
Date November 5, 2025
Subject **Regional Approaches to Fee-Setting**

Background

To provide context for Council's review of the Large Project Surcharge, staff conducted a jurisdictional scan of development fee structures in other British Columbia municipalities. This attachment summarizes the findings and illustrates that while the goal of cost recovery is universal, the methods for achieving it vary significantly.

The review reveals there is no single "perfect" model for setting development fees. Every approach involves a fundamental trade-off between competing objectives:

- *Proportionality*: Aligning fees with the actual staff time and complexity a specific application requires.
- *Predictability*: Ensuring the fee structure is simple, clear, and easy for applicants to understand.
- *Administrative Simplicity*: Creating a system that is efficient for staff to manage without introducing subjective assessments or creating disputes over fee calculations.

The following information organizes regional practices into four common "families" of fee-setting: Flat-Fee, Tiered, Complexity-Based, and Intensity-Based models. Each section provides examples from other municipalities, highlighting how they navigate these trade-offs and demonstrating the inherent strengths and limitations of their chosen approach. This comparative analysis offers a valuable backdrop for evaluating North Cowichan's current framework and the options presented in the main report.

Four Common Models for Fee-Setting

The following sections provide a detailed look at the four common "families" of fee-setting models identified in the regional scan. Each includes specific municipal examples to illustrate how the model works in practice.

a) Flat-Fee Model:

The simplest approach, the flat-fee model, prioritizes predictability and administrative ease. Municipalities using this model charge a single, fixed fee for a given application type, regardless of the project's size, complexity, or potential impact.

Ladysmith (2008) – Flat-Fee Approach

[Ladysmith](#) applies a flat-fee for OCP amendments, regardless of parcel size or density:

- OCP Amendment: \$3,000 (excludes ancillary costs – e.g., notice, hearings)
- No surcharge or scaling by parcel size or density
- Designed for simplicity; does not reflect impact or complexity

This model is designed for administrative simplicity but does not account for variation in application complexity or staff effort.

Coquitlam (2021) – Flat-Fee by Project Type

[Coquitlam](#) differentiates between standard and major OCP amendment projects:

- OCP Amendment (Standard Projects): \$10,007.70
- OCP Amendment (Major Projects): \$17,862.60
- Does not scale fees by site area, it differentiates between project complexity by establishing separate flat fees for 'Standard' and 'Major' OCP amendments
- No LPS or per-unit/density scaling

Flat-fee models like Ladysmith and Coquitlam prioritize simplicity and predictability, but often under or over-represent actual processing costs depending on the application's scope.

b) Tiered Model:

Tiered models add a layer of nuance by using a simple proxy—most commonly parcel size or lot yield—to estimate an application's complexity. This approach assumes that larger properties generally involve more staff effort and scales the fee accordingly. North Cowichan's current Large Project Surcharge is an example of a tiered model.

North Cowichan (2023) – Tiered Fee by Parcel Size

[North Cowichan](#) applies the following tiered fee structure for OCP or Zoning Bylaw Amendments:

- Large Project Surcharge: \$5,000
(Applicable to site areas >1.5 ha and <3.0 ha)
- OCP Amendment – Base Fee: \$2,500
(Excludes Notice, Public Hearing, and Subdivision costs)

This approach uses parcel size as a proxy for development intensity or complexity and applies uniformly regardless of impact.

Campbell River (2024) – Tiered Fees by Parcel Size or Lot Yield

[Campbell River](#) employs a fee model scaled by parcel size for OCP Amendments:

- $\leq 4,000 \text{ m}^2$ ($\leq 0.40 \text{ ha}$): \$3,000
- 4,001–20,000 m^2 (0.40–2.00 ha): \$6,000
- 20,001–40,000 m^2 (2.00–4.00 ha): \$9,000
- 40,000 m^2 ($> 4.00 \text{ ha}$): \$12,000

Similar to North Cowichan, this system assumes that larger parcels are generally associated with greater complexity, regardless of actual development impact.

c) Complexity-Based Model:

This model directly links fees to the anticipated staff workload by creating distinct categories based on procedural complexity. It distinguishes between straightforward administrative changes (e.g., text amendments) and major land use redesignations that require significant policy analysis and public engagement.

Kelowna (2016) – Minor vs. Major Amendments

[Kelowna](#) distinguishes its fees by procedural complexity:

- OCP Minor (e.g., text amendment): \$2,915
- OCP Major (e.g., land use redesignation): \$4,575 + \$260/ha for parcels $> 1 \text{ ha}$
- Delegated authority applies for low-impact permits

Maple Ridge (2019) – Procedural Scaling

[Maple Ridge](#) recently updated its fee structure to emphasize the procedural distinction between text-based amendments and full OCP redesignations:

- OCP Text Amendment: \$2,653
- Full OCP Amendment: \$4,245
- Fees are scaled to procedural complexity rather than parcel size

These municipalities explicitly separate minor administrative adjustments (e.g., text changes, small mapping corrections) from major land use redesignations that demand policy analysis and public process. This approach most directly aligns fees with actual staff workload.

d) Intensity-based Scaling Model:

The intensity-based model aligns fees with a project's potential community impact and development yield. Instead of parcel size, this approach scales the fee based on metrics like the number of proposed residential units, aiming for greater proportionality between the fee and the project's ultimate scale.

Gibsons (2012) – Intensity-Based Scaling

[Gibsons](#) applies a fee model that scales with anticipated development yield, tying fees directly to the number of residential units rather than parcel size or amendment type. This allows fees to reflect growth potential more precisely.

- OCP Amendment: \$2,500 base + \$100/residential unit
- Combined OCP & Zoning: \$3,000 + \$100/residential unit
- No separate surcharge for parcel size; scaling is tied to anticipated development yield
- Structure avoids overcharging low-density or non-residential projects

This model emphasizes either proportionality to build-out intensity rather than parcel size or OCP amendment type alone.

Key Takeaways from the Regional Scan

This jurisdictional review validates North Cowichan's existing tiered fee model as the most strategically balanced approach among the available options. While alternative models seek greater fee proportionality, they do so at a significant cost:

- The **Flat-Fee model** is inequitable, guaranteeing cross-subsidization between applicants and failing the core principle of cost recovery.
- The **Complexity-Based model** replaces an objective standard (parcel size) with subjective classifications, inviting disputes and consuming staff time in "Minor" vs. "Major" determinations, but still relies on unreliable proxies for "complexity"
- The **Intensity-Based model** is fundamentally speculative at the OCP stage, forcing municipalities to base fees on hypothetical yields, which undermines predictability and administrative efficiency. Bill 44 zoning changes make this model even more difficult to utilize.

The Tiered model, by contrast, successfully navigates the core trade-offs of municipal fee-setting. It uses parcel size as a reasonable, objective, and easily administered proxy for complexity, acknowledging the proxy is far from perfect. This approach provides a material improvement in proportionality over flat-fee systems while deliberately avoiding the administrative burdens, legal complexities, and potential for challenge inherent in the more nuanced models. The scan confirms that the current framework is a defensible and pragmatic solution that balances fairness, predictability, and operational efficiency.