

Report

Date February 10, 2026

File:

Subject Request for Growth Infrastructure Engineering Position

PURPOSE

To consider creating a new position to address staff resource constraints in the engineering department to advance growth infrastructure and support undertaking capacity assessments for land development applications.

BACKGROUND

Domtar announced a permanent closure of operations at the Crofton Mill facility in 2025, resulting in a significant economic and infrastructure transition for the Crofton community and the broader Cowichan region. Following the closure announcement, North Cowichan has been in ongoing discussions with the Ministry of Jobs and Economic Growth regarding community transition supports. Ministry staff have invited North Cowichan to apply to the Rural Economic Diversification and Infrastructure Program (REDIP) – Community Transition stream. This program is intended to support communities experiencing major economic change following the loss of a major employer.

Council had previously identified industrial servicing, supporting development of employment lands, and the provision of housing as strategic priorities. The Crofton Mill closure has further highlighted the need to advance critical infrastructure capacity to support economic recovery, industrial development, and housing delivery.

DISCUSSION

Servicing and Employment

It is not possible to advance the development of industrial lands, employment lands, and housing without infrastructure to service them.

Staff identified water and sanitary servicing constraints for development growth and industrial servicing, particularly in the South End and Bell McKinnon areas (March 5, 2025, Council report). A significant number of costly infrastructure upgrades are required to unlock further growth. Additional work has since been done to prioritize projects that unlock development and to refine costs for the said projects. Staff will be bringing forward a report regarding critical servicing needs to Council for consideration shortly.

The limited capacity remaining, in concert with the significant number of land development applications, requires the development of a system to manage capacity allocation. Consequently, staff have developed a Capacity Allocation Policy that will be brought forward to Council for consideration shortly.

The recent announcement of the Domtar Mill closure, and the associated job losses, highlight the need to unlock land for development. The advancement of servicing infrastructure will facilitate job creation in employment lands. It will also facilitate the provision of construction jobs to build both the servicing infrastructure and commercial/institutional/industrial structures and housing.

However, the Engineering department is operating at full capacity, managing a record number of land development applications, implementing major capital projects, updating Development Cost Charges rates, dealing with regulatory changes and undertaking other Council-directed priorities. This limits the department's ability to advance the strategic servicing work required. Additional engineering staff capacity is necessary to remove servicing constraints that currently impede industrial, commercial, and institutional development, as well as housing required to support employment growth.

To facilitate the servicing of industrial and employment lands, the Engineering department requires additional capacity to:

- 1) Accelerate the processing of existing applications; and,
- 2) Advance growth infrastructure.

Servicing Implications of the Domtar Mill Closure

Historically, Crofton has been supplied with water from the mill's water treatment plant. With the mill closure, Crofton will have to be supplied from the South End. The South End water license has limited capacity remaining. This will put additional pressure on an already constrained water licence and limit North Cowichan's ability to support new employment and housing development.

REDIP Funding and Position Scope

The REDIP – Community Transition stream provides up to \$50,000 per year for up to three years to support staffing capacity during periods of major economic transition. The funding recognizes that communities often face immediate internal capacity constraints following the loss of a major employer.

The proposed funding would support a new engineering position to provide growth infrastructure and process existing applications. The position would:

- 1) Help design and advance priority growth infrastructure projects;
- 2) Administer servicing unit allocations for access to water and sanitary systems; and,
- 3) Support negotiations and technical analysis related to potential increases in water licence capacity for South End and Chemainus.

This work directly supports Council's strategic priority to advance industrial servicing and unlock employment lands while maintaining housing delivery.

While REDIP funding is time-limited, the servicing and infrastructure challenges arising from the mill closure represent a long-term structural change. Accordingly, the staffing capacity is intended to become permanent, subject to Council approval. Establishing this position would also enable access to up to \$100,000 in provincial feasibility study funding following the first year.

OPTIONS

1. **(Recommended Option)** THAT the Committee of the Whole recommends that Council establish a growth infrastructure engineering position, to be partially funded through the Province's Rural Economic Diversification and Infrastructure Program Community Transition program, subject to receipt of funding approval and budget authorization.
 - This option authorizes a dedicated position to address servicing constraints arising from the Crofton Mill closure. It strengthens internal capacity to advance critical infrastructure, process development applications, and support industrial development and housing delivery. The use of REDIP funding offsets initial costs and aligns with Council's strategic priority on industrial servicing.
2. THAT the Committee of the Whole direct staff to withdraw the Rural Economic Diversification and Infrastructure Program application.
 - This option avoids creating a new position but limits North Cowichan's ability to respond to servicing constraints. It increases the risk of development delays, constrains economic recovery efforts, and does not leverage available provincial funding to offset staffing costs.

IMPLICATIONS

Financial Implications

If approved, the financial implications are as follows:

- 1) 2026 staffing cost: \$115,539
 - a) REDIP contribution: \$50,000
 - b) Municipal contribution: \$65,539
- 2) Ongoing annual staffing cost (after transition period): \$126,043
 - a) REDIP funding would offset up to \$50,000 per year between 2026-2028, subject to program approval and reporting requirements
 - b) Remaining costs would be considered through the annual budget process

Strategic and Growth Management Implications

This position directly supports Council's strategic priority to advance industrial servicing, unlock employment lands, and support housing delivery during a period of economic transition.

Intergovernmental Implications

The project strengthens coordination with the province on infrastructure planning, funding applications, and water licence discussions.

RECOMMENDATION

THAT the Committee of the Whole recommends that Council establish a growth infrastructure engineering position, to be partially funded through the Province's Rural Economic Diversification and Infrastructure Program Community Transition program, subject to receipt of funding approval and annual budget authorization.

Report prepared by:



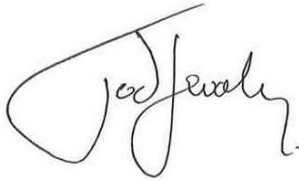
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