

TO: The Chair and Members
of the Board of Directors,
Credit Valley Conservation

SUBJECT: **PLANNING AND DEVELOPMENT SERVICES COST
RECOVERY AND FEE SCHEDULE UPDATE**

PURPOSE: **To inform the Board of Directors of CVC the status of cost recovery for the plan review and regulation programs and to seek approval of the 2020 fee schedules.**

BACKGROUND:

The Ministry of Natural Resources and Forestry established guidelines for the collection of fees under Section 21 of the *Conservation Authorities Act* in 2010. The guidelines allow conservation authorities (CAs) to charge fees for plan review services, CA permits and responses to legal, real estate and public inquiries. Fees established are not to exceed the costs of administering and delivering the services on a program basis.

CVC Plan Review and Permit Fee Structure

In 2003, the CVC Board of Directors approved an updated cost recovery strategy to collect fees associated with the plan review and permit programs – recognizing the anticipated increase in growth and development throughout the jurisdiction and subsequent anticipated increased workload for CVC Planning and Development Services (PDS) staff. The approved fee strategy was to target 'development paying for development' while being reasonably consistent with other CA and municipal fees for similar services

Over time, a 60/40 revenue to levy standard was established targeting a maximum 60% revenue from development (fee-for-service) and the remaining 40% from general/special levy to cover program costs. This was based on trends developed from CVC and several other CA's experience with resourcing plan review and regulation staff. In general, the 60% revenue (fee-for-service) cost recoverable component of the budget recognizes the substantial amount of resources used in supporting plan review and regulation programs, while the 40% levy component recognizes the high level of effort used to support CVC policy and guideline development, as well as municipally driven planning activities such as official plan reviews, comprehensive zoning by-law updates, and CVC staff's participation in municipal strategic and master planning exercises.

In 2016, at the direction of the Board, CVC PDS staff developed a temporary staff time tracking system to collect data necessary to undertake a statistical analysis to confirm the relevancy of the 60/40 revenue to levy standard. Through this analysis it was found staff time spent on plan review and permitting (revenue) versus plan input (levy) continued to be consistent with the 60/40 standard. Since that time, this funding formula continues to

support the necessary staff capacity and expertise for program delivery and to ensure service delivery standards are met.

Past CVC Planning and Permit Fee Updates

Since 2003, planning and permit fees have been consistently adjusted to reflect inflation and service delivery costs, the range of types of applications, and the increased policy and regulatory scope (e.g. changes in provincial policy, CA regulations etc.) often requiring a higher level of resources and expertise to review. In addition, while navigating these increasingly complex and resource intensive applications, it continues to be expected that CVC meet service delivery standards and that permit fees for individual property owners should be kept to a minimum (i.e. not increase minor permit fees to a point they become a deterrent to applicants, resulting in increased violations and non-compliance).

The last substantial change to plan review and permit fee schedules was made in 2016. At that time, discussion with the Building Industry and Land Developers Association (BILD) resulted in an agreement to increase subdivision fees by 25% (not to be reviewed until 2020) recognizing the increasing complexity of applications and resources needed for review, to allow for inflation over time, and for fee predictability for applicants. In addition, new fee categories were created for redevelopment and infill projects – including a modest increase to the permit fees (Board resolution #81/16). At that time, it was expected inflation and service delivery costs would be tracked and fee schedules adjusted every two to three years (except for subdivision fees which were to be reviewed in 2020), as necessary.

In 2018, planning fees (except subdivision fees) were increased by 3.5% and permit fees by 10%, recognizing inflation, to support maintaining a high level of customer service and staff retention, and to be more consistent with other Greater Golden Horseshoe CA fees that were also updated at that time. A reserve account was also established so that revenue received in late 2018 could be applied in 2019 when most of the resources for the review of the application would be used.

ANALYSIS:

One main concern that continues to be a major influence on achieving cost recovery targets is that plan review and permit fees collected are often dependent on several factors beyond CVC's control. These factors include the state of the economy, political influences, market limitations and the pace, phasing and timing of development. Leading up to 2019, an on-going issue from a budgetary perspective included the uncertainty around the types and timing of development applications that were proceeding to the point where cost recovery could occur (i.e. application submission, issuance of conditions, clearances etc.).

However, in early 2019 the receipt of applications and fees for major development along the Lake Ontario shoreline (Lakeview Waterfront development) and several subdivision applications from the middle/upper watershed municipalities (Caledon, Erin and Orangeville), coupled with a noticeable increase in more complex infill/redevelopment applications and property inquiries, has assisted in maintaining a steady source of revenue to support cost recovery for the planning and regulations programs.

Past Trends for Applications Received and Factors Influencing Cost Recovery

The following tables provide a review of the planning and development applications received by CVC (Table 1) and associated revenue, program cost and cost recovery (Table 2) from 2015 to 2018. It should be noted the number of applications does not reflect the complexity or the amount of effort needed to review the application.

Table 1 – Trends in Applications Received for 2015 to 2018

Year	Plan Review Applications	Permit Applications	Property Inquiries	*Environmental Assessments
2015	161	367	146	15
2016	158	354	168	17
2017	171	373	144	14
2018	180	386	175	14
AVERAGE	168	370	158	15

*excludes Class EA Schedule A/A+ - municipal minor works and standard maintenance activities.

Table 2 – Trends in Revenue, Program Cost and Cost Recovery for 2015 to 2018

Year	Revenue (\$)	Program Cost (\$)	Cost Recovery (%)
2015	541,000	1,200,000	45
2016	716,000	1,300,000	55
2017	725,000	1,300,000	56
2018	809,000	1,300,000*	62
AVERAGE	710,000	1,300,000	55

*program cost remained constant from 2016 to 2018 due to cost savings in staffing (e.g. gapping, underfilling etc.).

In general, trends indicate a steady increase in the number of development applications, revenue generated and cost recovery from 2015 to 2018. Although the challenges in predicting revenue from development continue (factors largely beyond CVC staff's control), the four-year trends indicate a reasonable and effective forecasting and cost recovery model has been achieved (i.e. close to the 60/40 revenue to levy ratio) with increasing cost recovery from 'fee-for-service' revenue streams.

Projected Applications Received and Cost Recovery for 2019

Below, Table 3 provides the projected 2019 planning and development applications received by CVC, and Table 4 the associated projected 2019 revenue, program cost and cost recovery. Additionally, both Tables 4 and 5 include the four-year averages for each category for comparison purposes.

Table 3 – Projected Applications Received for 2019

Year	Plan Review Applications	Permit Applications	Property Inquiries	*Environmental Assessments
**2019	169	330	204	14
***AVERAGE	168	370	158	15

*excludes Class EA Schedule A/A+ - municipal minor works and standard maintenance activities.

**calculated using actuals as of September 30, projected to December 31

*** 4-year average from 2015 to 2018

Table 4 – Projected Revenue, Program Cost and Cost Recovery for 2019

Year	Revenue (\$)	*Program Cost (\$)	Cost Recovery (%)
**2019	860,000	1,300,000	67
***AVERAGE	710,000	1,300,000	55

*projected program cost for 2019 are consistent with 2018 due to cost savings in staffing (e.g. gapping, underfilling etc.).

** calculated using actuals as of September 30, projected to December 31

***4-year average from 2015 to 2018

Although permit and environmental assessment applications are projected to be below the four-year (2015 to 2018) average, plan review and property inquiry applications received are projected to be above average – with a significant increase in property inquiries. The projected decreasing trend in permit applications for 2019 is in part due to increased measures encouraging pre-consultation (delaying formal application submission to work through pre-application discussion to improve submissions) and streamlining efforts (e.g. 'bundling' or combining permits for different works by same applicant on same property to reduce administrative costs and permit issuance times) – particularly for municipal works and subdivision applications.

The projected increase in 2019 revenue in part is due to the 2018 fee increases, receipt of a high volume of infill and redevelopment applications (e.g. Streetsville, Lakeview waterfront, Port Credit, Cooksville and Orangeville), a consistent number of subdivision applications received from middle/upper watershed municipalities (Caledon, Erin, Orangeville and Mono), increased volume of large to major scale permit types watershed wide, and receipt of major plan review fees early in 2019 for larger development applications originally anticipated to be received in late 2018 (as such, placing funds in reserve in late 2018 was not necessary).

Finally, the above average projected cost recovery for 2019 (67%) is in large part a result of program costs being generally maintained to 2018 levels, and the consistent revenue stream from large to major development applications as highlighted above.

Proposed 2020 Fee Schedules

Attached as Schedule 'C' Appendix 1 and 2 are the proposed 2020 fees for plan review and permits respectively. There are no recommended changes to the 2020 planning or permit fee schedules from 2019 levels.

This is in keeping with past practice where plan review and permit fees are typically not changed on a year to year basis – rather, they are typically reviewed comprehensively and updated on a two to three-year timeframe. Using a two to three-year timeframe best recognizes that modest annual inflation increases to fees every year generally translates to very minor increases, with lots of effort for little gain. It has been our practice and experience that a (minimum) two year comprehensive fee review/update is a more reliable and efficient way to realistically track trends that generate accurate metrics for forecasting cost recovery. The recommendation to increase fees coming from the last comprehensive fee review in 2018, was implemented in the 2019 fee schedules.

Impacts of Province's Modernizing Conservation Authority Activities Review

There remains a considerable amount of uncertainty of the range of impacts from the province's 'modernizing conservation authority activities' initiative on CVC's Planning and Development Services' programs and their administration. It remains unclear how the new regulations will change CVC's administration of the Section 28 regulation, as well as what programs (or parts thereof) will be addressed in regulation and subsequently eligible for general levy funding. Those programs not identified set out in regulation, may be subject to alternative funding sources such as special levies (through service agreements or memorandum of understanding), fund raising, grants, fee-for-service and user fee models. It is anticipated the new regulations outlining CA mandatory activities, Section 28 requirements, and fee administration will be released in late 2019 or in 2020.

Finally, a comprehensive fee review and stakeholder consultation will be undertaken in 2020 which also corresponds to when it is anticipated the province will release the new regulations - providing clarity on what impacts the new regulations will have on PDS programs, program administration, program delivery and cost recovery. A report on PDS past, present and proposed future customer service and streamlining activities in response to provincial modernizing CA activities will also be considered for endorsement at the November 2019 CVC Board of Directors meeting.

COMMUNICATIONS PLAN:

All watershed municipalities will receive the 2020 fee schedules in advance of the start of the new year and the schedules will be posted on the CVC website for public viewing. Additionally, BILD has been consulted on the proposed 2020 fee schedules and indicated no concerns.

FINANCIAL IMPLICATIONS:

The recommended 2020 fee schedules will continue to assist in meeting 2020 budgetary projections, as a steady and consistent level of planning and development related applications are anticipated. The reserve account created in 2018 will only be used in the event substantial revenue is received from new applications received, deferring it to the subsequent year when most of the resources to review the application will be used.

CONCLUSION:

The guidelines established by the Ministry of Natural Resources and Forestry (2010) for collection of fees under Section 21 of the *Conservation Authorities Act* allows conservation authorities (CAs) to charge fees for plan review services, CA permits and responses to public inquiries.

Recognizing CVC's past practice of comprehensively reviewing and updating plan review and permit fees on a two to three year timeframe, the fact there remains uncertainty on the range of impacts from the province's modernizing conservation authority activities

initiative, and CVC staff's commitment to undertake a comprehensive fee review in 2020 (consistent with agreement reached with BILD) - it is recommended the 2020 plan review and permit fees be maintained at 2019 levels.

It is expected that maintaining 2020 fees to 2019 levels will continue to provide sufficient support to plan review and permitting services, as well as allow CVC to meet customer service delivery standards while allowing time to further evaluate impacts of the updated CA regulations (anticipated to be released in 2020).

RECOMMENDED RESOLUTION:

WHEREAS CVC staff undertook a comprehensive review and update to plan review and permit fees in 2018 which was implemented in 2019; and

WHEREAS the province has yet to release the updated regulations affecting how CVC administers the Section 28 regulations, Planning and Development Services' program funding source(s) eligibility, and fee collection standards; and

WHEREAS CVC staff will undertake a comprehensive fee review and stakeholder consultation in 2020 which corresponds to when it is anticipated more certainty of the impacts of the new regulations will be provided; and

WHEREAS the Board of Directors will also be considering endorsement of the 'Planning and Development Services Customer Service and Streamlining Action Plan (June 2019)' at the November 2019 Board of Directors meeting;

THEREFORE BE IT RESOLVED THAT the report entitled "Planning and Development Services Cost Recovery and Fee Schedule Update" be received and appended to the minutes of this meeting as Schedule 'C'; and

THAT the Board of Directors approve the proposed 2020 plan review and permit fee schedules attached as Schedule 'C', Appendix 1 and 2; and

THAT CVC staff undertake a comprehensive fee review and stakeholder consultation in 2020, to be implemented in 2021; and further

THAT staff be authorized to continue to use the reserve account to defer revenue received late in a given year for a review that will be undertaken in a subsequent year.

Submitted by:



Josh Campbell MES, RPP
Director, Planning & Development Services



Jeff Payne
Deputy CAO & Director, Corporate
Services

Recommended by:



Deborah Martin-Downs
Chief Administrative Officer



2020 CVC Permit Fee Schedule

Ontario Regulation 160/06 Permit Applications	Permit Fees
Development Small Scale	\$450
Development Medium Scale	\$1,350
Development Large Scale	\$3,250
Development Major Scale	\$5,500
Interference with Wetlands and Alterations to Watercourses and Shorelines-Small Scale	\$800
Interference with Wetlands and Alterations to Watercourses and Shorelines-Medium Scale	\$2,250
Interference with Wetlands and Alterations to Watercourses and Shorelines-Large Scale	\$6,500
Interference with Wetlands and Alterations to Watercourses and Shorelines-Major Scale	\$11,000
Permit for Minor Works	\$150
Permit Revisions/Review of Repeat Submissions	Small scale: 25% of current fee Others: 50% of current fee
Expedited Review (Director approved- subject to resources available)	Additional 100% of current Fee
In Stream Timing Window Extension	Minor \$500 Major \$5000
Fill Placement (less than 500m ³)* Large Fill Placement (greater than 500m ³)	\$400 \$10,000 plus \$1.00 per m ³
Additional Site Visit	\$200



Property Information	
Solicitor/Realtor/Property Inquiry	\$325**
GIS Information Request/Service	\$50-\$75/hr +HST

* 500m³ is equivalent to approximately 50 truckloads.

** HST applicable to Solicitor/Realtor/Property Inquiry. The \$325 fee includes the HST.

NOTES

1. The application fee must be paid at the time of filing an application. A permit will not be issued unless the application fee has been submitted.
2. CVC reserves the right to modify or adjust fees should the review require a substantially greater or lower level of review and/or assessment.
3. Fees related to review of repeat submissions will be determined by CVC depending on the number, completeness and quality of the repeat submissions.
4. All permits are issued for two years. Permit extensions and/or renewals will not be granted. However, applicants may re-apply for re-issuance of a new permit for the original approved works in accordance with the most recent technical requirements.
5. For Permits associated with "Unauthorized Works" or a "Violation", the fee will be double the applicable application fee.
6. For large fill placements, the CVC Procedural Guideline for receiving and processing applications to place fill in excess of 500 cubic metres should be referenced.

DEFINITIONS

1. Small Scale: an application is determined to be "Small Scale" where no technical studies are required.
2. Medium Scale: an application is determined to be "Medium Scale" where limited or scoped technical studies are required.
3. Large Scale: an application is determined to be "Large Scale" where technical studies are required.
4. Major Scale: an application is determined to be "Major Scale" where a number of technical studies are required (hydraulic analysis, storm water management, geotechnical, etc.).
5. Minor in the In Stream Timing Window Extension is applicable where the request to extend the timing window is made well in advance of the final date, is considered low risk and requires minimal review.
6. Major in the In Stream Timing Window Extension is applicable where the request to extend the timing window is made within less than a week of the final date and/or requires considerable review and effort by CVC staff.

2020 CVC Plan Review Fee Schedule

Application-Collected by Municipality	Fees*
Minor Variance	\$310
Consents (Severances)	Minor \$725 Major \$3,100
Site Plan (Residential)	\$625
Site Plan (Commercial, Industrial, Institutional)	Minor \$1550 Intermediate \$4,150 Major \$7,250
Site Plan Multi-unit Building and Condominiums	Minor \$6,200 Intermediate \$12,425 Major \$31,050
Clearances	\$2,075
Site Plan Water Balance Review Only (WHPA Q2 Area)	\$1,550
Official Plan Amendment	Minor \$1,225 Intermediate \$3,100 Major \$6,200
Zoning By-law Amendment	Minor \$1,035 Intermediate \$2,575 Major \$6,200

Application-Collected by CVC	Fees*
Subdivisions	\$4,000 per net ha 50% at EIR or EMP submission** 25% at draft plan submission 25% at draft plan approval
Clearances	Minor \$5,000 Major \$12,000
Golf Courses	\$15,750
Aggregate Operations	Minor \$6,200 Intermediate \$20,700 Major \$62,000
Class EA review-Schedule A	N/A Permit Fee Only
Class EA review-Schedule B	\$2,500 plus permit fee
Class EA review-Schedule C	\$5,000 plus permit fee (Additional fees may apply for Master Plans)

*Fees include HST

** EIR refers to Environmental Implementation Report/EMP Environmental Master Plan

NOTES

1. The application fee must be paid at the time of filing an application and/or within 30 days of CVC notification in writing. For outstanding payments, CVC may place the application on hold upon review until satisfactory arrangements are established.
2. When processing and reviewing consolidated applications (ZBA/OPA applications), the highest rate of fees will apply.
3. Separate fees will apply for the processing of CVC permit approvals, with the exception of Subdivision applications.
4. CVC reserves the right to adjust fees should the review require a substantially greater or lower level of review including applicant-driven revisions to an approved plan/application.
5. CVC reserves the right to reassess fee requirements after two years of receipt of the application, based on timing and receipt of required technical information.

DEFINITIONS

1. Minor: an application is determined to be "**Minor**" where no technical studies are required.
Minor for the purposes of administering **clearance** fees is a subdivision clearance of draft plan conditions that is administrative in nature with no technical studies (e.g. preparation of a letter after confirming that CVC is satisfied with the registration of the subdivision and review is limited to grading and sediment and erosion control plans, etc.).
2. Intermediate: an application is determined to be "**Intermediate**" where, as an example, a scoped Environmental Impact Study (EIS) is required.
3. Major: an application is determined to be "**Major**" where technical studies (e.g. EIS, stormwater management, geotechnical) are required.
Major for the purposes of administering **clearance** fees is a subdivision clearance of draft plan conditions prior to registration which requires significant work to review and clear conditions and requires the review of technical information (stormwater management ponds, natural heritage system design, etc.).