

COUNCIL REPORT

M&C No.	2019-326
Report Date	November 26, 2019
Meeting Date	December 02, 2019
Service Area	Growth and Community Development Services

His Worship Mayor Don Darling and Members of Common Council

SUBJECT: Permit and Development Approvals Fee Increases–Sustainability Item

OPEN OR CLOSED SESSION

This matter is to be discussed in open session of Common Council.

AUTHORIZATION

Primary Authors	Commissioner/Dept. Head	City Manager
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RECOMMENDATION

The City Manager recommends that Common Council:

Endorse the proposed Permit and Development Approvals Fee Increases – Sustainability Item as an option to be considered in addressing the entirety of the deficit in 2021 and 2022.

EXECUTIVE SUMMARY

Growth and Community Development fees initiative associated with permit and development approvals will come in two phases; phase one, the focus of this report, will include adjustments to current fees and phase two will focus on new fees.

The approach for fee adjustment considered three key factors:

1. Consumer price index since the fees were last adjusted;
2. Cost of delivering the service; and
3. Simplified fee structure and addressing fee irregularities for ease of application, fairness, and improved process.

Given the legislated timeline for by-law amendments, it would take approximately three months to implement fee adjustments from the initial Council decision.

This fee adjustment initiative is estimated to generate an additional \$80,000 in revenue. Phase two (new fees), which will be considered in 2020, will generate additional revenue.

PREVIOUS RESOLUTIONS

On October 7, 2019, it was resolved by Council to receive and file M&C 2019-249: 'Sustainability: Addressing the Deficit 2021-2022'.

REPORT

Growth and Community Development fees associated with permit and development approvals are under review as part of the City's sustainability initiative. This initiative will come in two phases; phase one will focus on adjustments to current fees and phase two will focus on new fees.

This report focuses on phase one of the initiative – adjustment to current fees. A preliminary list of proposed fee adjustments is provided in the attached schedule "A". If this sustainability item is approved by Common Council to be implemented as a sustainability initiative, the fees will be further refined and finalized before being presented to Council for final approval.

Preliminary fee adjustments are based on average volumes and values of projects over the past four years. The approach for fee adjustment considered three key factors (not all factors were applied to all fees):

1. Consumer price index since the fees were last adjusted;
2. Cost of delivering the service; and
3. Simplified fee structure and addressing fee irregularities for ease of application, fairness, and improved process.

Consumer Price Index Adjustments

This initiative, if approved, will be the first time all development permits and approvals are adjusted at the same time. There is great variation in the length of time that fees have been adjusted. Fees for some typical development permits and approvals, such as building permits and rezoning applications were last adjusted in 2012; variances were last adjusted in 2016; street excavation permits in 2010. Others have not been adjusted for quite some time, such as pit and quarry permits and flood risk area development permits which were last adjusted 13 and 20 years ago, respectively.

A consumer price index (CPI) of 1.5% per year was used for any fees adjusted for CPI. In most cases the full CPI was applied (with some allowance for rounding) and in other cases, a rate less than CPI was used, particularly in cases where

costing above our comparators was a concern (i.e. variable portion of a building permit fee, rezoning/municipal plan amendment applications).

Given costs are increasing annually; Council may want to consider implementing a multi-year schedule of fee adjustments to keep up with CPI. If Council wishes to consider this, the fee schedule would be modified to include annual CPI increases for a certain period of time (i.e. 5 years) for Council's consideration.

Cost of service delivery

Some fees were adjusted to move closer to the cost of delivering the service, such as basic development permits; these were adjusted to include a minimal cost for conducting a site inspection, which is not being covered with the current fee structure. In many cases, cost recovery is not being achieved; for instance, Planning application fees do not reflect cost of service delivery and are subsidized in large part by the City in an effort for the City to remain competitive.

Simplified Fee Structure/ Fee irregularities

A number of fee structures were simplified to address irregularities and enhance fairness, ease of application and processes.

Planning variances, for instance, were reduced from three tiers of fees to two, depending on whether a variance is to be considered by the Planning Advisory Committee or by the Development Officer only. Street occupancy permit fees were modified to address an irregularity and fairness issue by including a variable rate depending on how long the street would be occupied. For instance, a permit for a dumpster on the sidewalk for one week is currently the same fee for a dumpster on the sidewalk for four months. The sidewalk café fee structure has also been simplified for ease of application (for clients and staff), enhanced fairness and process to level the playing field for business owners.

Comparators

Staff has undertaken a preliminary fee review of the most common permit and development approvals from Rothesay, Quispamsis, Fredericton, Moncton, Dieppe and Halifax, shown on the attached schedule "B". Fee structures vary between municipalities and at times can be difficult to compare. Before proceeding with this sustainability initiative, further refinement and analyses needs to be completed for ease of comparison between the municipalities. With the preliminary information it appears that Saint John's fees tend to align more with Moncton and Dieppe than some of our closer neighbours, particularly in the area of planning applications. In terms of building permit fees, Saint John is the highest and will continue to be higher than the other municipalities; however, Saint John's One Stop Development Shop provides a high level of customer service and support. The One Stop Development Shop is the only one of its kind in New Brunswick, offering an integrated and coordinated customer

service experience with all development service areas (planning / building / infrastructure / heritage) in one shop, featuring a modernized suite of development by-laws that streamlines approvals and removes barriers for investment.

Implementation

Permit and development fees reside in a number of development by-laws, i.e. Building By-law, Zoning By-law, Subdivision By-law and policy documents (Sidewalk Café Policy). By-law amendments and Council approval will be required to adopt the new fees; in some cases, public hearings at the Planning Advisory Committee (PAC) and Common Council are required. If Council chose to move forward with the suite of fee adjustments, Growth and Community Development Services would coordinate the various processes to have the fee adjustments considered at the same PAC and Council meetings, where possible. Given the legislated timeline for by-law amendments, it would take approximately three months to implement fee adjustments from the initial Council decision.

STRATEGIC ALIGNMENT

The potential revenue realized by Permit and Development Approvals Fee Increases – Sustainability Item supports Council's Priority to be Fiscally Responsible by contributing to the overall Sustainability effort.

SERVICE AND FINANCIAL OUTCOMES

All sustainability initiatives have been evaluated against criteria based on Council's Priorities and ability to implement to address the deficit of 2021 and 2022. In addition to Feasibility, criteria include Growth & Prosperity; Vibrant, Safe City; Valued Service Delivery; and Fiscally Responsible (see Initiative Criteria Evaluation Appendix).

With respect to Growth and Prosperity, the impact of increasing permit and development approval fees is mainly one of perception of not encouraging growth and development in Saint John. While we are aligned with some other municipality's fees, we will be the highest in a few key areas, such as building permit fees.

In terms of what the increases mean to actual projects, a few examples are provided. The average new home in Saint John is valued at \$190,000; the current building permit fee is \$1,725, versus the proposed new fee of \$1,811 – an increase of \$86. A \$4 Million commercial building, requiring a rezoning application currently costs \$36,610 for a building permit and rezoning application, versus \$38,370 for both approvals – an increase of \$1,760. These increases would not likely impact the decision to proceed with the projects.

This initiative does not require any investment and is 100% feasible, as it is based solely on a decision of Mayor and Council and can be implemented in approximately three months. The only exception is with respect to plumbing fee increases, which requires the approval of the Minister of Public Safety and the Lieutenant-Governor in Council in addition to Mayor and Council. Approval at the provincial level for plumbing fees will take additional time.

This fee increase initiative is estimated to generate an additional \$80,000 in revenue. Phase two, which will be considered in 2020, will generate additional revenue.

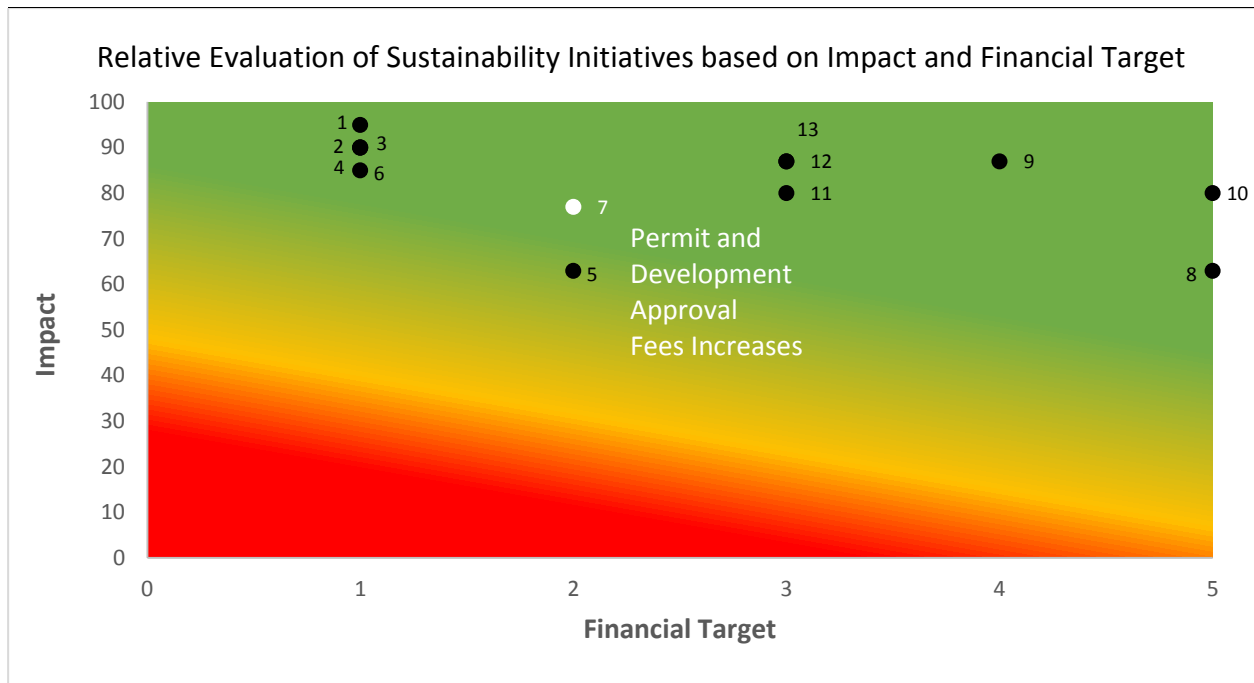
INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

The Finance Team has reviewed projected revenue.

ATTACHMENTS

Schedule "A" – Preliminary Proposed Fees – Permits and Development Approvals
Schedule "B" – Comparators – Preliminary Information

Appendix: Initiative Criteria Evaluation



Evaluation Notes on Permit and Development Approval Fees Increase:

- Growth – Minor impact, it's a per application fee
- Feasibility – Minor impact; by-law amendment/fee adjustments

Note: Evaluated initiatives that fall within the yellow and green areas should be considered as options to address the 2021 and 2022 deficit. Initiatives that fall close to the red should only be considered if there are no other options to address the deficit.

Sustainability Initiatives Evaluated as of December 2, 2019 (Not including Continuous Improvement Items)

1. Passport to Parks
2. Lifeguards
3. Rightsizing Recreation Facilities - Rainbow Park Ice Surface
4. Rightsizing Recreation Facilities - Seaside Park Lawn Bowling
5. Playground Program
6. Fire Service Fee Recovery
7. Permit and Development Approval Fees Increases
8. Community Grants & Incentives
9. Growth Reserve Fund
10. Non-Resident Differential Parking Fees
11. Monthly Parking Increase
12. Parking Ticket Increase
13. On-Street Parking Increase