



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council

File No. 1765-01-2023

From: Director of Development Services

Date: November 22, 2023

Subject: CPI increase to Development Cost Charge Bylaw No. 2840, 2016

PURPOSE:

For Council to consider giving first, second and third reading of Development Cost Charges Amendment Bylaw No. 3116. This bylaw will amend Development Cost Charge Bylaw No. 2840, 2016 to increase the fees by inflationary increase of 6.9% for 2022 in accordance with *Community Charter Development Cost Charge Amendment Bylaw Approval Exemption Regulation B.C Reg. 130/2010*.

BACKGROUND:

Like many communities across British Columbia, the City of Courtenay imposes Development Cost Charges (DCCs) on new development in order to support infrastructure investments due to growth. Courtenay's DCC rates are established through *Development Cost Charges Bylaw No. 2840, 2016*, which was amended in 2022 through *Development Cost Charges Amendment Bylaw No. 3068, 2022*. The current DCC rates are shown in the table below:

Current Courtenay DCC Rates - Bylaw 2840, 2016 amendment Bylaw No. 3068, 2022

Development Cost Charge Schedule

| Land Use | Collection basis | Transportation | Water | Sanitary Sewer | Drainage | Park Acquisition & Development | TOTAL |
|---------------------------|--|----------------|------------|----------------|-------------|--------------------------------|--------------------|
| Single Family Residential | Per lot or per dwelling unit | \$2,744.20 | \$456.08 | \$1,427.30 | \$1,439.01 | \$875.48 | \$6,942.07 |
| Multi-Family Residential | Per m ² of total floor area | \$15.42 | \$3.22 | \$10.08 | \$4.32 | \$6.18 | \$39.22 |
| Commercial | Per m ² of total floor area | \$36.14 | \$1.19 | \$3.71 | \$6.47 | \$- | \$47.51 |
| Institutional | Per m ² of total floor area | \$36.14 | \$1.19 | \$3.71 | \$6.47 | \$- | \$47.51 |
| Congregate Care | Per m ² of total floor area | \$7.71 | \$1.61 | \$5.04 | \$2.16 | \$- | \$16.52 |
| Industrial | Per hectare | \$29,480.62 | \$7,625.05 | \$23,862.45 | \$24,464.43 | | \$85,432.56 |

Staff are currently working with Connections Planning and Urban Systems on a major update to its DCC program and bylaw, which is anticipated to be completed by mid-2024. In the meantime, staff are recommending an annual inflationary update pursuant to provincial regulation.

DISCUSSION:

DCC Bylaws are one of the few municipal bylaws which require approval from the provincial Inspector of Municipalities, as per the *Local Government Act*. All new and major updates to DCC Bylaws are referred to the Ministry of Municipal Affairs following Third Reading of the Bylaw, for their review and approval. There is one exception to this, as per *Development Cost Charge Amendment Bylaw Approval Exemption Regulation, BC Reg. 130/2010*, which is a for an annual inflationary update based on the Consumer Price Index (CPI).

According to the regulation, a DCC Bylaw can be updated without inspector approval once each for up to 4 years from either:

- a) the date of adoption of a development cost charge bylaw approved by the inspector, or
- b) the date of the adoption of a bylaw approved by the inspector that amends a development cost charge bylaw.

Although the City of Courtenay DCC rates were set by bylaw in 2016, the bylaw was amended with approval from the Inspector of Municipality in 2022 to clarify the application of DCCs for infill lots that previously had a residential unit in place prior to the development of additional units. Based on clause (b) in the regulation above, have been advised that inspector approval for an annual inflationary update is not required.

A Draft DCC Bylaw amendment is attached to this report for Council's consideration. Should Council give first, second and third reading to the bylaw, according to the regulation, the Bylaw will not require approval from the Inspector of Municipalities between third and fourth reading.

Pursuant to the regulations, once the Bylaw amendment has been approved and adopted by Council, a copy of the DCC amendment bylaw should be filed as soon as reasonable with the Ministry of Municipal Affairs.

PROPOSED DCC RATES AND BYLAW

With reference to the above regulation, an annual inflationary update for the City of Courtenay in 2023 would utilize the British Columbia Consumer Price Index (CPI), as published by Statistics Canada for the previous calendar year. The CPI table is attached to this memo, and indicates that the BC CPI All Items Index increase for 2022 was 6.9%. Therefore, an inflationary increase of 6.9% to the current City of Courtenay DCC Rates for 2023 could apply to all land use and infrastructure categories. Based on this calculation, the potential 2023 DCC rates are as follows:

Proposed Courtenay DCC Rates (2023) - based on 6.9% BC Consumer Price Index from 2021 to 2022

Development Cost Charge Schedule

| Land Use | Collection basis | Transportation | Water | Sanitary Sewer | Drainage | Park Acquisition & Development | TOTAL |
|---------------------------|--|-----------------------|--------------|-----------------------|-----------------|---|--------------------|
| Single Family Residential | Per lot or per dwelling unit | \$2,933.55 | \$487.55 | \$1,525.78 | \$1,538.30 | \$935.89 | \$7,421.07 |
| Multi-Family Residential | Per m ² of total floor area | \$16.48 | \$3.44 | \$10.78 | \$4.62 | \$6.61 | \$41.93 |
| Commercial | Per m ² of total floor area | \$38.63 | \$1.27 | \$3.97 | \$6.92 | \$- | \$50.79 |
| Institutional | Per m ² of total floor area | \$38.63 | \$1.27 | \$3.97 | \$6.92 | \$- | \$50.79 |
| Congregate Care | Per m ² of total floor area | \$8.24 | \$1.72 | \$5.39 | \$2.31 | \$- | \$17.66 |
| Industrial | Per hectare | \$31,514.78 | \$8,151.18 | \$25,508.96 | \$26,152.48 | \$- | \$91,327.41 |

POLICY ANALYSIS:

This update aligns with implementation policies in the OCP regarding fees and charges for infrastructure and align with Council's Strategic priorities to update the Development Cost Charges Bylaw.

FINANCIAL IMPLICATIONS:

The update will increase DCC fees collected at time of building or subdivision which will be placed into the DCC reserve funds for eligible DCC projects in the current bylaw.

ADMINISTRATIVE IMPLICATIONS:

This update is part of the departments work plan for 2023.

STRATEGIC PRIORITIES REFERENCE:

This initiative addresses the following strategic priorities:

- Financial Sustainability - Review City Financial processes: Review fees, charges, and fines
- Buildings and Landscape - Update Development Cost Charges (DCC) Bylaw

PUBLIC ENGAGEMENT:

This is an administrative bylaw and no requirement under the legislation for public notice or engagement.

OPTIONS:

1. THAT Council give first, second and third reading to Development Cost Charge Amendment Bylaw No.3116.
2. THAT Council provide alternative direction to staff.
3. THAT Council not move forward with the bylaw consideration.

ATTACHMENTS:

1. Development Cost Charge Amendment Bylaw No. 3116

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