



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** May 5, 2016

**From:** Jerry Chong  
Director, Finance

**File:** 03-0905-05-01/2016-  
Vol 01

**Re:** 2015 Annual Development Cost Charges

### Staff Recommendation

That the staff report titled, "2015 Annual Development Cost Charges," dated May 5, 2016 from the Director, Finance be received for information.

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

Att. 1

REPORT CONCURRENCE		
<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>CONCURRENCE OF GENERAL MANAGER</b>
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> DW	<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 2015 Annual DCC Report covers the following six broad categories:

- (i) Description and principles of the City of Richmond's DCC program,
- (ii) 2015 DCC reserve fund balances;
- (iii) 2015 DCC credits;
- (iv) 2015 and 2016 DCC programs;
- (v) Waivers and reductions; and
- (vi) Municipal assist factor.

The 2015 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, 2015 that are not confirmed due to potential DCC credits. These amounts, if applicable, will be reported in future periods.

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

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### **Conclusion**

The attached 2015 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)

Att. 1: 2015 Annual Development Cost Charges Report

# 2015 ANNUAL DEVELOPMENT COST CHARGES REPORT

For the year ended December 31, 2015

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





# CITY OF RICHMOND

## 2015 ANNUAL DEVELOPMENT COST CHARGES REPORT

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This 2015 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. 2015 DCC Reserve Fund Balances
- III. 2015 DCC Credits
- IV. 2015 and 2016 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.

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### 2015 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
- Regional Growth Strategy/Metro 2040 (Metro Vancouver)
- 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 2015 were based on rates established in Development Cost Charges Bylaw No. 8024, Amendment Bylaw No. 8396 effective September 15, 2010.

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## 2015 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. 2015 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 2015 fiscal year:

	<i>(amounts expressed in thousands of dollars)</i>					
	January 1 Balance	Transfers In	Interest Earned	DCC Credits	Transfers Out	December 31 Balance
Basic:						
Drainage	\$ 16,785	\$ 4,580	\$ 323	\$ -	\$ (713)	\$ 20,975
Parks Acquisition	9,418	17,297	265	(1,248)	(8,312)	17,420
Parks Development	13,487	6,721	218	(941)	(1,722)	17,763
Roads	21,413	11,219	360	(139)	(4,909)	27,944
Sewer	11,559	3,869	158	-	(87)	15,499
Water	4,269	1,246	71	-	(851)	4,735
Total Basic	\$ 76,931	\$ 44,932	\$ 1,395	\$ (2,328)	\$ (16,594)	\$ 104,336
Local Area - Alexandra:						
Drainage	\$ 805	\$ 249	\$ 17	\$ -	\$ (2)	\$ 1,069
Parks Acquisition	1,766	1,568	31	-	(1,222)	2,143
Parks Development	522	199	5	-	-	726
Roads	2,540	2,619	53	(2,409)	-	2,803
Sewer	276	71	6	-	-	353
Water	125	33	3	-	-	161
Total Local Area	\$ 6,034	\$ 4,739	\$ 115	\$ (2,409)	\$ (1,224)	\$ 7,255
Total DCC Reserve	\$ 82,965	\$ 49,671	\$ 1,510	\$ (4,737)	\$ (17,818)	\$ 111,591



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**III. 2015 DCC Credits**

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

No credits for drainage were issued during 2015.

Parkland Acquisition

9251 Alderbridge Way	Andrew Lehman
4777 McClelland Rd	Andrew Lehman
10820 No. 5 Road	Townline Gardens Inc.
10388 No. 2 Road	Polygon Kingsley Homes Ltd

Parkland Development

6951 Elmbridge Way	Onni Contracting
10820 No. 5 Road	Townline Gardens Inc.

Roads

9251 Alderbridge Way	Andrew Lehman
4588 Dubbert St	Townline Alexandra Road LP
9366 Tomicki Ave	Polygon Alexandra Court Homes Ltd.
9311 Alexandra Road	Polygon Alexandra Court Homes Ltd.
9399 Alexandra Road	Polygon Alexandra Court Homes Ltd.

Sewer

No credits for sewer were issued during 2015.

Water

No credits for water were issued during 2015.

**IV. 2015 and 2016 DCC PROGRAMS**

Drainage

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

A summary of the projects funded by the Drainage DCC's during 2015 and the projects set to begin in 2016 is contained in Appendix 1.



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### 2015 ANNUAL DEVELOPMENT COST CHARGES REPORT

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#### 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 2015 and the projects set to begin in 2016 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 and collector improvements, pedestrian and cyclist improvements, transit-related road infrastructure, and passenger amenity improvements, traffic safety projects, and debt repayments.

A summary of the projects funded by the Roads DCC's during 2015 and the projects set to begin in 2016 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 2015 and the projects set to begin in 2016 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 2015 and the projects set to begin in 2016 is contained in Appendix 5.

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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 the year 2015, 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 – 2015 Expenditures**

This table summarizes all projects approved 2015 and earlier that had expenditures funded by the Drainage DCC's during 2015:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Bath Slough	Bath Slough pump station upgrade
Peace Arch Drainage Area	Drainage replacement upgrade
No. 1 Road North	Pump station upgrade
No. 2 Road North	Pump station upgrade

**DRAINAGE – 2016 Projects**

This table summarizes all projects funded by the Drainage DCC's that have been approved in the 2016 Capital Budget:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
n/a	n/a

**PARKS – 2015 Expenditures**

This table summarizes all projects approved in 2015 and earlier that had expenditures funded by the Parks DCC's during 2015:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
City-wide	Advanced design
Blundell Park	Blundell Park – Sports field upgrade
Cambie Mueller	Cambie Mueller Park
City-wide	Characterization - neighbourhood parks
Garden City Lands	Garden City lands phase 1
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 and repayment
West Cambie	Parkland acquisition and repayment (Alexandra)
Terra Nova	Terra Nova Park
City-wide	Trails

**PARKS – 2016 Projects**

This table summarizes all projects funded by the Parks DCC's that have been approved in the 2016 Capital Budget:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Fraserwood waterfront area	Extend the width of the existing road and include a multi-use pathway
Cambie Avanti Park	New neighbourhood park
Garden City Lands	Construction of water management infrastructure and landscaping
Terra Nova	Park characterization
City-wide	Parks advance planning & design
City-wide	Parks and open space resource management planning
West Cambie Park	Development of neighbourhood park
City-wide	General development
City-wide	Parkland acquisition and repayment
West Cambie	Parkland acquisition and repayment (Alexandra)



**ROADS – 2015 Expenditures**

This table summarizes all projects approved 2015 and earlier that had expenditures funded by the Roads DCC's during 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
No. 3 Road	Canada line – No. 3 Road restoration
City-wide	Functional and preliminary design (Transportation)
City-wide	Infrastructure advanced design
Lansdowne Road, Alderbridge Way to Minoru Blvd	Interim Road Extension
City-wide	Lansdowne Road repayment
City-wide	Miscellaneous cycling safety enhancements
City-wide	Minor Capital - Traffic
City-wide	Neighbourhood Traffic Safety Program
City-wide	Neighbourhood Walkway Program
City-wide	Nelson Road Interchange repayment
City-wide	River Road/ North Loop repayment
No. 6 Road: Commerce Parkway to Wireless Way	Road widening
Westminster Hwy: Nelson Road to Hamilton Interchange	Road widening
Westminster Hwy: Nelson Road to McMillan Way	Road widening
City-wide	Special crosswalk program
City-wide	Traffic signal program
City-wide	Traffic calming program
City-wide	Transit related amenity improvement program
City-wide	Transit related roadway improvement program

**ROADS – 2016 Projects**

This table summarizes all projects funded by the Roads DCC's that have been approved in the 2016 Capital Budget:

<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
Hamilton area	Dyke Road/Fraserwood Road widening and trail connection
City-wide	Functional and preliminary design (Transportation)
City-wide	Infrastructure advance design
City-wide	Lansdowne Road repayment
City-wide	Neighbourhood walkway program
City-wide	Nelson Road Interchange repayment
City-wide	River Road/ North Loop repayment
Steveston & No 2 Road	Roadway capacity and active transportation improvements
City-wide	Special crosswalk program
City-wide	Traffic calming program
City-wide	Transit-related amenity improvement program
City-wide	Transit-related roadway improvement program
City-wide	Traffic signal program

**SEWER – 2015 Expenditures**

This table summarizes all projects approved 2015 and earlier that had expenditures funded by the Sewer DCC's during 2015:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Minoru Rd North of Cedarbridge	Pump station upgrade
Bridgeport Area	Rehabilitation and upgrades
Terra Nova	Rehabilitation and upgrades

**SEWER – 2016 Projects**

This table summarizes all projects funded by the Sewer DCC's that have been approved in the 2016 Capital Budget:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Spires Area	Sewer replacements and upgrades

**WATER – 2015 Expenditures**

This table summarizes all projects approved 2015 and earlier that had expenditures funded by the Water DCC's during 2015:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Cobeck Rd	Watermain replacement
Ledway	Watermain replacement
Ryan Road	Watermain replacement
Richmond Gardens	Watermain upgrades and replacements
Steveston East	Watermain upgrades and replacements
North Area	Watermain replacement
West Area	Watermain replacement
City-wide	Minor Capital

**WATER – 2016 Projects**

This table summarizes all projects funded by the Water DCC's that have been approved in the 2016 Capital Budget:

<b>Location</b>	<b>Type of Infrastructure / Description</b>
Spires Area	Sewer replacements and upgrades
Lulu Island West Area	Watermain replacement