



City of  
**Peterborough**

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**To:** Members of the Finance Committee

**From:** Jasbir Raina, Commissioner of Infrastructure and Planning Services

**Meeting Date:** January 16, 2023

**Subject:** Planning Application Fees, Report IPSPL23-002

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## **Purpose**

A report to update City Council on proposed changes to Planning Application Fees as part of the 2023 Budget.

## **Recommendation**

That Council approve the recommendation outlined in Report IPSPL23-002, dated January 16, 2023, of the Commissioner of Infrastructure and Planning Services as follows:

That Report IPSPL23-002 be received for information.

## Budget and Financial Implications

Revenues generated from increased planning application fees will be used to secure additional staff involved in the Development Approval Process to ensure required processing timelines are met. 2023 revenues are projected to be approximately \$950,000.

## Background

On March 30, 2022, the Province introduced **Bill 109**, the **More Homes for Everyone Act**. The Bill was passed by the Legislature and received Royal Assent two weeks later on April 14, 2022. Changes were made to several pieces of legislation including the **Planning Act**. Key changes made to the Planning Act relate to the zoning, plan of subdivision and site plan application processes to expedite planning approvals and penalize municipalities if decisions are not made in a prescribed timeline.

Since March 2021, City staff have been reviewing the local development approval process in an effort to identify opportunities for a more streamlined service delivery, identify gaps and needs within the process and verify resource levels to provide effective service. In April 2021, the City retained Performance Concepts Consulting and Dillon Consulting to undertake a comprehensive review of the local development approval process under the Audit and Accountability Fund Grant Program. On November 8, 2021, Report IPSPL21-042 which contained a series of recommendations was presented to General Committee for information. The Report contemplated an implementation plan for the recommendations to be presented to Council in 2022.

In January 2022, additional Provincial funding was extended to the City under the Streamline Development Approval Fund which the City is using to implement many of the recommendations presented in the 2021 Performance Concepts Consulting Report, thereby eliminating the need for an implementation plan and potential budgeting for carrying out projects. Several projects were undertaken in 2022 to assist in streamlining the development approval process.

One of these projects was a review of the planning application fee structure to establish a “growth pays for growth” principle whereby an increase in fees will provide a revenue stream to secure necessary staffing levels to deliver consistent predictable application processing timelines. The focus of this report is to present the findings of the Development Approval Process Fees Review Study and the recommended application fees for 2023.

## Streamlining Development Approval Process

In recent years there has been a great deal of attention given to the length of time associated with processing development applications. This is not unique to

Peterborough as the process to review and approve planning applications is legislated by the Province through the **Planning Act**. While different municipalities may have adopted specific measures for their local municipalities the overall process is similar across the province.

The development approval process is a core regulatory service provided by the City of Peterborough which is primarily based on the legislation requirements of the **Planning Act**. The Planning Application process, including all applicable internal Division inputs and external agency/provincial ministry approvals, is extremely complex and faces many efficiency challenges not in the control of the municipality including quality of submissions and comments being addressed.

The pace at which development applications can be reviewed is determined by two primary factors: the number of staff reviewing and commenting on applications and the number of applications. In recent years there has been a dramatic increase in applications and the current staffing levels are inadequate to undertake reviews in the timelines established by the Province and to provide proactive customary service.

Revenue streams yielded by Development Approval process (DAP) application fees can serve as the fuel that funds the necessary City staffing resources to properly execute development review processes. Modernized DAP fee structures can contribute to a best practice “growth pays for growth” cost necessary model and a budgeting model that has zero property tax impact.

Feedback gathered from City staff and development industry representations through various streamlining projects points to the need for additional DAP processing capacity across the Infrastructure and Planning Services business units that perform detailed technical review for planning applications. This work is typically focused on road network / traffic systems, water, wastewater and stormwater infrastructure.

In March 2022, Performance Concepts Consulting was retained to complete a DAP Fees Review of the City’s application fee structure. Their mandate was to design cost-based DAP fees on a rigorous application category by application category basis in accordance with the **Planning Act**. This included an in-depth analysis of staff processing efforts required for each application category and based on historical averages and future volumes. Appendix A of Report IPSPL23-002 is the Final Fee Review Study prepared by Performance Concepts which presents in detail the methodology followed and recommended fee structure resulting from the analysis.

The Study concludes that DAP revenues for core application categories could total approximately \$2.0 million using the new “growth pays for growth” fees. The current City DAP fee structure would generate approximately \$800,000 for the same forecasted application volumes.

Adopting the recommended new fees will eliminate the annual tax subsidy supporting the processing of development applications and can be used to secure additional staff to meet upcoming workload demand and secure improved processing timelines.

The fee study further identifies the option to phase in the new fees over a 3-year period. A 3 year 50% - 25% -25% transition can be instituted.

The 2023 Planning, Development & Urban Design Division operating budget has been prepared utilizing the recommended fee structure for planning applications and a 3-year phasing option. The 2023 projected revenues are approximately \$950,000, which will be used to fund the four new full-time positions, Water Resources & Development Engineer, Traffic Engineering Technologist, Urban Design Planner and Development Administrator, which will be involved in streamlining the Development Approval Process.

## Summary

The Development Approval process is a core services delivery function of the Planning, Development & Urban Design Division. In recent years, the staffing levels have not kept up with the increase in planning applications. Staff are recommending an increased inflow of planning application fees as recommended in the Development Approval Process (DAP) Fees Revision Study completed by Performance Concepts Consulting Inc. to secure additional staff resources to process applications in a more timely and efficient manner.

Submitted by,

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**Attachment:**

Appendix A - Development Approval Process (DAP) Fees Review Report



CITY OF PETERBOROUGH

# Development Approval Process (DAP) Fees Review

November 1<sup>st</sup>, 2022

*Submitted by:*

Performance Concepts Consulting

*Submitted to:*

City of Peterborough

# Table of Contents

<b>1.0</b>	<b>DAP Fees: Background and Context</b>	<b>1</b>
1.1	Mandated Provincial Timeframes.....	2
1.1.1	Bill 108 - Timeframe Compression.....	2
1.1.2	Bill 109 Fee Claw Backs .....	2
1.1.3	Front-ending the DAP Service Delivery Model .....	3
1.1.4	The Community Planning Permit “Workaround” to Avoid Bill 109 Fee Claw Backs.....	4
1.2	City Timeframe Targets and Staffing Challenges .....	5
<b>2.0</b>	<b>Full Cost Fees - Approach and Methodology</b>	<b>7</b>
2.1	Fee Design Using Activity Based Costing (ABC).....	7
2.2	Section 69 Planning Act Fees & “Growth Pays for Growth” Cost Recovery Design .....	8
2.3	Estimating City Staff Processing Effort for DAP.....	8
2.4	Calculating Full Cost Fees.....	9
2.4.1	Direct Costs .....	9
2.4.2	Indirect Costs .....	9
2.4.3	Spreadsheet Fees Calculation Model.....	9
2.5	Modernizing DAP Fee Design.....	10
2.5.1	Base Fee Component .....	10
2.5.2	Per Unit Escalator(s).....	10
2.6	Peer Review of Peterborough DAP Fees (Design and Pricing).....	11
2.7	Growth-Pays-for-Growth with a Community Benefit Deduction .....	11
<b>3.0</b>	<b>Estimated/Required Staff Processing Effort and Capacity</b>	<b>12</b>
3.1	Staff Processing Effort and Capacity Utilization.....	12
3.1.1	Capacity Utilization for Staff Positions Impacting Planning Act Fees .....	12
3.1.2	Positions Impacting Development Engineering Fees.....	13
3.2	Future Staffing Implications.....	13
3.3	Caveat re. Non-DAP Staff Capacity .....	13
<b>4.0</b>	<b>City Staff DAP Processing Effort &amp; Full-Cost DAP Fee Calculations</b>	<b>14</b>
4.1.1	Historic DAP Application Volumes .....	14

4.1.2	Forecast DAP Application Volumes.....	14
4.2	Full-Cost DAP Fee Calculations.....	15
4.2.1	Site Plan Fees .....	15
4.2.2	Draft Plan of Subdivision and Post-Draft Plan Development Engineering Review .....	16
4.2.3	Zoning Amendments & Official Plan Amendments .....	16
4.2.4	Committee of Adjustment Applications.....	17
4.2.5	Fee Adjustments for Concurrent Files – Combo Pack Discount .....	17
<b>5.0</b>	<b>Revised DAP Fees Revenue Impacts</b>	<b>18</b>
<b>6.0</b>	<b>Full Cost DAP Fee Impacts</b>	<b>19</b>
6.1	Peer Municipal Comparisons .....	19
6.2	Full-Cost DAP Fees - Impact on the Cost of New Housing .....	20
<b>7.0</b>	<b>DAP Fee Restructuring Options to Address Bill 109</b>	<b>21</b>
7.1	Bill 109 Working Sessions with City Staff .....	21
7.2	Pre-Consult Restructuring Options for Peterborough .....	21
7.3	“Deemed Complete” Restructuring Options for Peterborough .....	22
7.4	An Accelerated “Conceptual” Site Plan Approval + Condition Clearance Permit.....	22
<b>8.0</b>	<b>Implementation and Phasing Options</b>	<b>23</b>
8.1	Phasing Option.....	23
8.2	Potential Bill 109 Adjustments.....	23



## DAP Fees: Background and Context

In the Fall of 2021 Performance Concepts Consulting Inc. & Dillon Consulting Ltd. completed a Modernization Review of Peterborough's Development Approvals Process (DAP) service delivery model. The 2021 DAP Modernization Review was funded via the Province's Audit and Accountability Fund which was directed towards Ontario's large growth municipalities.

Implementing the following Strategic Recommendation from the 2021 DAP Modernization Review will ensure robust DAP fee revenue streams are in place to fuel a "Growth Pays for Growth" service delivery model. The 2022 DAP Fees Review was initiated to move the City of Peterborough forward towards this recommended "Growth Pays for Growth" cost recovery model. The unacceptable alternative would be a continued reliance on large property tax subsidies to fund DAP approvals that economically benefit development industry applicants.

#	As Should Be Findings	Strategic Recommendations	Expected Benefits	DO NOW	DO SOON	DO LATER
S1	Peer municipality analysis confirms Peterborough's DAP fees under-recover staff's "all in" application processing effort/ costs. Result is a significant property tax subsidy benefitting new development. No "Growth Pays for Growth" cost recovery framework is currently in place.	<p><b><i>Planning/Engineering DAP should be governed by the same "enterprise" full-cost recovery financial policy framework as Building. The City's ultimate cost recovery target should be at least 80% and should incorporate a 25% internal charge from City indirect support functions like Finance/HR/Facilities/IT plus Council governance.</i></b></p> <p><b><i>Execute a Full-Cost Planning Fees Review/Study and set "Growth Pays for Growth" Cost Recovery Targets for all core DAP Application Categories.</i></b></p> <ul style="list-style-type: none"> <li><b><i>Develop a 2022-2024 3-year Phase-In plan for implementing modernized DAP fee structures.</i></b></li> <li><b><i>Consider new DAP fees such as a 3<sup>rd</sup> Circulation fee to incentivize high quality applicant submissions and DAP processing efficiency</i></b></li> </ul>	<p>Reduction/elimination of the existing property tax subsidy to new development.</p> <p>A sustainable/robust DAP fees revenue stream will fund necessary City staffing "muscle" to secure consistent/ predictable application processing timelines. The result should be <u>actual</u> DAP timeframes that consistently meet new City timeframe <u>targets</u>.</p>	✓	✓	✓

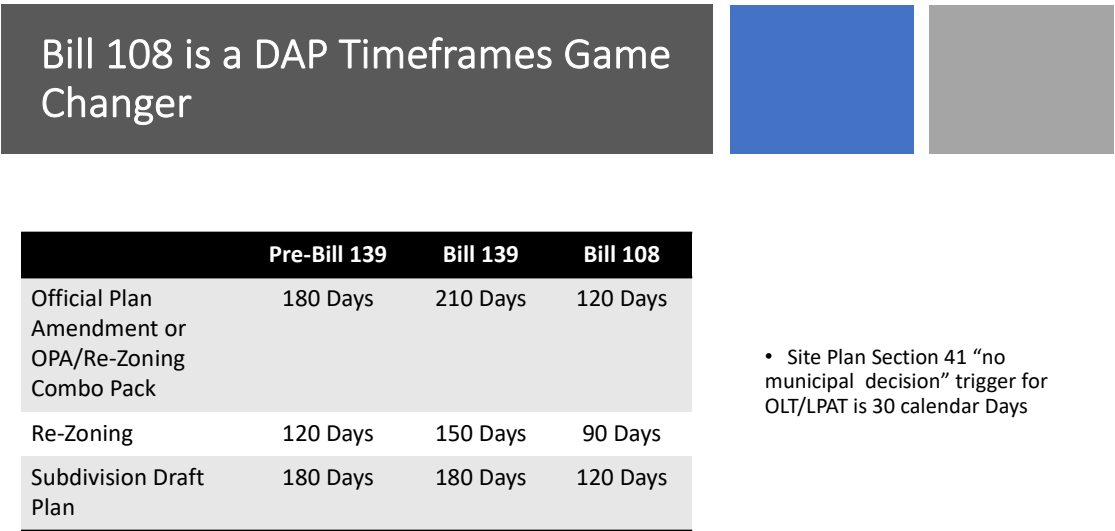


1.1 **Mandated Provincial Timeframes**

DAP fees generate the non-tax revenues “fuel” to secure the staffing “muscle” that is required to execute timely, streamlined DAP processes. Mandated Provincial application processing timeframes are a major driver of DAP system design - including DAP fees and “growth pays for growth” cost recovery targets.

1.1.1 **Bill 108 - Timeframe Compression**

Bill 108 has significantly compressed the timeframes for Ontario municipalities to issue planning application decisions. If an Ontario municipality does not meet the “No Municipal Decision” timeframes set out in the figure below, applicants are empowered to make appeals to the Ontario Land Tribunal (formerly known as the LPAT or the OMB). The “No Municipal Decision” Provincial deadlines are measured in calendar days as opposed to business days. Bill 108 does not distinguish between time periods where the municipality has control of a planning file versus the timeframes where the applicant controls the file. It’s as if the necessary technical “ping pong” between municipalities and applicants (that eventually leads to an approval decision) does not exist!



1.1.2 **Bill 109 Fee Claw Backs**

Passed into law in 2022, Bill 109 has generated a transformative flurry of DAP process changes across Ontario. Notably, Bill 109 has created a series of punitive/graduated DAP fee claw backs if municipalities cannot achieve Re-zoning decisions or Site Plan approvals according to new compressed legislated timeframes. These fee claw back compressed timeframes are set out in the table below. All Site Plan, Re-zoning and OPA applications initiated as of January 1<sup>st</sup>, 2023, are impacted by the fee claw back provisions. Just like Bill 108, the new Bill 109 fee claw back timeframes are measured in calendar days, and there is no recognition of who is actually in control of an application/file at any given time - the applicant or the municipality.

Moving forward, DAP fee design is materially impacted by the need for Ontario municipalities to mitigate the financial risks created by DAP fee claw backs.

Section 34 of the *Planning Act* is revised to include new rules that require municipalities to refund application fees if a decision on a site plan application, zoning by-law amendment (ZBA), or combined ZBA and official plan amendment (OPA), is not reached within the legislated timeframes, as outlined below:

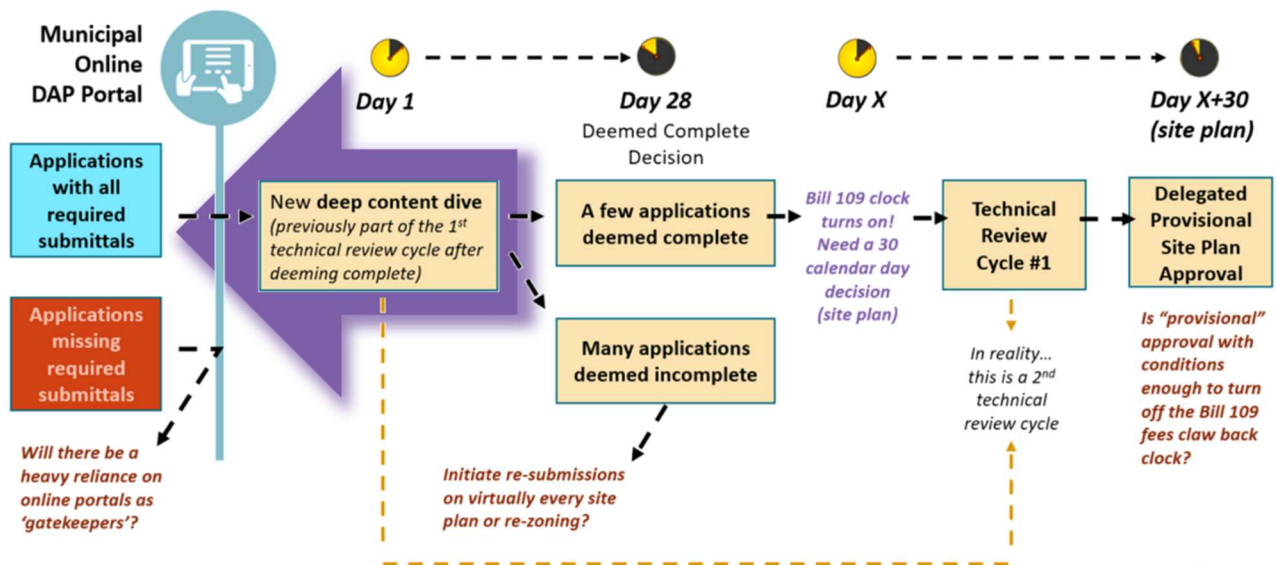
Application Type	0% Refund	50 % Refund	75% Refund	100% Refund
ZBA	Decisions made within 90 days	Decisions made within 91 to 149 days	Decisions made within 151 to 209 days	Decisions made 210 days or more
OPA/ZBA	Decisions made within 120 days	Decisions made within 121 to 179 days	Decisions made within 180 to 239 days	Decisions made 240 days or more
Site Plan	Approvals made within 60 days	Approvals made within 61 to 89 days	Approvals made within 90 to 119 days	Approvals made 120 days or more

### 1.1.3 Front-ending the DAP Service Delivery Model

Municipal DAP staff teams across Ontario have been urgently considering alternative service delivery models in order to mitigate the financial risks to municipalities created by Bill 109 fee claw backs. A consensus is emerging among Ontario growth municipalities concerning potential new front-ended DAP processes. The figure below (next page) illustrates how a front-ended DAP model could function. The mandatory Pre-consultation process will be used by municipalities to compel applicants to produce near-perfect, highly prescriptive studies and external agency pre-approvals. These studies/pre-approvals at Pre-consult may well include confirmation of available servicing capacity for water/wastewater.

Following Pre-consultation, municipalities will use DAP portals and rigorously defined application submission requirements to screen submitted applications. Instead of deeming application submissions complete based on “piece counts” of submitted materials, Ontario growth municipalities will engage in a “deep content dive” very similar to the deep content dive currently executed at the 1<sup>st</sup> Technical Review Cycle. The new “front-ended” deep content dive will result in many/most applications being deemed incomplete. Applicants will then have to provide a second detailed application submission to meet the new technically demanding definition of “complete”. The net result of the evolving new front-ended DAP process will be the equivalent of two Technical Review Cycles having been undertaken before the “Deemed Complete” clock has been activated and the fee claw back countdown commences. Applicants will need to ensure their initial application submission meets very high-quality standards in terms of prescribed content. For their part, municipalities will be under increasing scrutiny to provide detailed/transparent TORs, urban design guidelines, and technical engineering standards to support applicants in this new front-ended DAP processing model. Peterborough has undertaken several such projects under the Province’s *Streamline Development Approvals Funding Program*. The Province’s rushed transition date of January 1<sup>st</sup>, 2023 for installing Bill 109 fee claw backs ensures a contentious and difficult transition to front-ending that is likely to generate numerous OLT appeals focused on “Deemed Complete” decision criteria and technical definitions.

## Bill 109 “Game Changer”: Municipal Trend to Front Ending



### 1.1.4

## The Community Planning Permit “Workaround” to Avoid Bill 109 Fee Claw Backs

The figure speaks to the opportunity for municipalities to embrace Community Planning Permits in order to avoid Bill 109 fee claw backs. Community Planning Permits essentially replace/integrate Zoning By-law Amendments, Site Plans, and Minor Variances. These Permits can embrace an entire municipality or a specified area – for instance, downtown Peterborough.

Community Planning Permits would be enacted by a bylaw that would contain a list of permitted uses and development standards, such as height and density, building coverage, setbacks, etc. but could also include other elements not found in traditional zoning bylaws such as land uses that are permitted subject to certain conditions and other classes of development or uses exempt from requiring a permit. While such a system will speed up development approvals, considerable time and effort is necessary in preparing a Community Planning Permit System to ensure the development standards associated with the permit system are complete and address all the relevant matters.

The accompanying fee is not a target for Bill 109 claw backs. Detailed implementation conditions can be attached to an up-front approval. Numerous Ontario growth municipalities are actively considering Bill 109 workaround options using Community Planning permits.

## Fees Claw-back Workaround? Community Planning Permit Systems

### No Section 69 Planning Fees to Claw Back

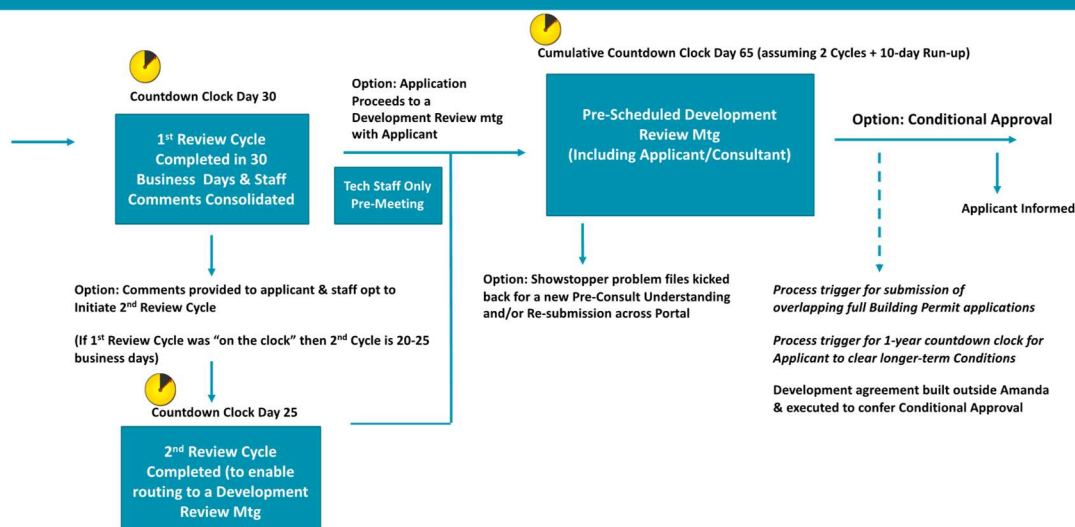
- Requires City-wide Official Plan Amendment
- Requires City-wide Permit by-law
- 45-day approval timeframe
- Detailed implementation conditions can be attached in the 45-day approval window
- Only applicants can appeal decision/no-decision to OLT



## 1.2 City Timeframe Targets and Staffing Challenges

The 2021 DAP Modernization Review established “As Should Be” processes and countdown clock timeframe targets. Site Plan “As Should Be” process and timeframe targets for Technical Review Cycles/Conditional Approval are set out below as an illustrative example. This Site Plan “As Should Be” example preceded Bill 109’s punitive timeframes for fee claw backs. Hitting the ambitious 2-cycles Conditional Approval and timeframes set out below would still trigger significant fee claw back financial impacts for Peterborough – and for a variety of reasons (i.e., City staffing levels, application quality problems, unresolved technical comments, external consultant response delays) the City does not yet meet this ambitious 2-cycle Site Plan standard with any degree of regularity.

### Site Plan Process – Technical Review Cycles/Conditional Approval Stage



The 2021 DAP Modernization Review also recommended 5,000 hours of new processing capacity as an important staffing down payment for Peterborough to meet the recommended countdown clock timeframe standards for Site Plan, Sub-division Draft Plan and Detailed Engineering Review files. Bill 109 fee claw back risk has added significant new staffing/resourcing impacts for Ontario growth municipalities like Peterborough – a reality publicly acknowledged by the Province. Securing additional required staff resources in the currently constrained post-COVID labour market will be challenging.

In order to address the realities of Bill 109 process changes and compressed timeframes, this DAP fee review has developed two distinct fee modeling scenarios. One scenario is based on historic application volumes and current City staffing. The second is based on forecast application volumes and *required* City staffing. Even with expanded City staffing muscle it is unclear whether revised DAP processes will be successful in avoiding decision/approvals timeframes that trigger fee claw backs for Site Plans and/or Re-Zonings.

## 2.0

## Full Cost Fees - Approach and Methodology

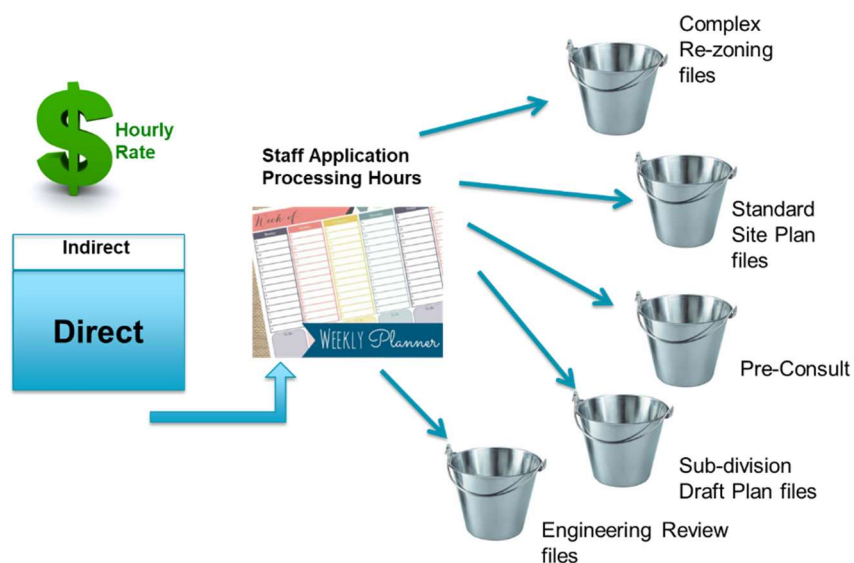
## 2.1

### Fee Design Using Activity Based Costing (ABC)

Planning and Engineering full-cost DAP fees are calculated according to an Activity-Based Costing (ABC) methodology. The figure below illustrates the fundamentals of calculating full-cost DAP fees using an ABC approach. Costs are divided into Direct and Indirect categories. Direct costs are associated with City staff members (FTE positions) that participate in DAP file review/processing across all involved City business units. These City staff may work entirely or partially on DAP files. Indirect support costs of HR, IT, Finance, Clerks etc. are apportioned to the staff directly involved in DAP. It is helpful to think of these indirect costs being carried in a backpack worn by each DAP participant. This imagery represents the total costs for each FTE/staffer involved in DAP.

In order to document the relative effort each DAP staff participant expends on various DAP application categories; it is necessary to develop detailed processing effort estimates using activity-based processing maps. Once relative shares of effort are allocated across the various fee buckets, then the same relative share of costs can be attributed to these same buckets. Dollars (costs) follow activity-based effort (processing hours) into fee categories (buckets).

### Fees Derived from Full-Cost “Billable” Hours Mirroring Tracked Staff Effort Across File Buckets



## 2.2 Section 69 Planning Act Fees & “Growth Pays for Growth” Cost Recovery Design

Section 69 of the Planning Act requires a municipality to design cost-based DAP fees on a rigorous application category-by-application category basis. Section 69 Planning fees can be calculated according to the municipality’s estimated application processing costs. Planning Act mandated DAP fees can be appealed to the OLT/LPAT at the time of payment, and each fee must be designed according to rigorous cost recovery standards; *no cross-subsidization is permitted across DAP application categories*. If a given Planning fee is set below its full cost recovery level, then municipal property taxes and not other fees must make up the cost recovery deficit. The legislation is clear – property tax subsidization is permitted but cross-subsidization across fees is not permitted.

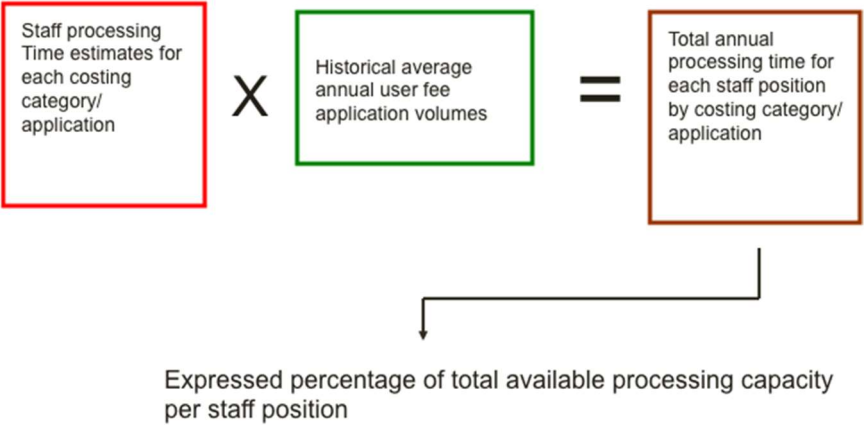
For purposes of cost recovery transparency, municipal budgeted costs of delivering DAP (wherever these costs are imbedded in the City’s organization structure) should be linked to corresponding cost recovery revenue streams. The municipal operating budget should firmly staple off-setting DAP revenues to its DAP cost centres; thereby producing a visible net property tax levy requirement (or not) associated with DAP workflows. Indirect support functions like HR, Finance, Legal etc. that are consumed by frontline DAP staff teams can/should be offset by DAP fee revenues.

## 2.3 Estimating City Staff Processing Effort for DAP

DAP “As should Be” process maps from the 2021 Modernization Review were used to develop one-time processing effort estimates for all City staff involved in core DAP processes/application categories (see figure below). Estimated one-time processing effort (minutes/hours) was multiplied by average annual application volumes within each application category. Historic and future volumes were used to create two distinct estimates of annual expended effort per staff position and per application category. The total annual *expended* DAP processing effort per staff position was expressed as a percentage of that same position’s total *available* processing effort to do any/all work. The resulting product is a DAP Capacity Analysis per position. This Capacity Analysis provides an important accuracy/quality control step in the overall ABC methodology for calculating DAP fees by validating the one-time processing effort estimates. For instance, if a position generates 80% capacity utilization by DAP, then that result is realistic. If a position were to generate 150% capacity utilization, then clearly the one-time effort estimate for that position is inaccurate. By stress testing staff processing effort estimates with a Capacity Analysis, the resulting DAP full-cost fees calculated using these estimates can be validated and defended in the event of a future OLT appeal.



# Capacity Analysis



## 2.4 Calculating Full Cost Fees

Full-cost DAP fee calculations are composed of the following cost categories and tools.

### 2.4.1 Direct Costs

Direct costs used for fee calculations include salary/wage and benefit (SWB) information as well as a variety of non-SWB costs. Capital cost replacement charges for City Hall space occupied by DAP participants have not been included in the fees calculation, although such costs are technically eligible for recovery.

### 2.4.2 Indirect Costs

Indirect costs have been attached to all DAP participant positions using an overhead allocation top-up equivalent to 25% of direct SWB costs for each position. This allocation top-up percentage has been validated as appropriate across 20+ municipal DAP fee projects in Ontario conducted by Performance Concepts and or by Watson/Performance Concepts DAP fee consulting teams. It mirrors traditional cost-driver information sets used to allocate HR, IT, Finance staff costs within municipal Financial Information Return (FIR) allocations reported annually to the Province.

### 2.4.3 Spreadsheet Fees Calculation Model

A full-cost DAP fees spreadsheet has been constructed for the City. Fees have been calculated using a detailed salary and wage data set from the 2022 City budget. The DAP fees spreadsheet has security/privacy protection features to maintain confidentiality re. individual employee’s salary information.



## 2.5 Modernizing DAP Fee Design

Municipal practices vary widely when it comes to DAP fee design. Some full-cost DAP fees can take the form of a flat fee per application (e.g., Minor Variance). Other DAP fees can feature more complex forms designed to reflect significant differences in complexity/expended effort across applications that fall within the same application category (e.g., Multi-residential Site Plans). The recommended DAP fees in this Report feature flat fees per application as well as complex fees consisting of Base and Per Unit Escalator components.

This Report will recommend Base + Per Unit fee structures where appropriate, while following the financially conservative practice of recovering a majority of eligible costs within the base fee.

### 2.5.1 Base Fee Component

Calculated DAP fees in this Report all recover a majority of City staff input costs within the Base Fee component. This modeling decision reflects the reality that most applications (regardless of unit count or square footage differences) all require a high level of fixed processing effort from staff. The majority share of processing costs will always be recovered for any/all specific applications will be captured if the Base Fee is set at a high share of the overall fee.

### 2.5.2 Per Unit Escalator(s)

Processing effort does increase (to a point) when the unit counts increase in larger sub-divisions or multi-residential Site Plans. Therefore, extra cost-recovery burdens (to a point) are justifiable for larger per unit files. However, large inappropriate shifts in cost recovery from average sized files to larger files should be avoided in the interests of fairness and costing accuracy. Only a minority share of overall costs should be recovered in the per unit escalator portion of a fee.

This Report will recommend Base + Per Unit fee structures where appropriate, while following the financially conservative practice of recovering a majority of eligible costs within the base fee.

## 2.6 Peer Review of Peterborough DAP Fees (Design and Pricing)

A technically sound peer review of DAP fees can provide important insights around the City's preparedness to fund the necessary future DAP staffing model.

The Performance Concepts/Dillon team has updated the peer review analysis of DAP fees that was originally included in the 2021 Modernization Review report. Eight "like" City comparators were selected for the analysis - four single-tier Cities and four Cities situated within 2-tier Regional systems. DAP fees across the 2-tier City comparators have been aggregated to include the Region's fees as well as the lower-tier City fees.

Fee design is diverse across the comparators. In order to execute an apples-to-apples analysis, a number of application scenarios were designed, and then each comparator's fees were applied against that scenario. The fee comparison application scenarios are as follows:

- 2 *Draft Plan of Subdivision* scenarios based on differing unit counts (100 or 200)/hectares (10 or 15)
- A Post-Draft Plan *Detailed Engineering Review* scenario where the value of constructed works being reviewed/approved is \$1M
- A multi-residential Site Plan with 50 units/2-hectares
- A Non-residential Commercial Site Plan with 2,000 square metres of GFA
- A major Re-zoning for a 100-unit residential application

It is important that Peterborough Council recognizes the reality that smaller neighbouring Townships (with less robust DAP workloads and different cost structures) are NOT legitimate peer comparators simply because they are proximate to Peterborough. Peterborough's complex urban form and growth management challenges are of a different order of magnitude and complexity. The City should not equate low density/semi-rural *neighbour* municipalities with *peer* municipalities.

## 2.7 Growth-Pays-for-Growth with a Community Benefit Deduction

It is standard municipal practice to acknowledge Community Benefit as well as applicant benefit in the pricing of DAP fees. Selected full-cost DAP fees are often finalized at 75% of their calculated value in recognition of Community Benefit. The 25% deduction is then theoretically funded by property taxes. This approach strikes a balance by recognizing a primary beneficiary (the Applicant) and a secondary beneficiary (the Community).

Recognizing Community Benefit when setting DAP fees increases legitimacy and reduces the probability of successful fee challenge.

## 3.0 Estimated/Required Staff Processing Effort and Capacity

### 3.1 Staff Processing Effort and Capacity Utilization

Estimated staff processing effort required for each DAP Application Category has been mapped and calculated. Estimated/Required processing effort detail is embedded in the City's new DAP fees calculation spreadsheet. The following two tables provide highlights of core DAP staff utilization on an annual basis. Staff utilization has been calculated for existing/historic application volumes as well as forecast volumes.

#### 3.1.1 Capacity Utilization for Staff Positions Impacting Planning Act Fees

Staff utilization percentages for Planning DAP are realistic and defensible. Forecast utilization levels confirm that added processing hours of staff effort will be required to service higher application volumes in a timely fashion.

Position	Historical Utilization (%)	Forecast Utilization (%)
Commissioner	5%	9%
Construction Contract Administrator	11%	25%
Chief Planner	9%	18%
Admin Asst/Sec Treasurer C of A	47%	62%
Supervisor, Development Planning	24%	42%
Planner, Urban Design & Proj Coordinator	86%	238%
Planner, Urban Design	73%	230%
Planner, Land Use	86%	138%
Planner, Policy and Research	48%	60%
Supervisor, Development Engineering	99%	124%
Engineering Design & Construction Technologist/Inspector	68%	118%
Engineering Design & Construction Technologist/Inspector	65%	114%
Engineering Design & Engineering Technologist/Inspector	66%	116%
City Engineer	5%	11%
Manager, Public Works	16%	23%
Construction Services Coordinator	35%	34%
Stormwater Systems Coordinator	13%	10%
Water Resources & Development Engineer	89%	172%
GIS Technologist	25%	27%
Spatial Data Analyst Geomatics/Mapping	8%	11%
Urban Forest Manager	33%	46%
Urban Forest Technologist	6%	22%
Manager, Transportation	4%	14%
Transportation Demand Management Planner	8%	17%
Senior Transportation Project Manager	24%	64%
Transit Operations Manager	2%	5%
Parking Operations Coordinator	3%	5%
Transportation Services Coordinator	37%	58%

### 3.1.2 Positions Impacting Development Engineering Fees

Staff utilization percentages confirm that forecast volumes of Engineering Review submissions will max-out existing staff positions devoted to this work.

Position	Historical Utilization (%)	Forecast Utilization (%)
Engineering Design & Construction Technologist/Inspector	96%	102%
Engineering Design & Construction Technologist/Inspector	2%	2%
Engineering Design & Construction Technologist/Inspector	94%	100%
Engineering & Construction Inspector	98%	104%

### 3.2 Future Staffing Implications

Forecast capacity utilization percentages (Forecast Scenario) confirm the need for additional staff processing hours to deal with increased Planning application volumes. When comparing total DAP processing workload (hours) for historic volumes to estimated DAP processing workload (hours) for forecast volumes, an additional estimated 12,700 DAP processing hours will be required. This deficit of required future processing capacity equates to 7 FTEs dedicated to Planning DAP workload.

As noted in Section 1.2 of this Report, current DAP related staffing levels are insufficient to address current application volumes - a capacity gap of approximately 5,000 hours. Forecast Planning application volume increases will amplify the City's DAP resourcing problem, especially when Bill 109 timeframe compression challenges "go live" in 2023.

In particular, a number of Planner and Development Engineering positions (within the One Window DAP team) who work on the majority of Planning files display a capacity shortage. The same can be said for the Water Resources & Development Engineer position. By utilizing funding provided through the Provincial Streamline Development Approvals Fund, the City was able to secure contracted resources to significantly improve/expand subject matter expertise surrounding stormwater management.

Overall, the capacity utilization data confirms the need to implement full-cost Planning DAP fees based on the future forecast calculations.

### 3.3 Caveat re. Non-DAP Staff Capacity

The tables above accurately reflect estimated/required processing effort consumed by Planning DAP at historic and forecast volume levels. Some of the City positions in the tables are focussed exclusively on DAP workload. Other City positions address DAP as well as non-DAP operational priorities. In the case of positions with both DAP and non-DAP responsibilities, this table does not account for the capacity required to execute their non-DAP workload and therefore, staffing capacity deficits for non-DAP work may well exist beyond this table. As a result, there are problematic implications across other City lines of business, most notably delays and challenges in the delivery of the Capital Program, level of service erosion in operations and customer service, and inefficiencies in corporate administration units.

## 4.0

## City Staff DAP Processing Effort & Full-Cost DAP Fee Calculations

The estimation and allocation of City staff processing effort (using “As Should Be” process maps) is central to the calculation of full-cost DAP fees. Performance Concepts facilitated the preparation of these processing effort estimates via numerous facilitated working sessions with City staff teams. These DAP processing effort estimates are built into the fees calculation spreadsheet. Staff processing effort estimates (confidential) can be used to defend City DAP fees in the event of any future OLT appeal launched by an applicant.

The figure below sets out historic DAP application volumes as well as forecast volumes put forward by City staff experts.

Application Category	2018	2019	2020	2021	2022	2023	2024	2025	Historical Average	Forecast Average
Site Plan - Non-residential - Complex	0	3	0	0	9	11	13	16	1	14
Site Plan - Non-residential - Standard	9	7	4	5	6	8	10	12	7	10
Site Plan - Residential - Complex	2	2	3	3	4	5	5	7	3	6
Site Plan - Residential - Standard	3	3	1	3	10	12	15	18	3	15
Draft Plan of Subdivision	1	0	0	1	0	2	1	2	1	2
Development Engineering Review (Phases)	5	4	4	4	4	4	4	4	5	4
Official Plan Amendment	2	9	3	10	4	6	3	3	6	4
Zoning By-law Amendment - Complex	4	13	8	9	16	13	15	17	9	15
Zoning By-Law Amendment - Standard	2	5	7	2	8	5	4	4	4	5
Committee of Adjustment - Minor Variance	56	57	27	48	55	55	55	55	47	55
Committee of Adjustment - Consent w/o Lot	11	10	6	5	10	10	10	10	8	10
Committee of Adjustment - Consent w Lot	7	12	4	3	7	7	7	7	7	7
Other	17	22	20	27	38	44	51	57	22	51
<b>Total Applications</b>	<b>119</b>	<b>147</b>	<b>87</b>	<b>120</b>	<b>171</b>	<b>182</b>	<b>193</b>	<b>212</b>		

## 4.1.1

### Historic DAP Application Volumes

DAP application volumes for 2018-2021 were averaged and then used to develop DAP annual processing effort estimates based on the existing staffing model. This data set could be used to calculate new full-cost DAP fees if future forecast application volumes mirrored historic volumes.

## 4.1.2

### Forecast DAP Application Volumes

City staff have provided DAP application forecast volumes for 2023-2025. These volumes are significantly higher than historic volumes – especially for Site Plans and Re-zonings. Bill 109 fee claw back risk is focused on Site Plans and Re-zonings. DAP annual processing effort estimates based on these forecast volumes have confirmed the need for significant increases in go-forward processing hours/staffing capacity.

## 4.2 Full-Cost DAP Fee Calculations

Full-cost fee calculations have been prepared using the 2023-2025 forecast volumes and the resulting annual processing effort estimates developed by City staff. These annual processing effort estimates (using forecast volumes) confirm the need for significant increases in Peterborough's staffing capacity for DAP – especially if current relatively drawn-out countdown clock timeframes for DAP approvals are going to be brought into line with the 2021 Modernization Review's recommendations. The need for future-oriented full-cost DAP fees is even more acute once the negative impacts of Bill 109 fee claw backs are considered.

Full-cost fee calculations for Peterborough have also documented the reality that the current set of DAP fees do not effectively recover DAP costs. City of Peterborough property taxpayers are making up the difference. Taxpayers are offering a significant subsidy to development applicants who often secure significant financial benefits from DAP approvals delivered by City staff and Council.

### 4.2.1 Site Plan Fees

Four Site Plan fee categories were modelled. Applying a 75% "Growth Pays for Growth" cost-recovery target results in four recommended "flat" Site Plan fees ranging from \$18,065 to \$33,984. In terms of fee design, Site Plan fee base charges and per unit escalator components are recommended as per the table below.

The table below also includes a new recommended fee for Site Plan – Right of Way Improvements. This flat per application fee will be applied selectively (as required) when a submitted Site Plan application generates required asset/infrastructure improvements in the City Right-of-Way that need to be designed/built by applicants and overseen/regulated by the City. This new full-cost DAP fee has been calculated at \$22,272 per application. City effort associated with this process is currently being subsidized/covered by property taxes in the annual budget. If the City opts to deal with Right of Way improvements "in house" by overseeing design and construction (removing applicant involvement) this fee will no longer be necessary. However, capital project budgets would need to include new revenue (or directly negotiated developer contributions not included in the Development Charges by-law) to cover added staffing workload.

APPLICATION TYPE	Calculated Full Cost Fee	Current Fee	Growth pays for Growth %	Growth pays for Growth fee	Base	Per Unit
Site Plan - Non-residential - Standard	\$ 24,086	\$ 3,000	75%	\$ 18,065	\$ 14,452	\$ 2 per sq meter
Site Plan - Non-residential - Complex	\$ 45,312	\$ 3,000	75%	\$ 33,984	\$ 27,187	\$ 3 per sq meter
Site Plan - Residential - Standard	\$ 24,086	\$ 2,700	75%	\$ 18,065	\$ 14,452	\$ 72 per unit
Site Plan - Residential - Complex	\$ 45,312	\$ 2,700	75%	\$ 33,984	\$ 27,187	\$ 136 per unit
<b>NEW - Site Plan - Right of Way Improvements</b>	<b>\$ 29,696</b>	<b>\$ -</b>	<b>75%</b>	<b>\$ 22,272</b>	<b>\$ 22,272</b>	<b>n/a</b>



## 4.2.2

**Draft Plan of Subdivision and Post-Draft Plan Development Engineering Review**

Three distinct DAP fees that apply to the sub-division development channel were modeled:

- Draft Plan of Sub-division
- Post-Draft Plan – Development Engineering Review
- Draft Plan of Sub-division – Right of Way Improvements (new fee)

The recommended Draft Plan of Sub-division fee implement a 75% recovery of “Growth Pays for Growth” processing effort. The recommended fee recovery of \$41,014 will be allocated into a Base fess of \$32,812 and a 2-block Per Unit fee (up to 100 units and beyond 100 units). The first per unit block charge is \$82 per unit and the second block charge is \$55 per unit.

APPLICATION TYPE	Calculated Full Cost Fee	Current Fee	Growth pays for Growth %	Growth pays for Growth fee	Base	Per Unit
Draft Plan of Subdivision	\$ 54,686	\$ 6,675	75%	\$ 41,014	\$ 32,812	\$ 82 per unit (up to 100) \$ 55 per unit (over 100)
<b>NEW</b> - Draft Plan of Subdivision - Right of Way Improvements	\$ 8,997	\$ -	100%	\$ 8,997	\$ 8,997	n/a
Development Engineering Review (Phases)	\$ 192,278	\$ 55,000	100%	\$ 192,278	6%	n/a

A new recommended Sub-division Right of Way Improvement flat fee is set at \$8,977. Like the recommended new Site Plan Right of Way fee, the rationale is to recover staff effort associated with the oversight of applicants designing and constructing asset/infrastructure improvements on public land to support their development projects. City effort associated with this process is currently being subsidized/covered by property taxes in the annual budget. As with the Site Plan Right of Way fee, if the City opts to deal with Right of Way improvements “in house” by overseeing design and construction (removing applicant involvement) this fee will no longer be necessary. However, capital project budgets would need include new revenue or directly negotiated developer contributions not covered by the Development Charges By-law to cover added staffing workload.

## 4.2.3

**Zoning Amendments & Official Plan Amendments**

Three Re-zoning options were considered – Minor, Standard or Complex. Once a 75% “Growth Pays for Growth” cost recovery target is applied, a Standard full-cost Rezoning fee of \$15,995 is justified and recommended. A full-costed Complex Re-zoning fee of \$33,599 has been modeled. However, based on the peer municipal review scan in this Report, a proposed Complex re-zoning fee of \$25,000 is recommended. Transition to the recommended \$25,000 fee can be phased over three years. A full-cost OPA fee equivalent to a Growth Pays for Growth Complex Re-zoning (\$33,599 ceiling) is appropriate and also recommended. A flat per application fee is the recommended design option. City staff will need to develop prescriptive business rules to differentiate Minor, Standard and Complex Re-zoning application categories. In the case of Complex Re-zoning files likely to generate exceptional levels of City staff

processing effort (files identified at Pre-Consultation), a supplementary \$10,000 Draw Down Deposit may be required to ensure Peterborough taxpayers do not subsidize the application in question.

APPLICATION TYPE	Calculated Full Cost Fee	Current Fee	Growth pays for Growth %	Growth pays for Growth fee	Base	Per Unit
Zoning By-Law Amendment - Minor	\$ -	\$ 6,000	100%	\$ 6,000	\$ 6,000	n/a
Zoning By-Law Amendment - Standard	\$ 21,326	\$ 6,000	75%	\$ 15,995	\$ 15,995	n/a
Zoning By-law Amendment - Complex	\$ 44,799	\$ 6,000	75%	\$ 33,599	\$ 25,000	\$10,000 draw down deposit
Official Plan Amendment	\$ 2,798	\$ 8,000	n/a	\$ 33,599	\$ 33,599	n/a

\* - OPA level of effort is assumed to be same as a complex ZBA

#### 4.2.4 Committee of Adjustment Applications

Full-cost fees for Minor Variances, Consents that create lots, and Consents not creating lots were modeled. A flat per application fee is the recommended design option for all of these fees.

A 75% “Growth Pays for Growth” discount for Minor Variances is justified and recommended. The resulting fee is \$1,929.

No “Growth Pays for Growth” discount is recommended for a lot-creating Consents – a DAP process that creates significant economic benefits/wealth for the applicant. The City’s current \$1,000 fee for lot-creating Consents in fact creates an inappropriate property tax subsidy of \$3,015 per lot that should be eliminated.

Performance Concepts acknowledges the potential for a full-cost Minor Variance fee to act as a disincentive for Peterborough residents (as opposed to Developers) to submit applications as required. Therefore, a deeper 50% discount has been applied to the modelled full-cost fee of \$2,572. A new Minor Variance flat fee of \$1,286 is recommended.

APPLICATION TYPE	Calculated Full Cost Fee	Current Fee	Growth pays for Growth %	Growth pays for Growth fee	Base	Per Unit
Committee of Adjustment - Minor Variance	\$ 2,572	\$ 1,000	50%	\$ 1,286	\$ 1,286	n/a
Committee of Adjustment - Consent w Lot	\$ 4,015	\$ 1,000	100%	\$ 4,015	\$ 4,015	per lot created
Committee of Adjustment - Consent w/o Lot	\$ 407	\$ 1,000	100%	\$ 407	\$ 407	n/a

#### 4.2.5 Fee Adjustments for Concurrent Files – Combo Pack Discount

It is common practice for applicants to submit concurrent OPA/ZBA applications along with Draft Plan of Subdivision or Site Plan applications. While Bill 109 fee claw back provisions may discourage municipalities from accepting concurrent files, it is nonetheless prudent to acknowledge efficiencies for staff when dealing with “Combo Packs” involving a ZBA tied to a Site Plan or a Draft Plan of Subdivision. It is municipal best practice to offer a 25% discount in the fee associated with the less expensive application in this type of “Combo Pack”. Performance Concepts recommends that Peterborough adopt this practice for “Combo Packs” of concurrent submissions that include a ZBA.



## 5.0

## Revised DAP Fees Revenue Impacts

Modernized DAP fees will supply the necessary DAP “fuel” to hire/fund the necessary DAP staffing muscle. The DAP staffing muscle will execute streamlined DAP processes that have been implemented to secure faster processing timeframes and mitigate Bill 109 fees claw back risk.

The table below sets out a *conservative* forecast for DAP fee revenues, based on future volumes and the recommended full cost fees. The forecast is conservative in the sense it only forecasts *Base DAP fee revenues*. It is not possible to accurately forecast revenues generated by the per unit escalator component of fees because application-specific unit count/square footage forecasts are not feasible. Therefore, the forecast below generates a floor level of DAP revenues.

APPLICATION TYPE	Forecast Average Volumes	Status quo Fee	Status quo Revenue	Proposed Fee	Proposed Fee Revenue
<b>Planning Fees</b>					
Site Plan - Non-residential - Standard	15	\$ 3,000	\$ 45,000	\$ 14,452	\$ 216,778.16
Site Plan - Non-residential - Complex	6	\$ 3,000	\$ 18,000	\$ 27,187	\$ 163,124.57
Site Plan - Residential - Standard	10	\$ 2,700	\$ 27,000	\$ 14,452	\$ 144,518.77
Site Plan - Residential - Complex	14	\$ 2,700	\$ 37,800	\$ 27,187	\$ 380,624.00
Site Plan - Right of Way Improvements		\$ -	\$ -	\$ 22,272	\$ -
Draft Plan of Subdivision	2	\$ 6,675	\$ 13,350	\$ 32,812	\$ 65,623.19
Zoning By-law Amendment - Minor		\$ 6,000	\$ -	\$ 6,000	\$ -
Zoning By-law Amendment - Standard	15	\$ 6,000	\$ 90,000	\$ 15,995	\$ 239,920.08
Zoning By-law Amendment - Complex	5	\$ 6,000	\$ 30,000	\$ 25,000	\$ 125,000.00
Official Plan Amendment	4	\$ 8,000	\$ 32,000	\$ 33,599	\$ 134,396.58
Committee of Adjustment - Minor Variance	55	\$ 1,000	\$ 55,000	\$ 1,286	\$ 70,730.00
Committee of Adjustment - Consent w Lot	7	\$ 1,000	\$ 7,000	\$ 4,015	\$ 28,105.98
Committee of Adjustment - Consent w/o Lot	10	\$ 1,000	\$ 10,000	\$ 407	\$ 4,071.74
			<b>\$ 365,150</b>		<b>\$ 1,572,893</b>
<b>Development Engineering Fees*</b>					
Draft Plan of Subdivision - Right of Way		\$ -	\$ -	\$ 8,997	\$ -
Development Engineering Review (Phases)	4	5.5%	\$ 440,000	6.0%	\$ 480,000.00
			<b>\$ 440,000</b>		<b>\$ 480,000</b>
<b>Totals</b>			<b>\$ 805,150</b>		<b>\$ 2,052,893</b>

\*Development Engineering Fees assume  
\$2,000,000 construction value per Application

DAP revenues for core application categories - Site Plans, Re-zonings, and Sub-division Draft Plans - will total \$2,052,893 using the proposed new “Growth Pays for Growth” fees. The current City DAP fee structure would only generate \$805,150 for the same forecast application volumes. The revenue generation gap of \$1,247,743 is currently being plugged using a property tax subsidy funded by existing Peterborough taxpayers. Adopting the recommended new DAP fees will eliminate this annual tax subsidy to development applicants. The new \$1.25 M in DAP revenues (conservative estimate using only base fees and not unit escalators) can be used to secure an additional 7-8 FTEs to meet upcoming workload demand and secure improved processing timeframes.

## 6.0 Full Cost DAP Fee Impacts

### 6.1 Peer Municipal Comparisons

The implementation of Peterborough full-cost DAP fees can benefit from a technically sound comparison with peer Cities. The table below compares recommended/proposed Peterborough full-cost DAP fees to selected peers originally identified in the 2021 DAP Modernization Review. DAP fees are applied to a series of development application scenarios. Four single-tier cities have been grouped together (averaged) for ease of comparison. These single-tier City peers are Brantford, Hamilton, Kingston, and Guelph. Four Cities in 2-tier regions have also been grouped together (averaged) for ease of comparison. These “within a region” peer Cities are Milton, Kitchener, Cambridge, and St. Catharines.

		Peterborough EXISTING	Single-Tier Peers	Two-Tier Peers	Peterborough PROPOSED
Planning Fee Scenario:		Peterborough	Average	Average	Peterborough
<b>Subdivision</b>					
Units	100	\$6,450	\$47,864	\$42,898	\$41,012
Hectares	10				
<b>Subdivision</b>					
Units	200	\$6,675	\$58,069	\$47,911	\$46,512
Hectares	15				
<b>Sub-div Eng. Review</b>					
Construction Value	\$1,000,000	\$55,000	\$56,667	\$56,750	\$60,000
<b>Res Site Plan</b>					
Units	50	\$3,000	\$22,839	\$11,202	\$18,052
Hectares	2				
<b>Commercial Site Plan</b>					
Square Meters	2,000	\$2,700	\$17,995	\$11,003	\$18,452
<b>Major Re-zoning</b>					
Units	100	\$6,000	\$15,805	\$19,279	\$25,000

The recommended full-cost DAP fees for Peterborough are reasonably positioned compared to City peer averages when it comes to the Sub-division scenarios and the Site Plan scenarios. Peterborough is significantly higher when it comes to the Re-zoning scenario. This is not necessarily problematic given the risks of Re-zoning fee claw backs that comes into effect on January 1<sup>st</sup>, 2023. It is also unclear whether peer municipal Re-zoning fees eliminate any existing subsidization by taxpayers in those jurisdictions.

## DAP Fees a Minor Input Cost for New Housing



It should be noted that full-cost DAP fees represent a small portion of the total input costs for a new housing unit built in Peterborough. For instance, a future \$750,000 housing unit in a 100-unit sub-division development would absorb approximately \$1,000 in a combined Sub-division + Re-zoning DAP fee burden. The same \$750,000 unit would absorb an estimated \$3,000 in Development Engineering Review Fees. The approximate total of \$4,000 in DAP full-cost fees would constitute less than 1 percent of the \$750,000 price of a single future unit.

***The cost recovery lesson is clear - housing construction/location decisions made by the development industry in Ontario - including Peterborough - are not materially impacted by the imposition of full-cost Planning/Engineering DAP fees.***

## 7.0

## DAP Fee Restructuring Options to Address Bill 109

The full-cost DAP fees calculated/put forward in this Report are based on staff processing effort estimates associated with the “As Should Be” process maps and timeframes recommended in the 2021 DAP Modernization Review. These calculations do NOT reflect the impacts of Bill 109 on DAP processes or timeframes - including fee claw back timeframes.

Like many Ontario municipalities, Peterborough is considering DAP process and/or cost-recovery changes to mitigate the financial risks posed by Bill 109. The following options are worthy of consideration and cost recovery tools could be designed using data in the new DAP fees calculation spreadsheet.

## 7.1

### Bill 109 Working Sessions with City Staff

Performance Concepts held two Bill 109 working sessions with Peterborough staff during this DAP fee review. The working sessions reviewed the Bill 109 risk profile for Peterborough. The working sessions also explored evolving Bill 109 work-around options and strategies being considered by innovative Ontario municipalities.

In June 2022 OPPI held a province-wide briefing session on Bill 109 - hosted by Performance Concepts Consulting and Dillon Consulting. Peterborough staff attended and spoke briefly at this event. A consensus was already emerging around “front-ending” DAP processes to require rigorous/granular submissions and approvals prior to the “Deemed Complete” decision on Site Plan and Re-zoning applications (see diagram on page 4 of this Report).

Peterborough staff has already provided Council with a detailed staff report dealing with the problematic impacts of Bill 109.

## 7.2

### Pre-Consult Restructuring Options for Peterborough

The Pre-consult process for Site Plans and Re-zonings are likely to be transformed from communication and coordination platforms with applicants into early-stage approval milestones for special studies, servicing availability confirmations, and mandatory neighbourhood meetings. Front-ended City signoffs on required studies, Conservation Authority approvals, available servicing capacity etc. will be required to avoid delays once the Bill 109 “application deemed complete” clock is turned on and DAP fees are put in jeopardy.

Application processing effort expended by staff during the Technical Review Cycles (after an application is “deemed complete”) could be reallocated into the calculation of a more expensive/robust Pre-consult fee. This re-calculation could easily be programmed into the City’s new DAP fees calculation model prepared by Performance Concepts as part of this assignment.

### 7.3 “Deemed Complete” Restructuring Options for Peterborough

Historically Site Plan and Re-zoning applications have been “deemed complete” once all the application submission items on a “piece count” checklist (developed following Pre-consult) have been accounted for by City Planning staff reviewing an application submission package. Content adequacy reviews of these submitted items have occurred during Technical Review Cycles subsequent to the “deemed complete” timeframes clock being activated

Peterborough is likely to re-position its content adequacy of review of Site Plan and Re-zoning application submissions. If this content adequacy review begins prior to the “deemed complete” decision, then staff processing effort currently attributed to Technical Review Cycles within the DAP fees calculation model can be adjusted/associated with application submission review. The operational impact will be a spike in the number of Site Plan and Re-zoning applications deemed “incomplete”. Applicants may well need to provide multiple application submissions (back-and-forth ping pongs with the City) before being deemed “complete” and turning on the Bill 109 fees claw back clock.

In this processing model the overall DAP fees may not change but the underlying workflow behind the fee will have significantly changed.

### 7.4 An Accelerated “Conceptual” Site Plan Approval + Condition Clearance Permit

An accelerated “conceptual” Site Plan approval process is being considered by numerous Ontario municipalities as a Bill 109 workaround. This expedited Site Plan approval model would include the process adjustments already described above. It would feature an early conceptual approval by City staff dealing with any technical/servicing “show-stoppers” and confirming basic zoning compliance. This conceptual Site Plan approval would turn-off the Bill 109 fees claw back clock.

Conceptual approval would be followed by a Site “Condition Clearance” permit/process. This Condition Clearance exercise would have its own fee or a draw-down deposit model (based on billable hour staff effort) to secure cost-recovery. Staff processing effort for this Condition Clearance permit/process would not be included in the Site Plan fee calculation - it would be a stand-alone cost recovery process. Timeframe targets for condition clearance would be established outside the Bill 109 timeframes. Since this process would be considered distinct from Site Plan approval, fee claw backs would not be contemplated. Cost recovery would be even further protected by adopting deposit drawdowns based on staff billable hours tracking.

A separate Condition Clearance permit/process fee or draw-down deposit could be calculated using staff processing effort already contained in the City’s new fee calculation spreadsheet.

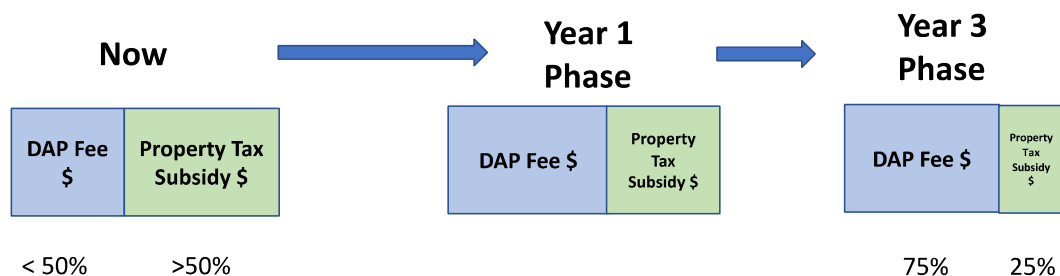
## 8.0 Implementation and Phasing Options

The City of Peterborough DAP team is supportive of a modernized “Growth Pays for Growth” cost recovery model. Historic DAP fee levels in Peterborough have not secured appropriate levels of cost recovery from applicants and required staffing capacity has not been secured, contributing to timely application processing shortfalls. Property taxpayers have had to make up the difference. Moving forward the property tax subsidy to DAP is forecast to exceed \$1.2M annually (based on forecast application volumes). Implementing the recommended full-cost DAP fees will reduce the property tax subsidy paid by existing residents/businesses to development applicants. New “must have” DAP staff processing hours can then be secured without negative property tax impacts.

### 8.1 Phasing Option

Implementation of full-cost DAP fees model can be secured immediately in 2023 or required fee adjustments can be phased-in over time. If phasing is identified as a preferable option, a three-year 50%/25%/25% transition to the recommended fees is recommended. Phase-in of full-cost DAP fees should commence in Q1 2023. The recommended Complex Re-zoning fee is a potential candidate for phasing. A year-1 phase-in of \$20,000 would not be unreasonable.

## Phasing to Secure Full Cost Recovery



### 8.2 Potential Bill 109 Adjustments

As noted in this Report, Peterborough will need to adjust DAP processes, approval timeframes, and perhaps expand its cost recovery tools beyond Planning Act fees. The Bill 109 fees claw back “disruptor” represents a major financial risk to Peterborough taxpayers. If DAP fees are forfeited, then taxpayers will be on the hook for DAP processing costs. This risk requires urgent/immediate mitigation.

If DAP fees are to be restructured or alternative cost recovery tools considered, this DAP Fees Review, and the accompanying DAP fees calculation spreadsheet position the City to make the necessary adjustments as required. The necessary staff processing effort information has been captured in the calculation spreadsheet and can be repositioned across revised fees as required.

