

STAFF REPORT: PLANNING & BUILDING SERVICES (PLANNING)



REPORT TO: Planning & Building Committee
MEETING DATE: November 2, 2009
REPORT NO.: PL.09.120
SUBJECT: Planning Application Fees
PREPARED BY: D. Finbow, Director, Planning & Building Services

A. Recommendations

THAT Council receive Staff Report No. PL.09.120 respecting Planning Application Fees; and,

THAT Town Staff provide notice of a Public Meeting to receive input on the proposed Planning Fees & Charges contained in this Report.

B. Background

Council at its meeting of March 9, 2009 adopted the minutes of the March 2, 2009 Planning & Building Committee and by so doing confirmed that it was Council's desire that updated Planning Application Fees & Charges be developed on the basis of full cost recovery. Since that time, Town staff has:

1. Evaluated the basis of full cost recovery as it relates to Planning related work (in particular, the source and purpose of Planning revenues);
2. Reviewed the historic (three year) development related revenue and costs;
3. Projected development related revenue and costs for 2010;
4. Identified development planning related tasks/work for which no fee or charge is currently levied;
5. Tracked tasks/work associated with various applications to assist in assigning or proportioning fees and charges for same;
6. Reviewed the cost recovery model for the Town's solicitor's time; and,
7. Identified other department's direct costs, including corporate administration, associated with development planning that is not offset by way of other fees/charges.

Authority

Section 69(1) of the Planning Act states that *"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."* The Planning Act does not define "anticipated costs".

Need to Update Planning Fees

As referenced at the March 2, 2009 Planning & Building Committee meeting, the Planning Division has operated over the past number of years at a cost that has not been borne by the Development Industry. The Net Cost for Development and Policy Planning in 2007 and 2008 and the Projected Net Cost for 2009 are found in Table 1.

Table 1
Planning Division - Net Cost

	2007 Actual	2008 Actual	2009 Projected
Total Expenses	-\$724,596	-\$652,084	-\$667,344
Revenues	\$104,527	\$144,756	\$160,000
Net Cost	-\$620,069	-\$507,328	-\$507,344

NOTES: Total Expenses include both Development and Policy Planning Expenses - Discussion as to the assignment of these costs is covered later in this report.

Staffing/Streamlining Review

In general, where any corporate entity is faced with costs that exceed revenues, two internal reviews are immediately initiated. Firstly, a review of staffing and secondly, a streamlining review to seek out opportunities to eliminate inefficiencies and thereby minimize costs.

As part of the 2009 Corporate Review, it was determined that given the decrease in development activity, that the staffing compliment supporting Development Planning could be reduced. This reduction was achieved and continues by the “gapping” of the Manager of Planning position.

With respect to streamlining, this exercise is well underway and the preliminary findings are that efficiencies can be found in the processing of Development Planning applications however, some will not significantly reduce costs.

Full Cost Recovery

Earlier this year Council confirmed that it was their desire that updated Planning Application Fees & Charges be developed on the basis of full cost recovery. With respect to the review and development of Planning Application Fees & Charges that are based on full cost recovery, the Town's Solicitor has advised that the Town must have regard to the Supreme Court of Canada decision in Eurig Estate (Re). In this instance, the Court deliberated on the distinction between taxes and fees and noted that although fees share many of the same characteristics as taxes there are two important distinctions which set fees apart:

1. Fees must only be set to recover costs of particular services, not for general purposes; and,

2. There must be a connection or “nexus” between the amount charged and the cost of the service provided.

As to the connection or “nexus”, the Court noted that the test of whether a nexus exists is reasonableness – *“In determining whether that nexus exists, courts will not insist that fees correspond precisely to the cost of the relevant service. As long as a reasonable connection is shown between the cost of the service provided and the amount charged, that will suffice.”*

Planning related work is effectively divided between development and policy planning. Development planning includes the processing of development related Official Plan Amendments, Zoning By-law Amendments, Consents, Draft Plan Approvals, Draft Plan Extensions, Site Plan Review, Part Lot Control exemptions, Deeming By-laws, development of guidelines (subdivision, site plan and urban design) and Planning Opinion Letters. Policy planning includes developing, maintaining and updating the Town’s comprehensive Official Plan, our current work on the Community Improvement Plan, Cultural Heritage Study and the Housing Needs Study, Growth Management and Employment Lands reviews, new comprehensive Zoning By-law and County of Grey Official Plan and Niagara Escarpment Plan reviews.

The determination of a reasonable connection, or “nexus”, between the cost of the service provided and the amount charged is, on one hand, simple and, on the other hand, somewhat complex. The simple assignment of direct and indirect costs associated with Development Planning Applications is simple. The determination of what costs, if any, associated with Policy Planning that should be assignable to planning fees is not.

Town Staff have evaluated the assignment of costs and recommend that Council determine that those direct and indirect costs associated with Development Planning be recoverable from planning application fees (and Development Charges where applicable) whereas Policy Planning costs be recoverable from taxation (and Development Charges where applicable). The principal rationale for this is that Policy Planning is for the betterment of the community as a whole versus a particular of specific development.

Development Planning Costs

Costs associated with the processing of Development Planning applications are both direct and indirect. Direct costs include:

1. Salary, benefits, supplies etc. associated with Development Planning; and
2. Costs in support of Development Planning such as those found within Financial Services as they relate to development applications such as applicable fees/charges, administration of development securities and, budgeting or, those found within Information Systems, Human Resources, Payroll and Communications.

Whereas indirect costs would include the proportionate share of the following:

1. Town's CAO's Office;
2. Council and Planning & Building Committee; and,
3. Town Clerk's Department.

Planning Division – Direct Development Planning Costs

The Town Planning Services Division is currently supported by the following with the corresponding time/salary allocation to Development Planning:

- Director, Planning & Building Services - 40%
- Senior Policy Planner – 0%
- 2 Development Planners – 100%
- Administrative Assistant, Planning & Building Services – 35%
- Town Solicitor – 85% (0.2 FTE)
- Agreement Coordinator & Secretary-Treasurer, Committee of Adjustment – 100%
- Permits & Inspection Assistant (Reception) - 5%

Total - 4 FTE positions supporting Development Planning

Note: Costs associated with the Director, Special Projects (Sustainability), are found within the CAO/Clerk Department and have not been considered as same are related to Policy Planning.

The net cost of the Planning Division was -\$620,069 and -\$507,328 in 2007 and 2008 respectively and is projected to be -\$507,344 in 2009. However, it is noted that these costs consider both Development and Policy Planning. As alluded to previously, Town Staff are recommending that Council determine that those direct and indirect costs associated with Development Planning be recoverable from planning application fees (and Development Charges where applicable) whereas Policy Planning costs be recoverable from taxation (and Development Charges where applicable). Given this, the approximate net cost of Development Planning has been arrived at for the above noted timeframe and is found at Table 2.

**Table 2
Planning Division, Development Planning
2007, 2008, Projected 2009 and 3 Year Average - Net Cost**

	2007 Actual	2008 Actual	2009 Projected	3 Year Average
Total Expenses	-\$538,596	-\$460,084	-\$467,000	-\$488,560
Revenues	\$104,527	\$144,756	\$160,000	\$136,428
Net Cost	-\$434,069	-\$315,328	-\$307,000	-\$352,132

With respect to Development Planning expense and revenue projections for 2010, Table 3 reflects the status quo as it relates to fees.

Table 3
Planning Division, Development Planning - Projected 2010 Net Cost

	2010 Projected
Total Expenses	-\$452,657
Revenues	\$140,00
Net Costs	-\$312,657

Other Direct Costs in Support of Development Planning

While Engineering costs are currently being recovered by way of fees in accordance with the Tariff of Fees By-law, other direct costs supporting Development Planning should also be considered (it is noted that these costs are currently borne by taxation). These include:

- Financial Services (applicable fees/charges, admin. of securities, budgeting);
- Information Systems;
- Fire Services (input at Development Review);
- Recreation Services (input at Development Review); and,
- Human Resources, Payroll and Communications.

A high level review of the time dedicated to Development Planning Applications has been completed and found that, as a minimum, the equivalent of 1.0 FTE supports same. In terms of cost, this represents, as a minimum, \$80,000.

Indirect Costs

Indirect costs include the proportionate share of the Town CAO's time; Council and Planning & Building Committee's time; and, the Town Clerk's Department costs. Once again, a high level review of these costs was completed and found that the cost for same represents, as a minimum, \$100,000.

Projected Direct and Indirect Costs, Development Planning 2010

Based on the current Planning Fee Schedule, and taking into consideration other direct and indirect costs, the projected net cost of development planning in 2010 is approximately \$500,000.

Table 4
Projected Direct and Indirect Costs, Development Planning 2010

	2010 Projected
Development Planning Cost	-\$452,657
Other Direct Costs	-\$80,000
Indirect Costs	-\$100,000
Total Costs	-\$632,657
Revenues	\$140,000
Net Cost	\$492,657

In general, to recover the Town's total Development Planning Cost of \$632,657, Planning Fees would have to be increased by approximately 350%.

Development Planning Related Tasks/Work – Fees Currently Not Levied

Development Planning tasks/work for which a fee is currently not levied is:

1. Preliminary discussions
2. Statutory Pre-consultation meetings
3. Reactivating applications that have not been closed and have not been acted on in over 8 months
4. Comments to the County of Grey on Draft Plan Extensions
5. "Red Line Revision" comments

With respect to these staff recommend that fees be levied for the latter 3 and that Preliminary and Pre-consultation services be blended into the overall fee structure. By introducing these new fees, additional revenue in the magnitude of \$15,000 is expected.

Town Solicitor's Costs

Currently, the Planning Fee Schedule is reflective of the Town Solicitor's costs being recovered by way of direct billing as it relates to the work spent of a file. Administratively this process has become very problematic. The Town Solicitor is required to docket his time, which is then compiled by the Agreement Coordinator and submitted to Financial Services for invoicing. It is recommended that to gain efficiencies that the Town Solicitor's costs, save for Registry/Land Titles costs invoiced through a third party, be incorporated into all Planning Fees. In general, this will add approximately 5% to all application fees.

Time Tracking & Cost Evaluation – Development Planning Applications

Over the past six months, the Director, Planning & Building Services has tracked his, and other's time, and the related costs on the files that he has carriage of. In general, fees currently charged for simple, or relatively minor applications, are reflective of full cost recovery whereas the costs associated with more complex applications are not.

Examples of major applications where full cost recovery is not being experienced are:

- Official Plan and Zoning By-law Amendments – Major and Minor
- Draft Plan of Subdivision – Major and Minor
- Site Plan Review – Major and Minor
- Preparation of Subdivision/Condominium Agreements

It is therefore recommended that the Town's Planning Fees and Charges be increased as set out in Table 5.

**Table 5
Recommended Planning Fees and Charges**

Application Type	Current Fee	Proposed Fee	% Increase
OPA Major	\$2,900	\$14,000	383%
OPA Minor	\$2,000	\$7,500	275%
ZBLA Major	\$2,900	\$4,000	38%
ZBLA Minor	\$1,700	\$3,000	77%
Draft Plan Review Major (>20 units)	\$3,300*	\$12,500	279%
Draft Plan Review Minor (<20 units)	\$2,000*	\$7,500	275%
Draft Plan of Condo Review Major (>20 units)	\$3,300*	\$12,500	279%
Draft Plan of Condo Review Minor (<20 units)	\$2,000*	\$7,500	275%
Site Plan Review (>20 units or >1000 m2 for ICI)	\$3,100	\$12,500	303%
Site Plan Review (<20 units or <1000 m2 for ICI)	\$2,000	\$7,500	275%
Delegated Site Plan Review	\$2,000	\$2,000	0%
Consents	\$1,500	\$2,400	60%
Agreements Major	\$6,900	\$12,500	81%
Agreements Minor	\$4,100	\$10,000	144%
Pre-servicing	\$700	\$2,100	200%
Part-lot Control	\$500	\$1,750	250%
Planning Opinion Letters	\$60	\$250	317%

Note: The Town's current Fee By-law distinguishes the difference between a major and minor at 10 units.

With respect to the proposed fees and how they compare to other municipalities, it is noted that some municipalities have chosen to implement different policies as they relate to the charging of fees. Some have implemented a full cost recovery model whereas others have not. As to municipalities that have implemented a full cost recovery model, it is noted that the Town of Collingwood completed a Development Application Analysis Project (DAAP) in 2006. From this, they developed planning related fees that were reflective of full cost recovery. Table 6 provides a comparison of the Town of Collingwood's 2009 Planning Fees and the recommended Planning fees for The Blue Mountains.

**Table 6
Planning Fee Comparison**

Application Type	The Blue Mountains Proposed Fee	Town of Collingwood 2009 Fee
OPA Major	\$14,000	\$10,540
OPA Minor	\$7,500	\$10,540
ZBLA Major	\$4,000	\$3,360
ZBLA Minor	\$3,000	\$2,200
Draft Plan Review Major (>20 units)	\$12,500	\$15,495
Draft Plan Review Minor (<20 units)	\$7,500	\$15,495
Site Plan Review (>20 units or >1000 m2)	\$12,500	\$6,455
Site Plan Review (<20 units or <1000 m2)	\$7,500	\$3,900
Delegated Site Plan Review	\$2,000	\$3,900
Consents	\$2,400	\$2,355
Agreements Major	\$12,500	Billed
Agreements Minor	\$10,000	Billed
Pre-servicing	\$2,100	Billed
Part-lot Control	\$1,750	\$1,820
Planning Opinion Letters	\$250	N/A

Further, it is recommended that the Planning Fees and Charges as set out in Table 7 be implemented:

**Table 7
Proposed New Planning Fees**

Application Type	Proposed Fee
Reactivating an application that has not been acted on in 8 months	25% of the current applicable fee(s)
Red Line Revisions Comments to the County of Grey	\$750
Draft Plan Extension Comments to the County of Grey	\$750

Summary

Based on the contents of this report, it is therefore recommended that:

1. **THAT** Council receive Staff Report No. PL.09.120 respecting Planning Application Fees; and,
2. **THAT** Town Staff provide notice of a Public Meeting to receive input on the proposed Planning Fees & Charges contained in this Report.

C. The Blue Mountains' Strategic Plan

“Providing a strong, well managed municipal government”
“Ensuring long-term financial stability”

D. Environmental Impacts

N/A

E. Budget Impact

If the proposed fees and charges are implemented, Development Planning revenues will better reflect costs. Projected increase in 2010 revenue of \$150,000.

F. Attached

N/A

Respectfully submitted,

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