

Memo



Date: June 8, 2011
To: City Manager
From: Land Use Management Department
Subject: Development Application Fee Bylaw Review
Report Prepared by: Alec Warrender

Recommendation:

THAT Council receives, for information, the report from the Land Use Management Department dated June 8, 2011 with respect to creating a new Development Application Fee Bylaw;

AND THAT Council gives reading consideration to Bylaw No. 10560 being the new "Development Application Fee Bylaw";

AND THAT after final adoption of Bylaw No. 10560, being Development Application Fee Bylaw, Council rescinds Bylaw No. 8034 being the Development application Fees Bylaw, and all amendments thereto;

AND THAT after adoption of Bylaw No. 10560, being Development Application Fee Bylaw, Council directs staff to bring forward any necessary amendments to Sign Bylaw No. 8235, Development Application Procedures Bylaw No. 8140 and Subdivision, Development & Servicing Bylaw No. 7900;

AND FURTHER THAT Council gives reading consideration to Bylaw No. 10556 being Amendment No. 4 to Miscellaneous Fees & Charges Bylaw No. 9381.

Purpose:

Staff have undertaken a review of the Development Application Fees Bylaw which outlines the fees currently charged by the City of Kelowna. Based on this review Staff are recommending modifications to the existing Development Application Fee Bylaw to implement changes and increases to specific application fees.

Background:

Development application fees have not increased since the 1997 when the current Fee Bylaw was adopted in response to the adoption of Zoning Bylaw No. 8000. For many years, the fees for both smaller projects (ie. secondary suites) and larger complex applications have not captured the true costs of development applications. Accordingly, in 2008, the City commissioned a Development Application Fee Bylaw review by an independent municipal consultant. As part of this study it became evident that the City of Kelowna's Development Application Fee Bylaw needed a comprehensive overhaul to ensure that the City is working towards a more sustainable cost recovery for land use and subdivision applications. Furthermore, Council has recently

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adopted the 2030 OCP and therefore it is necessary to update the Development Application Fee Bylaw to reflect changes in updated development application processes.

The planning & development fees charged by the City generate revenues that are intended to help offset the costs incurred in processing the various applications. The consultant's review indicated that the 2008 City cost to process planning & development applications was \$1,998,000 and that the revenues were \$613,500. Based on these figures, 2008¹ cost recovery for planning & development permits and approvals as a whole was 31%.

As part of the application fee review, fees charged by other comparable municipalities in British Columbia were considered. Ten municipalities were examined:

- City of Abbotsford
- City of Chilliwack
- City of Coquitlam
- City of Nanaimo
- District of North Vancouver
- City of Kamloops
- Langley Township
- City of Richmond
- District of Saanich
- City of Victoria

These municipalities each have a population over 50,000 and none are significantly larger than the City of Kelowna. Each of the municipalities is considered "high growth" with several of them serving as the commercial centres of their respective regions. Additionally, most of the municipalities feature a diverse mix of land uses.

In general, the ten comparison municipalities charge similar types of fees as the City of Kelowna. However, the processing fees are not standard across the sample municipalities, as follows:

- For most types of applications, Kelowna's fees are in the mid to lower end of the range of fees charged by the comparison group. Fees charged by Kelowna for development permits are particularly low compared to those charged in other places.
- The fees charged for board of variance applications, land use contract amendment and discharge applications, and temporary use permits are the exceptions — Kelowna's rates for these items are among the highest of the group.
- Some municipalities in the comparison group (e.g., Abbotsford, Langley Township) apply a scaled fee structure to development permits, heritage alteration permits, and OCP and zoning bylaw amendments. The City of Victoria charges a "large project fee" to applications for projects that exceed \$2 million in construction value. These approaches are intended to allow a municipality to charge higher fees to development applications that require more staff resources.

¹ The 2008 development year was selected based on volume, but it should be acknowledged that these statistics are pre-City of Kelowna reorganization and may have slight adjustments due to the new organizational structure.

- There is a considerable range of fees charged for subdivision approval. Kelowna's fees are above the median for the group, but are not at the high end. The structure of Kelowna's subdivision fees is unique compared to the other municipalities. Kelowna charges fees for Preliminary Layout Review on the basis of area, then final subdivision approval on the basis of lots. All other municipalities charge solely by number of lots.

In summary, the City of Kelowna fees are in many cases low relative to those charged by other municipalities. Staff suggest a modest fee adjustment by addressing specific and immediate needs while focusing on maintaining a manageable fee schedule for the development community. The Land Use Management Department and Subdivision Branch are committed to providing efficient and thorough development review services with a more sustainable cost recovery. As a next step, Staff will undertake a subsequent Fee Bylaw review within the next few years in conjunction with a comprehensive overhaul of Zoning Bylaw No. 8000.

Recommendations:

Advertising Fees

While the base fee generally covers inter-departmental staff time for review and evaluation, this base fee must also cover the required costs of public advertisement. Legislatively, the *Local Government Act* requires advertisement for various land use applications that prescribes the extent of public notification. This is a very significant cost to rezoning and OCP amendments, especially where visual maps are required (this can translate into thousands of dollars per City ad). With the escalating costs of advertisement for a number of applications, the City will still only be recovering a portion of the public notification cost as part of the base application fee.

Charge for Major vs. Minor Development Permits

In light of the recent adoption of the 2030 OCP, changes to development approval processes are intended to streamline development applications. Staff recommend a tiered approach to Development Permits (both Environmental and Form/Character) with the hopes of having application fees that are more reflective of the true cost of processing. The introduction of minor DP's is intended to be expedient and reflective of the less exhaustive review associated with this application option.

Charge for Major Application Changes

It is recommended that the City of Kelowna follow the City of Victoria's lead and charge additional fees for major mid stream changes to development proposals that result in additional technical review for staff. Victoria's fees for major changes may, however, provide a good starting point:

- \$636.00 for major changes to Development Permits;
- \$100.00 for minor changes to issued Development Permits without further variance.

Refund Structure

The City's refund structure should be simplified to reflect the common practices in other comparable municipalities. Specifically, it is proposed that the City provide 50% partial refunds for exclusively rezoning and OCP applications, and only when such applications are cancelled by the applicant prior to being scheduled for public hearings.

Subdivision Fees

In response to recommendations contained in the 2008 Fee Bylaw review, several fee changes will impact subdivision applications. In order to bring the fees in line with cost recovery goals, select fees are increasing while also being streamlined. For example, the fees for Preliminary and Final Subdivision process are being combined to reduce administration, increase clarity in implementation and improve customer service. A fee category is being added for Soil Deposit/Removal Permits but will only be charged to applicant's who commence work prior to obtaining a permit.

Conclusion

In summary, the Development Application fee Bylaw has not undergone a significant review since it was adopted by Council in 1997 and the current fee structure does not capture the true costs of development application processing costs. Since 1997, development projects have become much more complex requiring significant Staff time and resources. This is further compounded by evolving provincial legislation which must be implemented at a municipal level. Additionally, fees have not been adjusted to keep pace with inflation. From a budgetary perspective, it is important that the Land Use Management Department and the Subdivision Branch be more fiscally responsible in the way services are provided. Although municipalities provide a vital public service, this does not have to occur at significant annual losses and it is noteworthy that private businesses would never operate at or below a 31% level of cost recovery.

In addition to the Fee Bylaw review Staff are also seeking to amend the Miscellaneous Fees and Charges Bylaw No. 9381 to reflect the actual production costs of the 2030 OCP.

Internal Circulation:

Subdivision Approving Officer
City Clerk

Legal/Statutory Authority:

Section 194 of the *Community Charter* gives a municipality the authority to charge fees for processing applications for development permits and approvals. Section 194(4) of the *Charter* requires a municipality to make available to the public a report that outlines how the fees charged are determined. Implicit in this section is the expectation that fees will be structured to reflect, among other considerations, the costs incurred by the municipality in processing the various applications it receives.

Legal/Statutory Procedural Requirements:

Existing Policy:

- Development Application Fees Bylaw No. 8034.
- Miscellaneous Fees and Charges Bylaw No. 9381

Financial/Budgetary Considerations:

This will result in a revenue gain for the City, but the LUM and Subdivision branches will not be at a full cost recovery level.

External Agency/Public Comments:

Urban Development Institute:

"We support, in principle, the 50-50 cost sharing of fees between the taxpayer (represented by the City Staff) and the applicant (represented by the building industry). This is a reasonable split as opposed to the 25-75 which is arbitrary and unreasonable. While UDI is looking to reduce development costs and does not support fee increases generally, we understand the City's position and the justifiable nature of the increases."

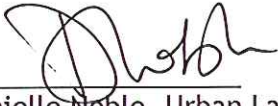
Personnel Implications: - N/A

Community & Media Relations Comments: - N/A

Alternate Recommendation: - N/A

Considerations not applicable to this report: - N/A

Submitted by:



Danielle Noble, Urban Land Use Manager

Approved for inclusion:



S. Gambacort, Director of Land Use Management

cc:

Ryan Smith, Subdivision Approving Officer



Schedule "A"
Proposed Text Amendments

Miscellaneous Fees and Charges Bylaw No. 9381			
No.	Section	Existing Text	Proposed Text
1	Schedule A No. 3	Official Community Plan Bylaw Text \$40.00 Maps (Large) \$9.00 each (Small) \$7.00 each	Official Community Plan Bylaw Entire Document (incl. maps) \$180 Maps (Large) \$9.00 each (Small) \$7.00 each

Development Application Fees - Table 1

Development Category	Application Fee ¹	APC Fee ² + Applicable Tax
Area Structure Plans & Area Redevelopment Plans	\$5,500.00 base fee + \$75.00/ha	\$525.00
OCP Amendments	\$3,262.00	\$525.00
Comprehensive Development Zone	\$3,262.00	\$525.00
Phased Development Agreement	\$3,262.00 + City's Legal Review Fees	
Zoning Amendments		
Rezoning to Add "S" Designation for Secondary Suite	\$636.00	
Bylaw Enforcement - Add "S" for Secondary Suite	\$964.00	
Add "t" Designation for Agri-Tourist Accomodation	\$636.00	
RU6, RR & A1	\$1,386.00	\$525.00
Text Amendments	\$1,386.00	\$525.00
All Other Zones	\$1,779.00	\$525.00
Urban Design Development Permits		
With APC Review	\$1,386.00	\$525.00
Without APC Review	\$694.00	
Natural Environment Development Permits		
Council Review - Natural Environment Development Permit	\$1,386.00	
Major Direct Natural Environment Development Permit	\$694.00	
Minor Direct Natural Environment Development Permit	\$150.00	
Development Variance Permit		
With APC Review	\$694.00 + \$100.00 per Variance	\$525.00
Without APC Review	\$694.00 + \$100.00 per Variance	
Development Application Renewal Fee	\$150.00	
Pre-Application Meeting (2 Free Meetings)	\$150.00	
Non-Standardized Legal Document Review	Legal Review Fees	
Development Application Amendments (Applicant Initiated)		
Major Amendments Requiring Recirculation	\$636.00	
Minor Amendments to Approved Development Permits	\$100.00	
Public Hearing Advertising / Public Hearing Re-Advertising (hearing cancelled by applicant)	\$500.00 MINIMUM. If maps are required for Public Hearing advertisement, additional costs will be incurred prior to Public Hearing	
Land Use Contracts		
Discharge	\$0.00	
Amendments	\$3,262.00	\$525.00
Temporary Use Permit	\$1,779.00	\$525.00
Heritage		
Heritage Revitalization Agreement	\$1,779.00	\$525.00
Heritage Alteration Permit (Council approval required with APC review)	\$694.00 + \$100.00 per Variance	\$525.00
Heritage Alteration Permit - Council approval	\$694.00	
Heritage Conservation Covenant	\$150.00	
Heritage Alteration Permits - Director approval	\$0.00	
Heritage Designation	\$150.00	

¹ Refundable Amounts:

- (a) Development Fees which are refunded prior to Land Use Management Department report to Council for consideration are eligible for the cost of the Development Fee less 50% administrative costs and the APC fee, where applicable.
- (b) No development fees will be refunded if the application has been submitted to Council.

- (c) Subdivision fees are non-refundable.
- (d) Board of Variance Fees for appeals withdrawn prior to the Secretary preparing the appeal for advertising and circulation to City staff and Board of Variance members are eligible for a \$200.00 refund.

² Concurrent development applications considered at the same APC meeting will be charged the sum of each appropriate application fees, plus one APC meeting fee (plus applicable taxes).

³ An application fee for heritage designation will not be required if processed in conjunction with a Heritage Revitalization Agreement.

Category	Application Fee
ALR Applications (City retains \$250.00 of permit fees)	
Subdivision/Non-Farming	\$600.00
Application for Exclusion	\$600.00
Board of Variance Application	\$578.00

Document Administration Fee ⁴ (Restrictive covenants, utility right-of-ways, road reservation agreements, road exchanges, road closures, servicing agreements, developer initiated road name changes, quit claim documents excluding land use contracts, written response to inquiry etc.) (Not applicable for documents forming part of a subdivision application)	\$150.00
Land Title Office Registration	\$50.00
Site Profile Fees	\$50.00

Category	Application Fee
Liquor License Applications Requiring Public Meeting ⁵	
New Liquor Primary License (100 persons or greater)	\$700.00 + \$1,500.00 for notification
New Liquor Primary License (less than 100 persons)	\$450.00 + \$1,500.00 for notification
Change to Existing License	\$450.00 + \$1,500.00 for notification
Liquor License Applications (No Council Resolution)	\$50.00

⁴ Requests for information not available in published form requiring research will be charged a fee of \$30.00 per hour.

⁵ This application fee does not eliminate the need to pay for rezoning and/or development permit application fees where required.

DEVELOPMENT FEES - TABLE 2

FEES PURSUANT TO SUBDIVISION, DEVELOPMENT, AND SERVICING BYLAW NO. 7900 AND LAND TITLE ACT

Subdivision Applications	Application Fee
Fee Simple Subdivision and Bare Land Strata Subdivisions(Preliminary Layout Review)	(0 - 5 Lots) - \$1,500.00 (5 - 10 Lots) - \$2,000.00 (Over 10 Lots) - \$3,000.00 Plus \$100.00 Per Total # of Lots Created
Technical Subdivision Approval	\$350.00
Phased Strata Development	\$150.00
Form "P" Approval	300.00
Preliminary Layout Review Renewal	\$250.00 Per Year
Subdivision , Bare Land Strata, Phased Strata & Form "E" Final Re-Approval Fee	\$150.00
Building Strata Conversions	\$1,000.00 Plus \$100.00 Per Unit Over 5 Units
Soil Removal/Deposit Permit for applications made after work in progress (fines may also be applicable)	\$250.00
Road Renaming Applications	\$500.00
Document Execution Fee - Including but not limited to: No Build / No Disturb Covenant Wildfire Covenant ALC Conservation Covenant	\$150.00

Development Category	Application Fee
Street / Traffic Sign (Installed by City)	The Owner is responsible for the purchase and installation costs of all signs required for their development. Costs will be determined by Development Engineering. (Third party developer to apply for) (Tax exempt)
Survey Monument Fee	\$50.00 per new lot (Tax exempt)
Survey Monument Replacements (If disturbed by Construction)	\$1200.00 (Tax. exempt)
Fire Hydrant Levy	For subdivisions serviced by community water distribution systems: \$250.00 per newly created lot (Tax exempt) Note: In subdivisions where the developer is extending the water mains and installing fire hydrants this levy does not apply. The City shall accumulate the funds accrued from the hydrant levy and these funds shall be used to install fire hydrants as may be required.
Latecomer Agreement Processing Fee	\$1000.00 per agreement (No charge for agreements of one day duration)

Subdivision and Development Engineering and Inspections Fee Assessed for the Following: <ul style="list-style-type: none"> • Fee Simple Subdivision • Off-site Works 	3.0% of the total cost of off-site and on-site construction (minimum \$300.00) determined as follows: <ol style="list-style-type: none"> 1. Full cost of construction for "on-site" (new roads) and "off-site" (existing fronting roads), including clearing, grubbing, blasting, cuts and fills, gravel, compaction, pavement, concrete work, ditches, boulevard work if applicable, etc. 2. All deep utilities such as storm drainage works, sanitary sewer work if applicable and water and fire protection including water utility construction of other water irrigation districts. 3. Costs of civil works only for shallow utilities such as installation costs of ducting for power, telephone and cable TV. The cost of private utility cable work, BC Gas works, service lines, street lighting etc. is <u>not</u> included in the construction cost for administration charge calculations. 4. Consulting Engineering design fees are <u>not</u> included in the administration fee calculation. 5. Administration charge is calculated at 3.0% of the actual construction costs as determined using the above identified items, substantiated by contractor unit prices, or payment invoices, or if levied before construction costs are in, by using the consulting engineer's construction cost estimates. These figures may be adjusted up or down by the City, if in our opinion an adjustment is warranted. This may take the form of a 10% contingency added or deletion of certain items. It is incumbent on the developer to provide actual construction costs if he does not agree with the engineers estimate.
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DEVELOPMENT FEES - TABLE 3

FEES PURSUANT TO SIGN BYLAW NO. 8235

Category	Application Fee
Temporary Portable Signs	For a period of 30 days or less \$30.00 per sign. For a period of 31 days to 60 days \$40.00 per sign. For a period of 61 days and 90 days \$50.00 per sign.
All Signs (Excluding temporary signs)	\$30.00 Minimum plus \$5.00 for each square meter of sign area. For the purposes of fee calculation, sign areas involving a fraction of a square meter shall be calculated to the closest whole meter, and only one side of a two-sided sign shall be counted.

Note: Sign permit fees are not refundable if the work authorized by the permit is not commenced.



URBAN DEVELOPMENT INSTITUTE- OKANAGAN CHAPTER

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www.udi.bc.ca

May 27, 2011

City of Kelowna
1435 Water Street
Kelowna, BC V1Y 1J4

Attention: Shelley Gambacort

Dear Shelley:

Re: Proposed Subdivision Fee Bylaw Amendments

Upon review of the materials provided at the May 17th, 2011 meeting, we have the following comments:

We support, in principle, the 50-50 cost sharing of fees between the tax payer (represented by the City Staff) and the applicant (represented by the building industry). This is a reasonable split as opposed to the 25-75 which is arbitrary and unreasonable.

While UDI is looking to reduce development costs and does not support fee increases generally, we understand the City's position and the justifiable nature of the increases.


We have also appreciated the opportunity to provide our comments.

Yours truly,

URBAN DEVELOPMENT INSTITUTE

Per:

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 Randall Shier
Chair, Okanagan Chapter

RS/jr

cc: UDI Okanagan Chapter - Board of Directors

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