

FOR: COUNCIL

MEETING DATE: April 20, 2026

DEPARTMENT: FINANCE

SUBJECT: **SOUTH NANAIMO TRANSPORTATION RESERVE FUND BYLAW**

OVERVIEW

Purpose of Report

To introduce “South Nanaimo Transportation Development Cost Charge Reserve Fund Bylaw 2026 No. 7444” for first, second and third readings. |

Recommendation

1. That “South Nanaimo Transportation Development Cost Charge Reserve Fund Bylaw 2026 No. 7444” (To establish a South Nanaimo Transportation Development Cost Charge Reserve Fund) pass first reading;
2. That “South Nanaimo Transportation Development Cost Charge Reserve Fund Bylaw 2026 No. 7444” pass second reading; and
3. That “South Nanaimo Transportation Development Cost Charge Reserve Fund Bylaw 2026 No. 7444” pass third reading.

BACKGROUND

Under the provincial Development Cost Charge (DCC) framework, municipalities may establish area-specific DCCs where the infrastructure required to support development is not uniform across the community, or where certain growth areas generate the need for significant localized upgrades. Staff recommended the creation of an area-specific DCC for South Nanaimo Transportation as part of DCC Bylaw Update project to ensure that the costs generated by anticipated development in this area are appropriately allocated. This approach ensures that the developments driving the need for transportation improvements bear the associated costs, rather than distributing these costs across the broader community. |

DISCUSSION

Pursuant to section 566 of the Local Government Act, all DCCs collected by a local government must be deposited into separate special development cost charge reserve funds, established for each purpose for which a DCC is imposed.

Reserve fund balances, including accrued interest, may be used only for the following purposes:

1. Capital infrastructure costs
To pay the capital costs of providing, constructing, altering, or expanding sewage, water, drainage, fire protection, police, highway, and solid waste and recycling facilities (excluding off-street parking), where the costs relate directly or indirectly to the development for which the DCC was collected.
2. Debt servicing
To pay principal and interest on debt incurred by the local government as a result of expenditures described in paragraph (1).
3. Reimbursement of developers
To reimburse a person subject to a DCC for some or all of the eligible capital costs incurred in completing a project described in paragraphs (1), where:
 - a) the project was completed under an agreement with the local government; and
 - b) the project is included in the calculations used to determine the applicable DCC.

All expenditures from DCC reserve funds must be authorized by bylaw.

At the June 23, 2025, Governance and Priorities Committee meeting, the Committee recommended that Council direct staff to proceed with the preparation of a South Nanaimo Transportation DCC Reserve Fund Bylaw. Establishment of this reserve fund is required to support the new DCC bylaw that will be adopted in January 2027.

COMMUNICATION AND COMMUNITY ENGAGEMENT

This initiative does not require statutory notification and does not include new community engagement activities. Public engagement was conducted previously as part of the development of the new DCC bylaw.

ALIGNMENT WITH CITY PLAN

The report is aligned with the following City goals:

- A Green Nanaimo: Resilient and Regenerative Ecosystems
- A Connected Nanaimo: Equitable Access and Mobility
 - [C2.5.26 Maki-Fielding Connector]
- A Healthy Nanaimo: Community Wellbeing and Livability
- An Empowered Nanaimo: Reconciliation, Representation and Inclusion
- A Prosperous Nanaimo: Thriving and Resilient Economy

ALIGNMENT WITH COUNCIL'S STRATEGIC PRIORITIES

The report is aligned with the following Council Strategic Framework priorities:

- Implementing City Plan Action Plans and Key City Management Plans
- Social, Health and Public Safety Challenges
- Maintaining and Growing Current Services
- Capital Projects

- Communicating with the Community
- Governance and Corporate Excellence

NEXT STEPS

The City's Reserve Policy will be updated to include the new reserve.

OPTIONS

1. That "South Nanaimo Transportation Development Cost Charge Reserve Fund Bylaw 2026 No. 7444" (To establish a South Nanaimo Transportation Development Cost Charge Reserve Fund) pass first reading;

That "South Nanaimo Transportation Development Cost Charge Reserve Fund Bylaw 2026 No. 7444" (To establish a South Nanaimo Transportation Development Cost Charge Reserve Fund) pass second reading; and

That "South Nanaimo Transportation Development Cost Charge Reserve Fund Bylaw 2026 No. 7444" (To establish a South Nanaimo Transportation Development Cost Charge Reserve Fund) pass third reading.

- The advantages of this option: Creation of the reserve ensures the City's in compliance with the *Local Government Act*.
- Financial Implications: Funding collected under the new DCC Bylaw, once adopted, will be placed into the reserve fund and will be allocated to projects listed in the approved South Nanaimo Transportation DCC Bylaw project list.

2. That Council table the report and request more information from staff.

KEY MESSAGES

- Under the provincial Development Cost Charge (DCC) framework, municipalities may establish area-specific DCCs
- DCC revenues must be managed in dedicated reserve funds, with spending restricted to eligible capital purposes and authorized by bylaw.
- A South Nanaimo Transportation DCC Reserve Fund Bylaw is required to support the new South Nanaimo Transportation DCC bylaw.

ATTACHMENTS

ATTACHMENT A: "South Nanaimo Transportation Development Cost Charge Reserve Fund Bylaw 2026 No. 7444"

Authored by:

Wendy Fulla
Director, Finance

Concurrence by:

Poul Rosen
Director, Engineering

Jeremy Holm
Director, Planning & Development

Shelia Gurrie
Director, Legislative Services

Laura Mercer
General Manager, Corporate Services