

# Town of The Blue Mountains Development Services Fees Review

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## Public Meeting

December 5, 2016

# Introduction

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- Watson & Associates Economists Ltd. was retained by the Town to undertake a Development Services Fees Review with the following goals:
  - Determine current cost recovery levels and corresponding reserve fund strategies;
  - Develop appropriate fee structures; and
  - Make recommendations regarding the potential of moving towards a full cost recovery financial model that eliminates taxpayer subsidies

# Legislative Context and Trends

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## □ Planning Act, s. 69

- Establish a tariff of fees designed to recover only the anticipated cost of processing each type of application
- No statutory public process requirements, but fees may be paid under protest and appealed to the Ontario Municipal Board

## □ Building Code Act, s. 7

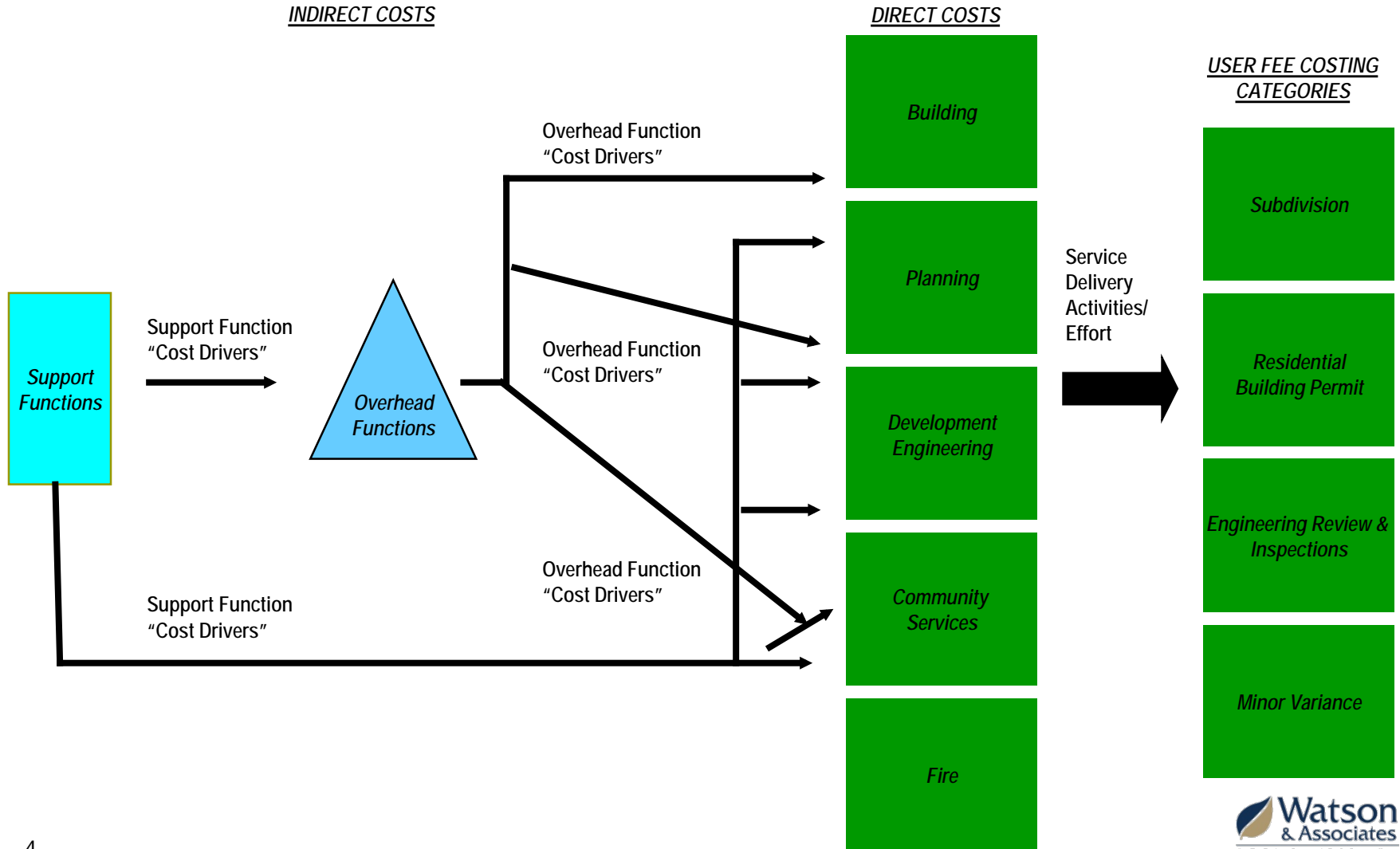
- Require payment of fees on applications for and issuance of permits
- Total amount of the fees must not exceed the anticipated reasonable cost to administer and enforce the Building Code Act
- Reporting and public process requirements

# Legislative Context and Trends

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- Municipal Act, s. 391
  - Impose fees for services or activities provided or done by or on behalf of it, costs payable, and use of its property
  - May include costs related to administration, enforcement and the establishment, acquisition and replacement of capital assets
  - No statutory public process requirements

# Activity Based Costing Methodology



# Full Cost Definition

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- Full cost recovery activity-based costing definitions:
  - Direct costs – labour costs (e.g. salaries, wages and benefits), operating costs (e.g. materials and supplies, etc.) and capital asset replacement costs associated with individuals directly participating in the application process
  - Indirect costs – operating costs associated with individuals supporting direct service departments (e.g. HR, facility maintenance, IT, etc.)

# Process Undertaken

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- Documented costing categories, process steps, and participating Town staff positions
  - Costing categories defined by distinguishable characteristics that influence processing efforts (e.g. application type)
- Established staff processing effort estimates for each costing category
- Quality-tested the effort estimates through capacity utilization assessment and benchmarked estimates against comparator municipalities

# Process Undertaken

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- Constructed an activity-based costing model to determine the full costs of the various application processes
  - Costing analysis based on the Town's 2016 Budget, including indirect and capital replacement costs
- Met with the Town's project team to review outcomes of the costing analysis and financial impact analysis.
- Prepared potential user fees rate structure options to be reviewed with development industry stakeholders



# Costing Results

Cost Component	Planning	Engineering	Building	Total
Direct Costs (S,W & B)	\$ 164,000	\$ 256,015	\$ 407,080	\$ 827,095
Direct Costs (non-S,W & B)	\$ 55,303	\$ 49,516	\$ 56,330	\$ 161,150
Total Direct Costs	\$ 219,303	\$ 305,531	\$ 463,410	\$ 988,244
Indirect Costs	\$ 66,595	\$ 89,355	\$ 91,284	\$ 247,234
Total Direct and Indirect Costs	\$ 285,898	\$ 394,886	\$ 554,694	\$ 1,235,478
Capital Replacement Cost	\$ 1,162	\$ 2,198	\$ 4,872	\$ 8,232
<b>Grand Total Costs</b>	<b>\$ 287,060</b>	<b>\$ 397,084</b>	<b>\$ 559,566</b>	<b>\$ 1,243,710</b>
Indirect Costs as % of Total	23%	23%	16%	20%
Annual Revenue (2012-2015 average)	\$ 205,737	\$ 190,874	\$ 549,932	\$ 946,544
Cost Recovery Level (direct costs)	94%	62%	119%	96%
<b>Cost Recovery Level (total costs)</b>	<b>72%</b>	<b>48%</b>	<b>98%</b>	<b>76%</b>

# Fee Structure Recommendations

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- ❑ Fee structures recommendations designed to recover the full costs of service
- ❑ Planning application fee structures have been maintained (i.e. large scale – individual scale)
- ❑ Engineering fees proposed based on percentage of construction value (8.3% construction value vs. 4% currently)
- ❑ Staff not recommending any changes to building permit fees at this time

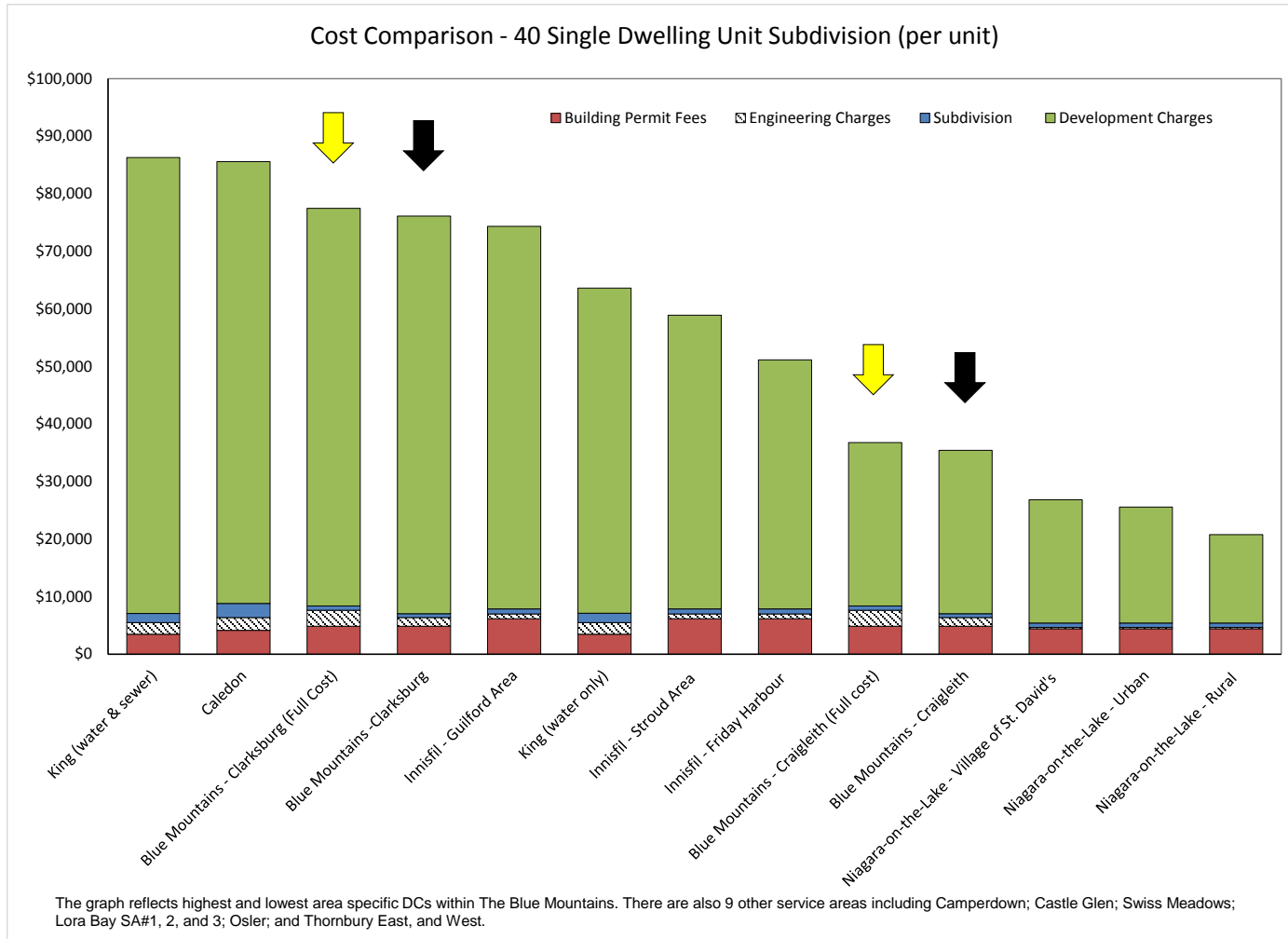
# Comparison of Development Cost Impacts

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- Development cost impact comparisons were prepared for the following application scenarios:
  - Residential Subdivision application requiring an Official Plan Amendment and a Zoning By-law Amendment (40 units)
  - Multi-Residential Block Site Plan (15 units)
  - Small Commercial Site Plan (300m<sup>2</sup>)
  - Minor Variance application
  - Consent (lot creation)

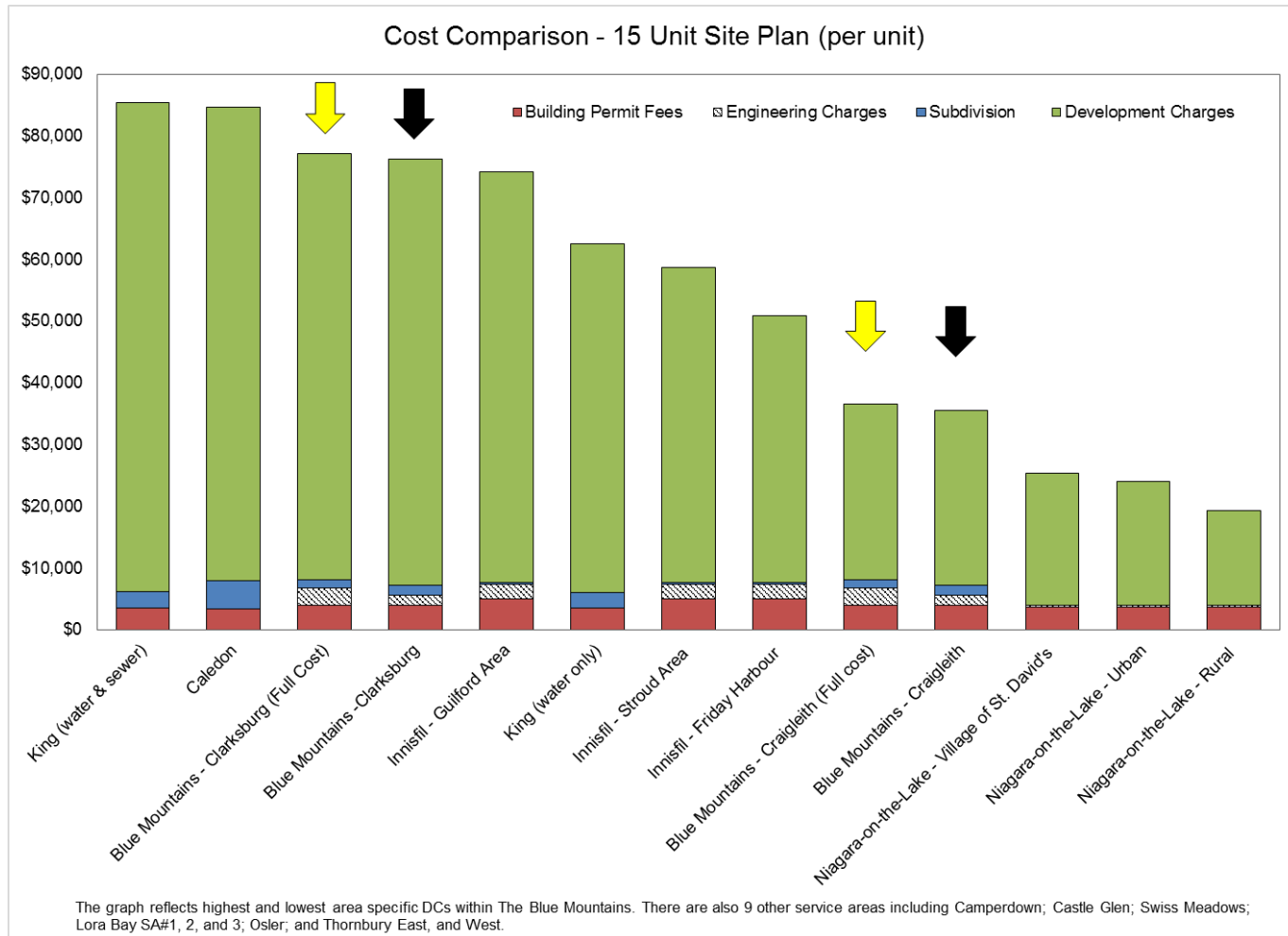
# Municipal Development Fees

## (40 unit subdivision)



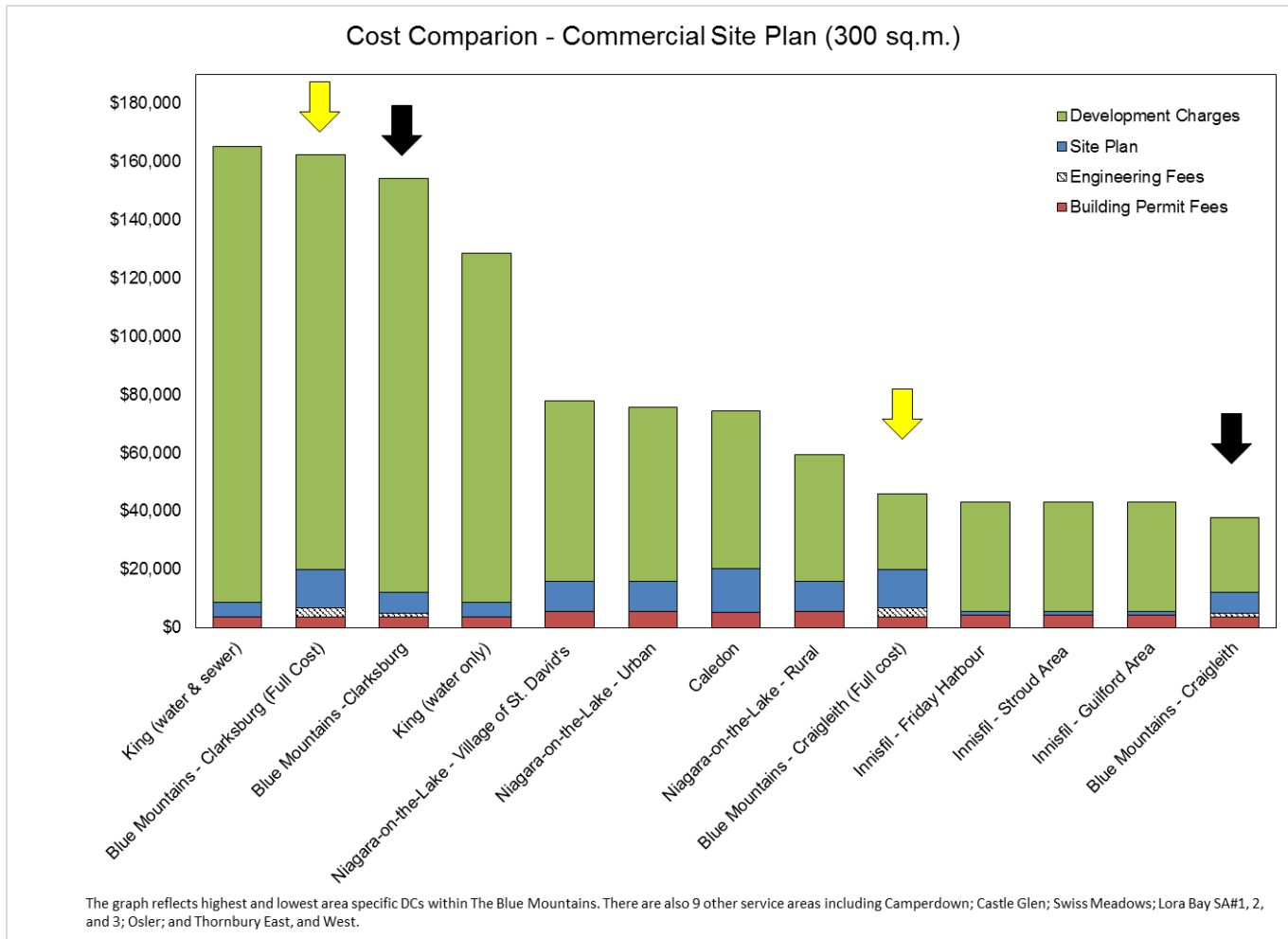
# Municipal Development Fees

## (Residential block development – 15 units)



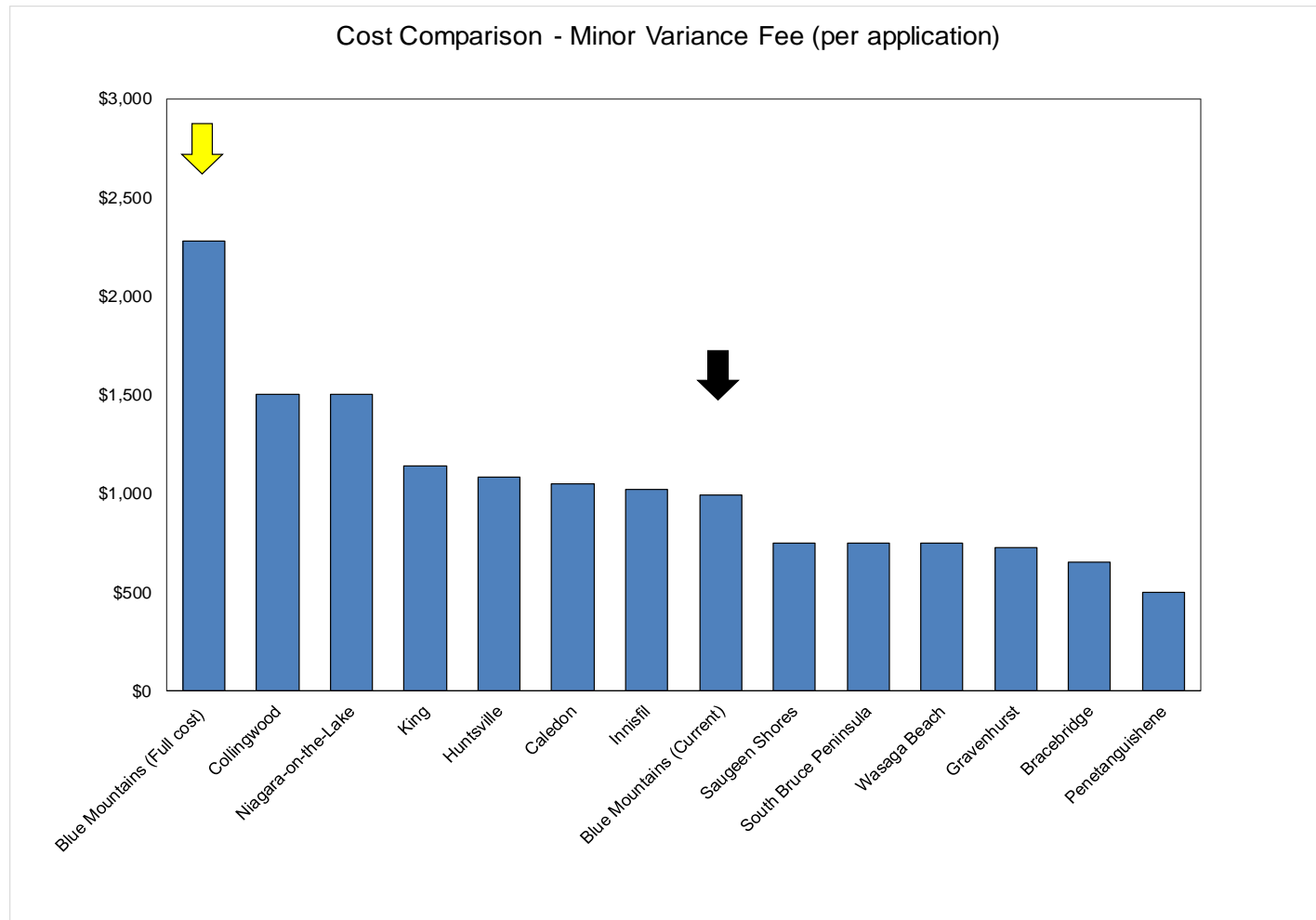
# Municipal Development Fees

## (Commercial Site Plan application – 300m<sup>2</sup>)



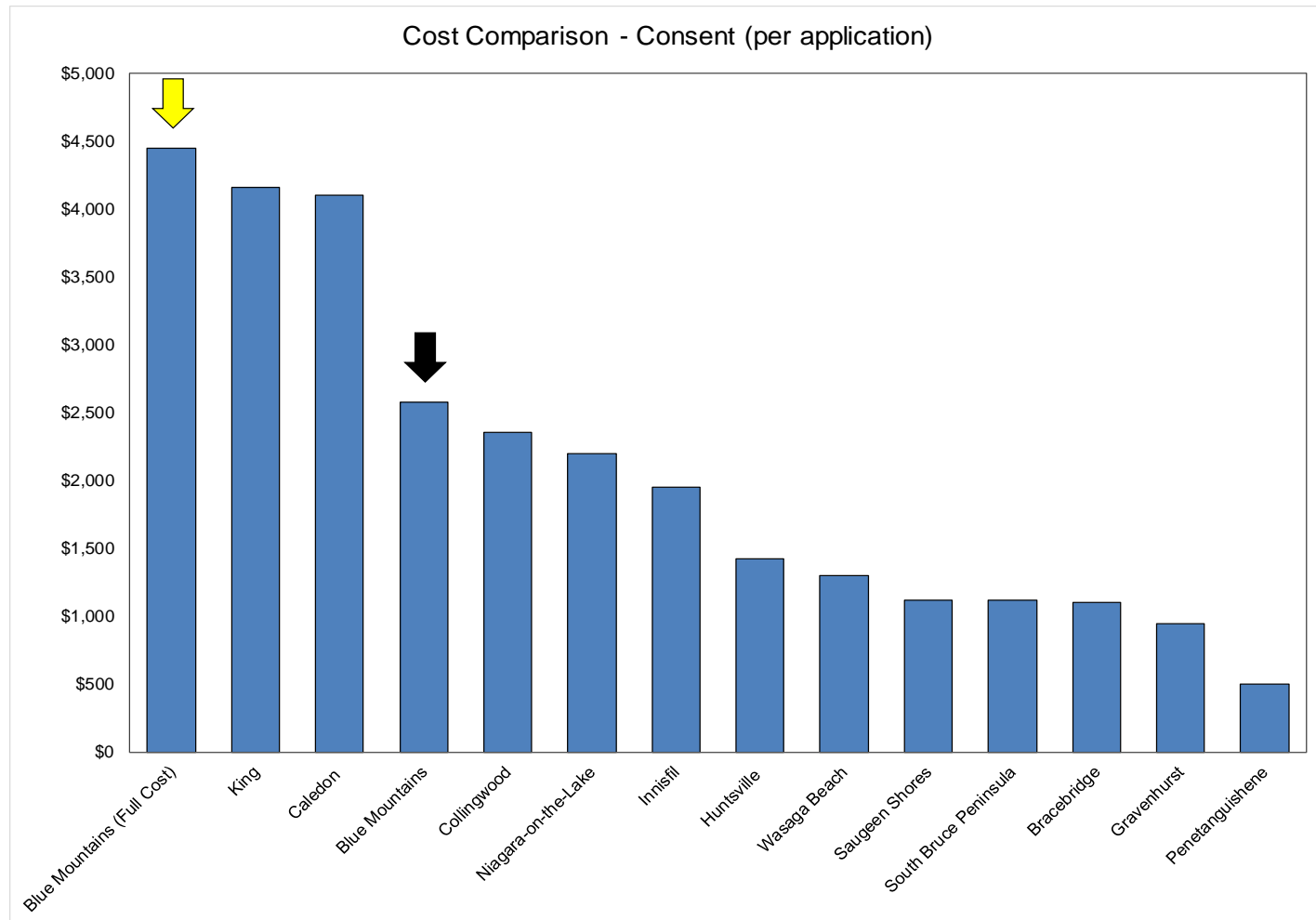
# Municipal Development Fees

## (Minor variance application)



# Municipal Development Fees

## (Consent application – lot creation)





# Next Steps

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- ❑ Receive input from the development community
- ❑ Review implementation options with Town Project Team
- ❑ Prepare report, including input from development community, with proposed by-law for presentation to Council
- ❑ Council to consider new by-law