



REGIONAL
DISTRICT
OF NANAIMO

**BYLAW NO. 1845.01 – PROPOSED AMENDMENTS TO REGIONAL DISTRICT OF NANAIMO
ENGINEERING REVIEW FEES**

RECOMMENDATION

That “Regional District of Nanaimo Development Application, Notification Procedures and Fees Amendment Bylaw No. 1845.01, 2023” be introduced and read three times.

BACKGROUND

In April 2022, the Board adopted “Regional District of Nanaimo Development Application, Notification Procedures and Fees Bylaw No. 1845” which was created to simplify and update the requirements for Planning-related applications. Bylaw No. 1259 was repealed, and the Engineering Review Fees were copied directly over into the new bylaw schedule and were not updated. The Engineering Review Fees for developer-related water/sewer/storm/streetlighting infrastructure projects have not been updated since 2010. A bylaw amendment is attached to this report with Engineering Review Fees that more closely reflect the current, actual cost for Water Services staff to undertake these Engineering Reviews. The Engineering Review fee structure can be seen in detail in Table 2 in Schedule A-2 of the attached bylaw.

FINANCIAL IMPLICATIONS

While the Regional District of Nanaimo (RDN) Development Services Department contributes 10% of the Water Services Project Engineer’s salary, the actual costs of completing an Engineering Review haven’t been reviewed since 2010. The RDN aims to collect an appropriate amount of fees from the applicants/developers for the services being provided to minimize the burden this would otherwise place on the RDN taxpayers. Some infrastructure projects proposed by the development community are more complicated than others. In this regard, the Engineering Review Fees should reflect the actual amount of time spent on reviewing applications instead of having one flat rate imposed for all applications. As presented in Appendix A, Water Services staff have been tracking the number of hours that are spent on Engineering reviews. For simple water/sewer service line connections where no water main or sewer main is being extended or installed, the average time commitment is 21.5 hours. Using a typical professional charge-out rate of \$100/hr, the Engineering Review Fee is proposed to be at a flat rate of \$2,150, decreased from the current fee of \$2,500. For more complex developments, where a water main, sewer main, stormwater, or street lighting system is being extended or installed, the average time commitment is 49 hours. Accordingly, the Engineering Review Fee is proposed to be increased to a minimum of \$4,900 (from the current \$2,500). If the cost of the works and services installed by the developer is more than \$122,500¹, the Engineering Review Fee would be calculated as the total of;

¹ \$122,500 X 4% = \$4,900

² \$150,000 X 4% = \$6,000

- 4% of the value of the works for the first \$150,000²; and
- 3.5% of the value of the works for the next \$300,000; and
- 3% of the value of the works for the next \$350,000; and
- 2.5% of the value of the works in excess of \$800,000; where the value of the works includes construction, engineering, inspection, testing, and other services in relation to that asset, and based on the Engineer's Certified Project Cost as approved by the RDN Manager of Water Services.

These thresholds and percentages are largely unchanged from the 2010 bylaw. The first threshold was changed from \$100,000 to \$150,000 to make this threshold align with the minimum cost of \$4,900. The last threshold was raised from \$750,000 to \$800,000 to accommodate for the increased change in the first threshold. The percentages haven't changed because the existing formula for complex developments still allows the RDN to recover adequate costs for the additional staff resources required on complex projects.

Legal expenses are incurred for almost every service area petition and development project. Property owners and developers are typically advised that they are responsible for all the legal expenses incurred as a result of their application. However, the billing from the RDN's contract law firm often comes weeks or months after the legal advice has been given and is difficult to collect from the property owner after their approval has already been issued. By providing clearer descriptions of the legal fees in the bylaw, the RDN would be able to collect the appropriate amount of fees up-front so the impact of later bills from law firms has a lesser impact on RDN administration budgets. Based on the average legal costs of recent petition projects, the flat rate for legal fees in a petition project is proposed to be raised from \$400 to \$700. The legal fee would only be applied if legal services are expected to be utilized during the application. A separate legal fee is being proposed for water/sewer infrastructure projects where a covenant or a Statutory Right of Way will be registered against the land title. Based on the recent, average costs of legal and land title services, the legal fee for applications involving a covenant or Statutory Right of Way is proposed to be a flat rate of \$1,600.

There will be benefits to property owners, the development community, and the RDN budgets from updating the Engineering Review Fees and legal fees. The recommended amendments will require applicants to pay a more representative portion of the staff resources required to process their applications. The decrease in fees for simpler Engineering Reviews will be appreciated by property owners and developers. The increase in fees for more complex Engineering Reviews will lessen the burden on RDN budgets.

STRATEGIC PLAN ALIGNMENT

Proposed amendment Bylaw No. 1845.01 is consistent with the 2023-2026 Board Strategic Plan Commitment to be **Effective** and **Efficient** in the delivery of services and actions, and to be **Fiscally Responsible** and **Accountable**.

REVIEWED BY:

- M. Walters, Manager, Water Services
- J. Hill, Manager, Legislative Services
- T. Moore, Chief Financial Officer
- E. Tian, General Manager, RCU
- D. Holmes, Chief Administrative Officer

ATTACHMENTS

- 1) Appendix A – Summary Table of Water Services Staff Utilization in Engineering Reviews
- 2) Regional District of Nanaimo Development Application, Notification Procedures and Fees Amendment Bylaw No. 1845.01, 2023