



**NANOOSE FIRE PROTECTION AREA – DEVELOPMENT COST CHARGES BACKGROUND STUDY**

**RECOMMENDATIONS**

1. That the Board receive the Development Cost Charges (DCC) Background Study and draft DCC Bylaw for the Nanoose Fire Protection Area, dated October 2025, prepared by Watson and Associates Economists Ltd, for information.
2. That the Board approves the following next steps:
  - a. Approve “Engagement Plan Summary Plan: Nanoose Fire Protection Area Development Cost Charges” and directs staff to proceed with engagement; and,
  - b. Direct staff to report back on the findings from the public engagement process and draft a Development Cost Charges Bylaw for consideration.

**BACKGROUND**

The Provincial Government introduced new legislation in 2024 that included the ability for local governments to collect DCC for additional services attributable to growth, including the collection of Development Cost Charges (DCC) to fund capital works for fire services.

The Regional District of Nanaimo (RDN) has undertaken a DCC Background Study for the Nanoose Fire Protection Area, which includes Electoral Area E (Nanoose Bay), part of Electoral Area F (Coombs/Errington/Hilliers), and part of Electoral Area G (French Creek/Englishman River/Dashwood) (Attachment 1). This study responds to the growth anticipated in the Nanoose Official Community Plan and the population projections developed for the Regional Growth Strategy. This projected growth includes that attributable to the approved Fairwinds Phased Development Agreement which has an ultimate projected built-out of 1675 dwelling units. As part of the projected growth in the area, there will likely be a need for expanded fire protection services, specifically the addition of an aerial truck bay at the Nanoose Bay Fire Department station. The proposed DCC would fund the addition to the existing Firehall that would accommodate this aerial truck bay.

**What are DCCs?**

Development Cost Charges (DCCs) are a revenue tool used by local governments in British Columbia to recover the costs of growth-related capital expenditures that arise from new development. DCCs are authorized under the *Local Government Act* (LGA) and are commonly applied to services such as water, sewage, drainage, fire protection, parks, and other eligible infrastructure.

### **Why Are DCCs Important?**

- DCCs ensure that the financial burden of new infrastructure needed to support growth is shared equitably by those who benefit from future new development, rather than solely by existing taxpayers.
- They help local governments maintain fiscal sustainability, enabling the timely construction, expansion, or improvement of essential services and facilities.
- DCCs support the creation of complete, resilient communities by funding infrastructure that keeps pace with population and employment growth.

### **How Are DCCs Used?**

- DCCs are collected at the time of subdivision approval or building permit issuance for new buildings other than single-family homes.
- The funds are deposited into dedicated reserve accounts and may only be used for the capital costs of the above-noted eligible services, as defined by the *Local Government Act*.
- DCCs are calculated based on projected growth, anticipated service needs, and the capital costs required to meet those needs. The methodology includes deductions for grants, subsidies, benefits to existing development, and a municipal assist factor.
- Local governments must prepare annual reports on DCC revenues, expenditures, and reserve balances, ensuring transparency and accountability.

In summary, DCCs are a critical financial mechanism for local governments in BC, enabling responsible growth management and the delivery of essential public services in a fair and sustainable manner.

### **Progress So Far:**

The DCC Background Study (Attachment 2) was initiated in June 2025, with data collection, staff review, and preliminary calculations completed by September. Based on staff review of the draft study a report was finalized in October for presentation to the Electoral Area Services Committee (EASC) on November 6. Should EASC approval be provided, engagement on the study's findings and draft bylaw will proceed in late November, which will include among other activities a virtual information session scheduled for Q4 2025. The overall process includes Board consideration, input primarily from the development community and secondarily from interested and affected groups, and Inspector of Municipalities approval.

### **Key Findings:**

- Projected population increase for the Nanoose Fire Protection Area: 3,286 (2025–2041)
- Projected residential unit increase: 1,500
- Projected employment increase: 164
- Projected non-residential gross floor area increase: 10,684 sq.m

The DCC calculation is based on the capital cost of expanding the fire station (\$2.80 million) with an aerial truck bay, with 95% allocated to residential and 5% to non-residential development. The municipal assist factor is set at 1%, consistent with other RDN DCC bylaws.

Proposed DCC rates for fire protection (per dwelling unit or per sq.m of gross floor area):

Development Type	Unit of Measurement	Fire Protection DCC	Unit of Measurement	Fire Protection DCC
Lots for Single Detached Dwellings (Paid at Subdivision)	Per additional new lot	\$1,937		
Ground-oriented Multiples or Second Unit in a Duplex	Per dwelling unit	\$1,832		
Apartments	Per dwelling unit	\$1,359		
Commercial (non-residential)			Per sq.m	\$19.28
Institutional (non-residential)			Per sq.m	\$13.77
Industrial (non-residential)			Per sq.m	\$7.93

The Study shows the proposed fire protection DCCs:

- Comprise 0.56%–0.89% of anticipated sales revenue for new residential development, with construction costs being the primary driver of overall development costs.
- Represent less than 2% of the total cost of a new home, which is well below the 8% threshold commonly referenced in provincial DCC best practices.
- Concludes the proposed fire protection DCCs are not excessive, will not deter development, and will not discourage the construction of reasonably priced housing.

**Public Consultation: Interested and Affected Parties:**

- **Internal:** RDN Board, Electoral Area Services Committee, Planning, Fire Services, Development & Emergency Services, local fire department staff.
- **External:** Primarily the development community (builders, developers, planners), secondarily other interested and affected groups e.g., property owners (Nanoose Bay, Coombs/Errington/Hilliers, French Creek/Englishman River/Dashwood).

**Proposed Timeline:**

Phase	Description	Dates
Board Approval	Present draft DCC study and engagement plan	Nov. 2025
Preparation	Draft info. materials, project page, feedback mechanism	Nov. 2025
Engagement launch	Publish page, promote, open feedback mechanism, mail letters (where relevant), place community posters	Nov.-Early Dec. 2025
Active Engagement	Virtual information session, gather input	Nov.-Early Dec. 2025
Analysis & Drafting	Review input, adjust bylaw	Dec. 2025-Jan. 2026
Board Adoption	Present consultation results and draft bylaw	Q1 2026
Final Adoption	Submit to Inspector of Municipalities, Board vote	Q1 2026

## **Engagement Process**

- **EASC Presentation and Staff Report:** The DCC Background Study and bylaw will be presented for initial feedback.
- **Public Engagement:** As per the Engagement Plan Summary (Attachment 3), engagement initiatives will invite interested and affected parties to review the draft, ask questions, and share input.
- **Feedback Collection:** Input will be gathered during the virtual information session and through online submissions.
- **Report Finalization:** Watson and Associates Economists Ltd. (Watson) will review feedback and revise the DCC report and bylaw as needed.
- **Board Review:** The EASC will consider the final report and bylaw, including public input, before the Board provides bylaw readings, required referral to the Province and final bylaw adoption by the Board.
- **Ongoing Communication:** Updates will be shared as per the Engagement Plan Summary.

The engagement process is designed to be transparent, inclusive, and responsive, ensuring all interested and affected parties, including builders and developers, have meaningful opportunities to participate. The RDN will provide clear timelines, accessible materials, and multiple channels for feedback to support informed decision-making and community trust.

## **FINANCIAL IMPLICATIONS**

- Receiving the DCC Background Study and bylaw for information does not carry direct financial impact; however, it sets the foundation for a future funding mechanism to support constructing growth-related fire protection infrastructure (i.e. additional firehall truck bay) through Development Cost Charges (DCCs).
- Approval of the Engagement Plan Summary will initiate a one-time operating cost for public engagement activities. These costs could include print and design of engagement materials, advertising, session facilitation, and data collection. A portion of Watson's RDN-approved budget has been set aside for the consultant's time to attend, facilitate the information session and analyze/incorporate feedback. In addition, the RDN set aside a separate portion of the Housing Capacity Funding Grant being utilized on this project for the remaining engagement expenses, estimated to be in the region of \$2,500.

## **STRATEGIC PLAN ALIGNMENT**

The proposed Fire Services DCC supports the following Strategic Plan focus area.

Planning and Managing for Growth - Understand and develop an inter-connected framework of strategies and plans to manage growth to support complete communities, including planning, transportation, infrastructure, and fiscal sustainability.

Fire protection is a service that is supported by staff work and expected by the communities currently receiving it, understanding that it will continue as an important part of RDN service as broadly described in the "Our Role" section of the 2023-2026 Strategic Plan.

## **REVIEWED BY:**

- M. McMullen, Manager, Long Range Planning, Energy and Sustainability
- S. Windsor, Manager, Fire Services
- L. Grant, General Manager, Development and Emergency Services
- D. Holmes, Chief Administrative Officer

**ATTACHMENTS:**

1. Fire Protection Area Map DCC Study
2. Nanoose Fire Protection Area - Development Cost Charges (DCC) Background Study
3. Engagement Plan Summary – DCC Nanoose Fire Protection