



City of Richmond

Report to Committee

To: General Purposes Committee

Date: May 5, 2009

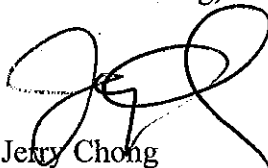
From: Jerry Chong
Director, Finance

File: 03-0900-01/2009-Vol 01

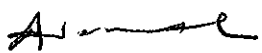
Re: Revisions to Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396

Staff Recommendation

1. That third reading of Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396, given on July 28, 2008, be rescinded;
2. That clause 6 of Amendment Bylaw No. 8396 be replaced as indicated in the draft bylaw attached to this staff report in order to better clarify the implementation date proposed with respect to the new Development Cost Charges;
3. That Schedules B, C, D and E of Amendment Bylaw No. 8396 be revised to reflect the lower Development Cost Charges recommended by City staff in light of changes in the economic conditions; and
4. That Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396 be given third reading, as amended on this day.



Jerry Chong
Director, Finance
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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"/>		
Law	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"/>		
Policy Planning	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"/>	REVIEWED BY CAO	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

Staff Report

Origin

On July 28, 2008, the Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396 was given third reading by Council. The amendment bylaw was subsequently submitted to the Inspector of Municipalities ("Inspector") for approval before the bylaw could be adopted.

However, in light of the changing economic conditions, the City has undertaken a Development Cost Charges (DCC) review to ensure that DCC program costs are reflective of the land and construction values. This undertaking allows the City to remain attractive for developments during this tough time and it allows the City to better reposition itself for the economic recovery in the future. Staff therefore made a request to the Inspector to have the amendment bylaw returned to the City unapproved. City staff was advised by the Inspector that the amendment bylaw would have been approved if the return request had not been made.

Analysis

The proposed DCC rates in Bylaw No. 8024, Amendment Bylaw No. 8396 was derived based on the anticipated growth and the estimated expenditures of infrastructure and parks programs contained within the 2007 City Centre Area Plan (CCAP).

The current economic condition is anticipated to result in changes to some of these fundamental cost assumptions. To ensure that the current economic assumptions are properly reflected in the proposed DCC rates, staff has conducted a cost review of the proposed DCC programs.

Staff obtained current cost data from various external sources and analyzed the current costs contained within the DCC program list. From our review, it is determined that:

- Current land cost is approximately 5% lower than that used in the 2007 CCAP;
- Current construction and engineering costs are approximately 10% lower than the cost assumptions used in the 2007 CCAP; and
- Certain program costs can be further reduced by eliminating project redundancy and identifying cost reduction opportunities.

The revised DCC program costs proposed in the report are as follows:

Servicing Type	DCC Program Costs* (Proposed - July 2008)	DCC Program Costs* (Revised - May 2009)	% Decrease
Infrastructure			
Road Works	\$ 525,740,492	\$ 505,707,426	3.8 %
Drainage	\$ 210,020,330	\$ 155,193,322	26.1 %
Water Works	\$ 38,624,892	\$ 34,123,682	11.7 %
Sanitary Sewer	\$ 122,426,551	\$ 84,663,842	30.8 %
Total	\$ 896,812,265	\$ 779,688,272	13.1 %
Parkland			
Parks Acquisition	\$ 315,962,198	\$ 302,548,915	4.2 %
Parks Development	\$ 133,388,053	\$ 125,645,386	5.8 %
Total	\$ 449,350,251	\$ 428,194,301	4.7 %
Total Infrastructure and Parkland			
Total Recoverable DCC Program Costs	\$ 1,346,162,516	\$ 1,207,882,573	10.3 %

* Amount shown is net of share of DCC programs to be funded by City

Financial Impact

Revised DCC Rates (May 2009) vs. Proposed DCC Rates (July 2008)

- The revised DCC program costs proposed in this review will result in an average decrease in the DCC rates of approximately 11.3% from the July 2008 proposed DCC rates.

The following provides a comparison of the revised DCC rates with the July 2008 proposed DCC rates:

Dwelling Type	Rate Basis	Proposed (July 2008)	Revised * (May 2009)	% Decrease
Single-Family	\$ / lot	\$ 28,003.68	\$ 24,859.53	11.2 %
Townhouse	\$ / ft ² of building area	\$ 15.99	\$ 14.28	10.7 %
Multi-Family	\$ / ft ² of building area	\$ 16.69	\$ 15.09	9.6 %
Commercial	\$ / ft ² of building area	\$ 12.25	\$ 11.22	8.4 %
Light Industrial	\$ / ft ² of building area	\$ 9.91	\$ 8.96	9.6 %
Major Industrial	\$ / acre of gross site area	\$102,735.04	\$ 83,837.56	18.4 %
Average Decrease from July 2008 Proposed DCC Rates				11.3 %

Revised DCC Rates (May 2009) vs. Current Enacted DCC Rates (Bylaw No. 8024)

- The final amendment Bylaw No. 8396 as proposed herein will increase DCC rates by an average of 16.5% over the current DCC rates under Bylaw No. 8024, compared to an average increase of 31.2% as proposed in July 2008. This increase is necessary in order to implement the proposed new CCAP.

The following provides a comparison of the proposed and revised DCC rates with the currently enacted DCC rates (Bylaw No. 8024):

Dwelling Type	Current Rate (Bylaw 8024)	Proposed Rate (July 2008)	% Increase	Revised Rate * (May 2009)	% Increase
Single-Family	\$ 21,456.86	\$ 28,003.68	30.5 %	\$ 24,859.53	15.9 %
Townhouse	\$ 11.94	\$ 15.99	33.9 %	\$ 14.28	19.6 %
Multi-Family	\$ 12.37	\$ 16.69	34.9 %	\$ 15.09	22.0 %
Commercial	\$ 9.20	\$ 12.25	33.2 %	\$ 11.22	22.0 %
Light Industrial	\$ 7.49	\$ 9.91	32.3 %	\$ 8.96	19.6 %
Major Industrial	\$ 83,811.92	\$102,735.04	22.6 %	\$ 83,837.56	0.03 %
Average Increase from Current DCC Bylaw			31.2 %	16.5 %	

* See Appendix attached for Schedules B, C, D and E of Amendment Bylaw No. 8396. These schedules provide a detailed breakdown of the Development Cost Charges by servicing type.

Implementation Guidelines

In order to inform applicants for subdivisions and building permits of DCC Bylaw 8396, an implementation bulletin will be prepared by City staff. This bulletin, which is similar to the one prepared for the last DCC Bylaw amendment (Bylaw 8049), will outline the application of the new DCC rates or the existing DCC rates. As an overview:

- **Grace Period**

The following will have a one-year grace period (from the date of adoption of the bylaw) from the new DCC rates:

- (i) Subdivision applications that are not completed as of the date of adoption of the bylaw, but prior to the one-year anniversary of the date of adoption of the bylaw the subdivision applications have been completed, have received final subdivision approval and DCC's have been paid in full; and
- (ii) Completed building permit applications that are received prior to the one-year anniversary of the date of adoption of the bylaw.

- **In-Stream Applications**

The existing DCC rates pursuant to current Development Cost Charges Bylaw No. 8024, Amendment Bylaws 8049 and 8060 will apply to the following:

- (i) Subdivision applications that are completed, all fees have been paid in full prior to the date of adoption of the bylaw, final subdivision approval is received and DCC's have been paid prior to the one-year anniversary of the date of adoption of the bylaw; and
- (ii) Completed building permit applications that are received prior to the one-year anniversary of the date of adoption of the bylaw, and DCC's are paid in full and the building permit is issued no later than 30 days after the one-year anniversary of the date of adoption of the bylaw.

Next Steps

Following third reading of the revised amendment DCC Bylaw 8396, the bylaw would be forwarded to the Inspector of Municipalities for review. When the Inspector has given approval, the bylaw can be adopted. After which, the proposed new CCAP can be adopted.

Official Community Plan Amendment Bylaw

On April 14, 2009, Council gave first reading to a proposal by the City to amend Schedule 2.10 (CCAP) of Official Community Plan (OCP) Bylaw 7100 as amended by OCP Amendment Bylaw No. 8383. The amendment to the CCAP will result in a proposed future park in the City Centre's Bridgeport Village area to be relocated. The Public Hearing on the proposed relocation of the park will not occur until after the CCAP and the subject DCC bylaw are adopted.

Since the affected park is identified on the subject DCC program, if Council approves the OCP Amendment Bylaw, the relocation will need to be updated in the DCC program. However, there will be no impact on the DCC rates arising from the OCP Amendment. The DCC bylaw amendments related to the proposed park relocation are not included in the subject staff report and, instead, will be presented, as required, under a separate cover.

Conclusion

The revised DCC rates outlined above are required to provide the funds necessary for anticipated growth, in accordance with the current Official Community Plan, and at the levels of service and standards for infrastructure servicing and parkland adopted by Council.

It is recommended that the revised Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396 be given third reading, as amended on this day.



Jerry Chong
Director, Finance
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JC:vn



Holger Burke
Development Coordinator
604-276-4164

APPENDIX

SCHEDULE B to BYLAW NO. 8396

DEVELOPMENT CHARGES - RESIDENTIAL DEVELOPMENT

Single-Family Dwelling

<u>Servicing Type</u>	rate per lot
Road Works	\$ 6,183.85
Drainage	\$ 3,777.61
Water Works	\$ 712.54
Sanitary Sewer	\$ 1,811.99
Parks Acquisition	\$ 8,715.47
Parks Development	\$ 3,658.07
<u>TOTAL</u>	\$ 24,859.53

Townhouse

<u>Servicing Type</u>	Rate per square foot of the building area
Road Works	\$ 2.97
Drainage	\$ 1.62
Water Works	\$ 0.46
Sanitary Sewer	\$ 1.18
Parks Acquisition	\$ 5.67
Parks Development	\$ 2.38
<u>TOTAL</u>	\$ 14.28

Multi-Family Dwelling

<u>Servicing Type</u>	Rate per square foot of the building area
Road Works	\$ 3.96
Drainage	\$ 1.15
Water Works	\$ 0.48
Sanitary Sewer	\$ 1.21
Parks Acquisition	\$ 5.84
Parks Development	\$ 2.45
<u>TOTAL</u>	\$ 15.09

SCHEDULE C to BYLAW NO. 8396

DEVELOPMENT COST CHARGES - COMMERCIAL DEVELOPMENT

<u>Servicing Type</u>	rate per square foot of the building area
Road Works	\$ 7.89
Drainage	\$ 1.13
Water Works	\$ 0.18
Sanitary Sewer	\$ 0.46
Parks Acquisition	\$ 1.10
Parks Development	\$ 0.46
<u>TOTAL</u>	\$ 11.22

SCHEDULE D to BYLAW NO. 8396

DEVELOPMENT COST CHARGES - LIGHT INDUSTRIAL DEVELOPMENT

<u>Servicing Type</u>	rate per square foot of the building area
Road Works	\$ 5.64
Drainage	\$ 1.12
Water Works	\$ 0.18
Sanitary Sewer	\$ 0.46
Parks Acquisition	\$ 1.10
Parks Development	\$ 0.46
<u>TOTAL</u>	\$ 8.96

SCHEDULE E to BYLAW NO. 8396

DEVELOPMENT COST CHARGES - MAJOR INDUSTRIAL DEVELOPMENT

<u>Servicing Type</u>	rate per acre of gross site area
Road Works	\$ 29,440.83
Drainage	\$ 34,396.09
Water Works	\$ 3,932.04
Sanitary Sewer	\$ 9,999.15
Parks Acquisition	\$ 4,275.10
Parks Development	\$ 1,794.35
<u>TOTAL</u>	\$ 83,837.56



Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396

WHEREAS Council has adopted Development Cost Charges for the City, and

WHEREAS amendments to the Development Cost Charges are required to finance expected servicing in the City,

The Council of the City of Richmond enacts as follows:

1. Bylaw No. 8024 is amended by deleting Schedule "B" and substituting Schedule "B" attached hereto and forming part of the Bylaw as Schedule "B" to Bylaw No. 8024.
2. Bylaw No. 8024 is amended by deleting Schedule "C" and substituting Schedule "C" attached hereto and forming part of the Bylaw as Schedule "C" to Bylaw No. 8024.
3. Bylaw No. 8024 is amended by deleting Schedule "D" and substituting Schedule "D" attached hereto and forming part of the Bylaw as Schedule "D" to Bylaw No. 8024.
4. Bylaw No. 8024 is amended by deleting Schedule "E" and substituting Schedule "E" attached hereto and forming part of the Bylaw as Schedule "E" to Bylaw No. 8024.
5. If any part, section, subsection, clause, or sub-clause of this Bylaw is, for any reason, held to be invalid by a decision of a Court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this bylaw.
6. Except for sections 1 through 4 of this bylaw, this bylaw comes into effect on the date of adoption. Unless the applicant agrees in writing that sections 1 through 4 of this bylaw should come into effect on an earlier date, sections 1 through 4 of this bylaw do not come into effect until the date is 12 months after the date of adoption of this bylaw. For the purposes of clarity, with respect to the 12 month grace period afforded to development cost charges payable in connection to completed subdivision applications pursuant to section 943 of the *Local Government Act*, such 12 month grace period commences on the date of adoption of this bylaw.
7. This bylaw is cited as "**Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396**".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER

CITY OF RICHMOND
APPROVED for content by originating dept.
<i>DC</i>
APPROVED for legality by Solicitor
<i>[Signature]</i>

SCHEDULE B to BYLAW NO. 8396

SCHEDULE B to BYLAW NO. 8024

DEVELOPMENT COST CHARGES - RESIDENTIAL DEVELOPMENT

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Parks Development	\$ 2.45
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SCHEDULE C to BYLAW NO. 8396

SCHEDULE C to BYLAW NO. 8024

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SCHEDULE D to BYLAW NO. 8396

SCHEDULE D to BYLAW NO. 8024

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SCHEDULE E to BYLAW NO. 8396

SCHEDULE E to BYLAW NO. 8024

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