

DISTRICT OF SAANICH

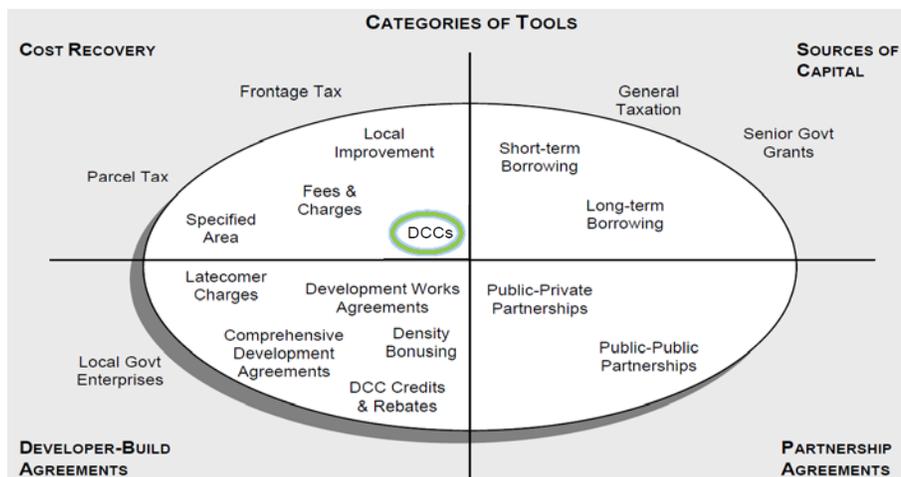
Development Cost Charge Bylaw Update

WHAT ARE DCCs?

Development Cost Charges (DCCs) are fees collected from developers on a user pay basis to help fund the cost of growth-related infrastructure and parks. DCCs are regulated by the province through the *Local Government Act* and directed by the *DCC Best Practices Guide*.

DEVELOPMENT FINANCE TOOLS

Multiple tools are available to help communities fund infrastructure improvements. These tools can be grouped into four categories as shown below.



Source: *Development Finance Choices Guide, Province of BC*

DCCs are an effective tool for Saanich to recover a portion of the costs associated with servicing new development. DCCs avoid placing the burden of new servicing costs on existing rate payers by charging developers that benefit from the new services.

WHY UPDATE THE DCC BYLAW?

Saanich reviews DCCs periodically to ensure they align with anticipated growth in Saanich, current construction costs and Saanich master planning documents.

A major DCC update is needed now for the following reasons:

- Last major DCC update was several years ago.
- DCC program was simplified in 2017 until a major update could occur.
- Saanich has new information on servicing needs.
- Saanich has current construction and land acquisition costs; current growth estimates; and updated information on growth-related infrastructure / park needs.



WHAT DO DCCs NOT PAY FOR?

By legislation, DCCs cannot be used to pay for:

- Operation and maintenance of Saanich infrastructure or parkland.
- New or upgraded works needed only for the existing population.
- New libraries, fire halls, police stations, parks and recreation buildings, parking lots, sports field lighting, artificial turf and sport courts (tennis / pickleball).

WHO PAYS FOR DCCs?

- Applicants for subdivision approval to create single-family development sites.
- Applicants for building permits to construct multi-family, commercial, industrial, or institutional development.



WHAT DO DCCs PAY FOR?

DCCs are used to pay for new or upgraded infrastructure and parkland required to support growth.



TRANSPORTATION INFRASTRUCTURE

Roadway improvements and extensions, and active transportation upgrades



SEWER INFRASTRUCTURE

Sanitary lift stations, force mains, trunk sewers and wastewater treatment facilities



WATER INFRASTRUCTURE

Water main upgrades, reservoirs, water treatment plants and pump stations



DRAINAGE INFRASTRUCTURE

Pumping stations, major culvert crossings, storm sewer upsizing and drainage improvements

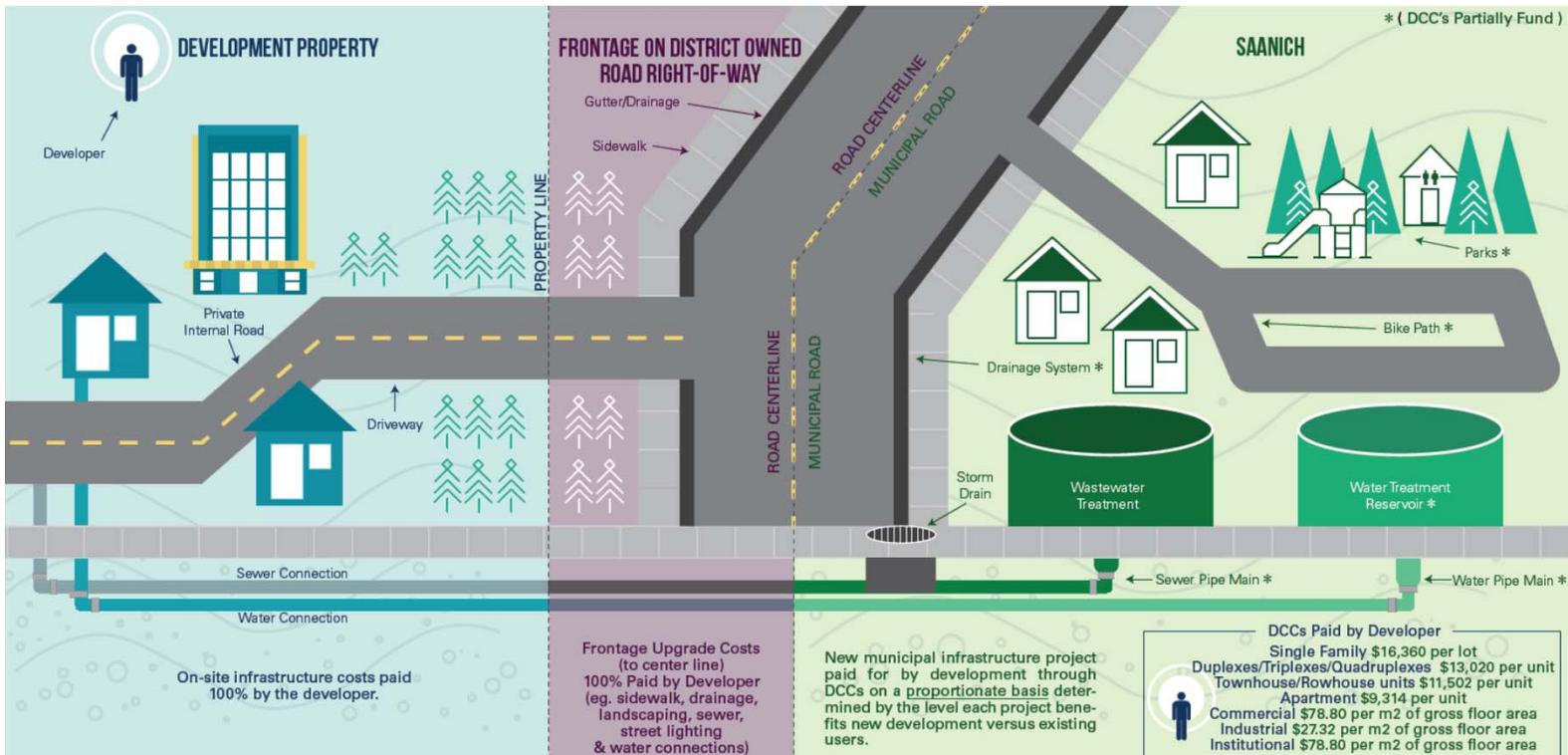


PARKLAND ACQUISITION & DEVELOPMENT

Parkland acquisition, landscaping, fencing, irrigation and washrooms

HOW ARE DCCs APPLIED?

EXAMPLE DEVELOPMENT



HOW ARE DCC RATES CALCULATED?

CALCULATING DCC RATES

At a high-level DCC rates are calculated by dividing total DCC costs by projected growth to generate a charge per land use type (single-family, multi-family, commercial, industrial and institutional) type.

The DCC calculation process consists of:

1. Estimating growth
2. Identifying projects and capital costs
3. Determining benefit allocation
4. Determining municipal assist factor



HOW ARE DCC RATES CALCULATED?

1. ESTIMATING GROWTH

Residential growth estimates (20 years) are based on:

- Official Community Plan growth estimates
- Population projections, trend & capacity build-out analysis ⁽²⁰¹³⁾
- Staff inputs
- Projected growth in the context of the CRD Regional Growth Strategy

Non-Residential growth estimates were determined through:

- Subdivision and building permit records (growth units)
- Local building permit values and construction cost estimates (\$)
- Projected growth in the context of the CRD Regional Growth Strategy

GROWTH PROJECTIONS BY CATEGORY (20 YEARS)

Development Category	Estimated New Development– City-Wide	Estimated New Development– Cordova Bay	Unit of Measure
Single Family	2,400	-	per lot
Duplex/Triplex/Quadruplex	952	500	per unit
Townhouse/Rowhouse	952	155	per unit
Apartment	3,696	425	per unit
Commercial	79,949	20,000	per sq.m. GFA
Industrial	23,361	-	per sq.m. GFA
Institutional	44,218	-	per sq.m. GFA

HOW ARE DCC RATES CALCULATED?

2. IDENTIFYING PROJECTS AND CAPITAL COSTS

Projects and capital costs are based on where new services will be required to support new development (20 year time horizon).

Transportation (District-wide)

- Upgrades for pedestrian / cycling facilities and turn lanes
- Bridge replacements and transportation upgrades
- Transportation studies, plans and programs

Transportation (Cordova Bay)

- Upgrades for pedestrian / cycling facilities and turn lanes
- Walkway/footpath

Drainage

- Pipe upsizing
- Erosion Control
- Stormwater Master Plan



HOW ARE DCC RATES CALCULATED?

Sanitary

- Pipe upsizing
- Forcemain and pump station upgrades
- Update to Sanitary Master Plan

Water

- Water main, pump station and PRV station upgrades
- Update to Water Master Plan

Parks

- Acquisition of new parkland
- Park improvements including: playing field equipment; pathways and trails; washrooms; wayfinding; park expansion; and, whole park redevelopment



HOW ARE DCC RATES CALCULATED?

3. DETERMINING BENEFIT ALLOCATION

The benefit allocation is:

- Applied to each project based on the benefit of each project to the existing community versus new development
- Benefit allocations can range from 1% to 100%
- Calculating the proportion of capital costs associated with new development.

4. DETERMINING MUNICIPAL ASSIST FACTOR

- Local Government Act requires municipalities to “assist” future development through a minimum 1% assist factor.
- The MAF is proposed to remain at 1% under the new program



DCC DRAFT RATES

Saanich has completed the DCC calculation process resulting in draft DCC rates.

DCC Rate Summary*

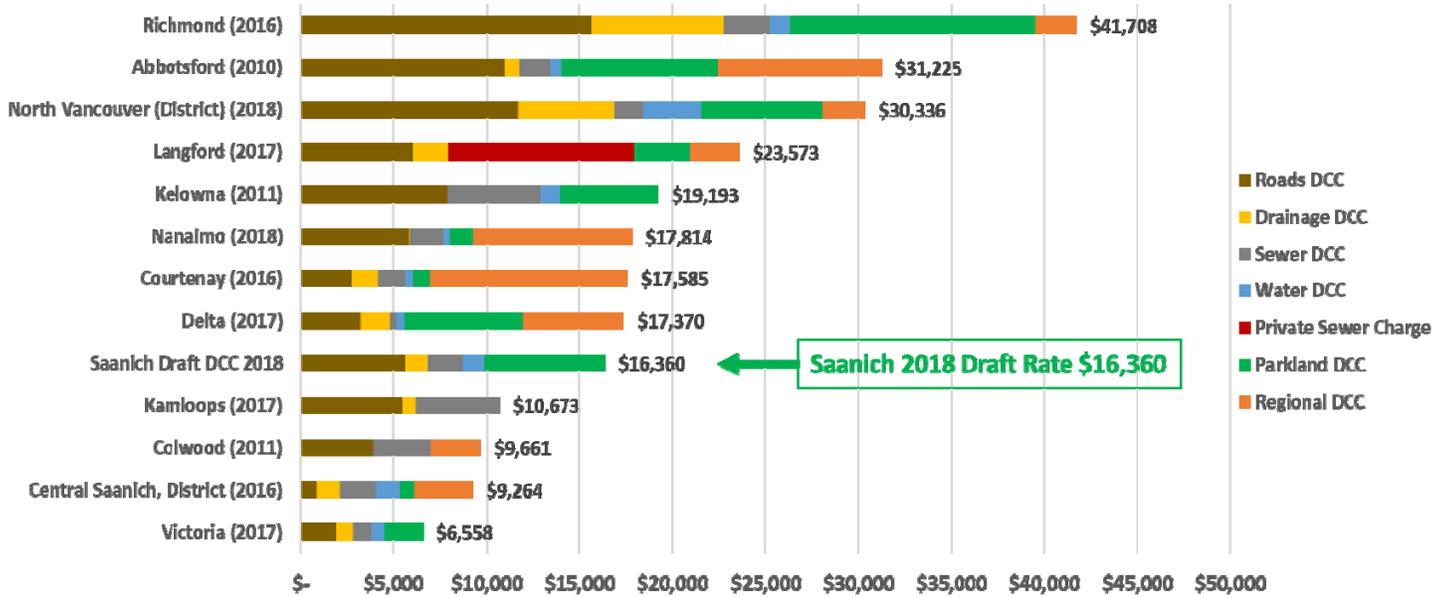
Land Use	Unit	Transportation	Transportation Cordova Bay	Drainage	Sanitary Sewer	Water	Park Acquisition	Park Development	Grand total	Grand Total (Cordova Bay)
Single Family	per lot	\$5,622	\$1,311	\$1,184	\$1,877	\$1,181	\$5,599	\$896	\$16,360	\$17,671
Duplex/Triplex/Quadruplex units	per unit	\$4,666	\$1,088	\$711	\$1,502	\$945	\$4,480	\$717	\$13,020	\$14,108
Townhouse/Row house units	per unit	\$4,104	\$957	\$711	\$1,314	\$827	\$3,920	\$627	\$11,502	\$12,459
Apartment	per unit	\$3,429	\$800	\$343	\$1,089	\$685	\$3,248	\$520	\$9,314	\$10,114
Commercial	per m ² of gross floor area	\$55.09	\$12.85	\$3.79	\$8.64	\$5.43	\$5.04	\$0.81	\$78.80	\$91.64
Industrial	per m ² of gross floor area	\$16.30	\$3.80	\$2.61	\$3.57	\$2.24	\$2.24	\$0.36	\$27.32	\$31.12
Institutional	per m ² of gross floor area	\$55.09	\$12.85	\$3.79	\$8.64	\$5.43	\$5.04	\$0.81	\$78.80	\$91.64

* Rates are preliminary – minor changes may occur as updated reserve fund information is provided.



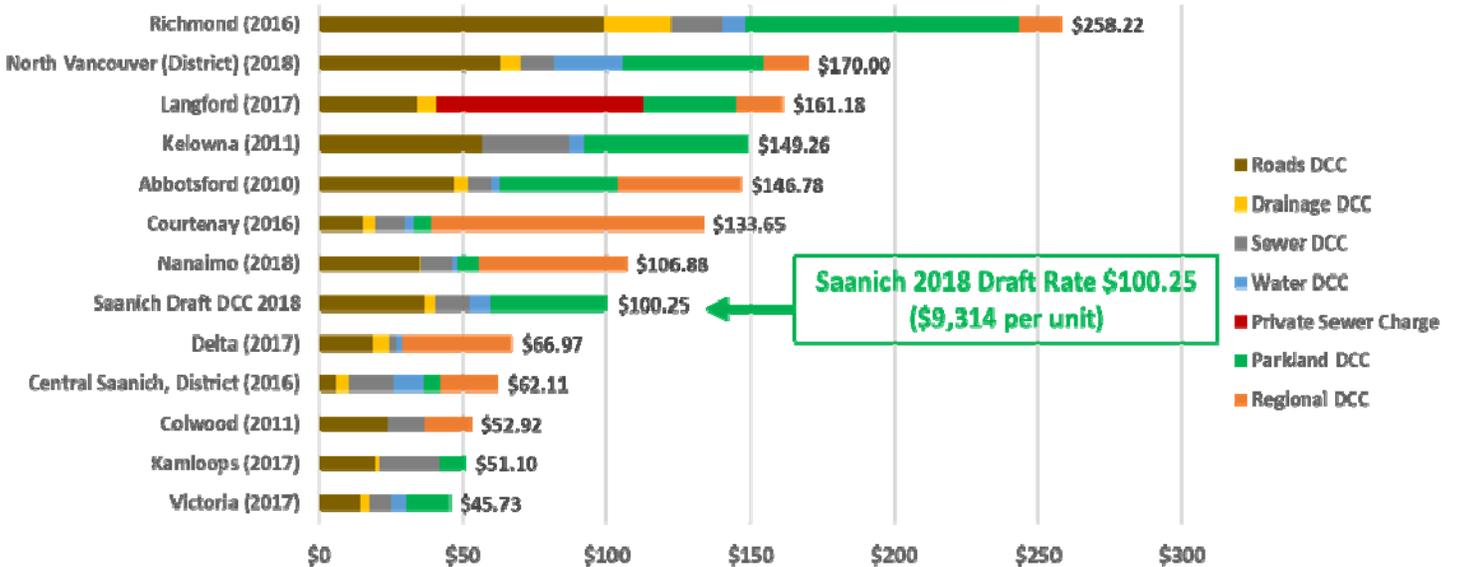
DCC RESIDENTIAL RATE COMPARISONS

Single Family DCC Comparison Rates (per lot)



Notes:
 - Langford includes Corix Sewer Fees for new development
 - Kelowna rates assume Sector A Inner City.

Apartment DCC Comparison Rates (per sq.m. GFA)

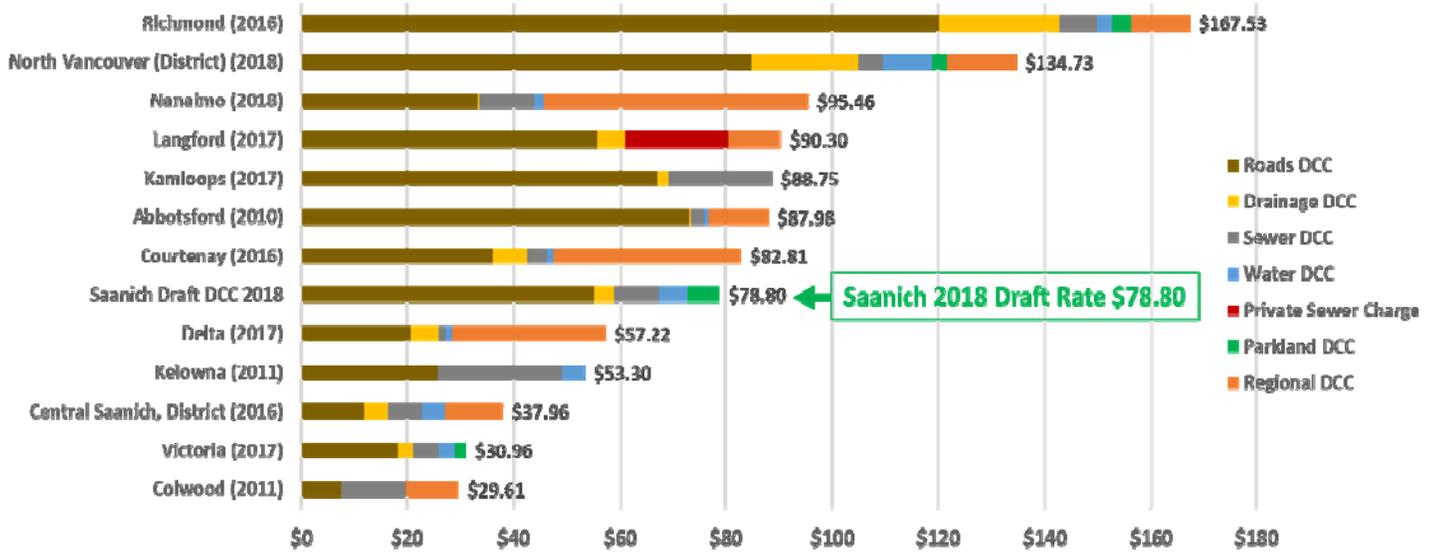


Notes:
 - Langford includes Corix Sewer fees for new development
 - Where necessary, rate conversion from upermit to per sq.m. assumes unit size of 92.9 sq.m. (1,000 sq.ft.)
 - Kelowna rates assume Sector A Inner City.



DCC NON-RESIDENTIAL RATE COMPARISONS

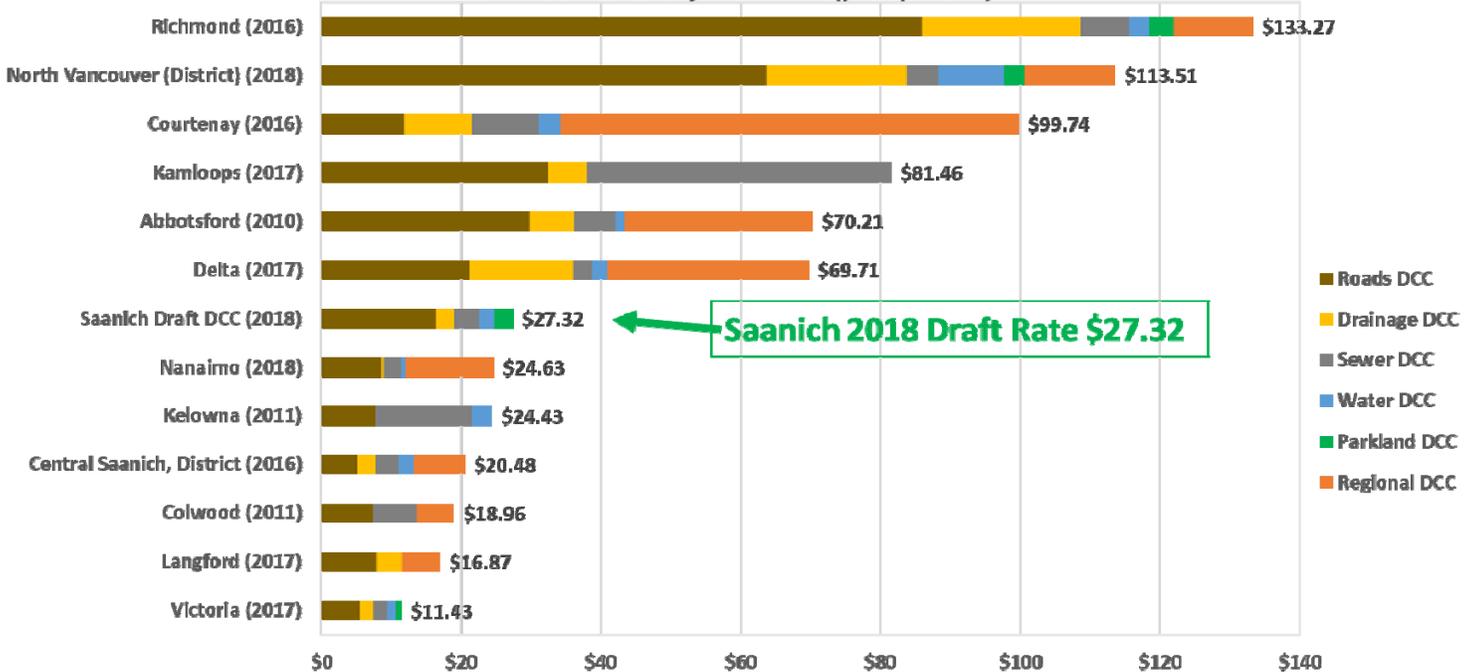
Commercial DCC Comparison Rates (per sq. m. GFA)



Notes:

- Langford includes Corix Sewer Fees for new development
- Where necessary, drainage rate per ha is converted to per sq.m. assuming 0.8 FSR.
- Kelowna rates assume Sector A Inner City.

Industrial DCC Comparison Rates (per sq.m. GFA)



Notes:

- Where necessary, per ha rate is converted to per sq.m. assuming 0.25 FSR.
- Kelowna rates assume Sector A Inner City.



WHAT ARE THE NEXT STEPS?

- Refine program/rates based on stakeholder feedback (summer 2018)
- Council presentation and review of final DCC rates (fall 2018)
- If Council approves the Bylaw will be given three readings and submitted for Ministry review and endorsement (fall/winter 2018)
- Facilitate Council final review and bylaw adoption (winter 2018/2019)
- Implement new DCC rates (effective at bylaw adoption)

