



CITY POLICY

POLICY NUMBER: C610

REFERENCE:

City Council November 29, 2012: Current Planning Reserve Policy C570

City Council June 23, 2010: Current Planning Branch – Revised Business Model Policy C557

Municipal Government Act, R.S.A. 2000, C.M-6, as amended

City Council December 15, 2015: Reserve and Equity Accounts Policy C217C

ADOPTED BY:

City Council November 27, 2018

SUPERSEDES:

C557, C570

PREPARED BY: Corporate Strategy / Financial Services

DATE: November 27, 2018

NEXT REVIEW: December 31, 2019

OWNERSHIP: Deputy City Manager, Urban Form and Corporate Strategic Development

TITLE: **Fiscal Policy for the Planning and Development Business**

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The purpose of this policy is to:

Formalize the fiscal management and operating principles of the Planning and Development Business to ensure long term fiscal sustainability and service stability while enabling growth within the City of Edmonton.



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Background:



The Planning and Development Business was established to deliver review, approval and inspections services associated with the following: Area and Neighbourhood Structure Plans, Rezoning and Subdivision, Servicing Agreements, Development Permits, and Building Permits. The Planning and Development Reserve will be used to support the long term financial sustainability to stabilize service levels despite the revenue variability associated with of these services (as defined in Appendix A of this procedure) by managing revenue risks, stabilizing operating and capital resources across extended periods of time, and funding initiatives that enhance service and ensure accountability to customers.

Policy Statement:

1. The Planning and Development Business is a self-sustaining operation that provides review, approval and inspection services for the following for the City of Edmonton: Area and Neighbourhood Structure Plans, Rezoning and Subdivision, Servicing Agreements, Development Permits, and Building Permits.
2. The Planning and Development Business will meet the expected service level as defined by performance measures and targets that are set to deliver the planning and development services. Revenues from Area and Neighbourhood Structure Plans, Rezoning and Subdivision, Servicing Agreements, Development Permits, and Building Permits are to be used to fund direct and indirect operating costs for services as well as capital and service reinvestment costs.
3. The Planning and Development Reserve will be used to stabilize the Planning and Development Business across extended periods of time.



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4. The Planning and Development Reserve will allow for the accumulation of annual surpluses and deficits from Relevant Services. One hundred percent of any annual surplus from the Planning and Development Business will be placed in the Planning and Development Reserve. One hundred percent of any annual deficit from the Planning and Development Business will be drawn from the Planning and Development Reserve.
5. The Planning and Development Reserve will have a target balance of 75% of annual budgeted operating expenses for the Planning and Development Business. In the event the balance exceeds the target, Administration will develop a strategy to reduce the fund balance over a period not to exceed three years, starting with the operating budget for the subsequent year.
6. The Planning and Development Reserve will have a minimum balance of 30% of annual budgeted operating expenses for the Planning and Development Business. In the event the balance is below the minimum, Administration will develop a strategy, to be approved by City Council, to achieve the minimum level over a period not to exceed three years, starting with the operating budget for the subsequent year.
7. In compliance with this policy, Reserve and Equity Accounts Policy C217C, and the Municipal Government Act, the establishment of the Planning and Development Reserve and the transfers to and from the reserve require City Council approval through the budget.
8. The Fiscal Policy for the Planning and Development Business and the Planning and Development Reserve, will be reviewed annually with updates, and recommendations, if necessary, provided to City Council.

This policy is subject to any specific provisions of the Municipal Government Act or other relevant legislation or Union Agreement.



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1.0 DEFINITIONS

- 1.01 Annual Deficit is the shortfall of revenue over expenses (excluding non-cash amortization) of the Planning and Development Business.
- 1.02 Annual Surplus is the excess of revenue over expenses (excluding non-cash amortization) of the Planning and Development Business.
- 1.03 Direct Costs are costs directly attributable to Area and Neighbourhood Structure Plans, Rezoning and Subdivision, Servicing Agreements, Development Permits, and Building Permits as listed in Appendix A of this procedure.
- 1.04 Indirect Costs are costs associated with but not directly attributable to Area and Neighbourhood Structure Plans, Rezoning and Subdivision, Servicing Agreements, Development Permits, and Building Permits as listed in Appendix A of this procedure, such as shared services and administrative costs that are based on proportionate share of use.
- 1.05 Planning and Development Business is a self-sustaining operation that provides review, approval and inspection services for the following for the City of Edmonton: Area and Neighbourhood Structure Plans, Rezoning and Subdivision, Servicing Agreements, Development Permits, and Building Permits. For greater clarity, activities, programs, and services included within the scope of the Planning and Development Business are listed in Appendix A of this procedure.
- 1.06 Planning and Development Reserve is a stabilization reserve established to manage the long term fiscal sustainability of the Planning and Development Business. The balance in the reserve represents the appropriated accumulated surplus of the Planning and Development Business over time. Transfers to and from the Planning and Development Reserve will be reported through the annual budget. This reserve is only intended to stabilize the Planning and Development Business over long periods of time and is not to support any other activities, including tax-supported operations.



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2.0 PROCEDURES

2.01 City Manager to:

- a) Recommend to City Council approval of this policy and amendments thereto.
- b) Recommend to City Council approval of the changes to the Fiscal Policy for the Planning and Development Business.
- c) Recommend transfers to or from the Planning and Development Reserve through the budget approval process.
- d) Recommend to City Council a strategy to replenish the Planning and Development Reserve if the reserve falls below the minimum threshold.

2.02 Deputy City Manager, Urban Form and Corporate Strategic Development to:

- a) Oversee the policy and the Planning and Development Reserve to ensure it operates as intended and drives towards policy outcomes.
- b) Ensure that Departments are aware of this policy, its intent and guidelines.
- c) Request the necessary resources and provide the direction that may be required to meet the obligations of this policy. Develop and recommend an appropriate budget for the administration and implementation of the policy.
- d) Recommend to the City Manager transfers from the Planning and Development reserve through the budget for one-time operating or capital expenses related to the Planning and Development Business.

2.03 Branch Manager, City Planning to:

- a) Be responsible for delivery of review, approval and inspection services for the following: Area and Neighbourhood Structure Plans, Rezoning and Subdivision, and Servicing Agreements. This includes the following responsibilities associated with each service:
 - a) Meet service levels,
 - b) Manage the budget,
 - c) Approve fee changes, and
 - d) Maintain appropriate documentation of decisions related to spending.



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- 2.04 Branch Manager, Development Services to:
- a) Be responsible for delivery of review, approval and inspection services for the following: Development Permits and Building Permits. This includes the following responsibilities associated with each service:
 - a) Meet service levels,
 - b) Manage the budget,
 - c) Approve fee changes, and
 - d) Maintain appropriate documentation of decisions related to spending.
- 2.05 The Planning and Development Business shall be self-sustaining. Revenues from Area and Neighbourhood Structure Plans, Rezoning and Subdivision, Servicing Agreements, Development Permits, and Building Permits shall be sufficient to fund expenses (direct and indirect costs) of the Planning and Development Business. Activities, programs, and services included within the scope of the Planning and Development Business are listed in Appendix A of this procedure.
- 2.06 Fees will be established based on full cost recovery principles in order to generate sufficient revenue from Neighbourhood Structure Plans, Rezoning and Subdivision, Servicing Agreements, Development Permits, and Building Permits to cover the Direct Costs and Indirect Costs related to the Planning and Development Business.
- 2.07 Revenue and expenses for the Planning and Development Business will be budgeted within the Development Services Branch budget annually in accordance with the City of Edmonton's budgetary practices. Certain activities, programs, and services relating to the Planning and Development Business (identified in Attachment A) may be undertaken by other Branches. Where this occurs, transfers of revenues and expenditures will be reflected in the operating budget of the Development Services Branch and the branch delivering the service.
- 2.08 Transfers to and from the Planning and Development Reserve will be reported through the annual budget.



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- 2.09 In the event the Planning and Development Reserve balance is below the minimum balance, Administration will develop a strategy, to be approved by City Council, to achieve the minimum level over a period not to exceed three years, starting with the operating budget for the subsequent year.
- The strategy may involve, but is not limited to, the following procedures in no particular order, with the intention to limit the impact on core services:
- a) reducing one-time and temporary operating expenses,
 - b) reducing ongoing operating expenses,
 - c) reducing capital expenditures, and/or
 - d) increasing fees.
- 2.10 In the event the Planning and Development Reserve balance is above the target balance, a strategy will be adopted to reduce the balance to the maximum level over a period not to exceed three years, starting with the operating budget for the subsequent year. The strategy will be communicated to City Council, and may involve, but is not limited to, the following procedures:
- a) undertake a review of the fee structures,
 - b) undertake a review of C610 Fiscal Policy for the Planning and Development Business and revise the policy if necessary, and/or
 - c) fund one-time operating or capital expenses related to the Planning and Development Business.
- 2.11 In accordance with City of Edmonton Reserve and Equity Accounts Policy C217C, the Planning and Development Reserve will not accrue interest as its primary purpose is not to maintain future capital purchasing power and because there are no external requirements based on legislation or agreements requiring a reserve of this nature.
- 2.12 The balance of the Planning and Development Reserve will be reported to City Council as part of the regular financial reporting process.



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- 2.13 In accordance with City of Edmonton Reserve and Equity Accounts Policy, the Chief Financial Officer will undertake a detailed review of the Planning and Development Reserve every three years as part of the City of Edmonton's reserve review process.
- 2.14 Administration will report annually on the Planning and Development Business and the Planning and Development Reserve.



APPENDIX A

POLICY NUMBER: C610

AUTHORITY: City Manager

ADOPTED BY:

TITLE: Planning and Development Business Scope

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The following list indicates activities, programs, and services that are included in the Planning and Development Business, as part of 1) City Planning, 2) Development Services, 3) entire Planning and Development Business. Also listed are specific activities within some programs that are not included within the Planning and Development Business.

- 1) City Planning includes Area and Neighbourhood Structure Plans, Rezoning and Subdivision, and Servicing Agreements:

Activities, Programs and Services included in the Planning and Development Business	Activities, Programs and Services excluded from the Planning and Development Business
Land Development Application Reviews	
Servicing Agreements - Inspections, Drawing Reviews, and Administration	Servicing Agreements - Inspections and Drawing Reviews related to Utilities (example: Drainage)
Municipal Improvement Agreements	Servicing Agreements - Enforcement and Caveat Discharges
Subdivision	Naming Committee



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2) Development Services includes Development Permits and Building Permits:

Activities, Programs and Services included in the Planning and Development Business

Activities, Programs and Services excluded from the Planning and Development Business

Safety Codes Permit Review and Approvals	
Development Permit Review and Approvals	Zoning Bylaw Compliance/Enforcement
Safety Codes Inspections	Safety Codes Bylaw Compliance
Lot Grading Inspections	Lot Grading Compliance/Enforcement
Development Permit Inspections	Landscaping Compliance/Audit
Edmonton Service Centre - certificates, agreements, application review	
Edmonton Service Centre - customer service related to land development, development permit, and safety codes permit applications. This includes payments, mail, customer inquiries services.	Edmonton Service Centre - customer service related to tax levy supported programs. This includes payments, mail, customer inquiries services.

3) Entire Planning and Development Business includes Area and Neighbourhood Structure Plans, Rezoning and Subdivision, Servicing Agreements, Development Permits, and Building Permits:

Activities, Programs and Services included in the Planning and Development Business

Activities, Programs and Services excluded from the Planning and Development Business

Service enhancements (such as eServices and Urban Form Business Transformation project)	Edmonton Design Committee
Geospatial services required to support relevant services	Policy and Regulation Development
Systems, analytics and training required to support relevant services	Policy and Regulation Coordination
Budget and financial strategy required to support relevant services	Subdivision and Development Appeal Board - time spent preparing and attending
Corporate shared services and direct fees for intra-municipal service transactions	Reviews for Other departments/agencies
Branch Management & Administration for relevant services	Deputy City Manager's Office
Public hearing and public consultations	Project Management Office
Client Liaison	