

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: June 10, 2024

TO: Mayor and Council

FROM: Corrine Haer, P.Eng., Manager, Engineering

SUBJECT: 2024 Major Development Cost Charges Program Update

RECOMMENDATIONS

THAT Council:

1. Receive the corporate report dated June 10, 2024, from the Manager of Engineering, titled "2024 Major Development Cost Charges Program Update;" and
 2. Endorse the draft Development Cost Charges (DCC) program and draft DCC rates for the basis of further public consultation in establishing the updated DCC Rates Bylaw.
 3. Approve award of consulting efforts to support the public consultation phase of the 2024 Major Development Cost Charges Program Update to Kerr Wood Leidal in the amount of \$59,859 (excluding GST); and
 4. Preauthorize an additional \$18,000 (approximately 30% of the project cost) in contingency, if required.
-

EXECUTIVE SUMMARY

The City of White Rock last completed a major DCC update in 2015. In following the Province's DCC Best Practice Guide of completing a major DCC update once every five years, a major review of the City's DCC rates is overdue and recommended to be completed as soon as possible.

The purpose of this report is to provide Council with an overview of the approach of the current year's DCC major update along with the draft DCC program and DCC rates based on the review work completed to date.

Once the DCC major update approach is endorsed by Council, staff will use this corporate report as a basis for further public consultation. Once the public's inputs are received and considered, staff will prepare the Development Cost Charges Amendment Bylaw for Council's consideration. Once approved by Council, this major DCC update will be subject to the Ministry's approval as required under the DCC legislation.

BACKGROUND

DCCs are fees to help municipalities recover the costs of off-site infrastructure needed to support growth and are one of the many tools the City uses to fund capital projects. They are paid by applicants who obtain subdivision approval or a building permit authorizing construction of additional units than what is currently permitted on the property.

Capital projects related to roads, sanitary, drainage, water, parkland acquisition and improvement are eligible to receive DCCs. In addition, Bill 46 was recently endorsed through *the Housing Statutes (Development Financing) Amendment Act* and now allows fire protection facilities, policing facilities, and solid waste and recycling facilities to be eligible for DCCs. In support of this amendment, staff reviewed the potential project list and have incorporated these facilities projects into the draft DCC program. Staff expect that the City of White Rock will be one of the first municipalities to take their major DCC update to the Ministry for approval with these facilities incorporated into the program.

Since November 2023, staff have been working together with the City's consultant, Kerr Wood Leidal, in preparing the current major DCC review. This included an update to underlying DCC assumptions, including:

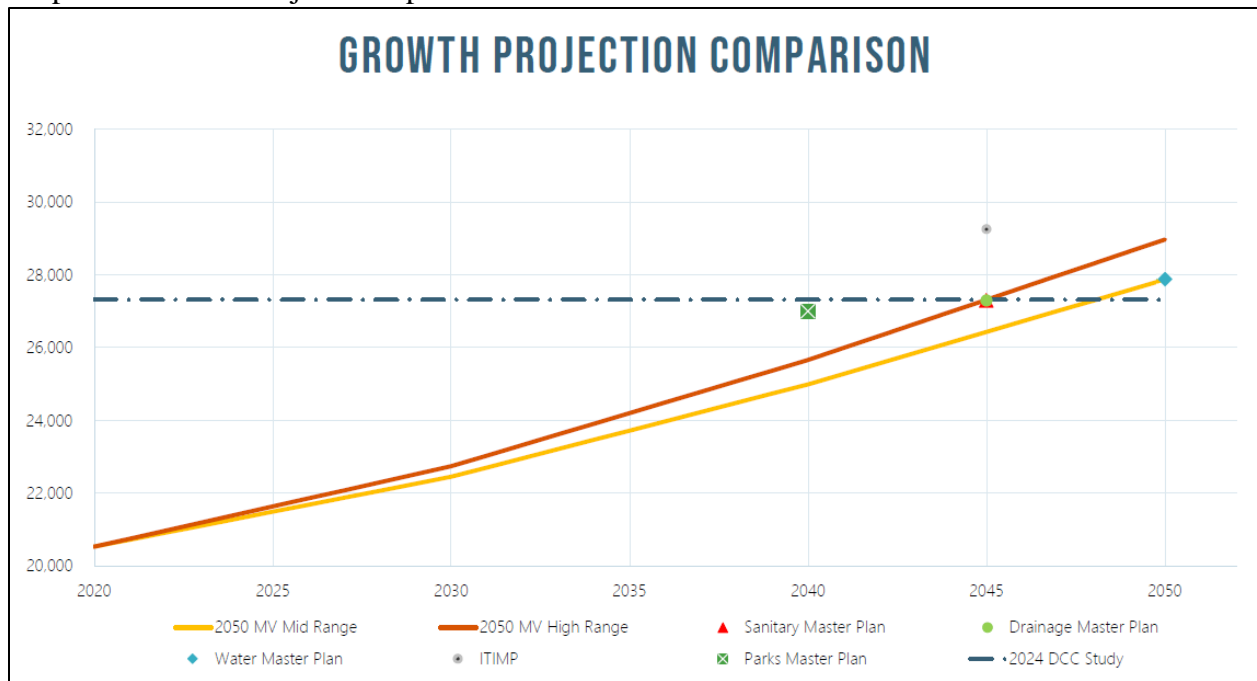
- Development and growth forecast;
- Infrastructure requirements to support growth (roads, water, sanitary, drainage, parkland acquisition and improvement);
- RCMP, fire, solid waste & recycling facility requirements to support growth;
- Benefit allocation and municipal assist factor;
- Equivalency factors and drivers for various servicing types;
- Average dwelling sizes;
- Addition of new DCC projects;
- Deletion of DCC projects that have been completed or are no longer required; and
- Updated timing of future DCC projects.

The DCC project list was developed utilizing the most recent master plans for each DCC category, including the Water Master Plan, Sanitary Master Plan, Drainage Master Plan, Integrated Transportation & Infrastructure Master Plan and the Parks & Recreation Master Plan, in addition to projects currently approved in the 2024 Financial Plan and input from staff received at a workshop that occurred across all departments in early 2024.

The growth forecast used for this major DCC review was the 2050 Metro Vancouver High Range projections which align closely with the growth projections utilized in each master plan update. This ensures consistency across the draft DCC program and facilitates proper allocation of resources and effective implementation of program objectives.

A growth projection comparison graph has been included as follows.

Graph 1 – Growth Project Comparison



While this major DCC update does not coincide with the current work underway to support the small-scale multi-unit housing (SSMUH) initiative, this DCC update is still recommended in accordance with the DCC Best Practice Guide.

Once the City has a better understanding of growth projections due to the impacts of SSMUH, staff will initiate master plan updates for each program. Once all master plans are updated to reflect the population impacts due to SSMUH, staff recommend a subsequent major DCC update.

Draft DCC Program

Based on the updated program costs required for each servicing area to support the City’s 2024-2044 capital infrastructure growth, the City’s updated DCC program is estimated to be \$85.2M. Table 1 below provides a summary of the draft 2024 program values.

Table 1 – Draft DCC Program

DCC Category	Total Project Costs	Municipal Cost	DCC Recoverable Cost	Reserve Fund	Net DCC Recoverable Cost
Water	\$28.9M	\$16.7M	\$12.2M	\$1.5M	\$10.6M
Sanitary Sewer	\$28.7M	\$25M	\$3.7M	\$1M	\$2.7M
Drainage	\$53.9M	\$41M	\$12.9M	\$3.5M	\$9.4M
Roads	\$57M	\$38M	\$19M	\$4M	\$15M
Parks	\$71.4M	\$42M	\$29.5M	\$7.2M	\$22.2M
Police	\$14.5M	\$10.8M	\$3.7M	\$0M	\$3.7M
Fire	\$4.8M	\$0.6M	\$4.1M	\$0M	\$4.1M
Total	\$259.2M	\$173.9M	\$85.2M	\$17.3M	\$67.9M

In addition to the fact that it’s been almost 10 years since the last DCC update, cost adjustments based on external market factors have been included in the draft DCC program and reflect the substantial increases in construction costs over the past years. Appendix A through Appendix G include the project list and maps for each DCC category. The Parks category includes projects

such as the park acquisition, promenade extension, Pier upgrades, and land raising and hardening along the promenade to protect against climate change induced sea level rise.

The municipal portion of the draft DCC program costs, which includes both the 1% municipal assist factor (minimum required by legislation) and the portion of the DCC programs that benefit existing population, is estimated to be \$173.9M for the 2024-2044 DCC program timeframe. The estimated municipal portion includes costs that are anticipated to be funded by utility revenues and utility reserves and depending on the nature of the project, may be funded from capital reserves. These projects will continue to be included in the City's Financial Plans for Council's approval each year.

Appendix H includes additional general DCC principles for information purposes.

Updated DCC Rates

Taking into consideration the updated DCC assumptions, the draft DCC rates for each development type are summarized in Table 2.

Table 2 – DCC Rates

DCC Category	2015	Draft 2024 (without Police & Fire)	Draft 2024 (with Police & Fire)
Single Family	\$19,295	\$28,967	\$33,768
Multi Family	\$11,253	\$14,833	\$16,562
Commercial	\$64	\$154	\$173
Institutional	\$45	\$108	\$127

The increase in the rates is reflective of the cost pressures faced by the City in delivering its infrastructure requirements to support growth. The updated rate increase will ensure that growth continues to fairly and equitably pay for the portion of the cost resulting from growth.

A DCC rate comparison has been included as an appendix to this report as follows:

- Appendix I compares White Rock's proposed rates, not including Fire & Police projects, to other municipalities.
- Appendix J compares White Rock's proposed rates, including Fire & Police projects, to other municipalities.

It is important to note that fire and police facility DCCs are only included in White Rock's proposed rates and all the other municipality rates do not include Fire & Police projects.

The DCC rate comparisons included in Appendix I and Appendix J show the City of White Rock's proposed rates generally lower than those of neighboring municipalities. This ensures that the City of White Rock remains attractive for development, stimulating the potential for growth while balancing the City's needs to fund infrastructure and services adequately and still ensures that the cost burden of new infrastructure required to support development is paid for by growth.

Next Steps

If Council endorses the major DCC update, staff will use this staff report as a basis to proceed with further public consultation in establishing the City's updated DCC rates. The next steps

include:

- Staff will seek stakeholder input by means of public consultation, where comments from the public and relevant stakeholders such as the Urban Development Institute and individual developers and builders etc. will be received for consideration;
- Staff will review stakeholder feedback and will prepare a proposed DCC Rate Bylaw to Council for first, second and third readings;
- Once the DCC Rate Bylaw is approved by Council, all supporting documentations will be sent to the Ministry for review and statutory approval;
- Staff will work with Ministry staff and address any questions or concerns from the Ministry, if any; and
- Once the Bylaw is approved by the Ministry, staff will present the Bylaw to Council for final adoption.

The amount of time required to complete the above steps internally and for the steps to be completed by the Ministry will take approximately eight (8) months.

FINANCIAL IMPLICATIONS

The DCC Update has approved funding of \$180,000 in the 2023/2024 Financial Plan distributed across the general, sanitary, drainage, water funds. There are sufficient funds to support the public consultation phase of the 2024 Major Development Cost Charges Program Update.

A summary of the project budget is as follows:

Table 3 – Project Budget

	Total
Total approved 2023/2024 funding	\$150,000
Phase 1 (previously awarded to Kerr Wood Leidal)	\$56,971
Phase 2 (public engagement phase)	\$59,859
Contingency (approx. 30% of phase 2)	\$18,000
Budget Remaining	\$15,170

COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS

Upon Council's endorsement, a public engagement plan will be created. Proactive, clear, and consistent communication is essential. Communication efforts will include targeted stakeholder engagement, social media updates, dedicated project site, public open house, and advertising.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS

Staff are working closely with Communications & Government Relations to leverage the City's existing social media/channels and available resources, such as Talk White Rock, Facebook, and Instagram to maximize public/stakeholder engagement effectiveness in a cost-effective way.

In addition, staff have coordinated internally with Planning & Development, Financial Services, Recreation & Culture, the Fire Department and the RCMP to ensure this update and the project lists reflect the inputs of all departments and needs of the community.

CLIMATE CHANGE IMPLICATIONS

Land raising and hardening along the promenade to protect against climate change induced sea level rise has been included within the Parks project list as identified by Council's Strategic Priorities. This project will protect the promenade and safeguard the surrounding infrastructure and community spaces that are vital for public use and enjoyment. This is a critical component of coastal resilience, helping to mitigate flood risks and prevent potential damage to both natural and built environments. By incorporating these measures, the City demonstrates its commitment to long-term sustainability and the safety of its citizens.

Moreover, these efforts contribute to the preservation of the promenade as a valuable recreational and cultural asset, maintaining its accessibility and functionality for future generations. It also reflects a comprehensive approach to urban planning, where the well-being of the environment is considered alongside community development and recreational needs.

ALIGNMENT WITH STRATEGIC PRIORITIES

This project is in alignment with the Infrastructure Strategic Priority that identifies that the City plan, build and maintain infrastructure to enhance quality of life and civic service delivery while mitigating and adapting to environmental impacts. Specifically, this project ensures future infrastructure resiliency by making decisions through a long-term lens.

OPTIONS / RISKS / ALTERNATIVES

The following options are available for Council's consideration:

1. Not move forward with a major DCC program update. This will impact the City's ability to collect sufficient funds to support infrastructure development for new growth, leading to a financial burden on existing taxpayers. In addition, this may lead to infrastructure gaps and operational challenges thereby affecting the quality of life of White Rock residents.

CONCLUSION

To ensure that the required infrastructure will be available to support the anticipated growth and to ensure that capital costs directly attributed to growth are fairly and equitably allocated, the major DCC program update and DCC rates review are recommended.

Respectfully submitted,

Approved by,

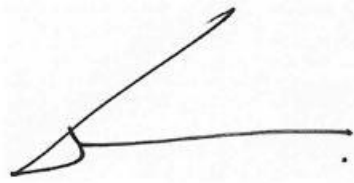


Corrine Haer, P.Eng.
Manager, Engineering

Jim Gordon, P.Eng.
Director, Engineering & Municipal Operations

Comments from the Chief Administrative Officer

I concur with the recommendations of this corporate report.

A handwritten signature in black ink, consisting of a stylized 'G' followed by a horizontal line and a small dot at the end.

Guillermo Ferrero
Chief Administrative Officer

- Appendix A: Water Project List and Map
- Appendix B: Sanitary Project List and Map
- Appendix C: Drainage Project List and Map
- Appendix D: Parks Project List and Map
- Appendix E: Roads Project List and Maps
- Appendix F: Police Project List
- Appendix G: Fire Project List
- Appendix H: General DCC Principles
- Appendix I: DCC Rate Comparison (not including Police and Fire)
- Appendix J: DCC Rate Comparison (including Police and Fire)