



**Finance Committee  
Electronic Meeting**

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

**Monday, April 4, 2022**

**Immediately following General Purposes Committee**

Pg. #      ITEM

MINUTES

**FIN-4**      *Motion to adopt the **minutes** of the meeting of the Finance Committee held on March 7, 2022.*



FINANCE AND CORPORATE SERVICES DIVISION

1. **APPOINTMENT OF EXTERNAL AUDITOR**  
(File Ref. No.) (REDMS No. 6853618)

**FIN-7**

**See Page FIN-7 for full report**

*Designated Speaker: Cindy Gilfillan*

STAFF RECOMMENDATION

*That KPMG LLP be appointed as the external financial auditor for the City of Richmond for a five-year period, beginning with the 2022 fiscal year that ends December 31, 2022 through to the 2026 fiscal year that ends December 31, 2026.*



2. **MUNICIPAL SECURITY ISSUING RESOLUTION**

(File Ref. No. 03-0900-01) (REDMS No. 6850735)

**FIN-10**

See Page **FIN-10** for full report

*Designated Speaker: Venus Ngan*

**STAFF RECOMMENDATION**

- (1) *That a 20-year term \$96 million borrowing with a 20-year amortization period from the Municipal Finance Authority of British Columbia's (MFA's) 2022 Fall Borrowing Session, as authorized through Steveston Community Centre and Branch Library Loan Authorization Bylaw No. 10334, be approved;*
- (2) *That the Metro Vancouver Regional District (MVRD) be requested to consent and to include the City of Richmond's 20-year term \$96 million borrowing with a 20-year amortization period in MVRD's Security Issuing Bylaw; and*
- (3) *That the Consolidated 5-Year Financial Plan (2022-2026) be amended accordingly.*



3. **REVENUE ANTICIPATION BORROWING (2022) BYLAW NO. 10368**

(File Ref. No. 03-0900-01) (REDMS No. 6849317)

**FIN-15**

See Page **FIN-15** for full report

*Designated Speaker: Venus Ngan*

**STAFF RECOMMENDATION**

*That Revenue Anticipation Borrowing (2022) Bylaw No. 10368 be introduced and given first, second and third readings.*



4. **2021 ANNUAL DEVELOPMENT COST CHARGES REPORT**

(File Ref. No.) (REDMS No. 6843894)

**FIN-19**

See Page **FIN-19** for full report

*Designated Speaker: Cindy Gilfillan*

STAFF RECOMMENDATION

*That the staff report titled, “2021 Annual Development Cost Charges Report,” dated March 7, 2022 from the Director, Finance be received for information.*

☐

ADJOURNMENT

☐



## Finance Committee

Date: Monday, March 7, 2022

Place: Council Chambers  
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair  
Councillor Chak Au  
Councillor Carol Day (entered at 4:22 p.m. by teleconference)  
Councillor Andy Hobbs  
Councillor Alexa Loo  
Councillor Bill McNulty  
Councillor Linda McPhail (by teleconference)  
Councillor Harold Steves (by teleconference)  
Councillor Michael Wolfe (by teleconference)

Call to Order: The Chair called the meeting to order at 4:09 p.m.

### MINUTES

It was moved and seconded

*That the minutes of the meeting of the Finance Committee held on March 7, 2022, be adopted as circulated.*

**CARRIED**

### FINANCE AND CORPORATE SERVICES DIVISION

1. **2021 ANNUAL PROCUREMENT REPORT**

(File Ref. No. 02-0745-01/) (REDMS No. 6815808)

Discussion ensued with regard to the City-wide Purchasing Card Program, including its usage, circulation and transparency. In reply to queries, staff noted that cards have maximum transaction limits and manager approval is required for all transactions. It was further noted that transactions are reconciled monthly and audits are completed annually.

As a result of the discussion, the following **referral motion** was introduced:

**Finance Committee**  
**Monday, March 7, 2022**

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It was moved and seconded

*That the matter of the City-wide Purchasing Card Program be referred to staff for more information, including the following:*

- (1) who the cards are assigned to;*
  - (2) the controls included in the cards;*
  - (3) the card spending limits;*
  - (4) the types of expenditures permitted; and*
  - (5) the reconciliation and auditing process;*
- and report back.*

**CARRIED**

It was moved and seconded

*That the staff report titled “2021 Annual Procurement Report”, dated February 7, 2022, from the Acting Director of Finance, be received for information.*

**CARRIED**

*Cllr. Day entered the meeting (4:22 p.m.).*

**2. REFERRAL RESPONSE – INVESTMENT POLICY AND PORTFOLIO REVIEW**

(File Ref. No. 03-0900-01) (REDMS No. 6840097)

Discussion ensued with regard to (i) the size of the City’s portfolio and investment management fees charged to the City (ii) enhancing the City’s investments to support Socially Responsible Investing (SRI) and incorporate Environmental, Social and Governance (ESG) factors, (iii) reviewing options to reduce or eliminate investment linkages to fossil fuels without reducing investment performance, and (iv) SRI investments in other municipalities.

In reply to queries, staff noted that consideration of fossil fuel-free investments can be considered in the future. It was noted that the Union of British Columbia Municipalities has previously considered advocating for Provincial changes in municipal investment strategy to consider fossil fuel-free investments, however such resolutions have not proceeded. It was further noted that the Municipal Finance Authority of BC (MFA) is currently reviewing fossil fuel-free investment funds.

It was moved and seconded

- (1) That the staff report titled “Referral Response – Investment Policy and Portfolio Review”, dated February 9, 2022, from the Acting Director, Finance, be received for information; and*

**Finance Committee**  
**Monday, March 7, 2022**

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- (2) *That staff be directed to conduct the required review and assessment in order to facilitate Council in considering the MFA Long-Term Diversified Multi-Asset Class Fund.*

**CARRIED**

3. **2021 INVESTMENT REPORT**

(File Ref. No. 03-0900-01) (REDMS No. 6836635)

Discussion ensued with regard to the allocation of investments in City projects and interest rates offered by financial institutions.

It was moved and seconded

*That the staff report titled “2021 Investment Report”, dated February 9, 2022, from the Acting Director, Finance, be received for information.*

**CARRIED**

**ADJOURNMENT**

It was moved and seconded

*That the meeting adjourn (4:37 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 7, 2022.

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Mayor Malcolm D. Brodie  
Chair

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Evangel Biason  
Legislative Services Associate



# City of Richmond

## Report to Committee

**To:** Finance Committee  
**From:** Ivy Wong, CPA, CMA  
Acting Director, Finance  
**Re:** Appointment of External Auditor

**Date:** March 7, 2022

**File:**

### Staff Recommendation

That KPMG LLP be appointed as the external financial auditor for the City of Richmond for a five-year period, beginning with the 2022 fiscal year that ends December 31, 2022 through to the 2026 fiscal year that ends December 31, 2026.

Ivy Wong, CPA, CMA  
Acting Director, Finance  
(604-276-4046)

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER  Acting GM, F&CS	
SENIOR STAFF REPORT REVIEW	INITIALS: 
APPROVED BY CAO 	

## **Staff Report**

### **Origin**

Pursuant to Section 169 of the Community Charter, Council must appoint an auditor for the municipality.

The City's current auditor, KPMG LLP (KPMG) was appointed as the City's auditor for the fiscal years 2017 – 2021.

### **Analysis**

The City has been using KPMG's auditing services for over 20 years with the last contract being a five year term applying to the fiscal years 2017-2021. The current auditing services agreement between the City and KPMG will expire with the presentation of the fiscal 2021 Financial Statements in May 2022.

KPMG has provided the City with an offer for a five-year audit service proposal. The proposal submitted by KPMG covers a five year term with the first year for the City's component being \$82,000. The cumulative amount for the City over the term is \$435,100.

Included in the proposal are a complimentary value added session in each of the five years of the audit term, at no extra charge, on relevant topics of the City's choosing. These sessions which would otherwise require additional funding, will be provided to the City by KPMG senior specialists in the Accounting and Advisory teams.

Staff have reviewed market data comparison information for two recent contract awards from our comparator cities and determined that the proposal provided by KPMG meets the City's requirements and offers the comparable value to the City.

KPMG is the largest public accounting firm in BC, and has the most significant Public Sector and Local Government practice in the Province. Additionally, KPMG has significant knowledge of our processes, technology and accounting systems that result in cost effective and timely services.

### **Financial Impact**

The annual cost for this work is \$82,000 plus tax for fiscal 2022, with a five-year contract value of \$435,100 excluding GST. Funding for these services for fiscal 2022 is available in the 2022 Operating budget and funding for the remaining years of the term is included in the Five-Year Financial Plan.



**Conclusion**

The City and KPMG have worked effectively together over the previous term of their engagement. Based on the evaluation done by staff, staff recommends that KPMG be appointed as the City's auditor for the fiscal years 2022 – 2026.

A handwritten signature in black ink, appearing to read 'Cindy Gilfillan', is positioned above the printed name.

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



# City of Richmond

## Report to Committee

**To:** Finance Committee  
**From:** Ivy Wong  
Acting Director, Finance



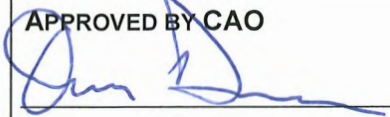
**Date:** March 16, 2022  
**File:** 03-0900-01/2022-Vol  
01

**Re:** Municipal Security Issuing Resolution

### Staff Recommendation

1. That a 20-year term \$96 million borrowing with a 20-year amortization period from the Municipal Finance Authority of British Columbia's (MFA's) 2022 Fall Borrowing Session, as authorized through Steveston Community Centre and Branch Library Loan Authorization Bylaw No. 10334, be approved;
2. That the Metro Vancouver Regional District (MVRD) be requested to consent and to include the City of Richmond's 20-year term \$96 million borrowing with a 20-year amortization period in MVRD's Security Issuing Bylaw; and
3. That the Consolidated 5-Year Financial Plan (2022-2026) be amended accordingly.

Ivy Wong  
Acting Director, Finance  
(604-276-4046)

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER	
 Acting GM, F&CS	
SENIOR STAFF REPORT REVIEW	INITIALS:
	
APPROVED BY CAO	
	

## Staff Report

### Origin

In March 2022, the Inspector of Municipalities granted the Certificate of Approval to the City of Richmond's (City's) Steveston Community Centre and Branch Library Loan Authorization Bylaw No. 10334. The City may now proceed with the Municipal Security Issuing Resolution (MSIR) in order to participate in the MFA Fall 2022 Long-Term Debt Program.

This report seeks Council's approval for the proposed MSIR for a 20-year term \$96 million borrowing with a 20-year amortization period from the MFA.

This report supports Council's Strategic Plan 2018-2022 Strategy #5 Sound Financial Management:

*Accountable, transparent, and responsible financial management that supports the needs of the community into the future.*

*5.1 Maintain a strong and robust financial position.*

### Background

On December 12, 2016, Council identified the Steveston Community Centre and Branch Library as a priority Phase 2 Major Facilities project for 2016-2026. Since then, Council has made a number of critical decisions that led to the enabling works of this major facility project.

On July 26, 2021, Council approved a capital budget of \$95 million for the Steveston Community Centre and Branch Library Capital Project from the following reserve funds:

- \$63.0 million from the Capital Building and Infrastructure Reserve;
- \$21.3 million from the Capital Reserve (Revolving Fund);
- \$5.7 million from the Steveston Community Amenity Provision; and
- \$5.0 million in contingency from the Capital Reserve (Revolving Fund).

On November 29, 2021, staff presented alternative funding source options to Council where a 20-year term borrowing of \$95 million with a 20-year amortization period was endorsed.

On February 14, 2022, the \$96 million<sup>1</sup> Steveston Community Centre and Branch Library Loan Authorization Bylaw No. 10334 was adopted.

Upon receipt of the Certificate of Approval from the Inspector of Municipalities, the City may now proceed with the MSIR in order to participate in the upcoming MFA Fall 2022 Long-Term Debt Program.

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<sup>1</sup> The authorized loan amount of \$96 million is higher than the approved budget of \$95 million due to a 1% debt reserve fund that is required to be held by the MFA as security against loan default.

## Analysis

The current low interest rate environment and the timing of the maturity of the City's current 10-year long-term debt for the Minoru Centre for Active Living (Minoru Centre) allow the City to borrow for the Steveston Community Centre and Branch Library and to avoid any additional tax impact.

### Borrowing Interest Rate and Loan Term

The borrowing rate and term for the proposed Steveston Community Centre and Branch Library \$96 million loan are unknown at this time and will be determined by the MFA closer to the time of debt funding.

The actual loan term and interest rate of the City's borrowing request will depend on how the MFA structures the financing based on requests from its members, conditions of the capital markets and the interest rate environment at the time of debt funding. The final borrowing rate, once set upon debt issuance, will remain unchanged over the approved term of the loan (generally for at least 10 years).

The MFA indicative long-term lending rates currently range between 3.00% to 3.55%, which is subject to change based on market conditions.

### Projected Debt Servicing Costs

The proposed \$96 million loan is intended to replace the City's existing debt servicing costs without any additional tax impact to the taxpayers. The City's current annual debt servicing cost for the \$50 million Minoru Centre loan is \$6 million. The Minoru Centre debt will be fully repaid and extinguished by April 2024.

The projection of future interest rates remain highly volatile and unpredictable due to economic conditions, political issues, as well as other unforeseen external factors. The latest interest rate increase of 0.25% on March 2, 2022 by the Bank of Canada for the first time in two years suggests that future interest rate increase may continue as a key monetary policy to control inflation.

Table 1 below provides an illustration of the estimated annual debt servicing costs for the proposed \$96 million MFA loan (20-year term with 20-year amortization period) at various levels of MFA borrowing rates.

MFA Borrowing Rate	Estimated Annual Debt Servicing Cost
2.25%	\$6.0 million
2.75%	\$6.5 million
3.25%	\$7.0 million
3.75%	\$7.5 million

Table 1. Estimated Annual Debt Servicing Costs at different MFA borrowing rates

### No Anticipated Tax Impact

The actual annual debt servicing cost of the proposed \$96 million MFA loan will not be known until closer to the time of debt funding. For the Fall 2022 MFA debt issue, debt funding is set to take place during October 2022.

Future interest rate conditions may cause the City's borrowing rate (thus the annual debt servicing cost) to be higher than projected. As illustrated in Table 2 below, the positive correlation between MFA long-term debt rates and the long-term market investment yields can mitigate the financial impact should interest rates go up. When such condition arises, it is anticipated that any potential debt servicing costs in excess of the current \$6 million debt servicing level will be sufficiently covered by any incremental increase in income that the City will be earning on its investment portfolio. Thus, no additional tax impact is anticipated.

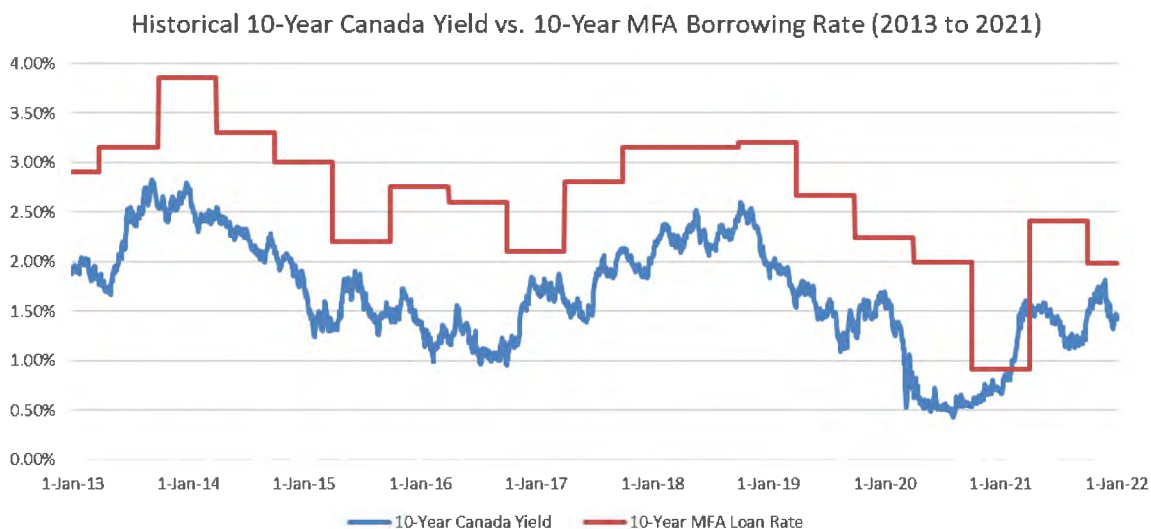


Table 2. Government of Canada 10-Year Bond Yields and 10-Year MFA Borrowing Rates

There are other ways to adjust the debt perimeters to maintain the current debt servicing level, such as reducing the borrowing amount by around \$15 million or extending the loan amortization to 25 years, etc. Staff believe that as long as no tax impact is resulted from the proposed borrowing, it remains advantageous for the City to undertake the full borrowing amount in order to lock in the low interest rate by participating in the upcoming MFA debt issue.

If the City participates in the Fall 2022 MFA debt issue, the annual debt repayment will commence in year 2023. Since the current Minoru Centre debt is not going to be fully repaid until April 2024, the City will use any available debt provision balance and arising surplus to fund the excess debt repayment costs until such time the Minoru Centre debt is fully repaid.

## Recommendation

Staff recommend that the following Municipal Security Issuing Resolution be approved by Council:

1. That a 20-year term \$96 million borrowing with a 20-year amortization period from the Municipal Finance Authority of British Columbia's (MFA's) 2022 Fall Borrowing Session, as authorized through Steveston Community Centre and Branch Library Loan Authorization Bylaw No. 10334, be approved;
2. That the Metro Vancouver Regional District (MVRD) be requested to consent and to include the City of Richmond's 20-year term \$96 million borrowing with a 20-year amortization period in MVRD's Security Issuing Bylaw; and

If the above is approved by Council, staff will forward the necessary information package to Metro Vancouver in order for the City's loan request to be included in the Metro Vancouver Regional District Security Issuing Bylaw. The Metro Vancouver Committee and Board meetings to approve the loan requests for MFA Fall debt issue is anticipated to take place by July 2022.

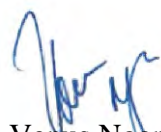
Upon final approval by the Inspector of Municipalities of the MVRD Security Issuing Bylaw, the loan request will be forwarded to MFA for consideration at its Annual General Meeting in September 2022. Loan proceeds will be disbursed to the requesting municipalities by October 2022.

## **Financial Impact**

The Consolidated 5-Year Financial Plan (2022-2026) will be amended accordingly to include the net loan proceeds of \$95.04 million for the proposed \$96 million loan as authorized under the Steveston Community Centre and Branch Library Loan Authorization Bylaw No. 10334. Future annual debt repayments of the proposed MFA borrowing will commence in year 2023 with the first payments to be funded from any debt provision balance and arising surplus until the expiry of the Minoru Centre debt.

## **Conclusion**

Staff recommend that the Municipal Security Issuing Resolution be approved in order to allow the City to obtain consent from Metro Vancouver to proceed with the MFA loan request for a 20-year term \$96 million borrowing with a 20-year amortization period, as authorized through the City's Steveston Community Centre and Branch Library Loan Authorization Bylaw No. 10334.



Venus Ngan, CPA, CA  
Manager, Treasury and Financial Services  
(604-276-4217)



# City of Richmond

## Report to Committee

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<b>To:</b>	Finance Committee	<b>Date:</b>	March 7, 2022
<b>From:</b>	Ivy Wong Acting Director, Finance	<b>File:</b>	03-0900-01/2022-Vol 01
<b>Re:</b>	Revenue Anticipation Borrowing (2022) Bylaw No. 10368		

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### Staff Recommendation

That Revenue Anticipation Borrowing (2022) Bylaw No. 10368 be introduced and given first, second and third readings.

Ivy Wong  
Acting Director, Finance  
(604-276-4046)

REPORT CONCURRENCE		
<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>CONCURRENCE OF GENERAL MANAGER</b>
Law	<input checked="" type="checkbox"/>	 Acting GM, F&CS
<b>SENIOR STAFF REPORT REVIEW</b>	<b>INITIALS:</b> 	<b>APPROVED BY CAO</b> 

## Staff Report

### Origin

The City of Richmond (the City) maintains a credit facility agreement with its bank, which includes: (i) \$15,000,000 in standby letters of credit, demand promissory notes or bank overdraft; (ii) \$4,500,000 in leasing lines of credit; and (iii) \$2,000,000 in commercial card credit facility. The purpose of this report is to seek Council's approval and authorization of the proposed Revenue Anticipation Borrowing (2022) Bylaw No. 10368.

This bylaw requires annual review and adoption in accordance with Section 177 of the *Community Charter*.

This report supports Council's Strategic Plan 2018-2022 Strategy #5 Sound Financial Management:

*Accountable, transparent, and responsible financial management that supports the needs of the community into the future.*

*5.1 Maintain a strong and robust financial position.*

### Analysis

The City continues to maintain a sound financial position with access to cash and liquid investments to meet its financial obligations. Consistent with ongoing practice, it is prudent for the City to maintain an adequate level of credit facility as a contingency plan in the event that the City requires bridge funding to meet current lawful expenditures and obligations.

#### The City's Credit Facility Agreement

##### *\$15,000,000 Standby Letters of Credits/Demand Promissory Notes/Bank Overdraft*

- The purpose of the operating line of credit is to ensure that the City has a secondary source of credit in place to protect its bank accounts from the unlikely event of going into an overdraft position.
- Staff regularly monitor the City's cash flow position to prevent the possibility of having to draw down on the credit facility. The credit facility has never been utilized by the City.

##### *\$4,500,000 Leasing Lines of Credit*

- The purpose of the leasing lines of credit is to ensure that a leasing facility is available in the event it is required.

##### *\$2,000,000 Commercial Credit Card Facility*

- The purpose of the commercial credit card facility is to provide a convenient and cost-effective method of procuring and paying for low value goods and services.



The credit facilities are offered to the City by its bank at no charge unless they are being drawn upon. The following table summarizes the interest rates under the City's existing credit facility agreement:

	Operating Lines of Credit	Leasing Lines of Credit	Commercial Credit Card
Interest Rate	Scotiabank's prime lending rate minus 0.50%	Scotiabank's prime lending rate or leasing base rate plus 0.60%	Scotiabank's prime lending rate plus 12%
Grace Period	None	None	3 days after statement date

The current bank's prime lending rate at the time of this report is 2.70%.

#### Proposed Revenue Anticipation Borrowing (2022) Bylaw No. 10368

The proposed Revenue Anticipation Borrowing (2022) Bylaw No. 10368 does not automatically result in any borrowing upon adoption.

With the City's solid financial position, the City has never activated any credit facilities in the past. The purpose of maintaining these credit facilities is to ensure that they will be available in the event that funds are required to meet short-term operational cash flow needs. Should any of these credit facilities be utilized resulting in the City incurring interest charges for a consecutive period of more than two weeks, staff will prepare a memo to inform Council of such financial activity.

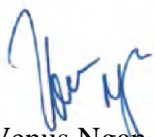
The Revenue Anticipation Borrowing Bylaw is required to be adopted annually by Council. There was no change to the credit facility arrangement since it was last adopted in 2021. Credit facility arrangements are reviewed with the bank at least once a year to evaluate the City's credit needs in determining the optimal level of credit facility balances to maintain.

#### **Financial Impact**

None.

#### **Conclusion**

Staff recommend that the Revenue Anticipation Borrowing (2022) Bylaw No. 10368 be introduced and given first, second and third readings.



Venus Ngan, CPA, CA  
 Manager, Treasury and Financial Services  
 (604-276-4217)  
 Att. Revenue Anticipation Borrowing (2022) Bylaw No. 10368



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**REVENUE ANTICIPATION BORROWING (2022) BYLAW NO. 10368**

The Council of the City of Richmond enacts as follows:

1. Council shall be and is hereby empowered and authorized to borrow upon the credit of the City, from a financial institution, a sum not exceeding \$21,500,000 at such times as may be required.
2. The form of obligation to be given as acknowledgement of the liability shall be \$15,000,000 in the form of standby letters of credit, demand promissory notes or bank overdraft, \$4,500,000 in the form of leasing lines of credit, and \$2,000,000 in the form of commercial credit card facility.
3. All unpaid taxes and the taxes of the current year (2022) when levied or so much thereof as may be necessary shall, when collected, be used to repay the money so borrowed.
4. Revenue Anticipation Borrowing (2021) Bylaw No. 10270 is hereby repealed.
5. This Bylaw is cited as **“Revenue Anticipation Borrowing (2022) Bylaw No. 10368”**.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

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MAYOR

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CORPORATE OFFICER

CITY OF RICHMOND
APPROVED for content by originating dept.
VN
APPROVED for legality by Solicitor
BRB



# City of Richmond

## Report to Committee

**To:** Finance Committee  
**From:** Ivy Wong, CPA, CMA  
Acting Director, Finance  
**Re:** 2021 Annual Development Cost Charges Report

**Date:** March 7, 2022

**File:**

### Staff Recommendation

That the staff report titled, "2021 Annual Development Cost Charges Report," dated March 7, 2022 from the Director, Finance be received for information.

Ivy Wong, CPA, CMA  
Acting Director, Finance  
(604-276-4046)

Att. 1

REPORT CONCURRENCE		
<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>CONCURRENCE OF GENERAL MANAGER</b>
Development Applications	<input checked="" type="checkbox"/>	 Acting GM, F&CS
Engineering	<input checked="" type="checkbox"/>	
Parks Services	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
<b>REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE</b>	<b>INITIALS:</b> 	<b>APPROVED BY CAO</b> 

## 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 30<sup>th</sup>, 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 2018-2022 Strategic Focus Area #5 Strong Financial Management and #8 An Engaged and Informed Community:

*5.2. Clear accountability through transparent budgeting practices and effective public communication.*

*5.3. Decision-making focuses on sustainability and considers circular economic principles.*

*8.2. Ensure citizens are well-informed with timely, accurate and easily accessible communication using a variety of methods and tools.*

### Analysis

The City's 2021 Annual DCC Report covers the following six broad categories:

- (i) Description and principles of the City of Richmond's DCC program;
- (ii) 2021 DCC reserve fund balances;
- (iii) 2021 DCC credits;
- (iv) 2021 and 2022 DCC programs;
- (v) Waivers and reductions; and
- (vi) Municipal assist factor.

The 2021 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, 2021 that are not confirmed due to potential DCC credits. These amounts, if applicable, will be reported in future periods.

New DCC rates were established through the Development Cost Charges Imposition Bylaw No. 10161 were approved by Council on May 10, 2021 with a 0.8% rate increase.


A copy of the 2021 Annual Development Cost Charges Report, which will be available for public viewing on the City's website before June 30, 2022, is attached for information.

**Financial Impact**

None.

**Conclusion**

The attached 2021 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: 2021 Annual Development Cost Charges Report

City of Richmond  
**2021 Annual Development  
Cost Charges Report**

For the year ended December 31, 2021

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This 2021 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. 2021 DCC Reserve Fund Balances
- III. 2021 DCC Credits
- IV. 2021 and 2022 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 watermain, 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.)

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*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 were established through the Development Cost Charges Imposition Bylaw No. 10161 were approved by Council on May 10, 2021 with a 0.8% rate increase.

*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 based on assessed benefit factors.

## II. 2021 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 2021 fiscal year:

	<i>(amounts expressed in thousands of dollars)</i>					
	January 1 Balance	Transfers In	Interest Earned	DCC Credits	Transfers Out	December 31 Balance
City-Wide:						
Drainage	\$ 44,519	\$ 2,544	\$ 645	\$ -	\$ (2,861)	\$ 44,847
Parks Acquisition	46,612	3,314	579	-	(2,500)	48,005
Parks Development	22,507	2,445	230	-	(2,521)	22,661
Roads	65,222	5,591	778	(33)	(7,046)	64,512
Sanitary Sewer	26,901	1,419	392	-	(569)	28,143
Water	8,288	378	120	-	(226)	8,560
Total City-Wide	\$ 214,049	\$ 15,691	\$ 2,744	\$ (33)	\$ (15,723)	\$ 216,728
Local Area - Alexandra:						
Drainage	\$ 1,600	\$ 58	25	\$ -	\$ -	\$ 1,683
Parks Acquisition	966	547	19	-	-	1,532
Parks Development	631	69	4	-	(499)	205
Roads	3,116	695	51	(191)	-	3,671
Sanitary Sewer	541	24	8	-	-	573
Water	248	11	4	-	-	263
Total Local Area	\$ 7,102	\$ 1,404	\$ 111	\$ (191)	\$ (499)	\$ 7,927
Total DCC Reserve	\$ 221,151	\$ 17,095	\$ 2,855	\$ (224)	\$ (16,222)	\$ 224,655

Note all amounts are unaudited

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### III. 2021 DCC CREDITS

Site Address	Developer/Applicant
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#### Drainage

No credits for drainage were issued during 2021.

#### Parkland Acquisition

No credits for parkland acquisition were issued during 2021.

#### Parkland Development

No credits for parkland development were issued during 2021.

#### Roads

9311 Alexandra Road	Polygon Trafalgar Square Ltd
9728 Alexandra Road	Polygon Jayden Mews

#### Sanitary Sewer

No credits for sanitary sewer were issued during 2021.

#### Water

No credits for water were issued during 2021.

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## **IV. 2021 and 2022 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 2021 and the projects set to begin in 2022 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 2021 and the projects set to begin in 2022 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 2021 and the projects set to begin in 2022 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 2021 and the projects set to begin in 2022 is contained in Appendix 4.

### *Water*

The projects in the Water DCC Program include upgrades to watermain and pressure reducing valve stations.

A summary of the projects funded by the Water DCC during 2021 and the projects set to begin in 2022 is contained in Appendix 5.

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## **V. 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.

For the year of 2021, no waivers or reductions were granted.

## **VI. MUNICIPAL ASSISTFACTOR**

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.

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### **DRAINAGE – 2021 Expenditures**

This table summarizes all projects approved in 2021 and earlier that had expenditures funded by the Drainage DCC during 2021:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Horseshoe Slough	Pump station upgrade
Heather St Improvement	Drainage upgrade
Shell Rd North	Pump station upgrade
Disaster Mitigation and Adaption Fund Infrastructure	Disaster Mitigation
Steveston Highway and No. 3 Road	Pump station upgrade

### **DRAINAGE – 2022 Projects**

There were no projects funded by the Drainage DCC in the 2022 Capital Budget.

## PARKS – 2021 Expenditures

This table summarizes all projects approved in 2021 and earlier that had expenditures funded by the Parks DCC during 2021:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Aberdeen Park	Development of neighbourhood park
Alexandra Park	Development of neighbourhood park
City Wide	Advanced planning & design
City Wide	Community Gardens
City Wide	Dog Parks
City Wide	General development
City Wide	Parkland acquisition and repayment
City Wide	Parks Identity Signage Program
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 Heritage Farm	Development of city wide park
London Steveston Park	Parks advance planning & design
Middlearm Gateway Waterfront Park	Parks advance planning & design
Minoru Park	Lakes renewal and development of neighbourhood park
Paulik Park	Development of neighbourhood park
Railway Granville Bike Park	Greenway and Bike Park
South Arm Park	Park Renewal
Terra Nova Park	Waterfront development
The Gardens Agricultural Park	Development of neighbourhood park

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## **PARKS – 2022 Projects**

This table summarizes all projects funded by the Parks DCC that have been approved in the 2022 Capital Budget:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
City Wide	Lulu Island park planning
City Wide	Parkland Acquisition
City Wide	Parks Advance Planning and Design
City Wide	Parks General Development
City Wide	Parks Identity Signage Program
City Wide	Playground Replacement
London Heritage Farm	London Heritage Farm Master Plan Phase 1
Terra Nova Rural Park	Terra Nova Washroom Septic System

## ROADS – 2021 Expenditures

This table summarizes all projects approved in 2021 and earlier that had expenditures funded by the Roads DCC during 2021:

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



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## ROADS – 2022 Projects

This table summarizes all projects funded by the Roads DCC that have been approved in the 2022 Capital Budget:

Location	Type of Infrastructure / Description
City Wide	Active Transportation Improvement Program
City Wide	Arterial Roadway Improvement Program
City Centre	Sexsmith Road/Brown Road Bike Route
City Wide	LED Street Name Sign Program
City Wide	Neighbourhood Walkway Program
River Road: McCallan Road to No 2 Road	River Road Multi-Use Pathway, McCallan Road to No 2 Road
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 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

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### **SANITARY SEWER – 2021 Expenditures**

This table summarizes all projects approved in 2021 and earlier that had expenditures funded by the Sanitary Sewer DCC during 2021:

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

### **SANITARY SEWER – 2022 Projects**

There were no projects funded by the Sanitary Sewer DCC in the 2022 Capital Budget.

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### **WATER – 2021 Expenditures**

This table summarizes all projects approved in 2021 and earlier that had expenditures funded by the Water DCC during 2021:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Chatsworth Channel	Watermain replacement
City-Wide	Watermain replacement
Gilbert Rd	Watermain replacement
No 4 Road	Watermain replacement
Springfield Neighbourhood	Watermain replacement

### **WATER – 2022 Projects**

There were no projects funded by the Water DCC in the 2022 Capital Budget: