



SUBJECT: Indexation of building permit fees for 2023
TO: Community Planning, Regulation & Mobility Cttee.
FROM: Building and By-law Department

Report Number: BB-01-23

Wards Affected: All

File Numbers: 565-05

Date to Committee: February 28, 2023

Date to Council: March 2, 2023

Recommendation:

Enact By-law XX-2023 as attached as appendix A to building and by-law department report BB-01-23 to amend By-law 66-2019, the Building Permit By-law, to adopt the annual indexation of building permit fees for 2023.

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 & Associates Economists Ltd. performed a full review of the Building Services 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 2023 annual budget in relation to the Building Services Section is 5.8%.

The newly indexed fees will take effect on March 6, 2023 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 and Ontario Building Code.

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 the administration and operation of the permitting, inspection and enforcement services.

Options Considered

The City of Burlington's Building Services Section could contemplate not implementing any noted indexing to building permit fees. This decision could place the Building Services Section in a precarious position to not cover its operating costs (direct/indirect) and possibly draw on the building permit stabilization reserve fund. With a fluctuating construction industry and unstable economy, depleting the stabilization reserve fund could; hinder delivering our mandated timelines (lowering customer expectations), delay the transformation of our future green fleet, and/or halt investing in refined technology to amplify our building permit processes (as noted in the Land Management Database Platform Review "LMDPR" project).

Financial Matters:

The Building Services 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 permit 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 Services 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 Services Section; including plans review, building inspections/enforcement and policy/regulatory services, 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 indexation increase contained in this report was posted on the City's website and also shared with lead representatives from the Burlington Housing and Development Liaison Committee (BHDLC), West End Home Builders Association (WEHBA) and the Hamilton Halton Construction Association (HHCA) through the Notice of Public Meeting announcement emailed on February 1, 2023.

Conclusion:

To ensure the Building Services Section is aligned with the "Fees for Service" model and has the ability to financially cover all direct/indirect costs the noted indexing of 5.8% should be approved.

Respectfully submitted,



Nick Anastasopoulos, P. Eng.

Chief Building Official / Director of Building & By-law

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Appendices:

- A. Amending By-law (Indexation) 2023
- 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.