



November 25, 2009

Mr. Joe Vaccaro
BILD
20 Upjohn Road, Suite 100
North York, ON M3B 2V9

Dear Mr. Vaccaro:

Re: Credit Valley Conservation - Plan Review Fees

| LEGISLATIVE SERVICES | | | | | |
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As you are aware Credit Valley Conservation's (CVC's) Board of Directors recently approved a staff report titled Plan Review Fee Collection Update-Fall 2009 (meeting dated October 16, 2009). During this meeting, the Board considered the response to the staff report you had provided on behalf of BILD in your correspondence dated October 15, 2009. The following is provided for clarification to your letter of October 15th.

Re: Not changing the quantum of the fees as the current amount is appropriate.

As noted in your letter, the approved fee schedule update did not change the 'quantum' of the fees for subdivisions. To better recognize the level of effort and resources needed to undertake an effective and expeditious review of applications through the 'comprehensive environmental planning process' and the typical timing of approvals, it was decided to modify the timing of the receipt of existing subdivision fees. This included requiring a portion of the fee (50%) to be paid upon submission of the Environmental Implementation Report (EIR), and reduce the portion of the fee to be paid at the subdivision application (25%) and approval (25%) stages. The justification to collect the fee at the earlier EIR stage is because the EIR review is a significant amount of work for CVC. Our former system was an attempt to conform more with municipal review payment periods and workloads.

The truth is CVC does a substantial amount of work even before the EIR state at the subwatershed and secondary plan stage. Although the quantum fee at final subdivision approval would likely cover costs, it has been unsuccessful in covering costs in any given year and in fact this year is wholly inadequate. Even getting more money in at the EIR is insufficient and unfortunately some BILD members, although invoiced for the EIR stage, are not paying.

Our CAO met with Darren Steedman before September to explain this dilemma and it seems the situation with respect to plan review cost recovery has worsened since the meeting and even since the last Board meeting. CVC's cost of plan review this year is about \$1.75 million of which about \$200,000 has been paid by residents and about \$320,000 has been paid to date by

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the development industry. At least \$300,000 is outstanding from developers and even this addition, if realized, does not in our view cover a fair percentage of cost. The rest will be subsidized by CVC having to go into reserves or by having to cut other important programs. Unfortunately, it is clear the industry is not paying its fair share annually in the Credit watershed for the environmental review and this needs to be rectified.

Re: The 100% funding model and development subsidizing fees between applications.

The 100% cost recovery concept that was mentioned in the staff report was a percentage the Board hoped could be achieved for recovery of plan review fees. As you know, conservation authorities (CAs) can recover costs on a program basis and the reference to the 100% is the Board's desire to have development pay for the complete plan review program. CVC had previously averaged about 40% cost recovery in recent years. In 2009 we have recovered a total of 30% of plan review costs and only 18% from industry.

There is no subsidizing between developers. Your members who submit major applications requiring significant staff review time are charged the largest fees. Smaller applications require less staff time and are charged smaller fees. The system which we use was developed in consultation with BILD previously, and the concept of charging by the net acreage was proposed by BILD and was considered the fairest by industry.

You suggested charging by the hour and we could look at that. It would require a new and expensive data base and billing system. I estimate to prepare this letter is about \$800. If we would move to an hourly system we would want to grandfather any developments we have been working on currently as we have considerable work and costs already incurred, and have been significantly short of recovering costs which would only be recovered in later planning stages.

The only subsidizing which is occurring for plan review (other than by CVC itself) is by municipalities which through general levy funding provide the shortfall when cost recovery does not meet the 100% level as is currently the case.

CVC does not receive any money from development charges although experts in the field have informed us that the environment is eligible and recommend to municipalities that CAs should receive some development charges from industry. In fact, some strident environmental interest groups argue that since a great deal of CVC work apart from planning is as a direct result of development, that a portion of the \$20 million annual budget should be subsidized by industry in addition to full plan review costs. CVC would like to discuss further with BILD, the Province and municipalities, the possibility of increasing development charges with a view to accruing development charge funds to CAs. As was mentioned, the municipal subsidization of plan review costs is directly from the tax base and not municipal development charges as municipalities tax residents on behalf of conservation authorities.

Re: The concern that CVC has expanded its mandate.

As clarified in the Memorandum of Understanding on Procedures to Address Conservation Authority Delegated Responsibilities between Conservation Ontario, Ministry of Natural Resources and Ministry of Municipal Affairs and Housing, conservation authorities (CAs) in Ontario are responsible for ensuring that policy documents and development proposals processed under the Planning Act are consistent with Section 3.1 of the PPS. In addition, CAs also undertake further roles in planning under which plan input or plan review comments or appeals may be made as a watershed based resource management agency, provider of planning advisory services to municipalities, landowner, and regulator (including responsibilities under the Conservation Authorities Act and other delegated or assigned regulator/approval responsibilities). Finally, as you are aware, "The objects of an authority are to establish and undertake, in the area over which it has jurisdiction, a program designed to further the conservation, restoration, development and management of natural resources other than gas, oil, coal and minerals." (Section 20, Conservation Authorities Act). I am unaware of any activities being undertaken by CVC staff that extend beyond a CA's mandate.

Re: The upcoming release of an updated 'Policies and Procedures for Conservation Authority Plan Review and Permitting Activities' and CA fees.

CVC staff has provided input on the draft updated policies and procedures for plan review and permitting activities referenced in your letter. In discussion with Conservation Ontario, Ministry of Natural Resources and other CAs, however, I am unaware of any plans to update the existing 'Policies and Procedures for the Charging of Conservation Authority Fees' chapter in the near future and/or any 'new direction' related to this matter. As such, CVC will continue to conform to the existing policies and procedures and implement our collaborative stakeholder consultation process.

CVC did not sit on the Provincial CALC Committee although environmental groups from our watershed and other CAs participated. CVC would have welcomed participating and would still like to participate if the opportunity arises, to present the dilemma of our fees and the issues in the plan review process from CVC's perspective as well as the benefits of providing development charges to CAs to deal with environmental degradation locally.

Re: The request for CVC staff to meet with BILD members to discuss opportunities to ensure efficient review of applications and a more streamlined process.

You will recall CVC and BILD had extensive meetings four years ago and looked at processes, quality of applications, fees, etc. We had agreed we would have pre application meetings; agreed to timelines as much as possible; and that quality of applications, complete applications, review and resubmission times would be factors. CVC staff would like to meet again with BILD executive to review progress on both sides.



At the conclusion of discussion four years ago, it was recognized by industry that it would pay for the cost of plan review by CVC. Unfortunately the industry contribution per year is falling far short of a fair amount with the result that the cost of plan review to support industry is being highly subsidized by taxpayers and is penalizing other CVC environmental work.

I trust the above sufficiently addresses the questions and concerns expressed in your letter. Please contact Rae Horst at (905) 670-1615 extension 235 or Gary Murphy at extension 259 should you have any questions. CVC staff looks forward to meeting with you.

Yours truly,

Patricia Mullin Chair, CVC

cc: Darren Steedman, BILD Peel Chapter Chair

Danielle Chin, BILD CVC Board of Directors

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Honourable Dalton McGuinty, Premier and Minister of Intergovernmental Affairs

Honourable Donna Cansfield, Minister of Natural Resources

Virginia West, Deputy Minister of Natural Resources Mayors/CAOs/Clerks, CVC watershed municipalities

Don Pearson, Conservation Ontario

Rae Horst, CVC

Gary Murphy, CVC