



December 13, 2019

Dorothy Shermer
Corporate Officer
100 Newport Drive,
Port Moody, BC,
V3H 5C3

Dear Ms. Shermer:

Re: Port Moody Development Cost Charge Bylaw, 2019, No. 3054

Enclosed herewith is one copy of the above Bylaw approved under the provisions of section 560 of the *Local Government Act*. Council may now adopt the Bylaw.

Please forward one copy of the adopted Bylaw to the Local Government Infrastructure and Finance Branch for our records.

Yours truly,

Liam Edwards
Deputy Inspector of Municipalities

Enclosure



Statutory Approval

Under the provisions of section _____ **560**

of the _____ **Local Government Act**

I hereby approve Bylaw No. _____ **3054**

of the _____ **City of Port Moody** ,

a copy of which is attached hereto.

Dated this **13** ***day***

of **December** ***, 2019***

A handwritten signature in black ink, appearing to be "JL" or similar, written over a horizontal line.

Deputy Inspector of Municipalities

DEVELOPMENT COST CHARGE BYLAW REVIEW

File:

Municipality/Regional District: City of Port Moody

Bylaw No.: 3054

Purpose of Amendment: The DCC update builds upon the current DCC Bylaw (No. 1801) that was enacted in 1986, and last updated in 1993. The update was initiated to incorporate updates to Port Moody Official Community Plan, which was adopted in 2014 with major amendments in 2017.

The reason the DCC bylaw has not been updated since 1993 is because most of the development taking place in the city was occurring in areas where other infrastructure levies were being applied (286 and 215A levy). With the advent of Skytrain, came new visions of development for areas not considered within either the 286 or 215A levy areas, such as Moody Centre & Coronation Park.

Historical Information on 286 and 215A Levies

In November 1976, the City of Port Moody and the Province entered into an agreement under Section 215 of the *Municipal Act for the provision of works and services pertaining to a large area of then undeveloped land* at the head of Burrard Inlet. The agreement was last amended in 1990 and was known as the 215A Levy Area. The area would be developed using a very specific levy that outlined specific parameters around the new 'high density' developable area, as this area required a great deal of new infrastructure.

The 286 Agreement was brought in to Port Moody in the early 1990's and was the result of a provincial support to mitigate the risk of bankruptcy by the City of Port Moody. The result was that 2/3rds of the undeveloped land in Port Moody located on Heritage Mountain, was developed under a tight set of levies stipulated by the Province in what is known as the '286 Agreement'. This was to be the city's insurance and was meant to beef up the land sale reserve but was later dedicated as parkland (Bert Flinn Park).

Determination of Costs: Yes.

Allocation of Costs Between Existing and New Development: Costs are allocated between existing residents and new growth. To determine the proper allocation for each project, projects were categorized into three groups:

1. Projects that provide some benefit to existing development, but also benefit growth.
2. Projects that benefit new growth (but does not service 215A Levy Area).
3. Projects that benefit new growth (including the 215A Levy Area).

Total cost of project within the DCC program is \$43.5M. The total municipal cost is approximately \$9.1M. There is currently \$7.7M in capital reserves. The total DCC recoverable cost is \$35.5M.

Allocation of New Development Costs to Residential, Commercial & Industrial

Areas: Cost allocation methods are as follows:

1. Project units of growth
2. Allocating costs between new growth and existing population
3. Calculate units of service for each land use category
4. Calculate DCCs per unit of service
5. Calculate Total DCC's for each land use and infrastructure category
6. Determine unit DCC rates.

Assist Factor: Port Moody is contributing the minimum allowable assist factor of 1%.

Does the DCC capital plan contain a project that has received an infrastructure grant and does the DCC calculation take the grant into account? Has the grant actually been awarded to the community? No

If parkland improvements are among the list of parks projects, do the improvements meet the requirements of legislation? Yes. Followed up with Port Moody to ensure that parkland improvements did not include ineligible costs. Port Moody admitted to an error that was made when the descriptions were finalized. The descriptions include the entire scope of the project while the project costs only include the eligible portions of the projects.

If debt interest is included in the DCC capital costs, have the requirements of section 12 of the checklist at the back of the DCC Best Practices Manual been satisfied? Yes, interest on long-term debt is excluded.

When was the DCC bylaw last updated? DCC Bylaw was last updated in 1993. Since that time all projects in the Bylaw have been completed or become obsolete. The existing Bylaw does not capture DCCs for sanitary sewer or parkland improvement works.

Are all capital costs included in the Five Year Financial Plan/Capital Expenditure Program? Yes

Time Frame for Development: 10 years

Consultation with Public and Developers: Developers have been notified of the upcoming bylaw and the statutory provisions for in-stream protection will apply. A public engagement plan was developed in 2016. Public engagement included the following:

- Notices to key stakeholders (social media, newspaper ads and City website);
- Public open houses;

- Community-wide online survey and ongoing updates to subscriber list; and
- Public meetings at Council on Jan 8, Jan 29, Feb 26, Mar 19, May 18, and July 23rd.

Summary of Proposed Single Family Residential Charges

The DCC charges on a single-family residential dwelling increased from \$3,660 to \$33,453. Approximately \$26.2M is DCC eligible parkland acquisition and improvement costs (\$22.1M parkland acquisition and \$4.1M in parkland improvement).

	Water	Sewer	Drainage	Roads	Parks	Total
Current (1993)	\$544	\$0	\$201	\$1,796	\$1,119	\$3,660
Proposed (2019)	\$0*	\$55	\$2,924	\$3,478	\$26,998	\$33,453

* Adequate funding currently in water reserves

Regional DCC Rate Comparison

Land Use	Port Moody	Coquitlam	Port Coquitlam	City North Vancouver	Dist North Vancouver	West Vancouver
Residential (low dens)	\$33,453	\$43,981	\$16,299	\$14,749	\$28,036	\$16,948
Residential (high dens)	\$12,314	\$17,019	\$14,006	\$5,782	\$14,392	\$14,479
Industrial	\$40.85 m ²	\$44 m ²	\$32.31 m ²	\$38.70 m ²	\$100.6 m ²	\$55.95 m ²
Commercial	\$46.81 m ²	\$77 m ²	\$179.4 m ²	\$58.03 m ²	\$121.8 m ²	\$55.95 m ²

Comments/Issues:

The Urban Development Institute (UDI) and Home Builders Association Vancouver (HAVAN) wrote to the Inspector of Municipalities in August 2019. UDI and HAVAN raised concerns to the Inspector related to the changes to Port Moody's Parks DCC program. UDI and HAVAN accurately point out that the parks program represents 80-90% of the costs of the total DCCs for the residential land use categories. UDI and HAVAN had specific concerns with Port Moody moving forward with the Parks program without having a Parkland Acquisition Strategy.

I followed up with Port Moody on the concerns raised by UDI and HAVAN. The response from Port Moody is noted below:

- Q1.** *The Urban Development Institute (UDI) and the Homebuilders Association Vancouver (HAVAN) have indicated that they were originally supportive of the DCC update, when City staff consulted them in November 2018. However, both the UDI and HAVAN indicated that subsequent changes occurred to the*

proposed DCC Bylaw, resulting in the doubling of rates for some land use categories from what was proposed by Port Moody staff to Council on January 8, 2019. Could you please indicate the changes in the rates and provide a rationale as to why the change occurred?

- A1.** The submitted bylaw and associated calculations went through an extensive review process. The DCC update projects started in 2015 and the original rates that were provided to UDI in November 2018 were based on a time frame from 2015-2025. As mentioned, UDI was supportive of these rates. Following consultation, the draft bylaw and rates were then brought to Council in January 2019 for third reading.

Upon further review by City Council, staff were directed to revise the rates based on:

- Reflecting the most up to date information with respect to population, including revised population projections and the impacts the projected populations numbers will have on parkland requirements
- Reflecting the most up to date OCP amendments related to potential development projects

As such, the rates were updated based on a new timeframe (2019-2028) and included the most recent OCP amendments with additional population figures. It was found that the projected development onwards from 2018 was primarily outside of the 215A Levy Area which also changed the DCC percentage attributed to existing population vs new population. Due to these changes, the overall rates and rates for individual categories were increased due to more population in certain categories and the direct correlation to parkland acquisition.

- Q2.** *It is our understanding that the Port Moody Parkland Acquisition Strategy process will be commencing in 2020. Why did the City decide to move ahead with a Parks DCC program prior to completing the PAS? Has this been communicated publicly?*
- A2.** The City currently has direction for parkland acquisition through the Council endorsed Parks & Recreation Master Plan (2016) and parkland areas identified in the OCP (2015). The 2020 Parkland Acquisition strategy will further detail the already available information and consolidate them into a Parkland Acquisition Strategy document. The decision to move ahead with the DCC program prior to completing such a document was to ensure that proper funds are collected to support expected new development. The City has addressed the decision to move ahead with the DCC program prior to completing the PAS via Council reports which are public record.

Bylaw Approval Recommended? Yes x No

Date: 18 December 2019 Financial Analyst Kevan Letawske