

**REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, JANUARY 21, 2026**

SUBJECT **Bylaw No. 4658: Regional Water Supply Service Development Cost Charge
Bylaw No. 1, 2026.**

ISSUE SUMMARY

To present the draft Regional Water Supply Service Development Cost Charge Bylaw No. 1, 2026 and final background report.

BACKGROUND

The 2017 Regional Water Supply Strategic Plan identified the creation of a Development Cost Charge (DCC) program as a priority initiative because long-term growth in the region would require significant new water infrastructure, and a dedicated growth-related funding tool was needed to ensure that these costs did not fall disproportionately on existing ratepayers. In 2020, the CRD approved capital funding specifically to begin developing the DCC program, which has since been advanced through a series of staff reports and coordinated consultation with municipalities, the development community, First Nations, and the public. This consultation informed the program's policy framework, including its system-wide structure, 30-year planning horizon, and considerations for waivers, reductions, and implementation timing.

Most recently, at its November 19, 2025 meeting, the Regional Water Supply Commission (Commission) was presented with two staff reports for its consideration:

1. Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw – Engagement Summary Vol. 3; and
2. Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw – Update and Next Steps

Regarding the latter staff report, the Commission resolved:

“That the Regional Water Supply Commission direct Capital Regional District (CRD) staff to prepare a draft Regional Water Supply Development Cost Charge (DCC) Bylaw for consideration at a future Commission meeting, and that the bylaw include a Municipal Assist Factor (MAF) of one percent.”

CRD staff have prepared the draft DCC bylaw (Appendix A) for the Commission's consideration. Further, Urban Systems Ltd. (USL) has finalized the *Regional Water Supply Service Development Cost Charge Background Report* (Background Report), December 2025, (Appendix B) which includes the required *Development Cost Charge Submission Summary Checklist* (checklist) for the British Columbia Inspector of Municipalities, who is the statutory decision maker under the *Local Government Act*. The checklist confirms that the CRD has fulfilled all legislative and procedural requirements and is ready to submit the bylaw package for Statutory Approval.

The Background Report includes details of the background, key DCC elements, growth projections, DCC related projects and costs, proposed DCC rates, consultation with interested

parties and DCC implementation details. As directed by the Commission, the proposed DCC rates are based on the municipal assist factor (MAF) of one (1) percent. The proposed DCC rates are as indicated in Table 1.

Table 1: Proposed DCC Rates

Land Use Category	Unit	DCC Rate
Low-Density Residential (Single Family, Two-Unit Dwelling)	Per lot (or unit, in the case of a Two-Unit Dwelling)	\$9,044
Medium-Density Residential (Triplex, Fourplex, Townhouse, Manufactured House)	Per unit	\$7,914
High-Density Residential (Apartment)	Per unit	\$5,087
Commercial	Per sq.m. GFA	\$33.92
Industrial	Per sq.m. GFA	\$16.96
Institutional	Per sq.m. GFA	\$73.48

On February 12, 2025, the CRD Board implemented a DCC rate freeze (including imposing any new DCCs) until April 2, 2027 to align with the requirements of the Canadian Housing Infrastructure Fund (CHIF) program. To ensure alignment with this Board direction, the “effective date” of April 2, 2027 is included in Section 9 of bylaw, attached in Appendix A. The period between the bylaw adoption date and the effective date would represent a “grace period”, which provides the development community advance awareness and opportunity for planning for the implementation of the DCC.

In addition to the grace period, the *Local Government Act* requires local governments enacting new or amended DCC rates to provide one year of in-stream protection to developers who have submitted development applications and paid the applicable fees prior to the DCC rates coming into effect.

Implementation Phasing and Proposed Next Steps

The three general phases of DCC bylaw development with status include:

- Phase 1 – Conceptualization: Completed.
- Phase 2 – Refinement and Consultation: Nearing completion with the adoption of the DCC bylaw.
- Phase 3 – Implementation: To commence following bylaw adoption, anticipated in spring of 2026.

The proposed next steps were identified in the staff report of November 19, 2025 and include the following:

- Endorsement of the bylaw by the Regional Water Supply Commission: January 21, 2026.
- First, second and third Bylaw readings by the CRD Board: estimated February 2026
- British Columbia Inspector of Municipalities review period: estimated 2 months.
- Final Reading and Bylaw adoption by CRD Board (Estimated Spring/Summer 2026)
- Coordination with the member municipalities to prepare for collection and remittance of the DCC's: 2026/27
- Consideration of a waivers or reduction bylaw (2026/27) and
- Adoption of a DCC Reserve Account Bylaw (prior to April 2027)

- Amendments to the future capital improvement plan (2027-2031) to account for DCC revenue and expenditures.

To align with best practices and ensure that population and water demand forecasts remain current, the CRD is committed to regularly updating both the technical and planning components of the DCC program including the Regional Water Supply Master Plan on a typical five-year cycle. The Regional Water Supply Master Plan is scheduled to be updated in 2027–2028, and the next update to the DCC program is planned to begin following its completion in 2029.

ALTERNATIVES

Alternative 1

That the Regional Water Supply Commission recommend to the Capital Regional District Board that:

1. Bylaw No. 4658, “Regional Water Supply Service Development Cost Charge Bylaw No. 1, 2026” be introduced and read a first, second and third time; and
2. Bylaw No. 4658, “Regional Water Supply Service Development Cost Charge Bylaw No. 1, 2026” be submitted to the British Columbia Inspector of Municipalities for Statutory Approval pursuant to the *Local Government Act*.

Alternative 2

That this staff report be referred back to CRD staff for additional information.

IMPLICATIONS

Regulatory and Policy

The implementation of the proposed Regional Water Supply DCC program and bylaw aligns with the CRD 2023-2026 Corporate Plan, and the Regional Water Supply 2017 Strategic Plan. Without a DCC bylaw and related revenue, the existing users of the service are burdened with the cost of growth including infrastructure upsizing and water supply expansion.

Financial Implications

Without a DCC program and bylaw, the existing users of the service will continue to be burdened with the infrastructure costs related to growth and as growth occurs, remaining system capacity will be depleted. Many pending growth driven capital expenditures have been identified in the Capital Plan and the Regional Water Supply 2022 Master Plan.

Intergovernmental Implications

The administration, collection, and remittance of DCC’s requires involvement by both the CRD and the member municipalities and the roles and responsibilities can vary. It is recognized that a new DCC bylaw would be an increase in administrative effort for municipalities and some municipalities do not have existing DCC programs to build upon. The CRD would work with each member municipality to ensure they are resourced and prepared to administer the DCC program and bylaw.

Social Implications

The cost of housing has increased significantly over time, including social housing, and a proposed DCC would be another financial burden to the cost of development. The *Local Government Act* allows for local governments to waive or reduce DCC charges for certain types of developments including:

- not-for-profit rental housing,
- supportive living housing,
- for-profit affordable rental housing,
- subdivision of small lots designed to result in low greenhouse gas emissions and
- developments designed to result in low environmental impact.

The implementation of DCC waivers or reductions requires the adoption of an additional bylaw which further defines the categories of eligible development and specifies the degree to which the charges will be waived or exempted. A waivers or reductions bylaw does not need the Inspector of Municipalities approval and only requires CRD board approval. The CRD has been directed to investigate a waivers and reductions bylaw or grant-in-aid program subject to the DCC bylaw being approved. Should a waiver or reductions bylaw be imposed, the Regional Water Supply service would be responsible to make up any foregone DCC revenue from water rates.

First Nation Implications

The proposed DCC bylaw would not apply to development on First Nations reserve lands as local municipal and regional district bylaws are not valid on First Nation lands. The introduction of a DCC program would benefit First Nations that receive water from the Regional Water Service, similar to existing municipal residents, as the DCC program would mitigate future bulk water rates increases for First Nations.

First Nations pursuing off reserve land development opportunities that are located within the Regional Water Supply service area, would be impacted by the proposed DCC. These developments may be eligible for support through a future DCC Waivers and Reductions bylaw or grant-in-aid program. This will require further consideration as part of the waivers and reduction bylaw development.

CONCLUSION

As directed by the Regional Water Supply Commission, Capital Regional District (CRD) staff have prepared a Development Cost Charge (DCC) Bylaw for its consideration and subsequent consideration of the CRD Board. The work completed to date has resulted in a proposed DCC program and bylaw that are ready for submission to the British Columbia Inspector of Municipalities for Statutory Approval under the *Local Government Act*.

If Statutory Approval is granted, the CRD Board would be positioned to adopt the DCC Bylaw in Spring/Summer 2026, allowing the remaining implementation steps to proceed and ultimately to begin collection of DCC fees April 2, 2027.

RECOMMENDATION

That the Regional Water Supply Commission recommend to the Capital Regional District Board that:

1. Bylaw No. 4658, “Regional Water Supply Service Development Cost Charge Bylaw No. 1, 2026” be introduced and read a first, second and third time; and
2. Bylaw No. 4658, “Regional Water Supply Service Development Cost Charge Bylaw No. 1, 2026” be submitted to the British Columbia Inspector of Municipalities for Statutory Approval pursuant to the *Local Government Act*.

Submitted by:	Joseph Marr, P.Eng., Senior Manager, Infrastructure Engineering
Concurrence:	Alicia Fraser, P. Eng., General Manager, Infrastructure and Water Services
Concurrence:	Varinia Somosan, CPA, CGA, Acting Chief Financial Officer & General Manager, Finance & Technology
Concurrence:	Kristen Morley, J.D., Corporate Officer & General Manager, Corporate Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Draft Bylaw No. 4658, “Regional Water Supply Service Development Cost Charge Bylaw No. 1, 2026”

Appendix B: Regional Water Supply Service DCC Background Report - December 2025

Appendix C: Summary of Previous and Planned Staff Reports