 6 through 17.

Schedule "C"
Significant Projects in City Centre

1. In order to qualify for the Significant Projects in City Centre development cost charges in the amounts set out in Schedule "A" of this By-law, the following conditions must be met:
 - (a) The building permit for the construction must be issued by the City on or before December 22, 2010;
 - (b) The construction authorized by the approved building permit must be commenced on or before December 31, 2010; and
 - (c) The construction authorized by the building permit must be granted final approval by the building inspector in accordance with Surrey Building By-law, 1987, No. 9011 on or before December 31, 2012.
2. If the condition in Section 1(a) above is not met, then the Significant Projects in City Centre development cost charges will not apply and the applicable development cost charges will be calculated in accordance with the Surrey Development Cost Charge By-law then in effect.
3. If either of the conditions in Section 1(b) or 1(c) above is not met, then applicant's building permit will be cancelled and the Significant Projects in City Centre development cost charges will not apply. Any new building permit application will be subject to the rates and provisions of the Surrey Development Cost Charge By-law then in effect.