

Proposed Development Fee and Building Fee By-laws Update (2020)

**November 25, 2019
Development Services Committee Meeting**

Agenda

- Introduction
- Building Permits Fees
- Planning & Engineering Fees
- Process Improvements
- Summary & Next Steps

Introduction

- Municipality has the legislated authority to collect reasonable fees to administer the *Planning Act* and the *Building Code Act*.
- Planning & Urban Design, Engineering and Building Standards rely upon these fees to pay for 100% of the costs for the review and approval of development applications and associated agreements and the administration & enforcement of the Building Code Act
- Previous years Fee updates relied on a fee model to determine staff effort and associated fees, using historic development activity and financial expenditure trends.
- A new model is being prepared for 2020 to better anticipate development activity and associated fees
- For 2020 have anticipated development activity and fees given uncertainty around Bill 108

Introduction

- Council enacts bylaws to set fees for development applications and building permits
- Fees are adjusted annually to cover the anticipated reasonable costs [direct & indirect] to process development applications and for the administration and enforcement of the *Building Code Act*, and to maintain a reserve equivalent to 1.5 times the annual fee funded operating costs
- The Building Code Act and Ontario Building Code provide for the establishment of a reserve fund
- Building reserve fund can only be used to:
 - ❖ Fund departmental costs in cases of revenue shortfalls
 - ❖ Fund special projects related to the enforcement of the Building Code
- Where a change to any building permit fee is proposed, the *Building Code Act* requires notice to be given and to hold a public meeting

Building Permit Fee Changes

- Building Standards has a positive reserve balance estimated to be \$10.477M entering 2020 (Target Reserve Balance: \$14.3M)
- Proposed 2020 fee adjustments:
 - ❖ 5.0% increase recommended
 - ❖ Revenue projected to be 7.14M
 - ❖ Expenditures projected to be \$9.535M
 - ❖ Results in an estimated \$7.78M reserve balance at end of 2020 based on \$10.477M reserve beginning in 2020

Planning and Engineering Fee Changes

- Combined Planning and Engineering has a negative reserve balance estimated to be negative \$3.44M entering 2020 (Target Reserve Balance: \$27.92M)
- Proposed 2020 fee adjustments:
 - ❖ 10% increase recommended for 2020
 - ❖ Revenue projected to be \$19.349M
 - ❖ Expenditures projected to be \$18.616M
 - ❖ Results in an estimated negative \$2.94M reserve balance at end of 2020 based on negative \$3.44M reserve beginning in 2020
- Consultation with Development Industry noted the cumulative impact of annual fee increases
- The City's goal is to support maintaining adequate reserve balances equal to 1.5 times annual fee funded operating costs

Process Improvements

- Staff sought to find efficiencies after consultations in 2018 with Development Industry
 - ❖ Pilot sharing of draft agreements with developers
 - ❖ Soft launch of site plan review through ePLAN
 - ❖ Clarified roles within Engineering Department when reviewing and accepting traffic control signal design
 - ❖ Streamlined and clarified type of works can be reviewed and approved under the site alteration review process
- Broader review currently being undertaken as part of the Provincial Audit and Accountability Fund – report to December 9, 2019 DSC

Summary

- Recommended 2019 fee increase of 5% for Building, 10% for Planning & Urban Design and 10% for Engineering
- With the proposed 2020 increase in fees, Building Standards will maintain a positive reserve balance, and the combined Planning and Engineering reserve trend more favourably but remain in deficit
- A new model is being prepared for 2020 to better anticipate development activity and associated fees to be monitored with actual fees received, monitor the reserve balance, and assess future fee increase requirements

Next Steps

- Proposed fee by-laws presented to DSC Public Meeting on December 3, 2019
- Recommendation to proceed to Council meeting on December 10, 2019 for final approval
- Fee increases would take effect January 1, 2020

Thank You