



 **Watson
& Associates**
ECONOMISTS LTD.

Comprehensive User Fees and Charges Review Study

Township of Springwater - Council Presentation

December 21, 2022

Introduction



- The Township of Springwater retained Watson & Associates Economists Ltd. to undertake a comprehensive review of its user fees
- Objectives of fee review are to assess the full cost of service and recommend fee structure improvements, that:
 - Conform with legislation and are defensible;
 - Balance the Township's need to maximize cost recovery and decrease the tax burden with stakeholder interests, and the affordability and competitiveness of fees; and
 - Reflect industry best practices



Introduction

Services within the Scope of this Review

Development Related

- Building Services
- Planning Services

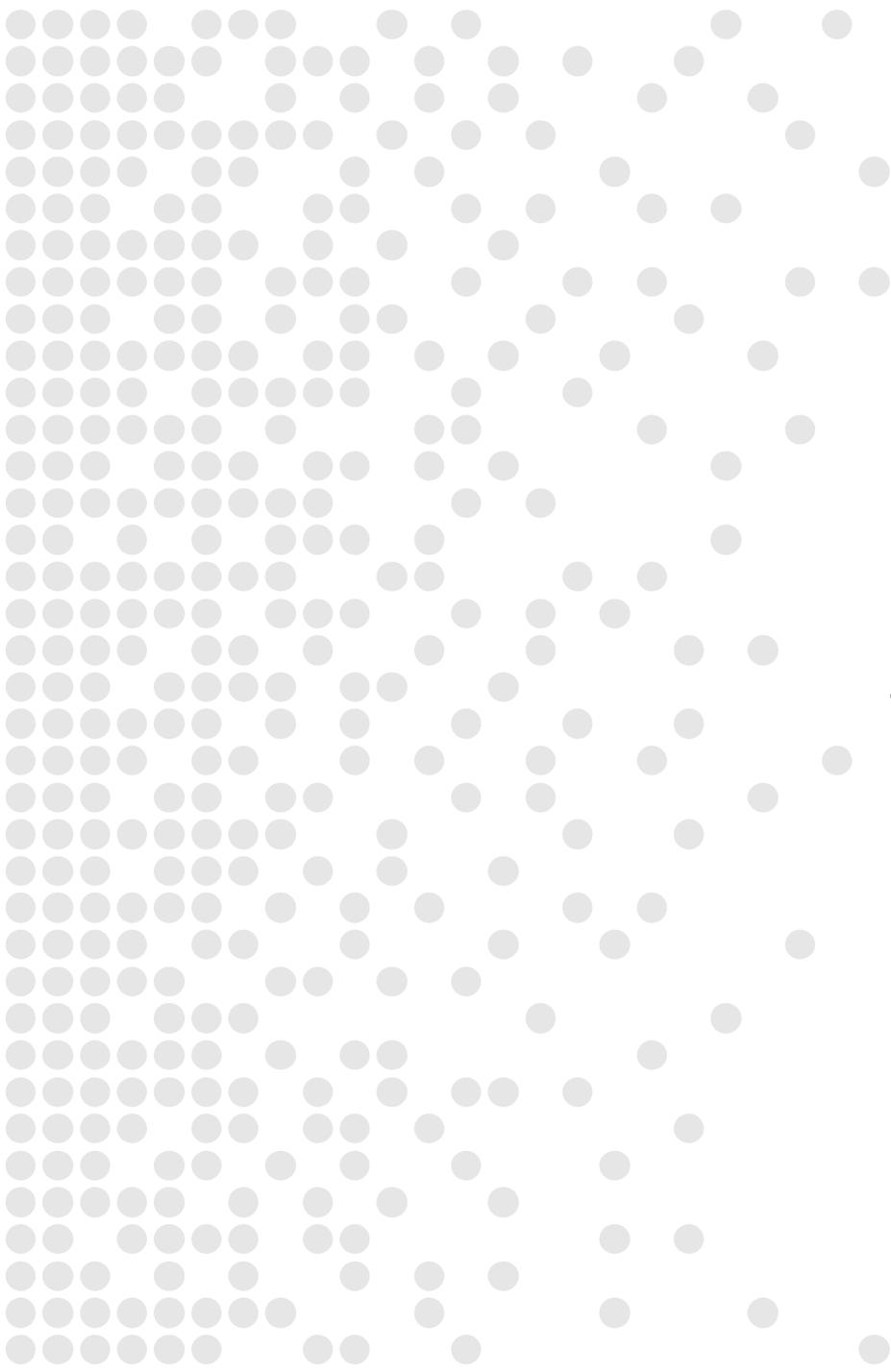
Non-Development Related

- Administrative Services (i.e., Clerks, Finance, Business Licenses, Special Events and Signs)
- Municipal By-law Enforcement (i.e. Animal Licensing and Animal Control)
- Infrastructure and Operational Services (i.e. Recreation, Parks, and Facilities and Roads and Feet)
- Water and Wastewater services
- Fire Services
- Cemeteries

Meeting Purpose



- Purpose of presentation is to review the findings of the study, including:
 - Legislative authority to impose fees;
 - The methodology employed for the fees review; and
 - Costing results and fee recommendations
 - Obtain feedback regarding fee recommendations prior to finalizing recommendations and study



Legislative Context

Legislative Context and Trends

Planning Act



- Planning application fees are governed by s.69 of the *Planning Act*
 - Recovery of anticipated costs of processing by type of application
 - No public process required in setting fees
 - Fees may be paid under protest and appealed to the Ontario Land Tribunal (OLT)
 - OLT decision suggests fee structures should recognize marginal costs attributes of planning application processes



Legislative Context and Trends

Building Code Act

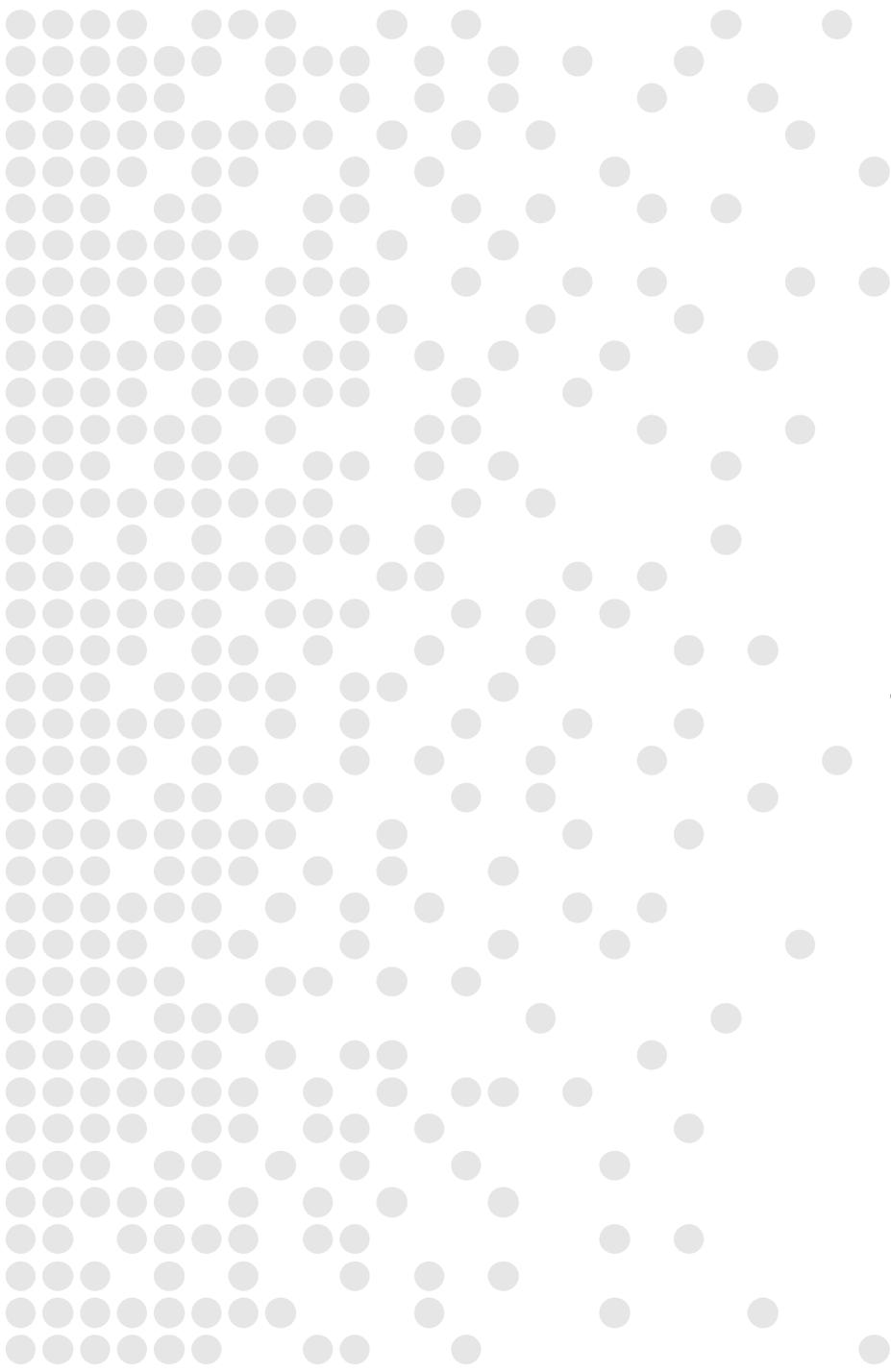
- *Building Code Statute Law Amendment Act* amended the *Building Code Act* fee provisions:
 - allows municipalities to pass a by-law requiring the payment of fees for application and issuance of building permits
 - the fees must not exceed the anticipated reasonable costs of administration and enforcement (including direct, indirect, and capital costs)
 - allows for the creation of Building Code Act reserve funds
 - Building permit fee reviews continue to evolve beyond initial legislative changes in 2005 (i.e. building permit types and strategic pricing considerations)
 - Reporting and public process requirements

Legislative Context and Trends

Municipal Act



- Other services fees are governed by Part XII of the *Municipal Act*, 2001 (e.g. parks and recreation fees)
- s. 391 (1), allows a municipality to impose fees or charges:
 - for services or activities provided or done by or on behalf of it;
 - for costs payable by it for services or activities provided or done by or on behalf of any other municipality or any local board; and
 - for the use of its property including property under its control
- Fees may include costs related to administration, enforcement, and capital
- No explicit cost justification requirements or public process however, fees can be appealed to the courts if municipalities are not operating within statutory authority



Activity Based Costing Methodology

Activity-Based Costing Methodology

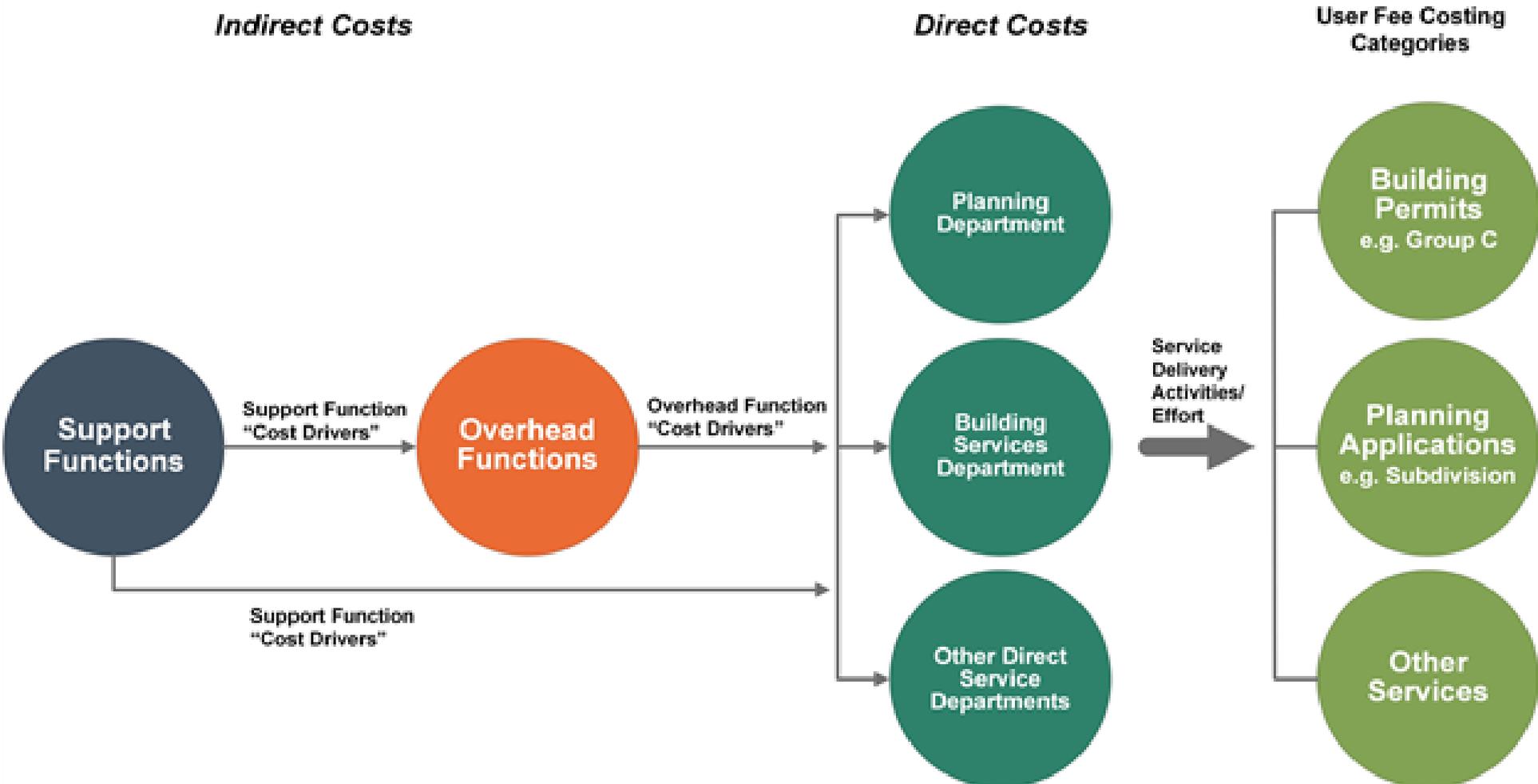
Full Cost Definition



- Full cost definition includes:
 - Direct costs – operating and capital asset replacement costs associated with individuals directly participating in the service delivery activities
 - Indirect costs – operating costs associated with individuals supporting direct service departments

Activity-Based (A.B.C.) Costing Methodology

Process-Related User Fees



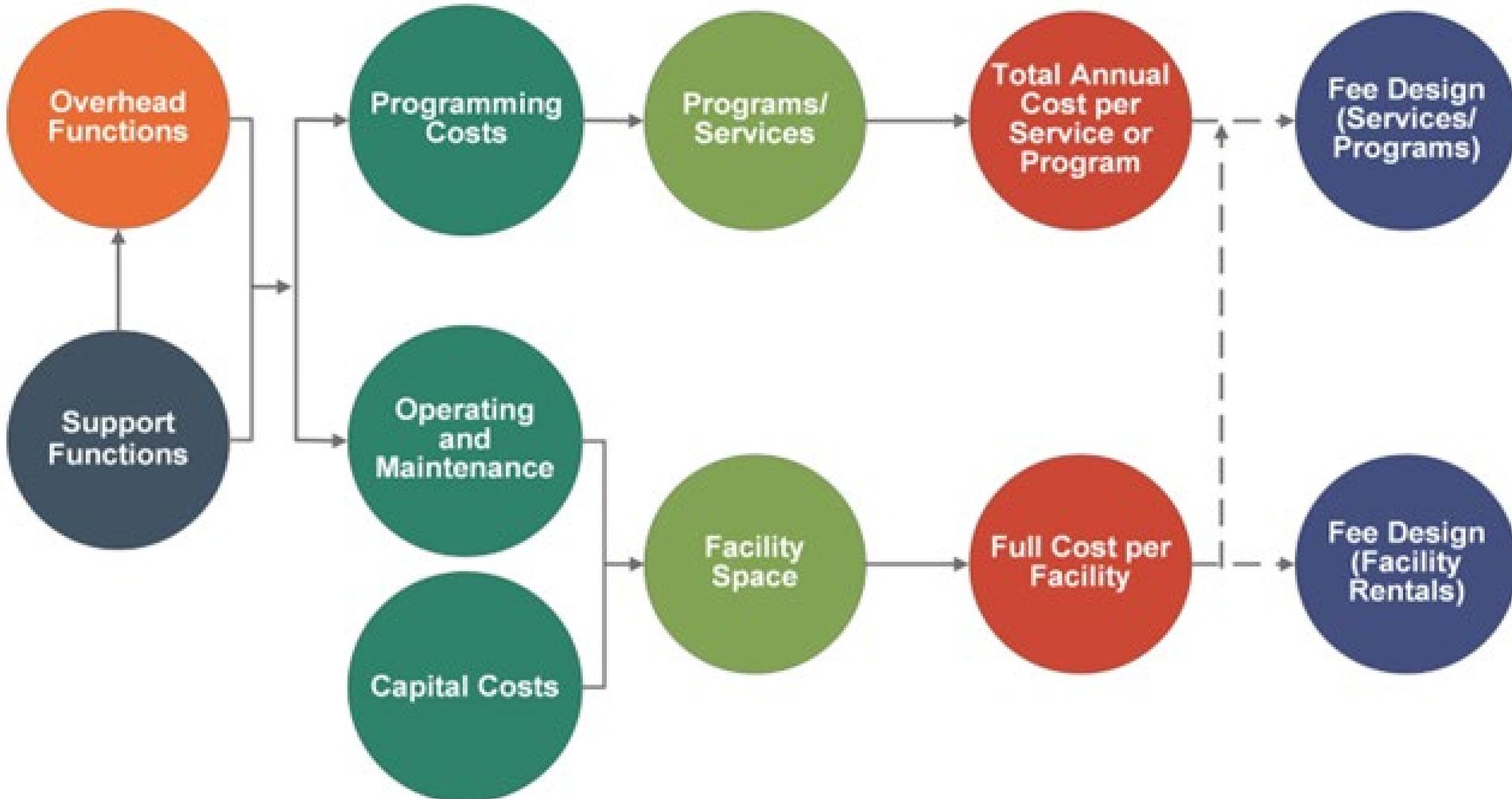
Activity-Based (A.B.C.) Costing Methodology

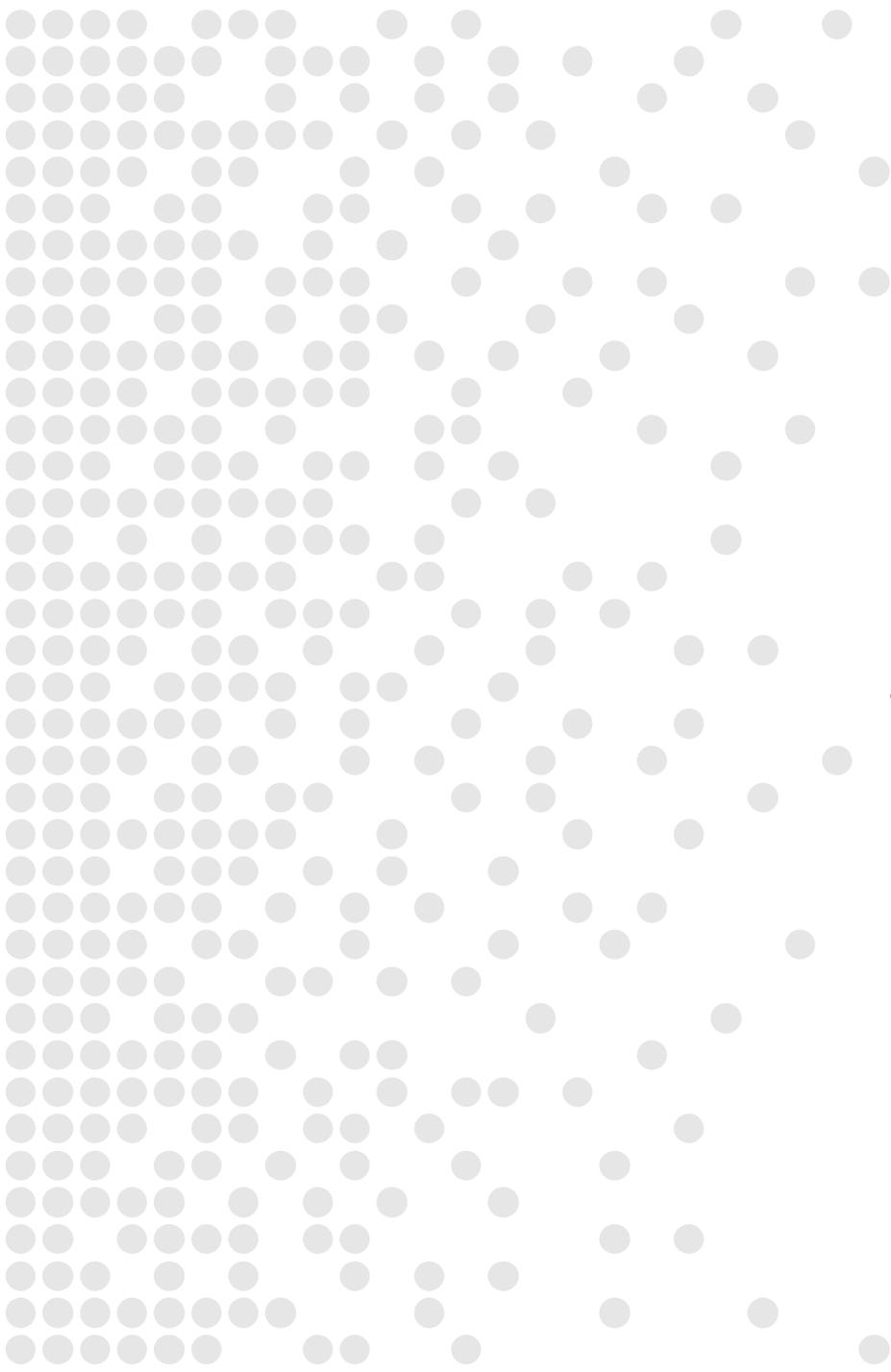
Facility and Program-Related User Fees



Indirect Costs

Direct Costs





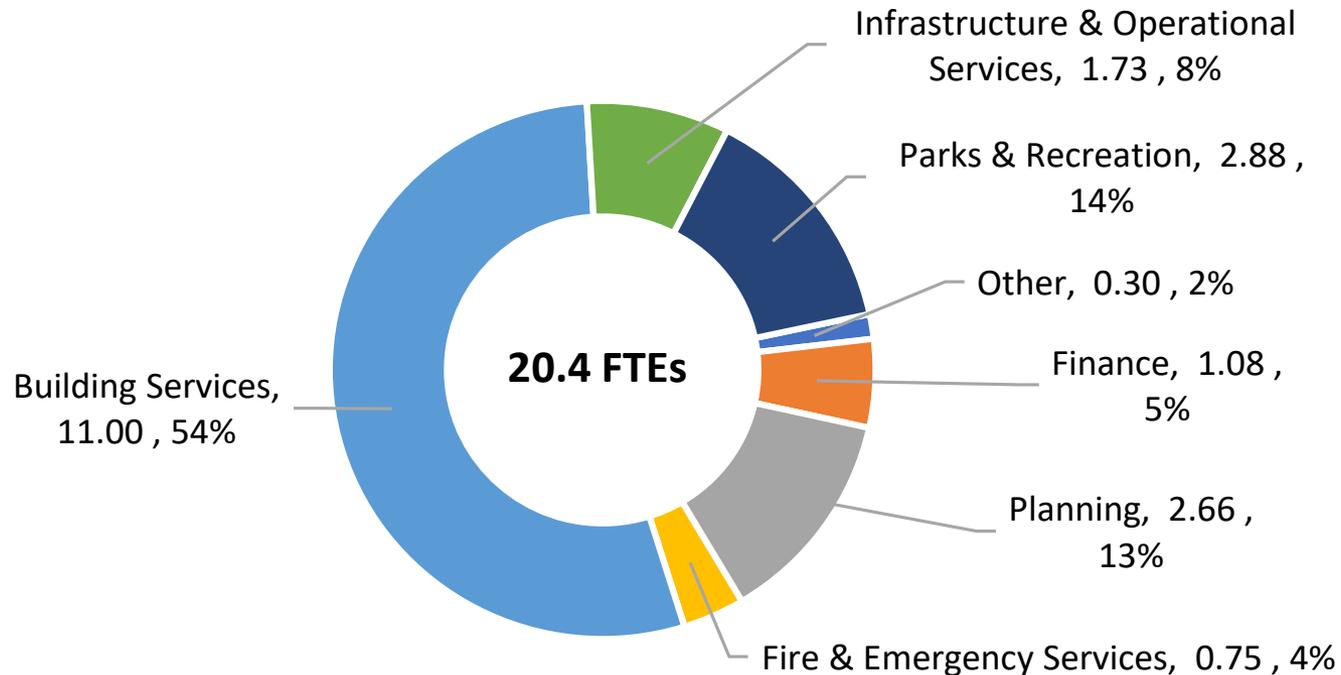
Draft Findings

Staff Capacity Utilization



- Overall, approximately 20.4 full time equivalent (FTE) staff positions are consumed directly on user fee related activity annually

Full Time Equivalent Positions Utilized Annually by Department



Annual Cost of Service and Current Revenues



Service Area	2022\$		
	Annual Costs	Annual Revenue - Current Fees	Cost Recovery %
Development-Related			
Planning	454,225	282,389	62%
Building	1,636,204	1,841,074	113%
Subtotal	2,090,429	2,123,462	102%
Non-Development-Related			
Animal Licensing and Control	69,103	9,121	13%
Cemetery	41,041	34,560	84%
Administration	176,933	68,766	39%
Parks and Recreation	4,145,500	476,435	11%
Infrastructure and Operational Services - Roads and Fleet	337,470	189,445	56%
Water and Wastewater	9,629	4,893	51%
Fire	176,941	42,632	24%
Subtotal	4,956,616	825,852	17%
Total	7,047,045	2,949,314	42%



Non-Development Fees

Fee Recommendations

- Fee recommendations made for non-development *Municipal Act* fees to improve cost recovery while having regard for the affordability and competitiveness of the fees and discussions with Township staff
- Current and recommended fees were compared to those in neighboring Municipalities including City of Barrie, Township of Clearview, Township of Tay, Township of Essa, Township of Tiny and Township of Oro-Medonte
- Fee recommendations have been made in 2023\$ values and compared to 2023 costs based on the 2022 budget and 3% cost inflation



Non-Development Fees

Fee Recommendations

Service Area	2022\$			2023\$		
	Annual Costs	Annual Revenue - Current Fees	Cost Recovery %	Annual Costs	Annual Revenue - Proposed Fees	Cost Recovery %
Non-Development-Related						
Animal Licensing and Control	69,103	9,121	13%	71,176	9,395	13%
Cemetery	41,041	34,560	84%	42,273	42,118	100%
Administration	176,933	68,766	39%	182,241	160,234	88%
Parks and Recreation	4,145,500	476,435	11%	4,269,865	530,197	12%
Infrastructure and Operational Services - Roads and Fleet	337,470	189,445	56%	347,594	315,207	91%
Water and Wastewater	9,629	4,893	51%	9,918	8,529	86%
Fire	176,941	42,632	24%	182,249	55,953	31%
Subtotal	4,956,616	825,852	17%	5,105,314	1,121,633	22%
Total	7,047,045	2,949,314	42%	7,258,457	3,511,293	48%

- In total, the proposed fees would increase user fee revenue by 36% (approximately \$295,800 annually)
- Fee recommendations for Roads and Fleet and Administration user fees would generate 74% of the increase in revenue

Non-Development Fees



- Suggested Parks and Recreation fees are provided as a comparison to the fees imposed in the surrounding market. It is recommended that staff determine the phasing of Parks and Recreation fees (amongst others) in response to their intimate knowledge of service levels, user groups, and affordability constraints and to monitor impacts of fee increase on service utilization
- Specific fee recommendations are contained in Chapter 4 of the draft report

Planning Application Fees



Fee	Total Annual Costs	Current Fees	
		Annual Revenue	Cost Recovery
Planning			
OPA and ZBA	128,735	93,950	73%
Site Plan	18,284	18,850	103%
Subdivision	86,948	68,410	79%
COA	151,233	82,554	55%
Other Applications	69,025	18,625	27%
Total - Planning	454,225	282,389	62%

- Overall, existing planning fees are recovering 62% of annual costs which represents a funding shortfall of \$171,800
- Some fees (e.g., Site Plan) are recovering the full cost of service, while others (e.g., Committee of Adjustment (COA) are recovering less than the average level of cost recovery (i.e., 55% cost recovery)

Planning Application Fees



- Annual costs and proposed fees have been assessed based on the current development review processes
 - Impacts on Township development review processes as a result of Bill 109 (i.e. Site Plan and Zoning By-Law Amendment Application refund requirements) and Bill 23 (i.e. changes to County and lower-tier approval authority) will be assessed further by the Township before considering implications for development fees
- Annual level of planning department staff effort on planning application review (i.e. 44% of available resources) is consistent with similar sized municipalities and planning departments
- Fee recommendations have been made in discussion with staff to either recover the full cost of service or increase fees to market levels

Planning Application Fees



Fee	Annual Costs					Current Fees		Proposed Fees	
	Direct Costs		Indirect Costs	Capital Costs	Total	Annual Revenue	Cost Recovery	Annual Revenue	Cost Recovery
	SWB	Non-SWB							
Planning									
OPA and ZBA	58,767	35,613.1	33,514.2	841.3	128,735	93,950	73%	129,810	101%
Site Plan	8,642	4,903.9	4,618.4	119.5	18,284	18,850	103%	18,100	99%
Subdivision	47,030	20,439.8	19,045.5	432.2	86,948	68,410	79%	87,819	101%
COA	76,075	38,319.6	35,890.7	948.1	151,233	82,554	55%	142,179	94%
Other Applications	35,916	16,751	15,783	577	69,025	18,625	27%	58,281	84%
Total - Planning	226,429	116,027	108,851	2,918	454,225	282,389	62%	436,188	96%

- Planning application fee recommendations anticipated to increase planning application revenue by 54% (+\$153,800)

Building Permit Fees



Fee	Total Annual Costs	Current Fees		
		Annual Revenue	Cost Recovery	Surplus/ (Deficit)
New Residential	946,953	1,621,831	171%	674,878
Alterations and Minor Residential Permits	551,064	142,722	26%	(408,341)
New Non-Residential	46,139	30,571	66%	(15,568)
Designated Structures, Demolition, Sewage Systems	80,779	42,050	52%	(38,729)
Miscellaneous	11,270	3,900	35%	(7,370)
Total	1,636,204	1,841,074	113%	204,869

- Overall, Township's existing building permit fees are recovering 113% of annual costs
- Cost recovery by permit type varies with surpluses from new residential permits offsetting losses for other building permit review activity



Building Permit Fees

Reserve Fund Strategy

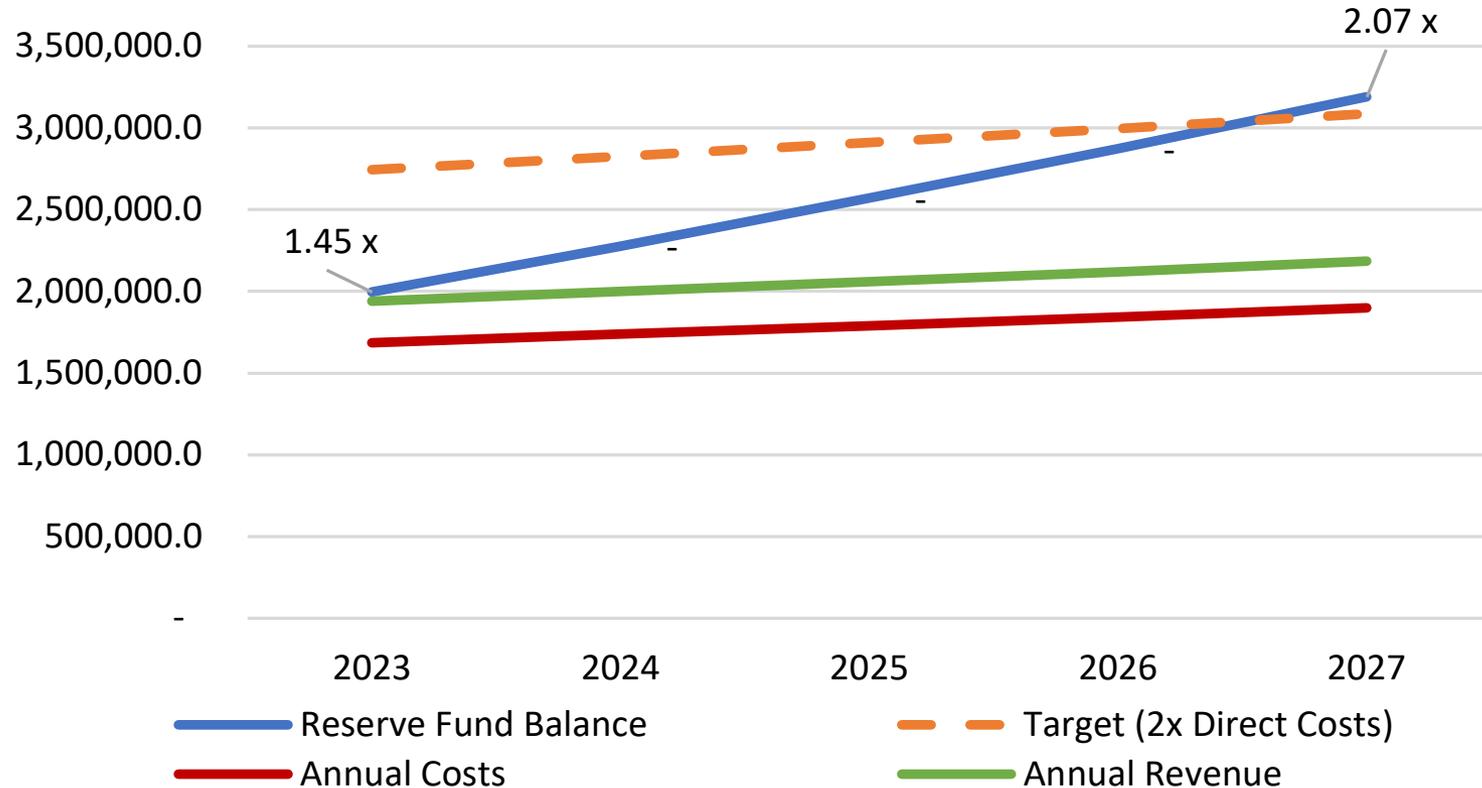
- Although current fees are recovering more than the full cost of service, costs and revenues need to be assessed in the context of forecast building permit activity and the sustainability of service provision.
- Reserve fund strategy has been developed to fund the anticipated costs and sustain operations and service capacity during economic downturns
- Proposed strategy is to establish a multiple of annual direct costs for reserve fund accumulation of 2 times annual direct costs
- Approach is consistent with strategies utilized throughout the Province

Building Permit Fees

Reserve Fund Strategy



Reserve Fund Continuity



- Target reserve fund multiple achieved by 2027 with 5% fee increases in 2023 and 3% increases thereafter



Development Impact Comparison

- Impacts of Planning Application and Building Permit fee recommendations are provided for a variety of development types to address differences in size, density, and type of development
- For comparison purposes, the fees presented in this section are in 2022 dollars (in contrast to previously presented in 2023 dollars)
 - Assessed against municipal development fees, including planning application, building permit fees, and development charges for the following development types:
 - 100-unit low density development (OPA, ZBA, Subdivision)
 - 25-unit medium density development (ZBA, Condo, Site Plan)
 - 1,000 m² retail development (ZBA, Site Plan)
 - 10,000 m² industrial development (Site Plan)

Municipal Development Impact Comparisons Summary



Development Type	Planning Application Fees (Lower/Single Tier Only)			Municipal Ranking	
	Current	Proposed	% Increase	Current	Proposed
100-unit low density development (OPA, ZBA, Subdivision)	44,250	90,050	103.5%	2	1
25-unit medium density development (ZBA, Condo, Site Plan)	9,792	22,167	126.4%	7	4
10,000 m2 industrial development (Site Plan)	5,250	15,050	186.7%	3	1
1,000 m2 industrial development (ZBA, Site Plan)	5,750	19,250	234.8%	6	2
Development Type	Total Development Fees			Municipal Ranking	
	Current	Proposed	% Increase	Current	Proposed
100-unit low density development (OPA, ZBA, Subdivision)	6,764,850	6,815,730	0.8%	2	2
25-unit medium density development (ZBA, Condo, Site Plan)	991,720	1,005,047	1.3%	2	2
10,000 m2 industrial development (Site Plan)	2,132,511	2,143,560	0.5%	3	3
1,000 m2 industrial development (ZBA, Site Plan)	225,580	239,347	6.1%	3	3

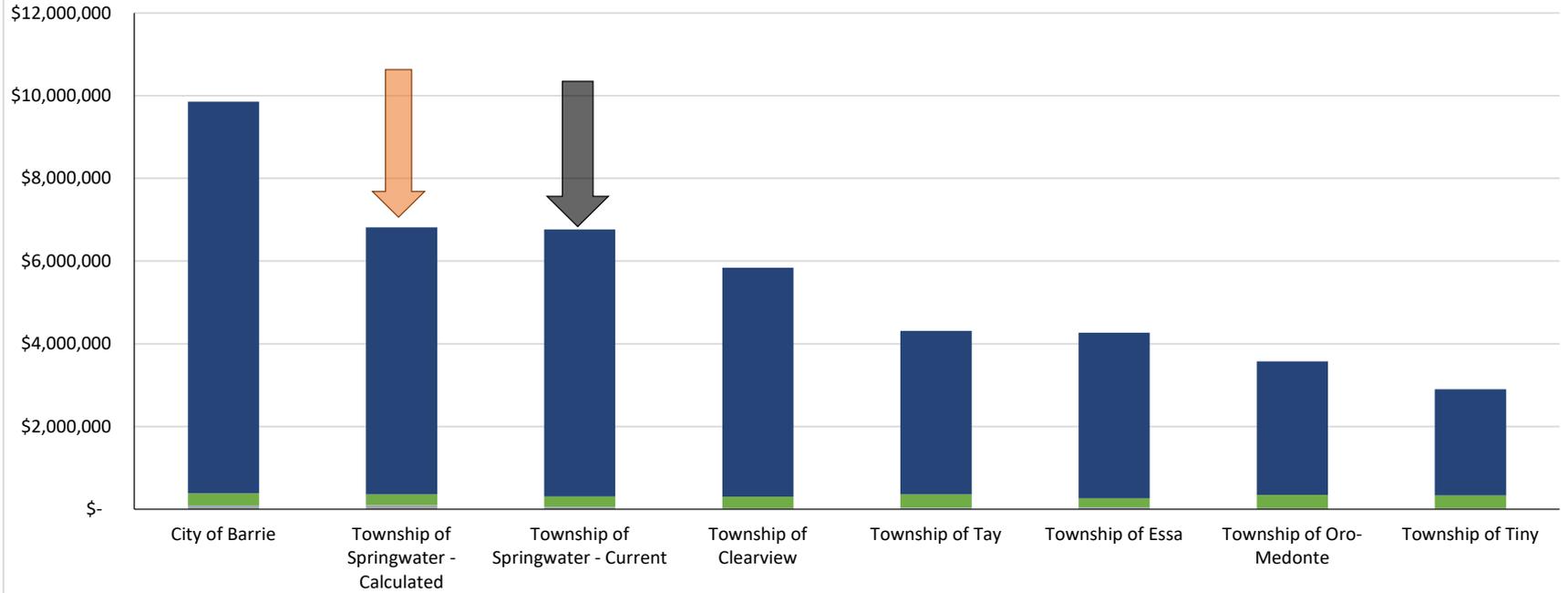
- Impacts on total development fees are more significant for smaller applications
 - Relative competitive position remains unchanged

Municipal Development Impact Comparisons

100-unit low density development (OPA, ZBA, Subdivision)



Survey of Fees Related to a Residential Subdivision Development
(100 Single Dwelling Units, 186 m² GFA each)



1. Springwater Development Charges for the service area Elmvale
2. Essa Development Charges for the service area Angus
3. Clearview Development Charges for the service area Stayner
4. Barrie Development Charges for the service area Former City Municipal Boundry Areas

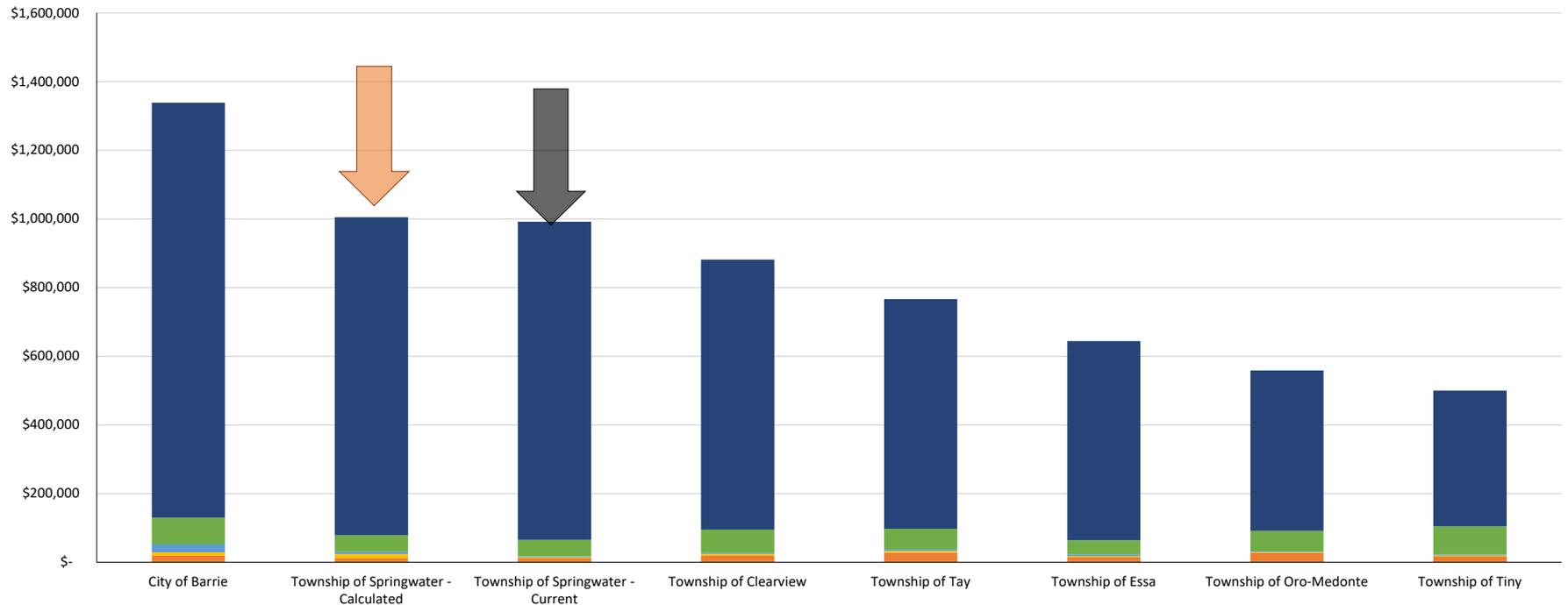
■ Official Plan Amendment
 ■ Plan of Subdivision
 ■ Zoning By-Law Amendment
 ■ Building Permit Fees
 ■ Development Charges

Municipal Development Impact Comparisons

25-unit medium density development (ZBA, Condo, Site Plan)



Survey of Fees Related to a Multi-Residential Condominium Development
(25 Units, 139 m² GFA each)

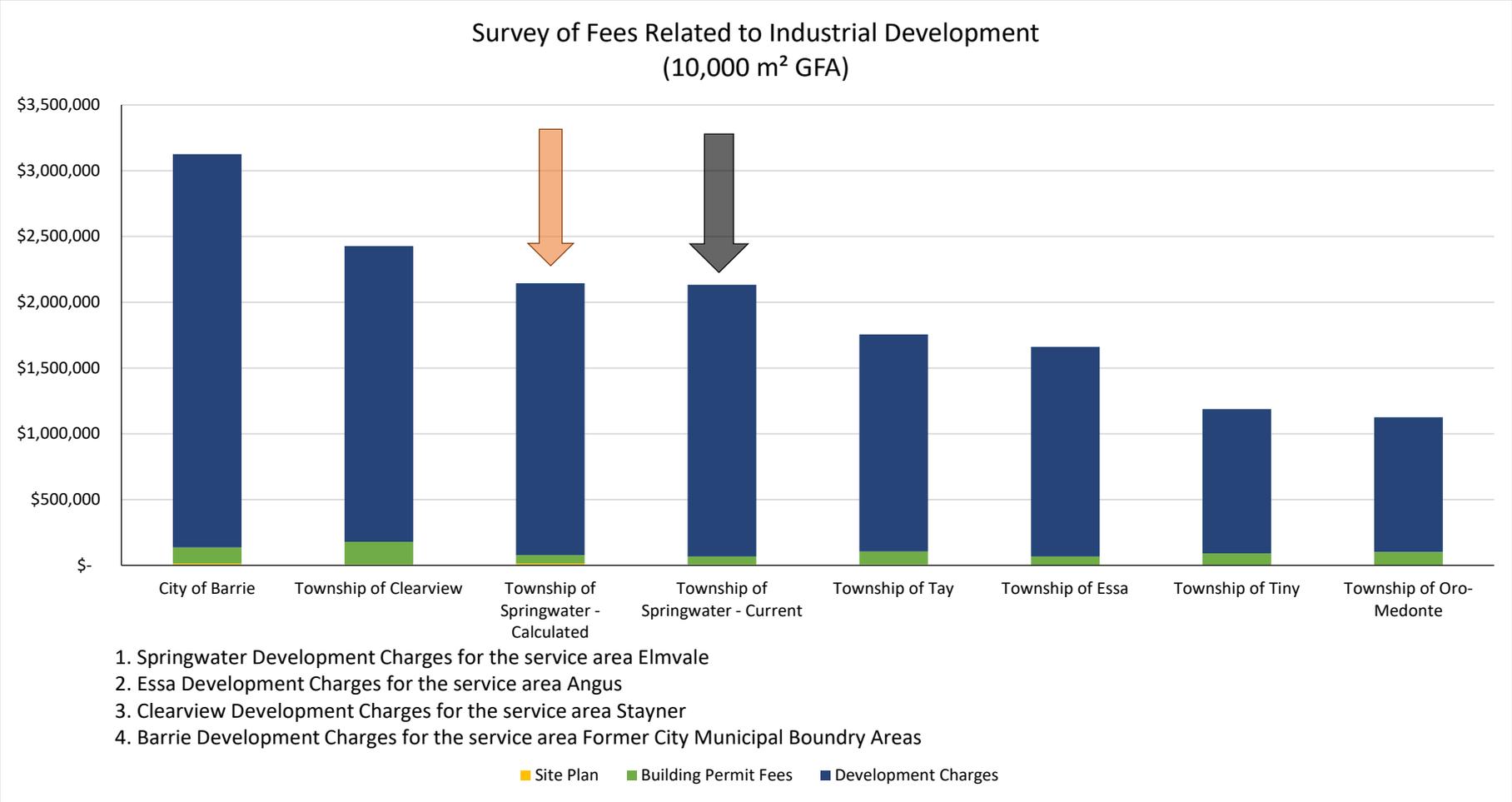


1. Springwater Development Charges for the service area Elmvale
2. Essa Development Charges for the service area Angus
3. Clearview Development Charges for the service area Stayner
4. Barrie Development Charges for the service area Former City Municipal Boundry Areas

■ Plan of Condominium
 ■ Site Plan
 ■ Zoning By-Law Amendment
 ■ Building Permit Fees
 ■ Development Charges

Municipal Development Impact Comparisons

10,000 m² industrial development (Site Plan)

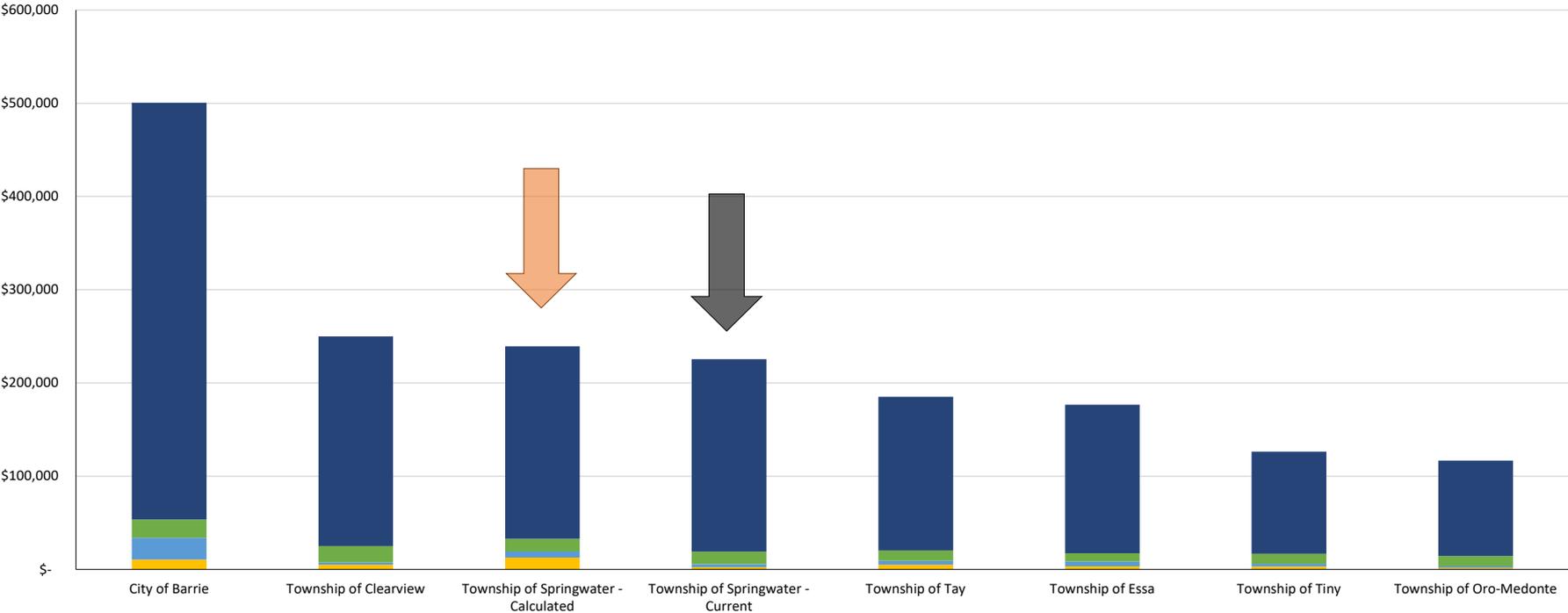


Municipal Development Impact Comparisons

1,000 m² Retail development (ZBA, Site Plan)



Survey of Fees Related to Retail Development
(1,000 m² GFA)



1. Springwater Development Charges for the service area Elmvale
2. Essa Development Charges for the service area Angus
3. Clearview Development Charges for the service area Stayner
4. Barrie Development Charges for the service area Former City Municipal Boundry Areas

■ Site Plan ■ Zoning By-Law Amendment ■ Building Permit Fees ■ Development Charges

Next Steps



- Receive feedback from Council on proposed fee recommendations
- Present building permit recommendations at a Public Meeting of Council