

Council March 22, 2022

PL-07-22

Memo from Jamie Tellier

**To: Mayor and Members of Burlington City Council**

**From: Jamie Tellier, Manager of Planning Implementation**

**Date: March 18, 2022**

**Re: Planning Application Fee Review**

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At the March 1, 2022 CPRM meeting, staff brought forward recommendations for the Planning Application Fee Review by way of report PL-07-22. At that meeting, CPRM approved the majority of the proposed planning application fees and carried the following motion deferring the approval of specific planning application fees for further review:

“With the exception of the Official Plan Amendment (OPA), Zoning Bylaw Amendment (ZBA), Draft Plan of Condominium (Regular, Conversion and Vacant Land), Minor Variance and Combined Application Fee categories as it relates to both community planning department report PL-07-22 recommendation and update to By-Law 61-2021, which are to be referred back to staff for further review and report back at the March 22, 2022 Council meeting”

The consultant for the Planning Application Fee Review, Watson & Associated Economists LTD. (Watson), has prepared a memo dated March 16, 2022 outlining the various conversations, meetings, and data shared to address the above motion. In response to the CPRM motion, Watson offers two potential revisions to the proposed planning application fees for consideration:

1. For a combined application of Official Plan Amendment (OPA) and Zoning By-law Amendment (ZBA), charge 100% of the ZBA fee and 75% of the OPA fee.

Staff Note: This is slightly different than what was originally proposed at 100% of the OPA fee and 75% of the ZBA fee. As identified on page 5 of the Watson memo, this revision would still provide full cost recovery.

2. For a standalone OPA, charge 75% of the calculated amount.

Staff Note: Watson has indicated that this revision would reduce the City’s cost recovery for a standalone OPA. However, standalone OPA applications are anticipated to occur infrequently thus limiting the cost impacts to the City.

Thank you,

Jamie Tellier, MCIP RPP  
Manager of Planning Implementation

Attachment:

- Memo from Watson, dated March 16, 2022.

# Memorandum

<b>To</b>	Tim Commisso
<b>From</b>	Andrew Grunda
<b>Date</b>	March 16, 2022
<b>Re:</b>	City of Burlington Planning Fees Review

Fax  Courier  Mail  Email

Further to your request, we provide the following memorandum to summarize our discussions to date arising from the Committee resolution of March 1, 2022 regarding the 2021 Planning Application Fees Review (2021 Study).

## Summary of Process Undertaken

We had a call with Councillor Sharman on March 2, 2022 to better understand his concerns and questions pertaining to the 2021 Study.

We received an email for Councillor Sharman, dated March 1, 2022, requesting:

1. What were # of xxxx (example OPA's) in 2013 Fees by category (major/minor) year/average
2. What were # of (example OPA's) each year by category (major/minor) 2010 – 2021
3. What were # of hours per xxxx (example OPA's) in 2013 study by category (major/minor) year/average
4. What were # of hours per xxxx (example OPA's) in 2022 study and explain changes from 2013
5. What was total cost of xxxx (example OPA's) in 2013 study by category (major/minor) year/average
6. What was assumed total cost of xxxx (example OPA's) in 2022 study and explain changes from 2013

In response to this request, we provided an email to Councillor Sharman on March 7, 2022 explaining some of the changes between the 2012 Study and 2021 Study, including a spreadsheet details on annual application volumes by type (2007-2011, 2017-2020), processing effort estimates by department by application type (2012 and 2021), and processing costs per application type and average annually (2012 and 2021).



We received an email for Councillor Sharman, dated March 8, 2022, thanking us for the information provided and requesting information on departmental budget reconciliation, cost pools use in the 2012 Study and 2021 Study, and cost recovery levels for each cost pool.

We subsequently met with Councillor Sharman and City Staff on March 9, 2022 to discuss the information provided and how the costing models reconcile to the City Budget, summarize cost pools and recovery levels. At the conclusion of this meeting, we sent copies of the costing models for the 2012 Study and 2021 Study to Councillor Sharman. We also agreed to provide further information on the Official Plan Amendment application fee recommendation in the 2021 Study and how it reconciles with the 2012 Study. In this regard the following was emailed to Councillor Sharman on March 15, 2022.

“Further to our conversation last week, I reviewed the 2012 Study and City Staff Reports in an attempt to determine the pricing for standalone Official Plan Amendment applications at that time. The following summarizes my findings:

- The Watson 2012 Model and Study calculated an average processing cost for a Major Official Plan/Zoning By-Law Amendment application of \$67,105 and an average processing cost for a Major Zoning By-Law Amendment application of \$50,670
- The Watson 2012 Study recommended a base charge of \$33,000 for Major Official Plan/Zoning By-Law Amendment applications and \$18,760 for Major Zoning By-Law Amendment application. The recommendations also included a variable fee of \$600/unit for the first 25 units, \$450/unit for units 26-100, and \$300/unit for units greater than 101, as well as a non-residential fee of \$95/100 m<sup>2</sup>.
- By-law 18-2013 included:
  - The recommended fees from the 2012 Study for Major Rezoning applications
  - Application fees for Major Official Plan Amendments of \$19,900
  - A rule that “in the case of concurrent Official Plan Amendment, rezoning and/or subdivision applications for the same property, required City fees will be based on 100% of the highest fee and 70% of the lesser fee”
- Applying By-law 18-2013 to the typical application characteristics underlying the Major Zoning By-Law Amendment application in 2012:
  - Base fee \$18,760, plus 25 units x \$600, plus 38 units x \$450 = \$50,860. This generally equates to the average costs per application in the 2012 Study of \$50,670
  - The Major Official Plan application fee of \$19,900 would be reduced to 70% based on the rule in the by-law, i.e. \$13,930



- So in total the application fee under the by-law for a combined Major OPA/ZBA would be \$64,790 (\$50,670 + \$13,930). This closely approximates the average costs per application in the 2012 Study of \$67,105
- However, in the 2021 Study, the methodology was changed, where
  - A standalone OPA was costed as a separate category
  - The average cost of a standalone OPA was \$114,592
  - Compared to the 2012 By-law fee, with indexing, the current Major OPA application fee is \$22,300
  - As such, the report recommends increasing the OPA fee to fully recover the City's current average cost of processing”

We subsequently met with Councillor Sharman and City Staff on March 15, 2022 to discuss the information provided. At this meeting we were requested to provide a reconciliation of the fee recommendations for Official Plan Amendments and Zoning By-Law Amendments between the 2021 Study and 2012 Planning Application Fees Review Study (2012 Study). In regard we provide the following.

#### Major Official Plan Amendment (OPA)

- The 2012 Study cost for a Major OPA/ZBA application was \$67,105, which equated to 888.75 hours per application at approximately \$75.51 per hour
- The standalone Major OPA fee was set at \$19,900, which equates to 30% of the OPA/ZBA or 263.56 hours
- The 2021 Study cost for a Major OPA application is \$114,592, which equates to 1,203.56 hours at approximately \$95.21 per hour
- The 2021 Study recommends increasing the current Major OPA fee from \$22,300 per application to \$114,592, an increase of 92,292 or 5.14x
- To reconcile the increase in the recommended fee:
  - \$70,975 relates to the increase in processing effort in the 2021 Study model as compared to the 2012 Major OPA Fee (i.e. 1,203.56 hours – 263.56 hours = 940 hours x \$75.51/hour)
  - \$23,717 relates to the increase in costs between 2012 and 2021, inclusive of indexing to 2021 (i.e. (\$95.21-\$75.51=19.71/hr x 1,203.56).

#### Major Zoning By-Law Amendment (ZBA)

- The 2012 Study cost for a Major ZBA application was \$50,670, which equated to 698.26 hours per application at approximately \$72.57 per hour



- The Major ZBA fee was set at \$18,760 plus a variable fee of \$600/unit for the first 25 units, \$450/unit for units 26-100, and \$300/unit for units greater than 101, and a non-residential fee of \$95/100 m<sup>2</sup>
- The 2021 Study cost for a Major ZBA application is \$112,388, which equates to 1,175.58 hours at approximately \$95.60 per hour
- The 2021 Study recommends
  - Increasing the base fee per application from \$21,020 per application to \$22,690, and
  - Decreasing the variable fee components
    - \$670 to \$436/unit for the first 25 units,
    - \$505 to \$329/unit for units 26-100,
    - \$330 to 215/unit for units greater than 101, and
    - \$105 to \$68/100 m<sup>2</sup> for non-residential development
- To reconcile the overall decrease in the recommended fee:
  - \$34,637 relates to the increase in processing effort in the 2021 Study model as compared to the 2012 Major ZBA Fee (i.e. 1,175.58 hours – 698.26 hours = 477.32 hours x \$72.57/hour)
  - \$27,082 relates to the increase in costs between 2012 and 2021, inclusive of indexing to 2021 (i.e. (\$95.60-\$72.57=23.04/hr x 1,175.58).
  - However, this increase average cost per application of \$61,718 or 122% is more than offset by the additional revenue secured due to larger application sizes.
  - Applying the current Major ZBA application fees to the application characteristics (i.e. size) for applications between 2017-2020, produced an average revenue per application of \$161,418. This equates to an average size per application of 355 residential units and revenues approximately \$49,077 greater than per application costs.

### Revised 2021 Fee Recommendations in Response to the Committee's Motion

Based on the subsequent review with Councillor Sharman and City Staff two potential revisions to the 2021 Study fee recommendations are provided below for Council's consideration.

#### *1. Combined Major Official Plan Amendment/Zoning By-Law Amendment Applications*

The 2021 Study considered the processing effort related to reviewing Official Plan Amendment and Zoning By-law Amendment applications received concurrently, as compared to being received independently. Acknowledging that



when this occurs there are duplicative process steps, the following recommendation was provided:

- Official Plan Amendment and Zoning By-law Amendment applications received concurrently – 100% Official Plan Amendment application fee plus 75% of the Zoning By-law Amendment application fee will be applied.

Subsequent discussions with City staff suggested that it would be more appropriate to provide the reduction on the Official Plan Amendment application to remain consistent with the treatment in the City's current planning application fees bylaw and the underlying modeling of combined applications in the 2012 Study. As the 2021 fee recommendations for Official Plan Amendment and Zoning By-Law Amendment applications approximate the same average processing cost per application, changing this pricing policy would continue to provide full cost recovery. The revised recommendation is as follows:

- Official Plan Amendment and Zoning By-law Amendment applications received concurrently – 75% Official Plan Amendment application fee plus 100% of the Zoning By-law Amendment application fee will be applied.

## 2. *Standalone Official Plan Amendment Applications*

The 2021 Study recommendation to impose an Official Plan Amendment fee of \$114,592 per application reflects the average cost of processing activities undertaken by the City. City staff have suggested reducing the recommended fee to 75% of the calculated amount (i.e. \$85,944 per application), reflecting the pricing policy of concurrent applications. This pricing decision would reduce cost recovery by \$28,648 per application. It is our understanding that standalone Official Plan Amendment applications (i.e. those not submitted concurrently with a Zoning By-Law Amendment application) are anticipated to occur infrequently, thus limiting the cost impacts to the City from this pricing decision.

We trust this memorandum sufficiently addresses the information request. We would be glad to discuss this further as required.