



City of Richmond

Report to Committee

To: Finance Committee **Date:** March 8, 2023
From: Mike Ching, CPA, CMA **File:** 03-0905-01/2023-Vol
01
 Director, Finance
Re: 2022 Annual Development Cost Charges Report

Staff Recommendation

That the staff report titled, "2022 Annual Development Cost Charges Report," dated March 8, 2023 from the Director, Finance be received for information.

Mike Ching, CPA, CMA
 Director, Finance
 (604-276-4137)

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 2022-2026 Focus Area #4 Responsible Financial Management and Governance:

Responsible financial management and efficient use of public resources to meet the needs of the community.

4.1 Ensure effective financial planning to support a sustainable future for the City.

4.3 Foster community trust through open, transparent and accountable budgeting practices and processes.

Analysis

The City's 2022 Annual DCC Report covers the following six broad categories:

- (i) Description and principles of the City of Richmond's DCC program;
- (ii) 2022 DCC reserve fund balances;
- (iii) 2022 DCC credits;
- (iv) 2022 and 2023 DCC programs;
- (v) Waivers and reductions; and
- (vi) Municipal assist factor.

The 2022 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, 2022 that are not confirmed due to potential DCC credits. These amounts, if applicable, will be reported in future periods.

New DCC rates established through the Development Cost Charges Imposition Bylaw No. 10161 were approved by Council on May 10, 2021 with a 0.8% rate increase. There were no new rates set in 2022. The City completed a major DCC update and various public engagement sessions on the proposed changes to the DCC rates in 2022. The amendment to the DCC Bylaw was approved by Council at the March 13, 2023 meeting under the staff report dated January 27, 2023 titled "Proposed Amendment to the Development Cost Charges Imposition Bylaw" from

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the Director, Finance. Upon approval of the proposed DCC Bylaw by Council, the Ministry's statutory approval of the proposed DCC Bylaw will be required prior to final adoption.

A copy of the 2022 Annual Development Cost Charges Report, which will be available for public viewing on the City's website before June 30, 2023, is attached for information.

Financial Impact

None.

Conclusion

The attached 2022 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: 2022 Annual Development Cost Charges Report

City of Richmond
**2022 Annual Development
Cost Charges Report**

For the year ended December 31, 2022

CITY OF RICHMOND
2022 ANNUAL DEVELOPMENT COST CHARGES REPORT

This 2022 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. 2022 DCC Reserve Fund Balances
- III. 2022 DCC Credits
- IV. 2022 and 2023 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 who 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;
- Upgrades to watermains, pressure reducing valve stations, drainage pipes, box culverts, drainage pump stations, canals, sanitary sewers and sanitary pump stations; and
- Acquisition and development of parkland (playing fields, drainage and irrigation, turf, etc.)

CITY OF RICHMOND

2022 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 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 established through the Development Cost Charges Imposition Bylaw No. 10161 were approved by Council on May 10, 2021 with a 0.8% rate increase. There were no new rates set in 2022. The City completed a major DCC update and various public engagement sessions on the proposed changes to the DCC rates in 2022. The amendment to the DCC Bylaw was approved by Council at the March 13, 2023 meeting under the staff report dated January 27, 2023 titled "Proposed Amendment to the Development Cost Charges Imposition Bylaw" from the Director, Finance. Upon approval of the proposed DCC Bylaw by Council, the Ministry's statutory approval of the proposed DCC Bylaw will be required prior to final adoption.

How are DCCs used?

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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, water, sanitary, and drainage infrastructure 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, 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 ensure 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. 2022 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 2022 fiscal year:

(amounts expressed in thousands of dollars)

	January 1 Balance	Transfers In	Interest Earned	DCC Front Ender Payment	Transfers Out	December 31 Balance
City-Wide:						
Drainage	\$ 44,847	\$ 6,540	\$ 1,165	\$ -	\$ (874)	\$ 51,678
Parks Acquisition	48,005	3,756	914	-	(4,048)	48,626
Parks Development	22,661	2,765	299	-	(10,201)	15,524
Roads	64,512	12,193	1,274	-	(6,415)	71,565
Sanitary Sewer	28,143	3,268	711	-	(232)	31,889
Water	8,560	1,657	226	-	(184)	10,259
Total City-Wide	\$ 216,728	\$ 30,178	\$ 4,589	\$ -	\$ (21,954)	\$ 229,541
Local Area - Alexandra:						
Drainage	\$ 1,683	\$ -	42	\$ -	\$ -	\$ 1,726
Parks Acquisition	1,532	-	33	-	(480)	1,085
Parks Development	205	-	2	-	-	207
Roads	3,671	-	90	(125)	-	3,636
Sanitary Sewer	573	-	13	-	-	586
Water	263	-	7	-	-	270
Total Local Area	\$ 7,927	\$ -	\$ 189	\$ (125)	\$ (480)	\$ 7,510
Total DCC Reserve	\$ 224,655	\$ 30,178	\$ 4,777	\$ (125)	\$ (22,434)	\$ 237,051

Note, all amounts are unaudited and balances include committed amounts approved by Council through the Capital Budget.

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2022 ANNUAL DEVELOPMENT COST CHARGES REPORT

2022 DCC CREDITS

Site Address	Developer/Applicant
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Drainage

No credits for drainage were issued during 2022.

Parkland Acquisition

No credits for parkland acquisition were issued during 2022.

Parkland Development

No credits for parkland development were issued during 2022.

Roads

No credits for roads were issued during 2022.

Sanitary Sewer

No credits for sanitary sewer were issued during 2022.

Water

No credits for water were issued during 2022.

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III. 2022 and 2023 DCC PROGRAMS

Drainage

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

A summary of the projects funded by the Drainage DCC during 2022 and the projects set to begin in 2023 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 2022 and the projects set to begin in 2023 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 2022 and the projects set to begin in 2023 is contained in Appendix 3.

Sanitary Sewer

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

A summary of the projects funded by the Sanitary Sewer DCC during 2022 and the projects set to begin in 2023 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 2022 and the projects set to begin in 2023 is contained in Appendix 5.

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IV. 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.

Any waivers made under this section would require the City to pay an equivalent amount from other non-DCC funding sources. For the year of 2022, no waivers or reductions were granted.

V. 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 – 2022 Expenditures

This table summarizes all projects approved in 2022 and earlier that had expenditures funded by the Drainage DCC during 2022:

Location	Type of Infrastructure / Description
Disaster Mitigation and Adaption Fund Infrastructure	Disaster Mitigation

DRAINAGE – 2023 Projects

There were no projects funded by the Drainage DCC in the 2023 Capital Budget.

PARKS – 2022 Expenditures

This table summarizes all projects approved in 2022 and earlier that had expenditures funded by the Parks DCC during 2022:

Location	Type of Infrastructure / Description
Aberdeen Park	Development of neighbourhood park
City Wide	Advanced planning & design
City Wide	Community Gardens
City Wide	General development
City Wide	Parkland acquisition and repayment
City Wide	Parks Identity Signage Program
City Wide	Playground Replacement
Garden City Lands	Design and Construction
Hollybridge Way and Middle Arm	Pier construction and development of neighbourhood park
King George Park	Development of neighbourhood park
Lang Park	Development of neighbourhood park
London Steveston Park	Parks advance planning & design
Minoru Park	Lakes renewal and development of neighbourhood park
Oval West Waterfront Park	Development of neighbourhood park
South Arm Park	Park Renewal
Terra Nova Park	Waterfront development
The Gardens Agricultural Park	Development of neighbourhood park
West Cambie Park	Development of neighbourhood park

PARKS – 2023 Projects

This table summarizes all projects funded by the Parks DCC that have been approved in the 2023 Capital Budget:

Location	Type of Infrastructure / Description
City Wide	Parkland Acquisition
City Wide	Parks Advance Planning and Design
City Wide	Parks General Development
City Wide	Community Gardens
McLean Park	Dog Off-Leash Area
Middle Arm Waterfront	Lulu Island park planning
Steveston Community Park	Playground Expansion

ROADS – 2022 Expenditures

This table summarizes all projects approved in 2022 and earlier that had expenditures funded by the Roads DCC during 2022:

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
Cambie Rd	Arterial Roadway Improvement Program
Leslie Rd	Arterial Roadway Improvement Program
City Centre	Bicycle Lanes
City Wide	Bicycle Lanes
City-Wide	Functional and Preliminary Design (Transportation)
No 2 Road	Interim road extension with walkways and bicycle lane
River Parkway- Gilbert Road to Cambie Road	Interim road extension with walkways and bicycle lane
City-Wide	LED Street Name Sign Program
City-Wide	Neighbourhood Walkway Program
City-Wide	Railway Crossings
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	Transportation Planning, Functional and Preliminary Design

ROADS – 2023 Projects

This table summarizes all projects funded by the Roads DCC that have been approved in the 2023 Capital Budget:

Location	Type of Infrastructure / Description
City Wide	Active Transportation Improvement Program
City Wide	Arterial Roadway Improvement Program
City Wide	LED Street Name Sign Program
Steveston	Moncton St Pedestrian & Cycling Improvement
City Wide	Neighbourhood Walkway Program
City Wide	Special Crosswalk Program
Steveston	Steveston Highway Multi-Use Pathway, No 2 Road to Railway Avenue
City Wide	Top 20 Collision Prone Intersections- Implementation of Medium-/Long-term Improvements
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
City Wide	Transportation Planning, Functional and Preliminary Design
City Wide	Public Works Infrastructure Advanced Design

SANITARY SEWER – 2022 Expenditures

This table summarizes all projects approved in 2022 and earlier that had expenditures funded by the Sanitary Sewer DCC during 2022:

Location	Type of Infrastructure / Description
Eckersley Road	Pump station replacement and upgrades
Hamilton Area	Pump station replacement and upgrades

SANITARY SEWER – 2023 Projects

There were no projects funded by the Sanitary Sewer DCC in the 2023 Capital Budget.

WATER – 2022 Expenditures

This table summarizes all projects approved in 2022 and earlier that had expenditures funded by the Water DCC during 2022:

Location	Type of Infrastructure / Description
Chatsworth Channel	Watermain replacement
City-Wide	Watermain replacement
Monteith Road	Watermain replacement
Petts Nevis Neighbourhood	Watermain replacement
Springfield Neighbourhood	Watermain replacement

WATER – 2023 Projects

There were no projects funded by the Water DCC in the 2023 Capital Budget: