

# **Development Services Committee Meeting Fee By-law Update**

**November 6, 2012**

# Agenda

- ◆ Introduction
- ◆ Fee Model
- ◆ Building Permit Fees
- ◆ Development Fees
- ◆ Reserve Balances
- ◆ Summary

# Introduction

- ◆ The costs for the Building Department and the Development areas of the Planning/Urban Design and Engineering Departments are 100% recovered by fees. They do not rely on any tax revenue.
- ◆ Total costs include Direct, Indirect, one time capital costs and a contribution to a reserve fund
- ◆ Fee model used to determine costs and associated fees, using a past five year average volume of development activity

# Introduction (continued)

- ◆ City amends Development and Building Fee By-laws annually to recover changes in costs associated with providing development and building related services
- ◆ Costs adjusted on a yearly basis due to projected expense increases, general inflation and 5-year average volume
- ◆ Public notification and a public meeting is required under the *Building Code Act* when changes to Building fees are recommended
- ◆ The same is not required for changes to fees governed by the *Planning Act*

# Fee Model: Calculation of Rate Increase

- ◆ Determine total costs to be recovered (direct and in-direct costs, increases over previous year for inflation and expense increases, one time capital costs and money set aside for reserve fund)
- ◆ Apply the past 5-year average activity volume over each fee category times the existing fee to calculate projected revenue
- ◆ Difference between recoverable costs and projected revenue is amount of increase

# 2013 Building Permit Fees

- ◆ Fee Model identified insignificant changes over last year's costs
- ◆ Permit revenue has been strong over the past year resulting in an accumulation of funds in the reserve account
- ◆ Recommend no increase in Building Permit fees
- ◆ Only change is an approximate 1% of the Building revenue be transferred to Engineering Department to cover engineering costs for review of site grading and site servicing plans. (has no affect to Building Fee By-law)

# 2013 Development Fee Changes

- ◆ Fee Model has projected an increase in costs for Planning of 7.3% and for Engineering of 19.1%
- ◆ Combined reserve account continues to be in a deficit, not withstanding higher volume of activity in recent years
- ◆ Recommending increasing Planning fees by 7.3% and with other changes proposed in this report, the Engineering increase is recommended to be reduced to 17.4%

# Structure Changes to the Development Fee By-law

- ◆ Maintain fees at current levels for specific types of applications, e.g. Heritage site plans, peer review administration fees, subdivision fees and residential service connection administration fees for Engineering Department
- ◆ Formalize a refund policy for applications withdrawn by the applicant
- ◆ Minor adjustments to the Planning subdivision fee
  - Eliminate the 30% fee collected at draft plan approval stage by combining with the submission fee for a total of 40% collected at submission stage
  - Simplify the area multiplier by eliminating the half hectare or part thereof to a fee per hectare



# Structure Changes Continued

- ◆ Create a new category for minor variances for changes to “Use” for both residential and all other land use categories to eliminate applicants currently use lower fees for minor variances versus minor zoning applications
- ◆ Increase base fees for consent as current base fee does not cover Staff costs
- ◆ Increase percentage of cost of works for review of site plans for both Engineering and Urban Design (U/D) to cover overall percentage increases from 5.5% to 6% and for subdivisions for U/D
- ◆ Simplify calculation for Urban Design fees for subdivisions to a unit fee and an area calculator similar to Planning fees

# Structure Changes Continued

- ◆ Site Plan applications are becoming more complex requiring more Staff time
- ◆ Fees for U/D and Engineering have not kept pace with increase in effort
- ◆ Recommend a new category for both U/D and Engineering for complex applications
- ◆ Defined complex applications as those with either an under ground parking garage or an above ground parking structure
- ◆ Fee calculated using gross floor area (gfa) of building or above ground parking structure if it is a stand alone application
- ◆ Recommended fee is \$1.00/gfa

# Structure Changes Continued

- ◆ To ensure fees are received when the work is being completed by Staff, certain fees for site plans and subdivisions for U/D and Engineering will include either a base fee or be collected 40% at submission of application and 60% at execution of agreement

# Consultation

- ◆ Submitted report and proposed by-law to BILD and to all members of Developer Round Table Group on Friday November 2

# Reserve Balances

Reserve Balances (\$ in 000s)						
	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Actual	Actual	Projection
Building	\$3,571	\$2,412	\$540	(\$90)	\$6,630	\$10,008
Plan/Eng	\$1,528	(\$1,716)	(\$5,632)	(\$1,476)	(\$2,455)	(\$2,162)

# Summary

- ◆ With a positive reserve balance the Building Department is able to invest in new processes and technologies and withstand the cyclical downturns without changes to capacity and service levels
- ◆ With overall increase in development fees and additional proposed structural changes in this by-law, Planning and Engineering will be better positioned to achieve full cost recovery and more positive reserve balance
- ◆ Development Fee by-law will proceed to next Council meeting and will take effect January 1, 2013.