

Building Standards Proposed Program Fee Changes – 2022/2023

RECOMMENDATION

1. That the proposed Building Standards program fees for 2022 and 2023, as included in the 2022/2023 Preliminary Business Plan and Budget, be approved; and
2. That the City Solicitor be instructed to draft the appropriate amendments to Bylaw No. 9455, Building Bylaw, 2017.

ISSUE

Administration is proposing changes to fees for building and plumbing permit applications to meet set program cost recovery objectives and maintain current service levels.

BACKGROUND

Building Standards is funded 100% through revenues generated from associated programs and services offered. The program is supported by the Building and Inspection Permit Stabilization Reserve (Stabilization Reserve), which was established to offset any deficits in the department's operations due to revenue shortfalls from declines in the number and/or type of building permits issued and unexpected program expenditures.

Fees associated with Building Standards programs were last reviewed in 2018 and 2019, with fees updated via the 2019 and 2020/2021 budget process. Utilizing funding available within the Stabilization Reserve, fees were phased in over a three-year period, to help moderate the impact to builders.

Fees established for the Commercial Permit program review reflect goals set with industry to become a national leader in delivery of building and development permits and achieve a new service level of two to five weeks for review of typical commercial permits, representing up to a 50% improvement on permit review times over 2019 service levels.

The Cornerstone Capital Project was initiated in 2019, outlining a series of improvements to achieve the new commercial service levels and customer service improvements within all programs delivered by Building Standards. Concurrent digital plan review processes and a temporary online customer portal were implemented in the Spring of 2020. Phase 1 of a new ePermitting system is set to launch this fall and will fully integrate a new online customer portal, permit application submissions, payments, permit tracking and internal workflows. This will support the plumbing permit, property information disclosure, building and development plan review and inspection programs.

Phase 2 of the ePermitting system will follow completion of Phase 1 and will add workflows related to planning and business licensing applications.

DISCUSSION/ANALYSIS

Changes in the type and number of building and plumbing permits issued in 2019 and 2020 to date has resulted in program revenues performing lower than budgeted forecasts. Planned reliance on the Stabilization Reserve has been minimized by monitoring staffing levels and the initial fee increases; however, the phase-in approach to prior fee increases, combined with the impacts of the COVID pandemic, resulted in a greater than anticipated reliance on the Stabilization Reserve in the last few years to cover program shortfalls.

The Stabilization Reserve is no longer adequately funded to offset continued or unexpected deficits in the department's operations while maintaining the service levels with the established fee structure.

Industry engagement on the proposed fee changes occurred in August and September 2021. Stakeholders from the construction industry value the level of services provided and prefer to not see a reduction in service levels. However, they also share concerns with the rising program costs and affordability of maintaining service levels associated with permit review targets. Their preference is for program increases more in line with projected inflation with continued efforts to find creative ways to maintain service levels.

The Mechanical Contractors Association of Saskatchewan recognizes the need to cover program expenses and their members see value in the improved customer portal, which will be launched this fall with Phase 1 of the ePermitting system.

The following table summarizes the recommended program fees from January 2022 to December 31, 2023.

Building Standards Proposed 2022/2023 Program Fees

Table 1 – Building Permit Fees

	2021	2022	2023
Residential Building Permit			
Residential (one and two-unit dwellings, townhomes, row houses, apartments that fall under Part 9 of the National Building Code)	\$0.99/ft ²	\$1.03 /ft ²	\$1.06/ft ²
Basement development or alterations of any floor area	\$0.34/ft ²	\$0.35/ft ²	\$0.36/ft ²
Garage (attached or detached)	\$0.30/ft ²	\$0.31/ft ²	\$0.32/ft ²
Deck	\$0.13/ft ²	\$0.14/ft ²	\$0.14/ft ²
Roof over deck or carports	\$0.13/ft ²	\$0.14/ft ²	\$0.14/ft ²
Apartments (New Construction Only) That Fall Under Part 9 of the National Building Code			
All floor levels, including basement	\$0.99/ft ²	\$1.03/ft ²	\$1.06/ft ²
Addition of decks and balconies to existing construction	\$0.13/ft ²	\$0.14/ft ²	\$0.14/ft ²
Garage/accessory building (attached or detached)	\$0.30/ft ²	\$0.31/ft ²	\$0.32/ft ²

	2021	2022	2023
All Other Construction Not Noted Above			
Cost per \$1,000 of construction	\$10.00	\$10.50*	\$10.50
*Fee previously approved by City Council as part of the 3 year proposed fees. No change for 2023.			
Construction and design plan review fee	\$437.00	\$446.00**	\$455.00**
Water and sewer plan review fee	\$645.00	\$658.00**	\$671.00**
Minimum permit fee	\$156.00	\$159.00**	\$162.00**
Re-inspection fee	\$156.00	\$159.00**	\$162.00**
Minimum permit reinstatement fee	\$156.00	\$159.00**	\$162.00**
Permit extension fee	\$156.00	\$159.00**	\$162.00**
Interim occupancy permit fee	\$832.00	\$849.00**	\$866.00**
Final occupancy permit fee	\$395.00	\$403.00**	\$411.00**

Plumbing Permit Fees			
	2021	2022	2023
Minimum Permit Fee	\$100.00	\$115.00	\$120.00
Cost per Fixture	\$19.50	\$22.40	\$24.00
Partial Inspection Fee	\$75.00	\$76.50**	\$78.00**
Re-Inspection (call back) Fee	\$100.00	\$102.00**	\$104.00**
Returned item fee	\$20.00	\$20.00	\$20.00

** 2% increase as recommended by 2018 fee review

FINANCIAL IMPLICATIONS

Based on the proposed fees in Table 1 and permit volume forecasts, revenues will increase to \$7,496,100 in 2022 and \$7,687,400 in 2023. The 2022 increase of \$860,700 is comprised of \$439,100 for volume increases and \$421,600 in rate increases; the 2023 increase of \$191,300 is comprised of \$71,700 in volume increases and \$119,600 in rate increases. The anticipated contribution to the Plan Review and Inspection Service Stabilization Reserve will be \$200,400 in 2022 and \$446,100 in 2023, resulting in a projected Stabilization Reserve balance of \$1,784,000 at the end of 2023.

The impact of not changing fees while maintaining service levels will result in the program continuing to be subsidized by the Stabilization Reserve. If the proposed fee increases are not implemented, it is anticipated the reserve balance will be \$1,238,000 by 2023, limiting the ability to manage risks associated with program shortfalls without requiring an unplanned reduction in program service levels.

OTHER IMPLICATIONS

Amendments to Bylaw No. 9455, Building Bylaw, 2017 are required to support implementation of the proposed fee changes.

Business Line: Urban Planning and Development