

Notice of Meeting and Meeting Agenda Regional Water Supply Commission

Wednesday, April 17, 2024

11:30 AM

6th Floor Boardroom
625 Fisgard St.
Victoria, BC V8W 1R7

MEMBERS:

G. Baird (Chair); K. Harper (Vice Chair); J. Caradonna; N. Chambers; C. Coleman;
Z. de Vries; S. Duncan; C. Graham; S. Gray; C. Green; K. Guiry; S. Hammond;
K. Jordison; S. Kim; D. Lajeunesse; T. Morrison; T. Phelps Bondaroff;
J. Rogers; C. Stock; M. Wagner; M. Westhaver; A. Wickheim

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. ADOPTION OF MINUTES

3.1 [24-375](#) Adoption of the Minutes of the March 20, 2024 Meeting

Recommendation: That the minutes of the March 20, 2024 Regional Water Supply Commission meeting be adopted.

Attachments: [Draft Minutes - March 20, 2024](#)

4. CHAIR'S REMARKS

5. PRESENTATIONS/DELEGATIONS

Delegations will have the option to participate electronically. Please complete the online application for "Addressing the Board" on our website located here <https://www.crd.bc.ca/about/board-committees/addressing-the-board> and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the Regional Water Supply Commission at iwsadministration@crd.bc.ca. Delegation requests must be received no later than 4:30 p.m. two calendar days prior to the meeting.

6. GENERAL MANAGER'S REPORT

6.1 Post Disaster Water Supply Update [verbal]

6.1.1 [24-379](#) Emergency Post Disaster Equipment Map

Recommendation: There is no recommendation, the map is for information only.

Attachments: [Reference: Emergency Post Disaster Equipment Map](#)

6.2 Regional Water Supply Commission Workplan Update [verbal]

7. COMMISSION BUSINESS

- 7.1 [24-273](#) Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw Update
- Recommendation:** That Capital Regional District staff be directed to proceed with a 25% Municipal Assist Factor for public and development community engagement.
- Attachments:** [Staff Report: RWS DCC Program and Bylaw Update](#)
[Appendix A: May 17, 2023 Regional Water Supply Commission Staff Report](#)
[Appendix B: USL Engagement Summary](#)
[Appendix C: USL – RWS Development Cost Charge Policy Memorandum](#)
[Appendix D: CRD - Supplementary Memo: Municipal Assist Factor](#)
[Appendix E: Summary of Proposed RWS DCC Program and Bylaw Developme](#)
- Item is in progress. Due to time constraints, debate on this item was postponed from the March 20, 2024 meeting.*
- 7.2 [24-187](#) Saanich Peninsula Water Commission Amalgamation with the Regional Water Supply Commission - Feasibility Study
- Recommendation:** There is no recommendation. The report is for information only.
- Attachments:** [Staff Report: SPWC Amalgamation with RWSC Feasibility Study](#)
[Appendix A: Saanich Peninsula Water Commission Letters Patent](#)
- Item was postponed from the March 20, 2024 meeting.*
- 7.3 [24-376](#) Greater Victoria Water Supply Area Wildfire Management and Thinning Update
- Recommendation:** There is no recommendation. This report is for information only.
- Attachments:** [Staff Report: GVWSA Wildfire Management Thinning Update](#)
[Appendix A: 2023 Wildfire Management Activity Photos](#)
[Appendix B: Wildfire Management Map](#)
- 7.4 [24-377](#) Summary of Recommendations from Other Water Commissions
- Recommendation:** There is no recommendation, this summary is for information only.
- Attachments:** [Summary Of Recommendations from other Water Commissions](#)
- 7.5 [24-378](#) Water Watch Report
- Recommendation:** There is no recommendation, the report is for information only.
- Attachments:** [Water Watch Report](#)

8. NOTICE(S) OF MOTION

9. CORRESPONDENCE

9.1 [24-287](#) Correspondence: Malahat Nation: Regional Water Supply Master Plan

Recommendation: There is no recommendation, the correspondence is for information only.

Attachments: [February 27, 2024: CRD Response to Malahat Nation, RWS Master Plan](#)
[February 15, 2024: Malahat Nation Letter to CRD, RWS Master Plan](#)

Item was postponed from the March 20, 2024 meeting.

9.2 [24-324](#) Correspondence: City of Colwood: Referral Motion Re: Proposed
Capital Regional Water Supply Development Cost Charge

Recommendation: There is no recommendation, the correspondence is for information only.

Attachments: [March 14, 2024: City of Colwood: Referral Motion Re: Proposed CRD Regional](#)

Item was postponed from the March 20, 2024 meeting.

10. NEW BUSINESS

11. ADJOURNMENT

Next Meeting: May 15, 2024

Meeting Minutes

Regional Water Supply Commission

Wednesday, March 20, 2024

11:30 AM

6th Floor Boardroom
625 Fisgard St.
Victoria, BC V8W 1R7

PRESENT

COMMISSIONERS: G. Baird (Chair); K. Harper (Vice Chair); K. Loughton for J. Caradonna; N. Chambers; Z. de Vries; S. Duck for S. Duncan; C. Graham (EP); S. Gray; E Paterson for C. Green; K. Guiry; S. Hammond (EP); K. Jordison (EP); S. Kim; D. Lajeunesse; T. Morrison (EP); C. Plant for T. Phelps Bondaroff; J. Rogers; C. Stock; M. Wagner; M. Westhaver (EP); A. Wickheim

STAFF: T. Robbins, Chief Administrative Officer; A. Fraser, General Manager, Integrated Water Services; J. Ussery, Acting Senior Manager, Watershed Protection; G. Harris, Senior Manager, Environmental Protection; J. Marr, Senior Manager, Infrastructure Engineering; S. Mason, Manager, Water Supply Engineering and Planning; P. Stephens Project Engineering, Infrastructure Engineering; J. Zimmerman, Communications Coordinator; D. Dionne, Administrative Coordinator, Integrated Water Services; M. Risvold, Committee & Administrative Clerk, Integrated Water Services
Also in Attendance: S. Heffernan, Urban Systems

EP - Electronic Participation

REGRETS: C. Coleman

The meeting was called to order at 11:37 am

1. TERRITORIAL ACKNOWLEDGEMENT

The Chair provided an acknowledgement.

2. APPROVAL OF THE AGENDA

Commissioner Rogers postponed his Motion with Notice, Item 9.1, to later in the year when 2025 budget discussions are underway.

**MOVED by Commissioner Rogers, and SECONDED by Commissioner Wickheim,
That the agenda be approved as amended.**

CARRIED

3. ADOPTION OF MINUTES

- 3.1. [24-274](#) Minutes of the February 21 and March 1, 2024 Regional Water Supply Commission meetings

Attachments: [February 21, 2024 Draft Minutes](#)
[March 1, 2024 Draft Minutes - Special Meeting](#)

**MOVED by Commissioner Chambers, and SECONDED by Commissioner Guiry,
That the Minutes of the February 21, 2024 meeting be adopted.
CARRIED**

**MOVED by Commissioner Kim, and SECONDED by Commissioner Chambers,
That the Minutes of the March 1, 2024 special meeting be adopted.
CARRIED**

4. CHAIR'S REMARKS

The Chair acknowledged the upcoming World Water Day. He invited members of the Commission to speak to him regarding borrowing the book "Bringing Water To Victoria".

5. PRESENTATIONS/DELEGATIONS

5.1. Presentations

5.2. Delegations

- 5.2.1. [24-322](#) Delegation - Mehdi Najari; Resident: Re: Agenda Item 8.2: Proposed Regional Water Supply Development Cost Charge Program and Bylaw Update

Attachments: [Delegation: Mehdi Najari: Speaker's Reference](#)

Mr. Najari spoke to the Regional Water Supply Commission regarding the proposed Development Cost Charges Program.

6. GENERAL MANAGER'S REPORT

A. Fraser thanked the commission for its great work and in recognition of World Water Day.

7. WATER ADVISORY COMMITTEE

- 7.1. [24-276](#) Summary of Recommendations from the Water Advisory Committee

Attachments: [Summary of Recommendations from the Water Advisory Committee](#)

Staff responded to a question from the commission regarding the Development Cost Charges presentation provided to the Water Advisory Committee.

There is no recommendation, the report is for information only.

8. COMMISSION BUSINESS

- 8.1. [24-268](#) Bylaw No. 4604 - Capital Regional District Water Conservation Bylaw No. 1, 2016, Amendment Bylaw No. 4, 2024

Attachments: [Staff Report: Bylaw No. 4604 Water Cons. Bylaw Amendment](#)
[Appendix A: Bylaw No. 4604](#)
[Appendix B: Blacklined version of Bylaw No. 4099, Schedule A](#)

G. Harris spoke to item 8.1.

Staff responded to questions regarding:

- Inclusion of golf courses
- Preliminary discussions to support the program
- Incentives for innovative ways of water conservation
- Purpose of watering time change
- Ecological community
- Urban farms in residential areas

**MOVED by Commissioner Stock, and SECONDED by Commissioner Chambers,
The Regional Water Supply Commission recommends to the Capital Regional
District Board:**

1. The Regional Water Supply Commission recommends to the Capital Regional District Board:
2. That Bylaw No. 4604, "Capital Regional District Water Conservation Bylaw No. 1, 2016, Amendment Bylaw No. 4, 2024", be introduced and read a first, second, and third time; and
3. That Bylaw No. 4604 be adopted.

CARRIED

8.2. [24-273](#) Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw Update

Attachments: [Staff Report: RWS DCC Program and Bylaw Update](#)

[Appendix A: May 17, 2023 Regional Water Supply Commission Staff Report](#)

[Appendix B: USL Engagement Summary](#)

[Appendix C: USL – RWS Development Cost Charge Policy Memorandum](#)

[Appendix D: CRD - Supplementary Memo: Municipal Assist Factor](#)

[Appendix E: Summary of Proposed RWS DCC Program and Bylaw Development Phase 2 Process](#)

A. Fraser spoke to item 8.2.

Staff responded to questions regarding:

- Development Cost Charge (DCC) phase-in plan
- Juan de Fuca DCC program
- Municipal assist factor
- Whether staff have discussed with the Department of Fisheries and Oceans
- Analysis for affordability for end users
- Municipal Assist Factor
- If the development community made the recommendation
- Estimated cost for wholesale rate
- First Nations engagement
- Capital Regional District statement of reconciliation
- Public engagement

Staff Recommendation:

That Capital Regional District staff be directed to proceed with a 25% Municipal Assist Factor for public and development community engagement.

MOVED by Commissioner de Vries and **SECONDED** BY Commissioner Wagner:

That the staff recommendation be amended as follows:

That Capital Regional District staff be directed to proceed with a 25% Municipal Assist Factor, **making it clear the intention is that the municipal assist factor would be decreased to 1% following the update of the bylaw,** for public and development community engagement.

That Capital Regional District staff be directed to report back on options for Development Cost Charges to be waived for non-market housing including government, non-profit, and co-op housing.

MOVED by Commissioner Wagner and **SECONDED** by Commissioner Chambers:

That the amendment be further amended as follows:

That Capital Regional District staff be directed to proceed with a 25% Municipal Assist Factor, ~~making it clear the intention is and that the municipal assist factor would be decreased to 1% after the second year, following the update of the bylaw,~~ for public and development community engagement.

That Capital Regional District staff be directed to report back on options for Development Cost Charges to be waived or reduced for non-market housing including government, non-profit, and co-op housing.

Due to time constraints debate on Item 8.2 and the remainder of the agenda was postponed.

MOVED by Alternate Commissioner Plant and **SECONDED** by Commissioner Rogers,

That consideration of Item 8.2 and the remainder of the agenda items be postponed to the next meeting.

CARRIED

OPPOSED: Chambers, Wagner

- 8.3. [24-187](#) Saanich Peninsula Water Commission Amalgamation with the Regional Water Supply Commission - Feasibility Study

Attachments: [Staff Report: SPWC Amalgamation with RWSC Feasibility Study](#)
[Appendix A: Saanich Peninsula Water Commission Letters Patent](#)

Item was postponed to the next meeting.

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

- 8.4. [24-275](#) Summary of Recommendations from Other Water Commissions

There were no other water commission meetings in February.

- 8.5. [24-277](#) Water Watch Report

Attachments: [Water Watch Report](#)

There is no recommendation, the report is for information only.

9. NOTICE(S) OF MOTION

- 9.1. [23-786](#) Motion with Notice: Commissioner Rogers: Placement of Post Disaster Water Supply Drop Kits in Relevant Fire Halls

Attachments: [Motion with Notice - Placement of Post Disaster Water Supply Drop Kits in Relevant Fire Halls](#)

At Approval of the Agenda, Commissioner Rogers postponed his Motion to later in the year when the 2025 budget discussions are underway.

That the Regional Water Supply Commission directs staff to explore cost-sharing with municipalities to get the Post Disaster Water Supply Drop Kits in relevant fire halls, for consideration in the next budget cycle.

10. CORRESPONDENCE

- 10.1. [24-287](#) Correspondence: Malahat Nation: Regional Water Supply Master Plan

Attachments: [February 27, 2024: CRD Response to Malahat Nation, RWS Master Plan](#)
[February 15, 2024: Malahat Nation Letter to CRD, RWS Master Plan](#)

Item was postponed.

There is no recommendation, the correspondence is for information only.

- 10.2. [24-324](#) Correspondence: City of Colwood: Referral Motion Re: Proposed Capital Regional Water Supply Development Cost Charge

Attachments: [March 14, 2024: City of Colwood: Referral Motion Re: Proposed CRD Regional Water Supply DCC](#)

Item was postponed.

11. NEW BUSINESS

12. ADJOURNMENT

MOVED by Alternate Commissioner Plant and **SECONDED** by Commissioner Rogers,

That the meeting be adjourned at 1:13 pm.





CARRIED

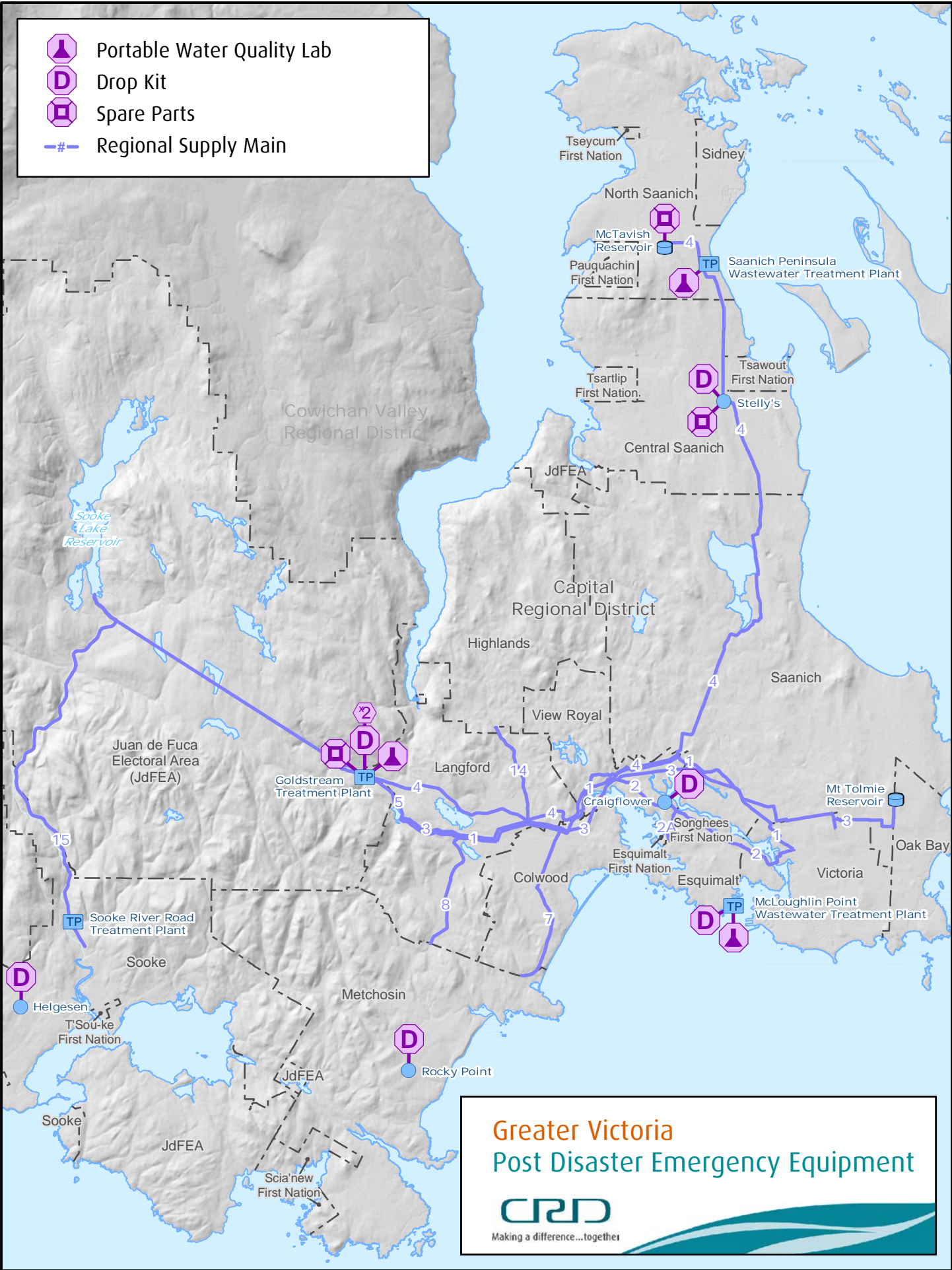
OPPOSED: Chambers, Wagner

CHAIR

SECRETARY

DRAFT

-  Portable Water Quality Lab
-  Drop Kit
-  Spare Parts
-  Regional Supply Main



Greater Victoria
Post Disaster Emergency Equipment

CRD
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**REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, MARCH 20, 2024**

SUBJECT **Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw Update**

ISSUE SUMMARY

To provide the Regional Water Supply Commission (Commission) with a summary of the feedback received from the municipal consultation on the proposed Development Cost Charge (DCC) program and to seek feedback on refinements based on that feedback prior to proceeding with public and stakeholder engagement.

BACKGROUND

At its May 17, 2023 meeting the Commission received a staff report (Appendix A) conceptualizing the proposed DCC program (Phase 1). The Commission directed staff to proceed with Phase 2 of developing and implementing a DCC program and bylaw.

The proposed Regional Water Service DCC program and bylaw development process has been structured into three phases:

- Phase 1 – Conceptualization (*Completed May 17, 2023*)
- Phase 2 – Refinement and Consultation (In progress)
- Phase 3 – Implementation

Phase 2 – Refinement and Consultation

Phase 2 includes further program consultation, refinement, and finalization of the DCC background report and bylaw prior to bylaw adoption by the Capital Regional District (CRD) Board and the Inspector of Municipalities.

The project team engaged relevant municipal departments between September 2023 and January 2024 to confirm growth estimates (population, development and Official Community Plan details) to be used in the proposed DCC rate calculation. The project team, comprised of CRD staff and Urban Systems Ltd. (USL), then presented the proposed DCC program and bylaw to municipal councils, apart from North Saanich, between October 2023 and March 2024, a sample of the presentation is included in Appendix B. The presentation to North Saanich is scheduled to occur on March 25. The team attended each municipality's council meetings to provide an overview of the proposed DCC program and bylaw. After the presentation the project team addressed questions and provided clarification and documented feedback provided.

With direction from the Commission, staff will undertake the remainder of the consultation phase including public and development community engagement, detailed below in Proposed Next Steps.

Phase 3 – Implementation

The implementation phase would commence after the completion of Phase 2 and the adoption of the bylaw. Phase 3 would be related to pre- and post-bylaw adoption and include assisting member municipalities with the implementation and ongoing effort to collect and remit DCC's to the CRD. Some municipalities already collect DCC's, and others do not, and therefore may require assistance.

Phase 2 - Engagement Feedback Summary (to date)

Most municipal councils were supportive of the need to support growth-driven infrastructure with a DCC program but concerns were raised about the high project costs and the potential impact of the program on housing affordability. Common questions or concerns raised during consultation include the following:

- a) Impact on Housing Affordability – the potential loss of both market and affordable housing and developers potentially focusing on larger/luxury homes.
- b) Development Viability – the proposed DCC's impact on the viability of some pending developments.
- c) Engagement – desire to see further consultation with the development community and the public.
- d) Projects and Rates – clarification on how projects are identified and how each project will affect user rates. Some councils expressed a desire to see a third-party review of the 2022 Regional Water Supply Master Plan.
- e) Addressing Equitability – consideration of more equitable rate applications across land use categories such as higher charges for low-density residential unit types.
- f) Impacts of Provincial Legislation (Bills 44, 46 and 47) – and questions on the impacts of the new legislation and how they could influence DCC rates and growth assumptions.
- g) Clarity on Alternative Funding Mechanisms – inquiries about alternative funding mechanisms, including how projects would be paid for if the DCC did not go ahead, as well as the possibility of grant funding. Suggestions of increased Municipal Assist Factor.
- h) Growth Projections and the DCC Rate - Municipal staff provided feedback on growth projections used in the development of the DCC program.
- i) DCC Collection – Questions from municipal staff and some councils on the process of collecting DCC's on behalf of the CRD and concerns related to the administrative burden this may cause.
- j) General Feedback on the DCC – municipalities that were looking to update their own DCC's raised concerns about the impact of an additional Regional DCC.

Although the intent of the council meetings was generally to inform, answer questions and obtain feedback, Central Saanich adopted a motion asking the Regional Water Supply Commission to provide an independent third-party review of the program and to consider bulk water rate supports for agricultural land users and DCC waivers for affordable and rental housing. In addition, there was a motion presented by the City of Colwood representative on the Regional Water Supply Commission to delay further action on the Regional Water Supply Master Plan until such time as the concerns raised by the Huggett report be investigated and addressed.

A full summary of the feedback has been compiled and is attached in Appendix B: *Engagement Summary*, (Volume 1) March 13, 2024.

During the municipal consultation process, Councils and CRD staff received a letter from Urban Development Institute (UDI), outlining their concerns with the basis and assumptions for the program and the impact the addition of the DCC program would have on development. This letter is included in Appendix B within the engagement summary. In addition, there has been further media interest related to the DCC program and Master Plan. Reports have raised concerns over the implication of the additional fees on developments and have questioned the rationale for the projects included in the DCC program. Generally, this feedback provides insight into the concerns of the development community. Further “development community consultation” is included as a key component of the established process and is included in the proposed next steps section below.

Program Refinement

The DCC project team has received valuable feedback during the initial consultation phase and are committed to refining the DCC program, as required. The DCC program has been proceeding in accordance with the DCC best practices guideline and as outlined in USL Development Cost Charge Policy Memorandum, dated May 3, 2021 included as Appendix C. The Municipal Assist Factor represents the most significant policy decision to be made for the DCC program and is described in more detail below.

Municipal Assist Factor (MAF)

The Local Government Act (LGA) requires local governments to provide a level of financial assistance to a DCC program through MAF. In this case, the CRD is the local government and is required to provide assistance. The MAF is a discretionary tool and is applied across the entire DCC program. The MAF can vary between a minimum of 1% (least amount of assistance) and a maximum of 99% (highest amount of assistance). Typically, growing communities in British Columbia select a MAF between 1% and 10%, many communities also introduce a higher MAF at the introduction of a new DCC program before reducing to 1%. The MAF should reflect the community’s support towards the financing of infrastructure required to serve development.

A summary of potential MAF’s and their effect on the DCC and conceptual water rate is listed in Table 1, in addition further details on MAF options are included as Appendix D.

Table 1 – Municipal Assist Factors effects on DCC rates and Conceptual water rates

Development Category	Collection Unit	1% MAF	25% MAF	50% MAF	No DCC
Single Family	Per unit	\$9,044	\$6,852	\$4,568	\$0
Multi Family	Per unit	\$7,914	\$5,995	\$3,997	\$0
Apartment	Per unit	\$5,087	\$3,854	\$2,569	\$0
Commercial	Per GFA in m ²	\$33.92	\$25.69	\$17.13	\$0
Industrial	Per GFA in m ²	\$16.96	\$12.85	\$8.56	\$0
Institutional	Per GFA in m ²	\$73.48	\$55.67	\$37.11	\$0
Projected Water Rate					
Conceptual Maximum 30-year Bulk Water Rate**	per cubic metre	\$2.84	\$3.02	\$3.22	\$3.61

*GFA = Gross Floor Area

** The rate is based on the 2022 Master Plan projects and only considered a change to the MAF for the 30yr term of the DCC. This conceptual water rate does not consider other changes to the capital plan or operating budgets in future years or other funding sources that could influence the rate, such as grant funding.

Additional information obtained from each municipality related to population and/or development growth will be used to update the proposed DCC rates. Any revisions to the rates will likely be nominal as any increase in units will increase the proposed population and benefit allocation but also increase the number of units contributing to the proposed cost sharing. Feedback will continue to be collected and the rates will be refined until the public engagement period is closed and the program is brought to Commission for approval.

ALTERNATIVES

Alternative 1

That Capital Regional District staff be directed to proceed with a 25% Municipal Assist Factor for public and development community engagement.

Alternative 2

That Capital Regional District staff be directed to proceed with a 1% Municipal Assist Factor for public and development community engagement.

Alternative 3

That this report be referred back to 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 due to growth, 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.

Any MAF above 1% would reduce the proposed DCC rates and would have to be covered by existing rate payers. A proposed MAF of 25%, which would be applied for the first five years of the program, would reduce the burden on new development while still reducing future water rates to existing users. The proposed 30-year DCC program will be refreshed every five years, when applicable projects will be reviewed, new costing information will be included and the MAF can be adjusted. It is common for new DCC programs to include a higher MAF initially before being reduced to 1%.

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. Many member municipalities were concerned with the proposed high rates of the proposed DCC program, a higher initial MAF rate would reduce the costs to new development.

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 and 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. If a DCC waivers and reductions bylaw is desired it is recommended to proceed after adoption of the DCC bylaw under a separate process as a waivers and reductions bylaw does not need the Inspector of Municipalities approval and only requires CRD board approval.

Should a waiver and 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. Staff propose sending a letter to First Nations advising them of the DCC program and to indicate that the program would not apply to First Nations reserve lands.

The introduction of a DCC program would benefit First Nations that receive water from the Regional Water Service, similar to existing municipal residents, the DCC program would mitigate future bulk water rates increases for the First Nations.

Proposed Next Steps

Public and Development Community Engagement

The CRD has prepared and posted a public webpage that has been available to the public since November 2023. The webpage content includes relevant background information, and details on the proposed DCC program including next steps. It will continue to be updated as the project progresses (<https://www.crd.bc.ca/project/proposed-regional-water-supply-development-cost-charge-program>).

Subject to Commission approval, CRD staff will undertake consultation with the public and the development community. It is proposed to hold both in-person and virtual sessions with the development community and conduct virtual engagement with the public starting in the spring of 2024. It is proposed to utilize the CRD's public online engagement platform "Get Involved" which has been used successfully to gain public input for various CRD initiatives. In this case, the "Get Involved" platform would include background information (consistent with the existing public DCC website) and seek feedback from the public and development community regarding the proposed DCC's. A response period of 45 days would allow for the receipt of public responses which will be included in the Engagement Summary to be brought back to the Commission at a future meeting. Engagement opportunities would be advertised via social media, the CRD website, media releases and paid advertising.

CONCLUSION

Capital Regional District (CRD) staff and its consultant Urban System Ltd. (USL) have been proceeding with Phase 2 of the Regional Water Development Cost Charges (DCC) program which includes refinement and consultation. To date municipal staff, Mayors and Councils have been informed of the proposed program. Feedback from most councils were supportive of the need to support growth-driven infrastructure with a DCC program but many were concerned about the high project costs and the potential impact of the program on housing affordability. Most new DCC programs include a higher Municipal Assist Factor initially before being reduced to 1%. The CRD is recommending to proceed with incorporating a 25% Municipal Assist Factor prior to proceeding with public and development community engagement.

A summary of the public and development community engagement will be provided to the Regional Water Supply Commission once it is completed.

RECOMMENDATION

That Capital Regional District staff be directed to proceed with a 25% Municipal Assist Factor for public and development community engagement.

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

ATTACHMENTS

- Appendix A: May 17, 2023 Regional Water Supply Commission Staff Report
- Appendix B: USL Engagement Summary (Vol. 1) Including Sample Letter and Council Presentation - March 13, 2024
- Appendix C: USL – RWS Development Cost Charge Policy Memorandum – May 3, 2021
- Appendix D: CRD - Supplementary Memo: Municipal Assist Factor – March 12, 2024
- Appendix E: Summary of Proposed RWS DCC Program and Bylaw Development Phase 2 Process



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**REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, MAY 17, 2023**

SUBJECT **Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw**

ISSUE SUMMARY

To provide the Regional Water Supply Commission (Commission) with an update on the progress of the proposed Development Cost Charge (DCC) program and bylaw and to seek direction regarding the implementation of the proposed DCC program and bylaw.

BACKGROUND

The Regional Water Supply (RWS) 2017 Strategic Plan included a commitment to “Explore Regional Water Development Cost Charges to fund future growth-related supply system infrastructure improvements” and further, the recently approved Capital Regional District 2023-2026 Corporate Plan included an initiative to “Implement a development cost charge program for the Regional Water Service”, Goal 2a-7 to meet the community need for high quality, safe drinking water.

The RWS service does not have an existing DCC program or bylaw, although a bylaw was considered in the mid-1990’s but was ultimately not adopted. As a result of not having a DCC, implications attributed to growth, such as increased sizing of water system assets, are paid by the current RWS service customers. DCC bylaws exist for three existing Capital Regional District (CRD) utility services; Juan de Fuca Water Distribution Service (Bylaw 2758), Saanich Peninsula Water and the Saanich Peninsula Wastewater Services (combined Bylaw No. 3208).

The 2020 RWS Capital Plan included an item to design a Regional Water DCC Program (Item #20-08) and a consultant, Urban Systems Ltd. (USL), was hired to study the issue in a phased approach. In general, the project is progressing through three phases: Phase 1 – Conceptualization, Phase 2 – Refinement and Consultation and Phase 3 – Implementation.

DCC’s are used to fund capital costs related to “growth” and are regulated in accordance with the *Local Government Act* (LGA) of BC, *Division 19 – Development Costs Recovery*. The LGA defines the eligibility, application, process, and so on and the Province of BC has issued guidance documents; *Guide for Elected Officials* and *Best Practices Guide* (~2005) (Appendices D and E). The conceptualization of a DCC program and bylaw generally followed a seven-step process (refer to the *Guide for Elected Officials*):

1. Project Future Growth
2. Identify Required Works
3. Estimate Infrastructure Costs
4. Allocate Costs to Growth/Existing Users
5. Assign Costs to Land Use Types
6. Convert Costs into DCC Rates
7. Apply Assist Factor

USL has undergone the seven-step process and in doing so, has projected growth data, and identified required works from the RWS Capital Plan and the RWS 2022 Master Plan. Further, they have estimated the growth component and applied a municipal assist factor (MAF) to determine conceptual DCC rates for various types of land use, i.e., residential (low, medium and high density), institutional, commercial and industrial. The results of the initial phase including the draft DCC rates are shown in the table below.

Development Category	Collection Unit	Proposed Rate (1% MAF)
Low Density Residential (single family)	per Lot	\$9,045
Medium Density Multi Family (duplex, townhouse, etc.)	per Unit	\$7,914
High Density Multi-Family (apartments)	per Unit	\$5,088
Commercial	per GFA in m ²	\$33.92
Industrial	per GFA in m ²	\$16.96
Institutional	per GFA in m ²	\$73.49

**GFA = Ground Floor Area

Upon completion of Phase 1, USL will deliver the following:

1. Regional Water Supply (RWS) DCC Policy Memorandum
2. Covering Memorandum (work-in-progress)
3. Regional Water Supply Development Cost Charge Draft Background Report (work-in-progress – to include draft DCC bylaw)

The Water Advisory Committee (WAC) received a staff report at its March 28, 2023 meeting at which time USL presented their results (Appendix B). WAC members were asked to complete an anonymous questionnaire and the results were generally in favour of a DCC program and bylaw and to move forward with implementation (See Appendix C for summary of results).

Phase 2 would generally consist of further program refinement, consultation and finalization of the draft background report and bylaw prior to bylaw adoption by the CRD Board and the Inspector of Municipalities.

The proposed Phase 2 - Refinement and Consultation tasks consist of:

- Meet with staff from member municipalities to confirm growth estimates and update the draft DCC program to reflect any discrepancies.
- Meet with elected officials from member municipalities to inform of the pending program.
- Meet with development community stakeholders to inform and receive feedback.
- Host public open houses to inform and receive feedback.
- Summarize consultation efforts for the Provincial submission.
- Update elected officials from member municipalities of results of the consultation process and any changes to the program.
- Provide the Commission with updates throughout Phase 2, in particular with regards to the impacts of varying MAF's on water rates.
- Obtain input on MAF's prior to seeking Commission approval to move the DCC Bylaw forward to the CRD Board.
- Recommend three readings of the DCC Bylaw to the CRD Board.
- Finalize the draft background report.
- Submit a comprehensive package to the BC Inspector of Municipalities for DCC bylaw approval.

- Provide support workshops to staff of member municipalities not currently collecting DCC's.
- Recommend fourth reading (adoption) of the DCC Bylaw to the CRD Board.

Phase 3, Implementation, would be related to pre- and post-bylaw adoption and include assisting member municipalities with the implementation and ongoing effort to collect and remit DCC's to the CRD. Some municipalities already collect DCC's and others do not, and therefore would need assistance to prepare.

It is proposed to continue to engage USL staff for the remaining phases and to fund the effort from potential DCC eligible capital projects from the approved Capital Plan at an estimated value of \$250,000 including CRD staff effort. The third phase is proposed to be included in the 2024 Capital Plan with the intent of implementing the program and bylaw adoption in 2024.

ALTERNATIVES

Alternative 1

That the Regional Water Supply Commission direct Capital Regional District staff to proceed with the next phases of developing and implementing a Development Cost Charge program and bylaw.

Alternative 2

That the report be referred back to staff for further information.

IMPLICATIONS

Regulatory and Policy

The implementation of the proposed RWS DCC program and bylaw aligns with the CRD 2023-2026 Corporate Plan, and the RWS 2017 Strategic Plan. Without a DCC bylaw and related revenue due to growth, the existing users of the service are burdened with the cost of growth such as system component upsizing and increased capacity of water works. A policy decision regarding who is to pay for growth is required and additional details such as confirming a MAF will need to be addressed by the Commission in the future.

Financial

Without a DCC program and bylaw, the existing users of the service will continue to be burdened with the cost due to growth and as growth occurs, remaining system capacity will be depleted. Many pending capital expenditures have been identified in the Capital Plan and the 2022 Master Plan for which there is a growth component. The questionnaire responses from WAC generally indicate that development should be contributing to the costs related to growth. In return, both the existing users and development will benefit from the sustainable water service for drinking water, industry, agriculture, and municipal fire protection. Additionally, it is proposed to seek grant funding opportunities where applicable.

Social

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 real estate. Consideration could be given to a separate bylaw to implement DCC waivers and reductions for classes of development such as affordable rental housing, not-for profit rental housing, etc. Should a waiver and reductions bylaw be imposed, the RWS service would be responsible to make up any foregone DCC revenue from alternate revenue sources (non-DCC sources).

Intergovernmental

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.

CONCLUSION

The Regional Water Supply 2017 Strategic Plan included a commitment to "Explore Regional Water Development Cost Charges (DCC) to fund future growth-related supply system infrastructure improvements" for which funding for a study had been approved in the 2020 Capital Plan. The Capital Regional District 2023-2026 Corporate Plan included an initiative to "Implement a development cost charge program for the Regional Water Service" to meet the goal of high quality, safe drinking water. The RWS 2022 Master Plan has identified many water system capital improvements.

Urban Systems Ltd. are nearing completion of Phase 1 and the results of which have been summarized for the Commission and were previously presented to the Water Advisory Committee (WAC). WAC provided its initial feedback, the results of which were generally in favour of implementing a DCC program and bylaw.

Capital Regional District staff and the consultant are prepared to proceed with the next phases of the DCC program and bylaw implementation and will keep the Commission informed of the progress and involved in the decision making of the next phases.

RECOMMENDATION

That the Regional Water Supply Commission direct Capital Regional District staff to proceed with the next phases of developing and implementing a Development Cost Charge program and bylaw.

Submitted by:	Joseph Marr, P.Eng., Acting Senior Manager, Infrastructure Engineering
Concurrence:	Ian Jesney, P. Eng., Acting General Manager, Integrated 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: Regional Water Supply Commission DCC Presentation

Appendix B: WAC March 28, 2023 Staff Report Including Urban Systems Ltd. Presentation

Appendix C: WAC Questionnaire Results

Appendix D: Table of Contents, Development Cost Charge Guide for Elected Officials

https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/finance/dcc_elected_officials_guide_2005.pdf

Appendix E: Table of Contents, Development Cost Charge Best Practices Guide, Ministry of Community Services

https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/finance/dcc_best_practice_guide_2005.pdf

URBAN SYSTEMS ENGAGEMENT SUMMARY

DATE: March 13, 2024
TO: CRD Staff
FROM: Shaun Heffernan, Laura Bernier, and Samantha Bowen
FILE: 1692.0050.02
SUBJECT: CRD RWS DCC: Council and Staff Engagement Summary (Volume 1)

1.0 OVERVIEW & EXECUTIVE SUMMARY

As part of the work necessary to prepare the Capital Regional District's (CRD) Regional Water Supply (RWS) Service Development Cost Charge (DCC), staff from the CRD and Urban Systems Ltd. (USL) presented to all municipal staff and Councils within the CRD. Engagement began in September 2023 and is expected to conclude in March 2024. This document provides an overview of all engagement completed to date.

All staff workshops (14 total) are completed and 13 of 14 Council meetings are completed. The executive summary for the Council meetings in **Section 1.1** are based on the meetings already completed. Staff workshops are summarized in **Section 1.2**. Specific notes from each Council meeting can be found in **Section 2.0**.

Due to timelines, the notes from the March 25th Council meeting at North Saanich will not be included in the summary below.

1.1 COUNCIL

Throughout our ongoing engagement with Councils throughout the CRD, most recognize the need to fund important infrastructure and the importance of funding these projects over time, rather than all at once in the future. Councils are supportive of the need for funding to support growth-driven infrastructure and have largely responded positively to the reasonings behind the DCC but are nevertheless concerned about the high project costs and the potential impact of the DCC on housing affordability. Some additional key points include:

Impact on Housing Affordability

Councils throughout the CRD are concerned about the potential loss of both market and affordable housing funds due to high DCCs. They cited the high DCCs in Metro Vancouver as an example. Councils were also concerned about whether developers would, because of the RWS DCC, be disincentivized to build affordable housing and focus on larger and/or luxury homes.

Councils have also expressed some interest in understanding the economic impacts of this DCC on development viability through a formal economic analysis.

Development Viability

The UDI has provided initial feedback on the DCC program in the form of a pointed letter (dated November 14, 2023) that was sent to all Councils in the region. The letter suggests that the proposed DCCs have the potential to impact the viability of some development projects and that some of the DCC project costs identified (i.e., the Water Filtration Plant) may not be required within the 30-year DCC time horizon and are therefore unnecessarily driving up DCC rates. Council meetings after this feedback was provided involved many questions and concerns related to both the letter and the impacts a DCC would have on development viability.

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Engagement

Many Councils expressed a desire to see further consultation, especially with the development community and the public. This is currently planned as a future step of the process if the RWSC decides to proceed and direct the project team to complete further engagement.

Some Councils also asked about engagement with First Nations who are in proximity to some of the proposed projects, however this has not been undertaken as DCCs are not charged on First Nations communities within the CRD.

Projects and Rates

Councils requested clarification on how projects are identified and how each project/the DCC will affect user rates. They also wanted to understand the compounding impacts of multiple overlapping DCCs and Amenity Cost Charges (ACCs) on development viability. Some Councils highlighted that some of the proposed DCC projects were unnecessary and suggested revisiting the CRD RWS 2022 Master Plan to address data concerns. These comments became more common after the UDI published their letter (**Appendix C**), which called into question the data presented in the 2022 Master Plan and other background RWS documents.

Building on UDI's request to have the projects reviewed, some Councils have expressed a desire to see a third party review of the 2022 Master Plan (the main reference document for this DCC) and the projects contained therein. The District of Central Saanich Council recently passed a motion to this effect (see **Appendix E**, Letter of February 14, 2024, Meeting of February 12, 2024).

Addressing Equitability

Some Councils expressed they would like to see a more equitable rate application across land use categories that emphasized higher charges for low-density residential unit types. Councils in municipalities with larger agricultural communities also indicated an interest in ensuring rates (both DCCs and bulk water rates) are equitable for properties zoned for that land use. Please note that DCCs are not applied to agricultural land.

Impacts of Provincial Legislation (Bills 44, 46, and 47)

Many Councils had questions regarding the impacts of new Provincial legislation and how they could influence DCC rates and growth assumptions. The project team has updated and reviewed growth estimates with municipal staff across the CRD to reflect new housing targets issued by the Province.

As greater clarity on the emerging legislation was provided by the Province, these questions became less frequent. There have also been questions about how updates to growth projections and project costs could be adjusted in future; the CRD has committed to major updates every 5 years to ensure changes are reflected in the DCC program. Councils indicated that emphasizing the adaptability of DCC programs is important.

Clarity on Alternative Funding Mechanisms

Councils regularly asked the project team about alternative funding mechanisms. One common question was regarding how these projects would be paid for if the DCC did not go ahead (the user rates would go up instead). Other Councils asked about the possibility of additional grant funding and many suggested increasing the Municipal Assist Factor (i.e., phasing in the DCC).

Many Councils indicated the importance of highlighting how user rates would be affected by (a) the implementation of the DCC, (b) not implementing the DCC, and (c) implementing the DCC with higher Municipal

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Assist Factors. For future consultation with the RWSC, the public, and the development community, there will be a graph prepared with these alternatives.

1.2 STAFF

Staff workshops were one-hour virtual sessions (except for one session that was conducted in-person) held with each CRD municipality between September 2023 to January 2024. During each workshop, the project team (from both the CRD and USL) gave a brief presentation that overviewed the proposed DCC program, growth estimates for the municipality, before providing staff with an opportunity to provide questions and comments. The main objectives of these sessions were to (1) refine growth projections, (2) inform municipal staff about the DCC program, and (3) receive comments. This section overviews the common questions and comments received during these workshops.

Generally, staff were understanding of the need for this DCC and the identified projects. Much like Councils, they also expressed concerns about the high costs and the effect of this DCC on their ability to update (and potentially raise) municipal DCCs.

Growth Projections and DCC Rates

Growth projections from the CRD's Regional Growth Strategy were used to calculate the draft RWS DCC rates. Reviewing these projections was a key part of each staff workshop. Based on staff feedback, these projections were then refined as needed. In most cases, a large portion of the workshop was spent discussing the projections.

As part of this exercise, many staff asked the RWS project team how the growth projections would affect the overall RWS DCC rate. It was explained that these projections are typically conservatively lower to prevent under-collection and that routine revisions will occur on a 5 year frequency.

DCC Collection

Another common question received related to the logistics of municipalities collecting the RWS DCC on behalf of the CRD. For example, one municipality asked whether staff would have to collect the Municipal Assist Factor and remit those funds to the CRD; the assist factor is built into the rate and would not be collected or remitted separately. This is currently practiced for the CRD's Juan de Fuca Water Distribution System and Saanich Peninsula Water and Wastewater DCCs.

When this question arose, it was also explained that municipalities would capture DCCs for the CRD either at the time of subdivision or building permit, depending on the land use.

General Feedback on the DCC

Much like Councils across the CRD, municipal staff understand the need for the growth-related infrastructure that this DCC will help fund but expressed concerns at the high rate and its potential impact on development viability. Municipalities looking to update (and potentially raise) their own DCC rates are also particularly worried about the impact of an additional regional DCC.

2.0 COUNCIL PRESENTATIONS

Following the completion of a staff workshop with a municipality, a presentation to Council was then scheduled. Council presentations began in October 2023 and are ongoing until March 2024.

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Depending on Council procedures in each municipality, presentations ranged from 10-15 minutes (in addition to Q&A). A member of the CRD staff introduced the project, after which a member from the USL team presented an overview of DCCs and the proposed RWS DCC rates. Questions were then welcomed from Council. A sample presentation is provided in **Appendix B** and the covering letter included with the presentation is provided in **Appendix A**.

The below section overviews the questions received from Council to date. Some questions have been modified for clarity.

2.1 DISTRICT OF HIGHLANDS (OCTOBER 16, 2023)

- Some lots are more expensive to service than others, as are some units/houses. Does the DCC rate differentiate between individual lot/unit contexts?
 - Response: Rates are broken down by land-use category. When doing a DCC update, the Bylaw needs to be flexible and consistently applied across the region. Some nuances are considered in land-use category (e.g., secondary suites).
- Is there a collection mechanism for those who have not hooked up to the existing water system in smaller communities like Highlands? Would there be additional costs associated with this?
 - Response: There are mechanisms in place, such as latecomer agreements, that could be investigated in future through a DCC program.
- Will DCC's impact affordable housing? In light of the withholding of funds for affordable housing (see: Vancouver) due to high DCCs implemented by Metro Vancouver, how can we avoid DCC's impact affordable housing or funding for affordable housing? There is some benefit to rate-based model/fee for service.
 - Response: Metro Vancouver's rates are significantly higher than CRD rates and it is hard to compare those rates to those found on Vancouver Island. We do not anticipate that the proposed DCC rate will impact federal housing affordability funding. While DCCs are an additional cost borne by developers, they are not normally a catalyst for increased housing prices; housing costs remain primarily market-driven. There are related tools, such as DCC credits, waivers and reductions, and exemptions that can reduce the impact of DCCs on affordable housing.
- Does the fact that there is the same fee for single-family home sizes incentive developers to build larger homes, as opposed to smaller homes (i.e., would this be a disincentive to affordable housing?)
 - Response: Based on our research, housing prices are primarily influenced by market forces. It is possible that, in order to minimize profit loss, larger houses are built, which would increase their cost. However, the overall impact on infrastructure tends to be relatively consistent across houses.
- Are secondary suites, including existing units or those under construction, as well as any associated zoning changes, considered part of the growth?
 - Response: These are already factored into the single-family unit rate.
- Low-density residential could be 10,000 sq.ft. or 2,500 sq.ft. and the rate would still be the same? How will this affect affordability?

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- Response: DCC rates are driven by impact on infrastructure; not intended to be a tool used to incentivize the uptake of particular land-use types.

2.2 TOWN OF SIDNEY (NOVEMBER 6, 2023)

- Was any consideration given to engaging with developers earlier in the process than is currently planned for, given the large increase to the high-density DCC and its impact on developers?
 - Response: Having the draft rates in-hand supports more meaningful engagement sessions with developers.
- How would the proposed DCC be viewed by higher levels of government, considering the federal government's pause on funding for Burnaby and Surrey due to high Metro Vancouver DCCs, while Sidney currently has a Housing Affordability Fund (HAF) application in?
- There are concerns about affordability, as increased DCCs may lead developers to raise unit prices, affecting homebuyers.
- Council is interested in a more equitable rate application that considers variations in unit sizes, such that a 2400 sq. ft. single-family home pays less than a 4200 sq. ft. single-family home.
- Is there consideration for grants in the rates?
 - Response: The CRD intends to apply for grants for projects; however the DCC program can only include grants that are in-hand.
- There is confusion regarding the different CRD DCCs, suggesting a need for clearer communication about the differences between all the proposed and current DCC programs (e.g., JdF, Saanich Peninsula Water and Wastewater, CAWW, RWS).

2.3 TOWN OF VIEW ROYAL (NOVEMBER 7, 2023)

- Will each new unit have to pay DCC rates according to new provincial legislative changes?
 - Response: Yes.
- What would be the impact if the RWS DCC was not implemented?
 - Response: All costs would be borne by water users, leading to an increase in rates.
- Are the DCCs flexible enough to accommodate potential growth pressures, such as splitting a single-family lot into four units, as outlined in Bill 44?
- Are secondary suites accounted for in the DCC rates?
 - Response: Yes, they are included in the single-family home rate.

2.4 CITY OF COLWOOD (NOVEMBER 14, 2023)

- Two Councillors extensively discussed the timing and infrastructure covered in the DCC program, with a focus on the CRD supporting documentation, including the 2022 Master Plan.

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- Council expressed concerns about the significant impact of the rates on affordability, particularly highlighting the trickle-down effect on homebuyers, and expressed specific concern for how the DCC will affect the younger generation.
- Council raised questions about the data supporting the DCC program, noting that despite a 35% growth rate across the CRD, water demand declined. The rationale behind the DCC is perceived as conflicting with the data presented by the CRD, referencing the Master Plan in this instance.
- Municipalities are uncertain about the impact and details of Bills 44, 46, and 47.
 - Response: The RWS DCC work began before these bills, and DCCs will continue to be a key financial tool.
- Reflecting concerns about data collection, Council suggested revisiting the projects outlined in the 2022 CRD RWS Master Plan.

2.5 TOWNSHIP OF ESQUIMALT (NOVEMBER 20, 2023)

- Is the implementation of this DCC solely up to the CRD board?
 - Response: Yes
- What input do stakeholders have regarding consultation and implementation, and when are developers consulted?
 - Response: Stakeholder engagement with the development community will occur after Council engagements are complete.
- What is the impact of increased rates on consumption, and will raising rates for everyone reduce the need for all projects?
 - Response: Growth is not the sole driver of all projects; there are other considerations.
- Concerns over the RWS DCC's impact on municipalities (citing Metro Vancouver and the Housing Accelerator Funding pause), particularly regarding the large amount and its effect on how much local municipalities can charge and on affordability.
- To fund these projects, the CRD can either increase the bulk water rate or charge DCCs (or a combination of the two); local governments potentially have more tools at their disposal.
- What is the policy rationale for homebuyers absorbing the higher DCC amount, and how does this DCC impact housing costs?
 - Response: When comparing the magnitude of DCCs between the Lower Mainland and Vancouver Island, they are a completely different order of magnitude (with the Island's rates being substantially lower than those on the Mainland). This makes it hard to compare rates.
- Council suggested that the Assist Factor should be higher.
- Question about how growth is calculated for the program.
 - Response: Growth is based on data from the CRD's Regional Growth Strategy and has been refined with staff from each municipality during staff workshops conducted earlier in the fall.
- Council suggested emphasizing how the projects are identified for DCCs to improve clarity and to show Councils how DCCs will affect user rates in the future.

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- Council indicated support for the DCC but acknowledged that the costs are very high and may impact housing. At the same time, infrastructure needs to be funded. This may catalyze action from higher levels of government to create more funding.

2.6 DISTRICT OF OAK BAY (NOVEMBER 27, 2023)

- Public comments about UDI and Bill 44; the public is unhappy with UDI's support of the removal of public hearings from the zoning process.
- Is the DCC payable to the CRD directly or is it collected by the municipality?
 - Response: The CRD has many existing DCC programs, these DCCs are collected by the municipality and then remitted to the CRD after.
- What has the engagement been thus far? Especially with the Province?
 - Response: There has been no engagement with the Province thus far, but their approval will be required later.
- How does the development of the DCC proposal line up with the approval of the Capital Plan?
 - Response: the RWS Master Plan and Capital Plan are tools that identify the projects needed to implement infrastructure that supports growth (these are reviewed by the RWSC) – a number of funding opportunities exist to fund these works, DCCs are one of them.
 - Note from Urban Systems at this time: DCCs are fundamentally a funding tool that do not guide any planning; there is also no obligation to build works identified in a DCC program, programs can and do evolve over time.
- What is the mechanism for reporting/compiling the information for how the DCC is applied/the general transparency of the reporting? How does the DCC affect the entire region?
 - Response: Background information can be found on the CRD website and background documents inform the development of the DCC, which is a technical exercise – supports the Ministry-required background report.
- Regarding HAF funding and Metro Vancouver, what are the concerns about high DCCs and funding loss?
 - Response: those DCCs in Burnaby and Surrey were quite high, a different order of magnitude than those seen on the Island; Metro Vancouver adopted the DCCs and the funding went ahead – DCCs are regulated by the Province, not the federal government.
- Is there a mechanism for non-profit and below-market housing exemptions?
 - Response: there is an option in the LGA to create a DCC reduction bylaw, which is typically separate) – CRD currently does not have any waivers and reductions.

2.7 DISTRICT OF METCHOSIN (DECEMBER 4, 2023)

- How was the RWSC involved in the process, and what are the next steps for the RWS DCC consultation phase?

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- Response: The RWSC was informed throughout the process and approved the consultation phase. The CRD/USL project team will return to them in the spring of 2024 for progress updates and to proceed with development and public consultation.
- Is the assist factor consistent across the CRD, or is it specific to Metchosin?
 - Response: The assist factor is consistent across the CRD, ensuring consistency in the Bylaw.
- What is the response to the UDI's letter questioning the inflationary factors on the project list and arguing that they are too low?
 - Response: If implemented, the DCC bylaw would be reviewed every 5 years, and cost estimates would be adjusted as needed. There is also an option for minor updates every year to adjust costs accordingly.
- How does the DCC affect the existing Metchosin resident?
 - Response: No effect on existing residents, but if a resident chose to subdivide a lot, they would have to pay the DCC.
- What is the alternative if you do not implement the program?
 - Response: The bulk water rate would increase; existing users would pay for growth.
- There are concerns among Metchosin's Council about consultation to date; they are glad to hear that there's more engagement upcoming and that there is growing awareness across the CRD.
- The UDI letter calls into question the inflationary factors on the project list (1.4 billion up to 2.5 billion) and argues that they're too low—Council asked if we had any response:
 - Response: If implemented, the DCC bylaw would be reviewed every 5 years and cost estimates would be adjusted as needed; there's also an option to do minor updates every year and adjust costs accordingly
- Why is there no DCC Bylaw already?
 - Response: There was a draft program in the 90s, but the program didn't go ahead.
- Overall, the Metchosin Council supports the DCC and thinks the benefit allocation work is sensible.

2.8 DISTRICT OF SAANICH (JANUARY 15, 2024)

- Note: 5 members of Council are Regional Water Supply Commissioners.
- Have there been any discussions about DCC reductions for affordable housing?
 - Response: Something that there has been discussion around, but the current focus has been on introducing the program. Any DCC program is eligible for waivers and reductions for not-for-profit and for-profit affordable rental housing. Saanich does have waivers and reductions in place currently. This is typically done through a separate bylaw after the DCC bylaw is adopted.
- Were the impacts of this charge on project viability and housing supply be considered in the development of this DCC program?
 - Response: We have not yet received any direction to complete an economic analysis, but this is something we could explore. With any new DCC, there is an impact on development. When

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- assessing viability for this program, it is important to consider that there are likely to be very different impacts felt across the region. Any reduction to the DCC will drive up water user rates, which will also affect affordability. We hope to hear more feedback on this point through stakeholder engagement.
- Comment from Council: economic analysis will be important.
 - What are the intergenerational impacts of DCCs? (Emphasis placed on equity, housing)
 - Response: DCCs are part of the cost of doing development; infrastructure is required to support growth and there is an impact on housing overall. The degree to which it impacts different projects is highly variable—certain types of housing in certain locations will be impacted more than others. DCCs are required to support growth and it is challenging to grow without infrastructure. Intergenerational impacts must be weighed on a few different sides. These impacts have not been analyzed.
 - Looking at the projects, are infrastructure deficits and asset management included in the project list development? Or is this added in later?
 - Response: In terms of asset management, DCC programs are in place to provide infrastructure that supports growth; asset management, operations, and maintenance are not DCC-eligible.
 - Is there a chart that shows what the rate increases will be to the average rate payer with DCCs and not including grants?
 - Response: CRD is in the process of preparing that financial modelling.
 - With regards to farmland, what will the rate be? Water is sold to Saanich at a retail rate, Saanich lowers it for ALR land and the rest of the users pay for that deduction. Will this DCC impact farmland?
 - Response: We have not included agricultural land as one of the categories eligible for DCCs.
 - Are project costs currently estimates or are they finalized?
 - Response: These projects were identified in the 2022 RWS Master Plan. The Master Plan is a preliminary road map that identifies a long-term forecast of future infrastructure needs required to meet the objectives of the service. The projects have been planned out from a conceptual standpoint; each of these projects will have to undergo feasibility studies and detailed designs. The DCC program will be updated every 5 years.
 - The \$9,044 for the low-density residential rate – is that predicated on all these projects going ahead? How is that charge determined?
 - Response: Each of these projects was reviewed and discussed in detail to determine impact and benefit to future growth (e.g., any improvement to existing infrastructure). Since they're large region-wide projects, most fall on the 35% BA because they improve level of service and capacity to new and future growth. DCCs are rolling programs; updates are important to capture any changes.
 - Over the course of 30 years, how do we know that we're appropriately completing cost allocation? Is there an opportunity for this DCC to be approached in more of a phased fashion?
 - Response: There is the option to phase in the DCC (i.e., through the Municipal Assist Factor). It's possible to remove projects from the list, but collecting for larger projects over a long-term

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- period is one of the goals of DCCs – removing larger projects happening further in the future will affect revenue generation and how these projects will be funded. This project is trying to strike a balance between short-term and long-term; everything is within the next 30 years.
- Rather than looking at in terms of when these costs occur, the DCC is more aligned with growth projections and accurately capturing enough costs to pay for projects as they come online?
 - Response: Yes. The master and capital planning identifies this work to support current and future population. If we shortened the program, we'd capture fewer projects and fewer people.
 - Comments from Council about conflicting DCCs at the municipal and regional levels, both in terms of collection and administration.
 - What documents were looked at when determining reasonable growth estimates and project costs? What was the methodology behind these elements?
 - Response: Growth estimates are being refined due to new information around provincial housing targets. Draft rates (and within them, benefit allocations) will change due to these estimates. We've been reviewing growth estimates with municipal staff and looked at housing needs assessments and housing targets.
 - Comment: DCCs need to be updated regularly. Not only are the rates subject to change but estimates for projects and growth will also be refined. Refining over time is good and we must start someplace.
 - Comment: For people who think this is new to the RWSC, there have been discussions around this project since 2017. Growth needs to pay for growth; DCCs are an important tool.
 - Will the proposed rates reflect the typical distribution of housing typologies?
 - Response: Growth estimates are split up by low density, medium density, and high density residential. It's important to not under-collect. Based on discussions, we have a good understanding of the possible distribution of unit types. These estimates can also be re-evaluated as needed. A change in the level of growth will be accounted for in future updates.
 - For projects with 35% benefit allocation, 65% of the costs will be borne by municipalities. It would be beneficial to know the magnitude of rate increases. What would the water rates roughly increase by?
 - Response: This model identifies the rate maxing out at about \$3.50, but this does not factor in any DCCs or grants. An agricultural water rate is in place and has remained steady for the last decade; this rate is being reviewed and will be discussed in future.
 - Sooke Lake Reservoir and the Deep Northern Intake: benefit allocation of 35%. Water filtration is something we need, regardless of growth. Why are both projects at 35% if there is inevitable need?
 - Response: These projects benefit everyone. The filtration plant is a good example of why that project should be 35%, it should be something that benefits everybody – we need the filtration plant regardless of whether growth occurs. When the plant is constructed and built, both current and future users will benefit from that infrastructure.
 - Comment: We do need to proceed with these projects; the program is well-studied and has a significant body of work backing it. The equitability of the payment and the mechanism behind it may warrant further research and discussion.

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- Comment: Council wants to assure residents and stakeholders that there are many opportunities for engagement and input as this project proceeds. Council has confidence in the direction of this project and views the scrutiny as important and a sign of good policy. It is appreciated that this is the first step in this DCC process and that there will be updates and revisions. Adjusting the balance between current and future homeowners as needed is important.

2.9 CITY OF LANGFORD (JANUARY 22, 2024)

- Council has heard concerns from the public re: long term nature of DCCs. What opportunities exist for Staff/Council to revisit DCC projects and costs?
 - Response: the CRD has committed to major updates every 5 years.
- Obligation to consider affordability: Council understands that the MAF is a tool that can be used to address affordability (and will be brought to RWSC for discussion). Is the MAF something that can be revisited?
 - Response: MAF can be discussed at the RWSC level and adjusted – it is a tool that can be implemented and adjusted (pure policy decision).
- If there wasn't a RWS DCC, the water rates would go up, but what would happen to project timing?
 - Response: No DCCs means pushing up user rates. Project timelines would depend on how quickly water rates were escalated to collect the necessary funds.
- Why now? (Context: Based on public feedback, there's adequate water quantity and water quality is good; Council has heard many comments about the necessity of this DCC).
 - Response: This is not the first attempt to establish a RWS DCC. DCCs have been identified as a tool to support project implementation.
- How were past projects paid for?
 - Response: Through increases to user rates.
- Are there any concerns that highlight the need for these projects? For example, Island Health water standards?
 - Response: Not currently, but the CRD places importance on proactively mitigating risk and complying to meet safety standards.
- Will any further economic analysis be conducted on this project (due to affordability concerns)? For example, if we're trying to incentivize missing middle housing, these builders are typically smaller and may not have the capacity to build these projects given the compounding challenges of the new provincial legislation.
 - Response: No economic analysis has been conducted to determine the economic impact of this DCC on different housing types and viability; differing impacts would be felt across the CRD and across different housing types (e.g., low density residential vs. high density). Economic impacts will be variable across the region. The impact of the new legislation will be understood more clearly after future updates.
- Are those on personal well systems affected by this DCC?

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- Response: DCCs are only paid for by the developer and are not charged on those who will not receive the service; DCCs would not apply to anyone on wells.
- As noted in the letter by UDI, water consumption trends have been fairly stable over the last decade or decreased (UDI's letter asked for the DCC to be reconsidered due to these trends). Given these trends, what is the reasoning behind this DCC?
 - Response: From 1995 to 2010, there was a trend but a conservative estimate was agreed upon (366 L per capita per day).
- Council indicated the importance of noting that DCCs can adapt based on changes to projects, funding, etc.
- Comment from Council that waterworks are often long-term projects that must be planned for in advance (and saving money in advance) to avoid sudden, large economic impacts.

2.10 DISTRICT OF CENTRAL SAANICH (FEBRUARY 12, 2024)

- What assumptions are made on bulk water rate averages per consumer? Are we assuming that these are staying steady or going up?
 - Response: In 2022, consumption was evaluated and the CRD found that from the 1980s to the 2000s there was a sharp decline in averages, but between 2010 and 2019 the trends flattened out. The CRD used the previous 10 years average per capita consumption, which was a consistent value. A steady state rate was assumed.
- Noting the proximity of the bulk of the proposed work, have First Nations been consulted?
 - Response: In terms of the regional DCCs, the DCCs would not apply on First Nations land; First Nations have not been consulted yet on a project basis, but they will be as projects progress
- There is concern about the possible impact on the agricultural community in Central Saanich and across the region – how would this DCC impact the agricultural community?
 - Response: The agricultural community wouldn't be paying by service connection, it would be dependent on the number of units being built (e.g., charge only applies if a SFH is built on agricultural land) – more equitable share of costs for agricultural uses.
- Regarding the response to UDI's letter – the UDI was calling into question the need for these projects. Can the CRD/USL speak to their response to UDI?
 - Response: One of the large projects mentioned by the UDI is the filtration plant – that project has been included and stems from the Master Plan and addresses numerous risks, including climate change, drought, further drawing down of the reservoir (may expose Sooke Lake and create turbidity). This project, and others, are meant to address the importance of ensuring adequate water supply and quality.
- \$2 billion is a lot of money. Since these projects are largely driven by climate change, have there been discussions with the Province about alternative funding mechanisms? Will the Province provide any funding?

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- Response: In terms of project funding, the CRD would look for grant funding after going through preliminary design steps – grant funding, DCCs, and water user rates are really the only tools available. Grants cannot be included in the DCC program unless they're already in-hand; this information/amount will be updated as the program itself is updated/adjusted every 3-5 years. The project costs are estimated for today only and do not reflect future costs.
- This DCC will double current municipal rates – what is the impact of this DCC on housing prices?
 - Response: There are studies/economic analyses done on market impact, but they are quite specific and this makes it difficult to compare between communities. There is really high variability in terms of how DCCs can affect project viability. DCCs are a list of projects needed to support growth and there are other tools that can be used in conjunction to assist developers (e.g., phasing in DCCs through gradual MAF adjustments).
- There have been calls for a third party review of the Master Plan and the projects therein. Thoughts on whether this would add value?
 - Response: The CRD will be looking for direction through the RWSC to potentially pursue a review, but no indication has come from the RWSC at this time.
- The \$2 billion in capital infrastructure has been indicated by some Councillors as a cause for concern; these Councillors are beginning to indicate the need to review the Master Plan and the projects.
- Motion proposed: the District asks the RWSC that, ahead of further work on the RWS DCC project, an independent third party review be conducted and, further, that bulk water supply for agricultural use and waivers for DCCs for affordable housing be considered. (This was later split up into two motions, both of which passed)
- The principle of the DCC is appreciated; growth itself is not free and the demand for more water is plausible.

2.11 JUAN DE FUCA ELECTORAL AREA A (FEBRUARY 22, 2024)

- Questions about general DCC applicability, administration, and project eligibility.
- Discussed the impacts of the new Provincial legislation on DCC administration and collection; it remains to be seen whether the legislation will create new growth or redistribute the type of growth we expect to see.
- Concern about residents having to pay for services they will not be able to access in their area.
 - Response: DCCs will only affect developers connecting to the water service and benefiting from related water services, not to existing residents on wells.

2.12 DISTRICT OF SOOKE (FEBRUARY 26, 2024)

- Are future DCCs affected by grants?
 - Response: Yes, any grants would be deducted off future costs.
- 35% as a baseline for cost-sharing with the existing population: is this based on expected growth?
 - Response: Yes.

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- What happens if the DCC is not adopted?
 - Response: The rates will not apply and the water user rate will have to compensate for that. DCCs are ultimately a funding tool to reach the goal of funding the projects.
- Has there been any thought to conducting an independent review of the Master Plan?
 - Response: There was a motion raised at the most recent RWSC meeting (late February 2024) and the motion was for a third party review. This motion was not carried through.
- Are these projects specific to the 5-Year Capital Plan and then expanded out to the 30-year time horizon?
 - Response: The DCC is built on a 30-year revolving time frame, the 5-year Capital Plan is one main document along with the Master Plan (which has a 30-year time frame).
- Will these DCCs be reviewed more often than every 5 years?
 - Response: This is a possibility, but the CRD is currently planning on conducting a major update every 5 years (but this will depend on several factors).
- Would the DCCs reduce the user rate by 35%?
 - Response: Yes, the bulk water rate would come down 35% with the implementation of a DCC. The 35% reduction would be on the \$3.50 rate, not the current rate.
- When are we planning on completing consultation with the development community?
 - Response: It depends on if we are given approval to proceed by the RWSC on March 20th. The RWSC will determine whether to move ahead with consultation or if additional revisions need to be completed.
- The 35% DCC decrease on the water rate will still mean a large increase in the water rate?
 - Response: We are still preparing a model that will highlight the various options, but yes, the rate will go up.

2.13 CITY OF VICTORIA (MARCH 7, 2024)

- Note: Many Councillors are on the RWSC and familiar with the DCC.
- Question about the DCC and its impact on affordability – what other finance options have been explored?
 - Response: Because of the scale of this infrastructure, it's hard to use other financial tools (e.g., front ender, latecomer). Since it's regional, there are also no tax mechanisms. The CRD does intend to apply for grants going forward.
- Have you looked at the possible impact of this DCC on development?
 - Response: No economic analysis undertaken as DCCs will have a wide-ranging impact on different land uses. If undertaken, an economic analysis would have to be broad.
- How was the baseline 35% Benefit Allocation determined?

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- Response: This baseline allocation was based on population change. We are currently refining growth estimates, which wouldn't impact rates much – rates are largely dependent on benefit allocation.
- Can the project list be trimmed?
 - Response: Leech Watershed could potentially be delayed depending on growth, but the filtration plant is needed. Many of the projects are much-needed infrastructure from a risk and resiliency perspective.
- Do rates have an impact on conservation?
 - Response: Yes, as we see increasing rates, it may lead residents to be more conservative with their water use.
- \$3.50 cost per cubic litre – that's the worst case scenario. What's the best case scenario?
 - Response: With the introduction of the DCC with the 1% MAF, the DCC would drop 30-40%. A graph with exact numbers will be presented on March 20. The addition of grants is the unknown – historically, we have a lot of success in receiving grants from higher levels of government for projects like filtration plants.
- How variable are those draft rates – would inflation adjust those? Would they change?
 - Response: Rates are generated through the CRD financial model, with equivalency factors used to determine the relative impact of use. The DCC program will be reviewed and updated every few years as needed; rate to be recalculated as needed through routine maintenance to ensure relevancy. Grants that aren't in-hand cannot be included.
- Comment from CRD: With respects to concerns about the DCC on development, what is up for debate still is the MAF and how much we want to use that tool in the coming years.
- “Renewal is not DCC-eligible”: what does this mean?
 - Response: Only projects that support new growth are eligible; operations and maintenance of existing infrastructure is ineligible. DCCs are only eligible on net new development.
- Comments from Council:
 - Comment: Support for the implementation of DCCs, developers need to pay for their fair share. These are essential projects that are needed. Rates are going to double or triple if the development community does not defray costs. The less of a burden this infrastructure is on taxpayers, the better. Appreciate the work put into it.
 - Comment: Support for the DCCs but we have to be cognizant of how this affects developers in this market – it's hard for projects to currently move forward. As you get more information on grants and alternative fundings, please keep Council informed.
 - Comment: Very much in favour for the DCC; private industry must pay for public benefit. Water is essential. Defence of water for the public good.
 - Comment: Remember that taxpayers [rate payers] must pay [what developers do not]. Council has made previous decisions based on what developers have told them and have given them

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- breaks. We also must remember that ultimately DCCs go to the consumer. Fiscal responsibility is important: we are spending people's money.
- Population density is different in high-density residential than a detached dwelling. The spread of the DCC rates seems smaller—Council expected a larger spread in the rates (i.e., more for Low Density Residential).
 - Response: We use the differential rates between different unit types based on equivalency factors (derived from technical reports). Variation exists – this is very much an average. Also note that the distinction between per lot and per unit.
 - How do you respond to criticism about the DCC?
 - Response: Concerns have been heard and understood. Point of discussion that we've been having and look forward to having with the RWSC. Some key points around demand management – committed to making improvements on this front. Need to be conservative in this approach and planning for infrastructure needs moving forward.
 - How do we know these numbers (for projects) are reasonable?
 - Response: These are conceptual-level design cost estimates (Class D), there may be variations. With conceptual designs, there may be opportunities to refine and optimize some of the scopes that drive costs up or down.

2.14 DISTRICT OF NORTH SAANICH (MARCH 25, 2024)

To be completed. Due to timelines, these notes may not be added until after the March 20th RWSC meeting.

APPENDIX A: Sample Covering Letter to Municipal Councils

APPENDIX B: Sample Presentation to Municipal Councils

APPENDIX C: November 14, 2023 – UDI Letter to all CRD Municipal Mayor and Councils

APPENDIX D: February 21, 2024 – Notice of Motion to RWSC


APPENDIX E: February 14, 2024 – District of Central Saanich Council Motions

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APPENDIX A: SAMPLE COVERING LETTER TO MUNICIPAL COUNCILS

 Making a difference...together	Integrated Water Services 479 Island Highway Victoria, BC, V9B 1H7	T: 250.474.9600 F: 250.474.4012 www.crd.bc.ca
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November 3, 2023

File: 5220-20
Regional Water DCC Program

District of Saanich
Mayor and Council
770 Vernon Ave
Victoria, BC, V8X 2W7

Dear Mayor and Council:

Re: Proposed CRD Regional Water Supply Development Cost Charge Program

Thank you for the opportunity for the Capital Regional District (CRD) and its consultant Urban Systems to present to the District of Saanich's Mayor and Council regarding the CRD's proposed Regional Water Supply (RWS) Development Cost Charge (DCC) Program.

The purpose of our presentation is to inform the Mayor and Council of the proposed program as well as answer any immediate questions about the initiative. We ask that any follow-up questions, concerns, or comments be submitted through your representative on the Regional Water Supply Commission (RWSC).

The CRD has been working alongside Urban Systems for some time to develop the draft DCC program and bylaw for the RWS Service and to navigate the implementation process. This fall, we engaged municipal staff to inform of the program, confirm municipal development projections and targets and to seek initial feedback.

The project was first identified to be "explored" through the *Regional Water Supply 2017 Strategic Plan* then prioritized by the CRD Board in the CRD's *2023-2026 Corporate Plan* with the intent of implementing the RWS DCC Bylaw and Program in 2025.

The *RWS 2022 Master Plan* identified DCC's as a cost-sharing funding mechanism to assist in funding the 30-year capital works program developed through the Master Plan.

IWSS-1622330035-445

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Mayor and Council - November 3, 2023
Proposed CRD Regional Water Supply Development Cost Charge Program **2**

The Regional Water Supply Commission (RWSC) has been informed of our progress to date and has endorsed the continuation of the project to the consultation phase, which we are working through now. The RWSC will continue to be informed through the consultation phase and will ultimately be responsible for providing a recommendation to the CRD Board to finalize program details and eventually adopt a DCC bylaw.

Our project team aims to recommend three readings of the RWS DCC bylaw to the CRD Board in the fall of 2024, prior to submitting the bylaw to the BC Inspector of Municipalities for approval. If approved, staff would then seek fourth reading and bylaw adoption by the CRD Board, and the program would be implemented early in 2025.

Thank you again for the opportunity to share our presentation and progress to date.

Sincerely,



Alicia Fraser, P.Eng.
General Manager
Integrated Water Services

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APPENDIX B: SAMPLE PRESENTATION TO MUNICIPAL COUNCILS

1

CAPITAL REGIONAL DISTRICT REGIONAL WATER SUPPLY (RWS) – DEVELOPMENT COST CHARGE (DCC) PROGRAM

[MUNICIPALITY]: Council Presentation

[DATE]



2

CRD INTRODUCTION

- Supporting Corporate Documents:
 - CRD 2023-2026 Corporate Plan
 - CRD Regional Water Supply (RWS) 2017 Strategic Plan
 - CRD RWS 2022 Master Plan

- Political Oversight and Direction:
 - Water Advisory Committee (WAC)
 - Regional Water Supply Commission (RWSC)
 - CRD Board



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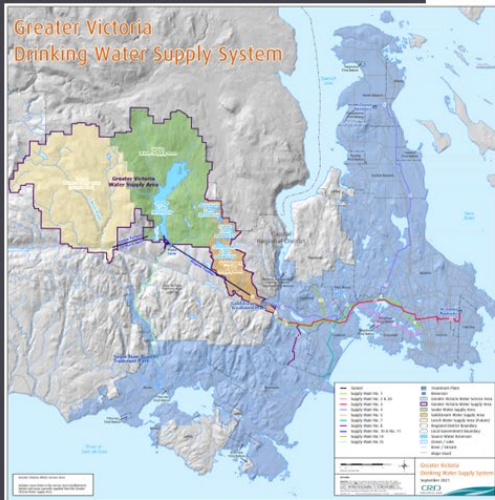
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WHAT IS THE REGIONAL WATER SUPPLY (RWS) SERVICE?

- The CRD's Regional Water Supply (RWS) Service provides bulk drinking water to the Municipalities and First Nations in the Greater Victoria Area
- The system provides water for residential, industrial, commercial, institutional, and agricultural uses to approximately 400,000 people
- The primary source is the Sooke Lake Reservoir
- Major components of the RWS system include: 3 watersheds, 15 dams, 2 tunnels, 2 disinfection facilities, ~120km of transmission mains



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AGENDA

- DCC Overview and Current DCC Rates
- Proposed Regional Water Supply (RWS) DCC:
 - Program Development
 - Policy Considerations
- Proposed RWS DCC Bylaw: Program and Rates
- Discussion/Questions

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OVERVIEW OF DCCs

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WHAT ARE DCCs?

- Fees to help communities recover the costs of “off-site” infrastructure needed for growth (i.e., capacity)
- Regulated by the province
 - Part 14, Division 19 of the Local Government Act
 - Provincial DCC Best Practices Guide
 - Development Cost Charge Guide for Elected Officials
 - Ministerial approval



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PHILOSOPHY OF DCCs

1. Foster fairness (e.g., “benefiter pay” principle means growth pays for growth)
2. Ensure consistency
3. Minimize financial risk to the CRD
4. Ensure certainty for the development community (e.g., clear policy framework) and that services support growth and development
5. Promote transparency and equitability
6. Ensure timely processing of development applications

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WHO PAYS DCCs?



- Applicants for **subdivision approval** to create single family development sites



- Applicants for **building permits** to construct multi-family, commercial, industrial, and institutional development

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CURRENT DCC RATES IN [MUNICIPALITY]

Development Category	Collection Unit	Municipal DCCs	JdF WDS*	Saanich Peninsula Water**	Saanich Peninsula Wastewater**	Total
Low Density Residential	per Lot	\$-	\$2,922	\$0	\$1,790	\$-
Medium Density Residential	per Unit	\$-	\$2,557	\$0	\$1,413	\$-
High Density Residential	per Unit	\$-	\$1,644	\$0	\$933	\$-
Commercial	per GFA in m ²	\$-	\$10.74	\$0	\$4.00	\$-
Industrial	per GFA in m ²	\$-	\$5.82	\$0	\$3.89	\$-
Institutional	per GFA in m ²	\$-	\$23.74	\$0	\$5.30	\$-



*The Juan de Fuca Water Distribution Service DCC Bylaw update is underway
 **Next review in 2024



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RWS DCC PROGRAM DEVELOPMENT



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RWS DCC PROGRAM DEVELOPMENT

GROWTH PROJECTIONS AND TIMELINE

Determining project timing and priorities over the 30-year time horizon (2023-2053) based on where growth is occurring.

DCC PROGRAM DEVELOPMENT, CAPITAL COSTS, AND PROJECT LIST

DCC projects within the 30-year timeframe were identified from available infrastructure/capital plans and staff input, including the Regional Water Supply 2022 Master Plan and the CRD RWS 2023 Capital Plan. The RWS 2022 Master Plan recommends \$2B+ in infrastructure upgrades over the next 30 years.

Eligible DCC projects were prioritized based on their benefit to future growth and their likelihood of being constructed within the 30-year DCC time horizon. Conversely, renewal is not DCC-eligible.

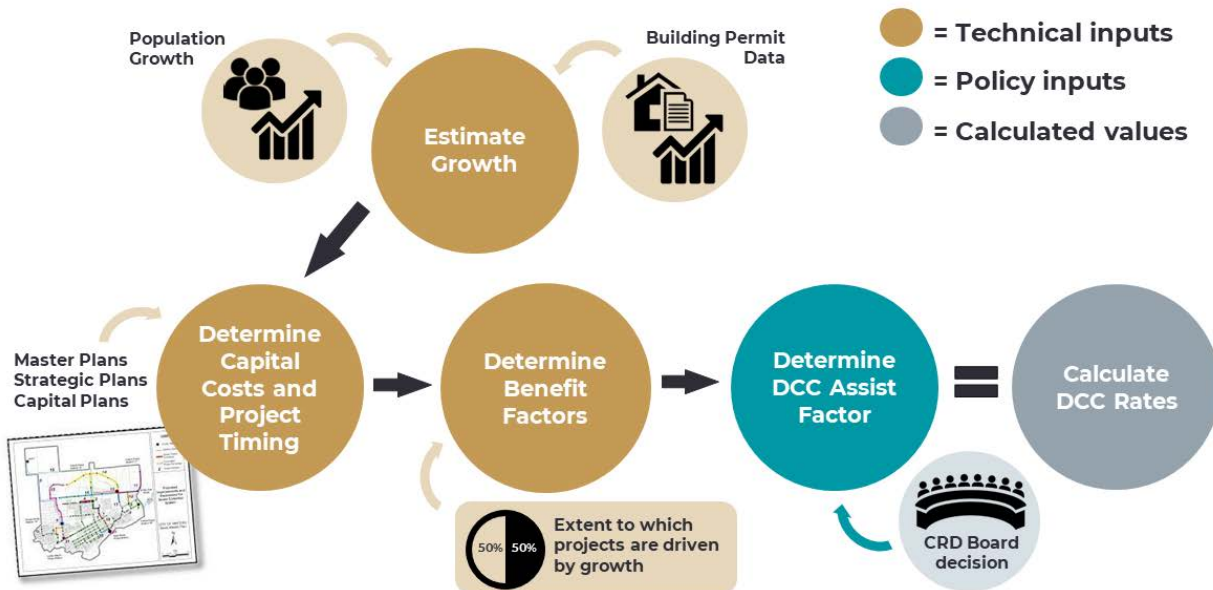
PROJECT BENEFIT ALLOCATIONS

Determining the relative benefit of each project to the existing community vs. new development and the proportion of capital costs attributable to new vs. existing development.



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HOW DO WE DETERMINE THE DCC RATE?



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DCC ASSIST FACTOR

- The Local Government Act requires the CRD to “assist” development for DCCs
- The assist amount would be funded through the Regional Water Supply rate; CRD member municipalities are not responsible for funding the Assist Factor
- The Assist Factor can vary from 1% (least assistance) to 99% (most assistance)
- Assist Factors are typically between 1% and 10%
- Proposed RWS DCC rates assume the minimum 1% Assist Factor



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RWS DCC PROGRAM – PROJECTS & COSTS – 30 YEARS

Project	Total Program Costs	Benefit to New vs. Existing Development	DCC Recoverable (i.e., Developer Responsibility)	CRD Costs (i.e., CRD Responsibility)
Sooke Lake Reservoir Deep Northern Intake	\$74.7M	35%	\$25.9M	\$48.8M
Leech Watershed	\$28.5M	100%	\$28.2M	\$0.3M
Water Filtration Plant	\$819.1M	35%	\$283.8M	\$535.3M
Transmission Mains	\$487.0M	35%	\$168.7M	\$318.2M
Smith Hill Storage Tank	\$31.3M	50%	\$15.5M	\$15.8M
Studies/Modelling	\$3.8M	35%	\$1.3M	\$2.5M
TOTAL	\$1,444.4M	35-100%	\$523.4M	\$920.9M

Note: The 1% Assist Factor is equivalent to \$5.3M; the CRD will recover this cost through the Regional Water Supply rate



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RWS DCC DRAFT RATES



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PROPOSED RWS DCC PROGRAM – RATES

Development Category	Collection Unit	RWS Proposed Rate	Municipal DCCs	JdF WDS*	Saanich Peninsula Water and Wastewater**	Total DCC Rate
Low Density Residential	per Lot	\$9,044	\$-	\$2,922	\$1,790	\$-
Medium Density Residential	per Unit	\$7,914	\$-	\$2,557	\$1,413	\$-
High Density Residential	per Unit	\$5,087	\$-	\$1,644	\$933	\$-
Commercial	per GFA in m ²	\$33.92	\$-	\$10.74	\$4.00	\$-
Industrial	per GFA in m ²	\$16.96	\$-	\$5.82	\$3.89	\$-
Institutional	per GFA in m ²	\$73.48	\$-	\$23.74	\$5.30	\$-



*The Juan de Fuca Water Distribution Service DCC Bylaw update is underway
 **Next review in 2024



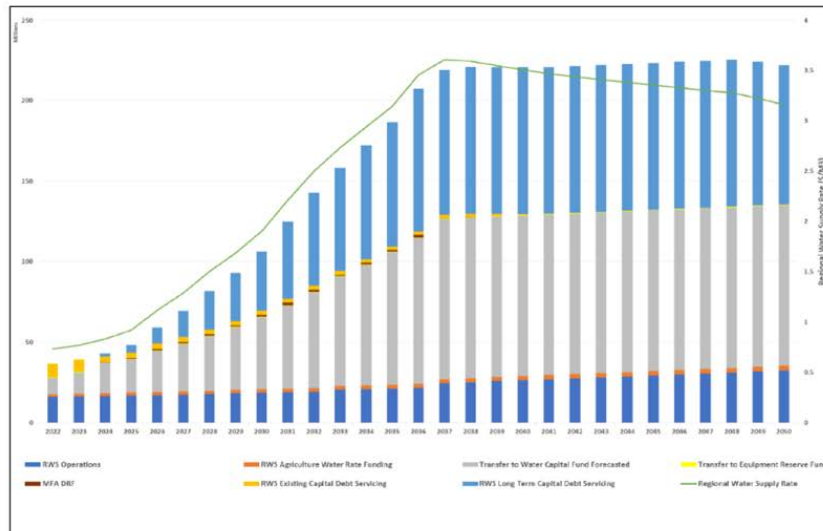
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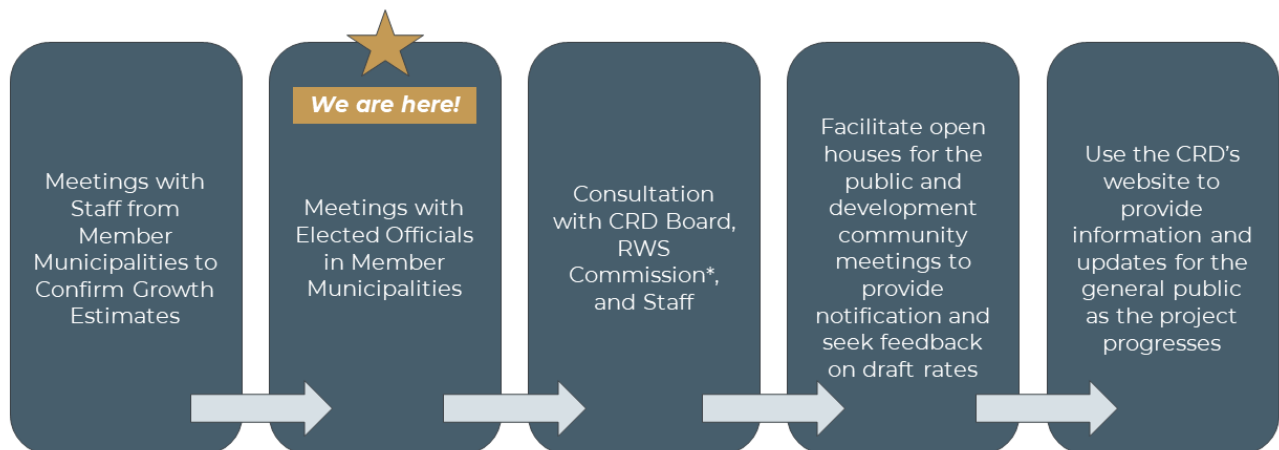
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RWS SERVICE CONCEPTUAL RATE INCREASES (NO DCCs OR GRANTS)



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STAKEHOLDER CONSULTATION AND BYLAW ADOPTION



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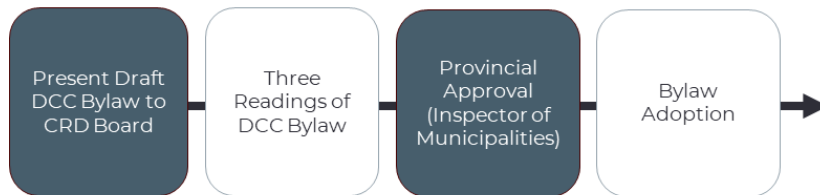
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RWS DCC BYLAW IMPLEMENTATION

- If adopted, the DCC program has a proposed implementation date of early 2025
- 12-month in-stream application protection from updated DCC rates
 - Many applicants will not be impacted until early 2026
- CRD will re-evaluate and update the program every 5 years to account for changes in growth, project costs, and any grants received



20

DISCUSSION & QUESTIONS

THANK YOU!

For more information about the proposed RWS DCC, please visit:
<https://www.crd.bc.ca/project/proposed-regional-water-supply-development-cost-charge-program>

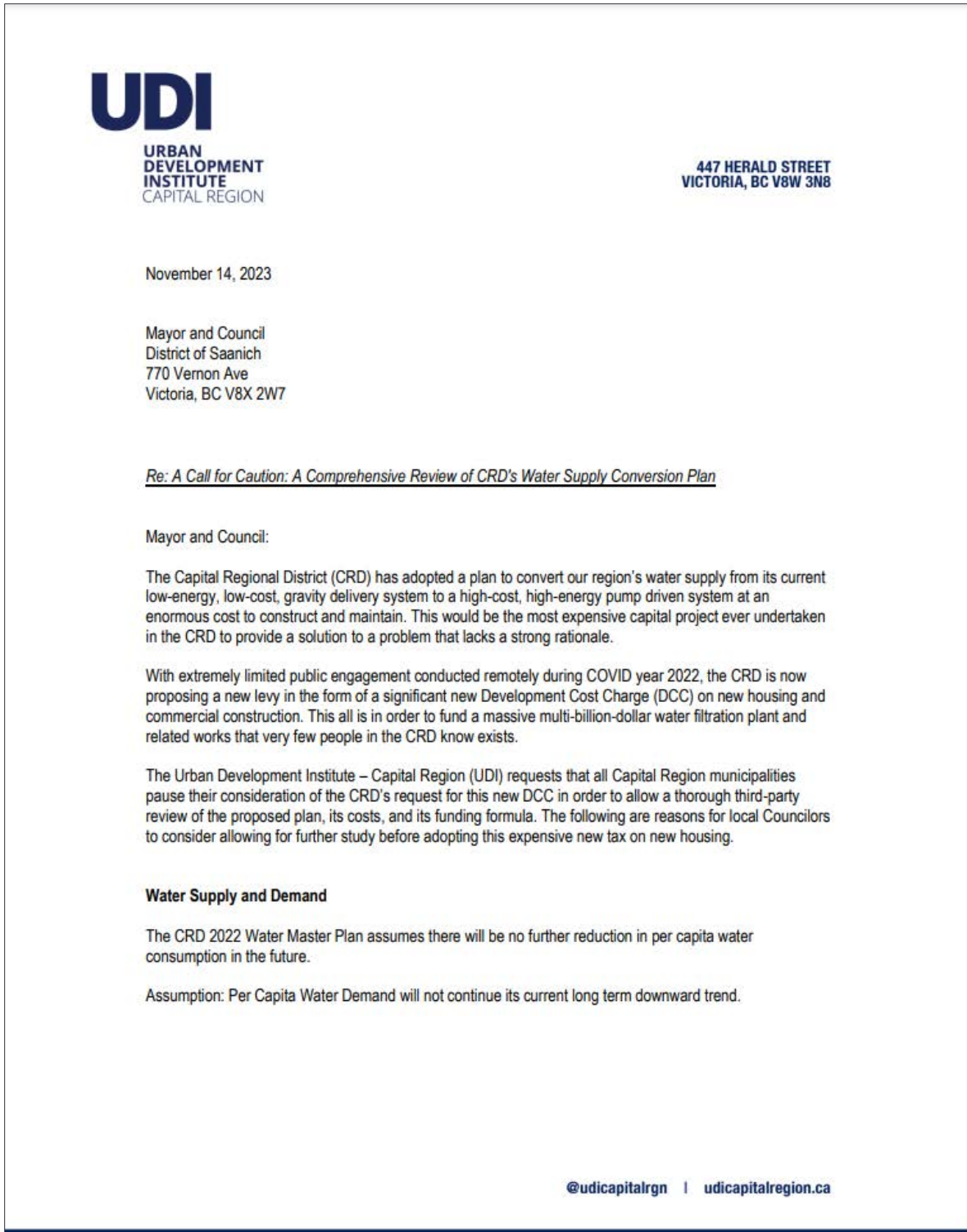


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APPENDIX C: NOVEMBER 14, 2023 – UDI LETTER TO ALL CRD MUNICIPAL MAYOR AND COUNCILS



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The CRD's 2022 Master Plan Appendix C contains the following statement:

"Per capita demands have declined from 559 L/c/d in 1998 to the current per capita demand of 337 L/c/d (combined residential, ICI and agricultural) With a modest reduction to 300 L/c/d, the Sooke watershed could supply enough water to meet demand until 2060."

And yet, the CRD's stated demand assumptions from its "Get Involved" FAQ page are as follows:

"The per capita demand used to calculate the forecast total annual demand was 366 litres per capita per day (this figure represents demand across all sectors including residential, agriculture, industrial, commercial and institutional, as well as water losses throughout the system). **Per capita water demand is projected to remain relatively stable when projecting future demands at the supply level...**"

The CRD is proceeding to levy a charge on the basis that the per capita water use will not continue to trend downward regardless of its historical trend, which is contrary to its own 2022 Water Master Plan which states clearly how continued reductions to per capita demand are entirely reasonable. Given continued implementation of low-flow fixtures, and continued public enthusiasm for reduced water use, its unclear why the CRD is publicly projecting that per capita water demand would halt its decades long decline, while its own technical report appears to contradict this assumption.

Assumption: Increasing the cost of water at a rate of 10 to 20% per year as stated in its Master Plan consultation FAQ will not reduce per capita water consumption.

This assumption is contrary to a basic economic principle that when the price of a commodity increases, demand decreases. Using the assumed rate of wholesale water cost increase at a minimum of 10% per year and applying this over a 20-year period results in 6.7X increase in water supply costs, which in turn would result in a large decrease in consumption. Even rounding down to a 5X increase for the simplicity of calculation, if an average household water bill is \$400 today, multiplied by 5X equals a \$2,000 water bill. A reasonable assumption in this case is that water consumers will dramatically curtail water use and avoid over-consumption and waste of water. At this level of cost increase, dramatic reductions in consumption would be realised.

Rationale for the Water Filtration and Conversion to High Energy Demand System is Lacking

The 2022 Water Master Plan details a complete re-working of the entire water supply for Greater Victoria. It includes converting the low-energy, gravity supply system to a system requiring a massively expensive water filtration plant that would require large and ongoing energy and capital maintenance programs. As well, water would no longer flow in power outages without significant stand-by, backup power generation.

As its member municipalities spend large sums of money to comply with carbon reduction strategies, the CRD is proposing to build a massive energy-intensive facility that would replace a natural ecosystem service function in favour of a mechanical filtration system at enormous cost to build and operate.

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The basis of this assumption appears to be a determination that recent wildfire activity in the interior of the Province reflects a probability that a catastrophic fire could occur in the Sooke Reservoir watershed. Given that the watershed is closed to the public, is patrolled and monitored, and sits in a coastal location immediately adjacent to the centre of Victoria, the risk of a catastrophic fire is significantly diminished. An extensive professional risk analysis is recommended in order to develop a full understanding of the probability of catastrophic loss prior to proceeding with upgrades based on a qualitative assumption that this risk is in fact catastrophic. There may be a more cost-effective solution to mitigate this risk compared to the construction of a filtration plant with a billion dollar plus price tag.

Given the importance of this watershed and free natural ecosystem service that it provides, additional consideration should be given to wildfire prevention and mitigation practices before proceeding with such a costly plan. Further, additional analysis is also needed to determine what impacts such a project would have on our region's Greenhouse Gas reduction strategy, given the importance of GHG reduction to all CRD municipalities.

Third Party Review of Cost Assumptions

The costs of construction have inflated over 20% in the past 24 months based on direct industry experience and input from UDI membership who are carefully managing their construction projects to ensure viability.

The assumed inflationary adjustment to the base cost of \$1.528 billion 2022 dollars to only \$2.05 billion dollars for expenditures assumed from 2031 through 2049 should be reconsidered and subjected to a third-party review. This assumption fails to acknowledge the massive and unprecedented levels of cost inflation experienced in the past two years and represents only a 35% increase over a period of 20+ years. It is entirely possible the cost of this project in 2024 dollars may already have inflated well beyond the assumed base year assumption of \$1.528 Billion. The current \$2 Billion cost reflects an increase of only about 1.5% to 2% per year and is wholly inadequate given current conditions.

UDI recommends carrying a 5% to 10% annual inflation assumption. Using a 5% inflation assumption for 20 years would result in an approximate \$3.5 to \$4 Billion dollar cost. It would be prudent to double the 2022 Master Plan's assumed \$2.05 billion cost.

Expanded Public Engagement Necessary

The CRD Water Engagement report identifies a lack of meaningful engagement and instead relies entirely on a web-based engagement, a trend that appears to have become entrenched during the COVID lockdowns. Using the CRD's own public engagement summary, only 157 participants actually visited more than one webpage, and only 22 participants submitted feedback. An additional 383 participants may have seen it through either purposeful or accidental visits to one webpage. The summary report was only downloaded 101 times.

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The CRD is proposing to proceed with this multi-billion-dollar filtration system on the basis of 22 written submissions collected through a web-based consultation platform that few people knew about. Most people impacted by this new plan have no idea it exists or that the CRD is proposing a multi-million-dollar capital project. The proposed DCC and water filtration upgrade plan came as a surprise to many UDI members.

On behalf of our members, which includes both for profit and not-for-profit builders as well as affordable housing providers, we respectfully call for greatly expanded, meaningful engagement before this major new DCC is implemented. It is essential to note that the UDI, a key stakeholder in the development and growth of the region, would have welcomed the opportunity to contribute valuable insights and perspectives during the formation of this critical plan. A project of this magnitude necessitates collaboration with all relevant stakeholders to ensure a well-rounded understanding of the potential implications and benefits.

Development Cost Charge Proposal

The water filtration plans rationale is centred on addressing the potential future impacts of a catastrophic forest fire, and not primarily because of new residential demand from net new connections to the regional water system.

Development Cost Charges are mandated by the Province to follow principles of Fairness, Equity, and Accountability, and must ensure that the benefitor pays. The following excerpt from the Province's DCC Best Practice Guide outlines the requirements:

BENEFITOR PAYS - Infrastructure costs should be paid by those who will use and benefit from the installation of such systems.

FAIRNESS AND EQUITY - Recognizing that costs should be shared in some way amongst benefiting parties, DCCs should employ mechanisms that distribute these costs between existing users and new development in a fair manner. Further, within the portion of costs that are attributable to new development, DCCs should be used to equitably distribute costs between the various land uses and different development projects.

ACCOUNTABILITY - The establishment of DCCs should be transparent local government process, and all information on which DCCs are based should be accessible and understandable by stakeholders.

The CRD is asking local governments to adopt new DCC bylaws that would apply the minimum lawful municipal assist factor of 1%, leaving 99% of the cost of this proposed new DCC on new housing and commercial construction in order to fund a facility that primarily benefits existing users. This fails each of the Fairness, Equity, Accountability, and Benefitor Pays tests identified above. It is clear that the proposed upgrades are not a result a new growth.

The CRD's own analysis demonstrates that the primary benefit from this proposed new spending is for existing users. Creating a new DCC with a primary benefit to existing users, but assigning them only 1% of the cost, fails to meet the Provincial guidelines for DCCs.

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Financial Analysis on the Effect on New Housing is Lacking

It is not clear if the CRD has completed any analysis to determine if new housing or the commercial construction sector can bear the additional costs. In the face of construction and interest rate cost increases, as well as the implementation of expanded DCC programs by municipal governments for infrastructure that directly supports growth, UDI questions what analysis has been done to determine that new housing and commercial uses can afford to pay this significant new DCC.

As an example, Saanich recently reduced their CACs as a result of an in-depth financial feasibility analysis which showed that new housing cannot bear increased costs at this time. Has the CRD undertaken a similar analysis to determine viability and impact on the delivery of new housing? The goals of the CRD municipalities are to deliver their own priority infrastructure to support growth such as new roads, parks and recreation centres, or sewer and stormwater upgrades. Will local government be foregoing these upgrades in order to allow for the expansion of the water filtration system?

Alignment to Official Community Plans

Has the CRD aligned their financial model with the Official Community Plans (OCP) of each municipal government? At the recent Sidney presentation given by the CRD on this DCC proposal, it was clear that the assumptions used for commercial growth are not consistent with Sidney's OCP. The question arose: where will Sidney plan to put the 2.2 million new square feet of commercial / industrial / and institutional space the CRD report forecasted? This amount of space exceeds Sidney's own projections, and therefore begs the question of how this assumption was made? Does the CRD report have other flaws in its methodology?

In Colwood, the CRD is assuming nearly 3 million square feet of new commercial, industrial and institutional building area. Has the CRD attempted to align this assumption to Colwood's own OCP projections for growth? It would be prudent of the CRD to review their reports assumptions and to ensure their growth factors align with the municipalities OCPs.

Conclusion

In closing, the Urban Development Institute – Capital Region respectfully urges that all Capital Region municipalities exercise caution and prudence by declining to endorse the Capital Regional District's (CRD) proposed water supply conversion plan. The concerns raised regarding per capita water demand assumptions, the rationale for the water filtration system, the flawed cost projections, lack of meaningful engagement, and the disproportionate burden of Development Cost Charges (DCCs) to be placed on new housing and commercial construction highlight the need for a comprehensive third-party review. The potential impact on the region's greenhouse gas reduction strategy, the lack of financial analysis on the impact to new housing, and the failure to align with Official Community Plans further underscore the

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necessity for a careful and unbiased evaluation. The UDI advocates for a pause in the consideration of the DCC implementation, allowing time for a thorough examination of the proposed plan's initiative. The future of our region demands a well-informed and transparent decision-making process that aligns with the principles of fairness, equity, accountability, and the genuine benefits of all stakeholders.

Kind Regards,

A handwritten signature in black ink, appearing to read "Kathy Whitcher". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Kathy Whitcher
Executive Director – UDI Capital Region

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APPENDIX D: FEBRUARY 21, 2024 – NOTICE OF MOTION TO RWSC

ITEM 8.1

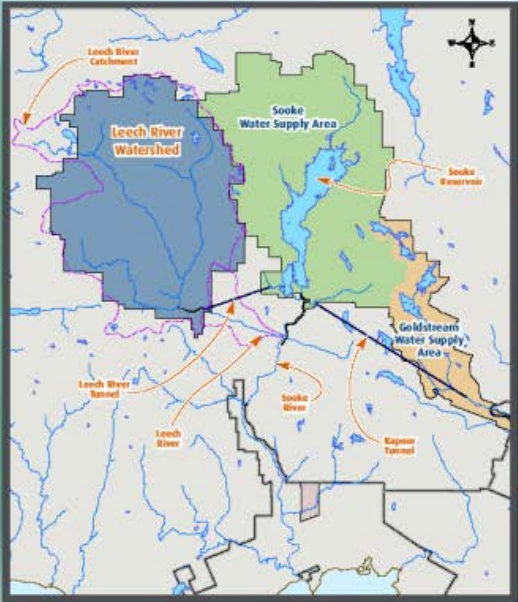
REGIONAL WATER SUPPLY COMMISSION

Capital Regional District | Regional Water Supply 2022 Master Plan – A Guide to Future Water Supply Planning

February 21, 2024

Commissioner Kim Jordison

Water Supply Lands



- Owned
- Protected
- No public access
- Managed for water supply and ecological values

RETHINKING THE

Capital Regional District | Regional Water Supply 2022 Master Plan – A Guide to Future Water Supply Planning

1

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DATE: March 13, 2024 FILE: 1692.0050.02
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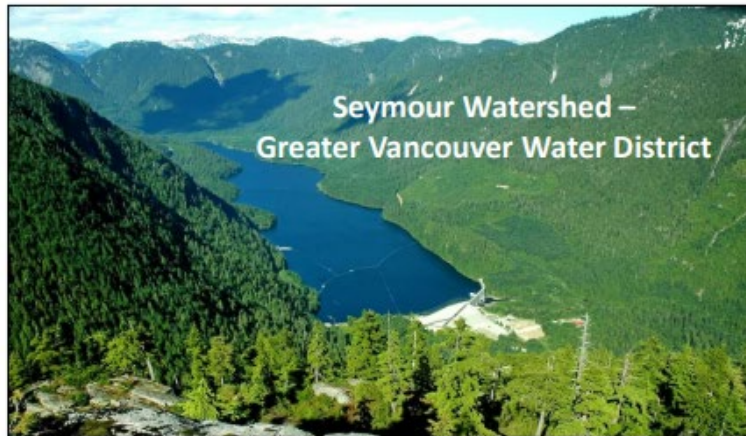
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ITEM 8.1

SOOKE LAKE RESERVOIR – GENTLY ROLLING HILLS



VERY DIFFERENT TERRAIN THAN ABOVE



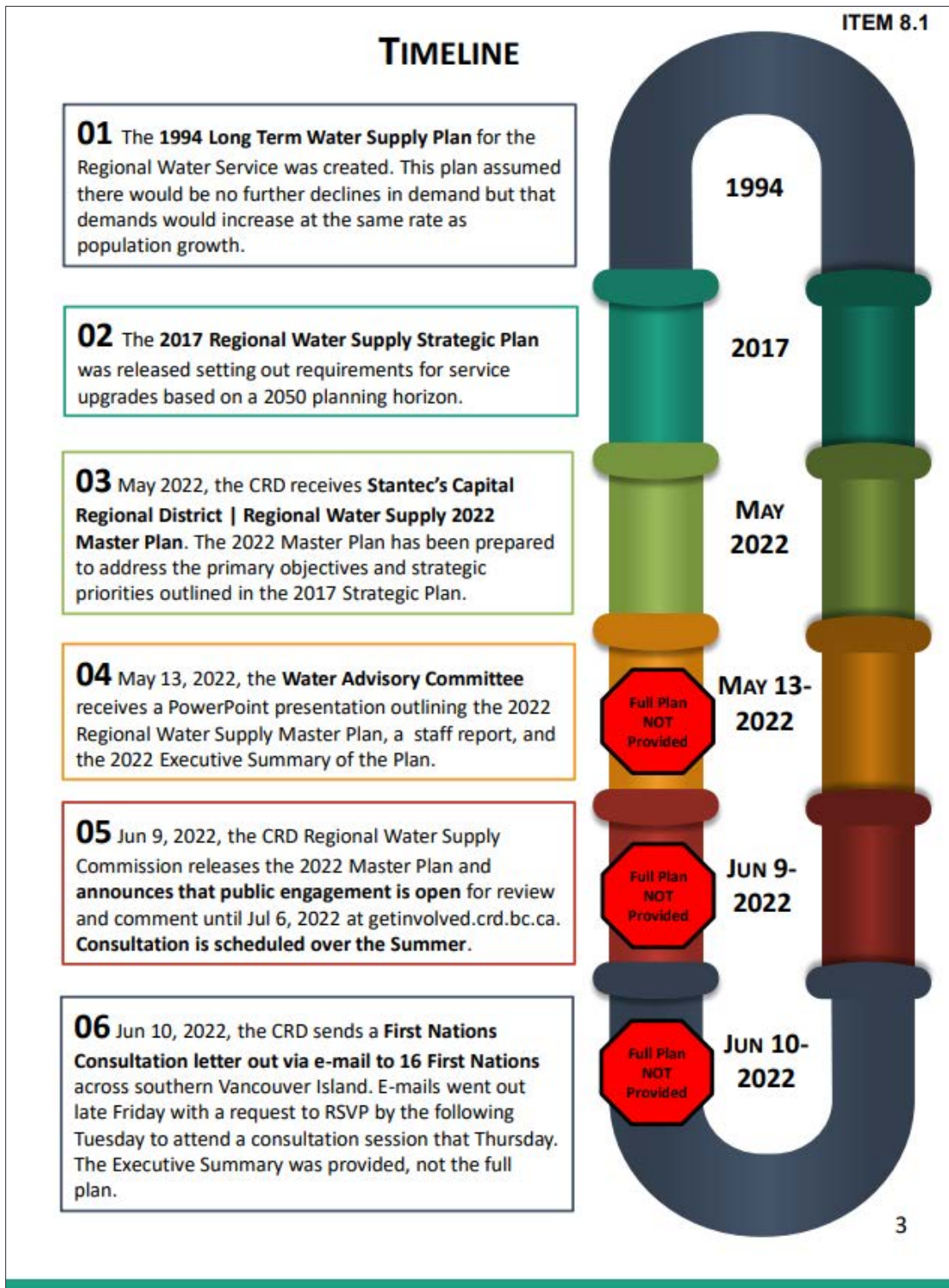
RATIONALE FOR FILTRATION IN OTHER COMMUNITIES

Location	Rational for Filtration
Vancouver (Seymour-Capilano)	Turbidity too high to remain unfiltered
Seattle (Tolt)	Turbidity too high to remain unfiltered
Tacoma	Multi-use watershed (11% ownership)
Nanaimo & Comox	Multi-use watersheds
Portland (Bull Run)	Filtration in 2027 to address cryptosporidium
CRD	Meets requirements to remain unfiltered

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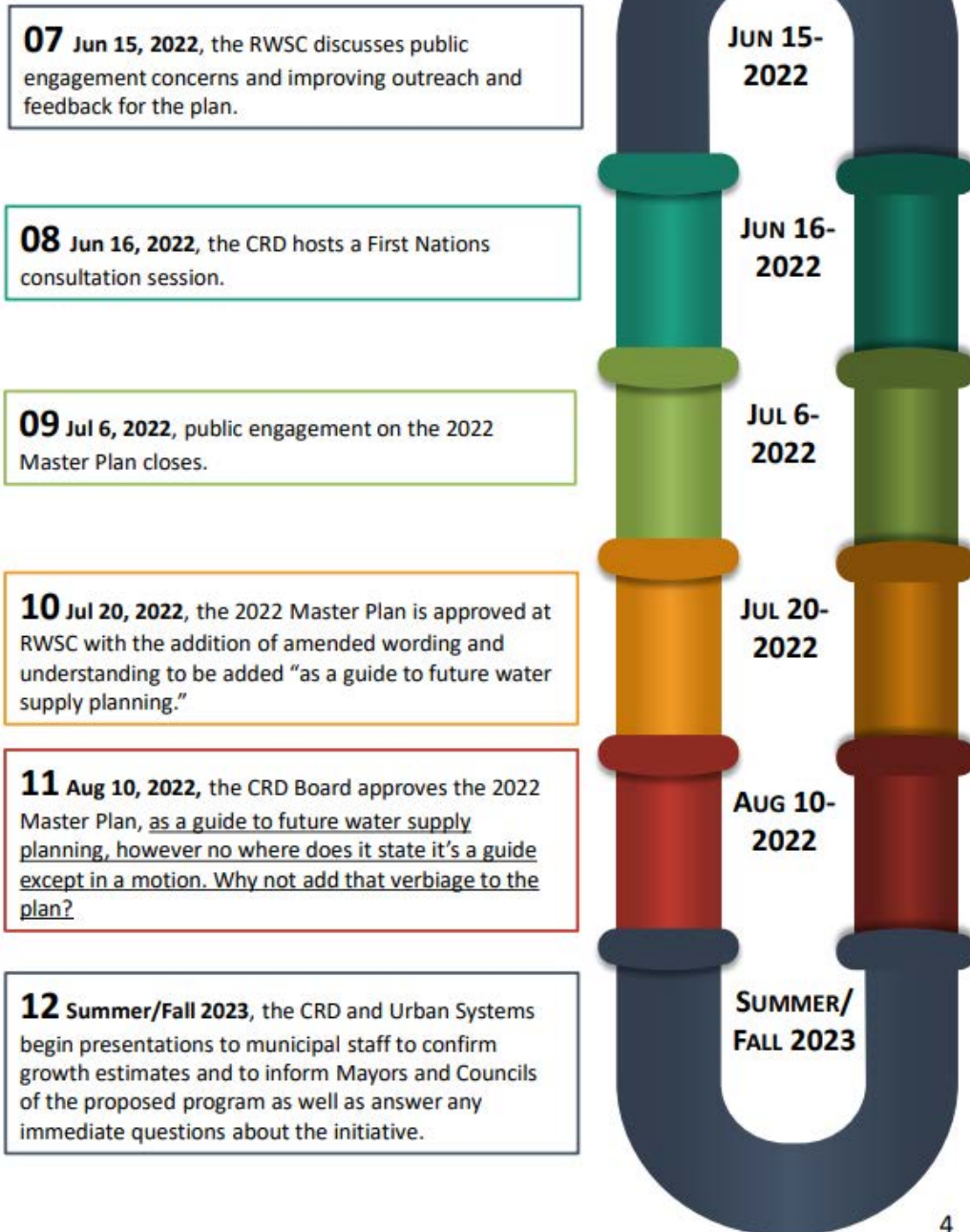
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TIMELINE CONTINUED...



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ITEM 8.1


CRD's 2017 Strategic Plan

1. To provide high quality, safe drinking water (**Quality**)
2. To provide an adequate, long-term supply of drinking water (**Quantity**)
3. To provide a reliable and efficient drinking water transmission system (**System Capacity**)

2022 Regional Supply Master Plan

- Addresses primary objectives and strategic priorities outlined in the CRDs 2017 Strategic Plan for water service
- Provides an implementation schedule and cost estimates based on several assumptions
- CRD has accepted the validity of the assumptions as it is proceeding with implementation

Why am I raising concerns about implementation of the 2022 Master Plan?



Lack of public consultation on a \$2 billion plan

1

Lack of analysis of water demand trends

2

Lack of analysis of the economic impact of expenditures

3

Speculative impact of climate change on water quality

4

5

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ITEM 8.1

NEXT STEPS**Current Notice of Motion:**

To delay further action on the Regional Water Supply 2022 Master Plan until such time as the concerns raised by the Huggett report can be investigated and addressed.

I feel there are benefits in pausing the implementation of the Regional Water Supply 2022 Master Plan...**To be clearer and more concise:**

To pause and delay further action on the Regional Water Supply 2022 Master Plan until such time as an Independent Peer Review addressing the following has been commissioned:



1 A review of the demand projection has been undertaken (i.e., water use in existing vs. new developments in developing per-capita demand trends).

2 New/expanded demand management initiatives (incentives) for climate change adaptation for discretionary water use are developed.

3 An economic analysis of the demand implications of significant increases in water cost for discretionary water use has been undertaken.

4 Until a comprehensive watershed management plan has been developed (i.e., similar to Seattle's) including climate change adaptations.

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APPENDIX E: FEBRUARY 14, 2024 – DISTRICT OF CENTRAL SAANICH COUNCIL MOTIONS



February 14, 2024

File No. 0400-60/24

Patrick Stephens, Project Manager
Capital Regional District
625 Fisgard Street
Victoria, BC V8W 2S6

Via email: pstephens@crd.bc.ca

Dear Mr. Stephens:

Re: Regional Water Service Development Cost Charges

Following the presentation from yourself and Urban Consultants, at the Council meeting of February 12, 2024, the District of Central Saanich passed the following motion:

1. *That the District of Central Saanich ask the Regional Water Supply Commission to provide an independent third party review pertaining to the study assumptions and core items, ahead of any capital expenditure; and*
2. *That the District request that the Capital Regional District consider bulk water rate supports for agricultural land users and Development Cost Charge waivers for affordable and rental housing.*

Should you have any questions with respect to the above, please do not hesitate to contact the undersigned by phone at 250.544.4211 or by email at Dale.Puskas@csaanich.ca.

Regards,

A handwritten signature in black ink, appearing to be "Dale Puskas", written over a horizontal line.

Dale Puskas, P.Eng.
Director of Engineering

APPENDIX C

URBAN
SYSTEMS

REGIONAL WATER SUPPLY (RWS) SERVICE
DEVELOPMENT COST CHARGE (DCC)
POLICY MEMORANDUM
CAPITAL REGIONAL DISTRICT

URBAN SYSTEMS LTD.

MAY 3RD, 2021

**CAPITAL REGIONAL DISTRICT – REGIONAL WATER SUPPLY (RWS) SERVICE
DEVELOPMENT COST CHARGE (DCC) POLICY MEMORANDUM**

To: Tom Burton, P.Eng., Project Engineer, Capital Projects

May 3rd, 2021

1692.0050.01

312 - 645 Fort Street, Victoria, BC V8W 1G2 | T: 250.220.7060

Contact: Shaun Heffernan, MPlan, RPP, MCIP

T: 250.864.1025

sheffernan@urbansystems.ca

urbansystems.ca



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1 INTRODUCTION

Development Cost Charges (DCCs) are funds that are collected by Local Governments in accordance with the Local Government Act (LGA) of British Columbia from developers to contribute to the costs of infrastructure that is required to service new growth within the established service area (*Water Supply Local Service Area Establishment Bylaw 2537*). DCCs are an important tool for local governments to sustainably facilitate and finance development in their community, without compromising levels of services to their residents.

The Capital Regional District (CRD) currently collects DCCs for water infrastructure projects through the *Juan de Fuca Distribution DCC Bylaw 2758* and *Saanich Peninsula Water and Wastewater DCC Bylaw 3208*, to help fund the provision of water and wastewater infrastructure that benefits future growth within these communities. In 2018, the CRD undertook a review of the Juan de Fuca Water Distribution (JdFWD) DCC program with the help of Urban Systems, and the Saanich Peninsula Water (SPW) and Saanich Peninsula Wastewater (SPWW) DCC programs with the help of Kerr Wood Leidal and amended both *Bylaw 2758* and *Bylaw 3208* to reflect the new DCC infrastructure programs.

Currently, there is no DCC Bylaw for the Regional Water Supply (RWS) system, which benefits most areas within Greater Victoria. The 2017 RWS Strategic Plan outlines exploring DCCs as a priority for this service. A DCC program was developed in the past; however, a DCC Bylaw was not adopted (circa 1994). In the winter of 2021, Urban Systems was retained to conduct a Phase 1 review, including developing a preliminary DCC program for the RWS system. If the CRD decides to pursue a RWS DCC Bylaw after Phase 1 is completed, Phase 2 of the project would include internal and external stakeholder engagement and consultation and further refinement of the DCC program.

This work is a valuable opportunity to incorporate insights from ongoing RWS Water Master Planning work, updated project costs, and region-wide growth estimates into the draft RWS DCC Bylaw, as well as to align with the commitments and priorities of the RWS Strategic Plan. Any draft DCC rates would accurately reflect current construction and land costs, current growth, and update information on growth-related infrastructure.

To date, there have been two workshops, which provided the USL staff with the opportunity to meet with staff from the CRD to establish policy elements required to develop the draft DCC rates, as well as key sources of information and consideration for technical inputs into the DCC program. This RWS DCC Policy Memorandum provides a discussion of the key policy elements to support the development of the draft DCC program. This memorandum will summarize recommendations and policy directives that have emerged through discussions with CRD staff, specifically through the DCC Policy Elements Workshop held on February 24th, 2021. The purpose of this memorandum is to ensure policy directions are tailored to suit the RWS DCC program requirements and that they are aligned with the policies and practices in other local services, as well as the Ministry's of Municipal Affairs (the Ministry) *Development Cost Charge – Best Practice Guide 3rd ed.*

2 OVERVIEW

DCCs are used to finance capital projects related to growth, such as for roads, drainage, sewers, water, and parkland, that are otherwise funded through general taxation, or other funding mechanisms.

Under section 559 of the *Local Government Act (LGA)*, local governments can use DCCs to assist in the payment of capital costs for projects that would service growth. DCCs are also regulated through the Inspector of Municipalities and should align with the Ministry's *Development Cost Charge – Best Practice Guide*.

“A development cost charge is a means provided by the Local Government Act to assist local governments in paying the capital costs of installing certain local government services, the installation of which is directly or indirectly affected by the development of lands and/or the alteration/extension of buildings.”

- Development Cost Charge – Best Practice Guide 3rd ed., BC Ministry of Municipal Affairs

DCCs are intended to foster fairness, by distributing the costs of growth more equitably between existing residents and the developer. For example, if a new development on the outskirts of a community requires a new service, that only future residents are going to benefit from, DCCs would ensure that existing community members (ratepayers) are not fully responsible for carrying the burden of the costs to develop a service that will have a limited benefit to them.

Implementing DCCs can ensure that new services and growth are consistently funded by those benefitting from growth, minimizing financial risk to the CRD. Since DCCs are consistent and have a clear policy framework, they are predictable and ensure certainty for the development community. Developing a DCC Bylaw can promote transparency and ensure timely processing of development applications.

2.1 1994 Regional Water Supply Development Cost Charge (DCC) Policy Report

In 1994, the CRD undertook a review to evaluate the potential for implementing DCCs to help ensure that regional water supply services driven by growth were “largely self-financing.”

Based on the total DCC program value of \$60 million, the 1994 report recommended a DCC rate of \$1,266 per residential unit (or 0.98% of the cost for an average lot) and \$3.16 per m² of non-residential growth (i.e. commercial, office and industrial). It was suggested that these DCC rates per would be charged equally across the RWS service area.

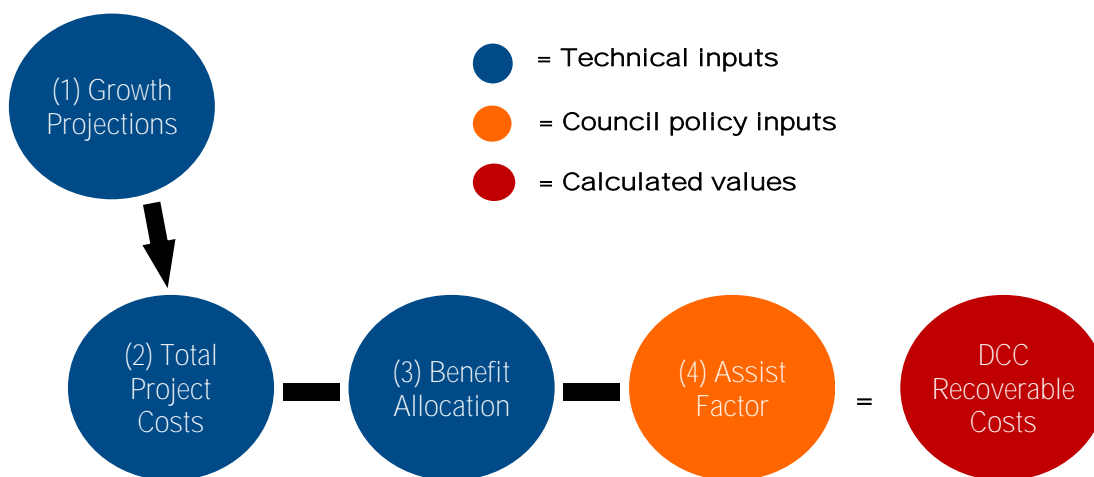
The proposed Assist Factor was set at 1% and population projections were based on a 20-year time horizon with an estimated 2012 population of 387,000 people. The 1994 report's DCC projections included several areas that were not likely to be provided with community water service until 2012.

The proposed DCC program and rates presented in the 1994 report were not adopted for an unknown reason by the CRD board.

2.2 DCC Program Development

The development of a DCC program involves a number of detailed technical analyses to determine how the costs of expected growth can be distributed in an equitable way, including developing growth projections; identifying project lists, timing, and costs; and identifying the relative benefit of each project to new versus existing growth (referred to as the benefit allocation). **Figure 1** below provides a high-level synopsis of how these factors, along with Board of Directors' discretionary ability to set the DCC Assist Factor, are used to calculate the draft Phase 1 DCC rates.

Figure 1. DCC Program Development Process



3 REVIEW OF EXISTING MUNICIPAL AND SUB-REGIONAL DCC CHARGES

The following section provides an overview of the sub-regional water DCCs currently being charged by the CRD, including the rates for the JdFWD, SPW, and SPWW DCC programs.¹ The RWS DCC rates would be charged in addition to the current DCC rates where applicable (see **Table 1** below).

Table 1. Existing Sub-regional DCC Rates in the CRD (per land use category)

Development Category	Unit	JdFWD	SPW	SPWW
Low Density Residential (single family)	per lot	\$ 2,922	\$ 0	\$ 1,790
Low Density Residential (small lot single family)	per lot	na	\$ 0	\$ 1,429
Medium Density Multi Family (duplex, townhouse, etc.)	per unit	\$ 2,557	\$ 0	\$ 1,413
High Density Multi-Family (apartments)	per unit	\$ 1,644	\$ 0	\$ 933
Commercial	per GFA* in m ²	\$ 10.74	\$ 0	\$ 4.00
Industrial	per GFA* in m ²	\$ 5.82	\$ 0	\$ 3.89
Institutional	per GFA* in m ²	\$ 23.74	\$ 0	\$ 5.30

*Note: GFA means Gross Floor Area

The development of a RWS DCC program would affect municipal development throughout the CRD in different ways, as many of the communities within the CRD have some DCCs in place for either municipal services and / or sub-regional services, with the exception of Esquimalt and Oak Bay. The RWS DCC would be an additional charge to developers in those communities who will benefit from capacity upgrades to the RWS system. Currently, capacity upgrades to the RWS system are paid primarily by existing residents and ratepayers in the CRD.

In addition to regional charges, DCCs are collected by municipalities within the CRD. **Table 2** and **Figure 2** demonstrate the total existing DCC rates for single-family residential uses (per lot) in each municipality within the CRD, including sub-regional DCC charges.

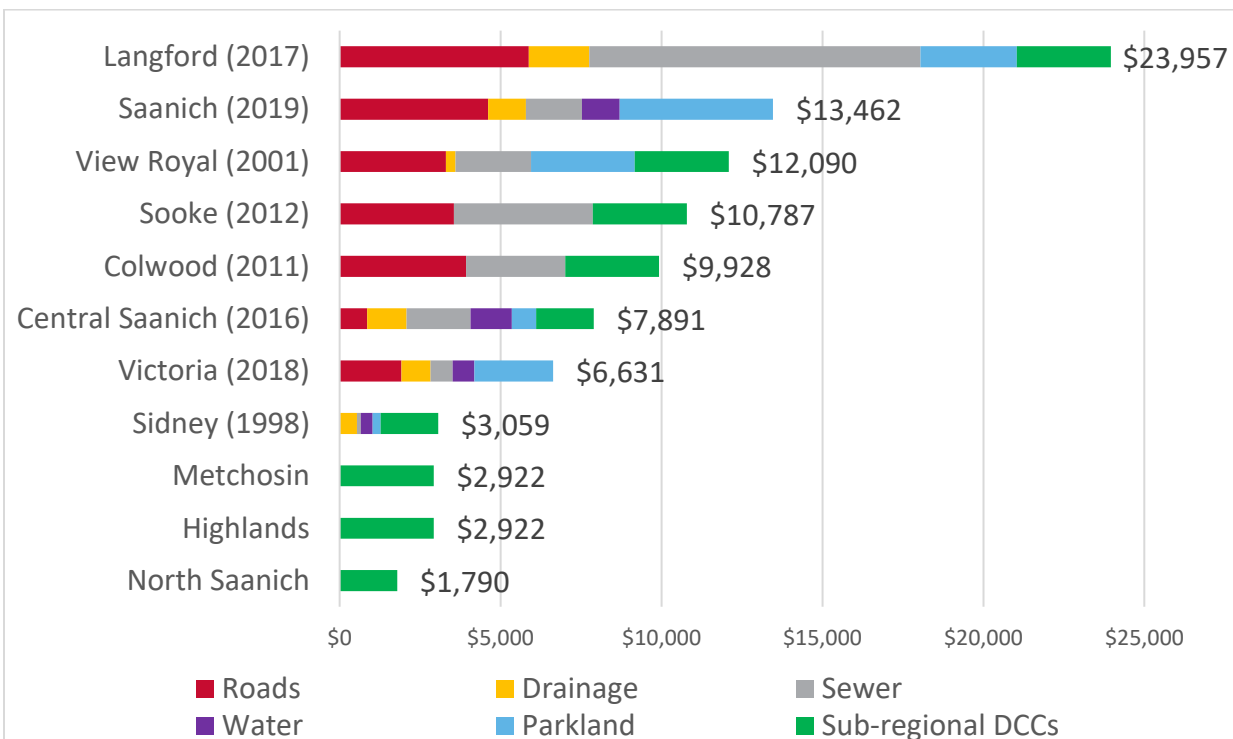
¹ **Note:** Sub-regional denotes current water and / or sewer DCCs currently charged by the CRD in the Juan de Fuca Water Distribution System and Saanich Peninsula Water (SPW) and Saanich Peninsula Wastewater (SPWW) service areas.

Table 2. Total Existing Municipal and Sub-Regional DCC Rates in the CRD (per single-family residential unit)

Municipality	Municipal DCC*	Sub-regional DCC***	Total
Langford (2017)**	\$21,035	\$2,922	\$23,957
Saanich (2019)	\$ 13,462	\$ -	\$ 13,462
View Royal (2001)	\$ 9,168	\$ 2,922	\$ 12,090
Sooke (2012)	\$ 7,865	\$ 2,922	\$ 10,787
Colwood (2011)	\$ 7,006	\$ 2,922	\$ 9,928
Central Saanich (2016)	\$ 6,101	\$ 1,790	\$ 7,891
Victoria (2018)	\$ 6,631	\$ -	\$ 6,631
Sidney (1998)	\$ 1,269	\$ 1,790	\$ 3,059
Metchosin	\$ -	\$ 2,922	\$ 2,922
Highlands	\$ -	\$ 2,922	\$ 2,922
North Saanich	\$ -	\$ 1,790	\$ 1,790

*Note: that the DCC rates for some municipalities are the average of multiple areas.
 **Includes Corix Sewer Charge.
 *** Sub-regional denotes current water and / or sewer DCCs currently charged by the CRD.

Figure 2. Total Existing Municipal and Sub-regional DCC Rates in the CRD (per single-family residential unit)



4 DCC POLICY ELEMENTS

The following elements were reviewed in this Policy Memorandum and serve to guide the application of DCCs in alignment with the Ministry's *Development Cost Charge – Best Practice Guide* :

1. Extent of DCC charge application (i.e., region-wide vs. area-specific);
2. DCC program timeframe (i.e., revolving or built out);
3. Development and land use categories (i.e., residential and ICI - commercial, industrial and institutional growth);
4. DCC units for charges;
5. Project eligibility;
6. Recoverable DCC costs;
7. Interest for DCCs;
8. DCC Assist Factor;
9. Options for DCC Waivers and Reductions;
10. DCC Credits;
11. Implications for Finance and DCC Tracking; and
12. Public/stakeholder participation and consultation.

4.1 Project Eligibility

Eligible projects, as they relate to a RWS DCC program, include projects associated with providing, constructing, altering, or expanding water infrastructure and facilities that directly or indirectly service new development. Projects are vetted for eligibility according to the Ministerial requirements for DCCs.

In order to establish DCC rates, local governments must create a DCC program that contains a list of projects, which should reflect the direction of other CRD municipal documents, such as ongoing Water Supply Master Plan, capital planning, the 5-year Capital Plan, and staff input. Typically, large projects may be broken down into sub-projects or phases and may be carried out at different times or under different accounts.

A water DCC program may consist of water supply and distribution projects including, but not limited to:

- Water modeling, SCADA and studies;
- Water rights-of-way and easement acquisition;
- Transmission and distribution main;
- Tunnels;
- Facility oversizing;
- Booster pump stations;

- Water Storage Tanks and Dams;
- Water treatment facilities; and,
- Pressure control stations.

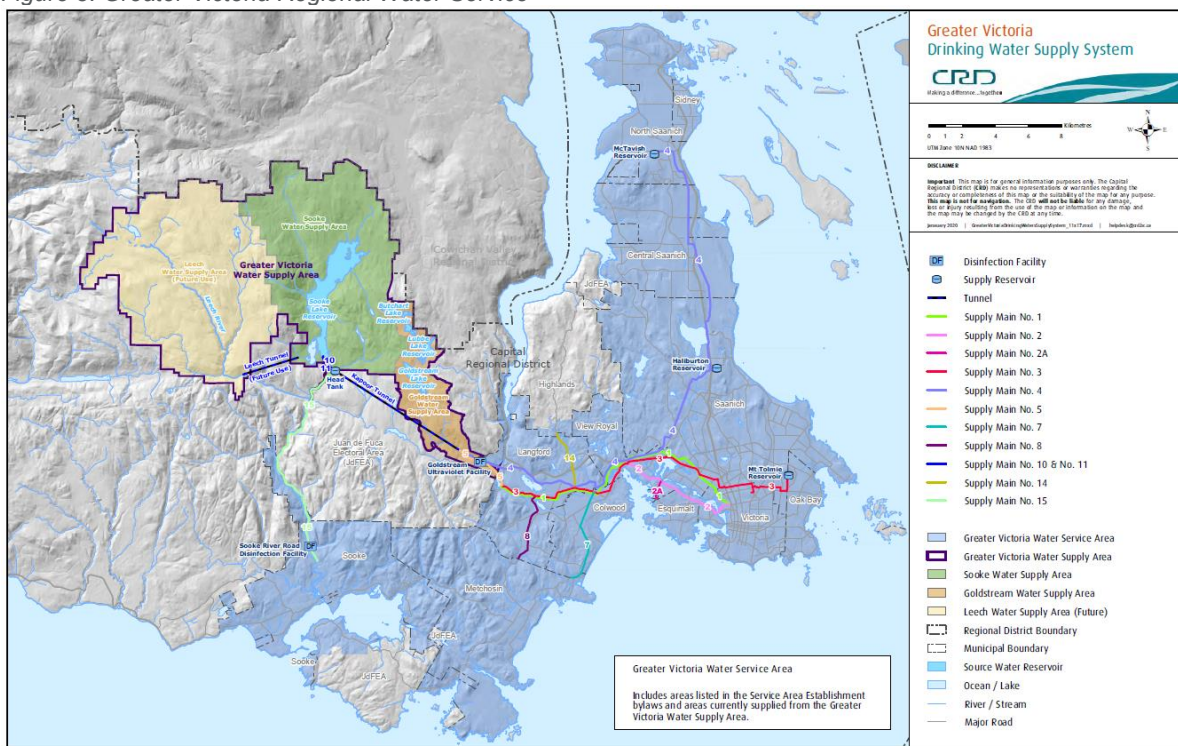
In developing the DCC project list, projects with a regional “water supply” benefit should be prioritized and those projects that benefit one or a small number of local governments in the Capital Region should be excluded (e.g., infrastructure benefiting one or few municipalities). Therefore, it is recommended that the review of DCC project eligibility should include only those projects that benefit multiple jurisdictions and have region-wide benefits.

4.2 Extent of DCC application

A DCC could be applied to either an area-specific or a region-wide area. The RWS system is regional in nature and the DCC project list should be focused on large capital projects that will benefit the entire CRD, as these are the highest priority in terms of cost recovery.

As shown in **Figure 3**, the RWS system services all 13 member municipalities of Greater Victoria, portions of Electoral Area A, and several First Nations, and serves a population of over 370,000 (*Regional Water Supply 2017 Strategic Plan*). The extent of the CRD’s Regional Water Supply service is defined in CRD Bylaw No. 2537 (e.g., *Water Supply Local Service Area Establishment Bylaw No. 1, 1997*).

Figure 3. Greater Victoria Regional Water Service



Maintaining a region-wide area program would improve bylaw simplicity and accuracy, as well

as reduce administrative effort with respect to implementation and collection of DCCs across the local governments. Additional benefits of maintaining a region wide DCC bylaw includes a higher degree of flexibility in allocating funding to projects within the program; versus an area-specific program where funds would be divided between multiple DCC reserve funds.

There are several advantages to maintaining a region-wide program and avoiding area-specific programs, which are typically applicable where the water supply service areas behave as an isolated system. For these reasons, and to align with best practice and other DCC Bylaws in the CRD, it is recommended the CRD should adopt with a region-wide water supply DCC.

4.3 DCC Program Timeframe

The DCC program timeframe would align with the DCC projects which will need to be constructed to service development as growth occurs across the region, and in accordance with municipal and regional land use policy. The program timeframe, which determines the timing of when funds are collected, would affect the cash flow of the DCC account. A shorter DCC program timeframe would allow the CRD to increase cash flow; however, it would also increase the DCC rate.

A longer program timeframe may impact the accuracy of cost estimates, as shorter-term project lists (e.g., within 5 years) may yield Class C/D (+/- 25% to 50%) cost estimates, while medium-term to long-term project lists (e.g., 6+ years) may yield Class D/E (+/- 50% or more) cost estimates. The capacity that projects are yielding and who is benefitting from them may also become less clear as the timeframe of the program increases.

Due to the nature of infrastructure lifecycles within the water supply system, the RWS planning currently uses a long-range timeframe. Additionally, the CRD's current regional growth projections consider a 30-year timeframe. Therefore, it is recommended that the CRD should consider a 30-year timeframe to align with regional planning, and allow for frequent program updates (e.g., every 5 years) to capture projects, policy changes, or land use changes, as required over time.

4.4 Land Use Categories

Land use categories typically distinguish between residential (i.e., single-family and multi-family) and non-residential (i.e., commercial, industrial, and institutional) uses and serve as a proxy to reflect impact on infrastructure services. There is a connection between building form and the land use categories for which DCCs are imposed.

DCC charges are typically applied at the subdivision approval stage for single family development sites, and at the building permit stage for multi-family, commercial, industrial, and institutional development. This ensures that local governments do not miss opportunities to recover DCCs if building footprints or units are increased at the building permit stages.

It is recommended that the CRD maintain the land use categories in the current DCC bylaws for consistency for the development community and to align with payment, facilitating collection for local governments that would collect on behalf of CRD. The following land use categories reflect best practices, as well as the categories used in the other CRD DCC programs (see **Section 3**):

- Low density residential, includes single-family homes;
- Medium density multi-family, includes duplexes, triplexes, fourplexes, row houses, townhouses and manufactured homes;
- High density multi-family, includes apartments;
- Commercial;
- Industrial; and
- Institutional.

The SPW and SPWW services currently charge for low density residential small lot subdivisions. It is not recommended to carry forward the small lot subdivision category, as each municipality administering the DCC may have a different method of defining small lots, and it may cause administrative challenges in terms of maintaining a consistent DCC program. Residential units are charged per lot, as such this category includes carriage homes and secondary suites.

4.5 DCC Units for Charges

The following units for charges further support the consistent application of DCC charges at the subdivision approval stage (single family development) and building permit stage (multi-family, commercial, industrial, and institutional development). As discussed in **Section 4.4**, it is also recommended the unit charges from the JdFWD, SPW, and SPWW DCC programs be carried forward to ensure consistency between programs:

- Low density residential: per lot
- Medium density multi-family: per unit
- High density multi-family: per unit
- Commercial: per m² of gross floor area (GFA)
- Industrial: per m² of GFA
- Institutional: per m² of GFA

4.6 Recoverable DCC Costs

The recoverable DCC costs includes the costs associated with implementing the project lists based on technical input from master planning, capital plans and staff. The recoverable capital costs associated with DCC projects have been interpreted by the Ministry to include the following scope of capitalized activities:

- Planning;

- Public consultation;
- Engineering design;
- Right-of-way or parkland acquisition;
- Legal costs;
- Interim financing;
- Contract administration;
- Construction; and,
- Contingencies.

The recoverable costs (to the CRD) could be collected from existing fees as per CRD Bylaw 2570 (Water Supply Local Service Area Fee and Charge Bylaw No.1, 1997), general tax revenue or other revenue (utility rates, etc.). The Board of Directors should consider this in the context of the CRD's financial sustainability and balancing the costs of development between new growth and existing ratepayers.

The recoverable DCC costs would account for a benefit allocation assigned to each project based on how it would benefits growth versus the existing population (see **Section 4.6.1**). Additionally, the calculations would account for a recommended DCC Assist Factor of 1% (see **Section 4.8**). Unlike the benefit allocations the recommended DCC assist Factor of 1% may be adjusted at the discretion of the Board of Directors.

4.6.1. Project Benefit Allocations

The project benefit allocations are the mechanism used to determine the level of benefit of a proposed project has to new versus existing development. They are determined according to the equitable distribution of capital costs amongst those receiving the benefits based on technical analyses on a project-by-project basis.

Each DCC project is evaluated on a scale ranging from 100% to 1% to determine its relative benefit to new versus existing development. There are two methods for determining benefit allocations:

1. **Method 1** - Technical analysis to determine the added capacity a DCC project provides to new versus existing growth – typically determined through hydraulic modelling and design, or estimate based on infrastructure sizing (i.e., increasing a water main from 150 mm to 300mm = approximately 25%/75% benefit);
2. **Method 2** - A “rule of thumb” approximation based on location and factors driving the need for the project where more detailed information is not available. For example:
 - **100%** – *Benefits only greenfield development (i.e., driven exclusively by new growth, and/or for projects located inside or close to a new subdivision / development);*
 - **70% to 99%** – *Primarily benefits greenfield development (i.e., driven mostly by the need for additional capacity to support new growth, and/or for projects located in a*

high-growth area);

- **50% to 69%** – *Benefits both greenfield and existing development somewhat equally (i.e., driven by both new growth and existing capacity deficiencies, and/or for projects located near a high-growth area, but also close to substantial existing residential development);*
- **30% to 49%** – *Mostly benefits existing development (i.e., driven somewhat by new growth, but mostly and existing capacity deficiencies, and/or for projects located in an area with substantial existing development that is experiencing infill or brownfield (re)development);*
- **1% to 29%** – *Primarily benefits existing development (i.e., driven primarily by existing capacity deficiencies with a minor benefit to new growth, and/or for projects in an area with almost all existing development where limited infill or redevelopment is expected to occur); and*
- **0%** – *Benefits only existing development (i.e., no benefit to new growth and is not a DCC eligible project).*

Where possible DCC benefit allocations should be based on technical analysis. If sufficient technical information is unavailable the “rule of thumb” approach should be applied using staff and consultant expertise.

4.7 Interest for DCCs

Collecting interest if borrowing is required to finance major DCC projects is only permitted in exceptional circumstances and must be approved by the Inspector of Municipalities. In these instances, local governments or developers must front-end the cost of the specific growth-related projects and recover their costs through DCCs as growth occurs. Exceptional circumstances may include the construction of specific infrastructure projects in advance of sufficient DCC cash flows, such as:

- Fixed-capacity infrastructure, such as water treatment and/or sewage treatment plants;
- Out-of-sequence projects, such as upgrading the main sewer or water trunk lines; and
- Greenfield development, which is usually providing infrastructure to areas that have no services, so growth can occur.

As this would be a new DCC program and no costs have been incurred to date, interest for DCCs would not be considered in this program at this time, however, this may be considered in the future if borrowing is required to finance major DCC projects.

4.8 DCC Assist Factor

The DCC Assist Factor differs from benefit allocations, because the DCC Assist Factor is a discretionary tool that is applied by the Board of Directors across the entire DCC program to assist development rather than being applied to specific projects.

The DCC Assist Factor is a proportion of money that the local government contributes towards DCCs. As stated in the *LGA*, the purpose of DCCs is to provide *assistance* to local governments to fund infrastructure costs. Infrastructure costs should not be funded entirely through new development. Therefore, Ministry policy requires that local governments assist development for DCCs. The DCC Assist Factor reflects the Board of Directors' desire to encourage development and is largely a political decision.

The Board of Directors has discretion over the level of assistance that is provided towards DCCs. The level of municipal assistance that is offered can vary between 1% (least amount of assistance) and 99% (highest amount of assistance). Most growing communities in British Columbia choose a DCC Assist Factor between 1% and 10%.

The DCC Assist Factor is funded from non-DCC revenues. If the DCC Assist Factor is increased, developers would pay less DCCs and the CRD could fund the difference, through utility rates. The DCC Assist Factor can be different for each infrastructure class (i.e., water supply vs. distribution).

The DCC Assist Factor is separate from any benefit allocation of costs made between new development and existing users. As part of this program, we recommend a starting DCC Assist Factor of 1%.

4.9 Waivers and Reductions Bylaw for Affordable Housing

The *LGA* provides the option for the CRD to develop a Waivers and Reductions Bylaw to exclude some types of development from paying DCCs. This is a tool that should be implemented through a separate bylaw after DCC Bylaw(s) are adopted by the CRD, and for the purpose of providing additional support to some developers in specific cases. A Waivers and Reductions Bylaw could exempt or waive DCCs for the following classes of "eligible development" as defined by the *LGA*:

- Not-for-profit rental housing, including supportive living housing (previous legislation did not require a bylaw to waive or reduce DCCs for not-for-profit rental housing);
- For-profit affordable rental housing;
- Subdivisions of small lots designed to result in low greenhouse gas emissions (i.e., lots under 300 m², etc.); and
- Developments designed to result in a low environmental impact (i.e., LEED Gold, Step Code Level 4, etc.).

If the CRD desires to provide waivers and reductions for any of these eligible developments, it is recommended that this is evaluated after the adoption of a DCC Bylaw and done through a separate DCC Reductions Bylaw process.

If the CRD chooses to waive or reduce DCCs, it is responsible to make up for any foregone DCC revenue from secure alternate revenue sources (i.e., non-DCC, general revenue, taxation, or utility rates).

4.10 DCC Credits

Any developer who constructs DCC works “out-of-sequence” could be given DCC credits subject to approval by the CRD. The costs of constructing the required works in advance of the proposed timing would be deducted from the applicable DCCs payable. The CRD could determine when these works are required and the DCC credit cannot exceed the applicable DCC payable.

Table 3 (below) shows three potential examples of DCC works constructed out-of-sequence. The Actual DCCs Payable is the amount the developer owes in DCCs. The DCC Credit Balance is the amount in credits that would be provided to the developer for the DCC works. Under the “Pump Station B” scenario, DCC Credits would be provided in the amount of \$200,000 to the developer because the DCC Project Cost exceeds the DCC Payable under Bylaw. The “Pump Station A” scenario would result in the developer paying the remaining \$100,000 in DCCs. Under the “Pump Station C” scenario, the DCC Project Costs and the DCCs Payable under Bylaw are equal, which would result in \$0 Actual DCCs Payable and \$0 DCC Credit Balance.

Table 3. Example of a Typical DCC Balance Sheet

DCC Project	DCC Project Cost	DCC Payable under Bylaw	Actual DCCs Payable	DCC Credit Balance
Pump Station A	\$400,000	\$500,000	\$100,000	\$0
Pump Station B	\$700,000	\$500,000	\$0	\$200,000
Pump Station C	\$500,000	\$500,000	\$0	\$0

It is recommended that the RWS DCC program use a similar policy for DCC credits as the JdFWD DCC Credits Policy, which includes the following:

- DCC Credits for the lesser of the total DCC Project Cost or DCC Project Value, or portion thereof, to a maximum of the DCC's payable in the relevant category for the DCC Project;
- Maximum time limit for DCC Credit availability for DCC Projects performed is 15 years;
- Unused DCC credits can be applied to other development lands in the service area as long as the Owner(s) is exactly the same legal entity; and
- Do not include front-end agreements with Owner/Developer(s).

A 15-year credit was determined for the JdFWD DCC Credits Policy, as 15 years is the maximum

time frame over which these costs could be recovered from the date that the initial capital works are completed.

For consistency it is recommended that the RWS DCC program should follow a similar policy approach for providing DCC credits for developers who constructs DCC works “out-of-sequence.”

4.11 Implications for Finance and DCC Tracking

Should RWS DCCs be imposed, municipalities and local governments could simply collect and remit the funds to the CRD. DCCs must be deposited in a separate special RWS DCC reserve fund account established for each purpose, for which a local government imposes a charge. Local governments may be required to provide a report on the status of DCC collections, expenditures, and proposed expenditures. Ongoing administration of the DCC bylaw should be guided by the principles of transparency in the process and integrated implementation.

Monitoring of DCC funds and accountability is achieved through good accounting and monitoring practices that are clear and understandable. A DCC monitoring and accounting system should be set up such that tracking of projects and the financial status of DCC accounts can easily be facilitated.

Implementation of a new RWS DCC would require a new DCC reserve fund account to be established. As there is no existing DCC program, the DCC account balance would start at \$0. A policy should be developed for how best to provide DCC eligible projects prior to receiving enough DCCs. The CRD should consider the following two options:

- **Option 1** - Borrow funds and keep DCC projects on the list until the project costs are fully recovered – potentially charging interest costs for major DCC projects where required / permitted;
- **Option 2** - Use DCC credits for works that are out of sequence and maintain clear tracking of any credits provided (see **Section 4.10**).

4.12 Public/Stakeholder Participation and Consultation

The Best Practices Guide recommends consulting with key stakeholders, as part of establishing the DCCs. If the CRD approves moving forward with the RWS DCC project at the end of Phase 1, public and stakeholder participation and consultation would occur in Phase 2 of the DCC project. It is recommended that the CRD consider the following internal and external stakeholder engagements and consultations, as well as providing information and updates on the CRD website for the general public should the project progress:

- Consultation with municipal and electoral area planning staff to confirm development

- estimates;
- Workshops with the CRD Board, Regional Water Supply Commission, Juan de Fuca Water Commission and the Saanich Peninsula Water commission;
 - Consultation with municipal and electoral area elected officials;
 - Sessions with the development community in 4 to 5 geographic areas; and
 - Public information meetings in 4 to 5 geographic areas;
 - Board presentations and three readings of the Bylaw.

Stakeholder meetings would consist of a facilitated discussion on draft DCCs rates, bylaws and policies with developer stakeholder groups. These stakeholder meetings should be completed before providing an opportunity for input from the general public. Feedback from these consultations would be considered to inform the draft DCC program prior to the CRD consideration of adopting a DCC Bylaw.

Understanding the role of DCCs is important for the Board of Directors when considering the financial sustainability of the CRD, as well as the sustainable delivery of services to residents. As discussed, the Board of Directors' primary tool for adjusting the draft DCC rates is to change the DCC Assist Factor, which would determine how much assistance the Board of Directors would contribute to development (as outlined in **Section 4.8**).

The Board of Directors is also responsible for endorsing the draft DCC rates and program by giving three readings to the DCC Bylaw prior to being reviewed by the Provincial Inspector of Municipalities. Once the DCC Bylaw and program have been approved by the Province, the final DCC Bylaw could then be adopted by the Board of Directors and given fourth and a final reading.

5 SUMMARY

This RWS DCC Policy Memorandum provides discussion and recommendations for move forward with key policy elements to support the development of the DCC program to ensure policy directions are aligned with legislation, DCC best practices, and are consistent with the policies and practices in other CRD local government services.

The development of the draft DCC rates schedule for the RWS DCC program will be produced based on technical inputs. Next steps will involve confirming technical inputs, including growth projections, DCC project lists, project eligibility, and benefit allocations for each of the projects. The technical inputs that will be developed by the Urban Systems Ltd. and reviewed by CRD staff include:

- Water supply project lists (current 5 - 10-year Capital Plan);
- Population growth and development;
- Draft Development Cost Charge rates; and
- Benefit allocations.

These technical inputs will be summarized and presented in an RWS DCC Background Report, which will be provided in a format acceptable to the Ministry.

5.1 Key Recommendations

Recommended policy elements to carry forward based on conversations with staff, as well as the best practices outlined in the Policy Memorandum include:

1. Projects with a regional wide “water supply” benefit will be prioritized and those projects which benefit one or a smaller number of local governments in the region will not be prioritized (e.g., water distribution infrastructure benefiting only core municipalities) (**Section 4.1**);
2. Applying one region wide DCC charge (**Section 4.2**);
3. Developing a 30-year revolving DCC program timeframe (**Section 4.3**);
4. Maintaining consistent development and land use categories with JdFWD and SPW DCC programs (**Section 4.4**);
5. Maintaining consistent DCC units for charges with JdFWD, SPW, and SPWW DCC programs (**Section 4.5**);
6. DCC project benefit allocations will be based on technical analysis and hydrologic modelling. If sufficient technical information is unavailable the “rule of thumb” approach could be applied using staff and consultant expertise (**Section 4.6**);
7. Charging for interest of DCC projects will not be considered at this time, but may be considered in the future if borrowing is required to finance major DCC projects (**Section 4.7**);
8. Developing a DCC program based on a 1% DCC Assist Factor, which is to be reviewed by the Board in Phase 2 (if applicable) (**Section 4.8**);
9. Exploring options for DCC Waivers and Reductions for affordable housing in a subsequent process (**Section 4.9**);
10. Applying a DCC Credit Policy that is consistent to the JdFWD DCC Credits Policy (**Section 4.10**);
11. Considering financing options to borrow and keep DCC projects on the list until the project costs are fully recovered; and / or issuing DCC credits (clear tracking required) (**Section 4.11**).
12. Once the draft DCC program and RWS DCC background Report has been accepted begin the initial phases of stakeholder consultation (**Section 4.12**).

Sincerely,

URBAN SYSTEMS LTD.



Laura Bernier, MUP, MCIP
Community Planner



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Co-Project Leader / Development Finance Specialist



TO: Regional Water Supply Commission

FROM: CRD Staff

DATE: March 12, 2024

**SUBJECT: Regional Water Supply (RWS) Development Cost Charge Program
Municipal Assist Factor – Supplemental Information**

Subject:

To provide the Regional Water Supply Commission (Commission) with additional background information, options, and examples with respect to the Municipal Assist Factor (MAF) to be applied in the ongoing development of the Regional Water Supply (RWS) DCC program.

Background:

The Local Government Act (LGA) requires local governments to provide a level of financial assistance to a DCC program through a Municipal Assist Factor (MAF). In this case, the CRD is the local government and is required to provide assistance. The MAF is a discretionary tool and is applied across the entire DCC program rather than being applied to specific projects. The MAF ultimately reflects the CRD Board's desire to encourage development and is a political decision to be made prior to bylaw adoption.

For reference, the MAF is discussed in further detail in the Province's *Best Practices Guide* and the *Guide for Elected Officials*.

The MAF can vary between a minimum of 1% (least amount of assistance) and a maximum of 99% (highest amount of assistance). Typically, growing communities in BC select a MAF between 1% and 10%.

The amount of assistance provided through the MAF would need to be funded through non-DCC sources, and in the case of the Regional Water Supply Service, would need to be funded through bulk water rates. Member municipalities would not be responsible for funding the MAF.

In March 2023, when presented with a survey, the Water Advisory Committee (WAC) indicated a majority preference (six of seven in favour) for proceeding with a MAF of 1%. To date, the draft RWS DCC program has included the minimum MAF of 1% at the direction of the Commission and WAC, and to remain consistent with the CRD's existing DCC bylaws (JDFWD and SPW & WW).

Table 1 below compares MAF's of various municipal DCC programs within the region.

Table 1 - Examples of Municipal Assist Factors in the CRD

Municipality	DCC Bylaw # / Service	MAF
CRD	Bylaw No. 3208 (SPW)	1% (Rates set at \$0)
CRD	Bylaw No. 3208 (SPWW)	1%
CRD	Bylaw No.1 (JdFWD)	1%
District of Saanich	Bylaw No. 9553 (water)	1%
District of Sooke	Bylaw No. 775 (all services)	1%
City of Victoria	Bylaw No. 22-060 (all services)	1%
District of Central Saanich	Bylaw No. 1889 (all services)	1%
City of Colwood	Bylaw No. 1836 (roads)	1%

Introduction of MAF Options

Through initial engagement with municipal staff and councils (and initial correspondence received through the development community), the feedback received indicates that the draft DCC rates at a 1% MAF are significant and may have an impact on development in the region. This is in part due to current economic conditions (interest rates, supply/demand, construction costs, etc), and the housing affordability crisis.

In response to this feedback, options for the MAF will be presented in the following sections. Staff have included MAF options of 1%, 25% and 50% in this memo for the Commission's consideration to proceed in the engagement process.

There is also the option of phasing-in the MAF, which is discussed further in following sections.

Impact of Varying the MAF on DCC Rates:

Table 2 below shows the impact of varying MAF's (1%, 25%, 50%) on the proposed DCC rates.

Table 2 -Impact of Varying MAF on the Proposed RWS DCC Rates

Development Category	Collection Unit	1% MAF	25% MAF	50% MAF	No DCC
Single Family	Per unit	\$9,044	\$6,852	\$4,568	\$0
Multi Family	Per unit	\$7,914	\$5,995	\$3,997	\$0
Apartment	Per unit	\$5,087	\$3,854	\$2,569	\$0
Commercial	Per GFA in m ²	\$33.92	\$25.69	\$17.13	\$0
Industrial	Per GFA in m ²	\$16.96	\$12.85	\$8.56	\$0
Institutional	Per GFA in m ²	\$73.48	\$55.67	\$37.11	\$0
Projected Water Rate					
Conceptual Maximum 30-year Bulk Water Rate**	per cubic metre	\$2.84	\$3.02	\$3.22	\$3.61

*GFA = Gross Floor Area

** The rate is based on the 2022 Master Plan projects and only considered a change to the MAF for the 30yr term of the DCC. This conceptual water rate does not consider other changes to the capital plan or operating budgets in future years or other funding sources that could influence the rate, such as grant funding.

Impact of Varying the MAF on Forecasted Bulk Water Rates:

When the 2022 Master Plan was introduced to the Commission in 2022, a conceptual rate model was used to depict the theoretical increase in bulk water rates required to provide sufficient funding to carry out the recommendations (capital and operational expenditures) of the 2022 Master Plan. A consistent graph was included in all presentations to Municipal staff and councils to date.

APPENDIX D

All following graphs in this section assume no senior government grant funding sources, as DCC programs can only be updated to include grant funding sources only when the funding is “in hand”. The CRD would explore grant funding opportunities for large scale capital projects and would update the DCC program appropriately to include this funding source.

Figure 1 below shows the impact of introducing a RWS DCC program with a 1% MAF. Generally, a DCC with a 1% MAF would represent an approximate 20-30% reduction in the required bulk water rate to fund the capital expenditures.

Figure 1 – Conceptual Model of the RWS Bulk Water Rate with DCC’s and a 1% MAF

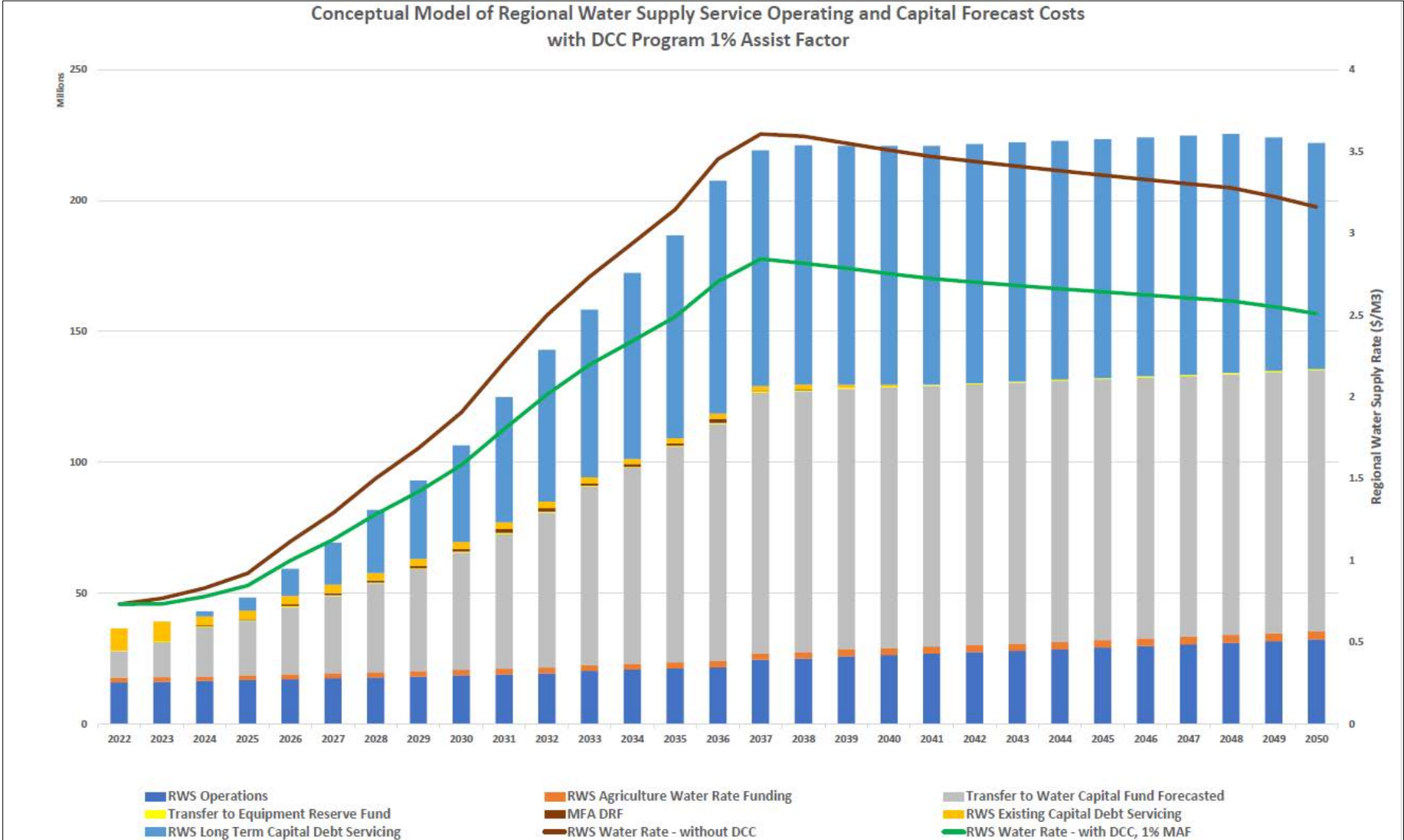
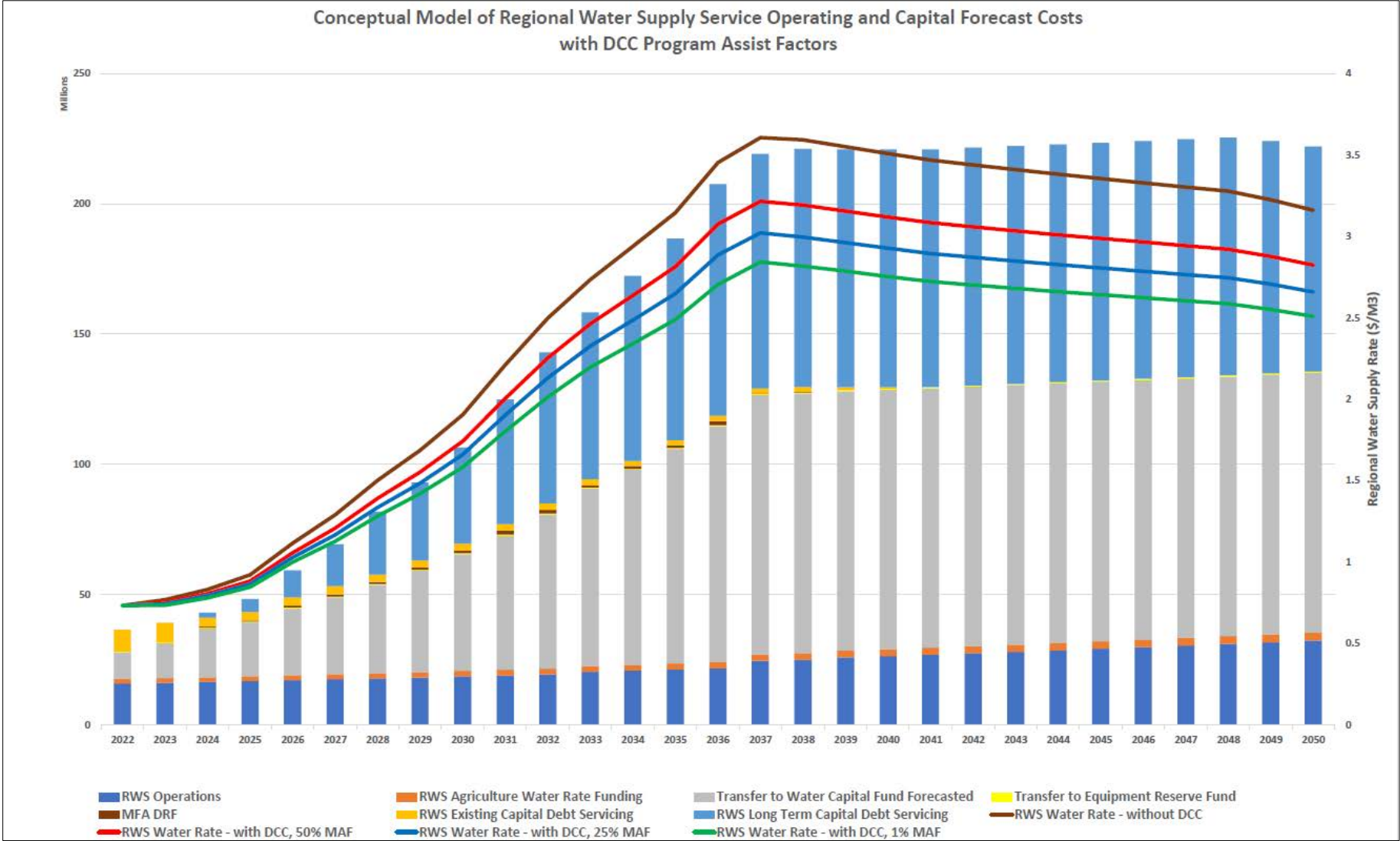


Figure 2 shows the impact of varying MAF's (1%, 25%, 50%) on the theoretical revenue required to be collected through bulk water rates to fund the forecasted expenditures. Generally, a MAF of 1% would have the most impact on the future bulk water rates, as the developers would be responsible for 99% of the identified DCC eligible costs.

Figure 2 - Conceptual Model of the RWS Bulk Water Rate with DCC's and Options of 1, 25, 50% MAF



Phasing-in the MAF:

There is an option to phase-in the MAF over multiple years to gradually implement the development cost charges, which may help lessen the immediate financial impact and provide predictability to developers.

In the March 2023 WAC survey (referenced above), when asked about phasing-in the MAF, the WAC had mixed results (three in favour, two against & two neutral).

The downside of phasing-in a MAF is the added administrative complexity for member municipalities in collecting DCC's on the CRD's behalf. The CRD would need to be diligent in communicating with member municipalities to ensure the correct DCC's were being collected.

Phased MAF Examples

As an example, in 2023, Metro Vancouver introduced a Regional Water DCC with a similar scope and intent, but at a much higher DCC Rate as the proposed CRD RWS DCC Program. The Metro Vancouver Board endorsed the implementation of a phased MAF in the following form:

Table 3- Metro Van Phased MAF Example

Date	Municipal Assist Factor (%)	DCC Rate (Single Family House)
April 28, 2023	Existing 50%	\$6,692
January 1, 2025	45%	\$10,952
January 1, 2026	15%	\$16,926
January 1, 2027	1%	\$19,714

As another example, the District of Saanich has phased-in the MAF for their Transportation DCC in the following form:

Table 4 - District of Saanich Phased MAF Example

Date	Municipal Assist Factor (%)	DCC Rate (Single Family House)
February 25, 2020	20%	\$3,643
February 25, 2021	15%	\$3,897
February 25, 2022	10%	\$4,152
February 25, 2023	5%	\$4,406
February 25, 2024	1%	\$4,610

It is important to note that both of these examples result in a 1% MAF once phased-in.

Alternatives:

Several options and alternatives have been presented to implement a Municipal Assist Factor for the pending RWS DCC program. Staff have presented options for varying levels of assistance (1, 25, 50%), and their resulting implications to both DCC rates and the RWS bulk water rate. The option of phasing-in the MAF was also presented for the Commission's consideration.

Conclusion:

The Local Government Act requires municipalities and regional districts to provide a level of assistance to the DCC program using a Municipal Assist Factor (MAF). The MAF can range

between a minimum of 1% (least amount of assistance) and a maximum of 99% (highest amount of assistance). Typically, growing communities in BC select a MAF between 1% and 10%.

The development of the RWS DCC program has proceeded with a MAF of 1% until this point (upon previous direction from the WAC and Commission). Based on initial feedback received through municipal staff and council meetings to date, CRD staff have summarized various options for the MAF for the Commission's future consideration.

APPENDIX E

Table 1 - Summary of Proposed RWS DCC Program and Bylaw Development Phase 2 Process

Task	Description	Status	Comment
Municipal Staff Engagement	Meet with staff from member municipalities to confirm growth estimates and update the draft DCC program to reflect any discrepancies.	Complete	Refer to summary below.
Municipal Council Engagement	Meet with elected officials from member municipalities to inform of the pending program.	Nearly Complete (District of North Saanich scheduled March 25, 2024)	Refer to summary below.
Development Community Engagement	Meet with development community stakeholders to inform and receive feedback.	Pending	Pending Commission direction.
Public Engagement	Conduct virtual engagement using CRD's "Get Involved" platform	Pending	Pending Commission direction.
First Nation's Engagement	Provide a letter outlining the program and the implications for First Nations.	Pending	Pending Commission direction.
Engagement Summary	Summarize consultation efforts for the Provincial submission.	Volume 1 – Complete	Vol. 1 is related to municipal staff and council. Vol. 2 will incl. public and development
Final Engagement Summary and Program Update	Update elected officials from member municipalities of results of the consultation process and any changes to the program.	Pending	None
RWSC Updates	Provide the Commission with updates throughout Phase 2, in particular with regards to the impacts of varying MAF's on water rates.	May 17, 2023 March 20, 2024	Refer to memo re: MAF
MAF	Obtain input on MAF's prior to seeking Commission approval to move the DCC Bylaw forward to the CRD Board.	Refer to memorandum re: MAF options	
DCC Bylaw	Recommend three readings of the DCC Bylaw to the CRD Board.	Pending	None
Background Report	Finalize the draft background report.	Pending	This report was drafted during Phase 1 and is awaiting the results of Phase 2 and will be submitted to the Insp. Of Mun.
Inspector of Municipalities Bylaw Approval	Submit a comprehensive package to the BC Inspector of Municipalities for DCC bylaw approval. Provide support workshops to staff of member municipalities not currently collecting DCC's.	Pending	None
DCC Bylaw Adoption	Recommend fourth reading (adoption) of the DCC Bylaw to the CRD Board	Pending	None

Appendix E

Table 2 - Summary of Municipal Staff and Council DCC Engagement Meetings

Municipality	Staff Meeting	Status	Council Meeting	Status	Notes
Esquimalt	Sep-18	Complete	Nov-20	Complete	
Saanich	Sep-18	Complete	Jan-15	Complete	UDI presented as a delegation
Colwood	Sep-19	Complete	Nov-14	Complete	
Sidney	Sep-20	Complete	Nov-06	Complete	
Highlands	Sep-21	Complete	Oct-16	Complete	
Metchosin	Sep-21	Complete	Dec-04	Complete	
Oak Bay	Sep-22	Complete	Nov-27	Complete	
Central Saanich	Sep-22	Complete	Feb-12	Complete	See resolution
View Royal	Sep-29	Complete	Nov-07	Complete	
Langford	Oct-11	Complete	Jan-22	Complete	
Victoria	Nov-01	Complete	Mar-07	Complete	
North Saanich	Nov-02	Complete	Mar-25	Scheduled	
Sooke	Dec-01	Complete	Feb-26	Complete	
JDF EA	Jan-10	Complete	Feb-22	Complete	



**REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, MARCH 20, 2024**

SUBJECT **Saanich Peninsula Water Commission Amalgamation with the Regional Water Supply Commission – Feasibility Study**

ISSUE SUMMARY

To inform the Regional Water Commission (RWSC) of a referral motion received from the District of Central Saanich, the direction staff received from the Saanich Peninsula Water Commission (SPWC) and to inform the RWSC on the study being undertaken.

BACKGROUND

At its meeting of November 14, 2023, the District of Central Saanich Council approved the following referral motion:

That the Saanich Peninsula Water Commission investigate the possibility of amalgamation with the Regional Water Supply Commission.

At its January 18, 2024 meeting, the SPWC approved a motion that directed staff to undertake a feasibility study to explore the implications of amalgamating with the RWSC. Staff are presenting the same staff report to RWSC for information.

In the late 1970s, the Capital Regional District was directed to establish a Saanich Peninsula Water Service to take on the water supply and expansion role previously undertaken by the Brentwood Waterworks District, Deep Cove Waterworks District, and the Sidney Waterworks District. The purpose of the service was to undertake the function of water supply, including obtaining land, rights of way, and facilities for doing so.

Votes are not weighted, and are conducted as one-member, one-vote. Membership is made up of each participant's regional directors, an additional council representative, and a public representative, along with a single First Nation representative and a single agricultural organization representative.

In the late 1990s, subsequent to the creation of the Saanich Peninsula Water Commission, the Regional Water System was created and the Province passed the Capital Region and Sooke Hills Protection Act, *SBC 1997, c 5* ("CRSHPA"), and its regulation, to transfer the management of the watershed and lands to the Capital Regional District (CRD).

Three governance bodies were created:

- The Regional Water Supply Commission, now operated by commission Bylaw No. 2539, "Regional Water Supply Commission Bylaw No. 1, 1997",
- The Water Advisory Committee, whose basic membership is set by the CRSHPA and its terms of reference, and
- The Juan de Fuca Water Distribution Commission, now operated by commission Bylaw No. 2540, "Juan de Fuca Water Distribution Commission Bylaw No. 1, 1997".

The CRSHPA gave the management of the water quality, system planning, and bulk delivery to the Regional Water Supply Commission, and created a separate Western Communities system expansion and service delivery function to be managed by the Juan de Fuca Water Distribution Commission.

The Regional Water Supply Commission is a delegated, administrative commission, responsible for major decisions relating to the service. Its voting is weighted in accordance with the weighted voting in the *Local Government Act*. Administration and operation decisions as well as contracts and property decisions are weighted, with other decisions unweighted. This mirrors the Board's weighted voting requirements.

Membership of the Commission is made up based on council appointments equal to the number of directors that participant has on the regional board, and the Juan de Fuca Electoral Area Director. There are no public members, First Nation, or agricultural members on the Commission, however, the advisory committee includes representation for First Nations and agricultural members.

The Regional Water Supply system includes a 130-kilometer transmission system which moves water from the treatment facilities to each of the individually run distribution systems. In the case of the Saanich Peninsula, the Regional Water Supply supplies bulk water to Saanich Peninsula Water which in turn supplies water to the individual municipal and First Nations distribution systems. Currently, Saanich Peninsula Water System is operated as an extension of the Regional Water System, providing a similar service to the Regional Water Transmission division, and sharing common operating procedures and emergency response and preparedness systems.

Though the infrastructure could be operated as a continuous water system, the current governance structure has created a delineation between the two-systems. This structure allows greater autonomy to the Saanich Peninsula communities to define their own service level expectations but also may limit the opportunities for operational efficiencies. By amalgamating the two systems there is potential for increased operational efficiencies, elimination of administrative burden, and improved redundancy and resiliency of the system.

IMPLICATIONS

Service Delivery Implications

The CRD would engage a third party to consider both the implication of the amalgamation to the Saanich Peninsula Water Commission municipal participants, as well as the Regional Water Supply Commission. The scope of the study would consider such aspects as:

- The conversion of the Saanich Peninsula letters patent.
- How the existing infrastructure and liabilities would be valued and transferred.
- Membership, representation and voting on the Regional Water Supply Commission, as well as implications to the membership at the Water Advisory Commission.
- Potential limitations on First Nations membership, representation and voting rights at the Regional Water Supply Commission.
- Review of operational efficiencies related to staffing, technology systems and procedures.
- The role of First Nations and how they would like to be involved in decision-making.
- Streamlining of Water Rate structure and Development Cost Charge programs.
- Recommendations on steps and timing of transition to minimize impacts.

Currently, the Saanich Peninsula Water Supply service has no outstanding debt obligations. However, with the 2024-2028 Capital Plan requiring the issuance of new debt the study will be timed to return recommendations before future obligations are incurred.

It is estimated this study would cost approximately \$40,000 and be funded through the current SPWC operating budget with no amendments to approved rates. It is expected the study will take approximately six months to complete from the time of initiation.

Intergovernmental Implications

The amalgamation of the Saanich Peninsula Water Commission and Regional Water Supply Commission will require approval of the Saanich Peninsula Water Service and the Regional Water Supply Commission along with approval of amendments to the Regional Water Supply Service Establishing Bylaw and, consent of the participants and Inspector of Municipalities. The required approvals will be addressed as part of the feasibility study.

Change to commission bylaws may be done by the CRD Board with three readings and adoption at a regular meeting. No ministerial or participant approval is required.

CONCLUSION

Further to the November 14, 2023 referral motion from the District of Central Saanich Council, and the subsequent direction received from the Saanich Peninsula Water Commission, staff have reviewed the original rationale for the creation of the Saanich Peninsula Water Service and the scope of the Regional Water Supply Service. Staff found that there may be an unnecessary layer of governance which was required in 1976, prior to the creation of the Regional Water Supply Service that could be eliminated with potentially no impact to the level of services and with improved efficiencies for the users.

RECOMMENDATION

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

Submitted by:	Alicia Fraser, P. Eng., General Manager, Integrated 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: Supplementary Letters Patent

**SAANICH PENINSULA WATER COMMISSION
LETTERS PATENT, AMENDMENTS AND CONSOLIDATED VERSION**

(Scanned versions)

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SAANICH PENINSULA WATER COMMISSION
LETTERS PATENT

(Scanned version)

CANADA

PROVINCE OF BRITISH COLUMBIA

ELIZABETH the SECOND, by the Grace of God, of the United Kingdom, Canada, and Her Other Realms and Territories, Queen, Head of the Commonwealth, Defender of the Faith.

To all to whom these presents shall come -

GREETING	(WHEREAS pursuant to the provisions
	(
	(of section 766 of the Municipal Act,
Minister of	(
Municipal Affairs	(the Capital Regional District was
And Housing	(
	(incorporated by Letters Patent issued
	(
	(on the 1 st day of February, 1966:

AND WHEREAS pursuant to the provisions of section 29A of the Municipal Act it has been deemed to be desirable and in the public interest that the Brentwood Waterworks District, the Deep Cove Waterworks District and the Sidney Waterworks District, being improvement districts incorporated under the Water Act be dissolved and all of the assets, rights, claims, obligations, liabilities, contracts, agreements, and bylaws of the said Brentwood Waterworks District be transferred to The Corporation of the District of Central Saanich and further that all of the assets, rights, claims, obligations, liabilities, contracts, agreements, and bylaws of the said Deep Cove Waterworks District be transferred to the District of North Saanich and further that all of the assets, rights, claims, obligations, liabilities, contracts, agreements and bylaws of the said Sidney Waterworks District be transferred to the Town of Sidney:

AND WHEREAS it is deemed to be desirable and expedient that the Capital Regional District be granted the function of water supply for the area comprised of the lands within the boundaries of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney:

NOW KNOW YE THAT, by these presents, We do order and proclaim that the following be added to the objects, powers, obligations, duties, limitations, and conditions of the Capital Regional District:

DIVISION XVII - WATER SUPPLY (SAANICH PENINSULA).

1. Only the member municipalities of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney participate in this function and share in the cost thereof:
2. The regional district is empowered to purchase water and to acquire, design, construct, reconstruct, purchase, maintain, and operate facilities and to acquire all such real property, easements, rights of way, licences, rights or authorities for the purpose of supplying water to The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney for distribution by those municipalities in conformity with the planning policies contained in the Official Community Plans and Official Regional Plans adopted under the provisions of the Municipal Act.
3. The regional district is empowered by bylaw to fix rates and charges for the supply of water to The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney for distribution only within municipal boundaries except with the consent of the Regional Board and the provisions of section 568 of the Municipal Act, mutatis mutandis, apply to the regional district.
4. For the purpose of this function all assets, rights, claims, obligations, liabilities, contracts and agreements of the participating member municipalities with respect to water supply only, including those formerly held by the Brentwood Waterworks District, the Deep Cove Waterworks District and the Sidney Waterworks District, are hereby transferred to the regional district in trust for the use and enjoyment and fulfillment by the participating member municipalities, provided, however, that the transfer of real property together with any improvements thereon may at the discretion of the municipality be by lease to the regional district for water supply purposes. Any initial lease entered into in accordance with the provisions of this paragraph shall be at a nominal rental of \$1.00 (one dollar) per annum and the term shall not exceed ten years and it shall be renewable upon such terms agreeable to the owner municipality and the regional district, provided however in the event of a dispute between the two parties relative to cite renewal of the lease any issue in dispute shall be referred to the Comptroller of Water Rights whose decision shall be binding upon both parties.
5. For the purpose of this function bylaws of the participating member municipalities, including those of the former Brentwood Waterworks District, the Deep Cove Waterworks District and the Sidney Waterworks District, shall be deemed to be bylaws of the regional district where such bylaws or parts thereof relate to water supply, and the said bylaws or applicable parts thereof, as the case may be, shall be administered by the regional district and be amended or repealed by the Regional Board on the advice of the Saanich Peninsula Water Commission herein provided for.
6. For the year 1977 only, that part of the annual budget of the regional district which includes provision for the function granted by this Division shall, before coming into force and effect, be approved by the Inspector of Municipalities.

7. The annual net cost attributable to the function granted by this Division, including any annual debt charges, shall be apportioned among the member municipalities liable to share such costs on the basis of fifty per cent (50%) by census population and fifty per cent (50%) by net taxable value of land and improvements for school purposes, except those properties taxable for school purposes only by special Act.
8. For the purposes of subsection (7) of section 786 of the Municipal Act, the Inspector of Municipalities may establish the amount of debt that may be incurred for this function.
9. There is hereby established a Saanich Peninsula Water Commission which shall consist of eleven members as follows:
 - (1) (a) three members, one each appointed annually from and by the Council of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney, respectively;
 - (b) three members, one each appointed on or before the 31st day of December, 1976, from and by the Board of Trustees of the Brentwood Waterworks District, the Deep Cove Waterworks District, and the Sidney Waterworks District respectively, each of whom shall hold office for a period of three years; and thereafter their successors, respectively, shall be appointed annually by the Councils of the Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney.
 - (c) those members of the Council of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney, who are Directors of the Regional Board of the Capital Regional District;
 - (d) two members appointed annually by the Regional Board of the Capital Regional District, each of whom shall be a resident of one of the participating municipalities but a person other than a member of the Board or of the Councils of The Corporation of the District of Central Saanich, the District of North Saanich or the Town of Sidney.
- (2) the Saanich Peninsula Water Commission shall, at its first meeting in each year, appoint a Chairman and a Vice-Chairman from and by the members thereof to hold office for that year or until a successor is appointed;
- (3) should a member of the Commission appointed under sub-paragraph (1)(b) hereof resign, or for some other reason vacate or cease to hold office, the Minister of Municipal Affairs and Housing shall appoint a successor, provided however, that this provision shall cease to operate beyond the year 1979.

10. It shall be the duty of the Saanich Peninsula Water Commission to:
 - (1) advise the Regional Board on water supply matters on its own initiative or where such matters are referred to it be the Regional Board or the Council of a participating member municipality.
 - (2) act as liaison between the Regional Board and the member municipalities.
11. The Regional Board may, by bylaw, delegate such administrative powers to the Saanich Peninsula Water Commission as may be deemed expedient.
12. All matters concerned with the function or water supply granted by this Division, requiring legislative action by the Regional Board shall be referred to the Saanich Peninsula Water Commission at least thirty days before being acted upon by the Regional Board.
13. The Regional Board shall appoint a Secretary who shall be responsible for the preparation, maintenance and safe preservation of the minute books and other records of the transactions and other business of the Commission.
14. The Minutes and reports of the Saanich Peninsula Water Commission shall be submitted to the Regional Board and to the participating member municipalities.

AND THAT the Letters Patent of the Capital Regional District be deemed to be amended so as to conform to the premises as and from the date, of these supplementary Letters Patent.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent and the Great Seal of Our said Province to be hereunto affixed.

WITNESS, Colonel, the Honourable Walter S. Owen, Q.C., LL.D., Lieutenant- Governor of Our said Province of British Columbia, in Our City of Victoria, in Our said Province, this 22nd day of December in the year of Our Lord one thousand nine hundred and seventy-six and in the twenty-fifth year of Our Reign.

By Command.

D. Phillips
Acting Provincial Secretary and
Minister of Travel Industry.

**Amendment to Saanich Peninsula Water Commission Letters Patent - April 27, 1978
(Scanned version)**

CANADA

PROVINCE OF BRITISH COLUMBIA

ELIZABETH the SECOND, by the Grace of God, of the United Kingdom, Canada, and Her Other Realms and Territories, Queen, Head of the Commonwealth, Defender of the Faith.

To all to whom these presents shall come -

GREETING	(WHEREAS pursuant to the provisions
	(
	(of section 766 of the Municipal Act,
Minister of	(
Municipal Affairs	(the Capital Regional District was
And Housing	(
	(incorporated by Letters Patent issued
	(
	(on the 1 st day of February, 1966:

AND WHEREAS, Section 766 of the Municipal Act provides inter alia that, in addition to the functions conferred by that Act a regional district has such functions as are provided by Letters Patent or supplementary Letters Patent, and for this purpose the Lieutenant-Governor in Council may, on the recommendation of the Minister, provide in Letters Patent or supplementary Letters Patent such further objects, powers, obligations, duties, limitations, and conditions in respect to any or all functions requested pursuant to this section:

AND WHEREAS pursuant to the provisions of supplementary Letters Patent issued 22nd December 1976, conferring upon the Capital Regional District the function of water supply to The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney, the membership of a commission created to advise the Capital Regional District Board shall be comprised in part of three members one each appointed annually from and by the councils of The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney respectively:

AND WHEREAS the interests of the three member municipalities are significantly affected as a result of the deliberations of the said commission:

AND WHEREAS from time to time the member appointed by the said municipal councils is unable to attend meetings of the commission:

AND WHEREAS the provisions of section 766 of the Municipal Act have been complied with:

NOW KNOW YE THAT by these presents We do order and proclaim that the following be added to the objects, powers, obligations, duties, limitations and conditions of the Capital Regional District:

1. Paragraph numbered 9 of the function of Division XVII - Water Supply (Saanich Peninsula) granted by supplementary Letters Patent issued 22nd December 1976 is amended by the inclusion of the following as sub-paragraph (4):

“(4) There shall also be appointed annually from and by the Councils of The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney respectively an alternate member who shall take the place of and have the vote of a specified member appointed pursuant to the provisions of clause (a) of sub-paragraph (1) of paragraph 9 in the case of any necessary absence from a meeting of the commission, and notice of appointment shall be given to the secretary of the commission appointed pursuant to paragraph number 13 before the alternate member may vote on any matter before the commission.”

AND THAT the Letters Patent and supplementary Letters Patent of the Capital Regional District be deemed to be further amended accordingly.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent and the Great Seal of Our said Province to be hereunto affixed.

WITNESS, Colonel, the Honourable Walter S. Owen, Q.C., LL.D., Lieutenant-Governor of Our said Province of British Columbia, in Our City of Victoria, in Our said Province, this 27th day of April in the year of Our Lord one thousand nine hundred and seventy-eight and in the twenty-seventh year of Our Reign.

By Command.

Provincial Secretary and
Minister of Travel Industry.

**Amendment to Saanich Peninsula Water Commission Letters Patent - September 27, 1984
(Scanned version)**

CANADA

PROVINCE OF BRITISH COLUMBIA

ELIZABETH the SECOND, by the Grace of God, of the United Kingdom, Canada, and Her Other Realms and Territories, Queen, Head of the Commonwealth, Defender of the Faith.

To all to whom these presents shall come -

GREETING	(WHEREAS pursuant to the provisions
	(
	(of section 767 of the Municipal Act,
Bill Ritchie	(
	(the Capital Regional District was
Minister of	(
Municipal Affairs	(incorporated by Letters Patent issued
	(
	(on the 1 st day of February, 1966:

AND WHEREAS, Section 767 of the Municipal Act provides inter alia that, in addition to the functions conferred by that Act a regional district has the functions as provided by Letters Patent or Supplementary Letters Patent, and for this purpose the Lieutenant-Governor in Council may, on the recommendation of the Minister, provide in the Letters Patent or Supplementary Letters Patent further objects, powers, obligations, duties, limitations, and conditions for any or all functions requested under that section:

AND WHEREAS by Supplementary Letters Patent issued on the 22nd day of December 1976 the Regional Board of the Capital Regional District was granted the function of Division XVII - Water Supply (Saanich Peninsula) with the Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney as participating members:

AND WHEREAS the Regional Board of the Capital Regional District has requested the function of Division XVII - Water Supply (Saanich Peninsula) be amended by changing the formula for the apportionment of annual net cost attributable to this function, including annual debt charges, among participating member municipalities:

AND WHEREAS the provisions of section 767 of the Municipal Act have been duly complied with:

NOW KNOW YE THAT by these presents We do order and proclaim that on, from, and after the date hereof, the following be added to the objects, powers, obligations, duties, limitations, and conditions of the Capital Regional District:

The function of Division XVII - Water Supply (Saanich Peninsula) granted by Supplementary Letters Patent dated December 22, 1976, as amended, be further amended by:

1. Deleting paragraph number 7 in its entirety and substituting therefore the following:
 - “7. The annual net cost attributable to the function granted by this division, including annual debt charges, shall be apportioned among the member municipalities liable to share such costs on the following basis:
 - (a) Annual debt charges forming part of the annual net cost shall be reduced by subtracting therefrom the amount to the credit of a reserve fund created pursuant to Capital Regional District Bylaw No. 512 cited as the “Saanich Peninsula Water Supply Debt Reserve Fund Bylaw No. 1, 1978” as of December 31st of the immediately preceding year.
 - (b) The annual net cost as adjusted pursuant to (a) above shall be apportioned:
 - (i) by an amount equal to 0.115 dollars per thousand dollars on the total hospital assessment for the current year for all member municipalities and apportioned on that basis.
 - (ii) the balance of the net cost as follows:

1/3 on school assessments for the immediately preceding year within the benefiting specified areas as established by member municipalities for the purpose of water supply;

1/3 on the census population of the member municipalities as certified by the Inspector of Municipalities;

1/3 on the number of water connections in each member municipality as of 31st December of the immediately preceding year.”

AND THAT the Letters Patent, as amended, of the Capital Regional District be deemed to be further amended accordingly.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent and the Great Seal of Our said Province to be hereunto affixed.

WITNESS, the Honourable Robert Gordon Rogers, Lieutenant-Governor of Our said Province of British Columbia, in Our City of Victoria, in Our said Province, this 27th day of September in the year of Our Lord one thousand nine hundred and eighty-four and in the thirty-third year of Our Reign.

By Command
Acting Provincial Secretary and
Minister of Government Services.

**Amendment to Saanich Peninsula Water Commission Letters Patent - March 19, 1986
(Scanned version)**

CANADA

PROVINCE OF BRITISH COLUMBIA

ELIZABETH the SECOND, by the Grace of God, of the United Kingdom, Canada, and Her Other Realms and Territories, Queen, Head of the Commonwealth, Defender of the Faith.

To all to whom these presents shall come -

GREETING (WHEREAS pursuant to the provisions
(
of section 767 of the Municipal Act,
Bill Ritchie (
(the Capital Regional District was
Minister of (
Municipal Affairs (incorporated by Letters Patent issued
(
(on the 1st day of February, 1966:

AND WHEREAS section 767 of the Municipal Act provides, inter alia, that in addition to the functions conferred by that Act, a regional district has the functions as provided by Letters Patent or Supplementary Letters Patent, and for this purpose the Lieutenant-Governor in Council may, on the recommendation of the Minister, provide in the Letters Patent or Supplementary Letters Patent further objects, powers, obligations, duties, limitations and conditions for any or all functions requested under that section:

AND WHEREAS by Supplementary Letters Patent issued on the 22nd of December, 1976 the Regional Board of the Capital Regional District was granted the function of Division XVII - Water Supply (Saanich Peninsula):

AND WHEREAS the Regional Board of the Capital Regional District has requested the function of Division XVII - Water Supply (Saanich Peninsula) be amended by empowering the regional district to supply water to the Department of Agriculture of the Government of Canada.

AND WHEREAS the provisions of section 767 of the Municipal Act have been duly complied with:

NOW KNOW YE THAT by these presents We do order and proclaim that on, from and after the date hereof, the following be added to the objects, powers, obligations, duties, limitations, and conditions of the Capital Regional District:

The function of Division XVII - Water Supply (Saanich Peninsula) granted by Supplementary Letters Patent December 22, 1976, as amended, be further amended by:

1. Deleting section 2 in its entirety and substituting therefor the following:
 - “2. The regional district is empowered to purchase water and to acquire, design, construct, reconstruct, purchase, maintain and operate facilities and to acquire all such real property, easements, rights-of-way, licences, rights, or authorities for the purpose of supplying water to The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney for distribution by those municipalities in conformity with the planning policies contained in the Official Community Plans and Official Regional Plans adopted under the provisions of the Municipal Act and for the purpose of supplying water to the Department of Agriculture of the Government of Canada for distribution within its system and for its use only and not for resale.”

2. Deleting section 3 in its entirety and substituting therefor the following:
 - “3. The regional district is empowered by by-law to fix rates and charges for the supply of water to The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney for distribution only within municipal boundaries except with the consent of the Regional Board, and for the supply of water to the Department of Agriculture of the Government of Canada for distribution within its system and for its use only and not for resale, and the provisions of section 640 of the Municipal Act, mutatis mutandis, apply to the regional district.”

AND THAT the Letters Patent, as amended, of the Capital Regional District be deemed to be further amended accordingly.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent and the Great Seal of Our said Province to be hereunto affixed.

WITNESS, the Honourable Robert Gordon Rogers, Lieutenant-Governor of Our said Province of British Columbia, in Our City of Victoria, in Our said Province, this 19th day of March in the year of Our Lord one thousand nine hundred and eighty-five (stroked out and hand-written six) and in the thirty-fourth (stroked out and hand-written fifth) year of Our Reign.

By Command.

Provincial Secretary and
Minister of Government Services.

**SAANICH PENINSULA WATER COMMISSION
LETTERS PATENT**

(Scanned consolidated version)

CANADA

PROVINCE OF BRITISH COLUMBIA

ELIZABETH the SECOND, by the Grace of God, of the United Kingdom, Canada, and Her Other Realms and Territories, Queen, Head of the Commonwealth, Defender of the Faith.

To all to whom these presents shall come -

GREETING	(WHEREAS pursuant to the provisions
	(
	(of section 766 of the Municipal Act,
Minister of	(
Municipal Affairs	(the Capital Regional District was
And Housing	(
	(incorporated by Letters Patent issued
	(
	(on the 1 st day of February, 1966:

AND WHEREAS pursuant to the provisions of section 29A of the Municipal Act it has been deemed to be desirable and in the public interest that the Brentwood Waterworks District, the Deep Cove Waterworks District and the Sidney Waterworks District, being improvement districts incorporated under the Water Act be dissolved and all of the assets, rights, claims, obligations, liabilities, contracts, agreements, and bylaws of the said Brentwood Waterworks District be transferred to The Corporation of the District of Central Saanich and further that all of the assets, rights, claims, obligations, liabilities, contracts, agreements, and bylaws of the said Deep Cove Waterworks District be transferred to the District of North Saanich and further that all of the assets, rights, claims, obligations, liabilities, contracts, agreements and bylaws of the said Sidney Waterworks District be transferred to the Town of Sidney:

AND WHEREAS it is deemed to be desirable and expedient that the Capital Regional District be granted the function of water supply for the area comprised of the lands within the boundaries of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney:

NOW KNOW YE THAT, by these presents, We do order and proclaim that the following be added to the objects, powers, obligations, duties, limitations, and conditions of the Capital Regional District:

DIVISION XVII - WATER SUPPLY (SAANICH PENINSULA).

1. Only the member municipalities of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney participate in this function and share in the cost thereof:
2. The regional district is empowered to purchase water and to acquire, design, construct, reconstruct, purchase, maintain and operate facilities and to acquire all such real property, easements, rights-of-way, licences, rights, or authorities for the purpose of supplying water to The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney for distribution by those municipalities in conformity with the planning policies contained in the Official Community Plans and Official Regional Plans adopted under the provisions of the Municipal Act and for the purpose of supplying water to the Department of Agriculture of the Government of Canada for distribution within its system and for its use only and not for resale.

[Section 2 amended March 19, 1986.)

3. The regional district is empowered by by-law to fix rates and charges for the supply of water to The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney for distribution only within municipal boundaries except with the consent of the Regional Board, and for the supply of water to the Department of Agriculture of the Government of Canada for distribution within its system and for its use only and not for resale, and the provisions of section 640 of the Municipal Act, mutatis mutandis, apply to the regional district.

[Section 3 amended March 19, 1986.)

4. For the purpose of this function all assets, rights, claims, obligations, liabilities, contracts and agreements of the participating member municipalities with respect to water supply only, including those formerly held by the Brentwood Waterworks District, the Deep Cove Waterworks District and the Sidney Waterworks District, are hereby transferred to the regional district in trust for the use and enjoyment and fulfillment by the participating member municipalities, provided, however, that the transfer of real property together with any improvements thereon may at the discretion of the municipality be by lease to the regional district for water supply purposes. Any initial lease entered into in accordance with the provisions of this paragraph shall be at a nominal rental of \$1.00 (one dollar) per annum and the term shall not exceed ten years and it shall be renewable upon such terms agreeable to the owner municipality and the regional district, provided however in the event of a dispute between the two parties relative to cite renewal of the lease any issue in dispute shall be referred to the Comptroller of Water Rights whose decision shall be binding upon both parties.

5. For the purpose of this function bylaws of the participating member municipalities, including those of the former Brentwood Waterworks District, the Deep Cove Waterworks District and the Sidney Waterworks District, shall be deemed to be bylaws of the regional district where such bylaws or parts thereof relate to water supply, and the said bylaws or applicable parts thereof, as the case may be, shall be administered by the regional district and be amended or repealed by the Regional Board on the advice of the Saanich Peninsula Water Commission herein provided for.
6. For the year 1977 only, that part of the annual budget of the regional district which includes provision for the function granted by this Division shall, before coming into force and effect, be approved by the Inspector of Municipalities.
7. The annual net cost attributable to the function granted by this division, including annual debt charges, shall be apportioned among the member municipalities liable to share such costs on the following basis:
 - (a) Annual debt charges forming part of the annual net cost shall be reduced by subtracting therefrom the amount to the credit of a reserve fund created pursuant to Capital Regional District Bylaw No. 512 cited as the "Saanich Peninsula Water Supply Debt Reserve Fund Bylaw No. 1, 1978" as of December 31st of the immediately preceding year.
 - (b) The annual net cost as adjusted pursuant to (a) above shall be apportioned:
 - (i) by an amount equal to 0.115 dollars per thousand dollars on the total hospital assessment for the current year for all member municipalities and apportioned on that basis.
 - (ii) the balance of the net cost as follows:

1/3 on school assessments for the immediately preceding year within the benefiting specified areas as established by member municipalities for the purpose of water supply;

1/3 on the census population of the member municipalities as certified by the Inspector of Municipalities;

1/3 on the number of water connections in each member municipality as of 31st December of the immediately preceding year.

[Section 7 amended September 27, 1984.]

8. For the purposes of subsection (7) of section 786 of the Municipal Act, the Inspector of Municipalities may establish the amount of debt that may be incurred for this function.

9. There is hereby established a Saanich Peninsula Water Commission which shall consist of eleven members as follows:
- (1) (a) three members, one each appointed annually from and by the Council of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney, respectively;
 - (b) three members, one each appointed on or before the 31st day of December, 1976, from and by the Board of Trustees of the Brentwood Waterworks District, the Deep Cove Waterworks District, and the Sidney Waterworks District respectively, each of whom shall hold office for a period of three years; and thereafter their successors, respectively, shall be appointed annually by the Councils of the Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney.
 - (c) those members of the Council of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney, who are Directors of the Regional Board of the Capital Regional District;
 - (d) two members appointed annually by the Regional Board of the Capital Regional District, each of whom shall be a resident of one of the participating municipalities but a person other than a member of the Board or of the Councils of The Corporation of the District of Central Saanich, the District of North Saanich or the Town of Sidney.
- (2) the Saanich Peninsula Water Commission shall, at its first meeting in each year, appoint a Chairman and a Vice-Chairman from and by the members thereof to hold office for that year or until a successor is appointed;
 - (3) should a member of the Commission appointed under sub-paragraph (1)(b) hereof resign, or for some other reason vacate or cease to hold office, the Minister of Municipal Affairs and Housing shall appoint a successor, provided however, that this provision shall cease to operate beyond the year 1979.
 - (4) There shall also be appointed annually from and by the Councils of The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney respectively an alternate member who shall take the place of and have the vote of a specified member appointed pursuant to the provisions of clause (a) of sub-paragraph (1) of paragraph 9 in the case of any necessary absence from a meeting of the commission, and notice of appointment shall be given to the secretary of the commission appointed pursuant to paragraph number 13 before the alternate member may vote on any matter before the commission.

[Subsection (4) added in amendment of April 27, 1978.]

10. It shall be the duty of the Saanich Peninsula Water Commission to:
 - (1) advise the Regional Board on water supply matters on its own initiative or where such matters are referred to it be the Regional Board or the Council of a participating member municipality.
 - (2) act as liaison between the Regional Board and the member municipalities.
11. The Regional Board may, by bylaw, delegate such administrative powers to the Saanich Peninsula Water Commission as may be deemed expedient.
12. All matters concerned with the function or water supply granted by this Division, requiring legislative action by the Regional Board shall be referred to the Saanich Peninsula Water Commission at least thirty days before being acted upon by the Regional Board.
13. The Regional Board shall appoint a Secretary who shall be responsible for the preparation, maintenance and safe preservation of the minute books and other records of the transactions and other business of the Commission.
14. The Minutes and reports of the Saanich Peninsula Water Commission shall be submitted to the Regional Board and to the participating member municipalities.

AND THAT the Letters Patent of the Capital Regional District be deemed to be amended so as to conform to the premises as and from the date, of these supplementary Letters Patent.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent and the Great Seal of Our said Province to be hereunto affixed.

WITNESS, Colonel, the Honourable Walter S. Owen, Q.C., LL.D., Lieutenant- Governor of Our said Province of British Columbia, in Our City of Victoria, in Our said Province, this 22nd day of December in the year of Our Lord one thousand nine hundred and seventy-six and in the twenty-fifth year of Our Reign.

By Command.

D. Phillips
Acting Provincial Secretary and
Minister of Travel Industry.



**REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, APRIL 17, 2024**

SUBJECT **Greater Victoria Water Supply Area Wildfire Management and Thinning Update**

ISSUE SUMMARY

To report on the 2023 wildfire program, wildfire season conditions and the forest restoration thinning project in the Greater Victoria Water Supply Area (GVWSA).

BACKGROUND

Several risk assessments of the GVWSA have been completed over the years. In all cases the risk of large-scale wildfire is classified as the greatest land-based risk to drinking water quality. Landscape level wildfire has been assessed as a low likelihood but high consequence risk. The water quality risks associated with large fires stem from the aftereffects of burned over forested lands from which sediment, soils, woody debris, nutrients and potential contaminants may enter source water reservoirs. Given this risk, the Watershed Protection division has developed comprehensive wildfire management programs including: planning, prevention, preparedness, detection, response, forest fuel reduction, and burned area rehabilitation preparedness.

Wildfire Planning, Prevention and Preparedness

A comprehensive *GVWSA Wildfire Management Plan* details GVWSA climate, weather, forest fuels, potential fire behaviour, fire history, and current strategies for wildfire prevention, detection, suppression and fuel management.

Each spring the *GVWSA Wildfire Preparedness Plan* is updated and distributed to staff and external agencies providing operational procedures for wildfire reporting, patrols, standby and suppression, contact lists, work restrictions, suppression equipment inventory and staging.

Wildfire prevention activities begin with restricting public access and enforcement of the Greater Victoria Water Supply Area Protection bylaw to reduce the probability of fire starts as a result of unauthorized access.

A network of eight fire weather stations determines the daily Fire Danger Rating (FDR) in each of the Water Supply Areas (WSA) which restricts operational work and requires fire (spark) watch to reduce the probability of operational fire starts.

Wildfire Detection

It is important for the GVWSA wildfire management program to detect any fires early, to increase the probability of controlling the fire. Fire starts are detected by ground patrols, air patrols, tracking lightning strikes, and more recently drones and infrared cameras. In 2023 the infrared camera on Mt. Healy, that views the Sooke and Goldstream WSAs, was used extensively for detection and in 2024 an infrared camera is planned to be mounted on Survey Mountain to “see” the Leech WSA.

Wildfire Response

The wildfire response program includes the following elements:

- Preparedness – seasonal staff hiring, equipment staging, reporting daily wildfire preparedness status and fire weather conditions.
- Training – In 2023, 32 staff were trained and fit for wildfire response in the GVWSA, 8 to 10 additional staff within the CRD have training and can also be called upon.
- Standby - staff on standby for fireline roles at prescribed fire danger levels.
- Equipment - well maintained equipment that is the same or compatible with provincial and industry equipment for seamless fire support.
- Pumping Stations - maintenance of access to approximately 30 water source locations spread throughout the GVWSA.
- Service and Partnership Agreements
 - Wildfire Response Agreement with the BC Wildfire Service (BCWS) to provide unlimited support on wildfire suppression in the GVWSA for an annual fee. In 2023, the CRD paid \$8,100 for protection of 20,605 hectares (ha) GVWSA lands.
 - Memorandum of Understanding - South Vancouver Island Fire Management Organization – participating landholders in the South Island including private forest landholders and government agencies have agreed to terms of co-operation in reporting, initial attack, sustained wildfire suppression and payment for action on each other's lands.
 - Working relationships with neighbouring municipal and volunteer fire halls including Langford, Sooke, Shawnigan, Malahat, Colwood, and Metchosin.

2023 BC and GVWSA Wildfire Response

The British Columbia Wildfire Service (BCWS) states that the 2023 fire season was the most destructive in British Columbia's (BC) recorded history. BC was under a provincial state of emergency for 28 days where wildfires resulted in an estimated 208 evacuation orders which affected approximately 24,000 properties and roughly 48,000 people.

<https://www2.gov.bc.ca/gov/content/safety/wildfire-status/about-bcws/wildfire-history/wildfire-season-summary>).

In the BC Coastal Fire Centre area, 365 wildfires burned 89,750 ha of land. There were significant impacts on Vancouver Island including months of access restriction to Port Alberni, Tofino, and Ucluelet due to active fire risk (Cameron Bluffs wildfire V70600) and subsequent land stability damages above Highway 4.

In the GVWSA, fire weather indices became favorable for wildfires beginning May 15 with conditions of concern remaining until September 22, a total of 130 days. Of the 130 fire days, 114 were in High or Extreme Fire Danger Rating (FDR), with a rapid spring drying and extended drought through the summer. Fortunately no wildfires started, and no suppression activities were required in the GVWSA in 2023. On August 29, crews detected and responded to a fire on adjacent private forest lands just outside the GVWSA. The fire was spot sized, burning with low intensity, and crews contained the fire over the course of the afternoon before turning activities over to the landowner and BCWS (see Appendix A).

The following figure shows the number of days per year of High and Extreme FDR for the Sooke WSA for the last 21 years. A new record was set in 2023 for most combined high and extreme days (114). The calculated trend line shows an ongoing increase in the number of days in High and Extreme FDR, which is expected to continue with climate change.

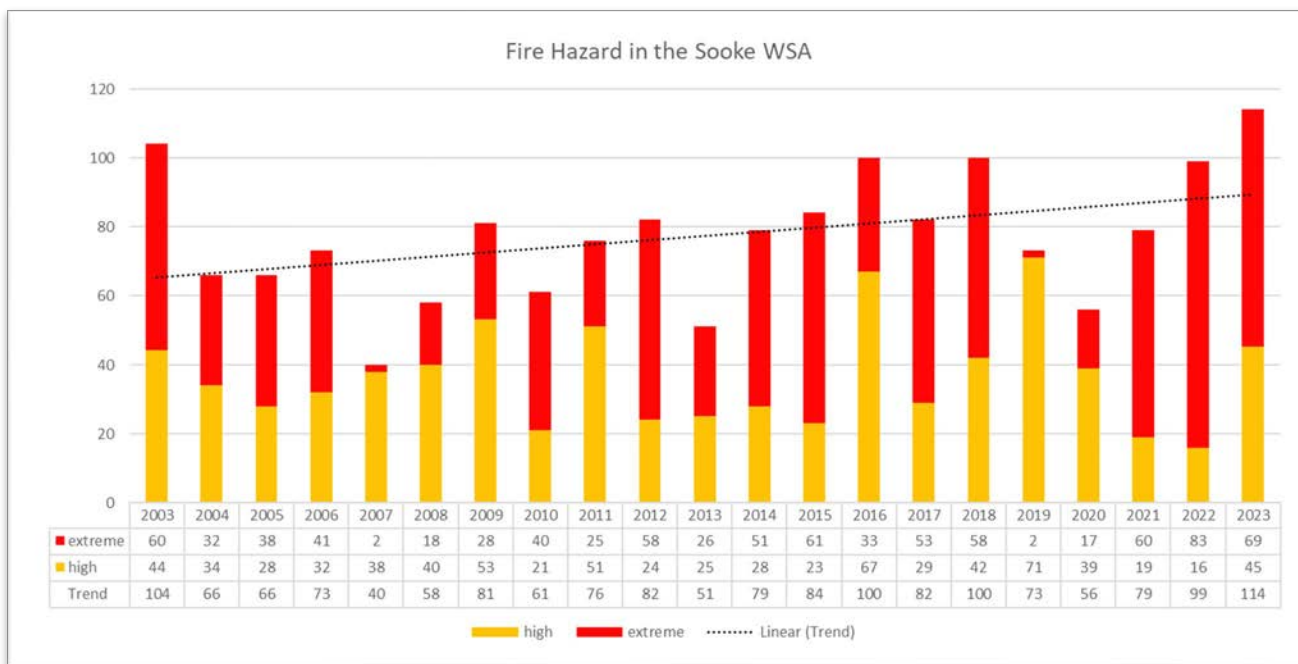


Figure 1. The number of days in High and Extreme Fire Danger Rating in the Sooke WSA over time

Forest Fuel Management

Forest fuel management refers to the reduction of the amount and type of forest fuels (small trees, branches, downed woody material, combustible shrubs) available to a wildfire. If located strategically, forest fuel management can reduce the intensity and rate of spread of wildfire, improve probability of suppression success, and reduce the threat to water quality and water supply facilities. Forest fuel management has been ongoing for the last 15 years with a variety of FireSmart and fuel reduction areas and corridors implemented and maintained (see Appendix B map). New in 2023 was the implementation of a thinning trial to reduce fuel loads and improve wildfire resilience and forest health.

Forest Ecosystem Restoration Thinning Trial

A new initiative to trial thinning to reduce forest fuels and mitigate vulnerability to wildfire and climate change was begun in 2023. The trial is being conducted on five Douglas-fir planted sites at the north end of the Sooke WSA totaling 42 ha. Existing tree densities ranged from 836 to 2,848 trees/ha in forests 43- to 64-years of age. Thirty to fifty percent of the dominant Douglas-fir trees were thinned out, while retaining deciduous and other coniferous trees. The thinning was implemented “from below”, which means the largest trees are retained and the smallest most suppressed live and dead trees are the ones selected for removal. In comparison, old forests in the GVWSA have 150 to 250 large trees/ha in the overstory.

The work was advertised on BC Bid and a Vancouver Island contractor with specialized thinning equipment submitted a successful proposal and was awarded the contract. As well as submitting prices for the thinning treatment, the contractor also submitted a proposal for the purchase of the resulting merchantable logs. Sold logs are being delivered to a veneer and roundwood facility and a pulp mill; both located in Nanaimo. The remaining woody debris from the treatment (cut

non-merchantable stems, branches and tops) is assessed by staff for mitigation by piling, chipping or burning as required.

Post treatment, the stands are being re-measured for remaining tree density, size, canopy base height (a measure of ladder fuels) fuel loading, air temperature, relative humidity and soil moisture in the thinned areas compared with control untreated areas. Tree rings will be assessed over time to monitor tree growth and bark thickness response.

Dr. Chris Bone at the University of Victoria is incorporating the thinning trial areas into the modelling work he is doing to examine how forest management can reduce threats associated with the effects of climate change on forests and wildfire in the GVWSA. Along with learnings from modelling, trials and adaptive management, the longer-term goal is to develop a forest management plan for the GVWSA to mitigate climate change effects.

One of the trial thinning sites is located along the public tour route and a stop is planned to show and discuss the project. The public's questions and feedback about thinning for wildfire and forest restoration and resilience will be used to inform any further outreach efforts.

The thinning initiative is funded by the "Forest Resilience" and "Forest Fuel Management" capital line items in the Regional Water Supply Capital Plan. The project is not yet complete (logs are still being delivered to the Nanaimo facilities), so log revenues can only be estimated. At this time the 42 ha of treatment is estimated to result in a net cost of \$200,000 or \$4,700/ha. In comparison, the last fuel management contract for six ha awarded in 2022 cost \$68,952 or \$11,492/ha.

Burned Area Rehabilitation Planning and Preparedness

While much effort is directed into preventing wildfire, the rehabilitation response after wildfire can play a large role in the resulting water quality impacts should a significant fire burn in the GVWSA. In 2023, a project to assess the water quality impact (in terms of debris flow and sediment delivery) of different intensities of wildfire adjacent to the Sooke Lake Reservoir was completed. Based on this assessment, site specific post wildfire rehabilitation prescriptions will be prepared in high priority areas in 2024/2025 for rehabilitation preparedness in case of wildfire. Unique materials and designs required to perform the prescriptions have or will be procured.

CONCLUSION

Wildfire management remains the highest priority program in managing the Greater Victoria Water Supply Area (GVWSA). The GVWSA again experienced a long period of Extreme Fire Danger and wildfire risk in 2023. Fortunately, there were no lightning strikes or wildfire starts in the GVWSA. Annual wildfire prevention and preparedness activities were conducted as well as a thinning initiative to make greater progress on managing forest fuels in overdense planted stands and improving tree and forest stand health and resilience. In preparation for the 2024 wildfire season, Watershed Protection continues with operational wildfire preparation activities with an outlook of a wildfire season similar to 2023. The BC Wildfire Service – Capital Regional District *Wildfire Response Agreement* that provides provincial firefighting capacity to GVWSA fires will be renewed and the Capital Regional District will continue to work with academia, other agencies and utilities to minimize and mitigate wildfire risk in the GVWSA.

RECOMMENDATION

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

Submitted by:	Annette Constabel, M.Sc., RPF., Senior Manager, Watershed Protection
Concurrence:	Alicia Fraser, P. Eng., General Manager, Integrated Water Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: 2023 Wildfire Management Activity Photos

Appendix B: Wildfire Management Map

Wildfire Program and Thinning Project Photos

Wildfire Response



Lightning holdover spot fire detection and response just outside of the GVWSA, August 29, 2023

Infrared Camera Wildfire Detection



Example of heat signature (areas of white on infrared view) from pile burning south of the GVWSA

Ecological Restoration Thinning



View of one of the thinning sites - a previously harvested and planted stand, with older mature stands to the right and left. The cutblock in the distance is outside the GVWSA.

View of untreated area to the left of the road, and 50% thinned to the right of the road.





View of 30% thinned to the left of the road and 50% thinned to the right of the road.



Ground level view of untreated (left) versus thinned (right)



View of the narrow harvester with low ground pressure tracks and long boom for thinning.



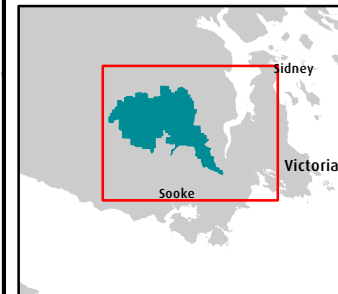
View of the narrow forwarder loading into its bunk with low ground pressure tracks and long boom reach.



Thinned merchantable Douglas-fir logs showing compressed/suppressed growth rings confirming the overdense condition of the forest stand.

GREATER VICTORIA WATER SUPPLY AREA

Wildfire Management



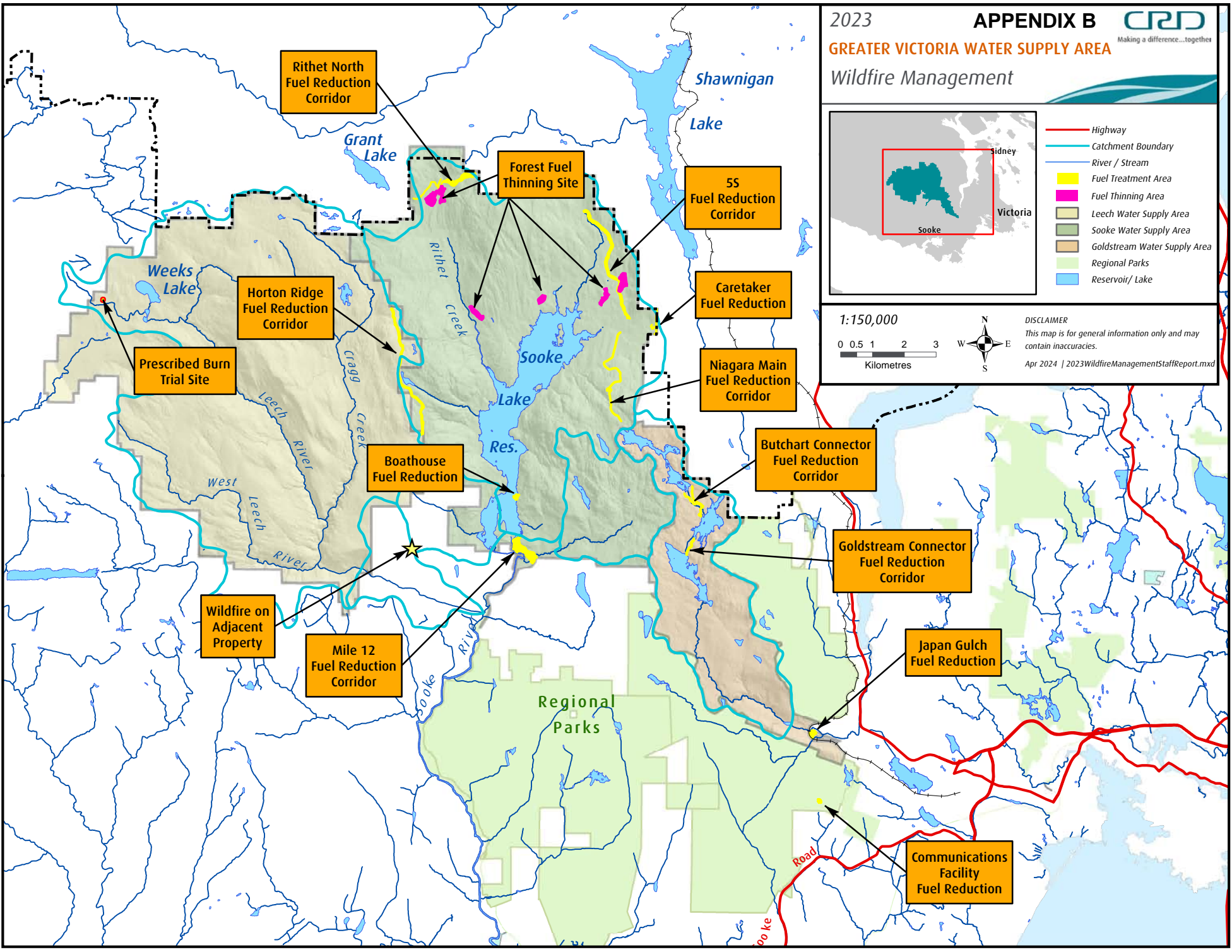
- Highway
- Catchment Boundary
- River / Stream
- Fuel Treatment Area
- Fuel Thinning Area
- Leech Water Supply Area
- Sooke Water Supply Area
- Goldstream Water Supply Area
- Regional Parks
- Reservoir/ Lake

1:150,000



DISCLAIMER
This map is for general information only and may contain inaccuracies.

Apr 2024 | 2023WildfireManagementStaffReport.mxd





Capital Regional District

HOTSHEET AND ACTION LIST

Saanich Peninsula Water Commission

Thursday, March 21, 2024

9:30 AM

Sidney Community Safety Building
2245 Oakville Ave
Sidney BC

The following is a quick snapshot of the FINAL Saanich Peninsula Water Commission decisions made at the meeting. The minutes will represent the official record of the meeting. A name has been identified beside each item for further action and follow-up.

3. ADOPTION OF MINUTES

The minutes of the January 18, 2024 meeting were adopted as circulated.

7. COMMISSION BUSINESS

7.1 Implications of Organizing an Annual Speaker Series for Saanich Peninsula Community

Alternate Motion:

That the Chair write to the three Saanich Peninsula municipalities requesting their consideration of providing funding in a total of \$20,000, split among the three participating municipalities.

DEFEATED

Opposed: Unanimous

Staff Report, Alternative 2:

That the motion be referred to the Regional Water Supply Commission for consideration as part of the 2025 Strategic Plan refresh.

CARRIED

Opposed: McNeil-Smith, Pinches, Shrivastava

Actions:

Staff to provide the Commission with a summary of the proposed wording, related to the speaker series, being provided for the 2025 Strategic Plan.

- Intent is to be small, localized one or two speakers per year
- Virtual
- CRD-hosted

Alicia

CAPITAL REGIONAL DISTRICT - INTEGRATED WATER SERVICES

Water Watch

Issued April 08, 2024

Water Supply System Summary:

1. Useable Volume in Storage:

Reservoir	April 30 5 Year Ave		April 30/23		April 7/24		% Existing Full Storage
	ML	MIG	ML	MIG	ML	MIG	
Sooke	91,888	20,215	92,727	20,400	92,530	20,357	99.8%
Goldstream	8,517	1,874	9,825	2,162	9,905	2,179	99.9%
Total	100,404	22,089	102,552	22,561	102,435	22,536	99.8%

2. Average Daily Demand:

For the month of April	111.6 MLD	24.55 MIGD
For week ending April 07, 2024	111.6 MLD	24.55 MIGD
Max. day April 2024, to date:	114.5 MLD	25.19 MIGD

3. Average 5 Year Daily Demand for April

Average (2019 - 2023)	114.1 MLD ¹	25.11 MIGD ²
-----------------------	------------------------	-------------------------

¹MLD = Million Litres Per Day ²MIGD = Million Imperial Gallons Per Day

4. Rainfall April:

Average (1914 - 2023):	89.7 mm
Actual Rainfall to Date	4.1 mm (5% of monthly average)

5. Rainfall: Sep 1- Apr 7

Average (1914 - 2023):	1,436.5 mm
2023/2024	1,186.4 mm (83% of average)

6. Water Conservation Action Required:

If each of us saves a little, together we can save a lot.
Visit our website at www.crd.bc.ca/water for more information.

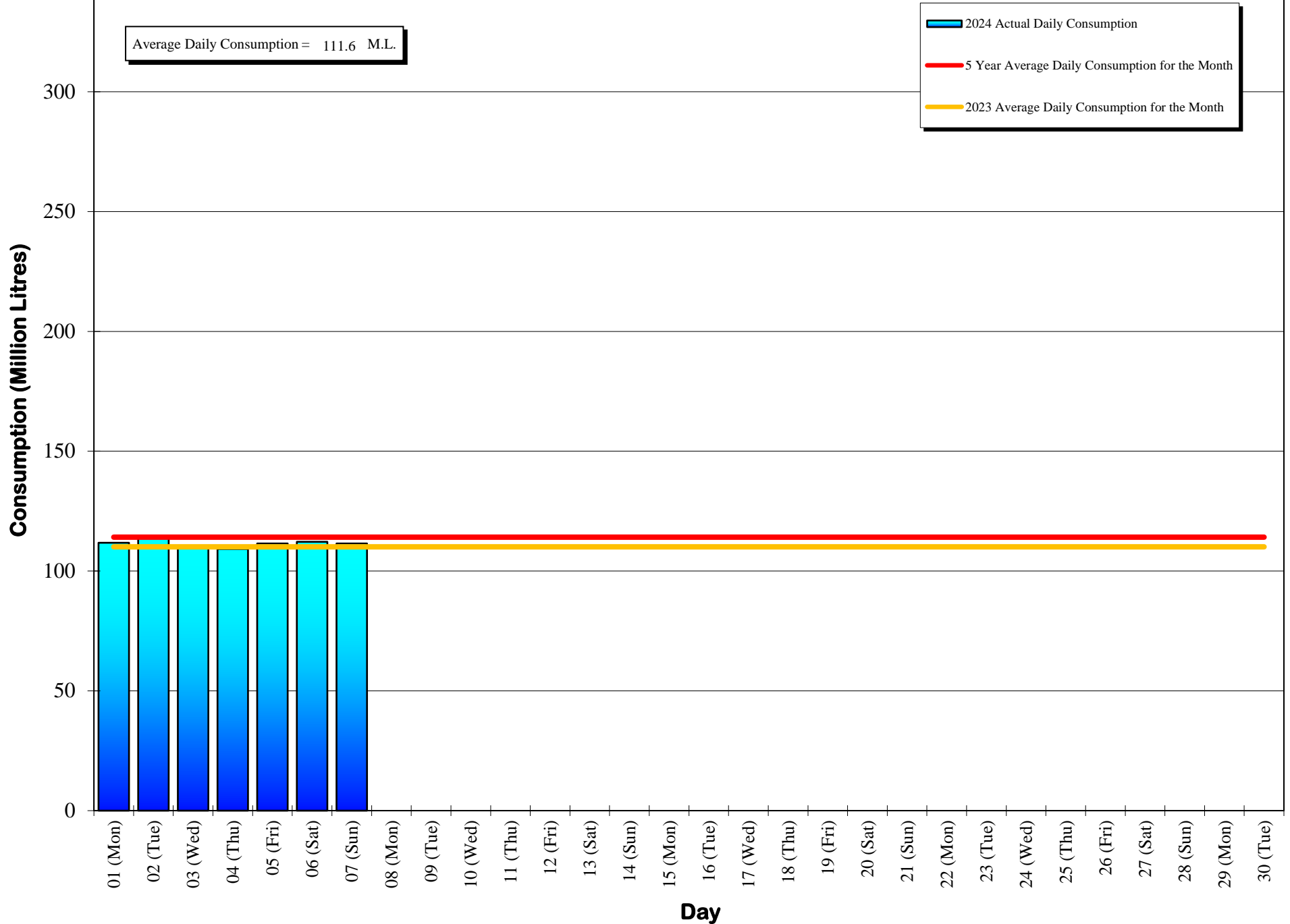
If you require further information, please contact:

Alicia Fraser, P. Eng.
General Manager, CRD - Integrated Water Services
or
Glenn Harris, Ph D., RPBio
Senior Manager - Environmental Protection

Capital Regional District Integrated Water Services
479 Island Highway
Victoria, BC V9B 1H7
(250) 474-9600

Daily Consumption

April 2024



Daily Consumptions: - April 2024

Date	Total Consumption		Air Temperature @ Japan Gulch		Weather Conditions	Precipitation @ Sooke Res.: 12:00am to 12:00am			
	(ML) ¹	(MIG) ²	High (°C)	Low (°C)		Rainfall (mm)	Snowfall ³ (mm)	Total Precip.	
01 (Mon)	111.8		24.6	17	6	Sunny / P. Cloudy	0.0	0.0	0.0
02 (Tue)	114.5	<=Max	25.2	17	5	Cloudy / Showers	2.3	0.0	2.3
03 (Wed)	110.5		24.3	9	2	Cloudy / Showers	1.3	0.0	1.3
04 (Thu)	109.2	<=Min	24.0	11	1	P. Sunny / P. Cloudy	0.0	0.0	0.0
05 (Fri)	111.5		24.5	13	4	Sunny / P. Cloudy	0.0	0.0	0.0
06 (Sat)	112.2		24.7	10	4	Cloudy	0.0	0.0	0.0
07 (Sun)	111.5		24.5	11	5	Cloudy / Showers	0.5	0.0	0.5
08 (Mon)									
09 (Tue)									
10 (Wed)									
11 (Thu)									
12 (Fri)									
13 (Sat)									
14 (Sun)									
15 (Mon)									
16 (Tue)									
17 (Wed)									
18 (Thu)									
19 (Fri)									
20 (Sat)									
21 (Sun)									
22 (Mon)									
23 (Tue)									
24 (Wed)									
25 (Thu)									
26 (Fri)									
27 (Sat)									
28 (Sun)									
29 (Mon)									
30 (Tue)									
TOTAL	781.2 ML	171.86 MIG					4.1	0	4.1
MAX	114.5	25.19	17	6			2.3	0	2.3
AVG	111.6	24.55	12.6	3.9			0.6	0	0.6
MIN	109.2	24.03	9	1			0.0	0	0.0

1. ML = Million Litres

2. MIG = Million Imperial Gallons

3. 10% of snow depth applied to rainfall figures for snow to water equivalent.

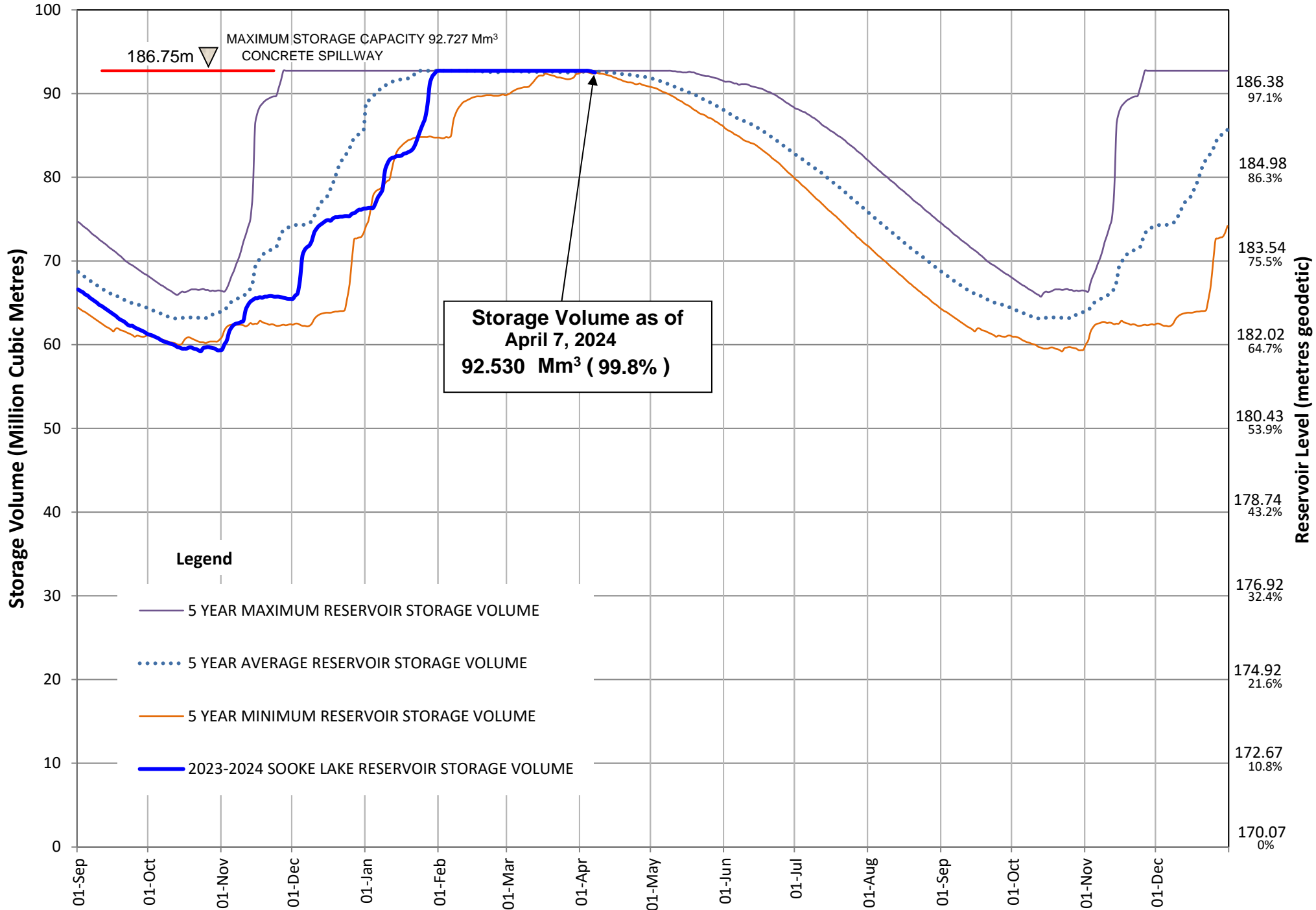
Average Rainfall for April (1914-2023)	89.7 mm
Actual Rainfall: April	4.1 mm
% of Average	5%
Average Rainfall (1914-2023): Sept 01 - Apr 07	1,436.5 mm
Actual Rainfall (2023/24): Sept 01 - Apr 07	1,186.4 mm
% of Average	83%

Number days with precip. 0.2 or more
3

Water spilled at Sooke Reservoir to date (since Sept. 1) = 2.46 Billion Imperial Gallons
 = 11.20 Billion Litres

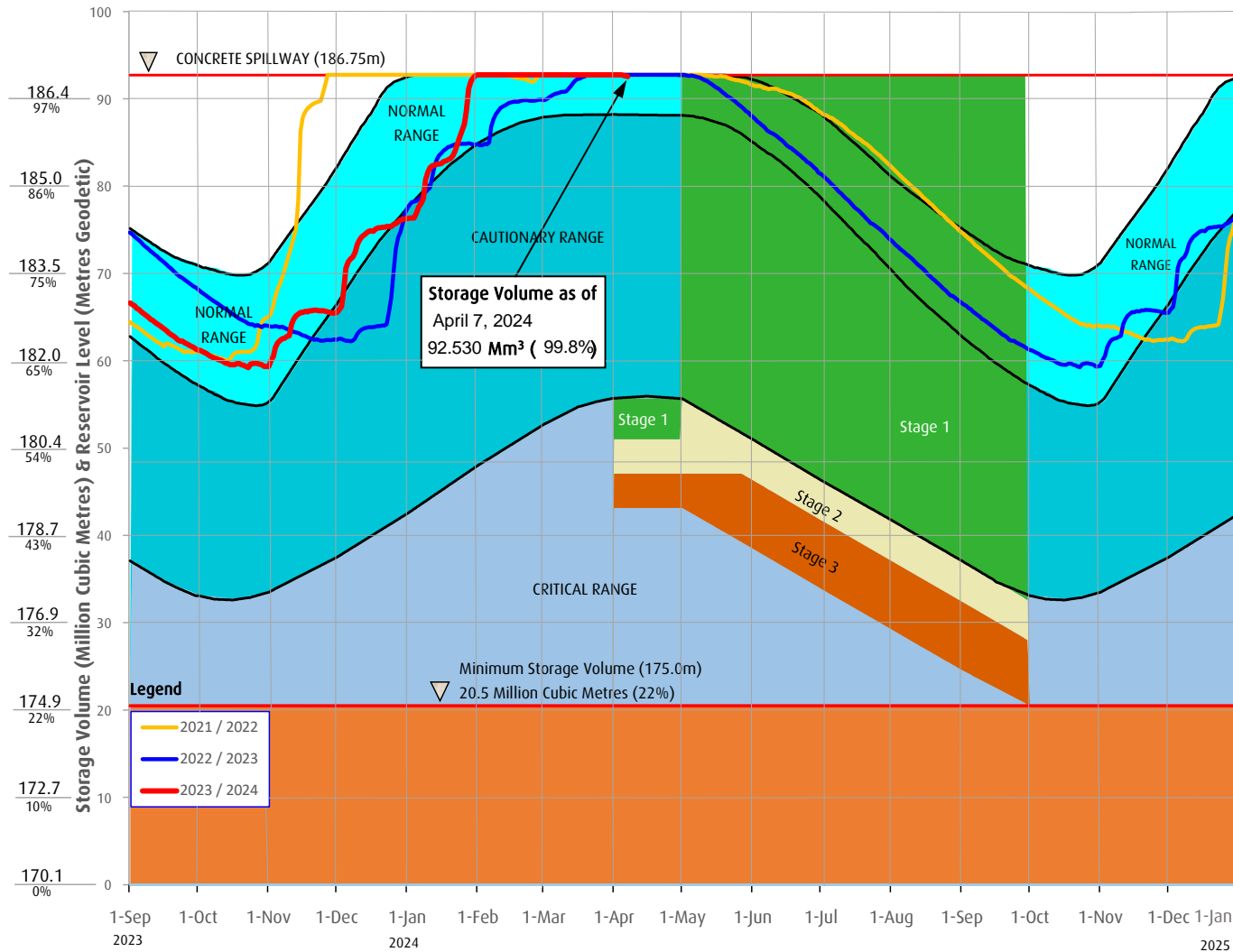
SOOKE LAKE RESERVOIR STORAGE SUMMARY

2023 / 2024



Sooke Lake Reservoir Storage Level

Water Supply Management Plan



FAQs

How are water restriction stages determined?

Several factors are considered when determining water use restriction stages, including,

1. Time of year and typical seasonal water demand trends;
2. Precipitation and temperature conditions and forecasts;
3. Storage levels and storage volumes of water reservoirs (Sooke Lake Reservoir and the Goldstream Reservoirs) and draw down rates;
4. Stream flows and inflows into Sooke Lake Reservoir;
5. Water usage, recent consumption and trends; and customer compliance with restriction;
6. Water supply system performance.

The Regional Water Supply Commission will consider the above factors in making a determination to implement stage 2 or 3 restrictions, under the Water Conservation Bylaw.

At any time of the year and regardless of the water use restriction storage, customers are encouraged to limit discretionary water use in order to maximize the amount of water in the Regional Water Supply System Reservoirs available for nondiscretionary potable water use.

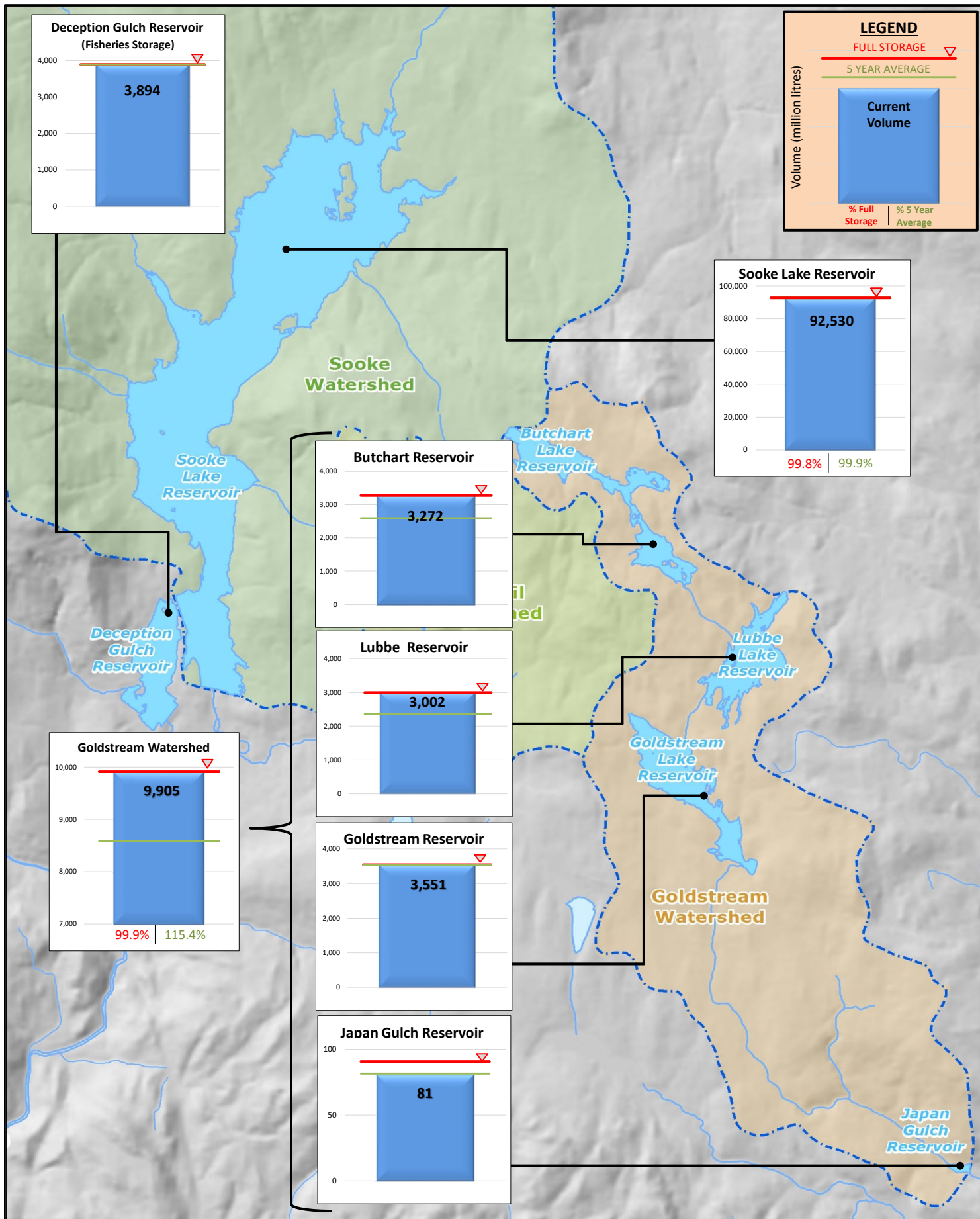
Stage 1 is normally initiated every year from May 1 to September 30 to manage outdoor use during the summer months. During this time, lawn watering is permitted twice a week at different times for even and odd numbered addresses.

Stage 2 is initiated when it is determined that there is an acute water supply shortage. During this time, lawn water is permitted once a week at different times for even and odd numbered addresses.

Stage 3 is initiated when it is determined that there is a severe water supply shortage. During this time, lawn watering is not permitted. Other outdoor water use activities are restricted as well.

For more information, visit www.crd.bc.ca/drinkingwater

Useable Reservoir Volumes in Storage for April 07, 2024



Tanya Duthie

From: Alicia Fraser
Sent: Tuesday, February 27, 2024 9:10 AM
To: kate.richey@malahatnation.com
Cc: Ted Robbins; Caitlyn Vernon; Tanya Duthie
Subject: RE: Malahat Nation Response to the CRD Regional Water Supply Master Plan

Hello Kate,

Thank you for following up regarding the interests of Malahat Nation regarding the CRD [Regional Water Supply Master Plan](#).

The Master Plan provides a conceptual-level road map for infrastructure solutions to maintain safe drinking water supply into the future given the demand of future population growth and the impact of various risks on the service including climate change. The Master Plan was approved in 2022, after what we recognize was a short period for engagement with First Nations.

Currently, the only projects in the Master Plan that have approved funding to move forward to design are upgrades to two transmission mains, one on Goldstream Avenue at Veterans Memorial Parkway to the Watkiss PCS Inlet, and the second from Niagara Main (near Goldstream Disinfection Facility) to Goldstream Avenue at Veterans Memorial Parkway. The two transmission main upgrade projects are just beginning preliminary design. The other projects in the Master Plan will require further review and approval prior to moving forward to with further investigation.

We appreciate that further discussion is required with Malahat First Nation in relation to the watershed, watershed health, and the projects proposed in the Master Plan. At this time we do not have further details on the scope of each project beyond that outlined in the Master Plan, however I would welcome the opportunity to discuss so I can better understand your interests and how they might inform or influence the projects identified in the Master Plan.

I have copied our Manager of First Nations Relations, Caitlyn Vernon, who will be in touch to schedule a meeting. We would like to learn more about your interests and concerns, address the specific questions outlined in your letter, and find a collaborative path forward that addresses your interests.

We will be including your letter in the materials for the next regular Commission meeting on March 20, 2024.

Alicia Fraser (She/Her)

General Manager | Integrated Water Services

T: 250.516.5713 | F: 250.474.4012

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Capital Regional District
479 Island Highway
Victoria, BC V9B 1H7

From: Kate Richey <kate.richey@malahatnation.com>

Date: February 20, 2024 at 8:46:10 PM PST

To: Ted Robbins <trobbsins@crd.bc.ca>

Subject: Malahat Nation Response to the CRD Regional Water Supply Master Plan

CRD IT SECURITY WARNING: This Email is from an EXTERNAL source. Ensure you trust this sender before clicking on any links or attachments.

Hello Ted,

Please see Malahat Nation's letter, signed by Chief Gordon Harry, regarding the CRD Regional Water Supply Master Plan, we are writing to ensure the Nation's letter is included in the discussion during the upcoming Regional Water Supply Commission meeting.

Regards,
Kate

Kate Richey

Referrals Coordinator

Malahat Nation

110 Thunder Road | Mill Bay, BC | V0R 2P4

Cel: (250) 208-5554 | Tel: (250) 743-3231

www.malahatnation.com

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Malahat Nation

110 Thunder Road | Mill Bay, BC | V0R 2P4

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February 15th, 2024

Malahat Referral No: R22071

RE: Capital Regional District 2022 Regional Water Supply Master Plan

Malahat Nation is writing this letter regarding the Capital Regional District (CRD) Regional Water Supply Master Plan.

The referral sent to Malahat Nation in June of 2022 included limited information on the proposed Master plan, and did not allow for adequate time for meaningful consultation. Further to this Malahat sent a follow up letter in November of 2022, outlining the Nation's concerns and request for ongoing discussion and information sharing, and did not receive any further communication from CRD regarding the Master plan.

It is important that this Master plan is based on reliable projections and data before moving forward with this plan. Malahat Nation is aware that there are gaps in the understanding of watershed health within the CRD. As part of this, the CRD needs to work to fill these gaps as effectively as possible to ensure the projections are based on sound data. It is vital that the Capital Regional District pursues meaningful and ongoing engagement with all affected First Nations throughout the process. At present Malahat Nation does not feel that there has been adequate consultation and engagement with the Nation.

As described in the letter sent by Malahat Nation dated October 27th 2022, the Goldstream watershed has great importance for First Nations and this area is included in Malahat's territory. The executive summary described the Goldstream watershed as a valuable secondary source, and acknowledged that there are gaps in the understanding of hydrology in the area. W̱SÁNEĆ Nations have strong cultural ties to the area, and consultation must acknowledge this connection to the land and the Aboriginal rights and title these

First Nations hold, including Douglas Treaty rights. Please refer to the October 22nd letter to see Malahat Nation's specific information sharing requests.

It would be to the CRD's benefit to seek input from First Nations prior to moving forward with the Master plan. Engaging with First Nations participants down the road after CRD has made decisions related to the Master plan without meaningfully engaging at the planning stage would not be honouring the Declaration on the Rights of Indigenous Peoples Act. Malahat Nation looks forward to more fulsome engagement going forward.

Sincerely,

A handwritten signature in blue ink, consisting of a large, stylized loop followed by a horizontal line and a small flourish at the end.

Gordon Harry
Chief
Malahat Nation

MAR 18 2024



File: 0400-50

March 14, 2024

Regional Water Supply Commission
Capital Regional District
625 Fisgard Street
Victoria BC V8W 2S6

Via Email: crd@crd.bc.ca

Dear Capital Regional Water Supply Commission:

RE: Proposed Capital Regional Water Supply Development Cost Charge

At the Regular Meeting of Colwood Council on March 11, 2024 Council discussed the proposed Capital Regional Water Supply Development Cost Charge.

Council expressed their concerns regarding the proposed Regional Water Supply Development Cost Charge Program and made the following resolution.

THAT the City of Colwood send a letter to the Capital Regional District (CRD) Water Supply Commission, with copies to the CRD Chief Administrative Officer and CRD Board stating:

AND THAT the City of Colwood requests that the CRD Water Supply Commission engage with an unbiased third party to conduct an economic impact study of the proposed Development Cost Charge (DCC) plan including the worst case, best case and most likely case scenario.

AND THAT the CRD confirm consultation as requested by local First Nations to the CRD - prior to imposing DCC's and/or engaging in any significant related capital expenditure;

AND FUTHER THAT the City of Colwood supports DCC's waivers for affordable rental housing.

Sincerely,

Mayor Doug Kobayashi

cc: CRD Chief Administrative Officer, Ted Robbins

CRD Board

COLWOOD CITY HALL

3300 Wishart Road
Colwood, BC V9C 1R1

CONTACT

Phone: 250.478.5999
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Monday – Friday
except stat holidays

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