



Planning Advisory Committee Report

Report Number: ENG2022-021
Meeting Date: August 10, 2022
Title: Update to Development Application Approvals Process (DAAP) Fee for Subdivisions
Description: Engineering Fees
Type of Report: Regular Meeting
Author and Title: Christina Sisson, Manager, Development Engineering

Recommendation(s):

That Report ENG2022-021, **Update to Development Application Approvals Process (DAAP) Fee for Subdivisions**, be received;

That the City's Development Application Approvals Process (DAAP) Fee be increased to 4.5% for subdivisions;

That the City's cost estimate schedule template for subdivisions be updated and amended for 2023, as outlined in Appendix 'A', to Report ENG2022-021; and

That the City review the DAAP fee every two years to ensure the fee is fair and in line with the costs of engineering review and project management by the City.

Department Head: _____

Legal/Other: _____

Chief Administrative Officer: _____

Background:

Further to the initial by-law in 2007 (By-Law 2007-132 attached as Appendix 'B') and the accompanying report (DEV2007-053 DAAP User Fees Review), the establishment of fees, the authority for accepting fees, and the applicability of fees was reviewed and confirmed through consultation with Watson & Associates. For example, Part X11 of the Municipal Act provides for the charging of fees. There have been very few updates to the Development Application Approvals Process (DAAP) Fee for subdivisions over the last 15 years. There have been a few increases through the Consumer Price Index to take the current fee to 3.7% from 3.5% in 2007 (the Consolidated fee by-law 2018-234, attached as Appendix 'C'). However, these have not been consistently applied.

Some municipalities have re-engaged with consultants (for example, Watson & Associates) to revisit, review, and increase fees and to outline various fee structures and renewal. In addition, the goal of some of these consultant reviews has been to confirm the financial input from the developers and increase that contribution versus the input to development review provided through taxes from the residents.

Through this report, we recommend that the City implement only one change to the existing fee structure, an increase to the fee for subdivisions. The fee increase will support specifically, the:

- number of developments (existing, legacy, and new subdivisions)
- scale of the subdivisions proposed (previous 20 to 100 units, now 800 to 2000)
- current demand for subdivisions (pre-consultations and Ministerial Zoning Orders)
- implementation of subdivision development (5 to 10 years for assumption, new and legacy subdivisions)

Further, through the increase in the fee for subdivisions, the City will continue to review subdivision development to support:

- growth
- the existing community
- strategic corporate objectives
- overall approvals

An increase in the DAAP fee proposed for subdivisions to 6% would represent an increase of the developer contribution to approximately half of the Development Engineering Division budget from the current 30%. At this time, the departmental recommendation is for a fee of 4.5% which represents approximately 36% of the budget. The contribution may fluctuate based on the numbers of developments and the annual operating budget. Therefore, it is further recommended that the subdivision DAAP fee be reviewed every two years to assess the contribution and the budget. Some

municipalities have recommended full offset of the engineering review through development application fees and some have a set index fee increase annually (e.g. Whitby has adopted a 2.5% index annually).

The payment structure for the existing DAAP fee has been effective with minimal administration required. That is, the fee is implemented in two installments, the first at the time of the initial submission of the detailed engineering design (based on a draft engineering cost estimate) and the second just prior to the execution of the subdivision agreement (based on the final engineering cost estimate). The current DAAP by-law includes reference to, "The basic fee applies to a proposal of average complexity adhering to the normal review process. Abnormally complex proposals or those for which additional submissions or inspections are required in order to secure the city's approval will be charged based on the actual costs of all labour, equipment, and materials necessary to do the work". This would involve more administration, possible debate on definition of "average complexity" and "normal review process", and so forth. Therefore, the existing fee structure is recommended to continue with the increased percentage only and no further additions for complexity to provide for efficiency and focus on the engineering review and not financial administration.

The current fee is based on a percentage of the engineering design cost estimate for the proposed municipal infrastructure or Public Service. Establishing the fee based on a percentage of the engineering cost estimate provides for a fee that slides with the complexity (engineering design of infrastructure) and/or scale of the proposed work for the amount of infrastructure, the complexity or type of infrastructure, and the number of types of infrastructure proposed. In other words, the fee is dependent on the engineering design which is fair and consistent. This is preferred to the practice at a lot of other municipalities of incremental or individual fees for each step or review activity/type in the process (e.g. first submission review, lot grading review, multiple inspections, etc.). Two-tier municipalities have additional fees for multiple reviews (i.e. water and sanitary at the regional level and storm at the local municipality level). Multiple points of contact or numbers of transactions for each fee receipt, input to accounts, acknowledgements, and tracking are not preferred. Therefore, no change is recommended to the current practice for receiving fees as a single tier municipality in order to maintain the limited impact on administration.

The only additional fees charged to date are required by the Ministry of the Environment, Conservation and Parks for the City's review and recommendation for an Environmental Compliance Approval (ECA) through the City's current Transfer of Review Agreement. At this time, the City is working with the MECP to facilitate the Consolidated Linear Infrastructure ECA. The CLI ECA will provide the City with more autonomy to approve infrastructure where specific Ministry conditions and standards are met. The MECP has recommended that municipalities with a CLI ECA provide their own individual fee structure. To avoid duplication of effort and to align with the Ministry's new practice, the recommendation is to remain with the current practice of using a

percentage of the engineering design costs with no additional insertion of fees. This is preferred again to individual or activity type fees to ensure fairness with the proposed project scope and the expectations for review and implementation. This will provide for consistent implementation of the fee structure.

Rationale:

As part of the development process for the City, engineering staff provide for the implementation of the subdivision development. Therefore, we recommend the proposed changes to the DAAP fees for subdivisions to cover the existing and proposed engineering efforts and resources expended to support the development community and the municipality through the following required activities:

- design review (times multiple submissions)
- pre-servicing review
- pre-servicing agreement preparation
- security review
- inspection (multiple points in the process)
- commissioning
- camera work (CCTV) review
- deficiency review
- subdivision agreement drafting
- security reduction review
- lot grading review
- review of construction management plans (introduced, regular updates, consistency, and communication)
- review of sediment and erosion controls
- Ministry approvals - Form 1, ECA (CLI), water, sanitary, and stormwater
- subdivision agreement finalizing
- record keeping (MECP and City)
- acceptance
- certification review
- maintenance review
- further security reduction review
- compliance review
- asset updates
- routine and annual updates
- ultimate assumption of the municipal infrastructure and assets

There is no change being proposed to the DAAP fees for site plans and condominiums to continue to encourage the private sector and to reflect the level of effort and resources provided for private development. That is, the private development does not typically include the creation of municipal infrastructure for eventual assumption.

The development community has been attracted to the City of Kawartha Lakes in abundance with draft plan of subdivision applications and Ministerial Zoning Orders from the province. Through the engineering review and project management of the development of subdivisions, the City has been continuing to provide support to the development community. This support has been appreciated by the development community in keeping timelines in check. In addition, support for the existing municipal residents is provided through improved communication and updates, clarity in the agreement language, shortening of the length of time prior to assumption (accountable timelines), and consistent approvals (security releases, listing of expectations, etc.). Through the implementation of the proposed DAAP fee for subdivisions, developers and the City will be provided with the continuing time savings, support, templates, guideline updates, and clarity.

Other Alternatives Considered:

Council could choose to continue with the status quo and the current DAAP fee structure. This would not represent the current and continuous support for the growth and development being experienced by the City and forecasted for the City. DAAP fees only partially compensate for the City's support for growth and development.

Alignment to Strategic Priorities:

All development is intended to support the community and to align with the City's Strategic Priorities:

- A Vibrant and Growing Economy – construction and new housing opportunities in a timely manner – the fees will provide support to this economic sector
- An Exceptional Quality of Life – assumed infrastructure in a timely manner, including accessibility and trail connectivity – provide service to the community
- A Healthy Environment – sediment and erosion controls, water quality, and required servicing – provide support and accountability in protecting the environment
- Good Government – fairness and equity in fees for service to provide consistent support from the City – ensure accountability and teamwork in the development of municipal infrastructure and support of the community

Financial/Operation Impacts:

Clarity and transparency are required to support development and growth, especially with the demand for services. Updated and appropriate fee for service is recommended to provide for the project management required to facilitate subdivision development from concept to assumption of the municipal services.

Servicing Comments:

The review of the development process provides for accurate, current information of the servicing demands, and project management supported by the DAAP fees provides for the correct and appropriate infrastructure for assumption.

Consultations:

Not applicable

Attachments:

Appendix 'A' – Draft Schedule 'D' Cost Estimate Template



Subdivision-Schedule
'D' Cost-Estimate-Terr

Appendix 'B' – City of Kawartha Lakes By-Law 2007-132



2007-132 DAAP
Engineering Fees.doc

Appendix 'C' – City of Kawartha Lakes By-Law 2018-234



2018-234
Consolidated Repeal :

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Department Head: **Juan Rojas**

Department File: