

TO: Board of Directors

FROM: J. Zaffino, Chief Administrative Officer

DATE: June 4, 2026

RE: Development Cost Charge (DCC) Bylaw Update (X2025.001-DCC)

Administrative Recommendation:

THAT the Development Cost Charge Bylaw and Capital Expenditure Cost Bylaw Repeal Bylaw No. 3113, 2026, and Okanagan Falls Sanitary Sewer Development Cost Charge Amendment Bylaw No. 2486.03, 2026, be read a first, second and third time;

AND THAT the remaining Local Government Housing Initiatives (LGHI) Funding of \$216,667.00 be allocated to a capacity modelling/analysis of the Naramata Water System;

AND THAT the funds be directed to the Naramata Water System - 2026 Phase of Capital and Master Plan Model Update project already on the 2026 Strategic Priorities List.

Alternatives:

1. Status quo;
2. THAT Development Cost Charge (DCC) Bylaw Update be abandoned and removed from the 2026 Strategic Priorities List (Item No. 24.160.2);

AND THAT the remaining Local Government Housing Initiatives (LGHI) Funding of \$216,667.00 be allocated to a capacity modelling/analysis of the Naramata Water System;

AND THAT a Naramata Water System Capacity Modelling/Analysis Project be added to the 2026 Strategic Priorities List.

Purpose:

It is being proposed to repeal six (6) capital expenditure charge (CEC) bylaws and one (1) development cost charge bylaw and to reallocate provincial Local Government Housing Initiatives (LGHI) Funding of \$216,667.00 to a capacity modelling/analysis of the Naramata Water System as a 2026 Strategic Priority.

Strategic Priorities: Operational

Background & Analysis:

On January 17, 2024, the provincial government announced that it would be providing \$51 million in grant-based funding “to all municipalities, regional districts and the Islands Trust – a total of 188 local governments – in British Columbia. This funding is intended to support local governments to meet the new legislated requirements.”

On January 31, 2024, the province transferred \$232,650 to the Regional District in order to assist with the legislative changes required to support housing initiatives, including, amongst other things, Small-Scale Multi-Unit Housing (SSMUH).

At its meeting of January 9, 2025, the Board subsequently resolved that the remaining grant funding, totaling approximately \$216,667, be allocated to the Development Cost Charge (DCC) Bylaw Review.

At its meeting of May 21, 2026, the Electoral Area Services Committee (EASC) of the Board resolved the following:

THAT the Development Cost Charge Bylaw and Capital Expenditure Cost Bylaw Repeal Bylaw No. 3113, and Okanagan Falls Sanitary Sewer Development Cost Charge Amendment Bylaw No. 2486.03, be initiated;

AND THAT the remaining Local Government Housing Initiatives (LGHI) Funding of \$216,667.00 be allocated to a capacity modelling/analysis of the Naramata Water System;

AND THAT a Naramata Water System Capacity Modelling/Analysis Project be added to the 2026 Strategic Priorities List.

Analysis:

It is considered best practice to conduct a major DCC update at least every five years as a valid DCC bylaw requires current growth assumptions, a reviewed capital program, removal of completed projects, and updated technical calculations.

This is particularly important considering that DCCs and CECs are only intended to fund the specific capital infrastructure projects that were used to calculate and establish the charge.

If the infrastructure originally identified to support the imposition of charges has subsequently been built, then the DCCs or CECs should no longer apply and should not continue to be collected (e.g. continuing to collect charges may not be valid).

Of concern, a majority of the Regional District's DCC and CEC bylaws date from the 1970s to the 1990s and have not been updated since their adoption.

For these reasons, Administration supports repealing all of the current DCC & CEC bylaws – with exception of the water (CEC) and sewer (DCC) bylaws for Okanagan Falls – and reallocate the LGHI funding to asset management and capital planning for the Naramata water system.

The proposed retention of the DCC and CEC Bylaws for Okanagan Falls reflect this community being designated “growth area” under the RGS Bylaw and that these bylaws have both been enacted as recently as 2009 (DCC) and 2012 (CEC).

Further, given the anticipated increase in charges that would result from any DCC Review project as well as the pending incorporation of Okanagan Falls (and new responsibilities for storm water and roads that may benefit from DCCs), Administration considers that any decision regarding infrastructure funding should be deferred to the new Council.

With regard to the proposed amendments to the Okanagan Falls Sanitary Sewer Development Cost Charge Bylaw, this is in order to carry forward the ability of the Board and, in future, the Council for Okanagan Falls to consider the waiver of DCC's in relation to “eligible development”.

Alternatives:

Conversely, the option to proceed with the project as proposed is available to the Board, however, this would present logistical challenges in relation to the pending incorporation of Okanagan Falls. Administration is concerned about the LGHI funding that was provided for projects in the Electoral Areas will primarily be benefiting a new municipality.

Alternately, the DCC Bylaw Review project may be abandoned and the provincial LGHI funding re-allocated to another eligible project.

This would result in all existing DCC and CEC bylaws, including charges that are known to be outdated and not reflective of current costs, remaining in place for the foreseeable future. For the reasons outlined above, this is not seen to be a desirable outcome.

Summary:

Administration supports repealing outdated bylaws and reallocating the remaining LGHI funding to a capacity modelling and analysis of the Naramata Water System in order to better inform future infrastructure and DCC decisions.

Financial Implications:

The proposed repeal of the DCC and CEC bylaws is not anticipated to result in significant financial impacts to the Regional District as a majority of the related reserve funds currently hold no monies and no charges have been collected in recent memory. As of March 2026, the following accounts are carrying the following balances:

Account No.	Reserve	Balance (March 2026)
7601	Okanagan Falls Sewer DCC Reserve	\$107,585.49
7605	Okanagan Falls Water CEC Reserve	\$281,128.32
7610	Faulder Water System DCC Reserve	\$14,185.47
7650	Olalla Water System CEC Reserve	\$7,643.13
	Olalla Mobile Home CEC Reserve	\$0
	Naramata Water System CEC Reserve	\$0
7660	Naramata Water System DCC Reserve	\$360,813.37
	Sun Valley Water System CEC Reserve	\$0
	West Bench Water System CEC Reserve	\$0

Where reserve fund balances do remain, any monies collected under the existing bylaws would continue to be held and expended in accordance with the requirements of the *Local Government Act* and applicable reserve fund restrictions.

While the repeal of the bylaws would remove the ability to collect future DCCs or CECs in established areas, repeal of the bylaws does not eliminate the Regional District's ability to establish new DCC bylaws in the future should growth patterns, infrastructure planning, or servicing needs warrant reconsideration of such mechanisms.

Communication Strategy:

It is proposed that any repeal of DCC and/or CEC by notified as follows:


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- Written notice to industry groups (e.g. Canadian Home Builders' Association) and relevant consulting firms;
 - Website Update (e.g. explaining that the bylaws have been repealed and are no longer in effect);
 - Public Notice (e.g. Bulletin Board and VoyentAlert!).

Will a PowerPoint presentation be presented at the meeting? No

Respectfully submitted:


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