



Corporate Report

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DATE: January 13, 2009

TO: Chair and Members of Planning and Development Committee
Meeting Date: February 2, 2009

FROM: Edward R. Sajecki
Commissioner of Planning and Building

SUBJECT: **Planning Applications Fees and Charges Review**

RECOMMENDATION: That the report dated January 13, 2009, from the Commissioner of Planning and Building entitled "Planning Applications Fees and Charges Review", recommending fee structure and rate changes for planning applications, be adopted in accordance with the following:

1. That the revised planning application fee structure and rates be approved in accordance with Appendix 3 to achieve approximately 70% cost recovery of planning application fees;
2. That the necessary amending by-law to the *City's Planning Act Fees and Charges By-law 0430-2008* be brought forward to the Council meeting on February 11, 2009 for enactment, effective February 12, 2009, reflecting the revised planning application fee structure and rates for Plan of Subdivision, Plan of Condominium (Standard, Phased and Vacant Land) and Part Lot Control applications, as set out in this report;
3. That the necessary amending by-law to the *City's Planning Act Fees and Charges By-law 0430-2008* be brought forward to the Council meeting on February 11, 2009 for enactment, effective September 1, 2009, reflecting the revised planning application fee structure and rates for Official Plan Amendment, Official Plan Amendment/Zoning By-law Amendment, Zoning By-law

Amendment, Site Plan Control, Removal of (H) Holding Symbol and Plan of Condominium (Common Element) applications and Surcharge fees, as set out in this report;

4. That the Payment-in-Lieu of Off-Street Parking fee remain unchanged at this time and that a review of the Corporate Policy and Process regarding Payment-In-Lieu of Off-Street Parking be undertaken by the Planning and Building Department;
5. That the fee structure and rate for Removal of (H) Holding Symbol applications within City Centre be revisited following completion of the Downtown 21 Master Plan Study.

BACKGROUND:

In November 2005, Council adopted a report for Phase 1 of the Fees and Charges Review, which recommended fee structure and rates changes for planning applications and amended the "Planning Act Processing Fees By-law" (By-law). The scope of Phase 1 of the review only considered labour costs within two (2) sections of the Planning and Building Department. In 2007, the By-law was further amended in order to collect revenues which were more reflective of moving towards full cost recovery. The increase was based on a preliminary review of Asset Costs, Building Services Costs and Other Operating costs for the Development and Design and Development Services sections of the Planning and Building Department.

Watson & Associates Economists Ltd. (Watson), in association with Performance Concepts Consulting was retained to carry out Phase 2 of the review to identify the full cost associated with processing planning applications within all sections/divisions of the four (4) City departments. The scope of the review included the planning processing fees charged in accordance with the *Planning Act*, excluding minor variance and consent application fees. The technical report from Watson entitled "Planning Applications Fees and Charges Review", dated November 18, 2008, is attached as Appendix 1. The consultant's report outlines the legislative context for planning application fees and charges, the methodology undertaken, activity based costing results and the associated full cost fee structure recommendations. The purpose of this report is to outline the following: a summary of the highlights

of the outcomes of the review conducted by Watson; the significant changes from the current fee rate and structure; the introduction of surcharges; site plan applications for schools and government buildings; a summary of comments from members of the Building Industry Liaison Team (BILT) and representatives of the development industry; a comparison of planning application fees; and a cost recovery recommendation.

COMMENTS:**Summary of Review Findings**

The *Planning Act* specifies that municipalities may impose fees through passing of a by-law and the anticipated cost of the fees must be cost justified by type of planning application. The findings of the review indicate that Plan of Subdivision, Part Lot Control and Plan of Condominium (Standard, Phased and Vacant Land) applications are over-recovering the cost of processing, therefore the fees for these applications would decrease. All other application types are under-recovering the cost of processing, therefore the fees would increase. Payment-In-Lieu of Off-Street Parking (PIL), Removal of (H) Holding Symbol and Zoning By-law Amendment applications would experience the greatest increase in fees.

The review identified that there is an imbalance in the current fee structure since it does not recognize economies of scale. Therefore, a declining block rate structure and a maximum charge per application should be introduced for a residential Official Plan Amendment/Zoning By-law Amendment and Zoning By-law Amendment only; and, a maximum charge for industrial, commercial and office Official Plan Amendment/Zoning By-law Amendment and Zoning By-law Amendment only applications. The declining block rate structure and maximum charge per application would recognize economies of scale in processing the above-noted types of applications.

In order to identify any distinctions in the cost of processing various types of site plan applications, a total of fourteen (14) sub-type application categories were identified and costed. The cost recovery was higher for larger applications such as apartments, City Centre apartments, medium industrial, large

industrial and very large industrial. Similar to Official Plan/Zoning By-law Amendments and Zoning By-law Amendment only applications, there is an imbalance in the current fee structure which does not recognize economies of scale. Therefore, economies should also be recognized in the introduction of a declining block rate structure and a maximum charge per application for all residential and non-residential (ICI) except for apartments, and a maximum charge per apartment. The review findings also indicate that the actual cost of processing infill housing site plan applications is substantially higher than the current fee charged.

Under the current fee structure and rates applicable for Plan of Subdivision applications processed in conjunction with a Zoning By-law Amendment application, only a portion of the subdivision fee is charged for the Plan of Subdivision, to recognize some overlap between the two processes. Under the proposed fee schedule, the fees for a Plan of Subdivision application are based on the costs associated with a stand alone subdivision and as indicated in Appendix 2, the rates have decreased. Based on a review of the costing methodology for Plan of Subdivision applications, if combined with an Official Plan Amendment/Zoning By-law Amendment or Zoning By-law Amendment only application, it is recognized that there continues to be some level of overlap between the application processes, which warrants a 30% reduction in the fee paid.

The current economic downturn may imply that planning application fees should not increase, however as indicated above, there is an imbalance in the current fee structure towards larger applications and over cost recovery for Plan of Subdivision, Plan of Condominium (Standard, Phased and Vacant Land) and Part Lot Control applications. Further, the City has always maintained a philosophy that development should pay for itself and if fees are not adjusted appropriately then there will be a greater impact on the tax base.

Based on the consultant's technical report, the current planning fees are recovering approximately 59% of total costs to deliver the process. The report recommends implementation of full cost recovery. Recognizing recent implementation of organizational

changes in the Development and Design Division of the Planning and Building Department and potential future efficiencies across the Land Development Service Area, an 80% cost recovery option was initially considered.

Taking into consideration the increase in fees specifically for smaller site plan applications, a sensitivity option was prepared. This option was based on reducing the site plan base fee (60% of the 80% cost recovery option), which is the majority of the cost for smaller applications, thereby lessening the impact for applicants submitting applications for proposals that comply with the Zoning By-law. This option would achieve approximately 70% cost recovery. As a result of discussions with the Leadership Team regarding the current economic environment and to gradually phase-in the new fee structure and rates, it is recommended that a 70% cost recovery option, referred to as the proposed fee, be implemented. It is suggested that the new fee structure and rate reductions come into effect immediately for Plan of Subdivision, Plan of Condominium (Standard, Phased and Vacant Land) and Part Lot Control applications. For all other applications, where the rates are increasing, it is suggested that the recommended fee structure and rates come into effect September 1, 2009, to allow applicants sufficient time to take into account the new fee structure and rates in preparing performance and requesting financing. Appendix 2 indicates the existing fee, the proposed fee, the dollar change and the percentage change. Appendix 3 outlines the proposed fee schedule.

Significant Changes from Current Fee Structure and Rates

Payment-In-Lieu of Off-Street Parking

Based on the consultants report, the full cost to process a Payment-in-Lieu of Off-Street Parking application is \$11,300.00. If the full cost was implemented applicants would be paying \$11,300.00 for the City to advise them how much they would have to pay in cash-in-lieu. It is recommended that the Corporate Policy and Process undergo an efficiency review and that the current fee of \$800.00 remain unchanged until the review

is completed. The number of applications received in 2007 was six (6) and in 2008 five (5) applications were received.

Removal of (H) Holding Symbol

The study identified the need to increase the current application fee from \$3,250.00 to \$28,120.00 for an application in City Centre. However, in the case of applications in City Centre, the lands were pre-zoned and so landowners developing in accordance with the underlying zoning must undertake a significant amount of work, resulting in substantial time by city staff to review plans and agreements. If the lands were subject to the rezoning process, the application fees under the current and proposed phasing would be much higher than the proposed fee of \$28,120.00.

The Planning and Building Department is undertaking the Downtown 21 Master Plan and Implementation Plan. The deliverables of the study include: a new block structure plan; new built-form guidelines; new design standards for complete multi-modal streets; a detailed set of policies and form-based codes. When the above-noted have been implemented, it is recommended that the fee structure and rate for Removal of (H) Holding Symbol applications within City Centre be revisited.

For applications outside of City Centre, a base fee of \$15,800.00 is recommended. In these circumstances, adding the holding symbol allows the applicant the flexibility to defer matters from the rezoning process to a later stage. These matters include engineering issues such as submission of functional servicing, stormwater management and geotechnical reports, an erosion and sediment control plan, transfer and dedication of road widenings, and the conveyance of easements. Use of the Holding provision process and deferring these matters to a later stage, is at the applicant's discretion.

Maximum Fees

The implementation of a maximum charge recognizes economies of scale that are realized when there are multiple repeat units such as in a large townhouse proposal, an apartment

condominium building in City Centre and large industrial and office developments. For clarification purposes regarding site plan applications with more than one (1) apartment building, the maximum charge applies to the individual building not per application. The intent behind applying the maximum charge in this manner is that for apartment sites containing more than one building, it is necessary to assess the relationship and functioning of each building on the site, which takes additional time and effort to review.

Site Plan Control

The greatest increase in the sub category for site plan applications is for a Site Plan Approval Express (SPAX), an increase of 146% from \$130.00 to \$320.00. SPAX provides for an expedited review and approval of a site plan proposal at a significantly lower fee to applicants. In 2008, a total of 72 SPAXs were approved. The majority of such approvals relate to Infill Housing proposals, such as covered front porch additions, partial second storey additions, one storey additions in side yards and replacement garages. In addition, a number of non-residential (ICI) site plan proposals have been approved as SPAXs, including for example, canopy and vestibule additions, front façade revisions, accessory patios to restaurants, loading/man door and mechanical room additions, prefabricated metal storage sheds in rear yards and parking lot alterations.

The second highest increase in the sub category for site plan applications is for Infill Housing (New Dwellings, Replacement Housing and Additions), an increase of 134% from \$1,950.00 to \$4,560.00. It should be noted that up until October 2006, a Planner, an Urban Designer and a Landscape Architect all at a Grade F salary were involved in the review of infill housing site plan applications. This was a substantial resource cost. After November 2006, two (2) Site Plan Technologists at a lower salary grade have been responsible for processing infill housing site plan applications. The review by the consultants took into account the Site Plan Technologist positions. The introduction of Site Plan Technologists has also reduced the amount of time that the application is in the approvals process.

Amendments to Refund Table and Other Minor Fees

Some modifications to the existing refund table have been made to more appropriately reflect the amount of work undertaken prior to the applicable milestone for refunds. The revised refund milestones are included in Appendix 3, Proposed Fee Schedule.

Other minor fees, including revisions to Zoning By-law Amendment applications after Council endorsement, Request for Extension of Council's approval of a Zoning By-law Amendment application and Request for Extension of Site Plan Approval, are deemed not necessary due to their infrequency, and therefore have been deleted from the fee schedule.

Based on a streamlining of the process, the Part Lot Control fee for an Extension of an Exempting By-law has decreased from \$683.00 to \$156.00. The fee for recirculation of Plan of Condominium application due to Lapsing of Draft Approval has increased from \$683.00 to 50% of the total application fee, to more accurately reflect the amount of work undertaken in recirculation of the plan to obtain revised comments and amending the conditions of draft approval.

Surcharge Fees

Surcharge fees reflect sub processes that may be required with a specific application but are not commonly performed with each application. Examples include review of an Environmental Impact Study, a Parking Utilization Study or a Heritage Impact Study. It is also recommended that a Forestry Inspection fee, associated with the need to inspect City trees before and during construction, be introduced.

Minor Site Plan Surcharge

It is recognized that site plan applications for minor building alterations or site revisions are circulated based on specific characteristics that are not common on all minor site plan applications. The minor site plan base fee would apply and a surcharge fee for a specific review (e.g. storm drainage review or fire review) would be added to the base fee.

Site Plan Applications for Schools and Government Buildings

On February 13, 1978, Council passed Resolution 42 exempting the following types of projects from application processing fees:

- (i) buildings owned by the City, the Region, the Province and the Federal Government;
- (ii) buildings used as schools (public and separate).

Therefore, based on the above-noted resolution, the City does not charge any level of government, the Peel District School Board or the Dufferin-Peel Catholic District School Board for the cost of processing site plan applications for government buildings, new schools or additions to schools. Resolution 0250-2007 was passed by Council on September 26, 2007 directing the Commissioner of Planning and Building to bring forward a report to Planning and Development Committee reviewing the merits of continuing to exempt government agency projects from site plan processing fees and from the requirement of submitting a letter of credit. This review is currently underway and a report is expected in the second quarter of 2009.

Summary of Comments from Members of the Development Industry

On Monday, December 15, 2008, a meeting was held with members of the Building Industry Liaison Team (BILT) and representatives of the development industry to review the following: background and study process, legislative context and recent trends, planning applications fees costing methodology, and broad costing results and findings. The recommendations in Appendix 3 were not presented at the meeting. The following is a summary of issues/comments raised at the meeting.

Comment:

Is the intent to recover the balance between the current cost recovery of 59% and 100% cost recovery?

Response:

The response is provided in the section below titled "Cost Recovery Recommendation".

Comment:

Consider staging the payment of fees rather than all the fees being payable at the time of application submission.

Response:

The bulk of the planning evaluation of an application is conducted at the front end of the process and it is also more efficient to collect the required fees at one time. This practice was put in place in 2005 to reduce administration costs associated with multiple payment periods through the course of the application process. Also, applicable refunds are available to applicants who decide not to proceed with an application. Payment of fees upfront upon application submission is consistent with the approach taken by other municipalities.

Comment:

What is the percentage of cost recovery achieved by other municipalities used as benchmarks in the report prepared by the consultants?

Response:

The cost recovery percentages are included in the section below titled "Cost Recovery Recommendation".

Comparison of Planning Application Fees

Appendices 4a to 4f illustrate the applicable existing and proposed planning application fees and other applicable charges, including building permit fees, City and Region development charges for a sample of developments. For five (5) of the six (6) sample developments, the planning application fee(s) represents

a range of 0.9% to 4.2% of the total municipal planning application fees and other applicable charges.

Appendix 5 illustrates the existing and proposed fee for Mississauga based on sample developments and provides a ranking of the fee in comparison with the applicable fees for the municipalities of Brampton, Oakville, Toronto and Vaughan. For the five (5) sample developments, Mississauga's ranking ranges from 1 being the highest to 5 being the lowest.

Cost Recovery Recommendation

The activity based costing methodology that was used was based on the organizational structure in place in 2007. Since that time, there have been some organizational changes implemented in the Development and Design Division. Management Consulting is currently undertaking e3 reviews. The primary purpose of the Development Approvals e3 review is to capture new value by further improving the alignment of activities and resources with service objectives, streamlining processes and implementing efficiency improvements. It is expected that there will be some efficiencies created in the development approvals process which could result in changes to the cost of processing planning applications.

In view of the preceding, it is recommended that full cost recovery not be implemented at this time for Official Plan Amendment only, Official Plan Amendment/Zoning By-law Amendment, Zoning By-law Amendment only, Site Plan Control, Removal of (H) Holding Symbol and Plan of Condominium (Common Element) applications, as well as Surcharge fees. The proposed fee structure and rates for the above noted applications range from 60% to 80% resulting in an average cost recovery of approximately 70%.

For Plan of Subdivision, Plan of Condominium (Standard, Phased and Vacant Land) and Part Lot Control applications, the processes are relatively streamlined, therefore it is recommended that 100% cost recovery be implemented. Also as noted previously, it is recommended that the fee for Payment-in-Lieu of Off-Street Parking applications remain at \$800.00.

Listed below is information available regarding the cost recovery percentages of other municipalities:

Brampton: Full Cost Recovery;

Oakville: Full Cost Recovery;

Toronto: Not recovering full cost of processing, recovering the costs of direct costs of planning staff;

Vaughan: Initially implemented a 90% cost recovery, and now recovering full costs of processing.

FINANCIAL IMPACT:

The review has identified that the average annual processing costs are approximately \$7.2 million. Based on average historical volumes for the time period 2004-2007, the average revenues collected under the current fee schedule would be \$4.2 million. Therefore, the current planning fees are recovering approximately 59% of total costs. The recommended fee schedule would recover approximately 70% of total costs, if we maintain a historical average volume of applications received. However, based on the decrease in applications in the last four (4) months of 2008 and the current unstable economic environment, it is difficult to predict the anticipated number of applications to be submitted in 2009. Subsequently, it is difficult to determine the revenues to be received in 2009.

The costing model developed by Watson to determine cost of processing planning applications will be provided to the City to update/revise in the future in order to reflect changes in the cost of processing development applications.

CONCLUSION:

The proposed fee schedule outlined in Appendix 3 is considered appropriate and should be approved for the following reasons:

1. Current application fees for Plan of Subdivision, Part Lot Control and Plan of Condominium (Standard, Phased and Vacant Land) are over-recovering the costs of processing;
2. Current application fees for all other application types are under-recovering the costs of processing;
3. A declining block rate structure and a maximum charge per application and per building should be introduced to recognize economies of scale;

4. The current fee of \$800.00 for Payment-in-Lieu of Off-Street Parking applications should remain until the review of the corporate policy and process has been completed;
5. A cost recovery of approximately 70% would be achieved allowing approximately a 30% gap to recognize the implementation of organizational changes, potential future efficiencies and sensitivity to the current economic situation, and;
6. For those types of applications where the rate is increasing, the recommended effective date for the amending by-law to the City's *Planning Act Fees and Charges By-law* of September 1, 2009, allows sufficient time for applicants to take into account the recommended fee structure and rates in preparing performance and requesting financing.

ATTACHMENTS:

- Appendix 1 - Watson & Associates Economists Ltd report entitled "Planning Applications Fees and Charges Review" dated November 18, 2008
- Appendix 2 - Existing and Proposed Planning Fees
- Appendix 3 - Proposed Fee Schedule
- Appendix 4a - Residential Subdivision - Applicable Fees and Charges based on Existing and Proposed Fee Structure and Rates
- Appendix 4b - Condominium Townhouses - Applicable Fees and Charges based on Existing and Proposed Fee Structure and Rates
- Appendix 4c - Condominium Apartments in City Centre - Applicable Fees and Charges based on Existing and Proposed Fee Structure and Rates
- Appendix 4d - Infill Housing - Applicable Fees and Charges based on Existing and Proposed Fee Structure and Rates
- Appendix 4e - Industrial Building - Applicable Fees and Charges based on Existing and Proposed Fee Structure and Rates

Appendix 4f - Commercial Building - Applicable Fees and
Charges based on Existing and Proposed Fee
Structure and Rates

Appendix 5 - Benchmarking with other Municipalities

original signed by

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Commissioner of Planning and Building

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CITY OF MISSISSAUGA

**PLANNING APPLICATIONS
FEES AND CHARGES REVIEW**

NOVEMBER 18, 2008



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 **Planning for growth**

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1. INTRODUCTION

1. INTRODUCTION

1.1 Introduction

In October 2005, the City of Mississauga Report to Planning and Development Committee recommended that the City increase planning application fees to achieve 100% cost recovery of labour expenditures associated with the processing of development applications within the Development and Design Division and Development Services Section of the Planning and Building Department. Furthermore, the Report recommended that the Commissioner of Planning and Building prepare a subsequent report to quantify the full cost recovery of planning application fees. Consequently Watson & Associates Economists Ltd. (Watson), in association with Performance Concepts Consulting, were retained by the City to undertake a full cost review of the current planning application fees and charges.

The scope of the fees review encompassed all of the City's *Planning Act* application fees, excluding Committee of Adjustment fees (e.g. minor variance and consents). An activity based costing approach was employed to quantify the full costs associated with processing development applications. Activity based costing (ABC) as it pertains to municipal governments, assigns an organization's resource costs through activities to the services provided to the public. This methodology is suitable for quantifying the inter-departmental relationships and activities associated with processing development applications. Moreover, the activity based costing approach is a common methodology employed by a number of Ontario municipalities in this regard. This approach will allow the City to expand upon its previous user fee review to recognize the direct participation of other business units within the processing of applications, as well as support and corporate overhead functions that facilitate the provision of services. The recommended fee schedule arising from this review will enable the City to make user fee adjustments that address overall cost recovery decisions with greater correlation to planning application processes.

This technical report summarizes the legislative context for the fees review, provides in detail the methodology utilized to assess the full costs of processing and presents the financial implications of full cost recovery and the associated fee schedule.

1.2 Study Process Undertaken

Table 1-1 sets out the major work plan components that have been undertaken in the execution of the project.

Table 1-1
Planning Application Fees and Charges Review Workplan

<i>Workplan Component</i>	<i>Description of Critical Path Component</i>
1. Project Initiation and Orientation	<ul style="list-style-type: none"> • Project initiation meeting with City Project Team to review project scope, workplan, legislative context, development fee trends, and activity based costing full cost modeling methodology. • Reviewed the City's background data (e.g. effort estimates) for previous planning application fees and charges review.
2. Planning Application Fees Design	<ul style="list-style-type: none"> • Meet with City Business Units Working Group to provide assignment context and establish fee design parameters. These sessions identified planning application fee with regard to processing distinctions by application type (e.g. development type, location, etc.). • Documented City business unit participation in planning application processing categories. • Documented characteristics of typical planning applications to guide City staff in effort estimation process and to provide consistency in estimates between business units.
3. Design and Execution of Direct Staff Processing Effort Estimation	<ul style="list-style-type: none"> • Detailed planning application processing activity maps were prepared to facilitated the creation of effort estimation data templates. • Data collection templates presented to City Business Unit Working Group and distributed to direct participant City business units for review. • Effort estimation data templates were provided to participating business units with actual application references to inform definitions of typical characteristics. • Effort estimates were examined to quantify and test overall staff capacity utilization (i.e. capacity analysis). Multiple iterations of the capacity analysis were preformed to ensure that effort estimates reasonably reflected staff participation levels. • Effort estimates benchmarked against survey of GTA municipalities.

Table 1-1 (cont'd)
Planning Application Fees and Charges Review Workplan

<i>Workplan Component</i>	<i>Description of Critical Path Component</i>
4. Design Indirect & Capital Cost Allocation Framework	<ul style="list-style-type: none"> • Meet with the City's Finance Division to discuss activity based costing methodology for indirect and capital costs. • Documented City support and corporate overhead functions and costs for allocation. • Cost drivers selected to ensure cost allocation based on consumption patterns by direct service delivery business units. • Capital asset depreciation costs allocated to direct business units based staff resource utilization patterns.
5. Construct Activity Based Costing Fees Model	<ul style="list-style-type: none"> • Activity based costing model constructed based on 2007 budget data. • Model development and results presented to City Project Team.
6. Calculation of Full Cost Fees and Financial Impact Analysis	<ul style="list-style-type: none"> • Full cost planning fee categories and fee structure implications calculated. • Overall financial impact and fee category impact analysis undertaken. • Impact analysis for sample development types prepared. • Municipal user fees survey prepared to illustrate full cost fee impacts.

1.3 Legislative Context for User Fees Review

The context for the planning fees and charges review is framed by the statutory authority available to City to recover the costs of service. The *Planning Act* governs the imposition of fees for recovery of planning application processing. The following summarizes the provisions of the statute as it pertains to user fees.

Planning Act, 1990

Section 69 of the *Planning Act*, allows municipalities to impose fees through by-law for the purposes of processing planning applications. In determining the associated fees, the Act requires that:

“The council of a municipality, by by-law, and a planning board, by resolution, may establish a tariff of fees for the processing of applications made in respect of planning matters, which tariff shall be designed to meet only the anticipated cost to the municipality or to a committee of adjustment or land division

committee constituted by the council of the municipality or to the planning board in respect of the processing of each type of application provided for in the tariff.”

Section 69 establishes many cost recovery requirements that municipalities must consider when undertaking a full cost recovery fee review. The Act specifies that municipalities may impose fees through bylaw and that the anticipated costs of such fees must be cost justified by application type as defined in the tariff of fees (e.g. Subdivision, Zoning Amendment, etc.). Given the cost justification requirements by application type, this would suggest that cross-subsidization of planning fee revenues across application types is not permissible. For instance, if Minor Variance application fees were set at levels below full cost recovery for policy purposes this discount could not be funded by Subdivision application fees set at levels higher than full cost recovery. Our interpretation of the Section 69 is that any fee discount must be funded from other general revenue sources such as property taxes. In comparison to the cost justification requirements of the *Building Code Act*, where the justification point is set at the aggregate level of the Act, the requirements of the *Planning Act* are more stringent in this regard.

The legislation further indicates that the fees may be designed to recover the “anticipated cost” of processing each type of application, reflecting the estimated costs of processing activities for an application type. This reference to anticipated costs represents a further costing requirement for municipalities. It is noted that the statutory requirement is not the actual processing costs related to any one specific application. As such, actual time docketing of staff processing effort against application categories or specific applications does not appear to be a requirement of the Act for compliance purposes. As such our methodology which is based on staff estimates of application processing effort by application type meets with the requirements of the Act and is in our opinion a reasonable approach in determining anticipated costs.

The Act does not specifically define the scope of eligible processing activities and there are no explicit restrictions to direct costs as previously witnessed in other statutes (i.e. *Municipal Act* licensing). Moreover, recent amendments to the user fee provisions of the *Municipal Act* and *Building Code Act* are providing for broader recognition of indirect costs. Acknowledging that staff effort from multiple business units is involved in processing planning applications, it is our opinion that such fees may include direct costs, capital-related costs, support function costs directly related to the service provided, and general corporate overhead costs apportioned to the service provided.

It should be noted that the payment of *Planning Act* fees can be made under protest with appeal to the Ontario Municipal Board (OMB) if the applicant believes the fees were inappropriately charged or are unreasonable. The OMB will hear such an appeal and determine if the appeal should be dismissed or direct the municipality to refund payment in such amount as determined by the Board. These provisions confirm that user fees imposed under the *Planning Act* are always susceptible to appeal. Unlike other fees and charges (e.g. Development Charges) there is no legislated appeal period related to the timing of bylaw passage, mandatory review period or public process requirements.

1.4 Greater Toronto Area Development Fee Trends

During the past three years, our user fee consulting team has been retained by numerous GTA municipalities to conduct full cost development application user fee reviews. The majority of GTA municipalities have undertaken full cost fee reviews to date and subsequent fee adjustments have resulted. Based on these undertakings a number of important planning application cost recovery and fee structure design trends have evolved, including:

- Cost recovery performance of *Planning Act* applications has been remarkably consistent across 905 GTA municipalities. Prior to the recent user fee reviews, many of these municipalities recovered approximately 25-33% of their planning application processing costs (direct, indirect, and capital). The processing costs not recovered through *Planning Act* user fees were funded by a combination building permit user fee surpluses and the general levy. The rates structures that produced these outcomes appear to have been based on a combination of partial costing and economic development considerations.
- Following an activity based costing fee review of the development application review process; planning fees in these jurisdictions have been increased to recover between 80–100% of full costs. This has resulted in average planning user fee increases of approximately 225%. The impact of these higher fees produced additional revenue comparable to 2% of the municipal net levy in many jurisdictions. The corresponding impact of higher planning user fees on local government input costs (i.e. building permits, planning fees, and development charges) per unit of new residential development has been relatively minor in most municipalities (i.e. typically less than 2%

increase in costs). The impacts on non-residential developments have been greater, but still within manageable levels.

- The OMB ruled on a planning application fee matter under the full cost recovery regime. The predominate issue of the hearing was whether a second site plan application for the same property warranted the charge of a new site plan application or a resubmission. The municipality regarded the changes to the application as being significant enough to justify another full site plan charge in accordance with the recently increased fee schedule, whereas the OMB did not. In this respect, the core rationale behind the OMB decision did not address the reasonableness of the overall fee calculation methodology. However the decision does contain commentary on fee design methodology, specifically as it relates to the overall recovery level of planning department costs, full cost fee schedule adjustments and consideration for marginal costs.

These trends have been discussed with the City Project Team and were considered in the development of the full cost planning applications fees and charges review for the City of Mississauga.

2. ACTIVITY BASED COSTING USER FEE METHODOLOGY

2. ACTIVITY BASED COSTING USER FEE METHODOLOGY

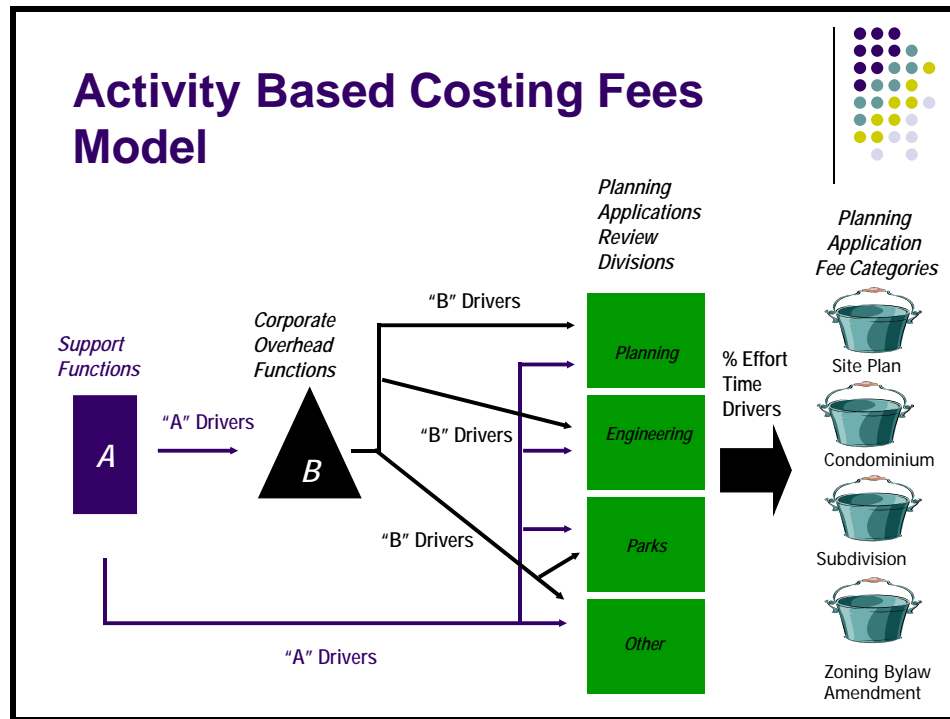
2.1 Activity Based Costing Methodology

An activity based costing (ABC) methodology, as it pertains to municipal governments, assigns an organization's resource costs through activities to the services provided to the public. One of the service channels provided by municipalities is the planning application review process. Conventional municipal accounting structures are typically not well suited to the costing challenges associated with planning application processing activities; as these accounting structures are business unit focussed and thereby inadequate for fully costing services with involvement from multiple City business units. An ABC approach better identifies the costs associated with the processing activities for specific application types and thus is an ideal method for determining full cost planning application user fees.

As illustrated in Figure 2-1, an ABC methodology attributes processing effort and associated costs from all participating City business units to the appropriate user fee service categories. The resource costs attributed to processing activities and application categories include direct operating costs, indirect support and corporate overhead costs, and capital costs. Indirect support function and corporate overhead costs are allocated to direct business units according to operational cost drivers (e.g. Information Technology costs allocated based on the relative share of departmental personal computers supported). Once support costs have been allocated amongst direct business units, the accumulated costs (i.e. indirect, direct and capital costs) are then distributed across the various planning application categories (and other non-development City services) based on the business units direct involvement in planning application processing activities. The assessment of each business unit's direct involvement in planning application processing activities is accomplished by tracking the relative shares of staff processing effort across each application fee category's sequence of mapped process steps. The results of employing this costing methodology provide municipalities with a better recognition of the costs utilized in delivering development application review processes, as it acknowledges not only the direct costs of resources deployed but also the operating and capital support required by those resources to provide services.

The following sections of this chapter review each component of the ABC methodology as it pertains to the City's planning applications fees and charges review.

Figure 2-1
Activity Based Costing Methodology Cost Flow Diagram



2.2 Application Category Definition

A critical component of the full cost user fees review is the selection of planning application fee categories. This is an important first step as the process design, effort estimation and subsequent costing is based on the categorization decisions. It is also important from a compliance stand point where, as noted previously, the *Planning Act* requires user fees to be cost justified by application type consistent with the categorization contained within the City's tariff of fees.

The fee categorization process occurred at that outset of the assignment, initiated by multiple working sessions with the City's Business Unit Working Group. These working sessions were attended by representatives from the various business units directly participating in the planning application process to establish the fee design parameters. Multiple working session were held in October 2006 to solicit input from the group on the appropriate fee categorization and the typical process characteristics for these applications. This was designed in a group setting to

establish characteristics that were reflective and consistent amongst each of the participating business units.

Given the cost justification requirements of the *Planning Act* and recent comments of the OMB with respect to marginal costing, the planning application working sessions produced fee categorizes that reflect the differing levels of effort within application types. This level of disaggregation within application types is in direct response to the comments of the OMB and reflects an evolution in the costing methodology to exceed the statutory requirements and to better understand the factors influencing processing effort. Table 2-1 summarizes the planning fee application categories that are included in the activity based costing model and later used to rationalize changes to the City's user fee schedule.

The following explains the rationale for the planning application categorization decisions:

- When the City receives an application for an Official Plan Amendment it is typically submitted in conjunction with a Zoning By-law Amendment application. As such the process was costed jointly to reflect these concurrent processes. While situations are rare where an applicant-initiated OPA application would submitted, in consultation with the City Project Team it was determined that a standalone OPA application should be costed through this review.
- Planning application fees were disaggregated by development type (e.g. housing, commercial/office, industrial etc.) for Official Plan/Zoning By-law Amendment, Zoning By-law Amendment and Site Plan application types to reflect differences in processing effort typically experienced. Site Plan categorization went beyond development type to consider application size and location characteristics.
- Removal of Holding Symbol applications were perceived to have distinct processing requirements if the development was within the City Centre area or outside of the City Centre area. As such multiple application categories were costed for this type.
- Condominium application fees were disaggregated to reflect distinctions in level of processing effort relating to application type (i.e. standard or common element).
- Recognizing that there may be characteristics to an application that are not included in the typical process a number of surcharge fees were costed. These surcharges reflect additional fees that could be levied by the City for a number of sub-processes including: EIS Environmental review, parking utilization studies, forestry inspection, heritage review, and minor site plan issues (e.g. landscape inspection, storm drainage, environmental, fire and forestry).

Table 2-1
Planning Application Types and Costing Categories

Planning Application Type	Planning Application Costing Category
Official Plan Amendment/Zoning By-law Amendment	Single/Semi Detached
	Townhouse
	Apartment
	Commercial/Office
	Industrial
Official Plan Amendment (OPA)	
Zoning By-law Amendment (ZBA)	Single/Semi Detached
	Townhouse
	Apartment
	Commercial/Office
	Industrial
Site Plan	Infill Housing
	Mixed Use
	City Centre Apartment
	Apartment
	Commercial
	Industrial Small
	Industrial Medium
	Industrial Large
	Industrial Very Large
	Institutional Public/Other
	Institutional School
	Inspection
	Site Plan Approval Xpress (SPAX)
Minor	
Site Plan Minor Surcharge	Planning and Building Landscape Inspection
	Transportation and Works Development Engineering Review
	Transportation and Works Storm Drainage Review
	Transportation and Works Environmental Review
	Community Services Fire Review
	Community Services Forestry Review
Removal of Holding Symbol	City Centre
	All Other
Part Lot Control	
Payment in Lieu of Off-Street Parking	
Condominium	Standard
	Common Element
Subdivision	
EIS Environmental Surcharge (applicable for ZBA, OPA/ZBA and Subdivision applications)	Environmental Review
	EIS Minor
	EIS Major

Table 2-1 (cont'd)
Planning Application Types and Costing Categories

Parking Utilization Study (applicable for ZBA and OPA/ZBA applications)
Forestry Inspection Fee
Heritage Surcharge

In addition to establishing the application categories, typical application characteristics were also developed. These characteristics associated with an application type include: profile issues considered, application submissions, commenting cycles, public consultation sessions/meetings, and required studies. Table 2-2 summarizes the typical application characteristics developed by the Business Unit Working Group. For each of these application categories and process characteristics the City Project Team provided comparable application actuals. These application references were for multiple City Wards and were provided to the various business units in developing their effort estimates to ensure consistency between the groups.

2.3 Application Processing Effort Cost Allocation

To capture each participating City staff member's relative level of effort in planning application processes, application process templates were prepared for each of the above referenced application costing categories. The application process templates were generated initially using the City's application process maps and the list of application characteristics developed by the group working sessions. These templates were subsequently circulated to the City's Project Team for review and revision. The templates outlined the typical process steps undertaken for each application category including aspects such as application preconsultation, recirculation and commenting cycles, public consultation, and study requirements. Multiple working sessions were held with the City's Project Team to define the scope and nature of various departments' involvement in planning application processes. The finalized process templates were circulated to members of the City Business Unit Working Group and initial effort estimates were provided through the City Project Team.

Table 2-2
Planning Application Characteristics

Application Type	Profile of Issues	Application Submissions	Commenting Cycles	Public Consultation Sessions /Meetings	Required Studies
Site Plan	Parks, Forestry, Heritage, Fire Access & Life Safety, Traffic and Servicing, Zoning	3 submissions	3 cycles	Ward Meeting for Residential & Commercial, N/A for Industrial	Noise, Tree, Traffic, Servicing, Environmental Site Assessment
Zoning By-law Amendment	Parks, Forestry, Heritage, Fire Access & Life Safety, Traffic and Servicing, Zoning	1 submission	2 (2 nd cycle addresses study deficiencies)	Ward Meeting, Statutory Public Meeting	Traffic, Servicing, Environmental Site Assessment
Official Plan Amendment / Zoning By-law Amendment	Parks, Forestry, Heritage, Fire Access & Life Safety, Traffic and Servicing, Zoning	2 submissions	3 cycles	Multiple Ward Meetings (4), Statutory Public Meeting	Storm water, Traffic, Noise, Environmental Assessment
Condominium	Parks, Forestry, Heritage, Fire Access & Life Safety, Zoning	1 submission	1 cycle	None	NA

Subdivision	Parks, Forestry, Heritage, Fire Access & Life Safety, Traffic and Servicing, Zoning	1 submission	2 cycles (2 nd cycle addresses study deficiencies)	None, covered within Zoning/OPA	Storm water, Traffic, Noise, Environmental Assessment
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The effort estimates received were applied against average application volumes for the period 2004-2007 to assess the average annual processing time per position spent on planning applications in aggregate and by application type. Annual processing effort per staff position was compared with available processing capacity to determine overall service levels. The results of the initial capacity analysis were reviewed with the City Project Team and multiple iterations of individual consultation with the participating business units was undertaken to ensure that effort estimates reflected current resource utilization levels. These consultation sessions also provided for the recognition of management and oversight activities within the planning processes by departmental senior management. For some business unit areas, such as Planning Policy and Urban Design, each staff member identified all projects worked on in the prior year. A meeting was conducted with Planning Policy staff to determine the proportionate amount of time spent on each project and which projects would be applicable to the planning application process. On this basis a proportion of each individual's time was identified for inclusion in the planning application fee calculations.

Multiple iterations of the staff effort estimation and capacity analysis were undertaken in finalizing the results. To further test the reasonableness of the results of the analysis, planning application processing effort estimates were compared with peer municipalities. Considerable time and effort was deployed by the consulting team and the City Project Team in finalizing the capacity utilization results. This task is fundamental to the full cost user fee review because the associated resourcing costs follow the activity generated effort of each participating staff member into the identified planning application fee categories. Moreover, the overall levels of departmental resource recovery are determined by this analysis and based on the comments of the OMB needs to be given careful consideration. The overall departmental user fee recovery levels underlying the calculations and the municipal processing time benchmarks are provided in Chapter 3 of this report.

2.4 Direct Cost Business Units

Table 2-3 summarizes the City business units that are directly involved in processing planning applications. Based on the results of the resource capacity analysis summarized above, the proportionate share of each individual's direct costs is allocated to the respective development application fee categories. The direct costs included in the City's activity based costing model were provided by the City Project Team from the 2007 Operating Budget and include the cost components such as:

- Labour Costs, e.g. salary, wages and benefits;
- Staff Development Costs;
- Communication Costs;
- Transportation Costs;
- Occupancy and City Costs;
- Equipment Costs and Maintenance Agreements;
- Contractor and Professional Services;
- Advertising and Promotions; and
- Materials, Supplies and Other Services.

It should be noted that transfers to reserves (reserve funds) and transfers to capital have been excluded from the direct service costs, as capital costs are addressed separately within the analysis.

Table 2-3
City Business Units Directly Participating in Planning Applications

City Manager – Economic Development	Planning and Building – Development & Design – Development Section	Transportation and Works – Geomatics
Community Services – Fire Prevention	Planning and Building – Development & Design – Urban Design Section	Transportation and Works – Development Engineering
Community Services – Planning, Development and Business Services	Planning and Building – Development Services	Transportation and Works – Transp. Asset Management

Corporate Services – Council Support Services	Planning and Building – Planning Policy	Transportation and Works – Environmental Services
Corporate Services – Corporate Finance	Planning and Building – Permit Administration & Zoning	Transportation and Works – Transportation Planning
Corporate Services – Legal Services	Planning and Building – Building Engineering & Insp.	Transportation and Works – Dev. Const. & Tech. Services
Corporate Services – Realty Services	Planning and Building – Mechanical Engineering & Insp.	
Planning and Building – Strategic Planning and Building Services	Transportation and Works – Mississauga Transit	

2.5 Indirect Cost Functions and Cost Drivers

An activity based costing review includes not only the direct service cost of providing service activities but also the indirect support costs that allow direct service business units to perform these functions. The method of allocation employed in this analysis is referred to as a step costing approach. Under this approach, support function and general corporate overhead functions are classified separate from direct service delivery departments. These indirect cost functions are then allocated to direct service delivery departments based on a set of cost drivers, which subsequently flow to planning application fee categories according to staff effort estimates. Cost drivers are a unit of service that best represent the consumption patterns of indirect support and corporate overhead services by direct service delivery business units. As such, the relative share of a cost driver (units of service consumed) for a direct department determines the relative share of support/corporate overhead costs attributed to that direct service department. An example of a cost driver commonly used to allocate information technology support costs would be a business unit's share of supported personal computers. Cost drivers are used for allocation purposes acknowledging that these business units do not typically participate directly in the planning application process, but that their efforts facilitate services being provided by the City's direct business units.

Figure 2-2 provides a simplified illustration on how support function and corporate overhead costs are allocated within the City's planning application fees model. Step 1 support function costs (e.g. Human Resources, Information Technology, and Facility Maintenance) are allocated based on a germane set of cost drivers primarily to Step 3 direct business units and partially to Step 2 corporate overhead functions. Step 1 functions do not allocate costs to each other. Step

2 corporate overhead functions allocate their nested costs from Step 1 and their direct costs to Step 3 direct departments. Step 2 functions do not allocate to each other, nor do they allocate backwards to Step 1 functions. Other corporate overhead functions not identified in the diagram would have similar cost flow patterns. The design and implementation of a three step cost attribution model by the City is consistent with best practices established by other municipalities using this costing approach.

Figure 2-2
Illustration of Step Cost Allocation Process

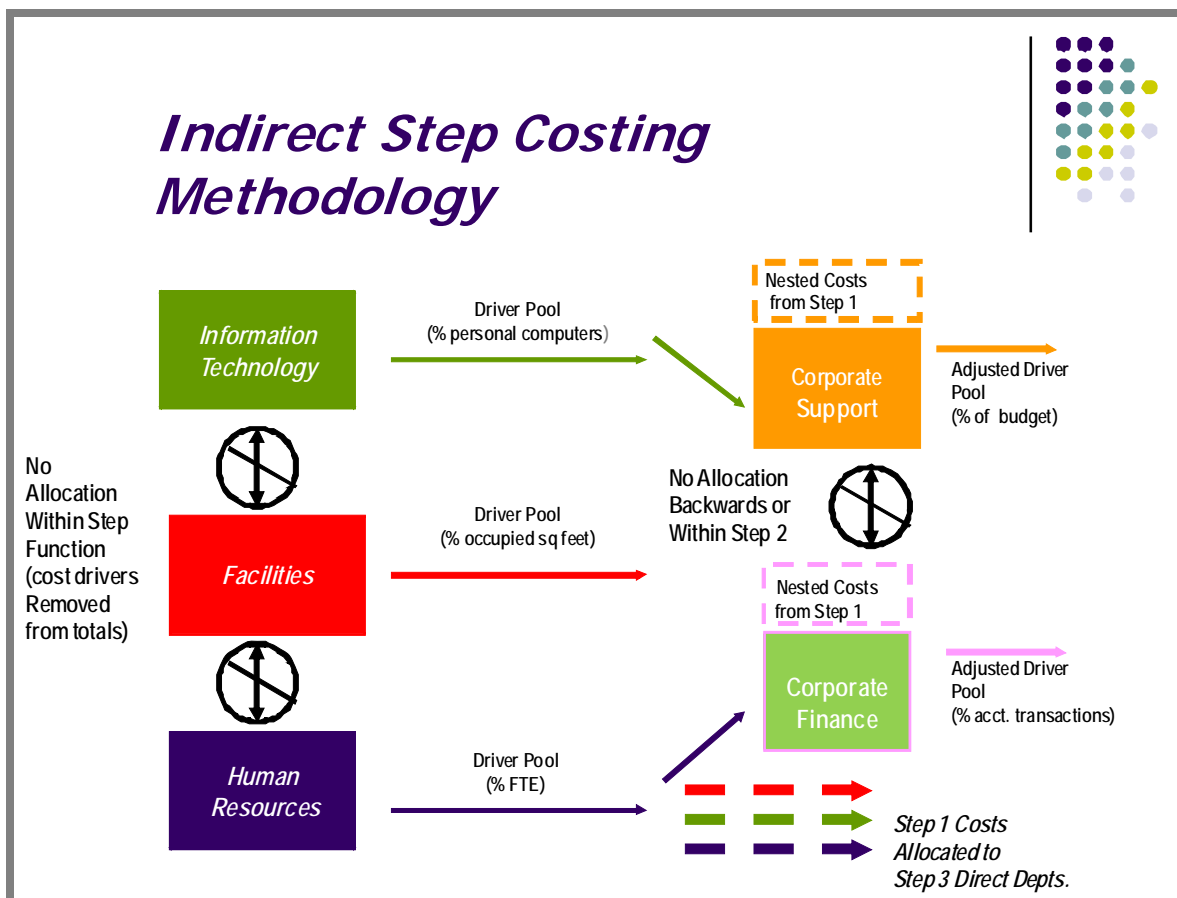


Table 2-4 summarizes the support and corporate overhead functions included in the planning fee calculations and the cost drivers assigned to each function for cost allocation purposes. The indirect support and corporate overhead cost drivers used by the City in the fees model reflects accepted practices within the municipal sector by municipalities of similar characteristics. Moreover, many of the drivers selected are consistent with the Ontario Municipal Benchmarking Initiative (OMBI) for reporting requirements for Financial Information Returns.

Table 2-4
Indirect Support and Corporate Overhead Functions and Cost Drivers

Indirect Cost Functions	Cost Driver
<i>Indirect Support Functions (i.e. Step 1)</i>	
Municipal Buildings	Occupied facility square footage
Information Technology	Personal Computers
Corporate Human Resources	Full Time Equivalents
Insurance	Gross Operating Expenditures
Workers Compensation and Rehabilitation	Full Time Equivalents
<i>Indirect Corporate Overhead Functions (i.e. Step 2)</i>	
Corporate Support Services	Gross Operating Expenditures
Corporate Finance	Accounting Transactions
Revenue	Accounting Transactions
Communications	Gross Operating Expenditures
Office of the City Clerk	Council Agenda Items
Legal Services	Gross Operating Expenditures
Mayor and Council	Council Agenda Items
Bank and External Audit	Gross Operating Expenditures
Benefits and Labour Package	Full Time Equivalents
Corporate Support Service	Gross Operating Expenditures
Council Committees	Council Agenda Items

2.6 Capital Costs

The inclusion of capital costs within the full cost development applications user fee calculations follow a methodology similar to indirect costs. For capital costs the replacement value of assets commonly utilized to provide direct business unit services are established. These business unit asset replacement costs are then annualized over the expected useful life of the respective assets to determine the annualized cost of assets. This annualized amount reflects the annual depreciation of the asset over its useful life based on current replacement values using a sinking fund approach. This annuity is then allocated across all fee categories based on the capacity utilization of direct business units.

Annual capital replacement costs for municipal facilities were obtained from the 2007 R.S Means Square Foot Cost Index (i.e. approximately \$117/sq.ft.). Assumed 40 year average useful life and 2% net interest rate, the annual depreciation cost per square foot of facility space was applied to the floor area occupied per employee to determine the business unit's annual replacement cost. These estimates were then allocated to the business units directly

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participating in planning application processes based on head count and to the fee categories based on resource capacity utilization.

3. PLANNING APPLICATIONS FEES REVIEW

3. PLANNING APPLICATIONS FEES REVIEW

3.1 Staff Capacity Utilization Results

The planning applications review process considered within this assessment involves to varying degrees approximately 173 staff positions annually. These staff resources are contained within multiple City business units and are utilized in the processing applications to varying degrees. Table 3-1 summarizes the number of staff positions directly participating in processing planning applications and included in the activity based costing model by business unit.

Table 3-1
Staff Positions Directly Participating in Planning Applications by Business Unit

City Business Units	Staff Positions Directly Participating in Planning Application	Business Unit Head Count
City Manager – Economic Development	3	16
Community Services – Fire Prevention	3	37
Community Services – Planning, Development and Business Services	17	64
Corporate Services – Council Support Services	6	59
Corporate Services – Corporate Finance	1	48
Corporate Services – Legal Services	1	32
Corporate Services – Realty Services	4	138
Planning and Building – Strategic Planning and Business Services	9	24
Planning and Building – Development & Design – Development Section	41	41
Planning and Building – Development & Design – Urban Design Section	6	6
Planning and Building – Planning Policy	14	15
Planning and Building – Permit Administration & Zoning	16	34
Planning and Building – Building Engineering & Insp.	2	36
Planning and Building – Mechanical Engineering & Insp.	4	32
Transportation and Works – Mississauga Transit	6	1,003
Transportation and Works – Geomatics	13	95
Transportation and Works –Development Engineering	8	12
Transportation and Works –Transp. Asset Management	4	11
Transportation and Works –Environmental Services	6	9
Transportation and Works –Transportation Planning	5	6
Transportation and Works –Dev. Const. & Tech. Services	4	4
TOTAL	173	1,722

The planning application processing effort estimates in this report reflect the City's current business processes, historic application volume trends, and staffing allocation patterns currently in place across business units. The capacity utilization analysis was undertaken on City-wide basis reflecting the City's current policy of uniform municipal-wide development application fees.

Table 3-2 provides the results of the capacity analysis (i.e. percentage of annual resources attributed to processing planning applications and the FTE utilization) by business unit for planning application fees in aggregate. This table summarizes the average amount of staff resources attributable to processing planning applications on an annual basis. These figures are used to allocate individual staff position direct costs, business unit indirect costs and capital costs to the various planning application categories. The following observations are provided based on the results of the capacity analysis:

Table 3-2

Planning Application Resource Capacity and Annual FTE Utilization by Business Unit

City Business Units	Percentage of Staff Positions Directly Participating in Planning Application	Annual FTE Utilization
City Manager – Economic Development	0.06%	<0.1
Community Services – Fire Prevention	0.57%	0.2
Community Services – Planning, Development and Business Services	7.99%	5.1
Corporate Services – Council Support Services	0.85%	0.5
Corporate Services – Corporate Finance	0.09%	<0.1
Corporate Services – Legal Services	0.77%	0.2
Corporate Services – Realty Services	0.09%	0.1
Planning and Building – Strategic Planning and Business Services	19.58%	4.7
Planning and Building – Development & Design – Development Section	64.72%	26.5
Planning and Building – Development & Design – Urban Design Section	46.27%	2.8
Planning and Building – Planning Policy	24.58%	3.7
Planning and Building – Permit Administration & Zoning	3.46%	1.2
Planning and Building – Building Engineering & Insp.	0.01%	<0.1
Planning and Building – Mechanical Engineering & Insp.	0.02%	<0.1
Transportation and Works – Mississauga Transit	0.02%	0.2
Transportation and Works – Geomatics	1.07%	1.0
Transportation and Works –Development Engineering	31.27%	3.8
Transportation and Works –Transp. Asset Management	21.43%	2.4
Transportation and Works –Environmental Services	16.37%	1.5
Transportation and Works –Transportation Planning	20.50%	1.2
Transportation and Works –Dev. Const. & Tech. Services	0.08%	<0.1

- On average approximately 32% (55.1 FTE) of all available planning application staff resources (i.e. 173 positions) are fully consumed annually. This reflects differing levels of processing intensity from the various staff positions. Some staff positions, such as senior management, planning policy, etc., have significant non-planning application responsibilities that are not directly required for processing activities. Other staff positions, such as Landscape Architects, Site Plan Technologists, Urban Designers, Landscape Technologists, etc., are almost entirely devoted to processing planning applications.
- The Development and Design Division (i.e. Development Section and Urban Design Section) of the Planning and Building Department provides the largest amount of effort to planning applications within the City. On average, approximately 62% (29.3 FTE) of the 47 participating staff positions are devoted to processing planning applications annually. This level of planning recovery is consistent with levels of participation in other GTA municipalities, reflecting a significant amount of non-planning application processing effort provided by planning departments for corporate management, Ontario Municipal Board appeals and public information tasks.
- The building business units within the Planning and Building Department (i.e. Permit Administration, Building Engineering and Mechanical Engineering and Inspection) have 22 staff positions participating directly in planning applications. This reflects staff involvement primarily Site Plan applications and represents approximately 5% (1.2 FTE) of the available capacity for these positions.
- There are 23 staff positions within the Development Engineering, Transportation Asset Management and Environmental Services Divisions of Transportation and Works Department that directly participate in processing applications. The overall utilization of these staff positions is approximately 38% (8.8 FTE) with this effort distributed between most planning applications, with focus principally within Site Plan, Zoning By-law Amendment and Official Plan Amendment/Zoning By-law Amendment applications.
- Planning, Development and Business Services business unit within the Community Services Department is directly involved in processing planning applications. Seventeen staff positions were identified directly in the costing model as participating in processing activities. In total approximately 30% (5.1 FTE) of staff resource capacity for these positions is utilized in planning application processes. The majority of this effort is consumed by Site Plan applications, with the remaining effort consumed by Zoning By-law Amendment, Official Plan Amendment/Zoning By-law Amendment and Subdivision applications

- There are a number of City business units such as Economic Development, Corporate Finance, Legal, Realty Services, etc. that provide relatively small allotments of effort to planning applications. These business units provide a small number of staff positions with specific planning application review requirements.

3.2 Staff Processing Effort Benchmarking

To definitively assess planning application processing service delivery performance, there are two fundamental outcomes that need to be understood:

1. Effectiveness via planning application processing turnaround times;
2. Efficiency via planning staff application processing effort.

Planning application processing turnaround times are beyond the scope of this assignment; however City application processing effort is readily available for other GTA municipal benchmarking. Table 3-3 contains average processing time estimates for various planning application categories within eleven GTA municipalities within regional government structures. It should be noted that the benchmarking information provided does not include the City of Toronto, which is currently undertaking a similar fee review exercise. The benchmarks provided include the average, median, highest and lowest processing effort per application type (in processing hours). The City's planning application processing effort is significantly higher than the municipal average processing effort for Zoning By-law Amendment and Removal of Holding Symbol application categories. It is also noted that for some of the sub-application type categories within Site Plan applications (e.g. mixed use, apartment, institutional, City Centre) the average processing times are significantly higher than the municipal average. The application processing effort for the City is lower than the municipal average for Subdivision and Condominium.

The selection of peer jurisdictions for application processing effort benchmarking is difficult for the City of Mississauga. This is because the majority of large 905 GTA municipalities are still functioning within greenfield development patterns, unlike the City which is operating predominantly in an infill development environment. Based on our experience, the opinion of many municipal planners suggests that some planning application types (e.g. Site Plan Control, Zoning By-law Amendment, etc.) are more effort intensive for infill development environments.

There appears to be a number of reasons underlying these assertions, such as the larger numbers of affected adjacent properties to the development in question require more involved public consultation processes and more intense staff review. On balance however it is also held that for other planning application types (e.g. Subdivision) the effort associated with new infrastructure servicing requirements may be greater in greenfield jurisdictions.

Based on these results we would conclude that the estimates provided by staff are reasonable when compared with other GTA municipalities.

Table 3-3
Benchmarking Planning Processing Effort with Other GTA Municipalities¹

Per Application Processing Time (hours)	Average	Median	Highest	Lowest	Mississauga
Zoning By-law Amendment	221	155	367	82	700
Site Plan	195	138	307	61	247
Removal of Holding Symbol	41	31	58	23	292
Part Lot Control	22	21	28	16	17
Subdivision	796	529	2,134	212	638
Official Plan	251	189	379	85	194
Condominium	126	77	232	22	90

3.3 Consolidated Full Cost Planning Application Fees

Table 3-4 documents the City's annual costs of providing planning application processing services by cost component. The annual costs reflect the organizational direct, indirect and capital costs associated with processing applications at average historic volumes levels for the period 2004-2007. These costs are based on 2007 budget amounts and are compared with revenues derived from 2007 application fees. To assess overall cost recovery levels historic planning fee revenues for each application were provided for the same four year period used in the capacity analysis (2004-2007). These historic revenues were adjusted to 2007\$ by indexing the revenues based on user fee increases over the period. The adjusted average revenue per application type was subsequently applied to the annual application volume assumptions in the capacity analysis to generate comparable aggregate revenues.

¹ Includes the municipalities of Aurora, Brampton, Newmarket, Oshawa, Pickering, Richmond Hill, Vaughan, and Whitby.

As summarized in the table below, the direct costs incurred by the City for processing average historic application volume levels represent the majority of annual costs, i.e. 76% of total costs or \$5.5 million. These costs are derived from the capacity analysis generated based on the processing estimates for each application type and includes employment costs (e.g. salary, wages and benefits) as well as other direct costs (e.g. staff development, communication, etc.). Indirect support and corporate overhead costs represent 23% of total processing costs, or \$1.7 million annually. Annual capital costs, reflecting the annual depreciation costs of facilities, represent less than 1% or \$6,000. In total the average annual processing costs are approximately \$7.2 million. Compared with average revenues collected under the current fee schedule of \$4.2 million, the current City current planning fees are recovering approximately 59% of total costs.

Table 3-4
Consolidated Planning Application Fees Modeling Impact
(2007\$ in thousand's)

Cost Component	Total Planning Application Costs and Revenues
Direct	5,498
Indirect	1,713
Capital	6
Total Full Costs	7,217
Existing Planning Fees Revenue	4,241
Net Position	2,976

Table 3-5 summarizes the average annual costs and revenues presented above by planning application type. Based on average historic application volume levels, OPA/Zoning By-law Amendment and Site Plan Control applications represent the largest proportion of costs (73% of total costs) and revenues (78% of total revenues) within the City. While current planning fees are recovering 59% of total processing costs annually, Official Plan Amendment, Zoning Bylaw Amendment, Removal of Holding Symbol, Site Plan Control and Payment in Lieu of Off-Street Parking applications are recovering less than 59% of costs. OPA/Zoning Bylaw Amendment

applications recover approximately 75% of annual costs. Plan of Subdivision, Part Lot Control and Plan of Condominium applications recover more than average costs of processing annually.

Table 3-5
Planning Fees Modeling Impacts by Application Type
(2007\$)

Application Type	Total Annual Cost (\$)	Total Revenue Collected (\$)	Cost Recovery (%)
Official Plan Amendment	16,425	7,800	47%
Zoning By-law Amendment	962,273	221,673	23%
OPA / Zoning By-law Amendment	1,358,256	1,022,556	75%
Removal of (H) Holding Symbol	189,344	23,563	12%
Site Plan Control	3,960,858	2,302,705	58%
Plan of Subdivision	403,943	485,253	120%
Payment In Lieu of Off-Street Parking (PIL)	31,130	2,200	7%
Part Lot Control	9,987	14,781	148%
Plan of Condominium	134,907	160,290	119%
Other	149,863	-	n/a
TOTAL	7,216,986	4,240,820	

3.4 Planning Application Type Impacts

To ensure compliance with the *Planning Act* user fee provisions, municipalities must cost justify user fees by planning application type. In this regard, the Table 3-6 summarizes the impacts of full cost recovery on current fee levels by application type. This table summarizes the modeled average full cost fees and compares these fees with average revenues collected per application type for the same period of historic volumes, adjusted to 2007 values and removing application exemptions. The fee impact column reflects the average fee percentage increase (or decrease) that would be required to achieve full cost recovery.

Increasing planning application fees in aggregate by 70% would achieve full cost recovery. However as the Act requires cost justification at the application type level, some application types will require increases larger than the average to achieve full cost recovery and other will require smaller increases or reductions. Based on these findings Subdivision, Part Lot Control and Condominium applications are over-recovering the costs of processing. All other

application types are under-recovering the costs of processing, with Payment in Lieu of Off-Street Parking, Removal of Holding Symbol, and Zoning By-law Amendment applications requiring the largest fee increases.

Table 3-6
Planning Fees Modeling Impacts by Application Type
(2007\$ per Application Type)

Application Type	Average Cost Fee (\$)	Average Fee Revenue Collected (\$)	Fee Increase/Decrease (%)
Official Plan Amendment	16,425	7,800	111%
Zoning By-law Amendment	62,082	19,266	222%
OPA / Zoning By-law Amendment	82,319	71,373	15%
Removal of (H) Holding Symbol	26,116	3,250	704%
Site Plan Control	15,374	9,798	57%
Plan of Subdivision	55,716	188,590	-70%
Payment In Lieu of Off-Street Parking (PIL)	11,320	800	1315%
Part Lot Control	1,598	2,365	-32%
Plan of Condominium	7,392	8,781	-16%

3.5 Rate Structure Analysis

At the outset of the assignment, the consulting team was tasked with developing full cost fee structure recommendations that would achieve *Planning Act* compliance and account for the recent comments of the OMB with respect to planning fees. The project methodology was designed in recognition of these requirements and informed model development design decision, most notably expanding the number of planning fee costing categories to consider sub-application type distinctions and the development of surcharge fees for processes that are not common to the majority of applications.

To facilitate this detailed costing approach, the City Project Team provided the consulting team with actual revenues for each application costing (as provided in Table 2-1) for the 2004-2007 period. In doing so, this allowed the analysis to consider not only the variation between average application type costs and sub-type application costs, but also to consider the sub-type application costs relative to the actual revenues collected. Table 3-7 expands upon the application type presentation provided above and identifies the average cost fee and average

fee revenue impacts at the sub-type application level. Based on this analysis the following observations are provided and considered in the fee structure recommendations.

Table 3-7
Planning Fees Modeling Impacts by Application Sub-Type (or Costing Category)
(2007\$ per Application Type)

Sub-Type Application Category (Costing Category)	Modeled Full Cost/Fee (\$)	Modeled Revenue/Fee (\$)	Fee Increase/Decrease (%)
OPA	16,425	7,800	111%
OPA/ZBA – Single/Semi Detached	75,806	27,138	179%
OPA/ZBA - Townhouse	84,143	82,302	2%
OPA/ZBA - Apartment	89,056	140,393	-37%
OPA/ZBA - Commercial & Office	78,733	25,391	210%
OPA/ZBA - Industrial	68,756	22,560	205%
Zoning By-law Amendment – Single/Semi Detached	57,763	11,560	400%
Zoning By-law Amendment - Townhouse	67,238	17,569	283%
Zoning By-law Amendment - Apartment	65,382	68,193	-4%
Zoning By-law Amendment - Commercial & Office	63,238	9,320	579%
Zoning By-law Amendment - Industrial	58,555	68,190	-14%
Site Plan - Infill Housing	9,460	1,950	385%
Site Plan - Mixed Combo	28,373	24,599	15%
Site Plan - City Centre Apartment	37,545	164,906	-77%
Site Plan – Apartment	31,260	49,449	-37%
Site Plan – Commercial	21,123	9,319	127%
Site Plan - Industrial Small	16,330	5,719	186%
Site Plan - Industrial Medium	16,521	16,771	-1%
Site Plan - Industrial Large	17,876	35,333	-49%
Site Plan - Industrial Very Large	19,883	88,990	-78%
Site Plan - Institutional Public / Other	28,405	7,176	296%
Site Plan - Institutional School	22,788	5,761	296%
Site Plan – Inspection	808	338	139%
Site Plan Approval Xpress (SPAX)	400	130	208%

Table 3-7(cont'd)
Planning Fees Modeling Impacts by Application Sub-Type (or Costing Category)
(2007\$ per Application Type)

Sub-Type Application Category (Costing Category)	Modeled Full Cost/Fee (\$)	Modeled Revenue/Fee (\$)	Fee Increase/Decrease (%)
Site Plan Minor	1,878	910	106%
Site Plan Minor Surcharge: Planning and Building Landscape Inspection	745	-	n/a
Site Plan Minor Surcharge: Transportation and Works Development Engineering Review	297	-	n/a
Site Plan Minor Surcharge: Transportation and Works Storm Drainage Review	125	-	n/a
Site Plan Minor Surcharge: Environmental Review	112	-	n/a
Site Plan Minor Surcharge: Community Services Fire Review	67	-	n/a
Site Plan Minor Surcharge: Community Services Forestry Review	227	-	n/a
Removal of H Holding - City Centre	35,162	3,250	983%
Removal of H Holding	19,732	3,250	508%
Part Lot Control	1,593	2,365	-32%
Payment in Lieu of Off-Street Parking	11,320	800	1316%
Condominium Standard	7,265	8,913	-18%
Condominium Common Element	9,586	6,500	48%
Subdivision	55,716	188,590	-70%
Environmental Review for EIS (ZBA, OPA/ZBA, Subdivision)	2,014	-	n/a
EIS (Enviro) Surcharge (ZBA, OPA/ZBA, Subdivision) EIS MINOR	3,708	-	n/a
EIS (Enviro) Surcharge (ZBA, OPA/ZBA, Subdivision) EIS MAJOR	10,865	-	n/a
Parking Utilization Study Surcharge (ZBA, OPA/ZBA, Subdivision)	3,841	-	n/a
Forestry Inspection Fee	113	-	n/a
Heritage Surcharge	1,582	-	n/a

Official Plan Amendment (OPA)

Applicant initiated Official Plan Amendments rarely occur, however to the extent that on OPA may be initiated under the *Planning Act* the process has been identified, effort estimated and costs determined. Currently the City imposes a flat rate fee for OPA applications of \$7,800. Based on the results of the activity based costing model, this process would require approximately \$16,400 to process.

- Full Cost Recovery Recommendation
 - Maintain the existing flat rate structure and increase the fee to \$16,400 per application.

Official Plan Amendment/Zoning By-law Amendment

In discussion with the City Project Team and City Business Unit Working Group, it was determined that the typical process undertaken for these applications occurs jointly when an OPA is required. Reviewing the cost/revenue relationship at the application type level suggests that the current fees are under recovering the costs of processing, requiring an average fee increase of 15%. However in considering the sub-type application costing, it would appear that the cost to process single/semi detached, commercial & office, and industrial applications are below the average and townhouse and apartment applications are higher than the average. Moreover, in comparing actual revenue activity for these application sub-types, for applications requiring higher effort and costs than the average (i.e. townhouse and apartment) the current fee structure appears to adequately recover full costs of processing and in the case of apartments recovers more than average costs. The sub-type applications requiring less effort and costs than the average (i.e. single/semi detached, commercial & office, and industrial) conversely are significantly under recovering the full costs of processing, recovering approximately 1/3 of costs.

The City's current fee structure imposes both the flat rate OPA fee and Zoning By-law Amendment fee for these application types. For Zoning By-law Amendment applications, the fee structure is as follows:

- Base fee: \$5,200;
- Detached, semi-detached and townhouse dwellings: \$390 per unit;
- All other residential, commercial or institutional uses: 1.95 per m², if building gross floor area over 500m²; and
- Industrial and office uses: \$3,250 per gross hectare with maximum fee of \$39,000.

In reviewing the application average size characteristics (i.e. charging parameters), the size for single/semi detached applications is 30 units (limited sample), townhouse applications is 70 units and apartments 465 units (or 44,600 sq.mt.). For non-residential applications, commercial/office applications average 5,300 sq.mt. and industrial 3 hectares (limited sample). Based on these findings it would appear that the base fee and volumetric fees (i.e. per unit, per sq.mt., per hectare) are not sufficiently high enough to recover processing costs of small applications. As such the current fee structure is designed to recover processing costs from larger applications to better achieve overall cost recovery.

- Full Cost Recovery Recommendations
 - Impose OPA flat rate fee, recommended at \$16,400.
 - Increase the base fee from \$5,200 to \$11,400.
 - Implement an declining block rate structure for all residential applications as follows
 - \$800/unit for first 25 units,
 - \$400/unit for units 26-100 units,
 - \$200/unit for units 101-200 units,
 - \$100/unit for additional units beyond 200.
 - Consider implementation of a maximum charge of \$100,000 per residential and mixed use application.
 - Increase the per square metre fee for commercial and institutional from \$1.95 to \$8.00 and remove the 500 m² exemption. Remove apartments from per square meter charge to declining block per unit charge.
 - Increase the per gross hectare fee for industrial and office from \$3,250 to \$5,200.
 - consider implementation of a charge of \$75,000 for commercial, office and industrial applications.

Zoning By-law Amendment

The cost/revenue relationship for Zoning By-law Amendment applications has similar trends as witnessed in the previous OPA/ZBA applications with some distinctions. At the application type level the cost recovery gap is much larger for Zoning By-law Amendment applications than for joint OPA/ZBA applications (31% cost recovery vs. 87% cost recovery). Considering the sub-type application results for both application types, a similar pattern exists with single/semi detached and industrial development costing less than average processing costs and townhouse and apartment applications costing more than the average, although the results are closer to the mean for all application sub-types. Moreover, the current under recovery trend

from single/semi detached and commercial office applications is similar, as is the better recovery performance from apartment applications.

The average size characteristics appear to be smaller on average (excluding industrial) for Zoning By-law Amendment applications that are not undertaken in conjunction with an OPA application. The average size characteristics for Single/Semi Detached applications is 16 units, townhouse applications is 30 units and apartments 120 units (limited sample). For non-residential applications, commercial/office applications average 2,600 sq.mt. and industrial 20 hectares.

Applying the same recommended fee structure for OPA/ZBA to the historic profile of Zoning By-law Amendment applications would continue to produce less than full cost recovery results for single/semi detached, townhouse and commercial & office applications. The proposed fees under the joint application submission are already at the high-end of municipal comparators, however given the scope of the assignment an additional flat rate fee of approximately \$20,000 could be imposed for these application types to garner cost recovery levels comparable to OPA/ZBA.

- Full Cost Recovery Recommendations
 - Extend the full cost recovery OPA/ZBA fees to Zoning By-law Amendment applications (excluding the OPA flat rate fee) including maximum charges.
 - Consider an additional flat rate fee of \$20,000 per application for single/semi detached, townhouse and commercial & office application types.

Site Plan Control

Considerable effort was made to identify distinctions in processing of Site Plan Control applications. In total 14 sub-type application categories were identified and costed through this process. At the application type level, the current fee structure is recovering approximately 64% of full cost. However, when considering the cost/revenue relationships at the sub-type application level virtually no application categories fit the average pattern. All application categories with high density residential development and ICI development are higher than the average processing cost. The pattern of better cost recovery performance is evident for larger applications, such as apartments, City Centre apartments, medium industrial, large industrial and very large industrial. This would suggest that similar to OPA/ZBA applications there does appear to be in imbalance in the current fee structure towards larger applications and economies of scale should be recognized in the recommendations.

The City's current fee structure for Site Plan Control applications is summarized as follows:

- Base fee: \$1,950;
- Detached, semi-detached and townhouse dwellings: \$390 per unit (with exceptions);
- All other residential, commercial, industrial, office or institutional uses: 1.95 per m², if building gross floor area over 500m²; and
- Maximum fee for industrial and office uses of \$39,000.

For site plan infill housing, this refers to various types of approvals for replacements, front/rear yard additions, garage additions, second storey additions, etc. These applications are currently charged the base fee charge of \$1,950 per application. The full cost of processing this application is approximately \$9,500. Consideration should be given to the potential non-compliance implications of charging full cost recovery on these types of minor applications. Similar flat fees have been costed for Site Plan inspections, minor building alterations or site revisions and site plan approval xpress (SPAX). For each of these application types a full cost flat fee is proposed.

The application charging parameters were reviewed for the development application categories. For residential application categories mixed unit developments are approximately 60 units on average, City Centre apartment's average 560 units and other apartment applications 180 units. The average historic application size characteristics for non-residential applications include commercial (4,500 sq.mt.), industrial small (2,000 sq.mt.), industrial medium (8,000 sq.mt.), industrial large (17,600 sq.mt.), industrial very large (45,000 sq.mt.), institutional public/other (6,000 sq.mt.) and institutional school (2,500 sq.mt.). It should be noted that City currently exempts public institutions (e.g. schools, government) applications from the payment of site plan fees. The historic revenue figures provided in the tables above are the calculated revenue exemption. As the intent is to determine an appropriate fee structure, exemptions are removed as these are policy decisions and do not reflect under performing fee structures.

- Full Cost Recovery Recommendations
 - Increase the base fee from \$1,950 to \$9,500.
 - Implement an declining block rate structure for all residential applications as follows :
 - \$400/unit for first 25 units,
 - \$300/unit for units 26-100 units,
 - \$100/unit for additional units beyond 100.

- Consider implementation of a maximum charge of \$50,000 per residential and mixed use application.
- Consider the implementation of a separate flat rate charge for infill housing (e.g. replacements, additions, etc.) of \$9,500 per application.
- Implement an declining block rate structure for all non-residential (ICI) applications as follows:
 - \$4.50/sq.mt. for first 2,000 square metres,
 - \$3.00/sq.mt. for square meters 2,001-4,500,
 - \$2.00/sq.mt. for square meters 4,501-7,000,
 - \$1.00/sq.mt. for additional square meters beyond 7,000.
- Consider implementation of a maximum charge of \$35,000 per non-residential (ICI) application, remove the 500 m² exemption and remove apartments from per square meter charge to declining block per unit charge.
- Increase Site Plan Inspection fee from \$338 to \$810.
- Increase Site Plan Approval Xpress from \$130 to \$400.
- Increase Site Plan Minor Building Alterations or Site Revisions from \$910 to \$1,900.
- Consider implementation of the following Site Plan Minor surcharges:
 - Planning and Building Landscape Inspection - \$750
 - Transportation and Works Development Engineering Review - \$300
 - Transportation and Works Storm Drainage Review - \$130
 - Transportation and Works Environmental Review - \$110
 - Community Services Fire Review - \$70
 - Community Services Forestry Review - \$230

Removal of Holding Symbol, Part Lot Control, Payment in Lieu of Off-Street Parking, Condominium and Subdivision

Minimal sub-type application fee categories were identified for Removal of Holding Symbol (except for City Centre applications), Part Lot Control, Payment in Lieu of Off-Street Parking, Condominium (except for common element applications), and Subdivision applications. As such, with the exception of H Removal and Condominium applications, the fee structure recommendations are based on the results of the application type costing.

- Full Cost Recovery Recommendations
 - Increase the current Holding Bylaw Amendment fee of \$3,250 to \$19,750 and consider an additional fee of \$15,400 for Holding Bylaw Amendment applications within the City Centre defined area.
 - Reduce the current Part Lot Control fee of \$1,950 base fee plus additional fee of \$78.00 for each lot or block created to \$1,300 base fee plus additional fee of \$53.00 for each lot or block created.
 - Increase the fee for Payment in Lieu of Off-Street Parking from an \$800 flat fee to \$11,300 per application.
 - Reduce the current Condominium application fee of \$4,550 base fee, \$26.00/apartment unit, \$65.00/non-apartment or vacant lot, and \$130.00/hectare for non-residential to a base fee of \$3,700 and \$21.00/apartment unit, \$53.00/non-apartment or vacant lot, and \$105.00/hectare for non-residential.
 - Increase the Condominium Common Element fee from \$6,500/application to \$9,600/application
 - The current Subdivision and proposed reduction are provided as follows:
 - Base fee: currently \$5,200, proposed \$4,300
 - Detached, semi-detached and townhouse dwellings: currently \$390/unit, proposed \$320/unit
 - All other residential, commercial or institutional uses: currently \$1.95/m² for gfa over 500m², proposed \$1.60/m² for gfa over 500m²
 - Industrial and Office uses: currently \$3,250/gross hectare, proposed \$2,700/gross hectare.
 - Consider increasing maximum fee to \$60,000 per application

Surcharge Fees

As noted previously, a number of surcharge fees were developed in consultation with the City Project Team and City Business Unit Working Group. These surcharge fees reflect sub-processes that may be required with a specific application but are not commonly performed with each application. As such these process steps have not been included in the planning application fee costing. The following recommendations present surcharge fees for consideration of staff and Council as part of the planning applications fees and charges review.

- Full Cost Recovery Recommendations
 - Consider imposing the following planning surcharge fees within the City tariff of fees under the *Planning Act*.

- EIS (Environmental Impact Study) surcharges applicable in conjunction with Zoning By-law Amendment, Official Plan/Zoning By-law Amendment and/or Subdivision applications as follows:
 - Environmental Review Base Fee - \$2,000,
 - Minor EIS is required - \$3,700,
 - Major EIS is required - \$10,900.
- Parking Utilization Study Surcharge applicable in conjunction with Zoning By-law Amendment, Official Plan/Zoning By-law Amendment and/or Subdivision applications - \$3,800.
- Forestry Inspection Fee associated with a planning application - \$115.
- Heritage Surcharge associated with an application - \$1,600.

3.6 Impact Analysis of Fee Structure Adjustments

In order to understand the impacts of the modeled full cost planning application fees and the proposed fee structure adjustments an impact analysis for sample developments has been prepared. Five development types have been considered, including:

- Site Plan Control and Zoning By-law Amendment applications for a retail building of 1,000 square meters;
- Site Plan Control and Condominium applications for a multi-residential building of 300 residential units;
- Residential Subdivision application of 200 single detached units;
- Site Plan Control application for an office building of 20,000 square meters; and
- Site Plan Control application for an industrial building of 10,000 square meters.

In addition to providing the fee impacts for the City of Mississauga, Table 3-8 also provides a user fee comparison for selected GTA municipalities. The municipalities included in the comparison represent jurisdictions that have recently undertaken full cost planning fee reviews and have adopted varying degrees of full cost recovery within their fee schedules. The municipalities of Milton, Burlington, Oakville, Brampton, Toronto, Vaughan, Richmond Hill, Markham, Whitby, and Pickering have been included in the survey. It is noted that at the time of writing, the City of Toronto is still in process of completing a full cost recovery assessment of planning application fees.

Retail Building (1,000 sq.mt.) - Site Plan Control and Zoning By-law Amendment applications

The current planning fees for this retail development would be \$9,100 (\$2,925 Site Plan + \$6,175 Zoning By-law Amendment). Imposing the full cost fee structure would result in a charge of \$53,400 (\$14,000 Site Plan + \$39,400 Zoning By-law Amendment, including \$20,000 per application flat rate) or an increase of \$44,300 (+487%). When compared with the 10 surveyed municipalities, the current planning fees would place the City in 11th position, last in the comparator pool. Under the full cost fee structure the City of Mississauga would move to 1st position.

Multi-Residential Building (300 units) - Site Plan Control and Condominium applications

The total planning fees applicable for a new multi-residential building submitting a Site Plan Control and Condominium application is \$68,900 (\$56,550 Site Plan + \$12,350 Condominium). The current fees would place the City in 9th position within the municipal survey, comparable with the City of Pickering. Implementing the full cost fee structure would decrease the charge for this type of application to \$60,000 (\$50,000 Site Plan – maximum fee + \$10,000 Condominium). The 13% fee decrease (\$8,900) is attributable to the maximum fee proposal for the Site Plan Control fee and the historic over recovery for Condominium applications. The full cost fee structure would see the City move to 11th position within the current ranking.

Residential Single Detached (200 units) – Subdivision application

A single detached residential subdivision in the City of Mississauga would currently pay \$83,200 in planning fees. The implementation of the full cost fee structure would see these planning fees decrease to \$60,000, a decrease of \$23,200 or 28%. This would place the City of Mississauga in 11th position lower than all of the 10 municipalities surveyed. These results are not unexpected given the infill/greenfield issues discussed regarding processing effort benchmarking.

Office Building (20,000 sq.mt.) - Site Plan Control application

The current planning fees for an office building site plan of 20,000 sq.mt. would be \$39,975. Imposing the full cost fee structure would result in a charge of \$35,000 (the proposed maximum charge) or a decrease of \$4,975 (-12%). When compared with the 10 surveyed municipalities, the current planning fees place the City in 3rd, comparable to the Town of Markham. Under the full cost fee structure the City of Mississauga would move to 5th place in the ranking between the Town of Markham and Town of Oakville.

Industrial Building (10,000 sq.mt.) - Site Plan Control application

The current planning fees for an industrial site plan of 10,000 sq.mt. would be \$20,475. Imposing the full cost fee structure would result in a charge of \$34,000 or an increase of \$13,525 (+66%). When compared with the 10 surveyed municipalities, the current planning fees place the City in 4th, comparable to the Town of Markham. Under the full cost fee structure the City of Mississauga would move to 2nd position, with only the City of Brampton imposing a higher charge.

Based on the results of the full cost fee adjustments and municipal comparison, the City's planning fees would increase for all development types included in the sample, with the exception of the subdivision application and large site plan applications triggering the maximum fee. Moreover, the City's position relative to other GTA municipalities would increase significantly for applications with combined site plan and zoning by-law amendments, particularly those applications with small development profiles. This is anticipated given the higher level of effort and therefore costs associated with these application types in an infill environment and with the proposed revisions to the City's fee structure to recover the fixed benefit costs directly from smaller developments, as opposed to cross subsidizing with larger applications.

**Table 3-8
City of Mississauga
Planning Fees Impact and Municipal Comparison for Sample Development**

Development Application Type	Planning Application Process	Mississauga Full Cost	Mississauga Full Cost Ranking	Mississauga Existing	Mississauga Existing Ranking
Retail Building (1,000 sq.mt.)	Site Plan & ZBA	53,400	1	9,100	11
Multi-Residential Building (300 units)	Condominium & Site Plan	60,000	11	68,900	9
Residential Subdivision (200 single detached units)	Subdivision	60,000	11	83,200	9
Office Building (20,000 sq.mt.)	Site Plan	35,000	5	39,975	3
Industrial Building (10,000 sq.mt.)	Site Plan	34,000	2	20,475	4

Development Application Type	Municipal Cost Per Application									
	Milton	Burlington	Oakville	Brampton	Toronto	Vaughan	Richmond Hill	Markham	Whitby	Pickering
Retail Building (1,000 sq.mt.)	20,703	18,935	20,255	15,329	9,738	25,868	12,155	22,340	11,150	9,370
Multi-Residential Building (300 units)	28,512	178,215	191,290	132,690	90,415	92,370	74,850	148,400	111,700	66,850
Residential Subdivision (200 single detached units)	115,608	126,580	105,785	112,360	107,913	129,980	75,825	134,835	86,000	45,611
Office Building (20,000 sq.mt.)	14,226	26,105	32,180	55,910	43,835	11,370	15,150	38,200	10,000	12,045
Industrial Building (10,000 sq.mt.)	10,263	16,105	18,680	37,273	23,387	11,165	15,150	21,800	7,500	6,045

4. PLANNING APPLICATIONS FEES AND CHARGES REVIEW CONCLUSIONS

4. PLANNING APPLICATIONS FEES AND CHARGES REVIEW CONCLUSIONS

4.1 Conclusions

This technical report summarizes the legislative context for the planning applications fees and charges review, the methodology undertaken, activity based costing results and the associated full cost fee structure recommendations. In developing the fee structure findings careful consideration was given to the recent trends pertaining to planning fees, including recent comments of the Ontario Municipal Board concerning planning application user fees. The intent of the user fee review is to provide the City with full cost recovery alternatives for Council consideration to appropriately recover the service costs from benefiting parties. The municipality will ultimately determine the level of cost recovery and phasing strategy that is suitable for their objectives.

The potential full cost recovery fee structure as recommended in Chapter 3 of this report is summarized in Table 4-1 for consideration of staff and City Council.

Table 4-1
City of Mississauga
Planning Application Fees and Charges Review
Full Cost Fee Recommendations

Planning Application Fee Category	Full Cost Fee	Description
Official Plan Amendment	16,400	
Official Plan Amendment/Zoning By-law Amendment	16,400	Official Plan Amendment base fee
	11,400	Zoning By-law Amendment base fee
	800	Residential, \$/unit for first 25 units
	400	Residential, \$/unit for units 26-100 units
	200	Residential, \$/unit for units 101-200 units
	100	Residential, \$/unit for additional units beyond 200
	100,000	Maximum residential and mixed use charge per application
	8.00	Commercial and institutional, \$/sq.mt.
	5,200	Industrial and office, \$/gross hectare
	75,000	Maximum industrial, commercial and office charge per application
Zoning By-law Amendment	11,400	Base fee
	800	Residential, \$/unit for first 25 units
	400	Residential, \$/unit for units 26-100 units
	200	Residential, \$/unit for units 101-200 units
	100	Residential, \$/unit for additional units beyond 200
	100,000	Maximum residential and mixed use charge per application
	8.00	Commercial and institutional, \$/sq.mt.
	5,200	Industrial and office, \$/gross hectare
	75,000	Maximum industrial, commercial and office charge per application
	20,000	Single/semi detached residential, townhouse residential, commercial & office use flat rate per application
Site Plan Control	9,500	Base fee
	400	Residential, \$/unit for first 25 units
	300	Residential, \$/unit for units 26-100 units
	100	Residential, \$/unit for additional units beyond 100
	50,000	Maximum residential and mixed use charge per application
	9,500	Infill housing applications (e.g. replacement, additions, etc.)
	4.50	Non-residential (ICI), \$/sq.mt. for first 2,000 sq.mt.
	3.00	Non-residential (ICI), \$/sq.mt. for square meters 2,001-4,500
	2.00	Non-residential (ICI), \$/sq.mt. for square meters 4,501-7,000
	1.00	Non-residential (ICI), \$/sq.mt. for additional square meters beyond 7,000
	35,000	Maximum non-residential (ICI) charge per application
	810	Site plan inspection
	400	Site plan approval express (SPAX)
	1,900	Site plan minor building alterations or site revisions
Site Plan Minor Surcharge	750	Planning and Building Landscape Inspection
	300	Transportation and Works Development Engineering Review
	130	Transportation and Works Storm Drainage Review
	110	Transportation and Works Environmental Review
	70	Community Services Fire Review
	230	Community Services Forestry Review
Removal of Holding Symbol	19,750	Base fee
	15,400	Additional fee per application for applications within City Centre
Part Lot Control	1,300	Base fee
	53.00	plus, for each lot or block created
Payment in Lieu of Off-Street Parking	11,300	
Condominium	3,700	Base fee
	21.00	Apartment, \$/unit
	53.00	Non-apartment or vacant lot, \$/unit
	105.00	Non-residential, \$/hectare
	9,600	Common element fee
Subdivision	4,300	Base fee
	320	Detached, semi-detached and townhouse dwellings, \$/unit
	1.60	All other residential, commercial or institutional uses, \$/m2 for gfa over 500m2
	2,700	Industrial and office, \$/gross hectare
	60,000	Maximum fee per application
Surcharge fees	2,000	Environmental Review ¹ base fee plus
	3,700	if EIS minor required, or
	10,900	if EIS major required
	3,800	Parking utilization study
	115	Forestry inspection
	1,600	Heritage review

¹ Environmental Review refers to Natural Heritage and/or Natural Hazards.