



SUBJECT: Indexation of Building Permit Fees 2022

TO: Mayor and Members of Council

FROM: Building and By-law Department

Report Number: BB-02-22

Wards Affected: All

File Numbers: 565-05

Date to Committee: n/a

Date to Council: February 15, 2022

Recommendation:

Enact By-law XX-2022 as attached as appendix A to report BB-02-22 to amend By-law 66-2019, the Building Permit By-law, to adopt the annual indexation of building permit fees for 2022.

PURPOSE:

Vision to Focus Alignment:

- Increase economic prosperity and community responsive city growth
- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

In 2019, Watson and Associates performed a full review of the Building Section and provided an approach to capture costs by using an activity-based costing methodology (time-based analysis) and tied the methodology to anticipated development (PB-21-19).

In 2019 the City of Burlington Building Permit By-law 66-2019 was updated to state:

6.11.1. Compliance with Div. C, 1.9.1.2. of the *OBC*

Prior to passing a By-law to change any fees listed under Schedule "A" attached to this By-law, the *City* shall comply with the requirements set under Div. C, 1.9.1.2. of the *OBC*.

6.11.2. Indexing of *Permit Fees*

Upon passing of a By-law as set out in 6.11.1 above, the fee rates within Schedule "A" attached to this By-law are to be indexed to the overall % increase for the total Human Resource expenditures as approved in the annual budget in relation to the Building Section and are to be adjusted annually on February 1. Flat fee rates shall be rounded to the nearest dollar amount (increments of half dollar shall be rounded up). All other fees shall be rounded to the nearest cent.

As provided by the Finance Department, the overall % increase for the total Human Resource expenditures as approved in the 2022 annual budget in relation to the Building Section is 14.3%. Regarding the indexing proposed at 14.3%, this is the overall change in HR costs which includes: 4 new fee-funded FTE's approved by Council via report PL-46-21 at a cost of approximately \$415k and also includes average salaries increased by 3% corporately.

The newly indexed fees will take effect on March 1st, 2022 following enactment of the amending by-law by Council.

Strategy/process

The purpose of this report is to present Council with an annual report on the indexation of building permit fees for the administering and enforcing of the Building Code Act and Ontario Building Code.

The 2006 Building Code Act amendments through Bill 124 eliminated the practice of applying excess building permit revenues to cover the costs of non-building permit related activities. These amendments confirmed that the fees must cover the direct and indirect costs of delivering services related to the administration and enforcement of the Act. An activity-based costing model was developed at the time of the building permit fees review that took place in 2005/06. The model was used to determine costs (direct and indirect) associated with delivering services related to the administration and enforcement of the Building Code Act.

It is important to point out that a viable financial model must be structured to accommodate annual costs associated with staffing, streamlining processes and modernizing technologies, in addition to the day to day expenditures (direct and indirect) associated with operating the permitting, inspection and enforcement services.

Options Considered

Not applicable

Financial Matters:

The Building Section is based on a “Fee for Service” model that is not supported by municipal taxes and is in full compliance with legislation. Built into the fee structure is a provision to allow for a building stabilization reserve fund which is funded from excess building fee revenue. The intent behind establishing a fund is to provide municipalities with a sustainable tool for providing and maintaining building permit and inspection/enforcement services throughout a fluctuating construction industry and overall economy.

The Chief Building Official and the management team monitor local and regional development and construction activity; and the associated building permit and inspection revenues on a regular basis in coordination with local and regional industry representatives and stakeholders.

Total Financial Impact

Approval of the indexation of building permit fees per Building Permit By-law 66-2019 will assure the continued viability of the “Fees for Service” model in the Building Section of the Building and By-law Department with provision for a healthy Building Permit Stabilization Reserve moving forward.

Source of Funding

Revenues generated by building permit fees are the sole source of funding for the Building Section; including plans review, building inspections and building enforcement for all construction activity in Burlington, as required by legislation. The Chief Building Official is also mandated to immediately act to safeguard the health and safety of the public where buildings (including septic systems) are damaged due to fire, vehicle collision, structural collapse or otherwise rendered unsafe.

Other Resource Impacts

Not applicable

Climate Implications

Not applicable

Engagement Matters:

The building permit fee indexing framework contained in this report was shared with the Burlington Housing and Development Liaison Committee (BHDLC), West End Home Builders Association (WEHBA) and the Hamilton Halton Construction Association (HHCA) via the Watson and Associates report (PB-21-19) in 2019.

Conclusion:

To ensure the Building Section is aligned with the “Fees for Service” model and has the ability to financially cover all direct/indirect costs the noted indexing of 14.3% should be approved.

Respectfully submitted,



Nick Anastasopoulos, P.Eng.

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Appendices:

- A. Amending By-law (Indexation) 2022
- B. Schedule 'A' to Building Permit By-law 66-2019 (fees indexed accordingly)

Notifications:

Burlington Housing and Development Liaison Committee (BHDLC)

Mailing or e-mail address : Mike Collins-Williams mikecw@westendhba.ca

Hamilton Halton Construction Association (HHCA)

Mailing or e-mail address : Sue Ramsay sue@hhca.ca

West End Home Builder's Association (WEHBA)

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Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.