



Special Finance Committee Agenda – Monday, November 16, 2020

Pg. # ITEM

3. **2021 DISTRICT ENERGY UTILITY RATES**

(File Ref. No. 01-0060-20-LIEC1; 12-j060-20-010208/010209/010210) (REDMS No. 6537172 v. 10; 6538843; 6538844; 6538846)

FIN-60

See Page FIN-60 for full report

Designated Speaker: Alen Postolka

STAFF RECOMMENDATION

- (1) *That the Alexandra District Energy Utility Bylaw No. 8641, Amendment Bylaw No. 10208 be introduced and given first, second and third readings;*
- (2) *That the Oval Village District Energy Utility Bylaw No. 9134, Amendment Bylaw No. 10209 be introduced and given first, second and third readings; and*
- (3) *That the City Centre District Energy Utility Bylaw No. 9895, Amendment Bylaw No. 10210 be introduced and given first, second and third readings.*

☐

ADJOURNMENT

☐



Finance Committee

Date: Monday, October 5, 2020

Place: Council Chambers
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Carol Day (by teleconference)
Councillor Kelly Greene (by teleconference)
Councillor Alexa Loo
Councillor Bill McNulty (by teleconference)
Councillor Linda McPhail (by teleconference)
Councillor Harold Steves (by teleconference)
Councillor Michael Wolfe (by teleconference)

Call to Order: The Chair called the meeting to order at 5:47 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance Committee held on September 8, 2020, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

1. **DEFERRING THE CPI INCREASE TO THE CONSOLIDATED FEES BYLAW TO 2021**

(File Ref. No. 03-1240-01) (REDMS No. 6530565)

It was moved and seconded

That the annual CPI increase to the Consolidated Fees Bylaw be deferred to 2021.

CARRIED

Finance Committee
Monday, October 5, 2020

2. PERMISSIVE PROPERTY TAX EXEMPTION (2021) BYLAW NO. 10196

(File Ref. No. 03-0925-02-01) (REDMS No. 6488014)

It was moved and seconded

That Permissive Property Tax Exemption (2021) Bylaw No. 10196 be introduced and given first, second and third readings.

CARRIED

3. AMENDMENTS TO THE REVISED CONSOLIDATED 5 YEAR FINANCIAL PLAN (2020-2024) BYLAW NO. 10183

(File Ref. No. 03-0975-01) (REDMS No. 6515307 v. 14; 6515307; 6516649)

It was moved and seconded

That the Revised Consolidated 5 Year Financial Plan (2020-2024) Bylaw No. 10183, Amendment Bylaw No. 10203, which incorporates and puts into effect the changes as outlined in the staff report titled "Amendments to the Revised Consolidated 5 Year Financial Plan (2020-2024) Bylaw No. 10183" dated September 15, 2020, from the General Manager, Finance and Corporate Services, be introduced and given first, second and third readings.

CARRIED

4. DEVELOPMENT COST CHARGES IMPOSITION BYLAW ANNUAL INFLATIONARY UPDATE (2020)

(File Ref. No. 03-0900-01) (REDMS No. 6413783 v. 8)

It was moved and seconded

That Option 1 – Keep DCC Rates Unchanged as outlined in the staff report titled "Development Cost Charges Imposition Bylaw Annual Inflationary Update (2020)" dated September 8, 2020 from the Director, Finance be approved by Council.

CARRIED

Opposed: Cllrs. Day
Greene
Steves
Wolfe

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (5:53 p.m.).

CARRIED

Finance Committee
Monday, October 5, 2020

Certified a true and correct copy of the Minutes of the meeting of the Finance Committee of the Council of the City of Richmond held on September 5, 2020.

Mayor Malcolm D. Brodie
Chair

Hanieh Berg
Legislative Services Associate



Special Finance Committee

Date: Wednesday, August 26, 2020

Place: Council Chambers
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Carol Day (attending via teleconference)
Councillor Kelly Greene (attending via teleconference)
Councillor Alexa Loo (attending via teleconference)
Councillor Bill McNulty (attending via teleconference)
Councillor Linda McPhail (attending via teleconference)
Councillor Harold Steves (attending via teleconference)
Councillor Michael Wolfe (attending via teleconference)

Call to Order: The Chair called the meeting to order at 4:04 p.m.

FINANCE AND CORPORATE SERVICES DIVISION

1. **UPDATE ON REFERRAL RE: 2020 ANNUAL TAX SALE OPTIONS**
(File Ref. No. 03-1240-01) (REDMS No. 6516637)

Staff reviewed the proposed tax sale options and current tax delinquencies, noting that a relatively small number of those delinquencies have been reported to have been as a result of pandemic-related financial hardship. Staff added that staff will continue efforts to locate property owners and resolve outstanding balances and that the current tax delinquencies do not pose a significant impact to the City's budget.

Discussion ensued with regard to (i) options to defer the tax sale to 2021, (ii) options to resolve tax delinquencies by repeat offenders, (iii) the tax collection rate for 2020, and (iv) other municipalities that have deferred their tax sale to next year.

In reply to queries from Committee, staff noted that property information from BC Assessment can be utilized to locate property owners and qualifying property owners may apply for a property tax deferral from the Province.

Special Finance Committee
Wednesday, August 26, 2020

It was moved and seconded

- (1) *That the City proceed with the tax sale in accordance with the provisions of the Local Government Act; and*
- (2) *That the measures, process and procedure changes and adjustments, and the designation and change of venue described under the Status Quo Option set out on page 3 of Attachment 1 of the staff report titled "2020 Annual Tax Sale Options", dated July 20, 2020, from the Director, Finance, be approved.*

CARRIED

Opposed: Cllr. Au
Greene
Loo
Wolfe

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (4:36 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Finance Committee of the Council of the City of Richmond held on Wednesday, August 26, 2020.

Mayor Malcolm D. Brodie
Chair

Evangel Biason
Legislative Services Coordinator



City of Richmond

Audit Planning Report
for the year ending December 31, 2020

KPMG LLP

Dated November 4, 2020 for the Finance Committee
Presentation on November 16, 2020.

kpmg.ca/audit



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At KPMG, we are **passionate** about earning your **trust**. We take deep **personal accountability**, individually and as a team, to deliver **exceptional service and value** in all our dealings with you.

At the end of the day, we measure our success from the **only perspective that matters – yours**.

Executive summary

We are pleased to provide for your review the following information relating to the planned scope and timing for the audit of the consolidated financial statements of the City of Richmond (the "City") for the year ending December 31, 2020.

Changes in operations

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The City's services were significantly impacted by this as many of its facilities including library branches and recreation centres were closed to the public from March 2020 to June 2020. During the closures, a reduced number of City staff continued providing services to the public. In July 2020, the City began opening its facilities to the public on a limited basis, followed by open public access in planned phases.

As the COVID-19 pandemic evolves, the City will continue to assess the impact on its operations and finances and consider the implications on financial reporting. We have analyzed the impact of the COVID-19 pandemic situation on the audit of the financial statements for the year ending December 31, 2020 and discussed the audit and financial reporting implications with management. In addition to the planned audit procedures, we will also evaluate the impact of the COVID-19 pandemic on the financial statements.

See pages 4 to 6 for further details.

Areas of audit focus

Our audit of the City is risk-focused. As part of our audit process, we have had discussions with management about any changes in the organization and other items that should be brought to our attention, and we have considered the impact, if any, to the audit. In planning our audit we have taken into account key areas of focus for financial reporting. These include:

- Tangible capital assets;
- Deferred revenue and development cost charges; and
- Valuation of post-employment benefits.

See pages 7 to 8 for further details.

Materiality

We determine materiality in order to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. Materiality has been determined based on forecasted total expenses. We have determined materiality to be \$8,300,000 for the year ending December 31, 2020.

See page 9 for further details.

Quality control and independence

We are independent of the City and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow the City's approved protocols as determined by those changed with governance.

New accounting and auditing standards

There are no new accounting standards effective for the City's 2020 fiscal year.

A new auditing standard, CAS 540 Auditing Accounting Estimates and Related Disclosures, is effective for the City's 2020 fiscal year.

See Appendix 2 for further details.

Current developments

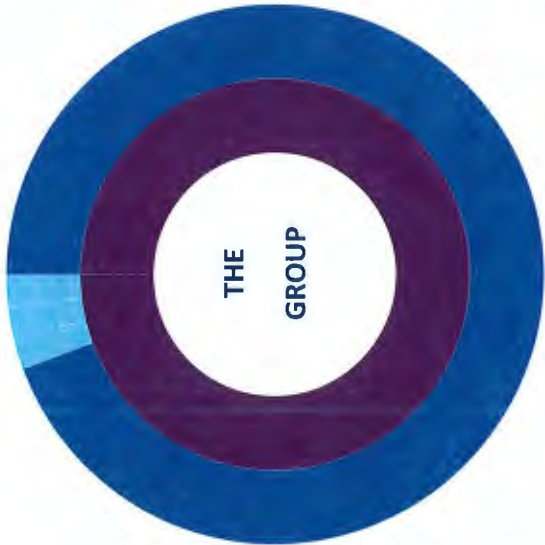
Please refer to Appendix 2 for the current developments updates, including COVID-19 resources.

Group audit scope

Professional standards require that we obtain an understanding of City’s organizational structure, including its components and their environments that is sufficient to identify those components that are financially significant or that contain specific risks that must be addressed during our audit.

The components included in the City’s consolidated entity (“the Group”) over which we plan to perform our audit procedures are as follows:

Components	Scope	Legend
Individually financially significant		
- City of Richmond (non-consolidated entity)	Audit	
Not financially significant components		
- Richmond Public Library	Audit	
- Richmond Olympic Oval Corporation	Audit	
- Lulu Island Energy Company	Audit	
Procedures performed by		
Group team – KPMG Vancouver		
		Legend



Audit and financial reporting impacts of COVID-19

We provide the following information for the review of the Finance Committee ("the Committee") and describe the additional procedures that we will be performing. As the COVID-19 pandemic is a dynamic situation, we will continue to update our Audit Plan as the situation warrants. We will communicate any additional changes to our Audit Plan to the Committee in our Audit Findings Report.

Audit implications

Considerations	Audit implications
Conducting the audit work	- KPMG is fully paperless and poised to undertake a remote audit in an efficient manner if required. We have established a secure ShareFile platform to facilitate the sharing of information with management. We have discussed the details of the audit with management, and we are ready to undertake the audit as planned and on schedule. - The ability for the audit to commence is highly fluid and dependent on management's ability to physically or digitally access underlying documents in a safe and healthy manner.
General considerations	- Many organizations have been required, out of necessity, to amend process activities and controls, and as such, segregation of duties and approval of transactions may also have been impacted. - We will obtain an understanding of what changes to process activities and controls have been implemented to determine if the planned audit procedures are appropriate. We have conducted preliminary discussions with management and will confirm our understanding of any significant changes by performing walkthroughs of transactions. - Just as the City has been impacted by COVID-19 protocols, so have many of your partners, vendors and banking institutions. As a result, responses to third party confirmations may be delayed. Confirmations requests will be sent to confirming parties to facilitate receipt of responses in a timely manner.
Subsequent event	- Currently, we expect that COVID-19 may impact the City's operations and finances subsequent to year-end. - An assessment should be made by management of any COVID-19 financial implications. Actions undertaken by the City should be disclosed in a note to the financial statements, including a statement as to whether or not these factors present uncertainty over future cash flows, cause significant changes to assets and liabilities, and/or significantly impact future operations. Measurement of the estimated financial effect should be disclosed, or it should be stated if the effect is not determinable. - We will work with management to customize the wording of the subsequent event note for the City's specific situation.

Audit and financial reporting impacts of COVID-19 (continued)

Financial reporting considerations

Considerations	Financial reporting considerations
Investments	– Management continues to monitor the performance of the investment to identify and assess whether there are indicators that the values may be permanently impaired. Management will continue to engage in discussions with its investment manager about the performance of its investments, and to ensure reliable information about the investment values continues to be obtained. – We will inquire with management about the performance of the investments subsequent to year-end and evaluate whether any indicators of permanent impairment have been identified. We will review investment statements and other information received from the investment manager to determine the impact on the portfolio values.
Accounts receivable, taxes receivable, and development fees receivable	– Management will perform a detailed analysis of any uncollectible receivable balances including those owed by related parties and other entities. This includes ensuring provisions for uncollectible amounts is appropriate based on the ageing and expected collectability of balances. – We will perform an enhanced review of management's analysis, including the ageing of receivables and assess whether the provision is reasonable.
Accounts payable and accrued liabilities, and expenditures	– Management will ensure that the liabilities and related expenses are complete and accurate. Accruals may need to be calculated due to delays in receiving vendor invoices. – We will evaluate enhanced audit risk surrounding cut-off due to matters such as potentially inability to receive goods, or the associated paperwork for processing from internal or external sources. – We will perform an enhanced review of management's assessment and calculation of significant accruals including severance accruals, if any. – We will review payments made and invoices received subsequent to year-end to ensure they are recorded in the appropriate fiscal year.
Revenue	– Management will continue to analyze the changes in revenue relative to the prior year and identify the impacts of COVID-19. – We will review management's analysis to understand the impacts of COVID-19 and assess whether the variances from the prior year balances are reasonable to ensure revenue reported in the financial statements is complete and accurate.

Audit and financial reporting impacts of COVID-19 (continued)

Financial reporting considerations

Considerations	Financial reporting considerations
Deferred revenue, deposits, and holdback.	– Management will monitor and track deferred revenue and deposits and holdbacks to determine whether any amounts require reclassification to accounts payable and accrued liabilities. – We will perform an enhanced review of management's analysis of deferred revenue, deposits, and holdbacks and assess whether the accounting and presentation is reasonable.
Employee future benefits	– Management will work with the actuary to assess the potential impact of COVID-19 on the actuarial valuation of the employee future benefits. In particular, the assessment will consider the potential impact on the valuation from changes to the assumptions as a result of COVID-19, changes to the usage of benefits by employees, and the appropriateness of the discount rate. – We will assess the reasonableness of assumptions used by the actuary in the valuation. – The accounting treatment and any financial statement disclosures related to the impact of COVID-19, if any, will be reviewed to ensure it is in accordance with Canadian public sector accounting standards.
Expenditures	– Management will monitor and track incremental expenditures and consider the presentation of the expenditures in the financial statements. – We will perform an enhanced review of management's analysis of expenditures and assess whether the accounting and presentation is reasonable.

Areas of focus for financial reporting

Areas of focus	Why are we focusing here?	Our audit approach
Tangible Capital Assets ("TCA")	Tangible capital assets represent a significant portion of assets of the City. The assets owned by the City are complex and may require estimation related to componentization and the fair value of developer contributed assets.	- Update our understanding of the process activities and controls over TCA. - Perform detailed testing of asset additions, including inspection of supporting documentation to determine if additions are capital in nature and to test accuracy of amounts recorded. - Perform detailed testing of dispositions including inspection of supporting documentation and assessing if the gain or loss on disposition has been recorded appropriately. - Review the reasonableness of estimated useful lives and amortization recognized. - Review agreements for contractual commitments and related disclosure requirements.
Deferred Revenue and Development Cost Charges ("DCC")	The City receives government grants and development cost charges for certain projects. As these amounts are for specified purposes and could contain stipulations, there is a need to determine whether the amounts should be deferred or recognized as revenue upfront.	In addition to the additional procedures noted in the section "Audit and financial reporting impacts of COVID-19" relating to deferred revenue, we will: - Reconcile permits to new development cost charges during the year and inspect appropriate bylaws noting the appropriation for its specified purpose. - Update our understanding of the process activities and controls over DCC. - Select a sample of DCC charges, recalculate the total amount, agree each factor in the calculation to supporting documentation (e.g. approved rates) and agree the amount recorded to cash receipts. - Select a sample of DCC expenditures, ensure the expenditures bylaws were approved by Council and agree the amount recorded to supporting documentation.
Valuation of Post – Employment Benefits	The City provides post-employment benefits to its employees, creating a liability. Due to the variety of factors involved in calculating the estimate, a high degree of estimation uncertainty exists.	In addition to the additional procedures noted in the section "Audit and financial reporting impacts of COVID-19", and in accordance with the new estimates auditing standard, we will: - Obtain the reports prepared by the City's actuary Mercer (Canada) Limited and tie amounts from those reports into the financial statements. - Review the significant assumptions used in the actuarial report and test the data provided by the City to Mercer for completeness and accuracy. - Perform an analytical review over these amounts. - Review note disclosure in the financial statements to ensure it is complete and accurate.

Audit risks

Professional requirements

Why is it significant?

Risk of material misstatement due to fraud resulting from management override of controls This is a presumed risk of material misstatement due to fraud.

Our audit approach

As the risk is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Testing of journal entries and other adjustments,
- Performing a retrospective review of estimates, and
- Evaluating the business rationale of significant unusual transactions.

Inquiries required by professional standards

Professional standards require that we obtain your view on the risk of fraud. We make similar inquiries to management as part of our planning process:

- Are you aware of, or have you identified any instances of actual, suspected, possible, or alleged non-compliance of laws and regulations or fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?
- What are your views about fraud risks in the City?
- How do you exercise effective oversight of management's processes for identifying and responding to the risk of fraud in the City and internal controls that management has established to mitigate these fraud risks?
- Has the City entered into any significant unusual transactions?

Materiality

Materiality is used to identify risks of material misstatements, develop an appropriate audit response to such risks, and evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors. To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality. Professional standards require us to re-assess materiality at the completion of our audit based on period-end results or new information in order to confirm whether the amount determined for planning purposes remains appropriate.

Materiality determination		Comments	Amount
Benchmark		Relevant metrics for this type of organization includes total assets, total expenses and total assets. The selected benchmark is the forecasted total expenses for the current year based on the expenses as of September 30, 2020.	\$415,684,000
		In the prior year, the 2018 total expenses of \$414,456,000 was selected as the benchmark.	
Materiality		Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements.	\$8,300,000
		The corresponding amount for the prior year's audit was \$8,300,000	
% of Benchmark		The prescribed range is between 0.5% and 3.0% of the benchmark.	2%
		The corresponding percentage for the prior year's audit was 2%.	
Audit misstatement posting threshold		Threshold used to accumulate misstatements identified during the audit.	\$415,000
		The corresponding amount for the prior year's audit was \$415,000.	

We will report to the Committee:



Corrected audit misstatements



Uncorrected audit misstatements

Audit quality and transparency

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards. Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarizes the key elements of our quality control system.



Audit Quality Framework

What do we mean by audit quality?

Audit Quality (AQ) is at the core of everything we do at KPMG.

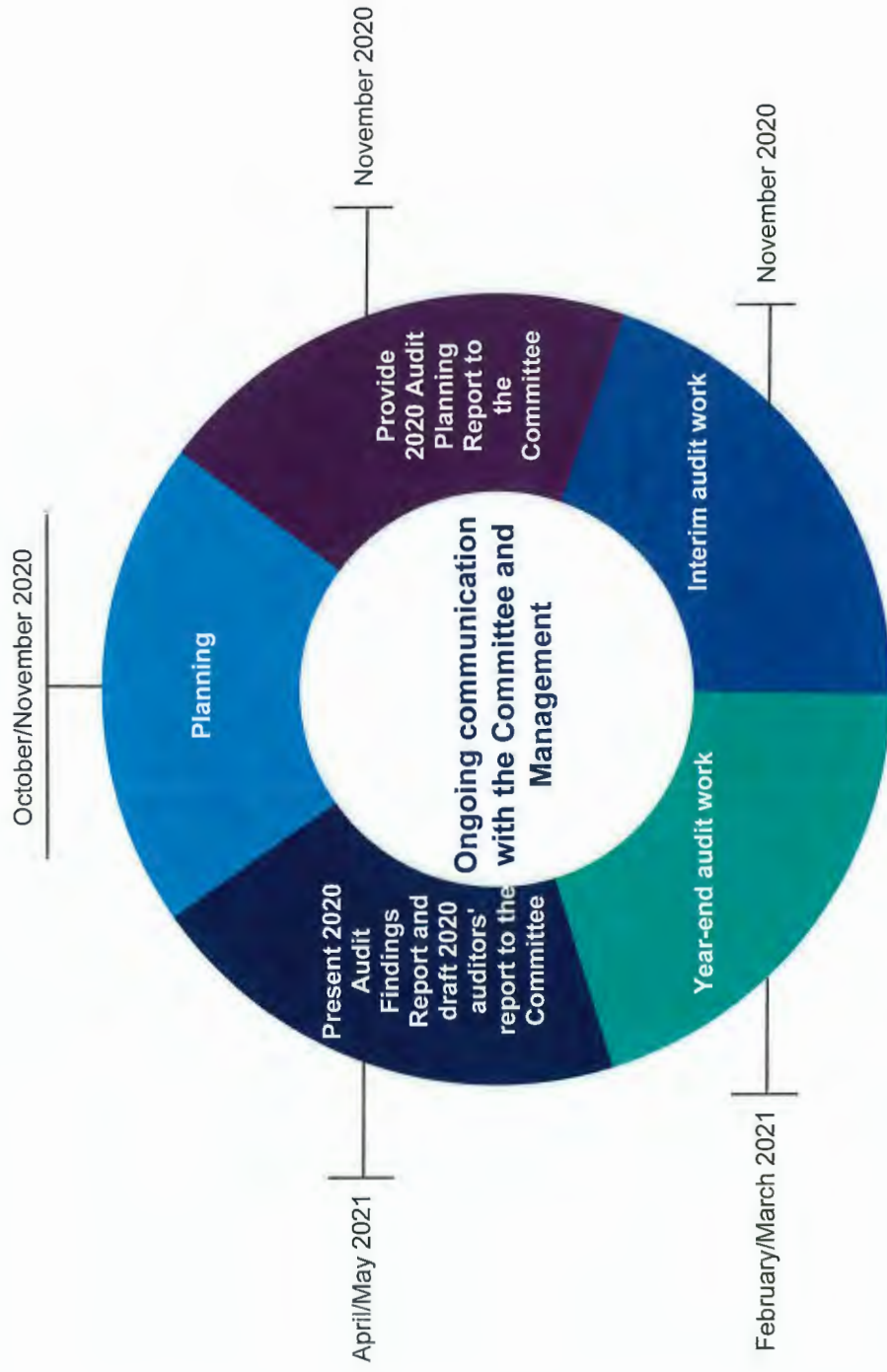
We believe that it is not just about reaching the right opinion, but how we reach that opinion.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls, and
- All of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.

Our AQ Framework summarises how we deliver AQ. Visit our [Audit Quality Resources page](#) for more information including access to our [Audit Quality and Transparency report](#).

Key deliverables and milestones





Appendices

Appendix 1: Required communications

Appendix 2: Current developments

Appendix 1: Required communications

Engagement letter		Auditors' report	
The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter provided to management.		A copy of our draft auditors' report setting out the conclusion of our audit will be provided at the completion of the audit.	
Audit planning report		Management representation letter	
Presented by this report.		We will obtain from management certain representations at the completion of the audit. In accordance with professional standards, a copy of the representation letter will be provided to the Committee.	
Independence		Audit findings report	
At the completion of our audit, we will re-confirm our independence to the Committee.		At the completion of the audit, we will provide our findings report to the Committee.	
Internal control deficiencies			
Control deficiencies identified during the audit will be communicated to management and the Committee.			

Appendix 2 Current developments and audit trends

Current Developments, created by the KPMG Public Sector and Not-for-Profit Practice, summarizes regulatory and governance matters public sector entities today, or expected to impact them over the next few years. We provide this information to help public sector entities understand upcoming changes and challenges they may face in their industry. Some of these developments may not impact the City directly, but we believe it is important for the Committee to understand what is happening in the sector.

New auditing standard

Standard	Overview	Link
CAS 540 Auditing Accounting Estimates and Related Disclosures	The new standard is effective for the City's 2020 fiscal year-end. Expected impact on the audit: - More emphasis on the need for exercising professional skepticism. - More granular risk assessment to address each of the components in an estimate (method, data, assumptions). - More granular audit response designed to specifically address each of the components in an estimate (method, data, assumptions). - More focus on how we respond to levels of estimation uncertainty. - More emphasis on auditing disclosures related to accounting estimates. - More detailed written representations required from management. We expect this new standard to impact our audit of the City's estimate for allowance for doubtful accounts, tangible capital asset estimated useful lives for amortization, and employee future benefits.	CPA Canada Client Briefing

Appendix 2 Current developments and audit trends (continued)

Public Sector Accounting Standards

Standard	Summary and implications
Impact of COVID-19	– In response to the impact of COVID-19 on public sector entities, PSAB has approved deferral of all upcoming accounting standards by one year and will issue non-authoritative guidance on the effects of COVID-19.
Asset Retirement Obligations	– The new standard is effective for fiscal years beginning on or after April 1, 2022. The effective date was deferred by one year due to COVID-19. – The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area. – The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life. – As a result of the new standard, the public sector entity will have to: • consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; • carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; • begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.
Revenue	– The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19. – The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. – The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. – The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

Appendix 2 Current developments and audit trends (continued)

Public Sector Accounting Standards

Standard	Summary and implications
Financial Instruments and Foreign Currency Translation	– The accounting standards, PS3450 <i>Financial Instruments</i>, PS2601 <i>Foreign Currency Translation</i>, PS1201 <i>Financial Statement Presentation</i> and PS3041 <i>Portfolio Investments</i> are effective for fiscal years commencing on or after April 1, 2022. The effective date was deferred by one year due to COVID-19. – Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the public sector entity's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable. – Hedge accounting is not permitted. – A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations. – In July 2020, PSAB approved federal government narrow-scope amendments to PS3450 <i>Financial Instruments</i> which will be included in the Handbook in the fall of 2020. Based on stakeholder feedback, PSAB is considering other narrow-scope amendments related to the presentation and foreign currency requirements in PS3450 <i>Financial Instruments</i>. The exposure drafts will be released in summer 2020 with a 90-day comment period.
Employee Future Benefit Obligations	– PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. In July 2020, PSAB approved a revised project plan. – PSAB intends to use principles from International Public Sector Accounting Standard 39 <i>Employee Benefits</i> as a starting point to develop the Canadian standard. – Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.

Appendix 2: Current developments and audit trends (continued)

Standard	Summary and implications
Public Private Partnerships (“P3”)	- PSAB has proposed new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. PSAB in the process of reviewing feedback provided by stakeholders on the exposure draft. - The exposure draft proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends. - The exposure draft proposes that the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. - The infrastructure would be valued at cost, with a liability of the same amount if one exists. Cost would be measured by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.
Concepts Underlying Financial Performance	- PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards. - PSAB is in the process of developing exposure drafts for the proposed conceptual framework and proposed revised reporting model, and their related consequential amendments. - PSAB is proposing a revised, ten chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced. - In addition, PSAB is proposing: - Removal of the net debt indicator, except for on the statement of net debt where it would be calculated exclusive of financial assets and liabilities that are externally restricted and/or not available to settle the liabilities or financial assets. - Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). - Restructuring the statement of financial position to present non-financial assets before liabilities. - Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities). - A new provision whereby an entity can use an amended budget in certain circumstances. - Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.

Appendix 2: Current developments and audit trends (continued)

Standard	Summary and implications
International Strategy	– PSAB has reviewed all proposed options for its international strategy, and in accordance with its due process, approved the option to adapt International Public Sector Accounting Standards when developing future standards. PSAB noted that the decision will apply to all projects beginning on or after April 1, 2021.
Purchased Intangibles	– In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. Practitioners are expected to use the definition of an asset, the general recognition criteria and the GAAP hierarchy to account for purchased intangibles. – Based on stakeholder feedback, PSAB will develop a Public Sector Guideline to clarify the guidance in the exposure draft to PS1000 <i>Financial Statement Concepts</i>, PS1100 <i>Financial Statement Objectives</i> and PS1201 <i>Financial Statement Presentation</i>. The updates to the Handbook are expected to be released in fall 2020. The accounting for intangibles may be addressed through future PSAB projects.

Appendix 2: Current developments and audit trends (continued)

Our discussions with you, our audit opinion and what KPMG is seeing in the marketplace - both from an audit and industry perspective - indicate the following is specific information that will be of particular interest to you. We would, of course, be happy to further discuss this information with you at your convenience.

Thought leadership

Thought leadership	Overview	Link
2019 Audit Quality and Transparency Report	Learn about KPMG's ongoing commitment to continuous audit quality improvement. We are investing in new innovative technologies and building strategic alliances with leading technology companies that will have a transformative impact on the auditing process and profession. How do we seek to make an impact on society through the work that we do?	Link to report
Put your data to work to gain competitive advantage	There is no "digital economy". The economy is digital and "digits" refer to data. Data is the lifeblood of every organization on this planet and organizations that embrace this notion are well positioned to grow as industries continue to evolve and disrupt at an ever increasing pace.	Link to report
Predictive analytics, it works	CEOs recognize the value that predictive analytics delivers to their decision-making process.	Link to report
Creating the workforce of the future	You can't transform the organization without also transforming the workforce. It may be time to rethink the people strategy.	Link to report
Accelerate	Introducing the new 2019/2020 Accelerate report, a KPMG report and video series offering insight into the key issues driving the Committee agenda, including: - Digital disruption of the finance function - Digital business brings increased cyber risk - Taking the lead on data privacy - Boards bracing for climate change - Future-proofing your enterprise risk management	Link to report
Board Leadership Centre	KPMG provides leading insights to help Board members maximize boardroom opportunities.	Link to site

Appendix 2: Current developments and audit trends (continued)

COVID-19 pandemic resources

Resources	Summary	Links
Resources for management, Council, and the Committee	Please visit our COVID-19 website for resources regarding the topics below. This site is being <u>updated daily</u> based on information being released by federal, provincial and municipal news releases. – Business continuity guide – Immediate actions to take – Medium to long-term actions – Tax considerations and a summary of federal and provincial programs – Legal considerations – Financial reporting and audit considerations – Global perspectives	COVID-19 Alerts (Live Link)

Return to the workplace

As all levels of government begin to take steps toward re-opening the country and restarting our economy, planning for the return to a physical workplace is quickly becoming a top priority for many organizations. With the guidelines for the pandemic continuing to evolve daily, there are many considerations, stages and factors employers need to assess in order to properly develop a robust action plan which can ensure the health and safety of their workforce.

We have put together a Return to the Workplace guide to support an organization's planning efforts in preparing to return to physical workplace. Our guide includes a list of considerations, stages and factors that can help establish a robust action plan for your organization to safely return to work. The guide is supported by a dynamic playbook, which our team has developed to outline a comprehensive list of actions an organization can take, based on their unique situation and immediate needs.

[Website link](#)

[Link to guide](#)

kpmg.ca/audit



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City of Richmond

Report to Committee

To: Finance Committee
From: Peter Russell, MCIP RPP
Director, Sustainability and District Energy

Date: September 25, 2020
File: 01-0060-20-
LIEC1/2020-Vol 01

Re: 2021 District Energy Utility Rates

Staff Recommendation

1. That the Alexandra District Energy Utility Bylaw No. 8641, Amendment Bylaw No. 10208 be introduced and given first, second and third readings;
2. That the Oval Village District Energy Utility Bylaw No. 9134, Amendment Bylaw No. 10209 be introduced and given first, second and third readings; and
3. That the City Centre District Energy Utility Bylaw No. 9895, Amendment Bylaw No. 10210 be introduced and given first, second and third readings.

Peter Russell, MCIP RPP
Director, Sustainability and District Energy
(604-276-4130)

Att. 8

REPORT CONCURRENCE		
ROUTED TO: Finance Department Law	CONCURRENCE ☒ ☒	CONCURRENCE OF GENERAL MANAGER
REVIEWED BY SMT	INITIALS: SL	APPROVED BY CAO

Staff Report

Origin

The purpose of this report is to recommend 2021 Alexandra District Energy Utility (ADEU), Oval Village District Energy Utility (OVDEU), and City Centre District Energy Utility (CCDEU) district energy utility rates. This report also proposes amendments to the ADEU and CCDEU rate structure to bring consistency across all DEU service area Bylaws. See Attachment 1 for a brief overview of the DEU service areas.

This report supports Council's Strategic Plan 2018-2022 Strategy #2: A Sustainable and Environmentally Conscious City:

Environmentally conscious decision-making that demonstrates leadership in implementing innovative, sustainable practices and supports the City's unique biodiversity and island ecology.

2.1 Continued leadership in addressing climate change and promoting circular economic principles.

2.2 Policies and practices that support Richmond's sustainability goals.

This report supports Council's Strategic Plan 2018-2022 Strategy #5 Sound Financial Management:

Accountable, transparent, and responsible financial management that supports the needs of the community into the future.

5.1 Maintain a strong and robust financial position.

Analysis

The City established the Lulu Island Energy Company Ltd. (LIEC) to provide district energy services on behalf of the City. City Council is the regulator and thus sets customer rates for the ADEU, OVDEU and CCDEU service areas. In accordance with this structure, LIEC staff have assessed the following factors when developing the 2021 rate recommendation:

- **Financially self-sustainable:** All LIEC service areas were established on the basis that all capital and operating costs would be recovered through revenues from user fees. The financial models for all three service areas have built in a rate increase of 4.0% annually to recover the capital, financing, operations, sales, general and administration costs to ensure the financial viability of the systems. The rate increase was based on the historical increase of conventional utility rates, which is consistent with the 4.0% average rate increase of conventional utility rates observed since the beginning of the DEU operations in the City.

- **Concession Agreement between LIEC and Corix:** As endorsed by Council, LIEC executed a concession agreement with Corix Utilities to design, construct, finance, operate and maintain the OVDEU. Under the agreement Corix recovers all capital and operating costs from LIEC without adding any overhead, and obtains a return on their investment. Corix's expenses are reviewed by LIEC in accordance with prudent utility practices. All obligations under the Concession Agreement have been met. Under the annual rate review process, Corix has submitted to LIEC a request for a 4.0% rate increase for 2021.
- **LIEC Cost Drivers:** Expenditures required to provide utility service include capital, operations, utilities, financing and administration costs. These costs are susceptible to non-discretionary increases due to material and equipment cost increases, rises in electricity and natural gas rates and general inflation. These costs are projected to increase 3.1% in 2021.
- **Competitive Rate:** Council's objective is to provide end users with annual energy costs that are competitive to conventional system energy costs, based on the same level of service. For a residential customer, BC Hydro's rates are expected to increase by 1.5% in 2021. While natural gas commodity costs are expected to have a marginal increase in the Lower Mainland, Fortis BC customers will see a 3.4% increase in their rates in 2021 due to an increase in delivery charges and the escalation of the Provincial carbon tax. It is estimated that customers using energy from a conventional utility system in a business as usual (BAU) scenario would see a blended Fortis BC and BC Hydro rate increase of around 2.5% in 2021¹, while the eight-year average blended BAU rate increase is estimated to be at 4.0% (see Table 1 below).

Table 1: Annual Percent Increase and 8-Year Average Comparison of Blended Fortis BC and BC Hydro (BAU) Rates

	2014	2015	2016	2017	2018	2019	2020	2021 Proposed	8 Year Avg.
ADEU Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	0.0% ²	3.5%
OVDEU Rate	-	-	4.0%	4.0%	4.0%	4.0%	4.0%	2.5%	3.8%
CCDEU Rate	-	-	-	-	-	-	4.0%	2.5%	3.3%
Blended BAU Rate	6.5%	3.3%	4.5%	7.1%	2.4%	3.3%	2.5%	2.5%	4.0%

¹ The 2.5% blended increase for 2021 is based on an estimated 1.5% increase of electricity cost and a 3.4% increase in natural gas cost assuming that all energy was provided for heating. Non-fuel BAU costs are assumed to be 25% of total costs and that they increase by the CPI (2.0%).

² Excluding commercial rate (Area A).

2021 Recommended Customer Rates

The economic impacts of the COVID-19 pandemic have been significant. Many residents have experienced job or income loss, and many businesses have been forced to suspend or close their operations. In consideration of this, LIEC staff have done further analysis to assess the feasibility of recommending a lower rate increase to its customers in 2021.

LIEC's three district energy utilities are at different stages of their operational life; as such, each of their capital and operating costs affect rates differently. ADEU is a more mature system with most of the capital required to produce low carbon energy already been invested. Due to the efficient operation of the system and higher than originally projected energy efficiency of the residential buildings, more customers can be serviced by the two existing geo-exchange fields. This makes the system less sensitive to changes in electricity and natural gas price, and allows for postponed capital investments for new low carbon energy sources. Taking into account these factors, ADEU's residential rate could remain constant with a 0% increase in 2021 without significantly impacting its overall financial performance.

The OVDEU and CCDEU systems are earlier in their operational life and still require significant capital investments in low carbon energy sources to connect more customers and ensure low carbon objectives are achieved. Additionally, due to the nature of their current energy sources, the costs to run these utilities are more sensitive to changes in electricity and natural gas prices. Once all costs are considered, the costs for these utilities are projected to increase in line with the projected 4% rate increase built into the financial models; however, LIEC staff evaluated the impact of a 2.5% increase (to match the BAU Rate increase for 2021), and have confirmed that this lesser increase for this year will have a low financial risk to LIEC business, while alleviating the burden on customers affected by COVID-19.

Proposed changes to ADEU and CCDEU Rate Structure

In addition to the rate increase, rate structure amendments are being proposed for Alexandra District Energy Utility Bylaw No. 8641, Amendment Bylaw No. 10085, and City Centre District Energy Utility Bylaw No. 9895, Amendment Bylaw No. 10087 to ensure consistency in the rates structure across all three service area Bylaws. These changes will be cost neutral to customers.

Financial Impact

None.

Conclusion

The recommended 2.5% increase for OVDEU and CCDEU 2021 service rates, and 0% increase for ADEU 2021 service rates supports Council's objective to keep the annual energy costs for LIEC customers competitive with conventional energy costs, based on the same level of service. This rate increase also ensures sufficient revenues to offset the capital investment and operating costs. Staff will continuously monitor energy costs and review the rate to ensure fairness for consumers and cost recovery for LIEC.



Peter Russell, BASc MSc MCIP RPP
Director, Sustainability & District Energy
(604-276-4130)

- Att.1: District Energy In Richmond
- Att.2: Alexandra Neighbourhood and ADEU Service Area Informational Map
- Att.3: ADEU Green House Gas (GHG) Emissions Reduction Graph
- Att.4: Oval Village Neighbourhood and OVDEU Service Area Informational Map
- Att.5: City Centre Area and CCDEU Service Area Informational Map
- Att.6: ADEU Proposed 2021 Rates for Services
- Att.7: OVDEU Proposed 2021 Rates for Services
- Att.8: CCDEU Proposed 2021 Rates for Services

Attachment 1 – District Energy in Richmond

Richmond’s 2041 Official Community Plan (OCP) establishes a target to reduce greenhouse gas (GHG) emissions 33 per cent below 2007 levels by 2020 and 80 per cent by 2050. The OCP also aims to reduce energy use 10 per cent below 2007 levels by 2020. The City identified district energy utilities (DEUs) as a leading strategy to achieve the City’s GHG reduction goals.

The City incorporated Lulu Island Energy Company Ltd. (LIEC) in 2013 for the purposes of carrying out the City’s district energy initiatives. LIEC owns and operates the Alexandra District Energy (ADEU) and Oval Village District Energy (OVDEU) Utilities and advances new district energy opportunities. Table 1 below provides a summary of the developments connected under the DEU service areas to-date.

Table 1 – District Energy Utility Service Areas

	Buildings To-Date	Residential Units To-Date	Floor Area	
			To-Date	Build-out
Alexandra District Energy Utility	12	2,200	2.3M ft ²	4.4M ft ²
Oval Village District Energy Utility	10	2,277	2.6M ft ²	6.4M ft ²
City Centre District Energy Utility	10 ⁽¹⁾	3,388 ⁽¹⁾	4.7Mft ² ⁽¹⁾	48M ft ²
DEU-Ready Developments ⁽²⁾	17	4,524	5.3M ft ²	N/A
Total Connected Floor Area			4.9M ft² ⁽³⁾	58.8M ft²

(1) Commitments secured from upcoming developments in the City Centre; first connection expected in 2021.

(2) DEU-Ready developments are designed to connect to the City Centre district energy system at a future point.

(3) The “To-Date Connected Floor Area” figure corresponds to constructed developments currently served by a DEU.

Alexandra District Energy Utility (ADEU)

ADEU provides heating and cooling services to nine residential buildings in the ADEU service area, the large commercial development at “Central at Garden City”, the Richmond Jamatkhana temple and Fire Hall No. 3, comprising over 2,200 residential units and over 2.3 million square feet of floor area. While some electricity is consumed for pumping and equipment operations, almost 100% of this energy is currently produced locally from the geo-exchange fields in the greenway corridor and West Cambie Park, and highly efficient air source heat pumps.

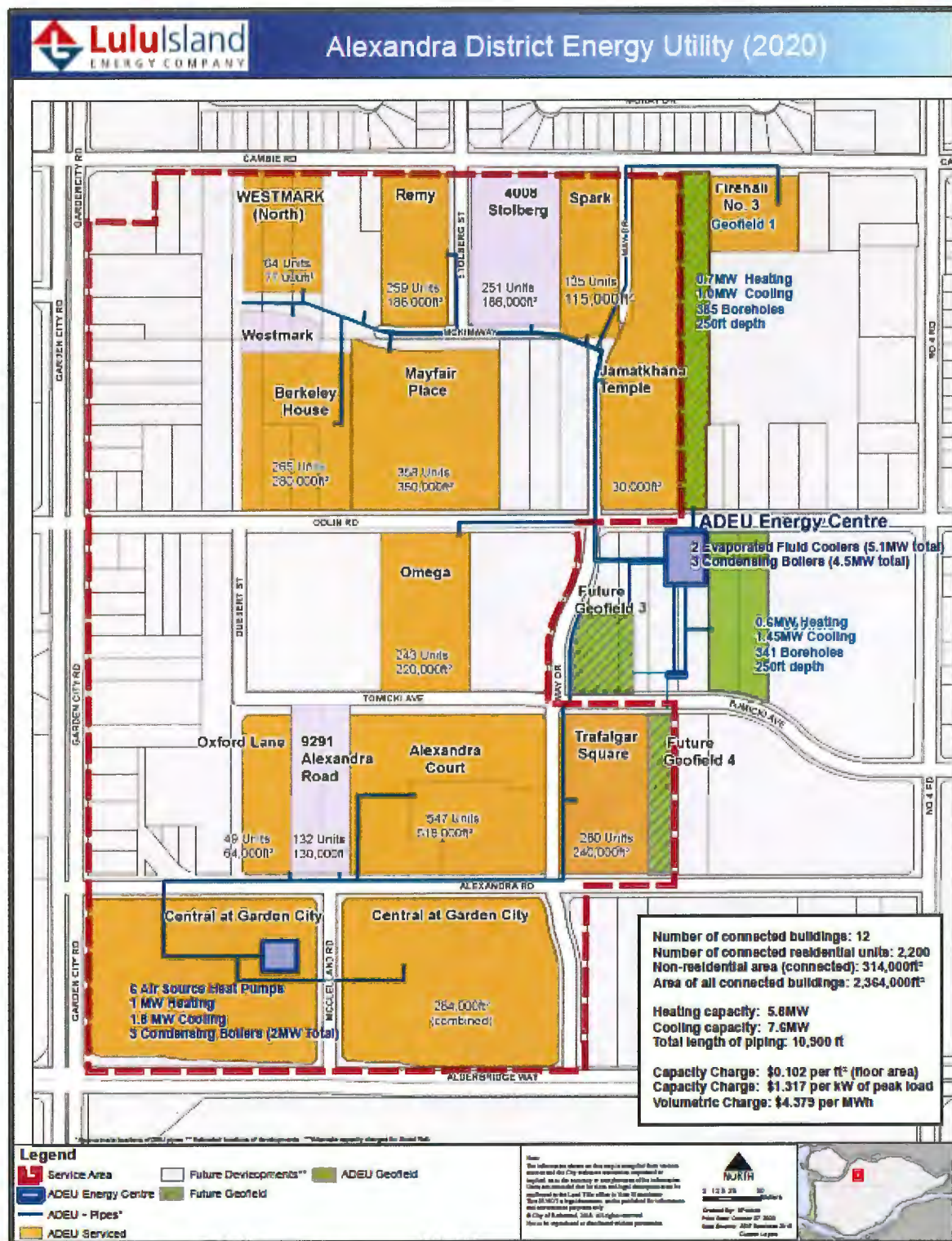
Oval Village District Energy Utility (OVDEU)

OVDEU services ten buildings in the OVDEU service area, containing over 2,277 residential units. Energy is currently supplied from the two interim energy centres with natural gas boilers which combined provide 11 MW of heating capacity. LIEC recently received a \$6.2 million grant from the CleanBC Communities Fund for the design and construction of the sewer heat recovery technology and a permanent energy centre for OVDEU. The project has been already initiated; once completed (estimated 2023-2024), the system will be able to produce up to 80% of low-carbon energy from the Gilbert Trunk sanitary force main sewer.

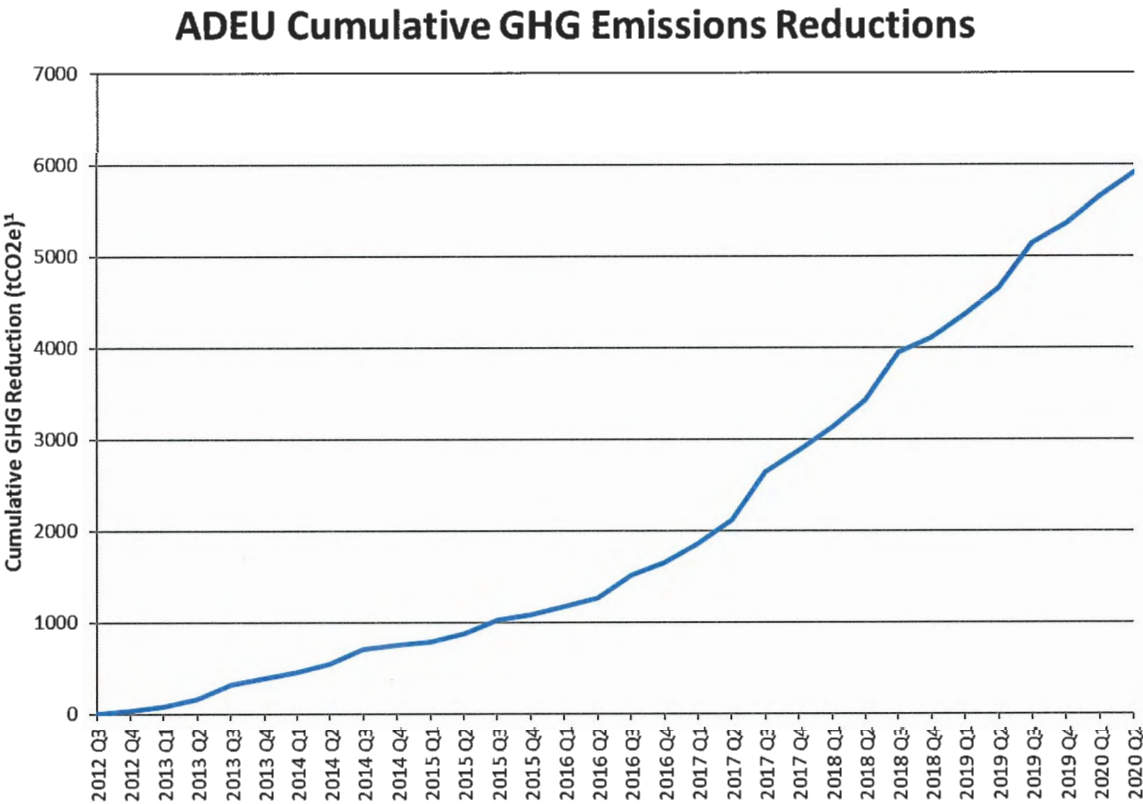
City Centre District Energy Utility (CCDEU)

Ten developments, comprising of approximately 4.7 million square feet of residential, commercial, and hotel uses, have committed to construct and transfer low carbon energy plants to the City or LIEC at no cost. LIEC will operate and maintain these energy plants and provide heating and cooling services to these developments.

Attachment 2 – Alexandra Neighbourhood and ADEU Service Area Informational Map

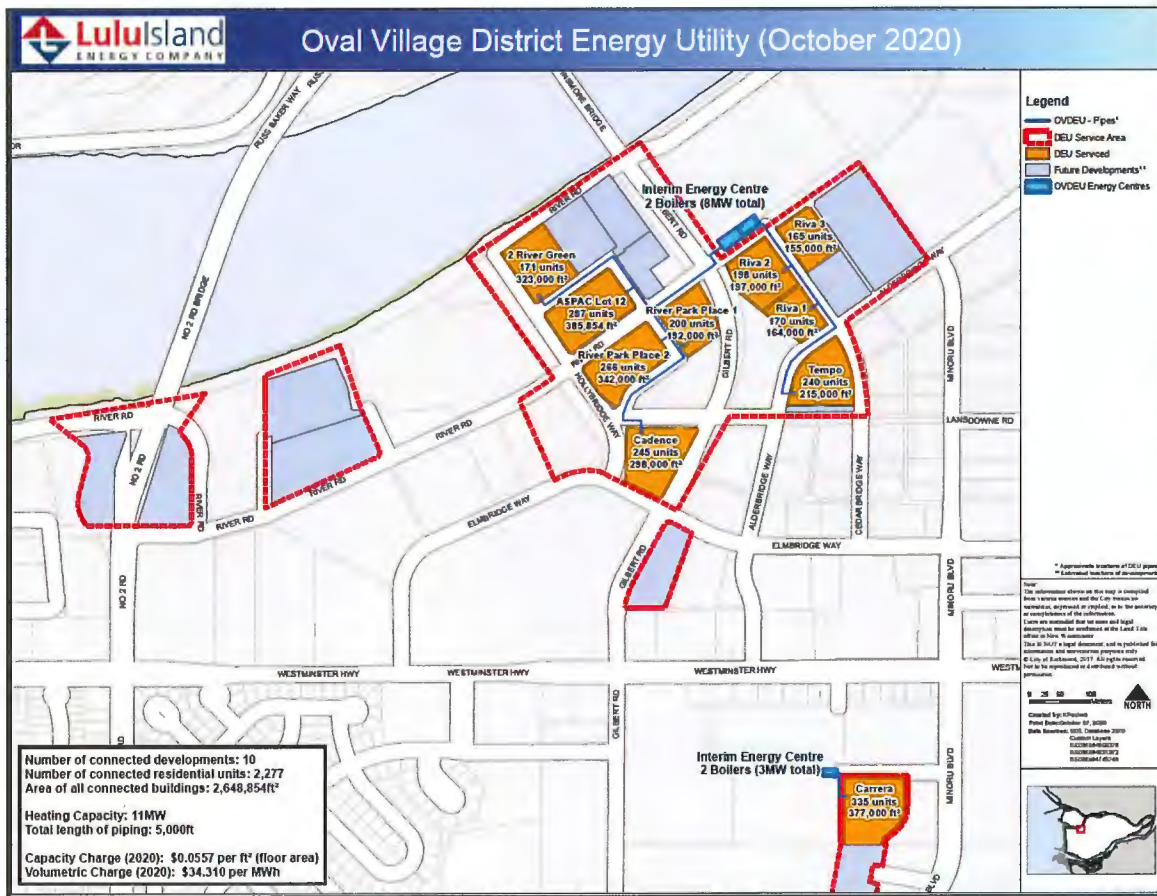


Attachment 3 – ADEU Green House Gas (GHG) Emission Reduction Graph

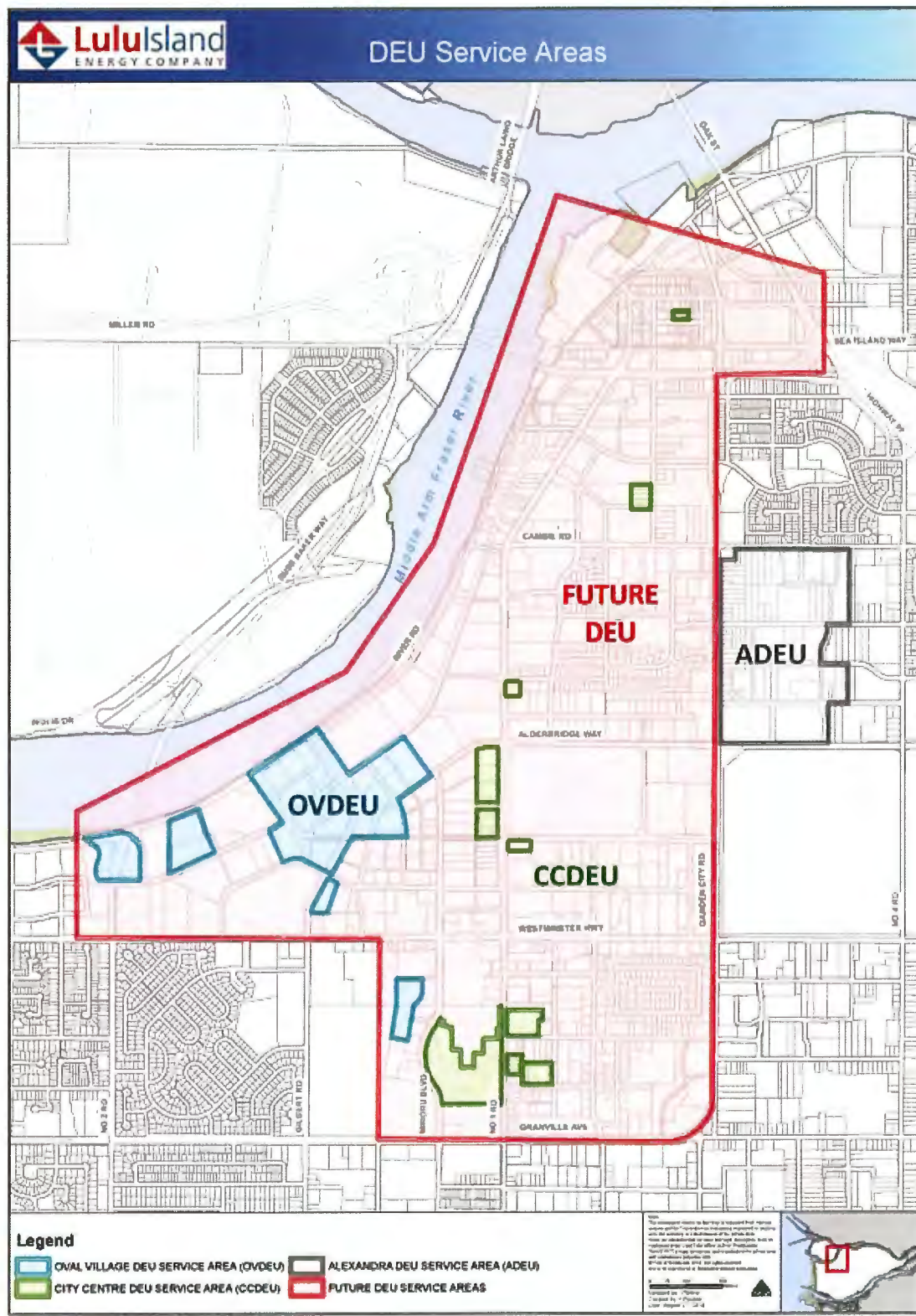


¹ Assumed that all energy was provided for heating. The business-as-usual (BAU) assumed that 40% of the building heating load would be provided from electricity and the remaining 60% would be from gas make-up air units.

Attachment 4 – Oval Village Neighbourhood and OVDEU Service Area Informational Map



Attachment 5 – City Centre Area and CCDEU Service Area Informational Map



Attachment 6 – ADEU Proposed 2021 Rates for Services

Table 1: Proposed Rates for Services, excluding Area A

	ADEU	
	2020	2021
Capacity Charge One: Monthly charge per square foot of the building gross floor area	\$0.1020	\$0.0992
Capacity Charge Two: Monthly charge per kilowatt of the annual peak heating load supplied by DEU	\$1.370	-
Volumetric Charge: Charge per megawatt hour of energy consumed by the building	\$4.379	\$15.808
Excess Demand Fee - for each watt per square foot of each of the estimated peak heat energy demand and the estimated peak cooling demand that exceeds 6 W/ft ²	-	\$0.166

Table 2: Proposed Rates for Services, Area A

	Area A	
	2020	2021
Volumetric Charge: Charge per megawatt hour of energy consumed	\$78.29	\$80.25

Attachment 7 – OVDEU Proposed 2021 Rates for Services

OVDEU		
	2020	2021
Capacity Charge One: Monthly charge per square foot of the building gross floor area	\$0.0557	\$0.0571
Volumetric Charge: Charge per megawatt hour of energy consumed by the building	\$34.310	\$35.168
Excess Demand Fee - for each watt per square foot of the aggregate of the estimated peak heat energy demand that exceeds 6 W/ft2	\$0.162	\$0.166

Attachment 8 – CCDEU Proposed 2021 Rates for Services

CCDEU		
	2020	2021
Capacity Charge One: Monthly charge per square foot of the building gross floor area	\$0.1134	\$0.0666
Volumetric Charge: Charge per megawatt hour of energy consumed by the building	-	\$40.935
Excess Demand Fee - for each watt per square foot of each of the estimated peak heat energy demand and the estimated peak cooling demand that exceeds 6 W/ft2	\$0.146	\$0.166



**Alexandra District Energy Utility Bylaw No. 8641
Amendment Bylaw No. 10208**

The Council of the City of Richmond enacts as follows:

1. The **Alexandra District Energy Utility Bylaw No. 8641**, as amended, is further amended by adding the following after Section 11.3 as a new section 11.4:

“11.4 Excess Demand Fee

Pursuant to section 21.1(f), a building permit applicant must pay to the Service Provider the excess demand fee set out in Part 2 of Schedule C (Rates and Charges).”.

2. The **Alexandra District Energy Utility Bylaw No. 8641**, as amended, is further amended at Section 21.1 (Building Permit Application), by:

- a) inserting the words “and cooling” after the words “space heating” in Section 21.1(e)(i);
- b) inserting the words “for space heating and cooling and domestic hot water heating” after the words “consumption of energy” in Section 21.1(e)(iv);
- c) inserting the word “and” after the words “an estimated fee;” in section 21.1(f)(ii); and
- d) inserting the following after Section 21.1(f)(ii) as a new Section 21.1(f)(iii):

“(iii) the excess demand fee as specified in Part 2 of Schedule C.”.

3. The **Alexandra District Energy Utility Bylaw No. 8641**, as amended, is further amended by deleting Schedule C (Rates and Charges) in its entirety and replacing it with a new Schedule C attached as Schedule A to this Amendment Bylaw.
4. This Bylaw is cited as “**Alexandra District Energy Utility Bylaw No. 8641, Amendment Bylaw No. 10208**”

FIRST READING
SECOND READING
THIRD READING
ADOPTED

MAYOR

CORPORATE OFFICER

CITY OF RICHMOND
APPROVED for content by originating dept. CR
APPROVED for legality by Solicitor BRB

Schedule A to Amendment Bylaw No. 10208***SCHEDULE C to BYLAW NO. 8641******Rates and Charges*****PART 1 - RATES FOR SERVICES**

The following charges, as amended from time to time, will constitute the Rates for Services for the Service Area excluding shaded Area A as shown in Schedule A to this Bylaw:

- (a) Capacity charge – a monthly charge of \$0.0992 per square foot of Gross Floor Area; and*
- (b) Volumetric charge – a charge of \$15.808 per megawatt hour of Energy returned from the Energy Transfer Station at the Designated Property.*

PART 2 - EXCESS DEMAND FEE

Excess demand fee of \$0.166 for each watt per square foot of each of the estimated peak heat energy demand and estimated peak cooling demand referred to in section 21.1(e)(i), 21.1(e)(ii), and 21.1(e)(iii) that exceeds 6 watts per square foot.

PART 3 - RATES FOR SERVICES APPLICABLE TO AREA A

The following charges will constitute the Rates for Services applicable only to the Designated Properties identified within the shaded area (Area A) shown in Schedule A to this bylaw:

- (a) Volumetric charge – a charge of \$80.25 per megawatt hour of Energy returned from the Energy Transfer Station at the Designated Property calculated on each of (i) an energy use of 2644 MWh per annum (“Basic Supply Amount”), and (ii) any energy use in excess of the Basic Supply Amount.*



City of Richmond

Bylaw 10209

Oval Village District Energy Utility Bylaw No. 9134 Amendment Bylaw No. 10209

The Council of the City of Richmond enacts as follows:

1. The **Oval Village District Energy Utility Bylaw No. 9134**, as amended, is further amended by deleting **Schedule D (Rates and Charges)** of the Bylaw in its entirety and replacing it with a new Schedule D as attached as Schedule A to this Amendment Bylaw.
2. This Bylaw is cited as “**Oval Village District Energy Utility Bylaw No. 9134, Amendment Bylaw No. 10209**”.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER

CITY OF RICHMOND
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CR
APPROVED for legality by Solicitor
BRB

Schedule A to Amendment Bylaw No. 10209

SCHEDULE D

Rates and Charges

PART 1 - RATES FOR SERVICES

The following charges, as amended from time to time, will constitute the Rates for Services:

- (a) capacity charge - a monthly charge of \$0.0571 per square foot of gross floor area; and
- (b) volumetric charge – a monthly charge of \$35.168 per megawatt hour of Energy returned from the Energy Transfer Station at the Designated Property.

PART 2 - EXCESS DEMAND FEE

Excess demand fee of \$0.166 for each watt per square foot of the aggregate of the estimated peak heat energy demand referred to in section 19.1(e)(i), (ii), and (iii) that exceeds 6 watts per square foot.



**City Centre District Energy Utility Bylaw No. 9895
Amendment Bylaw No. 10210**

The Council of the City of Richmond enacts as follows:

1. The **City Centre District Energy Utility Bylaw No. 9895**, as amended, is further amended at Section 15.1 (Discontinuance With Notice and Refusal Without Notice), by:
 - a) inserting the following after Section 15.1(h) as a new Section 15.1(i):

“(i) the Customer is otherwise in breach of the Energy Services Agreement.”.
2. The **City Centre District Energy Utility Bylaw No. 9895** is amended by deleting **Schedule D (Rates and Charges)** of the Bylaw in its entirety and replacing it with a new Schedule D as attached as Schedule A to this Amendment Bylaw.
3. This Bylaw is cited as “**City Centre District Energy Utility Bylaw No. 9895, Amendment Bylaw No. 10210**”.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER

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Schedule A to Amendment Bylaw No. 10210

SCHEDULE D

Rates and Charges

PART 1 - RATES FOR SERVICES

The following charges, as amended from time to time, will constitute the Rates for Services:

- (a) capacity charge - a monthly charge of \$0.0666 per square foot of gross floor area; and
- (b) volumetric charge – a monthly charge of \$40.935 per megawatt hour of Energy returned from the Energy Transfer Station at the Designated Property.

PART 2 - EXCESS DEMAND FEE

Excess demand fee of \$0.166 for each watt per square foot of each of the estimated peak heat energy demand and estimated cooling demand referred to in section 19.1(f) (i), 19.1(f) (ii) and 19.1(f) (iii) that exceeds 6 watts per square foot.