



City of Richmond

Report to Committee

To: General Purposes Committee

To General Purposes - Oct. 7/02
Date: October 2, 2002

From: Jim Bruce, General Manager
Finance & Corporate Services

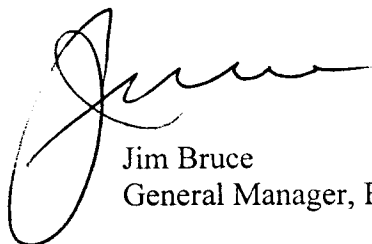
File: 8060-20-7417

Re: Elimination of St Alban's Sub-Area Development Cost Charges

Staff Recommendation

That each of the following bylaws be introduced and given first, second and third readings:

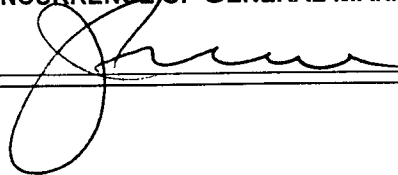
- (1) St. Alban's Development Cost Charge Sub-Area Reserve Fund Transfer Bylaw No. 7417;
and
- (2) Development Cost Charges Bylaw No. 5223, Amendment Bylaw No. 7419.



Jim Bruce
General Manager, Finance and Corporate Services

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CONCURRENCE OF GENERAL MANAGER



Staff Report

Origin

In 1987, Council amended the Development Cost Charges Bylaw to impose DCCs on development in the St. Alban's sub-area. St. Alban's DCCs were levied for roads, storm sewer, water, and sanitary sewer works specific to that area, in addition to the sector-wide DCCs assessed on development in what was then known as the West Sector. The St. Alban's DCCs were necessary to allow development to proceed in a small area that was under-serviced, but that required work which was not ordinarily funded by sector-wide DCCs.

Analysis

Since their imposition in 1987, the DCCs collected for the St. Alban's sub-area have funded approximately \$3,695,000 in capital works. Most of the work was completed in the late 1980s and early 1990s, although \$140,000 was spent on two sanitary sewer extensions in 2002. With the finalizing of those last two projects, all of the necessary DCC work in St. Alban's has now been completed.

Since 1987, the City has collected approximately \$4,715,000 in St. Alban's development cost charges, and another \$1,635,000 has been earned in interest on the DCC Reserve balances. Again, much of that interest was earned in the earlier 1990s when interest rates were much higher. Accordingly, total revenue for the St. Alban's DCC Reserve Fund has to date amounted to about \$6,350,000, leaving a balance of about \$2,655,000 in that Fund.

Now that all required works have been completed in the St. Alban's area, it would be appropriate to transfer the remaining DCC Reserve balances in a manner permitted by the *Local Government Act*. In addition, the development cost charges for the St. Alban's sub-area should be deleted from the current DCC Rates bylaw. Bylaw No. 7419 achieves this.

As you are aware, staff are currently reviewing sector-wide development cost charges for the Lulu Island, Sea Island, and Mitchell-Twigg areas. An entirely new DCC bylaw is under preparation for the upcoming public process, and will, of course, exclude a component for supplementary DCCs in the St. Alban's sub-area.

According to the Local Government Department (formerly Municipal Affairs) of the Ministry of Community, Aboriginal, and Women's Services, the following rules apply:

It is acceptable to transfer unspent DCC monies to another reserve fund *"if the following conditions are met:*

- 1. there will be no further requirement for similar capital works benefiting the small DCC area in the future;*
- 2. there is no capital debt outstanding for the small DCC area relating to the construction of its DCC capital works;*
- 3. the DCC bylaw will at some point be amended to delete this small area DCC (i.e. if all the small area works are fully paid, you wouldn't want to collect a small area DCC from a future developer as that would just create additional "surplus" funds);*

- 4. *the transfer is to a DCC fund for similar works (e.g. sewer DCC to sewer DCC, not sewer DCC to roads DCC) unless it can be demonstrated that there would be no DCC works of the initial type in the foreseeable future.”*

Conditions (1) and (2) above have already been met, and condition (3) will be met by adopting Bylaw 7419. Inasmuch as Richmond Council currently has a DCC Rates bylaw in place which is intended to fund necessary infrastructure for development over the next twenty years, condition (4) can only be satisfied by transferring the remaining funds to the DCC Reserve Fund for Lulu Island.

The Local Government Department directive continues as follows:

“On the transfer itself, the transfer process depends upon how the DCC Reserve Funds have been set up:

- 1. *If there is a single reserve fund for the DCC class of work (e.g. sewer) that holds both the small area and overall municipal area DCC, then the transfer is just an accounting transfer.*
- 2. *If there are 2 reserve funds, one for the small area DCC and a separate one for the municipal wide DCC, then a reserve fund transfer bylaw would be required - the bylaw process would require approval after third reading by the minister (s.935(2) of the Local Government Act).”*

In Richmond, there have been separate reserve funds established – one for each of the Lulu Island, Sea Island, and Mitchell-Twigg areas, and another for the St. Alban’s sub-area. Accordingly, a reserve transfer bylaw is required in respect of condition (2) above. “St. Alban’s Development Cost Charge Sub-Area - Reserve Fund Transfer Bylaw No. 7417” (attached) gives effect to the necessary transfer of funds.

Financial Impact and Conclusion

Transferring the funds remaining in the St. Alban’s Sub-area would provide additional amounts as follows to be made available for DCC Construction programs on Lulu Island in accordance with current Council policy:

Roads	\$1,195,135.33
Storm Sewer	\$ 447,378.87
Water	\$ 432,260.01
Sanitary Sewer	<u>\$ 580,556.15</u>
Total	\$2,655,330.36

In addition, transferring the funds remaining to the Lulu Island DCC Reserve Fund would have the affect of marginally (less than 1 percent) reducing the DCC Rates that have been proposed by staff in the current rate review.



St. Alban's Development Cost Charge Sub-Area Reserve Fund Transfer Bylaw No. 7417

WHEREAS as at September 10, 2002 there is an unappropriated balance of \$2,655,330.36 in the Development Cost Charges Reserve Fund for the St. Alban's Sub-Area established under the provisions of Development Cost Charges Bylaw No. 5323.

AND WHEREAS all of the necessary capital works to be funded by development cost charges have been completed;

NOW THEREFORE the Council of the City of Richmond enacts as follows:

1. The remaining balance of \$2,655,330.36 in the Development Cost Charges Reserve Fund for the St. Alban's Sub-Area is transferred to the Development Cost Charges Reserve Fund for the Lulu Island Area.
2. This Bylaw is cited as "St. Alban's Development Cost Charge Sub-Area Reserve Fund Transfer Bylaw No. 7417".

FIRST READING

SECOND READING

THIRD READING

MINISTRY OF COMMUNITY, ABORIGINAL AND WOMEN'S SERVICES APPROVAL

ADOPTED

_____	CITY OF RICHMOND APPROVED for content by originating dept.

_____	APPROVED for legality by Solicitor

MAYOR

CITY CLERK



**Development Cost Charges Bylaw No. 5323,
Amendment Bylaw No. 7419**

The Council of the City of Richmond enacts as follows:

1. Bylaw No 5323 is amended:

(a) by deleting section 4 in its entirety, and by substituting the following;

4. ESTABLISHMENT OF DEVELOPMENT COST CHARGE AREAS

4.1 For the purposes of imposing Development Cost Charges, the City is divided into the separate areas shown on schedule A, which is attached and forms a part of this bylaw.

(b) by deleting “M” from the list of Schedules in section 6.1;

(c) by deleting section 6.3 in its entirety; and

(d) by deleting Schedule “M”.

2. This Bylaw is cited as “**Development Cost Charges Bylaw No. 5323, Amendment Bylaw No. 7419**”.

FIRST READING

SECOND READING

THIRD READING

INSPECTOR OF MUNICIPALITIES APPROVAL

ADOPTED

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

MAYOR

CITY CLERK