



**SUBJECT: Follow up report to City Private Tree By-law 02-2020**  
**TO: Environment, Infrastructure & Community Services Cttee.**  
**FROM: Roads, Parks and Forestry Department**

Report Number: RPF-19-21

Wards Affected: All

File Numbers: 820-01

Date to Committee: June 10, 2021

Date to Council: June 22, 2021

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### **Recommendation:**

Receive and file roads, parks, and forestry department report RPF-19-21 as a supplementary report document to RPF-07-21 City Private Tree By-law 02-2020 Implementation Update.

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### **Background and Discussion:**

At the May 6<sup>th</sup> Environment, Infrastructure, and Community Services Committee meeting, staff provided an update to Committee on the City-wide Private Tree By-law with a detailed summary provided in RPF-07-21. Within this report (RPF-07-21), staff provided recommendations on program improvements, including modifications to the existing fee structure and their associated impacts to overall program costs. At the meeting, staff were directed to provide additional information with respect to funding options for consideration.

The information provided herein provides additional rationale with respect to the change in fee structure from a 'permit per application' approach (existing), to a 'permit per tree' approach (recommended). In addition, two (2) additional financial options have been provided for consideration in addition those provided at the meeting. Staff have also provided examples of indirect costs associated with tree removals through the development process, and a comparison from other municipalities.

This memo is intended as a supporting document to staff report RPF-07-21 and should be read in conjunction with that report.

## **Strategy/process**

### ***Program Design***

The original program to implement the Private Tree By-law was designed to be revenue neutral, with a net zero impact to the tax base. With this approach, permit fees would cover the cost to administer the forest protection program in its entirety and was considered a 'fee for service'. Experiences from the last year have identified that the current program fee structure cannot achieve a net zero impact to the tax base. The recommendation provided by staff within the report to council RPF-07-21 was to establish a program with reasonable fees, with as little impact to the tax base as possible, recognizing that 0% tax support was unachievable. The Option 3 proposed fee schedule is based on a 'permit per tree' approach, with a breakdown of 70% of the cost to be collected through user fees, and the remaining 30% to come from the tax base. It is important to note this ratio is what is currently approved within the 2021 operating budget.

### ***Fee Structure Change***

The existing fee structure of the Private Tree By-law program was established as a 'permit per application' approach, with a two-tier costing model. The tiers are broken down based on development projects (requiring a building permit) versus non-development projects (no building permit required). The original intent of this design was to evaluate each application for compliance with both the Public and Private Tree By-laws. Since the program's implementation, staff have identified that this approach unintentionally introduces inequities between applicants. For example, a resident that wishes to remove a single tree would be charged the same permit fee as a resident removing several. Furthermore, with a 'permit per application' approach, there is no incentive to retain as many trees as possible as part of a construction project, since the quantity of removals has no bearing on the permit fee. The only difference would be the replacement costs incurred. This approach may also unintentionally increase the number of trees removed, so as to avoid paying a permit fee in the future.

With a 'permit per tree' approach, applicants that are proposing the removal of a single tree would pay a lower fee than applicants removing several. The sliding cost scale creates a disincentive to clear-cutting an entire property, ideally leading to more trees preserved through development. The new approach proposed also provides for a lower fee for tree injury, which too, may lead to more trees being preserved during the project rather than being removed. It should also be noted that most other municipalities work on a 'permit per tree' basis. The comparison to other municipalities fee structure is further documented within RPF-07-21 in Table 7.

### **Municipal Scan**

A comparison of permit fees from other municipalities was included within the staff report RPF-07-21 within Table 7. As noted, the proposed fee structure and permit fees are

aligned relatively closely to other municipalities within the Greater Toronto and Hamilton Area. See excerpt below:

Table 7: Other Municipal Programs (Private Tree By-law)

Municipality	Provisions	Fees	Compensation	Tax Supported (Yes or No)
Town of Oakville	<ul style="list-style-type: none"> <li>15cm or greater</li> </ul>	<ul style="list-style-type: none"> <li>\$55 for first tree (15 to 24 cm DBH)</li> <li>\$355 for each additional tree or tree(s) 24cm DBH +</li> <li>\$750 for second tree associated with development</li> </ul>	<ul style="list-style-type: none"> <li>1 tree per 10cm DBH of healthy tree removed.</li> <li>\$300 per compensation tree *deposit held</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>
City of Toronto	<ul style="list-style-type: none"> <li>30cm or greater</li> </ul>	<p>Non-construction:</p> <ul style="list-style-type: none"> <li>\$123.55 per tree</li> <li>Boundary/Neighbour Tree: \$257.91 per tree</li> </ul> <p>Construction:</p> <ul style="list-style-type: none"> <li>\$369.61 per tree</li> <li>Boundary/Neighbour Tree: \$773.77 per tree</li> </ul>	<ul style="list-style-type: none"> <li>1:1 or 3:1 ratio</li> <li>\$583 per compensation tree</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>
City of Mississauga	<ul style="list-style-type: none"> <li>Three (3) or more trees 15cm or greater</li> </ul>	<ul style="list-style-type: none"> <li>\$434.40 base permit fee</li> <li>\$98.09 for each additional tree 15cm +</li> </ul>	<ul style="list-style-type: none"> <li>1:1 for 0-49cm</li> <li>2:1 for 50cm +</li> <li>Compensation amount determined by the City *deposit held</li> </ul>	<ul style="list-style-type: none"> <li>No</li> <li>** program is under review</li> </ul>

## Financial Matters:

### *Funding Options*

The proposed fee structure that has been recommended by staff as Option 3 in report to council RPF-07-21 is based on a 70% fee for service, and a 30% tax support. The percentage of tax support that is approved by Committee will affect individual permit fees.

Two (2) additional options have been provided for consideration in addition to options already presented within report RPF-07-21: Option 1A 70% Tax Support, and Option 5 50% Tax Support. Table 1 below provides a comparison of the total program costs, estimated revenue from permit fees (\$), the required tax support (%), and the net impact to the budget for each option (\$).

**Table 1: Supplemental Financial Options Summary**

	<b>2021 Budget</b>	<b>OPTION 1: 70% Tax Support (Do Nothing)</b>	<b>OPTION 1A: 70% Tax Support</b>	<b>OPTION 3: 30% Tax Support</b>	<b>OPTION 5: 50% Tax Support</b>
<b>Permit Type</b>		<b>Per Application</b>	<b>Per Tree</b>	<b>Per Tree</b>	<b>Per Tree</b>
<b>Expenses</b>	583,500	583,500	583,500	583,500	583,500
<b>Revenues</b>	400,000	166,300	173,700	396,600	291,700
<b>Net Budget</b>	183,500	417,200	409,800	186,900	291,800
<b>% Tax Supported</b>	<b>31%</b>	<b>71%</b>	<b>70%</b>	<b>32%</b>	<b>50%</b>
<b>Impact to Budget / Tax Impact %</b>		+ \$233,700 (0.12%)	+ \$226,300 (0.12%)	+ \$3,400 (0.0%)	+ \$108,300 (0.06%)

Table 2 below, provides a comparison of the permit fees based on the financial options provided above.

As indicated herein, the 'permit per tree' approach is recommended by staff as it establishes greater equity amongst applicants, and creates a disincentive to mass tree removal, given the sliding cost scale. Clarification was provided at the Committee meeting with respect to the Compliance Inspection Fee. This fee is not a penalty. This fee is designed to recover the costs associated with staff time completing an inspection to confirm whether there was a contravention of the Private Tree By-law. Staff have re-reviewed the Permit extension/renewal/transfer fee and have made an amendment to the proposed recommended fee included herein.

**Table 2: Permit Fee Comparisons**

	<b>OPTION 1: 70 % Tax Support (Do Nothing)</b>	<b>OPTION 1 A: 70% Tax Support</b>	<b>OPTION 3: 30% Tax Support</b>	<b>OPTION 5: 50% Tax Support</b>
<b>Permit Type</b>	<b>Per Application</b>	<b>Per Tree</b>	<b>Per Tree</b>	<b>Per Tree</b>
Development Permit	\$680	N/A	N/A	N/A
Non-Development Permit	\$390	N/A	N/A	N/A
Application Fee	N/A	\$100	\$100	\$100
<b>1<sup>st</sup> Removal (general)</b>				
	N/A	\$125	\$350	\$225
<b>2<sup>nd</sup> &amp; subsequent Removals</b>				
	N/A	\$250	\$750	\$500
<b>1<sup>st</sup> Removal (construction related)</b>				
	N/A	\$200	\$550	\$450
<b>2<sup>nd</sup> &amp; subsequent Removals</b>				
	N/A	\$250	\$750	\$500
Tree Injury	N/A	\$100	\$275	\$225
<b>Misc.</b>				
Cash in Lieu of Replacement	\$400	\$400	\$400	\$400
Permit Extension/Renewal Fee	N/A	\$100	\$100	\$100
Compliance Inspection Fee	\$680	\$945	\$945	\$945

**Indirect Costs:**

In addition to incurring costs of permit fees and compensation, applicants will be required to also retain a qualified arborist to provide an arborist report and tree preservation plan, and if tree removals are required, they will also incur the cost of removal depending on the proposed scope of work. Two (2) scenarios have been included below for comparison. Scenario One is an example of a new residential construction project whereby two (2) mature trees require removal. Scenario Two is an example of a general tree removal application. For comparison, tree size and condition factors are kept the same in either scenario. Table 3 – ‘Estimated Total Tree Related Costs - New Home Construction’ below provides an estimate of total costs, including indirect costs incurred for the removal of the two (2) trees (estimated at 50 cm diameter each; fair condition) associated with a new house construction. Cash in lieu of replacement is also provided as a worst-case scenario. Factors that need to be considered for tree removal cost variations include: access, equipment usage, proximity of hydro, obstacles, size of crown, tree condition, species, clean up and restoration.

Assuming that average construction costs for a residential building are \$250 per square foot and estimating a modest home build to be 2,000 square feet, the total construction cost of the house is estimated at \$500,000. This doesn’t factor in any realty, servicing or demolition costs, or any additional permitting requirements.

**Table 3: Estimated Total Tree Related Costs - New Home Construction**

	<b>OPTION 1 (Do Nothing)</b>	<b>OPTION 1A 70% Tax Support</b>	<b>OPTION 3 30% Tax Support</b>	<b>OPTION 5 50% Tax Support</b>
<b>Permit Fees</b>	\$680	\$550	\$1,400	\$1,050
Replacement (CIL) (8 trees @ \$400/tree)	\$3,200	\$3,200	\$3,200	\$3,200
<b>Subtotal</b>	\$3,880	\$3,750	\$4,600	\$4,250
<b>Indirect Costs</b>				
Arborist Report & Tree Preservation Plan	\$800 - \$1,000	\$800 - \$1,000	\$800 - \$1,000	\$800 - \$1,000

	<b>OPTION 1 (Do Nothing)</b>	<b>OPTION 1A 70% Tax Support</b>	<b>OPTION 3 30% Tax Support</b>	<b>OPTION 5 50% Tax Support</b>
Tree Removal (each)	\$1,000 – 3,000	\$1,000 – 3,000	\$1,000 – 3,000	\$1,000 – 3,000
Total Tree Related Cost (range)	\$6,680 - \$10,880	\$6,550 - \$10,750	\$7,400 - \$11,600	\$7,050 - \$11,250
Home Construction Cost	\$500,000	\$500,000	\$500,000	\$500,000
% of Home Construction Cost	1.3 – 2.2%	1.3 – 2.2%	1.5 – 2.3%	1.4– 2.3%

\*CIL: Cash in Lieu

In contrast, Tale 4 below illustrates the total costs associated with the removal of a single tree that is not related to any type of project. In most instances, where one tree is proposed for removal, an Arborist Report is not required. For comparison, the size, condition, and replacement factors are kept the same.

**Table 4: Estimated Total Tree Related Costs - Single Tree Removal**

	<b>OPTION 1 (Do Nothing)</b>	<b>OPTION 1A 70% Tax Support</b>	<b>OPTION 3 30% Tax Support</b>	<b>OPTION 5 50% Tax Support</b>
<b>Permit Fees</b>	\$390	\$300	\$450	\$450
Replacement (CIL) (4 trees @ \$400/tree)	\$1,600	\$1,600	\$1,600	\$1,600
<b>Subtotal</b>	\$1,990	\$1,825	\$2,050	\$1,925
<b>Indirect Costs</b>				
Arborist Report & Tree Preservation Plan	-	-	-	-

	<b>OPTION 1 (Do Nothing)</b>	<b>OPTION 1A 70% Tax Support</b>	<b>OPTION 3 30% Tax Support</b>	<b>OPTION 5 50% Tax Support</b>
Tree Removal	\$1,000 – 3,000	\$1,000 – 3,000	\$1,000 – 3,000	\$1,000 – 3,000
Total Tree Related Cost (range)	\$2,990 – \$4,990	\$2,825 - \$4,825	\$3,050 - \$5,050	\$2,925 - \$4,925

\*CIL: Cash in Lieu

### **Conclusion:**

Based on discussion at Committee with members of Council, and additional consultation with members of the Strategy and Risk Team, staff appreciate the opportunity to provide supplemental information within this memo to support Council in their decision on the proposed fee structure amendment and financial considerations in terms of percentage of tax support. Based on the analysis conducted by staff, Option 3 remains the recommended option.

Submitted by:

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### **Report Approval:**

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.