

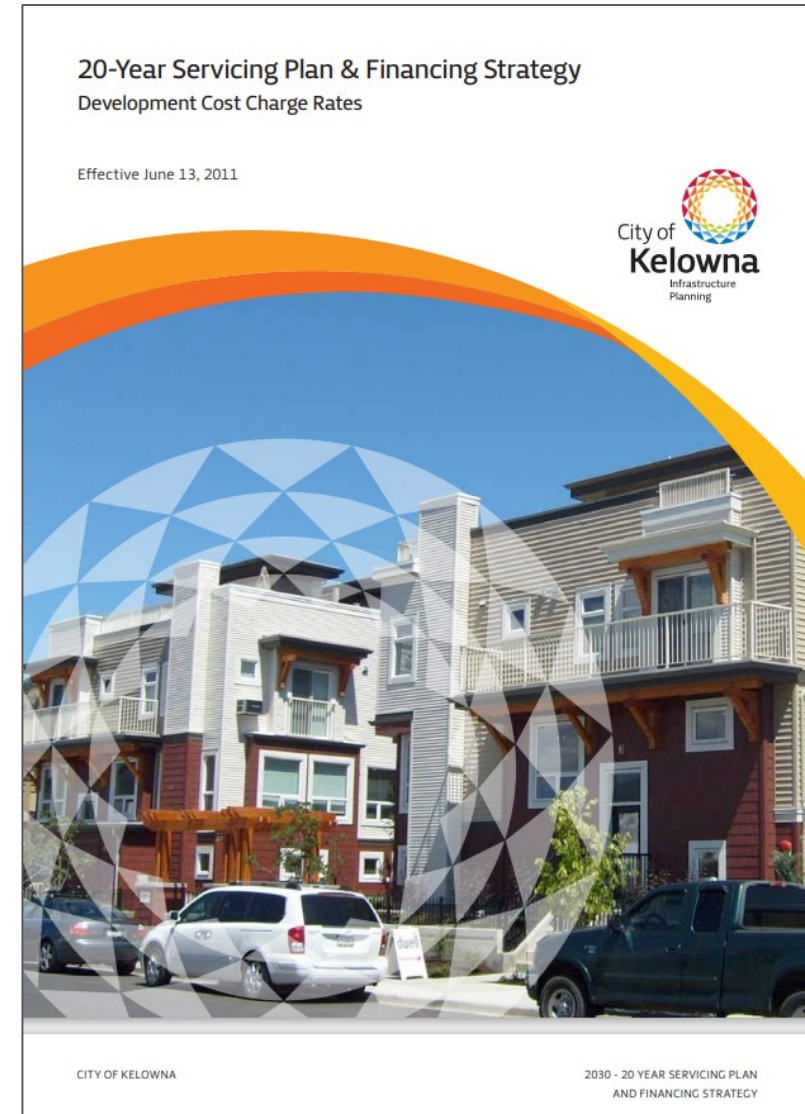


# DCC Program Update

September 13<sup>th</sup>, 2021

# DCC Program

- ▶ 20-Year Servicing Plan and Financial Strategy
- ▶ DCC Bylaw



# Development Cost Charges (DCCs)

- ▶ DCCs are collected from land developers to pay for infrastructure to service new development.
- ▶ DCCs are imposed by bylaw pursuant to the Local Government Act.
- ▶ DCCs facilitate development by providing a method to finance capital projects related to growth.
- ▶ Payable at subdivision or building permit.
- ▶ DCC Bylaw requires Provincial approval.



# Eligible Infrastructure

- ▶ Transportation – not off street parking
- ▶ Sewage
- ▶ Water
- ▶ Drainage
- ▶ Parkland Acquisition and Improvement

# Ineligible Infrastructure

- ▶ Fire Halls, Police Buildings
- ▶ Transit
- ▶ Recreation and Cultural Centers
- ▶ City Halls, Works Yards
- ▶ Arenas
- ▶ Affordable housing
- ▶ Childcare facilities

# DCC Update Objectives

- ▶ Infrastructure servicing plan and financial strategy to accommodate growth identified in 2040 OCP,
- ▶ Equitable approach that aligns with BC Best Practice Guide,
- ▶ Minimize rate increases,
- ▶ Simplify where possible and ensure transparency.



# Big Moves and Challenges

- ▶ Inflation since last update (2019)
  - ▶ 14% Construction
  - ▶ 40% Land
- ▶ Split Industrial category into Light and Heavy Industrial
- ▶ Secondary Suites and Carriage houses,
- ▶ Parks Acquisition DCC for Commercial/Industrial,
- ▶ New Storm Drainage DCC,
- ▶ Assumed grants no longer included in program,
- ▶ Shift to City wide DCC.





# Drainage DCC

## Existing Challenge:

- ▶ DCC program does not include Drainage DCC ,
- ▶ Mill Creek at risk of future flooding,
- ▶ Urban core area planned for future development densification,

## Proposed Solution:

- ▶ Drainage DCC proposed to fund infrastructure along Mill Creek,
- ▶ DCC will be combined with DMAF grant and general revenue to fund project.





# Industrial DCC

## Existing Challenge:

- ▶ Kelowna Industrial DCC some of the lowest in province,
- ▶ Infrastructure demand based on land intensive industrial operations,
- ▶ DCC assessed primarily on zoning,
- ▶ Industrial type development shifting to 'light industrial'

## Proposed Solution:

- ▶ Split Industrial category in Light Industrial and Heavy Industrial,
- ▶ Heavy Industrial Category land intensive operations,
- ▶ Light Industrial calculated at 50% of Commercial DCC,
- ▶ Light/Heavy assessed based on Zoning Bylaw.



# Secondary Suites and Carriage houses

## Existing Challenge:

- ▶ Secondary Suites and Carriage houses assessed \$2,500 flat rate DCC,
- ▶ Does not accurately reflect infrastructure demand and difficult to administer,
- ▶ OCP encourages alternate housing options including single family homes constructed with suites or carriage houses.

## Proposed Solution:

- ▶ Secondary suite included as part of Residential 1 and 2 DCC,
- ▶ Carriage home assessed Residential 3 DCC,



# Parks Acquisition DCC Commercial/Industrial

- ▶ Parks Development DCC added to DCC program in February 2020,
- ▶ Preferred scenario 'Model A – Full Implementation' included Commercial/Industrial Parks Acquisition DCC in Year 2.
- ▶ The has been added to the proposed DCC program.

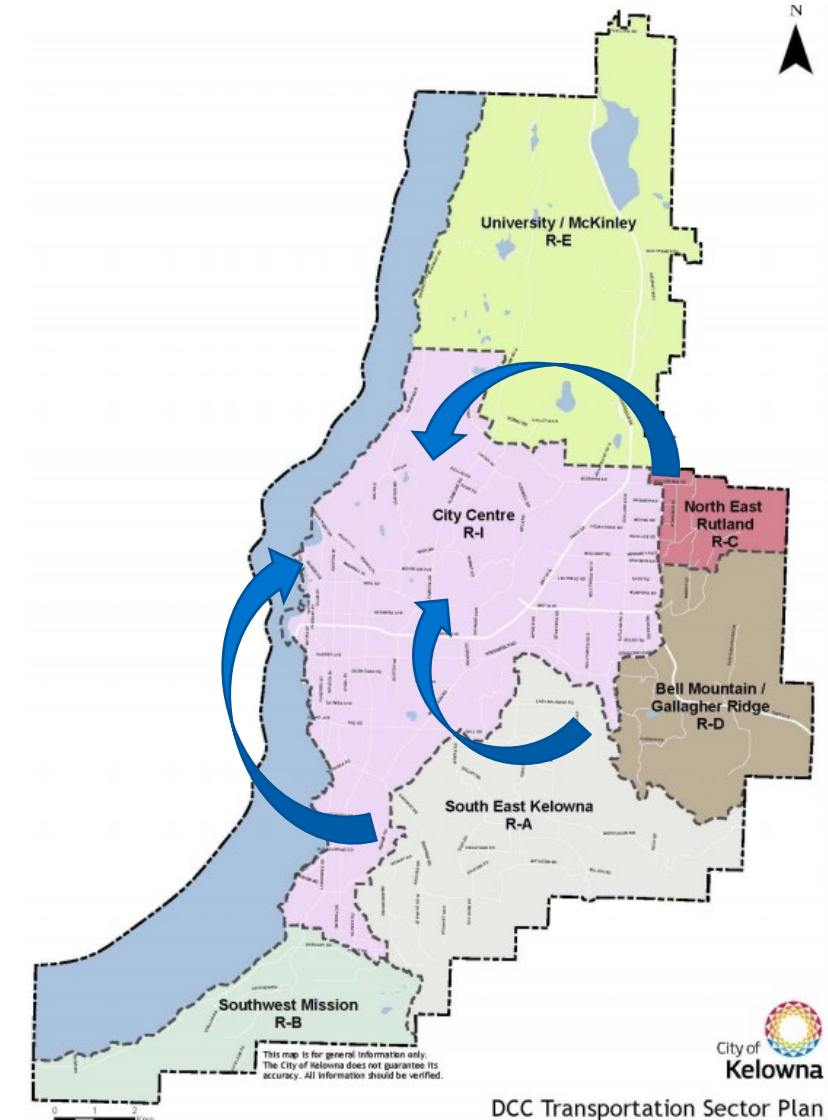
**Table 1. Summary of Models for Parks Funding**

		Current Parks DCC	Model A - Full implementation	Model B - With 5% parkland dedication	Model C - Staggered implementation
<b>Parkland Acquisition</b>					
Existing DCCs	<i>Neighbourhood</i>	✓	✓	✗	✓
	<i>Community</i>	✓	✓	✓	✓
	<i>Recreation</i>	✓	✓	✓	✓
	<i>City-wide</i>	✓	✓	✓	✓
New Linear Parkland Acquisition DCCs			✓	✓	✓
New Commercial/Industrial Acquisition DCCs			Yr 2 ✓	Yr 2 ✓	Yr 2 ✓
5% Parkland dedication			✗	✓	✗
Reduce taxation assist to 1% + 3.4%					
Total Acquisition DCCs (per residential unit)		\$7,142	\$7,346	\$5,455	\$7,346
<b>Parkland Development</b>					
New DCCs	<i>Neighbourhood</i>		✓	✓	Yr 1 ✓
	<i>Community</i>		✓	✓	Yr 1 ✓
	<i>Recreation</i>		✓	✓	Yr 2 ✓
	<i>Linear</i>		✓	✓	Yr 2 ✓
	<i>City-wide</i>		✓	✓	Yr 3 ✓
New Commercial/Industrial Development DCCs			✓	✓	✓
Reduce taxation assist to 1% + 3.4%					



# DCC Sectors

- ▶ Water, Wastewater, Drainage and Parks assesses on a 'city-wide' DCC.
- ▶ Transportation has three sectors because of unique infrastructure needs.



# Total Program Comparison

\$ Millions	Current	Proposed	Change
Total Program	\$1,105.3	\$1,301.2	\$203.9
Developer Funded	\$733.5	\$879.0	\$153.5
	66%	68%	
City Funded (Tax / Utility)	\$326.7	\$391.7	\$65.0
	30%	30%	
Grants	\$45.1	\$30.5	(\$14.6)
	4%	2%	

# Proposed DCC Rates

Land Use	Service Area	Transportation			Water	Wastewater		Drainage	Parks		Total*		
	Sector	R-I	R-B	R-E	W-A	Trunks S-A	Treatment T-A	D-A	Acquisition P-A	Development P-D	R-I	R-B	R-E
	Note	Inner City/ Common	South Mission	University/ McKinley	Service Area Wide	Service Area Wide	Service Area Wide	City-wide	City-wide	City-wide	Combined	Combined	Combined
Residential 1	To 15 Units/Hectare Each Lot or Dwelling Unit	\$12,336	\$31,156	\$20,798	\$1,437	\$1,634	\$5,063	\$843	\$8,652	\$6,354	\$36,319	\$55,138	\$43,344
Residential 2	>15-35 Units/Hectare Each Dwelling Unit	\$11,278	\$28,485	\$19,016	\$1,314	\$1,494	\$4,629	\$590	\$8,652	\$6,354	\$34,311	\$51,518	\$40,735
Residential 3	>35-85 Units/Hectare Each Dwelling Unit	\$7,823	\$19,758	\$13,190	\$911	\$1,036	\$3,211	\$337	\$8,652	\$6,354	\$28,325	\$40,260	\$32,780
Residential 4	> 85 Units/Hectare Each Dwelling Unit	\$7,128	\$18,003	\$12,018	\$830	\$944	\$2,926	\$253	\$8,652	\$6,354	\$27,087	\$37,962	\$31,147
Commercial	Per Square Metre (Minimum charge equivalent to 93 sq.m)	\$40.85	\$103.16	\$68.87	\$4.76	\$5.41	\$16.77	\$3.37	\$14.33	\$10.52	\$96.00	\$158.31	\$119.26
Institutional	Per Square Metre (Minimum charge equivalent to 93 sq.m)	\$40.85	\$103.16	\$68.87	\$4.76	\$5.41	\$16.77	\$3.12	Exempt	Exempt	\$70.90	\$133.22	\$94.16
Light Industrial	Per Square Metre (Minimum charge equivalent to 93 sq.m)	\$20.42	\$51.58	\$34.43	\$2.38	\$2.71	\$8.38	\$2.53	\$7.16	\$5.26	\$48.84	\$80.00	\$60.47
Heavy Industrial	Per Hectare (Minimum charge equivalent to 0.405 ha)	\$30,470	\$76,956	\$51,373	\$7,968	\$9,060	\$28,076	\$6,321	\$10,686	\$7,847	\$100,428	\$146,914	\$113,363



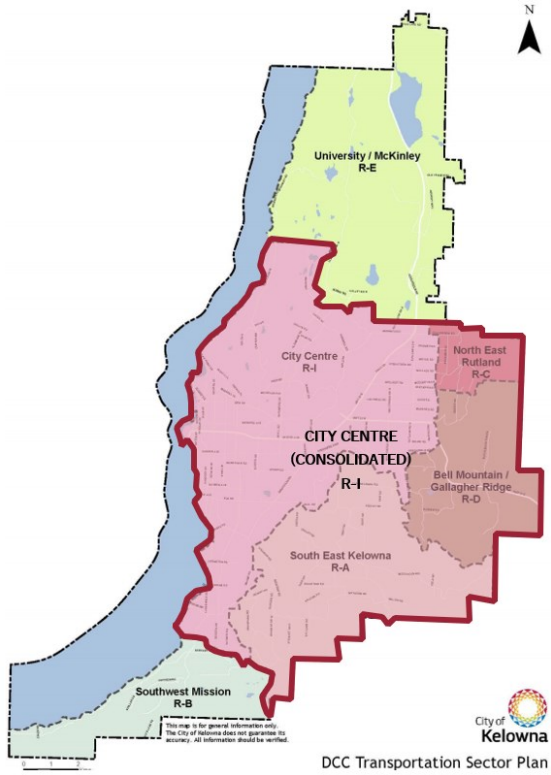
# DCC Rate Comparison: Residential 1 – Inner City

## Kelowna Rates

Scenario	Current	Proposed	Increase
\$/unit	\$30,989	\$36,319	\$5,330 (17%)

## Comparator Rates

Municipality	\$/ Unit
Langley Township (2020)*	\$56,030
Coquitlam (2019)*	\$52,384
Surrey (2020)*	\$51,989
Richmond (2019)*	\$49,937
Vernon (2020)	\$20,168
Kamloops (2020)	\$12,275



Note: \* Includes regional wastewater and Translink DCC

# DCC Rate Comparison: Residential 4 – Inner City

## Kelowna Rates

Scenario	Current	Proposed	Increase
\$/unit	\$23,977	\$27,087	\$3,110 (13%)

## Comparator Rates

Municipality	\$/ Unit
Langley Township (2020)*	\$31,176
Surrey (2020)*	\$27,862
Richmond (2019)*	\$26,384
Coquitlam (2019)*	\$20,309
Vernon (2020)	\$10,656
Kamloops (2020)	\$5,022



Note: \* Includes regional wastewater and Translink DCC

# DCC Rate Comparison: Commercial – Inner City

## Kelowna Rates

Scenario	Current	Proposed	Increase
\$/Square meter	\$81.84	\$96.00	\$14.16 (17%)

## Comparator Rates

Municipality	\$/ Square meter
Richmond (2019)*	\$180.49
Langley Township (2020)*	\$161.13
Surrey (2020)*	\$153.04
Coquitlam (2019)*	\$93.12
Kamloops (2020)	\$72.05
Vernon (2020)	\$45.79



Note: \* Includes regional wastewater and Translink DCC



# DCC Rate Comparison: Light Industrial (new) - Inner City

## Kelowna Rates

Scenario	Current <sup>1</sup>	Proposed	Increase
\$/Square meter	\$25.72	\$48.84	\$23.12 (90%)

## Comparator Rates

Municipality	\$/ Square meter
Richmond (2019)*	\$134.20
Langley Township (2020)*	\$103.78
Kamloops (2020)	\$89.03
Surrey (2020)*	\$74.37
Coquitlam (2019)*	\$49.90
Vernon (2020)	\$45.92



Note: \* Includes regional wastewater and Translink DCC

<sup>1</sup> :Converted from general Industrial charge per hectare

# DCC Rate Comparison: Heavy Industrial - Inner City

## Kelowna Rates

Scenario	Current	Proposed	Increase
\$/Hectare	\$87,453	\$100,428	\$12,974 (15%)

## Comparator Rates

Municipality	\$/ Hectare
Langley Township (2020)*	\$347,548
Surrey (2020)*	\$262,573
Coquitlam (2019)*	\$247,560
Kamloops (2020)	\$244,508
Vernon (2020)	\$150,582
Richmond (2019)*	\$108,814



Note: \* Includes regional wastewater and Translink DCC

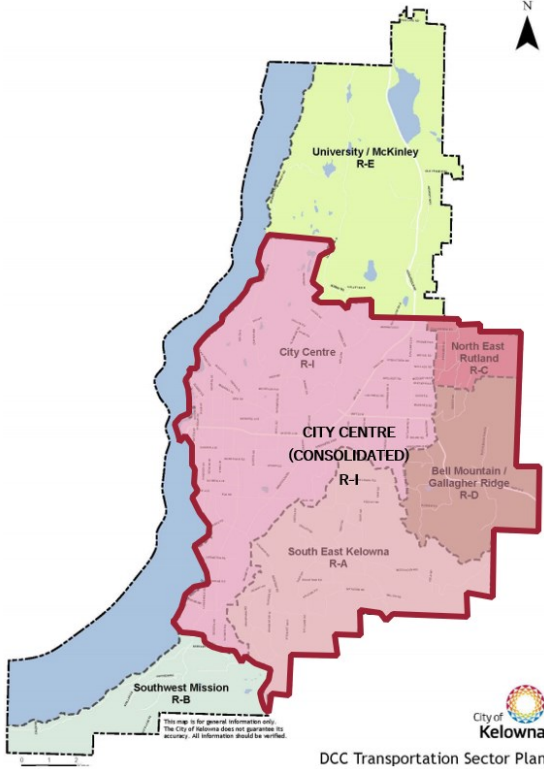
# DCC Rate Comparison: Residential 1 – South Mission

## Kelowna Rates

Scenario	Current	Proposed	Increase
\$/unit	\$48,508	\$55,138	\$6,631 (14%)

## Comparator Rates

Municipality	\$/ Unit
Langley Township (2020)*	\$56,030
Coquitlam (2019)*	\$52,384
Surrey (2020)*	\$51,989
Richmond (2019)*	\$49,937
Vernon (2020)	\$20,168
Kamloops (2020)	\$12,275



DCC Transportation Sector Plan

Note: \* Includes regional wastewater and Translink DCC



# DCC Rate Comparison: Residential 4 - South Mission

## Kelowna Rates

Scenario (	Current	Proposed	Increase
\$/unit	\$35,166	\$37,962	\$2,795 (8%)

## Comparator Rates

Municipality	\$/ Unit
Langley Township (2020)*	\$31,176
Surrey (2020)*	\$27,862
Richmond (2019)*	\$26,384
Coquitlam (2019)*	\$20,309
Vernon (2020)	\$10,656
Kamloops (2020)	\$5,022



Note: \* Includes regional wastewater and Translink DCC

# DCC Rate Comparison: Commercial - South Mission

## Kelowna Rates

Scenario	Current	Proposed	Increase
\$/Square meter	\$139.39	\$158.31	\$18.93 (14%)

## Comparator Rates

Municipality	\$/ Square meter
Richmond (2019)*	\$180.49
Langley Township (2020)*	\$161.13
Surrey (2020)*	\$153.04
Coquitlam (2019)*	\$93.12
Kamloops (2020)	\$72.05
Vernon (2020)	\$45.79



# DCC Rate Comparison: Light Industrial (new) - South Mission

## Kelowna Rates

Scenario	Current <sup>1</sup>	Proposed	Increase
\$/Square meter	\$37.71	\$80.00	\$42.29 (112%)

## Comparator Rates

Municipality	\$/ Square meter
Richmond (2019)*	\$134.20
Langley Township (2020)*	\$103.78
Kamloops (2020)	\$89.03
Surrey (2020)*	\$74.37
Coquitlam (2019)*	\$49.90
Vernon (2020)	\$45.92



Note: \* Includes regional wastewater and Translink DCC  
1 :Converted from general industrial charge per hectare

# DCC Rate Comparison: Heavy Industrial - South Mission

## Kelowna Rates

Scenario	Current	Proposed	Increase
\$/Hectare	\$128,216	\$146,914	\$18,697 (15%)

## Comparator Rates

Municipality	\$/ Hectare
Langley Township (2020)*	\$347,548
Surrey (2020)*	\$262,573
Coquitlam (2019)*	\$247,560
Kamloops (2020)	\$244,508
Vernon (2020)	\$150,582
Richmond (2019)*	\$108,814



Note: \* Includes regional wastewater and Translink DCC



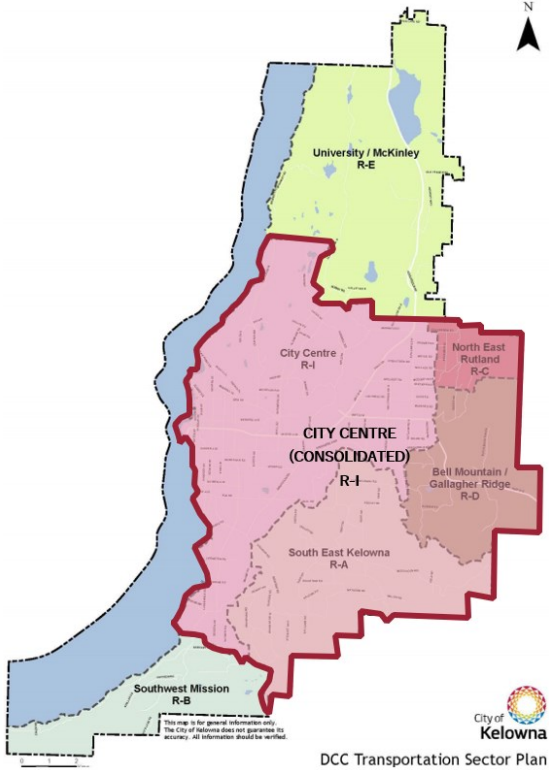
# DCC Rate Comparison: Residential 1 – North of Inner City

## Kelowna Rates

Scenario	Current	Proposed	Increase
\$/unit	\$32,860	\$43,344	\$10,485 (32%)

## Comparator Rates

Municipality	\$/ Unit
Langley Township (2020)*	\$56,030
Coquitlam (2019)*	\$52,384
Surrey (2020)*	\$51,989
Richmond (2019)*	\$49,937
Vernon (2020)	\$20,168
Kamloops (2020)	\$12,275



Note: \* Includes regional wastewater and Translink DCC

# DCC Rate Comparison: Residential 4 - North of Inner City

## Kelowna Rates

Scenario	Current	Proposed	Increase
\$/unit	\$25,772	\$31,147	\$5,374 (21%)

## Comparator Rates

Municipality	\$/ Unit
Langley Township (2020)*	\$31,176
Surrey (2020)*	\$27,862
Richmond (2019)*	\$26,384
Coquitlam (2019)*	\$20,309
Vernon (2020)	\$10,656
Kamloops (2020)	\$5,022



Note: \* Includes regional wastewater and Translink DCC

# DCC Rate Comparison: Commercial – North of Inner City

## Kelowna Rates

Scenario	Current	Proposed	Increase
\$/Square meter	\$87.75	\$119.26	\$31.51 (36%)

## Comparator Rates

Municipality	\$/ Square meter
Richmond (2019)*	\$180.49
Langley Township (2020)*	\$161.13
Surrey (2020)*	\$153.04
Coquitlam (2019)*	\$93.12
Kamloops (2020)	\$72.05
Vernon (2020)	\$45.79



# DCC Rate Comparison: Light Industrial (new) – North of Inner City

## Kelowna Rates

Scenario	Current <sup>1</sup>	Proposed	Increase
\$/Square meter	\$25.32	\$60.47	\$35.15 (139%)

## Comparator Rates

Municipality	\$/ Square meter
Richmond (2019)*	\$134.20
Langley Township (2020)*	\$103.78
Kamloops (2020)	\$89.03
Surrey (2020)*	\$74.37
Coquitlam (2019)*	\$49.90
Vernon (2020)	\$45.92



Note: \* Includes regional wastewater and Translink DCC

<sup>1</sup> :Converted from general industrial charge per hectare

# DCC Rate Comparison: Heavy Industrial – North of Inner City

## Kelowna Rates

Scenario	Current	Proposed	Increase
\$/Hectare	\$86,097	\$113,363	\$27,266 (32%)

## Comparator Rates

Municipality	\$/ Hectare
Langley Township (2020)*	\$347,548
Surrey (2020)*	\$262,573
Coquitlam (2019)*	\$247,560
Kamloops (2020)	\$244,508
Vernon (2020)	\$150,582
Richmond (2019)*	\$108,814



Note: \* Includes regional wastewater and Translink DCC





*Questions?*

For more information, visit [kelowna.ca](http://kelowna.ca).