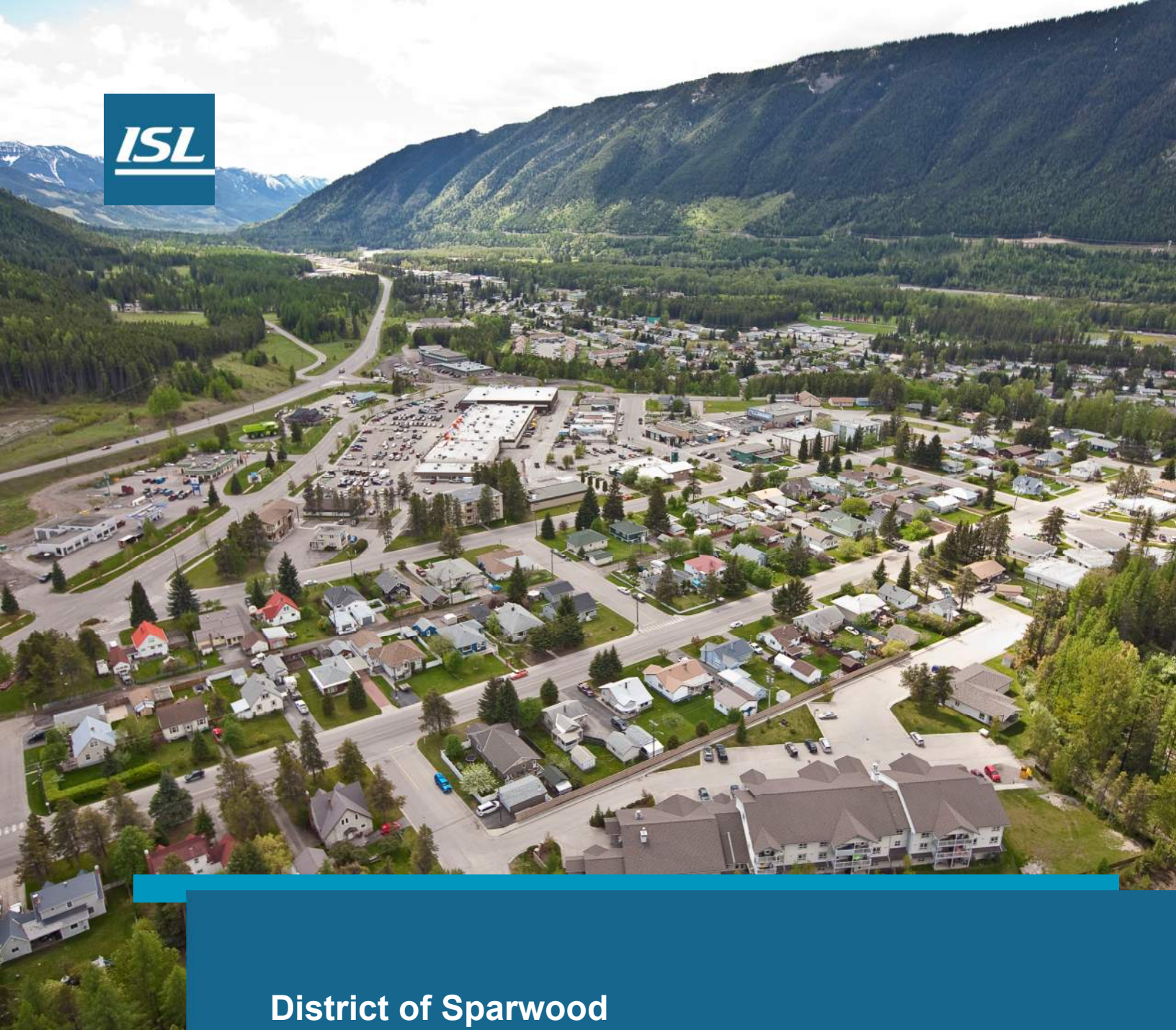




District of Sparwood DCC Background Report DRAFT REPORT

May 2026





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1.0 Reference Documents

The following document summaries were reviewed to create this utility documentation review, with DCC and assessed for the projects (projects outlined within their respective section).

- District of Sparwood Sanitary Infrastructure Plan – Prepared by KWL in 2018
- District of Sparwood Water Infrastructure Plan – Prepared by KWL in 2018
- District of Sparwood Stormwater Infrastructure Plan – Prepared by KWL in 2018
- District of Sparwood Transportation Master Plan – Prepared by AECOM in 2010
- Sparwood Official Community Plan (OCP) Bylaw 1165, 2015

2.0 Introduction

Development Cost Charges (DCCs) are financial tools used by municipalities to ensure that new developments contribute fairly to the cost of expanding and upgrading community infrastructure. These charges are levied on developers and are specifically earmarked to fund growth-related infrastructure that benefits the broader community.

The District of Sparwood (DoS) has experienced consistent residential and Industrial growth in the last few years; therefore, the DoS has a need for the municipality to proactively address issues associated with the provision of infrastructure for the community. The DoS is using DCCs as a part of a broader strategy for financing municipal services.

DCCs must be used exclusively for the infrastructure projects for which they were collected. They cannot be redirected to other purposes. As such, it is essential for local governments to carefully consider both policy and technical factors before establishing DCCs. These considerations may include:

- Service levels required by legislation or desired by the community.
- Impacts on housing affordability.
- Fairness and equity between current taxpayers and future development.
- The assist factor, which reflects the municipal contribution to infrastructure costs.
- The type and volume of anticipated development; and
- The utility services needed to support projected growth.

This approach ensures that DCCs are implemented responsibly, transparently, and in alignment with long-term community planning objectives.

2.1.1 Guiding Principles and Assumptions

The Ministry of Housing and Municipal Affairs Infrastructure and Finance Branch has published a *Development Cost Charge (DCC) Best Practices Guide*¹, which outlines a standardized approach for creating and implementing a DCC program. This report has been prepared in alignment with the Best Practices Guide, reflecting the Ministry's guidance on effective and transparent DCC program development. DCCs will be applied based on the type and scale of development:

- Single-family residential properties will be charged DCCs based on dwelling unit, reflecting the relative consistent infrastructure demands of single-family lots.
- Duplexes and multifamily residential developments will be charged based on the number of dwelling units, aligning with the density and expected service requirements.

¹ [British Columbia - Development Cost Charges \(DCC\) Best Practices Guide](#)

- Commercial developments will be assessed DCCs at the building permit stage, calculated using the gross floor area (in ft²) as defined in the permit.
- Industrial developments will be assessed DCCs at the building permit stage, calculated using the gross parcel area (by acre) as defined in the permit.

This approach ensures that DCCs are applied equitably and proportionately, based on the anticipated impact of each development type on municipal infrastructure.

2.1.2 When to Collect DCCs

Under the Local Government Act (LGA)², DCCs are payable either at the time of subdivision approval or upon issuance of a building permit. In practice, municipalities typically collect DCCs as follows:

- **Single-family Residential:** at subdivision approval or building permit issuance.
- **Multi-family, Commercial, and Institutional:** upon building permit issuance.
- **Industrial:** at either subdivision approval or building permit issuance.

Importantly, collecting DCCs at the subdivision stage does not preclude additional charges at the building permit stage. If the scope or nature of the development changes after subdivision approval, supplemental DCCs may be applied to reflect the updated impact on infrastructure.

2.2 Executive Summary

DCCs are a key financial tool available to municipalities under the Local Government Act (LGA). They enable local governments to recover a portion of the capital costs associated with infrastructure required to support new development.

DCCs provide a dedicated funding stream for major infrastructure projects, including:

- Construction, expansion, or improvement of roads, water and sewer systems, drainage, parks, and transportation infrastructure (excluding off-street parking);
- Acquisition and enhancement of parkland.

To implement DCCs, a municipality must adopt a DCC bylaw that clearly outlines the charge structure. This bylaw ensures transparency and consistency in how development contributes to the cost of growth-related infrastructure. For council members, DCCs represent a strategic mechanism to manage growth responsibly, reduce the financial burden on existing taxpayers, and ensure that infrastructure keeps pace with development.

Table 1 Below summarizes the DCC rates developed for the District of Sparwood.

² [British Columbia - Local Government Act](#)



Table 1: District of Sparwood, DCC Rate Summary

Community	Single Family Residential (per dwelling unit)	Mobile Home (Per dwelling unit)	Multi Family Med-Density Residential (per dwelling unit)	High-Density Residential Apartments (per dwelling unit)	C.B.D. Commercial (per ft ²)	Highway Commercial (per ft ²)	Light Industrial (per acre)	Heavy Industrial (per acre)
Transportation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water	\$2,474	\$1,350	\$1,889	\$1,394	\$2.79	\$1.67	\$26,006	\$13,003
Storm/ Drainage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sewage	\$10,485	\$5,719	\$8,007	\$5,910	\$11.80	\$7.09	\$110,211	\$55,106
Parks	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Protective Services	\$2,577	\$1,405	\$1,968	\$1,452	\$2.90	\$1.74	\$27,084	\$13,542
Total	\$15,536	\$8,474	\$11,864	\$8,757	\$17.49	\$10.50	\$163,301	\$81,651

2.3 Existing Development Infrastructure Funding

The management of infrastructure implementation for developments within the district currently follows several approaches. Specifically, development-required infrastructure is addressed through a "developer pays" model, where the developer is responsible for installing necessary infrastructure such as roads, water and sewer services, and stormwater systems. These installations must adhere to existing district bylaws, such as the subdivision and development servicing bylaw.

In instances where additional infrastructure is needed to support the broader community, developers are required to meet these requirements as part of the development approval process on an individual basis. This approach can lead to confusion or perceived unfairness, as the review process and timing can vary for different developments. Moreover, it places a significant burden on staff to manage infrastructure growth related to development.

The adoption of a DCC bylaw would provide a more consistent and transparent framework for funding growth-related infrastructure. By establishing standardized charges, the District can ensure that costs are distributed equitably among developments while reducing reliance on case-by-case negotiations. A DCC bylaw would also streamline administration by clearly defining eligible projects and funding mechanisms, thereby reducing the burden on staff to assess and negotiate infrastructure requirements for each individual development.

2.4 Public Participation Process

2.4.1 Staff Session with DoS – September 17, 2025

The DoS and ISL met and had a general discussion around projects recommended for inclusion into DCC plan based on documents as reviewed, with the addition of the Proposed Fire Hall #2 improvement, and Wastewater Treatment Plant.

2.4.2 Staff Session with DoS – January 28, 2026

The DoS and ISL met and had a secondary general discussion around projects recommended for inclusion into DCC, along with discussions developments in the community and infrastructure plans associated with them, and further insight on the Wastewater Treatment Plant application funding and the overall cost.

2.4.3 Council Session

UPDATE FOLLOWING COUNCIL INPUT

■ 2.4.4 Public Engagement Plan (PEP) - Spring 2026

Public engagement planned for the spring of 2026 will follow an International Association for Public Participation (IAP2) Inform/Consult approach. Engagement will include a public open house to present the proposed framework, provide opportunities for discussion, and answer questions. In addition, written submissions will be invited for Council consideration to allow stakeholders and community members to provide formal feedback on the proposed bylaws.

UPDATE FOLLOWING PUBLIC ENGAGEMENT

■ 2.5 Allocation of DCC Capital Costs

ISL has identified a number of capital projects within the DoS Capital Projects that will need to be completed in the future to accommodate the growth within the District. In deciding which projects were appropriate for financing with DCCs; therefore, a set of evaluation criteria has been applied to each project:

- the projects should be growth related
- the projects should have a broad, and/or community wide benefits

■ 2.5.1 Grant Assistance

The capital costs included in this report do not anticipate the receipt of any grant funding beyond existing grants already received and allocated to specific projects.

■ 2.5.2 Municipal Assist Factor

A municipal assist factor of 1% across all asset types, has been recommended during the staff session with the District and ISL. This is standard across many municipalities and is the minimum. This should be discussed throughout the public engagement process and updated to meet the needs of the District.

UPDATE FOLLOWING PUBLIC ENGAGEMENT

3.0 Growth Projections & Proposed DCC Rates

The following section outlines the projected growth in Sparwood in terms of residential (population), commercial, and industrial

3.1 Growth Projections

THE GROWTH PROJECTION FOR THE DISTRICT OF SPARWOOD

Population and Growth Projections

To estimate future growth for the City of Sparwood over the next 10 years, population trends from the 2016 and 2021 Census were analyzed. During this period, Sparwood experienced an average annual population growth rate of **1.92%**. This rate was applied to the period between 2022 and 2035 to project the community's future population.

The population projections were distributed across dwelling types—**single-family, multi-family attached, apartments, and mobile homes**—based on the proportional composition observed between 2016 and 2021. Growth was applied linearly within each housing category. For simplicity, the **average household size** by dwelling type was held constant, consistent with current conditions. These assumptions can be refined in the future as more detailed local data becomes available.

Based on these projections, Sparwood's population is expected to reach **approximately 5,312 residents by 2035**. This corresponds to an estimated **1,286 single-family homes, 338 multi-family attached units, 281 apartments, and 416 mobile homes**, for a total of **403 new dwelling units** over the next decade.

It is noteworthy that these projections align closely with Sparwood's **Housing Needs Assessment**, which identified a need for **239 additional units over five years** and **748 over twenty years**. Using linear extrapolation, this equates to approximately **374 units over ten years**, demonstrating strong consistency between the DCC growth assumptions and the City's housing needs analysis.

This anticipated growth directly informs the rates applied within the model and highlights the need for strategic capital investments. Where capital improvements address existing system deficiencies or provide a general benefit to the overall water utility, costs have been shared between current users and future developers. This approach reflects a fair and balanced funding strategy, ensuring that upgrades not only meet current demands but also accommodate future growth in a fiscally responsible manner.

COMMERCIAL AND INDUSTRIAL PROJECTIONS

The projection for commercial space is based on the expected population growth (~900 people) and anticipated expansion of local services, particularly retail, healthcare, food services, and small business needs. The OCP supports mixed-use and downtown revitalization. Using a standard planning estimate of 1–2 m² of commercial space per additional resident, it is expected that Sparwood will require a minimum of 5000 m² of new commercial space over the 10 years. Similarly, office use is also expected to increase. We have set a nominal 10,000 ft.² of new office over the 10 year-period.

INDUSTRIAL GROWTH

Industrial Land need projection draws on data from the 2012 Industrial Land Demand Study and anticipated employment growth. Key drivers include expansion plans by EVR and North Coal, potentially adding hundreds of permanent workers. By proactively planning land use and infrastructure, the District of

Sparwood can accommodate these demands without adding to the burden of taxation to the existing residents while enhancing community livability and economic resilience.

Although likely highly variable the amount of light industrial development forecasted over the next 10 years is 20 acres and 10 acres for heavy industry.

These growth components identified in the residential, commercial, and industrial sectors is further identified on a project-by-project basis throughout the following section.

3.2 Proposed DCC Rates

New infrastructure necessary to support community development will be required. In addition, the Development Cost Charge (DCC) Best Practices Guide recommends a community-wide DCC approach, which offers several advantages over sector-specific models:

- **Greater Funding Flexibility:** A uniform charge allows the District of Sparwood to allocate DCC revenues more efficiently. If development in one area progresses faster or slower than expected, funds can still be used to deliver essential infrastructures - such as water, sewer, and drainage—where growth-related demand arises.
- **Administrative Simplicity:** A community-wide DCC is easier for staff to manage, eliminating the need for complex, sector-specific calculations.
- **Improved Transparency and Predictability:** Developers benefit from a clear and consistent DCC structure, which enhances certainty during project planning.
- **Market Neutrality:** Sector-specific DCCs can unintentionally influence development patterns or distort land values. A uniform charge ensures a level playing field across the community.

Based on these benefits, this background report proposes a uniform DCC structure across all sectors that benefit from DoS infrastructure.

3.2.1 Water System Development Cost Charges

In alignment with the Development Cost Charge Best Practices Guide, the costs associated with water infrastructure projects will be shared across all new developments within the community, ensuring equitable contribution from growth areas.

Table 2 outlines the DCC Water Program, in which the six water projects that have been decided upon by the criteria outlined in section 2.4. The percentage growth component contribution is reflective of project contribution to the community. Refer to **Appendix A** for a graphical representation of the projects listed below.

Table 3: DCC Approved Water System Projects ³

Project ID	Description	Location	DCC Justification	Estimated cost (2018 – Master Plan) (\$)	% Growth Component	DCC Component (\$)
W-10	1300m of 300 mm-dia. New water main	Along Highway 3 from Sparwood Proper reservoir to Pine Avenue	Recommended to improve local fire flow for industrial uses and provide looping for the Sparwood Drive Extension development area (Future Service Area A). Incremental capacity required to serve future growth is attributed to development.	\$890,500.00	25%	\$222,625.00
W-11	100 m of 250 mm-dia. New water main	Sparwood Drive at Highway 3		\$58,500.00	25%	\$14,625.00
W-12	90 m of 250 mm-dia new water main	Highway 3 crossing between Douglas Fir Road and Sparwood Drive		\$52,650.00	25%	\$13,162.50
W-13	2.2ML new storage reservoir with TWL of 1207 m geodetic	Upslope from the Sparwood Proper reservoir (location is conceptual)	Increase in storage as part of reservoir and connecting utilities construction to support growth. The growth component reflects the incremental increase in system capacity necessary to serve anticipated future development. In addition, provides support in looping, and fire flow availability and to address existing storage capacity.	\$2,640,000.00	30%	\$792,000.00
W-14	300 m of 300 mm-dia. New water main	From the new reservoir to the existing 300 mm-dia. water main on Highway 43 (length is approximate)		\$205,500.00	30%	\$61,650.00
W-15	1,500 m of 300 mm-dia. new water main + directional drilling allowance	From the new reservoir to the Michel Creek industrial area (pipe route is conceptual; length is approximate)		\$1,267,500.00	30%	\$380,250.00

In summary, The total recommended for the water DCC rate is **\$1,484,312.50** which includes the projects listed in **Table 2** and \$100,000 for future planning studies. This total serves as the basis for determining the water DCC rate.

³ All values are provided in 2018 dollars based on the existing master planning reports.

3.2.2 Storm/ Drainage Program Development Cost Charges

While stormwater and drainage programs are important for supporting community growth, the recommended projects in the 2018 Master Drainage Plan do not identify any infrastructure specifically required to accommodate future growth. Therefore, it is recommended that no stormwater-related Development Cost Charges (DCCs) be included at this time, as doing so would create an unnecessary administrative burden. Instead, the District may consider incorporating stormwater components during a future update to the Drainage Master Plan, which could identify growth-related and community-benefiting storm infrastructure projects. At that point, an amendment to the DCC bylaw could be made to include those projects. Excluding storm and drainage components from the current DCC framework provides staff with the flexibility to negotiate directly with developers if downstream or community-impacting storm improvements are required for their projects, and it is recommended that this approach be taken for now.

3.2.3 Sewage System Development Cost Charges

Table 3 outlines the DCC Sewer Program, in which the four sewer projects that have been decided upon by the criteria outlined in section 2.4. The percentage growth component contribution is reflective of project contribution to the community. Refer to **Appendix A** for a graphical representation of the projects listed below.

Table 4: DCC Approved Sewage System Projects⁴

Project ID	Description	Location	DCC Justification	Estimated cost (2018 – Master Plan) (\$)	% Growth Component	DCC Component (\$)
S-01	710 m of 375 mm-dia. Sewer main	Along Maple St. / Pine Ave. from White Birch Crescent to Mountain Ash Crescent	Existing main is at/close to capacity/ Growth component related to minor capacity increase requirement for upstream growth. Planned upstream residential and mixed-use development within the contributing sewer shed will increase sanitary loading beyond the existing main's capacity.	\$899,000.00	10%	\$89,900.00
S-02	Pump upgrades – Duplex 4 hp pumps to convey 12.5 L/s @ 12 m TDH	Buckthorn Pump Station	Increase in pumping capacity is required to support growth along with existing deficiencies. The growth component of the project corresponds to the incremental pumping capacity required to convey additional design flows generated by upstream development areas.	\$280,000.00	50%	\$140,000.00
OCP – S4	Extend sanitary servicing towards the south to the Sparwood Substation; the existing pump station on Sparwood Dr. would need to be	Sparwood Dr. Extension	To extend sanitary servicing towards the south to the Sparwood Substation, the existing pump station on Sparwood Dr. would need to be relocated to south near the Sparwood Substation. New gravity sewers were proposed on Douglas Fir Rd. and the	\$2,409,000.00	100%	\$2,409,000.00

⁴ All values are provided in 2018 dollars based on the existing master planning reports with the exception of the Sewage Treatment Facility.

Project ID	Description	Location	DCC Justification	Estimated cost (2018 – Master Plan) (\$)	% Growth Component	DCC Component (\$)
	relocated to the south near the Sparwood Substation.		extended Sparwood Dr., which flows into the relocated pump station. These upgrades are required to support Future Service Area A.			
Treatment Plant	Upgrades to the system such as the UV treatment equipment Replacement, Outfall upgrades, Headworks Expansion	Sparwood Treatment Facility	The upgrades to the aging Waste Treatment Facility are essential to accommodate projected population growth and increased demand for municipal services. The projected estimated cost is the Net Cost minus the Amount in Grants that has already been received by the District for this project. Growth Component based on increase in available flow compared to existing capacity.	*Net Cost to District: \$15,901,374	25%	\$3,975,343.50

**Estimated cost of the Sewage Treatment Plant upgrades are based on 2025 Received bid including contingency to match estimated costs provided as part of grant applications submitted for the project. Calculated DCC component considers the following:*

*Total Cost of Treatment Facility Upgrades: **\$24,332,674 (includes contingency)***

*Grants Received: **\$8,431,300***

*Total Net Cost to District: **\$15,901,374***

ISL understands that the District has applied for an additional \$7,000,000 Grant in the summer of 2025 and is currently waiting to hear if it is successful. Should this be successful the total net cost to the District should be revised and subsequently the DCC component of the Sewage treatment plant upgrades. Additionally, the total cost of the treatment facility is understood to be not confirmed at this time, it is recommended to have this confirmed with more certainty and use the more accurate value as a basis for the treatment facility upgrades calculation.

The total DCC Rate includes **\$6,714,243.00** which covers **Table 4** projects and \$100,000 allotted for future utility planning studies. These amounts may be updated depending on grant funding or project cost changes.

3.2.4 Transportation

The 2010 Transportation Master Plan included only minor projects that could be considered justifiable for inclusion in the DCC program and the overall cost likely to be an administrative burden for the District to include. Additionally, The existing Master Development Agreement Amendment 5 for Whiskey Jack and Westwood developments require full funding for improvements to Highway 43 and Sparwood Heights Drive by the developer.

It is important to note that the Transportation Master Plan was created in 2010 using data from 2008, which is now outdated. To ensure that any transportation-related infrastructure improvements included in the current DCC program are based on relevant and defensible data, it is recommended that a new or updated Transportation Master Plan be completed. Consistent with the approach taken for stormwater projects, it is further recommended that road improvement DCCs be excluded from this update at this

time. Following the completion of an updated Transportation Master Plan, the District could incorporate road projects into a future DCC update.

3.2.5 Protective Services

The District of Sparwood is currently in the design phase for improvements to Fire Hall #2. These improvements will be included under the Protective Services DCC component as outlined below. At this time, it is unknown whether any expansion of the RCMP facility is anticipated. Therefore, it is recommended that RCMP facilities be excluded from the current DCC program. If, in the future, the District identifies plans to upgrade the RCMP facility and determines that a portion of those improvements is attributable to growth, that project could be incorporated into a subsequent DCC update.

Table 4: Firehall #2 Estimated Cost & DCC Cost⁵

Project	Total Estimated Cost (\$)	DCC Justification	Growth Component	DCC Costs (\$)
Fire Hall #2	\$5,000,000	While the proposed building is larger than the existing facility, only one-third of the increase was attributed to growth to reflect realistic DCC assumptions and modern fire hall requirements that preclude like-for-like replacement.	33%	\$1,650,000

3.2.6 Parks Development Cost Charges

There are no current parks development projects that require DCC contributions. Similar to transportation and storm DCC's it is recommended to exclude Parks from DCC's at this time.

⁵ Value is provided in 2024 dollars based on the existing architectural estimate



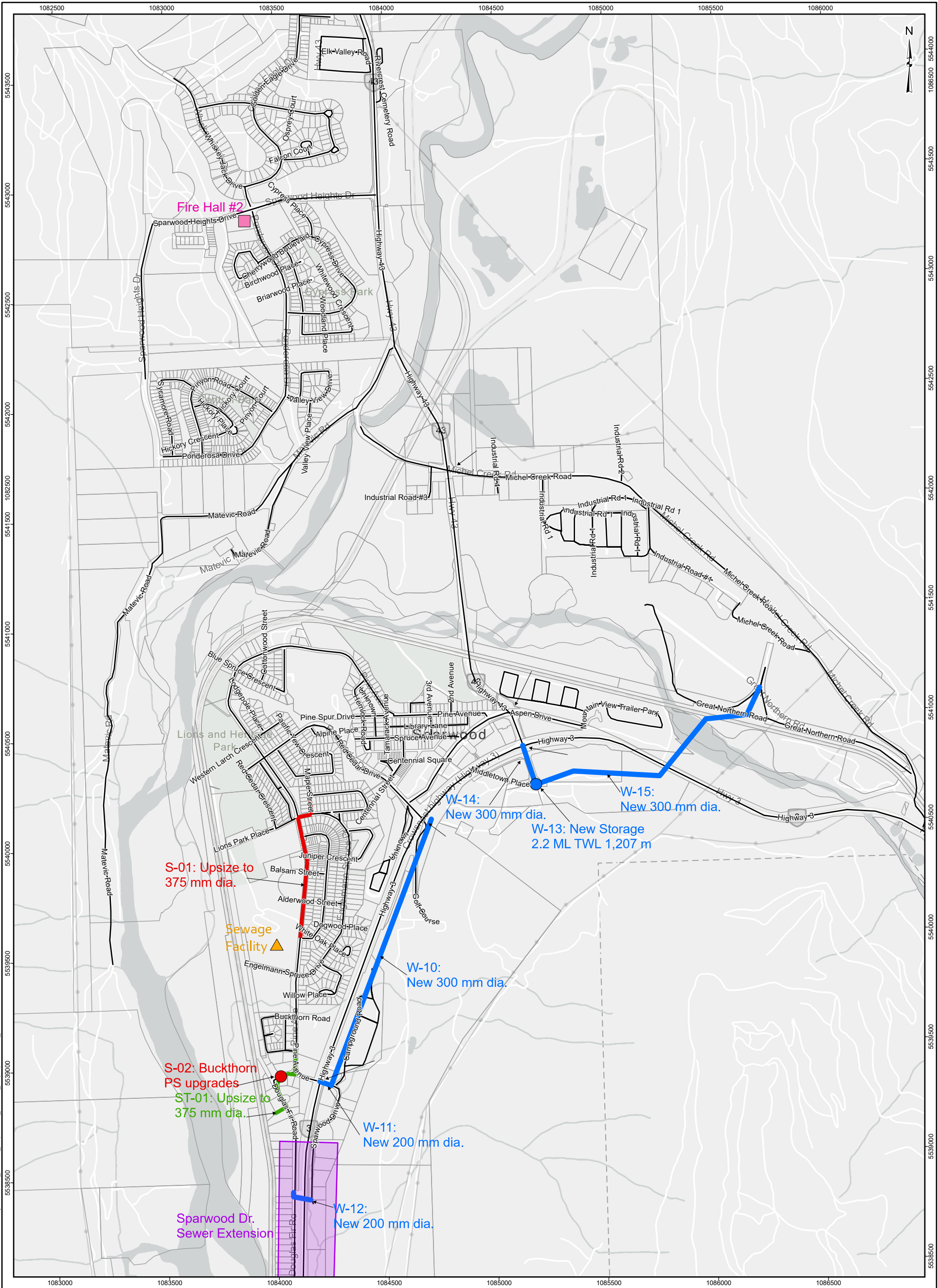
■ 4.0 DCC Rates Summary & Implementation

The following table outlines the proposed DCC rates for the District of Sparwood based on the projects and allocations described above.

Table 5: DoS DCC Summary

Community	Single Family Residential (per dwelling unit)	Mobile Home (Per dwelling unit)	Multi Family Med-Density Residential (per dwelling unit)	High-Density Residential Apartments (per dwelling unit)	C.B.D. Commercial (per ft ²)	Highway Commercial (per ft ²)	Light Industrial (per acre)	Heavy Industrial (per acre)
Transportation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water	\$2,474	\$1,350	\$1,889	\$1,394	\$2.79	\$1.67	\$26,006	\$13,003
Storm/ Drainage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sewage	\$10,485	\$5,719	\$8,007	\$5,910	\$11.80	\$7.09	\$110,211	\$55,106
Parks	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Protective Services	\$2,577	\$1,405	\$1,968	\$1,452	\$2.90	\$1.74	\$27,084	\$13,542
TOTAL	\$15,536	\$8,474	\$11,864	\$8,757	\$17.49	\$10.50	\$163,301	\$81,651

Document: C:\Users\hnmorris\OneDrive - ISL Engineering and Land Services\Documents\ArcGIS\Projects\34330 - AccDoc - map.aprx - SPA - ShortTerm



LEGEND

Sanitary

Sanitary (Pump Upgrades)

Water

Water (Storage)

Storm

Roads

Fire Hall #2

SPA Sewage Facility

OCP Sewer- Sparwood Dr. Extension

TITLE

SPARWOOD DCC PROJECTS
SHORT-TERM PROJECTS

PROJECTION

NAD 1983 CSRS UTM Zone 11N

DATA SOURCES

- Topographic Map:

- Shapefile sources: <https://www.arcgis.com/home/item.html?id=c4748d65313c4c3791759c31f68bf302>

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FIGURE	1
DATE	9/17/2025
PROJECT NO.	34330
AUTHOR	hnmorris

PROJECT
SPARWOOD ACC & DCC
CLIENT
DISTRICT OF SPARWOOD