



## Committee Report

**To:** Warden Mitch Twolan  
Members of the Planning and Development Committee

**From:** Kara Van Myall  
Director of Planning and Development

**Date:** November 19, 2020

**Re:** Land Use Service Delivery (Planning Application Fees Review) -  
Final Report

---

### Staff Recommendation:

That five of the six recommendations for the amendment of the fee schedule be approved, and phased-in within one year (2021) specifically:

- Recovery of 100% of Activity Costs and Appropriate Overhead (Scenario 3),
- Four new fees (General Inquiries, Pre-Consultations, Studies over five hours and Pit/Quarry County Official Plan Amendments) be introduced;
- A deposit for peer reviews be collected; and,

That the practice of increasing fees annually by the Consumer Price Index (CPI) resume in 2022; and,

That the Fees and Charges by-law be amended accordingly.

### Background:

Funded by the Municipal Modernization Program, Strategy Corp Inc. (SCI) was retained to undertake this project, as part of a larger body of work focused on improving and enhancing land use service delivery. This service delivery improvement initiative is part of the tactical objectives from the Land Use Planning Transformation program. SCI is currently leading three parallel projects, including:

1. Official Plan Best Practices
  - ✓ Complete - approved October 15, 2020
2. Development Fees Review
  - ✓ Interim report received October 15, 2020
  - ✓ Final report received November 19, 2020
3. Memorandum of Agreement (MOA) Update
  - ✓ Interim report received and circulation endorsed November 5, 2020
  - MOA presented to all local Councils (November 9<sup>th</sup> - 24<sup>th</sup>)
  - Final report planned for Committee December 17, 2020

Building on the key findings of the Interim Report presented in October 2020, this Final Report (attached) advances the discussion around the County's planning application fees and informs the Memoranda of Agreement with local municipalities for planning services. To this end, this Final Report includes three additional Chapters:

1. External Stakeholder Input - developers in Bruce County have been engaged to source their perspective on planning fees and the degree to which they affect their business decisions.
2. Fee Schedule Alternative Options - SCI has sourced additional feedback to inform the range of alternative fee schedule options explored in this Final Report.
3. Recommendations and Conclusions - SCI has identified and recommended ways to improve cost recovery, manage resources, and speed this service delivery.

It should be noted that the cooperation of all stakeholders was pivotal in this work advancing as quickly as it did, despite logistical constraints posed by the COVID-19 pandemic.

### Conclusions & Recommendations

For ease of reference, StrategyCorp's Recommendations for Planning Application Fees are listed below:

Recommendations	
<b>Fee Convergence to Cost Recovery</b>	<ul style="list-style-type: none"> <li>We recommend that the County converges its base fee schedule (first application) between the two alternative ones in Section 8.2. The sooner the adjustment is made, the faster the relief on the tax base will be and the significant under-recovery of costs will end.</li> <li>While the fee corrections to the chronic cost under-recovery required to converge to full cost recovery of activities plus appropriate overhead might seem large, it is important to recognize that Bruce County's Planning Fees have been held far below the average of its peer group - in many cases they are the lowest. Therefore, fee corrections are justified not only as a relief to the tax base, but also as being in alignment with the common practices of comparable upper tier municipalities.</li> </ul>
	<p><b>Impact: Should the County decide to implement these recommendations, it is estimated that it can yield savings that are equivalent to 0.88 of one percent points of the tax rate, or 24 percent of the Planning Department's levy.</b></p>
	<ul style="list-style-type: none"> <li><b>Minor Variance:</b> Our process mapping and activity cost measurements indicate that the processing of such</li> </ul>

<b>Fee Structure Amendments</b>	<p>applications is easily scalable. Our recommendation is to consider amending the fee schedule in a way that allows for a flat fee for 1-2 minor variances in the same application, and adds to it a separate flat fee that is 30% higher than the former for cases of 3 or more minor variances in the same application.</p> <ul style="list-style-type: none"> <li>○ A comparable case is Huron County.</li> <li>● <b>Consents:</b> For multiple consents, we recommend reducing the price of each additional lot in the same application to 50%, post the first one. Our process mapping and activity cost measurements indicate that the processing of such applications is easily scalable. This is to be considered in more detail by the staff, as there have been discussions that indicate that often this route is opted for instead of Plan of Subdivision. <ul style="list-style-type: none"> <li>○ A comparable case is Oxford County.</li> </ul> </li> <li>● <b>COPA:</b> Our recommendation is to segment fees for Major COPA and Minor COPA, based on whether it requires more than 3 technical studies or not. For Major COPAs, we recommend increasing the new base fee (of full cost recovery) by 8% for each additional technical study required over the threshold of 3 studies. <ul style="list-style-type: none"> <li>○ A comparable case is Grey County.</li> </ul> </li> </ul> <p><b>Impact: Greater transparency in setting fees is not just about ensuring the fees fully reflect existing gaps in the full cost price. It should also recognize “bulk rate” savings that come from economies of scale in multi-unit applications, to the benefit of the developer-user. Passing on the savings of economies of scale will accurately reflect actual costs, to the benefit of both the County and the user.</b></p>
<b>Introduction of New Fees</b>	<ul style="list-style-type: none"> <li>● An introduction of new fees does not have a significant financial impact on the operating budget - instead, it is meant to be applied to less frequent cases of activity surge for specific requests.</li> <li>● We identified three cases like this: Studies over 5 staff hours, and General Inquiries by non-residents of Bruce County (ie.</li> </ul>

	<p>those that do not contribute to the tax base).</p> <ul style="list-style-type: none"> <li>• In addition, we identified that Pre-Consultations could take a significant amount of time, prior to a submitted application. In line with the practice of some other upper tier municipalities, we recommend a fee introduction for Pre-Consultations.</li> <li>• Our recommended four Fee Introductions are presented in <i>Section 7.3</i>, and summarized here: <ul style="list-style-type: none"> <li>◦ <b>General Inquiries:</b> \$50 for non-property owners</li> <li>◦ <b>Pre-Consultations:</b> \$200</li> <li>◦ <b>Studies:</b> \$40/hour for time over a 5-hour threshold</li> <li>◦ <b>Pit/Quarry COPA:</b> <ul style="list-style-type: none"> <li>▪ <b>Minor/Small-scale Pit or Quarry COPA:</b> \$21,730</li> <li>▪ <b>Complex Pit or Quarry COPA:</b> \$52,530</li> </ul> </li> </ul> </li> </ul> <p><b>Impact: An introduction of new fees transfers the burden of paying for the service from the taxpayer to the user equivalent to 0.07 percentage points of the tax base, or 1.0 percentage point of the Planning Department's levy.</b></p>
<p><b>Introduction of Deposit for Peer Reviews</b></p>	<ul style="list-style-type: none"> <li>• We recommend the consideration of introducing a deposit fee that could be used to recover the costs for peer review of studies, when required as part of the application. This will prevent invoicing and payment delays that could impede the timeline of service delivery, while the application process is already undertaken.</li> <li>• Applicants should be responsible for the full costs of undertaking peer reviews for any studies or drawings submitted in support of the application. These costs can also include a 10% administration fee for the Planning Department to recover the contract management costs.</li> <li>• Comparable cases are Grey County, Oxford County and Wellington County. At Grey County, a \$5,000 deposit is used for Peer Reviews - \$500 of the deposit is non-refundable if the application is withdrawn prior or during the approval process.</li> </ul> <p><b>Impact: An introduction of Deposits and a 10% Administration Fee would reduce the administrative pressure on whether a peer review is required or not, along with the resource constraints of</b></p>

	<p>managing such a contract. While the financial impact of this measure is small in monetary value, it can make a meaningful difference in the efficiency and speed of processing complex applications.</p>
<p><b>Phase-in of Fee Corrections for Cost Recovery</b></p>	<ul style="list-style-type: none"> <li>• To mitigate the impact on moving to full cost pricing on the user, implementation of the increase could be phased in over time.</li> <li>• We modelled the following approaches to phase-ins (see <i>Section 7.2</i>; Tables 18, 19 and 20): <ul style="list-style-type: none"> <li>◦ 3- and 5-year horizons</li> </ul> </li> <li>• In Tables 18 and 19, we show what the annual fee correction would have to be for each type of application, over each respective time horizon, in order to eventually reach full cost recovery.</li> <li>• Huron County was in a similar situation in 2012, when Council decided to spread the lump sum of fee corrections over 5 years. Post the 5-year period, Huron continued to increase its fees annually by the CPI rate, to ensure long-term cost recovery.</li> </ul> <p><b>Impact: A phasing of fee corrections would cushion the impact of increases on users but would also delay the move to full cost pricing for the service, meaning that it would continue to be subsidized by the taxpayer through the levy.</b></p>
<p><b>Continue Annual Corrections by CPI Rate, Post Major Adjustments</b></p>	<ul style="list-style-type: none"> <li>• Based on current practice of increasing fees annually by CPI, we recommend that the County resumes its application of annual CPI increases, after fees have been increased to the level of full cost recovery. For example: <ul style="list-style-type: none"> <li>◦ If the County chooses to adjust its fees to full cost recovery in 2021, the annual CPI increases would apply from 2022 onwards;</li> <li>◦ If the County chooses to adjust its fees to full cost recovery gradually over 3 years by 2023, the annual CPI increases would apply from 2024 onwards;</li> <li>◦ If the County chooses to adjust its fees to full cost recovery gradually over 5 years by 2025, the annual CPI increases would apply from 2026 onwards;</li> </ul> </li> <li>• This is a common practice in municipal administration - both</li> </ul>

	<p>Bruce and other comparable Counties have applied this practice.</p> <ul style="list-style-type: none"> <li>• Bruce County's Bylaw for Fees and Charges should be updated accordingly.</li> </ul>
	<p><b>Impact: The continuation of applying annual CPI increases will ensure that the County is set on a path for long-term cost recovery by user fees for its planning service delivery.</b></p>

Staff have reviewed these options and recommend to Committee that:

Five of the six recommendations for the amendment of the fee schedule be approved, specifically:

1. Fee convergence to cost recovery
  - Recovery of 100% of Activity Costs and Appropriate Overhead (Scenario 3),
2. Fee structure amendments - NOT recommended for approval
  - This is to be considered in more detail by the staff and is not recommended at this time.
3. Introduction of new fees
  - Four new fees be introduced, including:
    - General Inquiries,
    - Pre-Consultations,
    - Studies over five hours; and,
    - Pit/Quarry County Official Plan Amendments.
4. Introduction of deposit for peer reviews
  - We currently charge for Peer Reviews, but we don't currently require a deposit, rather payment of the whole peer review. Suggest that we begin taking a deposit and apply the deposit to the final charge.
5. Phase-in of fee corrections for cost recovery
  - Adjustment of fees to full cost recovery & introduction of new fees in 2021.
6. Annual corrections by CPI Rate, post period of major fee adjustments
  - The annual CPI increases would apply from 2022 onwards.

It is also recommended that the Fees and Charges by-law be amended accordingly.

#### **Financial/Staffing/Legal/IT Considerations:**

There are financial considerations associated with potential adjusting planning application fees and potential indirect staffing, legal and IT considerations associated with this report.

**Interdepartmental Consultation:**

Staff from Planning and Development have been working to date with the Office of the CAO.

**Link to Strategic Goals and Elements:**

Goal 4 - Find creative new ways to ways to involve all staff in our future

Element C - Invest in expanding the knowledge and skills of our staff.

Goal 5 - Eliminate our own red tape

Element A - All work processes designed for the fewest steps and the easiest completion.

Goal 7 - Stimulate and reward innovation and economic development

Element A - Streamline and simplify our Planning Processes

**Report Author:**

Mark Paoli, Manager, Land Use Planning, Planning and Development

Matt Meade, Corporate Strategic Initiatives Specialist

**Departmental Approval:**

Kara Van Myall

Director, Planning and Development

**Approved for Submission:**

Sandra Datars Bere

Chief Administrative Officer