

TO: CITY MANAGER 1997 APRIL 29

FROM: DIRECTOR PLANNING AND BUILDING

SUBJECT: **FEES FOR BUILDING PERMITS AND OTHER PLANNING APPLICATIONS AND SERVICES**

PURPOSE: To provide Council with recommendations to amend the City's fee schedules for various applications for the purpose of cost recovery.

RECOMMENDATIONS

1. **THAT** Council authorize staff to pursue the fee adjustments outlined in this report.
2. **THAT** the City Solicitor be requested to prepare the necessary bylaw amendments to effect the fee adjustments outlined in this report.
3. **THAT** the amendments to the fee schedule for rezoning applications be advanced to a Public Hearing scheduled for 1997 May 27 and for First Reading on 1997 May 12.

R E P O R T

OVERVIEW

The Municipal Act provides for the imposition of fees and charges for applications for various types of permits and services under Part 21 (Community Planning) and Part 29 (Management of Development) for the purpose of recovering the costs of administration, inspection, advertising, and processing. Over the years, fees and charges have been established for a number of processes, works, and services from which an individual or a business may expect to benefit, and Council has requested that the structure of such fees be reviewed and revised as appropriate to reflect, among other things, the costs of providing the services.

The services under consideration include permits for construction of buildings, electrical, plumbing and gas inspections, fees for rezoning, strata titling, subdivision of land, and a wide array of other services contemplated under the Act. In some instances the imposition of requirements for permits and approvals is driven primarily by considerations of safety and adherence to public codes, and the City has in the past sought to recover a percentage of the costs of providing the service through the fee structure.

In other instances however, such as applications for subdivision, rezoning, strata titling, or other types of services, the applicant obtains a potential direct financial benefit, and in many instances this financial benefit is considerable, often in the range of many thousands of dollars. It is therefore appropriate that the applicant, as opposed to the City, in such instances, should bear the full estimated cost of such services.

In pursuing its review of the fee structure and schedules for planning and building-related fees, staff have sought to consider the full range of costs (administrative, processing, record keeping, responding to enquiries, inspections, etc.) that are entailed in each case, recognizing that these costs are commonly incurred, to varying degrees, by a variety of different departments. For example, while the bulk of the administrative costs for processing a rezoning application may be incurred in the Planning Division, considerable staff effort is commonly also entailed in the Clerk's office, Legal department, Engineering Department, Fire Prevention Office, Environmental Health division, Building division, and occasionally or to some extent also in the RCMP, Parks and Recreation Department, Business Licence and Taxation offices, etc. The degree to which other departments may be involved varies considerably with type of application and from case to case, and it is important in estimating the costs of providing these services, to recognize the contribution to the process from these other departments. An overriding consideration in the Municipal Act, governing fees imposed for planning-type services, is that the fee must not exceed the estimated average costs of processing, inspection, advertising and administration that are usually related to the type of application or other matter to which the fee relates.

The **attached** Appendix to this report provides the results of our review related to each of the major building and planning services for which fees are currently charged, makes recommendations for adjustments that are warranted to reflect the appropriate cost recovery, and proposes the introduction of charges for some services that currently do not have a fee associated with them in the City of Burnaby.

FUTURE REVIEWS

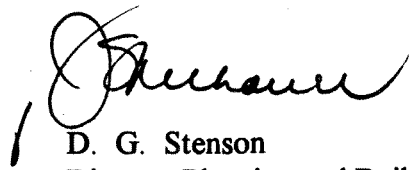
In order to bring consistency and continuity to the process of establishing and monitoring/updating the fees charged by the Department, we are proposing to review the permit and processing fees again in late summer 1998, and thereafter to provide Council with an annual report for each subsequent year. By this means a more regular adjustment process with less need for major future increases should be obtained, and will be incorporated in the respective Provisional Budget submissions in consultation with the Finance Department.

CONCLUSIONS

Based on the review of existing fees for the wide array of Building and Planning services provided by Burnaby, and recognizing the need to minimize the strain on the taxpayer through use of General Revenue funds as well as the desire to ensure that individual or business applicants who stand to benefit financially from the services provided are the ones who bear the estimated cost of the services, a number of revisions and additions to Burnaby's fees is recommended.

These revisions in part are nominal, reflecting increases in the cost of doing business, but several of them are significant increases reflecting the principles expressed above.

It is recommended that Council authorize staff to implement the various amendments as outlined above and to take the necessary steps as required to effect the changes.



D. G. Stenson
Director Planning and Building

DGS:lf
Attachment: Appendix

cc: Director Finance
Director Engineering
City Clerk
City Solicitor

(a:\incfeesh.ort)

APPENDIX

to report on Fees for Building Permits and other Planning Applications and Services

BUILDING DIVISION

The Chief Building Inspector has reviewed the existing cost recovery structure and investigated possible new sources of revenue related to the services provided by the Building, Electrical, Gas and Plumbing and Fire Protection sections of the department. The following is a summary of the recommendations:

Building:

It is proposed that a variety of adjustments be made to fees currently charged. Building permit fees are based on the value of construction and the fee is graduated scale. The graduations differ between Municipalities, making comparison difficult. While one jurisdiction may be high for low construction values, it may also be low for high construction values. For this reason, we have proposed a revised fee schedule (scale) which will bring Burnaby's fees in line with most of the comparable cities in the Lower Mainland. The range of the proposed change is from negative 3% to a positive 14.9% with an average increase of approximately 6%. The negative change is being applied to the lower end of the construction values, normally attributed to home renovations.

The scale of proposed building permit fees is:

\$0 - 1,000	\$50
\$1,000 - 20,000	\$50 plus \$12 per \$1,000 or part thereof over \$1,000
\$20,001 - 200,000	\$278 plus \$8 per \$1,000 or part thereof over \$20,000
\$200,001 and up	\$1,718 plus \$7 per \$1,000 or part thereof over \$200,000

We are also proposing a major change to permit fees for temporary buildings. Current fees are based on value of the placement on the site. In recognition of the fact that the policing and removal of these temporary structures has become a difficult problem for Building, we propose to change this to a flat fee which is charged each year. The proposed fee of \$350 per year for each year the building remains on the site will allow us to more closely monitor their existence and provide a more realistic reflection of the ultimate cost to the City.

The fees for demolition permits, which are now based on the cost of the demolition, are proposed to be changed to a flat rate of \$40 for the demolition of an accessory building, \$200 for demolition of single and two family dwellings, and \$500 for all other buildings.

The fee for renewing a permit is proposed to increase from \$35 to \$40 and the permit transfer fee will be increased from \$25 to \$40.

With regard to inspection services, it is proposed that re-inspection fees change from \$60 an hour to \$50 for the first inspection, \$100 for the second inspection, \$200 for a third inspection, \$400 for the fourth inspection, etc.

Special inspections are proposed to change from \$60 per hour to \$75 per hour or portion thereof, and after-hour inspections changed from \$400 plus \$90 per hour after the first four hours to \$440 plus \$110 per hour after the first four hours.

With particular reference to heating systems, the Chief Building Inspector informs that we, along with other municipalities, have been experiencing difficulties with the installation of heating systems within single and two family dwellings and townhouses.

These difficulties have resulted in potentially dangerous situations for the building occupants and/or inadequate heating systems. While our main concern is for hydronic heating and the lack of qualified installers, there are also problems occurring with forced air systems. To address these concerns, we have had to introduce additional inspections of these installations. As an interim step, these new inspections are being regulated by the issuance of an additional "heating permit" which is being billed under the "special inspection" fee currently established in the Building Bylaw. This use of the special inspection fee, with a flat fee of \$60 was implemented as a temporary measure pending the approval of an actual heating permit and the establishment of an appropriate permit fee. The \$60 fee which is currently being charged does not recover the costs to the City for these inspections and we are proposing a fee based on \$2 per one thousand BTU's of appliance input. The cost, which is in keeping with the fees being charged by other cities for these inspections will be approximately \$200 to \$300 per new residence. This permit will assist us to ensure that system is being designed and installed by a qualified person and the system is able to comply with design temperatures as outlined in the B.C. Building Code.

Electrical:

Residential Electric Permit fees are based on 15% of the building permit fee. It is difficult to compare electrical permit fees as not all jurisdictions incorporate electrical inspections, and those that do have fee structures, utilize various means of calculation. It appears that a 5% increase would make us competitive with other jurisdictions.

Two minor changes are proposed for the fee scale for permits for electrical installations other than one and two family dwellings: the fee for an installation with a value of \$100 or less should be increased from \$25 to \$30, and the fee for an installation with a value of \$101 to \$250 should be increased to \$40.

Proposed new fees include a new fee of \$20 for the inspection of electrical sub-panel, a new fee of \$15 for air conditioning units and a new fee for temporary saw service which would be based on the value of the work.

We also propose to institute flat rate fees for certain permits that are currently being calculated, either based on the value of the installation or at a special inspection rate. These permits include the electrical service to illuminated signs which we are proposing to establish a flat fee of \$75 for power supplies (branch circuits) for signs at a flat rate of \$60, and special event or film project permits which would be billed at \$75 for one location up to 30 days, \$150 for one location up to 180 days, \$150 for multiple locations, same project up, to 30 days, \$250 multiple locations, same project up to 180 days, and \$300 for an annual permit for filming in a studio.

The fee for renewing should be increased from \$35 to \$40 and the permit transfer fee from \$25 to \$40.

Concerning electrical inspections, the Chief Building Inspector recommends that re-inspections be based on the progressive scale of \$50 for first inspection, \$100 for second inspection, \$200 for third inspection, \$400 for fourth inspection, etc. Special inspections will be increased from \$60 per hour to \$75 per hour, and after-hour inspections would be increased from \$400 for the first four hours, and \$90 per hour after that to \$440 for the first four hours plus \$110 per hour after the first four hours.

It is also proposed that the fee for inspection of hot tub or spa be increased from \$18 to \$25 and the fee for a hydro massage tub from \$12 to \$15.

Gas:

A nominal change to gas permit fees is proposed. Current fees are based on \$25 for the first appliance and \$20 for each additional appliance. The proposal is for a flat rate of \$25 per appliance.

As above, nominal increases are proposed for re-inspections, special inspections and permit transfers. Like the Building and Electrical fees, we propose a re-inspection scale of \$50 for the first inspection, \$100 for the second inspection, \$200 for the third inspection, \$400 for the fourth inspection, etc.

Special inspections would be charged at \$75 for an hour or a portion thereof, and after-hours inspections would be \$440 for the first four hours plus \$110 per hour for each hour or portion thereof, after first four hours.

The fee for renewing a permit is proposed to increase from \$35 to \$40 and the permit transfer fee from \$25 to \$40.

Plumbing and Fire Protection:

No change is proposed for Plumbing Fixture fees.

The fees for interceptors is proposed to change from \$25 for the first fixture and \$17 for each additional to \$35 for the first fixture and \$20 for each additional.

The fee for inspection of building sprinklers is also proposed to be increased from \$25 for the first sprinkler head and \$1.50 for each additional head, to \$35 for the first sprinkler head and \$1.75 for each additional head.

As above, the Chief Building inspector is proposing the same fee increases for re-inspections and permit transfers.

Re-inspections would be based on the scale of \$50 for the first inspection, \$100 for the second inspection, \$200 for the third inspection, \$400 for the fourth inspection, etc.

Special inspections should be increased to \$75 per hour. After hours special inspections would be \$440 for the first four hours, plus \$110 per hour or portion thereof after four hours.

The fee for renewing a permit should increase from \$35 to \$40 and the permit transfer fee from \$25 to \$40.

Administration and Tree Bylaw:

There are only a few administrative fees charged in the Building Division and they do not result in large amounts of revenue. Most of the items, such as charges for copies of microfiche or other documents, are nominal to recover costs only. The existing charge for review of "equivalent" submissions was recently created and no change is proposed. The existing annual fee for in-law suites is felt reasonable and no change is proposed. However, it is proposed that the charge for researching and preparing so-called "comfort letters" related to the status of a property or outstanding objections on file be changed from the flat fee of \$50 to \$50 for a letter relating to a single and two family building, and \$100 for a letter relating to a commercial or industrial property.

The City's Tree Bylaw was implemented in 1996 December and Council has directed staff to monitor all aspects of that bylaw and report back their findings at the end of one year. It has already become obvious that the current tree cutting permit fees of \$25 for the first tree and \$10 for each additional tree is not adequate to recover the costs of administering this bylaw. Staff will be proposing an increase to the tree cutting permit fees when the entire tree bylaw is reviewed at the end of 1997.

PLANNING DIVISION

The fees charged for various land use and development services and approvals throughout the region tend to vary over a wider range than do building permit type fees, probably reflecting differing levels of administration and processing services provided from city to city as well as differing expectations regarding the level of support from the general tax draw versus the principle of "user pay". As mentioned above, the extent to which individual or business applicants for such services benefit financially from such processes can be great, and it can be argued therefore that it is in the public interest that the cost of providing such services be largely, if not wholly, borne by the applicant.

Additionally, it is noted that the complexity and comprehensiveness of the services performed by City staff in processing applications has increased greatly in recent years. The amount of time, diligence, and professional work content has grown in response to issues such as environmental concerns (e.g. tree preservation, sediment control measures, greenbelt and stream protection), traffic management, urban design sensitivities, social housing initiatives, increased public consultation, and the evolution of new, more complex urban land use and property ownership mechanisms such as airspace parcel subdivisions and phased strata developments.

With this in mind, staff have reviewed the effort and resources typically required in the processing of such applications and compared them with a number of other jurisdictions locally and further abroad, to ensure that proposed increases are not unreasonable in relation to charges elsewhere. The recommended fee adjustments and additional charges where warranted are significant, and are outlined below:

Rezoning Applications:

Fees for rezoning need to reflect the diverse contributions made by a number of departments in the processing of a typical application, and the range of fees in different municipalities along with the structure of the fee schedules on which these fees are based is extremely wide and varied, making direct comparison difficult. However, our analysis indicates that a significant increase in both the base fee and the incremental additional fee as a function of land area should be increased to better reflect the principle of cost recovery. It is therefore proposed that the base fee of \$850 be increased to \$1,200, and the present lot area increment be revised to \$20 per 100 m² of lot area over 1700 m².

As the fee for rezoning applications is contained in the Zoning Bylaw, an amendment to revise the fee will need to be presented to a Public Hearing.

Subdivision:

Based on our analysis, and borne out in comparisons with other jurisdictions, it is proposed that the fee for subdivision be increased from \$525 to \$1,500. The charge for plan examination is set by regulation and will remain at \$100. It is proposed that this fee also be employed for Road Closure and Highway Exchange processing. It is further proposed that the processing fee for Tentative Approval extensions be raised from \$25 to \$100.

These charges will more nearly reflect the actual cost of services provided by the Engineering, Legal, Clerk's Office, Planning and other staff typically involved in subdivision processing, and recognize more fully the direct financial benefits obtained by the subdivider.

Airspace Parcel Subdivision:

The processing of airspace parcels in three-dimensional space is necessarily complex, typically involving large volumes of legal agreements, easements, covenants, and other devices, and requiring a great deal of effort and care in research and checking of documents.

Such subdivisions are intrinsically urban creatures that have become popular within the last decade, and the present scale of charges is inadequate to cover the costs incurred in the various departments involved. It is being recommended that the fee for airspace subdivision (of which only one or two applications are processed in an average year) be increased from \$2,000 to \$5,000.

Preliminary Plan Approval:

The fees for this service, which is preliminary to the issuance of a building permit, are tied to estimated construction value and are levied pursuant to the Building Bylaw. The fee for this service was introduced in 1991 and has not been adjusted since then. Upon review, it has been concluded that in order to recognize the staff time involvement of other departments in the circulation and review processes involved, an increase from the present \$50 plus \$1.00 per \$1,000 estimated construction value to \$100 plus \$1.50/\$1,000 construction value would be warranted. The present scale should be retained for sign approvals however.

The fee for extension of Preliminary Plan Approvals is proposed also to be increased from \$50 to \$100.

Strata Titling:

The charge for processing of Strata Title approvals has also been reviewed, and it is evident that a distinction should be made in the fee structure for differing types of application, to reflect differing levels of complexity and work required.

It is proposed that no change be made in the basic fee of \$25 plus \$10 per additional unit, but that the following adjustments be introduced:

- ▶ Strata Title conversions of existing buildings - \$300 plus \$20 per additional unit
- ▶ Phased Strata Plans - \$750 for the first phase plus \$100 for subsequent phases, except \$300 for the last phase.
- ▶ Amendments requested to Form E documents - \$50.

Servicing Agreements and Legal Documentation Related to Rezoning Applications:

At the present time, where rezoning applications entail subdivision/consolidation requirements, the cost to the City of administering and processing the related servicing agreements, and any covenants, statutory rights-of-way, easements, etc. is recovered through the corresponding Subdivision Approval fee. In a few instances however, there is no need for an actual subdivision and yet there is a requirement for servicing improvements, a servicing agreement, and other pieces of legal documentation to be filed at the Land Title Office. In these instances, it would be appropriate to impose a fee to recover at least some of the cost of these services. To this end, it is proposed that a charge of \$525 (the current subdivision processing fee) be levied. The standard charges currently applied by the Legal Department for actual document preparation and filing would continue to apply.

Personal Preference Address Changes:

Since 1993 Burnaby has charged a fee for researching and processing requests for street address changes for reasons of personal preference (i.e. other than for reasons related to demands by emergency services, post office delivery or other public interest purposes). This follows the practice of most other communities, who charge between \$100 and \$1,000 for this service. Burnaby's present charge is \$250, and it is proposed that this be increased to \$500.

Board of Variance Appeal Processing:

The Municipal Act requires the establishment of Boards of Variance and requires that municipalities provide funds for the costs of the board and the services necessary for the functioning of the appeal process. Unlike most municipalities, Burnaby has never sought to recover the cost of providing this service. Staff are at this time discussing with the City Solicitor the possibility of introducing a charge to recover the costs experienced by the City in processing and administering Board of Variance appeals. This is to be the subject of a future report.

Liquor Licence Applications:

At this time, the City does not apply a charge for the processing by Burnaby of applications for the various types of liquor licence applications that involve referral to and comment on or approval by the City. While many municipalities also do not charge, four local communities do charge a fee, ranging from \$1,550 to \$4,300, in some cases including a public hearing charge.

Given that Burnaby does require, where necessary, that the applicant bear the costs of any public survey work, it would be appropriate to set a fee that covers only the staff time involved in researching, coordinating, reporting and following up on applications. In consideration of the financial benefits accruing to an applicant, it is considered appropriate that to the extent possible the applicant be responsible for the costs incurred by Burnaby in processing an application. For this reason it is proposed that the fee for new liquor licence applications be set at \$500 and for licence amendments at \$250.

DGS:lf
(a:\appenfee.rpt)

