
CITY OF KELOWNA

MEMORANDUM

Date: December 12, 2007

File No.: 6430-01

To: City Manager

From: Director of Works and Utilities
Director of Financial Services
Director of Parks and Leisure Services

Subject: 20-Year Servicing Plan and Financing Strategy (2007 Update)

Report Prepared by: J. Wunderlich

RECOMMENDATION:

THAT Council adopt the revised 20 Year Servicing Plan and Financing Strategy, for the infrastructure financing plan for new growth within the City of Kelowna as projected in the Official Community Plan to the year 2020;

AND THAT Council receive staff information regarding the public and stakeholder consultation process including the 'Public and Stakeholder Input' document dated December, 2007;

AND THAT Council approve establishment of a Residential 5 density gradient category for multi-family residential units of 600 square feet (55.7 square meters) or less;

AND THAT Council approve a flat rate charge of \$2,500 per unit for all secondary suites (including carriage houses and suites in accessory buildings) constructed in new or existing development, chargeable at subdivision or building permit where applicable;

AND THAT Council approve, in principle, elimination of all regulatory provisions that permit the development of "second kitchens" as a means to ensure the development of legal secondary suites in the community;

AND THAT the above recommendations be considered as interim in nature and subject to a full review of all DCC methodologies as part of the upcoming Official Community Plan review;

AND THAT Council approve that DCCs be charged on all developments of less than 4 units at the earlier of subdivision, if applicable, or building permit;

AND THAT Council approve interest costs of \$13,316,378 for the balance of the 2020 Servicing Plan on long term debt in the amount of \$40.0 million included under the Wastewater Treatment DCC program for the construction of the wastewater treatment plant;



AND THAT Council approve a change to allow current DCC rates to apply on complete building permit applications received prior to the effective date of Bylaw No. 9905, as long as the corresponding building permit is issued within 6 weeks of the effective date of Bylaw No. 9905;

AND FURTHER THAT Council give readings consideration to amendment # 4 to the Development Cost Charge Bylaw #9095 with an effective date of March 1, 2008, or the date of final adoption, whichever is later;

BACKGROUND:

On November 5, 2007, Council received the draft 20 Year Servicing Plan and Financing Strategy document and authorized staff to seek stakeholder input into the draft plan and report back following that feedback. At the time this report went to Council revisions to Roads were still on-going and resulted in a small net decrease to the Roads total cost. The effect on rates, apart from Sector C which increased 52% due to the inclusion of actual costs which were higher than estimate, was minimal. There is only 1 developer in Sector C and they have recently constructed the roadway and will receive DCC credits for their actual construction costs.

On November 19, 2007, Council considered further recommendations relating to the draft 20 Year Servicing Plan and Financing Strategy document and approved these subject to the public consultation process. Further to the public consultation process, point 2 and 4 regarding secondary suites were eliminated and changed to establishment of a flat rate charge of \$2,500 per unit for secondary suites, irrespective of whether the suite is constructed in a new or existing development. City staff agree with the development community that the proposed rates, although significantly lower than the current bylaw, were still too high to encourage the provision of affordable housing. Actual DCC charges for secondary suites will be closely monitored to help determine impacts and potential future DCC revisions.

Regarding the November 5, 2007 meeting the process for obtaining feedback included:

- Public Presentation of the Plan
 - An email advising of 2 presentations of the Updated Plan, on November 20, 2007 and November 22nd, 2007 was forwarded to the Urban Development Institute (UDI), the Canadian Home Builders Association, Chamber of Commerce, the Downtown Kelowna Association, the Uptown Rutland Association, UBCO, Okanagan College, Kelowna General Hospital and the Kelowna Neighbourhood Associations.
 - Advertisements for the general public in the Daily Courier and the Capital News advising of the November 20th and 22nd presentations.
 - The presentations were attended by a total of about 30 people.

At the public presentation staff requested that all submissions, questions and comments be received by December 5, 2007. Correspondence was received by the deadline from 6 stakeholders including UDI and UBCO.

Actual submissions along with staff responses are included with the Public and Stakeholder Input document.

In March, 2004 an amendment to the Local Government Act changed the definition of eligible DCC capital costs to include interest charges that directly relate to eligible DCC costs where it is necessary

to construct specific projects before growth can occur and before adequate DCCs can be collected. The wastewater treatment plant falls under this definition and it has been determined that borrowing of \$40.0 million over a 10 year term will be required resulting in interest charges of \$13.3 million. Council resolution is required in order to include these costs in the Wastewater Treatment program.

The total costs of providing this infrastructure in the 2020 Plan update is \$905.2 million, slightly lower than the \$905.6 million initial draft presented to Council in November (\$753.4 million in the current program). Summary Cost Sharing Models are included as Exhibit "A" to "E". A summary of existing and revised Development Cost Charge rates by growth area of the City are included for 4 development types in Schedules 1-4. Schedule 5 shows the updated DCC rates for the various service areas.

City staff are pleased with the cooperation received from the public and stakeholders in completing the 20 Year Servicing Plan and Financing Strategy update. We wish to thank all who took the time to review, comment and discuss the Plan with the participating departments.

INTERNAL CIRCULATION TO:

Works & Utilities Department
Recreation, Parks and Cultural Services Department
Community Development and Real Estate Division

EXISTING POLICY:

20 Servicing Plan and Financing Strategy

FINANCIAL/BUDGETARY CONSIDERATIONS:

20 Servicing Plan and Financing Strategy

Considerations that were not applicable to this report:

LEGAL/STATUTORY AUTHORITY:

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:

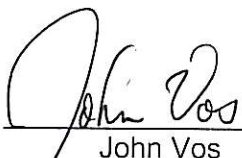
PERSONNEL IMPLICATIONS:


TECHNICAL REQUIREMENTS:

EXTERNAL AGENCY/PUBLIC COMMENTS:

ALTERNATE RECOMMENDATION:

Submitted by:


John Vos


Paul Macklem


David Graham

Attachments

EXHIBIT "A" - ARTERIAL ROADS

UC = under construction
CPLT = complete
PC/DMS = partially complete/dms to complete

Project	Name	Location	Description	TOTAL CAPITAL COSTS	NON DCC REVENUE SOURCES				NET FOR DCC BASED CALC'S	DCC SECTOR ALLOCATIONS						COMMON
					By Developer	Highways Assist	MOITI Max Limit 150Yr	NET REMAIN CAP COSTS		A	B	C	D	E	F	
										SE	South	NE of Inner City	North of Hwy 33	South of Hwy 33	Inner City	
									22,438	553	3,701	761	1,000	801	2,163	22,438
02	Bugle Road	Glennmore Highlands - Glennmore Rd	ROAD	2,491.7	2,491.7											
03	Bennoulin 1	Casero Road - KLO Road	ROAD	6,027.7				5,748.4	078.7							5,040.0
CPLT	Bennoulin 2	Casper Road - Springfield Avenue	ROAD	3,052.2		230.0		2,507.1	055.1							2,407.1
03	Bernard 2	Richmond Street - Birch Road	ROAD	1,420.3				1,270.0	105.7							1,254.0
03	Burich 1	Bennoulin Road - KLO Road	ROAD	1,220.2				1,155.0	03.2							1,135.0
03	Burich 2	KLO Road - Byrns Road	ROAD	5,101.7	588.7			3,721.4	055.0							3,057.0
04	Burich 4	Sutherland Road - Highway 07	ROAD	1,200.0				1,213.9	03.0							1,102.0
02	Burich 5	Highway 07 - Keiflen	ROAD	295.3	41.7			50.2	195.5							50.2
02	Burich 6	Ellis - Gordon	ROAD	7,082.1	1,333.5			4,220.0	1,502.0							4,155.0
UC	Clifton 1	MacLary - Clifton (easting)	ROAD	2,700.3				2,505.0	238.0							2,402.3
CPLT	COB A	Graham - Centre	ROAD	8,359.2				3,400.0	4,959.2							3,407.0
CPLT	COB 1	Centre - Spall	ROAD	12,000.0				4,205.0	8,400.0							4,101.2
02	COB 2	Spall Road - Highway 33	ROAD	50,971.4				50,855.4	005.0							40,070.4
03	COB 3	Highway 33 - McCurdy Road	ROAD	7,697.6	3,000.1			3,997.5	00.1							3,028.4
CPLT	Enterprise 1	Banks Road - Leathard Road	ROAD	4,168.4	850.0	1,640.5		075.4	020.0							848.0
02-3	Enterprise 2	Springfield - Lawson	ROAD	7,541.7	570.2			5,000.0	1,101.0							5,003.7
CPLT	Glennmore 1	High Road - Dallas	ROAD	5,640.0	414.0			4,152.5	1,120.0							4,105.1
02-3	Glennmore 2	Dallas Road - Union Road	ROAD	5,085.2	3,130.6			1,727.2	248.2							1,007.3
03	Glennmore 3	Union Road - Seville Road	ROAD	3,094.1				3,524.5	230.5							3,403.0
02	Gordon 4	Old Meadows Rd - Mission Creek	ROAD	3,064.8	1,700.0			170.4	1,811.0							176.3
02	Gordon 5	Mission Creek - Casero	ROAD	3,822.0	120.0			3,133.4	013.1							3,070.3
02	Gordon 6	Casero Road - Lanthano Road	ROAD	2,740.3	485.4			1,025.0	000.3							1,597.5
02	Gordon 8B	Mission Creek Crossing	ROAD	8,242.9				0,117.0	2,230.7							0,012.2
MCQ2	Gulachan 2	Gordon Drive - Birch Road	ROAD	2,634.0	1,045.4			88.0	1,501.3							87.3
02	High 1	North Connector - Mountain Drive	ROAD	4,681.8				4,511.2	248.0							4,433.2
UC	High 2	Mountain Drive - Lynwood Crescent	ROAD	3,516.5	560.1			2,001.7	07.8							2,851.5
03	Hollywd 3	McCurdy Road - Stramel	ROAD	2,103.5				1,715.7	417.4							1,000.0
03	Hollywd 4	Stramel - Highway 07	ROAD	2,565.8	320.7			80.7	2,150.0							85.2
03	Hollywd 4b	Francis Creek - Crossing	ROAD	37.5				25.8	12.2							25.3
02-3	Hollywd 5	Highway 07 - Cambria	ROAD	2,355.2	331.3			1,505.0	544.0							1,470.0
02-3	Hollywd 6b	Mill Creek - Crossing	ROAD	655.0				450.0	213.1							442.0
02-3	Hollywd 6	east, South end - Sossamith Road	ROAD	1,001.3	100.0			70.0	754.1							78.3
PCQ2	Hwy 33 1	COB - Highway 07	ROAD	13,050.2	400.0	0,720.1		0,720.1	110.3							0,011.0
02	Hwy 07 1	Gordon Drive - Highway 33	ROAD	14,281.0				0,014.2	3,040.0							1,410.0
03	Hwy 07 2	Highway 33 - Sossamith	ROAD	11,824.6	4,045.5	3,880.5		0,111.0	3,280.3							601.3
CPLT	Hwy Link-Elia	Elia-Hwy 07 Intersection	ROAD	300.0				300.0	5.2							294.8
02	Hwy Link-Gordon	Sutherland - Bernard	ROAD	6,049.7				5,816.0	354.2							5,715.5
UC	Hwy Link-Pand 3	Sutherland - Lawrence	ROAD	16,337.7				11,015.0	028.7							11,700.0
UC	Hwy Link-Pand 3B	Mill Creek Bridge	ROAD													
CPLT	Hwy Link-Richter	Sutherland - Bernard	ROAD	7,194.8				7,104.0	124.4							7,070.4
02	KLO	Gordon Drive - Bennoulin Road	ROAD	0,890.0	40.5			4,304.0	2,564.3							4,277.2
02	Lashore 1	Richter Street - Old Meadows Road	ROAD	25,840.3	3,074.7			17,025.3	4,250.2							17,015.4
02	Lashore 3b	Mission Creek - Crossing	ROAD	5,450.0				4,050.0	585.7							4,070.3
02	Lashore 3c	Wilson Creek - Crossing	ROAD	525.1				525.1	0.1							510.0
02	Lashore 4	Lanthano Road - Richter Street	ROAD	1,144.6	130.3			651.0	373.7							640.0
04	McCurdy 1	Dieroth - NEC	ROAD	5,316.0	630.3			4,004.1	450.0							3,034.0
02	McCurdy 2	NEC - Highway 07	ROAD	1,779.3	480.5			1,017.4	203.0							900.0
04	McCurdy 2b	Mill Creek - Crossing	ROAD	657.6				451.0	213.0							443.0
04	McCurdy 3	Highway 07 - Hollywood Road	ROAD	5,080.2				4,001.7	1,101.0							4,707.3
PC	Pandary 1	Raymer - Royal	ROAD	3,220.1				2,007.0	000.0							2,502.5
02	Pandary 2	Royal - Sutherland	ROAD	3,158.0				2,505.0	000.2							2,402.0
Q1-4	Ridge	Cera Glen Way - Sossamith Road	ROAD	20,602.0	20,602.0											
02	Rio 1	Clifton Road - Highlands	ROAD	1,198.6				1,198.6								
02	Rio 2	Highlands - Internal Road C1	ROAD	1,573.1				1,573.1								
04	Rutland 1	Leathard Road - Cornish Road	ROAD	12,525.0	784.5			0,042.7	5,212.0							6,527.0
02	Rutland 2	Cornish Road - Old Vernon Road	ROAD	6,212.1	1,301.0			2,850.4	2,044.1							2,807.0
02	Saxsmith 1	Ridge Road - Millard Road	ROAD	5,957.4	5,957.4			0.0	0.0							0.0
03	Saxsmith 2	Glennmore old - Glennmore Bypass	ROAD	020.7	252.0			34.0	541.7							34.2

EXHIBIT "A" - ARTERIAL ROADS

[illegible]

Residential 1:	Sector	15,845	14,764	5,330	7,598	4,333	4,944
Common		9,001	9,001	9,001	9,001	9,001	9,001
Total Roads		24,847	23,765	14,331	16,599	13,334	13,945
Residential 2:	Sector	12,076	11,011	4,264	6,070	3,466	3,955
Common		7,201	7,201	7,201	7,201	7,201	7,201
Total Roads		19,277	18,212	11,465	13,271	10,607	11,150
Residential 3:	Sector	8,715	8,120	2,931	4,173	2,383	2,719
Common		4,951	4,951	4,951	4,951	4,951	4,951
Total Roads		13,666	13,071	7,882	9,124	7,334	7,670
Residential 4:	Sector	8,240	7,677	2,771	3,946	2,253	2,571
Common		4,681	4,681	4,681	4,681	4,681	4,681
Total Roads		12,920	12,358	7,452	8,626	6,934	7,252
Residential 5 - per 600 sq. ft.:	Sector	6,338	5,905	2,152	3,035	1,733	1,977
Common		3,600	3,600	3,600	3,600	3,600	3,600
Total Roads		9,939	9,506	5,732	6,635	5,334	5,578
Commercial - Per 1,000 Sq. Ft.:	Sector	4,876	4,643	1,640	2,335	1,333	1,521
Common		2,770	2,770	2,770	2,770	2,770	2,770
Total Roads		7,645	7,312	4,409	5,104	4,103	4,291
Industrial - Per Acre:	Sector	15,845	14,764	5,330	7,598	4,333	4,944
Common		9,001	9,001	9,001	9,001	9,001	9,001
Total Roads		24,847	23,765	14,331	16,599	13,334	13,945
Institutional - Per 1,000 Sq. Ft.:	Sector	4,876	4,643	1,640	2,335	1,333	1,521
Common		2,770	2,770	2,770	2,770	2,770	2,770
Total Roads		7,645	7,312	4,409	5,104	4,103	4,291

**CITY OF KELOWNA
2020 WATER SERVICING PLAN & FINANCING STRATEGY
COST SHARING MODEL (Updated in 2007)**

EXHIBIT "B" - WATER

Target Year	PROJECT	DESCRIPTION	TOTAL CAPITAL COST	NON-DCC REVENUE SOURCES						NET FOR DCC CALC'S	DCC SECTOR ALLOCATIONS		
				By Devel'p'r	Prov'l Assist	Benefit Existing	Oversize	Net By Utility	A LUC CREDIT		A	B South Mission	D Clifton
Total Growth Units:				395						13,009	7,041	3,690	2,278
Comp	Sky PS 1	Skyline/High Booster Pumps	607.0							607.0			607.0
Comp	PP INTAKE	1,066 mm intake - Poplar Pt	753.3			6.5		6.5	26.6	720.2	482.6		237.7
Comp	PP POWR	Upgrade Power Supply Poplar P	3,623.2			3,079.5		3,079.5	19.4	524.4	351.3		173.0
Comp	PP VALVE	Upgrade Valve Chmbr Poplar Pt	718.7			7.1		7.1	25.3	686.3	459.8		226.5
2010	PP TURB	2x 500hp Turbines - Poplar Pt	430.5						15.3	415.2	278.2		137.0
2007	CEDAR PS	New Cedar Cr. PS - 2 Pumps &	12,415.0			8,104.6		8,104.6		4,310.4	4,310.4		
2008	SKY PMP	Skyline - new 500hp pump	344.4							344.4			344.4
2008	SKY ST	Skyline Suction Trunk 600 mm	884.9							884.9			884.9
2007	SKY VC	Skyline Valve Chamber	165.0							165.0			165.0
2009	BRDWH TRNK 1	Broadway Trunk 1350 mm	1,954.2						69.6	1,884.7	1,262.7		621.9
2009	BRDWH VC	Broadway Valve Chamber	229.6						8.2	221.4	148.4		73.1
2011	CAMB VC	Cambridge Valve Chamber	229.6						8.2	221.4	148.4		73.1
2010	KNOX TRNK	Knox Trunk 1200 mm	3,829.7						136.3	3,693.4	2,474.6		1,218.8
2009	KNOX VC	Knox Valve Chamber	229.6							229.6	153.8		75.8
2011	TRNCH TRNK	Trench Place Trunk 900 mm	2,804.4						99.8	2,704.6	1,812.1		892.5
2011	BRDWH PP	Broadway - P. Pt. Drive	796.7						28.4	768.3	514.8		253.5
2010	DAON PS	125 hp Pump-Daon PS	585.5	585.5									
2010	DILWORTH	Twin Dilworth Trunk-300mm pipe	689.0	689.0									
2011	ELDRDO PS	Eldorado Pump Stn Refrsh	322.9						17.2	305.7	305.7		
2010	SKY TRK1	Skyline Trk - 200mm to 350mm	496.7			129.2		129.2		367.6			367.6
2010	SKY TRK2	Skyline Trk - 200mm to 300mm	743.9			193.4		193.4		550.5			550.5
2010	SUMMIT PH	Summit PH Extension	93.3	93.3									
2010	SUMMIT PS	2- 50hp pumps @Summit PS	179.4	179.4									
2012	WEDDELL VC	Weddel Valve Chamber	287.0										
2012	CLEMENT	Clement Ave pipe - (Ethel-Richte	424.7						10.2	276.8	185.4		91.3
2012	ETHEL TRNK	Ethel St Trunk-(Weddel-Clemen	587.1						22.6	402.2	402.2		
2013	RICHTER	1085 m 300 mm pipe-Richter	1,125.4						31.2	555.9	555.9		
2013	HARVEY	Hwy 97-Gordon -Chandler-Pipe	608.4						59.8	1,065.6	1,065.6		
2014	CRAWFORD 3	Crawford - 3x100 hp Pumps	846.7	677.3		169.3		169.3	32.3	576.1	576.1		
2014	CRAWFORD 4	Crawford 2 Trunk 300 mm pipe	880.7	704.6		176.1		176.1	0.0	0.0	0.0		
2014	CRAWFORD 5	Crawford Trunk - 300mm pipe	352.9	282.3		70.6		70.6	0.0	0.0	0.0		
2014	CRAWFORD 6	Expand Crawford Reservoir	401.1	320.9		80.2		80.2	0.0	0.0	0.0		
2014	ELLIS	North Ellis - Pipe 500 mm	450.8						23.9	426.8	426.8		
2016	CEDAR PMP	Mission - 2 x 800 hp pumps	1,251.3			725.8		725.8		525.6			525.6
2016	LKSHR PRV	Lakeshore Trunk - PRV Station	373.1			216.4		216.4	8.3	148.4	148.4		
2016	LKSHR TRNK	Lakeshore Trunk 500 mm	5,917.3			3,432.0		3,432.0	132.0	2,353.3	2,353.3		
Ann'l	ANLN OS	Annual Oversizing Component	1,200.0						63.7	1,136.3	1,136.3		

CITY OF KELOWNA
2020 WATER SERVICING PLAN & FINANCING STRATEGY
COST SHARING MODEL (Updated in 2007)

EXHIBIT "B" - WATER

Target Year	PROJECT	DESCRIPTION	NON-DCC REVENUE SOURCES							DCC SECTOR ALLOCATIONS				
			TOTAL CAPITAL COST	By Devel'p'r	Prov'l Assist	Benefit Existing	Override	Net By Utility	A LUC CREDIT	NET FOR DCC CALC'S	A	B	D	
			Total Growth Units:							395	13,009	7,041	3,690	2,278
SUBTOTAL A			47,832.9	3,532.2	16,390.7			16,390.7	838.2	27,071.8	15,242.2	4,836.0	6,993.6	
Less: Land Use Credits														
SUBTOTAL B			47,832.9	3,532.2	16,390.7			16,390.7	838.2	27,071.8	15,242.2	4,836.0	6,993.6	
Carry Over(Reserve Balances)														
SUBTOTAL C			47,832.9	3,532.2	16,390.7			16,390.7	838.2	24,090.2	12,375.8	4,757.3	6,957.1	

NET UNIT DCC FOR:

Residential 1:	1,757	1,289	3,054
Residential 2:	1,178	864	2,046
Residential 3:	844	619	1,466
Residential 4:	598	438	1,038
Residential 5:	492	361	855
Commercial - Per 1,000 Sq. Ft.:	676	496	1,175
Industrial - Per Acre:	4,921	3,609	8,551
Institutional - Per 1,000 Sq. Ft.:	676	496	1,175

EXHIBIT "C"

**CITY OF KELOWNA
2020 WASTEWATER TRUNKS PLAN & FINANCIAL STRATEGY
COST SHARING MODEL- (updated in 2007)**

(2000 Dollars x 1000)

Target Year	PROJECT	FROM - TO	TOTAL CAPITAL COST	NON DCC REVENUE SOURCES					NET FOR DCC CALC'S	ALLOCATIONS	
				By Devlp'r	Prov'l Assist	Benefit Existing	Oversize By Utility	LUC Not South Mission		NOT South Mission	South Mission
Total Growth Units:				395					23,417	19,618	3,798
COMP	O/S GLNMR MS1	Glenmore Trk 5, Mission Trk	550.3						550.3		
COMP	MF OVERSIZE	Oversize for South Mission Flat	500.0						500.0		500.0
COMP	O/S MS1 LKSHR	Outstanding Developer Credit	492.9						492.9		492.9
COMP	L. N HARVEY	Ellis - Richter - Leon	530.0			350.288		3.0	176.7	176.7	
COMP	BYRNSBAR 1	Ziprick to Burch	4,282.2	1.9		289.762		66.6	3,924.0	3,924.0	
COMP	SPRGZIP	Hollywood S- Ziprick - Baron	1,192.4			51.405		19.0	1,121.9	1,121.9	
COMP	O/S WATER FM	Outstanding Pymnt	1,426.4				460.7		965.7	965.7	
COMP	SPRGBLK	Belgo - Hollywood S	807.7			107.216		11.7	688.8	688.8	
2007	BIRCH ELS	@ Cameron Park	920.0					15.3	904.7	904.7	
2007	BYRNSBAR 2	Byrns to WWTF	10,950.0					182.7	10,767.3	10,767.3	
2008	6B CROSS	Glenmore - Valley	839.0					14.0	825.0	825.0	
2008	KLO	KLO - Swordy	810.0					13.5	796.5	796.5	
2008	GLENMORE 7C	Yates - 700m North	1,222.0					20.4	1,201.6	1,201.6	
2008	HALL	KLO - Benvoulin	1,162.0			639.0		8.7	514.3	514.3	
2008	GYRO FM	Gyro LS - KPCC	1,628.0					27.2	1,600.8	320.2	1,280.7
2009	GORDON ELS	@ Raymer	1,036.0					17.3	1,018.7	1,018.7	
2009	WATER FM	Pandoso to Ethel	785.0					13.1	771.9	771.9	
2009	RAYMER ELS	Lane North of Coopland	1,044.0					17.4	1,026.6	1,026.6	
2011	ETHEL 3	Gordon - Richmond- Orchard	1,249.0					20.8	1,228.2	1,228.2	
2015	GUY ELS	@ Bay	1,592.0			1,328.0		4.4	259.6	259.6	
2015	RUTLAND	Nickel - Hwy 33	1,298.0					21.7	1,276.3	1,276.3	
2017	SOUTH GORDO	Old Meadows to KPCC	7,457.0			789.9			6,667.1	1,333.4	5,333.7
2001/20	OVERSIZE	Oversize Component - \$60/yr	1,200.0					20.0	1,180.0	1,180.0	
SUBTOTAL A			42,973.8	1.9		3,555.6	460.7	496.7	38,458.9	30,851.6	7,607.2

Less: Land Use Credits

SUBTOTAL B	42,973.8	1.9	3,555.6	460.7	496.7	38,458.9	30,851.6	7,607.2
Carry Over(2000-12-31 Reserve Balances)								
SUBTOTAL C	42,973.8	1.9	3,555.6	460.7	496.7	38,171.2	30,654.6	7,516.5

CITY OF KELOWNA

2020 WASTEWATER TRUNKS PLAN & FINANCIAL STRATEGY
COST SHARING MODEL- (updated in 2007)

EXHIBIT "C"

(2000 Dollars x 1000)

Target Year	PROJECT	FROM - TO	TOTAL CAPITAL COST	NON DCC REVENUE SOURCES				LUC Not South Mission	NET FOR DCC CALC'S	ALLOCATIONS	
				By Devlp'r	Prov'l Assist	Benefit Existing	Oversize By Utility			NOT South Mission	South Mission
			Total Growth Units:		395				23,417	19,618	3,798

381.7	Engineering/Administration	1.00%	381.7	306.5	75.2
43,355.5	Subtotal D		38,552.9	30,961.2	7,591.7

Less Assist	@	1.00%	(385.5)	(309.6)	(75.9)
Total for DCC			38,167.3	30,651.6	7,515.8

NET UNIT DCC FOR:

Residential 1:	1,562	1,979
Residential 2:	1,297	1,642
Residential 3:	875	1,108
Residential 4:	844	1,069
Residential 5:	687	871
Lodging House or Group Home:	1,562	1,979
Commercial - Per 1,000 Sq. Ft.:	601	761
Industrial - Per Acre:	4,375	5,541
Institutional - Per 1,000 Sq. Ft.:	601	761

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**CITY OF KELOWNA
UPDATED 2020 WASTEWATER TREATMENT PLAN & FINANCING STRATEGY
COST SHARING MODEL**

[EXHIBIT "D" - WASTEWATER TREATMENT]

		TOTAL PROJECT COST	(2000 Dollars x 1000)					NET FOR DCC CALCULATIONS	
			PROVINCIAL ASSIST	NET REMAINING	BENEFIT EXISTING	OVERSIZE (2020+)	NET BY UTILITY		LUC Credit
YEAR	PROJECT								
Total Growth Units:			23,812	395					23,417
	Complt Existing Debt Commitments	4,666.6		4,666.6				4,666.6	
	Complt Stage 1 - Completion	749.3		749.3				749.3	
2009	Long Term Financing	13,316.4		13,316.4				13,316.4	
2007	Stage 2 - Detailed Design	5,393.3		5,393.3	743.9		743.9	4,572.3	
2008	Stage 2 - Construction	25,168.9		25,168.9	3,471.7		3,471.7	21,337.3	
2009	Stage 2 - Construction	25,768.2		25,768.2	3,554.4		3,554.4	21,845.3	
2010	Stage 2 - Completion	3,595.6		3,595.6	496.0		496.0	3,048.2	
Complt	Compost Facility - Part A	4,946.6		4,946.6	3,091.6		3,091.6	1,824.2	
2012	Compost Facility - Part C	1,666.7		1,666.7	1,041.7		1,041.7	614.6	
2017	Compost Facility - Part D	2,333.3		2,333.3	1,458.3		1,458.3	860.5	
2015	Land Acquisition	3,640.0		3,640.0		3,640.0	3,640.0		

712.8	Engineering/Administration	1.00%	712.8
91,957.6	Subtotal D		71,992.4

Less Assist	@	1.00%	(719.9)
Total for DCC			71,272.5

NET UNIT DCC FOR:			
Residential 1:			3,044
Residential 2:			2,526
Residential 3:			1,704
Residential 4:			1,644
Residential 5:			1,339
Commercial - Per 1,000 Sq. Ft.:			1,171
Industrial - Per Acre:			8,522
Institutional - Per 1,000 Sq. Ft.:			1,171

This schedule is conceptual and is subject to revision to meet future needs and conditions.

CITY OF KELOWNA
UPDATED 2020 PARKS ACQUISITION PLAN & FINANCING STRATEGY
COST SHARING MODEL

EXHIBIT "E" - PARKS

(2000 Dollars x 1000)										
PERIOD		ACQUISITIONS	TOTAL CAPITAL COST	NON-DCC REVENUE SOURCES				NET BY UTILITY	NET FOR DCC CALCULATIONS	
				BY DEVELOPER	PROVINCIAL ASSIST	NET REMAINING	LUC			OVERSIZE (2020+)
Total Growth Units:						25,539	395		25,144	
	1	29 hectares (71 acres)	31,632.4			31,632.4	489.2		31,143.1	
	2	30 hectares (75 acres)	33,792.6			33,792.6	522.7		33,270.0	
	3	32 hectares (80 acres)	35,694.9			35,694.9	552.1		35,142.9	
	4	34 hectares (83 acres)	37,273.1			37,273.1	576.5		36,696.7	
SUBTOTAL A			125 hectares (309 acres)	138,393.0		138,393.0	2,140.5		136,252.7	

Less: Land Use Credits:

SUBTOTAL B	138,393.0	138,393.0	2,140.5	136,252.7
Carry Over (00-12-31 Reserve Balance - Commitments)				
SUBTOTAL C	138,393.0	138,393.0	2,140.5	(3,379.3)

NOTE:

Period 1 = (2001 - 2005)
 Period 2 = (2006 - 2010)
 Period 3 = (2011 - 2015)
 Period 4 = (2016 - 2020)

1,328.7	Plus Administration/Engineering	@	1.00%	1,328.7
139,721.8	Subtotal D			134,202.1

Less Assist		@	8.00%	(10,736.2)
Total for DCC				123,466.0

NET UNIT DCC FOR:

Residential 1:	4,910
Residential 2:	4,910
Residential 3:	4,910
Residential 4:	4,910
Residential 5:	4,910
Commercial - Per 1,000 Sq. Ft.:	N/A
Industrial - Per Acre:	N/A
Institutional - Per 1,000 Sq. Ft.:	N/A

Residential 1 - Single Family, Duplex - density to 15 units per hectare - rate per unit

Comparison to current rates

GROWTH AREA	Sector / Rate					
	<u>Roads</u>	<u>Water</u>	<u>Sewer Trunks</u>	<u>Treatment</u>	<u>Parks</u>	<u>Total</u>
City Centre (Updated)	I 9,001	A 1,757	A 1,562	A 3,044	4,910	20,275
Current	I 7,388	A 1,646	A 1,143	A 2,542	3,610	16,329
Clifton/Glen. Hghld (Updated)	I 9,001	D 3,054	A 1,562	A 3,044	4,910	21,571
Current	I 7,388	D 2,943	A 1,143	A 2,542	3,610	17,626
Glenmore Valley (Updated)	I 9,001	GEID	A 1,562	A 3,044	4,910	18,517
Current	I 7,388	GEID	A 1,143	A 2,542	3,610	14,683
Rutland (Updated)	I 9,001	RWW	A 1,562	A 3,044	4,910	18,517
Current	I 7,388	RWW	A 1,143	A 2,542	3,610	14,683
North East Rutland (Updated)	C 14,331	BMID	A 1,562	A 3,044	4,910	23,847
Current	C 10,900	BMID	A 1,143	A 2,542	3,610	18,195
Hwy 33 - North East (Updated)	D 16,589	BMID	A 1,562	A 3,044	4,910	26,105
Current	D 14,765	BMID	A 1,143	A 2,542	3,610	22,060
Hwy 33 - South West (Updated)	F 13,334	BMID	A 1,562	A 3,044	4,910	22,850
Current	F 12,222	BMID	A 1,143	A 2,542	3,610	19,517
University / Airport (Updated)	E 13,945	GEID	A 1,562	A 3,044	4,910	23,461
Current	E 12,391	GEID	A 1,143	A 2,542	3,610	19,686
McKinley (Updated)	E 13,945	GEID	N/A	N/A	4,910	18,855
Current	E 12,391	GEID	N/A	N/A	3,610	16,001
Hall Road (Updated)	I 9,001	SEKID	A 1,562	A 3,044	4,910	18,517
Current	I 7,388	SEKID	A 1,143	A 2,542	3,610	14,683
Southeast Kelowna (Updated)	A 24,847	SEKID	N/A	N/A	4,910	29,757
Current	A 17,941	SEKID	N/A	N/A	3,610	21,551
S.W. Mission (Updated)	B 23,765	B 1,289	B 1,979	A 3,044	4,910	34,986
Current	B 19,794	B 1,292	B 1,533	A 2,542	3,610	28,771

BMID Serviced by Black Mountain Irrigation District

SEKID Serviced by South East Kelowna Irrigation District

RWW Serviced by Rutland Water Works

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

Residential 4 - Apartments Greater Than 4 Storeys - greater than 85 units per hectare - rate per unit

Comparison to current rates

GROWTH AREA	Sector / Rate					
	<u>Roads</u>	<u>Water</u>	<u>Sewer Trunks</u>	<u>Treatment</u>	<u>Parks</u>	<u>Total</u>
City Centre (Updated)	I 4,681	A 598	A 844	A 1,644	4,910	12,675
Current	I 3,842	A 560	A 617	A 1,373	3,610	10,002
Clifton/Glen. Hghld (Updated)	I 4,681	D 1,038	A 844	A 1,644	4,910	13,116
Current	I 3,842	D 1,001	A 617	A 1,373	3,610	10,443
Glenmore Valley (Updated)	I 4,681	GEID	A 844	A 1,644	4,910	12,078
Current	I 3,842	GEID	A 617	A 1,373	3,610	9,442
Rutland (Updated)	I 4,681	RWW	A 844	A 1,644	4,910	12,078
Current	I 3,842	RWW	A 617	A 1,373	3,610	9,442
North East Rutland (Updated)	C 7,452	BMID	A 844	A 1,644	4,910	14,849
Current	C 5,668	BMID	A 617	A 1,373	3,610	11,268
Hwy 33 - North East (Updated)	D 8,626	BMID	A 844	A 1,644	4,910	16,023
Current	D 7,678	BMID	A 617	A 1,373	3,610	13,278
Hwy 33 - South West (Updated)	F 6,934	BMID	A 844	A 1,644	4,910	14,331
Current	F 6,356	BMID	A 617	A 1,373	3,610	11,956
University / Airport (Updated)	E 7,251	GEID	A 844	A 1,644	4,910	14,649
Current	E 6,443	GEID	A 617	A 1,373	3,610	12,043
McKinley (Updated)	E 7,251	GEID	N/A	N/A	4,910	12,161
Current	E 6,443	GEID	N/A	N/A	3,610	10,053
Hall Road (Updated)	I 4,681	SEKID	A 844	A 1,644	4,910	12,078
Current	I 3,842	SEKID	A 617	A 1,373	3,610	9,442
Southeast Kelowna (Updated)	A 12,920	SEKID	N/A	N/A	4,910	17,830
Current	A 9,329	SEKID	N/A	N/A	3,610	12,939
S.W. Mission (Updated)	B 12,358	B 438	B 1,069	A 1,644	4,910	20,418
Current	B 10,293	B 439	B 828	A 1,373	3,610	16,543

BMID Serviced by Black Mountain Irrigation District

SEKID Serviced by South East Kelowna Irrigation District

RWW Serviced by Rutland Water Works

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

Residential 5 - Apartments With Habitable Area of 600 Sq. Ft. or Less

Comparison to current rates

	Sector / Rate									
GROWTH AREA	<u>Roads</u>		<u>Water</u>		<u>Sewer Trunks</u>		<u>Treatment</u>	<u>Parks</u>	<u>Total</u>	
City Centre (Updated)	I	3,600	A	492	A	687	A	1,339	4,910	11,029
Clifton/Glen. Hghld (Updated)	I	3,600	D	855	A	687	A	1,339	4,910	11,392
Glenmore Valley (Updated)	I	3,600		GEID	A	687	A	1,339	4,910	10,537
Rutland (Updated)	I	3,600		RWW	A	687	A	1,339	4,910	10,537
North East Rutland (Updated)	C	5,732		BMID	A	687	A	1,339	4,910	12,669
Hwy 33 - North East (Updated)	D	6,635		BMID	A	687	A	1,339	4,910	13,572
Hwy 33 - South West (Updated)	F	5,334		BMID	A	687	A	1,339	4,910	12,270
University / Airport (Updated)	E	5,578		GEID	A	687	A	1,339	4,910	12,515
McKinley (Updated)	E	5,578		GEID		N/A		N/A	4,910	10,488
Hall Road (Updated)	I	3,600		SEKID	A	687	A	1,339	4,910	10,537
Southeast Kelowna (Updated)	A	9,939		SEKID		N/A		N/A	4,910	14,849
S.W. Mission (Updated)	B	9,506	B	361	B	871	A	1,339	4,910	16,987

BMID Serviced by Black Mountain Irrigation District

SEKID Serviced by South East Kelowna Irrigation District

RWW Serviced by Rutland Water Works

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

Note - There was no Residential 5 in the rates effective April 1, 2007

4. Commercial - rate per 1,000 Sq.Ft.

Comparison to current rates

GROWTH AREA	Sector / Rate					
	<u>Roads</u>	<u>Water</u>	<u>Sewer Trunks</u>	<u>Treatment</u>	<u>Parks</u>	<u>Total</u>
City Centre (Updated)	I 2,770	A 676	A 601	A 1,171	N/A	5,217
Current	I 2,273	A 633	A 440	A 978	N/A	4,324
Clifton/Glen. Hghld (Updated)	I 2,770	D 1,175	A 601	A 1,171	N/A	5,716
Current	I 2,273	D 1,132	A 440	A 978	N/A	4,823
Glenmore Valley (Updated)	I 2,770	GEID	A 601	A 1,171	N/A	4,541
Current	I 2,273	GEID	A 440	A 978	N/A	3,691
Rutland (Updated)	I 2,770	RWW	A 601	A 1,171	N/A	4,541
Current	I 2,273	RWW	A 440	A 978	N/A	3,691
North East Rutland (Updated)	C 4,409	BMID	A 601	A 1,171	N/A	6,181
Current	C 3,354	BMID	A 440	A 978	N/A	4,772
Hwy 33 - North East (Updated)	D 5,104	BMID	A 601	A 1,171	N/A	6,876
Current	D 4,543	BMID	A 440	A 978	N/A	5,961
Hwy 33 - South West (Updated)	F 4,103	BMID	A 601	A 1,171	N/A	5,874
Current	F 3,761	BMID	A 440	A 978	N/A	5,179
University / Airport (Updated)	E 4,291	GEID	A 601	A 1,171	N/A	6,062
Current	E 3,813	GEID	A 440	A 978	N/A	5,231
McKinley (Updated)	E 4,291	GEID	N/A	N/A	N/A	4,291
Current	E 3,813	GEID	N/A	N/A	N/A	3,813
Hall Road (Updated)	I 2,770	SEKID	A 601	A 1,171	N/A	4,541
Current	I 2,273	SEKID	A 440	A 978	N/A	3,691
Southeast Kelowna (Updated)	A 7,645	SEKID	N/A	N/A	N/A	7,645
Current	A 5,520	SEKID	N/A	N/A	N/A	5,520
S.W. Mission (Updated)	B 7,312	B 496	B 761	A 1,171	N/A	9,740
Current	B 6,090	B 497	B 590	A 978	N/A	8,155

BMID Serviced by Black Mountain Irrigation District

RWW Serviced by Rutland Water Works

SEKID Serviced by South East Kelowna Irrigation District

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

NOTE: Institutional rate is the same as commercial except

Schools to grade 12 and College Residences are not charged Roads DCC.

6. Updated Development Cost Charge Rates

ARTERIAL ROADS

Development Cost Charges Applicable to Development Within the Municipality

Development Type	Sector A SE Kelowna	Sector B South Mission	Sector C NE of Inner City	Sector D N of Hwy 33	Sector F S of Hwy 33	Sector E N of Inner City	Sector I Inner City
Residential 1	24,847	23,765	14,331	16,589	13,334	13,945	9,001
Residential 2	19,877	19,012	11,465	13,271	10,667	11,156	7,201
Residential 3	13,666	13,071	7,882	9,124	7,334	7,670	4,951
Residential 4	12,920	12,358	7,452	8,626	6,934	7,251	4,681
Residential 5	9,939	9,506	5,732	6,635	5,334	5,578	3,600
Commercial - Per 1,000 sq ft	7,645	7,312	4,409	5,104	4,103	4,291	2,770
Institutional A - Per 1,000 sq ft	7,645	7,312	4,409	5,104	4,103	4,291	2,770
Institutional B - Per 1,000 sq ft	0	0	0	0	0	0	0
Industrial/Campground Per Acre	24,847	23,765	14,331	16,589	13,334	13,945	9,001
Current Residential 1 Rate	17,941	19,794	10,900	14,765	12,222	12,391	7,388

WATER

Development Cost Charges Applicable to Development Within the Municipality

Development Type	Sector A Inner City	Sector B South Mission	Sector D Glenmore/ Clifton
Residential 1	1,757	1,289	3,054
Residential 2	1,178	864	2,046
Residential 3	844	619	1,466
Residential 4	598	438	1,038
Residential 5	492	361	855
Commercial - Per 1,000 sq ft	676	496	1,175
Institutional A - Per 1,000 sq ft	676	496	1,175
Institutional B - Per 1,000 sq ft	676	496	1,175
Industrial/Campground Per Acre	4,921	3,609	8,551
Current Residential 1 Rate	1,646	1,292	2,943

7. Updated Development Cost Charge Rates

WASTEWATER TRUNK MAINS

Development Cost Charges Applicable to Development Within the Municipality

Development Type	Sector A Inner City	Sector B South Mission
Residential 1	1,562	1,979
Residential 2	1,297	1,642
Residential 3	875	1,108
Residential 4	844	1,069
Residential 5	687	871
Commercial - Per 1,000 sq ft	601	761
Institutional A - Per 1,000 sq ft	601	761
Institutional B - Per 1,000 sq ft	601	761
Industrial/Campground Per Acre	4,375	5,541

Current Residential 1 Rate	1,143	1,533
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WASTEWATER TREATMENT

Development Cost Charges Applicable to Development Within the Municipality

Development Type	Sector A All City
Residential 1	3,044
Residential 2	2,526
Residential 3	1,704
Residential 4	1,644
Residential 5	1,339
Commercial - Per 1,000 sq ft	1,171
Institutional A - Per 1,000 sq ft	1,171
Institutional B - Per 1,000 sq ft	1,171
Industrial/Campground Per Acre	8,522

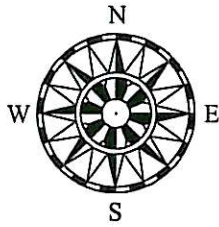
Current Residential 1 Rate	2,542
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8. Updated Development Cost Charge Rates**PARKLAND - PUBLIC OPEN SPACE**

Development Cost Charges Applicable to Development Within the Municipality

Development Type	Sector A All City
Residential 1	4,910
Residential 2	4,910
Residential 3	4,910
Residential 4	4,910
Residential 5	4,910
Commercial - Per 1,000 sq ft	-
Institutional A - Per 1,000 sq ft	-
Institutional B - Per 1,000 sq ft	-
Industrial/Campground Per Acre	-

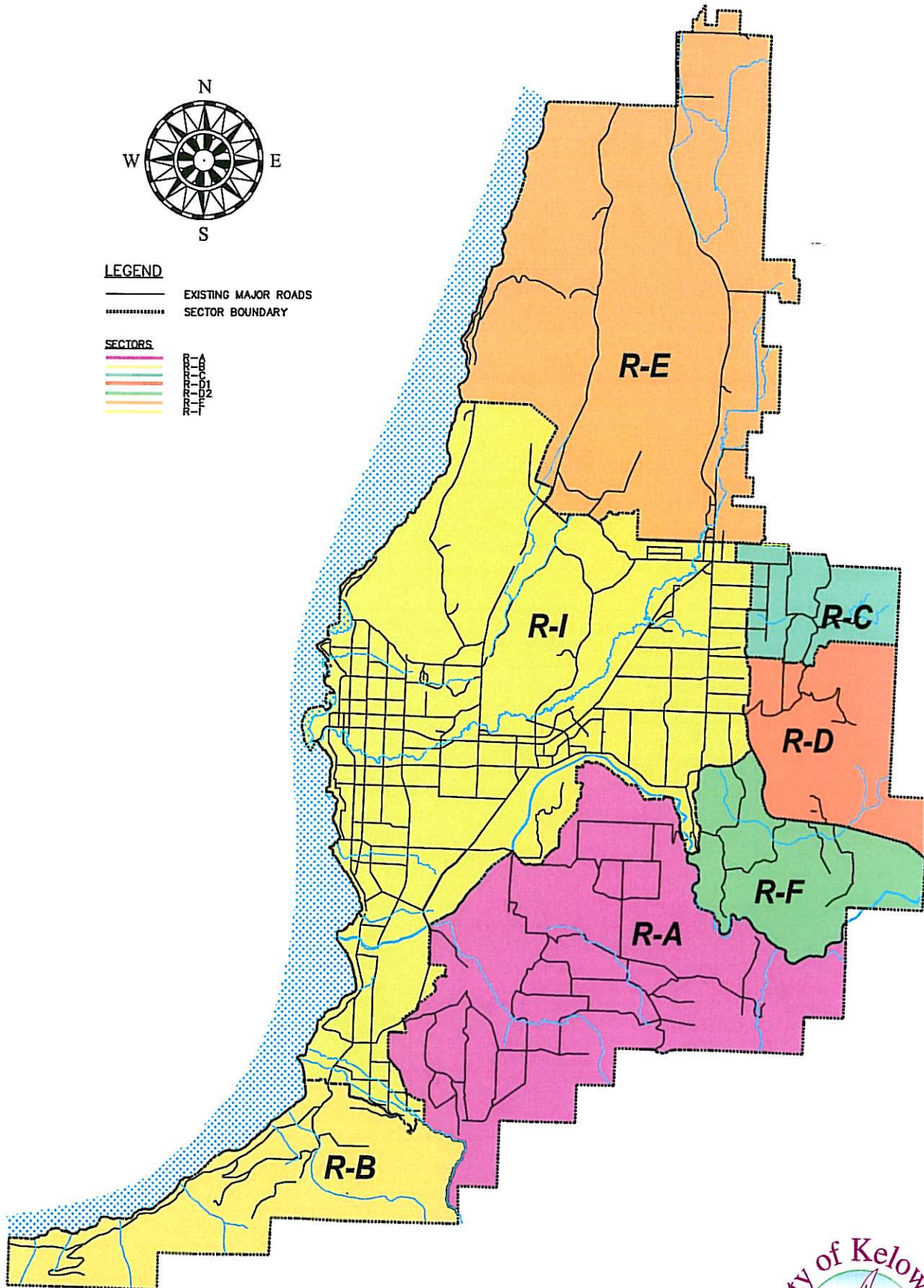
Current Residential 1 Rate	3,610
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LEGEND

— EXISTING MAJOR ROADS
- - - - - SECTOR BOUNDARY

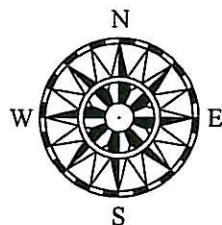
SECTORS



**2020 DCC ROADWAY
SECTOR PLAN**

JAN. 12/07
KEY PLAN



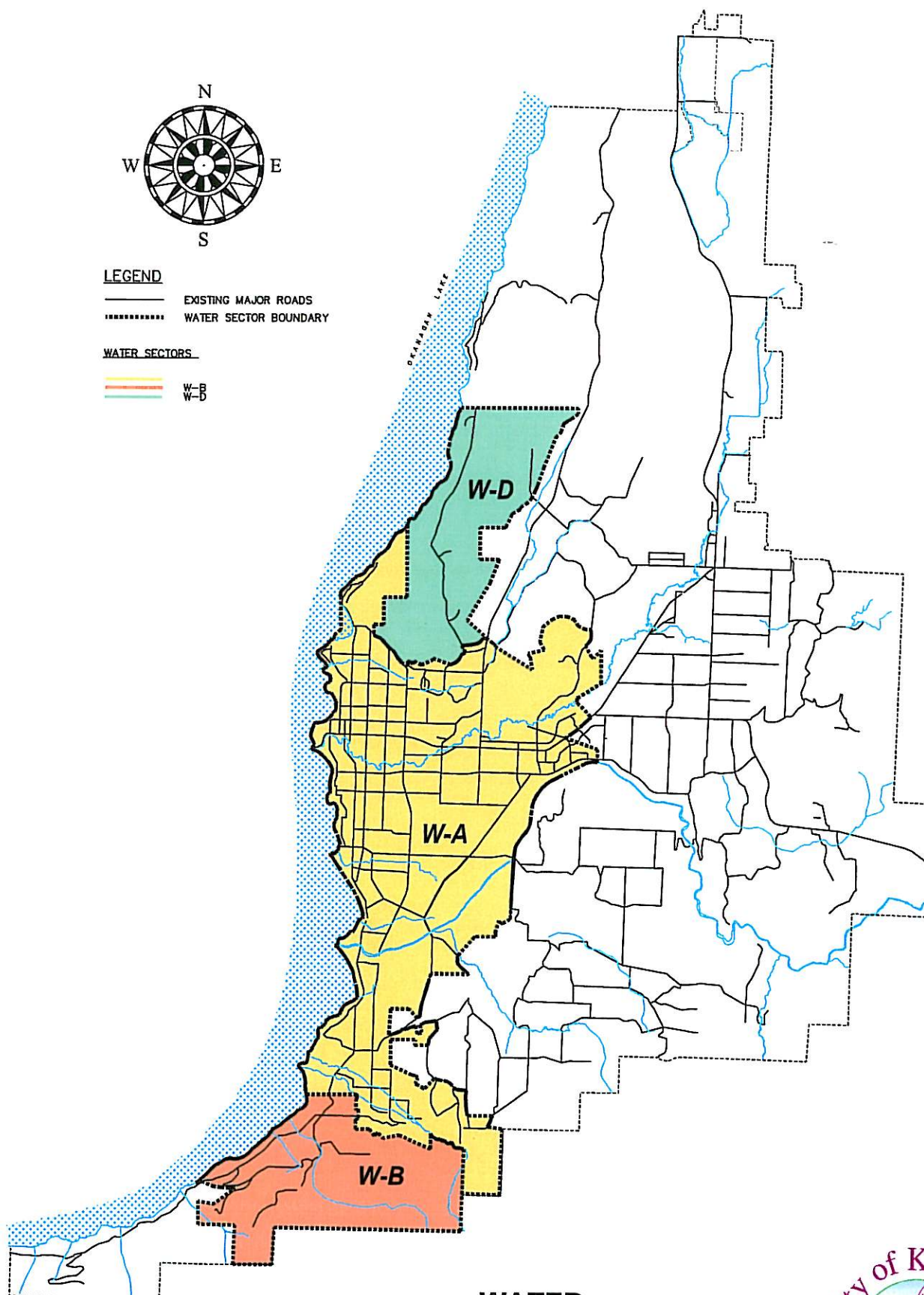


LEGEND

- EXISTING MAJOR ROADS
- - - - - WATER SECTOR BOUNDARY

WATER SECTORS

- W-B
— W-B

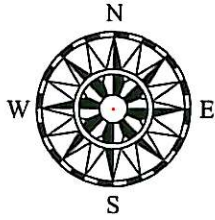


**WATER
SECTOR PLAN**

JAN.12 2007KEY PLAN

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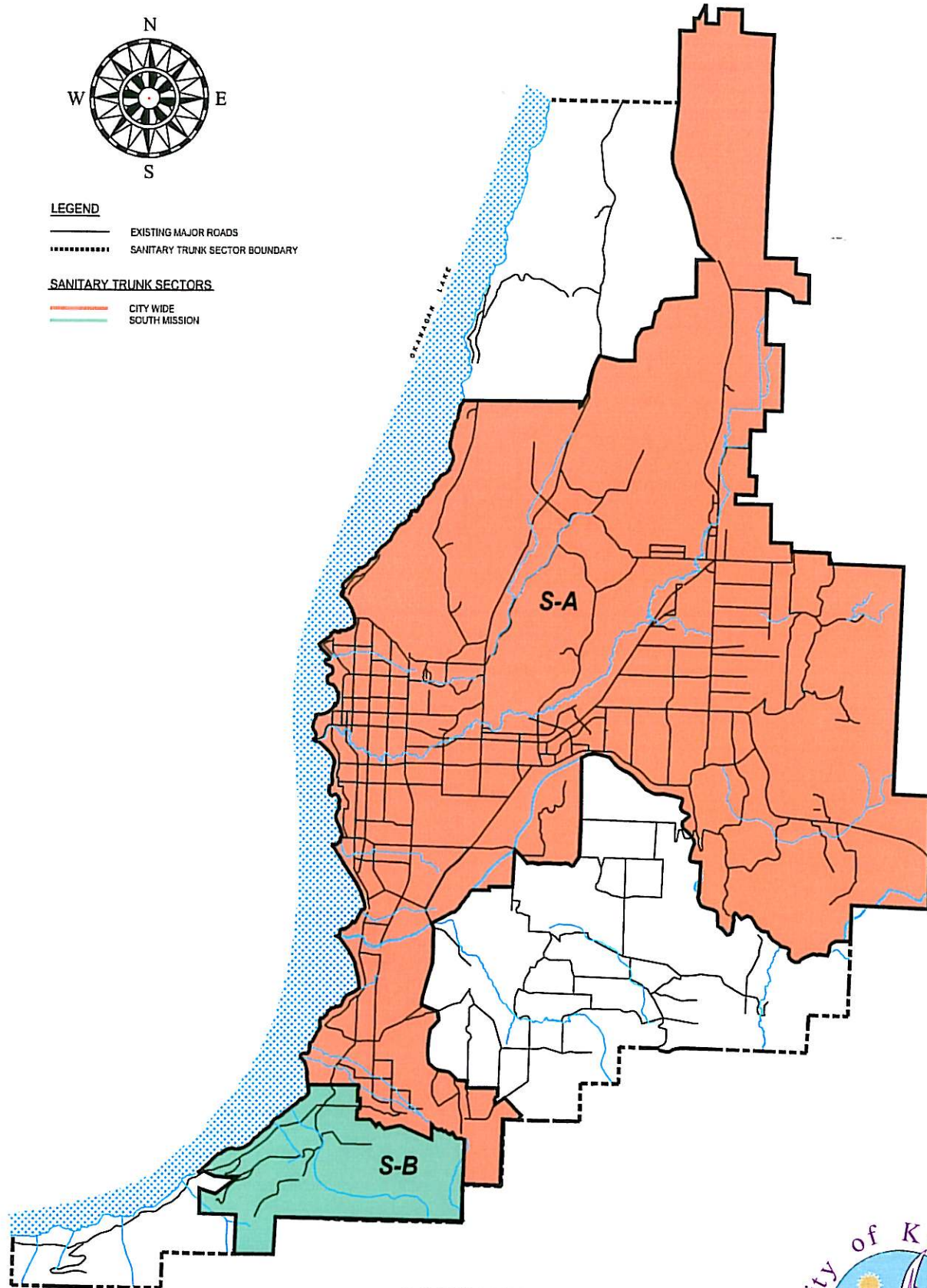


LEGEND

- EXISTING MAJOR ROADS
- - - - - SANITARY TRUNK SECTOR BOUNDARY

SANITARY TRUNK SECTORS

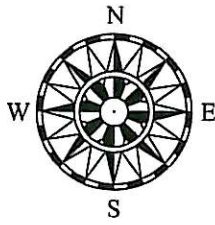
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— SOUTH MISSION



**SANITARY TRUNK
SECTOR PLAN**

JAN.12 2007
KEY PLAN



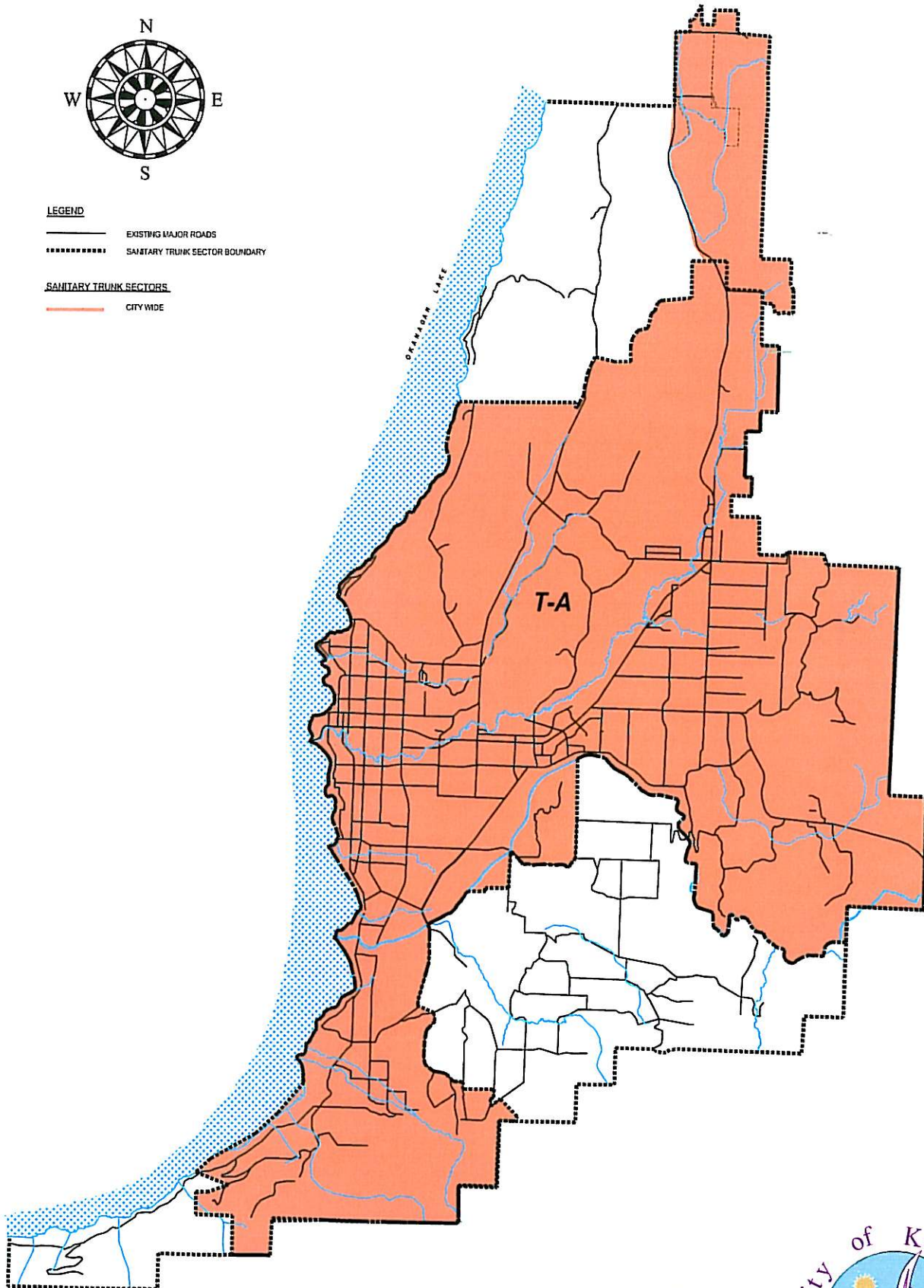


LEGEND

- EXISTING MAJOR ROADS
- SANITARY TRUNK SECTOR BOUNDARY

SANITARY TRUNK SECTORS

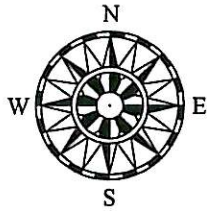
- CITY WIDE



**SANITARY TREATMENT
SECTOR PLAN**

JAN.12 2007
KEY PLAN

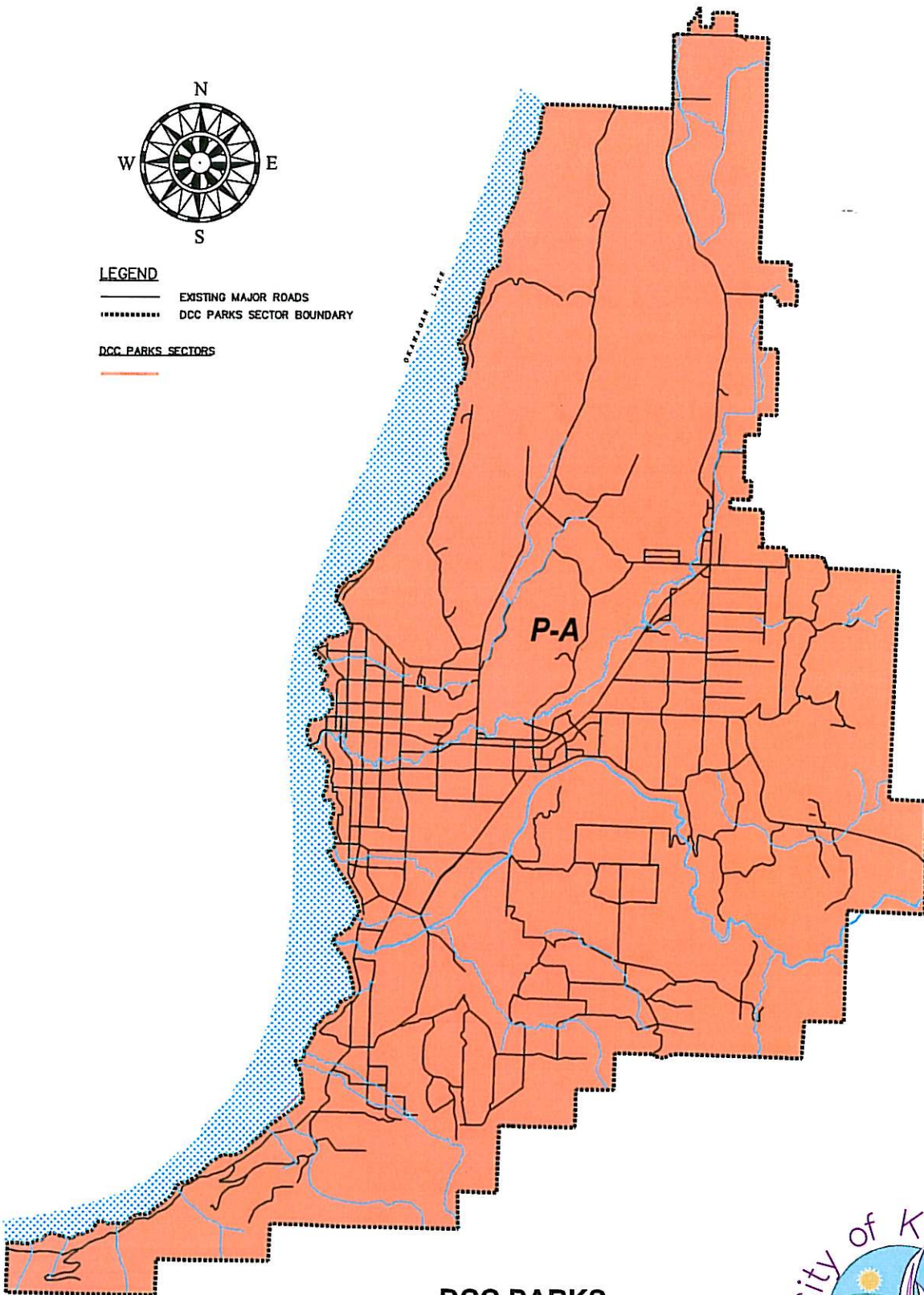




LEGEND

- EXISTING MAJOR ROADS
- - - - - DCC PARKS SECTOR BOUNDARY

DCC PARKS SECTORS



**DCC PARKS
SECTOR PLAN**

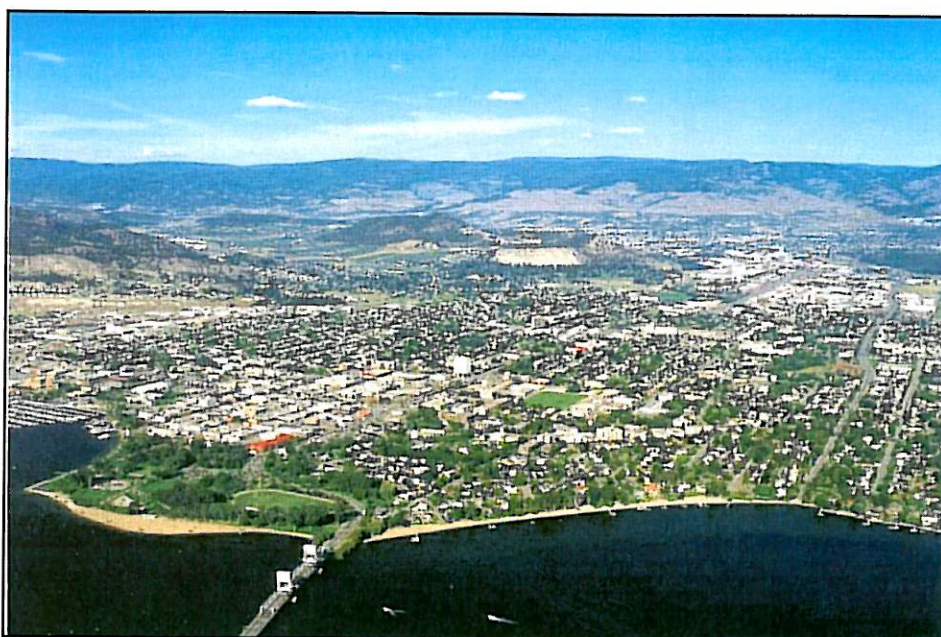


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**20 YEAR SERVICING PLAN AND
FINANCING STRATEGY - 2007 UPDATE**
December, 2007

PUBLIC AND STAKEHOLDER INPUT



CITY OF KELOWNA
20 YEAR SERVICING PLAN AND FINANCING STRATEGY
UPDATE IN 2007

STAKEHOLDER AND PUBLIC INPUT

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INTRODUCTION

**CITY OF KELOWNA
20 YEAR SERVICING PLAN AND FINANCING STRATEGY
PUBLIC AND STAKEHOLDER INPUT**

This document is a record of the public and stakeholder submissions regarding the "Draft" 2007 update to the 20 Year Servicing Plan and Financing Strategy (2020 Plan). Comments were requested through newspaper advertisements and at the public presentations on November 20th and November 22nd, 2007.

The 2020 Plan was prepared using 2002/03 costs with an update done in 2004. This update was prepared using the 2004 costs as the base and reflects current costs for the provision of water, wastewater, arterial roads and parkland acquisition. The recommended 2007 update to the 2020 Servicing Plan reflects changes in land and construction costs, updated completed projects, some scope and funding source changes and more detailed engineering on a number of projects. The proposed infrastructure works are largely the same except for the following key changes:

(a) TRANSPORTATION – The updated plan includes the same roads as the current plan. Key changes from the current plan include: raising the bridges over the Greenway at Gordon 5B and Lakeshore 3B; Highway 97-1 (Gordon - Highway 33) - removed all developer construct (\$1.2 M.), increased provincial assistance from 43% to 62% of total cost thereby reducing taxation from 35% to 28% of total cost. Changes from the Plan presented to Council November 5th include: Dehart 3 – reduction in construction costs of \$0.2 million; McCurdy 4 – increase in costs of \$1.7 million reflecting actual cost of construction since received; Gordon 5 – reduction of \$0.9 million reflecting removal of the recreation portion as a non DCC item; Highway 33 (1) – increase of \$2.1 million from updated actual costs from the Province, equally shared between the province and DCCs; Highway Link – Gordon – increase of \$0.6 million; Pandosy 2 – decrease of \$1.1 million attributable to a change in the road parameters that had taken place earlier and corresponding costs inadvertently were not removed and COB 2 – updated land costs resulted in a reduction of \$2.4 million.

(b) WATER – The updated Plan calls for expenditures of \$48.1 M. which is a 3.5% increase over the current program of \$46.5 Million. This reflects small increases in material supply costs and installation costs.

(c) WASTEWATER – The updated plan reflects an increase in Trunk costs of 34% and Treatment costs of 14%. Trunk costs are based on increases in general construction costs, functional sewer main costs, granular sub base costs and costs of PVC force main. Treatment facility costs have actually decreased about 3%, however this has been more than offset (17%) by inclusion of long term debt charges on borrowing of \$40.0 M. over the balance of the 2020 Plan, bringing the net increase to 14%. Treatment plant costs have increased from \$81.0 M. in the current plan to \$92.0 M. now.

(d) PARKS – The updated plan retains the current standard of 2.2 hectares of park per 1,000 population. The cost of the updated 2020 program is \$139.7 Million, an increase of 35 %. Updated costs are based on a detailed review of all Parks, with an assessed value of 20% increase used for a small number of acquisitions where sufficient data was not available.

The total costs of providing this infrastructure in the 2020 Plan update is \$905.2 Million as compared to \$753.4 Million for the current 2020 program. This 20.1% increase is a result of the changes outlined above. The impact on the funding areas is:

(Millions \$'s)			
<u>Funding Sources</u>	<u>Current Program</u>	<u>Update</u>	<u>Change \$'s</u>
Taxation	130.3	152.6	22.3
DCC's	465.1	569.5	104.4
Developer	84.9	98.0	13.1
Province	32.7	43.5	10.8
Utility	<u>40.4</u>	<u>41.6</u>	<u>1.2</u>
Total	\$753.4	\$905.2	\$151.8

Council, at their Regular Meeting of Monday, November 5, 2007, considered the staff report of October 31, 2007 (attached) and adopted the following resolution:

THAT Council receive the draft 20-Year Servicing Plan and Financing Strategy (2007 update) for information;

AND THAT Council authorize staff to seek stakeholder input into the draft plan and report back following that feedback.

Council, at their Regular Meeting of Monday, November 19, 2007, considered the staff report of November 14, 2007 (attached) and adopted the following resolution:

Establishment of a Residential 5 density gradient category for multi-family residential units of 600 square feet (55.7 square meters) or less;

Establishment of a Residential 6 density gradient category for secondary suites chargeable at subdivision or building permit where applicable;

Elimination of all regulatory provisions that permit the development of "second kitchens" as a means to ensure the development of legal secondary suites in the community;

DCC's not be charged on existing properties in existing neighbourhoods where secondary suite development rights have already been conferred through the zoning process if the suite has yet to be constructed;

AND THAT the above recommendations be considered as interim in nature and subject to a full review of all DCC methodologies as part of the upcoming Official Community Plan review.

AND FURTHER THAT DCC's be charged on all developments of less than 4 units at the earlier of subdivision, if applicable, or building permit.

Submissions Process

Staff consolidated all submissions into this document that were provided through:

- Written submissions by groups and individuals

All submissions were carefully considered and responses prepared reflecting the City's position on each issue.

The recommended DCC Bylaw effective date will be March 1, 2008 or the date of final bylaw reading, whichever is the later.

CITY OF KELOWNA

MEMORANDUM

Date: October 31, 2007
File No.: 6430-01
To: City Manager
From: Director of Works and Utilities
Director of Financial Services
Director of Parks and Leisure Services
Subject: 20-Year Servicing Plan and Financing Strategy (2007 Update)

Report Prepared by: J. Wunderlich

RECOMMENDATION:

THAT Council receive the draft 20-Year Servicing Plan and Financing Strategy (2007 update) for information;

AND THAT Council authorize staff to seek stakeholder input into the draft plan and report back following that feedback.

BACKGROUND:

The current 20-Year Servicing Plan and Financing Strategy was presented to Council in November, 2006 and became effective in April, 2007.

The recommended 2007 update to the 2020 Servicing Plan reflects changes in land and construction costs, updated completed projects and more detailed engineering on a number of projects. The proposed infrastructure works are largely the same except for the following key changes:

- (a) **TRANSPORTATION** – The updated plan reflects an increase in land costs of 17% and construction costs of 19% for an overall increase of 18.8%. Construction costs reflect an increase in excavation costs, materials, asphalt and retaining walls. This plan includes the same roads as the current plan. Key changes to funding include Hwy 97(1) for which Provincial Assistance has increased from 50% of net cost to 62% (MOT costs not in the current plan are included in the update thereby increasing the assistance component) and Gordon 5B and Lakeshore 3B bridges over Mission Creek whereby a total of \$4.1 M. (from DCC's) was added to raise these bridges over the Greenway.
- (b) **WATER** – The current 2020 Plan calls for \$46.5 Million in expenditures to support growth while the 2020 update identifies \$48.1 Million of expenditures. This is a relatively modest increase of 3.5% (comprised of 0% increase for 5 projects to be constructed, including the Cedar Creek pump station at \$12.4 M., as well as a 0% increase for 4 completed projects, offset by the remaining projects yet to be done which have an average increase of 5.4%).

- (c) **WASTEWATER** – The updated plan reflects an increase in Trunk costs of 34% and Treatment costs of 14%. This is based on increases in functional sewer main costs, granular material costs, costs of PVC pipe and inclusion of \$13.3 Million of long term debt financing costs for the Treatment facility. Inclusion of interest costs can be approved for facilities such as the sewer treatment plant that need to be constructed before growth can occur and before adequate development cost charges can be collected.
- (d) **PARKS** – The updated plan retains the current standard of 2.2 hectares of park per 1,000 population. The cost of the updated 2020 program is \$139.7 Million, an increase of 35 %. Updated costs are based on the 2007 Assessment Review of land acquisition costs and specific site detail costs.

The total costs of providing this infrastructure in the 2020 Plan update is \$905.6 Million as compared to \$753.4 Million for the current 2020 program. This 20.2 % increase is a result of the changes outlined above. The impact on the funding areas is:

(Millions \$'s)

<u>Funding Sources</u>	<u>Current Program</u>	<u>Update</u>	<u>Change \$'s</u>
Taxation	130.3	155.2	24.9
DCC's	465.2	568.1	102.9
Developer	84.8	98.0	13.2
Province	32.7	42.7	10.0
Utility	<u>40.4</u>	<u>41.6</u>	<u>1.2</u>
Total	\$753.4	\$905.6	\$152.2

The impact on the funding sources and DCC rates can be seen in attachment Schedule 1A.

Additional information on the DCC rates is provided in the attached schedules 1-4.

Staff intends to hold 2 open houses, one on November 20th from 4:00 p.m. to 7:00 p.m. at City Hall Council Chambers and the other on November 22nd from 4:00 p.m. to 7:00 p.m. at the Ramada Lodge, with presentations to stakeholders and the general public at 5 p.m. At this session staff will be available to answer questions on the various plans and the financing strategy. Surveys will be provided to attendees to seek feedback. As well, staff will work with key stakeholders such as the Urban Development Institute and interested neighbourhood organizations to provide additional information and clarification. Once their feedback is received staff will report with an amended servicing plan and financing strategy. The following is a schedule of events:

Presentation to City Council – November 5
 Public Consultation Meetings – November 20 and November 22
 Acceptance of Input – by December 5
 Report back to Council – December 17/07
 New rates effective – March 1/08

A Consultant is preparing a report on the square footage and the secondary suites issues and a recommendation from that will be brought back to Council and implemented with this update.

INTERNAL CIRCULATION TO:
 Works & Utilities Department

Recreation, Parks and Cultural Services Department
Community Development and Real Estate Department

EXISTING POLICY:

20 Servicing Plan and Financing Strategy

FINANCIAL/BUDGETARY CONSIDERATIONS:

20 Servicing Plan and Financing Strategy

Considerations that were not applicable to this report:

LEGAL/STATUTORY AUTHORITY:

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:

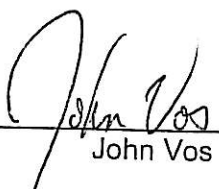
PERSONNEL IMPLICATIONS:


TECHNICAL REQUIREMENTS:

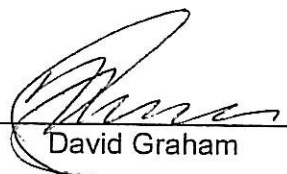
EXTERNAL AGENCY/PUBLIC COMMENTS:

ALTERNATE RECOMMENDATION:

Submitted by:


John Vos


Paul Macklem


David Graham

Attachments

City of Kelowna

MEMORANDUM

DATE: November 14, 2007
FILE: 6430-01
TO: City Manager
FROM: Director of Financial Services
RE: 20-Year Servicing Plan and Financing Strategy (2007 Update)

RECOMMENDATION:

THAT Council approve, subject to the 20 Year Servicing Plan and Financing Strategy public consultation process, the following recommendations to be reflected in amendments to DCC Bylaw 9728 and Zoning Bylaw 8000:

Establishment of a Residential 5 density gradient category for multi-family residential units of 600 square feet (55.7 square meters) or less;

Establishment of a Residential 6 density gradient category for secondary suites chargeable at subdivision or building permit where applicable;

Elimination of all regulatory provisions that permit the development of "second kitchens" as a means to ensure the development of legal secondary suites in the community;

DCC's not be charged on existing properties in existing neighbourhoods where secondary suite development rights have already been conferred through the zoning process if the suite has yet to be constructed;

AND THAT the above recommendations be considered as interim in nature and subject to a full review of all DCC methodologies as part of the upcoming Official Community Plan review.

AND FURTHER THAT DCC's be charged on all developments of less than 4 units at the earlier of subdivision, if applicable, or building permit.

BACKGROUND:

Further to the presentation to Council on November 5, 2007 wherein the draft 20-Year Servicing Plan and Financing Strategy (2007 update) was received for information and staff was authorized to seek stakeholder input, Council requested staff to provide an update on methodology changes which are to be considered as part of this update and DCC Bylaw revision.

There have been 3 initiatives identified by stakeholders and staff to be considered concurrent with the annual cost update:

- Potential to implement a multi-family DCC based on a per square foot charge
- Establishment of a fair and equitable and administratively efficient DCC charge for secondary suites
- Establishment of a DCC charge on all developments of less than 4 units

Multi-Family DCC Square Foot Charge – Residential 5 Density Gradient

The development community has requested that the City review the potential to implement a square footage based DCC that will result in a lower charge for small units that may fit the City's definition of affordable housing. At present, the City lacks empirical evidence to confidently establish a square footage based DCC for all multi-family developments, however we believe there is limited financial exposure in an interim process that will accommodate this request.

The following equivalency factors, relative to a single family DCC, are being recommended as the basis for calculating DCC's payable per square foot for the Residential 5 category:

Roads:	40%
Water	28%
Wastewater Trunks	44%
Wastewater Treatment	44%
Parks	100%

In determining equivalencies, it is contemplated that there will be 1.3 persons per unit on average for units of 600 square feet or less. Background work referenced a number of sample communities to ensure the assumptions and rationale were valid. Schedule 1 provides a summary of DCC's payable by sector including the Residential 5 category under the existing DCC Bylaw. Further information on the differential between existing density gradient categories and Residential 5 will be provided at the Council meeting on November 19th.

DCC's on Secondary Suites – Residential 6 Density Gradient

The City has been challenged in finding a means to charge DCC's for secondary suites given that there is a financial burden of these developments on the taxpayer/ratepayer. Under the current DCC Bylaw, new developments zoned for secondary suites attract a charge for these units equivalent to a single family DCC. This discourages construction of secondary suites in new development areas. Inevitably, suites are added at a later time and may or not be legalized. Regardless, DCC's are not ever paid.

Establishment of the Residential 6 density gradient category will deem all secondary suites to be equivalent to a 600 square foot unit under the Residential 5 category and be charged on a per unit basis. This methodology will only be effective if the current zoning bylaw is amended to remove the provision to develop second kitchens during construction of new units. The intent is to ensure that all suites established after the DCC Bylaw amendment date pay the DCC of the day whether when construction occurs or at a subsequent date.

As there is no effective means to charge a DCC for secondary suites developed in existing neighbourhoods, these will continue to be subject to only the fees for legalizing the suite.

DCC Charge on All Developments of Less Than 4 Units

Development cost charge legislation has been amended to allow DCC's to be collected for developments of less than 4 units where there is no requirement for subdivision. The City of Kelowna had decided to delay implementing this provision until there was some local government experience with the legislation and we were comfortable with its application. We believe it is now appropriate to establish this charge in order to ensure a level playing field for all development and recognize the financial burden that all units constructed have on city infrastructure.

As a reminder, the following is a schedule of events relative to implementing a revised DCC Bylaw:

Public Consultation Meetings – November 20 and November 22
Acceptance of Input – by December 5
Report back to Council – December 17/07
New rates effective – March 1/08

Considerations that were not applicable to this report:

INTERNAL CIRCULATION TO: N/A
LEGAL/STATUTORY AUTHORITY: N/A
LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:
EXISTING POLICY: N/A

FINANCIAL/BUDGETARY CONSIDERATIONS: N/A
PERSONNEL IMPLICATIONS: N/A
TECHNICAL REQUIREMENTS: N/A
EXTERNAL AGENCY/PUBLIC COMMENTS: N/A
ALTERNATE RECOMMENDATION: N/A

Submitted by:

P. Macklem, Director of Financial Services

Attachments

Schedule 1

Calculation of Residential 5 DCCs Payable by Sector

Infrastructure By Sector	Residential 1	Residential 2	Residential 3	Residential 4	Residential 5 (Maximum Proposed)*	Residential 5 (Charge Per Square Foot)**
ROADS						
SE Kelowna	\$ 17,941	\$ 14,353	\$ 9,867	\$ 9,329	\$ 7,176	\$ 11.96
South Mission	\$ 19,794	\$ 15,835	\$ 10,937	\$ 10,293	\$ 7,918	\$ 13.20
NE Rutland	\$ 10,900	\$ 8,720	\$ 5,995	\$ 5,658	\$ 4,360	\$ 7.27
Bell Mountain	\$ 14,765	\$ 11,212	\$ 8,121	\$ 7,678	\$ 5,908	\$ 9.84
Gallagher Ridge	\$ 12,222	\$ 9,778	\$ 6,722	\$ 6,355	\$ 4,889	\$ 8.15
Univ S/S						
McKinley	\$ 12,391	\$ 9,913	\$ 6,815	\$ 6,443	\$ 4,956	\$ 8.26
City Centre	\$ 7,388	\$ 5,911	\$ 4,064	\$ 3,842	\$ 2,955	\$ 4.93
WATER						
City Centre	\$ 1,546	\$ 1,103	\$ 790	\$ 560	\$ 461	\$ 0.77
South Mission	\$ 1,292	\$ 956	\$ 620	\$ 439	\$ 362	\$ 0.60
Clifton/Glenmore	\$ 2,943	\$ 1,972	\$ 1,413	\$ 1,001	\$ 824	\$ 1.37
SEWER TRUNKS						
City Centre	\$ 1,143	\$ 949	\$ 640	\$ 617	\$ 503	\$ 0.94
South Mission	\$ 1,533	\$ 1,273	\$ 859	\$ 828	\$ 675	\$ 1.12
SEWAGE TREATMENT						
City Centre	\$ 2,542	\$ 2,110	\$ 1,423	\$ 1,373	\$ 1,118	\$ 1.96
PARKS						
All	\$ 3,610	\$ 3,610	\$ 3,610	\$ 3,610	\$ 3,610	\$ 6.02

* The maximum charge in this column would apply to a 600 square foot unit.

** The charge per square foot is applied to the habitable floorspace constructed if the eligible residential unit is smaller than 600 square feet.

**CORRESPONDENCE FROM THE URBAN
DEVELOPMENT INSTITUTE AND
CITY STAFF RESPONSE**



URBAN DEVELOPMENT INSTITUTE – KELOWNA CHAPTER

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udikelowna@shaw.ca
www.udi.bc.ca

November 30, 2007

City of Kelowna
1435 Water Street
Kelowna, B.C.
V1Y 1J4

Attn: Mr. Paul Macklem

Dear Mr. Macklem,

After reviewing information received from a DCC meeting with City staff August 2nd, 2007, the Report to Council dated October 31st, 2007, and the two DCC Open Houses, UDI makes the following comments:

1. We continue to question the manner in which COB is included in the DCC bylaw. Prior to 2006, taxation shouldered some 60% of the financial cost of this road, and since 2006, the situation has been completely reversed with new development now being charged the 60% share. We do not understand the rationale for the 2006 reallocation, especially since the burden of \$46 Million is now expected to increase by 18.8% to approximately \$54 Million. We ask you once again to reconsider and justify this very expensive component of the DCC bylaw.

2. With respect to the inclusion of \$4.1 million to raise the Lakeshore and Gordon Dr. bridges over the Mission Creek Greenway, although we realize that rebuilding of these bridges has a large DCC component, the increased cost to raise these bridges to accommodate safety for existing pedestrians and cyclists on the Greenway should not be borne by new development. Everyone in our city, regardless of where they live and their length of residency, will benefit from these improvements, and it is unacceptable that only new homeowners should be responsible for this bill. The Ministry's 'DCC Best Practice Guide' publication (CH 6, pg 82) outlines sharing the cost of improvements between all benefiting parties. With respect to the Greenway, the cost ought to be shared, based on the ratio of benefit

to new development vs. the existing community. We feel that the majority of the cost should be borne by the general taxpayer. Council may wish to look at funding options such as a regional (Central Okanagan) gas tax, or an increase in property taxes to pay for funding approved either under a referendum or an alternate approval process. A Public Private Partnership may also be a viable alternative.

3. While we realize that unit costs for construction of infrastructure have increased, we question the use of one bid to establish new unit costs for DCCs. In instances where no bid was received for particular infrastructure works in 2006, a 7% increase was allocated. When one bid was received, the unit cost has increased by as much as 128%. This seems wholly unreasonable, especially in light of the fact that when 2 or more bids were received, the unit cost increase was always substantially less. We request that when only one bid is received, that the previous year's unit rate be averaged with the single bid rate to establish the newly proposed average rate. For instance, in the case of clearing and grubbing, rather than a 128.2% increase, the new rate increase would be 64%, which in our view, while very high, would be much more realistic. One very important drawback to using any one particular bid to establish the new unit cost for a line item is that each contractor can bid each of these line items very differently, the result of which is widely divergent bids. It is also important to consider that cost of work items which may seem transferable such as clearing, grubbing, general road building etc. are highly dependent on existing site conditions, location and time of year. This variation in bid inputs for seemingly transferable work items is wholly excluded from consideration when a single bid is used to form the basis of cost assumptions.

4. While the creation of smaller units should not be penalized, and it is encouraging to see some movement toward charging DCCs on a square foot basis for smaller units, we have concerns about the choice of 600sf and under as the determining factor. We believe there are two problems with this method: Firstly, to continue to charge the same DCC for a 601sf one bedroom unit as a 1,300sf three bedroom unit still seems inequitable and lacking as an incentive to build units in the 600sf to 900 sf range. And secondly, the arbitrary choice of 600sf as the cutoff could result in inefficient building layouts, poorly designed floor plans, and units that do not reflect the needs of the market. If we can all agree that DCC structure should encourage smaller units throughout the city, we still maintain that it would be more reasonable and would allow more flexibility within a development if the DCC per square foot method was triggered by a particular density gradient

rather than unit size. We firmly believe that charging DCCs on a square foot basis on all Residential Gradient 4 development would be a good first step. We hope that the proposed methodology will be reconsidered. For suggestions as to how this could be implemented, please refer to UDI's letter to you dated December 11, 2006, which outlines two options (attached).

5..The move to reduce DCCs on secondary suites is encouraging, but unfortunately we do not believe that the proposed policy goes nearly far enough to provide incentive for developers to add the "S" zone to new subdivisions. In the Mission, for instance, the unit charge for a single family unit is \$35,022 and the proposed charge for a secondary suite is \$18,912. The total DCC charge for a new home with a suite included would be \$53,934. Not only do we think it very unlikely that a developer will choose to pay this very high cost, we also don't think new home buyers will choose to add a suite when the cost, over and above improvements, is almost \$19,000. This policy seems more likely to ensure that no secondary suites will ever likely be achieved in new development. Going forward, legal suites will only be pursued in instances where the charge is \$500.00, not many thousands of dollars. If true encouragement in new areas of the City is the goal, the DCC has to be quite minimal, with the real cost perhaps picked up by general assist. (Since, if the shortfall is just factored into the sector, all that will result is a higher single unit cost to subsidize the suites.) Again, we hope the proposed method for encouraging suites will be reconsidered.

6. While we understand that City staff will not apply the new DCC rates if a Footing and Foundation permit is issued, in light of the heavy workload of City staff and the possibility that some applications could be caught in process outside of the applicant's control, we wish to discuss the idea of grandfathering for applications as long as certain agreed upon conditions are met.

7. And finally, in a broader sense, we continue to have concerns that 60% of the overall infrastructure 2020 plan is borne by new development, especially in light of the fact that a further 11% is contributed by the development community through the construction of off-site improvements. These allocations suggest that if no new development were to occur, only 30% of the current budget would be required to take care of all infrastructure improvements or upgrades needed until 2020. We do not believe this could possibly be the case, and this raises the issue of which items are included within the DCC

bylaw that are in fact works that might more appropriately be apportioned to general assist from taxation.

The increase in Development Cost Charges seen over the last two years will most certainly have a negative impact on the affordability of all forms of housing. When the cost of new homes rise, as will be the case with the latest proposed DCC increases, the value of existing homes are affected as well, and at a time when affordability is one of the City's priorities, we must be prudent to ensure that DCC costs are realistic and kept to a minimum.

As your 'Partner in Community Building' we thank you for the opportunity to take part in the review process and we look forward to our further discussions on Dec. 4th.

Yours truly,
Urban Development Institute– Kelowna Chapter

Per: Gail Temple
President – UDI Kelowna Chapter

c.c. Ron Mattiussi
Ron Dickinson
Shelley Gambacort
Mayor and Council



URBAN DEVELOPMENT INSTITUTE – KELOWNA CHAPTER

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November 30, 2007

City of Kelowna
1435 Water Street
Kelowna, B.C.
V1Y 1J4

Dear Mr. Mo Bayat:

Re: City of Kelowna Development Cost Charges Letter of November 9, 2007

Thank you for your letter outlining when Development Cost Charges (DCCs) are paid and which bylaw they are based on. We appreciate the City of Kelowna's continued commitment to maintaining open and constructive communications with the Urban Development Institute.

While we agree with your statement as to when DCCs are paid, "at the time the building permit is issued" we strongly disagree with which bylaw is used to determine the amount of DCCs payable. We believe a better way that it is both fair and reasonable is to charge DCCs based on the Development Cost Charge Bylaw (rate schedule) in effect at the time the Building Permit is submitted, not issued.

The primary reason for this is time. Longer process times for permits and approvals are being experienced due to staff workloads and shortages. As a result, the possibility exists that as little as a one-day delay could result in the developer having to pay 30% more in DCC's. This increase would greatly affect the profitability of a development as project budgets are already firmly set by the time Building Permit applications are made. As the development community has no control over the City's approval time frames, developers are exposed to the risk of another significant cost implication. By basing the DCC rate schedule on the application date, the City is now placing the onus back on the developer to make sure they have their application submitted in time.

Other municipalities are acknowledging the impact of DCC increases on development and have implemented grandfathering provisions. Langley and Richmond will grandfather the DCCs for 6 months, while Surrey and Coquitlam will grandfather them for 12 months. Surrey has taken an extra step and is allowing the DCCs to be grandfathered on any application already in the system

(whether it is a Development Permit or Building Permit) for up to 12 months. Also recognizing the need to investigate this matter further, the Province has created a Development Finance Review Committee, which will review the impact of DCC increases and the need for grandfathering provisions.

Using the BP submission date as the date that the DCC rate, for multifamily developments, is based on would also ensure that subdivisions and multifamily developments are treated more equally. Although the DCCs for a subdivision are paid upon the subdivision registration and approval, it is calculated at the rate at the time of the subdivision application. This is quite different to how multifamily DCCs are calculated, where the DCC rate is based on the rate at the time of issuance of the building permit. Section 933(1) of the Local Government Act only states when the DCCs are imposed and not the date which the rate is based on. As the Act clearly doesn't state the trigger date for the DCC rate, we question the City's inconsistency by not grandfathering the DCCs for multifamily developments.

As the development community is experiencing longer process times, other municipalities already have grandfathering provisions in place and the City of Kelowna already does this for subdivisions, we urge the City of Kelowna to adopt a reasonable and equitable mechanism to ensure that the multi family development industry is treated fairly and not financially penalized for something beyond our control.

Yours truly,

Urban Development – Kelowna Chapter

Per: Randy Shier
Director

c.c. Ron Mattiussi
Ron Dickinson
Shelley Gambacort
Paul Macklem
Mayor and Council

CITY OF KELOWNA
Response to Correspondence Received
From Urban Development Institute and Other Stakeholders

Issue – The manner in which the Central Okanagan Bypass is included in the DCC Bylaw. The rationale for the 2006 reallocation is not understood, especially since the burden of \$46 million is now expected to increase by 18.8% to approximately \$54 million. Prior to 2006, taxation shouldered some 60% of the financial cost of the road, the situation has been completely reversed with new development now being charged the 60% share.

Response:

For the 2006 update both COB 2 and COB 3 were treated like any other road that is required due to growth. This roadway is required due to new growth that has taken place over the last six years and into the future, as without new growth existing roads would have sufficed for existing users. After careful consideration, we firmly maintain that COB is being driven by new growth. The fact that we had been hoping for provincial funding that we are assured will not materialize, is not cause to place the burden on existing taxpayers.

Issue – The inclusion of \$4.1 million to raise the Lakeshore and Gordon Dr. bridges over the Mission Creek Greenway. The increased cost to raise these bridges to accommodate safety for existing pedestrians and cyclists on the Greenway should not be borne by new development. It is unacceptable that only new homeowners should be responsible for this bill. With respect to the Greenway, the cost should be shared, based on the ratio of benefit to new development vs. the existing community.

Response:

Not all of the cost is borne by new development. The current draft Update has the cost of raising these bridges shared between existing and new population on a 50%-50% basis. While we don't think this is unreasonable, we are proposing a change to reflect the percentage of existing population to new growth over the 20 year horizon. Therefore, existing would take a 62% share and DCC's 38%. Including the 15% assist, taxation will bear \$2.9 million or 68% of the cost of raising these bridges.

Issue – In determining unit costs, in instances where no bid was received for particular infrastructure works, a 7% increase was allocated. When one bid was received, the unit cost increased by as much as 128%. This seems wholly unreasonable, especially in light of the fact that when 2 or more bids were received, the unit cost increase was always substantially less.

Response:

Prices included in the analysis were the tender prices of the awarded contract (normally lowest bidder) except that when this price resulted in a very large % change in unit prices from the 2006 DCC review, the average of the tendered prices from all bidders was considered. If averaging the tenders resulted in a lower % change in the unit price, this was used.

In cases where no 2007 tenders included data/pricing for an item, an inflation rate of 7% over 2006 estimates was assumed. This is based upon projections by BTY Group (Cost Management Consultants) in their Q4 2006 Newsletter. Note that the 2006 DCC Review assumed a 6% escalation rate while BTY Group reports that the actual escalation rate was 11%. As such many of the 2006 unit prices forming the basis of this review were potentially understated by approximately 5%.

Issue: It is encouraging to see some movement toward charging DCCs on a square footage basis for smaller units, however there are concerns about the choice of 600 s.f. and under as the determining factor. It is felt that charging DCCs on a square foot basis on all Residential Gradient 4 development would be a good first step.

Response:

This issue has been looked at for 2 years now relative to the square footage application generally. We strongly believe that there is excessive financial risk in moving to a universal square footage application (wealth tax) for multi-family without significant work being completed by the Policy, Research and Strategic Planning division. This work will be done through the OCP review process and we will consider a methodology change at that time.

We were asked this past summer by the development community to look at using a square foot DCC application for "smaller" units that would encourage the construction of more "affordable" housing. We have done that and, with consulting assistance, recommended 600 square feet as the ceiling for application of a square footage DCC. We believe that our risk is managed by limiting the size of the unit considering we have no empirical evidence to predict how many units will be developed. We recommend that this be considered an interim approach to be reviewed as we gain experience with it. The development community has suggested a 900 sq ft ceiling, but we cannot support it, partially on the basis that their original request related to developing smaller, more affordable units and we are aware of high rise 750 sq ft luxury condos being developed at this time in the downtown area.

Issue: The move to reduce DCCs on secondary suites is encouraging, but the proposed policy does not go nearly far enough to provide incentive for developers to add the 'S' zone to new subdivisions. If true encouragement in new areas of the City is the goal, the DCC has to be quite minimal, with the real cost perhaps picked up by general assist.

Response:

We are proposing another interim measure related to secondary suites that we hope addresses the major concerns expressed to date and is sensitive to the need for affordable rental housing. The premise is that the combined occupancy of a home with a suite is less than the occupancy of a single family home and the general occupancy of a suite. We recommend a flat rate DCC of \$2,500 per new unit within the City of Kelowna, irrespective of whether the suite is constructed in a new or existing development. The fact is, if the improvements are < \$50,000 in an existing home, the suite will not attract a DCC, only a charge to legalize the suite. Included in this charge will be carriage houses and suites in accessory buildings. Also, secondary suites will not be counted in the density calculation, thus the primary unit will be considered a Residential 1.

City staff are acting in good faith on this issue and will closely monitor it. Our hope is to provide incentive and encouragement to the development community to immediately begin addressing the affordability issue. We are also recommending that we will likely look at increasing this DCC charge in the future as we gain more definitive data regarding infrastructure impacts

Issue - Grandfathering building permit applications

Response:

Where a complete building permit application is received prior to the effective date of the bylaw and the corresponding building permit is issued within 6 weeks of the effective date of the bylaw, then the development cost charges imposed in relation to that development will be the rate in effect when the building permit application is received (the April 1, 2007 rate).

Issue -- If no new development were to occur, only 30% of the current budget would be required to take care of all infrastructure improvements or upgrades needed to 2020

Response:

The DCC program provides for new infrastructure requirements stemming from new growth only. If no new development took place there wouldn't be any demand for new services and new infrastructure would not be required.

Maintenance of existing infrastructure would continue as usual, however this comes from non DCC programs which derive their source of revenue from taxation.

**UBC SUBMISSION AND CITY
STAFF RESPONSE**

OTHER SUBMISSIONS

THE UNIVERSITY OF BRITISH COLUMBIA



Campus and Community Planning

2210 West Mall

Vancouver, B.C. Canada V6T 1Z4

Tel: 604-822-8228

Fax: 604-822-6119

December 5, 2007

Keith Grayston
Financial Planning Manager
City of Kelowna
1435 Water Street
Kelowna, BC, V1Y 1J4

Dear Mr. Grayston:

Re: Proposed update to the 20-Year Servicing Plan and Financing Strategy, and Associated DCC Bylaw

Thank you for the opportunity to comment on your proposed update to Kelowna's *20-Year Servicing Plan and Financing Strategy*, and associated *Development Cost Charges (DCC) Bylaw*. We offer perspective on the planned update as it affects UBC, and respectfully request that you consider the following adjustments in your planned updates. Background reasoning for these requests is outlined in Attachment A of this letter.

Requested Adjustments:

1. DCC Rates:

We ask that you eliminate the proposed institutional rate increase for 2008, and limit the frequency of institutional rate increases to no more than once every 2 years during this active expansion phase on the UBCO campus in order to accommodate our multi-year funding projections.

2. DCC Roads – Hollywood North Arterial:

We ask that you update the DCC Bylaw and the *2020 Update DCC Roadway Network Plan* in your *20-Year Servicing Plan and Financing Strategy* to reflect that:

- the westward shifted Hollywood North arterial (now approximately 100m further west on-centre), be explicitly classified as not being a 'developer construct' road, and
- UBC's financial obligation for construction of the shifted Hollywood North arterial is limited to paying no more than was required while aligned on our north-east lot line and as still assumed in Kelowna's current 2020 Update DCC Roadway Network Plan, namely, limited to the value of frontage improvements along one-side only.

3. DCC Roads – Glenmore Connector:

We request that you:

- grant UBC DCC credits for all construction costs in excess of those that could be attributable to UBC as if it were a DCC road, OR
- amend the *2020 Update DCC Roadway Network Plan* in your *20-Year Servicing Plan and Financing Strategy* to reclassify the new Glenmore connector on the south of campus (only that western portion outside the Flyover Agreement Boundaries) as a DCC road with construction to be funded from the municipal DCC reserves. The intent in this scenario would be to ensure that UBC contributed improvements as a fronting property owner only (i.e. north side curb, gutter, sidewalk and boulevard improvements).

Comments

We understand from your public presentation on November 20, 2007, and subsequent discussions that the draft bylaw is not yet ready for review, but that the proposed policy changes under development that would affect our UBC Okanagan campus are as follows:

1. Institutional DCC rates would increase 17% and 18%:

- General: DCC rates for all buildings on the UBC Okanagan campus other than dormitory buildings would increase from \$5,231 to \$ 6,102 per 1000 sq. ft. (a 17% increase of \$871 per 1000 sq. ft.)
- Dormitories: DCC rates for university dormitories on the UBC Okanagan campus would increase from \$1,418 to \$ 1671 per 1000 sq. ft. (an 18% increase of \$253 per 1000 sq. ft.)

2. DCC Road Projects:

We understand there are currently no proposed changes to the DCC Roads project list on the campus (as shown on the 2020 Update DCC Roadway Network Plan) to further assist in financing some of the regional road construction planned on our campus.

UBC wishes to be accommodating in the provision of strategic road dedications to serve the better interests of our local community and region. The final package of new public roads currently on the table in UBC's rezoning more than doubles the area of the original Okanagan College mid-campus east-west road being closed. We will be dedicating 20 acres of our land for roads (net 12 acres surplus over proposed road closures) and over \$4,000,000 in cash to public road use. As a result the public will enjoy:

- a 4-lane arterial north-south link across the campus,
- a 4-lane arterial east-west link across the campus,
- 3 local road dedications to serve surrounding property owners Piermac, Watermark, KonKast, and Quail Ridge residents,
- plus a new Flyover and roundabout to reduce left-turn congestion on Highway 97.

UBC has more than fully covered all original land area and financial obligations of the original Okanagan College (OC) even though UBC is not a legal successor to OC. UBC will not be

asking for (or entitled to) DCC or Kelowna support related to any of the internal private road system needed to service its own campus needs.

The DCC bylaw is intended to fairly share the burden of community infrastructure costs with the wider benefitting community. The magnitude of public regional road infrastructure costs being assigned to UBC as one property owner in the region, over the course of its current rezoning application, is disproportionate to the number of other properties and taxpayers benefitting from this contribution. UBC is also not reaping profit from any of its development and is a community resource with limited ability to extract funds from students or any others in order to recover these costs. UBC's enormous contributions in support of these regional road resources could be more fairly shared with other benefitting neighbours and regional interests through the suggested adjustments to the *DCC Bylaw* and *2020 Servicing and Financing Plan Strategy* listed at the front of this letter.

Please be aware that rising DCC costs and regional infrastructure costs erode the facilities UBC can deliver to students as they translate into building program cuts, or elimination of square footage, equipment, building features, or public realm finishes. More detailed discussion from UBC's perspective on the background and DCC implications related to each of our suggested adjustments, is outlined in Attachment A.

UBC now asks that Kelowna understand and support our educational mandate and non-profit status in this expensive development climate, and offer us relief where possible in the exercise of its DCC authority. We share a common goal to support this university in becoming all that it can be.

Thank you for taking our requests under serious consideration.

Yours truly,



Nancy Knight
Associate Vice President Planning
University of British Columbia

cc: City of Kelowna Mayor and Council
Kent Ashby, UBC Legal Services
Peter Smailes, UBC Financial Services
Rob Brown, UBC Properties Trust
Aidan Kiernan, UBC Okanagan AVP Operations
Doug Owram, Deputy Vice Chancellor, UBC Okanagan

ATTACHMENT A

Discussion

1. DCC rates increase:

UBC is a non-profit educational institution. The principle of expecting developers to primarily bear the burden of new growth infrastructure costs is reasonable for developers that profit from redevelopment and densification of their lands, passing costs on to consumers, and can take advantage of simultaneously increasing property values. However, UBC is not a developer, does not reap profit from its lands or buildings, and cannot pass costs on to students. Ever-increasing DCC costs therefore erode the services and facilities we can deliver to the students.

Increased DCC rates alone last year (up 30% from the year before) resulted in a \$431,000 additional cost impact to our planned new building program (Arts & Science, University Centre, and Engineering Buildings). The next planned round of Building Permits after March 2008 for a new medical school, dormitories and a new Okanagan Centre (approximately 165,000 sq. ft.) would now have to absorb an additional cost impact of approximately \$78,000 more than foreseen and budgeted. UBC will try to obtain assessment and issuance of a building permit for the new Engineering Management building (pending rezoning) before the March 2008 rate increases to save costs, but if not successful, then UBC will also face a further \$162,000 cost increase (or forced alterations) on this building. In such a case, rates would then have increased twice during the this building's planning and design life cycle, increasing 52% from the budgeted \$744,500 DCC cost in early 2007 to \$1,134,970 after March 2008.

Request:

As noted, UBC does not benefit from correspondingly increased profits like other developers and these cost increases to our non-profit mandate can be crippling. We ask that you consider the impact of these rate increases on UBC's ability to forecast and budget for university development and to provide suitable facilities, and that you:

- *eliminate the proposed institutional rate increase for 2008, and*
- *limit the frequency of institutional rate increases to once every 2 years during this active expansion phase on the UBCO campus.*

2. DCC Road Projects

a) **Hollywood Road north extension:**

Background

The 2020 Update DCC Roadway Network Plan indicates one, 2-lane DCC road running north-south through the campus, parallel to Highway 97, and directly along UBC's east lot line north of University Way. The previous owner of this part of the UBC lands registered a road reserve accordingly for the future Hollywood Road. UBC has since been asked to do the following as part of its current rezoning proposal:

- i) Dedicate 9m wide road half to match neighbour's 9m width within the length of the Hollywood north Road Reserve (for use as a collector road extension of Innovation Drive from the north instead of the arterial called Hollywood), and
- ii) Dedicate the missing link connecting the road described in i) above, southwards to University Way, allowing 2-way through-traffic up to Innovation Drive and Airport Way north of the campus,
- iii) PLUS provide an additional 30m road reserve for a 4-lane arterial just 100m on-centre further inland (west) running parallel to the current alignment, for the purpose of eventually shifting and widening the planned Hollywood north arterial in future. This shift of the planned Hollywood Road extension would allow for a wider (safer) distance between intersections on Airport Way. Once Hollywood Road is constructed, the interim through-connection along Innovation Drive will be dead-ended at its midpoint (north-west corner of KonKast) and kept for local collector road use only in the vicinity of the Piermac, KonKast sites on the north-east.

UBC cautiously consented to this doubled, phased, and shifted Hollywood North arrangement prior to 3rd Reading of its rezoning, while advising that the additional financial burden associated with this change would still need to be discussed prior to 4th Reading.

DCC Implications

Planned updates to the DCC Bylaw are timely in the midst of financial discussions regarding regional network roads on UBC campus outside the Flyover boundaries, including the Hollywood Road extension. UBC notes the following DCC implications related to the shifting of Hollywood Road dedication in particular.

According to the current DCC bylaw, construction of DCC project roads is paid by the municipality from DCC funds, with adjacent fronting property owners being responsible only for the frontage improvements on their own side of the road (e.g. sidewalk, curb, gutter and boulevard). This financial arrangement would have applied to the original Hollywood North alignment reserve along UBC east lot line north of University Way. However, where a DCC project road runs *through* a property, the owner must pay for the whole road. These are called 'developer construct' roads. The original Hollywood Road reserve alignment would have required UBC to only dedicate 15m for its half of the 30m road and pay only for frontage improvements along one side of the Hollywood Road North extension. The new and supplementary reserve expectation for the westernmost Hollywood Road alignment, in addition to dedication of 9m in the original planned eastern alignment for use as a collector road not only doubles the dedication/reserve burden on UBC for loss of land but also triggers significant new construction costs. The combined 39m total width now needed for both roads is more than double the 15 m that would have been necessary in the original alignment. The inland position of the shifted Hollywood Road 30m wide arterial also means it would be considered a 'developer construct' road under the DCC bylaw, such that - because UBC owns land on both sides of that road, it would have to pay 100% of the construction cost (on top of losing the land area).

The shift of Hollywood Road addresses larger regional network interests and is not required to address any UBC service or access needs. In the interest of fairness UBC wishes to ensure

that the additional land reserve granted is not also accompanied with extra financial (construction) obligations.

Request:

UBC therefore requests:

- that the DCC Bylaw update process include an amended classification for the shifted Hollywood north arterial to ensure it does not become interpreted as 'developer construct' road due to its inland position, and
- that UBC be required to pay only the equivalent to its original responsibility had the road not been shifted, namely, the value of frontage improvements along one side of the road, or alternatively that UBC gets 1:1 DCC credits for construction costs in excess of that amount.

b) East-West 30m Arterial (Glenmore Connector)

Background

The former owner of the UBC campus lands, Okanagan College (OC), dedicated a 30m wide east-west public road through the middle of campus to assist the City in its ambitions to eventually connect an arterial from Highway 97 through to the Glenmore Valley. OC also agreed to fund construction of the first 2 lanes (20m width) of this road upon 2 years' notice from the City. Since that time, OC was legally succeeded by Okanagan University College (OUC), now inactive. UBC acquired the lands from OUC but is not its legal successor. UBC has participated in discussions regarding roadway plans, and it was determined by various parties, including the Ministry of Transportation and Kelowna Airport interests, that the much-needed improvements to the east-west road intersection at Highway 97 could not be made at the location agreed to by OC because it would be too close to the Airport Way intersection for safety. It was decided that a Flyover was desirable further south instead. UBC also supported this measure as it resulted in less disruption to the middle of campus. Subsequently, a flyover, a replacement east-west road, and its planned connection to Hollywood North were all pulled further south on the campus to the location where they have recently been constructed.

A 'Flyover Agreement' between UBC, Ministry of Transport, and the City of Kelowna confirmed the cost-sharing, alignment and implementation terms of these new roads improvements. UBC agreed to close the existing legal (but never built) east-west roadway (26,400 sq. m. total area), and dedicate replacement public roads within the Flyover project boundaries that totaled 30,690 sq. m. (14% increase in area). These roads were identified on a map. UBC also contributed over \$4,000,000 toward construction of the Flyover roads package, amply replacing the value of the original OC financial obligations related to the original east-west road..

In addition, a Road Reserve for the western half of the new east-west connector on the south of campus (that remainder portion outside the Flyover Agreement boundaries) was also promised by UBC as part of its rezoning proposal package, to again complete the full east-west crossing of campus. The financial terms and triggers for implementation of this extension to the Glenmore connector, as well as triggers for all other public roads on campus outside the Flyover

project boundaries, were to be negotiated through a master Roads Agreement to be concluded with the City prior to 4th Reading of UBC's rezoning. Staff and UBC are currently working out the financial details of this Roads Agreement and awaiting Kelowna's support to commence a road closure bylaw for the east-west un-built road.

DCC Implications

The west half of the Glenmore Connector is not needed to access or service the UBC campus in any way and serves only neighbour and regional road networks. It is in fairness a DCC-type road but is not reflected on the *2020 Update DCC Roadway Network Plan*. Through the Flyover Agreement, UBC has surpassed the financial value and total road area commitments made earlier to the City by OC for the mid-campus east-west connector, although the replacement roads are distributed somewhat differently. The supplementary Master Roads Agreement complements the Flyover Agreement by also ensuring that full east-west and north-south arterial connections are all secured across campus prior to 4th Reading of UBC's rezoning.

Request:

UBC therefore requests that:

- *Kelowna might grant UBC DCC credits for all construction costs in excess of those that could be attributable to UBC as if it were a DCC road,*

OR

- *Alternatively, the west half of the future east-west Glenmore connector road (that portion outside the Flyover Agreement) be reclassified as a DCC road.*

Response to UBCO on DCC Bylaw Update

1. Issue – eliminate the 2008 proposed institutional rate increase and limit the increases to every 2 years to accommodate their multi-year funding projections

Response – The DCC rates are based on recovering the costs of infrastructure requirements and are established based on the burden placed on the infrastructure. If institutional rates are not changed the cost burden will then shift to another development type, such as residential, or to the general taxpayer. Delaying the change will shift the cost burden to future development and is not consistent with existing and past practises.

2. Issue – request that the 'shifted' Hollywood North arterial road not be classified as a 'developer construct' road and UBC's financial obligation for construction on the shifted road be limited to the value of frontage improvements along one side only

Response – UBCO's responsibility will be for the dedication and construction of one north-south arterial through it's property. The shift in the road location was to accommodate a safer operation at the Highway 97 traffic light next to the Airport entrance (allowing a longer traffic back-up area). We would not expect that UBCO would be responsible for the construction of both roads and so the construction cost on the shifted road will be a DCC program cost and eligible for DCC credits if UBCO constructs the road. The road dedication would be required without a provision for DCC credit. The construction on the original North-South road would still be required.

3. Issue – for the east-west road through the south end of the campus, UBCO would like DCC credits for all construction costs in excess of a normal arterial road or amend the DCC Roadway Network plan to reclassify the road as a DCC road with funding from DCC revenues

Response – UBCO's construction costs on the east-west road will be limited to those of a normal arterial road. This road is a replacement for the current road that is running through the middle of the campus and it makes sense for all parties that the road is shifted further to the south. That does not change the responsibility of UBCO in the requirement to construct the road to the City's development standards. The reclassification of the road as a DCC road will not happen during this update but will be considered during the OCP update when all servicing requirements will be investigated throughout the City. Even if it becomes a DCC road we would expect the property owner to construct a 2 lane roadway according to current development standards.

2.1 Development Cost Charges

2.2 General Taxation

2.3 User Pays

2.4 Other

3. Other Comments

15% "assist factor" for transportation DCCs is too much.
New development should pay its own way.

Please complete the following information to make sure your opinion counts!

Name:

JOHN ZEGIER

Address:

1421 SLITHERLAND AVE.
KELOWNA

Telephone No.: 865-0786

Keith Grayston

From: johnhertay@highlinerealty.com
Sent: Wednesday, November 21, 2007 10:00 AM
To: Keith Grayston
Subject: DCC

Keith,

Further to yesterday's DCC presentation. Firstly, my compliments in reducing DCCs for Secondary Suites, every little bit helps. As I brought up at the meeting during the Q & A period there is a large disparity between proposed DCCs on Secondary Suites for houses constructed after March 2008 and the \$500 approximate application fee for a house constructed prior to March 2008 to add a suite. I understand the City's concern that if the fee is too high suites will go "underground". I suggest the solution is making the fee approximately 50% of the average Secondary Suite DCCs or something in the range of \$4,500. Newer well built basement suites in Kelowna are renting of \$800 to over \$1,000 per month. A \$4,500 fee would take about six months to recover from rents, at the low end of the rental scale.

John

John Hertay, RPA
Watermark Developments Ltd.
Tele (250) 763-8840
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E-mail johnhertay@highlinerealty.com
Web www.highlinerealty.com

Jim Wunderlich

From: Paul Macklem
Sent: Wednesday, November 28, 2007 9:22 AM
To: 'Randall Shier'
Cc: Rick Miller; Gail Temple; JoAnne Adamson; Ken Webster; Renee Wasylyk; Keith Grayston; Jim Wunderlich; Ron Dickinson; Shelley Gambacort; Signe Bagh
Subject: RE: DCC's for multi-family on a per SF basis

Randy: Your comments will be included in our records for Council and we will await the UDI response. We were asked to look at the potential to create a per square foot DCC that recognizes a lower capital cost burden associated with 'small' units. You can refer to the consultant's report on the City's website under 'Financing Strategy' and then select the 'DCC Issues Analysis' report. We had to select a unit size without the work involved in determining, through empirical evidence, an optimum size. As you know, when it comes to actual demand on services, DCC's are ultimately an averaging process. Until we go through an OCP process and are able to assess risk points, we believe it prudent to adopt a conservative approach at this time.

We are open to DCC methodology options that do not place additional risk or financial burden on existing taxpayers and are fair and equitable for all developers. While we recognize the limitations in the proposed square footage methodology, we believe it is a good 'interim' step that we can gain experience with over the next year or two and is one that our staff can manage without a lot of additional effort in an extremely busy development period.

Paul

-----Original Message-----

From: Randall Shier [mailto:rshier@themissiongroup.ca]
Sent: November 28, 2007 8:01 AM
To: Paul Macklem
Cc: Rick Miller; Gail Temple; JoAnne Adamson; Ken Webster; Renee Wasylyk
Subject: DCC's for multi-family on a per SF basis

Paul,

UDI is working on a response to the city's proposal and we want to make sure that we have all the facts before we comment on the report. I was unable to attend the two recent open houses that you held on the new DCC's - "20 year servicing plan and financing strategy". However, JoAnne Adamson and Ryan Smith from our office did attend so I was able to get updated from them.

I have mixed feelings about your report and have a few follow up questions, which I hope you are able to answer.

First, the mixed feelings. You have recommended that DCC's be charged on a per SF basis only for units under 600 SF. This is positive, however the unit size of 600 SF is inadequate. This very modest change does not address DCC's charged for a 601 SF, 1 Bedroom versus a 1,300 SF, 3 bedroom unit.

Now the questions. Can you tell us how you chose the cutoff for per SF DCC's at 600 SF? Your report stated that you had hired a consultant to review the SF DCC approach. May we get a copy of the consultants report? Thanks for your help in this matter.

Randy Shier
The Mission Group
T. 250.448.8810
C. 250.317.7780
www.themissiongroup.ca

Jim Wunderlich

From: Paul Macklem
Sent: Tuesday, November 20, 2007 3:22 PM
To: Jim Wunderlich; Keith Grayston
Subject: FW: DCC Rates Increase

First 20YSP update feedback.

Paul

-----Original Message-----

From: Cliff [mailto:cliff@accessresources.ca]
Sent: November 20, 2007 3:16 PM
To: Paul Macklem
Cc: Theresa Eichler; Sharon Shepherd
Subject: Re: DCC Rates Increase

Hi Paul,

Unfortunately I am booked both evenings with prior commitments. I'll do my best to arrive if at all possible because I support your focused effort in this initiative. I am hoping that the DCC's are able to be used more strictly and effectively in situations where increased / over density per construction project is a planned factor. I'm not so focused on zoning issues but more concerned about those developers who "over build" without being fully responsible to upgrade the many necessities that are immediately related such as roads, sidewalks, sewer, electric, water etc. etc. My position is that OCP's are developed for reasons and it is the ongoing burst outside of the agreed upon OCP's that are becoming a problem, at least when seen from both an over density / limited infrastructure perspective. Over building in my opinion results not only in new growth but also over growth.

I hope the DCC tool is used in a way that those Developers who intend on profiting from their investments and projects by going really dense and big, are also fronted with the reality that there is a proportionate cost to attaining such profits. If the DCC tool can be used more effectively in those situations, then I believe citizens are best served and the tool is being most effective.

Putting too many residents in limited space needs to be controlled by a very controlled fashion. My thought is that when measurable, people (developers) will more carefully consider what is realistic versus what is not so realistic. If the builder's next door, downtown etc. want to go outside of the OCP and build something ten times the size, then the DCC should be formulated on that basis.

Thanks for getting back to me and thanks for accepting my view. Hope you are well.

regards, cliff

----- Original Message -----

From: Paul Macklem
To: Cliff
Cc: Theresa Eichler ; Sharon Shepherd
Sent: Tuesday, November 20, 2007 2:10 PM
Subject: RE: DCC Rates Increase

Cliff: DCC's are tools that local government can use to assist in financing of infrastructure for new growth. Their application is fairly strictly defined and regulated and are not meant to respond to issues around zoning. I would be happy to discuss further and invite you to attend one of the 2 open house sessions taking place this week. Today from 4-7 pm in Council Chambers and Thursday from 4-7 at the Ramada Lodge Hotel.

Paul Macklem

-----Original Message-----

From: Cliff [mailto:cliff@accessresources.ca]

Sent: November 20, 2007 9:04 AM

To: Paul Macklem

Cc: Theresa Eichler; Sharon Shepherd

Subject: DCC Rates Increase

Hi Paul,

In regard to the DCC rates - is there going to be a formula implemented based upon relevant criteria that will demand an equitable increases from each developer that is based upon their proposed construction project.

I think that there are very distinct differences amongst developers. Some are not asking for rezoning, they stay within their parameters and respect and abide by the current OCP limits by clearly building only that which is appropriate and acceptable.

However, others are spending considerable time trying to rezone their acquired property to allow for developments that should not be built in the first place as defined by existing zoning and OCP. Those are the developers that really need to be slowed down and required to pay the substantial increases that are based upon their plan to go over and above what is acceptable and permitted by City Planning.

As you may be aware, I am in the process of working with a developer / builder who is clearly respectful of staying within the limits in terms of zoning and OCP. We are legally entitled to build what we are proposing. On top of this we are offering some affordable housing units that will be built to highest standards as though you, Sharon, Theresa or I were living in those units. In these units will be residents on low and limited income who will have a nice place to live. The alternative for me would be to not include those units and maximize profits.

As is currently the case, Ed Fenwick next to us is proposing a structure that far exceeds the capacity of both his zoning and his OCP. Thereby, I believe Ed Fenwick and other developers are the ones who should be faced with an equivalent formula based upon the calculated over density of his projects. Much like a sliding scale formula that is parallel to the size and density of the desired plan. i.e.. here is what you are allowed to have but you will pay for everything over the exceeded limit.

Simply, I do hope City views this from a lens that is fair rather than a lens that just makes everyone pay an increase without recognition of the consequences. I'm not happy about the density that will be next to my property but I am also not the one approving his plans and if they are going to be approved, he'll need to pay the price. (my opinion) Otherwise he needs to be advised to stay within the posted limits as others are respectfully doing.

Sincerely,

Cliff Andrusko

**RATE COMPARISON - REVISED &
EXISTING**

Residential 1 - Single Family, Duplex - density to 15 units per hectare - rate per unit

Comparison to current rates

GROWTH AREA	Sector / Rate					
	Roads	Water	Sewer Trunks	Treatment	Parks	Total
City Centre (Updated)	I 9,001	A 1,757	A 1,562	A 3,044	4,910	20,275
Current	I 7,388	A 1,646	A 1,143	A 2,542	3,610	16,329
Clifton/Glen. Hghld (Updated)	I 9,001	D 3,054	A 1,562	A 3,044	4,910	21,571
Current	I 7,388	D 2,943	A 1,143	A 2,542	3,610	17,626
Glenmore Valley (Updated)	I 9,001	GEID	A 1,562	A 3,044	4,910	18,517
Current	I 7,388	GEID	A 1,143	A 2,542	3,610	14,683
Rutland (Updated)	I 9,001	RWW	A 1,562	A 3,044	4,910	18,517
Current	I 7,388	RWW	A 1,143	A 2,542	3,610	14,683
North East Rutland (Updated)	C 14,331	BMID	A 1,562	A 3,044	4,910	23,847
Current	C 10,900	BMID	A 1,143	A 2,542	3,610	18,195
Hwy 33 - North East (Updated)	D 16,589	BMID	A 1,562	A 3,044	4,910	26,105
Current	D 14,765	BMID	A 1,143	A 2,542	3,610	22,060
Hwy 33 - South West (Updated)	F 13,334	BMID	A 1,562	A 3,044	4,910	22,850
Current	F 12,222	BMID	A 1,143	A 2,542	3,610	19,517
University / Airport (Updated)	E 13,945	GEID	A 1,562	A 3,044	4,910	23,461
Current	E 12,391	GEID	A 1,143	A 2,542	3,610	19,686
McKinley (Updated)	E 13,945	GEID	N/A	N/A	4,910	18,855
Current	E 12,391	GEID	N/A	N/A	3,610	16,001
Hall Road (Updated)	I 9,001	SEKID	A 1,562	A 3,044	4,910	18,517
Current	I 7,388	SEKID	A 1,143	A 2,542	3,610	14,683
Southeast Kelowna (Updated)	A 24,847	SEKID	N/A	N/A	4,910	29,757
Current	A 17,941	SEKID	N/A	N/A	3,610	21,551
S.W. Mission (Updated)	B 23,765	B 1,289	B 1,979	A 3,044	4,910	34,986
Current	B 19,794	B 1,292	B 1,533	A 2,542	3,610	28,771

BMID Serviced by Black Mountain Irrigation District

SEKID Serviced by South East Kelowna Irrigation District

RWW Serviced by Rutland Water Works

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

Residential 2 - Small Lot Single Family, Row Housing - density >15-35 units per hectare - rate per unit

Comparison to current rates

GROWTH AREA	Sector / Rate					
	<u>Roads</u>	<u>Water</u>	<u>Sewer Trunks</u>	<u>Treatment</u>	<u>Parks</u>	<u>Total</u>
City Centre (Updated)	I 7,201	A 1,178	A 1,297	A 2,526	4,910	17,111
Current	I 5,911	A 1,103	A 949	A 2,110	3,610	13,683
Clifton/Glen. Hghld (Updated)	I 7,201	D 2,046	A 1,297	A 2,526	4,910	17,980
Current	I 5,911	D 1,972	A 949	A 2,110	3,610	14,552
Glenmore Valley (Updated)	I 7,201	GEID	A 1,297	A 2,526	4,910	15,934
Current	I 5,911	GEID	A 949	A 2,110	3,610	12,580
Rutland (Updated)	I 7,201	RWW	A 1,297	A 2,526	4,910	15,934
Current	I 5,911	RWW	A 949	A 2,110	3,610	12,580
North East Rutland (Updated)	C 11,465	BMID	A 1,297	A 2,526	4,910	20,198
Current	C 8,720	BMID	A 949	A 2,110	3,610	15,389
Hwy 33 - North East (Updated)	D 13,271	BMID	A 1,297	A 2,526	4,910	22,004
Current	D 11,812	BMID	A 949	A 2,110	3,610	18,481
Hwy 33 - South West (Updated)	F 10,667	BMID	A 1,297	A 2,526	4,910	19,400
Current	F 9,778	BMID	A 949	A 2,110	3,610	16,447
University / Airport (Updated)	E 11,156	GEID	A 1,297	A 2,526	4,910	19,889
Current	E 9,913	GEID	A 949	A 2,110	3,610	16,582
McKinley (Updated)	E 11,156	GEID	N/A	N/A	4,910	16,066
Current	E 9,913	GEID	N/A	N/A	3,610	13,523
Hall Road (Updated)	I 7,201	SEKID	A 193	A 2,526	4,910	14,830
Current	I 5,911	SEKID	A 949	A 2,110	3,610	12,580
Southeast Kelowna (Updated)	A 19,877	SEKID	N/A	N/A	4,910	24,787
Current	A 14,353	SEKID	N/A	N/A	3,610	17,963
S.W. Mission (Updated)	B 19,012	B 864	B 1,642	A 2,526	4,910	28,954
Current	B 15,585	B 866	B 1,273	A 2,110	3,610	23,444

BMID Serviced by Black Mountain Irrigation District

SEKID Serviced by South East Kelowna Irrigation District

RWW Serviced by Rutland Water Works

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

Residential 3 - Row Housing & Up to 4 Story Apartments - density >35-85 units per hectare - rate per unit

Comparison to current rates

GROWTH AREA	Sector / Rate					
	<u>Roads</u>	<u>Water</u>	<u>Sewer Trunks</u>	<u>Treatment</u>	<u>Parks</u>	<u>Total</u>
City Centre (Updated)	I 4,951	A 844	A 875	A 1,704	4,910	13,284
Current	I 4,064	A 790	A 640	A 1,423	3,610	10,527
Clifton/Glen. Hghld (Updated)	I 4,951	D 1,466	A 875	A 1,704	4,910	13,906
Current	I 4,064	D 1,413	A 640	A 1,423	3,610	11,150
Glenmore Valley (Updated)	I 4,951		A 875	A 1,704	4,910	12,440
Current	I 4,064	GEID	A 640	A 1,423	3,610	9,737
Rutland (Updated)	I 4,951		A 875	A 1,704	4,910	12,440
Current	I 4,064	RWW	A 640	A 1,423	3,610	9,737
North East Rutland (Updated)	C 7,882		A 875	A 1,704	4,910	15,371
Current	C 5,995	BMID	A 640	A 1,423	3,610	11,668
Hwy 33 - North East (Updated)	D 9,124		A 875	A 1,704	4,910	16,613
Current	D 8,121	BMID	A 640	A 1,423	3,610	13,794
Hwy 33 - South West (Updated)	F 7,334		A 875	A 1,704	4,910	14,823
Current	D 6,722	BMID	A 640	A 1,423	3,610	12,395
University / Airport (Updated)	E 7,670		A 875	A 1,704	4,910	15,159
Current	E 6,815	GEID	A 640	A 1,423	3,610	12,488
McKinley (Updated)	E 7,670		A N/A	N/A	4,910	12,580
Current	E 6,815	GEID	A N/A	N/A	3,610	10,425
Hall Road (Updated)	I 4,951		A 875	A 1,704	4,910	12,440
Current	I 4,064	SEKID	A 640	A 1,423	3,610	9,737
Southeast Kelowna (Updated)	A 13,666		A N/A	N/A	4,910	18,576
Current	A 9,867	SEKID	A N/A	N/A	3,610	13,477
S.W. Mission (Updated)	B 13,071	B 619	B 1,108	A 1,704	4,910	21,412
Current	B 10,887	B 620	B 859	A 1,423	3,610	17,399

BMID Serviced by Black Mountain Irrigation District

RWW Serviced by Rutland Water Works

SEKID Serviced by South East Kelowna Irrigation District

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

Residential 4 - Apartments Greater Than 4 Stories - greater than 85 units per hectare - rate per unit

Comparison to current rates

GROWTH AREA	Sector / Rate					
	<u>Roads</u>	<u>Water</u>	<u>Sewer Trunks</u>	<u>Treatment</u>	<u>Parks</u>	<u>Total</u>
City Centre (Updated)	I 4,681	A 598	A 844	A 1,644	4,910	12,675
Current	I 3,842	A 560	A 617	A 1,373	3,610	10,002
Clifton/Glen. Hghld (Updated)	I 4,681	D 1,038	A 844	A 1,644	4,910	13,116
Current	I 3,842	D 1,001	A 617	A 1,373	3,610	10,443
Glenmore Valley (Updated)	I 4,681	GEID	A 844	A 1,644	4,910	12,078
Current	I 3,842	GEID	A 617	A 1,373	3,610	9,442
Rutland (Updated)	I 4,681	RWW	A 844	A 1,644	4,910	12,078
Current	I 3,842	RWW	A 617	A 1,373	3,610	9,442
North East Rutland (Updated)	C 7,452	BMID	A 844	A 1,644	4,910	14,849
Current	C 5,668	BMID	A 617	A 1,373	3,610	11,268
Hwy 33 - North East (Updated)	D 8,626	BMID	A 844	A 1,644	4,910	16,023
Current	D 7,678	BMID	A 617	A 1,373	3,610	13,278
Hwy 33 - South West (Updated)	F 6,934	BMID	A 844	A 1,644	4,910	14,331
Current	F 6,356	BMID	A 617	A 1,373	3,610	11,956
University / Airport (Updated)	E 7,251	GEID	A 844	A 1,644	4,910	14,649
Current	E 6,443	GEID	A 617	A 1,373	3,610	12,043
McKinley (Updated)	E 7,251	GEID	N/A	N/A	4,910	12,161
Current	E 6,443	GEID	N/A	N/A	3,610	10,053
Hall Road (Updated)	I 4,681	SEKID	A 844	A 1,644	4,910	12,078
Current	I 3,842	SEKID	A 617	A 1,373	3,610	9,442
Southeast Kelowna (Updated)	A 12,920	SEKID	N/A	N/A	4,910	17,830
Current	A 9,329	SEKID	N/A	N/A	3,610	12,939
S.W. Mission (Updated)	B 12,358	B 438	B 1,069	A 1,644	4,910	20,418
Current	B 10,293	B 439	B 828	A 1,373	3,610	16,543

BMID Serviced by Black Mountain Irrigation District

SEKID Serviced by South East Kelowna Irrigation District

RWW Serviced by Rutland Water Works

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

Residential 5 - Apartments With Habitable Area of 600 Sq. Ft. or Less

Comparison to current rates

GROWTH AREA	Sector / Rate					
	<u>Roads</u>	<u>Water</u>	<u>Sewer Trunks</u>	<u>Treatment</u>	<u>Parks</u>	<u>Total</u>
City Centre (Updated)	I 3,600	A 492	A 687	A 1,339	4,910	11,029
Clifton/Glen. Hghld (Updated)	I 3,600	D 855	A 687	A 1,339	4,910	11,392
Glenmore Valley (Updated)	I 3,600	GEID	A 687	A 1,339	4,910	10,537
Rutland (Updated)	I 3,600	RWW	A 687	A 1,339	4,910	10,537
North East Rutland (Updated)	C 5,732	BMID	A 687	A 1,339	4,910	12,669
Hwy 33 - North East (Updated)	D 6,635	BMID	A 687	A 1,339	4,910	13,572
Hwy 33 - South West (Updated)	F 5,334	BMID	A 687	A 1,339	4,910	12,270
University / Airport (Updated)	E 5,578	GEID	A 687	A 1,339	4,910	12,515
McKinley (Updated)	E 5,578	GEID	N/A	N/A	4,910	10,488
Hall Road (Updated)	I 3,600	SEKID	A 687	A 1,339	4,910	10,537
Southeast Kelowna (Updated)	A 9,939	SEKID	N/A	N/A	4,910	14,849
S.W. Mission (Updated)	B 9,506	B 361	B 871	A 1,339	4,910	16,987

BMID Serviced by Black Mountain Irrigation District

SEKID Serviced by South East Kelowna Irrigation District

RWW Serviced by Rutland Water Works

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

4. Commercial - rate per 1,000 Sq.Ft.

Comparison to current rates

GROWTH AREA	Sector / Rate					
	Roads	Water	Sewer Trunks	Treatment	Parks	Total
City Centre (Updated)	I 2,770	A 676	A 601	A 1,171	N/A	5,217
Current	I 2,273	A 633	A 440	A 978	N/A	4,324
Clifton/Glen. Hghld (Updated)	I 2,770	D 1,175	A 601	A 1,171	N/A	5,716
Current	I 2,273	D 1,132	A 440	A 978	N/A	4,823
Glenmore Valley (Updated)	I 2,770	GEID	A 601	A 1,171	N/A	4,541
Current	I 2,273	GEID	A 440	A 978	N/A	3,691
Rutland (Updated)	I 2,770	RWW	A 601	A 1,171	N/A	4,541
Current	I 2,273	RWW	A 440	A 978	N/A	3,691
North East Rutland (Updated)	C 4,409	BMID	A 601	A 1,171	N/A	6,181
Current	C 3,354	BMID	A 440	A 978	N/A	4,772
Hwy 33 - North East (Updated)	D 5,104	BMID	A 601	A 1,171	N/A	6,876
Current	D 4,543	BMID	A 440	A 978	N/A	5,961
Hwy 33 - South West (Updated)	F 4,103	BMID	A 601	A 1,171	N/A	5,874
Current	F 3,761	BMID	A 440	A 978	N/A	5,179
University / Airport (Updated)	E 4,291	GEID	A 601	A 1,171	N/A	6,062
Current	E 3,813	GEID	A 440	A 978	N/A	5,231
McKinley (Updated)	E 4,291	GEID	N/A	N/A	N/A	4,291
Current	E 3,813	GEID	N/A	N/A	N/A	3,813
Hall Road (Updated)	I 2,770	SEKID	A 601	A 1,171	N/A	4,541
Current	I 2,273	SEKID	A 440	A 978	N/A	3,691
Southeast Kelowna (Updated)	A 7,645	SEKID	N/A	N/A	N/A	7,645
Current	A 5,520	SEKID	N/A	N/A	N/A	5,520
S.W. Mission (Updated)	B 7,312	B 496	B 761	A 1,171	N/A	9,740
Current	B 6,090	B 497	B 590	A 978	N/A	8,155

BMID Serviced by Black Mountain Irrigation District

RWW Serviced by Rutland Water Works

SEKID Serviced by South East Kelowna Irrigation District

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

NOTE: Institutional rate is the same as commercial except

Schools to grade 12 and College Residences are not charged Roads DCC.

5. Industrial - rate per acre - by growth area - by service type

Comparison to current rates

GROWTH AREA	Sector / Rate					
	<u>Roads</u>	<u>Water</u>	<u>Sewer Trunks</u>	<u>Treatment</u>	<u>Parks</u>	<u>Total</u>
City Centre (Updated)	I 9,001	A 4,921	A 4,375	A 8,522	N/A	26,819
Current	I 7,388	A 4,609	A 3,200	A 7,117	N/A	22,314
Clifton/Glen. Hghld (Updated)	I 9,001	D 8,551	A 4,375	A 8,522	N/A	30,449
Current	I 7,388	D 8,240	A 3,200	A 7,117	N/A	25,945
Glenmore Valley (Updated)	I 9,001	GEID	A 4,375	A 8,522	N/A	21,898
Current	I 7,388	GEID	A 3,200	A 7,117	N/A	17,705
Rutland (Updated)	I 9,001	RWW	A 4,375	A 8,522	N/A	21,898
Current	I 7,388	RWW	A 3,200	A 7,117	N/A	17,705
North East Rutland (Updated)	C 14,331	BMID	A 4,375	A 8,522	N/A	27,228
Current	C 10,900	BMID	A 3,200	A 7,117	N/A	21,217
Hwy 33 - North East (Updated)	D 16,589	BMID	A 4,375	A 8,522	N/A	29,486
Current	D 14,765	BMID	A 3,200	A 7,117	N/A	25,082
Hwy 33 - South West (Updated)	F 13,334	BMID	A 4,375	A 8,522	N/A	26,231
Current	F 12,222	BMID	A 3,200	A 7,117	N/A	22,539
University / Airport (Updated)	E 13,945	GEID	A 4,375	A 8,522	N/A	26,842
Current	E 12,391	GEID	A 3,200	A 7,117	N/A	22,708
McKinley (Updated)	E 13,945	GEID	N/A	N/A	N/A	13,945
Current	E 12,391	GEID	N/A	N/A	N/A	12,391
Hall Road (Updated)	I 9,001	SEKID	A 4,375	A 8,522	N/A	21,898
Current	I 7,388	SEKID	A 3,200	A 7,117	N/A	17,705
Southeast Kelowna (Updated)	A 24,847	SEKID	N/A	N/A	N/A	24,847
Current	A 17,941	SEKID	N/A	N/A	N/A	17,941
S.W. Mission (Updated)	B 23,765	B 3,609	B 5,541	A 8,522	N/A	41,437
Current	B 19,794	B 3,618	B 4,293	A 7,117	N/A	34,822

BMID Serviced by Black Mountain Irrigation District

RWW Serviced by Rutland Water Works

SEKID Serviced by South East Kelowna Irrigation District

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

6. Updated Development Cost Charge Rates

ARTERIAL ROADS

Development Cost Charges Applicable to Development Within the Municipality

Development Type	Sector A SE Kelowna	Sector B South Mission	Sector C NE of Inner City	Sector D N of Hwy 33	Sector F S of Hwy 33	Sector E N of Inner City	Sector I Inner City
Residential 1	24,847	23,765	14,331	16,589	13,334	13,945	9,001
Residential 2	19,877	19,012	11,465	13,271	10,667	11,156	7,201
Residential 3	13,666	13,071	7,882	9,124	7,334	7,670	4,951
Residential 4	12,920	12,358	7,452	8,626	6,934	7,251	4,681
Residential 5	9,939	9,506	5,732	6,635	5,334	5,578	3,600
Commercial - Per 1,000 sq ft	7,645	7,312	4,409	5,104	4,103	4,291	2,770
Institutional A - Per 1,000 sq ft	7,645	7,312	4,409	5,104	4,103	4,291	2,770
Institutional B - Per 1,000 sq ft	0	0	0	0	0	0	0
Industrial/Campground Per Acre	24,847	23,765	14,331	16,589	13,334	13,945	9,001
Current Residential 1 Rate	17,941	19,794	10,900	14,765	12,222	12,391	7,388

WATER

Development Cost Charges Applicable to Development Within the Municipality

Development Type	Sector A Inner City	Sector B South Mission	Sector D Glenmore/ Clifton
Residential 1	1,757	1,289	3,054
Residential 2	1,178	864	2,046
Residential 3	844	619	1,466
Residential 4	598	438	1,038
Residential 5	492	361	855
Commercial - Per 1,000 sq ft	676	496	1,175
Institutional A - Per 1,000 sq ft	676	496	1,175
Institutional B - Per 1,000 sq ft	676	496	1,175
Industrial/Campground Per Acre	4,921	3,609	8,551
Current Residential 1 Rate	1,646	1,292	2,943

7. Updated Development Cost Charge Rates

WASTEWATER TRUNK MAINS

Development Cost Charges Applicable to Development Within the Municipality

Development Type	Sector A Inner City	Sector B South Mission
Residential 1	1,562	1,979
Residential 2	1,297	1,642
Residential 3	875	1,108
Residential 4	844	1,069
Residential 5	687	871
Commercial - Per 1,000 sq ft	601	761
Institutional A - Per 1,000 sq ft	601	761
Institutional B - Per 1,000 sq ft	601	761
Industrial/Campground Per Acre	4,375	5,541

Current Residential 1 Rate	1,143	1,533
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WASTEWATER TREATMENT

Development Cost Charges Applicable to Development Within the Municipality

Development Type	Sector A All City
Residential 1	3,044
Residential 2	2,526
Residential 3	1,704
Residential 4	1,644
Residential 5	1,339
Commercial - Per 1,000 sq ft	1,171
Institutional A - Per 1,000 sq ft	1,171
Institutional B - Per 1,000 sq ft	1,171
Industrial/Campground Per Acre	8,522

Current Residential 1 Rate	2,542
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8. Updated Development Cost Charge Rates**PARKLAND - PUBLIC OPEN SPACE**

Development Cost Charges Applicable to Development Within the Municipality

Development Type	Sector A All City
Residential 1	4,910
Residential 2	4,910
Residential 3	4,910
Residential 4	4,910
Residential 5	4,910
Commercial - Per 1,000 sq ft	-
Institutional A - Per 1,000 sq ft	-
Institutional B - Per 1,000 sq ft	-
Industrial/Campground Per Acre	-

Current Residential 1 Rate	3,610
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