



Staff Report to Council

Engineering Department

FILE: 08-3150-01/24

REPORT DATE: March 04, 2024 **MEETING DATE:** March 12, 2024

TO: Mayor and Council

FROM: Samantha Maki, Director of Engineering & Operations

SUBJECT: Development Cost Charges – Program and Rates Update

CHIEF ADMINISTRATIVE OFFICER REVIEW/APPROVAL:

RECOMMENDATION(S):

THAT Council:

- A. Receive for information the staff report titled ‘Development Cost Charges – Program and Rates Update’ dated March 4, 2024; OR
- B. Other.

PURPOSE

To provide the history regarding the City’s Development Cost Charges (DCCs), proposed project changes and rates prior to commencing engagement and drafting the revised DCC Bylaw for Council’s consideration.

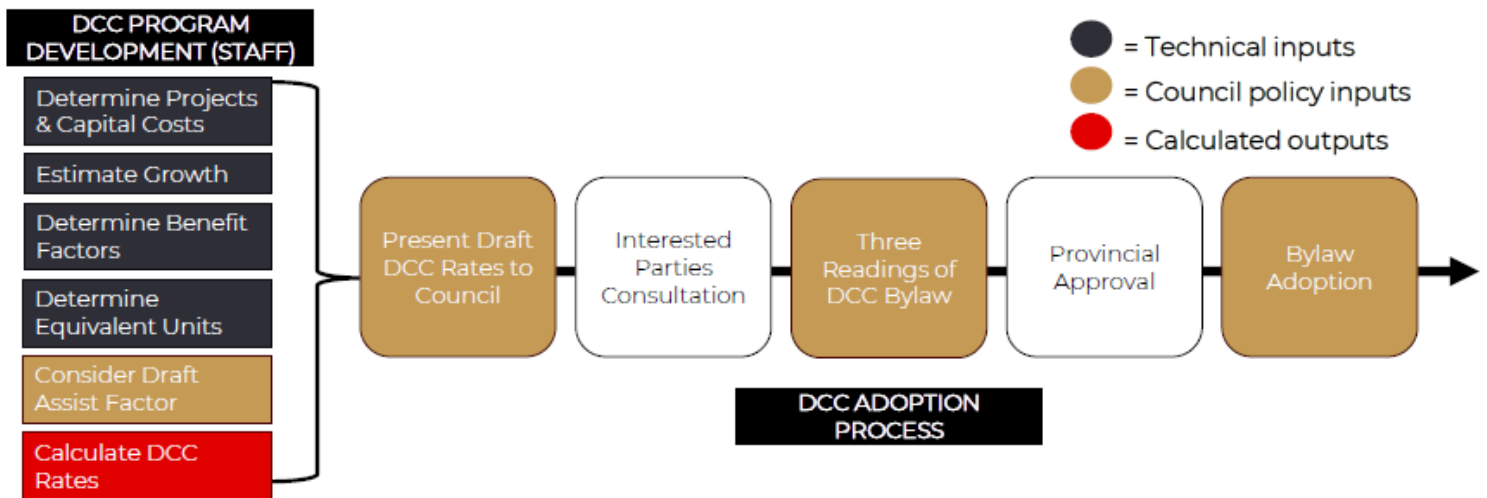
- Information Report Decision Report Direction Report

DISCUSSION

Background:

Development Cost Charges are fees that cities choose to collect from new developments to offset some of the infrastructure expenditures incurred in servicing new developments and added capacity to existing infrastructure. DCC eligible infrastructure projects include transportation, sanitary, water, drainage and parks development and acquisition. The DCC Best Practices Guide provides further details regarding the development of a DCC program. These fees are paid through the City’s permit processes.

DCCs do not include cost to maintain current infrastructure that serves the existing population. The infrastructure projects included in the DCC program must be driven by growth and service that anticipated growth. Prior to a local government adopting a DCC Bylaw, the bylaw must be approved by the Provincial Inspector of Municipalities. The process is outlined below:



It is recommended that a major update to the program and bylaw are completed roughly every five years. With this update, the two existing DCC bylaws (one with roads, sanitary, water and drainage, and the other for parks) will be merged into one as they are being updated at the same time. The program has a 20 year projection.

City staff have been working with the consultant, Urban Systems, to modify the program, growth projections and revise the rates. The goal for the DCC rates is to account for future infrastructure needs, but not deter development. It was expected that the rates would increase based on the current economy resulting in increased project costs. The drafted rates are then compared to other cities to confirm the proposed rates are realistic and in line with what others are charging. Historically, Pitt Meadows’ DCCs have been on the lower side of comparable communities, except for industrial (higher end) and residential apartment (middle) development.

Relevant Policy, Bylaw or Legislation:

Park Land Development Cost Charge Bylaw No. 2685, 2015

Development Cost Charge Bylaw No. 2382, last updated in 2018.

Analysis:

The growth projections are shifting; the City expects to see an increase in townhomes and apartments, and substantially less industrial development than the previous update. Key items to mention regarding the updated program include:

- Construction costs have significantly increased since the last update
- Scope has been clarified/refined on some projects
- New projects were added that support new/updated master plans
- Projects currently in progress and/or committed to in service agreements (such as DCC projects relating to Onni's development) remain in the program and are unchanged
- Large area-specific projects were removed (such as the NLSA projects) as the City would not complete these projects if the specific development did not proceed
- Projects/scope outside of the City's jurisdiction have been removed (Lougheed/Harris intersection) as they are not eligible for DCCs
- Project lists were refined to focus on highest priority projects with highest benefit to new development to ensure reasonable rates for developers and a sustainable program for the City

The projects in the updated DCC program are outlined below based on status (remaining the same as previous DCC update, modified, complete/cancelled, and new). Note that the benefit factor is the percent attributed to development, and the remaining percentage is paid by the City, either for just the required municipal assist factor contribution (minimum 1%) or where projects benefit existing residents as well.

Table 1. DCC Projects Remaining the Same				
Project No. (Old)	Name	Cost	Benefit Factor	Comments
Transportation (Major and Minor Roads)				
MJT2	Harris Rd – Hammond to Airport Way Traffic Improvements	\$1,885,000	100%	No changes, partially complete in Onni’s section, northern part to be completed by City in 2024/2025
MJT7- MJT18	Airport Way/Harris/ Bonson Works associated with Onni development	\$4,180,320	100%	Almost complete and DCC credits will be awarded to developer. Remains the same as committed to in previous Service Agreements
MNT1 (MNT1+7)	McMyn Rd + 191 St Sidewalk	\$120,000	100%	Projects merged, almost complete and to be paid out to developer
MNT2	Advent Rd Sidewalk	\$21,000	100%	Almost complete and to be paid out to developer
MNT6	Harris Rd – Fraser Way to Airport Way Sidewalk	\$572,000	100%	Almost complete and DCC credits will be awarded to developer. Remains the same as committed to in previous Service Agreements
Drainage				
D4 (ST6)	Harris Rd N. of Fraser Way Culvert	\$306,406	100%	Almost complete by Onni and DCC credits to be awarded
D5 (ST7)	Fraser Way E. of Harris Rd Culvert	\$289,746	100%	Almost complete by Onni and DCC credits to be awarded

Table 2. DCC Projects with Modifications				
Project No (Old)	Name	Cost	Benefit Factor	Comments on Modification
Transportation (Major and Minor Roads)				
MJT1	Active Transportation Corridor Improvements	\$4,000,000	25%	Scope clarified and cost increased from \$3.5M to better align with ATP
MJT3	McTavish Connector	\$6,000,000	100%	Cost increased from \$3.9M
MJT4	McTavish Rd Improvements	\$3,300,000	100%	Cost increased from \$2.175M
MJT6	Airport Way Four Laning	\$7,300,000	100%	Most of the work complete and DCC credits will be awarded. Cost increased to account for tie-in to TransLink infrastructure at east end in the future
MJT21	Lougheed/Harris Intersection	\$2,800,000	25%	Scope changed to eliminate works in MOTI jurisdiction.
MJT23	Airport/Baynes Pedestrian Bridge	\$540,000	25%	Scope clarified and cost increased from \$140k. Design ongoing.
MJT20 (MJT24)	Fraser Dyke Rd Improvement	\$2,560,000	100%	Cost increased from \$1.272M to account for raising of the dike. Design ongoing.
MNT4	Fraser Way – Sidewalk & Roadway Expansion	\$1,360,000	100%	Onni's scope complete and DCC credits to be awarded. Cost increased from \$1M to account for City's parking lot works
MNT5	Fraser Way – Sidewalk beside PH molds	\$140,000	100%	Cost increased from \$81k

MNT8	Bonson Rd - Sidewalk	\$270,000	25%	Cost increased from \$189k
MNT9	190A - Sidewalk	\$210,000	25%	Cost increased from \$132k
Sanitary				
S2	North Lougheed Lift Station Upgrades	\$1,200,000	100%	Scope revised and costs increased from \$309k
S3	Advent Rd – Main Upgrade	\$1,485,000	21%	Costs increased from \$1.13M. Planned for 2025
Water				
W3	203 rd – New Water Main	\$1,900,000	75%	Costs increased from \$800k and benefit factor reduced from 100%
W4	Fraser Dyke Rd – Water main Extension	\$780,000	100%	Costs increased from \$365k
Drainage				
D1 (ST8)	Area 3 Culvert Upgrades	\$3,750,000	25%	Costs increased from \$3.1M. Works completed annually.
D3 (ST10)	Baynes Pump Station – Trask Racks	\$897,600	40%	Costs increased from \$840k. Design ongoing, construction 2025
Parks				
P1	Land Acquisition for New Parks	\$5,500,000	100%	Costs increased from \$5.27M
P2	Amenity Improvements for existing Parks	\$2,300,000	25%	Costs increased from \$1.28M

Table 3. DCC Projects Completed or Cancelled (Removed from Program)

Old Project No.	Name	Comments
Transportation (Major and Minor Roads)		
MJT05	North Loughheed Connector	Removed as area specific and due to project prioritization. Project would be handled separately with developer through Servicing Agreement. Project would not proceed if adjacent development did not proceed.
MJT19	Harris Rd Rail Crossing	Removed as not within City jurisdiction and DCCs are required to be City assets on City land, and Harris Underpass being progressed by other means
MJT20	Kennedy Rd Rail Crossing	Removed as not within City jurisdiction and DCCs are required to be City assets on City land, and being discussed through other project.
MJT22	Ford Rd Extension	No longer in City's long-term plan. Separate report to follow.
MNT3	NLSA – New Roadways	Removed as area specific and to be handled separately with developer through Servicing Agreement. Project would not proceed if development did not proceed.
Sanitary		
S1	Meadow Gardens New Gravity Main	Removed as area specific and to be handled separately with developer through Servicing Agreement. Project would not proceed if adjacent development did not proceed.
S3	Sutton Rd – New Sanitary Main	Cancelled as works on private property. Servicing needs dealt with differently.

Water		
W1	NLSA – New Main	Removed as area specific and to be handled separately with developer through Servicing Agreement. Project would not proceed if adjacent development did not proceed.
W2	Sutton Rd – New Water Main	Cancelled as works on private property. New project added for water main on Airport Way instead.
Drainage		
ST1-5	NLSA – New Mains	Removed as area specific and to be handled separately with developer through Servicing Agreement. Project would not proceed if adjacent development did not proceed.
ST9	Reichenbach Pump Station	Removed as need not known.
Parks		
PA3	Trail – Airport to Bonson Rd	Previously completed
PA4	PM Community Garden Expansion	Completed in 2023
PA5	Fitness Circuit	Not needed and more broad project added
PA6	Park Washroom	Deleted and more broad project added
PA7	Community Garden	Expansion completed instead, no longer eligible scope for DCC program.
PA8	Walking Trails	Scope of project unclear. Deleted.
PA9	PMSS Changerooms	Scope unclear. Deleted and more broad project added.
PA10	Water Play Park	Deleted and more broad project added.

Table 4. DCC Projects Added				
Project No.	Name	Cost	Benefit Factor	Comments on Modification
Transportation (Major and Minor Roads)				
MJT5	Harris Rd Complete Street Feasibility Study	\$240,000	25%	Added based on ATP
MNT3	Active Transportation – Neighbourhood Bikeways	\$800,000	25%	Added based on ATP
MJT22	Transportation & Active Transportation Master Plan Updates	\$400,000	25%	Added to support updates to Master Plans every 5 years for the next 20 years.
MJT19	ODTR – Traffic Modifications	\$350,000	50%	Project number changed
MNT7	Ford Rd Trail – Baynes to McTavish	\$270,000	25%	Added based on ATP and feedback from Airport tenants
Sanitary				
S1	Sanitary Model	\$400,000	25%	Accommodate updates to City’s sanitary model, roughly every 5 years over next 20 years.

Water				
W1	Water Model Updates	\$400,000	25%	Accommodate updates to City's water model, roughly every 5 years over next 20 years.
W2	Airport Way – Harris to Southgate Extension	\$2,200,000	25%	New water main down Airport Way to accommodate fire fighting and development needs
Drainage				
D2	Drainage Model Updates	\$600,000	25%	Accommodate updates to City's drainage model, roughly every 5 years over next 20 years.
Parks				
P3	Amenities for New Parks	\$1,500,000	100%	Added based on need and development
P4	Alouette River - Park Improvements	\$1,000,000	25%	Added based on PRC Master Plan and community feedback
P5	Harris Park - Upgrades	\$1,000,000	25%	Added based on PRC Master Plan and community feedback

A comparison of the total program costs are outlined below. Note that the project list has been refined to reflect a prioritized list of projects and ensure tolerable DCC rates. A financial review was also completed to ensure the City could fund our portion of the program over the next 20 years. The proposed program results in the City funding approximately \$1M a year, which is determined to be possible. Delivery of the program would depend on actual DCC collection.

Table 5. Comparison of Total Project Costs Per Category		
Category	Previous Total	New Total
Transportation (Major + Minor)	\$55.4M	\$37.3M
Sanitary	\$3.2M	\$3.1M
Water	\$1.7M	\$5.2M
Drainage	\$12.7M	\$5.8M
Parks	\$7.5M	\$11.3M
Total	\$80.5M	\$62.7M
Municipal Cost Apportionment	\$35.5M	\$19.4M
Note: Costs estimated to the nearest hundred thousand		

This program update includes generally conservative growth projections, as the growth over the last 5+ years has been less than originally anticipated. It is also best practice to be conservative when developing a DCC program. A comparison between existing growth projections to current growth projects cannot be provided, as the units for estimating the growth have changed. Previously, growth per hectare was used, for this update the number of units have been used. This change results in a more straightforward way to estimate growth (and also monitor).

Table 6. Proposed Growth Projections for next 20 Years		
Land Use	Proposed	Unit
Single-Family Residential	124	unit
Two-Family, Three-Family or Townhouse Residential	495	unit
Apartment Residential	1,148	unit
Commercial	28,769 / 35,961	m ² GFA/ DA for drainage
Industrial	95,902	m ² DA
Note: No growth is projected for single-family residential in Agricultural Land Reserve (ALR), rural residential, institutional or intensive agriculture.		

A summary of the proposed rates is outlined below and all of them are increasing. Note that the new single-family residential rate will also apply to residential in the rural and agricultural lands. Although residential growth is not expected in the ALR, it is included just in case; it also aligns with the Official Community Plan (OCP) goals of encouraging these lands to be used for agricultural purposes. Urban Systems confirmed that the proposed DCC rates generally align with what is being seen in the region through a community comparison exercise. Pitt Meadows' rates, including the regional DCCs, are trending upward. The City generally moves from the lower end or middle of the comparable cities to the middle, except for industrial. Pitt Meadows was previously on the higher end for industrial rates and that continues. It is important to note that some cities haven't yet updated their DCC Program and due to various contextual factors, the DCC rates are not an apples to apples comparison.

Table 7. Existing Vs. Proposed DCC Rates			
Land Use	Unit	Existing	Proposed
Single-Family Residential	unit	\$13,493.29	\$20,993
Single-Family Residential on ALR	unit	\$8,178.52	
Rural Residential	unit	\$7,314.47	
Two-Family, Three-Family or Townhouse Residential	unit	\$10,686.24	\$15,792
Apartment Residential	unit	\$9,250.28	\$11,223
Institutional	m ² GFA/ DA for drainage	\$11.06 / \$1.94	\$18.54 / \$0.62
Commercial	m ² GFA/ DA for drainage	\$31.31 / \$1.94	\$52.25 / \$0.62
Industrial	m ² DA	\$18.17	\$27.83
Intensive Agriculture	m ² DA	\$4.67	\$8.06

Bill 46 introduced new legislation that permits municipalities to fund projects related to fire protection, police, solid waste and recycling facilities. There may be some changes to the DCC program as the region adjusts and plans for the new Provincial Housing Legislation, but development will take time and changes can be considered during the next major DCC update. A minor update could also be completed sooner than five years, if needed. It is important to proceed with updating the program now to ensure the appropriated DCC values are being collected to support the program and ensure financial sustainability for the City.

COUNCIL STRATEGIC PLAN ALIGNMENT

- Principled Governance Balanced Economic Prosperity Infrastructure
 Community Spirit & Wellbeing Corporate Pride Public Safety
 Not Applicable
-

WORKPLAN IMPLICATIONS

- Already accounted for in department workplan / no adjustments required
 Emergent issue / will require deferral of other priority(ies)
 Other
-

FINANCIAL IMPLICATIONS

- None Budget Previously Approved Referral to Business Planning
 Other

The DCC program will need to be updated with the revised projects and values. Most of these projects can be updated through 2025 business planning, but a select few may be proposed for incorporation into the financial plan once adopted in 2024. This would support projects currently in design and awaiting construction.

PUBLIC PARTICIPATION

- Inform Consult Involve Collaborate Empower

The public would be informed through the public council meetings, and a more focused consultation will be arranged with the development community, including the Airport.

KATZIE FIRST NATION CONSIDERATIONS

- Referral Yes No Other
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SIGN-OFFS

Written by:

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