



Joint Meeting of the Economic and Development Services
and Corporate and Finance Services Committees
AGENDA

Monday, March 20, 2023, 3:00 p.m.
Council Chamber

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Pages

Purpose

The purpose of this meeting is to consider a staff report concerning the use of Fixed Payments from Subdivisions to fund Temporary Engineering Services Positions for Construction Inspectors.

Please note this meeting will commence 30 minutes after the adjournment of the Safety and Facilities Services Committee.

Additional Agenda Items

(As may be presented at the meeting)

Declarations of Pecuniary Interest

(As may be presented by Council Members)

Reports

ED-23-60 - Development Services Staff Request (All Wards)

3

Recommendation

That the Joint Economic and Development Services Committee and Corporate and Finance Services Committee recommend to City Council:

1. That Council approve the hiring of three temporary or contract resources for Engineering Services as outlined in Report ED-23-60 dated March 15, 2023; and,
2. That the temporary staff or contract resources be funded from the Subdividers Fixed Fees account.

Adjournment

To: Joint Economic and Development Services Committee and
Corporate and Finance Services Committee

From: Warren Munro, HBA, MCIP, RPP, Commissioner,
Economic and Development Services Department

Stephanie Sinnott, Commissioner,
Corporate and Finance Services Department

Report Number: ED-23-60

Date of Report: March 15, 2023

Date of Meeting: March 20, 2023

Subject: Development Services Staff Request

Ward: All Wards

File: 03-05

1.0 Purpose

The purpose of this Report is to seek Council approval to hire 3 temporary staff or contract resources for Engineering Services and to utilize Subdividers Fixed Fees to cover the cost of these positions.

2.0 Recommendation

That the Joint Economic and Development Services Committee and Corporate and Finance Services Committee recommend to City Council:

1. That Council approve the hiring of three temporary or contract resources for Engineering Services as outlined in Report ED-23-60 dated March 15, 2023; and,
2. That the temporary staff or contract resources be funded from the Subdividers Fixed Fees account.

3.0 Executive Summary

Not Applicable.

4.0 Input From Other Sources

The Economic and Development Services Department and Corporate and Finance Services Department worked together jointly in the preparation of this Report.

5.0 Analysis

5.1 Background

Development Review Fees are imposed under the authority of the Municipal Act, 2001. Part XII – Fees and Charges (Sections 390 to 400) provide municipalities with broad powers to impose fees and charges via passage of a by-law, including imposing fees or charges for the following:

- Services or activities provided or done by or on behalf of it; and,
- Costs payable by it for services or activities provided or done by or on behalf of any other municipality or local board; and,
- Use of its property including property under its control.

Fees may be charged to recover the full cost of providing the service, including direct, indirect and capital costs.

Through the execution of subdivision and site plan agreements, the City collects Development Review Fees from developers for the following services, as authorized per the General Fees and Charges By-law 13, 2003, as amended:

1. Engineering Services – Processing and review of engineering drawings and associated reports, studies and agreements.
2. Engineering Services – Construction Inspection Services of City and Regional infrastructure.
3. Planning and Legal Services – Preparation and registration of agreements and associated documents by Planning and Legal Services.

Development Review Fees are intended to offset the full cost of resources to provide these services, thereby minimizing the impact on the taxpayer. The Development Review Fees can be found in Schedule D of the General Fees and Charges by-law which was updated in December, 2022.

5.2 Staffing Needs

Over the past several years, the City has experienced a significant increase in the number and scope of new developments. Moreover, changes resulting from Bill 23 as well as the Kedron and Columbus area developments are putting an additional strain on staff resources in Engineering Services.

In order to ensure that engineering submissions are reviewed and processed in a timely manner and that inspections of all construction sites are performed at the required level, this Report is requesting the addition of three temporary staff. If temporary staff are not available, contracted resources may be utilized.

Engineering Services is anticipating a July 1 start date for the positions, requiring additional funding of \$178,000 for salaries and benefits.

5.3 Impact on Budget

Similar to the process outlined in Report INFO-18-129 Changes to Recovery of Capital Projects Costs in Engineering Services (see Attachment 1), Development Review Fees received from developers are fixed and are to be utilized to fund staffing costs charged to capital projects. It is difficult to track the time spent on specific subdivisions therefore the fees are not being fully utilized as intended. It is recommended that a recovery be included in future operating budgets to cover staff related expenses (salaries, benefits, vehicle, etc.) tied to the subdivision services provided by Engineering Services.

Should the temporary staff or contract positions requested in Section 5.2 be approved, they could be fully funded from the fixed payments received from developers and would have no impact on the budget.

6.0 Financial Implications

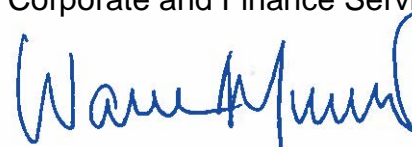
Should Council approve the additional temporary staff or contract resources requested in Section 5.2, a July 1, 2023 start date is anticipated. Funding of \$178,000 could be provided from the Subdivider Fixed Fees account, which currently has a balance of \$4.2 million.

7.0 Relationship to the Oshawa Strategic Plan

This project aligns to the following goals of Oshawa's Strategic Plan: Economic Prosperity and Financial Stewardship; Accountable Leadership; Social Equity; and Environmental Responsibility.



Stephanie Sinnott, Commissioner,
Corporate and Finance Services Department



Warren Munro, HBA, MCIP, RPP, Commissioner,
Economic and Development Services Department



Information Memo

To: City Council

From: Stephanie Sinnott, Commissioner, Finance Services,
Office of the City Manager

Item Number: INFO-18-129

Date: June 20, 2018

Subject: Changes to Recovery of Capital Projects Costs in Engineering
Services

File: C-4240

1.0 Purpose

The purpose of this report is to provide Council with an overview of a change in process related to the recovery of costs associated with the capital work that Engineering Services manages.

2.0 Input From Other Sources

Development Services

3.0 Analysis

3.1 Background

The Engineering Services Branch is responsible for the design and delivery of numerous types of capital projects including roads, watercourse improvements, bridges and delivery partnerships with Facilities, Parks, and Road Operations projects. These projects are funded from various sources, including Tax Levy, Development Charges (D.C.), Federal Gas Tax (F.G.T.), and other reserves.

For full costing on capital projects, Engineering Services' staff costs, along with overhead, are allocated to each capital project in the capital budget with an offsetting recovery included in the annual operating budget in Engineering Services.

In recent years, the recoveries have been increasingly difficult to estimate, due to the impact of delays in design review or approval, extreme weather causing project delivery schedules delays, changes to the proposed capital program during budget deliberations, changing priorities, and unplanned external influences. These changes can result in higher than necessary budgets for capital projects and/or lower than anticipated recoveries in the operating budget.

3.2 Capital Program Funding

The Capital Budget has a number of funding sources.

Development related projects allow for staff costs and overhead to be fully funded from reserves and have no tax levy contributions.

Since the inception of Federal Gas Tax funding in 2005, the City has used F.G.T. monies to fund the capital cost of the City's infrastructure. When first introduced, the F.G.T. funds were primarily used to subsidize roads and active transportation projects. In 2014, eligible project categories were expanded to include regional and local airports, short-line rail, short-sea shipping, disaster mitigation, broadband connectivity, brownfield redevelopment and infrastructure (cultural, tourism, sport and recreational).

The Municipal Funding Agreement Guide from the Association of Municipalities of Ontario (A.M.O.) clearly outlines how F.G.T. funds can be used. Per the agreement, costs that are ineligible include:

- salaries and other employment benefits of any employees of the municipality or related party;
- municipal overhead costs, its direct or indirect operating or administrative costs, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff. In order to abide with the agreement, all the ineligible costs, such as staff salaries related to engineering activities included in roads projects are still budgeted as recoveries in Engineering Services in the operating budget, offset by a tax levy contribution in the capital budget.

3.3 Process Change

Discussions between Development Services and Finance Services have concluded that recovering salary costs is only beneficial when the costs are related to development related projects, and can be fully funded from external sources.

A change in process will be implemented to allow for less restricted use of Federal Gas Tax funds and better use of tax levy funding. Beginning in 2019, Engineering Services will not budget for recoveries for any F.G.T funded projects in the annual operating budget and the F.G.T. funded projects will not budget for a tax levy contribution in the capital budget.

Engineering Services will continue to budget for recoveries in all projects funded from Development Charges as all staffing and overhead costs will continue to be eligible expenses to recover.

3.4 Impact on Budget

The impact to the overall tax levy requirement will be zero. By eliminating the identified recoveries in the Operating Budget, there will be an appearance of an increase to the tax levy requirement in Engineering Services, which will be offset by a reduction in the tax levy requirement in the Capital Budget. This will allow for more accurate budgeting as it relates to estimated recoveries in Engineering.

4.0 Financial Implications

Based on the past ten years (2009-2018), tax levy funding for F.G.T. funded projects has ranged from 5%-40% (\$150,000 - \$1.7million). The tax levy component of these projects was based on an estimation of staff costs, including all overhead. Effective for the 2019 budget, the tax levy funding for F.G.T. funded projects to cover staff costs will be eliminated from the capital budget and will be offset by the reduced recovery in the Engineering Services operating budget, therefore having no financial impact.

5.0 Relationship to the Oshawa Strategic Plan

This report meets the Oshawa Strategic Plan objective of Accountable Leadership by ensuring respect, responsiveness and transparency.



Stephanie Sinnott, Commissioner, Finance Services,
Office of the City Manager