

NO: R140

COUNCIL DATE: July 8, 2019

---

## REGULAR COUNCIL

TO: **Mayor & Council** DATE: **July 4, 2019**

FROM: **Acting General Manager, Engineering** FILE: **3150-01**  
**General Manager, Finance**  
**General Manager, Parks, Recreation & Culture**

SUBJECT: **Annual (2018) Development Cost Charge Report**

---

## RECOMMENDATION

The Engineering Department, Finance Department and Parks, Recreation & Culture Department recommend that Council receive this report for information.

## INTENT

The purpose of this report is to advise Council of the amount of Development Cost Charges (“DCC”) received in 2018, the expenditures in 2018 from each DCC reserve fund, the balance in each DCC reserve fund at the start and at the end of 2018, and to advise of any waivers and reductions provided and funded by the City in 2018.

## BACKGROUND

Since 1979, the City has charged eligible developments a DCC for the purpose of providing funds to assist the City in paying the capital cost of providing, constructing, altering or expanding sanitary sewer, water, drainage and transportation infrastructure, and providing and improving parkland, in order to service, directly or indirectly, the development for which the charge is being imposed.

As required by Section 566 of the Local Government Act, DCCs paid to the City must be deposited in a separate special DCC reserve account established for each purpose for which the City imposed the DCC.

As per Section 4 of the Local Government Act – Development Cost Charge (Installments) Regulation, developers shall pay their DCCs in full within two years after the date the subdivision is approved, or the building permit is granted, by paying not less than:

- a) 1/3 of their DCCs at the time of the approval of the subdivision or granting of the building permit;
- b) 1/2 of the balance within one year after the date of the approval of the subdivision or granting of the building permit; and
- c) The remaining balance within two years of the approval of the subdivision or granting of the building permit.

At the Regular Council Meeting on February 6, 2017, Council approved the Ten Year (2017-2026) Servicing Plan and authorized the City Clerk to bring forward for the required readings of the 2017 DCC Bylaw (Bylaw No. 19107).

Following approval by the Deputy Inspector of Municipalities of the Ministry of Municipal Affairs and Housing on April 20, 2017, Council gave Final Reading of the 2017 DCC Bylaw on May 8, 2017.

At the Regular Council Meeting on February 5, 2018, Council approved the Ten Year (2018-2027) Servicing Plan and authorized the City Clerk to bring forward for the required readings of the 2018 DCC Bylaw (Bylaw No. 19478).

Following approval by the Deputy Inspector of Municipalities of the Ministry of Municipal Affairs and Housing on May 3, 2018, Council gave Final Reading of the 2018 DCC Bylaw on May 7, 2018.

As required by Section 569 of the Local Government Act, local governments each year must report:

- a) The amount of DCCs received;
- b) The expenditures from the DCC reserve funds;
- c) The balance in the DCC reserve account at the start and at the end of the applicable year; and
- d) Any waivers and reductions under Section 563 (2) [development for which charges may be waived or reduced].

## DISCUSSION

Completed subdivision and building permit applications in 2018 have paid DCCs to the City based on the rates established in either the 2017 DCC Bylaw or the 2018 DCC Bylaw, depending on eligibility requirements provided in these Bylaws, as required by the Local Government Act.

### Reserve Account Status

The financial transactions of each reserve account in 2018 was as follows:

**Table 1: Financial Transactions : 2018**

DCC Program	Reserve Account Balance Dec. 31, 2017 (A)	DCC Expenditures in 2018 (B)	Contributions in 2018 (C)	Reserve Account Balance Dec. 31, 2018 (D) (D = A - B + C)
Water	\$15,074,451.22	\$5,149,979.62	\$6,314,023.56	\$16,238,495.16
Drainage	\$41,668,573.73	\$6,161,044.13	\$8,226,270.82	\$43,733,800.42
Arterial Roads	\$67,322,419.16	\$32,241,841.11	\$28,348,930.24	\$63,429,508.29
Collector Roads	\$18,757,588.67	\$9,983,468.00	\$7,025,763.48	\$15,799,884.15
Sanitary Sewer	\$24,073,231.40	\$4,845,623.68	\$6,987,132.37	\$26,214,740.09
Parkland	\$28,170,742.95	\$4,682,055.27	\$25,933,428.35	\$49,422,116.03
Parkland Development	\$2,798,604.99	\$1,671,162.30	\$1,418,763.68	\$2,546,206.37
Campbell Heights	\$44,077,860.26	\$3,497,477.88	\$6,134,806.73	\$46,715,189.11
Hwy 99 Corridor	\$12,542,496.33	\$152,907.09	\$109,063.28	\$12,498,652.52
Anniedale-Tynehead	\$0.00	\$0.00	\$0.00	\$0.00
West Clayton	\$420,306.90	\$4,205.48	\$135,506.88	\$551,608.30
City Centre-Local Roads	\$0.00	\$0.00	\$1,214,392.17	\$1,214,392.17
<b>TOTAL</b>	<b>\$254,906,275.61</b>	<b>\$68,389,764.56</b>	<b>\$91,848,081.56</b>	<b>\$278,364,592.61</b>

Note: The values reported above do not include the value of the City's Municipal Assist Factor.

A portion of the DCCs recognized in the reserve accounts are outstanding receivables. The value of these receivable was as follows:

**Table 2 : Value of Outstanding Receivables**

<b>DCC Program</b>	<b>Receivables Included in Reserve Account Balance Dec. 31, 2017</b>	<b>Receivables Included in Reserve Account Balance Dec. 31, 2018</b>
Water	\$3,200,513.90	\$3,526,576.31
Drainage	\$4,388,088.84	\$4,495,126.92
Arterial Roads	\$19,320,602.69	\$17,856,488.69
Collector Roads	\$4,768,314.64	\$4,458,837.05
Sanitary Sewer	\$3,678,182.35	\$3,806,505.59
Parkland	\$18,114,922.03	\$17,518,025.66
Parkland Development	\$0.00	\$0.00
Campbell Heights	\$9,215,679.90	\$6,938,144.93
Highway 99 Corridor	\$0.00	\$0.00
Annedale-Tynehead	\$0.00	\$0.00
West Clayton	\$193,756.39	\$128,074.06
Redwood Heights	\$0.00	\$0.00
City Centre - Local Roads	\$0.00	\$0.00
<b>TOTAL</b>	<b>\$62,880,060.74</b>	<b>\$58,727,779.21</b>

Departments are diligent in their allocation and use of DCCs to help support growth in the City. While there is a reserve of approximately \$278 million, as noted in Table 1, \$59 million is in the form of receivables that will be collected over the course of the next two years, which results in \$219 million of funding currently available for use. Of the \$219 million of funding available for use, \$128 million is allocated to projects that commenced in or prior to 2018, and a further \$76 million has been allocated to projects that have or are commencing in 2019. As a result, approximately \$15 million of funding remains available to address any new priorities that are realized in 2019. This limited amount of funding demonstrates that both the Engineering Department and Parks, Recreation & Culture Department are diligent in their allocation and use of DCCs to help support growth in the City.

**Waivers and Reductions**

There were no waivers or reductions provided in 2018. In general, the City has not supported providing any waivers or reductions, as the intent of the Local Government Act is that the City is to fund the value of any waiver or reduction it provides.

**Next Steps**

Staff are currently preparing the next edition of the 10-Year Servicing Plan and are scheduled to bring forward an updated plan and new DCC Bylaw to Council for their consideration later this Fall.

**SUSTAINABILITY CONSIDERATIONS**

An adequately funded Ten Year Servicing Plan with DCCs helps to support orderly development in Surrey, which supports the objectives of the City’s Sustainability Charter 2.0. In particular, the 10-Year Servicing Plan supports the Sustainability Charter 2.0 theme of Infrastructure. Specifically, an adequately funded Ten Year Servicing Plan supports the following Desired Outcomes (“DO”):

- All Infrastructure DOI: City facilities and infrastructure systems are well managed, adaptable and long lasting, and are effectively integrated into regional systems; and
- Energy and Climate DO6: The City anticipates changing weather patterns and sea level rise as a result of climate change, and implements appropriate infrastructure, land use planning and emergency response solutions that will be resilient over the long-term.

## CONCLUSION

DCCs are an important funding source that ensures that the development community adequately funds infrastructure that is required to support development.

Jaime Boan, P.Eng.  
Acting General Manager, Engineering

Kam Grewal, CPA, CMA  
General Manager, Finance

Laurie Cavan,  
General Manager,  
Parks, Recreation & Culture

JA/cc