



Regional Board Report

Request for Decision



To: Regional Board

From: David Komaike, Director of Engineering Services

Date: July 14, 2022

Subject: Westside Regional Wastewater Treatment Plant and East Trunk Development Cost Charges Amendment – Inflation Adjustment

Voting Entitlement: *Stakeholder Weighted Vote – West Kelowna & Peachland – Simple Majority (LGA s.209)*

Purpose: To consider inflationary adjustments to Development Cost Charges (DCC's) through amendments to the Westside Regional Wastewater Treatment Plant and East Trunk development cost charge bylaws.

Executive Summary:

Development Cost Charges (DCC's) are the primary funding source for growth-related infrastructure capacity upgrades. The Regional District currently collects DCC's for the Westside Regional Wastewater Treatment Plant (Bylaw 1448) and East Trunk sewer collection system (Bylaw 1463) which were adopted on May 25, 2020 and January 14, 2021, respectively.

In alignment with the DCC Best Practices Guide, the DCCs are proposed to increase 2.8% effective August 1, 2022 for all land uses based on the annual average Consumer Price Index (CPI) for BC as published by Statistics Canada for 2021.

Recommendation(s):

THAT Regional District of Central Okanagan Westside Regional Wastewater Treatment Plant Development Cost Charge Bylaw Amendment No. 1505, 2022 be read a first, second and third time;

AND THAT Regional District of Central Okanagan East Trunk Development Cost Charge Bylaw Amendment No. 1506, 2022 be read a first, second and third time.

Respectfully Submitted:

A handwritten signature in black ink, appearing to be "Travis Kendel".

Travis Kendel,
Manager of Engineering Services

A handwritten signature in black ink, appearing to be "David Komaike".

David Komaike.
Director of Engineering Services

Prepared by: Clarke Kruiswyk, Environmental Services Analyst

Attachment(s):

- Regional District of Central Okanagan Westside Regional Wastewater Treatment Plant Development Cost Charge Bylaw amendment No. 1505, 2022
- Regional District of Central Okanagan East Trunk Development Cost Charge Bylaw amendment No. 1506, 2022
- Proposed DCC Inflation Adjustment Notice 2022

Strategic Plan Alignment:

Priorities: Sustainable Communities, Economic Development

Values: Good Governance

Background:

Development Cost Charges (DCC's) are the primary funding source for growth-related infrastructure capacity upgrades. The Regional District currently collects DCC's for the Westside Regional Wastewater Treatment Plant (Bylaw 1448) and East Trunk sewer collection system (Bylaw 1463) which were adopted on May 25, 2020 and January 14, 2021, respectively.

The DCC Best Practices Guide, prepared by the province, local government and the development community, outlines two levels of DCC amendments – minor and major. Both of the RDCO DCC bylaws were most recently updated with “major” amendments which included capacity assessments, upgrade requirements, stakeholder consultation, significant public and development community engagement, and Inspector of Municipalities approval.

The DCC Best Practices Guide also recommends that “*minor amendments to the DCC bylaws should be made annually to reflect changes in construction costs, land values, and the status of government grants.*” The Community Charter includes an exemption regulation (B.C. Reg. 130/2010) which permits local governments to increase DCCs annually without approval by the Ministry as long as the increase does not exceed the annual average Consumer Price Index (CPI) for BC. Through the exemption, the Regional Board can consider CPI adjustments every year, for up to four years, allowing modest adjustments in a timely manner without approval by the Inspector of Municipalities.

The most recent major DCC update included significant DCC increases. The large increases were partially due to the increased growth since the last major review which triggered significant capacity upgrades but also because the charges were not updated annually to generally keep pace with rising construction costs. This compounded the required increases over time. It is the intention that the DCCs are adjusted annually by inflation with a more detailed review completed approximately every five years.

The DCCs are proposed to increase 2.8% effective August 1, 2022 for all land uses based on the annual average “All Items” CPI for BC as published by Statistics Canada for 2021. The effective date was

selected to allow sufficient time to inform the stakeholders and public of the changes. The proposed charges are outlined in the table below:

Land Use	WRWTP DCC		East Trunk DCC	
	Current	Proposed	Current	Proposed
Single Detached Residential (per parcel created at subdivision)				
Mobile Home, Modular Home, Manufactured Home - where the units are not located on their own individual lots or bare land strata lots (per dwelling unit)	\$4,194	\$4,311	\$2,353	\$2,418
Duplex or Triplex (per unit permitted on the parcel at time of subdivision)				
Multiple Housing Residential (per dwelling unit)	\$2,796	\$2,874	\$1,569	\$1,612
Industrial (per 100 m ² gross floor area)	\$1,817	\$1,867	\$1,020	\$1,048
Commercial (per 100 m ² gross floor area)	\$1,817	\$1,867	\$1,020	\$1,048
Institutional (per 100 m ² gross floor area)	\$1,538	\$1,581	\$863	\$887

The proposed adjustment will increase charges by 2.8%; however, the financial impact of the increase will depend on the amount and types of new development activities in the area.

The following steps were taken to ensure broad notification prior to consideration by the Regional Board:

- Notification to service stakeholders;
- Notification to the local institutes and development community;
- Website posting of proposed charges on the Regional District webpage; and
- Proposed changes posted to social media.

At time of finalizing this report, no correspondence has been received related to the proposed changes.

The Local Government Act provides in-stream protection for up to one year for building permits and associated applications currently in progress.

As per the provisions of the Ministry approval exemption, if the bylaws are adopted, a copy of the bylaws will be filed with the Ministry.

Considerations:

Organizational/External:

- Regular DCC adjustments are required to align with inflation and keep projects funded without shifting costs to existing taxpayers.
- In the absence of regular DCC inflationary adjustments, large one-time increases may be required in the future.

Financial:

The CPI adjustment is required to ensure that projects required to facilitate development occur in a timely manner. If minor adjustments are not made it could potentially lead to a delay in required upgrades and

associated development, underfunded projects, the shifting of costs to the existing taxpayers, and/or larger one-time DCC increases in the future.

Legal/Statutory Authority:

Pursuant to Section 933 of the Local Government Act, R.S.B.C., 2000, Chapter 323, as amended, and regulations passed pursuant thereto, the Regional District Board may, by bylaw, impose development cost charges. The purpose of providing funds to assist the Regional District and municipalities in paying the capital cost of providing, constructing, altering, or expanding sewage collection and treatment infrastructure to serve directly or indirectly, the development community. This authority also allows for the periodic review and adjustment to the bylaw to reflect changes in construction costs due to inflation, evolving technologies, methods or scope.

Alternate Recommendation:

That the Regional Board accepts the Westside Regional Wastewater Treatment Plant and East Trunk Development Cost Charges Amendment – Inflation Adjustment Report from the Director of Engineering Services, as information.
