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Private and confidential

Mr. Ryan Smith
Department Manager, Community Planning
City of Kelowna
1435 Water Street
Kelowna, BC V1Y 1J4

Subject: Findings from Development Application Fees Bylaw review

Dear Mr. Smith:

Please find attached our completed fee review of your Development Application Fees Bylaw.

We have now completed the full scope of our work which included:

- **Phase 1 - Project initiation** – develop project plan, collect and document required information and identify comparable municipalities.
- **Phase 2 - Municipal case study analysis** – complete review of fees charged by other relevant municipalities to allow for a comparison to Kelowna's current fee bylaw.
- **Phase 3 - Cost analysis** – collect all information related to the cost to provide these services including staff time, hourly compensation and associated overhead.
- **Phase 4 - Develop fee pricing model** – work in tandem with the City to develop a fee pricing model that incorporates findings from cost analysis and municipal case study analysis and is guided by City's targeted recovery rates.
- **Phase 5 - Recommendation and report** – after the new fee pricing model has been validated by the City and stakeholders, provide final recommendations along with fee pricing model.

Key findings from our review included:

- Surveyed municipalities did not take an active approach to managing their fee bylaws and in most cases there is uncertainty as to the actual level of cost recovery being achieved.
- Application fees in Kelowna are not consistently high or low in comparison to other relevant municipalities. This is due to the fact that the fees at other municipalities vary widely and may not accurately reflect the cost to provide these services.
- The costing analysis indicated that the estimated recover rate for City of Kelowna fees varied greatly by type but that the overall recovery rate averaged 76% (or 64% when weighted by frequency and cost) after considering staffing and overhead costs.

In developing the new fee strategy we worked with City staff and considered the following criteria:

- **Current fees** – while the current fee structure is outdated and some fees no longer reflect the recovery rate that should be targeted, it is still important to consider the existing fee structure

when making adjustments. Ideally, any change to fees should be minimized unless there is significant rationale for a larger change.

- **Cost to provide services and targeted recovery rate** – the cost that the city incurs to deliver the services is a key input into determining the new fees. The targeted average weighted recovery for all fees should be in the range of 70-75%. Achieving a standard recovery rate on all fees was determined not to be a reasonable objective and instead this overall average weighted recovery metric was used.
- **Applicant profile** – a distinction should be made between the application types commonly submitted by homeowners/citizens as compared to the types commonly submitted by developers. The strategy should be to minimize the costs to the homeowners/citizens while ensuring as close to a full cost recovery from the developers who are engaging in for profit development. This is considered reasonable given that the fees levied to developers are typically related to applications that if approved result in increased value/profits for the developer.
- **Potential benefits to City** – certain applications are for things such as heritage conservation, which is considered a net benefit to the City and should have lower recovery rates as the applicant in some cases may be negatively impacting the value of their property.
- **Whether fee is meant to act as penalty** – certain fees related to fines where the appropriate approvals were not previously obtained are meant to penalize groups that have not followed the correct procedures.

Additional recommendations for the City

- The City should consider updating their fee structure on an annual basis to ensure the targeted recovery rate is still being achieved when costs to provide the services go up. An annual increase equal to inflation would generally support this objective and could be supported by a more detailed review every five years.

We understand that City staff have already met with the Okanagan chapter of the Urban Development Institute (UDI) to go over the proposed new fee structure and that the UDI had no material concerns with the new fee structure.

If there are any questions with respect to this proposal, please contact Andrew Evans at 604 640 3048 or email andrew.evans@deloitte.ca.

Yours truly,



Liam Brunner.
Partner, Western Canadian Real Estate & Valuations Leader
Deloitte LLP

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1. Development Application Fees Bylaw No. 10560 Review
2. Development Application Fee Model

Application fees	Current fee	Current additions	Proposed fee	Proposed additions
Area Structure Plans & Area Redevelopment Plans	\$5,500	Plus \$75 per ha	\$8,375	Plus \$75 per ha
OCP Amendment - Major	\$3,262		\$3,250	
OCP Amendment - Minor	\$0		\$1,750	
Phase Development Agreement	\$3,262	Plus City's Legal Review Fees	\$2,800	Plus City's Legal Review Fees
Zoning Amendments				
"C" for Carriage House	\$694		\$875	
Bylaw Enforcement - Add 'C' for Carriage House	\$964		\$1,750	
Add "t" Designation for Agri-Tourist Accommodation	\$636		\$1,300	
RU6, RR, & A1	\$1,386		\$1,375	
Text Amendment	\$1,386		\$1,400	
Rezoning Renewal/Extension	\$150		\$450	
Comprehensive Development Zone	\$3,262		\$3,250	
All Other Zones	\$1,779		\$1,775	
Urban Design Permits				
Major (Council Reviewed) Development Permit	\$1,386		\$1,625	
Minor Direct Development Permit	\$694		\$900	
Natural Environment Development Permits				
Single Lot Development Permit - Council Consideration	\$1,386		\$1,625	
Single Lot Development Permit	\$694		\$900	
Multi Lot Development permit	\$0		\$1,375	Plus \$15 per lot
Minor Direct Natural Environment Development Permit	\$150		\$225	
Seasonal Farm Worker Housing Permit				
Council Review - Seasonal Farm Worker Housing Permit	\$694		\$700	
Direct Temporary Farm Worker Housing Permit	\$150		\$350	
Farm Protection Development Permit - council	\$150		\$650	
Farm Protection Development Permit - direct	\$150		\$425	
Development Variance Permit	\$694	Plus \$100 per variance	\$1,425	Plus \$100 per variance
Pre-Application Meeting (2 Free Meetings)	\$150		\$200	
Non-Standardized Legal Document Review	\$500	Plus \$300 per hour after the first 3 hours	\$650	Plus \$300 per hour after the first 3 hours
Development Application Amendments (Applicant Initiated)				
Major Amendments Requiring Recirculation	\$636		\$700	
Minor Amendments to Approved Development Permits	\$100		\$550	
Public Hearing Advertising / Public Hearing Re-Advertising (hearing cancelled by applicant)	\$500	If maps are required for advertising, additional costs will be incurred prior to Public Hearing	\$500	If maps are required for advertising, additional costs will be incurred prior to Public Hearing
Land Use Contracts				
Discharge	\$0		\$0	
Amendments	\$3,262		\$0	
Temporary Use Permit	\$1,779		\$1,700	
Temporary Use Permit extension	\$1,779		\$1,700	
Heritage				
Heritage Revitalization Agreement	\$1,779		\$1,675	
Heritage Alteration Permit (Variances associated with project)	\$1,388	Plus \$100 per variance	\$2,125	Plus \$100 per variance
Heritage Alteration Permit - Director & Council Approval Major	\$1,300		\$1,300	
Heritage Alteration Permit - Director & Council Approval Minor	\$694		\$700	
Heritage Conservation Covenant	\$150		\$0	
Heritage Designation	\$150		\$0	
ALR Applications (City retains \$300.00 of permit fees)				
Subdivision/Non-Farming	\$600		\$600	
Application of Exclusion	\$600		\$600	
Board of Variance Application	\$578		\$1,050	
Document Administration Fee	\$150		\$150	

Application fees	Current fee	Current additions	Proposed fee	Proposed additions
Land Title Office Registration	\$50		\$0	
Site Profile Fees	\$50		\$50	
Liquor License Applications Requiring Public Meeting				
New Liquor Primary License (100 persons or greater)	\$2,200		\$2,200	
New Liquor Primary License (less than 100 persons)	\$1,950		\$1,950	
Change to Existing License	\$1,950		\$1,950	
Liquor License Applications (No Council Resolution)	\$50		\$50	
Fee Simple Subdivision and Bare Land Strata Subdivisions (Preliminary Layout Review)	\$3,000	A staggered fee ranging from \$1,500 to \$3,000 plus \$100 per lot	\$2,000	Plus \$100 per lot
Technical Subdivision Approval	\$350		\$350	
Phased Strata Development	\$150		\$150	
Form "P" Approval	\$300		\$300	
Form "P" Re-approval	\$300		\$300	
Preliminary Layout Review Renewal	\$250		\$250	
Subdivision, Bare Land Strata, Phased Strata & Form "E" Final Re-Approval Fee	\$150		\$150	
Building Strata Conversion	\$1,000	Plus \$100 per unit over 5 units	\$1,000	Plus \$100 per unit over 5 units
Soil Removal/Deposit Permit for applications made after work in progress (fines may also be applicable)	\$250		\$250	
Road Renaming Application	\$500		\$500	
Restrictive Covenant - Review, Change or removal	\$500		\$500	
Document Execution Fee - Including but not limited to:				
No Build / No Disturb Covenant	\$150		\$150	
Wildfire Covenant	\$150		\$150	
ALC Conservation Covenant	\$150		\$150	
Revitalization Tax Exemption	\$0		\$0	
Tree Cutting Permit	\$0		\$0	
Airspace Parcel Subdivision (inclusive of legal fees coverage)	\$15,000		\$15,000	