



City of Richmond

Report to Committee

To: Finance Committee

Date: March 6, 2020

From: Jerry Chong, CPA, CA
Director, Finance

File: 03-1070-04-01/2020-
Vol 01

Re: 2019 Annual Development Cost Charges Report

Staff Recommendation

That the staff report titled, "2019 Annual Development Cost Charges Report," dated March 6, 2020 from the Director, Finance be received for information.

Jerry Chong, CPA, CA
Director, Finance
(604-276-4064)

Att. 1

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Development Applications	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	
Parks Services	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS:	APPROVED BY CAO

Staff Report

Origin

In compliance with section 569 of the *Local Government Act*, the City is required to prepare a Development Cost Charges (DCC) report on or before June 30th, with information from the previous year. The DCC report must include the following, reported under subsection (2) of section 569 for which the local government imposes development cost charges in the applicable year:

- (a) the amount of development cost charges received;*
- (b) the expenditures from the development cost charge reserve funds;*
- (c) the balance in the development cost charge reserve funds at the start and at the end of the applicable year;*
- (d) any waivers and reductions under section 563 (2).*

This report supports Council's Strategic Plan 2018-2022 Strategic Focus Area #5 Strong Financial Management and #8 An Engaged and Informed Community:

5.2. Clear accountability through transparent budgeting practices and effective public communication.

5.3. Decision-making focuses on sustainability and considers circular economic principles.

8.2. Ensure citizens are well-informed with timely, accurate and easily accessible communication using a variety of methods and tools.

Analysis

The City's 2019 Annual DCC Report covers the following six broad categories:

- (i) Description and principles of the City of Richmond's DCC program;
- (ii) 2019 DCC reserve fund balances;
- (iii) 2019 DCC credits;
- (iv) 2019 and 2020 DCC programs;
- (v) Waivers and reductions; and
- (vi) Municipal assist factor.

The 2019 Annual Development Cost Charges Report includes contribution amounts for which the City holds a Letter of Credit from the developer, where the cash will be received in the future based on the defined payment schedule. The Report does not include amounts received as of December 31, 2019 that are not confirmed due to potential DCC credits. These amounts, if applicable, will be reported in future periods.

New DCC rates were established through the Development Cost Charges Imposition Bylaw No. 10003 effective May 14, 2019.

A copy of the 2019 Annual Development Cost Charges Report, which will be available for public viewing on the City's website before June 30, 2020, is attached for information.

Financial Impact

None.

Conclusion

The attached 2019 Annual Development Cost Charges Report is in compliance with the annual reporting requirements as prescribed under section 569 of the *Local Government Act*.



Cindy Gilfillan, CPA, CMA
Manager, Financial Reporting
(604-276-4077)

Att. 1: 2019 Annual Development Cost Charges Report

City of Richmond
**2019 Annual Development
Cost Charges Report**

For the year ended December 31, 2019

CITY OF RICHMOND
2019 ANNUAL DEVELOPMENT COST CHARGES REPORT

This 2019 Annual Development Cost Charges (DCC) Report is prepared by the City of Richmond (“City”) pursuant to Section 569 of the *Local Government Act*. This report contains information pertaining to the following reporting requirements:

- I. Description and Principles of the City’s DCC Program
- II. 2019 DCC Reserve Fund Balances
- III. 2019 DCC Credits
- IV. 2019 and 2020 DCC Programs
- V. Waivers and Reductions
- VI. Municipal Assist Factor

I. DESCRIPTION AND PRINCIPLES OF THE DCC PROGRAM

What is the purpose of the DCC Program?

The purpose of the DCC Program is to provide the municipality with a dedicated source of funding to plan, develop, and implement infrastructure services identified by the City. The objective of the DCC program is to ensure that those whom will use and benefit from the services developed will pay their share of the costs in a fair and equitable basis. The DCC program is one of the many pieces of the City’s broader community development framework. It is developed in ways that are consistent with the City’s long-term planning objectives and financial strategies.

What are DCC’s?

DCC’s are levies placed on new development to assist in financing the cost of upgrading or providing infrastructure services, as well as supporting the cost of acquiring and developing parkland needs in order to accommodate the growing population.

Capital projects include but are not limited to:

- New or widening of existing arterial roads, improvements to traffic signals, sidewalks, walkways, bicycle lanes, upgrades to transit-related road infrastructures and traffic safety projects;
- Replacement and upgrades to watermains, pressure reducing valve stations, drainage mains, pump stations and channel, upgrades to sanitary sewer mains and pump stations; and
- Acquisition and development of parkland (playing fields, drainage and irrigation, turf, etc.)

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What are the guiding principles in developing the DCC program?

Each local government has a fundamental philosophy with respect to development and the government's role in facilitating that development. The City's DCC program has been developed to be consistent with the following legislation, plans, and policy guides:

- Local Government Act
- Development Cost Charges Best Practices Guide
- City of Richmond Official Community Plan (OCP)
- Urban Futures Community-Level Projections of Population, Housing & Employment
- City of Richmond Parks and Open Space Strategy
- City of Richmond City Centre Transportation Plan
- City of Richmond City Centre Area Plan (CCAP)
- City of Richmond Employment Lands Strategy
- City of Richmond Trail Strategy
- City of Richmond Hamilton Area Plan Update

Furthermore, to ensure that affected stakeholders are informed about the DCC program, the City is required to consult, receive, and consider comments from representatives of the development industry. Representatives include members from the Urban Development Institute (UDI), Greater Vancouver Home Builders Association (GVHBA), National Association of Industrial and Office Properties (NAIOP), and local homebuilders and developers.

How are DCC rates derived?

The City began the DCC process by determining the amount of growth expected to occur based on the City's OCP. Using the growth projections for residential, commercial, industrial, and institutional developments, the City identified specific infrastructure needs to accommodate this growth. The corresponding estimated costs formed the basis of the DCC Program.

New DCC rates were established through the Development Cost Charges Imposition Bylaw No. 10003 effective May 14, 2019.

How are DCCs used?

Funds collected through the DCC program are deposited in a separate reserve account. These funds may only be used to pay for the expenditures of the capital project or finance the costs related to debt incurred for the capital project.

DCC cannot be used for costs incurred to operate and maintain parks, roads, watermains, sanitary and storm sewers already in place to serve the existing residents of the City, or to

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replace infrastructure if the replacement is not capacity-driven as a result of development. In addition, DCC collected cannot be used to pay for services such as recreation, policing, fire and library that are also affected by growth.

How are costs allocated to growth and existing users?

To achieve the objective of promoting growth and to ensuring the use of a fair and equitable basis of allocating costs, the costs of the DCC are allocated between growth and the existing population based on assessed benefit factors.

II. 2019 DCC RESERVE FUND BALANCES

The City records and maintains separate accounts for each DCC reserve fund. The following table provides a continuity schedule of each DCC reserve fund (by service) for the 2019 fiscal year:

(amounts expressed in thousands of dollars)

	January 1 Balance	Transfers In	Interest Earned	DCC Credits	Transfers Out	December 31 Balance
City-Wide:						
Drainage	\$ 32,647	\$ 5,721	\$ 824	\$ -	\$ (147)	\$ 39,045
Parks Acquisition	32,105	9,887	800	-	(102)	42,690
Parks Development	17,650	5,404	368	(1,873)	(2,733)	18,816
Roads	41,248	25,690	996	(2,589)	(7,797)	57,548
Sanitary Sewer	20,704	4,160	528	(256)	-	25,136
Water	6,463	1,430	153	(42)	(668)	7,336
Total City-Wide	\$ 150,817	\$ 52,292	\$ 3,669	\$ (4,760)	\$ (11,447)	\$ 190,571
Local Area - Alexandra:						
Drainage	\$ 1,377	\$ 160	\$ 35	\$ -	\$ -	\$ 1,572
Parks Acquisition	2,197	815	37	-	(2,100)	949
Parks Development	778	103	19	-	(255)	645
Roads	3,010	812	73	(736)	-	3,159
Sanitary Sewer	482	37	12	-	-	531
Water	221	17	6	-	-	244
Total Local Area	\$ 8,065	\$ 1,944	\$ 182	\$ (736)	\$ (2,355)	\$ 7,100
Total DCC Reserve	\$ 158,882	\$ 54,236	\$ 3,851	\$ (5,496)	\$ (13,802)	\$ 197,671

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2019 ANNUAL DEVELOPMENT COST CHARGES REPORT

III. 2019 DCC CREDITS

Site Address	Developer/Applicant
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Drainage

No credits for drainage were issued during 2019.

Parkland Acquisition

No credits for parkland acquisition were issued during 2019.

Parkland Development

6811 Pearson Way	IBI Group Architects (Canada) Inc.
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Roads

8011 Zylmans Way	Omicron Construction Ltd.
8633 Capstan Way	Bingham Hill Architects
9213 Odlin Road	Polygon Berkeley House Ltd.
9233 Odlin Road	Polygon Berkeley House Ltd.

Sanitary Sewer

3333 Brown Road	Polygon Avanti Homes
8633 Capstan Way	Bingham Hill Architects
8988 Patterson Road	GBL Architects

Water

8633 Capstan Way	Bingham Hill Architects
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IV. 2019 and 2020 DCC PROGRAMS

Drainage

The projects in the Drainage DCC Program include upgrades to box culverts, drainage mains and pump stations.

A summary of the projects funded by the Drainage DCC during 2019 and the projects set to begin in 2020 is contained in Appendix 1.

Parkland Acquisition and Park Development

The projects in the Parks Acquisition DCC Program include acquisition and internal repayments for park land and open space required to meet the needs of the City's growth. The projects include park planning and development as well as new playgrounds. Areas impacted include urban parks, community parks, neighbourhood parks, trails, natural areas and waterfront parks.

A summary of the projects funded by the Parks Acquisition and Parks Development DCC during 2019 and the projects set to begin in 2020 is contained in Appendix 2.

Roads

The projects in the Roads DCC Program include new/widening of roads, intersection and traffic signal improvements, selected arterial improvements, pedestrian and cyclist improvements, transit-related road infrastructure, traffic safety projects and internal repayments.

A summary of the projects funded by the Roads DCC during 2019 and the projects set to begin in 2020 is contained in Appendix 3.

Sanitary Sewer

The projects in the Sanitary Sewer DCC Program include upgrades to sanitary sewer gravity mains, forcemains and pump stations.

A summary of the projects funded by the Sanitary Sewer DCC during 2019 and the projects set to begin in 2020 is contained in Appendix 4.

Water

The projects in the Water DCC Program include upgrades to watermains and pressure reducing valve stations.

A summary of the projects funded by the Water DCC during 2019 and the projects set to begin in 2020 is contained in Appendix 5.

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V. WAIVERS AND REDUCTIONS

Section 563 of the Local Government Act provides the option for municipalities to exempt or waive DCC for the following classes of eligible development:

- Not-for-profit rental housing, including supportive living housing;
- For-profit affordable rental housing;
- A subdivision of small lots that is designed to result in low greenhouse gas emission; and
- A development designed to result in a low environmental impact.

For the year of 2019, no waivers or reductions were granted.

VI. MUNICIPAL ASSIST FACTOR

The Local Government Act recognizes that the City and existing residents can also receive a marginal benefit from the associated capital improvements. As such, the Local Government Act stipulates that an assist factor will be included as part of the calculation of DCC. An assist factor represents the City's contribution towards the capital projects that are attributable to new developments. In determining the municipal assist factor, the City considers the following factors:

- Future land use patterns and development;
- Phasing of works and services;
- Whether the charges are excessive in relation to the capital costs of prevailing standards of service;
- Whether the costs will deter development; or
- Whether the charges will discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land.

Based on the above factors and the assessment that the majority of the capital improvements are a result of new growth, the City's municipal assist factor has been set at 1% which is the minimum amount the City may contribute.

DRAINAGE – 2019 Expenditures

This table summarizes all projects approved in 2019 and earlier that had expenditures funded by the Drainage DCC during 2019:

Location	Type of Infrastructure / Description
Horseshoe Slough	Pump station upgrade
Steveston Highway and No. 3 Road	Pump station upgrade

DRAINAGE – 2020 Projects

This table summarizes all projects funded by the Drainage DCC that have been approved in the 2020 Capital Budget:

No projects were funded from Drainage DCC in 2020.

PARKS – 2019 Expenditures

This table summarizes all projects approved in 2019 and earlier that had expenditures funded by the Parks DCC during 2019:

Location	Type of Infrastructure / Description
Britannia Shipyards National Historic Site	Advanced planning and design
City-wide	Advanced planning and design
Middlearm Gateway Waterfront Park	Advanced planning and design
West Cambie Park	Advanced planning and design, and development of neighbourhood park
Minoru Park	Advanced planning and design, backstop upgrades and lakes renewal
Garden City Lands	Design and construction
London Steveston Park	Development of neighbourhood park
Oval West Waterfront Park	Development of neighbourhood park
Paulik Neighbourhood Park	Development of neighbourhood park
The Gardens Agricultural Park	Development of neighbourhood park
Aberdeen Park	Development of playground and garden
City-wide	General development
Terra Nova Rural Park	Landscaping, washroom installation and waterfront development
City-wide	Parkland acquisition and repayment
City-wide	Parks identity signage program
Hollybridge Way and Middle Arm	Pier construction and development of neighbourhood park
City-wide	Playground improvement program

PARKS – 2020 Projects

This table summarizes all projects funded by the Parks DCC that have been approved in the 2020 Capital Budget:

Location	Type of Infrastructure / Description
City-wide	Advanced planning and design
Lang Park	Development of neighbourhood park
London Steveston Park	Development of neighbourhood park
Railway Granville Bike Park	Development of neighbourhood park
Riverport Waterfront and Cook Neighbourhood Park	Development of neighbourhood park
City-wide	General development
Minoru Park	Lakes renewal and development of neighbourhood park
City-wide	Parkland acquisition and repayment
City-wide	Parks identity signage program

ROADS – 2019 Expenditures

This table summarizes all projects approved in 2019 and earlier that had expenditures funded by the Roads DCC during 2019:

Location	Type of Infrastructure / Description
City-wide	Accessible pedestrian signal program
City-wide	Active transportation improvement program
City-wide	Advanced design
City-wide	Arterial roadway improvement program
City-wide	Functional and preliminary design (Transportation)
Lansdowne Road: Alderbridge Way to Minoru Blvd.	Interim road extension with walkways and bicycle lanes
River Parkway: Gilbert Road to Cambie Road	Interim road extension with walkways and bicycle lanes
City-wide	Lansdowne Road repayment
City-wide	LED street name sign program
Alderbridge Way: No. 4 Road to Shell Road	Multi-use pathway
River Drive: No. 4 Road to Van Horne Way	Multi-use pathway
Steveston Highway: Shell Road to Mortfield Gate	Multi-use pathway
City-wide	Neighbourhood walkway program
City-wide	Nelson Road interchange repayment
City-wide	River Road / North Loop repayment
City-wide	Special crosswalk program
City-wide	Traffic calming program
City-wide	Traffic signal power backup system (UPS)
City-wide	Traffic signal program
City-wide	Traffic video and communication program
City-wide	Transit-related amenity improvement program
City-wide	Transit-related roadway improvement program

ROADS – 2020 Projects

This table summarizes all projects funded by the Roads DCC that have been approved in the 2020 Capital Budget:

Location	Type of Infrastructure / Description
City-wide	Accessible pedestrian signal program
City-wide	Active transportation improvement program
City-wide	Advanced design
No. 2 Road: Steveston Highway to Williams Road	Advanced design
Steveston Highway: No. 2 Road to Railway Avenue	Advanced design
City-wide	Arterial roadway improvement program
City-wide	Functional and preliminary design (Transportation)
Cambie Road and No. 5 Road	Intersection improvement and multi-use pathway
City-wide	LED street name sign program
Steveston Highway: Mortfield Gate to No. 2 Road	Multi-use pathway
City-wide	Neighbourhood walkway program
City-wide	Nelson Road interchange repayment
City-wide	River Road / North Loop repayment
City-wide	Road safety related improvements
City-wide	Special crosswalk program
City-wide	Traffic calming program
City-wide	Traffic signal power backup system (UPS)
City-wide	Traffic signal program
City-wide	Traffic video and communication program
City-wide	Transit-related amenity improvement program
City-wide	Transit-related roadway improvement program

SANITARY SEWER – 2019 Expenditures

This table summarizes all projects approved in 2019 and earlier that had expenditures funded by the Sanitary Sewer DCC during 2019:

Location	Type of Infrastructure / Description
Cook Gate and Cook Road	Pump station replacement and upgrades

SANITARY SEWER – 2020 Projects

This table summarizes all projects funded by the Sanitary Sewer DCC that have been approved in the 2020 Capital Budget:

Location	Type of Infrastructure / Description
Hamilton Area	Pump station replacement
Leslie Road and No. 3 Road	Pump station replacement
Cook Gate and Cook Road	Pump station replacement and upgrades

WATER – 2019 Expenditures

This table summarizes all projects approved in 2019 and earlier that had expenditures funded by the Water DCC during 2019:

Location	Type of Infrastructure / Description
City-Wide	Watermain replacement
Lulu Island North Area	Watermain replacement

WATER – 2020 Projects

This table summarizes all projects funded by the Water DCC that have been approved in the 2020 Capital Budget:

Location	Type of Infrastructure / Description
City-Wide	Watermain replacement