

	Policy Title: Development Cost Charge (DCC) Frontender Policy	Policy No: CO-022
	Authority: Council	Classification: Development
	Date Adopted: May 15, 2023	Motion No: 2023-142
Historical Changes:		

Purpose:

To provide guidelines that will provide for the management and implementation of DCC credits in a fair and consistent manner as they apply to developers that construct significant works that service not only their own property, but other development areas within a Benefitting Area.

Scope:

This policy applies to all developers who construct significant works that will service not only their own property, but other development areas within a Benefitting Area.

Definitions:

Defined word	Definition
Background Report	Means the project list most recently submitted to and approved by the Province.
Benefitting Area	means the District of Sooke DCC service area for the category of works being constructed.
Owner	means the registered owner(s) of the property. The Owner may also be the Developer.
Developer	means the person or corporation representing the owner of the property. The Developer may also be the Owner.
Development Cost Charge (DCC) Bylaw	Means the District of Sooke Development Cost Charge Bylaw as amended or replaced from time to time.
DCC Credits	means an amount provided in the form of a deduction or reimbursement to an Owner/Developer in compensation for the construction of works identified in the DCC program that can be used to fulfill the payment of any respective DCCs owed by an Owner/Developer.
DCC Frontender Agreement	means an agreement between the District of Sooke and a Developer regarding the collection and remittance of DCCs within a Benefitting Area.
DCC Project	means a project referenced in the current District of Sooke Development Cost Charge Bylaw and Background Report.
DCC Project Cost (Actual)	means actual cost to construct the DCC works including engineering and project administration as certified by the Professional Engineer of Record and confirmed by the Director of Operations or designate.
DCC Project List	means the official list of DCC eligible projects contained in the Background Report alongside the currently enacted DCC Bylaw, as amended from time to time.
DCC Project Value (Project List)	means the value estimated for the DCC Project including engineering, project administration and contingency as shown in the DCC Project List.

Director of Operations	means the person appointed from time to time by the District of Sooke to perform in that role, or any other person authorized to act on their behalf.
Professional Engineer of Record	means a member in good standing of Engineers and Geoscientists British Columbia, who has provided a Letter of Engagement to the District of Sooke confirming that they are the Owner/Developer's engaged engineer for the civil works on the DCC Project.

Principles:

1. The District of Sooke acknowledges that an Owner/Developer may be required to install significant works identified on the DCC Project List to service not only their property but other development parcels within a Benefiting Area. As such, the District is prepared to consider entering into a DCC Frontender Agreement with the Owner, under certain conditions identified in this policy.
2. This policy is intended to be considered in conjunction with the District of Sooke's Development Cost Charge (DCC) Bylaw and DCC Credit Policy, as amended or replaced from time to time.
3. All DCC Project Costs (Actual) are to be prepared and submitted by the Developer's Professional Engineer of Record, to be reviewed and confirmed by the Director of Operations.
4. The District will consider entering into a DCC Frontender Agreement with an Owner/Developer where the value of unused DCC Credits for a project that is equal to or exceeds \$500,000. See **Column C** in the example provided below.

Table 1.0 –Project DCC Frontender Considerations

DCC Project (example)	Column A Lesser of DCC Project Cost (Actual) or Project Value (Project List)	Column B DCC Payable under Bylaw (for that category)	Column C Unused DCC Credits (=Col A – Col B)	Column D Remaining DCCs to be paid after DCC Credit applied (=Col B – Col A) (if <\$0 = \$0)	Column E Potential DCC Frontender Amount (if Col C > \$500K)	Column F Remaining DCC Credits Carried Forward (if Col C < \$500K)
Project A	\$800,000	\$250,000	\$550,000	\$0	\$550,000	\$0
Project B	\$600,000	\$350,000	\$250,000	\$0	None	\$250,000

5. If an Owner/Developer that is party to an active Frontender Agreement constructs a new phase of an ongoing development project, or other new project under the same legal entity, they are eligible to receive full DCC credits which can be applied to the remaining balance of any active Frontender Agreement they are party to.
6. The Benefiting Area used for projects in a Frontender Agreement, shall be based on the DCC service area imposed under the District's DCC Bylaw for the applicable category of DCC works – for clarity this mean the District's municipal boundary for transportation, drainage and parks DCC projects; and the District's Sewer Service Area (SSA) for sewer DCC projects.
7. The District will only enter into a Frontender Agreement with an Owner / Developer for road and frontage improvements where excess and extended services are to be provided in addition to the required offsite improvements in the Subdivision and Development Servicing Bylaw. For clarity, the Frontender Agreement can include both the required offsite frontage improvements as well as extended services as long as both are in DCC project list, and the value calculated for DCC credits is

greater than \$500,000 or where otherwise determined by the Director of Operations.

8. DCC projects subject to a DCC Frontender Agreement are not eligible for the inclusion of interest costs.
9. All DCC Frontender Agreements will be subject to a non-negotiable \$5,000 administration fee, regardless of the number of categories of works that are involved.
10. The District will not provide both a DCC Frontender Agreement and a Latecomer Agreement for the same DCC Project.
11. The term of the DCC Frontender Agreement is FIFTEEN (15) years, from the date identified of the agreement.
12. Future DCCs collected by the District that are applicable to the DCC Frontender Agreement shall be remitted to the Owner on the 1st day of June and November, each year unless otherwise specified in the agreement.
13. Given that the District will require a portion of future DCCs to fund other DCC projects within its overall DCC program, the District will remit a maximum of 40% of future DCCs payable by other developers back to the fronting owner/developer.

Table 2.0 – DCC Frontender Remittance Example

\$500,000 Frontended costs by developer (net of DCC credits) for Transportation Project.

Current Transportation DCCs are \$8,694 for Single Family and \$2,662 for Multi-Family (high density).

Future Development Project	Column A Total Transportation DCCs collected	Column B Potential Amount To Be Remitted to Developer (40%)	Column C Unused DCC Frontender Agreement Balance	Column D Actual Amount Remitted to Developer	Column E Amount Remitted to DCC Reserves = (A) – (D)
40 Unit SF Subdivision	40 x \$8,694 = \$347,760	\$139,104	\$500,000	\$139,104	\$208,656
200 Unit Apartment	200 x \$2,662 = \$532,400	\$212,960	\$360,896	\$212,960	\$319,440
200 Unit Apartment	200 x \$2,662 = \$532,400	\$212,960	\$147,936	\$147,936	\$384,464
TOTALS	\$1,412,560			\$500,000	\$912,560

14. If another DCC Frontender agreement is established within the Benefiting Area during the timeframe of the first Frontender agreement, then the amount of remittance to each owner/developer is divided accordingly. For example, 2 Frontender agreements = 40% / 2 = 20% of future applicable DCCs to each frontending developer, 3 Frontender agreements = 40% / 3 = 13.33% of future applicable DCCs to each fronting developer. At no point shall the District be remitting less than 60% of future DCCs to its DCC Reserve accounts through the Frontender agreement process.
15. Where an Owner/Developer with an active DCC Frontender agreement completes a new development that is required to pay DCCs, the District will allow that Owner/Developer to transfer a portion of any amount owed to them under a pre-existing Frontender agreement to pay any new DCCs owed to the District, as long as the Owner is exactly the same legal entity.
16. The District will establish a tracking system to ensure the transparent accounting and administration of the DCC Frontender Agreement.

References

Policy Number:	CO-022
Policy Owner:	Engineering
Endorsed by:	Leadership
Final Approval:	Council
Date Approved:	May 15, 2023
Review Date:	May 15, 2028
Revision Date:	
Related Policies:	Development Cost Charge Bylaw Background Report Project List Development Cost Charge Credit Policy for Developer Constructed Infrastructure Excess or Extended Services Latecomer Policy
Related Publications:	

Contact Information:

Position: Director of Operations