



# Corporate Report

Clerk's Files

**FA.11**Originator's  
Files

BUDGET COMMITTEE

SEP 23 2009

---

**DATE:** September 17, 2009

**TO:** Budget Committee  
Meeting Date: September 23, 2009

**FROM:** Edward R. Sajecki  
Commissioner of Planning & Building

**SUBJECT:** Building Permit and Development Application Revenues

---

**RECOMMENDATION:** That Budget Committee receive the report titled Building Permit and Development Application Revenues from the Commissioner of Planning and Building dated September 17, 2009.

---

**BACKGROUND:** At its meeting on June 9, 2009, Budget Committee was advised that building permit and development application revenues were lower than projected due to the economic downturn.

No changes to the 2010 budget were recommended at that time but Planning and Building was directed to continue monitoring revenues and report back in September, 2009 with recommendations regarding revised 2010 revenue projections if required.

**COMMENTS:** Since reporting to Budget Committee in June, 2009, there has been a moderate increase in development application and mobile sign revenues; however, overall there continues to be a significant decrease in development revenues received.

The 2009 Budget included \$16.5 million for development related revenues. Year end actuals are projected to be \$8.7 million which is a

\$7.8 million decrease. This shortfall is primarily due to the economic downturn and is expected to continue in 2010. On this basis, it is recommended that the original 2010 projection for development related revenues be revised from \$16.9 million to \$12.1 million which is a \$4.8 million decrease.

To date, the Planning and Building 2010 Operating Budget has been reduced by approximately \$546,000. This has been achieved by deleting positions including four positions as the result of employees taking advantage of early retirement options. In addition, reductions have been made to professional services and other operating expenses. It will be necessary to use City reserves to make up the revenue shortfall in 2010.

It is recognized that a longer term strategy is required to address the transition to the expected new normal in revenues based on the stage of the City's development. A multi-year plan is being prepared by Planning and Building. The Plan will include revenue forecasts taking into account the fixed and variable costs of providing services related to processing development applications and building permits.

The fixed operating costs that the Development and Design Division has related to planning application services include processing a baseline volume of applications, maintaining the Zoning By-law, providing design support to preparing Official Plan policies and offering customer service and assistance. Variable operating costs relate to increases in volumes of development applications, leading or contributing to various studies and projects and providing comments and expertise including commenting on Committee of Adjustment applications.

With respect to the costs of processing building permit applications, the Building Division also has several fixed operating costs. These include the cost of processing a baseline of building permit applications, providing enforcement services, responding to complaints, dealing with sign litter, processing sign variance applications, and providing customer service. Variable costs relate to increases in volume of permit applications, providing input to studies and projects and commenting on Committee of Adjustment applications. Appendix 1 provides further information on the fixed

and variable costs of processing development and building permit applications.

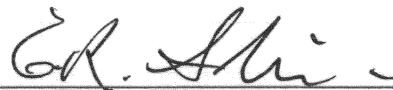
The plan will also look at measures to manage the impact of revenue changes including staffing, and service level adjustments and processing fee increases.

**FINANCIAL IMPACT:** Funding from reserves will be required to cover revenue projection shortfalls in 2009 and 2010.

Historically the City has benefited from significant development related revenues. As the City continues to evolve this will not occur to the same extent and there will be an increasing need for funding to supplement revenues.

**CONCLUSION:** As the result of the economic downturn, 2009 development revenues continue to be significantly down. The negative impact of the downturn is expected to continue in 2010 therefore 2010 revenue projections are reduced. Transfers from reserves will be required to cover the shortfalls.

A multi-year plan is being prepared to forecast future revenue levels based on the new normal the City will experience due to the stage the City is at in its evolution.



Edward R. Sajecki

Commissioner of Planning and Building

*Prepared By: Heather A MacDonald, Director, Business Services*

**ATTACHMENTS:**

Appendix 1: Fixed and Variable Operating Costs – Development and Design and Building Divisions

## Appendix 1

**PLANNING APPLICATIONS – DEVELOPMENT AND DESIGN DIVISION**

<b>Fixed (Operating Cost)</b>	<b>%</b>	<b>Amount</b>
Baseline development application processing	77.6%	\$4,055,143
Zoning By-Law maintenance		
Design support to Official Plan		
Customer service		
<b>Variable (Operating Cost)</b>		
Increases in the volume of development applications above baseline	22.4%	\$1,170,557
Studies and projects		
Comments on Committee of Adjustment		
<b>2010 TOTAL Operating Budget</b>	<b>100%</b>	<b>\$5,225,700</b>

**BUILDING PERMIT APPLICATIONS – BUILDING DIVISION**

<b>Fixed (Operating Cost)</b>	<b>%</b>	<b>Amount</b>
Baseline building permit application processing	32.5%	\$2,734,550
Enforcement / complaints		
Sign litter		
Processing sign variances		
Customer service		
<b>Variable (Operating Cost)</b>		
Increases in the volume of building permit applications above baseline	67.5%	\$5,679,450
Input to studies and projects		
Comments on Committee of Adjustment		
<b>2010 TOTAL Operating Budget</b>	<b>100%</b>	<b>\$8,414,000</b>