



City of Richmond

Report to Committee

To: Finance Committee

Date: April 27, 2012

From: Jerry Chong
Director, Finance

File: 03-0900-01/2012-Vol
01

Re: 2011 Annual Development Cost Charges

Staff Recommendation

That the staff report titled 2011 Annual Development Cost Charges (dated April 27, 2012 from the Director, Finance) be received for information.

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

REPORT CONCURRENCE			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Budgets	<input checked="" type="checkbox"/>		
Engineering	<input checked="" type="checkbox"/>		
Parks Planning, Design & Construction	<input checked="" type="checkbox"/>		
Development Applications	<input checked="" type="checkbox"/>		
Transportation	<input checked="" type="checkbox"/>		
REVIEWED BY TAG SUBCOMMITTEE	INITIALS: 	REVIEWED BY CAO <i>(Deputy)</i>	INITIALS:

Staff Report

Origin

In compliance with section 937.01 of the *Local Government Act*, the City is required to prepare a Development Cost Charges (DCC) report before June 30. The DCC report must include the following, reported under subsection (2) and (2.1) of section 933 for which local government imposes the 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 933.1 (2).

Findings of Fact

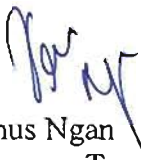
The legislative requirements of the annual report are limited to presenting selected financial data and activity of DCC reserves. The City, however, in presenting the 2011 Annual DCC Report, is adopting a more comprehensive approach as suggested by the Development Finance Review Committee.

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) 2011 DCC reserve fund balances, (iii) 2011 to 2012 DCC programs, (iv) DCC waivers and reductions, (v) Municipal assist factor, and (vi) Inter-fund transfers between DCC reserve funds.

A copy of the 2011 Annual Development Cost Charges Report, which will be available for public viewing on the City's website on June 30, 2012, is attached for information.

Conclusion

The attached 2011 Annual Development Cost Charges Report is in compliance with the annual reporting requirements as prescribed under section 937.01 of the *Local Government Act*.



Venus Ngan
Manager, Treasury Services
604-276-4217

2011 ANNUAL DEVELOPMENT COST CHARGES REPORT

For the year ended December 31, 2011

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
2011 ANNUAL DEVELOPMENT COST CHARGES REPORT

This 2011 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. 2011 DCC Reserve Fund Balances
- III. 2011 to 2012 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
2011 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 2011 were based on rates established in Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396 that was adopted on September 14, 2009.

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2011 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. 2011 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 2011 fiscal year:

(amounts expressed in thousands of dollars)

	January 1 Balance	Transfers In	DCC Credits	Interest Earned	Transfers Out	December 31 Balance
Basic:						
Roads	\$ 12,078	\$ 6,044	\$ 352	\$ 252	\$ 4,259	\$ 13,763
Drainage	8,610	2,213	5	207	345	10,680
Water	2,730	737	-	47	390	3,124
Sewer	5,337	2,099	-	118	293	7,261
Parks Acquisition	5,813	6,899	415	131	7,697	4,731
Parks Development	6,149	3,712	-	154	1,337	8,678
Total Basic	\$ 40,717	\$ 21,704	\$ 772	\$ 909	\$ 14,321	\$ 48,237
Local Area - West Cambie:						
Roads	\$ 535	\$ 1,096	\$ -	\$ 28	\$ -	\$ 1,659
Drainage	387	74	-	11	-	472
Water	57	24	-	2	-	83
Sewer	127	52	-	4	-	183
Parks Acquisition	-	1,190	-	9	-	1,199
Parks Development	388	150	-	8	-	546
Total Local Area	\$ 1,494	\$ 2,586	\$ -	\$ 62	\$ -	\$ 4,142
Total DCC Reserve	\$ 42,211	\$ 24,290	\$ 772	\$ 971	\$ 14,321	\$ 52,379

CITY OF RICHMOND
2011 ANNUAL DEVELOPMENT COST CHARGES REPORT

III. 2011 to 2012 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 2011 and the projects set to begin in year 2012 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 2011 and the projects set to begin in year 2012 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 2011 is contained in Appendix C. There are no projects set to begin in year 2012 that will be funded by the Water DCC.

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 2011 and the projects set to begin in year 2012 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 2011 and the projects set to begin in year 2012 is contained in Appendix E.

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2011 ANNUAL DEVELOPMENT COST CHARGES REPORT

IV. WAIVER AND REDUCTIONS

Section 933.1 of the Local Government Act provides 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 provides Council with the discretion to provide DCC exemptions in order to create incentives to encourage the construction of not-for-profit rental housing, including supportive living housing (e.g. affordable subsidized rental housing and affordable low end market rental housing that is rented on a not for profit basis).

For year 2011, 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 2011.

ROADS - 2011 PROJECTS

This table summarizes all projects funded by the Roads DCC's In year 2011:

Location	Type of Infrastructure / Description
City-wide	Arterial Road Crosswalk
City-wide	Cycling Network Expansion
City-wide	Enhanced Accessible Traffic Signal and Crosswalk Program
City-wide	Functional and Preliminary Design of Transportation Capital Projects
Lansdowne Road	Lansdowne Road Extension Repayment
City-wide	Miscellaneous Cycling Safety Enhancements
City-wide	Miscellaneous Intersection Improvements
City-wide	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)
City-wide	Public Works Infrastructure Advanced Design
River Road/ North Loop	River Rd / North Loop Repayment
No. 1 Road and Moncton Street	Signalization and Improvements
City-wide	Traffic Signal Installation and Major Upgrade Program
City-wide	Transit Plan Infrastructure Improvement
Westminster Highway	Westminster Hwy Widening (Nelson Road to McMillan Way)

ROADS - 2012 PROJECTS

This table summarizes all projects funded by the Roads DCC's that are set to begin in 2012:

Location	Type of Infrastructure / Description
City-wide	Arterial Road Crosswalk
City-wide	Cycling Network Expansion
City-wide	Enhanced Accessible Traffic Signal and Crosswalk Program
City-wide	Functional and Preliminary Design of Transportation Capital Projects
Lansdowne Road	Interim Lansdowne Road Extension (Alderbridge Way to Minoru Boulevard)
Lansdowne Road	Lansdowne Road Extension Repayment
City-wide	Miscellaneous Cycling Safety Enhancements
City-wide	Miscellaneous Intersection Improvements
City-wide	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)
City-wide	Public Works Infrastructure Advanced Design
River Road/ North Loop	River Rd / North Loop Repayment
City-wide	Sidewalk Expansion / Enhancement Program
City-wide	Traffic Detection Video Systems
City-wide	Traffic Signal Installation
City-wide	Transit Related Infrastructure Improvements
Westminster Highway	Westminster Hwy Widening (Nelson Road to McMillan Way)

DRAINAGE - 2011 PROJECTS

This table summarizes all projects funded by the Drainage DCC's in year 2011:

Location	Type of Infrastructure / Description
City-wide	Development Coordinated Works
Gilbert North	Drainage Area Replacement and Upgrade
Peace Arch	Drainage Area Replacement and Upgrade
Steveston	Drainage Area Replacement and Upgrade
Woodward's Slough	Drainage Area Replacement and Upgrade

DRAINAGE - 2012 PROJECTS

This table summarizes all projects funded by the Drainage DCC's that are set to begin in 2012:

Location	Type of Infrastructure / Description
No. 1 Road / River Road	No. 1 Road North Pump Station Upgrade

WATER - 2011 PROJECTS

This table summarizes all projects funded by the Water DCC's in year 2011:

Location	Type of Infrastructure / Description
City-wide	Development Coordinated Works
Lulu West	Replacement and Upgrade Works

WATER - 2012 PROJECTS

There are no projects that will be funded by the Water DCC's in year 2012

SEWER - 2011 PROJECTS

This table summarizes all projects funded by the Sewer DCC's in year 2011:

Location	Type of Infrastructure / Description
City-wide	Development Coordinated Works
City Centre	Gravity Sewer and Forcemain Upgrades
Hamilton	Hamilton Pump Station Repayment
Montrose	Montrose Pump Station Replacement
Bennett Road Pump Station	Pump Station Upgrades
East Richmond	Sewer Upgrades
Terra Nova	Sewer Upgrades

SEWER - 2012 PROJECTS

This table summarizes all projects funded by the Sewer DCC's that are set to begin in 2012:

Location	Type of Infrastructure / Description
Brown Road / Leslie Road	Gravity Sanitary Sewer Upgrade (Bridgeport Sanitary Sewer)
Alderbridge Way / Cedarbridge Way	Minoru Pump Station Upgrade

PARKS - 2011 PROJECTS

This table summarizes all projects funded by the Parks DCC's in year 2011:

Location	Type of Infrastructure / Description
City-wide	Advanced Planning and Design
City-wide	Characterization of Neighbourhood Parks
McLennan North	McLennan North Community Park Development
City-wide	Park Improvements
Terra Nova Rural Park	Park Improvements
City-wide	Parkland Acquisition
Thompson	Thompson Integrated Youth Park
City Centre Middle Arm Park	Trail Construction and Park Construction
City-wide	Trail Construction and Tree Planting

PARKS - 2012 PROJECTS

This table summarizes all projects funded by the Parks DCC's that are set to begin in 2012:

Location	Type of Infrastructure / Description
City-wide	Advance Planning and Design
Blundell Park	Blundell Park Sportsfield Upgrade
City-wide	Characterization of Neighbourhood Parks
West of Olympic Oval	Oval West Waterfront Park
No. 2 Road / Dyke Road	Parkland Acquisition
City-wide	Parkland Acquisition for Various Addresses
West Cambie	Parkland Acquisition West Cambie Repayment
Terra Nova	Terra Nova Play Environment
No. 5 Road / Steveston Highway	The Gardens Agricultural Park - Phase 1
City-wide	Trail Construction and Parks Development
West Cambie	West Cambie Greenway and Neighbourhood Park