



City Hall
1435 Water Street
Kelowna, BC V1Y 1J4
250 469-8500
kelowna.ca

City of Kelowna Council Policy No. 395

Fees and Charges

Responsible Department: Financial Services	Adopted: 2025/06/16
Amendments: N/A	Last Reviewed: 2025/06/16

Guiding Principle

The City of Kelowna is committed to fiscal responsibility. The corporate priority of Active Financial Management aims to ensure the City's financial well-being; this includes increasing non-tax revenue and reducing reliance on taxation through appropriate fees and charges. Fees and charges are based on the principles of equity, transparency, alignment with the City's strategic priorities, recovering the full cost to deliver whenever reasonable, partial cost recovery being deliberate and considering the community benefits.

Purpose

To establish a framework for developing fees and charges for a City good or service.

Application

This policy applies to a fee or charge set by a bylaw.

Definitions

"Capital cost" means the ongoing and replacement cost of assets like buildings, infrastructure, machinery, or equipment.

"Community benefit" means a program or service that improves the well-being of the community. This includes a program or service that promotes broad community health, wellness, and cultural engagement.

"Core emergency response" is one that is essential and immediate, requiring urgent attention and action within the normal operations of public safety operations.

"Core services" means essential infrastructure (water, sewer, roads), public safety (police, fire protection), and planning and development (zoning, permitting).

"Cost recovery" means the full cost of a good or service is covered through a charge to the user.

"Direct cost" means an expense that is used directly to deliver a good or service. Examples include labour, material, or equipment cost.

"Dynamic pricing" means surge or discount rates that consider demand, higher or lower than full subscription, and applying those to realize the best financial position for the City.

“Indirect cost” means an expense that is not directly used to deliver a specific service or good but is necessary to maintain operations. An example is corporate and department overhead or other fixed operating costs.

“Resident” means an individual who resides within the boundary of the City.

“User pay principle” means the user bears the cost to provide a good or service.

Policy Statements

Charge Categories

1. The following factors will be used to determine the type of charge category for a fee or charge:
 - a) Full cost recovery (100% user fee): The benefit is fully attributable to a user. The fee or charge recovers 100% of the cost to deliver the good or service.
 - b) Partial cost recovery (discounted user fee): A partial community benefit is present in addition to the direct user benefit. A portion of the fee or charge, consistent with the proportion of the community benefit, is funded by taxation.
 - c) Zero cost recovery (100% subsidized user fee): The benefit of a good or service cannot easily be ascribed to a user, or a user fee is not desirable due to the overall community benefit. The good or services are fully taxation funded.
 - d) Other fees or charges: Cost incurred by the City due to user actions, including non-compliance, damage to City property, extraordinary or non-core emergency response is 100% user paid.
 - e) A good or service provided outside the core services may be evaluated as an opportunity to generate revenues exceeding its cost. The excess is to be used to support other services offered by the City or to reduce taxation demand.

Charge Development

2. The following factors will be used to determine the cost:
 - a) Full cost to deliver a good or service includes direct, indirect, and capital costs.
 - b) A resident priority for preferential access or fee and charge discount considers
 - i. resident versus non-resident demand to determine if preferred access for residents is feasible.
 - ii. discounted user fees are primarily for residents. Non-residents will pay a 100% of the user fee where feasible. Higher revenues through the non-resident rate need to offset the cost to administer. Additionally, qualitative factors such as community impact will be considered to determine the appropriateness of the fee or charge.
 - c) The administrative effort to implement and collect fees and charges need to be cost-effective.
 - i. Revenues generated need to be greater than the administrative cost of the implementation.
 - d) Consideration of market conditions, like supply and demand, need to be examined.
 - e) Dynamic pricing may be applied to realize the best financial position to the City.

Fee and Charge Maintenance

3. Rates are adjusted annually for inflation and a full review of compliance with this policy will be performed every 3 to 5 years.