

2009 ANNUAL DEVELOPMENT COST CHARGES REPORT

For the year ended December 31, 2009

City of Richmond's Vision:

To be the most appealing, livable, and
well-managed community in Canada



City of Richmond
British Columbia, Canada

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DEVELOPMENT COST CHARGES

What are DCC's?

Development Cost Charges (DCC's) are charges levied on new development to assist in financing the cost of upgrading or providing infrastructure services or acquiring and developing parkland needed to support new development. The purpose of DCC's is to assist the municipality with accommodating development by providing a dedicated source of funding for the capital costs of:

- New arterial roads and widening of arterial roads, traffic signals, sidewalks, pedestrian and bicycle lane improvements, transit-related road infrastructures, and traffic safety projects;
- Water mains, drainage mains, pump stations and channel improvements, sanitary sewer mains and pump stations; and
- Acquisition and development of parkland (playing fields, drainage and irrigation, turf, etc.)

How are DCC's used?

Funds collected through DCC's must be deposited in a separate reserve account. These funds may only be used to pay for the capital costs of the works and short-term financing costs of a debt incurred for capital works identified in the DCC program.

DCC's cannot be used for costs incurred to replace, operate and maintain parks, roads, water mains, sanitary and storm sewers already in place to serve the existing residents of the City. In addition, DCC's collected cannot be used to pay for services such as recreation, policing, fire and library that are affected by growth.

What are the guiding principles in developing DCC's?

Each local government has a fundamental philosophy with respect to development and the government's role in facilitating development. The City of Richmond'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
- Liveable Region Strategic Plan, 1999 (Greater Vancouver Regional District)
- Official Community Plan Bylaw
- Richmond Urban Development Forecast
- Parks, Recreation and Cultural Services Master Plan 2005 - 2015
- Parks Land Acquisition and Development 2006 DCC Program
- 2010 Richmond Trails Strategy
- City Center Transportation Plan
- City Center Area Plan (CCAP)

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Furthermore, to ensure that affected stakeholders are informed about the DCC program, the City is required to consult with and obtain comments and input from representatives from the development industry. They include representatives from the Urban Development Institute (UDI), Greater Vancouver Home Builders Association (GVHBA), National Association of Industrial and Office Properties (NAIOP), and small local homebuilders and developers.

How are DCC rates calculated?

The City begins the DCC process by determining the amount of growth that is projected to occur over a specified future period of time. The most recent growth projections for the various types of residential development (e.g. single family, duplex, townhouse, apartment), as well as commercial, industrial, and institutional growth, growth areas, and major servicing needs can be found in the CCAP and the 2009 Richmond DCC Review Report.

Once growth has been projected, the City determines the specific infrastructure works that will be required to accommodate the growth. The estimated infrastructure costs are determined and formed the basis of the DCC Program. The DCC Program is then converted to DCC rates that are charged to individual development projects.

How are costs allocated to growth and existing users?

DCC's are an integral component of the City's growth management framework. To achieve the objective of promoting growth, the decisions on which DCC rates are determined need to be fair and equitable to the various types of growth that are projected to occur, and to existing taxpayers. Therefore, the costs of the DCC works are allocated between growth and the existing population on the basis of benefits.

DCC RESERVE FUNDS

The City records and maintains separate accounts for each DCC reserve fund. The follow table provides a continuity schedule of each DCC reserve fund (by service) for the 2009 fiscal year:

	<i>(amounts expressed in thousands of dollars)</i>				
	January 1 Balance	Transfers In	Interest Earned	Transfers Out	December 31 Balance
Basic:					
Roads	\$ 11,751	\$ 2,426	\$ 186	\$ 7,022	\$ 7,341
Drainage	5,043	777	101	932	4,989
Water	2,709	194	55	483	2,475
Sewer	3,277	672	57	724	3,282
Parks Acquisition	19,385	1,199	166	10,771	9,979
Parks Development	6,037	911	50	2,625	4,373
Total Basic	\$ 48,202	\$ 6,179	\$ 615	\$ 22,557	\$ 32,439

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	<i>(amounts expressed in thousands of dollars)</i>				
	January 1 Balance	Transfers In	Interest Earned	Transfers Out	December 31 Balance
Local Area - West Cambie:					
Roads	\$ 165	\$ -	\$ 4	\$ -	\$ 169
Drainage	181	42	6	-	229
Water	31	8	1	-	40
Sewer	67	17	2	-	86
Parks Acquisition	23	353	-	376	-
Parks Development	188	50	7	-	245
Total Local Area	\$ 655	\$ 470	\$ 20	\$ 376	\$ 769
Total DCC Reserve	\$ 48,857	\$ 6,649	\$ 635	\$ 22,933	\$ 33,208

DCC PROGRAMS

Roads

The projects in the Roads DCC Program include intersection and traffic signal improvements, selected arterial and collector improvements, pedestrian and cyclist improvements, transit-related road infrastructures and traffic safety projects. A summary of the projects funded by the Roads DCC's in year 2009 and the projects set to begin in year 2010 is contained in Appendix A.

Drainage

The projects in the Drainage DCC Program include storm sewers, box culverts, pump station upgrades, new pump stations, and open channel improvements. A summary of the projects funded by the Drainage DCC's in year 2009 and the projects set to begin in year 2010 is contained in Appendix B.

Water

The projects in the Water DCC Program include distribution and grid mains throughout the City. A summary of the projects funded by the Water DCC's in year 2009 and the projects set to begin in year 2010 is contained in Appendix C.

Sewer

The projects in the Sewer DCC Program include pump stations, force mains, and gravity mains. A summary of the projects funded by the Sewer DCC's in year 2009 and the projects set to begin in year 2010 is contained in Appendix D.

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Parks Acquisition and Parks Development

The projects in the Parks Acquisition DCC Program include acquisition of land for parks and open space required to meet the needs of growth. The projects in the Parks Development DCC Program include park planning, design and construction projects required to meet the needs of future growth. The types of parks 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's in year 2009 and the projects set to begin in year 2010 is contained in Appendix E.

WAIVER AND REDUCTIONS

Bill C-27 is a provincial legislation that gives the option for municipalities to exempt or waive DCC's for the following classes of eligible development:

- Not-for-profit rental housing, including supportive living housing;
- For-profit affordable rental housing;
- Subdivisions of small lots that is designed to result in low greenhouse gas emission; and
- Developments designed to result in low environmental impact.

Currently, the City has a Richmond Affordable Housing Strategy which identifies two categories of not-for-profit rental housing, including living housing, and Council considers waiving DCC's for these not-for-profit rental housing on a case-by-case basis on a 3-year trial period. The purpose of the DCC exemption is to create an incentive to encourage the construction of affordable housing. Should Council decide to waive or reduce DCC's under the new legislation, the City will have to enact this authority by establishing a bylaw.

For year 2009, no waivers or reductions were granted.

MUNICIPAL ASSIST FACTOR

The Local Government Act recognizes that it would be unfair to impose on new development all of the costs that are attributable to new development. As such, the Local Government Act stipulates that an assist factor will be included as part of the calculation of DCC's. An assist factor represents the City's contribution towards the capital costs for the projects that are attributed to new development. In determining the municipal assist factor, the City considered 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;

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- 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.

In consideration of all the above matters, the municipal assist factor has been set at 1%. This portion of the cost that the City will have to cover because of the assist factor will have to be financed through other means available to the City, such as general tax revenue.

INTER-FUND TRANSFER

Local governments are permitted to lend available money in one DCC reserve fund to another DCC reserve fund on a temporary basis.

There were no DCC inter-fund transfers in year 2009.

SEWER - 2009 PROJECTS

This table summarizes all projects funded by the Sewer DCC's in year 2009:

Location	Type of Infrastructure / Description
City Centre	Gravity Sewer & Forcemain Upgrades
Fraser	South Nelson Sanitary Pump Station
Various	Development Coordinated Works in Capital
Various	Infrastructure Advanced Design

SEWER - 2010 PROJECTS

This table summarizes all projects funded by the Sewer DCC's that are set to begin in 2010:

Location	Type of Infrastructure / Description
Bridgeport	Sewer Upgrades
East Richmond	Sewer Upgrades
Terra Nova	Sewer Upgrades