
2007 BUDGET BRIEFING NOTE

Toronto Building's Strategy for Processing Building Permit Applications within Legislated Time Frames and the Adequacy of the Permit Fee Increase in 2006 to meet Cost Recovery

At its meeting of January 26, 2006 the Budget Advisory Committee requested that the Chief Building Official and Executive Director report:

1. On a long term strategy for processing Building Permit applications within the legislated timeframes under Bill 124 [Building Code Statute Law Amendment Act] and the new application requirements under the Brownfield Statute Law Amendment Act.
2. Addressing whether the 4.6 percent Building Permit Fee increase was sufficient to achieve cost recovery as authorized under the Building Code Act.

Key Points:

- Through the November 30, 2004 and November 15, 2005 reports to Planning and Transportation Committee, Council adopted changes to the fee structure, policies and procedures and service delivery processes, reflected in the Building and Demolition By-law, to meet the legislated timeframes under Bill 124, as well as new application requirements under the Brownfield Statute Law Amendment Act.
- Toronto Building is meeting legislated timeframes for permit issuance 80% of the time.
- The Toronto Building 2007 operating budget submission contains adjustments including the conversion of overtime allocation to the Brownfield Statute Law Amendment Act to 4 FTEs and a reduction in gapping to further improve performance.
- The 4.6 percent permit fee increase for 2006, adjusted annually, is sufficient to offset these adjustments, based on current volumes, while meeting the fiscal target.
- Toronto Building's long term strategy to meet the requirements of Bill 124 and the Brownfields legislation has centred on three key areas: improvements in service efficiencies, technology and staff.

Background:

Meeting Service Levels Through Staff, Service Efficiencies and Technology

- Toronto Building is essentially a service organization. The November 30, 2004 report to Planning and Transportation Committee, on implementation of the Building Code Statute Law Amendment Act, stated that increasing the staffing capacity from the 2004 level would be required in order to process the expected volume of building permit applications within the legislated performance standards, as well as manage forecast volumes through 2006.
- Adequate staffing levels are also necessary in order to maintain the Division's ability to respond and complete complaint investigations (including emergency calls) within performance objectives.
- The 2005 UDS base budget request approved by Council included an approach to directing revenues recovered from building permit fees to staff, technology and other service delivery improvements. It was anticipated that the increase in 37.5 FTE would achieve almost half of the required service delivery improvements necessary to meet the new legislated requirements.
- To achieve the remaining productivity gains, the Building Division introduced service efficiencies and made program changes through an amended Building and Demolition by-law, approved by Council in June, 2005. The new programs support increased productivity and efficiencies in the areas of single dwellings and smaller applications, the areas where the largest gains were required.
- Improvements in technology (e.g. IBMS) have been made to facilitate managing the permit volumes and enable measurement of performance related to service delivery standards under the Building Code Statute Law Amendment Act.
- The monitoring and tracking systems are now in place. Initial reports indicate that the Division is meeting the legislated timeframes 80% of the time for permit issuance and 90% percent of the time for inspections. The 2007 performance targets are 90% for permit issuance and 95% for inspections.
- In 2006, Toronto Building used \$400,000 in overtime (through a 2006 budget allocation) as the means to manage the requirements under the Brownfield Statute Law Amendment Act. This funding was offset by new revenues generated from fees for all new dwelling units issued permits (approximately 10,000 new units annually).
- Performing these and other duties on an overtime basis has proven to be difficult and counter productive. The overtime hours have been used largely by staff to clear a backlog of files. Staff have not been as willing to take advantage of overtime opportunities as expected. Where overtime has been taken, most staff have chosen to take lieu time instead of the paid overtime.

- The 2007 budget recommends converting overtime funding in the base budget to new staff resources to perform the necessary research and make decisions related to the required Record of Site Condition (RSC) review under the Brownfields regulations. This proposal reflects 4 FTE's for 6 months in 2007.
- The repercussions of not having adequate staff are:
- Potential appeals to the Building Code Commission, resulting in orders against the Chief Building Official and additional workload associated with the appeals.
- Possible unsafe construction proceeding without sufficient inspection staff to manage the volume creating further enforcement and liability issues for the City.
- Limiting the ability to move towards meeting the provincial performance targets one-hundred percent of the time.

Gapping/Hiring

- In 2006 fifteen staff were either eligible to retire or required to retire. In 2007, an additional nine staff will be eligible for retirement.
- Construction volume continues at high levels. In 2006, Toronto Building issued over 32,000 building permits and conducted over 162,000 inspections. The construction value of permits received in 2006 was an all time high of almost \$6 billion.
- The Division's gapping target has doubled, increasing from approximately nine positions in 2002 to the equivalent of 18 positions in 2007.
- Effective January 1, 2006 staff have been required to be qualified and registered in order to provide plan review and inspection services. The diversity and range of building projects in the City requires staff who must now pass provincial exams for each building type they review or inspect.
- It has proven difficult to attract qualified, experienced staff with the appropriate technical expertise for the City. Job harmonization and "red-circling" of certain job classifications has added to the difficulty in recruiting qualified staff.
- Delays in the hiring of technical staff increases the competition between municipalities within the GTA, as the municipal demand for qualified people exceed the number that are qualified and able to work.

Achieving Cost Recovery through the 2006 Building Permit Fee Increase

- The report "Adjustments to Building Permit Fees and Resources Related to the Implementation of the Brownfields Statute Law Amendment Act" was adopted by Council on December 5, 6, 7, 2005. Council approved an annual fee increase at a rate equal to the annual wage adjustment.

- That report also recommended a one-time building permit fee increase of 4.6 percent to cover the direct and indirect costs of enforcing the Building Code Act (BCA) while moving towards maintaining the service levels required under the new Act, assuming anticipated volumes were achieved.
- The one time increase of 4.6 percent, in combination with increased gapping, the reduction of several positions and program efficiencies enabled the Division to offset the key direct pressures in 2006. The key pressures in 2006 were merit and step increases, benefits and the 2006 cost of living allowance.
- Now that the fees are structured to cover the indirect and direct costs of enforcement of the Act the annual increase should be sufficient to cover the increased costs over time of wage adjustments and salary increases. The Division's costing model will be reviewed annually to reflect increases due primarily to economic factors for the indirect cost areas.
- The 2006 preliminary year end variance report reflects a 0.0% net variance from the approved budget, indicating that the fee increase and additional steps taken were sufficient to achieve cost recovery under the Building Code Act.
- As required by legislation, the Division will be reporting publicly on the 2006 budget year, outlining how new revenues collected have been used to cover the direct and indirect costs of administering and enforcing the BCA and the building code. The Division intends to bring this report (required under the Building Code Act) to Planning and Growth Management Committee at its May meeting.

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