



**Finance Committee
Electronic Meeting**

**Council Chambers, City Hall
6911 No. 3 Road**

Tuesday, April 2, 2024

Immediately following the General Purposes Committee meeting

Pg. # ITEM

MINUTES

FIN-2 *Motion to adopt the **minutes** of the meeting of the Finance Committee held on March 4, 2024.*

FINANCE AND CORPORATE SERVICES DIVISION

- 2023 ANNUAL DEVELOPMENT COST CHARGES REPORT**
(File Ref. No. 03-0905-01) (REDMS No. 7569030)

FIN-5

See Page FIN-5 for full report

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the staff report titled, “2023 Annual Development Cost Charges Report,” dated March 8, 2024 from the Director, Finance be received for information.

ADJOURNMENT



Finance Committee

Date: Monday, March 4, 2024

Place: Council Chambers
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Carol Day
Councillor Laura Gillanders
Councillor Kash Heed
Councillor Andy Hobbs
Councillor Alexa Loo
Councillor Bill McNulty
Councillor Michael Wolfe

Absent: Councillor Chak Au

Call to Order: The Chair called the meeting to order at 4:49 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on February 5, 2024, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

1. **2023 ANNUAL PROCUREMENT REPORT**

(File Ref. No. 02-0745-01) (REDMS No. 7561998)

In response to queries from the Committee, staff noted (i) there are specified minimum dollar thresholds with respect to bid opportunities where the City is obligated to publicly advertise, e.g., construction opportunities minimum \$200,000 and goods and services at a \$75,000 minimum, (ii) the City advertises bid opportunities on BC Bid and also on the City’s website (bids and tenders) and conduct the procurement process through that portal, and (iii) in the interest of expediency and ensuring contracts are with organizations that have been thoroughly reviewed, the City operates a number of prequalified lists for different kinds of services (e.g., architectural services, engineering consultants), which has proven to be very successful.

A brief discussion ensued with respect to the procurement policy for direct awards versus RFPs. Staff noted, except in very rare situations, the City competitively tenders consulting contracts. For clarification, it was requested that staff provide a memo outlining the processes, qualifications and exceptions and/or restrictions (minimum/maximum amount) with respect to the procurement policy for direct awards

It was moved and seconded

That the staff report titled “2023 Annual Procurement Report”, dated February 9, 2024, from the Director of Finance, be received for information.

CARRIED

2. **RICHMOND OLYMPIC OVAL CORPORATION - 2024 ANNUAL OPERATING AND CAPITAL BUDGETS & COMPREHENSIVE WORKPLAN**

(File Ref. No. 03-1200-09) (REDMS No. 7592431)

In response to queries from the Committee, Richmond Olympic Oval staff noted (i) with respect to fitness and longevity expenses, programs continue to expand coming since the COVID-19 pandemic, resulting in the provision of more services and expenses, exceeding pre-pandemic revenues and expenses (ii) the Board of Directors reviews and approves the detailed budget, and a summary of that budget is provided to Council with the comprehensive work plan, a memo to Council providing a breakdown of list of sport hosting grants for 2023 and which groups receive grants will be provided, (iii) since July 2020, 4,200 members were added, with increased membership anticipated through the development of continued opportunities to increase membership, (iv) with respect to expenses, approximately \$1.3 million (of the increase of \$1.7 million) is related to an increase in labour, offset by a corresponding increase in revenues, (v) the annual membership rate at the Oval is \$745 per

Finance Committee Minutes – Monday, March 4, 2024

Pg. # ITEM

year for an adult membership, as represented by approximately 35% of the active membership base, with the other 65% receiving a discounted rate either through a loyalty program or age based discount, (vi) the diversity of program options for the Oval membership is quite significant, everything under one roof, a great mix of summer and winter activities, as well as all drop-in activities and access to the climbing wall, skating and courts, (vii) there are approximately 88 regular full time and part-time staff, and 260 casual/seasonal staff.

A brief discussion ensued with respect to the City's contribution to the Oval, the 2023 GOT trust and the budgeted revenue. Oval staff noted (i) Council will see audited financial statements in May, and (ii) any surplus is reinvested to the Oval and funds the capital program; since its inception, the Oval has funded over \$25 million of its own capital.

It was moved and seconded

- (1) *That the 2024 Annual Operating and Capital Budgets approved by the Richmond Olympic Oval Corporation's Board of Directors and presented in the report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information; and*
- (2) *That the 2024 Richmond Olympic Oval Corporation Comprehensive Workplan that has been approved by the Corporation's Board of Directors be received for information.*

CARRIED

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (5:21 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Finance Committee of the Council of the City of Richmond held on Monday, March 4, 2024.

Mayor Malcolm D. Brodie
Chair

Lorraine Anderson
Legislative Services Associate



City of Richmond

Report to Committee

To: Finance Committee **Date:** March 8, 2024
From: Mike Ching, CPA, CMA **File:** 03-0905-01/2024-Vol
01
 Director, Finance
Re: **2023 Annual Development Cost Charges Report**

Staff Recommendation

That the staff report titled, "2023 Annual Development Cost Charges Report," dated March 8, 2024 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 2023 Annual DCC Report covers the following six broad categories:

- (i) Description and principles of the City of Richmond's DCC program;
- (ii) 2023 DCC reserve fund balances;
- (iii) 2023 DCC credits;
- (iv) 2023 and 2024 DCC programs;
- (v) Waivers and reductions; and
- (vi) Municipal assist factor.

The 2023 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, 2023 that are not confirmed due to potential DCC credits. These amounts, if applicable, will be reported in future periods.

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.

March 8, 2024

- 3 -

New DCC rates established through the Development Cost Charges Imposition Bylaw No. 10436 were approved by Council with Inspector approval on July 24, 2023. Sections 511 and 568 of the *Local Government Act* applies protections for in-stream applications until July 24, 2024.

A copy of the 2023 Annual Development Cost Charges Report, which will be available for public viewing on the City's website before June 30, 2024, is attached for information.

Financial Impact

None.

Conclusion

The attached 2023 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: 2023 Annual Development Cost Charges Report

City of Richmond
**2023 Annual Development
Cost Charges Report**

For the year ended December 31, 2023

CITY OF RICHMOND
2023 ANNUAL DEVELOPMENT COST CHARGES REPORT

This 2023 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. 2023 DCC Reserve Fund Balances
- III. 2023 DCC Credits
- IV. 2023 and 2024 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
2023 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.

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.

CITY OF RICHMOND
2023 ANNUAL DEVELOPMENT COST CHARGES REPORT

New DCC rates established through the Development Cost Charges Imposition Bylaw No. 10436 were approved by Council with Inspector Approval on July 24, 2023 as summarized below:

Development Type	Unit	Current Bylaw Rates	Previous Bylaw Rates	% Increase
Single Family	per lot	\$ 61,138.20	\$ 41,865.77	46%
Townhouse	per ft ²	\$ 32.40	\$ 22.77	42%
Apartment	per ft ²	\$ 34.31	\$ 23.97	43%
Commercial/Institutional	per ft ²	\$ 22.15	\$ 15.39	44%
Light Industrial	per ft ²	\$ 18.19	\$ 12.02	51%
Major Industrial	per acre	\$ 206,249.33	\$ 103,584.37	99%

Sections 511 and 568 of the *Local Government Act* applies protections for in-stream applications until July 24, 2024.

How are DCCs used?

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. The benefit allocation represents the benefit received from the DCC projects to the entire community and is paid for through tax or other City sources.

CITY OF RICHMOND
2023 ANNUAL DEVELOPMENT COST CHARGES REPORT

II. 2023 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 2023 fiscal year:

(amounts expressed in thousands of dollars)

	January 1 Balance	Transfers In	Interest Earned	Transfers Out/Adj	December 31 Balance
City-Wide:					
Drainage	\$ 51,678	\$ 882	\$ 2,345	\$ (9)	\$ 54,896
Parks Acquisition	48,626	519	2,183	(766)	50,562
Parks Development	15,524	382	595	(5,007)	11,494
Roads	71,565	2,087	3,163	(4,632)	72,183
Sanitary Sewer	31,889	359	1,442	(27)	33,663
Water	10,259	112	462	(94)	10,739
Total City-Wide	\$ 229,541	\$ 4,341	\$ 10,190	\$ (10,535)	\$ 233,537
Local Area - Alexandra:					
Drainage	\$ 1,726	\$ -	78	\$ -	\$ 1,804
Parks Acquisition	1,085	-	49	-	1,134
Parks Development	207	-	15	244	466
Roads	3,636	-	163	-	3,799
Sanitary Sewer	586	-	26	-	612
Water	270	-	12	-	282
Total Local Area	\$ 7,510	\$ -	\$ 343	\$ 244	\$ 8,097
Total DCC Reserve	\$ 237,051	\$ 4,341	\$ 10,533	\$ (10,291)	\$ 241,634

Note, all amounts are unaudited and balances include committed amounts approved by Council through the Capital Budget. Included in Parks Development - Alexandra are amounts returned to the DCC reserve relating to external funding recognized during 2023.

CITY OF RICHMOND
2023 ANNUAL DEVELOPMENT COST CHARGES REPORT

2023 DCC CREDITS

Site Address

Developer/Applicant

Drainage

No credits for drainage were issued during 2023.

Parkland Acquisition

10255 River Drive (Tait Waterfront Park)
9991 River Drive (West Park)

Parc Riviera Projects Inc
Parc Riviera Projects Inc

Parkland Development

10255 River Drive (Tait Waterfront Park)

Parc Riviera Projects Inc.

Roads

9680 Alexandra Rd

Am-Pri Developments (2012) Ltd .

Sanitary Sewer

No credits for sanitary sewer were issued during 2023.

Water

No credits for water were issued during 2023.

CITY OF RICHMOND
2023 ANNUAL DEVELOPMENT COST CHARGES REPORT

III. 2023 and 2024 DCC PROGRAMS

Drainage

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

A summary of the projects funded by the Drainage DCC during 2023 and the projects set to begin in 2024 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 2023 and the projects set to begin in 2024 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 2023 and the projects set to begin in 2024 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 2023 and the projects set to begin in 2024 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 2023 and the projects set to begin in 2024 is contained in Appendix 5.

CITY OF RICHMOND
2023 ANNUAL DEVELOPMENT COST CHARGES REPORT

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 2023, no waivers or reductions were granted.

V. MUNICIPAL ASSIST FACTOR

The Local Government Act requires that the existing municipality provide a contribution to help growth in meeting its service cost obligations. 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.

The assist factor is separate from the portion of the infrastructure cost that is allocated based on the benefit received to the population at large.

DRAINAGE – 2023 Expenditures

This table summarizes all projects approved in 2023 and earlier that had expenditures funded by the Drainage DCC during 2023:

Location	Type of Infrastructure / Description
City Wide	Disaster Mitigation

DRAINAGE – 2024 Projects

This table summarizes all projects funded by the Drainage DCC that have been approved in the 2024 Capital Budget:

Location	Type of Infrastructure / Description
City Wide	Disaster Mitigation

PARKS – 2023 Expenditures

This table summarizes all projects approved in 2023 and earlier that had expenditures funded by the Parks DCC during 2023:

Location	Type of Infrastructure / Description
City Wide	Advanced planning & design
Middle Arm Waterfront	Advanced planning & design
City Wide	Community Gardens
City Wide	Dog Parks
Hamilton	Dog Parks
City Wide	General development
Minoru Park	Lakes renewal and development of neighbourhood park
City Wide	Parkland Acquisition
Garden City	Park Development
London Steveston	Park Development
West Cambie	Park Development
Lang Park	Park Development
Gilmore - London Heritage Farm	Park Development
Middle Arm Waterfront	Park Development
King George Park	Park Development
City Wide	Parks Identity Signage Program
Paulik Park	Parks Renewal
South Arm	Parks Renewal
Terra Nova Rural Park	Parks Renewal
Middle Arm	Pier Development
City Wide	Playground improvements

PARKS – 2024 Projects

This table summarizes all projects funded by the Parks DCC that have been approved in the 2024 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	Parks Interpretive Signage
City Wide	Community Gardens
Minoru Park	Lakes renewal and development of neighbourhood park
Minoru Park	Amenity Space Concept Design
Hugh Boyd Community Park	Playground Renewal

ROADS – 2023 Expenditures

This table summarizes all projects approved in 2023 and earlier that had expenditures funded by the Roads DCC during 2023:

Location	Type of Infrastructure / Description
City Wide	Active Transportation Improvement Program
City Wide	Advanced design
City Wide	Arterial Roadway Improvement Program
City Wide	LED Street Name Sign Program
No 2 Rd	Multi-Use Pathway
River Road	Multi-Use Pathway
Garden City	Multi-Use Pathway
Steveston Hwy	Multi-Use Pathway
Westminster Hwy	Multi-Use Pathway
City Wide	Neighbourhood Walkway Program
City Centre-Sexsmith Road to Brown Road	Sexsmith Road/Brown Road Bike Route
City Wide	Special Crosswalk Program
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 Roadways Improvement Program
City Wide	Transit-Related Amenity Improvement Program
City Wide	Transportation Planning, Functional and Preliminary Design

ROADS – 2024 Projects

This table summarizes all projects funded by the Roads DCC that have been approved in the 2024 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
City Wide	Neighbourhood Walkway Program
City Wide	Special Crosswalk Program
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 Roadway Improvement Program
City Wide	Transportation Planning, Functional and Preliminary Design
City Wide	Public Works Infrastructure Advanced Design
Gilbert Road	Gilbert Road Off-road Cycling Facility, Granville Avenue to Elmbridge Way

SANITARY SEWER – 2023 Expenditures

This table summarizes all projects approved in 2023 and earlier that had expenditures funded by the Sanitary Sewer DCC during 2023:

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

SANITARY SEWER – 2024 Projects

This table summarizes all projects funded by the Sanitary Sewer DCC that have been approved in the 2024 Capital Budget.

Location	Type of Infrastructure / Description
City Wide	Public Works Infrastructure Advanced Design

WATER – 2023 Expenditures

This table summarizes all projects approved in 2023 and earlier that had expenditures funded by the Water DCC during 2023:

Location	Type of Infrastructure / Description
Danube/Minler	Watermain replacement
Petts Nevis Neighbourhood	Watermain replacement
Springfield Neighbourhood	Watermain replacement

WATER – 2024 Projects

This table summarizes all projects funded by the Water DCC that have been approved in the 2024 Capital Budget:

Location	Type of Infrastructure / Description
City Wide	Watermain replacement upgrades