



# Corporate *NO: R187*

# Report *COUNCIL DATE: September 4, 2001*

<b>REGULAR COUNCIL</b>			
<b>TO:</b>	<b>Mayor &amp; Council</b>	<b>DATE:</b>	<b>August 27, 2001</b>
<b>FROM:</b>	<b>General Manager, Engineering</b>	<b>FILE:</b>	<b>5503-001 0270-093/4</b>
<b>SUBJECT:</b>	<b>2001 Update of Development Cost Charges (DCCs)</b>		

## RECOMMENDATION

1. That a new Engineering DCC rate structure based on the new 2001-2010 10 Year Servicing Plan be approved in principle in accordance with the proposed rates as shown on the attached Tables.
2. That the Park Land Acquisition DCC rate structure remain unchanged except for secondary suites.
3. That a public information meeting be held on the proposed DCC rates.

## INTENT

To set DCCs based on the new 2001-2010 10 Year Servicing Plan to assist the City in meeting the costs of growth and to implement minor adjustments in the way DCCs are calculated.

## BACKGROUND

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

The current 10 Year Servicing Plan was approved in 1997 and a new DCC rate structure was also approved by Council. The rate structure introduced in 1997 brought in some significant changes. These included:

- applying DCCs for multi-family development on a building area basis (i.e., square footage);
- establishing different DCCs within the commercial zone for office and retail uses to recognize different impacts;
- establishing lower drainage DCCs for small lots to acknowledge lower impact;
- applying lower residential DCCs in the City Centre to recognize the better public transit availability in this area and different park needs;
- reducing the municipal assist factor for roads, drainage and parks from 10% to 5% (sewer and water, which are utility funded, remained at 10%).

Subsequently, in 1998, the park DCC was eliminated from commercial development and the residential DCC adjusted slightly to make up the difference.

### **Proposed Changes for 2001**

The proposed 2001 update of the DCCs keeps all these major changes and is more a fine tuning of the engineering DCCs, although it does propose the following changes:

- lowering the DCC for small lots for all engineering services, recognizing likely reduced household size and reduced impacts;
  - household size taken as 3.0 persons, compared to the Surrey-wide average of 3.3;
- increasing the municipal assist factor from 5% to 10% for drainage, reflecting that drainage is now utility funded;
  - all other utility funded services (i.e., sewer and water) provide a 10% assist factor;
- eliminating the secondary suite DCC (previously charged equivalent to an apartment unit);
  - under the Local Government Act, developments that create 3 units or less are exempt from DCCs. Consequently any suite that is legalized by rezoning is exempt. The only time the City can collect secondary suite DCCs is if a property zoned for suites is subdivided. This occurs quite infrequently and very little DCC revenue is collected this way. Overall DCCs on secondary suites have proved quite contentious with minimal revenues. The elimination of secondary suite DCCs was requested to help the proposed sustainable development in East Clayton. Until such time as the 3-unit exemption under the Local Government Act is changed by the Province, it is proposed to eliminate the secondary suite DCC;
- reducing the DCCs for seniors housing and congregate care facilities to reflect the likely reduced impact on peak hour traffic and reduced household size;
  - the previous DCC By-law had no provision to recognize seniors housing;
- treating the Campbell Heights Industrial Area separately from the City-wide DCC program;
  - the separate report on the 10 Year Servicing Plan provides background to this issue.
- deleting reference to old Section 286 specifies charges;
  - a separate report will be coming from the Acting General Manager, Finance, Technology & HR which

deals with the elimination of old Section 286 specified charges. Should Council approve this report, all areas of Surrey (except Campbell Heights industrial) will pay the same total DCC and old Section 286 specified charges will no longer apply.

## More Sustainable Standards and DCCs

The issue has been raised over whether areas that utilize more sustainable development standards such as measures to increase stormwater infiltration or the provision of a dense grid system of local roads should have reductions in their drainage or road DCCs.

For drainage, this situation was reviewed under Clayton NCP and it was found that there were no identified cost reductions in the downstream infrastructure due to the more sustainable drainage standards being adopted. Consequently, no further reduction in drainage DCCs for small lots in Clayton can be justified over what has already been allowed for in the DCC structure. As discussed in our previous report on Alternative Development Standards (C003), future monitoring and confirmation of long term satisfactory performance of the infiltration systems may permit costs of downstream systems to be reduced. In view of the above we are not recommending, at this time, reducing drainage DCCs for areas with alternative drainage standards. However an allowance in the drainage DCC program has been included for funding redundancy in, or upsizing of, City drainage facilities, together with other design, construction or monitoring, to facilitate more sustainable drainage standards.

The issue of reduced traffic impacts, due to the provision of a dense grid system of local roads, is likewise not a straightforward matter. Opinion is divided on the impact of a dense road grid on peak hour trips and the City has no definitive source on which to rationalize a reduction. Additionally, DCCs are collected City-wide and in accordance with land use, consequently having a different DCC for areas providing a dense road grid has considerable legal and logistical problems. In view of the above it is proposed, at this time, not to provide additional reductions in road DCCs over and above current reductions for small lots outlined in this report.

## Summary of Proposed Changes in Rates

The attached tables show a comparison of existing and proposed engineering DCC rates. Apart from RH(G) lots and larger, for which DCCs remain the same, engineering rates for all land uses are slightly reduced, single family is \$30 less, small lots \$920, or nearly 9% less, and multi-family in the range of 4 to 2% less. For non-residential uses, industrial is just under 0.3% less, office 10% less and retail nearly 3% less.

The most significant change is for secondary suites where it is proposed that DCCs no longer be charged.

## Public Process

The Development Advisory Committee (DAC) has been informed at various different stages of the works proposed for the 10 Year Plan, the proposed impact factors, and the proposed DCC rates. Should Council approve the recommendations of this report, then a public meeting will be held to outline the 10 Year Engineering Services Plan and the DCC rates that are needed to support this plan.

## Next Steps

Following the public meeting and the input that is received, we will bring forward a new DCC by-law for consideration by Council.

Jorgen Johansen, P. Eng.

General Manager, Engineering

PH:brb/bea/sew

Attachment

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

g:\wp-docs\2001\utilities\04040943ph.doc

KJJ 9/5/01 1:13