

DATE: April 14, 2023

TO: Mayor and Members of Council

FROM: Haiqing Xu, Deputy City Manager, Planning and Growth Management
Vince Musacchio, Deputy City Manager, Infrastructure Development

RE: **COMMUNICATION – Committee of the Whole (2), April 18, 2023**

ITEM # 3

**CITY OF VAUGHAN DEVELOPMENT SERVICES FEE
STRUCTURE REVIEW
DEVELOPMENT PLANNING, DEVELOPMENT ENGINEERING
AND BUILDING STANDARDS FEES**

Recommendation

The Deputy City Manager, Planning and Growth Management and the Deputy City Manager, Infrastructure Development recommend:

1. THAT Attachment #1 of the report on the April 18, 2023 Committee of the Whole (2) agenda be replaced with Attachment #1 to this communication.
2. THAT recommendations 2 and 3 of the staff report be replaced with the following:
 2. THAT staff be directed to amend the City's Fees and Charges By-law 010-2023 to set the fees and charges required to recover the cost of processing a Community Infrastructure and Housing Accelerator (CIHA) request.
 3. THAT the following By-laws be amended to implement the recommendations of the City of Vaughan Development Services Fee Structure Review, Development Planning and Development Engineering Fees, included as Attachment 1, prepared by Watson & Associates Economists Ltd.:
 - i. By-law 010-2023 Schedule "G" of the Fees and Charges to implement the Tariff of Fees for Vaughan Planning Applications;
 - ii. By-law 010-2023 Schedule "M" of the fees and charges under the Planning Act for Committee of Adjustment applications;
 - iii. By-law 010-2023 Schedule "A" of the Fees and Charges to implement the general fees and charges under the Municipal Act.
 - iv. By-law 010-2023 Schedule "K" of the Fees and Charges to implement the new Development Engineering Fees

Background

The City retained Watson & Associates Economists Ltd., to undertake a comprehensive review of the full costs of Development Planning, Development Engineering and Building Standards functions and to make fee structure recommendations to provide for reasonable full cost for the services.

For more information, contact Elysha Mahmud, Acting Manager, Business Transformation at ext. 8287.

Respectfully submitted by



Haiqing Xu, Deputy City Manager,
Planning and Growth Management



Vince Musacchio, Deputy City Manager,
Infrastructure Development

Attachments:

1. Development Fees Review Study – Final Report



 **Watson**
& Associates
ECONOMISTS LTD.

Development Fees Review Study

City of Vaughan

Final Report

March 26, 2023

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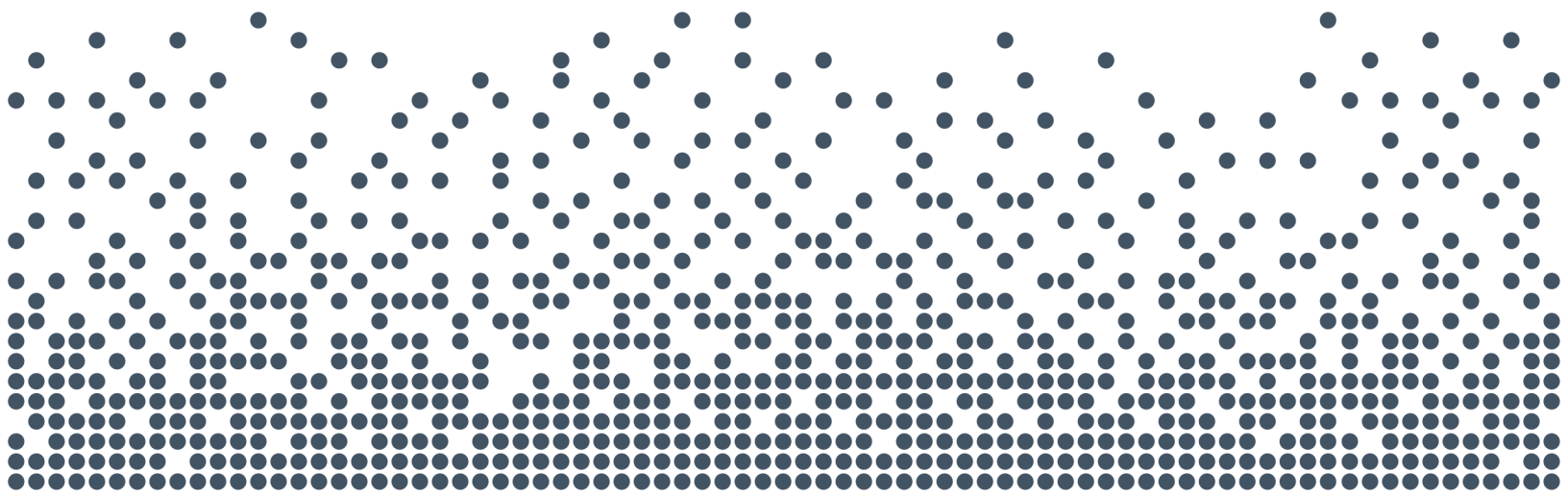
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Report



Chapter 1

Introduction



1. Introduction

1.1 Purpose of this Document

The City of Vaughan (City) implements fees and charges for the review of planning applications, building permits, and the review and inspections relating to development applications by Development Engineering. These fees collectively are referred to as development application fees. This report summarizes the findings and recommendations of the City's development application fees review undertaken by Watson & Associates Economists Ltd. (Watson). Fees for the processing of planning applications will continue to be studied by the City in response to recent amendments made to the *Planning Act* through the *More Homes for Everyone Act, 2022*. It is anticipated that further planning application fee recommendations will be brought forward separately at the conclusion of that review.

This document provides the context for which the review is being undertaken (i.e., historical context within the City, the study process and the legislation governing the fees within the scope of this review). Moreover, it contains the methodology utilized to calculate the full costs of service (i.e., inclusive of direct, indirect and capital costs) and summarizes the results of the full cost assessment. Finally, it provides the fee recommendations, which have been developed with regard for the governing legislation, maintaining cost recovery from applicants to fund the provision of services, reducing unintended municipal property tax funding, and applicant affordability relative to market comparators.

1.2 Historical Fee Reviews in the City of Vaughan

The City retained Watson to conduct a review of their planning application, building permit, and development engineering fees, i.e. development application fees. This review is an update to the review undertaken in 2015-2018 to assess the full cost of service (i.e., direct, indirect and capital costs) and recommend updated fees related to planning applications, building permits and development engineering reviews.

The intent of the fees currently imposed for planning applications were designed to recover the anticipated processing costs of each type of planning application. The fees imposed for development engineering review and inspections were established to



recover the reasonable anticipated costs associated with the post-planning application review and inspection of these developments. Building permit fees were set to sufficiently to recover the costs related to the administration and enforcement of the *Building Code Act*, as well as provide sustainability in providing these services to the public with contributions to a reserve fund.

This update study has been conducted in a similar context to past reviews, in which the development application approvals activities undertaken by staff from across the organization is considered. Contextually, this assessment considered the activities undertaken by Planning and Growth Management Staff outside of the review of development applications, e.g., staff time spent on policy planning, time related to defending applications appeals at the Ontario Land Tribunal (OLT), and time spent related to capital projects.

Since the completion of the previous development application fee review study, the City has seen a continued evolution of development patterns and characteristics, including greater public consultation requirements and increase in development size, which in turn has led to changes to the development application review processes.

1.3 Development Fee Review Study Process

Set out in Table 1-1 is the project work plan that has been undertaken in the review of the City's development application fees.

**Table 1-1
Development Fees Review Study Work Plan**

Work Plan Component	Description
Phase 1 - Evidence-based methodology to develop a new direct/indirect cost model	
1. Project Initiation	<ul style="list-style-type: none">Project initiation meeting with staff to review project scope, methodology and work planReview legislative context, development fee trends, Activity-Based Costing (A.B.C.) full cost methodology and refinements to fee categorization and service delivery
2. Receive and Review Background Information	<ul style="list-style-type: none">Review of A.B.C. model, cost recovery policies, reserve fund policies and by-lawsEstablish municipal comparatorsReview cost recovery performance and application patterns



Work Plan Component	Description
3. Review Current Direct/Indirect Cost Model and Develop Updated Full Cost Recovery Approach	<ul style="list-style-type: none"> Assess the performance and approach of the City's current costing model and prepare a recommended approach for this undertaking Develop frameworks and guidelines for the new indirect cost model and the service fee structures for review with City staff
4. Review Finalized Work Plan/Approach with Project Working Team	<ul style="list-style-type: none"> Review the approved work plan and methodology with representatives from each City department with direct staff involvement in the processing of development application fees
5. Develop Indirect Cost Model	<ul style="list-style-type: none"> Review cost drivers for the allocation of support and overhead costs to direct service delivery departments with City Finance Develop the indirect cost model based on established cost drivers and review with the Steering Committee
6. Present Overview of Development Fee Review to Development Industry Stakeholders	<ul style="list-style-type: none"> Meet with representatives of the development industry to present the proposed methodology, project timeline, receive initial feedback on the current development application user fees and discuss the development industry's involvement in the process
Phase 2 - Review of service fee structures and recommendations for cost recovery	
7. Fee Design Workshops	<ul style="list-style-type: none"> Fee design working sessions with the Project Working Team to document fee categories and sub-categories (inclusive of those services provided to other City departments), differentiating application/service characteristics, participating City staff positions, and planning application, development engineering, and building permit process maps Working sessions to discuss the development characteristics to be assessed through the costing component of the assignment, to determine if fee structure adjustments are warranted based on material cost recovery impacts. Discussion in the context of fee categorization/ characteristics recommendations provided at the initiation meeting and as determined through the review of background documentation Review existing process maps with regard to fee categories/processes established through these discussions Discuss changing levels of service, technology improvements, and regulatory and legislative impacts
8. Secure Processing Effort Estimates and Quality Test Them Through Capacity Utilization and Benchmarking Tools	<ul style="list-style-type: none"> Prepare communication materials for staff to complete the established fee category effort estimation templates Prepare staff capacity utilization and benchmarking quality control analysis to verify accuracy/defensibility of processing effort estimates
9. Construct an A.B.C. Model and Fee Structure Options	<ul style="list-style-type: none"> Develop an A.B.C. model to ensure appropriate fee costing categories, data flows and full cost fee schedule generation



Work Plan Component	Description
10. Prepare Draft Report and Recommended Fee Structure	<ul style="list-style-type: none">• Prepare a draft report summarizing the project methodology, findings and full cost recovery and proposed fee structures, and municipal comparisons and development impact analyses• Receive feedback from City Staff
11. Present Project Methodology, Findings and Proposed Fee Structure to Development Industry Representatives	<ul style="list-style-type: none">• Present study findings and the recommended fee structure to a group of development industry stakeholders
12. Prepare Final Report and Recommended Fee Structure and Present to City Council	<ul style="list-style-type: none">• Prepare a Final Report (and draft fees by-laws), summarizing legislative context and resultant methodology, the full cost recovery assessment, full cost recovery fee structure, implementation plan, property specific impacts, and a comparative assessment of its relative competitiveness with peer municipalities. The Final Report will also incorporate feedback from the Steering Committee and development industry representatives.

1.4 Legislative Context for the Imposition of Development Engineering and Building Permit Fees

Development application fees are governed by multiple statutes, each with specific requirements. The City’s statutory authority for imposing planning application fees is provided under Section 69 of the *Planning Act*. Building permit fees are governed by the provisions of Section 7 under the *Ontario Building Code Act*. For municipal services where specific statutory authority is not provided, municipalities can impose fees and charges under Section 391 of the *Municipal Act*. This section provides the legislative authority for the development application fees imposed by the City.

1.4.1 *Planning Act, 1990*

Section 69 of the *Planning Act* allows municipalities to impose fees through a by-law for the purposes of processing planning applications. In determining the associated fees, the Act requires that:

“The council of a municipality, by by-law, and a planning board, by resolution, may establish a tariff of fees for the processing of applications made in respect of planning matters, which tariff shall be designed to meet only the anticipated cost to the municipality or to a committee of adjustment or land division committee



constituted by the council of the municipality or to the planning board in respect of the processing of each type of application provided for in the tariff.”

Section 69 establishes the requirements that municipalities must consider when undertaking a full cost recovery fee design study. The Act specifies that municipalities may impose fees through by-law and that the anticipated costs of such fees must be cost justified by application type as defined in the tariff of fees (e.g. Subdivision, Zoning By-law Amendment, etc.). Given the cost justification requirements by application type, this would suggest that cross-subsidization of planning fee revenues across application types is not permissible. For instance, if Minor Variance application fees were set at levels below full cost recovery for policy purposes this discount could not be funded by Subdivision application fees set at levels higher than full cost recovery. Our interpretation of Section 69 is that any fee discount must be funded from other general revenue sources such as property taxes. In comparison to the cost justification requirements of the *Building Code Act*, where the justification point is set at the aggregate level of the Act, the requirements of the *Planning Act* are more stringent in this regard.

The legislation further indicates that the fees may be designed to recover the “anticipated cost” of processing each type of application, reflecting the estimated costs of processing activities for an application type. This reference to anticipated costs represents a further costing requirement for a municipality. It is noted that the statutory requirement is not the actual processing costs related to any one specific application. As such, actual time docketing of staff processing effort against application categories or specific applications does not appear to be a requirement of the Act for compliance purposes. As such our methodology which is based on staff estimates of application processing effort meets with the requirements of the Act and is in our opinion a reasonable approach in determining anticipated costs.

The Act does not specifically define the scope of eligible processing activities and there are no explicit restrictions to direct costs as previously witnessed in other statutes. Moreover, amendments to the fee provisions of the *Municipal Act* and *Building Code Act* are providing for broader recognition of indirect costs. Acknowledging that staff effort from multiple business units is involved in processing planning applications, it is our opinion that such fees may include direct costs, capital-related costs, support function costs directly related to the service provided, and general corporate overhead costs apportioned to the service provided.



The payment of *Planning Act* fees can be made under protest with appeal to the Ontario Land Tribunal (OLT) if the applicant believes the fees were inappropriately charged or are unreasonable. The OLT will hear such an appeal and determine if the appeal should be dismissed or direct the municipality to refund payment in such amount as determined. These provisions confirm that fees imposed under the *Planning Act* are always susceptible to appeal. Unlike other fees and charges (e.g. development charges) there is no legislated appeal period related to the timing of by-law passage, mandatory review period, or public process requirements.

1.4.1.1 More Homes for Everyone Act, 2022

The Province recently approved the *More Homes for Everyone Act*. One of the amendments to the *Planning Act* enacted by the Act requires municipalities to refund Zoning By-Law Amendment and Site Plan application fees if legislated timeframes for decisions/approvals are not met. Furthermore, the Act also includes the ability for municipalities to deem Site Plan applications incomplete and require additional information be provided with the submission of an application.

1.4.1.2 More Homes Built Faster Act, 2022

The *More Homes Built Faster Act, 2022* received Royal Assent on November 28, 2023. The Act imposes a number of changes to the *Planning Act*, and other growth management and long-range planning initiatives at the municipal level, amongst changes to other pieces of legislation. Some of the planning related changes include:

- Increased housing targets by municipality;
- Removal of planning policy and approval responsibilities for York Region (among other upper tier municipalities in the province);
- Integration of Place to Grow and Provincial Policy Statement; and
- Changes to expand/support rental and affordable housing supply opportunities.

The recommendations provided herein have been made in the context of the current state of application review processes. Further impacts to the City's planning application arising from the *More Homes for Everyone Act* and *More Homes Built Faster Act* amendments will be studied by the City and brought forward at a later date for Council's consideration.



1.4.2 *Building Code Act, 1992*

Section 7 of the *Building Code Act* provides municipalities with general powers to impose fees through passage of a by-law. The Act provides that:

“The council of a municipality...may pass by-laws

- (c) Requiring the payment of fees on applications for and issuance of permits and prescribing the amounts thereof;
- (d) Providing for refunds of fees under such circumstances as are prescribed;”

The *Building Code Statute Law Amendment Act* imposed additional requirements on municipalities in establishing fees under the Act, in that:

“The total amount of the fees authorized under clause (1)(c) must not exceed the anticipated reasonable cost of the principal authority to administer and enforce this Act in its area of jurisdiction.”

In addition, the amendments also require municipalities to:

- Reduce fees to reflect the portion of service performed by a Registered Code Agency;
- Prepare and make available to the public annual reports with respect to the fees imposed under the Act and associated costs; and
- Undertake a public process, including notice and public meeting requirements, when a change in the fee is proposed.
- O.Reg. 305/03 is the associated regulation arising from the *Building Code Statute Law Amendment Act, 2002*. The regulation provides further details on the contents of the annual report and the public process requirements for the imposition or change in fees. With respect to the annual report, it must contain the total amount of fees collected, the direct and indirect costs of delivering the services related to administration and enforcement of the Act, and the amount of any reserve fund established for the purposes of administration and enforcement of the Act. The regulation also requires that notice of the preparation of the annual report be given to any person or organization that has requested such notice.



Relating to the public process requirements for the imposition or change in fees, the regulations require municipalities to hold at least one public meeting and that at least 21-days' notice be provided via regular mail to all interested parties. Moreover, the regulations require that such notice include, or be made available upon request to the public, an estimate of the costs of administering and enforcing the Act, the amount of the fee or change in existing fee and the rationale for imposing or changing the fee.

The Act specifically requires that fees “must not exceed the anticipated reasonable costs” of providing the service and establishes the cost justification test at the global *Building Code Act* level. With the Act requiring municipalities to report annual direct and indirect costs related to fees, this would suggest that *Building Code Act* fees can include general corporate overhead indirect costs related to the provision of service. Moreover, the recognition of anticipated costs also suggests that municipalities could include costs related to future compliance requirements or fee stabilization reserve fund contributions. As a result, *Building Code Act* fees modeled in this exercise include direct costs, capital related costs, indirect support function costs directly consumed by the service provided, and corporate management costs related to the service provided, as well as provisions for future anticipated costs.

1.4.3 *Municipal Act, 2001*

Part XII of the *Municipal Act* provides municipalities and local boards with broad powers to impose fees and charges via passage of a by-law. These powers, as presented in s.391 (1), include imposing fees or charges:

- “for services or activities provided or done by or on behalf of it;
- for costs payable by it for services or activities provided or done by or on behalf of any other municipality or any local board; and
- for the use of its property including property under its control.”
- This section of the Act also allows municipalities to charge for capital costs related to services that benefit existing persons. The eligible services for inclusion under this subsection of the Act have been expanded by the *Municipal Statute Law Amendment Act*. Moreover, the amendments to the Act have also embraced the broader recognition for cost inclusion within municipal fees and charges with recognition under s.391(3) that “the costs included in a fee or charge may include costs incurred by the municipality or local board related to



administration, enforcement and the establishment, acquisition and replacement of capital assets”.

Fees and charges included in this review, permissible under the authority of the *Municipal Act* would include development engineering fees.

In contrast to cost justification requirements under other legislation, the *Municipal Act* does not impose explicit requirements for cost justification when establishing fees for municipal services. In setting fees and charges for these services, however, municipalities should have regard for legal precedents and the reasonableness of fees and charges. The statute does not provide for appeal of fees and charges to the OLT; however, fees and charges may be appealed to the courts if municipalities are acting outside their statutory authority. Furthermore, no public process or mandatory term for fees and charges by-laws is required under the Act. There is, however, a requirement that municipal procedural by-laws provide for transparency with respect to the imposition of fees and charges.



Chapter 2

Activity Based Costing User Fee Methodology



2. Activity Based Costing User Fee Methodology

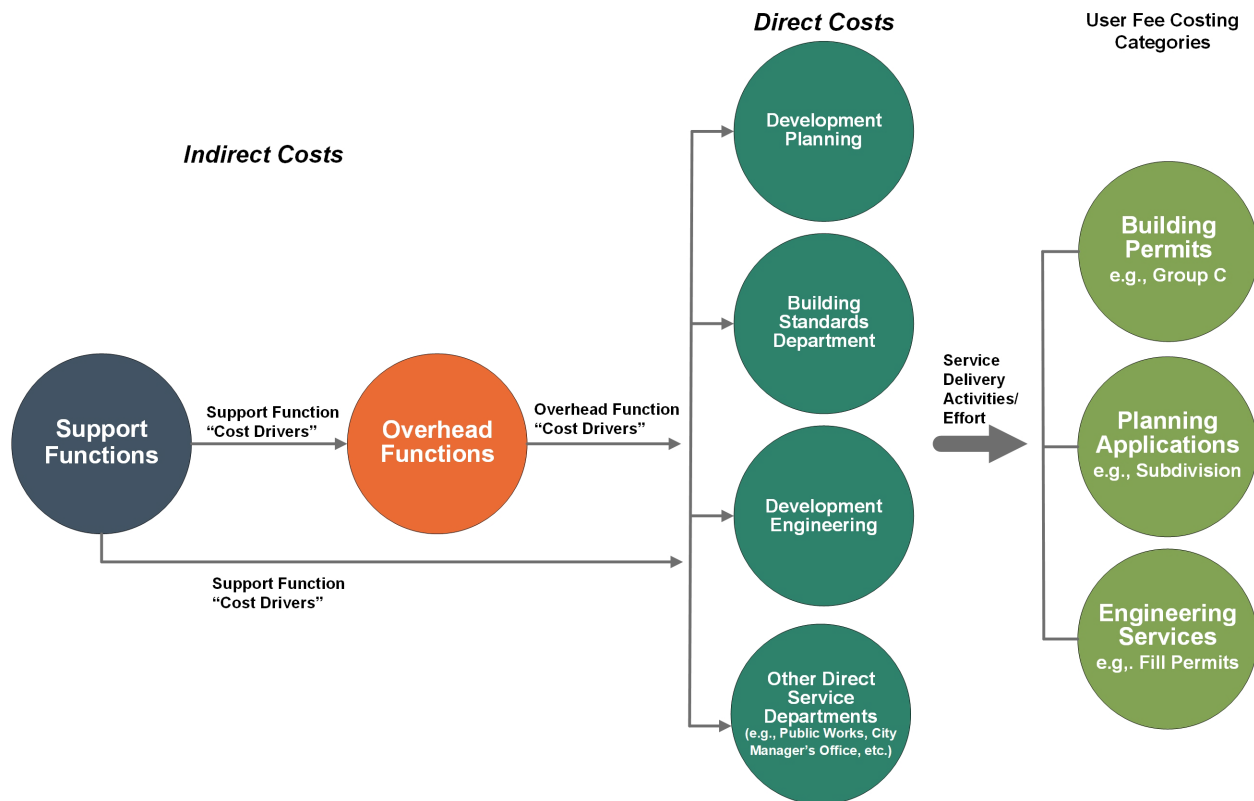
2.1 Activity Based Costing Methodology

An A.B.C. methodology, as it pertains to municipal governments, assigns an organization's resource costs through activities to the services provided to the public. Conventional municipal accounting structures are typically not well-suited to the costing challenges associated with application processing activities as these accounting structures are business unit focused and thereby inadequate for fully costing services with involvement from multiple business units. An A.B.C. approach better identifies the costs associated with the processing activities for specific application types and thus is an ideal method for determining the full cost of processing applications and other user fee activities.

As illustrated in Figure 2-1, an A.B.C. methodology attributes processing effort and associated costs from all participating municipal business units to the appropriate service categories (user fee costing categories). The definition of these user fee costing categories is further explained in Section 2.2. The resource costs attributed to processing activities and user fee costing categories include direct operating costs, indirect support costs, and capital costs. Indirect support function and corporate overhead costs are allocated to direct business units according to operational cost drivers (e.g., information technology costs allocated based on the relative share of workstations supported). Once support costs have been allocated amongst direct business units, the accumulated costs (i.e., indirect, direct, and capital costs) are then distributed across the various user fee costing categories, based on the business unit's direct involvement in the processing activities. The assessment of each business unit's direct involvement in the user fee review processes is accomplished by tracking the relative shares of staff processing efforts across the sequence of mapped process steps for each user fee category. The results of employing this costing methodology provides municipalities with a better recognition of the costs utilized in delivering user fee processes, as it acknowledges not only the direct costs of resources deployed but also the operating and capital support costs required by those resources to provide services.



Figure 2-1
Activity-Based Costing Conceptual Flow Diagram



2.2 User Fee Costing Category Definition

The City's business units deliver a variety of user fee related services; these services are captured in various cost objects or user fee categories. A critical component of the full cost user fees review is the selection of the costing categories. This is an important first step as the process design, effort estimation and subsequent costing is based on these categorization decisions. Moreover, it is equally important in costing building permit fees to understand the cost/revenue relationships within the City's by-law, beyond the statutory cost justification for fees established at the level of administration and enforcement under the authority of the Building Code.

The City's A.B.C. user fee model allocates the service channel defined costs (i.e., direct and indirect costs) presented in the following sections across the defined user fee categories. Categorization of user fees occurred during the project initiation stage of the study and through subsequent discussions with City Staff. The user fee costing



categories included in the A.B.C. model and later used to rationalize changes to the City's fee structure are presented in tables throughout the report.

2.3 Process Map Documentation

Once the user fee costing categories have been established, the next step in the process is to create a link between the direct service departments and the costing categories. This is done through the process of documenting the City's review activities and generating process maps. The process maps were generated by starting with the processes established during the 2015-2018 review for City staff for review and update to ensure that they were representative of the current internal processes of the City.

2.4 Processing Effort Estimate Collection, Reasonability Check and Cost Allocations

To capture each participating City staff member's relative level of effort in processing activities related to user fees, staff were first asked to identify which staff would be involved in each of the processes being analysed. They then went through the process of estimating the amount of time each individual involved spends on any of the given process step for each costing category. The effort estimates received were then applied against average annual user fee volumes for the period 2017- 2021 to assess the average annual processing time per position spent on each user fee category.

Annual processing efforts per staff position were then measured against available processing capacity to determine overall service levels. The results of the initial capacity analysis were reviewed with staff to ensure that the effort on an annual and per application basis was appropriate and to give an opportunity for any further refinements to be made. Table 2-1 summarizes the utilization by department or division. The utilization is presented as a percentage of available time and also expressed in full time equivalents (FTEs).

The results of the capacity analysis indicate the following levels of each business units' utilization:

- Building Standards – approximately 99% of staff efforts relate to the administration and enforcement of the Building Code, and reviewing planning and development engineering applications, with the majority of their effort being



related to building permits (i.e., 89.1% annually). Staffs' remaining time is spent on other initiatives outside of the scope of this analysis.

- Development Engineering – approximately 96% of annual staff time is related to the activities within the scope of this review. Development Engineering staff spend the greater part of their efforts reviewing engineering applications (i.e., 80.1%). Staffs' remaining time is spent on other initiatives outside of the scope of this analysis including other internal organizational initiatives.
- Development Planning Department – 62% of annual time for staff within the development Planning department business units (i.e., Administration, Development Planning, Drafting, and Cultural Heritage) is related to development applications. The majority of this time (i.e., 94%) is related to planning application review. The time not assessed against development applications is related to other activities such as planning policy and the defence of applications at the OLT.
- Committee of Adjustment/Development – 44.5% of annual staff time is related to planning applications (including Committee of Adjustment applications), with a further 10% of annual time related to development engineering application review.
- Staff from the following business units are also involved in reviewing development applications as summarized in Table 2-1. In aggregate, these business units contribute 17% of the overall development application review staff efforts.
 - Policy Planning & Environmental Sustainability – Deputy City Manager Planning & Growth Management; Environmental Sustainability
 - Policy Planning
 - Vaughan Metropolitan Centre (VMC) Program
 - Deputy City Manager Administrative Services & City Solicitor
 - Legal Services – Administration
 - Office of the City Clerk - Clerks – Administration; Mailroom/Print Shop; Courier Services
 - By-Law & Compliance & Permit Services – By-Law Compliance; Policy and Business Planning Services
 - Fire and Rescue Service - Fire Communication; Fire Prevention
 - Financial Planning & Development Finance
 - Infrastructure Delivery



- Infrastructure Planning and Corporate Asset Management – Infrastructure Planning
- Parks Infrastructure Planning & Development
- Waste Management - Administration

**Table 2-1
Staff Capacity Utilization by Department and Business Unit**

Department	Business Unit	Staff Utilization					
		Utilization %			Full-Time Equivalents		
		Planning	Engineering	Building	Planning	Engineering	Building
Building Standards	Building Standards	6.1%	4.1%	89.1%	5.38	3.63	78.40
Deputy City Manager Planning & Growth Mgmt	Deputy City Manager Planning & Growth Mgmt	26.6%	8.3%	0.1%	1.59	0.50	0.00
Development Engineering	Development Engineering	11.2%	80.1%	4.3%	5.17	36.85	1.97
Development Planning	Planning - Administration	33.4%	0.0%	0.0%	2.01	0.00	-
Development Planning	Development Planning	61.6%	3.6%	0.0%	22.78	1.34	-
Development Planning	Drafting	68.1%	0.0%	0.0%	4.08	-	-
Development Planning	Cultural Heritage	59.0%	16.2%	0.0%	1.18	0.32	-
Policy Planning & Environmental Sustainability	Environmental Sustainability	7.2%	2.8%	0.0%	0.29	0.11	-
Policy Planning & Environmental Sustainability	Policy Planning	14.7%	9.8%	0.0%	2.50	1.66	-
Vaughan Metropolitan Centre Program	VMC Program	41.7%	14.7%	0.0%	5.00	1.76	-
Deputy City Manager Administrative Services & City Solicitor	DCMASCS	4.2%	0.0%	0.0%	0.13	-	-
Legal Services	Legal Services - Admin	6.1%	6.2%	0.0%	1.40	1.42	-
Office of the City Clerk	Clerks - Administration	4.6%	0.0%	0.0%	0.63	-	-
Office of the City Clerk	Mailroom/Print Shop	3.5%	0.0%	0.0%	0.14	-	-
Office of the City Clerk	Courier Services	3.5%	0.0%	0.0%	0.04	-	-
Office of the City Clerk	Committee of Adjust/Develop.	44.5%	10.2%	0.0%	2.67	0.61	-
By-Law & Compliance, Licensing & Permit Services	By-Law & Compliance	0.5%	0.0%	0.0%	0.23	-	-
By-Law & Compliance, Licensing & Permit Services	Policy and Business Planning Services	0.5%	0.0%	0.0%	0.08	-	-
Fire and Rescue Service	Fire Communication	0.0%	4.0%	0.0%	-	0.04	-
Fire and Rescue Service	Fire Prevention	0.8%	0.8%	37.8%	0.13	0.13	6.04
Financial Planning & Development Finance	Financial Planning & Development Finance	2.9%	3.7%	11.1%	0.81	1.01	3.06
Infrastructure Delivery	Infrastructure Delivery	0.0%	8.2%	0.0%	-	2.33	-
Infrastructure Planning and Corporate Asset Management	Infrastructure Planning	1.6%	3.9%	0.0%	0.45	1.06	-
Parks Infrastructure Planning & Development	Parks Infrastructure Planning & Development	9.1%	3.5%	0.0%	1.79	0.69	-
Environmental Services	Waste Management - Administ.	2.6%	0.0%	0.0%	0.18	-	-
Total		18.5%	16.9%	28.2%	58.65	53.46	89.48

2.5 Full Cost of Providing Development Application Review Services

As defined in Section 2.1, the full cost of providing development application review services consist of direct, indirect, capital costs and, in the case of building permits, contributions to the *Building Code Act* reserve fund. The following sections define each of these cost objects and how each of these are allocated to the individual costing categories.

2.5.1 Direct Costs

Direct costs refer to the employee costs (salaries, wages and benefits), materials and supplies, services and rents that are typically consumed by directly involved



departments or business units. To identify the amount of direct costs that should be allocated to the user fee categories, cost drivers have been identified. Cost drivers are the non-financial operational data used to allocate shares of the defined costs across multiple user fee categories. Ideally, cost driver data documents the relative intensity of effort multiple employees deploy against a single cost object/fee category or the relative intensity of effort a single employee deploys against multiple cost objects/fee categories. For the purposes of a full cost user fee analysis, the cost drivers in an A.B.C. user fee model presents the need to distribute multiple employee positions (direct costs) across multiple cost objects. These user fee allocations have been summarized in aggregate above.

2.5.2 Indirect Costs

An A.B.C. review includes not only the direct cost of providing service activities but also the indirect support costs that allow direct service business units to perform these functions. The method of allocation employed in this analysis is referred to as a step costing approach. Under this approach, support function and general corporate overhead functions are classified separate from direct service delivery departments. These indirect cost functions are then allocated to direct service delivery departments based on a set of cost drivers, which subsequently flow to the user fee categories according to staff effort estimates. Cost drivers are a unit of service that best represent the consumption patterns of indirect support and corporate overhead services by direct service delivery departments or business units. As such, the relative share of a cost driver (units of service consumed) for a direct department determines the relative share of support/corporate overhead costs attributed to that direct service department. An example of a cost driver commonly used to allocate information technology support costs would be a department or business unit's share of supported personal computers. Cost drivers are used for allocation purposes acknowledging that these business units do not typically participate directly in the delivery of services, but that their efforts facilitate services being provided by the City's direct business units.

Table 2-2 summarizes the support and corporate overhead functions included in the user fee calculations and the cost drivers assigned to each function for cost allocation purposes. The indirect support and corporate overhead cost drivers used in the fees model reflects accepted practices within the municipal sector.



**Table 2-2
Indirect Support and Corporate Overhead Functions and Cost Drivers**

Department	Business Unit	Driver
Financial Services	City Financial Services	Share of Budget
Financial Services	Accounting Services	Share of Budget
Financial Services	Taxation and Prop. Assessment	Share of Budget
Financial Services	Payroll Services	Share of Budget
Office of the Chief Human Resources Officer	Human Resources-Administration	Share of SWAB Budget
Office of the Chief Human Resources Officer	Health, Safety & Wellness	Share of SWAB Budget
Office of the Chief Human Resources Officer	Learning & Development	Share of SWAB Budget
Office of the Chief Human Resources Officer	HR Team 1	Share of SWAB Budget
Office of the Chief Human Resources Officer	Employee Services	Share of SWAB Budget
Office of the Chief Human Resources Officer	HR Team 2	Share of SWAB Budget
Office of the Chief Information Officer	Office of the CIO	Number of Workstations
Office of the Chief Information Officer	ITM - Infrastructure Architecture & Operations	Number of Workstations
Office of the Chief Information Officer	ITM - Enterprise Systems, IT Assets & Contracts	Number of Workstations
Office of the Chief Information Officer	ITM - Client Support & Solution Services	Number of Workstations
Office of the Chief Information Officer	Digital Services	Number of Workstations
Facilities Management	Buildings & Facil. - Admin.	Share of Budget
Facilities Management	Festive Lights	Share of Budget
Facilities Management	Trades Shop	Share of Budget
Facilities Management	Civic Center	SWAB Related to the Civic Centre
Facilities Management	Tigi Court	SWAB Related to Tigi Court



Department	Business Unit	Driver
Facilities Management	New City Hall	SWAB Related to City Hall
Facilities Management	Joint Operations Center	SWAB Related to Joint Operations Centre
Procurement Services	Procurement Services	Number of Positions
City Council	City Council Business Units	Share of Budget
City Manager	City Manager	Share of Budget
Access Vaughan	Access Vaughan	Share of Budget
Corporate & Strategic Communications	Corporate Communications	Share of Budget
Economic & Cultural Development	Municipal Sponsorships	Share of Budget - Excluding BSD, DE
Economic & Cultural Development	Cultural Programming	Share of Budget - Rec and Libraries Only
Economic & Cultural Development	Smart Cities	Share of Budget - Excluding DP, BSD, DE
Economic & Cultural Development	Corporate Promotional Items	Share of Budget - Excluding PGM
Integrity Commissioner	Office- Integrity Commissioner	Share of Budget
Integrity Commissioner	Lobbyist Registrar	Share of Budget
Internal Audit	Internal Audit	Share of Budget
Program Management Office	Program Management Office	Share of Budget
Transformation & Strategy Office	Transformation & Strategy Office	Share of Budget
Emergency Planning	Emergency Planning	Share of Budget
Deputy City Manager Commt. Serv.	Deputy City Manager Commt. Services	Share of Budget Comm Svcs Step 3 Depts only
Deputy City Manager Corporate Services & Chief Financial Officer	CFO & City Treasurer	Share of Budget
Financial Planning & Development Finance	Financial Planning & Development Finance	Share of Budget
Financial Services	Cashiering Services	Share of Budget
Deputy City Manager Infrastructure Development	Deputy City Manager Infrastructure Development	Share of Budget
Facilities Management	Al Palladini Community Center	SWAB Related to Al Palladini
Infrastructure Delivery	Infrastructure Delivery	Share of Budget - Excluding PGM



Department	Business Unit	Driver
Infrastructure Planning and Corporate Asset Management	Infrastructure Planning	Share of Budget - Excluding PGM
Real Estate	Real Estate	Share of Budget - Excluding BSD
Deputy City Manager Administrative Services & City Solicitor	DCM ASCS	Share of Budget
Legal Services	Legal Services - Admin	Share of Budget
Office of the City Clerk	Council - Corporate	Share of Budget
Office of the City Clerk	Clerks - Administration	Share of Budget
Office of the City Clerk	Council E.A. - Mayor	Share of Budget
Office of the City Clerk	Council E.A. - Reg. Councillor	Share of Budget
Office of the City Clerk	Council E.A. - Reg. Councillor	Share of Budget
Office of the City Clerk	Council E.A. - Ward 1	Share of Budget
Office of the City Clerk	Council E.A. - Ward 2	Share of Budget
Office of the City Clerk	Council E.A. - Ward 5	Share of Budget
Office of the City Clerk	Council E.A. - Ward 4	Share of Budget
Office of the City Clerk	Council E.A. - Ward 3	Share of Budget
Office of the City Clerk	Council E.A. - Reg. Councillor	Share of Budget
Office of the City Clerk	Recep/Sec-Members of Council	Share of Budget
Office of the City Clerk	Council Office Admin.	Share of Budget
Office of the City Clerk	Insurance	Share of Budget
Office of the City Clerk	Insurance Claims	Share of Budget
Office of the City Clerk	Records Management	Share of Budget
Office of the City Clerk	Archival Services	Share of Budget
Office of the City Clerk	Access & Privacy	Share of Budget
Office of the City Clerk	Mailroom/Print Shop	Share of Budget
Office of the City Clerk	Courier Services	Share of Budget
Deputy City Manager Planning & Growth Mgmt	Deputy City Manager Planning & Growth Mgmt	Share of Budget PGM Step 3 Only
Deputy City Manager Public Works	Deputy City Manager Public Works	Share of Budget PW Step 3 Only



Department	Business Unit	Driver
Transportation & Fleet Management Services	Winter Equip. - Fueling	Number of Vehicles Public Works Step 3 Only
Transportation & Fleet Management Services	Vehicle Maintenance	Number of Vehicles (Total)
Transportation & Fleet Management Services	Transport of Vehicles - Fleet	Number of Vehicles (Total)
Transportation & Fleet Management Services	Fleet Management - Admin.	Number of Vehicles (Total)
Transportation & Fleet Management Services	Fleet Management Services	Number of Vehicles (Total)

*SWAB – Salaries, wages, and benefits



2.5.3 Capital Costs

The inclusion of capital costs within the full cost user fees calculations follows a methodology similar to indirect costs. Replacement value of assets commonly utilized to provide direct business unit services have been included to reflect the capital costs of service. The approach used in estimating these costs includes the identification of the proportion of capital assets by direct department (e.g., City Hall facility square footage occupied), the estimation of annualized capital costs by employing sinking fund replacement value or amortization, and the allocation of these annualized costs to the cost objects/user fee categories based on the respective departmental effort deployed.

The replacement value approach determines the annual asset replacement value over the expected useful life of the respective assets. This reflects the annual depreciation of the asset over its expected useful life based on current asset replacement values. This annuity is then allocated across all fee categories based on the capacity utilization of direct business units. A similar approach is utilized for the amortization method, with asset historic value used in place of replacement value.

With respect to the City's model, capital costs have been identified for facilities and fleet. The annualized costs have been estimated based on current replacement values and the asset useful life assumptions. These costs have been allocated across the various fee categories, and non-user fee activities, based on the underlying effort estimates of direct department staff (as presented in Section 2.4).

2.5.4 Building Code Act Reserve Fund Policy

The *Building Code Act* recognizes the legitimacy of creating a municipal reserve fund to provide for service stability and mitigate the financial and operational risk associated with a temporary downturn in building permit activity. Specifically, a reserve fund should be maintained to reduce the staffing and budgetary challenges associated with a cyclical economic downturn and the requirement for ongoing legislative turnaround time compliance. Without such a reserve fund, reduced permit volumes during a downturn could result in budgetary pressures and the loss of certified City building staff, which would be difficult to replace during the subsequent recovery when mandatory permit processing turnaround times apply.

Although the Act does not prescribe a specific methodology for determining an appropriate reserve fund, municipalities have developed building permit reserve funds



providing service stabilization. Previous fee review studies undertaken by the City established the need for a building code stabilization reserve fund. A target reserve fund balance was established based on the witnessed reduction in building permit activity during recessionary periods when compared with the long-run average to ensure that sufficient reserve fund levels are attained to sustain operations through a downturn in permit activity and acknowledging the City's responsibility to manage some of the cost impacts.

The City's reserve fund target balance has been set equivalent to one- and one-half years' annual costs of building permit review. After considering anticipated activity in 2022, the balance in the City's reserve fund was estimated to be \$21.0 million on December 31, 2022. While this balance does not reflect the 1.5x multiple of annual costs identified in the associated policy, this review has assessed the impact of future building permit activity on costs, revenues, and reserve fund accumulation for fee determination purposes. This analysis is presented in Section 3.4 of this report.



Chapter 3

Development Application Full Cost Assessment and Fee Recommendations



3. Development Application Full Cost Assessment and Fee Recommendations

3.1 Introduction

This chapter presents the full costs, cost recovery levels of current fees, and recommended fee structure and rates for the development application fees. Furthermore, the impact of the proposed fees on total costs of municipal development fees for sample developments are presented in Chapter 4 of this report. The chapter presents the full costs assessment and cost recovery levels in 2022 values. Recommended fees are presented in 2022\$ values unless noted otherwise, inflationary adjustments would be applied to the 2022 fee recommendations for implementation in 2023 (with 3% inflationary increases applied).

A municipal fee survey, for the fees within the scope of this review, was undertaken for market comparison purposes. The survey results were considered in discussions with City staff in determining recommended user fees.

3.2 Full Cost of Providing Development Application Review Services

Table 3-1 presents the City's annual costs of providing development application review services. The estimated annual costs and revenues based on existing fees are presented in aggregate. The annual costs reflect the organizational direct, indirect, and capital costs associated with processing activities at average historical volumes levels for the period 2017-2021. Costs are based on 2022 budget estimates and are compared with revenues modelled from current development fee schedules applied to average application/permit volumes and charging parameters. The charging parameters for these applications (e.g., building area or number of residential units) were derived from historical application and development fee revenue data provided by City staff.

Overall, across the three development application service channels annual costs total \$35.3 million. In total, direct service costs represent 80% of annual costs (\$28.1 million). Indirect and capital costs constitute 19% (\$6.8 million) and 1% (\$0.4 million) of total costs, respectively.



Annual processing costs for development engineering fees total \$9.7 million, with annual revenues of approximately \$8.3 million, achieving 86% cost recovery. Annual costs of building administration and enforcement account for \$15.2 million. Based on the modelled permit volumes, the City’s current building permit fees recover approximately 103% of total costs annually. This level of cost recovery reflects the need to fund not only the full cost of service but also make contributions to the building permit reserve fund for future service stabilization. A detailed analysis of forecast building permit activity, revenues and *Building Code Act* reserve fund levels is contained in Section 3.4, which has been used to inform decisions for potential fee structure changes. The annual cost of processing planning applications totals \$10.5 million, with estimated annual revenues of \$12.1 million, or 115% of the annual processing costs.

Further details on the cost recovery assessment, recommendations, and modelled impact on revenues is provided in the following sections.

Table 3-1
Cost Recovery Assessment of Current Development Application Fees
(2022\$, in millions)

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%

3.3 Development Engineering Costs and Fee Recommendations

Table 3-2 summarizes the costing results and recovery levels for each major development engineering application category within the City’s A.B.C. model. The annual cost to the City for development engineering review and inspections is \$9.7 million. Direct service costs represent 80% (\$7.8 million) of the total costs, with indirect and capital costs accounting for the remaining 20% (\$1.9 million).

The City’s current fees were applied to average historical application characteristics to model the anticipated revenue and quantify the cost recovery level by type. In



aggregate, the City's development engineering application fees are recovering 86% of annual costs (\$8.3 million). When assessed by application type:

- Subdivision and Site Plan engineering review fees account for \$8.1 or 83% of the total annual costs of service. Revenue generated from these fees are recovering 89% of the annual service costs. These fees account for the majority of the total development engineering fee revenue, accounting for \$7.1 million or 87% of annual development engineering revenues.
- Site Alteration Permits and Lot Grading reviews account for 8% of the total annual costs (\$0.8 million). The fees recover approximately 82% of the annual costs of service, or \$0.6 million annually.
- The remaining development engineering fee categories represent approximately 9% of the annual costs of service, including costs for residential service connections, agreements and amendments, and title restrictions. The fees for these activities are recovering on average 58% of the annual costs or approximately \$0.5 million annually.

**Table 3-2
Development Engineering Fees Full Cost Impacts by Costing Category (2022\$)**

Development Engineering	Annual Costs	Annual Revenue	Cost Recovery (%)
Subdivision & Site Plan - Engineering Review	8,067,947	7,162,508	89%
Site Alteration Permits & Lot Grading	770,292	633,956	82%
Pre-Development Servicing	38,616	28,725	74%
Residential Service Connection	202,158	202,158	100%
Road Closure and Encroachments	45,039	63,142	140%
Agreements and Amendments	254,738	30,965	12%
Title Restrictions	289,768	156,930	54%
Total	9,668,558	8,278,384	86%

Development Engineering application fee structure recommendations are provided in Table 3-3. These fee recommendations are based on the average application costs and revenues, as well as the application characteristics (e.g., residential units and non-residential gross floor area). Current fee structures have been maintained within the recommended fees, with the additional recommendation for a maximum fee with respect to complex site plans. Within the fee recommendations, Site Plan engineering review fees are proposed to increase by 31%. Moreover, a maximum fee limit of \$375,000 per application is recommended based on modeling results. It is further



recommended that the fees for Subdivision engineering review and Development and/or Servicing agreements remain unchanged at 7.5% of construction costs.

Based on the recommended development engineering fees and underlying application volumes, annual revenues would increase by \$1.4 million from 86% to 100% of annual costs. Modelled revenue increases may differ from budgeted increases due to differences in future volume assumptions. Specifically, the modelled revenues reflect historical averages while the budget is prepared based on forward-looking projections.

**Table 3-3
Recommended Development Engineering Fees (2023\$)**

Item	Units	Current Fee (2022\$)	Recommended Fees (2023\$)
Administrative			
Fees or charges under a Subdivision, Development and/or Servicing Agreement	% of Construction Costs	7.5%	7.5%
Engineering Site Plan Criteria Guide		\$46.35	\$47.74
Design Criteria & Standard Drawings		\$152.45	\$157.00
Request for Engineering Studies - copies		\$6.70-61.80	\$6.90- 63.65
Document Search Fee – including Grading Drawing Requests		\$58.70	\$60.46
Compliance Letters – Agreements only		\$168.00	\$173.00
Title Restriction Searches		\$168.00	\$173.00
Site Alteration Permits			
Site-Alteration Permit	Owner Occupied Residential Property - Minimum	\$570.00	\$1,236.00
	All other types of property/development	\$5,000.00	\$10,712.00
Pool Enclosure Permits			
In-ground Pool Permit		\$690.00	\$850.00
Permanent Above-Ground Pool Permit (including hot tub/swim spa)		\$515.00	\$633.00
Temporary/Seasonal Pool Permit		\$360.00	\$443.00
Permit Renewal		\$155.00	\$191.00
Residential Grading Permits			
Infill Lot Grading Approval		\$745.00	\$917.00
Addition/Accessory Structure:			
Over 40m ²		\$745.00	\$917.00
Less than 40m ² , including walkout & side door entrance		\$515.00	\$634.00
Subdivision Grading Permits			
Grading New Plans & Subdivision - Singles & Semis		\$468.65	\$577.00
Grading New Plans & Subdivision - Towns per unit		\$283.25	\$350.00
Additional Grading Permit Review & Inspection			
Additional Grading Inspection		\$262.25	\$323.00
For the third and each subsequent drawing review for pool, residential or subdivision grading permit application submission		\$116.50	\$143.00
Pre-Development Servicing			
Pre-Development Service Agreement for Development Projects	Base Fee	\$5,745.00	\$7,931.00
	plus % of related development agreement fees	25%	25%
Pre-Development Servicing Agreement for ICI service connection.		Base agreement fee or 15% administration	
Residential Service Connection			
Residential Service Connection Application Fee		\$ 257.50	\$265.00
Residential Service Connection		Cost of works + 15% administration (based on cost of works)	Cost of works + 15% administration (based on cost of works)



**Table 3-3 Cont'd
Recommended Development Engineering Fees (2022\$)**

Item		Current Fee (2022\$)	Recommended Fees (2022\$)
Agreements & Amendments			
Subdivision, Development, Spine Servicing and/or External Servicing Agreement. (percentage of construction costs)		Refer to individual agreements. 40% collected at submission, 60% collected upon agreement execution	Refer to individual agreements. 40% collected at submission, 60% collected upon agreement execution
Agreement amendment - Complex		\$11,480.00	\$23,649.00
Agreement amendment - Minor		\$5,745.00	\$11,835.00
Agreement amendment - Administrative		\$2,290.00	\$4,717.00
Model Home Agreement		\$2,290.00	\$4,717.00
Encroachments			
Development Encroachment (Application Fee)		\$5,735.00	\$5,907.00
Tie-back Encroachment (Fee per lineal metre)		\$11.85	\$12.21
Shoring Encroachment (Fee per lineal metre)		\$11.85	\$12.21
Hoarding Encroachment (Fee per lineal metre)		\$19.10	\$19.67
Occupation of Municipal Right-of-Way: includes but not limited to staging of equipment, storage of material etc.on existing built-up municipal right-of way.		Fee calculated per square metre/month based on 5% per year of land value of	\$500 base fee plus \$60/m ² per month
Site Plan Applications – Engineering Review			
Site Plan (minor ICI and residential)		\$4,585.00	\$7,653.00
Site Plan Complex - ICI and mixed use (per sq.m GFA)	First 25,000 sq.m. G.F.A.	\$4.79	\$6.39
	For portion over 25,000 sq.m. GFA	\$2.40	\$3.20
Site Plan Complex - Residential, Singles, Semis and Towns per unit	First 0-100 units	\$844.00	\$1,126.00
	For each unit above 100 units	\$422.00	\$563.00
Site Plan Complex - Residential - Multiple Units Apartment, Condo (per unit)	First 0-300 units	\$478.00	\$638.00
	For each unit above 300 units	\$240.00	\$320.00
Site Plan Application Resubmission Fee	For the 4th and all subsequent resubmissions	\$4,585.00	\$5,150.00
Site Plan Agreement Amendment Fee		\$2,290.00	\$2,431.00
Maximum Fee for Site Plan, including grading inspection			\$375,000
Site Plan Complex – Grading Inspection			
Residential, Single, Semis and Towns per unit		\$103.00	\$137.00
Multiple Units, Apartment & Condo Site size 1 hectare or smaller:	Base fee	\$412.00	\$550.00
Multiple Units, Apartment & Condo Site size 1 hectare or smaller: (base fee)	Sites greater than 1 hectare: (base + per hectare)	\$103.00	\$137.00
ICI Base		\$309.00	\$412.00
Other Services			
Peer Review Fee: Fee for 3 rd party consultant review of major development reports and studies.		Consultant fee + \$100 administration	Consultant fee + 15% administration
Road Closure: Road Closure- upon approval (plus cost for public consultation)		\$5,735.00	\$5,907.00
Phased Assumption: Requests by Developers to phase assumption of services other than as provided in original Subdivision or Servicing Agreements		\$5,735.00	\$5,907.00

3.4 Building Permit Costs and Fee Recommendations

Annual costs for the administration and enforcement of the Building Code total \$15.2 million. The annual costs, presented in 2022\$ values, reflect the organizational direct, indirect, and capital costs as described in Chapter 2. The majority of these costs (i.e., \$11.9 million or 79%) reflect the annual direct costs of service. Indirect and capital costs account for remaining 21% of annual costs or \$3.2 million.



Costs are compared with revenues derived from the application of current permit fees to average permit charging parameters (e.g., average permit size). Costing and fee recovery levels for the major permit groupings within the City's A.B.C. model are summarized in Table 3-4. Annual revenues based on the City's current fee structure and average historical activity levels are estimated at \$15.6 million or 103% of costs. The table also demonstrates that although the fees are recovering more than the full costs of service at the aggregate level, differences exist between the permit categories. For example, permits for residential alterations and minor permits are under-recovering costs (30% cost recovery) compared to permits for new low and medium density construction that is recovering 236% of costs.

**Table 3-4
Building Fees Full Cost Impacts by Costing Category (2022\$)**

Building Permits	Annual Costs	Annual Revenue	Cost Recovery (%)
Non-Residential			
New Non-Residential Construction	1,912,451	3,500,101	183%
Non-Residential Alterations and Additions	5,319,996	3,977,570	75%
Subtotal - Non-Residential	7,232,447	7,477,672	103%
Residential			
<u>New Residential Construction</u>			
Low & Medium Density	2,276,135	5,362,823	236%
High Density	378,280	1,652,230	437%
Residential Alterations and Minor Permits	2,140,524	647,406	30%
Subtotal - Residential	4,794,939	7,662,460	160%
Signs	1,488,791	301,178	20%
Other	1,652,703	111,025	7%
Total	15,168,880	15,552,334	103%

As noted in Section 2.5.4 above, the City adopted a policy establishing a *Building Code Act* Reserve Fund for service stabilization. The reserve fund target balance has been set at a multiple of 1.5 times annual costs. Based on annual costs of \$15.2 million, the 2022 reserve fund target balance would equate to \$22.8 million at the desired multiple, compared to the current reserve fund balance of \$21.0 million.

Annual costs and revenues have been forecast based on the forecast building permit activity from 2022 to 2026. Over the forecast period, annual building permit volumes are expected to be approximately 9% greater than the average historical building permit activity over the 2017- 2021 period.



The resulting reserve fund continuity based on current fees and forecast volumes is presented in Table 3-5. Based on these projections, the reserve fund balance would increase to 1.57 times annual direct costs by 2026.

Fees for 2023 are generally proposed to increase by 3% with the following exceptions:

- Non-residential interior alteration fees to increase by 8% from \$6.50 per sq.m. to \$7.00;
- Residential garages/carports: Increase from \$249 to \$540;
- Residential accessory buildings without plumbing (less than 20 sq.m.): Decrease from \$249 to \$180; and
- Residential accessory buildings (greater than 20 sq.m.): Increase from \$249 to \$540

Fee increases have been proposed to ensure the forecast reserve fund balance achieves the City's target at the end of the forecast period while maintaining competitiveness with surrounding municipalities. Annual inflationary increases of 3% would be also applied to all recommended fees for the 2024 to 2026 period. The forecast reserve fund balance reflecting the proposed rates is presented in Table 3-6. As shown below, the reserve fund balance would grow to 1.61 times multiple of direct costs in 2026. It is recommended that the City monitor the annual costs and revenues achieved and impacts on annual reserve fund accumulation. To the extent the targeted reserve fund balance is achieved in 2025 as identified in Table 3-6, further inflationary increases may not be required.

**Table 3-5
Reserve Fund Continuity No Fee Structure Changes (Indexing Only)**

Description	2022	2023	2024	2025	2026
Opening Balance	19,664,713	21,020,615	22,514,004	24,158,335	25,932,825
Revenue	16,617,880	17,308,250	18,035,009	18,752,958	19,543,166
Expense	(15,376,960)	(15,938,010)	(16,522,822)	(17,120,318)	(17,751,813)
Contribution/(Draw)	1,240,921	1,370,240	1,512,187	1,632,640	1,791,352
Interest	114,981	123,150	132,144	141,850	152,483
Closing Balance	21,020,615	22,514,004	24,158,335	25,932,825	27,876,661
<i>Reserve Fund/Expense Ratio</i>	<i>1.37</i>	<i>1.41</i>	<i>1.46</i>	<i>1.51</i>	<i>1.57</i>



Table 3-6
Reserve Fund Continuity Proposed Fee Changes

Description	2022	2023	2024	2025	2026
Opening Balance	19,664,713	21,020,615	22,675,807	24,487,685	26,435,644
Revenue	16,617,880	17,469,168	18,200,755	18,923,676	19,719,005
Expense	(15,376,960)	(15,938,010)	(16,522,822)	(17,120,318)	(17,751,813)
Contribution/(Draw)	1,240,921	1,531,158	1,677,932	1,803,358	1,967,192
Interest	114,981	124,035	133,946	144,601	156,216
Closing Balance	21,020,615	22,675,807	24,487,685	26,435,644	28,559,051
<i>Reserve Fund/Expense Ratio</i>	<i>1.37</i>	<i>1.42</i>	<i>1.48</i>	<i>1.54</i>	<i>1.61</i>



**Table 3-7
Recommended Building Permit Fees (2023\$)**

Occupancy Classification / Type of Construction	Current Fees		2023 Fees	
	Fees	Units	Fees	Units
	\$175.00	Minimum	\$180.00	Minimum
Group A (Assembly) - Shell Building	\$20.21	per m ²	\$20.82	per m ²
Group A (Assembly) - Finished (Shell and Interiors)	\$22.48	per m ²	\$23.15	per m ²
Group A (Assembly) - Interior Alteration	\$6.50	per m ²	\$7.00	per m ²
Group A (Assembly) - Additions & Mezzanines	\$22.48	per m ²	\$23.15	per m ²
Group B (Institutional) - Shell Building	\$25.36	per m ²	\$26.12	per m ²
Group B (Institutional) - Finished (Shell and Interiors)	\$34.42	per m ²	\$35.45	per m ²
Group B (Institutional) - Interior Alteration	\$6.50	per m ²	\$7.00	per m ²
Group B (Institutional) - Additions & Mezzanines	\$34.42	per m ²	\$35.45	per m ²
Group C (Part 3 Buildings) - Finished (Shell and Interiors)	\$18.00	per m ²	\$18.54	per m ²
Group C (Part 3 Buildings) - Interior Alteration	\$6.50	per m ²	\$6.69	per m ²
Group C (Part 3 Buildings) – Additions & Mezzanines	\$18.00	per m ²	\$18.54	per m ²
Group C (Midrise Wood) - Finished (Shell and Interiors)	\$20.36	per m ²	\$20.97	per m ²
Group C (Midrise Wood) - Interior Alteration	\$6.50	per m ²	\$6.69	per m ²
Group C (Midrise Wood) - Additions & Mezzanines	\$20.36	per m ²	\$20.97	per m ²
Group C (Part 9 Buildings) - Single Dwelling Unit (including secondary unit)	\$19.41	per m ²	\$19.99	per m ²
Group C (Part 9 Buildings) - Multi Unit/Stacked Townhouses	\$21.20	per m ²	\$21.84	per m ²
Group C (Part 9 Buildings) - Semis and Towns	\$21.20	per m ²	\$21.84	per m ²
Group C (Part 9 Buildings) - Interior Alteration	\$6.50	per m ²	\$6.69	per m ²
Group C (Part 9 Buildings) - Additions & Mezzanines	\$19.41	per m ²	\$19.99	per m ²
Group C (Part 9 Buildings) - Accessory Buildings/Structures (Sheds, decks, garages)	\$249.00	flat fee		
Group C (Part 9 Buildings) - Garage/Carport	\$249.00		\$540.00	flat fee
Group C (Part 9 Buildings) - Accessory Building no plumbing (Cabana, Garden Shed, Gazebo) less than 20 sq.m.	\$249.00		\$180.00	flat fee
Group C (Part 9 Buildings) - Accessory Building (Garden Shed, Gazebo) 20 sq.m or greater	\$249.00		\$540.00	flat fee
Group C (Part 9 Buildings) - Deck, Covered Porch	\$249.00		\$256.00	flat fee
Group C (Part 9 Buildings) - Cabana 20 sq.m or greater, or with plumbing	\$249.00		\$19.99	per m ²
Group D (Office) - Shell Building	\$15.66	per m ²	\$16.13	per m ²
Group D (Office) - Finished (Shell and Interiors)	\$20.40	per m ²	\$21.01	per m ²
Group D (Office) - Interior Alteration	\$6.50	per m ²	\$7.00	per m ²
Group D (Office) - Additions & Mezzanines	\$20.40	per m ²	\$21.01	per m ²
Group E (Mercantile) - Shell Building	\$13.46	per m ²	\$13.86	per m ²
Group E (Mercantile) - Finished (Shell and Interiors)	\$17.68	per m ²	\$18.21	per m ²
Group E (Mercantile) - Interior Alteration	\$6.50	per m ²	\$7.00	per m ²
Group E (Mercantile) - Additions & Mezzanines	\$17.68	per m ²	\$18.21	per m ²
Group F1&F2 (Industrial) - Shell Building & Mezzanines	\$8.65	per m ²	\$8.91	per m ²
Group F1 & F2 (Industrial) - Finished (Shell and Interiors)	\$12.49	per m ²	\$12.86	per m ²
Group F1&F2 (Industrial) - Interior Alteration, Unfinished to Finished Areas (Partitioned Areas other than	\$6.50	per m ²	\$7.00	per m ²
Group F1&F2 (Industrial) – Interior Alteration, Unfinished to Finished Areas including occupancy (Warehouse &	\$3.84	per m ²	\$3.96	per m ²
Group F1&F2 (Industrial) - Interior Alteration, to existing occupied areas. Fee applied to area of work proposed.	\$6.50	per m ²	\$7.00	per m ²
Group F1&F2 (industrial) – Additions & Mezzanines	\$12.49	per m ²	\$12.86	per m ²
Group F3 (Storage) - (Parking) Garage	\$8.47	per m ²	\$8.72	per m ²



**Table 3-7 Cont'd
Recommended Building Permit Fees (2022\$)**

Occupancy Classification / Type of Construction	Current Fees		2023 Fees	
	Fees	Units	Fees	Units
	\$175.00	Minimum	\$180.00	Minimum
Plumbing / Sewage Systems				
Site Services - Residential Projects (plus fee for water service/drains)	\$176.00	flat fee	\$180.00	flat fee
Site Services - Other Than Residential Projects (plus fee for water service/drains)	\$176.00	flat fee	\$180.00	flat fee
Water Service 50mm to 100mm	\$38.00	flat fee	\$39.00	flat fee
Water Service 150mm 200mm 250mm	\$98.00	flat fee	\$101.00	flat fee
Water Service over 250mm	\$149.00	flat fee	\$153.00	flat fee
Residential Water Service (50mm or less)	\$42.00	flat fee	\$43.00	flat fee
Drains – Residential	\$175.00	flat fee	\$180.00	flat fee
Drains – Non-Residential/Multi Res. 100mm 150mm	\$61.00	flat fee	\$63.00	flat fee
Drains – Non-Residential/Multi Res. 200mm 250mm	\$108.00	flat fee	\$111.00	flat fee
Drains – Non-Residential/Multi Res larger than 250mm	\$149.00	flat fee	\$153.00	flat fee
Plumbing Fixtures (Toilets, Urinals, lavatories, sinks, floor drains, vented traps, roof drains, backflow preventers)	\$19.00	flat fee per fixture	\$19.50	flat fee per fixture
Grease Interceptors	\$75.00	flat fee	\$77.00	flat fee
Plumbing – Miscellaneous (manholes, catch basins, area drains)	\$49.00	flat fee	\$50.00	flat fee
***Septic System – Residential, commercial, industrial (GFA less than 186 m ²)	\$618.00	flat fee plus	\$637.00	flat fee plus
Additional fee 186m ² and over				
***Septic System – Residential, commercial, industrial (GFA less than 186 m ²)	\$3.95	per m ²	\$4.05	per m ²
Septic System – Farm related project (without internal plumbing)	\$175.00	flat fee	\$180.00	flat fee
Septic System – non-habitable addition/structure (no effect on system)	\$175.00	flat fee	\$180.00	flat fee
Septic System – non-habitable addition/structure (change to system)	\$247.00	flat fee	\$254.00	flat fee
Septic System – habitable addition/structure (no effect on system)	\$175.00	flat fee	\$180.00	flat fee
***Septic System – habitable addition/structure (change to system) less than 186m ²	\$618.00	flat fee plus	\$637.00	flat fee plus
Additional fee 186m ² and over				
***Septic System – habitable addition/structure (change to system) less than 186m ²	\$3.95	per m ²	\$4.05	per m ²
Additional fee 186m ² and over				
On Site Sewage System – Maintenance Program Inspection Fee	\$1,697.00	flat fee	\$1,748.00	flat fee
Mechanical - HVAC				
Mechanical - HVAC - Residential	\$311.00	flat fee	\$320.00	flat fee
Mechanical – HVAC - Non-Residential	\$621.00	flat fee	\$640.00	flat fee
Hazardous Processes - Kitchen Exhaust Hood, Spray Booth, Storage of Hazardous Material, Dust Collector	\$595.00	flat fee	\$613.00	flat fee
Subdivisions – Certified Models				
Certified Models – Single Dwelling Unit up to 3 Different Elevations (additional cost)	\$2,619.00	flat fee	\$2,698.00	flat fee
One Additional Elevation (beyond 3 included in Certified Model, part of Certified Model application)	\$175.00	flat fee	\$180.00	flat fee
Change House Type Model (residential plan of subdivision where permit has been issued for a different)	\$495.00	flat fee	\$510.00	flat fee
Change House Type Model – additional cost per m ² or portion thereof	\$12.89	per m ²	\$13.27	per m ²
Permit Revisions				
Permit Revisions – Residential (when original permit calculated as a flat fee)	\$175.00	flat fee	\$180.00	flat fee
Permit Revisions – Residential (includes 3 hours review time)	\$450.00	flat rate	\$464.00	flat rate
Permit Revisions – Non-Residential (includes 3 hours review time)	\$522.00	flat rate	\$538.00	flat rate
Demolition				
Demolition – Part 9 Residential (plus hourly rate for review over 3 hours)	\$316.00	flat fee	\$325.00	flat fee
Demolition – Part 3 Residential and Non- Residential (plus hourly rate for review over 3 hours)	\$1,019.00	flat fee	\$1,050.00	flat fee
Fire/Life Safety				
Active Fire Protection Systems - Fire Alarm, Sprinkler or Standpipe Systems, Mag-Locks (plus additional fee in	\$228.00	flat fee	\$235.00	flat fee
Part 9 Fire Alarm System (additional fee)	\$0.39	per m ²	\$0.40	per m ²
Part 3 Per Floor (additional fee)	\$164.00	per floor	\$169.00	per floor
Sprinkler / Standpipe System (additional fee)	\$0.52	per m ²	\$0.53	per m ²
Fast Track Permit Process				
Additional fee – (percentage of full permit fee subject to maximum/minimum amounts below)	50%	percent	50%	percent
Commercial and Industrial	\$875.00	min.	\$901.00	min.
	\$8,736.00	max.	\$8,998.00	max.
Residential - Detached/Semi Detached	\$583.00	flat fee	\$600.00	flat fee
Residential – Townhouse all types	\$292.00	per unit	\$301.00	per unit
	\$8,736.00	max.	\$8,998.00	max.
Designated Structures				
Miscellaneous - Designated Structure/Public Pool/Public Spa/Retaining Wall	\$626.00	flat fee	\$645.00	flat fee
Solar Collectors (residential Part 9)	\$175.00	flat fee	\$180.00	flat fee
Solar Collectors (Part 3 residential, industrial, commercial, institutional)	\$565.00	flat fee	\$582.00	flat fee



**Table 3-7 Cont'd
Recommended Building Permit Fees (2022\$)**

Occupancy Classification / Type of Construction	Current Fees		2023 Fees	
	Fees	Units	Fees	Units
	\$175.00	Minimum	\$180.00	Minimum
Miscellaneous Permits / Services				
Alternative Solutions (plus cost of additional review/meetings and any 3 rd party review)	\$1,190.00		\$1,226.00	
Balcony, including guards	\$0.57	per m ²	\$0.59	per m ²
Change of Use where no construction is proposed - For all Types of Classifications (plus hourly rate for each hour or part thereof)	\$342.00	flat fee	\$352.00	flat fee
Conditional Permit (10% of building permit fee in addition to building permit fee)	\$1,237.00	min.	\$1,274.00	min.
	\$2,828.00	max.	\$2,913.00	max.
Conditional Permit Agreement (amendment)	\$246.00	flat fee	\$253.00	flat fee
Construction/Demolition/Change of Use without permit – additional 50% of permit fee	\$175.00	min.	\$180.00	min.
	\$5,655.00	max.	\$5,825.00	max.
Demising Walls (no other construction)	\$4.94	per linear metre	\$5.09	per linear metre
Demountable Event Structures (platforms, stages, bleachers, structures supporting lighting, audio and similar equipment)	\$175.00	flat fee per structure	\$180.00	flat fee per structure
Farm Buildings	\$6.16	per m ²	\$6.34	per m ²
Fireplace / Stove	\$175.00	flat fee	\$180.00	flat fee
Hourly Rate for Review or Inspection (minimum 3 hours may apply)	\$92.00	per hour	\$95.00	per hour
Limiting Distance Agreement	\$605.00	flat fee	\$623.00	flat fee
Occupancy Permit – Div C. 1.3.3.1 & 1.3.3.5 (per stage of occupancy)	\$316.00	flat fee	\$325.00	flat fee
Partial Permit (additional fee)	\$283.00	flat fee	\$291.00	flat fee
Portable Classroom	\$246.00	flat fee	\$253.00	flat fee
Recladding	\$0.52	per m ²	\$0.53	per m ²
Request to Defer Revocation (permit extension)	\$175.00	flat fee	\$180.00	flat fee
Sales Pavilion	\$9.21	per m ²	\$9.49	per m ²
Shelf and Racking System	\$5.18	per m ²	\$5.33	per m ²
Signs – All Signs except Billboard and Temporary (Portable) Signs	\$197.00	flat fee plus	\$203.00	flat fee plus
	\$33.00	per m2	\$34.00	per m2
Signs – Billboard	\$170.00	flat fee plus	\$175.00	flat fee plus
	\$43.00	per m2	\$44.00	per m2
Shoring	\$10.97	per linear metre	\$11.30	per linear metre
Tents/Air Supported Structures	\$6.60	per m ²	\$6.80	per m ²
Re-install Air Supported Structure to Issued Building Permit	\$500.00	Flat fee	\$515.00	Flat fee
Tents not intended as Permanent Structures	\$175.00	flat fee per tent	\$180.00	flat fee per tent
Transfer Permit (to new owner)	\$175.00	flat fee	\$180.00	flat fee
Window Enlargement	\$2.42	per m ²	\$2.49	per m ²
Other Fees				
Access Request – Property/Permit Data (plus Photocopy fee)			\$84.00	
Routine Disclosure of Building Permit Plans / Surveys (plus photocopy fee)			\$84.00	
Photocopying/Scanning (Black and White) per Page (large>11x17)			\$0.71/small page; \$6.30/large page	
Photocopying/Scanning (Colour) per Page			\$1.50 up to 11x17, \$16.50 up to 36x48, \$9.90 up to 24x36	
Building Compliance Letter			\$177.00	
Supplementary Building Compliance Letter			\$101.00	
Title Restriction Fee (flat fee per unit for buildings up to 3 storeys in building height)			\$200.00 per unit	
Title Restriction Fee (multiple units for buildings greater than 3 storeys in building height)			The lower of \$5,000.00 flat fee or \$200.00 per unit	
Written Response to Provincial/Regional Licenses (per letter including revisions up to 6 months from application date)			\$226.00	
Written Zoning Response (per letter)			\$235.00	
Written Response to requests for Consent to Transfer Vacant Land, Consent to Transfer Mortgage or Consent to Transfer Easements (per lot, block or unit)			\$80.00	
Written Response to request for Consent to Parcel Lands and Register Maintenance Easements (per request)			\$160.00	
Inspection Fee Consents to Sever Land (for each lot to be created)			\$317.00	
Inspection Fee Consents to Sever Land (for each remainder lot)			\$317.00	
Inspection Fee – Minor Variance (per application)			\$317.00	
Temporary Signs (Portable) - A-Frame (per sign for up to 6 months posting), Feather Banner (up to 6 feather banner signs for up to 6 months posting)			\$222.00	
Temporary Signs (Portable) - Mobile (for up to 21 days posting)			\$159.00	
Sign Variance Application Fee			\$1,273.00	



3.5 Planning Application Costs and Fee Recommendations

The annual costs of service, revenues, and cost recovery level for each major type of planning application (including Committee of Adjustment Applications) is summarized in Table 3-8.

The City's current fees were applied to average historical application characteristics to model the anticipated revenue and quantify the cost recovery level by type. In aggregate, the City's planning application fees are recovering 115% of annual costs (\$12.1 million). When assessed by application type, all applications with the exception of Condominium, Committee of Adjustment, Pre-Application Consultation (PAC) processes, Design Review Panel (DRP), and miscellaneous processes like addressing and Part Lot Control are generating more than their respective annual costs of service.

- Official Plan Amendment and Zoning By-law Amendment application fees are recovering more than the full costs of service recovering between 109% and 147% of annual costs. Revenues from these two application types represent approximately 27% of total planning application revenues and generate a surplus of \$843,000 in comparison to costs.
- Revenue from Subdivision application fees total \$2.8 million (or 23% of total planning application fee revenue), representing 180% of the annual costs of service for Subdivision review.
- Site Development applications generate \$4.5 million in annual revenue, recovering 121% of Site Development annual costs. Site Development application revenues account for 37% of the total planning application fee revenue and produce an annual revenue surplus of \$791,000.
- Committee of Adjustment applications account for 12% (or \$1.2 million) of the total annual costs planning application review. Revenue from these fees recover 71% of the Committee of Adjustment annual costs.
- The remaining planning application fee categories represent approximately 15% of the annual costs of service, including costs for Pre-Application Consultation (PAC) meetings (\$569,000), Design Review Panel (DRP) (\$183,000) and Condominium applications (\$412,000). The fees for these activities are recovering on average 58% of the annual costs or \$481,900 annually. Across these application types, fees are recovering \$0.6 million or 41% of annual costs.



**Table 3-8
Planning Application Fees Full Cost Impacts by Costing Category (2022\$)**

Planning Applications	Annual Costs	Annual Revenue	Cost Recovery (%)
Official Plan Amendment	735,712	804,086	109%
Zoning By-Law Amendment	1,640,051	2,414,763	147%
Site Development	3,739,577	4,530,766	121%
Condominium	411,858	281,038	68%
Subdivision	1,579,055	2,839,502	180%
Pre-Application Consultation (PAC)	568,901	163,635	29%
Design Review Panel (DRP)	182,743	-	0%
Committee of Adjustment Applications	1,209,338	860,308	71%
Miscellaneous Planning	435,624	202,627	47%
Total	10,502,859	12,096,726	115%

Planning application fee structure recommendations are provided in Table 3-9. Fee recommendations have considered the average costs and revenues by application type and sub type. Moreover, the average characteristics per application (e.g., residential units and non-residential gross floor area) were also considered in designing full cost recovery fees. To inform fee structure changes, the costs of various application sub-types were assessed for applications of various sizes across different locations within the City (i.e., VMC, infill, heritage, and other areas of the City). The costing results indicated that size an application is the major driver of processing complexity and effort, and as such, it is proposed to remove the application surcharges that currently existing for applications in the VMC, infill areas, and heritage districts of the City. Furthermore, maximum application fees have also been introduced for Zoning By-law Amendment, Subdivision, and Site Development applications in response to the average size of development applications having increased in comparison to the City's prior development fee review. For Zoning By-law Amendment, Subdivision, and Site Development applications, the current practice of imposing the residential or non-residential variable fees (i.e., per unit or per sq.m.) to the residential and non-residential components of mixed-use applications has been maintained.

Within the fee recommendations, the variable fee fees for Zoning By-law and Subdivision applications have been reduced as the current fees are recovering more than the full costs of service. Variable residential per unit fees for Site Development applications have been reduced, while variable per sq.m. fees for non-residential development have been increased with respect to the average processing costs and application size of residential and non-residential development.



Fees for Official Plan Amendments, Part Lot Control, Public Art Agreement, Stratified Title Agreement, Cash in Lieu of Parking Agreement, Street Name Changes, and Address Changes have also been decreased in response to the full cost of service observations.

Minor Variance fees have been disaggregated into three separate fee categories (i.e., Minor Type 1, Minor Type 2, and Major Development), to recognize the variability in the complexity of review and the affordability of the fees for each development type. Definitions of each development type are provided in Table 3-9. Minor Variance fees have been decreased to \$1,700 and \$2,200 for Minor Type 1 and Minor Type 2, respectively. Minor Variance fees for major development have been increased to \$6,100. Furthermore, Minor Variance fees for after the fact applications, will be charged at two times the applicable application fee. For all other planning applications, fees have been increased to full cost recovery levels, as well as a new fee to recover the costs of the Design Review Panel.

When applying the recommended planning application fees to the underlying annual application volumes, annual revenues would decrease by \$1.9 million (-16%) from 115% to 97% of annual costs. The shortfall in anticipated revenue compared to annual costs (i.e., \$327,000) is a result of decreases to Minor Variance application fees for minor development. As with development engineering applications, modelled revenue increases may differ from budgeted increases due to differences in future volume assumptions. Specifically, the modelled revenues reflect historical averages while the budget is prepared based on forward-looking projections.



**Table 3-9
Recommended Planning Application Fees (2022\$)**

OFFICIAL PLAN AMENDMENT APPLICATION			
Application Type / Service	Unit of Measure	2022 Fees	Recommended Fees
Major Official Plan Amendment Base Fee ⁷	Application	\$44,349	\$44,349
Major Official Plan Surcharge (if application approved by Council or OLT)	Application	\$11,185	\$6,769
Minor Official Plan Amendment Base Fee ⁸	Application	\$27,513	\$27,513
Minor Official Plan Surcharge (if application approved)	Application	\$8,267	\$4,602
Revision to Official Plan Application requiring recirculation ⁹	Application	\$5,336	\$5,336
Additional Public Meeting and/or Report resulting from change to the Application by Applicant or more than 2 years since initial Public	Surcharge	\$8,433	\$8,433
Additional Committee of the Whole report resulting from a change to the Application by the Applicant ¹⁵	Surcharge	\$8,433	\$8,433
ZONING BY-LAW AMENDMENT APPLICATION			
Application Type / Service	Unit of Measure	2022 Fees	Recommended Fees
Residential			
Singles, Semis, Townhouses (includes street, common element, stacked, back-to-back),			
Base Fee	Application	\$10,046	\$10,046
Per Unit Fee ¹³			
For the first 0-25 units	Per Unit	\$757	\$699
For the next 26-100 units	Per Unit	\$282	\$260
For the next 101-200 units	Per Unit	\$77	\$71
For the next 201-1,130 units	Per Unit	\$34	\$31
VMC Surcharge ¹⁰	Application	\$18,373	\$0
Heritage Conservation Districts ¹⁰	Application	\$18,373	\$0
Intensification Area/Infill Surcharge ¹⁰	Application	\$18,373	\$0
Maximum Fee	Per Application		\$85,000
Non-Residential			
Base Fee	Application	\$10,046	\$10,046
Non-Residential Routine	Hectares/m ²	\$6,720 ha	\$4,240 ha
		\$0.67 m ²	\$0.42 m ²
Non-Residential VMC/Infill Area	Hectares/m ²	\$6,720 ha	\$4,240 ha
		\$0.67 m ²	\$0.42 m ²
VMC Surcharge ¹⁰	Application	\$18,373	\$0
Intensification Area/Infill Surcharge/Heritage Conservation Districts ¹⁰	Application	\$18,373	\$0
Maximum Fee	Per Application		\$85,000
Mixed-Use			
Base Fee	Application	\$10,046	\$10,046
Mixed Use Blocks ^{5,6} (If a residential use is proposed, the Residential Per Unit Fee applies)	Hectares/m ²	\$11,130 ha	\$4,240 ha
		\$1.11 m ²	\$0.42 m ²
VMC Surcharge ¹⁰	Application	\$50,325	\$0
Intensification Area/Infill Surcharge/Heritage Conservation Districts ¹⁰	Application	\$63,106	\$0
Maximum Fee	Per Application		\$85,000
Other			
Private Open Space	Hectares	\$3,969	\$3,969
Zoning By-law Surcharge (if Zoning Amendment Application is Approved by Council or LPAT)	Surcharge	\$4,229	\$0
Revision to Zoning Amendment Application Requiring Recirculation ⁹	Surcharge	\$5,336	\$5,336
By-law to remove Holding Symbol (H)	Application	\$5,806	\$6,710
Interim Control By-Law Amendment	Application	\$5,659	\$2,869
	Application	\$4,411	\$3,770
Part Lot Control By-Law	Plus \$ per lot being created	\$667	\$667
Extension of Part Lot Control	Application	\$4,282	\$4,282
Sections 37 & 45(9)/Community Benefit or Stratified Title Agreement Surcharge	Per Agreement	\$37,633	\$37,633
Public Art Agreement	Per Agreement	\$37,633	\$33,702
Cash-in-Lieu of Parking	Surcharge	\$4,964	\$2,047
Class 4 Designation	Surcharge	\$5,789	\$26,964
Additional Public Meeting and/or Report resulting from change to the Application by Applicant or more than 2 years since initial Public Meeting ¹⁵	Surcharge	\$8,433	\$8,433
Additional Committee of the Whole report resulting from a change to the Application by the Applicant ¹⁵	Surcharge	\$8,433	\$8,433



**Table 3-9 Cont'd
Recommended Planning Application Fees (2022\$)**

SITE DEVELOPMENT APPLICATION				
Application Type / Service	Unit of Measure	2022 Fees	Recommended Fees	
Residential	Singles, Semis, Townhouses (includes street, common element, stacked, back-to-back), Apartment, and Condominium Units			
	Base Fee	Application	\$11,579	\$15,000
	Per Unit Fee ¹³			
	For the first 0-25 units	Per Unit	\$924	\$429
	For the next 26-100 units	Per Unit	\$461	\$214
	For the next 101-200 units	Per Unit	\$324	\$150
	For the next 201-660 units	Per Unit	\$193	\$90
	VMC Surcharge ¹⁰	Application	\$5,591	\$0
	¹⁰	Application	\$37,544	\$0
	Maxium Fee	Per Application		\$120,000
Residential (Already Paid Subdivision Fee)	Base Fee	Application	\$11,579	\$15,000
	Per Unit Fee ¹³			
	For the first 0-25 units	Per Unit	\$614	\$285
	For the next 26-100 units	Per Unit	\$308	\$143
	For the next 101-200 units	Per Unit	\$215	\$100
	For the next 201-660 units	Per Unit	\$109	\$51
	VMC Surcharge ¹⁰	Application	\$5,591	\$0
	¹⁰	Application	\$37,544	\$0
	Maxium Fee	Per Application		\$120,000
	Non-Residential	Base Fee	Application	\$11,579
Industrial/Office/Private Institutional		Per m ²	\$3.45	\$12.44
Industrial/Office/Private Institutional: Portions over 4,500m ² GFA		Per m ²	\$1.75	\$3.73
Commercial (Service, Retail Warehouse)		Per m ²	\$11.30	\$12.44
Commercial (Service, Retail Warehouse): Portions over 4,500m ²		Per m ²	\$3.39	\$3.73
VMC Surcharge ¹⁰		Application	\$37,544	\$0
¹⁰		Application	\$37,544	\$0
Maxium Fee		Per Application		\$120,000
Mixed-Use	Base Fee	Application	\$11,579	\$15,000
	Per Unit Fee ¹³			
	For the first 0-25 units	Per Unit	\$924	\$429
	For the next 26-100 units	Per Unit	\$461	\$214
	For the next 101-200 units	Per Unit	\$324	\$150
	For each unit above 200	Per Unit	\$193	\$90
	Industrial/Office/Private Institutional	Per m ²	\$3.74	\$12.44
	Industrial/Office/Private Institutional: Portions over 4,500m ² GFA	Per m ²	\$1.88	\$3.73
	Commercial (Service, Retail Warehouse)	Per m ²	\$12.23	\$12.44
	Commercial (Service, Retail Warehouse): Portions over 4,500m ²	Per m ²	\$3.66	\$3.73
	VMC Surcharge ¹⁰	Application	\$63,106	\$0
	¹⁰	Application	\$63,106	\$0
	Other	Minor revision to in progress Site Development Application requiring recirculation prior to Council ⁹	Application	\$5,336
Minor amendment to an approved Site Development Application not requiring Council Approval (plus any additional GFA proposed) ⁹		Application	\$4,991	\$4,991
Landscape Inspection Fee ¹²		Surcharge/ Inspection	\$516	\$516
Stratified Title Agreement		Agreement	\$35,445	\$20,388
Telecommunication (Cell) Tower Application		Application	\$21,444	\$42,006
Tree Protection Fee (Agreement)		Agreement	\$1,928	\$4,246
Heritage Review Fee		Application	\$1,917	\$0

DRAFT PLAN OF CONDOMINIUM			
Application Type / Service	Unit of Measure	2022 Fees	Recommended Fees
Draft Plan of Condominium Base Fee (includes Standard, Common Element,	Application	\$29,235	\$42,864
Revision to a Draft Plan of Condominium	Application	\$8,991	\$17,544



**Table 3-9 Cont'd
Recommended Planning Application Fees (2022\$)**

DRAFT PLAN OF SUBDIVISION				
Application Type / Service	Unit of Measure	2022 Fees	Recommended Fees	
Residential	Base Fee	Application	\$52,710	\$55,000
	Per Unit Fee ¹³			
	For the first 0-25 units	Per Unit	\$1,360	\$781
	For the next 26-100 units	Per Unit	\$680	\$391
	For the next 101-200 units	Per Unit	\$205	\$118
	For the next 201-900 units	Per Unit	\$61	\$35
	Part Lot / Part Block	Per Unit	50% of Per Unit Fee / Lot or Block	50% of Per Unit Fee / Lot or Block
	VMC Surcharge ¹⁰	Application	\$12,781	\$0
	¹⁰	Application	\$38,343	\$0
	Maximum Fee	Per Application		\$150,000
Non-Residential	Base Fee	Application	\$52,710	\$55,000
	Non-Residential Blocks in Subdivision (fee applies on per hectare)	Hectares	\$14,266	\$2,504
	VMC Surcharge ¹⁰	Application	\$25,563	\$0
	¹⁰	Application	\$25,563	\$0
Maximum Fee	Per Application		\$150,000	
Mixed-Use	Base Fee	Application	\$52,710	\$55,000
	Per Unit Fee ¹³			
	For the first 0-25 units	Per Unit	\$1,360	\$781
	For the next 26-100 units	Per Unit	\$680	\$391
	For the next 101-200 units	Per Unit	\$205	\$118
	For each unit above 200	Per Unit	\$61	\$35
	Mixed-use Blocks in Subdivision ^{5,6} (Fee applies on a per hectare)	Hectares	\$7,494	\$2,504
	VMC Surcharge ¹⁰	Application	\$25,563	\$0
	Districts ¹⁰	Application	\$12,781	\$0
	Maximum Fee	Per Application		\$150,000
Other	Circulation ⁹	Application	\$9,035	\$9,035
	Revision to Conditions of Draft Plan of Subdivision Approval	Application	\$5,336	\$5,336
	Extension of Draft Plan of Subdivision	Application	\$2,664	\$2,664
	Registration of Each Additional Phase of a Subdivision Plan	Application	\$3,880	\$21,339
	Landscape Review ¹²	Application	\$25,924	\$25,924
	Landscape Inspection ¹²	Surcharge / Inspection	\$516	\$516
	Additional Public Meeting and/or Report resulting from change to the Application by Applicant or more than 2 years since initial Public Meeting	Surcharge	\$8,421	\$8,421
	Additional Committee of the Whole report resulting from a change to the Application by the Applicant	Surcharge	\$8,421	\$8,421
	Tree Protection Fee (Agreement) ¹⁴	Agreement	\$1,928	\$1,928
	Heritage Review Fee	Application	\$1,917	\$0

BLOCK PLAN AND SECONDARY PLAN			
Application Type / Service	Unit of Measure	2022 Fees	Recommended Fees
Block Plan and Secondary Plan	Hectares	\$740 ha	\$740 ha
Revision for Application requiring Recirculation ⁹	Application	\$5,181	\$5,181

PRE-APPLICATION CONSULTATION (PAC)			
Application Type / Service	Unit of Measure	2022 Fees	Recommended Fees
Pre-Application Consultation Meeting	Application	\$1,598	\$5,556
Extension of Pre-Application Consultation Letter of Understanding	Application	\$399	\$399

HERITAGE REVIEW			
Application Type / Service	Unit of Measure	2022 Fees	Recommended Fees
Heritage Review (To be paid at Draft Plan of Subdivision or Site)	Application	\$1,917	\$0
Heritage Permit	Application	\$639	\$639
Heritage Status Letter	Application	\$96	\$96



**Table 3-9 Cont'd
Recommended Planning Application Fees (2022\$)**

STREET NAMING AND NUMBERING			
Application Type / Service	Unit of Measure	2022 Fees	Recommended Fees
Address Change Application	Application/ Property	\$1,223	\$436
Street Name Change	Application/ Property	\$2,345	\$1,523
New Street Name - Proposed	Per Street Name	\$2,353	\$4,922
New Street Name - From City's Pre-Approved List	Per Street Name	\$322	\$2,854
Street Number - Lot Through Consent	Per Address	\$639	\$2,109
New Street / Unit Address (Per Address & Per Unit)	Per Address/Unit	\$47	\$2,109

DESIGN REVIEW PANEL (DRP)			
Application Type / Service	Unit of Measure	2022 Fees	Recommended Fees
Design Review Panel	Application	-	\$10,625

COMMITTEE OF ADJUSTMENT			
Application Type / Service	Unit of Measure	2022 Fees	Recommended Fees
Consent Application Fee - all land uses	Application	\$3,875	\$4,332
Consent - Changing of Conditions	Application	\$291	\$301
Consent - Application Recirculation	Application	\$2,870	\$3,337
Consent - Certificate of Official	Application	\$285	\$328
Consent - Cancelling Certificate (subject to the proclamation of Bill 276)	Application	\$285	\$328
Minor Variance Application Fee - residential, agricultural, institutional	Application	\$3,155	\$0
Minor Variance Application Fee - industrial, commercial	Application	\$3,671	\$0
Minor Development Type 1 ¹	Application		\$1,700
Minor Development Type 2 ²	Application		\$2,200
Major Development ³	Application		\$6,100
After the Fact Variances ⁴	Application		
Minor Variance - Application Recirculation - residential, agricultural, institutional	Application	\$1,521	50% of application fee
Minor Variance - Application Recirculation - industrial, commercial	Application	\$1,457	50% of application fee
Minor Variance & Consent - LPAT Appeal Fee	Application	\$892	\$892
Minor Variance & Consent - Adjournment Fee	Application	\$579	\$579

1. Minor Development All variances in support of Minor Development Type 1, including but not limited to:

- Driveway
- Landscape, including hard and soft landscape
- Swimming pool
- Accessory building or structure, Residential accessory structure
- Secondary suite
- Balcony, porch, or uncovered platform
- Private garage or carport
- Encroachments including ornamental building feature

2. Minor Development All variances in support of Minor Development Type 2, including but not limited to:

- Building additions and alterations to existing dwelling with three dwelling units or less
- Home Industry
- Home Occupation
- Outdoor Display Area
- Outdoor Display Area, Seasonal
- Outdoor Patio associated with restaurant use
- Outdoor Storage

3. Major Development All variances in support of residential, commercial, institutional, and industrial uses or development standards and the creation of new lots. Including, but not limited to:

- Dwelling, Accessory Agriculture
- Model Home
- Temporary Sales Office

4. After the Fact Variances are required as a result of a registered complaint, construction inspection, building order or enforcement action.



Chapter 4

Impacts of Recommended Fees on Development



4. Impact of Recommended Fees on Development

4.1 Introduction

To understand the impacts the recommended fees will have on development, an impact analysis for sample developments has been prepared. The development user fee comparison includes planning application fees, building permit fees, development engineering fees, and development charges for each development sample. The comparison illustrates the impacts of the recommended fees in the context of the total development fees payable to provide a broader context for the fee considerations. In addition to providing the fee impacts for the City, Figures 4-1 through 4-5 provide development fee comparisons for select GTA municipalities.

Five development types have been considered including:

- Low-Density Residential – example includes a 100-unit, low density residential development requiring an official plan amendment, plan of subdivision, and zoning by-law amendment;
- Medium-Density Residential – example includes a 50-unit, medium density residential development requiring a plan of condominium, site plan application and zoning by-law amendment;
- High-Density Residential – example includes a 200-unit, high density residential development (including 500 sq.m. non-residential G.F.A.) requiring an official plan amendment, plan of condominium, site plan amendment, and zoning by-law amendment;
- Retail – example includes a 1,000 square metre retail development requiring site plan application and zoning by-law amendment; and
- Industrial – example includes a 10,000 square metre industrial development requiring site plan application and zoning by-law amendment.

4.2 Low-Density Residential Development

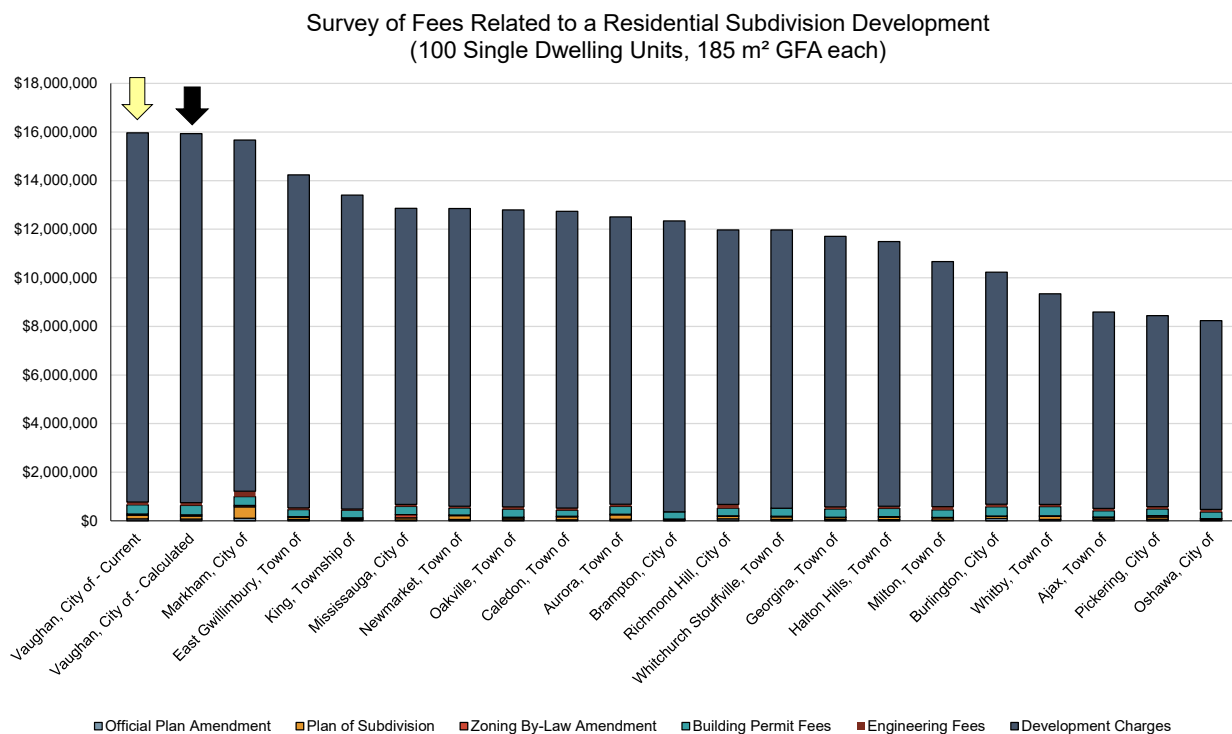
The City's current development fees imposed on a 100-unit single detached residential subdivision include plan of subdivision application fees, Official Plan Amendment, Zoning By-law Amendment, building permit fees, development engineering fees, and development charges. On a per unit basis, these fees total \$159,627. Planning



applications, development engineering and building permit fees account for \$7,752 or 4.9% of the total per unit fees imposed.

The recommended fees would include a 13% decrease to planning application fees, and a 3% increase to building permit fees which would decrease the total fees payable by 0.2%. With these recommendations, the City’s overall ranking would be unchanged at first place relative to the other 19 municipalities included in the survey and shown in Figure 4-1 below.

Figure 4-1
Survey of fees Related to a Low-Density Residential Development
(100-Unit Single Detached Units, 185 sq.m. GFA each)



4.3 Medium-Density Residential Development

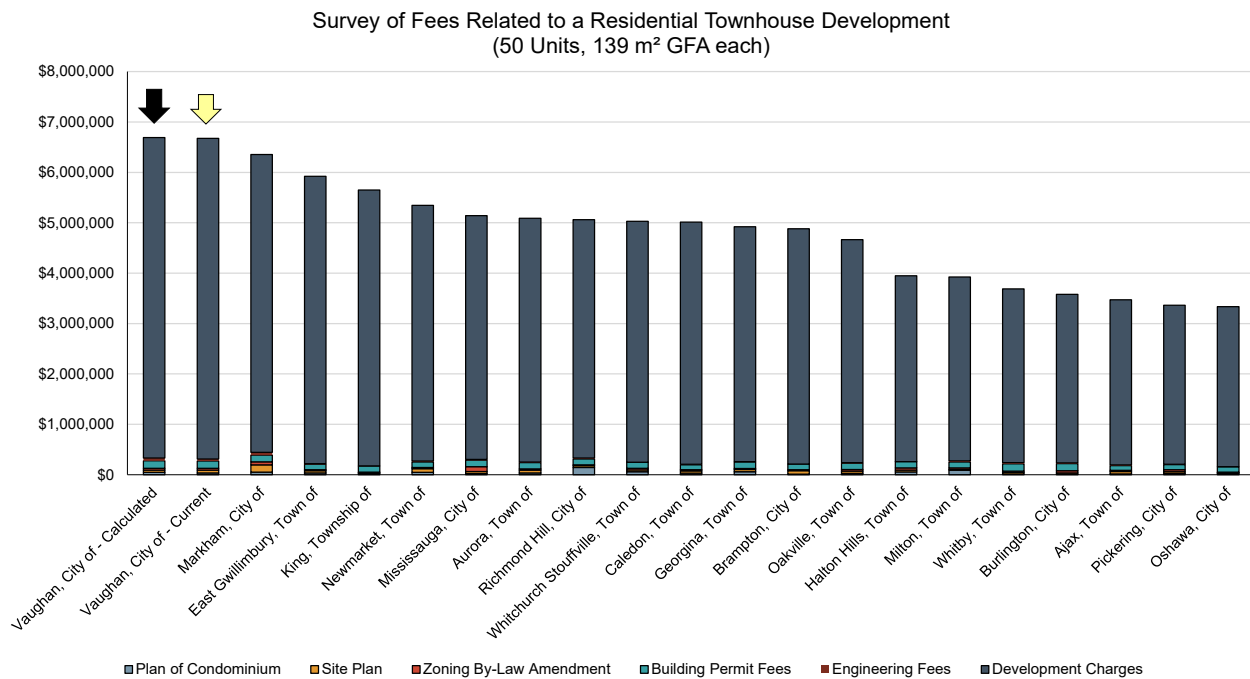
A 50-unit condominium development is subject to fees related to plan of condominium application fees, site plan application, zoning by-law amendment, building permit fees, development engineering fees, and development charges. Planning fees would total \$129,325, building permit fees would total \$141,480, development engineering fees total \$42,200 and development charges would total \$6.4 million. On a per unit basis,



total fees payable would be \$133,490. Planning application, development engineering, and building permit fees would represent 4.9% of the total fees payable.

The recommended fees would increase the total fees payable by \$17,477. This increase includes a 24% decrease to Site Plan fees (-\$276), a 40% increase to Condominium fees (+\$276), a 2% decrease to Zoning By-law Amendment fees (-\$14), a 3% increase in building permit fees (+\$8), and a 33% increase in Site Plan development engineering fees (+\$282). This would increase the total fees payable by 0.3% (or \$350 per unit). The City's ranking within the comparison would remain unchanged at first overall in Figure 4-2

Figure 4-2
Survey of fees Related to a Medium-Density Residential Development
(50-Unit Single Detached Units, 139 sq.m. GFA each)



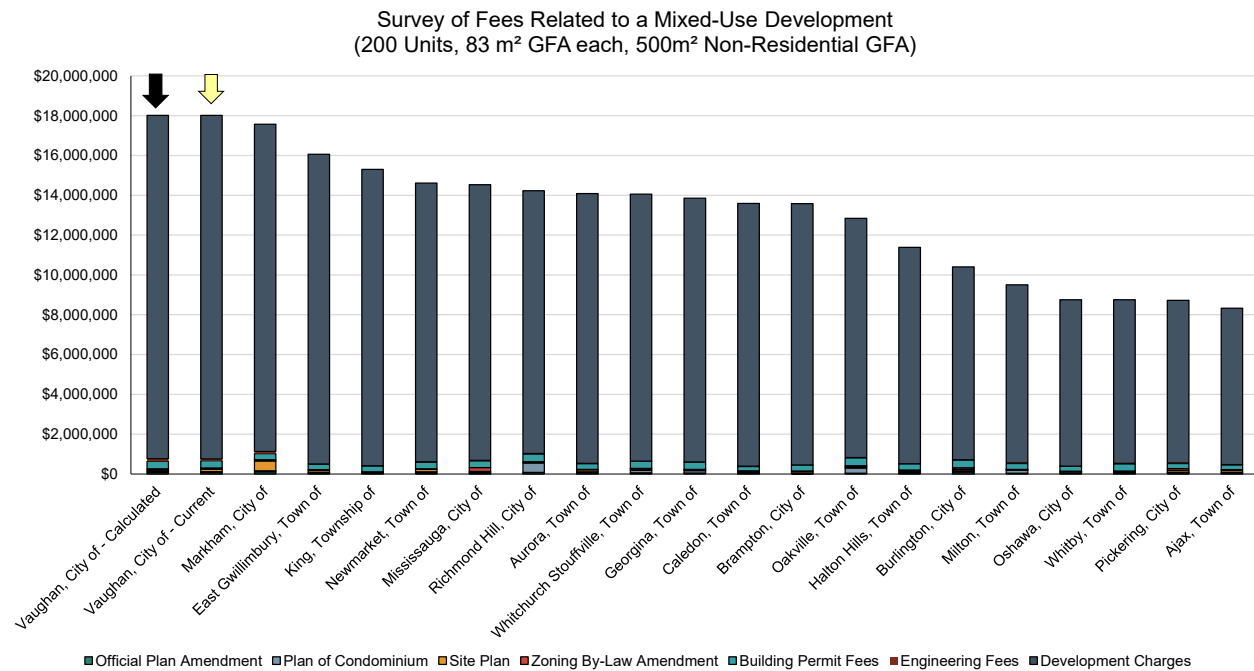
4.4 High-Density Residential Development

The 200-unit apartment building example includes fees for an official plan amendment, plan of condominium, site plan application, zoning by-law amendment, building permit fees, development engineering fees, and development charges. Total fees payable for the sample development would be \$18.0 million under the current fee structure.



Planning application, development engineering, and building permit fees would represent 4.2% (\$754,851) of the total fees payable. The recommended fees for this type of development would increase the planning application, development engineering, and building permit fees by 1% from \$754,851 to \$761,380 (i.e., -\$36,371 for planning applications, +\$32,000 for development engineering, and +\$10,901 for building permit fees). With respect to the total fees payable (including D.C.s), this increase represents a total increase of 0.04%. This would not alter the City’s ranking when compared to the other municipalities within the survey (Figure 4-3) as the highest ranked municipality.

Figure 4-3
Survey of fees Related to a High-Density Residential Development
(200-Unit Single Detached Units, 83 sq.m. GFA each)



4.5 Retail Development Impacts

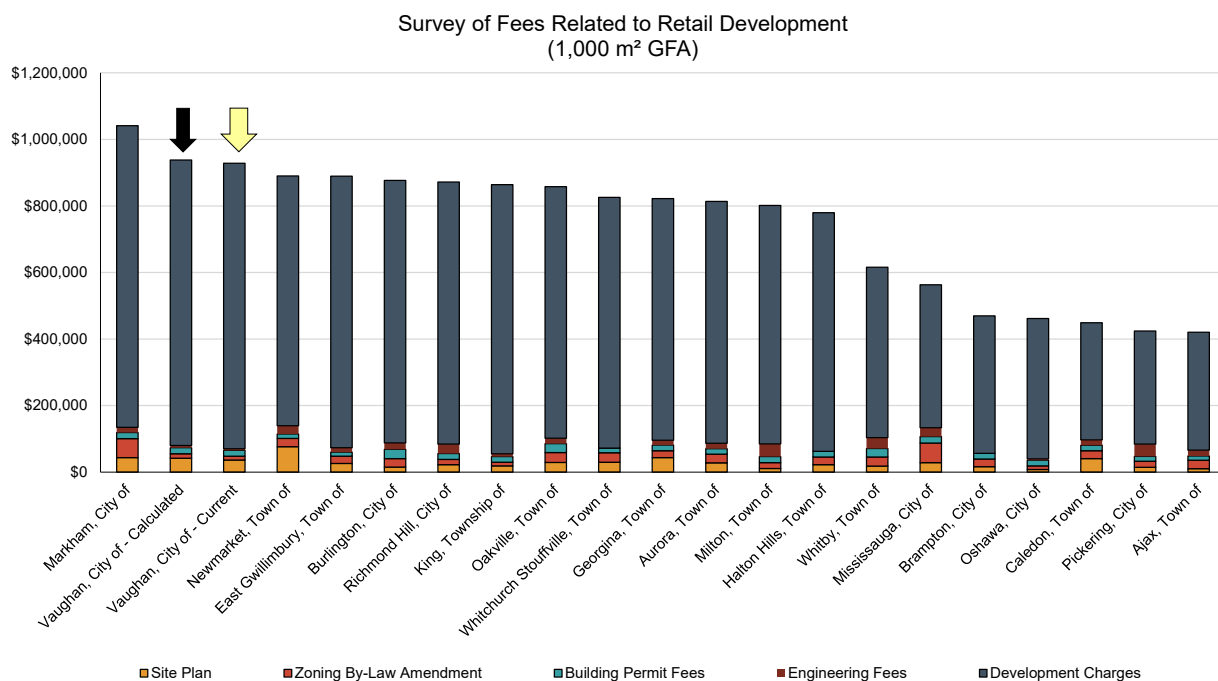
Development user fees currently payable for the retail sample application total \$928,633. Site plan, zoning by-law amendment, development engineering, and building permit fees for this development would total \$70,593 or 7.6% of the total fees payable. Total development charges payable would total \$858,040 or 92.4% of total development costs.



The recommended fees would increase the total fees payable by \$9,470 (+ \$7,339 for planning applications, + \$1,600 for development engineering fees, and + \$530 for building permits) or an increase of 1.0%.

As shown in Figure 4-4 below, the City’s overall ranking would not change relative to the comparator municipalities. The City’s fees would continue to be below those fees that are imposed in Markham.

Figure 4-4
Survey of Fees Related to Retail Development (1,000 sq.m. GFA)



4.6 Industrial Development Impacts

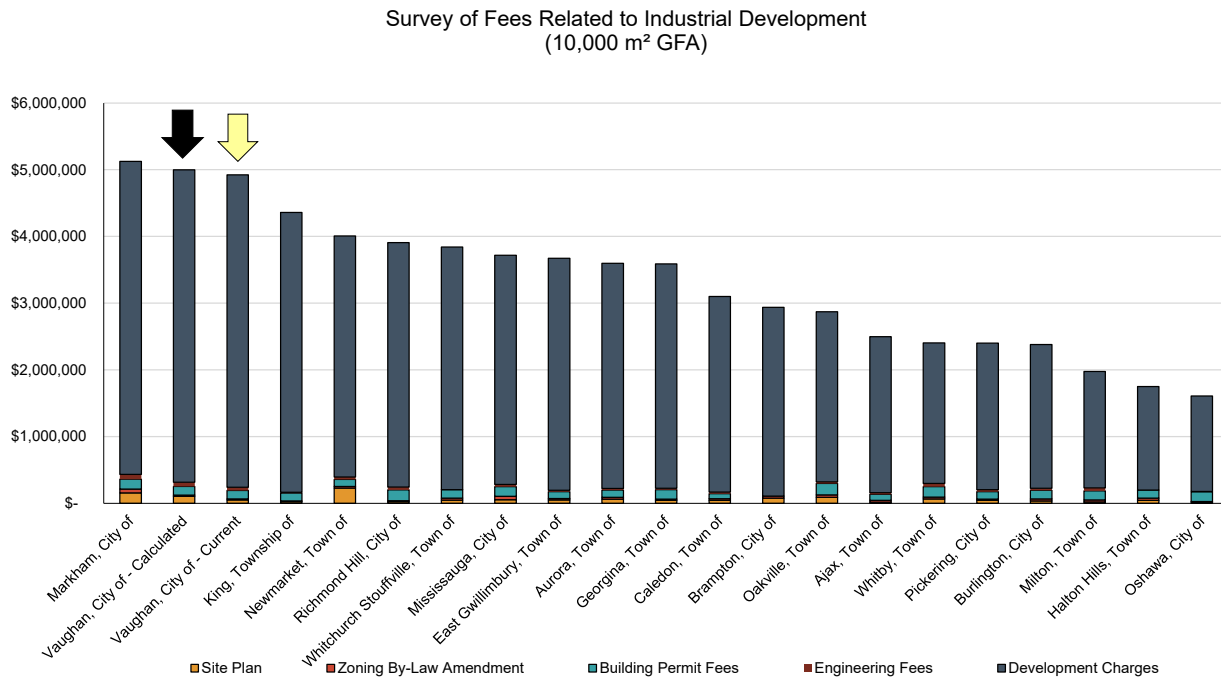
Existing development fees (site plan, zoning by-law amendment, building permits, development engineering, and development charges) imposed for a 10,000 square metre industrial development would total \$4.9 million, of which 95.1% of the costs (\$4.7 million) are for development charges.

Under the recommended fee structure, planning application fees would increase by \$56,238 (+83%), development engineering fees would increase by \$16,000 (+33%), and building permit fees would increase by \$3,747 (+ 3%). These increases result in a



1.5% increase in the total fees payable. The City's overall ranking would be unchanged at second place relative to the comparator municipalities as presented in Figure 4-5.

Figure 4-5
Survey of Fees Related to Industrial Development (10,000 sq.m. GFA)





Chapter 5

Conclusion



5. Conclusion

Summarized in this technical report is the legislative context for the imposition of development application fees (i.e. development engineering, building permit, and planning application fees), the methodology undertaken, A.B.C. model results, the associated full cost recovery, fee structure recommendations to achieve building permit reserve fund sustainability, and market impacts. In developing the recommended cost recovery fee structure, consideration was given to anticipated development in the City over the next five-year period based on the City's D.C. Background Study, including the mix of building permit application activity, affordability concerns, and service demands in addressing current under-recovery of service costs and provisions for sustainable reserves.

The intent of this review is to provide the City with a recommended fee structure, for Council's consideration, to appropriately recover the service costs from benefiting parties. The City will ultimately determine the level of cost recovery and phasing strategy that is suitable for their objectives in this context. Furthermore, planning application fees continue to be evaluated in light of potential changes to development review processes in the City as a result of changes to the *Planning Act* made through the *More Homes for Everyone Act* and *More Homes Built Faster Act* amendments.

The recommended fees based on the findings of this study are presented in Tables 3-5, 3-7, and 3-9 for development engineering, building permits, and planning application fees, respectively.