



Utilities DCL Front-End Agreements – Guide for applicants

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BACKGROUND INFORMATION

The City collects charges for growth-related sanitary, water, and drainage infrastructure through the Utilities Development Cost Levy (DCL) By-law. 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-End Agreement” (FEA) with these developers. This handout provides answers to frequently asked questions about Utilities DCL FEAs.

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-END 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.

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 on the city’s website: [UDCL Project List 2023-2032 \(vancouver.ca\)](https://www.vancouver.ca/udcl-project-list-2023-2032).

To find out if your project triggers a Utilities DCL project, contact: Utilities.Servicing@vancouver.ca.



HOW DO I GET AN FEA?

During the 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 annual remittance will be a percentage of DCL revenues collected - the percentage will be calculated as: (cost of front-ended DCL project)/(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 (program started in 2019).
- 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).
- The City will not refund or contribute towards any non-growth portion of a front-ended capital project.

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/proposed-utility-dcl.aspx>.

or contact: Utilities.Servicing@vancouver.ca.