

DATE: September 7, 2017

FILE: 5340-01

TO: Chair and Members
Comox Valley Sewage Commission

FROM: Russell Dyson
Chief Administrative Officer

RE: Comox Valley Sewerage System DCC Update- Public Consultation Summary

Purpose

To present the feedback received from the public consultation process regarding the recommended increase in the Comox Valley Sewerage System (CVSS) development cost charges (DCC).

Policy Analysis

Bylaw No. 2445, being the “Comox Valley Sewerage System Development Cost Charges Bylaw No. 2445, 2002”, allows for the Comox Valley Regional District (CVRD) to develop DCCs for the purpose of providing funds to assist the regional district to pay the capital cost of providing, altering or expanding the sewerage system infrastructure to service directly or indirectly, development in respect of which the charges are imposed.

The *Local Government Act* (RSBC 2015 c.1) (LGA) determines the requirements for establishing and amending DCCs.

At their April 11, 2017 meeting the Comox Valley Sewage Commission carried the following motion:

“THAT the Koers & Associates Engineering Ltd. study titled, “Development Cost Charge Bylaw No. 2445, 2002 Update-Technical Report” dated April 3, 2017 be received and that the Comox Valley Regional District work with the municipalities to solicit stakeholder input and public notifications prior to first reading of the development cost charge bylaw.”

Executive Summary

As part of the April 11, 2017 staff report titled “*Comox Valley Sewerage System Development Cost Charges Update Study*” the CVRD committed to soliciting stakeholder input and public notifications on the recommended increases to the DCC charges prior to first reading of the development cost charge bylaw.

In May 2017, the CVRD placed ads within the May 16 and 18, 2017 editions of the Comox Valley Record along with advertisements in the Building Links newsletter on May 3, 10 and 17, 2017, informing the public of the proposed changes to DCC rates. Social media was also used with posts to Facebook and Twitter throughout the month of May noting the increases to DCCs. A copy of the print ad is attached as Appendix A.

Also in May, the CVRD hosted an open house discussing the proposed changes to the sewer and water DCCs for the local development community. An invitation was distributed to members of the Comox Valley Development and Construction Association and eight attendees with connections to the Comox Valley development community participated in the session.

The general feedback from the open house in May and follow-up communications with developers is summarized below, a full summary of the DCC information session in May is attached as Appendix B:

- Concern that the ten year population estimates and construction outlooks provided by municipalities is too low.
- Concerns around the equivalent population demand selected for industrial development and the large increase in DCC rates for this development category.
- Questions surrounding sewerage system capacity and the ability to handle increased development, particularly East Courtenay.
- Discussion surrounding the burden of DCCs falling on developers.

The proposed new rates are listed in Table No.1 below. The rates were recommended as part of a technical study completed by Koers and Associates in 2017, which utilized the most current capital infrastructure cost and population growth projections. The DCC population projections were based on recently completed DCC studies for both municipalities and are based on growth strategies, past development information etc. Review of the municipal permit summary for single family homes supplied by Building Links, showed that the single family development projections for the City of Courtenay and Town of Comox for the next 10 years are within the historical five year and 10 year averages.

Table No.1: Comparison of Recommended and Current DCC Charges

Type of Development	Recommended DCC Charge	Current DCC Charge
Single Family Residential	\$6,941/unit	\$5,980/unit
Multi-Family Residential	\$5,687/unit	\$4,984/unit
Congregate Care Facility	\$3,062/unit	\$2,492/unit
Commercial	\$24.50/m ²	\$34.90/m ²
Institutional	\$26.80/m ²	\$34.90/m ²
Industrial/ Public Utility	\$126,882/ha	\$59,804/ha

Significant discussion regarding the major increase to the industrial/public utility development DCC has occurred. The substantial increase in this category is in part two-fold. The DCC total recoverable capital project costs for sewer have increased from the previous sewer DCC study and the equivalent population factor has almost doubled, this has resulted in the significant increase to this category. The equivalent population demand is based on information provided from the municipalities, it is recommended at this time to adopt the recommended DCC charge for this category, but to monitor industrial and public utility development over the next two years and determine if changes to the equivalent population factor should be made through a minor DCC update.

Based on the feedback and discussion following the open house in May, the CVRD is recommending proceeding with implementing the increased DCC charges. A redline draft of the bylaw is attached as Appendix C. Following third reading of the DCC bylaw, the bylaw and supporting documentation will be forwarded to the Inspector of Municipalities for review and approval prior to adoption.

Similar to DCCs, which apply to development and subdivisions within the service area, the regional district also has a capital improvement cost charge (CICC) bylaw which applies to properties that are being brought into the service area from outside municipal boundaries. The sewer CICC bylaw ensures that properties being brought into the service area pay for the burden they add to sewer

infrastructure. At the same time as the updates to the DCC bylaw occur the CICC bylaw will also be updated to reflect the same rates as laid out within DCC bylaw. The redline draft of this bylaw is attached as Appendix D.

Recommendations from the Chief Administrative Officer:

1. THAT the board amend Bylaw No. 2445, being the “Comox Valley Sewerage System Cost charges Bylaw No. 2445, 2002” to the revised bylaw attached as Appendix C;

AND FURTHER THAT the revised Bylaw No.2445 be considered for first, second and third readings at the September 19, 2017 board meeting.

2. THAT the board amend Bylaw No. 3008, being the “Comox Valley Sewerage System Capital Improvement Cost Charge Bylaw No. 3008, 2007” to the revised bylaw attached as Appendix D;

AND FURTHER THAT the revised Bylaw No.3008 be considered for first, second and third readings at the September 19, 2017 board meeting.

Respectfully:

R. Dyson

Russell Dyson
Chief Administrative Officer

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Concurrence:

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Attachments: Appendix A – “Print Advertisement for DCCs”
Appendix B – “DCC Open House Summary - May 25, 2017”
Appendix C – “Redline draft of Bylaw No.2445”
Appendix D – “Redline draft of Bylaw No.3008”



Bylaw Update

CVRD updating development cost charges for water and sewer systems

Development cost charges (DCCs) are collected from land developers to offset infrastructure costs for new development in the Comox Valley. This update to the DCC is to ensure that existing users are not burdened with these costs.

Interested developers and public are invited to an information session about the CVRD's water and sewer development cost charges and the proposed bylaw changes.

Thursday, May 25, 2017, 3 pm to 4:30 pm (presentation to start at 3:15 pm) CVRD Boardroom, 600 Comox Road, Courtenay.

For more information:

Tel: 250-334-6000

engineeringervices@comoxvalleyrd.ca



comoxvalleyrd.ca    

DCC Info Session Summary – May 25, 2017

Eight attendees with connections to the Comox Valley development community participated in the information session, including representatives from:

- Presley and Partners
- Wm. S. Jackson & Associates Ltd.
- Benco Ventures
- Old House Hotel and Spa
- Seawind Construction
- Building Links
- Lazo Construction Ltd.

A presentation outlining the planned changes to the Development Cost Charges for sewer and water was provided, followed by a question session where the following themes emerged:

- There was a general consensus that the 10 year population estimates and construction outlook provided by the municipalities was too low.
- Concerns around DCC rates for industrial lands, given that most of these properties would require very little in terms of sewer or water services.
- Capacity of the sewer system and the ability to handle increased development in the future, particularly in East Courtenay.
- Questions around the hold on development in East Courtenay.
- There were also several themes related to the burden of DCC's falling on the backs of developers including:
 - Developers passing these costs onto homeowners by increasing prices.
 - Suggestions to charge homeowners directly the next time rates are increased.
 - Tying DCC's to housing affordability. Suggestions to create DCC free zones in low income areas, on homes with smaller square footage or in areas where a municipality may be focusing on revitalization.

The project team committed to:

- Reviewing the municipal permit summary to be supplied by Building Links. The team will forward the information to the City of Courtenay and the Town of Comox for their response.
- Supplying all attendees with a copy of the presentation.

The following is a consolidated copy of the Comox Valley sewerage system development cost charges bylaw no. 2445, 2002 and includes the following bylaws:

Bylaw No.	Bylaw Name	Adopted	Purpose
2445	Comox Valley Sewerage System Development Cost Charges Bylaw No. 2445, 2002	July 29, 2002	To develop DCC's for the purpose of providing funds to assist the Regional District to pay the capital cost of providing, altering or expanding the sewerage system infrastructure to service directly or indirectly, development in respect of which the charges are imposed
2942	Comox Valley Sewerage System Development Cost Charges Bylaw No. 2445, 2002, Amendment No. 1	October 30, 2006	To assist in funding the required trunk sewer and sewerage treatment upgrading improvements of the Comox Valley sewerage system; repeals and replaces section 1 and replaces Schedule A.
218	Comox Valley Sewerage System Development Cost Charges Bylaw No. 2445, 2002, Amendment No. 2	March 26, 2013	To add definitions, replace section 1 (b), add sections 3-6 and replace Schedule A to reflect increased development cost charges (DCCs).
	<u>Comox Valley Sewerage System Development Cost Charges Bylaw No. 2445, 2002, Amendment No. 3</u>		<u>To replace Schedule A to reflect increased development cost charges (DCCs).</u>

This bylaw may not be complete due to pending updates or revisions and therefore is provided for reference purposes only. Titles and whereas clauses may be different than in original bylaws to make this consolidated version more clear and identify historical changes and conditions. THIS BYLAW SHOULD NOT BE USED FOR ANY LEGAL PURPOSES. Please contact the corporate legislative officer at the Comox Valley Regional District to view the complete bylaw when required.

COMOX VALLEY REGIONAL DISTRICT

BYLAW NO. 2445

A bylaw to impose development cost charges for the Comox Valley sewerage system

WHEREAS under section 933(9) of the *Local Government Act*, where a board has the responsibility of providing a service in a participating municipality, the board may, by bylaw, under section 933(1) of the *Local Government Act*, impose a development cost charge that is applicable within that municipality and the municipality, under section 933(1) shall collect and remit the development cost charge to the board in the manner provided for in the bylaw;

AND WHEREAS by supplementary Letters Patent dated January 11, 1979, the Regional District of Comox-Strathcona was empowered to acquire, construct, equip, operate and maintain sewage interception, treatment and disposal facilities for the purpose of providing the service of wastewater collection, treatment and disposal (the "sewerage system") to the City of Courtenay and to the Town of Comox;

AND WHEREAS the City of Courtenay and the Town of Comox are the participating members ("participating municipalities") in this service;

AND WHEREAS the Comox Valley Regional District was established in February 2008, following the restructure of the Comox Strathcona Regional District, and the newly formed Comox Valley Regional District was empowered to assume all the same functions of the sewerage systems under this service;

AND WHEREAS the development cost charges imposed by this bylaw are for the purpose of providing funds to assist the regional district to pay the capital cost of providing, altering or expanding the sewerage system infrastructure to service directly or indirectly, development in respect of which the charges are imposed;

AND WHEREAS the regional district is authorized to construct the facilities for which development cost charges are imposed under this bylaw;

AND WHEREAS the board of the regional district has taken into consideration:

- a) future land use patterns and development; and
- b) the phasing of the sewerage system infrastructure

within the participating municipalities;

AND WHEREAS the board of the regional district considers that the development cost charges imposed by this bylaw:

- a) are not excessive in relation to the capital cost of prevailing standards of service; and
- b) will not deter development; and
- c) will not discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land

within the participating municipalities;

AND WHEREAS this bylaw requires the approval of the Inspector of Municipalities prior to adoption;

AND WHEREAS the regional district has adopted a capital expenditure program bylaw;

NOW THEREFORE, the board of the Regional District of Comox-Strathcona in open meeting assembled, enacts as follows:

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Definitions

- a) “Dwelling unit” means a self-contained residential unit consisting of one or more habitable rooms designed, occupied or intended for occupancy as a separate household of only one person or family with a separate entrance and sleeping, sanitary and cooking facilities, with not more than one kitchen room.
- b) “Single family residential” means a detached free-standing building or mobile home containing one *dwelling unit* used or intended for residential use, but excludes a recreational vehicle and/or tent.
- c) “Single family residential second dwelling” means a detached free-standing building or mobile home containing one *dwelling unit* used or intended for residential use that is in addition to the first *single family residential* building or mobile home on the property and acts as a separate single family residential dwelling, but excludes a recreational vehicle and/or tent.
- d) “Secondary suite” means a *dwelling unit* of less than 90 m² or 40% of the habitable floor space of the main dwelling unit, whichever is less, which is located within a *single family residential* building, which is self-contained and accessory to the principal use being made of the lot upon which the *secondary suite* is located, with a separate entrance and exit, and with the following water efficient features:
 - i. High efficiency appliances
 - ii. Low flow faucets/shower head
 - iii. A maximum of one bath/shower unit per suite
 - iv. A maximum of one toilet per suite (4.8 lpf or less)
 - v. A meter-ready water connection for the lot
- e) “Multi-family residential” means a building or series of buildings containing two or more separate *dwelling units* used or intended for residential use on a single property.
- f) “Congregate care facility” means a building, or part thereof, or series of buildings with four or more sleeping units containing permanent residential accommodation and living facilities intended for persons age fifty-five (55) or older which has a common living area, common kitchen and dining area where meals are provided, housekeeping, and a common area where health care, skilled nursing, cultural, social and other services may be provided through a central management structure/service.
- g) “Commercial / institutional” means a building or series of buildings, or structure, intended to house a commercial OR institutional use such as, but not limited to, service commercial, office commercial, government use, hall, library, recreational facilities, public and private schools, colleges, universities, hospitals and private care facilities, as permitted under the authority of the *participating municipalities’* zoning bylaws.
- h) “Industrial / public utility” means a building or series of buildings intended to house an industrial operation OR public utility such as, but not limited to light, domestic, or heavy industrial use, manufacturing, warehouses, mini-storage, minor repair, fabrication, fuel storage, electrical power, natural gas, telephone, cable vision/systems, and similar utility use, supply, storage, distribution, utility service building, and plant facilities, as permitted under the authority of the *participating municipalities’* zoning bylaws”

1. Every person who obtains, in the participating municipalities
 - (a) An approval of the subdivision of a parcel of land under the *Land Title Act* or the *Strata Property Act*, or;
 - (b) A building permit authorizing the construction, alteration or extension of a buildingexcept as provided under section 3 below;
must pay, at the time of approval of the subdivision or the issue of the building permit, as the case may be, applicable development cost charges prescribed in schedule ‘A’ to this bylaw to the participating municipality where the land being subdivided or the building or structure being be constructed, altered or extended is located.
2. Where a charge is collected under Section 1 of this bylaw by a Participating Municipality, the Participating Municipality shall by the twentieth (20th) business day of the following month, pay the development cost charges imposed and collected under this Bylaw to the Regional District and the Participating Municipality shall, at the time of payment to the Regional District, provide the Regional District with an accounting of the source and amount of the development cost charge.
3. A development cost charge is not payable if any of the following applies in relation to a development authorized by a building permit;
 - (a) the permit authorizes the construction, alteration or extension of a building or part of a building that is, or will be, after the construction, alteration or extension exempt from taxation as a place of public worship under the community charter.
 - (b) the permit authorizes the construction, alteration or extension of a building or part of a building that will, after the construction, alteration or extension contain fewer than two self-contained dwelling units and be put to no other use other than residential use in that dwelling unit, pursuant to section 933(4.1)(a) of the *Local Government Act* unless the building named in subsection 1(b) authorizes a *single family residential second dwelling* on the property.
 - (c) the value of the work authorized by the permit does not exceed \$50,000.
 - (d) the permit authorizes the construction, alteration or extension of self-contained dwelling units in a building if each unit is no larger in area than 29 square metres and each unit is to be put to no other use other than the residential use in those dwelling units.
 - (e) the permit authorizes the construction, alteration, or extension of a building for a *secondary suite*, which is hereby established under section 933.1 (3) of the *Local Government Act* as an eligible form of “for profit affordable rental housing”.
 - (f) if a development cost charge for the Comox Valley sewerage system was previously paid for the same development, at the same floor area or number of units as the current building permit.
4. For a building permit which authorizes the addition to an existing building or part thereof or construction of a new building, with or without demolition, the development cost charges will be assessed on that portion of the gross floor area that exceeds the gross floor area of the existing building or that portion of the gross development area of the existing development, whichever is applicable.
5. Where development to which development cost charges apply contains two or more uses, the charge to be paid will be calculated separately for each use within the development and the

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total charge to be paid will be the sum of the development cost charges for all uses in the development.

6. Long-term financing costs related to the Comox Valley water pollution control centre expansion projects are included in the eligible project costs as an exceptional circumstance, to avoid the development cost charge reserve fund being in a negative cash flow position as a result of these projects, in accordance with section 932 of the *Local Government Act*."
7. This Bylaw may be cited for all purposes as "Comox Valley Sewerage System Development Cost Charges Bylaw No. 2445, 2002".

**Schedule ‘A’
 Comox Valley Sewerage System Development Cost Charges Bylaw No. 2445**

1. Development cost charges payable under this bylaw are:

	Type of Development	Upon Subdivision	Upon Issue of Building Permit
a.	Single family residential	\$6,9415,980 per building lot being created	Not applicable
b.	Single family residential (second home)	Not applicable	\$6,9415,980 per unit
c.	Secondary suite	Not applicable	Not applicable
d.	Multi-family residential	\$5,6874,984 per dwelling unit permitted to be constructed under zoning; or	\$5,6874,984 per unit
e.	Congregate care facility	Not applicable	\$3,0622,492 per unit
f.	Commercial + institutional	Not applicable	\$24.5034.90 per square metre of gross floor area
g.	<u>Institutional</u>	<u>Not applicable</u>	<u>\$26.80 per square metre of gross floor area</u>
hg.	Industrial / public utility	Not applicable	\$126,882 59,804 per hectare or part thereof of lot area under development

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Comox Valley Sewerage
System Capital
Improvement Charge
Bylaw

The following is a consolidated copy of the Comox Valley Sewerage System Capital Improvement Cost Charge Bylaw No. 3008, 2007 and includes the following bylaws:

Bylaw No.	Bylaw Name	Adopted	Purpose
3008	Comox Valley Sewerage System Capital Improvement Cost Charge Bylaw No. 3008, 2007	March 1, 2007	To impose capital improvement cost charges for the Comox Valley sewerage service.
242	Comox Valley Sewerage System Capital Improvement Cost Charge Bylaw No. 3008, 2007, Amendment No. 1	March 26, 2013	To change the rates in Schedule A to be consistent with the DCC rates, and to remove Schedule B and references to “in-stream” applications.
	<u>Comox Valley Sewerage System Capital Improvement Cost Charge Bylaw No. 3008, 2007, Amendment No. 2</u>		<u>To change the rates in Schedule A to be consistent with the DCC rates.</u>

This bylaw may not be complete due to pending updates or revisions and therefore is provided for reference purposes only. Titles and whereas clauses may be different than in original bylaws to make this consolidated version more clear and identify historical changes and conditions. THIS BYLAW SHOULD NOT BE USED FOR ANY LEGAL PURPOSES. Please contact the corporate legislative officer at the Comox Valley Regional District to view the complete bylaw when required.

COMOX STRATHCONA REGIONAL DISTRICT

BYLAW NO. 3008

A bylaw to impose capital improvement cost charges for the Comox Valley sewerage service

WHEREAS the Comox Strathcona Regional District established the Comox Valley sewerage service for the purpose of sewage interception, treatment and disposal in the Town of Comox and the Corporation of the City of Courtenay by way of Bylaw No. 2541 being “Comox Valley Sewerage Service Establishment Bylaw No. 2541” adopted on the 26th day of May 2003;

AND WHEREAS by Bylaw No. 2445, being “Comox Valley Sewerage System Development Cost Charges Bylaw No. 2445, 2002”, the board imposed development cost charges on the participating municipalities for the purpose of providing funds to assist the regional district to pay the capital costs of providing, altering or expanding sewerage facilities to service directly or indirectly, development in respect of which the charges are imposed;

AND WHEREAS section 363 of the *Local Government Act* authorizes a board to, by bylaw, impose a fee or charge in respect of all or part of a service of the regional district;

AND WHEREAS the board desires that any expansion of the Comox Valley sewerage service boundaries will require each additional parcel to pay a capital improvement cost charge equivalent to the development cost charge in order that the service can be provided to those additional customers in addition to any other fees and charges that may be applicable;

AND WHEREAS the board has determined that specific parcels in electoral areas that are currently being considered for a boundary extension by the member municipalities shall pay capital improvement cost charges at a reduced rate when those parcels are included in the municipal boundaries;

NOW THEREFORE the board of the Comox Strathcona Regional District in open meeting assembled enacts as follows:

Capital improvement cost charge

1. (a) Every parcel owner whose parcel is added to a municipality through a boundary extension subsequent to the enactment of this bylaw must pay to the member municipality to which the parcel is added the applicable charge set out in column 2 of schedule ‘A’ of this bylaw.
- (b) The charge imposed under subsection (a) must be paid to the member municipality prior to the parcel being connected to the Comox Valley sewerage system.
- (c) Where a charge is collected under subsection (a) of this bylaw by a member municipality, the member municipality shall by the twentieth (20th) business day of the following month, pay the capital improvement cost charges imposed and collected under this bylaw to the regional district and the member municipality shall, at the time of payment to the regional district, provide the regional district with an accounting of the source and amount of the capital improvement cost charge.

Citation

2. This Bylaw No. 3008 may be cited for all purposes as “Comox Valley Sewerage System Capital Improvement Cost Charge Bylaw No. 3008, 2007.”

Schedule ‘A’

Capital improvement cost charges payable under this bylaw are:

Column 1	Column 2
Type of property	Capital improvement cost charge
Single family residential	\$6,9415,980 per unit parcel
Multi-family residential	\$5,6874,984 per dwelling unit
Congregate care facility	\$3,0622,492 per unit
Commercial/ institutional	\$24.5034.89 per square meter er of gross building area
Institutional	\$26.80 per square meter of gross building area
Industrial/public utility	\$126,88259,804 per hectare of lot area under development