



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: April 13, 2006
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Meeting Date: May 2, 2006

TO: Vancouver City Council

FROM: Co-Director of Development Services - Policy & Regulation

SUBJECT: Fee Amendments to the Private Property Tree By-law - Implementing Council's Budget Decision

RECOMMENDATION

- A. THAT Council instruct the Director of Legal Services to prepare for enactment a by-law that would amend the Private Property Tree By-law to establish a \$145.00 permit application fee for removal, in a twelve month period, of every tree after the first tree, to implement Council's April 6th decision on the 2006 Operating Budget.

As an alternative to A, the following is submitted for Council's **CONSIDERATION**

- B. THAT Council instruct the Director of Legal Services to prepare for enactment a by-law that would amend the Private Property Tree By-law to establish an \$81.00 permit application fee for removal of one tree and \$115.00 permit application fee for removal of each additional tree within a twelve month period, to implement Council's April 6th decision on the 2006 Operating Budget.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services **RECOMMENDS** approval of A but submits B as an alternative for **CONSIDERATION**.

COUNCIL POLICY

It is Council policy that fees and charges be established on the basis of the cost of providing the associated services or at market level where the service is provided in a market environment.

SUMMARY

In its 2006 Operating Budget decisions, Council approved the Corporate Budget Adjustment "Type 1" submission from the Corporate Management Team regarding the elimination of the revenue subsidy associated with tree removal permit applications. This report recommends that the present subsidy, averaging \$30.00 per tree removed, be recovered via increasing the application fee to be paid by those removing multiple trees, retaining the lesser fee for applications involving only one tree. Increasing both the single and multiple tree application fees by equal amounts is presented as an alternative for consideration, but not recommended.

PURPOSE

This report seeks specific Council instruction in implementing the Private Property Tree By-law fee increase(s) required to implement Council's decision on the 2006 Operating Budget.

BACKGROUND

Since its inception, the Private Property Tree By-law has entitled a property owner to remove one regulated tree in each twelve month period, subject to obtaining a tree removal permit and, in most instances, the planting of a replacement tree. The permit application fee has been very modest, not fully recovering corresponding City expenditures, in order to encourage permit acquisition. Effective January 1, 2006, the application fee is \$48.00.

The By-law also establishes provisions regarding removal of more than one regulated tree from a property, either over a twelve month period or concurrently. The application fee is structured so that each tree after the first tree generates a further \$80.00.

Between 1,500 and 1,600 tree removal permits are issued annually. Of this total, about two-thirds are for sites where there is no contemplation of site redevelopment, and about three-quarters of these involve the removal of only one tree. By comparison, the remaining one-third of the total permits issued involve sites where tree removal is proposed for site redevelopment, and about three-quarters of these involve multiple tree removals.

DISCUSSION

Section 12B in the Private Property Tree By-law prescribes the permit application fees payable and reads as follows:

- 12B. A non-refundable application fee of \$48.00 shall be charged for a tree permit to remove one tree, and where more than one tree are to be removed by permit within a 12 month period the fee shall be \$48.00 for the first tree and \$80.00 for each subsequent tree.

Annually, the tree removal permit application fee revenues fall short of fully recovering the related City services by \$90,000. Based on the total number of trees removed under permit, this represents a cost recovery deficit of about \$30.00 per tree. The recent report on the 2006 Operating Budget: Interim Estimates projected additional revenue potential this year of \$45,000, assuming fee amendments might be made to begin recovery of this shortfall by mid-year. This specific item was presented as a Corporate Budget Adjustment - "Type 1 Revenue Adjustment" in Appendix 3 to the report, item #4 (page 51).

For the homeowner seeking a permit to remove one tree, many already indicate the application fee is too high. Additional revenue potential from this group, via increased application fees to eliminate the cost recovery deficit, may be offset by more tree removals without permit. To the extent this occurs it would not only diminish application fee revenue but precipitate further City resource expenditures conducting investigations and related enforcement/prosecutions.

For tree removal permits related to site redevelopment, application fees are not so high as to materially affect the economic viability of the redevelopment project or the likelihood of tree removal without permit. For example, a tree removal permit application seeking permission to remove a total of five trees for site redevelopment would presently pay an application fee of \$368.00. This is considered to be an insignificant component of the total site redevelopment costs.

In order to maintain a reasonably low application fee for a permit to remove one tree, retention of the present \$48.00 fee is recommended, subject only to a 6% increase as part of the across-the-board application fee increase to recover corporate overhead costs, as was also approved by Council in its decisions on the 2006 Operating Budget. Correspondingly, in order to eliminate the cost recovery deficit it is recommended that the application fee for removal of each tree beyond the first tree be increased by \$60.00. Using the above described example of an application for removal of five trees, the total fee payable would be \$608.00. This would also be adjusted by first applying a 6% increase to the current fee, as part of the across-the-board corporate overhead cost recovery. This recommended approach is summarized in the following table.

	Current Fee (2006 01 01)	Fee After 6% Increase	Proposed Fee (RECOMMENDATION A)
Only 1 Tree	\$48.00	\$51.00	<u>\$51.00</u>
Each Additional Tree	\$80.00	\$85.00	<u>\$145.00</u>

Focussing cost recovery fee increases on multiple tree removal applications may also discourage homeowners from removing more than one tree, furthering the City objective of maintaining the urban forest. This financial deterrent may, however, be offset by the economies of scale offered by tree removal companies.

ALTERNATIVES/OPTIONS

Should Council favour a more equitable cost recovery strategy, directly recovering the average \$30.00 per tree subsidy via increased application fees for all tree removal permits, the fee for both single tree removal applications and for each additional tree could each be increased by \$30.00. This alternative approach, presented as CONSIDERATION B, is summarized in the following table.

	Current Fee (2006 01 01)	Fee After 6% Increase	Alternative Fee (CONSIDERATION B)
Only 1 Tree	\$48.00	\$51.00	<u>\$81.00</u>
Each Additional Tree	\$80.00	\$85.00	<u>\$115.00</u>

FINANCIAL IMPLICATIONS

Apart from the 6% increase in existing fees being implemented across-the-board for all zoning, building and trade permit fees to recover corporate overhead costs, the fee increase for tree removal permit applications is expected to eliminate the historical subsidy provided to these applications and generate \$90,000 in additional annual revenue.

IMPLEMENTATION PLAN

Upon receipt of Council direction, the amending by-law to implement the chosen fee increases will be prepared for Council enactment, possibly as early as May 16th. In order to provide a short grace period, the amending by-law will provide for the amended fees to be effective July 1, 2006.

COMMUNICATIONS PLAN

Upon enactment of the amending by-law, staff will post notices of the forthcoming fee changes at Development Services' Enquiry Centre and notify licensed tree removal companies to which tree removal permits have previously been issued.

CONCLUSION

In approving the 2006 Operating Budget, Council decided to eliminate the historical subsidy in application fees for tree removal permits on private property. This report recommends a strategy for achieving this, focusing the fee increase on those permit applications seeking multiple tree removal. An alternative approach is presented for consideration.

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