

**2. PLANNING SERVICES FUNDING REVIEW AND STAFF INCREASE**  
**EXAMEN DU FINANCEMENT DES SERVICES DE PLANIFICATION ET**  
**AUGMENTATION DE L'EFFECTIF**

**PLANNING COMMITTEE AND AGRICULTURE AND RURAL AFFAIRS**  
**COMMITTEE RECOMMENDATIONS**

That Council approve:

1. Amendments to Planning Applications fees as set out in By-law 2019-95, as detailed in Document 1;
2. The addition of seven full-time equivalent (FTE) positions for the Planning Services and Legal Service Areas, at an annual approximate cost of \$800,000.00, funded entirely from the increase in fee-generated revenues, noted in recommendation 1.

**RECOMMANDATIONS DU COMITÉ DE L'URBANISME ET LE COMITÉ DE**  
**L'AGRICULTURE ET DES AFFAIRES RURALES**

Que le Conseil approuve ce qui suit :

1. Des modifications aux droits de demandes d'aménagement prévus par le Règlement 2019-95, comme l'expose en détail le document 1.
2. L'ajout de sept équivalents temps plein (ÉTP) aux Services de planification et aux Service juridiques, pour un coût annuel d'environ 800 000,00 \$, financés intégralement par la hausse des recettes générées par les droits, comme il est noté à la recommandation 1.

FOR THE INFORMATION OF COUNCIL

The Committees also approved the following Directions to staff:

PLANNING COMMITTEE:

Whereas Planning Committee is considering a report with respect to fees and staffing; and

Whereas the *Planning Act* requires that fees imposed under the *Act* for planning applications only be utilized in respect of the costs of dealing with such applications; and

Whereas it is also desirable that there be stability with respect to fees from year to year;

Further, whereas the report on staffing recommends creation of a position in Legal Services as well as positions within Planning Services; and

Whereas it is key to the successful processing of planning applications that there be integration between Legal Services and Planning Services; and

Whereas a review of the Planning Agreement process is shortly to be underway;

1. The Director, Planning Services and General Manager, Financial Services/City Treasurer be directed to submit to Planning Committee and Council a report with respect to the desirability of creating a reserve fund for Planning Fees; and
2. The Director, Planning Services and City Solicitor be direct to submit a report with respect to improving the co-ordination of Legal Services with Planning Services
3. Both of the above reports be submitted no later than the second quarter of 2020.

**AGRICULTURE AND RURAL AFFAIRS COMMITTEE:**

Whereas the report ACS2019-PIE-PS-0095, Planning Services Funding Review and Staff Increase proposes amendments to Planning Application fees; and

Whereas Document 1 details the current and proposed City of Ottawa user fees; and

Whereas the rural Councillors have expressed a concern that the cost to develop lands in surrounding rural communities, such as Lanark or Prescott -Russel, is already lower; and

Whereas the rural area Councillors feel that such a rapid increase in application fees would disadvantage rural economic development in the City of Ottawa;

Therefore be it resolved that the Agriculture and Rural Affairs Committee direct staff in Planning Services bring forward a plan to phase in an incremental increase over a period of 2 years, 2020 and 2021, for the rural areas, as defined in Schedule A – Rural Policy Plan of the Official Plan, in time for consideration by Council on October 9<sup>th</sup>.

POUR LA GOUVERNE DU CONSEIL

Les comités ont également approuvé les directives au personnel suivante :

COMITÉ DE L'URBANISME :

Attendu que le Comité de l'urbanisme étudie présentement un rapport sur les redevances et la dotation;

Attendu que la *Loi sur l'aménagement du territoire* exige que les redevances imposées en vertu de la loi pour des demandes d'aménagement soient uniquement utilisées eu égard aux coûts afférents au traitement de ces demandes;

Attendu qu'il est souhaitable d'assurer la stabilité de ces redevances d'une année à l'autre;

En outre, attendu que le rapport sur la dotation recommande la création d'un poste au sein des Services juridiques ainsi que des postes au sein des Services de planification;

Attendu que la coordination du traitement des demandes d'aménagement entre les Services juridiques et les Services de planification est essentielle pour en assurer le succès.

Attendu qu'un examen du processus des accords d'aménagement débutera sous peu;

1. De demander au directeur, Services de planification, et à la directrice générale, Services des finances, et trésorière municipale de soumettre au Comité de l'urbanisme et au Conseil un rapport sur l'opportunité de créer un fonds de réserve pour les redevances d'aménagement;
2. De demander au directeur, Services de planification, et à l'avocat général de soumettre un rapport sur l'amélioration de la coordination entre les Services juridiques et les Services de planification.
3. Les deux rapports ci-haut mentionnés devront être soumis au plus tard au cours du 2<sup>e</sup> trimestre de 2020.

COMITÉ DE L'AGRICULTURE ET DES AFFAIRES RURALES :

Attendu que des modifications aux droits de demande d'aménagement sont proposées dans le rapport ACA2019-PIE-PS-0095, Examen du financement des Services de planification et augmentation de l'effectif;

Attendu que le document 1 décrit en détail les droits actuels exigés par la Ville d'Ottawa ainsi que ceux proposés;

Attendu que les conseillers des secteurs ruraux se sont dits inquiets du fait que les coûts d'aménagement des terrains dans les communautés rurales environnantes, comme Lanark ou Prescott-Russel, sont déjà moins élevés;

Attendu que les conseillers des secteurs ruraux estiment qu'une augmentation aussi rapide des droits de demande d'aménagement serait préjudiciable au développement économique des secteurs ruraux de la ville d'Ottawa;

Par conséquent, il est résolu que le Comité de l'agriculture et des affaires rurales demande au personnel des Services de planification de déposer un plan, qui sera examiné par le Conseil le 9 octobre, prévoyant une augmentation graduelle des droits sur une période de deux ans, soit 2020 et 2021, pour les secteurs ruraux, tel qu'il est défini à l'annexe A – Plan des politiques rurales du Plan officiel.

Documentation/Documentation

1. Director's report, Planning Services, Planning, Infrastructure and Economic Development Department, dated September 12, 2019 (ACS2019-PIE-PS-0095)  
  
Rapport de la directrice, Services de la planification, Direction générale de la planification, de l'infrastructure et du développement économique, daté le 12 septembre 2019 (ACS2019-PIE-PS-0095)
2. Extract of draft Minutes, Planning Committee, September 26, 2019  
  
Extrait de l'ébauche du procès-verbal, Comité de l'urbanisme, le 26 septembre 2019
3. Extract of draft Minutes, Agriculture and Rural Affairs Committee, October 3, 2019  
  
Extrait de l'ébauche du procès-verbal, Comité de l'agriculture et des affaires rurales, le 3 octobre 2019

**AGRICULTURE AND RURAL  
AFFAIRS COMMITTEE  
REPORT 7  
OCTOBER 9, 2019**

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**COMITÉ DE L'AGRICULTURE ET  
DES AFFAIRES RURALES  
RAPPORT 7  
LE 9 OCTOBRE 2019**

**Report to  
Rapport au:**

**Planning Committee / Comité de l'urbanisme  
September 26, 2019 / 26 septembre 2019**

**and / et**

**Agriculture and Rural Affairs Committee / Comité de l'agriculture et des affaires  
rurales**

**October 3, 2019 / 3 octobre 2019**

**and Council / et au Conseil  
October 9, 2019 / 9 octobre 2019**

**Submitted on September 12, 2019  
Soumis le 12 septembre 2019**

**Submitted by**

**Soumis par:**

**Lee Ann Snedden**

**Director / directeur**

**Planning Services / Services de la planification**

**Contact Person**

**Personne ressource:**

**Lynn Lowe, Strategic Programs and Project Officer (A) / Agent, projets et  
programmes stratégiques (A) / Business and Technical Support Services /**

**Services de soutien techniques et aux activités**

**613-580-2424, 12987, Lynn.Lowe@ottawa.ca**

**Ward: CITY WIDE / À L'ÉCHELLE DE LA  
VILLE**

**File Number: ACS2019-PIE-PS-0095**

**SUBJECT: Planning Services Funding Review and Staff Increase**

**OBJET: Examen du financement des Services de planification et  
augmentation de l'effectif**

### **REPORT RECOMMENDATIONS**

**That Planning Committee and Agriculture and Rural Affairs Committee  
recommend Council approve:**

- 3. Amendments to Planning Applications fees as set out in By-law 2019-95, as detailed in Document 1;**
- 4. The addition of seven full-time equivalent (FTE) positions for the Planning Services and Legal Service Areas, at an annual approximate cost of \$800,000.00, funded entirely from the increase in fee-generated revenues, noted in recommendation 1.**

### **RECOMMANDATIONS DU RAPPORT**

**Que le Comité de l'urbanisme et le Comité de l'agriculture et des affaires rurales  
recommandent au Conseil d'approuver ce qui suit :**

- 3. Des modifications aux droits de demandes d'aménagement prévus par le Règlement 2019-95, comme l'expose en détail le document 1.**
- 4. L'ajout de sept équivalents temps plein (ÉTP) aux Services de planification et aux Service juridiques, pour un coût annuel d'environ 800 000,00 \$, financés intégralement par la hausse des recettes générées par les droits, comme il est noté à la recommandation 1.**

### **EXECUTIVE SUMMARY**

**Assumption and Analysis**



Planning Application Funding Review projects occur periodically to study and review planning application fees. The 2019 Planning Services Funding Review project will be in two phases:

- Phase 1 of the project is a preliminary review to establish a recovery baseline for direct costs and will be completed by year end 2019;
- Phase 2 will determine the necessity for a more detailed review of indirect costs and overhead; timelines are dependent on the outcomes of Phase 1 and will be evaluated in Q2 of 2020.

This project will evaluate the applicable fee revenues and related costs to generate a cost recovery methodology appropriate to the current costs of providing municipal services that benefit individual and commercial users, thereby reducing the property tax requirement.

To provide a holistic cost recovery perspective, the funding review will also consider staff workloads, resources, and technology to support improved workflows of staff impacted by the Planning Applications processes.

The current user fees related to development applications (Document 1) are not achieving cost recovery, impacted by an increase in application complexity. Proposed fees, which will be more prescriptive to cost recovery, will replace the current fees that were established under the 2007 Fiscal Framework.

Staff are providing Council with recommendations to do two things:

- review funding and update fees;
- hire additional staff to improve internal business workflows and timelines.

### **Public Consultation/Input**

A Development Industry Working Group was created, and discussions held with development industry representatives including the Greater Ottawa Home Builders' Association (GOHBA), and the Building Owners and Managers Association (BOMA). A

series of industry meetings were held on August 7, 26, 29 and September 4, 2019. In these meetings a summary of proposed fee increases and processes were provided.

Document 2 provides a summary of the key issues identified.

## **RÉSUMÉ**

### Hypothèse et analyse

Des examens du financement des Services de planification sont effectués périodiquement afin d'étudier et de réviser les droits de demande d'aménagement. L'examen du financement des Services de planification prévu en 2019 se déroulera en deux étapes :

- La première phase du projet prendra la forme d'un examen préliminaire visant à établir une base de référence de recouvrement des coûts directs et se déroulera d'ici la fin de l'année 2019;
- La seconde phase aura pour objectif de déterminer la nécessité ou non d'un examen plus détaillé des coûts et frais indirects; le calendrier d'exécution de cette phase dépend des résultats de la phase 1 et sera évalué au deuxième trimestre de 2020.

Les droits actuels de demande d'aménagement (document 1) ne permettent pas le recouvrement des coûts. Plusieurs facteurs ont une incidence sur ces droits :

- a. la complexité toujours plus grande des demandes;
- b. les coûts d'immobilisations;
- c. les avantages privés, commerciaux et communautaires;
- d. l'utilisation du service par des non résidents;
- e. les taux de ce service disponibles sur le marché;
- f. l'incidence de la modification des droits en vue d'assurer la viabilité financière.

Ce projet vise à évaluer les recettes des droits et les coûts associés afin d'élaborer une méthodologie de recouvrement pertinente pour les coûts actuels de prestation des services municipaux dont bénéficient les usagers particuliers et commerciaux, réduisant par conséquent le recours aux impôts fonciers.

Afin d'offrir une perspective globale de recouvrement des coûts, l'examen du financement tiendra également compte de la charge de travail du personnel, des ressources et des outils technologiques permettant d'améliorer le flux de travail des employés concernés par le processus de demande d'aménagement.

Le personnel recommande au Conseil les deux mesures suivantes :

- examiner le financement et actualiser les droits;
- recruter de nouveaux employés afin d'améliorer le flux des travaux internes et les délais de traitement.

#### Consultation publique et commentaires

Un groupe de travail du secteur de l'aménagement a été créé et des échanges ont été menés avec des représentants de ce secteur, notamment de la Greater Ottawa Home Builders' Association (GOHBA) et de la Building Owners and Managers Association (BOMA). Une série de réunions avec le secteur a eu lieu les 7, 26 et 29 août et le 4 septembre 2019, réunions au cours desquelles un résumé des hausses de droits proposées et des méthodes préconisées a été fourni.

On retrouve dans le document 2 un résumé des principaux enjeux soulevés.

#### **BACKGROUND**

Planning Services plays an important role for the City of Ottawa. By managing the evolution of the City's development, this Service Area helps to enhance quality of life allowing people to live, prosper and connect in neighbourhoods, buildings and spaces that are vibrant, well designed, safely built and sustainable.

Part of Planning Services' role is to evaluate and process sixteen different types of development application submissions, including Official Plan Amendments, Zoning

By-law amendments, and Plans of Subdivision. The complexity of each application type varies, affecting timelines, inputs and levels of interdepartmental coordination.

The City of Ottawa has recently experienced immense development and growth, creating additional development activity, but the complement of staff available in the Development Review branch has not increased proportionally. Over this period, with the exception of Site Plan Control Fees, Planning Services application fees have remained constant, other than an annual adjustment for cost of living, increments and benefit adjustments.

Section 391 of the *Municipal Act, 2001*, grants municipalities broad authority to impose fees or charges for any activity or service they provide. While municipalities can determine which services to charge for, the amount of the fee and who pays it, the *Municipal Act* limits them to cost recovery; a municipality cannot charge more than it costs it to provide a service.

The *Planning Act*, Subsection 69(1) provides as follows:

**69** (1) 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.

Thus, fees imposed under the *Planning Act* are limited to the cost of the City for processing the type of the application.

Council enacted the fees for Planning Applications By-law No. 2019-95 to establish structures and fees according to planning applications types, which sets out the current planning fees being charged for applications.

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## **DISCUSSION**

### **Funding Review Project Overview**

Phase 1 of the Funding Review project was initiated in the spring of 2019 by Planning Services within the Planning, Infrastructure and Economic Development Department in response to feedback from applicants. The project's purpose is to meet application review timelines, while increasing service reliability and the consistency of communications from Development Review. As part of an ongoing initiative of continual improvement, this project will complement initiatives completed to date or underway such as the Site Plan Control Fee, the Post-Approval of Subdivisions, and the Planning Services Legal reviews.

### **Initiatives Completed or Underway**

Council approved the [Site Plan Control Process and Fees Review](#) report, which involved extensive consultation with the Development Industry. The report recognized that legislative timelines, internal target timelines, and cost recovery goals were not being achieved. To address these concerns, a more streamlined Site Plan review process was implemented, as well as a re-structuring of the fee with the goal of cost recovery. Site Plan Control resource requirements were addressed through the report [ACS2019-PIE-PS-0009](#), therefore are not subject to the increased costs/fees associated with the seven FTEs.

The Post-Approval Subdivision business process review is underway. This process will assess the Planning Services subdivision application process, focused particularly on improving processes related to approvals and registrations.

The Planning Services Legal Review is in the planning stage and will assess internal business practices and processes within Planning Services and Legal Services to improve processes related to managing and approving Development Review planning applications.

To continue with the Planning Services ongoing initiative of continual improvement, the Funding Review project's key objectives include assessing user fee cost recovery, developing resource sustainability, and continuing to upgrade technology.

### **The Challenges**

From 2016 to 2018, there was an increase in Planning applications received and preliminary results for 2019 indicate that application volumes will increase again. A holistic review of all applications provides historical data for the years 2016, 2017, 2018 and six months for 2019. The biggest rise in total number of applications received overall was between 2016 and 2017, where volume increased by 91 applications. Available data for the first half of 2019 indicates that 555 applications have been completed, which is 130 more than the first half of 2018.

Overall application complexity has also increased. This increase is led by factors including infill within the city, a shift towards transit-oriented development and more active community participation. A sample review of five complex and time-consuming application types demonstrates a steady increase in volume and complexity in recent years. The following application types were reviewed: Official Plan Amendment, Plan of Subdivision, Zoning By-law amendment, Plan of Condominium, and Site Plan Control.

**Table 1 – Volume of Applications by Type**

<b>Category</b>	<b>Year 2019 (Jan to Jun)</b>	<b>Year 2018</b>	<b>Year 2017</b>	<b>Year 2016</b>
Total Applications	555	939	930	839
<b>Sample of 5 Application Types</b>	<b>Year 2019 (Jan to Jun)</b>	<b>Year 2018</b>	<b>Year 2017</b>	<b>Year 2016</b>
Official Plan Amendment	10	7	17	12
Plan of Subdivision	18	28	32	25

Zoning By-law Amendment	72	91	104	90
Plan of Condominium	17	20	5	21
Site Plan Control	119	198	169	188

### Bill 108 and Planning Applications Timelines

The Ontario government passed Bill 108, More Homes, More Choice, 2019 in June 2019. The Bill affects 13 *Acts* and has several municipal implications, including the timelines for Planning Applications approvals. For example, the Council approval timelines for Plan of Subdivision will be reduced by approximately five months. Under the *Planning Act*, if the municipality fails to approve within the applicable timeline after it is submitted and deemed complete, the owner may appeal the failure of the municipality to approve the application to the Local Planning Appeal Tribunal (LPAT).

A 2019 review from January to June for all Planning Applications shows that the Development Review staff, on average, was under or met target timelines 50% of the time. There are many factors that affect the ability of Planning Services staff to improve timelines including increased complexity and the scale of proposals and issues.

With the implementation of Bill 108 and the related decreased timelines for Planning Applications approvals, it is anticipated that it will be a challenge to meet legislated timelines with the current staff complement.

The following table provides further details about the September 4, 2019 Bill 108 revised timelines for Planning applications.

**Table 2 – Schedule 12: *Planning Act* Application Timelines**

<b>Planning Application Type</b>	<b>Timeline Prior to Bill 108</b>	<b>Timelines After Bill 108</b>
Official Plans or Official Plan Amendments	210 days	120 days
Zoning By-law Amendment	150 days	90 days
Plan of Subdivision	180 days	120 days
Site Plan	30 days	30 days

### **Planning Applications Fees**

As part of the project's first phase, a preliminary comparison of the City of Ottawa's planning application fees with other municipalities put the City of Ottawa's user fees in context. Although selecting peer municipalities for fee comparison purposes is challenging because of differences in terms of scale, growth patterns, and jurisdiction, the municipalities of Toronto, Markham, Mississauga, and Hamilton were deemed appropriate comparators.

For the preliminary comparison, the Official Plan amendment, Zoning By-Law amendment, and the Plan of a Subdivision fees were selected. While it is acknowledged that the various Planning application fees are not easily comparable because of differences in calculation methodologies, the preliminary comparatives highlight that the City of Ottawa charges the lowest fee for many planning applications. Table 3 provides a summary of the sample municipal comparatives.



**Table 3 – Municipal Comparatives for Three Planning Applications Fees**

Application Type	Municipality				
	Ottawa	Toronto	Markham	Mississauga	Hamilton
<b>OPA</b>	\$20,170	\$56,843	\$68,035	\$25,007	\$29,864
	<p>Total fee includes all assumed mandatory additional costs (where applicable): public notice advertisement fee, advertising.</p> <p><b>-Ottawa:</b> base fee</p> <p><b>-Toronto:</b> base fee + additional fee if building GFA is over 500 m<sup>2</sup></p> <p><b>-Markham:</b> Minor Amendment: \$25,630; Major Amendment: \$68,035</p> <p><b>-Mississauga:</b> base fee including first 25 units + additional fee based on # of units thereafter</p> <p><b>-Hamilton:</b> base fee including services up to report, subsequent to report + advertising</p>				
Application Type	Municipality				
	Ottawa	Toronto	Markham	Mississauga	Hamilton
<b>Zoning By-law Amendment</b>	\$16,961	\$42,515	\$47,795	\$33,957	\$32,571
	<p>Total fee includes all assumed mandatory additional costs (where applicable): advertising, public notice assessment, pre-submission consultation.</p> <p><b>-Ottawa:</b> "Major Zoning Amendment" fee</p> <p><b>-Toronto:</b> Generic "Zoning By-Law Amendment" fee</p> <p><b>-Markham:</b> Minor Amendment: \$23,760; Major Amendment: \$47,795</p>				

	<p><b>-Mississauga:</b> Generic “Zoning By-Law Amendment” fee; Comparable includes residential for first 25 units</p> <p><b>-Hamilton:</b> “Complex” Application</p>				
<b>Application Type</b>	<b>Municipality</b>				
	<b>Ottawa</b>	<b>Toronto</b>	<b>Markham</b>	<b>Mississauga</b>	<b>Hamilton</b>
<b>Plan of a Subdivision</b>	\$35,479	\$54,206	\$68,695	\$31,909	\$51,007
	<p>Total fee includes all assumed mandatory additional costs (where applicable): advertising, on-site sign, street lighting review and evaluation</p> <p><b>-Ottawa:</b> “Draft Plan Approval” fee for 1 – 40 units</p> <p><b>-Toronto:</b> + \$1,963 for “each proposed lot”</p> <p><b>-Markham:</b> Based on Major; Includes base fee, for planning, urban design review, extension of draft plan approval</p> <p><b>-Mississauga:</b> Comparable assumes 40 units at \$576 per unit for “Detached, semi-detached and townhouse dwellings”</p> <p><b>-Hamilton:</b> Comparable includes “street lighting review and evaluation”</p>				

### Cost Recovery Objective

As part of Phase 1 of the project, an examination of the direct costs, internal recoveries and revenues indicate that the current user fees are not cost recoverable, as detailed in Table 4. The 2019 gross expenditures of \$11.9 million, internal recoveries of \$1.19 million, and related fee revenues of \$8.83 million result in a gap of \$1.88 million. This gap will be partially offset by a revenue adjustment of \$1.01 million to account for

surplus revenues and another \$0.15 million to account for the implementation of the interim Site Plan Control fees, in 2020. The prior year surpluses are driven by an increase in the volume and complexity of applications.

Implementation of the ultimate site plan control fees in 2021 will close the remaining gap of \$0.720 million and will achieve cost recovery.

A breakdown of the cost recovery methodology is detailed in Table 4.

**Table 4 – 2019 Summary of Cost Recovery**

<b>Cost Recovery</b>	
<b>2019 Budget</b>	
Gross Expenditures	\$11,900,000
Internal Recoveries	(\$1,190,000)
Revenues	(\$8,830,000)
<b>Net</b>	<b>\$1,880,000</b>
<b>2020 Budget</b>	
Revenue Adjustment – align budget to actuals	(\$1,010,000)
Revenue Adjustments – interim Site Plan Control Fees	(\$150,000)
<b>Net</b>	<b>\$720,000</b>
<b>2021 Budget</b>	
Revenue Adjustments – interim Site Plan Control Fees	(\$720,000)
<b>Net</b>	<b>\$0</b>

### **Incremental Costs and Cost Recovery**

As part of a user fee review, municipalities often consider available resources as this is the primary input into providing a good or service, such as the development application process. Similarly, the Funding Review project is considering staff workloads, resources and technology upgrades that support workflow improvements that will promote service quality.

To assist in application reviews and to meet our client's needs, the following additional seven FTEs are requested, at an approximate cost of \$0.80 million.

- Five engineers
- One Solicitor
- One Co-op Student

The standard annual adjustment for cost of living (COLA), of \$0.250 million will be funded through a fee increase.

Finally, the current technology that is in place to manage planning applications is a critical application for the Planning, Infrastructure and Economic Development Department. The Municipal Application Partnership (MAP) was developed for the city in 1999 as a suite of spatially enabled platform of business applications but is currently at end-of-life and no longer supported by the vendor. The investment into the replacement of MAP with the Land Management Solution (LMS) will improve workflows, offer mobile solutions for fieldworkers and enhance current service levels for citizens. The LMS capital payback is estimated at \$0.750 million/year for approximately twelve years, respectively. It may be necessary to adjust the timing of the payback once all costs have been incurred and are known.

Phase 2 of the project will evaluate the potential requirements for future financial analysis of related indirect costs and future funding of LMS operating costs.

The proposed increases and funding methodology are summarized in Table 5.

**Table 5 – 2020 Summary of Incremental Costs and Funding**

<b>2020 Incremental Costs and Funding</b>	
7 Additional Resources (FTEs) -5 Engineers -1 Solicitor -1 Co-op	\$800,000
Cost of living increase (COLA)	\$250,000
Technology (LMS)	\$750,000
Fee increases	(\$1,800,000)
<b>Net</b>	<b>\$0</b>

## **RURAL IMPLICATIONS**

The proposed amendments to the Planning Services User Fees would be applicable to all rural areas.

## **CONSULTATION**

A Development Industry Working Group was created and discussions held with development industry representatives including the Greater Ottawa Home Builders' Association (GOHBA) and the Building Owners and Managers Association. A series of industry meetings were held on August 7, 26, 29 and September 4, 2019. In these meetings, a summary of proposed fee increases and processes were provided. The report represents the key issues expressed by these stakeholders. The development industry is looking for consistent, reliable services with timelines that allow their businesses to prosper. For consultation details, please refer to Document 2.

## **COMMENTS BY THE WARD COUNCILLORS**

This is a city-wide report – not applicable.

## **LEGAL IMPLICATIONS**

There are no legal impediments to the approval of the recommendations in this report. An applicant has the ability to pay the fees for a planning application under protest and appeal such fees to the Local Planning Appeal Tribunal.

## **RISK MANAGEMENT IMPLICATIONS**

There are risk implications if capacity needs are not achieved because this will reduce the ability to meet provincial mandated timelines.

## **ASSET MANAGEMENT IMPLICATIONS**

There are no direct asset management implications associated with the recommendations of this report.

## **FINANCIAL IMPLICATIONS**

The estimated incremental revenues resulting from the fee amendments are \$1,800,000; comprised of \$250,000 for the cost-of-living increase, \$800,000 for the 7.0 FTE increase and \$750,000 for the technology increase.

Through the 2020 budget, Planning Services' budget will be increased by \$1,050,000 for the cost of living and the 7.0 FTEs, which will be fully offset by increased revenues of \$1,050,000. In addition, Planning Services' budget will be increased by 6.0 FTEs and Legal Services' budget will be increased by 1.0 FTE (which will be funded from Planning Services budget).

The incremental revenues resulting from the technology increase will go towards the capital cost of the Land Management Solution (LMS). The LMS capital payback is estimated at \$750,000/year and approximately twelve years. It may be necessary to adjust the timing of the payback to reflect updated estimates and final costs.

## **TERM OF COUNCIL PRIORITIES**

This report addresses the following Term of Council priorities:

- The outcome of the review will advance management oversight, tools and processes that support accountability and transparency.
- The project will engage internal and external stakeholders including City departments and the development industry to strengthen public engagement.
- One of the key objectives of the project is financial sustainability.
- Improve the client experience through improved workflow and timelines.

### **SUPPORTING DOCUMENTATION**

Document 1 Current and Proposed City of Ottawa User Fees

Document 2 Consultation Feedback

### **DISPOSITION**

Planning, Infrastructure, and Economic Development Department to forward the recommendations approved to Legal Services. Legal Services to prepare the implementing by-laws and forward to City Council.

## **Document 2 – Development Industry Feedback**

Comments on the proposed Planning application fee increases were received from the development industry. The key messages received include improvements in consistency of reviews, reliability of services, and a reduction in timelines.

1. Comments received from the project Development Industry Working Group and the City responses follow.

Comment:

Suggest expanding the current project scope to include an Engineering Review, review target fee methodologies, and Development Review process steps.

Response:

Planning Services with Dillon Consulting completed an Engineering Post-Approval Process Review in early 2019 and implementation of the report's recommendations are in progress. The process improvement outcomes, of this review, include guidelines, Servicing Report template, and consultant recommendations. The City will re-circulate the consultant's report and templates. As part of the Engineering Review project, an evaluation will be completed to assess the effectiveness of the implemented process improvements.

As part of Phase 2 of the Funding Review and FTE Increase project, a high-level survey of other municipalities' Engineering Design Review and Inspection Fee methodology will be completed.

The Development Review process steps is an agenda item for the Planning Services September 19 Director's Forum.

Comment:

Review Building Code Service's use of the reserve fund for Land Management Solution (LMS).



Response:

Further to the 2018 Annual Report Pursuant to the *Building Code Act*, [ACS2019-PIE-PS-0021](#), the *Building Code Act* directs municipalities to set building permit fees to fully recover the costs of servicing building permits, including both direct and indirect costs. The *Building Code Act* stipulates that revenues must not exceed the anticipated reasonable costs required to enforce the *Act* and Code. To assist in managing year to year variations in building permit revenues, the *Building Code Act* provides for the establishment of reserve funds. Accordingly, reserve accounts have been established, including a capital contribution fund, which covers capital expenditures in support of the activities related to servicing and enforcing building permits and enforcing the *Act* and code. The LMS project falls within the criteria for this capital reserve account.

Comment:

Facilitate a committee or connection for local industry to discuss LMS use and benefits with peers in other cities.

Response:

Deferring response until the procurement phase is complete and contract signed.

Comment:

Consider incorporating Legal positions within Planning Services to improve workflows.

Response:

The Planning Services Legal Review project is in the planning stage and will assess internal business practices and processes within Planning Services and the City's Clerk Office to improve processes related to managing and approving Development Review planning applications. In addition, the City Solicitor previously expressed a strong preference to retain legal staff in one department for quality control and professional accreditation purposes.

Comment:

Include indirect fees in Phase 2 of the Funding Review and Staff Increase project.

Response:

Phase 2 of the Funding Review and Staff Increase project will review indirect costs.

Comment:

Circulate the City of Ottawa organizational charts to further increase the Industry's understanding of how fee revenues are applied.

Response:

The City will provide a Development Review chart.

Comment:

Request approval for a reserve fund for future use.

Response:

This will be reviewed as part of the Phase 2 assessment when indirect costs will be evaluated.

Comment:

If there are surpluses, consider retaining within the department.

Response:

See above response to the reserve fund comment.