



## Utilities DCL Front-Ender Agreements – Guide for applicants

### BACKGROUND INFORMATION

The City collects charges for growth-related sanitary, water, and drainage infrastructure through the Utilities Development Cost Levy (DCL) By-law. The City of Vancouver's new DCL for utilities comes into effect on September 30<sup>th</sup>, 2018. Most Utilities DCL projects will be built by the City according to the City's schedule. But if a developer needs a DCL project ahead of the City's schedule in order to develop, that developer may wish to finance and build the required DCL project directly. On a limited basis, the City will consider entering into a DCL "Front-Ender Agreement" (FEA) with these developers. This handout provides answers to frequently asked questions about Utilities DCL FEAs.

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### WHO SHOULD READ THIS FAQ?

If the City has indicated that your development requires off-site infrastructure upgrades, then you should read this FAQ to determine if a Utilities DCL FEA might be relevant for your development. FEAs cannot be used for local serving utility upgrades where there is little to no benefit beyond the proposed development.

### WHAT IS A UTILITIES DCL FRONT-ENDER AGREEMENT?

A DCL front-ender agreement is an agreement between the City and a developer who finances and typically builds a DCL project. Under a DCL front-ender agreement, the City would agree to collect and forward future DCLs to the front-ending developer. FEAs are a way of helping developers recoup some of the costs of delivering Utilities DCL projects in advance of the City's schedule.

### WHO IS ELIGIBLE FOR A UTILITIES DCL FEA?

If you are a developer who finances and typically builds a project that is included in the current Utilities DCL project list, you are eligible to be considered for a FEA. The City will determine the suitability of an FEA on a case-by-case basis. Priority will be given to applicants in the Cambie Corridor.

### HOW DO I KNOW IF MY DEVELOPMENT IS TRIGGERING A UTILITIES DCL PROJECT?

The General Manager of Engineering Services manages an up-to-date list of Utilities DCL Projects. The project list can be found here : <https://vancouver.ca/home-property-development/utilities-dcl.aspx>

To find out if your project triggers a Utilities DCL project, contact: [Utilities.Servicing@vancouver.ca](mailto:Utilities.Servicing@vancouver.ca).



## HOW DO I GET AN FEA?

During the rezoning application process, the City will inform you whether your development qualifies for a FEA.

## WHAT ARE THE TYPICAL TERMS OF A UTILITIES DCL FEA?

Utilities DCL FEAs have specific terms, offered by the City, that will include:

- Term of 10 years (i.e., the City will agree to remit future DCLs for a period of up to ten years)
- The total remittance will be the lower of i) project cost contemplated in the DCL program and ii) actual project cost
- The City will not begin remitting DCL revenues until 2021
- The annual remittance will be a percentage of DCL revenues collected - the percentage will be calculated as:  $(\text{cost of front-ended DCL project}) / (\text{total remaining DCL program costs})$  up to a maximum allowable annual remittance as determined by the City. Remittances will be made annually, and commencing in the year following DCL project completion. Remittance will not include any non-growth costs of a DCL project. Total remittance for FEAs will be limited to a maximum of \$10 Million for the first 8 years of the Utilities DCL Program.
- The benefitting area is defined as the City-wide Utilities DCL boundary
- The developer's financing costs will not be included in the FEA
- The City will not guarantee a refund of all project costs; remittances will be dependent on future DCL revenues (i.e., the front-ending developer assumes the risk of not recouping all project costs)

## WILL DCL CREDITS BE PROVIDED?

No. Even if a developer finances a Utilities DCL project, the developer will be responsible for paying full Utilities DCLs.

Note: Other municipalities are mandated by Provincial legislation to provide Development Cost Charge (DCC credits). The City is not governed by the same legislation.

## IS THERE A FEE FOR FEAs?

Yes. The fee will be part of the Services Agreement to cover the City's costs of administering an FEA.

## FOR MORE INFORMATION

Please visit: <https://vancouver.ca/home-property-development/utilities-dcl.aspx>

or contact: [Utilities.Servicing@vancouver.ca](mailto:Utilities.Servicing@vancouver.ca).