



City of Richmond

Report to Council

To: Richmond City Council

Date: June 15, 2010

From: Jerry Chong
Director, Finance

File: 03-0900-01/2010-Vol
01

Re: 2009 Annual Development Cost Charges Report

Staff Recommendation

That the attached 2009 Annual Development Cost Charges report for the year-ended December 31, 2009 be approved.

Jerry Chong
Director, Finance
(604-276-4064)

FOR ORIGINATING DEPARTMENT USE ONLY					
ROUTED TO:		CONCURRENCE		CONCURRENCE OF GENERAL MANAGER	
Budgets		Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>
Engineering		Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>
Parks Planning, Design & Construction		Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>
Development Applications		Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>
Transportation		Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>
REVIEWED BY TAG		YES	NO	REVIEWED BY CAO	
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	

Staff Report

Origin

Local government legislation introduced in 2008 (Bill 27) included a requirement for municipalities and regional districts to prepare and consider an annual report on their Development Cost Charge (DCC) Program. In particular, section 937.01 of the *Local Government Act* requires that:

- (1) Before June 30 in each year, a local government must prepare and consider a report in accordance with this section respecting the previous year.
- (2) The report must include the following, reported for each purpose under subsections (2) and (2.1) of section 933 for which the local government imposes the development cost charge 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 933.1 (2).
- (3) The local government must make the report available to the public from the time it considers the report until June 30 in the following year.

Findings Of Fact

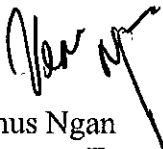
The legislative requirements of the annual report are limited to presenting selected financial data and activity of DCC reserves. The City, however, in presenting the 2009 Annual DCC Report, is adopting a more comprehensive approach as suggested by the Development Finance Review Committee (DFRC).

The City's Annual DCC Report covers the following six broad categories: (i) Description and principles of the DCC program, (ii) Financial data for DCC reserve funds, (iii) DCC projects completed and future plans, (iv) Waivers and reductions, (v) Municipal assist factor, and (vi) Inter-fund transfers.

A copy of the 2009 Annual Development Cost Charges Report, which will be available for public viewing on the City's website on June 30, 2010, is provided in the attached for information.

Conclusion

That the attached 2009 Annual Development Cost Charges report for the year-ended December 31, 2009 be approved.



Venus Ngan
Manager, Treasury Services
604-276-4217

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.

ROADS - 2009 PROJECTS

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

Location	Type of Infrastructure / Description
Various	Arterial Road Crosswalk
Various	Cycling Network Expansion Program
Various	Enhanced Accessible Traffic Signal and Crosswalk Program
Fourth Avenue	Fourth Avenue Walkway
Various	Functional and Preliminary Design (Transportation)
Various	Intelligent Traffic Information System
Various	Miscellaneous Cycling Safety Enhancements
Various	Miscellaneous Intersection Improvements
Various	Neighbourhood Traffic Safety Program
Various	Traffic Signal Installation and Major Upgrade Program
Various	Transit Related Road Infrastructure Program - 2009 TRRIP
River Road/ North Loop	River Road / North Loop Repayment
No. 2 Road Bridge	No. 2 Road Bridge Repayment

ROADS - 2010 PROJECTS

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

Location	Type of Infrastructure / Description
Various	Arterial Road Crosswalk
Various	Cycling Network Expansion
Various	Enhanced Accessible Traffic Signal and Crosswalk Program
Various	Miscellaneous Cycling Safety Enhancements
Various	Miscellaneous Intersection Improvements
Various	Neighbourhood Traffic Safety
Various	Traffic Signal Installation and Major Upgrade Program
Various	Transit Related Road Infrastructure Program - TRRIP
Lansdowne Road	Lansdowne Road Extension Repayment
River Road/ North Loop	River Road / North Loop Repayment
No. 2 Road Bridge	No. 2 Road Bridge Repayment

DRAINAGE - 2009 PROJECTS

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

Location	Type of Infrastructure / Description
Various	Development Coordinated Works in Capital
Various	Infrastructure Advanced Design

DRAINAGE - 2010 PROJECTS

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

Location	Type of Infrastructure / Description
Steveston	Drainage Area Replacement and Upgrade
Woodward's Slough	Drainage Area Replacement and Upgrade

WATER - 2009 PROJECTS

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

Location	Type of Infrastructure / Description
Hamilton	Replacement and Upgrade Works
Various	Development Coordinated Works in Capital
Various	Infrastructure Advanced Design

WATER - 2010 PROJECTS

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

Location	Type of Infrastructure / Description
Lulu West	Replacement and Upgrade Works
Various	Public Works Minor Capital Waterworks Program

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

PARKS - 2009 PROJECTS

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

Location	Type of Infrastructure / Description
Various	Park Construction - amenities
Various	Park Improvements
Hugh Boyd Park	Park Improvements
City Centre Middle Arm Park	Trail Construction
Terra Nova Rural Park	Park Improvements
Various including Hollybridge Promenade	Trail Construction
Various	Project Planning - Advanced Planning & Design
Various	Park Land Acquisition - West Cambie Greenway, Model Airplane Park, Terra Nova Central Property

PARKS - 2010 PROJECTS

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

Location	Type of Infrastructure / Description
Various	Park Construction - amenities
McLennan South (Paulik Park)	Park Construction
McLennan North (Garden City Park)	Trail Construction
Terra Nova Rural Park	Park Construction
City Centre Middle Arm Park	Trail Construction
Hugh Boyd Park	Park Improvements
Minoru Bowling Green	Base development of Bowling Greens
West Cambie Neighbourhood Park	Design and base development
South Arm Park	Park improvements
Various	Advanced planning and design
Various	Park Land Acquisition for various addresses