

SCHEDULE "A" – Amendments to City of Kelowna Development Application Fee Bylaw No. 10560

Development Application Fee Bylaw No. 10560														
No.	Section	Existing Text						Proposed Text						Rationale
1.	Schedule "A"  Development Application Fees – Table 1		2016	2017	2018	2019			2016	2017	2018	2019	Removal of the Application Fee for Retail Cannabis Sales Subzone Initial Evaluation Review, as this process has now been completed.	
		Zoning Amendments						Zoning Amendments						
		Retail Cannabis Sales Subzone	N/A	N/A	\$9495	\$9685		Retail Cannabis Sales Subzone	N/A	N/A	\$9495	\$9685		
		Application Fee - Retail Cannabis Sales Subzone Initial Evaluation Review	N/A	N/A	\$1000	\$1020		Application Fee – Retail Cannabis Sales Subzone Initial Evaluation Review	N/A	N/A	\$1000	\$1020		
2.	Schedule "A"  Development Application Fees – Table 1	<sup>1</sup> Refundable Amounts: (a) Development fees which are refunded prior to Council consideration are eligible for the cost of the development fee less 50% administrative costs. (b) No development fees will be refunded if the application has been submitted to Council. (c) The application fee for the "Retail Cannabis Sales Subzone Initial Evaluation Review" is not refundable						<sup>1</sup> Refundable Amounts: (a) Development fees which are refunded prior to Council consideration are eligible for the cost of the development fee less 50% administrative costs. (b) No development fees will be refunded if the application has been submitted to Council. (c) The application fee for the "Retail Cannabis Sales Subzone Initial Evaluation Review" is not refundable						Removal of the reference to the application fee being not refundable, as this fee has been removed.



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February 25, 2019

Dear Mr. Smith

**Re: Retail Cannabis Sales Application Oversight**

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The City of Kelowna conducted a process to evaluate, score and prioritize applications for changes required to move to zoning for retail cannabis sales subzones. To ensure that the process was followed consistently in accordance with the council endorsed process, and that process was applied fairly, we were engaged to provide oversight of the process and the application of the scoring matrix.

**The Scoring Process**

All applicants were given the opportunity to review the scoring matrix prior to finalizing their applications and the planning department was available to respond to applicants' inquiries. All applications for rezoning were concluded by the deadline of November 30, 2018.

A committee was formed from city staff representing seven (7) departments, with three (3) alternate staff available from three (3) specific departments in order to cover potential scheduling conflicts. All city staff including alternates attended the initial planning meeting. At the beginning of the scoring process, all members of the committee, including alternates, signed conflict of interest statements declaring that they had no conflicts with or financial interests in any of the applicants.

Prior to the first committee meeting applications which did not have conflicts were provided to the committee for review. At the first meeting, the committee reviewed these applications and deployed the scoring matrix to each application while ensuring that all committee members understood the how the scoring matrix was to be applied. For the remaining applications there were three additional meetings in which the scoring process was undertaken.

The committee applied scores in increments within the maximum and minimum scores defined within all evaluation criteria of the matrix. Final scoring included consideration of additional analysis that the committee requested from the city planning department relating to conflicting use.

Grant Thornton collected, scanned and recorded all of the scores to calculate total scores from each of the seven committee members as well as average scores overall for each applicant. These results and scoring sheets were provided to the City planning team. We employed a two stage process of review to ensure all scores were accurately captured, recorded and calculated.

## The Lottery

In accordance with the Council endorsed process, a lottery was held for conflicting applications where the scoring process results were not materially different (within 5% of each other). There were thirteen (13) applications entered into five (5) lotteries.

The lotteries were run in Council chambers and recorded on video with the applicants invited to attend. The City provided a commercial grade bingo wheel with wooden balls. The process was explained to the applicants in attendance and then balls were randomly assigned to applications by drawing them from a bag. Then for each lottery the specific balls for those participating applications were drawn from the bingo wheel.

- Three of these lotteries were for two applications each. None of these lotteries were contingent on the result of any other lottery.
- The Downtown lottery involved four (4) applications that all scored within five (5) percent of awarded points from each other. In addition, there was a 5<sup>th</sup> application that scored within five (5) awarded percentage points of the two (2) lower scoring applications in the lottery.
  - Applying the council endorsed process to this scenario, the top 4 applications were materially equivalent to each other and the 5<sup>th</sup> application was only materially equivalent to the 3<sup>rd</sup> and 4<sup>th</sup>.
  - To ensure that these equivalencies were handled through the lottery process, a reverse lottery was designed. In the reverse lottery, the last ball drawn would be the one representing the application that would move forward to council.
  - The first 4 balls to go into the lottery were the ones representing the highest scoring applications that were materially equivalent. As each ball was drawn, the application it represented was removed from the lottery.
  - In the event that the top two scores (which were outside 5 awarded percentage points of the 5<sup>th</sup> application) were no longer in the lottery, the ball representing the 5<sup>th</sup> application would enter the lottery.
  - As a result of this process, the top two applications each had a 25% chance, the next two each had a 22.2% chance and the 5<sup>th</sup> had a 5.6% chance of moving forward.
  - The final ball remaining belonged to one of the top two scoring applications and therefore the ball representing the 5<sup>th</sup> highest scoring application was not entered into the lottery.
- The lottery regarding St. Paul had two applications, however, one application was within 500m of a higher scoring application that was involved in the Downtown lottery. As a result, this lottery was contingent on the results of the Downtown lottery. This lottery did not occur since the winning application Downtown was within 500m of one St. Paul application and its score was higher by more than 5 awarded percentage points (the equivalency threshold). The remaining application for St. Paul moved forward to Council.

## Fairness and consistency

Based on our observations of the process, it appears that the scoring and lottery process were applied in accordance with the Council endorsed process to ensure fairness and consistency across all applicants.

This report is intended solely for the information and use of the City of Kelowna. Our work was conducted on behalf of management and accordingly we provide no opinion, attestation or other form of assurance with respect to our work or the information upon which our work is based. The procedures performing under this engagement do not constitute an examination or a review in accordance with generally accepted auditing standards or attestation standards.

Yours sincerely,

Grant Thornton LLP



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