

## DECISION REPORT

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### Urban Planning and Development Business Line Information ISSUE

As the City of Saskatoon (City) heads into its planning for the 2024 and 2025 Business Plan and Budget Cycle, there continues to be several budgetary pressures the City is facing. This report will provide information and Administrative recommendations Urban Planning and Development Business Line.

This process has been established so that City Council can provide early direction to the Administration, on what to include in the 2024/2025 Preliminary Business Plan and Budget which will be considered by City Council in November 2023 during the 2024/2025 Business Plan and Budget deliberation meeting.

### BACKGROUND

At its March 15, 2023 meeting when considering the [2023-2025 Budgetary Pressures and Trends](#) Report, Governance and Priorities Committee (GPC) resolved in part:

“That Administration report back on a potential special budget meeting process to address some of the budgetary challenges and pressures for the upcoming two-year budget cycle. That this report include recommendations on using the existing Governance and Priorities Committee/Finance Committee meeting schedule vs. having special budget/Finance committee meetings and recommendations for organizing these special budget meetings based on departmental budgets or based on service lines or some combination.”

At its April 12, 2023 meeting when considering the [2024/2025 Business Plan and Budget Process Report](#), GPC resolved:

“That Option 3 be approved, and the City Clerk’s office be directed to schedule Special Budget Meetings for the presentation of Business Line-based reports if the Governance and Priorities Committee Capacity does not exist as outlined in the April 12, 2023 report of the Chief Financial Office.”

### CURRENT STATUS

The multi-year business plan and budget process includes the following key steps:

1. Develop the cost to maintain existing services considering city growth, inflation pressures, and updated revenue estimates. This step is also used to present and discuss required corrections of base budgets and phase-in of funding plans.
2. Provide a summary of the information from Step 1 to GPC.
3. Use cross-divisional teams to discuss City Council’s strategic priorities and develop options to achieve these priorities.
4. Present a list of Business Plan Options to City Council for prioritization.

### **DISCUSSION/ANALYSIS**

Each business line report presented through the Governance and Priorities or through the Special Budget Meetings will have the same general outline to provide information to City Council. The categories in each report will be:

1. Expenditure Overview
2. Service Level Review
3. Pandemic Challenges
4. 2024/2025 Pressures
5. Potential Options

Additionally, if the business line has Business Plan and Budget Options for operating that will be presented at the August 2023 GPC meeting there will be a summary of these items that are not included within the 2024 and 2025 Budget Status Update report that was presented at the June 14, 2023 GPC.

Appendix 1 includes the information for the Urban Planning and Development business line. The Urban Planning and Development Business Line includes:

- Attainable Housing
- Building and Plumbing Permits
- Business Improvement Districts
- Business Licenses
- Bylaw Compliance
- Development Review
- Regional Planning
- Long Range Planning
- Neighbourhood Planning
- Project Planning Services
- Research & Mapping
- Urban Design

### **OPTIONS**

Appendix 1 provides the full information regarding the options available to Committee.

**Option 1** - Reduction to Corridor Planning Operations Funding

**Option 2** - Reduction to Public Housing Subsidy

**Option 3** - Portable Sign License Fee Increase

**Option 4** - Development Application Fee Increase

**RECOMMENDATION**

That the Governance and Priorities Committee direct Administration to include the following options in the 2024/25 Preliminary Business Plan and Budget:

1. Option 1 – Reduction to Corridor Planning Operations Funding \$40,000; and
2. Option 2 - Reduction to Public Housing Subsidy \$25,000.

**RATIONALE**

The provided recommendations aim to strike a balance in addressing the significant cost pressures the City is facing heading into 2024/2025 with a more reasonable property tax increase. While there are implications to the provided recommendations to service levels and increases in user fees, the Administration believes it provides reasonable options to lessen the financial impact included in the 2024/2025 budget.

**FINANCIAL IMPLICATIONS**

The financial implications of this business line will be deliberated at the 2024/2025 Business Plan and Budget Deliberations meeting.

**OTHER IMPLICATIONS**

There are no privacy, legal, social or environmental implications identified.

**NEXT STEPS**

Any direction from Committee on this report will be incorporated into the 2024/2025 Business Plan and Budget process. Decisions for 2024/2025 Business Plan and Budget will be made by City Council during the budget deliberation meeting which will be held on November 28 to 30, 2023 where the budget implications of all business lines will be deliberated.

**APPENDICES**

1. Urban Planning and Development Business Line

**REPORT APPROVAL**

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Approved by: Jeff Jorgenson, City Manager

### **Urban Planning and Development Business Line**

The 2023 Budget for the Urban Planning and Development Business Line includes \$18.41 million in expenditures and \$10.58 million in operating revenues. The remaining costs of \$7.83 million are funded by general revenues including property taxes.

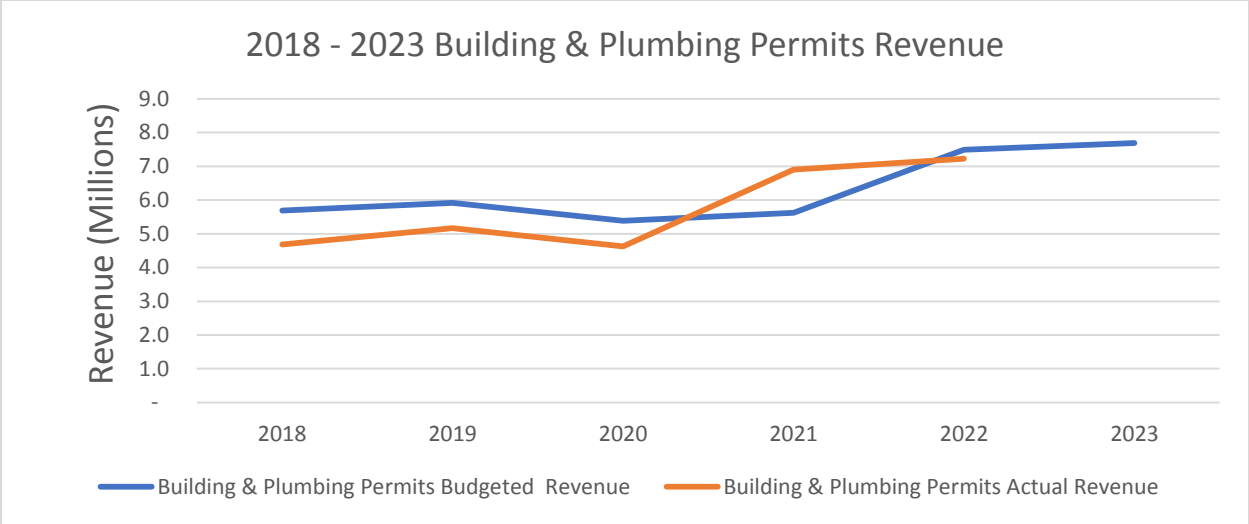
The Building & Plumbing Permits and Licenses & Permits Service Lines do not impact the mill rate. All expenditures included under these Service Lines are funded through the generation of revenues. Revenues in excess of expenses are held in the applicable stabilization reserves; these reserves are available to fund situations where program expenditures exceed the revenues.

### **Revenue Overview**

In 2023 the Urban Planning and Development Business Line is budgeted to generate \$10.58 million in operating revenue. A full breakdown of operating revenue can be seen below.

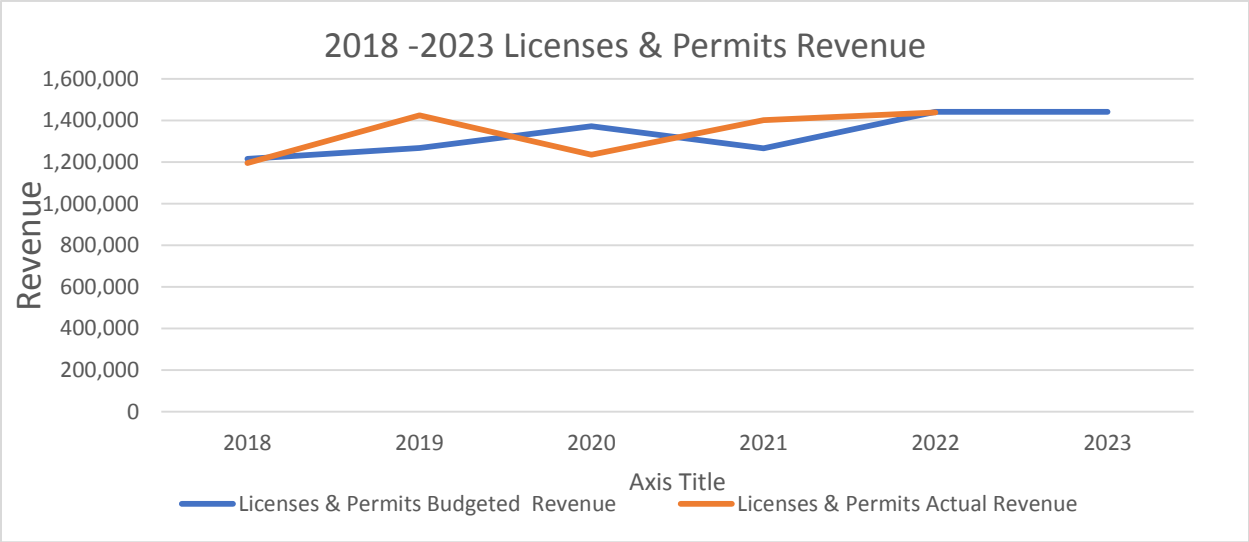
<b>Service Line</b>	<b>2023 Op Rev (in millions)</b>	<b>% of Overall Op Rev.</b>
Attainable Housing	-	0.00%
Building & Plumbing Permits	\$7.70	72.78%
Business Improvement Districts	-	0.00%
Bylaw Compliance	\$0.10	0.95%
Development Review	\$1.31	12.38%
Licenses & Permits	\$1.44	13.61%
Long Range Planning	-	0.00%
Neighbourhood Planning	-	0.00%
Planning Project Services	-	0.00%
Regional Planning	-	0.00%
Research & Mapping	\$0.03	0.28%
Urban Design	-	0.00%
<b>Urban Planning and Development Business Line</b>	<b>\$10.58</b>	<b>100.00%</b>

Building & Plumbing Permits Revenue is the largest operating revenue source in this Business Line, with a budget of \$7.70 million in 2023. Although 2020 saw a decrease in this revenue source, revenues are now seeing modest growth largely due to rate increases. Rates are established to fully cost recover expenses as illustrated below:



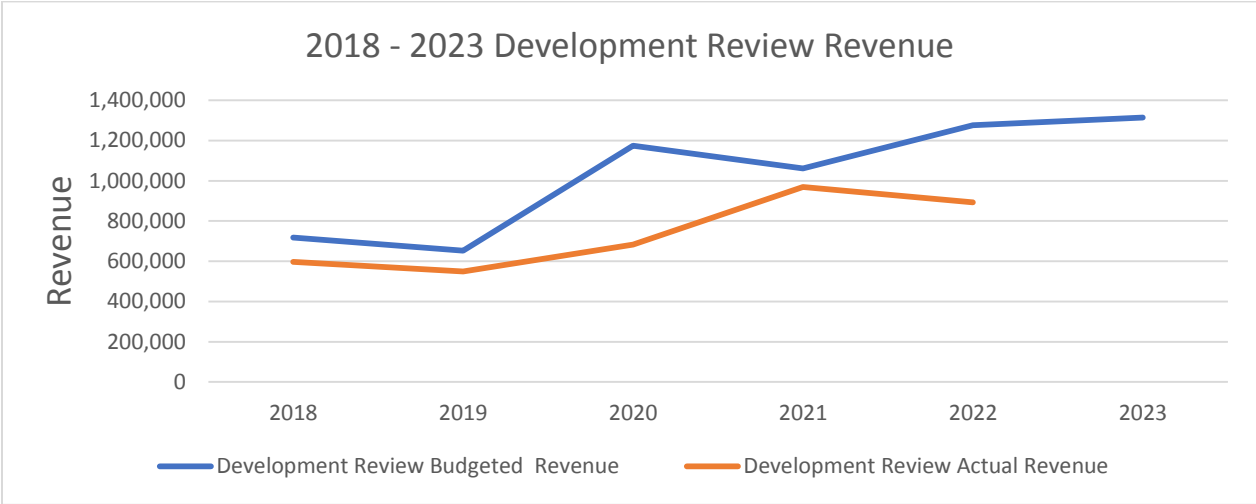
Administration continues to expect modest growth in Building & Plumbing Permits Revenue, along with growth in expenditures, to support the delivery of programs and services. To ensure the continued full cost recovery of this Service Line, rate increases are planned for 2024 and 2025.

Licenses & Permits revenue consists of business licenses, taxi and ride-share licenses and permits and makes up 13.6% of revenues for this Business Line. Although 2020 saw a modest decrease in this revenue source, revenues have since recovered and are achieving budgeted levels. Business Licenses and Taxi Licenses both have proposed rate increase in 2024 to ensure cost recovery objectives continue to be met.



Development Review revenues make up 12.4% of the operating revenue sources for this Business Line. In 2020, a new fee schedule was implemented with the goal to reach full cost recovery of applicable costs, allowing for improved service levels and flexibility to deal with annual volume fluctuations. 2021 saw a reduction in budgeted

revenues due to the impact of the pandemic on development. The recovery that was anticipated in 2022 was not achieved, with actual revenues 30% below budget.



Although Development Review revenues have yet to achieve budget levels that would allow for the establishment of a stabilization reserve, rate increases are planned in 2024 and 2025 to better reflect the cost of services being provided.

**Expenditure Overview**

Building & Plumbing Permits and Licenses & Permits, the two programs fully funded by revenues they generate, make up 50% of the expenditures in this Business Line. The two largest service lines that are not self-funded are Development Review (\$2.08 million) and Urban Design (\$1.71 million) that make up approximately 21% of all expenditures within this Business Line. An overview of the 2023 operating expenditures for all the service lines can be seen below:

Service Line	2023 Op. Exp. (in millions)	% of Overall Op. Exp.
Attainable Housing	\$0.64	3.50%
Building & Plumbing Permits	\$7.70	41.81%
Business Improvement Districts	\$0.33	1.80%
Bylaw Compliance	\$0.83	4.51%
Development Review	\$2.08	11.27%
Licenses & Permits	\$1.44	7.83%
Long Range Planning	\$0.41	2.23%
Neighbourhood Planning	\$1.33	7.23%
Planning Project Services	\$0.69	3.72%
Regional Planning	\$0.71	3.87%
Research & Mapping	\$0.54	2.94%
Urban Design	\$1.71	9.29%
<b>Urban Planning and Development Business Line</b>	<b>\$18.41</b>	<b>100.00%</b>

Another way to look at this information is by Budget Category. As seen below approximately 88% of total expenditures in the Urban Planning and Development Business Line are for the following: Wages and Benefits (73%), Contracted and General Services (21%) and offset by Cost Recovery of (-6%).

<b>Budget Category</b>	<b>2023 Budget (in millions)</b>	<b>% of Overall Expenses</b>
Wages & Benefits	\$13.47	73.17%
Contracted & General Services	\$3.95	21.46%
Utilities	\$0.06	0.32%
Materials Goods & Supplies	\$0.18	0.98%
Donations, Grants, Subsidies	\$0.55	2.99%
Finance Charges	\$0.08	0.43%
Transfers to Reserve/Capital	\$1.26	6.84%
Cost Recoveries	(\$1.14)	(6.19%)
<b>Urban Planning and Development Business Line</b>	<b>\$18.41</b>	<b>100.00%</b>

Additional key observations are:

- 50% of all expenditures (\$9.14M) in this Business Line are for the Building & Plumbing Permits and Licenses & Permits Service Lines. The expenditures include salaries, an allocation of overhead, a share of systems expenses for the electronic permitting system, along with other operating requirements. Also included is the transfer to the stabilization reserves of \$461,800, resulting in no net impact to the mill rate.
- 9% of all expenditures (\$1.71M) are for Urban Design. Included is \$1.59 million transfer to the Streetscape BID Reserve, representing the Reserve's share of net parking revenues. The Reserve in turn funds the BID Urban Design operating program of \$940,300. The BID Urban Design operating expenditures include new installations and maintenance of built assets totaling \$449,000 and salaries of \$346,700. The remaining expenditures are for other operating expenses and heritage promotions. Included in this service line is \$120,300 in expenditures tied to the Corridor Plan process which are not funded by the Reserve.
- 41% of total expenditures (\$7.56M) are for the remaining mill rate service lines and include the following:
  - Wages & Benefits expenditures for 62.15 FTEs, supporting the following strategic priority areas: Downtown Development; Economic Development; Equitable and Accessible Services; Quality of Life and Public Safety; Regional Planning; and Engagement on Infill and Growth.
  - Contracted and General Services expenditures. Examples of the larger expenditures include \$503,200 for the Community Support Program contract with DTN YXE Business Improvement District, \$277,200 in allocated costs associated with fee-generating Development Review activities and \$199,300 in Project Planning Services expenditures.

- Donations, grants, and subsidies. These include \$331,500 in grants paid to the four Business Improvement Districts, \$117,600 operating grant paid to P4G, and \$90,000 allocated for Public Housing Subsidy.
- Transfers to reserves which includes a \$450,000 contribution to the Affordable Housing Reserve. This is offset by a transfer to the operating budget of \$185,600 from the Affordable Housing Reserve and \$216,500 from the Planning Levy to fund the applicable operating salaries.
- Cost recoveries which includes charges to the Storm and Wastewater utilities for bylaw compliance work (\$528,500), charges to capital for Project Planning Services work (\$289,100), and charges for mapping services (\$169,000).

Overall, since 2018, the expenditures in this Business Line have grown by 33.41% over the past five years or an average of 6.68% per year. For context, Saskatoon's population growth ([Per Stats Canada Table 17-10-0142-01](#)) plus Consumer Price Index Inflation ([Per Stats Canada Table 18-10-0005-01](#)) over this same period was 26.69% or 5.34% per year.

The service lines that have seen the largest expenditure growth over the past five years (greater than 20%) include:

- Increases in Planning Project Services (\$473,900), Long Range Planning (\$119,600) and Urban Design (\$95,800) in 2022.
  - These increases occurred in 2022 when The Growth Plan to Half a Million implementation was transitioned from a capital project to operating programs. The operating budget increase was offset by a reduction in the transfer to the Reserve for Capital Expenditures, allowing the transition to have no impact on the mill rate.
- Increases in Business Improvement Districts (\$200,200) and Neighbourhood Planning (\$481,900) in 2022, due to the application of the revised parking revenue distribution formula:
  - The grants provided to the BIDs increased by \$200,200, with inflationary increases applied in subsequent years.
  - The Community Support Program (CSP), which was part of Neighbourhood Planning Service Line, became a direct expenditure, no longer funded through a transfer from the Streetscape BID Reserve. The removal of the transfer from the Reserve increased expenses by \$481,900.
  - The contribution to the Streetscape BID Reserve was reduced by the increases identified above, resulting in no mill rate impact. In subsequent years, any changes to the BID grant or the CSP are shared equally between the mill rate and the Streetscape BID Reserve.
- 52% increase in Attainable Housing from 2018 to 2023.



- Contributions to the Affordable Housing Reserve increased by \$100,000 in each of 2021 and 2023, bringing to total annual contribution to \$450,000.
- 60% increase in Regional Planning from 2018 to 2023.
  - Regional Planning staffing increased from 2.5 FTEs to 5.0 FTEs between 2018 to 2023. The additional staff was required to ensure the City met its obligations under the P4G Planning District agreement along with providing a proactive, comprehensive, and consistent approach to engage with Indigenous communities and organizations who are purchasing land, exploring development, and creating urban reserves.
- 67% increase in Development Review from 2018 to 2023.
  - Between 2018 and 2023, expenditures increased by \$830,800, primarily due to the addition of 5 FTEs and increased costs for systems development and support for the new electronic permitting system which automates the permitting process. During this time period, budgeted revenues increased by \$595,700, resulting in a net increase of 19% over five years. The increased costs and new fee structure were undertaken in order to provide an enhanced service level.

### **Service Level Overview**

Service levels are a key driver for the City's expenditure requirements. The following section provides an overview of key service levels for each.

<b>Building and Plumbing Permits &amp; Standards Program</b>		
<b>Service</b>	<b>Sub-Service</b>	<b>2023 Service Level</b>
Building and Development Permits	Residential Applications	One Unit Dwelling within 5 days, 10 days during peak periods.
		Two unit dwellings and secondary suites within 7 days, 12 days during peak periods.
	Commercial Applications	1 to 5 weeks, 2 to 6 weeks during peak periods.
Building Inspections	Residential Building Inspections	Next day inspections.
	Commercial Building Inspections	Cyclic inspections to suit stage of construction approximately every 3 weeks.
Plumbing Permits and Inspections	Plumbing Applications	1 day processing.
	Plumbing Inspections	Next day inspections.
Property Information Disclosures	Applications	Complete within 3 days.
	Viewing Plans	Same day service.

<b>Bylaw Compliance</b>		
<b>Service</b>	<b>Sub-Service</b>	<b>2023 Service Level</b>
Sign Permit Review	Standard	15 - 20 days
	Billboard	20 - 25 days
Complaint Response	All	90% within 2 business days
Inspections	Development Permits	95% completion based on site checks in accordance with site/landscaping plans.
	Sewer Use	95% of businesses are inspected for compliance with the sewer use bylaw.
<b>Licenses &amp; Permits</b>		
<b>Service</b>	<b>Sub-Service</b>	<b>2023 Service Level</b>
Business License	Review Home Based and Commercial Business License Applications	Complete applications are reviewed within 10 business days. Approximately 12,000 applications reviewed per year.
	Review street-use business applications, including mobile food trucks, mobile vendors, sidewalk cafes and parking patios	Complete applications are reviewed within 10 business days. Approximately 50 applications reviewed per year.
	Business License Inspection	Respond to enquiries from residents about unlicensed businesses within two business days. Conduct inspection within 10 business days.
Taxi and Rideshare	Review taxi driver, taxi license, taxi broker, and transportation network company licenses	Complete applications are reviewed within 10 business days. Approximately 650 applications reviewed per year.
	Taxi and Rideshare Inspections	Respond to enquiries from residents about taxis and ridesharing within two business days. Conduct inspection within 10 business days.

**Pandemic Challenges**

The most significant impact of the pandemic for this business line is a decrease in the transfer to the Streetscape BID Reserve due to lower parking revenues, with lower parking revenues continuing into 2023.

Both Development Review and Building Permit revenues were negatively impacted by COVID-19 in 2020, with Building Permit revenue fully recovering by 2021, due in part to fee adjustments, and Development Review revenues are showing some growth.

## **2024/2025 Pressures Included in the Budget Status Update**

While the Administration is still in the process of quantifying the exact pressures that this Business Line is expected to experience in 2024 and 2025, some of the known pressures today include:

- An estimated decrease in the transfer to the Streetscape BID Reserve of \$118,200 in 2024 due to anticipated increases in the parking program operating expenses, CSO operating expenses and BID operating grant. In 2025 the transfer to the Streetscape BID Reserve is expected to increase by \$39,800. (Note: This amount may further change pending decisions related to parking rate increases and/or parking app fees noted in the Transportation Business Line Report). These changes are based on the approved distribution of net parking revenues.
- Revenue increases for sign permit fees of \$26,700 in 2024 and \$6,500 in 2025 along with an increase in cost recovery from capital of \$49,000 in 2024.
- An inflationary increase to the BID operating grants of \$10,000 in 2024 and \$8,600 in 2025.
- An increase of \$4,300 in the grant paid to the P4G District Planning Commission and \$47,000 decrease in the transfer from the Planning Levy, removing the last portion of the manager position from the Levy, both in 2024.
- This Business Line will show a reduction of \$503,200 with the transfer of the Community Support Officer Program to Saskatoon Fire.

## **Additional 2024/2025 Pressures Not Included in the Budget Status Update**

The Budget Status Update presented is Administration's estimate on the costs to maintain existing services when considering growth, inflation, and base budget adjustments. The previous section outlined some of the significant pressures included with that estimate, however, it is important to note there are additional pressures required to move towards achieving the City's Strategic Priorities, address growing service level expectations such as asset management funding gaps and respond to everchanging community needs that were not included. These options will be quantified and presented in a future report which will give City Council the option to discuss and potentially add these items to the 2024/2025 budget. For the purpose of this report a high-level contextual overview of some of these key pressures not included in the Budget Status Update can be seen below.

- i) Housing Operating Program – In 2024: \$370,000 (3 FTEs); and in 2025: \$320,000 (3 FTEs) -

The City's new Housing Strategy, to be complete in early 2024, will bring forward a range of program opportunities and action items to guide future work in this area. The operating option request for 2024 includes converting a temporary Senior Planner II into a permanent position along with two new positions, one for partnerships and project support and one for monitoring, reporting and contracts. In 2025, three additional positions are proposed, and are expected to be needed for implementation, project development support and program support. This

initiative would bring social, economic and governance benefits to the community. Without the appropriate staffing resources, implementation of a new Housing Strategy will not be fully achieved and the full suite of levers available to the City will not be made available to the community.

- ii) **Development Review Operations--** In response to changing community needs and expectations, increased communications and staff time is required to administer development applications of all types, as well as support customer service functions related to development inquiries. This includes responding to requests from the building and development industry as well as residents, neighbours and members of the general public. While development application fees are proposed to increase to support a higher level of service, the fees are not likely to cover a level of service that will meet community expectations. Further general program support has required mill rate support and would not be appropriately funded by development application fees.

In addition to typical development applications, a higher volume of larger and more complex development applications are currently in pre-development or early phases. This phase of work is not currently supported by fees but requires staff resources. These challenges will be considered during review of development application fees. A future report is forthcoming regarding proposed fees for 2024/2025 following industry engagement.

**Potential Options:**

If all of the options presented in this report, along with the options previously presented in the [2024/2025 Budget Inflationary & Phase-in Decisions](#) report, were approved, it would reduce the Utilities Business Line by the following:

<b>Urban Planning and Development 2024/2025 Budget Options Impact</b>		
	<b>2024</b>	<b>2025</b>
Options from the <a href="#">2024/2025 Budget Inflationary &amp; Phase-in Decisions</a> report	\$	\$
Recommended Options included in this report	\$65,000	-
Other Options included in this report *	\$24,000	-
<b>Total Options</b>	<b>\$89,000</b>	<b>\$ -</b>

**\*Some of the options in this report will be presented in future reports; therefore dollars for these options are not included within the totals.**

**Recommended Options**

**Option 1 – Reduction to Corridor Planning Operations Funding**

As a newer program, elements of technical work are still needed to fully develop the policy, design standards, infrastructure requirements and approach to implementation for new Corridor Plans. The Corridor Planning Program has a Special Services operating budget allocation of \$150,000 per year. This amount could be reduced by \$40,000 in 2024. This would result in extending timelines for the work to be completed, but this could be accommodated in the work plan.

### Option 2 – Reduction to Public Housing Subsidy

An annual operating contribution of \$90,000 is allocated in response to existing public housing funding agreements between the City of Saskatoon and Saskatchewan Housing Corporation for affordable housing units in the city. In the situation of annual profits from the units, the City receives a payment; in the situation of annual losses from the units, the City provides a payment. Annual amounts vary, however in the past several years have not required the full annual budget allocation. As per policy, any unspent funds are directed to the Affordable Housing Reserve at year end. The annual contribution could be reduced by \$25,000 with limited operational impacts although the potential benefit to the Affordable Housing Reserve would be reduced.

### **Options that Could Further Reduce the Funding Gap**

#### Option 3 – Portable Sign License Fee Increase

Administration regulates the use of portable signs through a licensing process, in which annual licenses are issued. Administration has established a 100 percent cost recovery mandate for this program line and in recent years this objective has not been achieved due to a high degree of illegal sign placements and unlicensed signs.

The 2024/2025 Multi-Year Business Plan includes a recommendation to increase portable sign license fees from \$40 to \$60 as part of a phased approach to achieve the targeted cost recovery rate. An option exists to accelerate the portable sign license fee increase to \$100 per portable sign, to fully achieve cost recovery in 2024.

Illegal sign placements can result in obstructed sight lines, maintenance issues in parks and aesthetic clutter. The following table identifies portable sign fees in other Canadian cities, with many Cities regulating portable signs on the basis of sign placement and duration as opposed to simply an annual license.

<u>City</u>	<u>Permit/License Fee</u>
<u>Winnipeg</u>	<u>\$73 (month) and \$179 (maximum of 3 months)</u>
<u>Regina</u>	<u>\$44 (annual)</u>
<u>Kelowna</u>	<u>\$75 (month), \$150 (1 to 2 months), \$225 (2 to 3 months)</u>
<u>Edmonton</u>	<u>\$98 (3 months or less), \$295 (annual)</u>
<u>Calgary</u>	<u>\$95 to \$821 and for community based signs, \$57 per sign or \$2,458 for an unlimited number of signs.</u>
<u>Saskatoon</u>	<u>\$40 (annual)</u>

Acceleration of the fee increase is projected to result in an additional \$24,000 in program revenue above the amount identified in the budget status update which will help achieve a full program cost recovery rate.

#### Option 4 – Development Application Fee Increases

Administration will be bringing forward recommended development application fee increases through a separate report to achieve the current approved levels of cost recovery and adjust service levels to better manage application volumes throughout the year. Some types of development applications are currently approved for less than

100% cost recovery, which represents approximately \$30,000 in mill rate support. Options for all development application fees to be 100% cost recovery will also be developed and identified within the future report.