



SUBJECT: Indexation of Building Permit fees 2024

TO: Committee of the Whole

FROM: Building and By-law Department

Report Number: BB-01-24

Wards Affected: All

Date to Committee: May 13, 2024

Date to Council: May 21, 2024

Recommendation:

Approve a 3% indexation of building permit fees for 2024 as detailed in building and by-law department report BB-01-24; and

Direct the Director of Building Services and Chief Building Official to prepare a by-law to amend By-law 66-2019, the Building Permit By-law, to adopt the annual indexation of building permit fees for 2024, in a form satisfactory to the Executive Director of Legal Services and Corporation Counsel, or designate, for approval at Council on May 21, 2024, to come into effect as of May 22, 2024.

PURPOSE:

Vision to Focus Alignment:

- Designing and delivering complete communities
- Providing the best services and experiences
- Driving organizational performance

Background and Discussion:

In 2019, Watson & Associates Economists Ltd. (Watson) 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 City’s Finance Department, the overall percentage increase for the total Human Resource expenditures as approved in the 2024 annual budget in relation to the Building Department is 24.9%. This increase is a current incurred cost and is the result of three primary factors, each contributing to the overall adjustment:

City of Burlington Job Evaluation (JE) adjustments (approximately 12%):

The City implemented a JE of all non-union job roles across the corporation in 2022/23. This modification is essential to accurately reflect the progressive responsibilities, required technical qualifications, risk and complexities associated with the job roles identified in the Building Department.

Market and performance-based adjustments for 2024 (approximately 3%):

Another component of the fee adjustment is tied to salary adjustment for 2024, incorporating a blend of market and performance-based adjustments. This fee adjustment is crucial for retaining and attracting skilled professionals necessary for effective building permit administration and enforcement.

Additional Staff Approval in 2024 Budget (remaining 9.9%):

The 2024 budget includes the approval of four (4) additional staff positions directly funded by building permit revenues, including a Supervisor of Building Permits, Supervisor of Building Inspections, Building Engineer and Application Analyst. Collaboratively, these roles enhance the customer support experience by ensuring a streamlined and efficient process within the Building Department.

An indexation of 3% is being proposed in 2024 to capture the annual market and performance-based adjustments. The remaining 21.9% of the total Human Resource

expenditure increase approved in the 2024 budget is currently being reviewed by Watson with an expected report to Committee and Council in Q4 of 2024.

Following enactment of the amending by-law by Council, the fee indexation would take effect on May 22, 2024.

Strategy/process/risk

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 building permit fees must cover the direct and indirect costs of delivering services related to the administration and enforcement of the Act. 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.

It is important to point out that a viable financial model must be structured to accommodate annual costs associated with staffing, streamlining processes, modernizing technologies, and addressing regulatory changes to the Ontario Building Code, 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 Department could contemplate not implementing any noted indexing to building permit fees. This decision could place the department in a precarious position to not cover its operating costs (direct/indirect) and possibly draw on the building permit stabilization reserve fund.

Financial Matters:

The Building Department 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 economic climate.

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 Department with provision for a Building Permit Stabilization Reserve moving forward.

Source of Funding

Revenues generated by building permit fees are the sole source of funding for the Building Department; including plans review, building inspections/enforcement and policy/regulatory services, as required by legislation.

Other Resource Impacts

Not applicable.

Climate Implications:

Not applicable.

Engagement Matters:

The building permit fee indexation adjustment 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), Hamilton Halton Construction Association (HHCA) and Building Industry and Land Development Association (BILD) through the Notice of Public Meeting announcement emailed and posted a minimum 21 days prior to the public meeting, in accordance with the Ontario Building Code.

Conclusion:

To ensure the Building Department is aligned with the Fees for Service model the Building Department is proposing the noted indexing of 3% to be approved.

Respectfully submitted,

Nick Anastasopoulos, P. Eng.

Chief Building Official / Director Building Services

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Notifications:

Burlington Housing and Development Liaison Committee (BHDLC)
Mailing or e-mail address : [BHDLC distribution list](#)

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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Building Industry and Land Development Association (BILD)
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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.