



**City of Richmond**

**Report to Committee**

**To:** General Purposes Committee

**Date:** March 3, 2006

**From:** Graham Willis  
Manager, Special Projects

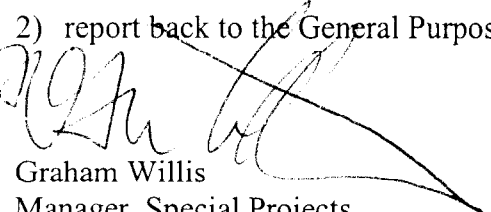
**File:**

**Re:** **Proposed DCC Program and Rates bylaw**

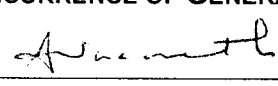

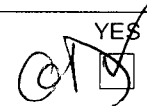
**Staff Recommendation**

That staff be directed to:

- 1) obtain public input regarding the draft 2006 Development Cost Charge (DCC) Program and Bylaw as per the report from the Manager, Special Projects dated March 3, 2006, and
- 2) report back to the General Purposes Committee in early May, 2006



Graham Willis  
Manager, Special Projects  
(4175)

FOR ORIGINATING DIVISION USE ONLY			
<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>CONCURRENCE OF GENERAL MANAGER</b>	
Budgets	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Engineering .....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Law .....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Parks Design, Construction & Programs..	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Development Applications.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Transportation.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Business Development.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
<b>REVIEWED BY TAG</b>	YES <input checked="" type="checkbox"/> 	NO <input type="checkbox"/>	<b>REVIEWED BY CAO</b>
			YES <input checked="" type="checkbox"/> 
			NO <input type="checkbox"/>

## Staff Report

### Origin

#### *Introduction*

Section 933 of the *Local Government Act* authorizes municipalities to levy development cost charges (DCCs) to recover the costs of:

- **infrastructure servicing**, i.e. roads, drainage, water, and sanitary sewer systems, and
- **parkland acquisition and development**

related directly or indirectly to the developments to be assessed. DCCs must only be used for new growth in the City, as opposed to maintaining existing services. The City of Richmond has levied DCCs since 1979, when they were introduced by provincial government legislation.

Development cost charge bylaws must be reviewed periodically. DCCs must be consistent with the long-term **development plan** expressed in the current *Official Community Plan*, which was last updated in 1999. In addition, the *Development Cost Charges Best Practices Guide*, issued by the Province as a comprehensive guide for preparing development cost charge bylaws, recommends that bylaws be reviewed at least once every five years. The last major review of the DCC programs and rates was completed in 2002. The DCC bylaw has been updated twice for inflation since that review, and the current DCC rates bylaw (8024) was adopted earlier in 2006.

Staff have recently completed a comprehensive review of the development cost charge bylaw, with the assistance of **Urban Systems Limited** (see attached report), and have recommended a new set of DCC rates which reflect the development plan expressed in the *Official Community Plan*, and the infrastructure and parkland necessary to adequately service the expected new development. The DCC Program outlines all services necessary to support new growth.

#### *Bylaw Adoption Process*

The following describes the process for adopting a new DCC Bylaw:

1. Council authorizes a DCC Bylaw review
2. Staff complete the review
3. A draft DCC Program and Bylaw are prepared for review by **General Purposes Committee**
4. General Purposes Committee authorizes public review
5. Staff review public input
6. Staff revise draft as appropriate
7. The final draft DCC Program and Bylaw are reviewed by **Council**
8. Council gives 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> readings to the Bylaw
9. Bylaw review and approval by provincial **Inspector of Municipalities**
10. Council adopts (gives 4<sup>th</sup> reading) to DCC Program and Bylaw
11. Implementation

A draft DCC Program and Bylaw have been prepared, ready for the review of General Purposes Committee in accordance with step (3) above.

**Analysis**

The two main inputs necessary to formulate development cost charge rates are:

- (1) the **development plan** as expressed in the *Official Community Plan*, and
- (2) the **infrastructure servicing** and **parkland acquisition and development** programs required to adequately service the new development expected

The development plan used to formulate development cost charges in Richmond has a fifteen-year horizon and is generally equivalent to be a maximum **build-out** program. Accordingly, the proposed development cost charges are based on projected development and servicing for the 2006 to 2021 time period.

***Development Plan***

The development plan used for the proposed DCC bylaw projects development summarized as follows:

<b>Land Use</b>	<b>Amount</b>
Residential	30,992 units
Commercial	1,127,373 m <sup>2</sup>
Light Industry	3,345,726 m <sup>2</sup>
Major Industry	428.8 ha

The plan anticipates:

- 1) almost 76,000 new people for Richmond, in predominantly multi-family housing mainly in the City Centre
- 2) a growth of approximately almost 4.5m square metres of commercial and light industry floor space, primarily in the City Centre and north Richmond.
- 3) considerable new major (or heavy) industry development concentrated in the Fraser Port lands, and on Mitchell/Twigg Island.

The development plan is quite similar to that used in determining the DCC rates in 2002.

***Infrastructure Servicing***

Development cost charges may be levied by local governments to recover the costs of providing roads, drainage, water, and sanitary sewer infrastructure systems, and of acquiring and developing parkland, related directly or indirectly to the developments to be assessed. The total infrastructure servicing necessary to provide adequately for the expected new development is summarized as follows:

<b>Infrastructure</b>	<b>Amount*</b>
Roads	\$369,331,413
Drainage	\$169,179,897
Water	\$35,014,379
Sanitary Sewer	\$98,483,528
<b>Total</b>	<b>\$672,009,217</b>

\*amount shown is net of share of DCC programs to be funded by City

The infrastructure program is concentrated mainly in the City Centre and the northern areas of west Richmond. The Roads Program, for example, can be summarized geographically in terms of project value as follows:

- City Centre - 39%
- West Richmond - 44%
- East Richmond - 17%

The details of the infrastructure programs are included in the attached appendix titled “2006 Richmond draft DCC calculations.”

The infrastructure program total is dramatically increased over the program (approximately \$319.5 million) included with the last DCC Rates bylaw in 2002 (see also attached Urban Systems report). There are two main reasons for this increase:

- The increase in the proposed Roads Program is primarily due to significant cost escalations in both construction and land, and the addition of No. 3 Road and North Loop Road corridor street enhancements to support transit oriented developments (TOD) in the City Centre core area that would replace the current voluntary contributions towards TOD.
- The utility infrastructure programs (water, sanitary, and drainage) have also been subject to significant construction and land cost escalation. More importantly, however, in developing the new DCC utility programs, engineering staff have been able to use computer modeling to simulate projected growth in order to estimate the most efficient and cost effective upgrades to the utility systems, in accordance with current levels of service. In the past, the DCC program was estimated based on past practices and empirical information. The computer modeling methodology is the most detailed scientific method that staff have used to develop the utility portion of the DCC program, and has allowed staff to produce more accurate, supportable programs to satisfy the City’s needs.

***Parkland Acquisition and Development***

The requirement for new parkland is driven primarily by population growth. The DCC Parkland Acquisition Program is based on parkland guidelines of 7.66 acres of parkland for every 1,000 resident per planning area city-wide. While these guidelines provide quantitative targets to aim for, qualitative aspects such as the quality, special or unique features, and programmed and non

programmed use of the parks must be considered when acquiring land for parks purposes. The total projected requirement for new parkland in 2021 (the final year of the proposed DCC Program) is **485.364** acres. The new program identifies a total of **474.359** acres for acquisition, slightly less than the projected requirement, at a total cost of **\$168,618,056** (net of share of DCC program to be funded by the City).

DCCs for parkland development are permitted to provide fencing, landscaping, drainage and irrigation, trails, restrooms, changing rooms, playground and playing field equipment on parkland. The cost of parkland development varies from about \$10,000/acre for natural areas to \$400,000/acre for community parks, to about \$1,000,000/acre for City Centre urban parks and urban waterfront/greenways. The total cost for parkland development in the new program is **\$154,058,929** (net of share of DCC program to be funded by the City).

A summary of the parkland acquisition and development programs by neighbourhood plan is included in the attached appendix titled "2006 Richmond draft DCC calculations." The parkland development costs have increased dramatically since the 2002 review. A significant part of that increase is, as with the infrastructure programs, because of construction cost escalation. In addition, however, a large part of the program (about \$66 million) is planned for the City Centre, where park development is much more intense, and costly.

Unlike most other municipalities, Richmond has levied DCCs for parkland on commercial and industrial categories of development since development cost charges were introduced. The rationale is that, even though the requirement for new parkland is primarily population-driven and therefore should accrue to residential development, the employees of new commercial and industrial developments do create a new burden on City parkland. That burden is considerably less than that created by new residents, however, and that difference has been reflected in the development charge rates levied on commercial and industrial development.

### ***Benefit Factors and Assist Factor***

DCCs may be levied to recover the costs of infrastructure and parkland related directly or indirectly to the developments to be assessed. All of the infrastructure projects and parkland acquisitions and development in the new DCC Program are necessary to service the expected new development. Nevertheless, it is apparent that some benefit from the new work may accrue to existing development, and that different works may benefit existing development differently. In developing DCC rate bylaws, municipalities are expected to recognize the benefit of the DCC programs to existing residents and businesses, and fund that portion from City sources.

The majority of projects in the new DCC program benefit only new growth. However, for drainage, a considerable portion of the program will address existing problems. The portion of that program remedying existing problems has been deducted from the DCC program, and must be funded by City sources.

Section 933(2) of the *Local Government Act* specifies that DCCs are to be used "to assist the local government" to pay for the costs of the infrastructure and parkland programs. Therefore

the local government must contribute a portion of the program costs; this is known as the **assist factor**.

The assist factor has traditionally been seen as a measure of the degree to which a municipality wishes to encourage development. However, most local governments have opted for a minimal assist factor (the minimum is 1 percent) in favour of making new development pay its way, inasmuch as whatever is not levied in DCCs must be funded from City sources. As in previous DCC bylaws, the assist factor presupposed in the new rates for all types of servicing is **1 percent**.

***Development Cost Charge Rates***

Richmond has historically levied different DCC rates in the following areas:

- Lulu Island
- Sea Island
- Mitchell/Twigg Islands

There is little justifiable reason for continuing with separate DCCs for Sea Island and Mitchell/Twigg Islands, since the infrastructure servicing and parkland adjacent to these areas, and throughout the City, benefit development in these areas as well. Accordingly, the new DCC rates proposed are intended for application in all areas of the City.

The new DCC rates proposed are summarized as follows (see also page 3 of attached Urban Systems report):

Development Category	Rate basis	Existing DCC	Proposed DCC	% increase
Single family	Per lot	\$14,845.41	<b>\$23,432.02</b>	58%
Townhouse	Per unit	\$13,294.71	<b>\$17,753.51</b>	34%
Apartment	Per unit	\$7,091.30	<b>\$12,962.88</b>	83%
Commercial	Per ft <sup>2</sup> of floor area	\$3.24	<b>\$9.74</b>	201%
Light Industry	Per ft <sup>2</sup> of floor area	\$3.24	<b>\$7.94</b>	145%
Major Industry	Per acre gross site area	\$68,844.19	<b>\$86,650.94</b>	26%

The total of the combined infrastructure servicing and parkland programs has increased approximately 68 percent. Given that the development plan used for the new program is very similar to that used in the review in 2002, one would expect an increase in the new proposed DCC rates similar to that of the program increase, for all development categories. The increases range from 26 percent to 201 percent, however.

In determining the new DCC rates, Urban Systems used a different method of allocating the burden of various programs to the development categories from that which had been used before

in Richmond. Previously, the programs were allocated simply on the basis of the portion of the total developable acreage for each development category, i.e. if 50 percent of the developable acreage was expected to be major industry, then 50 percent of each program was allocated to that category. Urban Systems used an allocation methodology designed to more accurately assess the burden that each development category creates for each type of program; this methodology is commonly used by many municipalities in British Columbia, and is recommended for use in the provincial *Development Cost Charges Best Practices Guide*.

The new allocation methodology has especially affected the rates for commercial and light industry. In reviewing the method for allocating program burden, it is apparent that, in past DCC reviews, staff have been seriously underestimating the burden attributable to commercial and light industry development. Conversely, the burden attributable to major industry has been overestimated.

The attached appendix entitled “Richmond DCC Review – Comparison of Development Costs” provides a comparison of DCCs in the region, as well as a comparison of the aggregate of municipal charges on development. Richmond’s current residential DCCs and aggregate development charges are significantly lower than two other large municipalities, and about on par with most of the others. Delta last updated the DCCs in 2001 and is therefore due for a review. Given that all municipalities in the region are subject to the same cost pressures, significant rate increases may reasonably be expected for those jurisdictions planning a review.

Another way of attaching some perspective to DCC rates is in relation to housing prices. According to the Real Estate Board of Greater Vancouver, the benchmark price of a detached single-family dwelling in Richmond in February 2006 was \$584,449, and of a apartment \$245,065. Three years prior, about when the current DCCs were introduced, the figure for a single-family dwelling was \$394,900, and for an apartment \$143,565.

Dwelling type	Feb 2003 price	Feb 2003 DCC	pct	Feb 2006 price	Feb 2006 prop. DCC	pct
Detached	\$394,900	\$14,233	<b>3.6</b>	\$584,449	\$23,432	<b>4.0</b>
Apartment	\$143,565	\$6,799	<b>4.7</b>	\$245,065	\$12,963	<b>5.3</b>

As the table above shows, the percentage of DCCs to housing prices in Richmond will increase only marginally with the adoption of the new DCC rates.

### ***Application of Development Cost Charges***

Residential DCCs have historically been levied on a per unit basis, based on density tables. Application of the residential DCCs has always been somewhat tedious and complicated. Most other municipalities have adopted a simpler methodology for applying residential DCCs: single family developments are assessed per lot at the subdivision stage; multi-family are assessed on the basis of square feet built at the building permit stage. The attached Bylaw 8049 provides for levying DCCs using the simpler, more common methodology.

Commercial/Light Industry DCCs have previously been assessed as one development category on the basis of square feet built. The burden allocation methodology discussed above provides

for different allocations for commercial development and light industry development, significant enough that commercial and light industry should be separate categories for the purpose of levying DCCs; draft Bylaw No. 8049 provides for separate commercial and light industry development categories.

In the current DCC Bylaw, commercial/light industry development is assessed using a rate gradient that declines with the number of storeys planned for the building. Upon reviewing the data for the expected burden that commercial/light industry development places on municipal infrastructure, there is no justifiable reason for continuing with this practices. The current procedure is not used in any other municipality. Accordingly, Bylaw 8049 provides for a single rate to be levied on all commercial and light industry development, regardless of number of storeys.

### *Implementation*

The proposed new DCC rates represent a significant increase over the current rates. In reviewing development cost charges it is incumbent on municipalities to recognize that current and near-term development industry plans are generally based on known costs. When introducing charges with substantial increases, therefore, municipalities have often taken the approach of allowing a 'grace period' to allow the industry to adapt to the new costs. The City of Surrey, for example, recently adopted a new DCC Rates bylaw with significant increases and allowed a period of grace as follows:

- all complete building permit and subdivision applications in place prior to the bylaw adoption are given a one year grace period from the date of adoption.
- incomplete building permit and subdivision applications and applications received after adoption are NOT given the grace period.

Council may also consider other measures for allowing the development industry to adjust to the new rates, such as delaying the effective date of the bylaw to some future date. However, based on current DCC revenue projections, any delay in implementation is estimated to cost approximately \$800,000 per month in lost DCC revenues, with a consequent delay in undertaking necessary works and acquisitions.

### **Financial Impact**

New development cost charge rates are required to provide the funds necessary for anticipated growth, in accordance with the current *Official Community Plan*, and at the levels of service and standards for infrastructure servicing and parkland adopted by Council

### **Conclusions**

Section 933 of the *Local Government Act* authorizes municipalities to levy development cost charges to recover the costs of:

- providing roads, drainage, water, and sanitary sewer infrastructure systems, and



- acquiring and developing parkland,

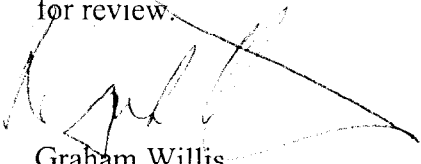
related directly or indirectly to the developments to be assessed.

Staff have recently completed a thorough review of the Development Cost Charge Bylaw and have recommended a new DCC Bylaw in consideration of:

- the development plan expressed in the *Official Community Plan*, and
- the infrastructure and parkland necessary to adequately service the expected new development.

Staff believe that the development cost charge rates shown in the attached bylaw are required to produce the necessary revenue to fund the infrastructure and parkland expected during the 2006 to 2021 period, at the levels of service and standards adopted by Council

The draft Development Charge Program and Bylaw should now be made available to the public for review.



Graham Willis  
Manager, Special Projects  
(4175)

NGW:ngw

Municipality	Building Type	UNIT COSTS										COSTS PER DEVELOPMENT									
		Year	Size	Annual Area	Major Area	Average	Partial Acquisition	DCC Total	Units	Unit DCC	Units	Total Municipal DCC	Total Unit DCC	Subdivision Application	Building Annual Fee	Re-zoning Application	Service, Equipment Fee	TOTAL COSTS PER DEVELOPMENT	APPROX. COST PER UNIT (per sq. approx. 5,000 sq. ft.)		
Baltimore	Single-Family Residential	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
	Multi-Family Residential	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Commercial (Retail)	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Commercial (Office)	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Industrial (Warehouse)	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Industrial (Manufacturing)	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Public Works	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Health Care	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Education	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Government	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
Baltimore	Single-Family Residential	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
	Multi-Family Residential	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Commercial (Retail)	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Commercial (Office)	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Industrial (Warehouse)	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Industrial (Manufacturing)	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Public Works	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Health Care	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Education	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
	Government	1	2,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		



**MEMORANDUM**

date: March 22, 2006  
 to: Graham Willis, City of Richmond  
 cc:  
 from: Fraser Smith  
 file #: 1123.0020.01  
 subject: **2006 DRAFT DCC Rates and Issues**

The following memorandum summarizes the background information and results of the City of Richmond DCC review to date. Details of the DCC capital program and rate calculations are attached as a separate document. The proposed DCC rates are noted and the major assumptions used in the DCC calculations are included. We have also raised a number of issues that need to be considered prior to finalizing the proposed rates and drafting a new DCC bylaw. The DCC Background report will be produced prior to the proposed DCC rates going to City Council.

**Growth Projections**

The proposed DCC rates are based on growth projections to 2021 based on the OCP and other planning documents. Residential growth projections were based on information provided by the Urban Development Department based on their 2005 residential population model. The City is still completing their industrial/ commercial growth projection model. The industrial/ commercial growth estimates used in the DCC calculations are based on using 90% of the growth projections used in the old DCC bylaw #7369. For the DCC calculations the estimated residential occupancy rate (population per unit) is based on information from Statistics Canada. The following is a summary of the growth projections used in the DCC calculations.

**DCC Growth Projections**

Land Use	Growth Projection	Persons per Unit
Single Family	2,412 lots	3.4
Duplex	53 lots	6
Townhouse	9,279 units	2.9
Apartment	19,248 units	2.1
Commercial/ Light Industrial	4,473,098 m <sup>2</sup>	
Major Industrial	428.80 hectares	

**DCC Capital Program**

The DCC capital program is based on information provided by the City. The transportation program cost estimates have been updated to reflect 2005 construction costs. The water, sanitary sewer and drainage cost estimates were provided by the City based on a number of utility models that have recently been completed. The modeling and capital cost estimating is an on-going process for the utilities. Not all areas of the City have been modelled and therefore some cost estimates have been based on typical cost that may be anticipated. It is worth noting that the old utility DCC program was not based on the level of investigation that is currently being completed for water, sanitary and drainage. These DCC program costs are significantly higher than previous DCC programs but now reflect the likely cost of servicing growth in the future. The parks acquisition and development DCC program has also been updated to reflect the high cost of land and the difficulty of acquiring land in the City centre. The park development program has been increased significantly to reflect the high cost of improving park with in the legislative



**MEMORANDUM**

Graham Willis  
 1123.0020.01  
 March 22, 2006  
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requirements. The following table summarizes the DCC capital program. The table includes a summary of the City DCC costs including the municipal assist factor and a share of some capital programs. The table does not show the total City capital program to be funded from general revenue or utility funds. DCC reserves are included in the DCC calculation not in the following table.

### DCC Capital Program Costs

Infrastructure	Proposed DCC Program Costs	Bylaw #7369 DCC Costs	% Increase in DCC Program	City DCC Cost Responsibility
<b>Transportation</b>	\$369,331,413	\$263,582,250	40%	\$4,458,000
<b>Water</b>	\$35,014,379	\$10,175,500	244%	\$353,681
<b>Sanitary</b>	\$98,483,528	\$16,572,750	494%	\$994,783
<b>Drainage</b>	\$169,179,897	\$29,209,650	479%	\$66,381,724
<b>Park Land Acquisition</b>	\$168,618,056	\$199,054,660	-15%	\$1,703,213
<b>Park Development</b>	\$154,058,929	\$73,763,620	109%	\$1,556,151
Total	\$994,686,202	\$592,358,430	68%	\$75,439,552

### Benefit Factors and Municipal Assist Factor

The benefit factor for each project has been determined based on the principle that only works or the growth portion of a project that benefit growth will be included in the DCC program. The complete DCC program is attached for information. The majority of projects only benefit growth but in some case such as drainage a significant portion of some projects identified benefit the existing community. The cost sharing has been reflected in the DCC calculation. The municipal assist factor has been retained at 1%. A 1% assist factor is common throughout the province. Surrey is one exception with a proposed assist factor to be 5%. This is one aspect that Council may change as they determine the reasonableness of the DCC rates.

### City Wide DCC versus Three DCC Rates

The proposed DCC rates have been calculated based on all works being included in a City wide DCC. Upon review of the engineering infrastructure and location of the proposed parks and use patterns it is recommended that the City combine all the DCCs into one City wide area. At this time there are no individual DCC works planned for only the Sea Island and Michell Island but many of the larger DCC projects such as major roads and sewer and water works will indirectly benefit these communities. The specific park needs for Sea Island are very modest but residents of Sea Island will make use of the community, City Centre urban parks and urban waterfronts and greenways.

### Proposed DCC Rates

The proposed DCC rates have been calculated to meet the requirements of the provincial legislation and the provincial Best Practises Guide. The rates reflect the engineering infrastructure and park needs for growth to 2021. The following table summarizes the proposed and current DCC rates. Details of the proposed DCC rates are attached separately. A comparison of DCCs levied in other lower mainland communities is attached. The comparison also includes broader development costs such as the GVRD DCC and School Acquisition charge.

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### DCC Rate Summary

Land Use		Total Proposed DCC	Total Existing DCC <sup>(1)</sup>	% Increase in DCC Rate
<b>Single Family</b>	per lot	\$23,432.02	\$14,845.41	58%
<b>Townhouse</b>	per unit	\$17,753.51	\$13,294.71	34%
<b>Apartment</b>	per unit	\$12,962.88	\$7,091.30	83%
<b>Commercial</b>	per ft <sup>2</sup> of floor area	\$9.74	\$3.24	201%
<b>Light Industrial</b>	per ft <sup>2</sup> of floor area	\$7.94	\$3.24	145%
<b>Major Industrial</b>	per acre gross site area	\$86,650.95	\$68,844.19	26%

## Notes:

(1) Based on existing Bylaw #8024.

## Issues

The following are a series of issues that require further discussion. Each item has a specific impact on the DCC review and rate structure.

### Capital Costs

The capital costs for the various DCC programs have increased significantly in the past years. Specifically, construction costs have increased in the order of 3% to 10% in each of the last five years. These costs reflect both a high demand for labour and higher material costs for pipe, concrete and petroleum based products for example. In addition the land costs included in the roads, drainage and park programs have risen greatly in Richmond over the past five years as well. These cost increases result in a much more costly DCC program.

### Park development costs

The proposed park development costs reflect current construction costs. The program has been defined in more detail than in past DCC programs. The new costs reflect the high costs of park development in the City Centre and athletic parks. The park development DCC will likely be considered very high by the province during their review of the bylaw. They typically like to see the park development DCC to be in the range of 10% to 20% of the park acquisition DCC. This is not the case in the proposed DCC. This will require special attention in the DCC background report to the province and may still be questioned by the province.

### City DCC Cost Responsibility

The DCC legislation requires that the City contribute a minimum of 1% of the DCC capital program. In addition some DCC projects also have a City share due to the nature of the project and how the works service both existing and future residents and business in the City. As noted earlier the City's responsibility from the proposed DCC program calculations is \$75,439,552. This commitment must be met as the DCC program is delivered. The monies to support this commitment must not be DCC revenues. The City's share would typically come from general revenues and utility funds. Note that the \$75 million does not represent the complete engineering and park program (e.g. replacement works, 5%

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dedication etc.). We believe that the complete capital programs for engineering and parks should be part of the discussion with City Council prior to the proposed DCC rates being adopted. This will give City Council a clearer picture of the impacts of the DCC in the context of the complete capital program.

**Schedule**

The following outlines a possible schedule to complete the DCC review.

- TAG Presentation February 28, March 13, 2006
- General Purpose Committee Report April 3
- UDI Presentation April
- DCC Open House April
- Proposed DCC Bylaw to Council (3 readings) Early May
- DCC Bylaw Referral to Province May
- DCC Bylaw Fourth Reading June
- New DCC Bylaw Effective Date July, 2006

The effective date of the new DCC bylaw may be set for an alternative date to give the development community the opportunity to understand and adapt to the new DCC rates. Council should consider the impact of the proposed DCC rates in setting the effective date of the new DCC bylaw.

Fraser Smith, P.Eng. MBA

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**Development Cost Charges Bylaw No. 8024,  
Amendment Bylaw No. 8049**

WHEREAS Council has adopted Development Cost Charges for the City, and  
WHEREAS amendments to the Development Cost Charges are required to finance expected servicing in the City,

The Council of The City of Richmond enacts as follows:

1. Bylaw No. 8024 is amended by deleting Section 1.1.1, and by substituting the following:  
“1.1.1 For the purposes of imposing development cost charges, the City is divided into the areas shown on Schedule A.”
2. Bylaw No. 8024 is amended by deleting Section 1.2.2, and by substituting the following:  
“1.2.2 Every person who obtains approval of a subdivision of a parcel or a building permit must pay development cost charges on the following basis:
  - (a) for residential development in accordance with Schedule B
  - (b) for commercial development in accordance with Schedule C
  - (c) for light industrial development in accordance with Schedule D
  - (d) for major industrial development in accordance with Schedule E”
3. Bylaw No. 8024 is amended by deleting Section 2.2.1, and by substituting the following:  
“2.2.1 In the case of an application for building permit for a combination of both residential development and commercial development, the development cost charges are to be calculated as the sum of:
  - (a) for the residential development the applicable rate multiplied by the number of square feet; plus
  - (b) for the commercial development the applicable rate multiplied by the number of square feet.”
4. Bylaw No. 8024 is amended by adding the following to Section 3.1  
“MULTI-FAMILY DWELLING means a building containing two or more dwelling units, but not including a townhouse”

“TOWNHOUSE

means a building containing two or more dwelling units, where each unit has a separate entrance at the first level.”

5. Bylaw No. 8024 is amended by deleting Schedule “A”, and substituting Schedule “A” attached hereto and forming part of the bylaw as Schedule “A” to Bylaw No. 8024.
6. Bylaw No. 8024 is amended by deleting Schedule “B” and substituting Schedule “B” attached hereto and forming part of the Bylaw as Schedule “B” to By-law No. 8024.
7. Bylaw No. 8024 is amended by deleting Schedule “C” and substituting Schedule “C” attached hereto and forming part of the Bylaw as Schedule “C” to By-law No. 8024.
8. Bylaw No. 8024 is amended by deleting Schedule “D” and substituting Schedule “D” attached hereto and forming part of the Bylaw as Schedule “D” to By-law No. 8024.
9. Bylaw No. 8024 is amended by deleting Schedule “E” and substituting Schedule “E” attached hereto and forming part of the Bylaw as Schedule “E” to By-law No. 8024.
10. If any part, section, subsection, clause, or subclause of this bylaw is, for any reason, held to be invalid by a decision of a Court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this bylaw.
11. This Bylaw is cited as **“Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8049”**.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

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MAYOR

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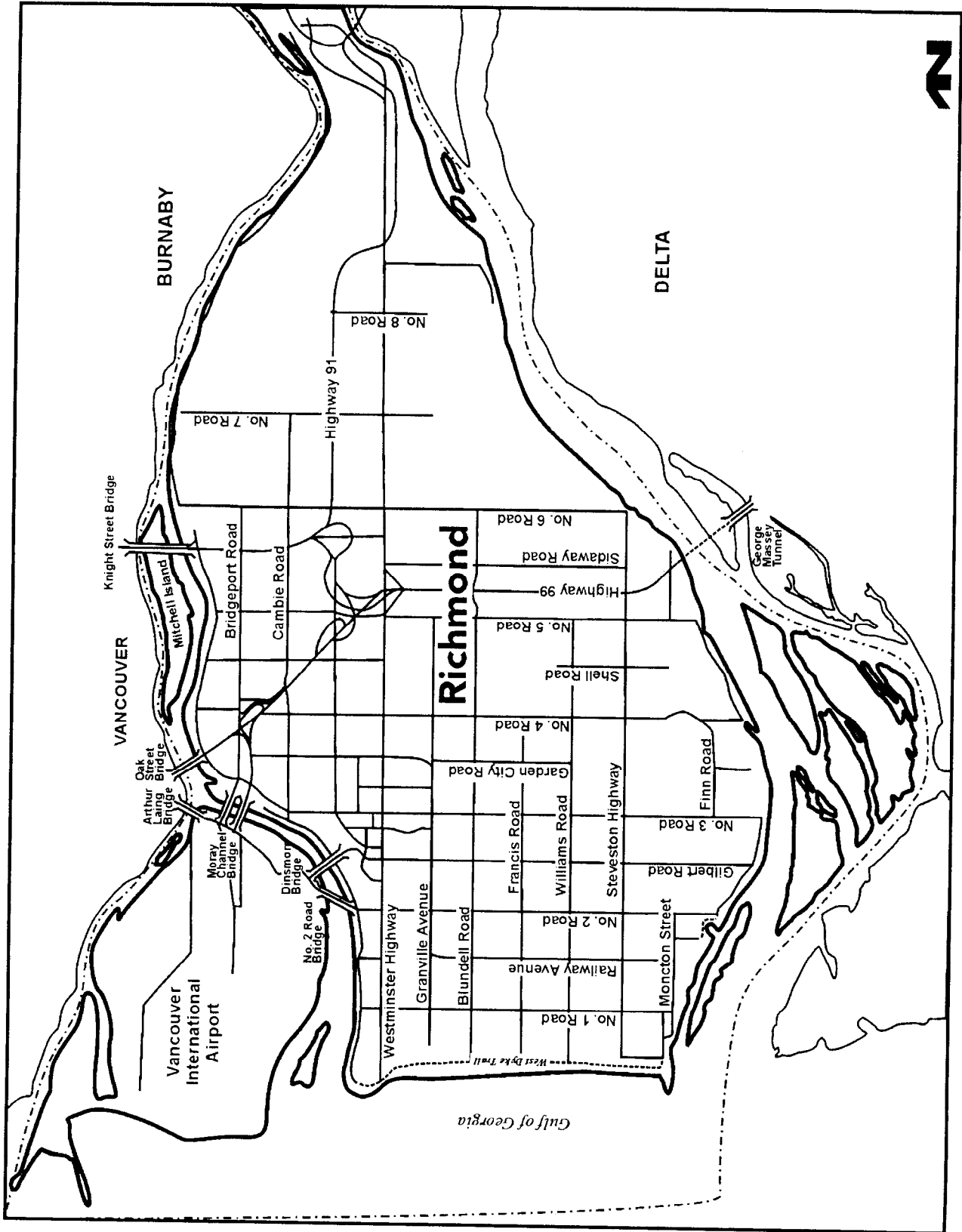
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CORPORATE OFFICER

CITY OF RICHMOND
APPROVED for content by originating dept.
APPROVED for legality by Solicitor



SCHEDULE A to BY-LAW NO. 8049  
SCHEDULE A to BYLAW NO. 8024



**SCHEDULE B to BY-LAW NO. 8049**

**SCHEDULE B to BYLAW NO. 8024**

**DEVELOPMENT COST CHARGES - RESIDENTIAL DEVELOPMENT**

**Single-Family Dwelling**

<u>Servicing Type</u>	rate per lot
Road Works	\$4,930.72
Drainage	\$4,460.58
Water Works	\$812.07
Sanitary Sewer	\$2,440.69
Parks Acquisition	\$5,552.61
Parks Development	\$5,235.35
<u>TOTAL</u>	\$23,432.02

**Townhouse**

<u>Servicing Type</u>	rate per square foot of the building area
Road Works	\$2.36
Drainage	\$1.92
Water Works	\$0.51
Sanitary Sewer	\$1.54
Parks Acquisition	\$3.51
Parks Development	\$3.31
<u>TOTAL</u>	\$13.15

**Multi-Family Dwelling**

<u>Servicing Type</u>	rate per square foot of the building area
Road Works	\$3.16
Drainage	\$1.36
Water Works	\$0.53
Sanitary Sewer	\$1.59
Parks Acquisition	\$3.61
Parks Development	\$3.40
<u>TOTAL</u>	\$13.65

**SCHEDULE C to BY-LAW NO. 8049**

**SCHEDULE C to BYLAW NO. 8024**

**DEVELOPMENT COST CHARGES - COMMERCIAL DEVELOPMENT**

<u>Servicing Type</u>	rate per square foot of the building area
Road Works	\$6.29
Drainage	\$1.33
Water Works	\$0.20
Sanitary Sewer	\$0.60
Parks Acquisition	\$0.68
Parks Development	\$0.64
<u>TOTAL</u>	\$9.74

**SCHEDULE D to BY-LAW NO. 8049**

**SCHEDULE D to BYLAW NO. 8024**

**DEVELOPMENT COST CHARGES - LIGHT INDUSTRIAL DEVELOPMENT**

<u>Servicing Type</u>	rate per square foot of the building area
Road Works	\$4.49
Drainage	\$1.33
Water Works	\$0.20
Sanitary Sewer	\$0.60
Parks Acquisition	\$0.68
Parks Development	\$0.64
<u>TOTAL</u>	\$7.94

**SCHEDULE E to BYLAW 8049**

**SCHEDULE E to BYLAW NO. 8024**

**DEVELOPMENT COST CHARGES - MAJOR INDUSTRIAL DEVELOPMENT**

<u>Servicing Type</u>	rate per acre of gross site area
Road Works	\$23,475.73
Drainage	\$40,616.33
Water Works	\$4,349.67
Sanitary Sewer	\$13,072.94
Parks Acquisition	\$2,643.66
Parks Development	\$2,492.61
<u>TOTAL</u>	\$86,650.94