

## Commercial Building Permit Fees– 2020/2022

### Recommendation

1. That the proposed commercial building permit fees for 2020 – 2022, as included in the proposed 2020 and 2021 Preliminary Operating Budget, be approved; and
2. That the City Solicitor be instructed to draft the appropriate amendments to Bylaw No. 9455, Building Bylaw, 2017.

### Issue

The Administration is proposing changes to the commercial building permit fees to support the goal of being a national leader in building and development permit turnaround times.

### Background

In 2018/2019, the Building Standards Division, in partnership with the Planning and Development Division, engaged the services of a third-party consultant to complete an Operational Review to identify program and process improvements that would support streamlining practices for permit and development approvals and also work to make us national leaders.

Findings of the review demonstrate that although the City of Saskatoon's commercial building permit fees are currently low compared to other municipalities surveyed, the resulting permit turnaround times do not meet the needs of industry.

### Discussion/Analysis

Efficiency and effectiveness of the permitting process is key to delivering exceptional service and value to customers. To align with strategic priorities and respond to industry needs, the Administration is already undertaking a number of continuous improvement initiatives and has undertaken a review of the permit fees that would be required to support the continued improvements.

The net impact of the recommended fee increases will continue to support the goal of being a national leader and the cost recovery objectives associated with the commercial building permit program. The proposed fees would be on par with the industry average when compared to other municipalities surveyed.

Industry engagement on the proposed fee increases occurred from August to October 2019. While the industry recognizes process improvements are already underway, and that fee increases will be necessary to achieve the goal of being leaders in this area, there was feedback around the timing of the proposed increase to allow industry time to appropriately prepare.

The following table summarizes the recommended fee increases, from January 2020 to December 31, 2022.

**Table 1 – Recommended Commercial Permit Fee Increases**

Type	2019 Rate	Proposed 2020 Rate	Proposed 2021 Rate	Proposed 2022 Rate
<b>Commercial Building Permit</b>				
Cost per \$1,000 of Construction Value	\$7.50	\$7.50	\$10.00	\$10.50

**Policy Implications**

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

**Financial Implications**

Based on the proposed fees in Table 1, the Building Permit Program revenue for 2020 will reflect the current industry trends and will be a decrease over 2019 of \$532,900. In 2021, with the fee increase, revenues will increase by \$1,248,500 and, the anticipated draw on the Plan Review and Inspection Service Stabilization Reserve will be \$1,264,900 in 2020 and \$174,600 in 2021, resulting in a projected reserve balance of \$2,844,000 at the end of 2021.

The impact of not changing the fees will result in the program continuing to be subsidized by the stabilization reserve. According to the projected permit volumes, if the proposed fee increases are not implemented and the current fee structure remains, it is anticipated that the reserve balance will decrease to \$524,900 by December 31, 2022 and is projected to be fully depleted in 2023.