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REPORT TO JUAN DE FUCA WATER DISTRIBUTION COMMISSION MEETING OF TUESDAY, APRIL 1, 2025

SUBJECT **Juan de Fuca Water Distribution Development Cost Charge Program Update**

ISSUE SUMMARY

To present the final Juan de Fuca Water Development Cost Charge (DCC) program update, including the interested parties' engagement findings, final report and associated bylaw amendment.

BACKGROUND

The Capital Regional District (CRD) retained Urban Systems Ltd. (USL) in early 2023 to update the current 2018 DCC program and associated Bylaw No. 2758. Water distribution infrastructure requirements were identified to support the expected population growth over the next 20 years within the Juan de Fuca Water Distribution System (JWDS) service area. The updated DCC projects costs have increased but the projected higher population have decreased the proposed DCC rates nominally.

At its May 7, 2024 meeting the Juan de Fuca Water Distribution Commission (JWDC) received the draft DCC Update Background Report, proposed 2024 DCC program update project list and rates, and proposed 2024 DCC program project location reference maps. Staff were directed to proceed with stakeholder engagement and continue with the 2024 JWDS DCC program and bylaw update.

Public and Interested Parties Engagement Update

The CRD ran an online survey from December 3, 2024 to January 9, 2025 to collect feedback on the proposed updates to the JWDS DCC program. The survey was promoted through advertisements in local newspapers and on social media. In addition, direct email letters were sent to organizations within the development community and four First Nations, inviting them to participate in the online survey or to submit direct feedback via email. Accompanying the survey were a variety of online resources, including responses to frequently asked questions and a presentation, which included general information on DCCs alongside information on the revised DCC project list and updated DCC rates.

No direct feedback from any of the recipients of emailed letters was received. At the time of the online survey closure, 26 responses were received. Key themes from the survey responses included:

- Comments that new development should pay its fair share of growth-related costs.
- Support for the DCC program and the proposed distribution of project costs (through project-specific benefit factors).
- Comments regarding the impact of the JWDS DCC (and DCCs more generally) on housing affordability in the region.
- Concern about the total cost of the different CRD DCCs when 'stacked'.

- Questions regarding the possibility of using alternative funding mechanisms (e.g., grants) to offset the costs identified in the updated DCC program

A summary of the engagement results is included as Appendix A.

DCC Program and Bylaw update

The draft DCC Update Background Report was updated to include the public engagement summary and to clarify Two-Unit Dwellings (i.e., duplexes) are categorized as Low Density Residential land use type to reflect legislative changes and evolving best practices since the last DCC update.

- The final JWDS DCC Update Background Report is attached (Appendix B).
- The proposed DCC projects and cost estimates are summarized in Appendix C and maps for context are included in Appendix D.
- A summary of the proposed 2025 DCC rates and the 2018 DCC rates for all land-use categories is shown in the table below.
- The amendment to DCC Bylaw No. 2578, Bylaw No. 4669, “Development Cost Charge Bylaw (Juan de Fuca Water Distribution), No 1, 2000, Amendment Bylaw No. 10, 2025” enables the proposed 2025 JWDS DCC rates to be implemented. See Appendix E.

Land Use	Unit	Previous Rate (2018)	Proposed Rate (2025)	Percent Change
Low Density Residential <i>(single family, Two-Unit Dwelling)</i>	per lot (or unit, in the case of a Two-Unit Dwelling)	\$2,922	\$2,796	-4%
Medium Density Residential <i>(triplex, fourplex, townhouse)</i>	per unit	\$2,557	\$2,446	-4%
High Density Residential <i>(apartment)</i>	per unit	\$1,644	\$1,573	-4%
Commercial	per m ² GFA*	\$10.74	\$10.48	-2%
Industrial	per m ² GFA*	\$5.82	\$5.24	-10%
Institutional	per m ² GFA*	\$23.74	\$10.48	-56%

*GFA = gross floor area

Canada Housing Infrastructure Fund

In April 2024, Canada announced an investment of \$6 billion into the new Canada Housing Infrastructure Fund (CHIF). The purpose of this fund is to accelerate the construction and upgrading of critical housing infrastructure, with the stated goal of constructing more homes. To receive CHIF funding, applicants must comply with program requirements. For the CRD and member municipalities, this includes the regional district freezing DCC rate increases from April 4, 2024, until April 4, 2027. On February 12, 2025, the CRD Board directed staff to implement a DCC rate freeze for CRD to allow member municipalities, as well as the CRD, to pursue funding

opportunities under the CHIF. The CHIF grant requirements will not affect the proposed 2025 JWDS DCC rates as they are decreasing.

DCC Implementation – Next Steps

- Seek approval from the JWDC to finalize the updated DCC program and amendments to Bylaw No. 2758.
- Complete the required first, second and third updated bylaw readings by the CRD Board.
- Submit a certified copy of the update bylaw with three readings and final background report to the British Columbia (BC) Inspector of Municipalities.
- Complete the required fourth reading and adoption of the bylaw by the CRD Board.

ALTERNATIVES

Alternative 1

The Juan de Fuca Water Distribution Commission recommends to the Capital Regional District Board:

1. That Bylaw No. 4669, “Development Cost Charge Bylaw (Juan de Fuca Water Distribution), No. 1, 2000, Amendment Bylaw No. 10, 2025”, be introduced and read a first, second and third time.
2. That Bylaw No. 4669 be forwarded to the Inspector of Municipalities for approval.

Alternative 2

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

IMPLICATIONS

Financial Implications

Finalizing the DCC program update will allow new DCC rates to fund growth-related infrastructure projects, ensuring that those who will use and benefit from the water services provided pay their share of the costs in a fair and equitable manner.

Not proceeding with the proposed DCC program update leaves the outdated 2018 rates and projects in place, preventing new growth-related infrastructure projects from being funded by DCC’s unless they are within an updated and approved DCC program.

Service Delivery Implications

Not finalizing the update may require new growth-related projects to be funded by existing JWDS water service users resulting in increased water rates and possible delays to those projects being implemented. This may impact the timely construction of growth-triggered projects and could impede service delivery required to support population growth.

Social Implications

Consultation feedback received from the public and interested parties was not substantive enough to warrant revising the DCC program.

CONCLUSION

The Capital Regional District (CRD) has prepared updates to the 2018 Development Cost Charge (DCC) program for the Juan de Fuca Water Distribution System (JWDS). The update reflects current growth projections for the next 20 years and identifies the related DCC-eligible water infrastructure projects. The updated DCC rates included in Bylaw No. 2758, are based on the updated DCC program information and have decreased marginally from the existing DCC rates. Consultation was completed with minimal feedback.

RECOMMENDATION

The Juan de Fuca Water Distribution Commission recommends to the Capital Regional District Board:

1. That Bylaw No. 4669, “Development Cost Charge Bylaw (Juan de Fuca Water Distribution), No. 1, 2000, Amendment Bylaw No. 10, 2025”, be introduced and read a first, second and third time.
2. That Bylaw No. 4669 be forwarded to the Inspector of Municipalities for approval.

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

ATTACHMENT(S)

- Appendix A: Engagement Summary 2025
- Appendix B: Final Background Report – March 2025
- Appendix C: Proposed Project List and Water DCC Calculations
- Appendix D: Proposed Location Reference Maps
- Appendix E: Bylaw No. 4669, “Development Cost Charge Bylaw (Juan de Fuca Water Distribution), No. 1, 2000, Amendment Bylaw No. 10, 2025”