

STAFF REPORT: Financial Services



REPORT TO: Council
MEETING DATE: April 7, 2008
REPORT NO.: F.S.08.07
SUBJECT: Proposed Fees for the Processing of Planning Act Applications and Related Engineering Services

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A. Recommendations

THAT Council does hereby receive Staff Report FS.08.07, "Proposed Fees for the Processing of Planning Act Applications and Related Engineering Services";

AND THAT Council authorize staff to present the proposed fees at a Public Information Session on April 16th, 2008.

B. Background

Authority – Planning Act, R.S.O. 1990, c. P.13

69.(1) The council of a municipality, by by-law, and a planning board, by resolution, may establish a tariff of fees for the processing of applications made in respect of planning matters, which tariff shall be designed to meet only the anticipated cost to the municipality or to a committee of adjustment or land division committee constituted by the council of the municipality or to the planning board in respect of the processing of each type of application provided for in the tariff.

Authority – Municipal Act, 2001, S.O. 2001, c.25

391. (1) Without limiting sections 9, 10 and 11, those sections authorize a municipality to impose fees or charges on persons, (a) for services or activities provided or done by or on behalf of it; (b) for costs payable by it for services or activities provided or done by or on behalf of any other municipality or any local board; and (c) for the use of its property including property under its control.

By-law No. 2005-33, being a by-law to prescribe a tariff of fees for processing applications in respect of planning matters, was passed on April 18, 2005. As

some time has passed since those rates were put in place, staff reviewed the updated related costs to determine if any fee should be amended.

It is recommended that the planning fees be adjusted to reflect the actual costs of processing various applications in accordance with the background information. It is noted that there is a significant reduction in the cost of preparing Development Agreements. The primary reason for this reduction is the reduced amount of time required by planning staff in the finalization of agreements with the implementation of the Engineering and Public Works Department. In particular, planning staff no longer act as the coordinator of the engineering consultant during the process. In the case of a joint OPA and Zoning Bylaw application, the Zoning application fee may be reduced by 25% on the basis that there is only one public notice that goes out for both purposes, and one staff report.

A Works Fee is recommended to recover the cost of undertaking the review of the technical aspects of developments within the Town. This involves reviewing servicing concepts prior to Draft Plan Approval, commenting on detailed construction drawings, administration of the development agreement, monitoring construction activities and ensuring all works are completed to Town standards and accepted plans. The fee includes staff time and related costs plus some external engineering costs related to review activities generally completed on all developments for infrastructure (ie: storm water management, traffic impact). All non-infrastructure and/or unique external engineering costs related to the development (biological, environmental, modelling, peer review for non-typical works, etc) will be recovered in addition to the Works Fee.

A pre-payment of a portion of the Works Fee will be required upon application. It is recommended that upon execution of the pre-servicing agreement 75% of the Works Fee be paid prior to undertaking of the technical review after Draft Plan Approval and that the remainder of the fees be collected at the time the Development Agreement is executed.

Cost Calculations

Staff has analysed the various costs that are incurred by the Town in relation to processing planning applications and providing inspection services, and has attached those summaries to this report. Direct operating costs, indirect support costs, overhead costs and non-growth capital costs have been considered for cost recovery through this exercise. Cost estimates are based on the year 2008.

When estimating time, materials and services expended to deal with each application, a "typical" application has been considered. There may be applications that require much less time and applications that require much more time than the typical one, but the average has been considered when determining the actual cost of processing the applications.

- staff time for each position has been charged at the Level 5 rate of the appropriate Grade for that position, and has been expressed as an hourly rate, plus 25% to cover the Town cost of providing benefits such as Canada Pension Plan, Employment Insurance, Workers' Compensation, Health and Dental Insurance, Short Term Disability Insurance, and so on
- all staff involved in the processing of each type of application have been considered when determining the actual costs – in addition to Planning staff, those from Finance, Fire, Recreation, Clerk's/CAO and Engineering and Public Works have been included
- departmental operations budgets for training and travel, insurance, administrative expenses, communications and equipment expenses have been allocated to each employee and expressed as an hourly rate
- computer, furniture and fixtures have been estimated for each employee and expressed as an hourly rate
- housing for staff located in the Town Offices has been calculated based on a building estimate of \$5,000,000, amortized over 30 years, and allocated amongst staff sharing the building, expressed as an hourly rate
- corporate overhead includes the following services: Council, CAO/Clerk's, Financial Services, Corporate Admin, IT and Communications and Economic Development (less \$130,000 in grants to others); these are internal services which do not provide any direct benefit to the public, but support the public services; the total cost of corporate overhead as a percentage of the remaining Town functions (excluding police service, which attracts little Town overhead in relation to the cost of police service) is 24%, therefore a corporate overhead component of 24% has been added to each employee's adjusted hourly rate - the rate is calculated based on annual revenue fund expenditures, not including transfers
- vehicle costs are expressed as an hourly rate and reflect the typical cost of a Town pickup truck (\$28,000) amortized over four years plus estimated fuel and repairs
- costs such as legal fees and consulting fees specific to each application have not been included as a relevant cost, as those costs would be billed directly to the applicant
- the costs associated with defending a planning application appeal have not been included

Municipal Comparisons

A comparison of similar-type fees in other municipalities is attached to this report.

Fee Setting Considerations

It should be discussed and determined whether it is appropriate to recover the full cost of the application review from the applicant. Some considerations are: end user affordability; are rates reasonable compared to neighbouring municipalities that also provide the service; is the rate of increase over the previous rate substantial, and should it be phased in; and does a portion of the service benefit the community as a whole, and should a portion of the actual cost

be supported through property taxation. If the charge is set at a rate lower than the actual cost of delivering the service, Council should be aware that property taxation will be supporting that shortfall.

Recommendations

1. That the planning fees as listed on Schedule "A" to this report be adjusted to reflect the actual costs of processing various applications.
2. That a Works Fee be adopted to cover expenses incurred by the Town for review of the design of the Works and for inspections and other matters related to the installation of the Works as listed on Schedule "A" to this report.

C. The Blue Mountains' Strategic Plan (Statement(s) identifying how actions further the goals of the Strategic Plan)

Supporting the Town's Strategic Plan identified under 5.0 Ensuring Long Term Financial Sustainability of the Town.

D. Budget Impact (cc: Treasury if required)

Applying the recommended 2008 planning rates to the number of applications received in 2007 results in an estimated revenue shortfall of approximately \$39,000 in 2008. However, recent pre-consultations indicate that there may be an increase in the number of 2008 applications that could make up this shortfall.

The engineering and public works revenues adopted through the 2008 budget reflect the increased revenues that will be generated by the implementation of the recommended works fees.

E. Attached (Relevant documentation not personal information about an identifiable person)

List of current fees (2007) and recommended fees (2008)
List of Fee Comparisons by Municipality

Respectfully submitted,

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