

# TORONTO STAFF REPORT

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August 15, 2001

To: Policy and Finance Committee

From: Shirley Hoy, Acting Chief Administrative Officer and  
Acting Chief Financial Officer  
Paula M. Dill, Commissioner, Urban Development Services

Subject: Education Development Charges – Administrative Costs

Purpose:

To report on administrative and systems costs associated with the implementation of Education Development Charges by the Toronto Catholic District School Board (TCDSB), and the possibility to recover such costs from the TCDSB.

Financial Implications and Impact Statement:

There are many similarities between the administration of the City's development charge by-law and the new Education Development Charge (EDC) by-law. Where possible, City staff have integrated the EDC process with existing business practices to minimize costs and maximize efficiencies. The most significant difference, however, is that the EDC by-law imposes a charge on non-residential development while the City DC by-law does not. Staff have estimated the resultant need to have Plan Examiners determine gross floor area (GFA) in the EDC calculation could impose a burden of approximately 4 FTE's on the City. Discussions with the TCDSB has yielded the prospect that a Certificate of GFA from a Professional Engineer/Architect on behalf of the developer will be acceptable, greatly reducing the City's administrative burden.

The one-time cost incurred of modifying the IBMS software to accommodate administering this charge has been estimated at \$15,000 (3 FTE's for one month).

The City Solicitor advises legislation does not enable the City to pass a by-law to impose a charge on the TCDSB for the administration of their by-law.

The cost will be offset by interest earnings arising from the allowed 30-day remittance period, which the City will keep. Such revenue for the City is estimated at \$37,000 annually based on development projections contained in the EDC background study.

### Recommendations:

It is recommended that this report be received for information.

### Background:

On March 22, 2001, the Toronto Catholic District School Board (TCDSB) adopted a by-law to impose Education Development Charges (EDC) on new residential and non-residential development within the City of Toronto, having completed the prerequisite background study and public meeting. The by-law came into effect on March 27, 2001 and imposes a residential education development charge of \$1,236 per unit and a non-residential education development charge of \$0.27 per square foot of non-residential gross floor area that is to be paid at building permit issuance.

At its meeting of March 26, 2001, the Planning and Transportation Committee requested, amongst other things, that the Chief Financial Officer and Treasurer, in consultation with the Commissioner of Urban Development Services and the City Solicitor, report to the Policy and Finance Committee on any administrative and systems costs associated with the implementation of Education Development Charges by the Toronto Catholic District School Board (TCDSB), and of potential mechanisms for the City to recover such costs from the TCDSB.

### Comments:

The Education Development Charge By-law enacted by the TCDSB is the first, historically, to be enacted within the City of Toronto. Pursuant to the *Education Act*, the City is required to calculate, collect, and administer the Education Development Charge By-law on behalf of the TCDSB and remit and report collections on a monthly basis. City Council and City staff would also be involved in the formal complaint process with the responsibility for hearing and deciding on complaints from land owners or the school board regarding the determination of the amount of the charge, the application and amount of eligible credits, and other disagreements in the application and/or interpretation of the by-law.

### Administrative Costs:

The main Department impacted by the EDC by-law is the Urban Development Services (UDS), with Legal, Finance and City Clerks impacted to a lesser degree. In addition, City Council may be required to hear formal complaints filed pursuant to the EDC provisions of the *Education Act*. This report focuses on costs associated with the Urban Development Services Department, since the majority of the day-to-day administration of the EDC by-law is carried out by UDS staff.

There are many similarities between the administration of the City's development charge by-law that have been aligned with the new Education Development Charge by-law process. Where possible, City staff have integrated the EDC process with existing business policies and practices as much as possible in an effort to minimize costs and maximize efficiencies.

Administration of the TCDSB's Education Development Charge by-law does, however, differ from the City's current development charge business process in that the EDC by-law imposes a charge on non-residential development while the City development charge by-law does not. In particular, the EDC by-law has a separate non-residential gross floor area (GFA) definition than that contained within our local zoning by-laws. Consequently, the City will be required to calculate non-residential G.F.A. in the manner defined under the EDC by-law.

Staff have estimated that the need to have Plan Examiners determine gross floor area in the EDC calculation could impose a burden of approximately 4 FTE's on the City. Discussions with the TCDSB has yielded the prospect that a Certificate of GFA from a Professional Engineer/Architect on behalf of the developer will be acceptable, greatly reducing the City's administrative burden in this regard

#### System Requirements:

Modification to IBMS system was required for the tracking, administration and reporting of EDC's. Staff have estimated this one-time cost at \$15,000 (3 FTE's involved in programming for one month).

#### Interest Revenue:

The 30-day remittance period on EDC's collected will result in interest earnings for the City. Based on the development forecast contained within the EDC Background Study, the City's interest earnings is estimated at \$37,000 annually.

#### No legal authority to recover costs from the TCDSB:

The City Solicitor has advised that the City does not currently have the authority to pass a by-law that would impose a fee on the Toronto Catholic District School Board for the cost of collecting Education Development Charges.

#### Conclusions:

Given the similarities between the City's development charge by-law and the new Education Development Charge by-law, business policies and practices have been integrated where possible in an effort to minimize administrative costs and maximize efficiencies. The determination of GFA by City staff in accordance with the EDC definition would impose the most significant administrative burden. Discussions with the TCDSB has yielded the prospect that a Certificate of GFA from a Professional Engineer/Architect on behalf of the developer will be acceptable, greatly reducing the City's administrative burden in this regard

The cost will be offset by interest earnings arising from the allowed 30-day remittance period, which the City will keep. Such revenue for the City is estimated at \$37,000 annually based on development projections contained in the EDC background study.

In any event, the legislation does not permit the City to impose a fee on the Toronto Catholic District School Board for the cost of collecting Education Development Charges.

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