

Development Review Program – Proposed Fee Changes – Additional Information

ISSUE

This report provides a breakdown of options to phase in the requested fee increases for the Development Review Program.

BACKGROUND

On November 5, 2019, the Standing Policy Committee on Planning, Development and Community Services (Committee) considered the Development Review Program – Proposed Fee Changes report, and resolved:

- “1. That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council, that proposed fee changes and policy changes for the Development Review Program be forwarded for consideration by City Council at the 2020 - 2021 Preliminary Operating Budget deliberations; and
2. That the Administration report to City Council’s Preliminary Business Plan and Budget Deliberation on options regarding phasing some of the initiatives to provide a transition to the impact of the development fees and that the report include consultation with the development industry.”

CURRENT STATUS

City Council will consider a report to adjust fees for development permits and other development applications, as part of the 2020-2021 Preliminary Operating Budget deliberations. Fees outlined in the November 5, 2019 report to Committee have been built in to the program’s operating budget request. Proposed fee increases are necessary to fund process and customer service improvements and achieve previously set cost recovery objectives for the Development Review Program (Program). The result of these changes, as proposed, would be to decrease the draw on the mill rate by \$46,000 from 2019. Projected revenue for the Program is expected to increase by \$594,000 for 2020.

In preparing this report, the Administration discussed the range of options with the CEO of the Saskatoon & Region Home Builders’ Association (Home Builders). Due to time constraints, more fulsome engagement was not possible. Consultation on the originally proposed fees had occurred on three separate occasions, including two meetings with the Developers Liaison Committee and one meeting hosted by the Home Builders.

DISCUSSION/ANALYSIS

Discussions with industry regarding program challenges and improvements, have highlighted the need to demonstrate the value that industry members will receive from proposed changes. In this case, the fee increases initially proposed would translate to the following results:

- Reduced turnaround timelines for building and development permits;
- Improved customer service through the provision of timely, coordinated and consistent responses on all types of applications;
- Improved timelines for the coordinated review process for neighbourhood concept plan applications; and
- Implementation of online services in a coordinated manner with other reviewing Divisions of the City.

In addition, the establishment and initial funding of a stabilization reserve will allow for minor program changes to address pressure points during the normal course of business as opposed to requiring consideration during Budget. For example, a temporary staffing increase can be made to address an unexpected increase in permit volumes.

Options for Phase-In of Fee Increases

The request to provide options to phase in the fee increases, while still delivering the proposed program improvements, will have impacts on the mill rate. Alternatively, phasing in fee increases may be done without impacting the mill rate by delaying or not implementing program improvements. It should be noted that for all options, further fee increases will be required in 2022. Options are outlined below and further details are provided in Appendix 1. The fees associated with each option are provided in Appendix 2.

Based on concerns expressed at both Municipal Planning Commission, as well as the Standing Policy Committee on Planning, Development and Community Services, the proposed fees for Discretionary Use Applications have been revised. As a distinct service, with an already lower objective (80%) for cost recovery and a recognition that Discretionary Uses are a program with unique characteristics, improved service levels could be provided and a new, lower cost recovery objective could be set. In all options outlined below, the fee for Discretionary Use Applications has been set lower than initially proposed, and has been offset by a reduced allocation to the reserve.

All options have also accommodated a minor adjustment to the repayment schedule for the Productivity Improvement Loan (a loan to undertake upgrades to the on-line development permit submissions). The initial proposed fees had included funding to begin collecting for the loan repayment in 2020 despite repayments not beginning until 2021. All options here have removed that amount from the 2020 fees, and have the collection for repayment beginning in 2021.

Option 1: Improved Services with Revised Loan Repayment Schedule

This option would:

- provide the improved service levels for all services as initially proposed;
- reduce the projected contributions to the reserve;
- result in some reduced fee increases compared to the initial proposal;
- achieve the 100% cost recovery objective for development permits and applications (with the exception of Discretionary Use Applications); and
- have no mill rate impact compared to the initial proposal.

Option 2: Achieve Lower Cost Recovery for Improved Services

This option would:

- provide the improved service levels for all services as initially proposed;
- reduce the projected contributions to the reserve to \$0 in 2020 and 2021;
- result in the lowest fee increase compared to the initial proposal;
- achieve a cost recovery objective of approximately 80% for applications (with the exception of Discretionary Use Applications); and
- have a higher potential mill rate impact compared to the initial proposal.

Option 3: Service Level Change Only for Development Permits

This option would:

- provide the improved service levels only for development permits, with no service improvements for Concept Plans, Subdivision, Rezoning, etc.;
- projected minimal contributions to the reserve in 2020 and 2021;
- result in a reduced fee increase compared to the initial proposal; and
- achieve the 100% cost recovery objective for development permits and other applications (with the exception of Discretionary Use Applications).

IMPLICATIONS

The specific financial implications have been described in the above-noted options. There are no legal, social, or environmental implications identified.

NEXT STEPS

Approval of any fee changes during Budget deliberations will require policy and bylaw amendments. Text amendments to the Zoning Bylaw will require a Public Hearing, which will occur at the December City Council meeting.

Confirmation of fee changes will be provided to key stakeholders directly and all marketing and application materials will be updated to reflect the fee changes.

APPENDICES

1. Proposed Options for 2020/2021 Development Review Fees
2. Proposed Fee Schedule

REPORT APPROVAL

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