



City of Richmond

Report to Committee

To: Finance Committee

Date: May 16, 2011

From: Jerry Chong
Director, Finance

File: 03-0900-01/2011-Vol
01

Re: 2010 Annual Development Cost Charges Report

Staff Recommendation

That the 2010 Annual Development Cost Charges Report (dated May 16, 2011 from the Manager, Treasury Services) be received for information.

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

FOR ORIGINATING DEPARTMENT USE ONLY					
ROUTED TO:		CONCURRENCE		CONCURRENCE OF GENERAL MANAGER	
Budgets		Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>
Engineering		Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>
Parks Planning, Design & Construction		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"/>
REVIEWED BY TAG		YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
	<i>SC</i>				
REVIEWED BY CAO		YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
	<i>DEPUTY</i>				

Staff Report

Origin

Local government legislation introduced in 2008 (Bill 27) included a requirement for municipalities and regional districts to prepare and consider an annual report on their Development Cost Charge (DCC) Program. In particular, section 937.01 of the *Local Government Act* requires that:

- (1) Before June 30 in each year, a local government must prepare and consider a report in accordance with this section respecting the previous year.
- (2) The report must include the following, reported for each purpose under subsections (2) and (2.1) of section 933 for which the local government imposes the development cost charge 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 933.1 (2).
- (3) The local government must make the report available to the public from the time it considers the report until June 30 in the following year.

Findings of Fact

The legislative requirements of the annual report are limited to presenting selected financial data and activity of DCC reserves. The City, however, in presenting the 2010 Annual DCC Report, is adopting a more comprehensive approach as suggested by the Development Finance Review Committee.

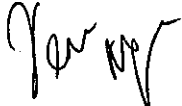
The City's Annual DCC Report covers the following six broad categories: (i) Description and principles of the City of Richmond's DCC program, (ii) 2010 DCC reserve fund balances, (iii) 2010 to 2011 DCC programs, (iv) DCC waivers and reductions, (v) Municipal assist factor, and (vi) Inter-fund transfers between DCC reserve funds.

Due to improved market conditions in the development industry, the City had a year of significant development activities, where over \$26 million in DCC contributions were collected. The DCC contributions will benefit the community at large as they will be available to finance the costs of infrastructure projects needed to support the demand of new growth.

A copy of the 2010 Annual Development Cost Charges Report, which will be available for public viewing on the City's website on June 30, 2011, is attached for information.

Conclusion

That the 2010 Annual Development Cost Charges Report (dated May 16, 2011 from the Manager, Treasury Services) be received for information.

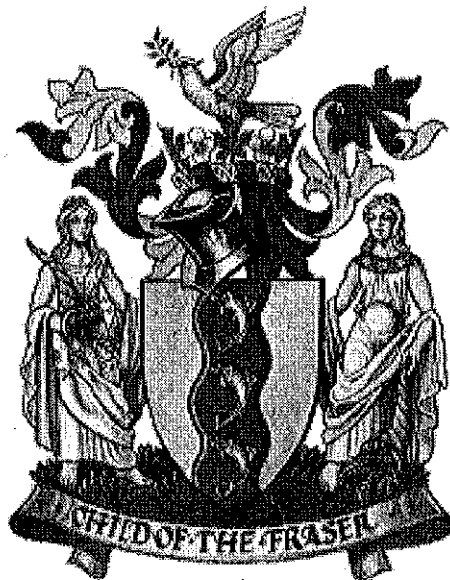


Venus Ngan
Manager, Treasury Services
604-276-4217

2010 ANNUAL DEVELOPMENT COST CHARGES REPORT

For the year ended December 31, 2010

City of Richmond's Vision:
To be the most appealing, livable, and
well-managed community in Canada



City of Richmond
British Columbia, Canada

CITY OF RICHMOND
2010 ANNUAL DEVELOPMENT COST CHARGES REPORT

This 2010 Annual Development Cost Charges (DCC) Report is prepared by the City of Richmond pursuant to Section 937.01 of the *Local Government Act*. This report contains information pertaining to the following reporting requirements:

- I. Description and Principles of the City of Richmond's DCC Program
- II. 2010 DCC Reserve Fund Balances
- III. 2010 to 2011 DCC Programs
- IV. DCC Waivers and Reductions
- V. Municipal Assist Factor
- VI. Inter-Fund Transfers between DCC Reserve Funds

I. DEVELOPMENT COST CHARGES

What are DCC's?

Development Cost Charges (DCC's) are charges levied on new development to assist in financing the cost of upgrading or providing infrastructure services or acquiring and developing parkland needed to support new development. The purpose of DCC's is to assist the municipality with accommodating development by providing a dedicated source of funding for the capital costs of:

- New arterial roads and widening of arterial roads, traffic signals, sidewalks, pedestrian and bicycle lane improvements, transit-related road infrastructures, and traffic safety projects;
- Water mains, drainage mains, pump stations and channel improvements, sanitary sewer mains and pump stations; and
- Acquisition and development of parkland (playing fields, drainage and irrigation, turf, etc.)

What is the purpose of the DCC Program?

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. The objective of the DCC program is to ensure that those people that will use and benefit from the services provided will pay their share of the costs in a fair and equitable basis. The DCC program provides the information and basis in which DCC rates are derived, allowing for information transparency and accountability to the public.

CITY OF RICHMOND
2010 ANNUAL DEVELOPMENT COST CHARGES REPORT

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 development. The City of Richmond'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
- Liveable Region Strategic Plan, 1999 (Greater Vancouver Regional District)
- Official Community Plan Bylaw
- Richmond Urban Development Forecast
- Parks, Recreation and Cultural Services Master Plan 2005 - 2015
- Parks Land Acquisition and Development 2006 DCC Program
- 2010 Richmond Trails Strategy
- City Center Transportation Plan
- City Center Area Plan (CCAP)

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

How are DCC rates derived?

The City begins the DCC process by determining the amount of growth that is projected to occur over a specified future period of time. The most recent growth projections for the various types of residential development (e.g. single family, duplex, townhouse, apartment), as well as commercial, industrial, and institutional growth, growth areas, and major servicing needs can be found in the CCAP and the 2009 Richmond DCC Review Report.

Once growth has been projected, the City determines the specific infrastructure works that will be required to accommodate the growth. The estimated infrastructure costs are determined and formed the basis of the DCC Program.

DCC's collected in 2010 were based on rates established in Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396 that was adopted on September 14, 2009.

CITY OF RICHMOND
2010 ANNUAL DEVELOPMENT COST CHARGES REPORT

How are DCC's used?

Funds collected through DCC's must be deposited in a separate reserve account. These funds may only be used to pay for the capital costs of the works and short-term financing costs of a debt incurred for capital works identified in the DCC program.

DCC's cannot be used for costs incurred to replace, operate and maintain parks, roads, water mains, sanitary and storm sewers already in place to serve the existing residents of the City. In addition, DCC's collected cannot be used to pay for services such as recreation, policing, fire and library that are affected by growth.

How are costs allocated to growth and existing users?

To achieve the objective of promoting growth and to ensure the use of a fair and equitable basis of allocating costs, the costs of the DCC works are allocated between growth and the existing population on the basis of benefits.

II. 2010 DCC RESERVE FUND BALANCES

The City records and maintains separate accounts for each DCC reserve fund. The follow table provides a continuity schedule of each DCC reserve fund (by service) for the 2010 fiscal year:

	<i>(amounts expressed in thousands of dollars)</i>				
	January 1 Balance	Transfers In	Interest Earned	Transfers Out	December 31 Balance
Basic:					
Roads	\$ 7,341	\$ 6,902	\$ 199	\$ 2,364	\$ 12,078
Drainage	4,989	3,497	148	24	8,610
Water	2,475	882	47	674	2,730
Sewer	3,282	2,748	76	769	5,337
Parks Acquisition	9,979	5,848	128	10,142	5,813
Parks Development	4,373	4,278	79	2,581	6,149
Total Basic	\$ 32,439	\$ 24,155	\$ 677	\$ 16,554	\$ 40,717
Local Area - West Cambie:					
Roads	\$ 169	\$ 528	\$ 10	\$ 172	\$ 535
Drainage	229	150	8	-	387
Water	40	16	1	-	57
Sewer	86	38	3	-	127
Parks Acquisition	-	1,078	-	1,078	-
Parks Development	245	136	7	-	388
Total Local Area	\$ 769	\$ 1,946	\$ 29	\$ 1,250	\$ 1,494
Total DCC Reserve	\$ 33,208	\$ 26,101	\$ 706	\$ 17,804	\$ 42,211

CITY OF RICHMOND
2010 ANNUAL DEVELOPMENT COST CHARGES REPORT

III. 2010 to 2011 DCC PROGRAMS

Roads

The projects in the Roads DCC Program include intersection and traffic signal improvements, selected arterial and collector improvements, pedestrian and cyclist improvements, transit-related road infrastructures and traffic safety projects.

A summary of the projects funded by the Roads DCC's in year 2010 and the projects set to begin in year 2011 is contained in Appendix A.

Drainage

The projects in the Drainage DCC Program include storm sewers, box culverts, pump station upgrades, new pump stations, and open channel improvements.

A summary of the projects funded by the Drainage DCC's in year 2010 and the projects set to begin in year 2011 is contained in Appendix B.

Water

The projects in the Water DCC Program include distribution and grid mains throughout the City.

A summary of the projects funded by the Water DCC's in year 2010 and the projects set to begin in year 2011 is contained in Appendix C.

Sewer

The projects in the Sewer DCC Program include pump stations, force mains, and gravity mains.

A summary of the projects funded by the Sewer DCC's in year 2010 and the projects set to begin in year 2011 is contained in Appendix D.

Parks Acquisition and Parks Development

The projects in the Parks Acquisition DCC Program include acquisition of land for parks and open space required to meet the needs of growth. The projects in the Parks Development DCC Program include park planning, design and construction projects required to meet the needs of future growth. The types of parks 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's in year 2010 and the projects set to begin in year 2011 is contained in Appendix E.

CITY OF RICHMOND
2010 ANNUAL DEVELOPMENT COST CHARGES REPORT

IV. WAIVER AND REDUCTIONS

Bill C-27 is a provincial legislation that gives the option for municipalities to exempt or waive DCC's for the following classes of eligible development:

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

Currently, the City has a Richmond Affordable Housing Strategy which identifies two categories of not-for-profit rental housing, including living housing, and Council considers waiving DCC's for these not-for-profit rental housing on a case-by-case basis on a 3-year trial period. The purpose of the DCC exemption is to create an incentive to encourage the construction of affordable housing.

For year 2010, no waivers or reductions were granted.

V. MUNICIPAL ASSIST FACTOR

The Local Government Act recognizes that it would be unfair to impose on new development all of the costs that are attributable to new development. As such, the Local Government Act stipulates that an assist factor will be included as part of the calculation of DCC's. An assist factor represents the City's contribution towards the capital costs for the projects that are attributed to new development. In determining the municipal assist factor, the City considered 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, the City of Richmond's municipal assist factor has been set at 1%.

VI. INTER-FUND TRANSFER

Local governments are permitted to lend available money in one DCC reserve fund to another DCC reserve fund on a temporary basis.

There were no DCC inter-fund transfers in year 2010.

ROADS - 2010 PROJECTS

This table summarizes all projects funded by the Roads DCC's in year 2010:

Location	Type of Infrastructure / Description
Various	Arterial Road Crosswalk
Various	Cycling Network Expansion Program
Various	Enhanced Accessible Traffic Signal and Crosswalk Program
Various	Infrastructure Advanced Design
Various	Intelligent Traffic Information System
Lansdowne Road	Lansdowne Road Extension Repayment
Various	Miscellaneous Cycling Safety Enhancements
Various	Miscellaneous Intersection Improvements
Various	Neighbourhood Traffic Safety Program
No. 2 Road Bridge	No. 2 Road Bridge Repayment
River Road/ North Loop	River Road / North Loop Repayment
Odlin Road	Road Land Acquisition
Various	Traffic Signal Installation and Major Upgrade Program
Various	Transit Plan Infrastructure Improvement

ROADS - 2011 PROJECTS

This table summarizes all projects funded by the Roads DCC's that are set to begin in 2011:

Location	Type of Infrastructure / Description
Various	Arterial Road Crosswalk
Various	Cycling Network Expansion
Various	Enhanced Accessible Traffic Signal and Crosswalk Program
Various	Functional and Preliminary Design
Various	Infrastructure Advanced Design
Lansdowne Road	Lansdowne Road Extension Repayment
Various	Miscellaneous Cycling Safety Enhancements
Various	Miscellaneous Intersection Improvements
Various	Neighbourhood Traffic Safety
Nelson Road	Nelson Road Widening (Westminster Highway to Blundell Road)
No. 2 Road Bridge	No. 2 Road Bridge Repayment
No. 6 Road	No. 6 Road Widening (Wireless Way to Commerce Parkway)
River Road/ North Loop	River Road / North Loop Repayment
No. 1 Road & Moncton Street	Signalization and Improvements
Various	Traffic Signal Installation and Major Upgrade Program
Various	Transit Plan Infrastructure Improvement
Westminster Highway	Westminster Highway Widening (Nelson Road to McMillan Way)

DRAINAGE - 2010 PROJECTS

This table summarizes all projects funded by the Drainage DCC's in year 2010:

Location	Type of Infrastructure / Description
Gilbert North	Drainage Area Replacement and Upgrade
Woodward's Slough	Drainage Area Replacement and Upgrade
Various	Mid-Island Dike Study

DRAINAGE - 2011 PROJECTS

This table summarizes all projects funded by the Drainage DCC's that are set to begin in 2011:

Location	Type of Infrastructure / Description
Peach Arch	Drainage Area Replacement and Upgrade
Steveston	Drainage Area Replacement and Upgrade

WATER - 2010 PROJECTS

This table summarizes all projects funded by the Water DCC's in year 2010:

Location	Type of Infrastructure / Description
Hamilton	Replacement and Upgrade Works
Lulu West	Replacement and Upgrade Works

WATER - 2011 PROJECTS

This table summarizes all projects funded by the Water DCC's that are set to begin in 2011:

Location	Type of Infrastructure / Description
Lulu West	Replacement and Upgrade Works

SEWER - 2010 PROJECTS

This table summarizes all projects funded by the Sewer DCC's in year 2010:

Location	Type of Infrastructure / Description
City Centre	Gravity Sewer & Forcemain Upgrades
Bennett Road Pump Station	Pump Station Upgrades
Bridgeport	Sewer Upgrades
East Richmond	Sewer Upgrades

SEWER - 2011 PROJECTS

This table summarizes all projects funded by the Sewer DCC's that are set to begin in 2011:

Location	Type of Infrastructure / Description
Montrose	Montrose Pump Station Replacement
Steveston	Sewer Upgrades

PARKS - 2010 PROJECTS

This table summarizes all projects funded by the Parks DCC's in year 2010:

Location	Type of Infrastructure / Description
Various	Park Construction - Amenities
Various	Park Improvements
Hugh Boyd Park	Park Improvements
Terra Nova Rural Park	Park Improvements
South Arm Park	Park improvements
Various	Park Land Acquisition
Various	Project Planning - Advanced Planning & Design
City Centre Middle Arm Park	Trail Construction
McLennan North (Garden City Park)	Trail Construction

PARKS - 2011 PROJECTS

This table summarizes all projects funded by the Parks DCC's that are set to begin in 2011:

Location	Type of Infrastructure / Description
Various	Advanced Planning and Design
Various	Park Construction - Amenities
Various	Park Land Acquisition for Various Addresses
Thompson	Thompson Integrated Youth Park
City Centre Middle Arm Park	Trail Construction and Park Construction
Various	Trail Construction and Tree Planting