

City of Vaughan

Planning Application Fees Review Presentation Finance, Administration and Audit Committee

September 20, 2017

Introduction

- ❑ City retained Watson & Associates Economists Ltd. (Watson) to undertake a comprehensive review of development services fees
- ❑ Review comprises three phases
 - Phase 1 – Development Engineering and Infrastructure Planning Fees
 - **Phase 2 – Planning and COA Application Fees**
 - Phase 3 – Building Permit Fees
- ❑ Last review of planning and committee of adjustment (COA) application fees occurred in 2009

Study Process

- Application costing category identification and staff capacity utilization assessment
- Activity-based costing model development
- Draft report findings - full cost recovery fees and financial impacts
- Consultation with the York Chapter of BILD - May 29, 2017
- Feedback from BILD (letter) received - June 8, 2017
- Detailed response provided to BILD - June 28, 2017

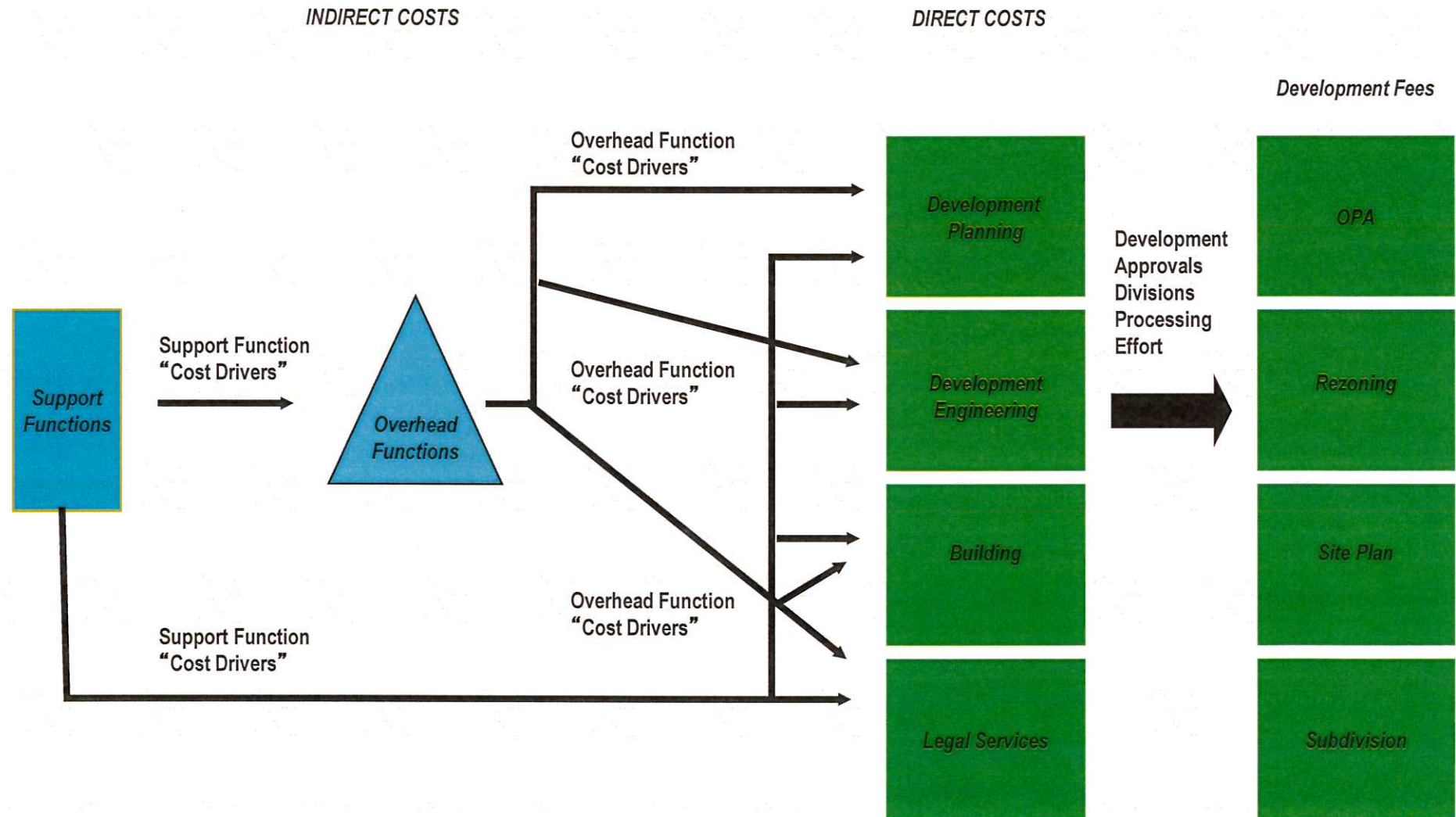
Study Process (Cont'd)

- Meeting and presentation to BILD Executive - September 11, 2017
- Presentation of Fee Review Recommendations to City's Finance, Administration and Audit Committee

Fee Review Methodology

- ❑ Planning and COA Fees are governed by s. 69 of the *Planning Act*
 - Establish a tariff of fees designed to recover 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
- ❑ Methodology employed is an activity-based costing approach designed to fully recover the costs of application processing services
- ❑ Fee Review is consistent with Council's Fiscal Framework Guiding Principles for cost recovery

Activity Based Costing Methodology



Full Cost Definition

- 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 review process
 - Indirect costs – operating costs associated with individuals supporting direct service departments (e.g. HR, facility maintenance, IT, etc.)

Planning Application Fees

Costing Categories

- Planning application costing categories disaggregated by type to understand differences in service costs and to inform fee structure recommendations, consistent with OMB decisions
- Major application types:
 - Official Plan Amendment (OPA)
 - Zoning By-law Amendment (ZBA)
 - Site Development
 - Condominium
 - Subdivision
 - Committee of Adjustment (COA)

Planning Application Fees

Costing Categories (Cont'd)

- Applications further disaggregated by:
 - Development type (i.e. residential, non-residential, mixed use)
 - Development areas (i.e. Vaughan Metropolitan Centre (VMC), Intensification Areas, remaining areas of the City)

Fees Review Methodology

(Cont'd)

- ❑ Direct processing involvement from:
 - Office of The Deputy City Manager – Planning and Growth Management Portfolio
 - Development Planning
 - Policy Planning and Environmental Sustainability
 - Development Engineering and Infrastructure Planning
 - Building Standards Department
 - Office of the City Clerk
 - Fire and Rescue Services
 - Parks Development
 - Office of the City Solicitor
 - By-Law and Compliance, Licensing and Permit Services
 - Financial Services

Development Fee Costing Results

- Average annual full cost recovery by application/surcharge type (based on 2011-2015 average volumes)

Application/Surcharge Type	% Recovery
Applications	
Official Plan Amendment	65%
Zoning By-Law Amendment	77%
Part Lot Control	62%
Interim Control By-law Amendment	126%
Site Development	112%
Condominium	60%
Subdivision	40%
Pre-Application Consultation	52%
Street Naming/Numbering	57%
Surcharges	
Cash in Lieu of Parking	0%
Landscape Plan Review	61%
Total Planning Applications	82%
Committee of Adjustment	61%

Major Application Fee Findings

- ❑ Zoning By-Law Amendment fees recover less than average processing costs
 - VMC (mixed use), Heritage Conservation District, and Intensification Area rezoning applications significantly influence the under recovery of costs
- ❑ Site Development fees generally over recover processing costs, with the exception of non-residential applications in VMC and Intensification Areas
- ❑ Official Plan Amendment and Subdivision fees under recover processing costs for all application types

Fee Structure Recommendations

- Fee structure recommendations for Official Plan Amendment, Zoning By-Law Amendment, Site Development, and Subdivision applications generally include:
 - Increase base fee component of application fees to reflect fixed processing costs and improve revenue stability
 - Increase flat fees for major and minor OPA applications
 - Introduce surcharges for VMC and Intensification Areas to reflect higher processing costs
 - Implement a declining block rate structure to acknowledge economies of scale in processing costs for larger applications

Future Application Processing Complexity

- Typical applications received in 2017, and anticipated in future, require more staff review time related to:
 - Complexity of Applications (e.g. more substantial public process, new complex legal arrangements (e.g. strata, cost sharing), landowner arrangements, brownfield conditions requiring remedial plans);
 - Involvement from external agencies;
 - 3D modeling requirements; and
 - Involvement from the Strategic Advisory Team and Design Advisory Group

Additional Resource Request Impacts

- ❑ Additional staff resources have been requested for 2018 and 2019 to maintain existing service levels in anticipation of increasing complexity of applications
- ❑ Impact of additional staff resources on recommended planning application fees has been assessed
 - 95% of salary, wage, and benefit costs associated with additional staff resources to be recovered through fees
 - Additional staffing would further increase planning application fees

Additional Resource Request

Impacts (Cont'd)

- ❑ Fee schedules herein based on the findings of the 2017 Planning Application Fees Review
- ❑ Additional staff resource impacts have been included in the September 20, 2017 Staff Report for Council's consideration

Recommended Fee Structures

Revenue Impacts (2017\$)

2017 Budget (\$, millions)			
	Total Processing Costs	2017 Budget Revenue	Unrecovered Processing Costs
Plannig Applications	7.5	5.6	1.9
COA Applications	1.3	0.8	0.5
Total	8.8	6.4	2.4

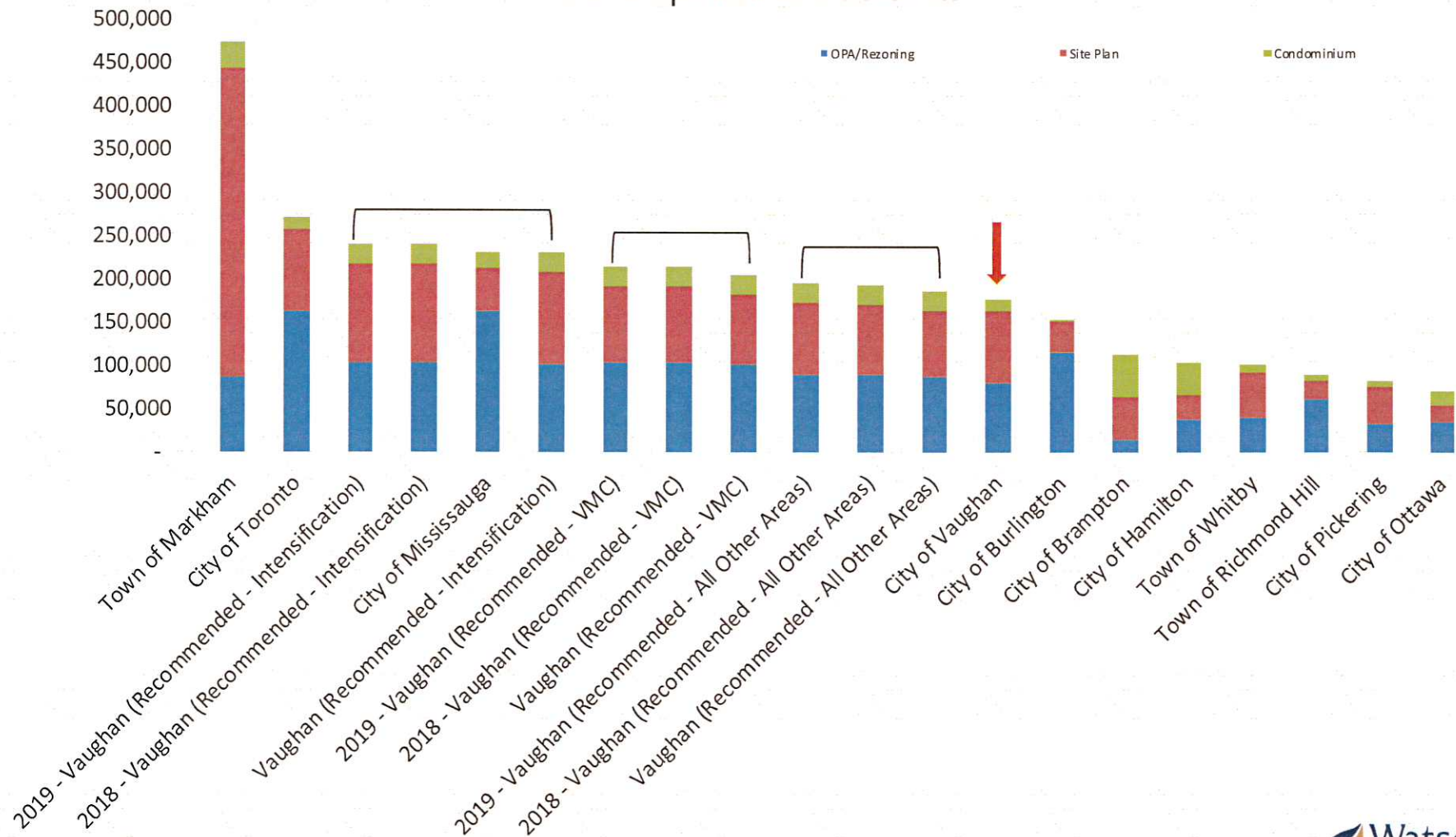
2018 2017 Fee Review Recommendations (\$, millions)			
	Total Processing Costs	Recommeded Fee Revenue	Unrecovered Processing Costs
Plannig Applications	7.5	7.5	-
COA Applications	1.3	1.3	-
Total	8.8	8.8	-

2018 With Additional Resource Impacts (\$, millions)			
	Total Processing Costs	Recommeded Fee Revenue	Unrecovered Processing Costs
Plannig Applications	7.9	7.9	-
COA Applications	1.3	1.3	-
Total	9.2	9.2	-

2019 With Additional Resource Impacts (\$, millions)			
	Total Processing Costs	Recommeded Fee Revenue	Unrecovered Processing Costs
Plannig Applications	8.0	8.0	-
COA Applications	1.3	1.3	-
Total	9.3	9.3	-

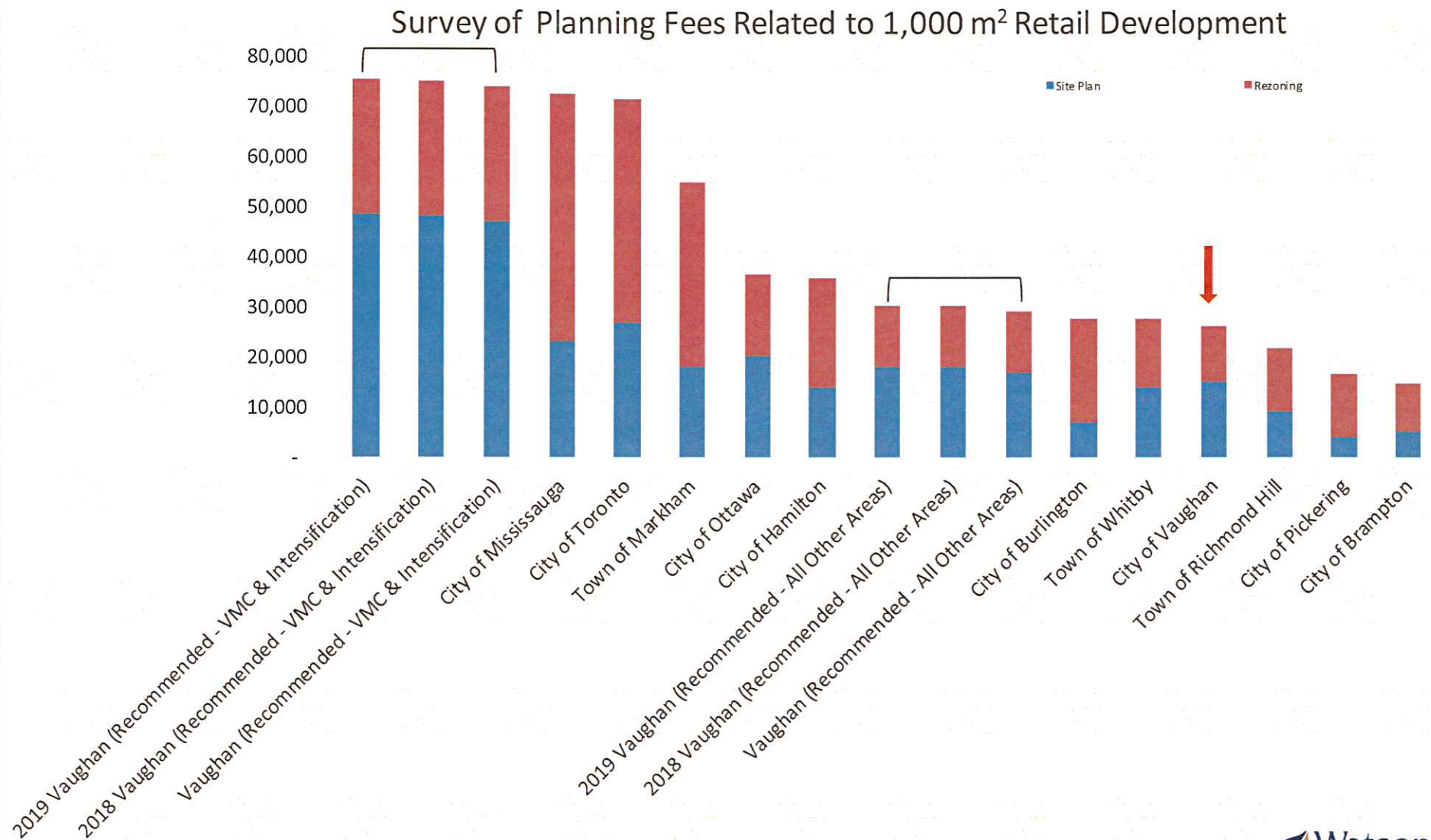
Planning Application Fees Comparison (200 Unit Multi-Res. Condo)

Survey of Planning Fees Related to a Mult-Residential Condominium Development of 200 Units



As at April 1, 2017

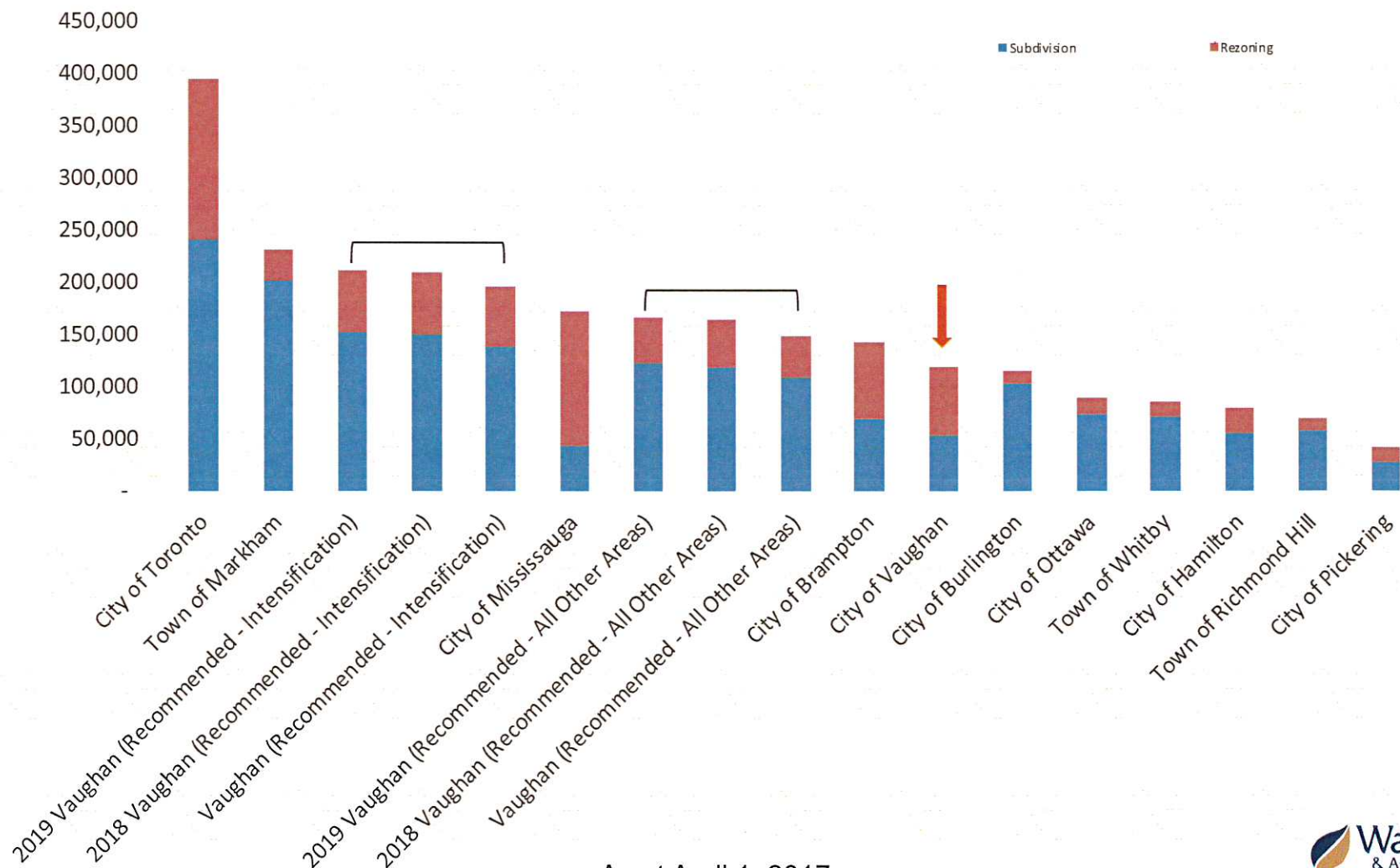
Planning Application Fees Comparison (1,000 sq.mt. Retail Development)



As at April 1, 2017

Planning Application Fees Comparison (100 Unit Subdivision)

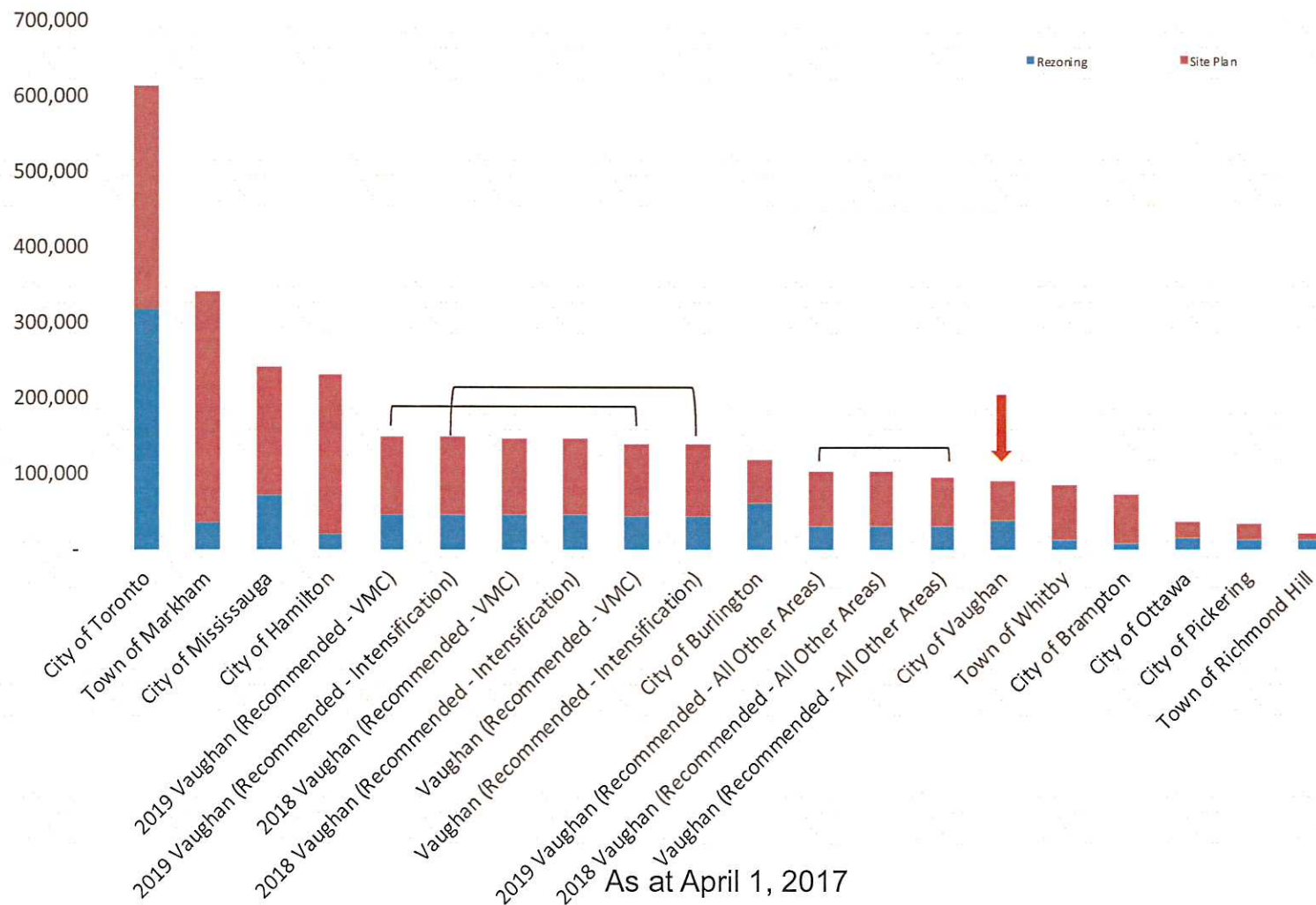
Survey of Planning Fees Related to a Residential Subdivision of 100 Single Dwelling Units



As at April 1, 2017

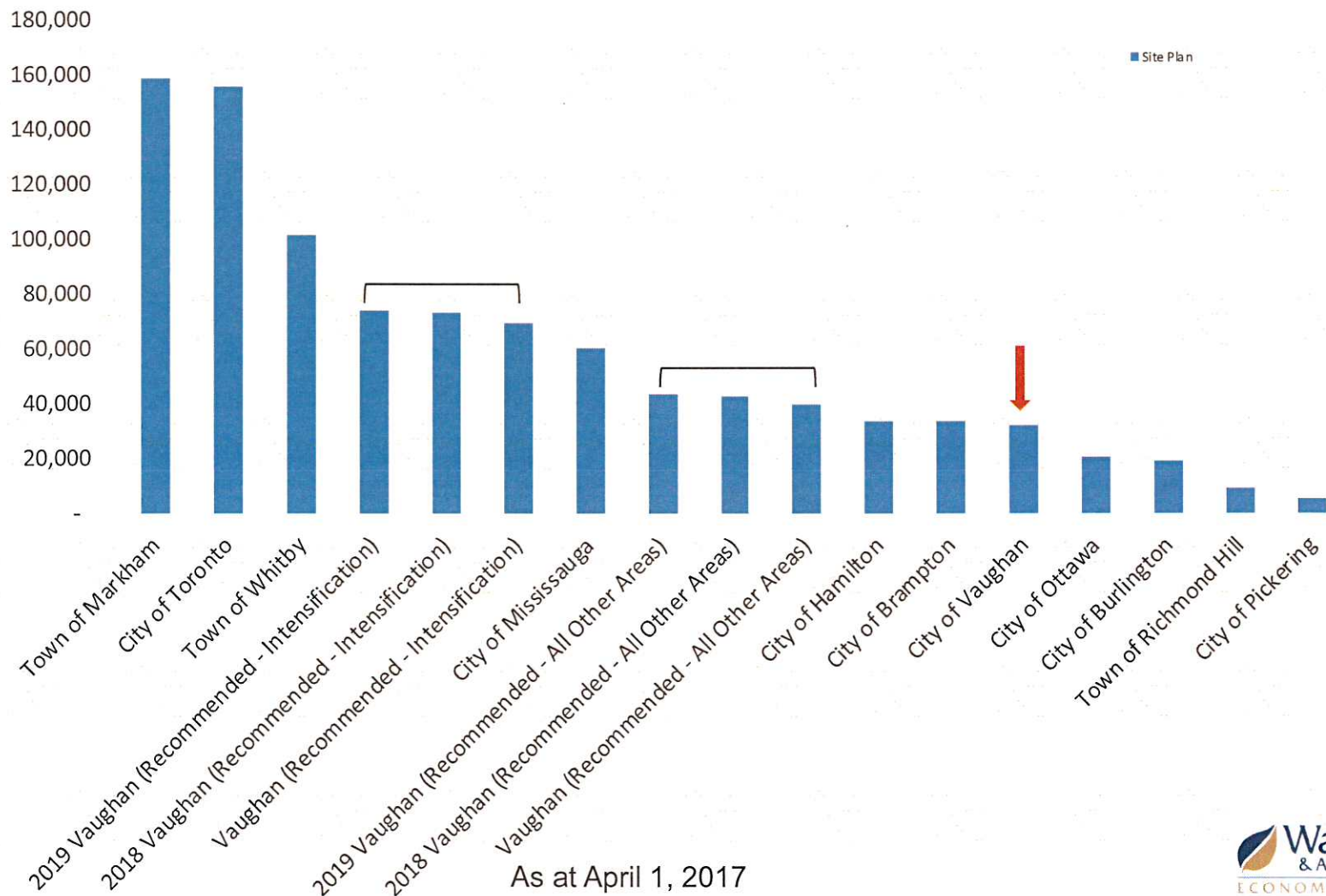
Planning Application Fees Comparison (40,000 sq.mt. Office)

Survey of Planning Fees Related to a 40,000 m² Office Development



Planning Application Fees Comparison (20,000 sq.mt. Industrial Site Plan)

Survey of Planning Fees Related to Industrial Development (20,000 m²)



As at April 1, 2017

Next Steps

- Receive approval from Council on proposed planning and COA application fee recommendations
- By-law passage for fee implementation (Dec, 2017)
- New fee structure to take effect January 1, 2018