



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** May 08, 2015

**From:** Jerry Chong  
Director, Finance

**File:** 03-0905-05-01/2015-  
Vol 01

**Re:** 2014 Annual Development Cost Charges

### Staff Recommendation

That the staff report titled, "2014 Annual Development Cost Charges," dated May 8, 2015 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"/>	
<b>REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE</b>	<b>INITIALS:</b> 	<b>APPROVED BY CAO</b> 

## Staff Report

### Origin

In compliance with section 937.01 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 subsections (2) and (2.1) of section 933 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 933.1 (2).*

### Analysis

The City's 2014 Annual DCC Report covers the following six broad categories:

- (i) Description and principles of the City of Richmond's DCC program,
- (ii) 2014 DCC reserve fund balances;
- (iii) 2014 DCC credits;
- (iv) 2014 and 2015 DCC programs;
- (v) Waivers and reductions; and
- (vi) Municipal assist factor.

The 2014 Annual Development Cost Charges Report includes contribution amounts for which the City holds a Letter of Credit from the developer, 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, 2014 that are not confirmed due to potential DCC credits. These amounts, if applicable, will be reported in future periods.

A copy of the 2014 Annual Development Cost Charges Report, which will be available for public viewing on the City's website on June 30, 2015, is attached for information.

May 8, 2015

- 3 -

**Conclusion**

The attached 2014 Annual Development Cost Charges Report is in compliance with the annual reporting requirements as prescribed under section 937.01 of the *Local Government Act*.



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

CG:cg

Att. 1: 2014 Annual Development Cost Charges Report

# 2014 ANNUAL DEVELOPMENT COST CHARGES REPORT

For the year ended December 31, 2014

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



**CITY OF RICHMOND**  
**2014 ANNUAL DEVELOPMENT COST CHARGES REPORT**

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This 2014 Annual Development Cost Charges (DCC) Report is prepared by the City of Richmond pursuant to Section 937.01 of the *Local Government Act*. This report contains information pertaining to the following reporting requirements:

- I. Description and Principles of the City of Richmond's DCC Program
- II. 2014 DCC Reserve Fund Balances
- III. 2014 DCC Credits
- IV. 2014 and 2015 DCC Programs
- V. Waivers and Reductions
- VI. Municipal Assist Factor

## **I. DEVELOPMENT COST CHARGES PROGRAM**

*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.)

*What is the purpose of the DCC Program?*

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. The objective of the DCC program is to ensure that those people that will use and benefit from the services provided will pay their share of the costs in a fair and equitable basis. The DCC program provides the information and basis in which DCC rates are derived, allowing for information transparency and accountability to the public.

**CITY OF RICHMOND**  
**2014 ANNUAL DEVELOPMENT COST CHARGES REPORT**

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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 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 (OCP) Bylaw
- Richmond Urban Development Forecast
- Parks, Recreation and Cultural Services Master Plan 2005 - 2015
- 2022 Parks and Open Space Strategy
- Parks Land Acquisition and Development 2006 DCC Program
- City Centre Transportation Plan
- City Centre Area Plan (CCAP)

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 derived?*

The City began the DCC process by determining the amount of growth that was projected to occur over a specified future period of time. The growth projections were based on information received in 2008 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 that can be found in the CCAP.

Following the growth projections, the City identified specific infrastructure works that were required to accommodate the growth. The estimated infrastructure costs were determined and formed the basis of the DCC Program.

DCC's collected in 2014 were based on rates established in Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396 that was adopted on September 14, 2009.

**CITY OF RICHMOND**  
**2014 ANNUAL DEVELOPMENT COST CHARGES REPORT**

*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.

*How are costs allocated to growth and existing users?*

To achieve the objective of promoting growth and to ensure the use of a fair and equitable basis of allocating costs, the costs of the DCC works are allocated between growth and the existing population on the basis of benefits.

**II. 2014 DCC RESERVE FUND BALANCES**

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 2014 fiscal year:

*(amounts expressed in thousands of dollars)*

	January 1 Balance	Transfers In	Interest Earned	DCC Credits	Transfers Out	December 31 Balance
<b>Basic:</b>						
Roads	\$ 22,452	\$ 2,736	\$ 257	(\$ 622)	(\$ 3,410)	\$ 21,413
Drainage	15,549	1,218	245	-	(226)	16,786
Water	4,417	408	58	-	(615)	4,268
Sewer	11,218	602	121	(50)	(332)	11,559
Parks Acquisition	14,463	6,179	234	(289)	(11,169)	9,418
Parks Development	12,592	2,592	188	-	(1,883)	13,489
<b>Total Basic</b>	<b>\$ 80,691</b>	<b>\$ 13,735</b>	<b>\$ 1,103</b>	<b>(\$ 961)</b>	<b>(\$ 17,635)</b>	<b>\$ 76,933</b>
<b>Local Area - West Cambie:</b>						
Roads	\$ 2,490	\$ -	\$ 50	\$ -	\$ -	\$ 2,540
Drainage	748	44	13	-	(1)	804
Water	114	9	2	-	-	125
Sewer	253	18	5	-	-	276
Parks Acquisition	2,447	416	32	-	(1,129)	1,766
Parks Development	469	52	-	-	-	521
<b>Total Local Area</b>	<b>\$ 6,521</b>	<b>\$ 539</b>	<b>\$ 102</b>	<b>\$ -</b>	<b>(\$ 1,130)</b>	<b>\$ 6,032</b>
<b>Total DCC Reserve</b>	<b>\$ 87,212</b>	<b>\$ 14,274</b>	<b>\$ 1,205</b>	<b>(\$ 961)</b>	<b>(\$ 18,765)</b>	<b>\$ 82,965</b>

**CITY OF RICHMOND**  
**2014 ANNUAL DEVELOPMENT COST CHARGES REPORT**

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**III. 2014 DCC Credits**

<b>Site Address</b>	<b>Developer</b>
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Drainage

No credits for drainage were issued during 2014.

Parkland Acquisition

10011 River Road	Parc Riviera
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Roads

6951 Elmbridge Way	Onni "Ora"
6160 London Road	Oris Development (Kawaki) Corp.

Sewer

10011 River Road	Parc Riviera
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Water

No credits for water were issued during 2014.

**IV. 2014 and 2015 DCC PROGRAMS**

Drainage

The projects in the Drainage DCC Program include storm sewers, pump station upgrades, and new pump stations, and development coordinated works.

A summary of the projects funded by the Drainage DCC's during 2014 and the projects set to begin in 2015 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 growth. The projects in the Parks Development DCC Program include park planning and 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 during 2014 and the projects set to begin in 2015 is contained in Appendix 2.

**CITY OF RICHMOND**  
**2014 ANNUAL DEVELOPMENT COST CHARGES REPORT**

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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 infrastructure, traffic safety projects, and debt repayments.

A summary of the projects funded by the Roads DCC's during 2014 and the projects set to begin in 2015 is contained in Appendix 3.

Sewer

The projects in the Sewer DCC Program include pump stations, sewer upgrades, and development coordinated works.

A summary of the projects funded by the Sewer DCC's during 2014 and the projects set to begin in 2015 is contained in Appendix 4.

Water

The projects in the Water DCC Program include watermain replacement and upgrades, infrastructure advanced design, and development coordinated works.

A summary of the projects funded by the Water DCC's during 2014 and the projects set to begin in 2015 is contained in Appendix 5.

**CITY OF RICHMOND**  
**2014 ANNUAL DEVELOPMENT COST CHARGES REPORT**

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**V. WAIVER AND REDUCTIONS**

Section 933.1 of the Local Government Act provides 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.

For year 2014, no waivers or reductions were granted.

**VI. 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;
- 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, the City of Richmond's municipal assist factor has been set at 1%.

**DRAINAGE – 2014 Expenditures**

This table summarizes all projects from 2014 and earlier that had expenditures funded by the Drainage DCC's during 2014:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Bath Slough	Bath Slough pump station upgrade
City-wide	Developer coordinated works
Peace Arch Drainage Area	Drainage replacement upgrade
No. 1 Road North	Pump station upgrade
No. 2 Road North	Pump station upgrade
Williams Road	Pump station upgrade and replacement of drainage main

**DRAINAGE – 2015 Projects**

This table summarizes all projects funded by the Drainage DCC's that are set to begin in 2015:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Dyke Road	Horseshoe Slough pump station rebuild

**PARKS – 2014 Expenditures**

This table summarizes all projects from 2014 and earlier that had expenditures funded by the Parks DCC's during 2014:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
City-wide	Advanced design
City-wide	Characterization - neighbourhood parks
The Gardens	Gardens Agricultural Park
City-wide	General development
King George	King George Park master plan
Middle Arm	Middle Arm Park
City-wide	Parkland acquisition repayment
Railway Avenue	Railway Avenue Greenway
Terra Nova	Terra Nova Park
Thompson	Thompson Integrated Youth Park
City-wide	Trails
City-wide	Tree planting

**PARKS – 2015 Projects**

This table summarizes all projects funded by the Parks DCC's that are set to begin in 2015:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Garden City Lands	Garden City lands phase 1
Lang Park	Lang Park redevelopment - park characterization
Middle Arm/ Hollybridge Area	Middle Arm/Hollybridge Pier
City-wide	Parkland acquisition
West Cambie	Parkland acquisition - West Cambie
City-wide	Parks advance planning & design
City-wide	Parks general development
The Gardens	The Gardens agricultural park

**ROADS – 2014 Expenditures**

This table summarizes all projects from 2014 and earlier that had expenditures funded by the Roads DCC's during 2014:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
City-wide	Accessible pedestrian signal program
City-wide	Active transportation improvement program
City-wide	Functional and preliminary design (Transportation)
City-wide	Infrastructure advanced design
Alderbridge Way to Minoru Blvd	Interim Lansdowne Road Extension
City-wide	Intersection improvements
City-wide	Neighbourhood Traffic Safety Program
Westminster Hwy to Blundell Rd	Nelson Road widening
City-wide	Pedestrian and roadway improvements
No. 6 Road	Road Widening
Westminster Hwy / Gilley Rd	Roadway Construction
City-wide	Special crosswalk program
Cambie Road / Stolberg Street	Traffic Signal Installation and Major Upgrades
City-wide	Traffic Signal Installation and Major Upgrades
City-wide	Transit Related Infrastructure Improvements

**ROADS – 2015 Projects**

This table summarizes all projects funded by the Roads DCC's that are set to begin in 2015:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
City-wide	Accessible pedestrian signal program
City-wide	Active transportation improvement program
City-wide	Arterial roadway improvement program
City-wide	Functional and preliminary design (Transportation)
Shell Road	Neighbourhood walkway program
City-wide	Infrastructure advanced design
City-wide	Special crosswalk program
Burkeville	Traffic calming program
City-wide	Traffic signal program
City-wide	Transit-related amenity improvement program
City-wide	Transit-related roadway improvement program

**SEWER – 2014 Expenditures**

This table summarizes all projects from 2014 and earlier that had expenditures funded by the Sewer DCC's during 2014:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
City-wide	Developer coordinated works
Montrose (Broadmoor Area)	Pump station replacement
Lane North of 5600 Cedarbridge	Pump station upgrade
Bridgeport Area	Rehabilitation and upgrades
East Richmond	Rehabilitation and upgrades
Terra Nova	Rehabilitation and upgrades

**SEWER – 2015 Projects**

This table summarizes all projects funded by the Sewer DCC's that are set to begin in 2015:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Leslie Road	Sanitary pump station

**WATER – 2014 Expenditures**

This table summarizes all projects from 2014 and earlier that had expenditures funded by the Water DCC's during 2014:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Cobeck Rd	Watermain replacement
Foster / McMath	Watermain replacement
Richmond Gardens	Watermain replacement
Steveston East	Watermain replacement
City-wide	Watermain upgrades and replacements

**WATER – 2015 Projects**

This table summarizes all projects funded by the Water DCC's that are set to begin in 2015:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Lulu Island North Area	Watermain replacement
Lulu Island West Area	Watermain replacement