



Report to: Development Services Committee

Meeting Date: February 22, 2022

SUBJECT: Transfer Payment Agreement for the Provincial Streamline Development Approval Fund and Approved Projects for the Provincial Audit and Accountability Fund Intake 3

PREPARED BY: John Yeh, RPP, MCIP, Manager, Strategy & Innovation – ext.7922

RECOMMENDATION:

1. That the report dated February 22, 2022 entitled “Transfer Payment Agreement for the Streamline Development Approval Fund and Approved Projects for the Provincial Audit and Accountability Fund Intake 3” be received; and,
2. That the Mayor and Clerk be authorized to execute the Ontario Transfer Payment Agreement with Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing (the “Province”) for the Streamline Development Approval Fund, provided the agreement is in a form satisfactory to the Commissioner of Development Services and the City Solicitor; and,
3. That Staff be directed to proceed with the following projects and resourcing requirements through the Streamline Development Approval Fund to a maximum total cost of up to \$1,000,000 and procured in accordance with the Expenditure Control Policy:
 - a. Conduct an end to end review of the development review process
 - b. Acquire additional ePLAN workflow reviews as identified from the LEAN review
 - c. Upgrade ePLAN development review and commenting software to version 9.2
 - d. Implement ePLAN website improvements
 - e. Acquire 3D modelling software and professional services to build modelling of selected secondary plan areas
 - f. Acquire GIS software and professional services to build an interface for open data on development and building permit applications
 - g. Upgrade AMANDA software to version 7, the database that stores development and building permit application data (project started in 2021 and qualifies for costs incurred between January 19, 2022 and February 28, 2023)
 - h. Hire contract staff to assist with implementing the projects identified above; and
4. That new 2022 projects be established for each of the above initiatives, funded through the Streamline Development Approval Fund grant; and
5. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

Not applicable

PURPOSE:

The purpose of this report is to:

- a) Inform Council of the three projects approved by the Province for the Audit and Accountability Fund Intake 3; and
- b) Obtain Council approval for the Mayor and Clerk to execute the Ontario Transfer Payment Agreement with the Province for the City to receive Provincial funding of up to \$1,000,000 from the Streamline Development Approval Fund to implement streamlining development approval initiatives; and
- c) Obtain Council approval to proceed with the projects outlined and retain contract staff through the Streamline Development Approval Fund

BACKGROUND:

Since 2019 the Province introduced the Audit and Accountability Fund (AAF) and has issued three “intakes” or calls for proposals; the most recent of which was in Fall 2021, to help large municipalities fund third-party reviews to find service delivery efficiencies.

In addition to the Audit and Accountability Fund, in January 2022, the Province announced the Streamline Development Approval Fund (SDAF) to implement initiatives aimed at unlocking housing supply.

Audit and Accountability Funds Approved for Markham (Intakes 1 & 2)

The first AAF project approved by the Province for the City of Markham (City) was in Fall 2019 and completed in early 2020 with an assessment of the City’s development review process through an open ended discovery consultation process (“KPMG Review”). The KPMG Review complemented ongoing staff initiatives to streamline the development approvals process. A report was tabled at the October 25, 2021 Development Services Committee meeting with an update on implementation of process improvements including those recommended by the KPMG Review.

The next round of the AAF, known as Intake 2, was introduced by the Province in Fall 2020 and Markham was subsequently approved for a project to develop a business case and implementation plan for the expansion of the Administrative Monetary Penalties System to create a simple, fair, and cost effective system for dealing with minor by-law infractions. This project was completed in 2021. Implementation of the expanded AMPS program was approved by Council through the Budget in December 2021.

Audit and Accountability Fund Intake 3 – Three Markham Projects Approved

On August 16, 2021 the Province announced a third intake of the AAF. At the October 26, 2021 Council meeting, Council passed a resolution directing staff to apply to the Province for funding for three projects (see Table 1 below), to authorize the Mayor and Clerk to execute the Ontario Transfer Payment Agreement should funding be approved by the Province, and new capital projects be created based on the amount of funding approved by the Province.

On January 24 and January 28, 2022, the Ministry of Municipal Affairs and Housing informed the City that it will receive funding for the three projects (See **Appendix “A” and “B”** and Table 1 below for the funding amounts). The funding is based on price quotes obtained from consulting firms with specific expertise in the relevant areas and any contingencies.

Table 1:

AAF Intake 3 Markham Projects	Funding Approved by Province
By-Law and Regulatory Services Review (Corporate Services): The review will identify opportunities for a more effective, efficient, and affordable service model for by-law services	\$100,080
Streamlining Planning Approvals through a Community Planning Permit System (Development Services): Develop a business case and recommendations for development of a Community Planning Permit System in Markham to streamline development approvals, including assessing the opportunity and effectiveness of this planning tool.	\$152,640
Strategy and Implementation Plan - Improving the State of Residential Infill (Development Services): Review internal approval and enforcement process for residential infill development and create a strategy and implementation plan to ensure the process efficient, effective, coordinated, and proactive.	\$111,936

Response to Provincial Streamline Development Approval Fund

Premier Ford announced at the January 19, 2022 Ontario Housing Affordability Summit that more than \$45 million will be provided to help Ontario's 39 largest municipalities modernize, streamline and accelerate processes for managing and approving housing applications. The City received a letter on the same day noting its eligibility to receive up to \$1,000,000 for development approval initiatives such as e-permitting systems, temporary staff to address backlogs, online application portals, and other projects.

The letter was signed back to the Province on January 31, 2022 with the Mayor's signature (Head of Council) as requested by the Province to participate in the SDAF (see **Appendix "C"**). Details on eligible costs and program requirements are noted in the Options/Discussion section of this report.

OPTIONS/ DISCUSSION:

Staff to execute the Ontario Transfer Payment Agreement for the three Audit and Accountability Fund Intake 3 projects through the Mayor and Clerk

The Province has provided the Ontario Transfer Payment Agreement for the three AAF Intake 3 projects setting out the terms of funding. The following is a high level description of the terms:

- Initial payment of between 50% or 55% of each project's cost upon execution of the Transfer Payment Agreements
- By May 31, 2022, submit an Interim Progress Report Back to the Province on whether the City has retained an independent third-party reviewer.
- By February 1, 2023, submit a Final Report Back of the findings and recommendations to the Province and publicly post on the City's website (including financial information on what the municipality paid to the third party reviewer with back-up documentation).
- Funding from the Province will only be available for reimbursing the City for the cost of paying the third party reviewer

Staff has proceeded to undertake the following items since Council passed a resolution at the October 26, 2021 Council meeting (should funding be approved by the Province) as noted in the Background section of this report:

- Mayor and Clerk to execute the Ontario Transfer Payment Agreement (by March 1, 2022 deadline).
- Create three new capital projects based on the amount of funding approved by the Province.

Staff are in the process of retaining consultants to undertake the three AAF Intake 3 projects, and project planning is now underway.

Recommend executing the Ontario Transfer Payment Agreement for the Streamline Development Approval Fund through the Mayor and Clerk

The Province has also provided the Transfer Payment Agreement for the SDAF setting out the terms of funding. The following is a high level description of the terms:

- The funding is for the City to implement projects that streamline the development approval process or support a diversity internship program in connection with the development approvals process (See **Appendix "D"** for list of eligible projects)
- Initial payment of \$500,000 no more than 30 days after execution of the Transfer Payment Agreement.

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- By April 22, 2022 submit an Interim Progress Report Back to the Province on how the City intends to spend the funds along with a workplan, timeline and budget for the projects.
 - Another payment no more than 30 days after the Province's approval of the Interim Report Back for costs submitted as part of the Interim Report Back that exceed the initial payment.
 - By February 28, 2023, submit a Final Report Back to the Province that will include a publicly posted staff report on the City's website, completion of a report back template, and for costs submitted as part of the Final Report Back that exceed the initial and interim payments (see **Appendix "D"** for a list of the Final Report Back requirements).

Staff identified the following projects, resourcing requirements, and recommend proceeding with them through the SDAF subject to the total cost of up to \$1,000,000. Staff confirmed with Provincial staff they are eligible for the SDAF. High level costs of each project have been estimated and will be finalized through the procurement process.

- Conduct an end to end review of the development review process to identify further efficiencies to streamline and reduce development application review timelines.
- Acquire additional ePLAN workflow reviews as identified from the LEAN review to better customize reviewing and commenting processes for a variety of application types.
- Upgrade ePLAN development review and commenting software to version 9.2 with improved and updated functions.
- Implement ePLAN website improvements for easier navigation and improved customer experience.
- Acquire 3D modelling software and professional services to build modelling of selected secondary plan areas with capability to calculate development site statistics to inform staff analysis and recommendations and enhance reports and presentations.
- Acquire GIS software and professional services to build an interface for open data on development and building permit applications to provide real time information for the public.
- Upgrade AMANDA software to version 7, the database that stores development and building permit application data which will have improved and updated functions (project started in 2021 and qualifies for costs incurred between January 19, 2022 and February 28, 2023)
- Contract staff to assist with implementing the projects identified above.

The broader outcomes expected to be achieved include:

- A leaner and more efficient development approvals process.
- Maximizing return on investment in ePLAN.
- Web-based GIS development application search functions.

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- Improved development data to make more informed decisions and recommendations.
 - Improved overall service for higher quality applications.

Staff recommend that the Mayor and Clerk be authorized to execute the Ontario Transfer Payment Agreement with the Province for funding eligible projects under the SDAF (by March 1, 2022 deadline).

FINANCIAL CONSIDERATIONS

Through the procurement process staff will determine the cost of each project identified. New capital projects will be setup to be funded by the SDAF and subsequently reimbursed by the Province.

HUMAN RESOURCES CONSIDERATIONS

To implement the proposed eligible projects contract staff have been identified to implement the projects but may be revised as workplans and project schedules are prepared.

ALIGNMENT WITH STRATEGIC PRIORITIES:

The Streamline Development Fund opportunity aligns with the Growth Management and Municipal Services strategic areas of focus by helping to streamline development approval processes.

BUSINESS UNITS CONSULTED AND AFFECTED:

Legal Services, Financial Services, ITS, Planning & Urban Design, Engineering, Building Standards, By-Law Enforcement & Regulatory Services, and Policy & Research were consulted in the preparation of this report.

RECOMMENDED BY:

Arvin Prasad, RPP, MCIP
Commissioner Development Services

Trinela Cane
Commissioner Corporate Services

ATTACHMENTS:

Appendix "A": AAF Intake 3 Minister Letter for Streamlining Planning Approvals Review and Residential Infill Development Strategy

Appendix "B": AAF Intake 3 Minister Letter for By-Law and Regulatory Services Review

Appendix "C": Signed Streamline Development Approval Fund Letter

Appendix "D": Provincial Streamline Development Approval Fund Q&A