



## STAFF REPORT INFORMATION ONLY

### 2014 Service Level Review: Financial impacts of service level changes for programs in Planning and Growth Management

<b>Date:</b>	October 7, 2013
<b>To:</b>	City Council
<b>From:</b>	City Manager Deputy City Manager, Cluster B Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All Wards
<b>Reference Number:</b>	p:\2013\Cluster B\DCM\cc130002

#### SUMMARY

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At its meeting of July 16, 17, 18 and 19, 2013, Council, in consideration of item EX33.29 - Revised Budget Process for 2014, directed "that the review of divisional service levels and activities along with any Standing Committee recommendations be referred to the 2014 Budget process for consideration and to guide staff during the 2014 administrative budget review process."

At its meeting of September 12, 2013, the Planning and Growth Management Committee received service level presentations from City Planning and Toronto Building. In consideration of these presentations, the Planning and Growth Management Committee recommended that City Council direct the establishment of four service levels in City Planning and one service level in Toronto Building.

This report outlines the financial impacts of the recommended service level changes.

For Toronto Building, the recommended service level will have no financial impact. For City Planning, the recommended services levels will have a financial impact of between \$0.831 million and \$1.167 million for the 2014 operating budget and \$0.750 million for the 2014 capital budget. In 2015, there will be an additional financial impact of \$0.356 million for the operating budget and \$0.500 million for the capital budget.

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## Financial Impact

The Planning and Growth Management Committee has recommended Council consider a number of 2014 service level adjustments for City Planning and Toronto Building. There is no financial impact for Toronto Building

The four recommendations directed to City Planning have financial impacts as identified on the below chart.

No.	2104 Service Level Recommended by PGMC	2014 Net Operating Budget Impact (\$'000s)	2014 Net Capital Budget Impact (\$'000s)
<b>1a</b>	Completion of 75% of "City Building Studies" to the timeline identified to the community or approved by Council	Considered in recommendation for additional studies and addressing the backlog of study requests	
<b>1b</b>	Mandatory staff attendance at a minimum of two public meetings for each OPA/Rezoning application at the request of the Ward Councillor	\$44.0 to \$65.0	-
<b>2</b>	5 additional Avenue or Area studies and address the backlog of Avenue/Area Studies by the time of the next Official Plan Review	\$612.0 to \$927.0	\$250.0
<b>3</b>	Initiation of 3 new Heritage Conservation District (HCD) Studies as 3 HCDs conclude	\$175.0	\$500.0
<b>4</b>	Initiate and complete five HCDs per year	-	
<b>TOTAL</b>		<b>\$831.0 to \$1,167.0</b>	<b>\$750.0</b>

The above estimated financial impacts are in addition to those that were identified for 2014 in City Planning Division's 2013 budget submission, namely \$0.500 million in capital and \$0.514 million in operating. These resources will increase City Planning's capacity to deliver planning studies, as highlighted later in this report.

The four recommendations directed to City Planning have a 2014 Net Operating Budget Impact between \$0.831 million to \$1.167 million; this translates to an approximate property tax increase of 0.03% to 0.05% for residential properties and 0.01% to 0.02% for non-residential properties.

In addition to the 2014 financial impact, there will be additional operating impacts of \$0.356 million in 2015 and additional capital funding impact of \$0.500 million in 2015 from Planning and Growth Management Committee's Recommended Service Levels for City Planning.

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The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

City Council on July 16, 17, 18 and 19, 2013, adopted the report (EX 33.29) titled "Revised Budget Process for 2014" which recommended that City Council approve the review of divisional service levels and activities for City Programs at appropriate standing committees in September 2013 and that the review of divisional service levels along with any standing committee recommendations be referred to the 2014 Budget process for consideration and to staff to guide staff during the 2014 administrative budget review process."

As directed by Council, City Planning and Toronto Building provided service level presentations to the Planning and Growth Management Committee, Item PG26.1, at its meeting on September 12, 2013.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.PG26.1>

## **COMMENTS**

### **City Planning**

Planning and Growth Management recommended four 2014 Service Level adjustments for City Planning. These are discussed below.

- 1. City Council direct that the following service standards be added to the City Planning Division and direct the Deputy City Manager to include the necessary resources in the 2014 recommended budget:**
  - a. The completion of 75% of "City Building Studies" to the timeline identified to the community or approved by Council; and**

Timelines for "City Building Studies" approved by Council vary, with specific timelines attached to some requests and not to others. Further assessment is required to determine the resources needed to achieve the recommended service level of 75% completion within identified timelines. This assessment will involve the development of a consistent process to establish reasonable and acceptable timelines for new study requests. It will also consider the impact of Recommendation 2 below.

- b. The mandatory attendance of the community planner at a minimum of two public meetings for each OPA/Rezoning application at the request of the Ward Councillor.**

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For proposed Official Plan and/or Zoning By-law Amendments, the Official Plan requires at least one community meeting be held in addition to the Planning Act's statutory public meeting. City Planning may hold more than one community meeting, for example where significant revisions have been made to the application in response to initial community feedback. The statutory public meetings are generally held by Community Council and the Planning and Growth Management Committee.

Community meetings are typically held in the evening and City Planning staff are eligible for time and half as per the collective agreement. In 2012 City Planning received 161 Official Plan and/or Zoning By-law Amendment applications. If a half to two-thirds of those applications required a second community meeting at the request of the Ward Councillor the result would be an estimated 850 to 1,270 hours of eligible overtime. The estimated overtime cost is between \$44 thousand and \$65 thousand.

- 2. City Council direct the Chief Planner and Executive Director, City Planning to add five additional Avenue or Area studies to the workplan for 2014, and build time into the base budget so that the backlog of Avenue and Area Studies is completed by the time of the next Official Plan Review in five years, and direct the Deputy City Manager to include the necessary resources in the 2014 recommended budget.**

City Planning is currently engaged in a two-year approach to enhance the Division's ability to deliver its work program including planning studies. Year 1 (2013) focussed on filling existing vacancies and identifying increased opportunities to utilize outside resources to advance studies. The division has been successful in filling a majority of its vacant positions with additional competitions underway and expanding the use of outside resources to assist with studies.

Year 2 (2014) will focus on building additional capacity. City Planning's 2014 budget submission already includes a request for five new positions at a cost of \$0.514 million in the operating budget and \$0.500 million in the capital budget. The requested budget increase will allow the division to meet its proposed 2014 service level of completing 13 City Building Studies. However, it will not be sufficient to address the Committee's recommended service level of adding five additional Avenue or Area Studies and addressing the backlog before the next Official Plan Review.

A preliminary estimate is that five to eight additional full-time employees (\$0.612 million to \$0.927 million) and additional funding of \$0.250 million in the capital budget will be required in 2014 to establish a new inter-disciplinary staff team.

- 3. City Council direct the Chief Planner and Executive Director, City Planning to add the initiation of three new Heritage Conservation District Studies to the Division's Workplan for 2014, to be started as the three Heritage Conservation District currently forecast for completion are concluding; and to build the base**

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**capacity to initiate and complete five Heritage Conservation Districts per year; and direct the Deputy City Manager to include the necessary resources in the 2014 budget.**

A Heritage Conservation District (HCD) process includes two stages - a study then a plan – delivered over a two-year period followed by implementation. A HCD study may result in more than one plan depending on the study area's size and character. HCDs are typically undertaken by a consultant team that is project managed by staff. A maximum of 3-4 study areas can be managed by a single staff person depending on the size and complexity of the study/plan.

City Planning is currently undertaking five Council-approved high priority HCDs in King/ Spadina, Garden District, Queen Street East, Yonge Street and St. Lawrence areas. In 2014, the study component for three HCDs will be completed. This will meet the City Planning's proposed 2014 Service Level – "Complete 3 HCDS Studies and/or Plans".

Planning and Growth Management's recommended service level related to HCDs would require new staff resources and funding for studies.

- a) To initiate three new HCD studies in 2014 in addition to the five current HCDs underway will require:
  - two full-time employees (\$0.175 million) dedicated exclusively to HCDs; and
  - funding in the range of \$100,000 to \$200,000 per study, depending on the study area's size and complexity.
  
- b) To build the base capacity to maintain five HCD processes per year, recognizing that an HCD process takes two years, will require:
  - incremental funding for the HCD study and plan of \$0.500 million in each of 2014 and 2015 resulting in base funding of \$1 million in 2016 onwards. The primary funding source for undertaking HCDs is derived from Section 37 funding, although if in a growth area some DC funding would be available. In areas where the proposed HCD is neither in a growth area or Section 37 funding available a source of funding to undertake additional HCD processes per year would have to be identified

The above allocation will allow five studies and five plans to be undertaken in any given year.

### HCD Implementation

Adoption of HCD plans increases Heritage Preservation Services' activities related to heritage permits and development applications. The number of properties and area type (e.g. commercial, residential) are factors in forecasting activity volume and required staffing.

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Given the size and complexity of the five current HCDs, some of which will result in multiple plans being adopted (e.g. King Spadina and St. Lawrence), it is anticipated that four additional FTEs will be required to address new workload in 2015 at a cost of \$0.356 million. Further analysis will be required to determine the required staffing necessary to support the implementation of upcoming HCDs with resources factored into the City Planning's budget.

## **Toronto Building**

Planning and Growth Management recommended one service level adjustment for Toronto Building.

- 4. City Council direct that the service level for "Response to Reports of Construction with Permit (2 days; non-emergency)" be adjusted to 80% for 2014 and direct the Deputy City Manager to include the necessary resources in the 2014 recommended budget.**

Toronto Building has reviewed its capacity in the inspections area to achieve the service level recommended by the Committee and believes that this target is achievable with the current approved staff allocation under normal circumstances. As of September 30, 2013, the Division has responded to these requests within two days 76% of the time. As vacancies are filled and new staff complete training, current service levels are expected to improve for all inspection requests. However, Toronto Building is currently assessing the impact of an increase in building inspector workloads after the July 8, 2013 storm, which resulted in a significant increase in inspection requests related to the installation of backflow prevention devices, representing 2,530 drain permit applications after the storm as compared to 514 applications prior to the storm. As the number of these applications continued to rise in September 2013, the Division is monitoring whether the increase in applications is prolonged or temporary and report on the impact on the service level target as part of the 2014 budget review.

## **CONCLUSION**

In directing staff to provide service level presentations to Standing Committees, Council also directed that the recommendations be referred to the 2014 Budget process for consideration, and to staff to guide staff during the 2014 administrative budget review process. Planning and Growth Management chose to recommend service level adjustments for approval in advance of the Budget process and without condition or qualification such as "subject to the 2014 Budget process".

It is critical that all City programs be reviewed in a consistent manner and that Council have a complete picture of the City budget in order to ensure consistency, oversight and transparency.

Given the significant financial impact of the service level adjustments, it is staff's submission that Council should direct that the Planning and Growth Management Committee service level recommendations to the 2014 budget process as approved originally by Council in July.

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## SIGNATURE

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