



City of Richmond

Report to Committee

To: Finance Committee

Date: March 9, 2018

From: Jerry Chong
Director, Finance

File: 03-1070-04-01/2018-
Vol 01

Re: 2017 Annual Development Cost Charges Report

Staff Recommendation

That the staff report titled, "2017 Annual Development Cost Charges Report," dated March 9, 2018 from the Director, Finance be received for information.

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

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"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	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 subsections (2) and (3) of section 559 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 2014-2018 Term Goal #7 Strong Financial Stewardship:

- 7.2. *Well-informed and sustainable financial decision making.*
- 7.3. *Transparent financial decisions that are appropriately communicated to the public.*

This report supports Council's 2014-2018 Term Goal #9 A Well-Informed Citizenry:

- 9.1. *Understandable, timely, easily accessible public communication.*

Analysis

The City's 2017 Annual DCC Report covers the following six broad categories:

- (i) Description and principles of the City of Richmond's DCC program;
- (ii) 2017 DCC reserve fund balances;
- (iii) 2017 DCC credits;
- (iv) 2017 and 2018 DCC programs;
- (v) Waivers and reductions; and
- (vi) Municipal assist factor.

The 2017 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, 2017 that are not confirmed due to potential DCC credits. These amounts, if applicable, will be reported in future periods.

During 2017, new DCC rates were established through the Development Cost Charges Imposition Bylaw No. 9499 effective May 8, 2017. There is a 1-year in-stream protection for qualifying applications under the *Local Government Act* that grandfathers the previous rates.

A copy of the 2017 Annual Development Cost Charges Report, which will be available for public viewing on the City's website before June 30, 2018, is attached for information.

Conclusion

The attached 2017 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
Manager, Financial Reporting
(604-276-4077)

Att. 1: 2017 Annual Development Cost Charges Report

2017 ANNUAL DEVELOPMENT COST CHARGES REPORT

For the year ended December 31, 2017

City of Richmond's Vision:
To be the most appealing, livable, and
well-managed community in Canada



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2017 ANNUAL DEVELOPMENT COST CHARGES REPORT

This 2017 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 DCC Program
- II. 2017 DCC Reserve Fund Balances
- III. 2017 DCC Credits
- IV. 2017 and 2018 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 whom 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. They support 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, pedestrian and bicycle lanes, upgrades to transit-related road infrastructures and traffic safety projects;
- Replacement and upgrades to watermains, pressure reducing valve stations, drainage mains, pump stations and channel, upgrades to sanitary sewer mains and pump stations; and
- Acquisition and development of parkland (playing fields, drainage and irrigation, turf, etc.)

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2017 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.

During 2017, new DCC rates were established through the Development Cost Charges Imposition Bylaw No. 9499 effective May 8, 2017. There is a 1-year in-stream protection for qualifying applications under the *Local Government Act* that grandfathers the previous rates.

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.

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.

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DCC cannot be used for costs incurred to operate and maintain parks, roads, watermains, sanitary and storm sewers 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 to ensuring 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. 2017 DCC RESERVE FUND BALANCES

The City records and maintains separate accounts for each DCCs reserve fund. The following table provides a continuity schedule of each DCC reserve fund (by service) for the 2017 fiscal year:

(amounts expressed in thousands of dollars)

	January 1 Balance	Transfers In	Interest Earned	DCC Credits	Transfers Out	December 31 Balance
City-Wide:						
Drainage	\$ 23,884	\$ 3,025	\$ 428	\$ (57)	\$ (87)	\$ 27,193
Parks Acquisition	16,422	7,354	303	(1,468)	(2,204)	20,407
Parks Development	18,421	2,779	204	(700)	(6,002)	14,702
Roads	30,463	13,939	501	(2,245)	(5,186)	37,472
Sanitary Sewer	17,569	2,310	281	(1,009)	(1,756)	17,395
Water	4,898	691	84	-	(418)	5,255
Total Basic	\$ 111,657	\$ 30,098	\$ 1,801	\$ (5,479)	\$ (15,653)	\$ 122,424
Local Area - Alexandra:						
Drainage	\$ 1,151	\$ 133	\$ 24	\$ -	\$ -	\$ 1,308
Parks Acquisition	612	1,260	24	-	-	1,896
Parks Development	672	159	7	-	(57)	781
Roads	2,929	969	63	(356)	-	3,605
Sanitary Sewer	395	56	8	-	-	459
Water	181	26	4	-	-	211
Total Local Area	\$ 5,940	\$ 2,603	\$ 130	\$ (356)	\$ (57)	\$ 8,260
Total DCC Reserve	\$ 117,597	\$ 32,701	\$ 1,931	\$ (5,835)	\$ (15,710)	\$ 130,684

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III. 2017 DCC CREDITS

Site Address	Developer/Applicant
<i><u>Drainage</u></i>	
7008 River Parkway	Onni Contracting Ltd.
<i><u>Parkland Acquisition</u></i>	
10177 River Drive	ZGF Architects Inc.
10780 No. 5 Road	ZGF Architects Inc.
10800 No. 5 Road	ZGF Architects Inc.
<i><u>Parkland Development</u></i>	
10388 No. 2 Road	Polygon Kingsley Homes Ltd.
10780 No. 5 Road	ZGF Architects Inc.
10800 No. 5 Road	ZGF Architects Inc.
9500 Tomicki Ave	Polygon Homes Ltd.
<i><u>Roads</u></i>	
4033 May Drive	Chysik Project Management
5399 Cedarbridge Way	Onni Contracting Ltd.
5900 Minoru Blvd	W. T. Leung Architects Inc.
6888 River Road	Intracorp Projects
6900 Pearson Way	Intracorp Projects
7468 Lansdowne Road	IBI/HB Architects
7671 Alderbridge Way	Omicron Architecture Engineering and Construction Ltd.
<i><u>Sanitary Sewer</u></i>	
3333 Brown Road	Polygon Avanti Homes
3333 Sexsmith Road	Pinnacle Living (Capstan Village) Lands
7008 River Parkway	Onni Contracting Ltd.
8800 Hazelbridge Way	GBL Architects

Water

No credits for water were issued during 2017.

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IV. 2017 and 2018 DCC PROGRAMS

Drainage

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

A summary of the projects funded by the Drainage DCC during 2017 and the projects set to begin in 2018 is contained in Appendix 1.

Parkland Acquisition and Park Development

The projects in the Parks Acquisition DCC Program include acquisition of land for parks 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 2017 and the projects set to begin in 2018 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 debt repayments.

A summary of the projects funded by the Roads DCC during 2017 and the projects set to begin in 2018 is contained in Appendix 3.

Sanitary Sewer

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

A summary of the projects funded by the Sanitary Sewer DCC during 2017 and the projects set to begin in 2018 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 2017 and the projects set to begin in 2018 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;
- Subdivisions of small lots that is designed to result in low greenhouse gas emission; and
- Developments designed to result in low environmental impact.

For the year of 2017, no waivers or reductions were granted.

VI. MUNICIPAL ASSIST FACTOR

The Local Government Act recognizes that the City and existing residents can also receive a marginal benefit from the associated capital improvements. As such, the Local Government Act stipulates that an assist factor will be included as part of the calculation of DCC. An assist factor represents the City's contribution towards the capital projects that are attributable to new developments. In determining the municipal assist factor, the City considers the following factors:

- Future land use patterns and development;
- Phasing of works and services;
- Whether the charges are excessive in relation to the capital costs of prevailing standards of service;
- Whether the costs will deter development; or
- Whether the charges will discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land.

Based on the above factors and the assessment that the majority of the capital improvements are a result of new growth, the City's municipal assist factor has been set at 1%.

DRAINAGE – 2017 Expenditures

This table summarizes all projects approved in 2017 and earlier that had expenditures funded by the Drainage DCC during 2017:

Location	Type of Infrastructure / Description
No. 2 Road North	Pump station upgrade
River Road east of No. 5 Road	Pump station upgrade

DRAINAGE – 2018 Projects

This table summarizes all projects funded by the Drainage DCC that have been approved in the 2018 Capital Budget:

No projects funded from Drainage DCC in 2018.

PARKS – 2017 Expenditures

This table summarizes all projects approved in 2017 and earlier that had expenditures funded by the Parks DCC during 2017:

Location	Type of Infrastructure / Description
Minoru Park	Backstop upgrades
City-Wide	Characterization - Neighbourhood Parks
Lang Park	Characterization - Neighbourhood Parks
Garden City Lands	Design construction
Aberdeen Park	Development of neighbourhood park
Rideau Neighbourhood Park	Development of neighbourhood park
West Cambie	Development of neighbourhood park
City-Wide	General development
West Cambie	New neighbourhood park
Parkland Acquisition	Parkland acquisition and repayment
City-Wide	Parks advance planning & design
Hollybridge Way and Middle Arm	Pier construction and development of neighbourhood park
City-Wide	Trails
Dyke Road in Fraserwood area	Trails
Terra Nova Rural Park	Washrooms and landscaping

PARKS – 2018 Projects

This table summarizes all projects funded by the Parks DCC that have been approved in the 2018 Capital Budget:

Location	Type of Infrastructure / Description
Aberdeen Park	Development of neighbourhood parks
Garden City Community Park	Dog Park Upgrade
Garden City Lands	Garden City Lands Phase 3
London Steveston Park	London Steveston Phase 2
Minoru Park	Minoru Park Renewal Phase 1
City-Wide	Parkland Acquisition
City-Wide	Parks Advance Planning & Design
City-Wide	Parks General Development
City-Wide	Parks Identity Signage Program

ROADS – 2017 Expenditures

This table summarizes all projects approved in 2017 and earlier that had expenditures funded by the Roads DCC during 2017:

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
City-Wide	Functional and Preliminary Design (Transportation)
Lansdowne Road - Alderbridge Way to Minoru Blvd.	Interim road extension
River Parkway - Gilbert Road to Cambie Road	Interim road extension with walkway and cycle lane
City-Wide	Lansdowne Road repayment
River Drive, No. 4 Road to Van Horne Way	Multi-Use Pathway
City-Wide	Neighbourhood walkway program
City-Wide	Nelson Road interchange repayment
City-Wide	Pedestrian and Roadway improvement program
City-Wide	River Road / North Loop repayment
Lockhart Road	Road improvements
23000 to 23591 Dyke Road	Road widening and trail connection
No 2 Road, from Steveston Highway to Dyke Road	Road widening with multi-use pathway
City-Wide	Special crosswalk improvement program
City-Wide	Traffic calming program
City-Wide	Traffic signal program
City-Wide	Transit-related amenity improvement program
City-Wide	Transit-related roadway improvement program

ROADS – 2018 Projects

This table summarizes all projects funded by the Roads DCC that have been approved in the 2018 Capital Budget:

Location	Type of Infrastructure / Description
City-Wide	Accessible Pedestrian Signal Program
City-Wide	Active Transportation Improvement Program
City-Wide	Arterial Roadway Improvement Program
City Centre	Cycling Network Plan
River Parkway - Gilbert Road to Cambie Road	Interim road extension with walkway and cycle lane
City-Wide	LED Street Name Sign Program
Alderbridge Way, No. 4 Road to Shell Road	Multi-Use Pathway
City-Wide	Neighbourhood Walkway Program
Leslie Road - River Parkway to approximately 150m to the east	Road Improvement
Cambie Road - River Road to No. 3 Road	Road Improvement with multi-use pathway
City-Wide	Special Crosswalk Program
City-Wide	Traffic Calming Program
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

SANITARY SEWER – 2017 Expenditures

This table summarizes all projects approved in 2017 and earlier that had expenditures funded by the Sanitary Sewer DCC during 2017:

Location	Type of Infrastructure / Description
City-Wide	Infrastructure upgrades and replacement
8600 Cook Road	Pump station replacement
Broadmoor Sanitary Area	Pump station replacement
Hamilton Area	Pump station replacement
Lane North of 5600 Cedarbridge Way	Pump station upgrades
Brown/Leslie Road	Sanitary Sewer upgrades
Cooney Rd, Spires Gate, Cook Gate and Cook Rd	Sanitary Sewer upgrades

SANITARY SEWER – 2018 Projects

This table summarizes all projects funded by the Sanitary Sewer DCC that have been approved in the 2018 Capital Budget:

Location	Type of Infrastructure / Description
Eckersley B	Pump station upgrades

WATER – 2017 Expenditures

This table summarizes all projects approved in 2017 and earlier that had expenditures funded by the Water DCC during 2017:

Location	Type of Infrastructure / Description
Lulu Island North Area	Watermain replacement
Lulu Island West Area	Watermain replacement
Cooney Rd, Spires Gate, Cook Gate and Cook Rd	Watermain replacement and upgrade

WATER – 2018 Projects

This table summarizes all projects funded by the Water DCC that have been approved in the 2018 Capital Budget:

Location	Type of Infrastructure / Description
City-Wide	Watermain Replacement