



# Town of Ajax Development Application Fees Review

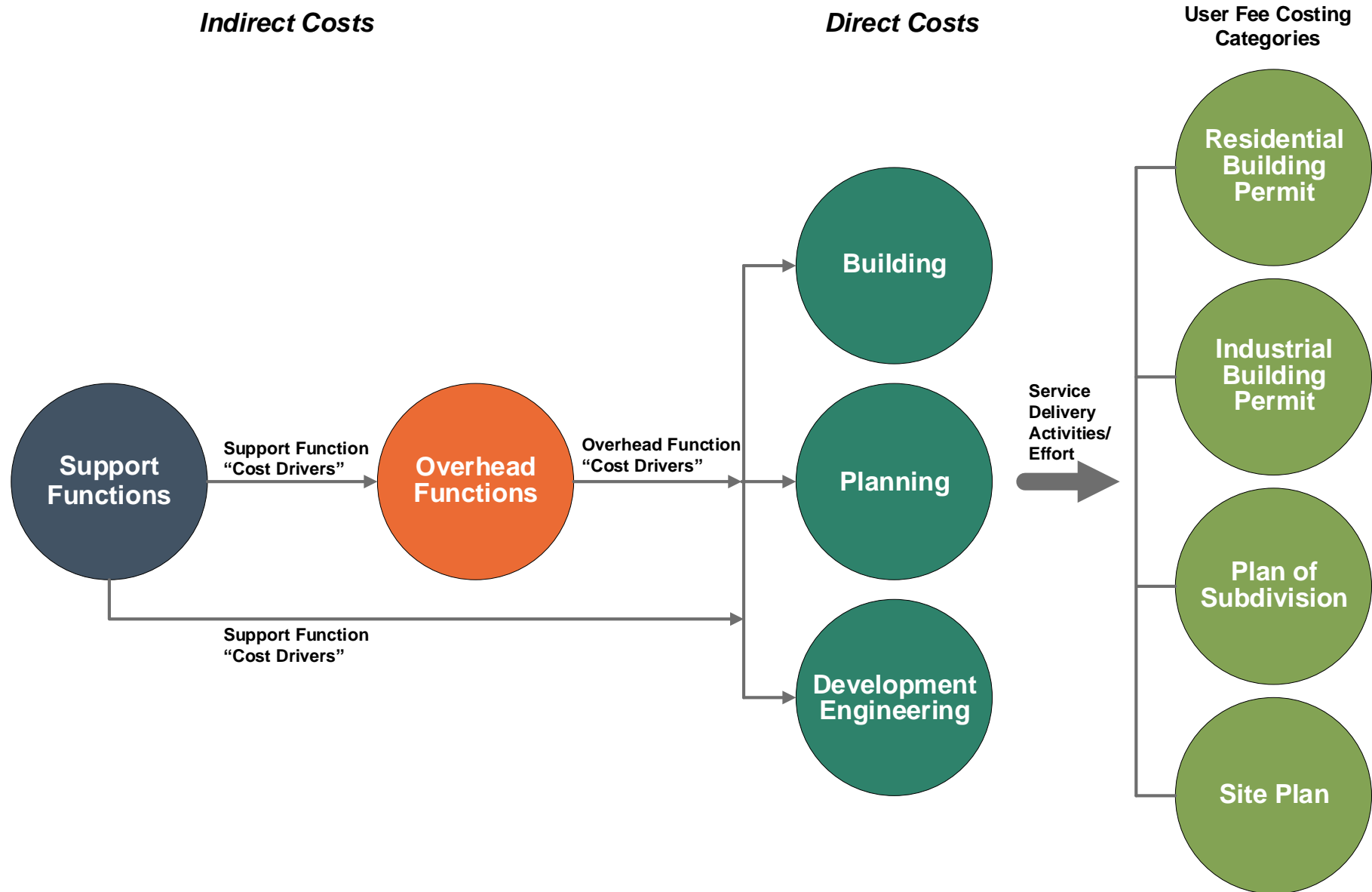
Stakeholder Consultation  
February 9, 2023

# Introduction



- The Town of Ajax (Town) has retained Watson & Associates Economists Ltd. (Watson) to undertake a comprehensive review of Development Fees (Planning Applications, Building Permits, Development Engineering, and Economic Development)
- To date:
  - Developed process maps for all costing categories and collected time estimates
  - Compiled and analyzed historical application volumes
  - Analyzed annual staff processing capacity
  - Developed costing model
  - Analyzed current cost recovery levels
  - Prepared preliminary recommendations for fee adjustments to improve cost recovery levels

# Activity-Based (A.B.C.) Costing Methodology



# Annual Capacity

## Baseline



- ~1.8 FTEs required over current complement
  - Planning: 1.3 FTEs
  - Building: 0.4 FTEs

Department	FTEs	Annual FTEs Utilized					Total	Deficit
		Planning Activities	Development Engineering Activities	Economic Development Activities	Building Activities	Other Activities		
P & D Services - Administration	2.00	0.02	-	0.02	0.33	1.63	2.00	-
Planning	20.00	12.11	0.00	0.01	0.04	9.13	21.29	1.29
Development Engineering	8.00	2.17	1.69	0.00	0.32	3.84	8.02	0.02
Transportation Planning	8.00	1.69	0.00	0.00	-	6.31	8.00	-
Building Approvals	12.00	0.20	-	0.02	11.42	0.78	12.42	0.42
Economic Development	4.00	0.02	-	0.38	-	3.60	4.00	-
Fire Prevention	7.00	0.26	-	0.01	1.14	5.59	7.00	-
Budgets & Accounting Services	8.00	0.12	0.07	0.00	-	7.81	8.00	-
Legislative Services	2.00	0.13	-	0.00	-	1.87	2.00	-
Technology and Innovation	1.00	0.02	0.00	0.00	-	0.98	1.00	-
By-law - Administration	7.00	0.05	-	0.01	-	6.94	7.00	-
General Operations - Infrastructure	3.00	0.16	-	-	-	2.84	3.00	-
General Operations - Building Maintenance	2.00	-	-	0.02	-	1.98	2.00	-
General Operations - Environmental Services	2.00	0.00	-	0.02	-	1.97	2.00	-
CAO's Office	1.00	0.01	-	-	-	0.99	1.00	-
<b>Total</b>	<b>87.00</b>	<b>16.97</b>	<b>1.75</b>	<b>0.49</b>	<b>13.25</b>	<b>56.27</b>	<b>88.73</b>	<b>1.73</b>

# Volume Forecast



- Increased new construction permits based on anticipated growth identified in Town's Development Charges Background Study

## Housing Units

	Singles & Semi-Detached	Multiple Dwellings	Apartments
Mid 2016 - Mid 2021	995	355	590
Mid 2023 - Mid 2028	411	637	2,519
<b>Scale Factor</b>	<b>0.41</b>	<b>1.80</b>	<b>4.27</b>

### Scale Factor

Low + Med	<b>0.78</b>
High	<b>4.27</b>

## Employees

	Industrial	Commercial/Population Related	Institutional
Mid 2016 - Mid 2023	242	3,267	730
Mid 2023 - Mid 2033	1,309	5,179	1,306
<b>Scale Factor</b>	<b>3.79</b>	<b>1.11</b>	<b>1.25</b>

# Building Permit Volume Forecast



<b>Costing Category</b>	<b>Avg. Annual Permit Volume (2018-2021)</b>	<b>Avg. Annual Permit Volume (Forecast)</b>
Group A (Finished)	0.8	0.9
Group B (Finished)	2.0	2.5
Group D (Finished)	1.0	1.1
Group E (Finished)	0.0	0.0
Group F (Finished)	13.0	49.3
Residential Housing	265.8	206.4
Residential Multi-Storey ( $\geq 5$ Storeys)	0.5	2.1

# Annual Capacity Forecast



- ~6.1 FTEs required over current complement
  - Planning: 1.3 FTEs
  - Building: 3.7 FTEs
  - Fire: 1.1 FTEs

Department	FTEs	Annual FTEs Utilized					Total	Deficit
		Planning Activities	Development Engineering Activities	Economic Development Activities	Building Activities	Other Activities		
P & D Services - Administration	2.00	0.02	-	0.02	0.34	1.63	2.02	0.02
Planning	20.00	12.11	0.00	0.01	0.06	9.13	21.30	1.30
Development Engineering	8.00	2.17	1.69	0.00	0.30	3.84	8.00	0.00
Transportation Planning	8.00	1.69	0.00	0.00	-	6.31	8.00	-
Building Approvals	12.00	0.20	-	0.02	14.67	0.78	15.67	3.67
Economic Development	4.00	0.02	-	0.38	-	3.60	4.00	-
Fire Prevention	7.00	0.26	-	0.01	2.22	5.59	8.08	1.08
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Technology and Innovation	1.00	0.02	0.00	0.00	-	0.98	1.00	-
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<b>Total</b>	<b>87.00</b>	<b>16.97</b>	<b>1.75</b>	<b>0.49</b>	<b>17.60</b>	<b>56.27</b>	<b>93.08</b>	<b>6.08</b>



# Annual Costs

## Direct Costs



- Salaries, Wages, & Benefits (S.W.B.s)
  - For all staff positions with involvement in application/permit processing activities
- Non-S.W.B. Direct Costs
  - Extracted from 2022 Operating Budget for each department
  - Allocated based on annual capacity results



# Annual Costs

## Indirect Costs



- Costs of departments that provide internal support, allocated based on cost drivers specific to each support department

Department	Cost Driver
Human Resources	FTEs
Technology and Innovation	Personal computers and laptops
Finance	Budget
Legislative Services	Budget
Mayor's Office & Council	Council Agenda Items
Payroll	Headcount
Insurance	Budget
Copy Room	Budget
Town Hall Maintenance	Space occupied at Town Hall
Fire Facility & Vehicle Maintenance	n/a (assigned to the Fire Department)
Building Approvals Vehicle Maintenance	n/a (assigned to the Building Approvals Department)

# Annual Costs

## Capital Costs



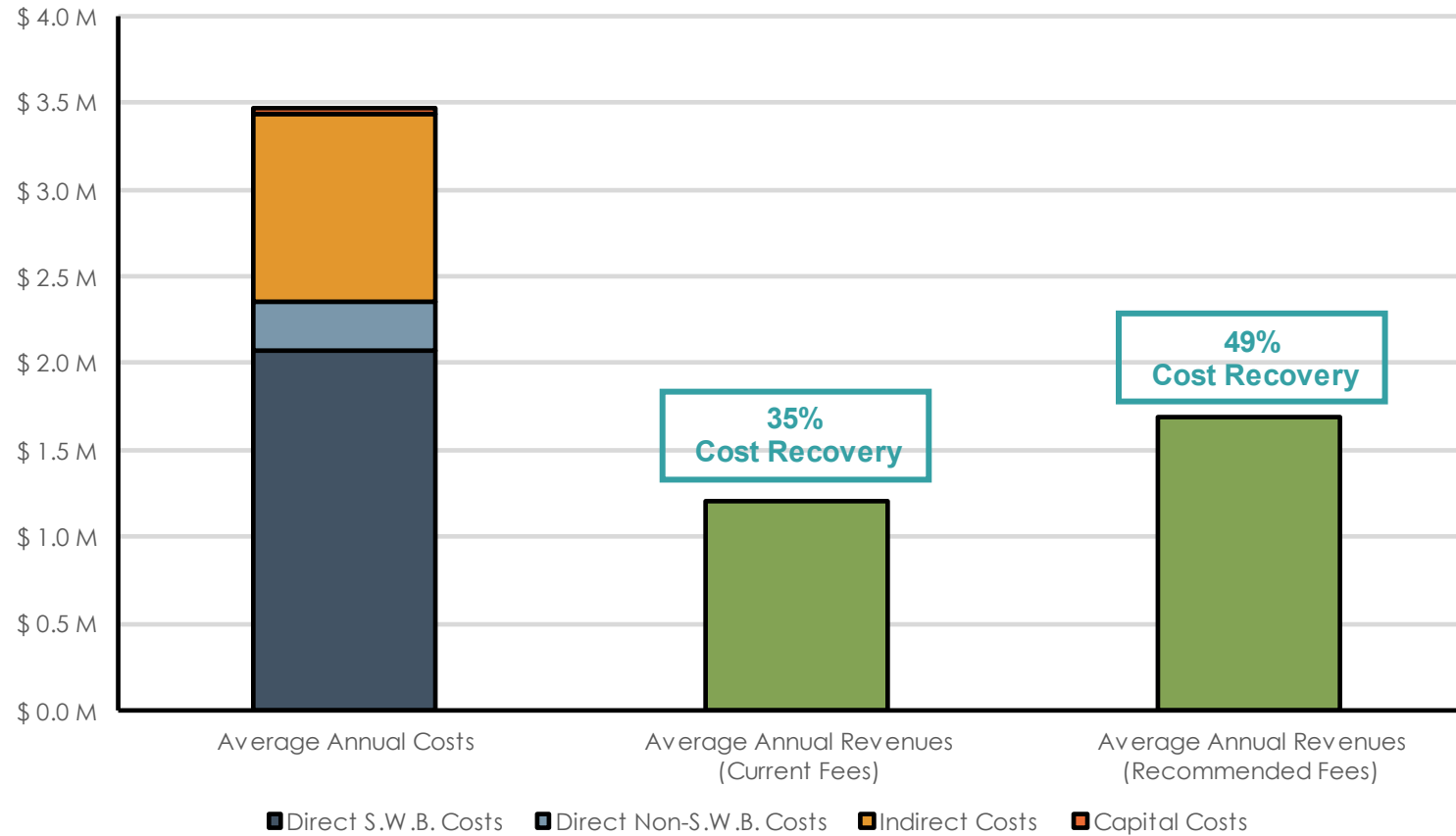
- Annual lifecycle costs of assets utilized in provision of services allocated based on annual capacity results
  - Facility space utilized
  - Vehicles utilized in provision of service
    - Development Engineering
    - Building Approvals
    - Fire Prevention

# Annual Costs and Revenues

## Planning



Planning Applications Annual Cost Recovery



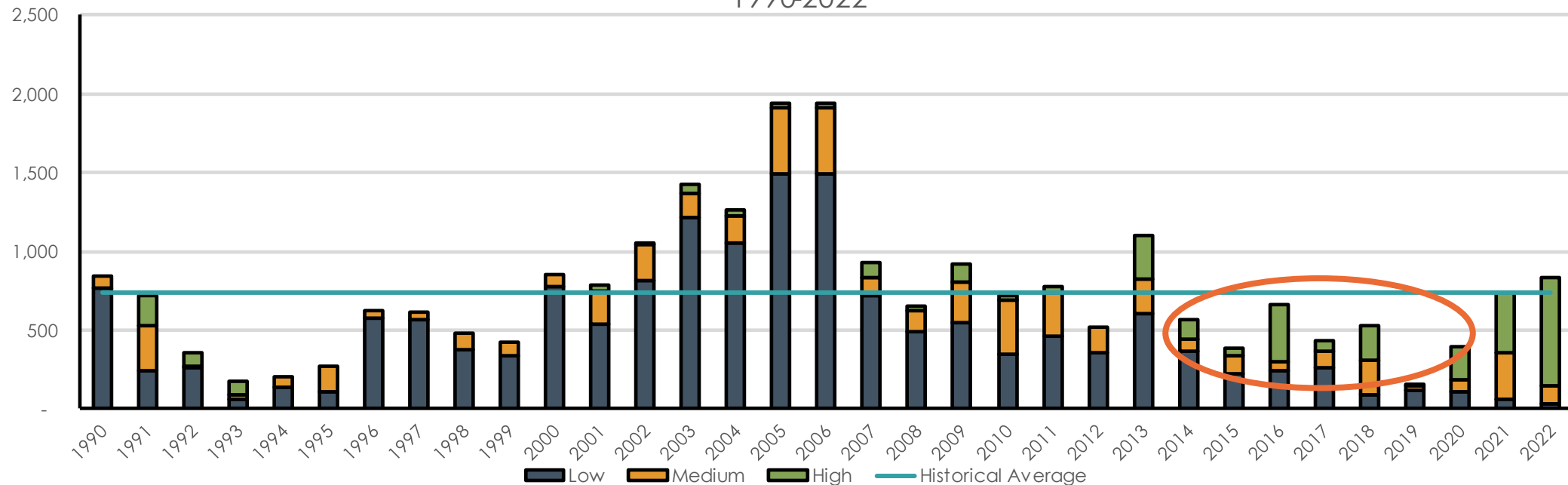
# Reserve Fund Stabilization

## Building



- Based on the dip in residential building permit activity experienced during the 2014-2020 period compared to the 33-year annual average, the cumulative loss was equivalent to 2.75 years of annual permit volumes
- To remain consistent with existing policy, the target reserve fund balance has been set to 2.45 times annual direct costs

Ajax Building Permit Activity (New Residential Construction)  
1990-2022



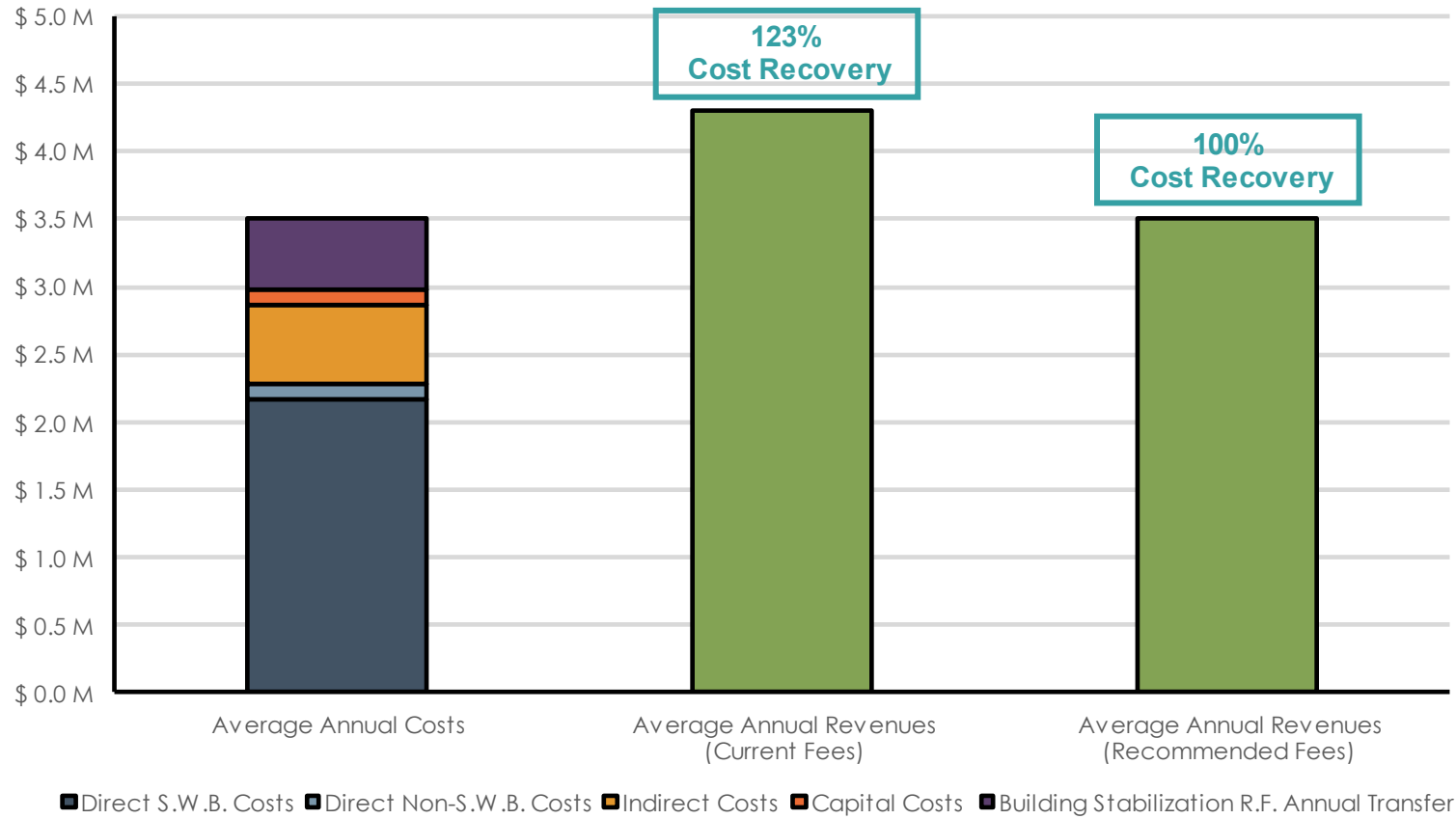
\*Derived from Statistics Canada reported building permit data.

# Annual Costs and Revenues

## Building

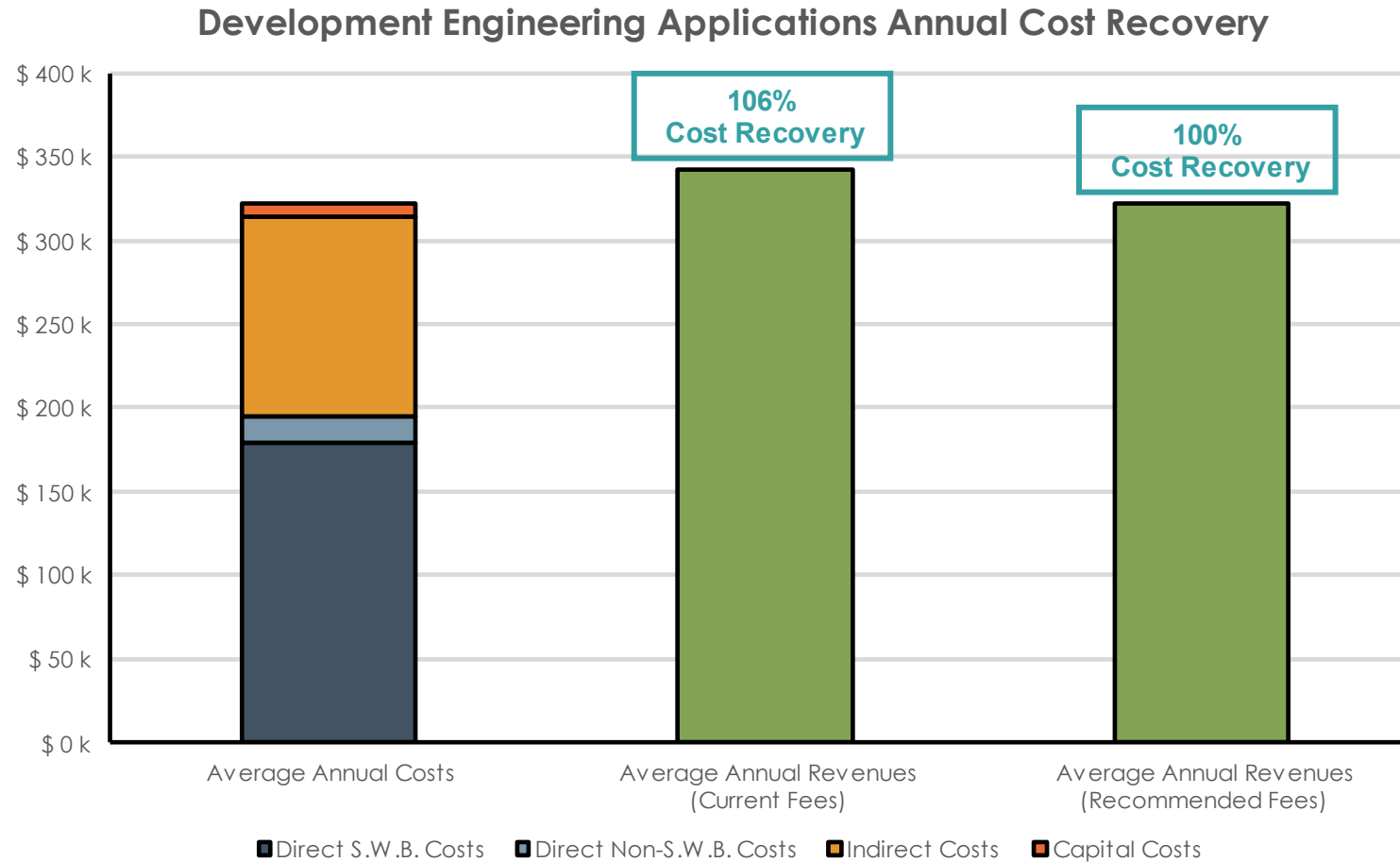


### Building Permits Annual Cost Recovery



# Annual Costs and Revenues

## Development Engineering

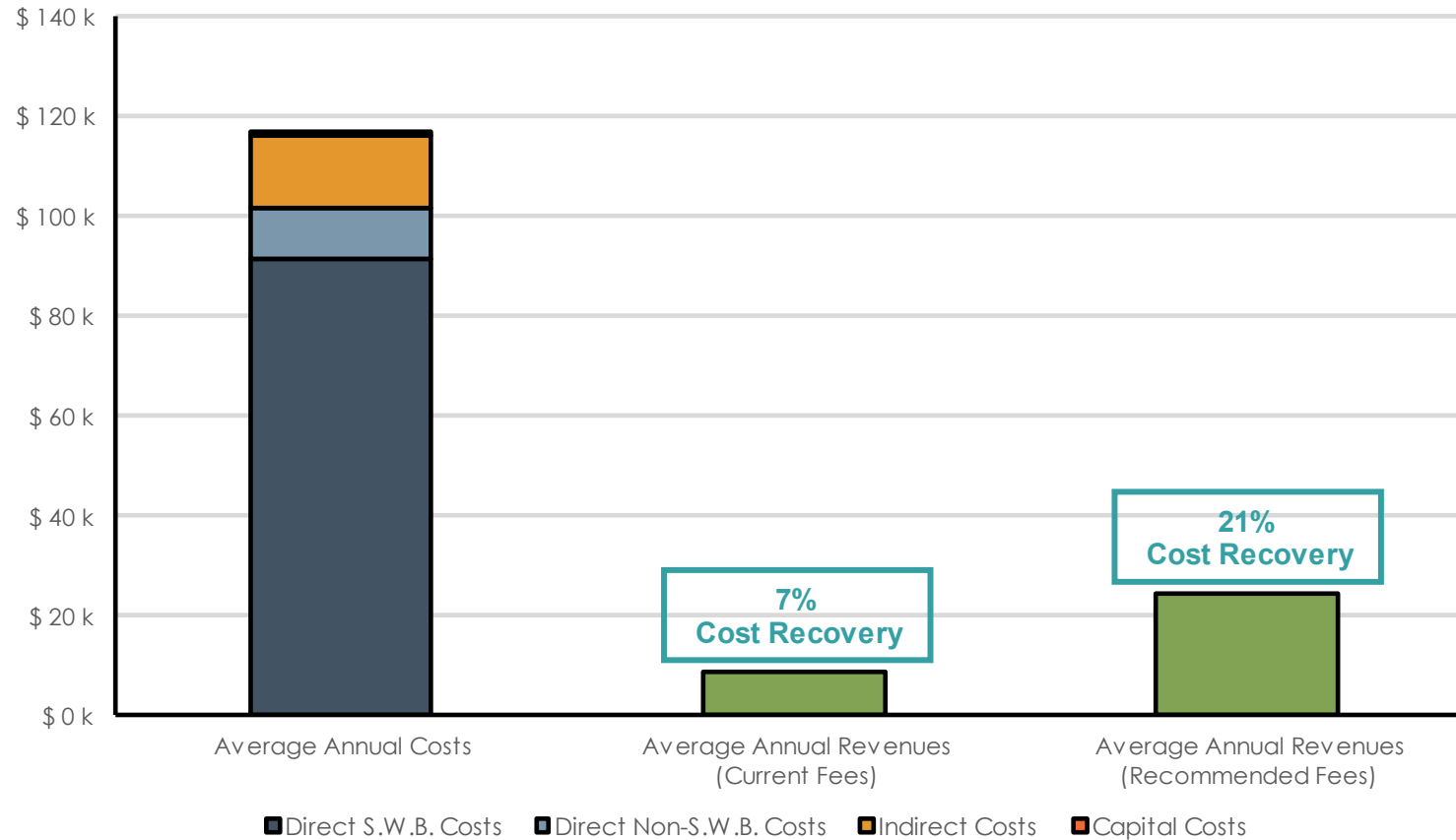


# Annual Costs and Revenues

## Economic Development



Economic Development Applications Annual Cost Recovery





# Recommended Fees



- Planning
  - Calculated cost recovery on an application basis
  - Proposed fee adjustments based to increase cost recovery levels while observing market fees
- Building
  - Calculated cost recovery on building permit categories
  - Calculated recommended fees based on full cost recovery
- Refer to attachment for detailed information

# Recommended Fees



- Development Engineering
  - Calculated recommended fees based on full cost recovery
  - Adjust basis of charge from a percentage of the value of securities to value of works
- Economic Development
  - Calculated cost recovery on an application basis
  - Proposed fee adjustments based to increase cost recovery levels while observing market fees
- Refer to attachment for detailed information

# Next Steps



- Receive feedback from development industry stakeholders (no later than February 27)
- Finalize recommendations on fee quantum and structure
- Present report and recommendations to Council (March 20)