



City of Richmond

Report to Committee

To: Finance Committee

Date: March 19, 2017

From: Jerry Chong
Director, Finance

File: 03-0905-05-01/2017-
Vol 01

Re: 2016 Annual Development Cost Charges



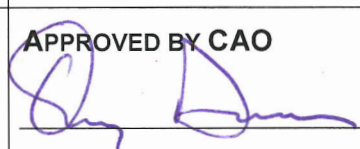
Staff Recommendation

That the staff report titled, "2016 Annual Development Cost Charges," dated March 19, 2017 from the Director, Finance be received for information.



Jerry Chong
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"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO 

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 on or before June 30th, with information from the previous year. The DCC report must include the following, reported under subsections (2) and (2.1) of section 933 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 933.1 (2).*

This report supports Council's 2014-2018 Term Goal #7 Strong Financial Stewardship:

- 7.2. *Well-informed and sustainable financial decision making.*
- 7.3. *Transparent financial decisions that are appropriately communicated to the public.*

This report supports Council's 2014-2018 Term Goal #9 A Well-Informed Citizenry:

- 9.1. *Understandable, timely, easily accessible public communication.*

Analysis

The City's 2016 Annual DCC Report covers the following six broad categories:

- (i) Description and principles of the City of Richmond's DCC program,
- (ii) 2016 DCC reserve fund balances;
- (iii) 2016 DCC credits;
- (iv) 2016 and 2017 DCC programs;
- (v) Waivers and reductions; and
- (vi) Municipal assist factor.

The 2016 Annual Development Cost Charges Report includes contribution amounts for which the City holds a Letter of Credit from the developer, 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, 2016 that are not confirmed due to potential DCC credits. These amounts, if applicable, will be reported in future periods.

DCC amounts collected in 2016 are based on rates established by the Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396 effective September 15, 2010.

A copy of the 2016 Annual Development Cost Charges Report, which will be available for public viewing on the City's website before June 30, 2017, is attached for information.

Conclusion

The attached 2016 Annual Development Cost Charges Report is in compliance with the annual reporting requirements as prescribed under section 937.01 of the *Local Government Act*.



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

Att. 1: 2016 Annual Development Cost Charges Report

2016 ANNUAL DEVELOPMENT COST CHARGES REPORT

For the year ended December 31, 2016

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



CITY OF RICHMOND
2016 ANNUAL DEVELOPMENT COST CHARGES REPORT

This 2016 Annual Development Cost Charges (DCCs) Report is prepared by the City of Richmond (City) 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 DCCs Program
- II. 2016 DCCs Reserve Fund Balances
- III. 2016 DCCs Credits
- IV. 2016 and 2017 DCCs Programs
- V. Waivers and Reductions
- VI. Municipal Assist Factor

I. DESCRIPTION AND PRINCIPLES OF THE DCCs PROGRAM

What is the purpose of the DCCs Program?

The purpose of the DCCs 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 DCCs program is to ensure that those people that will use and benefit from the services developed will pay their share of the costs in a fair and equitable basis. The DCCs 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 DCCs?

DCCs are levies placed on new development to assist in financing the cost of upgrading or providing infrastructure services. They support 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, pedestrian and 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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2016 ANNUAL DEVELOPMENT COST CHARGES REPORT

What are the guiding principles in developing the DCCs program?

Each local government has a fundamental philosophy with respect to development and the government's role in facilitating that development. The City's DCCs program, applicable in 2016 has been developed to be consistent with the following legislation, plans, and policy guides:

- Local Government Act
- Development Cost Charges Best Practices Guide
- Regional Growth Strategy/Metro 2040 (Metro Vancouver)
- Official Community Plan (OCP) Bylaw
- Richmond Urban Development Forecast
- 2022 Parks and Open Space Strategy
- Parks Land Acquisition and Development 2006 DCCs Program
- City Centre Transportation Plan
- City Centre Area Plan (CCAP)

Furthermore, to ensure that affected stakeholders are informed about the DCCs 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.

During 2017, a new DCC program will be presented to Council based on current plans, with the final adoption of the updated DCCs bylaw to take place once statutory approval is granted by the Province.

How are DCCs rates derived?

The City began the DCCs process by determining the amount of growth expected to occur over a specified period of time. The growth projections were based on information received in 2008 for various types of residential, commercial, industrial, and institutional growth. Based on the projections, the City identified specific infrastructure needs to accommodate the growth, and the corresponding estimated costs formed the basis of the DCCs Program.

DCCs amounts collected in 2016 are based on rates established by the Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396 effective September 15, 2010.

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How are DCCs used?

Funds collected through the DCCs 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.

DCCs 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 replace infrastructure if the replacement is not capacity-driven as a result of development. In addition, DCCs 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 ensuring the use of a fair and equitable basis of allocating costs, the costs of the DCCs are allocated between growth and the existing population based on assessed benefit factors.

II. 2016 DCCs RESERVE FUND BALANCES

The City records and maintains separate accounts for each DCCs reserve fund. The following table provides a continuity schedule of each DCCs reserve fund (by service) for the 2016 fiscal year:

(amounts expressed in thousands of dollars)

	January 1 Balance	Transfers In	Interest Earned	DCCs Credits	Transfers Out	December 31 Balance
Basic:						
Drainage	\$ 20,975	\$ 2,913	\$ 376	\$ -	\$ (380)	\$ 23,884
Parks Acquisition	17,420	8,688	316	(4,564)	(5,438)	16,422
Parks Development	17,763	3,229	222	(304)	(2,489)	18,421
Roads	27,944	7,893	423	(1,196)	(4,601)	30,463
Sewer	15,499	2,510	225	-	(665)	17,569
Water	4,735	938	76	(6)	(845)	4,898
Total Basic	\$ 104,336	\$ 26,171	\$ 1,638	\$ (6,070)	\$ (14,418)	\$ 111,657
Local Area - Alexandra:						
Drainage	\$ 1,069	\$ 61	\$ 21	\$ -	\$ -	\$ 1,151
Parks Acquisition	2,143	535	22	-	(2,088)	612
Parks Development	726	68	4	-	(126)	672
Roads	2,803	1,290	57	(1,221)	-	2,929
Sewer	353	35	7	-	-	395
Water	161	17	3	-	-	181
Total Local Area	\$ 7,255	\$ 2,006	\$ 114	\$ (1,221)	\$ (2,214)	\$ 5,940
Total DCCs Reserve	\$ 111,591	\$ 28,177	\$ 1,752	\$ (7,291)	\$ (16,632)	\$ 117,597

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2016 ANNUAL DEVELOPMENT COST CHARGES REPORT

III. 2016 DCCs CREDITS

Site Address

Developer

Drainage

No credits for drainage were issued during 2016.

Parkland Acquisition

10788 No. 5 Road	ZGF Cotter Architects
3333 Brown Road	Polygon Avanti Homes
3331 Brown Road	Polygon Avanti Homes
8333 Sweet Avenue	Polygon Avanti Homes
10388 No. 2 Road	Polygon Kingsley Estates Ltd
12920 Mitchell Road	CTA Design Group

Parkland Development

9560 Alexandra Road	Sian Group Investments Inc
10788 No. 5 Road	ZGF Cotter Architects
12920 Mitchell Road	CTA Design Group

Roads

7671 Bridge Street	Kenneth P. Jarmana
9388 Tomicki Avenue	Polygon Alexandra Court Homes Ltd
12920 Mitchell Road	CTA Design Group
4751 McClelland Road	Andrew Lehman
4755 McClelland Road	Andrew Lehman
4771 McClelland Road	Andrew Lehman
4777 McClelland Road	Andrew Lehman

Sewer

No credits for sewer were issued during 2016.

Water

12920 Mitchell Road	CTA Design Group
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2016 ANNUAL DEVELOPMENT COST CHARGES REPORT

IV. 2016 and 2017 DCCs PROGRAMS

Drainage

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

A summary of the projects funded by the Drainage DCCs during 2016 and the projects set to begin in 2017 is contained in Appendix 1.

Parkland Acquisition and Park Development

The projects in the Parks Acquisition DCCs Program include acquisition of land for parks and open space required to meet the needs of the City's growth. The projects include park planning and development as well as playground improvements. 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 DCCs during 2016 and the projects set to begin in 2017 is contained in Appendix 2.

Roads

The projects in the Roads DCCs 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 debt repayments.

A summary of the projects funded by the Roads DCCs during 2016 and the projects set to begin in 2017 is contained in Appendix 3.

Sanitary Sewer

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

A summary of the projects funded by the Sewer DCCs during 2016 and the projects set to begin in 2017 is contained in Appendix 4.

Water

The projects in the Water DCCs Program include upgrades to water mains and pressure reducing valve stations.

A summary of the projects funded by the Water DCCs during 2016 and the projects set to begin in 2017 is contained in Appendix 5.

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V. WAIVERS AND REDUCTIONS

Section 933.1 of the Local Government Act provides the option for municipalities to exempt or waive DCCs 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.

For the year of 2016, 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 DCCs. 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 2016 City's municipal assist factor has been set at 1%.

DRAINAGE – 2016 Expenditures

This table summarizes all projects approved in 2016 and earlier that had expenditures funded by the Drainage DCCs during 2016:

Location	Type of Infrastructure / Description
No. 2 Road North	Pump station upgrade
River Road east of No 5 Road	Pump station upgrade

DRAINAGE – 2016 Projects – Amendment Bylaw

This table summarizes all projects funded by the Drainage DCCs that have been approved during 2016 through the Amendments to the 5 Year Consolidated Financial Plan (2016 – 2020) Bylaw 9521, Amendment Bylaw 9616:

Location	Type of Infrastructure / Description
Horseshoe Slough	Pump station upgrade
No. 2 Road South	Pump station upgrade
Shell Road North	Pump station upgrade

DRAINAGE – 2017 Projects

This table summarizes all projects funded by the Drainage DCCs that have been approved in the 2017 Capital Budget:

No projects funded from Drainage DCC's in 2017.

PARKS – 2016 Expenditures

This table summarizes all projects approved in 2016 and earlier that had expenditures funded by the Parks DCCs during 2016:

Location	Type of Infrastructure / Description
Britannia Shipyards	Britannia Heritage Shipyard improvements
City Wide	Characterization - neighbourhood parks
Saba Road and Buswell Street	Characterization - neighbourhood parks
Steveston Town Square	Development of neighbourhood park
West Cambie	Development of neighbourhood park
Faserwood Trail	Dyke Road Fraserwood Road Widening and Trail Connection
Garden City Lands	Garden City lands – phase 1
Various	General development
Hollybridge Way and Middle Arm	Hollybridge Way and Middle Arm pier
Cambie Area	Neighbourhood park
Cambie Road & Hazelbridge	Neighbourhood park
Parkland Acquisition	Parkland acquisition and repayment
Various	Parks advance planning & design
King George Park	Playground improvement
The Gardens Agricultural Park	The Gardens Agricultural Park – phase 2
Various Locations	Trails
Middle Arm Waterfront	Upgrade/ beautification of the waterfront
Terra Nova Rural Park	Washrooms and landscaping

PARKS – 2017 Projects

This table summarizes all projects funded by the Parks DCCs that have been approved in the 2017 Capital Budget:

Location	Type of Infrastructure / Description
Britannia shipyards	Britannia landscaping improvements and wayfinding
Cambie area	Cambie City Center Park
Garden City Lands	Garden City lands phase 2
London Steveston Park	London Steveston phase 1
Minoru Park	Minoru Latrace backstop upgrades
Rideau Park	Park playground improvements
Various	Parkland acquisition
Various	Parks advance planning and design
Various	Parks general development
Various	Playground improvement program

ROADS – 2016 Expenditures

This table summarizes all projects approved in 2016 and earlier that had expenditures funded by the Roads DCCs during 2016:

Location	Type of Infrastructure / Description
City-wide	Accessible pedestrian signal program
City-wide	Active transportation improvement program
City-wide	Arterial roadway improvement program
City-wide	Functional and preliminary design (Transportation)
City-wide	Infrastructure advanced design
Lansdowne Road - Alderbridge Way to Minoru Blvd.	Interim road extension
City-wide	Lansdowne Road repayment
City-wide	Neighbourhood traffic safety program
City-wide	Neighbourhood walkway program
City-wide	Nelson Road interchange repayment
City-wide	Pedestrian and roadway improvement program
City-wide	River Road/North Loop repayment
Lockhart Road	Road improvements
No. 2 Road - Steveston Highway to Dyke Road	Road widening
Westminster Hwy: Nelson Rd to McMillan Way	Road widening
Dyke Road - Fraserwood Road	Road widening and trail connection
City-wide	Special crosswalk improvement program
City-wide	Traffic calming program
City-wide	Traffic signal program
City-wide	Transit-related amenity improvement program
City-wide	Transit-related roadway improvement program

ROADS – 2017 Projects

This table summarizes all projects funded by the Roads DCCs that have been approved in the 2017 Capital Budget:

Location	Type of Infrastructure / Description
City-wide	Accessible pedestrian signal program
City-wide	Active transportation improvement program
City-wide	Arterial roadway improvement program
City-wide	Functional and preliminary design (Transportation)
City-wide	Infrastructure advanced design
City-wide	Lansdowne Road repayment
City-wide	Neighbourhood walkway program
City-wide	Nelson Road interchange repayment
No. 4 Road to Van Home Way	River drive multi-use pathway
Gilbert to Cambie Road	River parkway (Phase 1) - design
City-wide	River Road/North Loop repayment
City-wide	Special crosswalk program
City-wide	Traffic calming program
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

SEWER – 2016 Expenditures

This table summarizes all projects approved in 2016 and earlier that had expenditures funded by the Sewer DCCs during 2016:

Location	Type of Infrastructure / Description
Lane North of 5600 Cedarbridge Way	Pump station and forcemain assessments and upgrades
8600-Cook Road	Pump station replacement
Broadmoor Sanitary Area	Pump station replacement
Cooney Rd, Spires Gate, Cook Gate and Cook Rd	Sewer and replacement and upgrades
Brown/ Leslie Road	Sewer upgrades

SEWER – 2017 Projects

This table summarizes all projects funded by the Sewer DCCs that have been approved in the 2017 Capital Budget:

Location	Type of Infrastructure / Description
Hamilton area	Hamilton area sanitary sewer and pump station

WATER – 2016 Expenditures

This table summarizes all projects approved in 2016 and earlier that had expenditures funded by the Water DCCs during 2016:

Location	Type of Infrastructure / Description
City-wide	Minor capital
Ryan Road Area	Watermain replacement
Ledway Area	Watermain replacement
Lulu Island West Area	Watermain replacement and upgrade
Lulu Island West Area - Steveston East	Watermain replacement and upgrade
North Beckwith Gate	Watermain replacement and upgrade
North Park Road	Watermain replacement and upgrade
West Woodwards Road	Watermain replacement and upgrade
Cooney Rd, Spires Gate, Cook Gate and Cook Rd	Watermain replacement and upgrades

WATER – 2017 Projects

This table summarizes all projects funded by the Water DCCs that have been approved in the 2017 Capital Budget:

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