



City of Vaughan Development Fees Review Study

Communication: C4
Committee of the Whole (2)
April 18, 2023
Item #3

Committee of the Whole

April 18, 2023



Introduction

- The City of Vaughan (City) retained Watson & Associates Economists Ltd. (Watson) to undertake a review of its Development Fees
- The scope of the Development Fees includes Development Planning, Committee of Adjustment, Development Engineering and Building Standards
- Fees Review updates the City's studies undertaken between 2016-2018
- Watson employed an activity-based costing methodology to determine the full cost (direct, indirect, and capital) of service within the appropriate legislative context

Introduction (cont'd)



- The review and recommendations considered:
 - The processes involved, level of staff effort provided and associated costs in relation to development applications;
 - New revenue opportunities and best practice fee-based funding model options; and
 - The impacts of the recommended fee structure changes on the development industry and Vaughan's relative market position
- Consultation with the City's Development Liaison Committee throughout the process
 - November 24, 2021 – introduction forum
 - December 14, 2022 – Development Engineering and Building Standards recommendations
 - March 17, 2023 – Development Planning recommendations



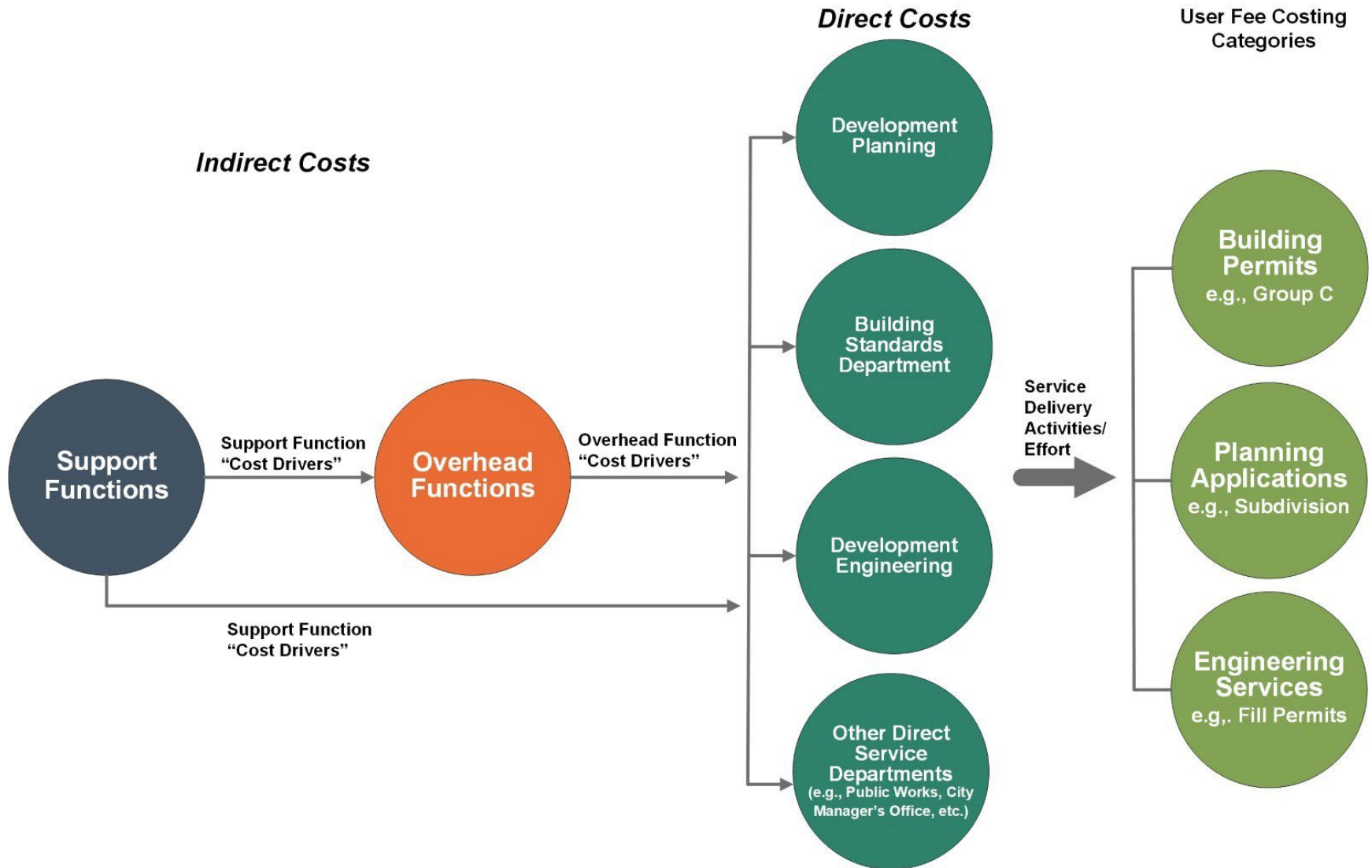
Activity Based Costing Methodology

Full Cost Definition



- Full cost recovery activity-based costing definitions:
 - Direct costs –operating costs associated with individuals directly participating in the service delivery activities
 - Indirect costs –operating costs associated with individuals supporting direct service departments. Typically involves support functions (e.g. HR, IT, facility maintenance) and corporate support functions (e.g. Council, CAO, financial planning and budgets, etc.)
 - Capital costs –capital asset replacement costs associated with individuals directly participating in the service delivery activities

Activity-Based (A.B.C.) Costing Methodology





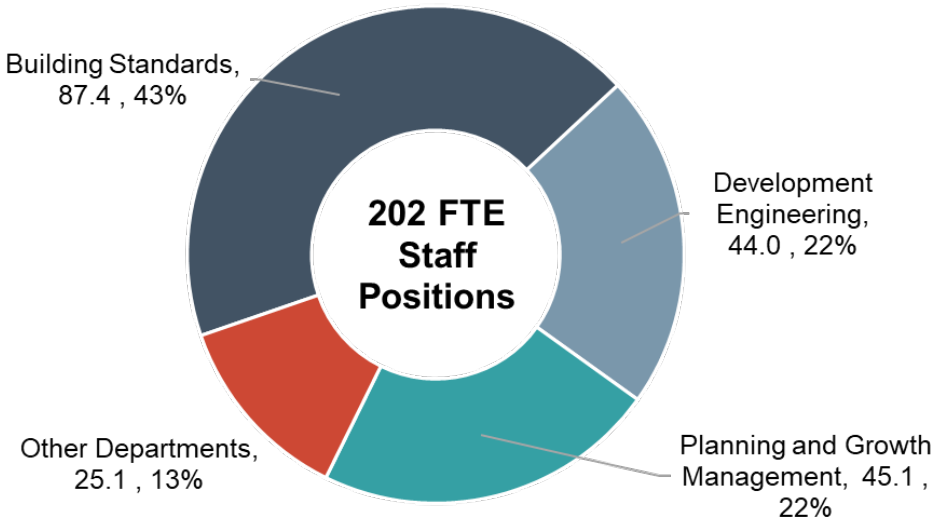
Development Fees Review Findings



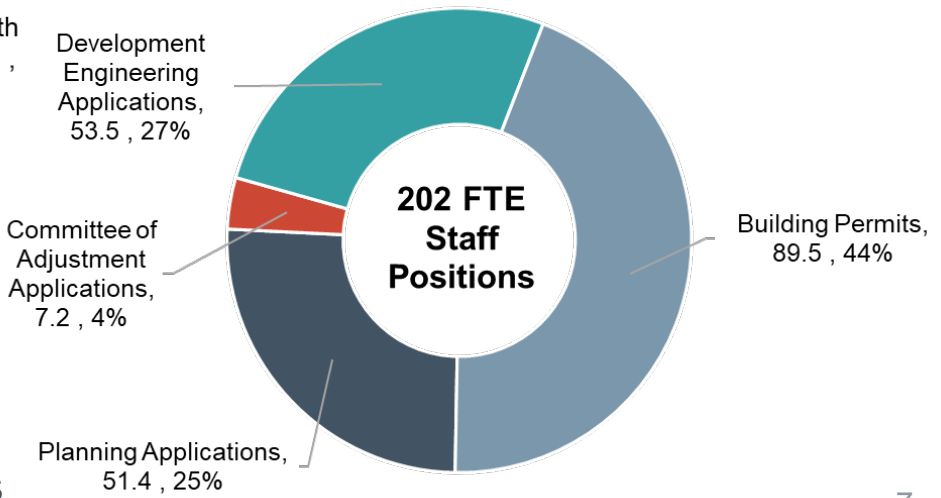
Development Fee Review Findings

Staff Resource Utilization

Development Application Review Staff Utilization (FTE) by Department



Development Application Review Staff Utilization (FTE) by Service Area



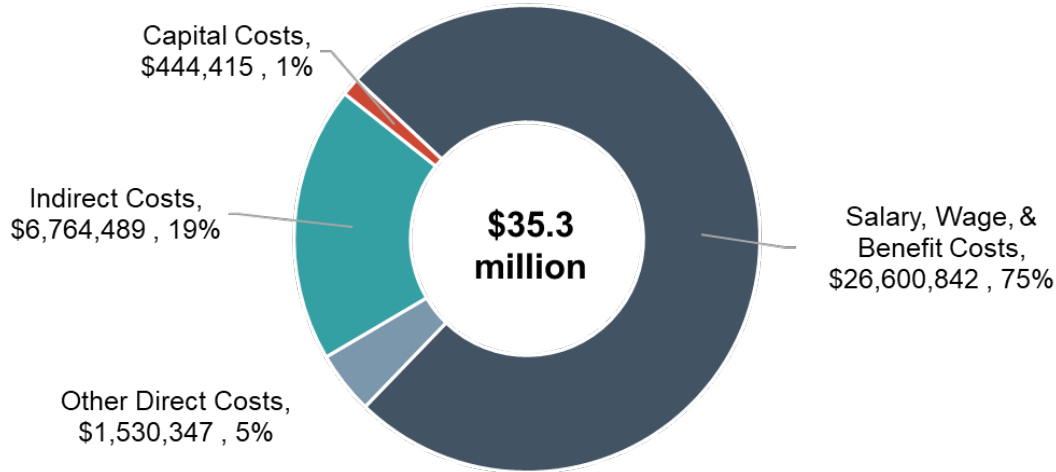
FTE = full-time equivalent staff positions

Development Fee Review Findings

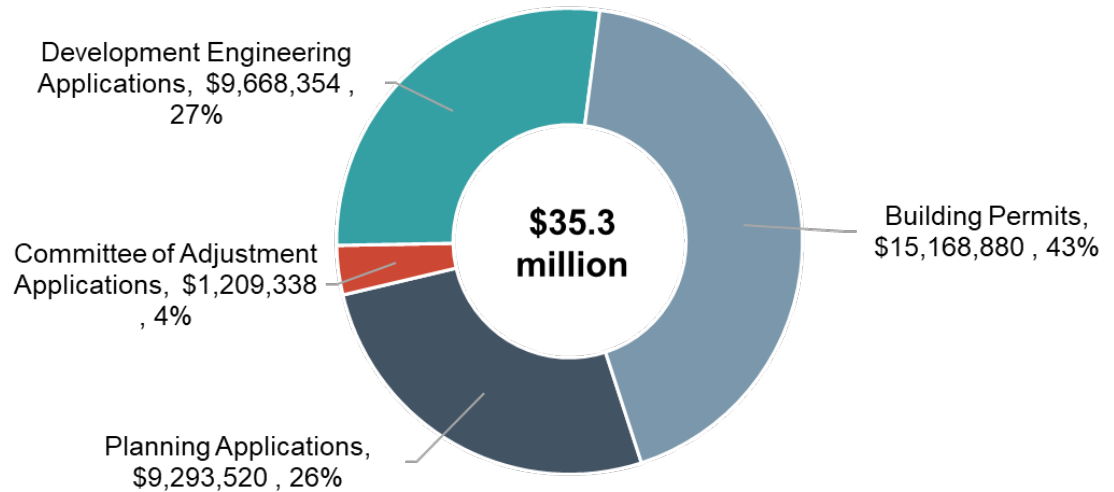
Annual Costs of Service (2022\$)



Annual Costs by Type of Expenditure



Annual Costs by Service Area



Development Fee Review Findings

Current Cost Recovery Performance



Service Area	Direct Costs			Indirect Costs	Capital Costs	Total Annual Costs	Modelled Revenue at Current Fees		
	Salary, Wage & Benefits	Other Direct Costs	Total Direct Costs				Annual Revenue	Surplus/ (Deficit)	Cost Recovery %
Development Engineering Applications	\$ 7.28	\$ 0.48	\$ 7.77	\$ 1.78	\$ 0.12	\$ 9.67	\$ 8.28	-\$ 1.39	86%
Building Permit Applications	\$ 11.31	\$ 0.62	\$ 11.93	\$ 3.03	\$ 0.21	\$ 15.17	\$ 15.55	\$ 0.38	103%
Planning Applications	\$ 8.01	\$ 0.43	\$ 8.43	\$ 1.96	\$ 0.11	\$ 10.50	\$ 12.10	\$ 1.59	115%
Total	\$ 26.60	\$ 1.53	\$ 28.13	\$ 6.76	\$ 0.44	\$ 35.34	\$ 35.93	\$ 0.59	102%

- Increase volume, size and complexity of development applications has resulted in higher costs for certain application types (e.g. site plan), with higher revenues accounting for the increases in most cases due to charging characteristics



Development Fees Review Recommendations

Development Fee Review Recommendations

Development Engineering



- Fee recommendations include:
 - Fees for Subdivision Engineering Review and Development/Servicing Agreements remain unchanged at 7.5% of construction costs
 - Fee increases recommended for Site Plan Engineering Review to reflect increase in effort (approx. 31% increase), with maximum fee of \$375,000 per application
 - Increased also recommended for other types of development engineering fees to achieve overall full cost recovery of service, including:
 - Site alteration permits, pool enclosure permits, residential and subdivision grading permits, pre-development servicing agreements, and agreement amendments

Development Fee Review Recommendations

Building Standards



- Fee recommendations made to recognize the following:
 - Legislative authority to recover cost of administration and enforcement under the Building Code, including reserve funds for service sustainability
 - Reserve fund target balance set at 1.5 annual costs
 - Fees increased annually for inflation, as well as specific fee adjustments for:
 - Non-residential interior alteration fees, residential garages/carports, residential accessory buildings without plumbing (less than 20 sq.m.), and residential accessory buildings (greater than 20 sq.m.)

Development Fee Review Recommendations

Development Planning



- Fee recommendations made to recognize the following:
 - Legislative authority for imposing fees to recover full costs of service
 - Fee increases and decreases within processing cost limitations
 - Cost differences based on modelled observations (i.e. type, size, complexity);
 - VMC, infill, and heritage surcharges proposed to be removed as size is the main driver of application complexity and costs
 - Introduction of maximum application fees for Zoning By-Law Amendment, Site Plan, and Subdivision application fees based on costing observations for large complex applications
 - New fee recommended for Design Review Panel



Development Fees Review Development Impacts

Recommended Development Fee Impacts



- Fee Review considered the impacts of the fee recommendations on a sample of residential, non-residential and mixed-use development projects
- Impacts assess municipal development fees (including development charges) and provides a comparison to other GTA municipalities
- City's relative position to other municipalities is generally determined by development charges
- Development Fee Review recommendations provide minimal impacts on the City's total development fees:
 - 100-unit low density subdivision – 0.2% decrease
 - Medium and high density residential – 0.04%-0.3% increase
 - Non-residential retail and industrial – 1.0%-1.5% increase

Questions