

**REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, NOVEMBER 19, 2025**

SUBJECT **Proposed Regional Water Supply Service Development Cost Charge Bylaw
– Engagement Summary Vol. 3**

ISSUE SUMMARY

To provide a summary of the responses received through the public opportunity to comment on the draft *Regional Water Supply Service Development Cost Charge Background Report* and to summarize additional feedback received through the development community and local First Nations after survey closure.

BACKGROUND

Feedback on the Draft RWS DCC Background Report

Between May and June of 2024, the Capital Regional District (CRD) undertook public and development community engagement on the proposed Regional Water Supply (RWS) Development Cost Charge (DCC) Program through an online survey and a series of virtual information sessions for both the public and the development community. These activities allowed the CRD to gauge the understanding, interest and support for the proposed DCC Program, while also answering questions and discussing details of the proposed program. The summary of those engagement opportunities was provided for the Regional Water Supply Commission's (Commission) consideration at its September 25, 2024 meeting.

At its September 25, 2024 meeting, the Commission reviewed the draft *Regional Water Supply Service Development Cost Charge Background Report* (September 2024) and directed CRD staff to provide additional opportunity for public and development community input before preparing the DCC bylaw.

Following the September 25, 2024 Commission meeting, CRD staff used the public engagement platform to invite feedback on the draft DCC Background Report, asking: "Please share any comments or suggestions you have about the Regional Water Supply Development Cost Charge background report." The engagement period ran from October 10 to November 9, 2024, allowing participants to submit written comments and indicate consent for sharing their responses.

A total of 97 responses were received, with 94 respondents consenting to share their comments, and three responses were redacted accordingly. Overall, the feedback aligns with themes from previous engagement efforts. *Engagement Summary, Vol. 3* (Appendix A) is presented to the Commission for information and to support the upcoming DCC bylaw submission to the BC Inspector of Municipalities.

Previous engagement summaries include:

- Engagement Summary (Vol. 1) – provided to the Commission on April 17, 2024, and summarized the engagement activities and feedback received through consultation with the municipal staff and elected officials of the member municipalities.

- Engagement Summary (Vol. 2) – provided to the Commission on September 25, 2024, and summarized the engagement activities and feedback received through consultation with the public and development community.
- Engagement Summary (Vol. 3) – summarizes the feedback received on the draft Background Report as prepared by Urban Systems Limited (USL) (Appendix A).

Additional Feedback Received from the Development Community

Since the Commission's September 25, 2024 meeting, the Urban Development Institute (UDI) has submitted a series of letters with feedback, comments and concerns surrounding the proposed RWS DCC bylaw. The letters, appended to this staff report (Appendix B) for the Commission's receipt and consideration, are summarized as follows:

1. *Development Community Response to CRD Response to Development Community Questions, File: 0510-20, Developer Engagement, RWS DCC* (October 28, 2024)

As a follow-up to an in-person meeting held September 10, 2024, the UDI submitted a letter highlighting their three "core issues" and a series of recommendations for the CRD to consider with respect to the proposed RWS DCC Bylaw.

UDI's three core issues are summarized as "Technical Assumptions", "DCC Rate Determination and DCC Applicable Works", and "Public Consultation".

Appended to the October 28, 2024 UDI letter is additional correspondence, including a previous September 16, 2024 letter from the General Manager of CRD Infrastructure and Water Services (IWS) to the UDI, summarizing and supplementing the verbal discussion held on September 10, 2024, and addressing the three core issues as identified by the UDI.

2. Letter to Regional Water Supply Commission Chair (December 18, 2024)

The UDI raised concerns with the CRD's methods of calculating the residential growth projections, water demands, and the resulting schedule of growth-related infrastructure projects.

The UDI urged the CRD to:

- Instruct USL to update the information on the dwelling unit projections and provide a breakdown by the number of units for low, medium and high-density land use;
- Update its future water demand projections taking into consideration the trend to lower water using residential units; and,
- Revise the schedule of capital works in the Master Plan based on the updated water demand projections.

3. *Proposed Regional Water Supply Development Cost Charge Program - Financial Analysis and Industry Concerns* (September 26, 2025)

On September 26, 2025, the UDI provided a letter addressed to the CRD Board with additional feedback on the proposed RWS DCC Bylaw. The letter contained an independent economic analysis authored by Mulholland Parker Land Economists (MPLE), which concludes that, "four out of five housing forms in the region are not viable under current market conditions." The report

highlights that the development market in the region is struggling under numerous cost and regulatory challenges resulting in many development projects being delayed or cancelled.

Through the economic analysis, UDI argues the implementation of the proposed DCC's will further deter development project viability, and, as a result, they request the BC Inspector of Municipalities reject the RWS DCC Bylaw when submitted for approval. They request the CRD pause the advancement of the RWS DCC until an independent economic analysis is completed to better understand the impacts of the proposed DCC. Finally, they urge the CRD to update the population and water demand projections of the RWS 2022 Master Plan, and undertake meaningful engagement with municipalities, First Nations, the development industry and the public before proceeding with the capital plans.

These findings are further considered in the subsequent November 19, 2025 staff report "RWS DCC Program and Bylaw – Update and Next Steps", which considers the analysis and how the CRD may respond to the possible implications of the proposed DCC on the local development industry.

Additional Feedback Received from Local First Nations

On May 29, 2024, prior to hosting the public virtual information session on June 19, 2024, the CRD distributed a letter to local First Nations who either receive their drinking water through the RWS system or have traditional territory within the CRD watersheds. The letter invited the First Nations to either attend the information session, arrange for a separate information session or provide feedback through an online survey. This invitation letter was appended to Engagement Summary, Vol. 2, presented at the September 25, 2024 Commission meeting.

A First Nation requested further information and engagement opportunities for the proposed RWS DCC program to better understand its impacts to the Nation. Over the course of the past year, CRD staff have worked with this Nation to review the DCC program, noting that DCC's are not applicable on Reserve lands, and have reviewed the CRD's ability to provide DCC waivers or reductions. The Nation's feedback can be summarized as follows:

- They are not supportive of the DCC program as currently drafted; as they are seeking exemptions, waivers, and reductions to the full extent permissible under the *Local Government Act* (LGA); and
- CRD Staff will continue to consult with First Nations and bring forward recommendations for consideration by the Commission upon receipt of the Nation's written submission and development of the waivers or reductions bylaw

The First Nation expressed their concerns in disparities between Indigenous and non-Indigenous communities, citing gaps in infrastructure, economic opportunities and availability of affordable housing. The First Nation shared their priorities of community and economic revitalization, including building homes for its community members, both on and off the reserve. They conveyed that they would not support a DCC until Indigenous communities reached parity with surrounding non-Indigenous communities, and they are seeking partnerships and stronger relationships to help meet their community goals. On the theme of economic revitalization, the First Nation has pursued development opportunities in the region, which would be impacted by the proposed DCC's when constructed on fee simple lands.

Most recently, the CRD expressed to the First Nation that, at the direction of the Commission, it would pursue the adoption of the RWS DCC Bylaw and then complete further work to develop a DCC Waivers or Reductions Bylaw. The CRD committed to consulting the First Nation on the development of a Waivers or Reductions Bylaw, with the understanding that the LGA governs the ability to reduce or waive DCC's for eligible development types.

The Nation indicated that previous consultation on the RWS 2022 Master Plan was inadequate, and that meaningful government to government engagement was required to support the Master Plan. This aligns with the CRD's previous commitment to engage with First Nations prior to proceeding with any of the growth-related projects identified through the RWS 2022 Master Plan.

This First Nation feedback is further considered in the subsequent November 19, 2025 staff report *RWS DCC Program and Bylaw – Update and Next Steps*, which considers how the CRD may respond to this feedback through the implementation of the RWS DCC Bylaw.

IMPLICATIONS

Regulatory and Policy

DCC bylaws are subject to review and approval by the BC Inspector of Municipalities under the legislative context of the *Local Government Act*. Although there are no mandatory public consultation activities listed in the DCC legislation, the BC Inspector of Municipalities may refuse approval of a DCC bylaw if the DCCs are found to be excessive, deter development or discourage construction of reasonably priced housing. Proof of a meaningful public process to obtain input from interested parties must be demonstrated for the Inspector's review of the DCC bylaw.

In reviewing the future RWS DCC bylaw, the BC Inspector of Municipalities will review the CRD's engagement process to ensure a meaningful public process was undertaken to obtain input from interested parties prior to first reading of the DCC bylaw.

CONCLUSION

Several public and development community engagement opportunities have been facilitated, summarized and reported to the Regional Water Supply Commission for its information when considering the adoption of a Regional Water Supply Service Development Cost Charge bylaw. The engagement summaries will also be used to supplement the proposed bylaw approval submission to the BC Inspector of Municipalities.

RECOMMENDATION

There is no recommendation. This report is for information only.

Submitted by:	Joseph Marr, P. Eng., Senior Manager, Infrastructure Engineering
Concurrence:	Alicia Fraser, P. Eng., General Manager, Infrastructure and Water Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Memorandum - November 3, 2025

Appendix B: Urban Development Institute Correspondence:

- i. Letter to IWS General Manager - October 28, 2024
- ii. Letter to RWSC Chair - December 18, 2024
- iii. Letter to CRD Board - September 26, 2025