

Section I – Items for Board of Directors Action

TO: Chair and Members of the Board of Directors
Friday, March 26, 2021 Meeting

FROM: Michael Tolensky, Chief Financial and Operating Officer
Sameer Dhalla, Director, Development and Engineering Services

**RE: PLANNING APPLICATION REVIEW AND ENFORCEMENT SYSTEM
FINANCIAL PLAN**
Strategic Business Planning Policy

KEY ISSUE

To provide information to the Board of Directors regarding the proposed financial plan to support the Planning Application Review and Enforcement System (PARES) project.

RECOMMENDATION

WHEREAS Toronto and Region Conservation Authority (TRCA) has undertaken a detailed review of all funding options for the PARES program.

AND WHEREAS TRCA conducted an evaluation of all funding sources and potential strategies to determine the most appropriate approach for funding the development of the PARES project.

THEREFORE LET IT BE RESOLVED THAT TRCA contribute \$1.78M from corporate reserves to support the development of the PARES program in 2021 -2022, with an agreed payback period of 9 years.

BACKGROUND

The objective of the PARES project is to increase efficiencies in TRCA's planning, application review and enforcement processes. This project will improve client and staff user experience, improve client communications, and improve transparency and reporting. This will be achieved through the development of a web-based cloud platform that is designed to improve user experience and reduce inefficiencies by utilizing a "one-stop-shop" to modernize planning and permitting review at TRCA.

The development of this system is estimated to cost \$1.78M in one-time capital expenditures, with an additional \$0.35M in annual operating expenditures. These costs are currently outside of the existing funding envelope and the initiative is currently listed on TRCA's unfunded priorities list.

RATIONALE

In order to develop a sustainable funding strategy, TRCA examined all funding sources including existing funding, grants, municipal requests, reserve financing and TRCA generated revenues. Following extensive internal discussions, it was determined that a combined approach of reserve financing and TRCA generated revenues from permit fee enhancements would be a feasible approach to funding this initiative.

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The implementation of the PARES project will result in both internal and external efficiencies related to staff time, decreased review timelines, and overall increased customer satisfaction for both partner municipalities and members of the public.

Relationship to Building the Living City, the TRCA 2013-2022 Strategic Plan

This report supports the following strategies set forth in the TRCA 2013-2022 Strategic Plan:

Strategy 9 – Measure performance

Strategy 10 – Accelerate innovation

FINANCIAL DETAILS

The current total estimated cost to purchase and implement the PARES platform is \$1.6M between 2021-2022. The staff support required to guide the implementation process is estimated to be an additional \$175,000 (2021-2022) for a total one-time implementation cost of 1.78M over 2 years. The ongoing maintenance costs for the system including licensing fees, professional services and staff support are estimated at approximately \$350,000 per year throughout the lifecycle of the system. *Table 1 – Project Expenditures* provides a summary of the one-time implementation costs and the annual maintenance costs.

Table 1: Project Expenditures

Project Expenditures (\$000's)	Frequency	2021	2022	2023	2024
Implementation Costs*	One-time	888	887	-	-
Software Licensing	Annual	200	200	200	200
Staff Support	Annual	100	100	100	100
Professional Services	Annual	50	50	50	50
Totals		1,238	1,237	350	350

* Includes 10% contingency.

As the project implementation costs are currently unfunded, this project is listed on TRCA's 2021 unfunded priorities list. The ongoing annual costs totaling \$350,000 per year will be covered through existing user fees as per the approved TRCA fee schedule and service level agreements.

To realize the PARES initiative, this report seeks approval to finance the one-time implementation costs of \$1.78M between 2021-2022 using reserves according to the schedule as set out in *Table 2 – Proposed Funding Strategy*.

These reserve contributions are proposed to be reimbursed over a 9-year payback period. This payment plan would be facilitated through a scheduled fee increase for plan submissions and review of 12% from 2021-2029 and an increase of 4.5% onwards to cover upfront and ongoing costs respectively. If revenues exceed projections in a fiscal year, expedited payback may be considered. If revenues are lower than anticipated in a fiscal year, the payback period would be extended.

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Table 2: Proposed Funding Strategy (\$000s)

Funding Strategy (\$000's)	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Corporate Reserves Contribution	888	887	-	-	-	-	-	-	-	1,775
Proposed Reserve Contribution Payback	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(175)	(1,775)
Total Owing to Reserve	688	1,375	1,175	975	775	575	375	175	-	-

DETAILS OF WORK TO BE DONE

Following Board of Director approval for the reserve payment in support of the implementation of the PARES project, staff will continue to progress through the procurement process to select a preferred vendor. TRCA staff will work closely to ensure all requirements are met, and that appropriate training is coordinated.

Report prepared by: Kim Krawczyk, extension 5862

Emails: kim.krawczyk@trca.ca

For Information contact: Sameer Dhalla, extension 5350

Emails: sameer.dhalla@trca.ca

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