



## STAFF REPORT ACTION REQUIRED

### Fees for Inspections

<b>Date:</b>	December 16, 2009
<b>To:</b>	Licensing and Standards Committee
<b>From:</b>	Executive Director, Municipal Licensing and Standards
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2010\Cluster B\MLS\Ls10003

### SUMMARY

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The purpose of this report is to amend Municipal Code, Chapter 441, Fees, to change the fees for property standards inspection services, where by-law violations have not been remedied beyond the date of compliance set out in any Order or Notice of Violation issued by a Municipal Standards Officer.

Currently, the fee is \$60 per hour, with a one-hour minimum. Municipal Licensing and Standards (ML&S) has reviewed the current cost of providing these inspections, and a \$94 one-hour minimum with additional hours charged at a rate of \$55 per hour or part thereof, per Municipal Standards Officer, per inspection more accurately reflects a cost recovery model.

It is expected that the new fees will take effect February 1, 2010.

### RECOMMENDATIONS

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**The Executive Director, Municipal Licensing and Standards, recommends that:**

1. The City of Toronto Municipal Code, Chapter 441, Fees be amended to change the fee for inspection services to reflect a \$94 one-hour minimum with additional hours charged at a rate of \$55 per hour or part thereof, per Municipal Standards Officer, per inspection where by-law violations have not been remedied beyond the date of compliance set out in any Order or Notice of Violation issued by a Municipal Standards Officer; and
2. The City Solicitor be directed to prepare the necessary bill to give effect to the recommendation in this report.

Public notice has been given in a manner prescribed in the Toronto Municipal Code Chapter 162, Notice, Public.

### **Financial Impact**

As a result of the increase in the hourly rate for re-inspection fees, ML&S would generate additional revenue of \$194,857 in 2010, increasing the total revenue from this source from \$369,540 to \$564,397. This additional revenue was calculated based on an enforcement date of February 1, 2010. This increase in revenue will enable ML&S to achieve cost recovery for delivery of this service. No additional costs will be incurred in order to implement the proposed recommendation.

The Deputy City Manager and Chief Financial Officer have reviewed this report and agree with the financial impact information.

### **DECISION HISTORY**

At its meeting on March 1, 2, and 3, 2004, City Council adopted Clause 11 embodied in Report No. 2 of the Policy and Finance Committee (see the link below) without amendment, outlining the establishment of a new class of fees for the provision of inspection services.

<http://www.toronto.ca/legdocs/2004/agendas/council/cc040301/pof2rpt/cl011.pdf>

### **ISSUE BACKGROUND**

Fees for inspections are applied in situations where by-law violations have been identified, Orders or Notices of Violation issued, and subsequent inspections have confirmed that the violations had not yet been remedied. In those instances, any inspections conducted after the date of compliance has passed, and where the violation has not been remedied, would result in an inspection fee being assessed. Currently, the inspection fee is set at a rate of \$60 per hour, with a one-hour minimum.

### **COMMENTS**

#### **Fees for Inspections**

Fees for inspections have been applied in respect of by-laws (for example, property standards related by-laws) as a means to recover the costs incurred by the additional inspections required to deal with individuals who do not comply with Orders or Notices of Violation. Initial inspections are not charged to the property owner. However, subsequent inspections after an Order or Notice of Violation has expired, that confirm the violation still exists, are charged back to the property owner. These fees allow the City to recover the costs incurred in officers' time, administration costs, and other overhead.

## Fees for Inspections in Other Municipalities

A review of various municipalities showed that while some did not have fees for property standards inspection services, others do. Ottawa, Mississauga, Kingston and Burlington currently do not charge fees for property standards inspection services.

Like Toronto, the City of Hamilton does not charge for the first inspection, but it does impose a \$233 flat fee for the second inspection and a \$116 flat fee for any additional inspections. Oshawa, on the other hand, charges \$65 per hour, with a minimum of two hours for re-inspections resulting from non-compliance. The City of Oshawa also charges a \$100 property standards inspection fee per visit, following the confirmation of an Order.

## Financial Pressures Related to Increased Fees

Recently, Municipal Standards Officer salaries in the City of Toronto were adjusted higher through a mediated settlement. With expected annual wage increases, cost of living appraisal (COLA) increases, and the union-negotiated wage settlement, it is anticipated that the recommended increase in inspection fees will more accurately reflect a cost recovery model, while continuing to encourage compliance at an earlier stage.

However, insofar as non-compliance may occur, it is expected that this increased fee will generate additional revenue of approximately \$194,857 in 2010. This calculation is based on an average of 500 re-inspection hours per month (see Table 1), with an effective date of February 1, 2010.

**Table 1: Fees for Inspections – Generated Incremental Revenue**

Inspections per month	Inspections annually	Inspections of < 1 hr	Inspections of 1.5 hrs (on avg.)	
500	6,000	94.7%	5.3%	
		5,682	318	
<b>Fees generated:</b>				
Under current rates (\$60/hr with min. 1 hr)		\$340,920	\$28,620	\$369,540
Under proposed rates (\$90 for first hour with \$55/hr or part thereof) for 228 business days		\$518,528	\$45,869	\$564,397
Additional revenue generated			\$194,857	

Inspection fees for non-compliance have remained unchanged since Council's adoption of the Policy and Finance Committee's recommendation to establish property standards inspection fees in 2004. In light of recent salary and wage increases, and in comparison to fees currently charged by Hamilton and Oshawa, the City's anticipated fee increase to \$92 minimum for the first hour, with an additional \$55 per hour or part thereof per Municipal Standards Officer, appears consistent with the fees charged in these municipalities, and will enable ML&S to achieve cost recovery.

## **CONTACT**

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## **SIGNATURE**

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## **ATTACHMENTS**

Appendix A: Proposed Bill to amend Chapter 441, Fees