

## Financial Mechanisms to Support Program Changes

### Mechanism 1: Development Review Program Stabilization Reserve

The Planning and Development Act (Act) authorizes the City to establish fees to pay for the costs of application, review, advertising, approval, enforcement, regulation and issuance of development permits and other development applications. The Act requires that the fees established must not exceed the cost to the city of performing these activities.

A Development Review Program Stabilization Reserve (Reserve) will benefit the operation of the program in a number of ways:

1. The Reserve will alleviate the need to draw on general revenues to provide a balanced budget during periods of declining applications. If the program experiences substantial net losses, or net gains, over a sustained period of time, fees will be reviewed to determine appropriate adjustments.
2. Access to a Reserve will allow development permit and application fees to remain relatively constant for a longer period of time, providing stability for the development community.
3. A Reserve will provide a funding source to finance unexpected or special projects associated with program improvements, such as upgrades to data software, programming needs, new hardware and equipment, or development of additional policy or programs to address new and evolving issues.
4. The Reserve Fund will ensure that revenues received through application fees are directed to funding the delivery of the Development Review Program, as stipulated in the Planning and Development Act.

Details regarding the amendments to the Reserves for Future Expenditures (RFE Policy) Policy No. C03-003 to establish a reserve for the Development Review Program, are included in Appendix 4.

## **Mechanism 2: Productivity Improvement Loan**

A Productivity Improvement Loan (Loan) has been identified as a financing measure to help fund the necessary upgrades and improvements to the POSSE program used by Building Standards, Business Licensing and Development Review for processing various development and permit applications. The use of the Loan will allow the funding to be available for the POSSE project in 2020, and to be repaid through development application revenues over a five year period. This has been included as part of the funding source for Capital Project No. 2169 – Urban Planning and Development Program Enhancements. Through approval of the Capital Project, the use of the Loan is also approved, however a Public Notice Hearing for borrowing is also required.

Productivity Improvement Loans are governed by Policy C03-027 Borrowing for Capital Projects, which includes the following information:

- A “Productivity Improvement” refers to “capital projects which will result in the delivery of an existing operating program (with or without a service enhancement) at a lower cost or will generate greater revenues through increased utilization.”
- A Productivity Improvement Loan must be fully repaid by additional operating revenues with a period of five years, and it includes repayment of the debt servicing charge.

The Loan for the Development Review Program is for a total of \$370,000, which will be repaid at a rate of \$78,600 per year for five years and will cover the initial principal plus interest. The repayment comes from the operating revenues of the Program and will begin in 2021.