

Grand River Conservation Authority

Report number: GM-10-24-93

Date: October 25, 2024

To: Members of the Grand River Conservation Authority

Subject: Planning and Regulations Fees

Recommendation:

WHEREAS staff were directed through Resolution 24-146 to prepare a fee structure to reach 85% cost recovery for permits in 2025, and a fee structure to reach 100% cost recovery for Plan Review and Regulations fees in a reasonable timeframe;

AND WHEREAS fee amendments require approval by the General Membership;

BE IT RESOLVED THAT the Grand River Conservation Authority provide direction on the fee structure and implementation timeline as presented in report GM-10-24-93;

AND THAT staff bring forward a Fee Schedule at the next General Membership meeting.

Summary:

As a Category 1 (mandatory) program and service, the Planning and Regulations program is currently funded through municipal apportionment and user fees. As per the 'Policy: Minister's list of classes of programs and services in respect of which conservation authorities (CAs) may charge a fee', fees for permitting and planning services should be developed to recover but not exceed the costs associated with administering and delivering the services on a program basis. Each authority can decide the proportion of costs recovered by a user fee versus other sources such as municipal apportionment (formerly known as General Levy).

On September 27, 2024, GM Report 09-24-81 was presented which proposed user fee cost recovery targets. Direction from the Board was provided to bring forward all proposed fee schedules to the next General Membership meeting as part of the budget process. Specifically for Planning and Regulations fees, the Board requested the following information be included:

- a) What the fee structure would be with 85% cost recovery on permit fees effective immediately
- b) Timetable showing plan or timetable to achieve 100% cost recovery in a reasonable timeframe
- c) Appendix showing actual comparable fees in other CAs
- d) And an addendum showing potential fees for Environmental Assessments (EAs).

Staff have undertaken further review related to user fees, and seek Board direction/approval of the following items:

- 1) User Fee cost recovery targets for Regulations (permitting and inquiries).
 - Appendix A presents information on cost recovery targets of 65% (current fee), 85%, and 100% and Report GM-09-24-81 provided information on a 90% cost recovery.
- 2) New permit fees
 - a. Routine Permits
 - b. Inquiries – Introduce 2 fees; one to remain at current rate, one increased to achieve greater cost recovery for title clearances and real estate inquiries

- 3) Confirmation of 100% cost recovery target for Plan Review (Planning Act and Aggregate Act applications)
- 4) New plan review fees
 - a. Niagara Escarpment Commission circulation
 - b. Environmental Assessments
 - c. Drainage Act applications
- 5) Timeframe for phased implementation
 - 5 year phase-in period is recommended and shown in Appendices B and D
- 6) Proposed amendments to Fee Schedules/Notes
 - a. Revise fees for 4th and subsequent submissions of same report/plan for both permitting and plan review from flat fee of \$575 to percentage of applicable fee category. The 4th submission would be charged 25% of the applicable fee category, and subsequent submissions would be charged 50% of the applicable fee category.
 - b. Permit closure if no re-submission received within 1 year of review comments issued
 - c. Add Minister's Zoning orders as a type of complex application fee in Plan Review Fee Schedule Notes.

Report:

The Planning and Regulations program is a mandatory service that provides a watershed benefit by regulating development and undertaking review of applications/proposals in and near natural hazards to reduce the risk of loss of life and minimize property damage. The program includes proactive planning (ie. plan input and policy advice), review of *Planning Act* and other applications, as well as the permit process, public inquiries, title clearances, compliance and enforcement.

As per the 'Policy: Minister's list of classes of programs and services in respect of which Conservation Authorities (CAs) may charge a fee', fees for planning and permitting services should be developed to recover but not exceed the costs associated with administering and delivering the services on a program basis. Each authority can decide the proportion of costs recovered by a user fee versus other sources such as municipal apportionment (formerly known as General Levy).

GM-12-23-101 was presented to the General Membership on December 15, 2023. The report proposed changes for 2024 permit and planning fees, taking into consideration the recommendations of a Program Rates and User Fee Review (User Fee Review) completed by Watson and Associates Economists Ltd. (Watson), dated October 12, 2023. The consultant assessed the full cost for certain planning services and permitting activities and provided recommendations considering cost recovery, affordability of fees, and comparison with municipal and fee schedules of other CAs.

On December 13, 2023, a Minister's Direction to freeze fees from January 1, 2023 to December 31, 2023 was extended to December 31, 2024. The Grand River Conservation Authority had approved fee changes for 2023 prior to January 1, 2023 (Report GM-12-22-98), therefore the fee freeze only impacted 2024 and the proposed fee changes were not able to be implemented. At this time, it is unknown if the Minister's Direction will be extended again.

In the event CAs are permitted to make fee changes in 2025, report GM-09-24-81 was presented to the General Membership on September 27, 2024 seeking approval of the following cost recovery targets previously proposed in December 2023:

- cost recovery target of 65% for Regulations fees (permits and inquiries)
- cost recovery targets of 100% for Plan Review fees (Planning Act and Aggregate Act applications)

Information on a potential alternative cost recovery target of 90% for Regulations fees was also presented, as well as the potential introduction of new fees for other planning services currently funded through municipal apportionment (applications circulated by the Niagara Escarpment Commission, EAs and Drainage Act applications).

Direction from the Board was provided to bring forward all proposed fee schedules to the next General Membership meeting as part of the budget process. Specifically for Planning and Regulations fees, the Board requested the following information be included:

- a) What the fee structure would be with 85% cost recovery on permit fees effective immediately
- b) Timetable showing plan or timetable to achieve 100% cost recovery in a reasonable timeframe
- c) Appendix showing actual comparable fees in other CAs
- d) And an addendum showing potential fees for EAs.

Regulations Fees (Permitting and Inquiries)

As outlined in previous reports, the cost recovery target for permitting and inquiries was historically 50%. The User Fee Review determined the current (2022) cost recovery was 65%, and staff had recommended that target be maintained. In response to direction provided by the Board at the September 27, 2024 meeting, staff have prepared several appendices to provide the requested information to inform a decision on a cost recovery target which will be used to finalize a fee schedule for 2025.

Staff have also undertaken a review of the fees at the requested higher cost recovery targets and propose two new fee categories. A “routine” permit category is proposed for development that is very low risk, small in project scope, and requires limited staff involvement. This will provide a fee category for applications that do not warrant a “minor” fee at the 100% cost recovery of \$660. Several comparable Conservation Authority fees for a “routine” permit or letter of permission for development such as small accessory structures (e.g. shed) are shown in Appendix C. For municipal comparators, the cost of a building permit for a shed is \$130 in the City of Guelph, \$105 in the City of Brantford and \$95 in the City of Kitchener.

The second new fee category proposed is for written inquiries. Currently, there is one inquiry fee for all written responses, including title clearances (solicitor), real estate and landowner inquiries. The User Fee Review considered the implementation of two inquiry fees; one increased to a 100% cost recovery for title clearances and real estate inquiries, and one remaining at the current rate for other inquiries. Staff recommend implementing two inquiry fees, as maintaining a lower fee encourages early consultation with landowners so GRCA input is provided early in project planning, and development doesn't proceed and become a compliance issue. Staff also recommend new text be added to the Regulations Fee Schedule notes, to advise applicants that permit applications will be closed if additional information requested by GRCA staff is not submitted within 1 year. No refunds will be provided upon file closure.

To provide the specific information requested in the September 27, 2024 meeting, Appendix A provides a fee structure illustrating current fees (65% cost recovery) compared to 85% cost recovery and 100% cost recovery. No increases are required to achieve 85% cost recovery for some major permits and large fill fees as these individual fees are already in line with the User Fee Review recommendations.

Appendix B illustrates a potential permit and inquiry fee schedule and timetable to evenly spread out the increases required to achieve 100% cost recovery over a reasonable timeframe, which staff recommends is 5 years. While not currently included in the fee schedules, the User Fee Review recommended annual consideration of a cost-of-living increase. For 2025, staff

recommend a 3% cost-of-living increase and if approved, this amount would be added to the fee schedules.

Appendix C shows actual comparable Regulations fees (permits and inquiries) of other CAs for several fee categories. Fees amongst the CAs vary significantly, reflective of cost recovery targets and direct and indirect costs of delivering the planning and regulations programs at each individual CA.

Planning Fees (Plan Review)

As outlined in previous reports, the cost recovery target for plan review services (*Planning Act* and *Aggregate Act* applications) was historically 100%. The User Fee Review determined the cost recovery was 56% for certain planning services. Staff had recommended that a 100% target is appropriate.

Appendix D illustrates a potential fee schedule and timetable to evenly spread out the increase required to achieve a 100% cost recovery target for plan review over a 5 year period. No increases for *Aggregate Act* applications are proposed as the fees were already in line with the consultant recommendations. While not currently included in the Fee Schedules, the User Fee Review recommended annual consideration of a cost-of-living increase. For 2025, staff recommend a 3% cost-of-living increase and if approved, this amount would be added to the fee schedules.

To provide the specific information requested in the September 27, 2024 meeting, staff have included in Appendix D new potential fees to be phased in for the review of applications within the Niagara Escarpment Plan boundary circulated by the Niagara Escarpment Commission, the review of municipal or Provincial EAs and the review of applications under the Drainage Act (excluding maintenance/minor repair of existing drains). For the review of individual EAs, the fee would be determined by the level of staff involvement/technical review required. Upon review, staff also propose consideration of a new fee for review of Minister's Zoning orders (MZO). It is proposed to consider MZOs as a complex plan review application and charge accordingly.

Appendix E shows comparable Plan Review fees of other CAs for EAs and Drainage Act applications.

Staff also propose a change that impacts both permitting and plan review as it relates to re-submissions. For the 4th submission of the same report or plans, it is proposed that instead of the current flat fee of \$575 per 4th submission or subsequent submissions for subdivision and condominium applications, that there be additional charge of 25% of the applicable fee category for all plan review and permit categories, and for the 5th and subsequent submissions, there be a charge of an additional 50% of the applicable fee category. This will encourage high quality submissions and that a comprehensive response to GRCA comments is provided. This fee would be implemented at the discretion of staff, for example, if the 4th submission is required to address municipal comments, staff would not charge the additional review fee.

In summary, staff seek Board direction/approval of the following items:

- 1) User Fee cost recovery targets for Regulations (permitting and inquiries).
 - Appendix A presents information on cost recovery targets of 65% (current fee), 85%, and 100% and Report GM-09-24-81 provided information on a 90% cost recovery.
- 2) New permit fees
 - a. Routine Permits
 - b. Inquiries – Introduce 2 fees; one to remain at current rate, one increased to achieve greater cost recovery for title clearances and real estate inquiries

- 3) Confirmation of 100% cost recovery target for Plan Review (*Planning Act* and *Aggregate Act* applications)
- 4) New plan review fees
 - a. Niagara Escarpment Commission circulation
 - b. Environmental Assessments
 - c. Drainage Act applications
- 5) Timeframe for phased implementation
5 year phase-in period is recommended and shown in Appendices B and D
- 6) Proposed amendments to Fee Schedules/Notes
 - a. Revise fees for 4th and subsequent submissions of same report/plan for both permitting and plan review from flat fee of \$575 to percentage of applicable fee category. The 4th submission would be charged 25% of the applicable fee category, and subsequent submissions would be charged 50% of the applicable fee category.
 - b. Permit closure if no re-submission received within 1 year of review comments issued
 - c. Add Minister's Zoning orders as a type of complex application fee in Plan Review Fee Schedule Notes.

Financial Implications:

The draft 2025 budget will be updated to reflect the final Fee Schedule. The Planning and Regulations budgets have historically been conservative given the uncertainty of costs and revenue which is due to several factors, including legislative changes, staffing vacancies, economic conditions and variability in the number and type of applications received. Forecast adjustments are incorporated into monthly financial reporting to the Board as applicable.

In response to a question raised at the September 27, 2024 meeting, Table 1 below outlines the revenue impacts for certain cost recovery scenarios using information from the User Fee Review.

Table 1: Potential Additional Revenue based on Cost Recovery Targets

Cost Recovery Targets	Potential Additional Revenue
85% for both permitting and plan review	\$550,000
90% for permitting and 100% for plan review	\$800,000
100% for both permitting and plan review	\$900,000

The additional revenue estimates are based on the average number of applications from 2017-2021 and would be spread over the 5 year phase-in implementation period. The actual additional revenue is uncertain and we are also seeing a downward trend for revenue.

The cost recovery targets are only for regulations and planning services that are charged a user fee, being permitting and written inquiries, and plan review consisting of *Planning Act*, *Aggregate Act* and potentially Niagara Escarpment Commission circulations, Environmental Assessments, Drainage Act and MZOs. The remainder of services in the Regulations and Planning program would be funded from municipal apportionment, including plan input, compliance and enforcement. Plan input enables staff to proactively address natural hazards by providing input to watershed municipalities without charging a fee per project/circulation for review of municipal plans and policies such as Official Plan and Comprehensive Zoning By-law documents, Secondary/Block/Community Plans, review of planning amendments initiated by municipalities, as well as policy and technical support at appeal hearings. The compliance and

enforcement program enables staff to regulate development in and near natural hazards to reduce the risk of loss of life and minimize property damage, complete inspections and investigations and undertake enforcement measures.

Other Department Considerations:

Staff from other departments that are involved in permitting and planning are accounted for in the direct and indirect costs.

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