

REQUEST FOR DECISION (RFD)

Date: May 13, 2025
To: Mayor Milligan and Members of Council
From: Tom Kramer – Bylaw Services
Subject: Short Term Rental Fees - Business Licensing and Regulation Bylaw No. 2028,
Amendment Bylaw No. 2529, 2025

RECOMMENDATION

THAT Business Licensing and Regulation Bylaw No. 2028, Amendment Bylaw No. 2529, 2025 be given first and second readings.

PURPOSE

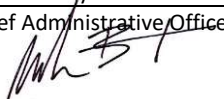
To give first and second readings to the proposed amendment to the Business Licensing and Regulation Bylaw to increase the annual Short-Term Rental (STR) Business License fees to \$700 for a Condo/Hotel and to \$500 for a Primary Residence.

BACKGROUND

At the March 18, 2025, Committee of the Whole meeting, Bylaw Enforcement Officer Kramer presented to the Committee that Short-Term Rental fees be increased to reflect the cost associated with the Staff time and resources expended, and the external Granicus contract required to investigate and enforce the Short-Term Rental regulations. For ease of reference, the approach to the current Short-Term Rental fees was discussed at the Committee of the Whole; a copy of the report is attached as Attachment 1.

Committee debated the matter and passed the following resolution:

THAT Committee direct Staff to bring forward an amendment to the Business Licensing and Regulation Bylaw No. 2028 to increase annual Short-Term Rental (STR) Business License fees to \$700 for a Condo/Hotel and \$500 for a Primary Residence.

Reviewed by:			
Chief Administrative Officer 	Corporate Officer 	Director of Finance 	Other:

DISCUSSION

Staff have brought forward an amendment to the Business Licensing and Regulation Bylaw that supports the Committee's decision to increase the Short-Term Rental fees.

A rationale for increasing fees was presented to the Committee at the Committee of the Whole meeting showing that the City of Fernie charges far less for an STR business license than other communities do. They were presented with the cost of Staff time spent processing applications, performing inspections, providing enforcement, and the Granicus contract (see Attachment 1).

The amended bylaw, attaching *Schedule A Fees* (Attachment 2), has been amended to provide Council with the option to give first and second readings to Business Licensing and Regulation Bylaw No. 2028, Amendment Bylaw No. 2529, 2025.

If Council endeavors to move forward with first and second readings of Amendment Bylaw No. 2529, 2025, two public notices will be done prior to adoption, and the community will have an opportunity to provide written submissions.

INTERNAL CIRCULATION

N/A

LEGAL/STATUTORY AUTHORITY

Authority to levy these fees is granted under Chapter 323, Part 20 of the *Local Government Act* and Sections 15 and 60 of the *Community Charter*.

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS

Bylaws that authorize the collection of fees will be incorporated into the public Council meeting process, providing opportunities for public input, and will adhere to the guidelines set forth in Section 194 of the *Community Charter*.

Section 59 (2) of the *Community Charter*:

(2) Before adopting a bylaw under subsection (1) or section 8 (6) [*business regulation*], a council must

- (a) give notice of its intention in accordance with subsection (3), and
- (b) provide an opportunity for persons who consider they are affected by the bylaw to make representations to council.

COMPLIANCE WITH CORPORATE STRATEGIES & POLICIES

The financial burden of monitoring Short Term Rentals in the City of Fernie, specifically the Granicus contract, the review process, and cost of overall regulation and enforcement related to STRs, is currently primarily borne by the general taxpayer. This service needs to be offset by revenue generated by those that benefit from the STR regulations. Short Term Rentals generate income for owners of condo/hotels and primary residences, while Bylaw Services spends

resources and time to remove illegal STRs from the pool of possible accommodation, benefiting those that comply with the regulations.

The proposed amendment to the Business Licensing Bylaw is consistent with Council objectives to provide and enhance Quality Services, a Liveable Community, and Organizational Excellence:

Services and Fees: *Set policy-based support targets for municipal services and establish centralized management and annual review of fees and charges.*

Business Systems: *Advance the implementation of industry-standard practices, processes, and systems to support effective operations.*

FINANCIAL/BUDGETARY CONSIDERATIONS

There will be some financial implications of Staff engaging in community feedback and any educational efforts.

PERSONNEL IMPLICATIONS

Staff will be required to allocate time to community engagement activities, including soliciting feedback and developing educational materials and campaigns to ensure the community is adequately informed.

EXTERNAL AGENCY/PUBLIC COMMENTS

The community will get a chance to submit any feedback or concerns (written submissions) in writing to cityhall@fernie.ca which will be shared with Council upon consideration of the third reading of this bylaw.

COMMUNICATION CONSIDERATIONS

To educate the public and STR community on the proposed fee increase, Staff will:

- Create summary materials for the fee increase to be posted on the City of Fernie “Let’s Talk” webpage, along with links to supplementary materials.
- Post links to “Let’s Talk” through social media.
- Send information to the Chamber of Commerce so they can share it with their members.
- Inform current Short Term Rental business license holders directly via mailout.
- Provide any feedback received in future report(s) to Council.

OPTIONS

The options for Council to consider are:

- Approve the increase by giving the amending bylaw first and second reading;
- Provide Staff with further direction; or
- Decline the increase.

CONCLUSION

Staff are recommending an increase in the Short-Term Rental fees to accurately reflect the costs to administer and regulate the service.

By Council giving first and second readings to the Business Licensing and Regulation Bylaw No. 2028, Amendment Bylaw No. 2529, 2025, it would allow Staff to move forward with public engagement.

Respectfully submitted,

Tom Kramer
Bylaw Services

Attachments:

1. 2025-03-18 CDR COTW STR Fees
2. Schedule A Fees
3. Business Licensing and Regulation Bylaw No. 2028, Amendment Bylaw No. 2529, 2025

COMMITTEE DIRECTION REQUEST (CDR) Committee of the Whole

Date: March 18, 2025
To: Mayor Milligan and Members of Council
From: Tom Kramer, Bylaw Services
Subject: Business Licensing and Regulation Bylaw – Short Term Rental (STR) Fees

DIRECTION REQUESTED

THAT Committee direct Staff to bring forward an amendment to the Business Licensing and Regulation Bylaw No. 2028 to increase annual Short Term Rental (STR) Business License fees to \$500 for a Condo/Hotel and \$300 for a Primary Residence.

PURPOSE

To consider raising the STR Business License fees to reflect the cost associated with compliance and resources used to monitor and enforce STR investigations.

BACKGROUND

Many communities are facing issues related to the housing crisis and have enacted a variety of bylaws to manage STRs.

On May 23, 2017, the Manager of Planning at the time, Patrick Sorfleet, presented to Council the results of a community survey on Short Term Rentals (Attachment 4).

The survey asked several questions, along with:

“What should a STR license or permit cost?”

The survey found that the majority of respondents supported STR fees of over \$100.00 per year.

Reviewed by:			
Chief Administrative Officer 	Corporate Officer 	Director of Finance 	Director of Planning: 

The survey also asked:

“To what areas should the City direct any revenue from STR licenses?”

The most supported option was STR enforcement and administration.

On October 10, 2017, Council held a Public Hearing for Short Term Rental Regulation Consequential Amendment Bylaw No. 2325, 2017 (Minutes and Bylaw attached). The minutes show several letters of support for and against, and members of the community were able to voice their concerns.

On October 30, 2017, the “*Short Term Rental Regulation Consequential Amendment Bylaw No. 2325, 2017*” was adopted by Council. The License fee for an STR was set at \$100.

Regulations for Short Term Rentals

STRs are permitted in several areas within the City of Fernie, authorized by Zoning Bylaw No. 1750, and with the permitted use as a Condo/Hotel designation. The Condo/Hotel designation, for example, includes but is not limited to Silver Rock, portions of Pinnacle Ridge, and 901 2 Ave.

Other than Condo/Hotel, the first criteria for an STR is that it must be contained within the Licensee’s Principal Residence.

Schedule “C” of the Business Licensing and Regulation Bylaw No. 2028 (Business Licensing Bylaw) states:

All STR business licences are valid only for the Principal Residence which has been granted the licence. If at any time the location ceases to be the licensee’s Principal Residence, the licence terminates.

The definition of a Principal Residence according to the Business Licensing Bylaw is:

“Principal Residence” means the dwelling unit that a person resides in and that a person stipulates for legal purposes, including voter registration, filing of income taxes, British Columbia driver’s licence, British Columbia Medical Services Plan, and British Columbia Identification Card.

Therefore, only a Principal Residence is allowed to be licensed for a STR. As per the definition of an STR in Zoning Bylaw No. 1750, Carriage Suites, Garage Suites, Garden Homes, and Secondary Dwelling Units are prohibited.

STRs are not allowed in Secondary Suites and Secondary Dwelling Units. Unless it is the entire dwelling, permanent cooking facilities are not permitted in the STR Area.

The intention of City Council was to allow STRs for a Principal Residence only, and thus, they added: “Unless it is the entire dwelling, **(referring to a Principal Residence)** permanent cooking facilities are not permitted in the STR Area”. This then prevents STRs in Secondary Suites (basement suites with cooking facilities).

Due to an increase in STR complaints from the public, additional sources of identification were required to help Bylaw Enforcement Officers locate and identify illegally operating STRs.

In July 2022, an external provider, Granicus, was contracted by Bylaw Enforcement to locate and identify STR Properties. With the assistance of Granicus, Bylaw Enforcement Officers are now more capable of working with property owners to help gain compliance, monitor upcoming listed properties, and apply enforcement where needed.

The program allows Bylaw Enforcement Officers to add and update information and continue to investigate and identify properties, allowing for more accurate and current data on STRs. Currently Bylaw Enforcement Services have been able to work with identified property owners to obtain compliance and have not yet issued fines.

On December 14, 2020, new STR regulations (Schedule “C”) Amendment Bylaw No. 2414, 2020, was adopted by City Council (attached). There was an inconsistency with the STR Application Form and the adopted Regulations. The Application Form was also inconsistent with the *Short Term Rental Guide*. The revised application form was developed to reflect the changes, approved, and posted on the City of Fernie Website.

There are some STRs that received their Business License prior to the new regulations and have been receiving renewal notices automatically every year. These STRs are no longer compliant e.g., Carriage House, Secondary Suite, etc., identified through listing photos and public feedback, and thus, there is an identified and recommended need to increase the business license fees for STRs, to cover the cost of processing, monitoring, and enforcement.

DISCUSSION

Short Term Rental (STR) Business License Fees

Research has shown that the City of Fernie is charging far less for an STR business license than other communities. There are two types of STR business licenses: one for a Condo/Hotel zoning and the other for a Principal Residence. A different fee should reflect the difference between the two. A Condo/hotel is a commercial rental unit, separate from where an owner resides, and thus, most are used as commercial tourist accommodation, while a principal residence is the rental of a portion of one’s house that they occupy and live in.

The STR market has a number of advantages over the Long-Term Rental Market in that STRs produce more income for the hosts and owners of the property. Further, STRs are not governed by the *Residential Tenancies Act*, and, as such, property owners do not have the issue of dealing with evictions and uncooperative tenants.

Below are the STR fees for a variety of communities. Fernie is on the low end of the fee scale for an STR business license. An increase in the business license fee would support the costs associated with time spent by Staff processing applications, performing inspections, and most specifically enforcement, which includes the cost of the Granicus contract, which is \$9,920.00 per year.

Table: STR Fees for a variety of communities

Municipality	Primary Residence	Non-Primary Residence (Condo/Hotel)
Fernie	\$100	\$100
Golden	1 bedroom - \$175 2 bedrooms - \$225 3 bedrooms - \$275	1 bedroom - \$200 2 bedrooms - \$250 3 bedrooms - \$300
Kelowna	\$345	\$750
Kimberley	\$300 + \$75 (Manager License)	\$300 + \$75 (Manager License)
Nelson	\$200 One Guest Room \$350 Two Guest Rooms \$450 3 or more Guest Rooms \$800 Guest Home \$1,652 Guest Suite	N/A
Radium	\$400 Renewal - \$150	\$400 Renewal - \$150
RDEK	\$500 (\$1500 3-yr License)	\$500
Rossland	\$125 (1-2 rooms) + \$40 Inspection + \$150 Tourism fee	\$250 (3 or more rooms) + \$40 Inspection + \$150 Tourism fee
Squamish	\$400	\$3000
Victoria	\$150	\$1500

Currently the City of Fernie is collecting a \$100 fee for a Business License for an STR, regardless of whether it is a Primary Residence or Non-Primary Residence (Condo/Hotel).

Staff contacted Kyle Salonga, Account Executive of Granicus - STR Compliance, who indicates that some Municipalities used their median nightly rate, multiplied by a 3-night stay as the annual Business License Fee. Fernie's median rate is currently \$152 US per night, times 3 = \$456 US or approximately \$658 CAD.

Staff are proposing an increase in the Business License fee that would offset the costs for the Granicus contract, processing applications, and for the time and resources spent by Staff to enforce the STR regulations.

There are currently 236 STR Business Licenses:

- 148 Condo/Hotel
- 88 Primary Residence

Under our current Bylaw, revenue generated is as follows:

- 236 X \$100 = \$23,600

Under the proposed amendment, revenue generated is as follows:

- 148 X 500 = \$74,000
- 88 X 300 = \$26,400

Total proposed revenue = \$100,400

If Council chooses to move forward with the proposed increases, Bylaw Services would bring forward an amendment to the Business Licensing and Regulation Bylaw No. 2028, 2003. The fee increases would take effect January 1, 2026, with all STR Business License renewals.

Public Education

The proposed fee increases will modernize fees based on direction taken from Council's Strategic Plan. A public hearing is not required for the amendment bylaw; however, to educate the public and STR community on the proposed fee increase, Staff will:

- Create summary materials for the fee increase to be posted on the City of Fernie "Let's Talk" webpage, along with a links to supplementary materials.
- Advertise the new bylaw in the Free Press.
- Post links to "Let's Talk" through social media.
- Send information to the Chamber of Commerce so they can share it with their members.
- Inform current STR business license holders directly via mailout.
- Summarize any feedback received in future report(s) to Council.

COMPLIANCE WITH CORPORATE STRATEGIES & POLICIES

Council Strategic Plan (2023-2028)

The proposed amendment to the Business Licensing Bylaw meets the following values of Council:

- **Fiscal Responsibility:** *We are mindful that tax dollars come directly from the pockets of our community members.*
 - **Improve affordability by actively managing the overall financial burden of City services for community members.**
 - The financial burden for this service, monitoring, specifically the Granicus contract, the review process, and enforcement of STRs, is borne by the general taxpayer. This service needs to be offset by revenue generated by those that benefit from the STR regulations. Short Term Rentals generate income for owners of condo/hotels and primary residences, while Bylaw Services spends resources and time to remove illegal STRs from the pool of possible accommodation, benefiting those that comply with the regulations.

Further to these values being met, the proposed amendment to the Business Licensing Bylaw is consistent with elements of objectives to provide and enhance Quality Services, Liveable Community, and Organizational Excellence:

- **Services and Fees:** *Set policy-based support targets for municipal services and establish centralized management and annual review of fees and charges.*
- **Business Systems:** *Advance the implementation of industry-standard practices, processes, and systems to support effective operations.*

IMPLICATIONS

- There would be an increase to revenue of approximately \$76,800.
- Staff will be required to write and make amendments to the Business Licensing Bylaw, Short Term Rental Regulations.
- There are no External Agencies affected by this change, only the property owners who list their property as an STR. Public comments on STR fees were captured in the attached Survey.

CONCLUSION

The City of Fernie's STR Business License fee does not currently reflect the cost associated with ensuring compliance with the STR regulations. Illegal STRs require Staff time and resources to investigate and be brought into compliance. Currently the City of Fernie is collecting a \$100 fee for a Business License for an STR, regardless of whether it is a Primary Residence or Non-Primary Residence (Condo/Hotel). An increase in the Business License fee would offset the costs for the Granicus contract, application processing, and time and resources spent by Staff investigating and enforcing the STR regulations.

Respectfully submitted,

Tom Kramer, Bylaw Services

Attachments:

1. 2017-10-10 Regular Meeting Minutes
2. Bylaw 2325 STR Consequential Amendment
3. Bylaw 2414, 2020 Amendment #7
4. STR Survey

Schedule “A” FEES

- A. Licence other than a Short-Term Rental (Annual Fee) **\$100**
- B. Short-Term Rental-Primary Residence (Annual Fee) **\$500**
- C. Short-Term Rental-Condo/Hotel-Full Ownership (Annual Fee) **\$700**
- D. Short-Term Rental-Each Quarter Share (Annual Fee) **\$175**
- E. Change of business location **\$20**
- F. Transfer of Licence to new owner **\$20**
- G. Change of business name **\$20**
- H. Short-Term Rental Change of Contact Number **\$20**
- I. Inspection fee including initial and follow-up business inspection for Fire or Building Code **\$150**
- J. Additional Fire or Building Code Inspection Fee **\$150 per inspection**
- K. Two or more persons selling crafts, art, photography, pottery, and other handmade items from one location, commonly referred to as an artists’ co-op, and includes craft fairs with a duration of three consecutive days or less **\$80**

THE CORPORATION OF THE CITY OF FERNIE

BYLAW NO. 2529, 2025

A bylaw to amend the City of Fernie Consolidated Business Licensing and Regulation Bylaw No. 2028, 2006 (as amended)

WHEREAS the provisions set out in the *Community Charter, S.B.C c 26*, provides that Council may, by bylaw, provide the granting of Business Licenses, fix and impose license fees and regulate business in the City of Fernie;

AND WHEREAS the City of Fernie has adopted the City of Fernie Consolidated Business Licensing and Regulation Bylaw No. 2028, 2006;

AND WHEREAS Council has deemed it desirable to amend the City of Fernie Consolidated Business Licensing and Regulation Bylaw No. 2028, 2006, as amended;

NOW THEREFORE, the Municipal Council of the City of Fernie, in open meeting assembled, enacts as follows:

1. This Bylaw may be cited for all purposes as the “Business Licensing and Regulation Bylaw No. 2028, 2006, Amendment Bylaw No. 2529, 2025.”
2. THAT Building Licensing and Regulation Bylaw No. 2028, 2006 is hereby amended to repeal existing Schedule “A” FEES, and replace it with new Schedule “A” FEES, as attached to and forming part of this bylaw.

READ A FIRST TIME this of May, 2025.

READ A SECOND TIME this of May, 2025.

READ A THIRD TIME this of , 2025 .

Advertised in the Fernie Free Press on the [Click or tap here to enter text.] day of [Click or tap here to enter text.] , [Click or tap here to enter text.]and the[Click or tap here to enter text.]day of [Click or tap here to enter text.], Click or tap here to enter text.].

ADOPTED this day of , 2025.

Mayor

Corporate Officer

I hereby certify the foregoing to be the original Bylaw No. 2529, 2025

REQUEST FOR DECISION (RFD)

Date: May 13, 2025
To: Mayor Milligan and Members of Council
From: Bryn Burditt, Director of Finance
Subject: 2024 Financial Statements

RECOMMENDATION

THAT Council approve the 2024 Audited Financial Statements, as presented by the auditor on May 13, 2025.

PURPOSE

Each year, the City of Fernie's Finance Officer must prepare annual financial statements for Council approval prior to May 15, in accordance with Sections 167 and 169 of the *Community Charter*. These financial statements must be audited, and the results of the audit presented to Council.

The audited financial statements will be presented to Council at the Regular Meeting by the auditor, Mr. Gerald Price.

BACKGROUND

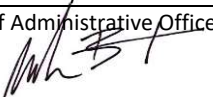
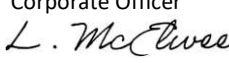
The financial statements have been prepared in accordance with public sector accounting standards.

Actual vs. Budget

At the time of initial publishing (May 7, 2025), the audited financial statements are being finalized by Staff, and reviewed by our auditors. As soon as they are finished, they will be added to this report and added as an attachment to the agenda package.

INTERNAL CIRCULATION

N/A

Reviewed by:			
Chief Administrative Officer 	Corporate Officer 	Director of Finance 	Other: