

February 1, 2024

Mayor Meed Ward and Members of the Committee of the Whole
City of Burlington
426 Brant St,
Burlington, ON
L7R 3Z6

Sent via email to Clerks@burlington.ca

**RE: City of Burlington
Committee of the Whole | February 5, 2024**

Item # 5.1 - Indexation of building permit fees 2024 (BB-01-24)

BILD is in receipt of Item 5.1 – Indexation of Building Permit Fees 2024 (BB-01-24) as presented on the February 5th Committee of the Whole (COW) agenda. As your community building partner and on behalf of our Halton Forum, BILD appreciates the opportunity to review and provide these preliminary comments regarding this work.

To facilitate our review, BILD enlisted the services of Keleher Planning and Economic Consulting (KPEC) to assess the reasonableness of the proposed 24.9% increase and conduct a thorough assessment of the three primary factors identified in the aforementioned report that have led to this increase.

At the point of writing this correspondence, know that a meeting is scheduled between BILD's consultant and Mr. Nick Anastasopoulos for Friday, February 2nd, at 1 PM to discuss BILD's consultant's observations and questions regarding the proposed increase. Due to the submission deadline of noon on Friday for Monday's Committee meeting, this letter will unfortunately not include a report from this meeting between staff and our consultant that took place on Friday. Therefore, please know that it will be our intention to submit a follow-up letter to Council prior to your meeting of February 13th, which will include any additional findings.

Upon our preliminary review of the staff report, including a review of the City's budget related to the Building Department, we can provide the following high-level concerns below.

In 2023, the City's building department ('City Building') generated \$5.731 million in revenues against \$4.355 million in expenditures, resulting in a surplus of \$1.376 million. The revenues generated in 2023 were 31.6% higher than the department's expenditures.

The City's 2024 budget shows a projected 26.1% increase in projected expenditures, but despite 2023 revenues of \$5.731 million still being more than sufficient to cover the projected increase in expenditures, City Building has matched the 26.1% increase in projected expenditures with a 25.1% projected increase in revenues. We believe the latter may be understated, as the City's 2024 budget indicates that the 25.1% increase is the increase is driven through **both** annual fee indexation and an increase in construction activity, as mentioned in the footnote to the table in attachment 1. Based on the forecasted increased revenues from the 2024 budget, the City projects a 2024 surplus of \$1.677 million. It is unclear what proportion of the forecast increase in revenue from the 2024 budget is from the

scheduled fee increase (+24.9%) and what proportion is projected to come from increased building activity. However, it is important for us to underscore that a surplus of fee revenues serves to keep property taxes down, as any shortfall represents a tacit baseline cost, while any surplus directly subsidizes taxpayers by developers.

In summation, the claim regarding increased expenditures is consistent with the City's budget, but the need for a 25% higher revenues to cover those increased expenditures appears to only be increasing the department's annual surplus, and we are concerned that proposed fee increase is only being used to maintain a significant 30% surplus in revenues relative to expenditures and subsidize the taxpayer.

Our overarching question, which BILD aims to address through our February 2nd meeting with staff, is what percentage of the 25.1% increase in revenues is due to the anticipated indexation assumed at the time the budget was prepared, and how much is due to increased construction activity? If the projections in the City's budget includes a substantial assumed increase in construction activity, and therefore does not capture the full 24.9% increase in fees, the projected surplus in the 2024 budget would be understated.

Recognizing the crucial importance of collaboration between the industry and the City, we want to emphasize BILD's unwavering commitment to working together. In this particular instance, we simply require additional time to facilitate this collaborative process.

Thank you once again for allowing us the opportunity to provide our comments. We kindly request that you await our subsequent submission, which we plan to submit prior to the Council meeting on February 13th, before reaching any decisions on this report. As always, please do not hesitate to contact the undersigned for any further discussions or clarifications.

Kind regards,

A handwritten signature in black ink, appearing to read "Victoria Mortelliti". The signature is fluid and cursive, written over a white background.

Victoria Mortelliti, MCIP, RPP.

Senior Manager, Policy & Advocacy

CC: BILD Halton Forum Members
Daryl Keleher, Keleher Planning and Economic Consulting (KPEC)
Nick Anastasopoulos, CBO, City of Burlington

The Building Industry and Land Development Association is an advocacy and educational group representing the building, land development and professional renovation industry in the Greater Toronto Area. BILD is the largest home builders' association in Canada, and is affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association. It's 1,300 member companies consists not only of direct industry participants but also of supporting companies such as financial and professional service organizations, trade contractors, as well as manufacturers and suppliers of home-related products.

ATTACHMENT 1

**OPERATING BUDGET
SERVICE RESOURCE SUMMARY**

(\$ rounded to thousands)

Building Code Permits and Inspection

	2023 Budget	2024 Base Budget	\$ Change Base Budget	2024 Key Investment	2024 Total Budget	\$ Change Total Budget	% Change Total Budget
Human Resources	4,125	4,809	684	406	5,215	1,091	26.4%
Operating & Minor Capital	44	55	11	4	59	15	34.4%
Purchased Services	107	118	12	2	121	14	13.3%
Corp. Expenditures / Provisions	72	75	3	6	81	10	13.5%
Internal Charges & Settlements	9	18	9		18	9	103.9%
TOTAL EXPENDITURES	4,355	5,075	719	419	5,494	1,139	26.1%
Controllable Revenues	5,731	6,616	885	554	7,171	1,439	25.1%
General Revenues & Recoveries							0.0%
TOTAL REVENUES	5,731	6,616	885	554	7,171	1,439	25.1%
NET OPERATING BUDGET	(1,376)	(1,542)	(166)	(135)	(1,677)	(301)	(21.8%)

Budget Commentary

Human Resource increase reflects the impacts of provisions for the annual performance adjustment, range movement, payroll taxes (EI, CPP, EHT), WSIB, OMERS and group benefits.

Projected increase in Building Permit revenue based on the annual fee indexation increase and an active construction activity in 2024.

Key Investment:

2024-026 Building Department Fee Funded Positions

https://www.burlington.ca/en/council-and-city-administration/resources/Budget-and-Finances/Proposed-Budget-Book/2024/2024_Financial_Needs_and_Multi-Year_Forecast.pdf