

Town of Georgina

Development Engineering Fees Review

Council Presentation

August 9, 2017

Introduction

- Watson & Associates Economists Ltd. was retained by the Town to undertake a comprehensive review and update of the Planning and Development Engineering application and service fees
- Recommendations must:
 - Conform with legislation and be defensible; and
 - Balance the need for cost recovery with stakeholder interests, affordability and competitiveness

Introduction (Cont'd)

- Due to staff shortages in the Planning Division and competing demands on their time, a two-phase approach to completing the project was adopted
 - Phase 1 – Development Engineering Fees Review
 - Phase 2 – Planning Application Fees Review

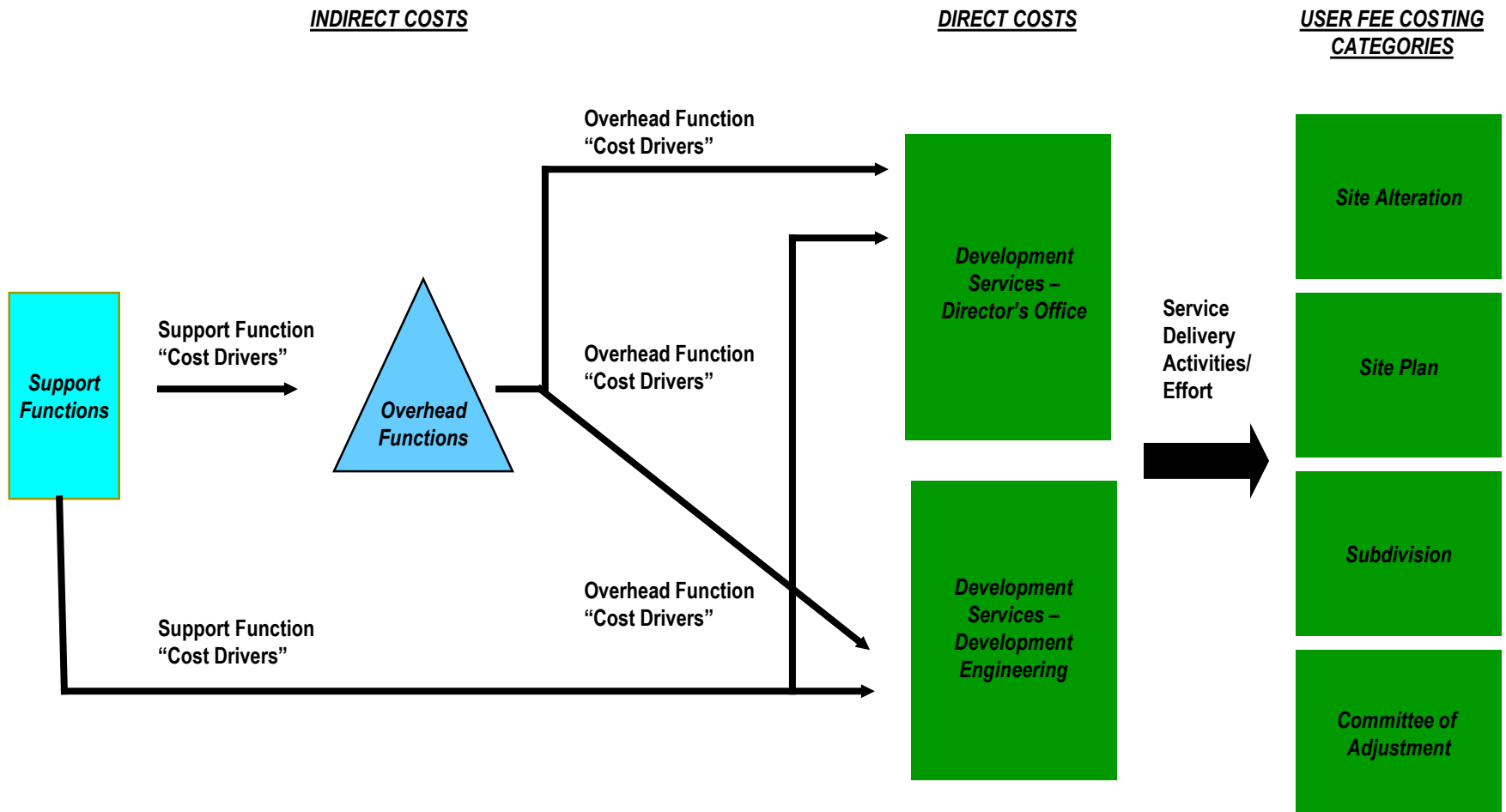
Legislative Context

- *Municipal Act*, s. 391 governs fees and charges for development engineering, infrastructure planning & improvements, etc.
- Fees and charges may be imposed by a municipality or local board on persons for:
 - Services or activities provided by or on its behalf;
 - Costs payable for services/activities provided by or on behalf of any other municipality/board; and
 - Use of municipal property.

Full Cost Recognition

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

Activity Based Costing Methodology



Study Process

- ❑ Met with the Town's project team to document costing categories and participating staff positions
- ❑ Established staff processing effort estimates for each costing category
- ❑ Quality-tested the effort estimates through capacity utilization assessment
- ❑ Constructed an activity-based costing model to determine the full costs of the various application processes
- ❑ Discussed outcomes of the costing and financial impact analysis with the Town's project team

Costing Categories

- Fee categorization process occurred at the outset of the assignment through discussions with staff
- Development engineering costing categories included in the activity-based costing model:
 - Site alteration
 - Site plan
 - Subdivision
 - Committee of Adjustment (C.O.A.) site visits and comments
 - General complaints

Process Effort Assessment

- ❑ Processing time estimates for all costing categories were based on historical time tracking data for Development Engineering Technologists and Development Inspectors
- ❑ Staff provided effort allocations for summer students
- ❑ Capacity utilization of coaching, support, and oversight roles (Development Engineer, Manager, and Engineering Secretary) was assumed to be directly proportional to that of the inspectors and technologists

Staff Utilization

Staff Position/Member	Site Alteration	Site Plan	Subdivision	C.O.A.	Complaints (general)	Total
Director of Development Services	7%	3%	13%	0%	1%	25%
Administrative Assistant	7%	3%	13%	0%	1%	25%
Manager of Development Engineering	26%	13%	56%	1%	5%	100%
Engineering Secretary	26%	13%	56%	1%	5%	100%
Development Engineer	26%	13%	56%	1%	5%	100%
Summer Students	50%	25%	25%	0%	0%	100%
Development Inspectors						
Cory Repath	44%	4%	44%	3%	5%	100%
Mike De Pinto	53%	2%	38%	1%	5%	100%
Development Engineering Technologists						
Barb Antic	0%	19%	76%	0%	5%	100%
Darren Dunphy	6%	25%	65%	0%	5%	100%

Annual Costs and Cost Recovery Levels

Cost Component	Costing Category					Total
	Site Alteration	Site Plan	Subdivision ¹	C.O.A.	Complaints	
Direct Costs (SW&B)	\$ 217,831	\$ 111,228	\$ 463,260	\$ 8,792	\$ 40,883	\$ 841,994
Direct Costs (non-SW&B)	\$ 8,968	\$ 4,437	\$ 17,626	\$ 337	\$ 1,536	\$ 32,905
Total Direct Costs	\$ 226,800	\$ 115,665	\$ 480,886	\$ 9,130	\$ 42,419	\$ 874,899
Indirect Costs (25% of direct costs)	\$ 56,700	\$ 28,916	\$ 120,222	\$ 2,282	\$ 10,605	\$ 218,725
Total Direct and Indirect Costs	\$ 283,499	\$ 144,581	\$ 601,108	\$ 11,412	\$ 53,023	\$ 1,093,624
Capital Replacement Cost	\$ 3,915	\$ 1,937	\$ 7,694	\$ 147	\$ 670	\$ 14,363
Grand Total Costs	\$ 287,414	\$ 146,518	\$ 608,801	\$ 11,559	\$ 53,694	\$ 1,107,987
Average Annual revenue	\$ 92,715	\$ 35,466	\$ 337,145	\$ -	\$ -	\$ 465,326
Cost Recovery Level	32%	24%	55%	0%	0%	42%

¹A portion of Subdivision costs (approximately \$14,500, or 2% of total Subdivision costs) is attributable to time spent on planning applications for Draft Plan of Subdivision or Condominium

Fee Adjustments

- ❑ Based on current cost recovery levels, the Town would need to make adjustments to Development Engineering fees in order to achieve full cost recovery
- ❑ Town unlikely to recover the full costs associated with Complaints
- ❑ Adopting the recommended fees and assuming that the department can recover the costs associated with its involvement with planning applications, the cost recovery level would increase to 95%

Fee Recommendations – Subdivision

- The full cost of lot grading is \$930 per lot
- Town currently imposes a lot grading fee of \$300 on infill lots
- No lot grading fee currently imposed on subdivision lots
 - Costs are currently recovered as part of the engineering fee, currently charged at 3% of construction value

Fee Recommendations – Subdivision

□ Recommended options are:

1. Maintain current fee structure and increase engineering fee from 3% to full cost fee, 5.4%; or
2. Increase current engineering fee to 3.7% and introduce a lot grading fee of \$779/lot; or
3. Increase engineering fee to 3.4% and introduce full cost lot grading fee of \$930/lot

Fee Recommendations – Site Plan Control

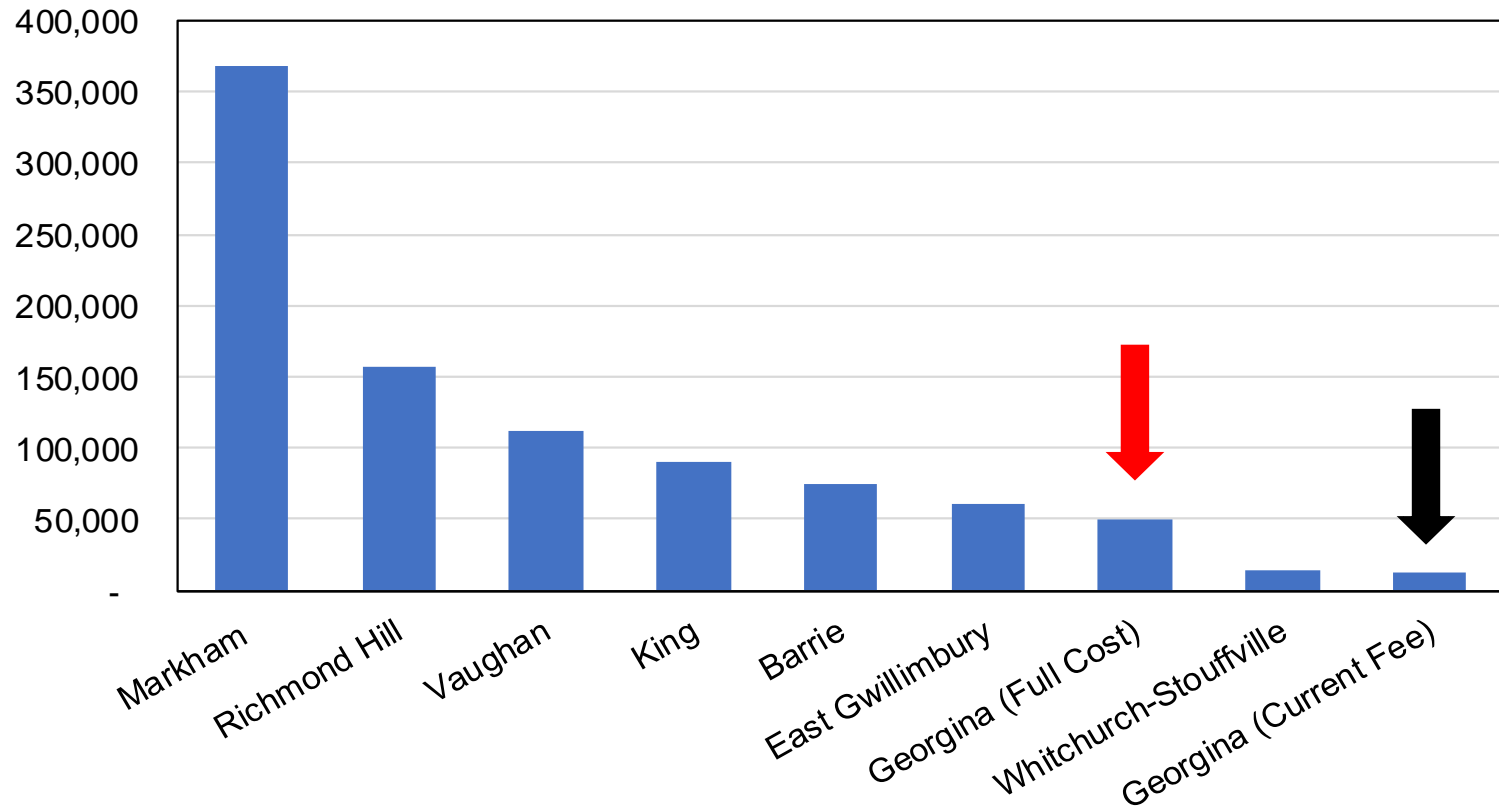
Site Plan Control Applications	Current Fee (\$)	Full Cost Fee (\$)
Major Application Fee	11,837	48,901
Graduated Site Plan Control Fee	6,458	26,679
Minor Application Fee	6,458	26,679
Major Amendment to Existing Site Plan and/or Agreement	4,305	17,785
Minor Amendment to Existing Site Plan and/or Agreement	2,153	8,894
Additional Site Plan Meeting (after first meeting)	862	3,561
Additional Public and/or Agency Circulation (after initial)	216	892

Fee Recommendations – Site Alteration

Site Alteration (Fill Placement and Lot Grading)	Current Fee (\$)	Full Cost Fee (\$)
Site Alteration (Fill Placement)		
Fill less than 250 cubic metres	500	1,550
Fill greater than 250 cubic metres and less than 2,000 cubic metres	750	2,325
Fill placement 2,000 cubic metres or greater	1,000	3,100
Extension of permit for Fill less than 250 cubic metres	250	775
Extension of permit for Fill greater than 250 cubic metres and less than 2,000 cubic metres	375	1,162
Extension of permit for Fill placement 2,000 cubic metres or greater	500	1,550
Municipal Services Fee (where quantities are 2,000 cubic metres or greater) charged per cubic metres of fill material to be placed	0.50	1.55
Preparation of Site Alteration Agreement	6,150	19,065
Amendment to Agreement	2,050	6,355
Lot Grading and Drainage (Residential)		
Construction of principal buildings, septic systems and accessory structures greater than 20 square metres. Construction of additions to accessory structures greater than 20 square metres.	300	930
Additions to buildings. Foundation repairs or replacement, house raising and construction of new foundations for same. Construction of in-ground pools. Construction of accessory structures greater than 10 square metres but less than 20 square metres. Additions to existing accessory structures greater than 10 square metres but less than 20 square metres.	150	465
Extension of permit for principal buildings, septic systems and accessory structures greater than 20 square metres.	150	465
Extension of permit for: Additions to existing principal buildings or accessory structures. Foundation repairs or replacement, house raising. Construction of in-ground pools. Construction of accessory structures less than 20 square metres.	75	232

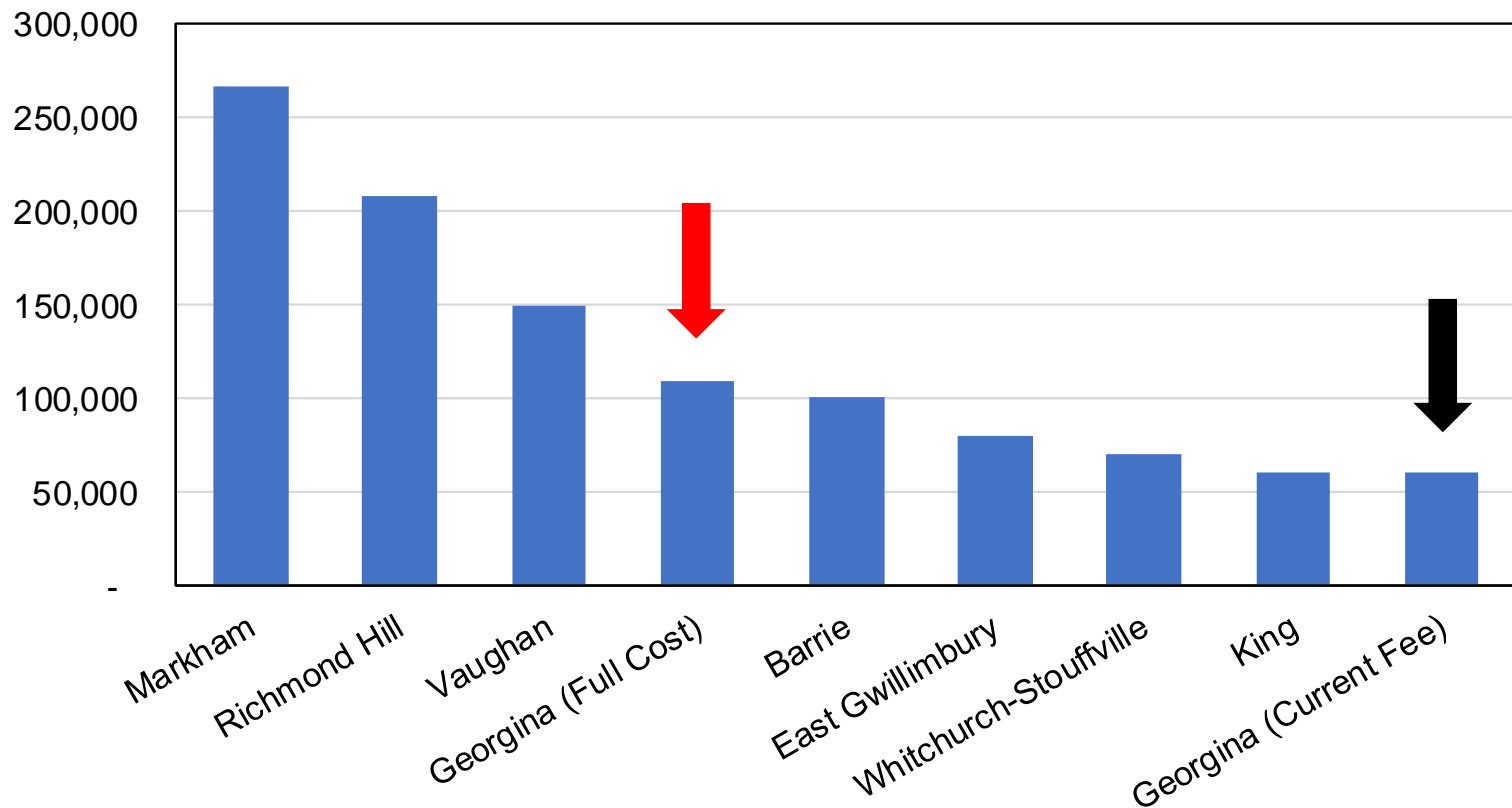
Municipal Comparison – Subdivision Engineering Fees

Site Plan Engineering Review Fees - \$500,000 External and
\$1 million Internal Infrastructure Costs



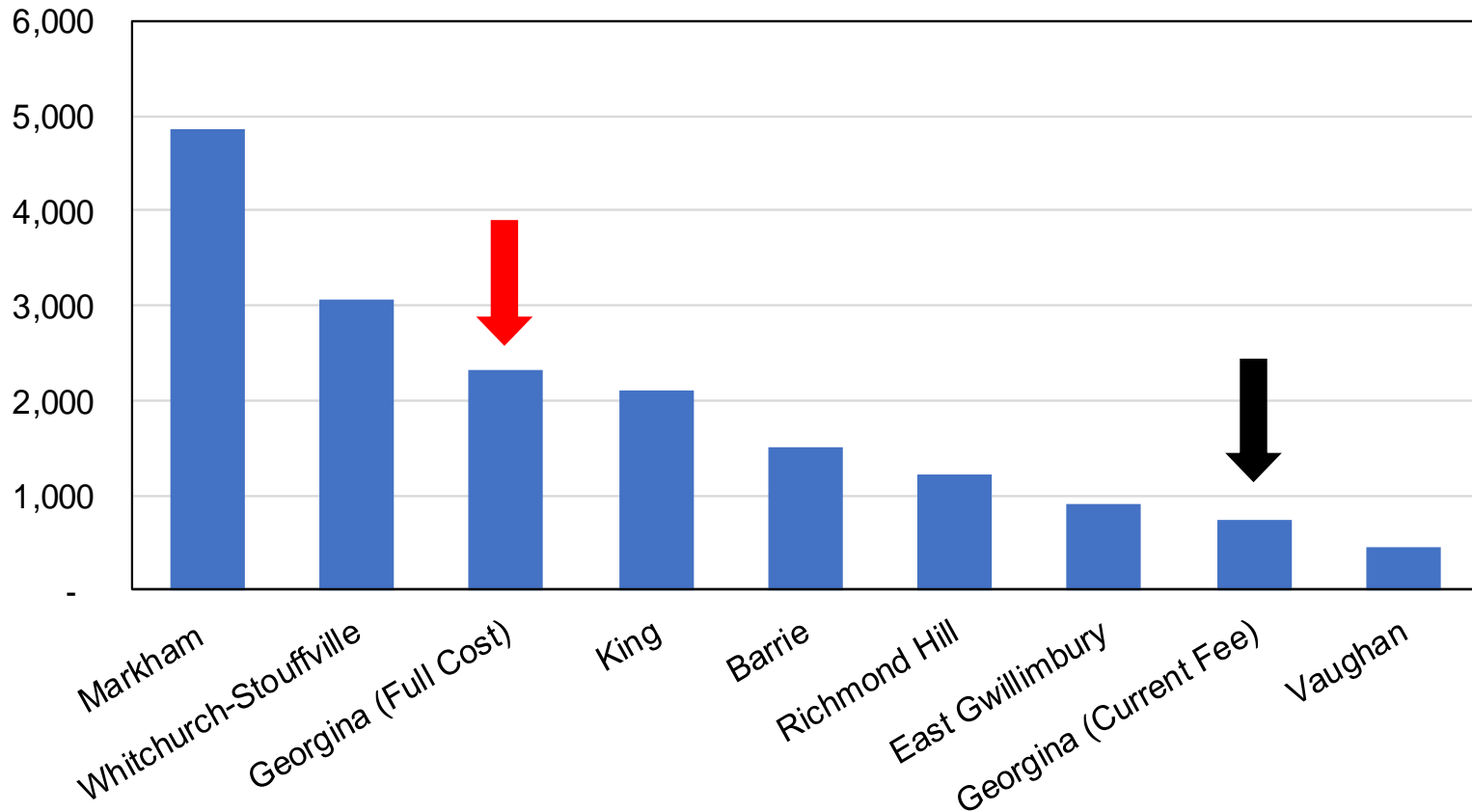
Municipal Comparison – Site Plan

Plan of Subdivision Engineering Review Fees - \$2 million
Internal Infrastructure Costs



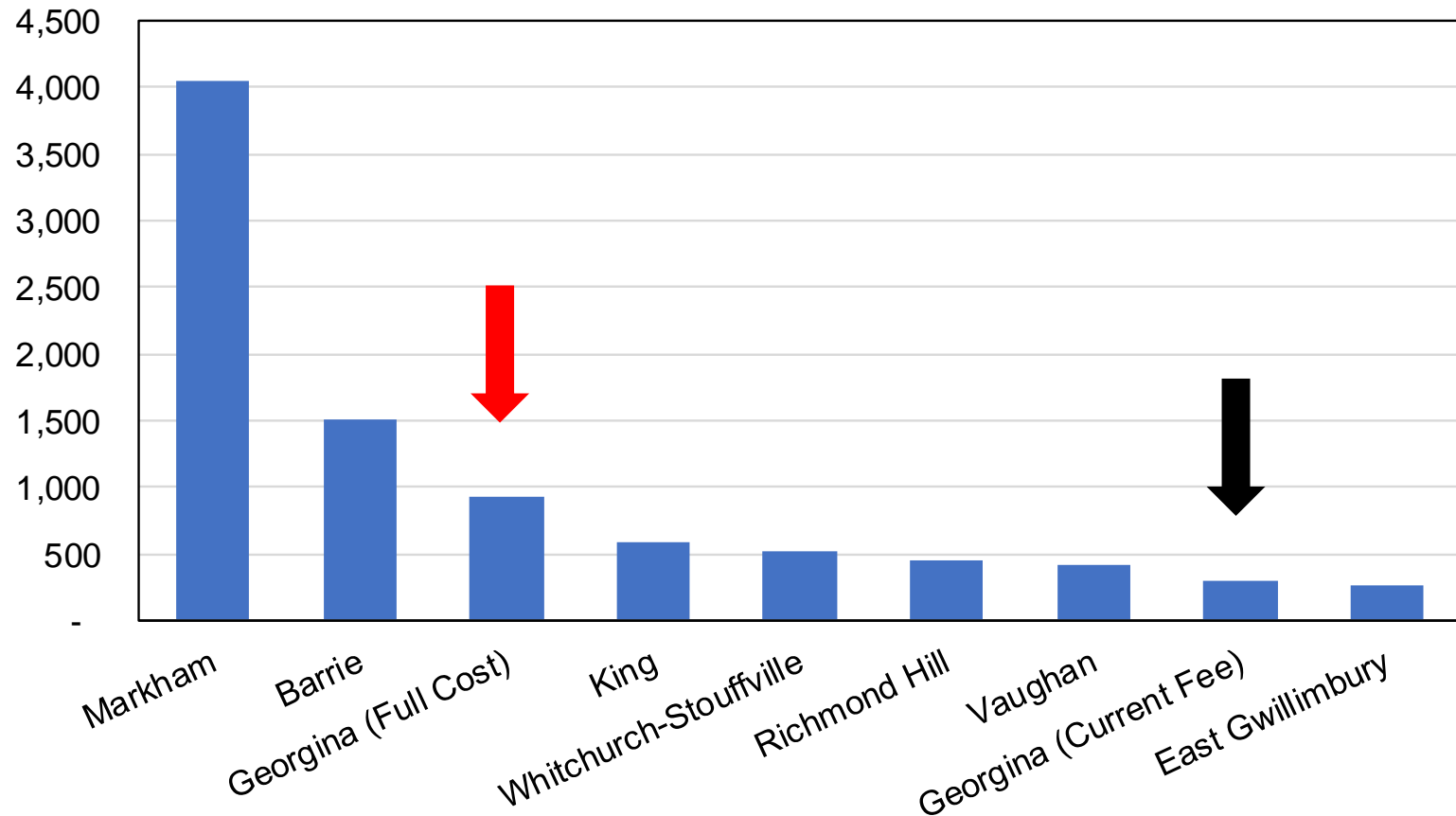
Municipal Comparison – Site Alteration

Site Alteration - Fill Permit - 500 m³



Municipal Comparison – Lot Grading

Site Alteration - Lot Grading Permit (\$/lot)



Next Steps

- ❑ Receive input from Council on the proposed recommendations
- ❑ Public Open House on August 29, 2017 at 9 am at the Sutton Community Kin Hall
- ❑ Council to consider by-law adoption