

Section I – Items for Board of Directors Action

TO: Chair and Members of the Executive Committee
Friday, May 14, 2021 Meeting

FROM: Sameer Dhalla, Director, Development and Engineering Services

**RE: DEVELOPMENT AND ENGINEERING SERVICES - PLANNING AND
PERMITTING ADMINISTRATIVE FEES UPDATE 2021**

KEY ISSUE

Assessment of Cost Recovery and workload volume supporting the 2021-2022 Planning, Permitting and Infrastructure Planning Fee Schedules.

RECOMMENDATION

THE EXECUTIVE COMMITTEE RECOMMENDS THAT WHEREAS Toronto and Region Conservation Authority (TRCA) staff establish Fee Schedules for all plan review services that aim to achieve a 100% cost recovery target for applicable planning and permitting review functions within the Development Planning and Permits and Infrastructure Planning and Permits business units;

WHEREAS TRCA follows the guidelines from the Provincial Ministry of Natural Resources and Forestry - Policies and Procedures for Charging of Conservation Authority Fees and TRCA's Fee Policy Guideline 2009, which is the relevant guiding document at this time;

WHEREAS TRCA staff have committed to monitor trends in the volume of submissions received annually, our level of service, and cost recovery and report back to the Board of Directors on a regular basis on the status of cost recovery and the need to update fees;

WHEREAS the last planning and permits fee update was approved by the Board of Directors in February of 2018, which provided fee schedules for 2018-2019, and has remained in place since that time;

WHEREAS an update to the fee schedules and a comprehensive fee review would otherwise have been completed in 2020, if not for the significant impacts that the COVID-19 global pandemic has had on all sectors, including those related to planning and permitting, as well as the review of *Conservation Authorities Act* that was underway at that time;

WHEREAS it is TRCA staff's opinion that the 2017 amendments to the *Conservation Authorities Act* regarding fees, are not yet in force, do not change TRCA's ability to collect fees for the planning and permitting services that we provide;

WHEREAS TRCA's planning, permitting and infrastructure planning fee schedules are now out of date, and are no longer accounting for the increased inflationary costs of delivering the services;

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AND WHEREAS TRCA has discussed the proposed new fee schedules with the Building Industry and Land Development Association (BILD) and has considered their recommendations prior to seeking Board of Directors approval;

THEREFORE, LET IT BE RESOLVED THAT the fee adjustment proposal as outlined within this report be approved, and that staff be directed to utilize the new 2021-2022 fee schedules, effective June 1, 2021.

BACKGROUND

Through its Planning and Permitting section, TRCA regulates development in valley and stream corridors, wetlands, flood and erosion prone areas, and along the Lake Ontario shoreline, and reviews and comments on development proposals and applications within or adjacent to these natural areas. By doing so, TRCA aims to prevent, eliminate, or reduce the risk to life and property from flooding, erosion and slope instability, and to encourage the protection and enhancement of natural systems. In parallel with our permitting responsibilities, TRCA Planning and Permits provides municipalities with science-based, technical and policy advice on applications made under the *Planning Act*, the *Environmental Assessment Act*, and other applicable legislation. Through this function TRCA assists our municipal partners, the development community, and the public to prevent and mitigate natural hazard-based risks, while maintaining and where possible enhancing the health of our watersheds. TRCA staff consider this function to be a core, and mandated service.

Planning and Permits is comprised of two business units – Development Planning and Permits (DPP) and Infrastructure Planning and Permits (IPP). DPP principally processes applications with private sector proponents. IPP principally processes applications with a public sector proponent. In a similar fashion to our municipal partners, and in accordance with the Policies and Procedures provided by the Ministry of Natural Resources and Forestry (MNRF), TRCA Planning and Permits section assesses fees for our services. DPP attains fees from the proponents for our review of planning and permit applications. IPP attains fees through both service level agreements with some of the partners, and through fees for service from the others. These fees are to recover the costs of delivering the services, and historically we have recovered less than 100% of the actual cost.

Planning and Permits staff received direction from TRCA's Board of Directors in 2011 to achieve full cost recovery for eligible Planning and Permits services. In the subsequent fee schedule updates, incremental adjustments were made to the Planning and Permitting fees. Maintaining full cost recovery is an on-going process, as the costs of providing the services increase annually, and file volumes are not within the control of Planning and Permits staff and are subject to change. Based upon monitoring revenues, costs, and file volumes, and adapting the fee schedules, 100% cost recovery was functionally attained in 2015 and was maintained through 2018 by both groups. For reasons identified below, DPP was not able to achieve 100% cost recovery in 2019 but did achieve full cost recovery in 2020. Full cost recovery was maintained in both years by IPP.

In 2019 and 2020, the volume of new development planning applications dipped notably, while permit application volumes remained high, as reflected in **Attachment 1**. In 2019, as a result of receiving fewer development applications, revenues for DPP fell short of the budgets for planning and permitting services. The reduced revenues in 2019 and 2020 have been most pronounced in DPP's permitting revenues, despite the high volume of permits received. In 2020 DPP met and slightly exceeded its overall budget target based upon achieving significant

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reductions to expenses below 2020 budgeted amounts and based upon an increase (over 2019) in the number and associated revenues from planning applications.

RATIONALE

In order to keep our fee schedules up to date, TRCA Planning and Permitting staff typically review and update our fee schedules every two years. The last fee review was completed in early 2018 and the fee schedule was to be in place for 2018 and 2019. Under normal circumstances, an update to the fee schedules would have occurred in 2020. As a result of the on-going review of the *Conservation Authorities Act*, and the unknown impact of any changes upon our ability to collect fees for planning and permitting services, as well as the impact of the COVID-19 global pandemic on all sectors, a review of the fees was not completed in 2020. An update to TRCA's fees is now overdue, to incorporate a cost-of-living increase, as well as to support the anticipated costs of the Planning Application, Review and Enforcement System (PARES) initiative, which is necessary for TRCA to achieve the file processing and tracking capabilities consistent with our municipal partners.

2021-2022 Fee Review

The 2021-2022 fee review has three principal purposes:

1. Maintain Board of Directors' direction with respect to achieving cost recovery;
2. Incorporate an inflationary (cost-of-living) increase - 5% is proposed (2.5% increase for 2 years) to cover annual increases in the cost of staffing and benefits;
3. Where possible, address funding needs associated with PARES;

Development Planning and Permits (DPP) has three active budgets and accounts associated with Planning, Permitting and Major Projects. As noted, the overall volume of planning applications has been down in 2019 and 2020 compared to previous years. However, despite the lower numbers, based upon year-end numbers, planning fees received in 2020 met and slightly exceeded the 2020 budget for this account, and offset the deficiencies in the permitting account.

The volume of permit applications received remains high – 2020 generated the third highest number of permit applications on record (1229 permit applications received). However, permit revenues fell short of the 2020 budget. From reviewing our permitting data for 2013-2020, it is clear that permit related revenues have fallen short of the target in several years between 2013-2020. Over that period, the amount budgeted has increased significantly, however, the revenues have not similarly increased. Looking at a finer grain of detail, the majority (approximately 75%) of permits processed by DPP are minor in nature - single family residential permits in the minor and standard categories (see **Attachment 2**). Across the categories very few of the permits issued are Major or Complex permits. This is significant, as key changes to the permitting fee schedule in 2018 were modifications to the subdivision/commercial/industrial fee categories to better reflect the scope of work involved in the review. The anticipated impact of these changes was, of course, based upon the projected number of applications, using the 2016 index year. In 2019 and 2020, as noted above, the numbers of these larger-scale applications have been down – likely as a result of Covid complications and associated shut-downs.

Analysis

Cost of Living Increase

Based upon the revenues and expenditures of DPP and IPP from 2015, both business units are substantially achieving and maintaining full cost recovery for the services offered. As revenues

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of these business units (and DPP in particular) are based upon the number of applications received – which is not within our control, there is some annual variation. However, the budgeting and cost recovery has been very successful and accurate as possible in achieving full cost recovery, without recovering more than the cost of delivering the service. In order to maintain this, our fees need to be updated to incorporate a 2021-2022 cost-of-living increase to address the annual inflationary increases to the costs of delivering the services. Consistent with the past fee schedule updates, staff are proposing to incorporate a cost-of-living increase - 5% is proposed (based upon a 2.5% increase for each of the two years that the fee schedules will be in effect) to cover annual increases in the cost of staffing, benefits, and expenses. These changes represent the majority of the changes to the fee schedules that are being proposed by staff at this time. The proposed revised fee schedules, with the proposed changes outlined, are included **in Attachments 3, 4 and 5** to this report.

Other Category Specific Changes

Staff have looked at permitting revenues in relation to the current budget to determine whether the Permitting budget needs to be adjusted, or whether there is a misalignment between the fee schedule (i.e. amount charged for permitting services), the revenues attained, and the cost of delivering the services. Based upon the information available at present, the permitting budget appears to be appropriate. Through looking at budget information (revenues to expenses) over the past several years, we have confirmed that the amount of time being spent on permit files appears to be approximately 30% – i.e. approximately 30% of the workload attributed to permitting matters, with planning matters (in broad terms) taking approximately 70% of the time. Based upon a 30% time allocation to permitting services, the existing permitting budget is appropriate – i.e., 1.95 million – representing 30% of the total DPP budget. As such, modifications to the permitting fee schedule should be considered to bring future revenues up to the cost of delivering the services.

From reviewing file volumes for 2013 to 2020, with specific emphasis on 2019 and 2020 in the review, it is apparent that the vast majority of planning and permitting files that are received by TRCA are being assessed the minor (and to a lesser degree the standard) category. And, while that may be generally appropriate based upon the complexity of applications received, it appears that a higher fee category may have been warranted for some of the files given the scope of work indicated. This appears to be applicable to both planning and permitting fees. Given this, through this fee review, the following is also being considered:

1. The definitions and supporting text in the fee schedule are being revised to provide greater clarity.
2. Some gaps between fee categories in the fee schedule are too large. Concept Developments, as follows, are an example:

Concept Development/ Property Inquiry - Single Residential Structure	Minor	\$370
	Standard	\$830
	Major	\$3,375
	Complex	\$6,370

Some of the changes being made to the fee schedules will be for the purposes of narrowing some of these gaps, and better clarifying the applicability of the fees in the descriptive text. This has involved creating a few new fee levels, where necessary, and re-balancing the fees to reduce significant gaps where they exist.

Funding for PARES

The PARES initiative is an important initiative for the planning and permits function to enhance the processing, transparency and reporting of the planning workflow. The current projected cost of PARES is estimated to be approximately 1.7 million dollars. A significant portion of this cost (and potentially the entire cost) is to be recovered through TRCA's fees. At this time, no PARES-specific surcharge is proposed, however, Planning and Permits staff are recommending that any annual surplus that may be attained, as a result of any reductions to expenses or through a higher than anticipated volume of applications, be applied to the PARES project.

Comparators

In completing our biennial fee review, Planning and Permits staff review the fee reports of our neighboring conservation authorities to ensure that our proposed fee changes are in line with their modifications. Most of our neighboring conservation authorities review their fees on an annual basis, and make incremental changes to cover cost of living increases. Several of the GTHA conservation authorities have undertaken more substantial reviews and updates to fee schedules. For 2021, the following reflects the changes made by our neighboring conservation authorities:

- Credit Valley Conservation (CVC) - no increases or cost of living adjustment (COLA) for 2021 per their November 2020 report. Some additional categories are being added, and CVC is proposing to conduct a more detailed review of their fees, utilizing an external consultant, in 2021.
- Central Lake Ontario Conservation Authority – 2% COLA for both planning and permitting for 2021.
- Conservation Halton – hired a consultant to complete a major update to their fees in 2019. A new fee schedule was implemented in 2020. This included a 3% COLA for 2020. For 2021, 2% increase for COLA as well as strategic increases where not fully recovering costs to deliver services.
- Lake Simcoe Region Conservation Authority – 2% Cost of Living for 2021. (Reference: 30-20-BOD May 22, 2020).

Workload Volume and Level of Service

Attachments 6 and 7 to this report provide the comparative summary of submissions for the five-year period of 2016-2020. The following is a brief summary of the volume of files. In 2019 and 2020, Planning and Permits:

- Received more than 1200 new permit applications each year associated with private and public projects;
- processed more than 700 new planning applications each year in addition to carry-over files.
- reviewed infrastructure projects across our jurisdiction, including National Energy Board, Ontario Energy Board, Ontario Environmental Assessment Act in addition to Voluntary Project Review Applications.
- processed an average of 1000 solicitor/realtor enquiries.
- Processed an average of 200 additional concept development applications.

Additionally, TRCA Planning and Permits:

- actively participates in LPAT hearings affecting TRCA's interests, as well in support of our municipal partners;

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- continues to be an active participant in the master planning process for more than 20 new communities per year.

In 2019, TRCA Enforcement staff inspected 5,489 permits, a 33% increase over 2018. In 2020, the team conducted 3600 permit compliance inspections, issued 153 violations on 122 properties, received 484 complaints, resolved 50 violations, and conducted 700+ inspections relating to violations and complaints.

Planning Applications

The volume of new planning applications dipped in 2019 and 2020, likely due to the Covid-19 Pandemic, as well as changes in legislation over this time. As illustrated in **Attachment 6**, in terms of volume of applications, City of Toronto, Richmond Hill, Vaughan, Markham and the Town of Caledon had the highest numbers of planning applications submitted to the TRCA, respectively.

Permit Applications

The number of TRCA (Ontario Regulation 166/06) Permit applications that have been received by Planning and Permits from has remained near record high volumes. As identified on **Attachment 7** to this report, in 2019 and 2020, permit numbers actually increased over previous years in Brampton, Markham, Pickering, Toronto (East York), Caledon and Whitchurch-Stouffville.

Large-Scale Planning Projects and Infrastructure

Growth area MESP's (Master Environmental Servicing Plans) tied to new growth, secondary plan and block plan projects continue to be a major focus. A significant workload volume will continue for these growth areas spread through Vaughan, Markham, Richmond Hill, Caledon, Brampton and Seaton.

Fluctuations commonly occur with “base” planning and permitting applications from year to year, but a major shift to process growth area studies with municipal partners will continue to be a huge part of a growing workload for 2021-2022. Senior project management and technical capabilities are required from TRCA to support these complex efforts both for greenfield and urban intensification. We are projecting that there will be significant effort required in the planning of the future urban areas of Brampton, Caledon, Vaughan, King, Markham, Richmond Hill, Seaton and the intensification areas within the City of Toronto and City of Mississauga, in 2021-2022, on top of the regular base submissions. Plan review continues to be technically complex as applications move into more sensitive landscapes with water balance considerations involving engineering modeling updates, geotechnical, ecology and hydrogeology expertise. Our engineering and hydrogeology staff complement is under increasing service pressure.

In addition, recent changes to the *Planning Act* and the *Conservation Authorities Act* have resulted in increased workload pressures related to requested and approved Minister's Zoning Orders (MZOs) within TRCA's jurisdiction as [reported](#) to the Board of Directors at their meeting on February 26, 2021. Given the significant amount of staff time and investment involved in the review process of these files, an MZO permit fee has been included in the fee schedule.

Infrastructure Planning and Permits Trends

In the suburban municipalities, there has been a steady increase in the number of regional and local infrastructure master plans, environmental assessments, and permits. There has been

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steady growth in municipal and transit related projects. With 25 communities currently in the planning stages, it is anticipated that this growth will only continue to increase in future years. Additionally, many of these municipalities, as well as the City of Toronto, are also undertaking parks and retrofit and upgrade projects, including requirements for both environmental assessments and permits. This relates directly to the fact that old and failing infrastructure was historically built in valleylands. As the rivers and streams downcut and meander over time (a factor of natural process and exacerbated by poorly situated infrastructure and the effects of climate change), the infrastructure is left exposed. Repair to these pipes and bridges is becoming more complex, as well as, more urgent. As the municipalities continue grow and intensify, the stress on the older infrastructure will also continue to increase. Regardless of whether the infrastructure is serving suburban or urban nodes, the complexity of the TRCA review has also changed to account for changes in science and information. Geomorphic assessments, political inputs, redevelopment/intensification occurring in regulated areas including flood vulnerable sites, ecologically sensitive or hazardous areas are all major factors in infrastructure development today. There is also a growing change in partnership opportunities between infrastructure providers and TRCA Restoration Services, from monitoring, to planting and stream realignments. These synergies between the TRCA and the infrastructure provider to work together in the project construction phase provides essential expert services for challenging construction sites, saves public funds and timing delays to support public infrastructure and private community development.

TRCA has dedicated service level agreements (SLAs) with municipal, private sector and agency partners, that have been negotiated based on client needs and TRCA requirements. The SLAs each provide dedicated planning and technical review teams, detailed and expedited service delivery standards, detailed project tracking and reporting, monthly or quarterly partnership review meetings, defined communications procedures, and commitments for TRCA staff to work remotely from the partner office up to one day per week. The fees are negotiated annually through the municipal capital delivery programs, including water and wastewater, roads and transit services. Service agreements began in 2005 and are currently in place with York and Peel Regions, the City of Brampton, Enbridge Gas, Metrolinx. The SLAs are continually refined to meet shifts in service demand, and discussions with new partners are underway based on TRCA discussions related to memorandum of understandings and service level agreements with other partners .

The Infrastructure Planning and Permits department has steadily increased their fee and agreement-based revenue from approximately \$1.2 million in 2011 to \$1.8 million in 2013/14 to almost \$2.7 million in 2020. Service agreement and non-service agreement services (funded through fee cost recovery) achieve 100% cost recovery for planning, technical and support services as well as corporate overhead costs. The York Region SLA has been in place since 2005 and includes a significant commitment toward expedited review of applications, ranging between 10 and 20 business days depending on the application type and level of review required. The agreement includes review services for all transportation, water, wastewater and transit services. York Region is the fastest growing municipality in Canada, and the provision of infrastructure is a core deliverable of the municipality. The Peel Region and City of Brampton SLAs have also been in place since 2005. The Enbridge Gas SLA has been in place since 2013 and continues to grow in terms of applications for private users, expansion and maintenance projects, as well as relocations that are required to facilitate other infrastructure projects. The most significant increase in work, both over the past five years and anticipated for the future, is with Metrolinx. TRCA has consolidated the SLA into one agreement for the RER Expansion, Rapid Transit and Subway programs and has recently been asked to also include their Bus program. TRCA continues to work with Metrolinx to implement its compensation strategy,

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impacts to infrastructure based on climate change impacts, synergies for trail linkages, and synergies related to TRCA erosion control construction projects.

Discussion with BILD and Municipal Partners

The building industry (represented by BILD) has been very helpful in providing their input into TRCA's Planning and Permitting fee schedules. As part of the fee review process Planning and Permits staff consult with BILD to attain their comments on the proposed changes. A presentation was provided to BILD representatives on March 9, 2021 to outline the proposed changes. A package was then sent to BILD on March 30, 2021 with copies of the proposed fee schedule changes, and an accompanying description of the proposed modifications, for their comments. BILD staff provided confirmation, via email, on April 29, 2021, that they have no comment on the proposed changes to the fee schedules. IPP Staff also consulted with our municipal partners who are not on service level agreements, on the proposed changes to the IPP fee schedule, at recent meetings.

Level of Service

Permitting Services

TRCA staff recently reported to the Board of Directors on our service delivery related to our permitting activities (Item 8.4, April 30, 2021 Board of Directors Meeting). In that [report](#), we identified that our goal is to deliver at least 80% of all permit issuances within the Conservation Ontario (CO) Client Service Guideline timeframes. As outlined in that report, of the 1,101 permits issued in 2020, 1,081 or 98% of the permits met the MNRF Policies and Procedures Guideline and 928 or 84% of the permits met the enhanced CO Guideline, which exceeds the 80% objective. Those that did not meet the Guidelines include complex infrastructure and development permits requiring multiple submissions. In some cases, the reviews may have been impacted by staff turnover and adapting to COVID-19.

Planning Services

TRCA has service delivery guidelines – not mandated timelines with respect to our processing of planning applications. These guidelines represent the service delivery that we strive to offer. Staff involved in the Planning and Permits function attempt to dynamically shift our resources to the workload. TRCA works to our service delivery guideline of 30-45 days for standard files, 15 days for resubmissions. Very complex technical reviews take longer (60-90 days). In many areas the service delivery target is met or surpassed:

- Straight-forward applications that meet policy (Committee of Adjustment, minor to standard site plans, minor Official Plan Amendments and Zoning By-law amendments), compliance is in excess of 90%.
- Complex applications (MESP, subdivisions, condominium) meet our service delivery guideline approximately 75% of the time.
- Planning applications are usually led by the municipality – keep within our service standard >85%; and 70% for complex files.

Infrastructure Planning and Permits department tracks and reports on a tight service delivery standard for its service delivery partners and meets these standards 85-95% of the time. For non-service delivery partners, regular standards are met approximately 80% of the time.

We believe that our service delivery is generally excellent under current workload pressures and the complexity of applications. While TRCA staff currently work to achieve our own service delivery guidelines, we actively work with our municipal partners to achieve their processing timelines. TRCA Planning and Permits staff are committed to working with our municipal

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partners, through both the creation or updates to Memoranda of Understanding related to the plan review process, as well as through on-going dialogue with municipal staff to ensure that our review timelines and process are adapted to the extent possible to meet the specific timeline needs of our municipal partners.

Memoranda of Understanding

TRCA Planning and Permits has existing, long-standing “Plan Review” specific memoranda of understanding with many of our municipal partners, including all of our upper tier municipal partners, and several of our local municipal partners, which clarify the roles and responsibilities and services provided by TRCA Planning and Permits. In accordance with the direction provided in the updates to the *Conservation Authorities Act*, TRCA staff are presently in the process of reviewing the existing Memorandums of Understandings (MOUs), and establishing new MOUs with all of our other municipal partners. TRCA’s current Planning and Permits fee schedules take into account the existing MOUs, and it is staff’s position that the proposed fee schedules will also account for new MOUs. However, if revisions are required to the 2021-2022 fee schedules are a result of any changes to, or the creation of new MOUs, TRCA staff will report back to the Board of Directors at that time on any necessary modifications.

Streamlining Efforts

Planning and Permits continues to work to improve many areas of our daily operations, increase efficiency, and to enhance customer service. From March 2020 to present, as a result of COVID restrictions, TRCA Planning and Permits staff have worked from home. This has required a rapid transition from our previous paper-based submission, filing and approval process, to a digital process. The results have been significant. Through the hard work of TRCA Planning and Permits staff, we have transitioned to a fully digital process. And, while this has required a number of work-arounds, given our current software and database limitations, it has allowed us to advance of transition to fully digital working on a much faster timeline than originally planned. The PARES initiative is our next step in working towards greater efficiency and transparency in this process, and to permanently establishing a high quality fully digital process.

Other efficiencies have been found in moving to on-line meetings, which has significantly reduced the amount of time spent travelling between meetings for our staff. Planning and Permits staff will continue to work on these streamlining initiatives, as well as others, such as streamlining our current review processes, as we transition back into working in the office in the future.

DETAILS OF WORK TO BE DONE

Following approval of this report and the associated updated fee schedules, Planning and Permits staff will update and conduct a final quality review of the Administrative Fee Schedules for Planning, Permitting and Infrastructure Planning and Permitting, in addition to the requisite changes to our databases and our website, for implementation on June 1, 2021. Staff will also provide the updated fee schedules to BILD and our municipal partners.

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 4 – Create complete communities that integrate nature and the built environment

Strategy 2 – Manage our regional water resources for current and future generations

Strategy 7 – Build partnerships and new business models

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Attachments: 7

Attachment 1: Planning and Permit Applications Received 2013 – 2020

Attachment 2: Permit Application by Type 2013 to 2020

Attachment 3: Proposed Permit Fee Schedule 2021 - 2022

Attachment 4: Proposed Planning Fee Schedule 2021 - 2022

Attachment 5: Proposed EA Planning and Infrastructure Permitting Fee Schedule 2021 - 2022

Attachment 6: Number of Planning Applications Received by Municipality

Attachment 7: Number of Permits by Municipality