Minutes – Executive Policy Committee - March 20, 2008

OPERATING BUDGET REVIEW

Minute No. 234 Planning, Development and Building Fees By-law - Full Cost Recovery Methodology
File EX

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

(See Minute 238)

Minutes – Executive Policy Committee - March 20, 2008

DECISION MAKING HISTORY:

Moved by Councillor Swandel,

That the recommendation of the Standing Policy Committee on Property and Development be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On March 13, 2008, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service with the following amendment, namely:

- Delete recommendation 1. in its entirety and replace with the following, namely:

    1. That a new proposed Planning, Development and Building Fees By-law, which moves towards a full cost recovery methodology, incorporating the following changes be adopted:

        A. The second paragraph in page two of Attachment "F" to the report of the Acting Director of Planning, Property and Development dated March 6, 2008 be amended by deleting Category B (Major – standard conditions some issues and time required) and Category C (Complex - extensive staff time reviews – public meetings, etc.) and all the proposed corresponding fees,

and forwarded the matter to the Executive Policy Committee and Council.

RE: PLANNING, DEVELOPMENT and BUILDING FEES BY-LAW

FOR SUBMISSION TO: Standing Policy Committee on Property and Development

ORIGINAL REPORT SIGNED BY: Director of Planning, Property and Development

REPORT DATE: March 6, 2008

RECOMMENDATION:

1. That Council adopt a new proposed Planning, Development and Building Fees By-law which moves towards a full cost recovery methodology.

2. That the planning, development and building fees and charges contained within this by-law continue to be increased annually at a minimum to the Consumer Price Index (CPI), unless a review indicates otherwise.

3. That the Planning, Development and Building Fees By-law come into effect May 1, 2008 in order to provide notice to the industry to adjust for the 2008 construction season.

4. That the Winnipeg Public Service report back by December 2008 with a detailed review of the impact of the fee increases and a comprehensive review of the cost of services for Building Permits and Land Development Applications.

5. That all fees and charges contained within this by-law be reviewed at least once every three (3) years.

6. That the proper officers of the City be authorized to do all things necessary to implement the foregoing.

Report Summary

Key Issues:

- In February 2008, during budget deliberations, the Development and Inspections Division of Planning, Property and Development Department was directed to

increase revenues by $3 million in order to make up the shortfall between 2008 revenues and expenditures.

- Development and Inspections revenues are generated primarily through Building Permit fees.

- The Planning, Building and Development Fees By-law contains fees for several different types of services, primarily for building permits and land development approvals.

- Predicting building permit revenues is difficult and is influenced by many factors, including
    - Type of application
    - Physical size of project
    - Complexity of fee rationale for various permit types (i.e. service index)
    - Volume of applications (driven in part by economic factors)
    - Economic factors (such as population growth, economic growth, changes in demographics, availability of serviceable land, infrastructure capacity (roads and pipes) and market demand)

- Options considered for increasing fees to raise $3 million in revenues in 2008:
    - One option is to increase the budgeted revenue number by 36% from $8 million to $11 million – this would require a 36% increase in permit fees across the board
    - A second option is to look at the actual revenue experience in 2007
    - A third approach is to look at a broader range of permit volume and revenue experience – taking into consideration the last 4 years – in order to establish a more representative permit fee increase

- Based on the analysis conducted, PPD recommends that a 21% increase be implemented across the board for all building permit related fees, effective May 1, 2008

- Due to the difficulty in predicting building permit revenues, a sensitivity analysis was conducted to demonstrate the revenue impact of varying permit volumes and rates of fee increase

- Analysis of land development approval fees is based on benchmarking with other cities providing comparable services

- On that basis, land development approval related fees be increased as per the analysis of comparable cities

- It is proposed that several new fees associated with the new Zoning By-law and a new mechanical systems permit and license be introduced.

- The Winnipeg Public Service will report back by December 2008 with a detailed review of the impact of the fee increases and a comprehensive review of the cost of providing services for Building Permits and Land Development Applications, which will form the basis for a full cost recovery fee methodology.

- Some issues which need to be considered when moving towards full cost recovery are:

    - Waiver of permit fees
    - 10% reduction of fees for Downtown projects
    - Service-based budgeting and analysis

Implications of the Recommendation(s):

General Implications

( ) None

( ) For the organization overall and/or for other departments

(X) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s):
The report recommends fee increases in order to move closer towards cost recovery for Building Permit related services and introduces several new fees that under this methodology, will be applied in a manner more reflective of the range of services provided.

Policy Implications

( ) No

(X) Yes

Comment(s):
The proposed Planning, Development and Building Fees By-law introduces several new fees for services previously provided at no charge and proposes a general increase of 21% across the board, in order to move towards cost recovery methodology. A new by-law will need to be approved by Council.

Regulatory Implications

( ) None

( ) Eliminates or reduces regulatory impact

(X) Proposes regulatory impact

Comment(s):
The proposed Planning, Development and Building Fees By-law introduces several new fees for services previously provided at no charge and proposes a general increase of 21% across the board, in order to move towards cost recovery.

Environmental Implications

(X) No

( ) Yes

Comment(s):

Human Resources Implications

(X) No

( ) Yes

Comment(s):

Financial Implications

(X) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s):
In February 2008, during budget deliberations, the Development and Inspections Division of the Planning, Property and Development Department was directed to increase revenues by $3 million in order to make up the shortfall between 2008 revenues and expenditures. This report recommends that Council adopt a new Planning, Development and Building Fees By-law which moves towards a full cost recovery methodology with a general increase of 21% and the introduction of some new fees.

Report

REASON FOR THE REPORT:

In October 2004 Council directed the Planning, Property and Development Department to review of the fees in the by-law within three years after it was enacted.

In February 2008, during budget deliberations, the Development and Inspections Division of Planning, Property and Development Department was directed to increase revenues by $3 million in order to make up the shortfall between 2008 revenues and expenditures.

Any introduction of fees or increases to fees requires the approval Council.

Any modifications or changes to the Planning, Development and Building Fees By-law requires Council approval.

HISTORY:

The Planning, Property and Development Department is responsible to review, approve and inspect development applications to ensure compliance with City Zoning By-laws and the Manitoba Building Code for the construction and occupancy of all buildings.

For 25 years or more, the City of Winnipeg's approach to fees and charges has been to recover roughly 50% of its costs of administering and enforcing by-law governing planning, development and construction through the imposition of fees. The Council Minutes on March 20th, 1991 contain the following statement:

> *"Therefore, the 50 % proportion of revenues to costs has remained relatively constant over the last decade."*

This ratio has remained relatively constant in the years since 1991.

A comprehensive review of the Fees By-law was conducted in 1991. This review resulted in Council increasing building and development fees by 6.5%, the accumulated rate of inflation for the years 1988, 1989 and 1990.

In 1995, only the building and trades fees were reviewed, resulting in an overall increase in the range of 1.5% to 15%. All other development, planning and service fees that were not directly related to building and trades were not increased.

A small-scale review in 1998 saw the 1997 rate of inflation (1.7%) used to adjust all fees contained in the Development Fees By-law, with the notable exception of Single-Family Residential New Home Permits. As a result, the last increase in permit fees for Single Family Residential New Home Permits was in 1995.

The recommendations from the review were submitted to Standing Policy Committee on Property and Development, who on December 16, 1998 instructed the Planning, Property and Development Department to perform a comprehensive review of the Development Fees By-law within three (3) years or upon completion of the "*Build System*".

The recommendations of Standing Policy Committee on Property and Development resulted in Council:

- Adopting the proposed text amendments;
- Agreeing that a further, comprehensive review be deferred until the "Build System" is fully operational; and
- Concurring with 1992 Council decisions to increase fees by *the rate of inflation*.

The BUILD System is an ongoing project, which incorporates the automation of Building Permits, Inspections and Land Development applications. The BUILD System is a foundation system that helps to incorporate automation in the delivery of service to the public. Therefore, the BUILD System will never be complete as it continues to be refined to help in streamlining business rules associated with service delivery. In the summer of 2000 it was felt that the BUILD System was stable enough that a comprehensive and meaningful review of the fees by-law could be reasonably undertaken.

In July 2000 the Planning, Property and Development Department embarked on a comprehensive review of the existing fees by-law. The review involved:

- Consultation with industry stakeholders;
- Research into the methodologies and fee structures used in cities across Canada and the United States.

The review identified a number of issues to be addressed

1. Winnipeg had the second highest commercial building permit fee structure in Canada, at $7.12 per thousand dollars of declared value of construction. Only the City of Ottawa has a higher rate, that being $11.00 per thousand dollars of declared value of construction. Despite this fact, the fees collected in Winnipeg do not cover the cost for providing the services associated with ensuring compliance with applicable codes and by-laws.
2. The system of using declared value of construction to calculate fees lead to an unfair and inequitable "*playing field"* resulting from inconsistency in customer's estimation of declared value of construction.

3. The City of Winnipeg had the lowest minimum permit fee compared to cities of comparable size in Canada, that being $23.39. The average minimum permit fee, for cities researched across Canada was calculated at $100.00.
4. Using the rate *of inflation as a means for increasing fees*, did not address the changing reality in the Department, from 1991 -to- 2002, concerning:
    - centralized operations, (i.e. One Stop Shop)
    - new ways of doing business, (i.e. Generalist Housing Inspector Program)
    - new technologies and codes, (i.e. Items such as "environmental separation")
    - computerization, (i.e. Permit applications, inspection recording)
    - legal decisions & requirements, (i.e. Increase in litigation, new legal interpretations)
    - expanding staff expertise, (i.e. Complexity of technologies, equipment)
    - training and resources (i.e. Computerization, more info, more speed)

The comprehensive review focused on achieving an approach to fees and charges that would better meet the department's goals of:

- Greater fairness and equity for all customers.
- Consistency in the application of fees.
- Fees applied in a manner more reflective of the range of services provided.

As a result of the July 2000 review, the Planning, Property and Development Department recommended that if there is a direct service provided to a citizen/customer, fees for such services should be applied in a fair and equitable manner. This required that the Department:

1. Redefine the business strategy and methods used to calculate fees for commercial buildings by moving to a service index methodology; and
2. Adjust specific fee rates and add several new ones to better reflect the cost of providing services.

In October 2004 Council adopted the current Planning, Development and Building Fees By-law. Among other things, this By-law abandoned the previous practice of relying on the stated value of commercial construction in order to calculate the applicable fee in favour of a service index methodology.

DISCUSSION:

The significant increase in construction activity over the last 4-5 years, combined with static inspection and enforcement resources has placed considerable pressures on the Planning, Property and Development Department. In order to address resource constraints and increasing demands for service, the Department has been working

diligently to reduce its red tape and speed up permit processes for its customers through various initiatives. Specifically, the Department has undertaken to:

- Focus on continuous improvement for permit approvals – the Department is currently in the process of piloting a consistent framework for systematically reviewing all permit and approval processes, monitoring progress and maintaining improvements realized. The intent is to eliminate unnecessary steps, simplify procedures, encourage more accurate applications and provide better communication.

- Streamline processes in order to align work differently -- this will allow for more effective use of technical expertise and human resources in targeted service areas.

- Obtain reliable statistics regarding processing times for permit and inspections -- identification of realistic statistics enables the Department to effectively identify capacity and volume of workload.

- Constantly review staff resource requirements to achieve and maintain alignment between human resource requirements and service demands from the construction industry.

- Continually improve service delivery on improvements year over year though consultation with staff, industry and the general public with a commitment to transparent and accountable processes.

The Planning, Property and Development Department is cognizant of and takes seriously its responsibilities as a municipal authority ensuring public safety. In November of 2003, the Planning, Property and Development Department of the City of Winnipeg launched a comprehensive review of their permit processing system.

Improvements to the permits process have continued to take place based on consultation with industry, staff and the public, and were made for both the construction industry customers and the homeowner customers.

The Final Report of the Mayor's Red Tape Commission highlighted the work of the Permits X-Press by stating,

> *"The Planning, Property and Development's Permits X-Press system was frequently identified as a City best-practice. We also heard strong and positive feedback for the Department's efforts to resolve building issues in advance through "pre-meetings" with project managers. Finally, respondents to the BDO Dunwoody Consumer Experiences Study praised the Department for improved management of inspections and reduced logjams at other points of service."*

Research into statistics on building activity for the years 1990 to 2005 indicate the following:

Average annual value of building permits (rounded)

1990 – 2002	$421,000,000
2003 – 2005	$712,000,000

Source: Office of the Mayor, Winnipeg City of Opportunity, 2006

Number of Housing Starts (rounded):

1990 – 2002	1500
2003 – 2005	2500

Source: Office of the Mayor, Winnipeg City of Opportunity, 2006

This trend shows no sign of slowing over the short term based on CMHC and Conference Board of Canada projections (*see Attachment "A"*).

The Current Economic and Construction Environment in Winnipeg

Recent reports from both Conference Board of Canada and CMHC show Winnipeg's economy did very well in 2007 and predict that 2008 and 2009 are also expected to do very well again (*see Attachment "A"*). This economic outlook is based on the following:

- Winnipeg's manufacturing sector remains strong despite the high Canadian dollar.
- A firm job market is boosting net immigration and bolstering the housing market.

Winnipeg's economy showed growth of 3.9 percent in 2007, the fastest since 1997. Strong construction activity – jolted by infrastructure spending and sturdy housing starts – together with a strong manufacturing sector and solid support from farms surrounding the census metropolitan area (CMA) all contributed to this growth. The year 2008 is predicted to show similar results.

The growing residential construction, steady commercial building and expanding infrastructure development have all contributed to the construction growth for Winnipeg in 2007. Although there are predictions for continued growth in the construction industry, it should be noted that a large contributor to this growth are mega infrastructure projects such as the new airport terminal, major refurbishment of the Red River floodway and the City of Winnipeg's plan to upgrade wastewater treatment facilities. The construction outlook includes regional and infrastructure investment referring to strong infrastructure, construction and employment growth, which in turn will

have a positive impact on the economy and consumption. This has a secondary impact on the demand for new residential and commercial construction.

One of the factors to take into consideration is the risk of a recession. Another factor is that, majority of the analysis and predictions are performed on residential growth, while commercial / non-residential growth is more difficult to predict.

Permit Reserve Fund

Although permit activity for 2008 and 2009 is predicted to continue to be similar as the last few years, it is anticipated that there will eventually be a future economic downturn. In order to address this, the department submitted a report to Council in February 2007 to introduce a "Permit Reserve Fund" to deal with year-to-year fluctuations in permit activity. This could be considered a temporary upturn as historically building permit activity has fluctuated with the economy. There is a fear that the improvements realized could be negated if the revenues associated with Building Permits begin a downturn.

In exploring options to provide a more predictable and permanent solution to this issue, the Department researched the creation of a special purpose "Permit Reserve Fund". On February 2007 Council established the "Permit Reserve Fund" to maintain specific program needs and provide budgetary stabilization by using the reserve to mitigate revenue shortfalls in building permit revenue in any annual operating budget cycle. Similarly, contribution(s) are to be made to the Reserve when additional funds are available to address future swings in building permit revenues. The intent of the reserve is to:

- Address shortfalls in actual permit revenue in the Development and Inspections Division compared to budget in any given year.
- To address the cost of additional temporary staff resources, beyond that already identified in the Department's budget, required to respond to annual fluctuations in construction activity in order to provide a consistent level of service.
- To facilitate the cost of additional resources, outside the normal budget process, required in order to respond quickly to unanticipated opportunities for service improvements (e.g. Permits X-Press, Implementation of new Zoning By-law, Red Tape Report).
    - The reserve is another tool to fund planning and customer service improvement projects and is a more proactive approach to addressing these issues
    - The reserve is a longer-term solution and would eliminate the need to make periodic, project specific requests for increases in funding.

A Permit Reserve Fund will enable Building Permit related service delivery to continue at required levels during a future economic downturn. There is a risk that the possibility

of a recession in the United States may have an impact on Canada. Without a reserve, a significant property tax subsidy is required to fund the total costs of administering and enforcing the Building Permit related services. The Department believes that a Permit Reserve Fund would allow the Department to accelerate service speed for permit approvals, commitments made through the Permits X-Press project, and assist the Department in the implementation of future service improvements identified by Council.

Attachment "B" shows past budgeted revenues, expenses and actual revenues in the Planning, Property and Development Department related to Building Permits.

Fee Methodology

Research conducted in cities across Canada and the United States indicates the increasing use of a "Service Index" method to calculate fees for services provided.

In comparison to the calculation of fees based on the declared value of construction, the "Service Index" method provides greater equality, simplicity and consistency concerning the application of fees for both private and public sectors.

The inconsistencies with the declared value of construction identified in the comprehensive fees by-law review in 2005 can be seen as being alleviated with the adoption of a "service index" method of calculating commercial building fees. The major difference in fees for new construction of similar building types has been eliminated and provides for a level playing field. Under this model, the fee charged is based on three factors:

- the type of building being constructed (based on a National Building Code classification);
- the size of the building; and
- whether the construction will leave the building finished or merely a shell.

This "Service Index" method is not new to the City of Winnipeg. In fact, for many years the City's New Single Family Dwelling Residential building permit fees have been based on a "Service Index" virtually identical to that which is now in place for commercial construction.

However, the implementation of a "Service Index" method has proven to be problematic in one area - alterations in commercial buildings. This is due to the fact that, unlike new construction, in many cases the actual area / size of the project undergoing alteration does not reflect the amount of work being performed or the impact on services for plan review and inspections. The result is that the fee charged is grossly inadequate to recover even 50% of the costs to the City. Some examples of such types of projects are as follows:

1. General renovations to a building that is localized in different parts of the building, but that have electrical wiring and fire alarm implications throughout the building. This requires a full Plan Examination review and considerable inspection time.

2. Installation of a sprinkler system or cooking equipment in a small area that will pierce fire separations and as such has architectural, mechanical and electrical plan examination implications.

In cases such as this, the Planning Property and Development Department has relied on a provision in the By-law that permits fees to be calculated by using the declared value of construction. This has become a normal course of business when dealing with alterations, renovations, improvements, repairs, and installations for commercial projects. In doing so there tends to be confusion as to which fees to apply and sometimes requires consultation with the applicant. Applicants are sometimes left with the impression that the fees are not transparent or are being applied arbitrarily.

The attached By-law provides that fees for all post-construction alterations of commercial structures will be calculated on the basis of the declared value of the alteration. This will better reflect the actual costs of the services provided by the City of Winnipeg and offer predictability and transparency in the application of the fees.

Challenges in predicting future permit activity

Other than for internal commercial renovations (see above) the Planning, Development and Building Fees By-law use a “Service Index” method as a reliable, predictable and transparent method of calculating fees. The revenue generated from these fees is intended to cover the cost of delivering the various services that relate directly with approvals and inspections.

In order to determine a specific increase in fees the Planning, Property and Development Department has to be able to predict with some level of certainty the various construction projects that will commence in the new year. This is a very difficult task, as it involves predicting not only the number of applications for the various types of construction projects but also the size of the projects that will be done.

Construction projects are dependent on various factors, including but not limited to population growth, economic growth, changes in demographics, availability of serviceable land, infrastructure capacity (roads and pipes) and market demand. All of these combine to facilitate the need for new construction or renovation of existing buildings. Changes in any of these factors can have a major impact on the number of various types of permits being applied for.

While past permit volumes and revenues provide one indicator for predicting future volumes and revenues, this indicator alone is not totally reliable. For example, although the total number of permits issued between 2000 and 2001 increased (see Attachment "C"), the total revenue for the Planning, Property and Development Department actually decreased by over one million dollars (see Attachment "B"). Further review of the difference between the two years showed that there was an increase in the number of residential permits but a slight decrease in the number of non-residential permits. Clearly, slight fluctuations in the type of permit activity can have a significant impact on the revenue generated.

An argument could be made that the declared value of construction as a means for determining permit fees was prone to errors, as it relied on the declaration from the applicant and may explain fluctuations in the revenue collected. Although, it is agreed that the declared value of construction could be abused, it is not that simple. As another example, the last revision to the fees by-law in 2005 introduced the "Service Index" method and the revenue projections were adjusted by one million dollars. A through review of all 2004 permits was conducted and the new "Service Index" method was applied to all of the permits in that year, to determine what would the revenue have been if it was applied in that year. It was estimated that if the volumes and types of permits continued the revenue would increase by at least one million dollars. Coincidentally, in 2005 the projection and revenue were very close (see Attachment "B"). Furthermore, in 2006 it was estimated that the volumes and types of permits would continue to be around the same volumes. In fact the volumes were very close to 2005, with a slight increase (some 40 permits total, lower in residential and increase in non-residential). The revenue on the other hand increased by two and half million dollars. Furthermore, in 2007 the total number of permits decreased in comparison with 2005 and 2006 for both residential and non-residential categories, yet the revenue increased by almost 3 million as compared to 2005. This further illustrates that predicting revenue for building permits by total volumes or types of permits is difficult to determine.

An explanation in this large difference of revenue collected can be for the fact that not only is the type and volume of permits a factor but the total square meters of the projects is also a major consideration. This of course is very difficult to predict as projects are influenced by many factors identified above. Another explanation is that in some years one or two very large non-residential projects for new construction can generate considerable revenue for the department. Some examples of these projects can be the MTS Center, large hospital building or an increase in a specific non-residential category such as industrial or commercial buildings.

Comparison with other municipalities

A review was conducted of various municipalities across Canada to compare charges for similar services for Building Permits and Land Development Approvals. The following cities were reviewed for comparison purposes:

Hamilton	Regina
London	Saskatoon
Brampton	Calgary
Markham	Edmonton
Toronto	Vancouver
Ottawa	

Three specific areas were reviewed, in order to determine if Winnipeg's charges for services provided were comparable and competitive. The three areas covered were as follows (see ATTACHMENT "D"):

1. Planning and Development Fee Comparison
2. One and Two Family Building Permit Fee Comparison
3. Commercial Building – "Service Index" Comparison

The review showed that fees in Winnipeg for Building Permits, Land Development Approvals and Planning services are considerably lower than other cities in many instances. The Planning and Development fees in particular were notably lower in Winnipeg as compared to other cities across Canada. This has been an initial review and further detail work needs to be completed in order to compare services appropriately.

In reviewing the fees for One and Two Family Building Residential Permits, Winnipeg charges by far the lowest fee. In fact, the proposed 21% increase will still keep Winnipeg as the lowest fee of the cities reviewed.

In regards to Commercial Building Permits, with the introduction of the "Service Index" method, Winnipeg continues to be in the middle of the list for fees and charges in the group of cities surveyed.

A detailed review of the cost to provide the specific services, proposed to be completed by the end of 2008, would give the best indication as to the actual cost of those services.

Analysis of Revenue and Expenditures

A detail analysis was conducted through comparison of budgeted expenditures for the Development and Inspections Division against revenues generated through the

Planning, Development and Building Fees By-law. Three options were considered in order to determine a recommended fee increase to recover the gap of $3 million dollars between the budgeted expenditures and revenues. Options considered were as follows (see Attachment “E”):

- First option is to increase the budgeted revenue number by 36% from $8 million to $11 million – this would require a 36% increase in permit fees across the board.

- The second option assumed the actual revenue experience in 2007 would occur in 2008.

- A third approach examined a broader range of permit volume and revenue experience – taking into consideration the last 4 years – in order to establish a more representative permit fee increase.

The first option was discounted early in the analysis, as it did not reflect the actual revenue experience of the Development and Inspections Division. It would be difficult to increase fees by such a large amount, when in fact the revenue being collected was considerably greater than the budgeted amount.

In performing the second and third options, the analysis involved the Department to first separate the expenditures and revenues by a grouping of services. As Development and Inspections Division groups services by residential and commercial / non-residential when delivering them to the customers, it made sense to examine the revenue by those same groupings. This required examining all fees collected for the numerous permits and grouping them by those categories. The difference between the actual expenditures was compared with revenue collected in those categories, in order to determine the percentage increase needed to meet the shortfall of $3 million.

Data from all applications related to Building Permits and the various fees charged for those applications was collected in order to determine the overall revenue being generated and volumes of various application types. This data was then used to determine if there was some method of predicting with some certainty future revenue. As previously discussed the revenue generated depends on many factors including volume, size of construction, value of construction and type of construction. This proved to be a very difficult task in the fact the problem was further compounded by the fact that economic factors, large projects and slight increases in some categories would impact revenues dramatically.

Due to the difficulty in predicting building permit revenues, a sensitivity analysis was conducted to demonstrate the revenue impact of varying permit volumes and rates of fee increase on the permit types. The permit types that generated a majority of the revenue for the Department were examined and the sensitivity analysis was applied in order to determine impact on revenues when volumes increased or decreased..

As discussed earlier the challenges in predicting actual permit volumes and associated revenues is very difficult (see above). Due to time constraints, the Department recommends that the most reliable and safe approach of the three options is to use the average permit volumes and revenues for the last four years as a basis to determine the percentage increase needed. The Department further recommends that they will perform a detailed review of the impact of the fee increases and a comprehensive review of the cost of services for Building Permits and Land Development Applications throughout the year and report back by December 2008.

Issues and Considerations

WAIVER OF FEES

The practice of waiving of Building Permit fees has been used as one of many of the tools for an economic incentive for attracting, encouraging or retaining specific projects that Council may consider important in improving the overall economic viability of the City of Winnipeg.

However, using the waiver of fees as a tool for economic development is not without cost. Plan examinations, building inspections and other activities are still required and the Department must account for these in its budget. The practice of waiving fees has a direct impact on the ability of the department to generate revenue to cover the cost of the service. These costs must be recouped in one of two ways – either through tax-supported revenue or by requiring that other users of the Department's services pay increased fees that come closer to the full costs of their services.

DISCOUNT FOR PROJECTS IN THE DOWNTOWN

As with the waiver of fees by Council in particular situations, Council's policy (which is embedded in the By-law) of reducing the fees for development projects in the Downtown area is considered an important incentive for development that will improve the overall economic vitality of the City. However, as with the waiver of fees, this tool for economic development cannot be used without incurring costs. Plan review, building inspections and other services associated with administering and enforcing by-laws are still required and must be paid either through tax-supported revenue or by increasing the fees of other service users to that they come closer to full cost recovery.

SERVICE-BASED BUDGETING AND ANALYSIS

The direction has been to move towards full cost recovery on the Service Based Budget presently being discussed by Council. In moving towards full cost recovery there are several challenges in both the Building Permits and Inspections Service and the Planning Service related with both Building Permits and Land Development.

Building Permit and Inspection Costs:

The analysis completed has concentrated on the expenditures within the Planning, Property and Development Department and does not take into consideration the cost of services provided by other departments in the approval and inspections related to building permits. In order to determine a true cost of service a detailed analysis will need to be completed, taking into account the staff time involved in the approval of various types of permits and any inspections that may occur from other departments. This would include the Public Works Department, Water and Waste Department, Community Services Department and the Fire and Paramedic Service.

It is recommended that a review be conducted on the services related to approval and inspections of Building Permits, taking into account the various fees collected in all departments, to determine if costs for services are being covered. As well it is important to note that system improvements should also be considered, as the industry would expect an efficient delivery of service for the fees that they pay.

Land Development Approval Costs:

A number of the Planning and Land Use activities support and contribute to the Land Development approval processes and are supported by staff time and resources **not** presently mapped to the Building Permits Service or identified as expenditures for the Development and Inspections Division. In order to move towards full cost recovery it is recommended that these services should at some point also be included as part of the full cost of Land Development approvals.

The applications for services, which also include staff resource time for Planning to support the Land Development approval process, but for which costs have not been included in the past, are as follows:

- Zoning By-law
  - Development Standards review
  - Interpretations and land use analysis
  - Support for by-law administration
  - Planned District Overlays
- Subdivision applications and re-zonings
- Development Agreements
- Variance Applications
- Conditional Use Applications

Due to the time constraints associated with the current budget process, the department has not performed a detailed map of the costs to the above services at this time. A comprehensive review for all costs associated with the delivery of Land Development Approvals will be completed for January 2009.

As part of the initial review it has also shown that the following fees should be adjusted to reflect the cost of planning services:

- Design Review
- Heritage Certificates
- Plan Winnipeg Amendments
- Secondary Plan Amendments
- Rezoning Applications
- Sub-Division Applications
- Variances and Conditional Uses

This Report also proposes the introduction of the following new fees for services associated with the introduction of the new Zoning By-law (fees for service):

<u>Plan Review and Approvals:</u>

- Requirements related to DAV, DCU, DAZ, and / or DASZ (#160- 200 /yr)
- Parking / Transportation Management Plans (new)
- Master Plan approval for Educational / Institutional Districts (new)
- Landscape Equivalencies (new)
- Subdivision Park Plan Approval

<u>Appeals:</u>

- Related to DAV, DCU, (Type C / D)
- Plan Winnipeg related to Director decision to EPC
- Design Review appeal – Committee
- Secondary Plan related to Director decision to SPC

Finally, this Report proposes the introduction of new fees for mechanical systems permits and mechanical systems contractors licenses. The permits and licenses are proposed in a separate report that will be considered by Council in March, 2008.

Fee Rates

In order to ensure that fees for direct services provided to citizens and customers are fair and equitable, this report recommends increased fees for a number of approvals by 21% (see Attachment “E”), as well as adding some new fees for services previously provided at no charge.

The comprehensive review of the existing Planning, Development and Building Fees By-law in 2005 resulted in a number of fee adjustments. The review also resulted in proposing a 10% discount for Downtown development. The Planning, Property and Development Department recommends, in order to support the Downtown First policy direction from Plan Winnipeg, that all fees and charges regulated and imposed under this by-law continue to be reduced by a flat rate of 10% for the downtown areas defined by By-law 4800.

Explanations and details are provided in Attachment “F”, concerning specific fees to which the 21% general rate increase is not being applied and any new fees that are being introduced.

Financial Impact Statement

Date: February 29, 2008

Project Name: PLANNING, DEVELOPMENT, BUILDING FEES BY-LAW

First Year of Program **2008**

	2008	2009	2010	2011	2012
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	11,245,533	11,470,444	11,699,853	-	-
Net Cost/(Benefit)	$ (11,245,533)	$ (11,470,444)	$ (11,699,853)	$ -	$ -
Less: Existing Budget Amounts	(10,608,231)	(12,638,886)	(12,710,986)	-	-
Net Budget Adjustment Required	$ (637,302)	$ 1,168,442	$ 1,011,133	$ -	$ -

Additional Comments: Revenues in 2008 are based on an across-the-board increase of 21% over the average of the past four years effective May 1. Revenues to April 30, 2008 are projected to be equivalent to the past four year average for the same four-month period. Existing budgeted amounts consist of Regulation Fees and Sale of Goods & Services (i.e. excludes Transfer from the Permit Reserve Fund in 2008) included in the 2008 - 2010 preliminary budget. Revenues increase by the rate of inflation (assumed to be 2% per annum) from 2008 to 2009 and 2009 to 2010 respectively.

"Original signed by"
Mike McGinn, CA
Manager of Finance

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
Consultation with Legal Services

External Consultation With:

THIS REPORT SUBMITTED BY:

Department: Planning, Property and Development
Division: Development and Inspections
Prepared by: Deepak Joshi
PPD File No.

ATTACHMENT "A"

The following is Economic Trends related information collected through the CAO Secretariat.

CMHC – Housing Statistics

In January 2008 Canada Housing and Renewal Corporation (CMHC) released the 2007 year end stats on housing starts which indicated that for the City of Winnipeg the Single-detached housing starts have remained fairly constant for the last 4 years in the 1,300 to 1,400 range.

Single-Detached Housing Starts (houses):

1,440 in 2004
1,400 in 2005
1,355 in 2006
1,339 in 2007

Multiple family dwelling units housing starts have increased significantly since 2004 – close to 3 times more. In fact, in 2007, there were more multiple starts than there were single starts.

Multiple-Family Housing Starts units (duplexes, town houses, apartments):

573 units in 2004
794 units in 2005
1,028 units in 2006
1,423 units in 2007

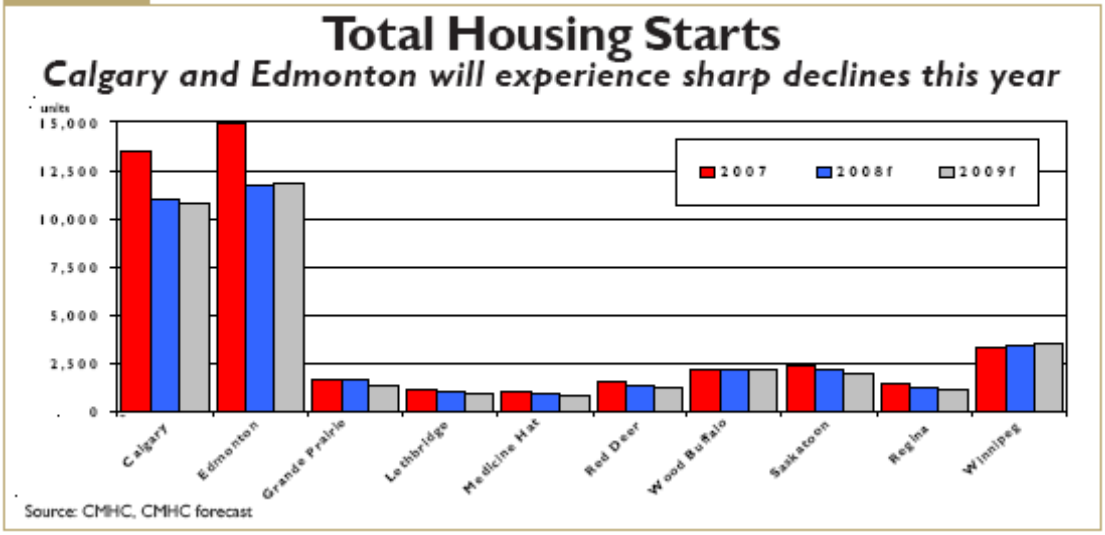
An excerpt from CMHC press release states the following:

WINNIPEG HOUSING STARTS REACH 20-YEAR HIGH IN 2007

Re multi-family construction: "Given the declining rental market universe and persistently low vacancy rates, the 792 rental units started will be a welcome addition to the Winnipeg rental market. The remaining 709 units slated for condominium tenure have become an attractive alternative for first-time home buyers faced with five years of double-digit price growth in the resale market. With strong migratory and economic patterns remaining intact for 2008, demand for multi-family units will remain robust into the New Year."

In addition to increased housing starts in the City of Winnipeg, the surrounding municipalities have also seen a significant increase. Of the 10 municipalities that make up the rest of Winnipeg CMA, total single-detached housing starts increased from 382 units in 2006 to 531 units in 2007. As well, there were 78 multiple-family dwelling units started in 2007, up from 12 in 2006

Figure 1



Conference Board of Canada – Economic Outlook

As well in January 2008, the Conference Board of Canada released their Metropolitan Outlook report, Winter 2008. It is an economic report on Canadian cities.

The report is a very positive outlook for Winnipeg identifying that the economy did very well in 2007 and is expected to do very well again in 2008.

Some of the highlights from the report are:

- Winnipeg's manufacturing sector remains strong despite the high Canadian dollar.
- A firm job market is boosting net immigration and bolstering the housing market.

Overview – Winnipeg's economy continues to forge ahead, posting growth of 3.9 per cent in 2007, the fastest since 1997. Sound construction activity—jolted by heavy infrastructure spending and sturdy housing starts—together with a strong manufacturing sector and solid support from farms surrounding the census metropolitan area (CMA) all contributed to this sound result. The year 2008 promises a similarly healthy result, as the economy will expand by 3.4 per cent.

Construction Booming – Burgeoning residential construction, steady commercial building, and expanding infrastructure development collectively underpinned the strong 5.6 per cent construction output growth estimated for 2007. Although this advance was the slowest in four years, it remained well above that posted for Winnipeg's overall economy. Output growth in the construction industry will re-accelerate to 8.3 per cent in 2008. In this environment, construction employment, which rose 11 per cent in 2007, is

forecast to increase by a further 10.1 per cent in 2008, prompting a tight job market. Indeed, labour shortages led to media coverage of employee poaching as residential builders delivered an estimated 19-year high of 3,640 starts in 2007. Employment requirements of home builders will ease in 2008, as starts moderate to 2,880 units, although even this level is strong by the past decade's standards.

Resource constraints also vex Manitoba's long list of commercial and infrastructure projects. Manitoba Hydro, for instance, has had difficulty attracting bids for its $1.3 billion Wuskwatim generating station in northern Manitoba. All the while, construction continues on the new airport terminal, scheduled for completion in 2009, and on a major refurbishment of the Red River floodway. Moreover, the city is in the midst of spending $1.2 billion to upgrade its wastewater treatment and plans to spend another $298 million on various projects throughout 2008, including $100 million on repairs to the Disraeli Freeway. Almost lost among all this activity are Canada Post's plans for a new $50 million mailprocessing plant in Winnipeg. Site selection is underway.

Forecast Risk

If in-migration continues to be stronger than expected, overall economic growth will be revised upwards.

Economic Indicators	2005	2006	2007	2008f	2009f	2010f	2011f	2012f
Real GDP at basic prices (1997 $ millions)	21,424	21,990	22,839	23,610	24,230	24,791	25,476	26,145
percentage change	*2.9*	*2.6*	*3.9*	*3.4*	*2.6*	*2.3*	*2.8*	*2.6*
Total employment (000s)	375	382	390	396	400	404	410	414
percentage change	*-0.4*	*2.0*	*2.0*	*1.6*	*1.0*	*0.9*	*1.4*	*1.2*
Unemployment rate	4.9	4.6	4.6	4.3	4.4	4.5	4.5	4.4
Personal income per capita	32,029	33,148	35,023	36,530	37,703	38,856	40,160	41,533
Population (000s)	705	707	712	718	725	732	739	746
percentage change	*0.3*	*0.3*	*0.7*	*0.9*	*0.9*	*0.9*	*1.0*	*1.0*
Total housing starts (000s)	2.6	2.8	3.6	2.9	2.9	2.9	2.9	3.0
Retail sales ($ millions)	7,789	8,026	8,713	9,220	9,677	10,134	10,662	11,186
percentage change	*6.9*	*3.1*	*8.6*	*5.8*	*5.0*	*4.7*	*5.2*	*4.9*
CPI *(percentage change)*	*2.6*	*1.9*	*2.3*	*2.1*	*2.0*	*2.0*	*2.0*	*1.9*

Statistics Canada – Population and CPI Projections

In January 2008, Statistics Canada released figures for the 2007 Consumer Price Index (CPI) also known as the general inflation rate.

Statistics Canada released an estimate of the 2007 population for the City of Winnipeg and for the Winnipeg region (CMA).

The 2007 population for City of Winnipeg is 653,400. The City's population has increased by about 4,100 people in the past year.

The Winnipeg region (CMA) 2007 population is 712,700, an increase of 5,200 people in the past year.

ATTACHMENT "A"

The Winnipeg CPI annual change for 2007 is 2.1%.

The following is Winnipeg's CPI annual change for the past 5 years:

1.8% for 2003
1.9% for 2004
2.7% for 2005
1.9% for 2006
2.1% for 2007

As well, the Conference Board of Canada has recently forecasted Winnipeg's CPI for the next 5 years:

2.1% for 2008
2.0% for 2009
2.0% for 2010
2.0% for 2011
1.9% for 2012

Population of Winnipeg

Feb, 2008

Prepared by City of Winnipeg -- CAO Secretariat

Estimated Population

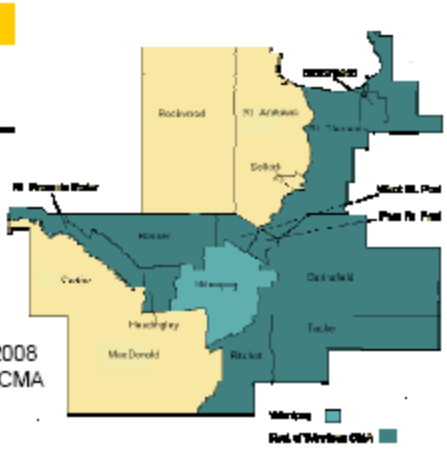
Year (July 1st)	City of Winnipeg	Winnipeg CMA*	Province of Manitoba	City of Winnipeg Population from Census Survey (does not include undercount)
1991	625,200	671,100	1,109,600	615,215
1992	627,400	672,800	1,112,700	--
1993	629,500	675,300	1,117,600	--
1994	630,100	676,900	1,123,200	--
1995	630,200	679,600	1,129,100	--
1996	629,400	678,600	1,134,200	618,477
1997	628,300	678,000	1,136,100	--
1998	628,400	679,000	1,137,500	--
1999	630,700	682,300	1,142,500	--
2000	634,100	686,400	1,147,400	--
2001	637,000	690,100	1,151,300	619,544
2002	639,700	693,700	1,155,600	--
2003	642,700	697,100	1,161,900	--
2004	646,700	702,600	1,170,600	--
2005	647,400	704,500	1,174,200	--
2006	649,300	707,500	1,178,500	633,451
2007**	653,400	712,700	1,186,700	--

City data calculated by subtracting Headingley census count from Census Division 11
Source: Statistics Canada, February 2008
** Preliminary
The most appropriate population figures are the estimated population.

Population Projection

Year (July 1st)	City of Winnipeg	Winnipeg CMA*	Province of Manitoba
2008	658,100	718,500	1,193,900
2009	663,500	724,900	1,204,200
2010	669,100	731,600	1,214,800
2011	675,000	738,700	1,225,700
2012	680,900	745,800	1,236,900

Source: Conference Board of Canada, Metropolitan Outlook data, Winter 2008
City data derived from Conference Board of Canada forecast for Winnipeg CMA



* The census metropolitan area (CMA) of Winnipeg includes the City of Winnipeg and the municipalities of: West St Paul, East St Paul, Headingley, Richot, Tache, Spingfield, Rosser, St Francois Xavier, St Clements, and Brokenhead First Nation.

ATTACHMENT "B"

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Development & Inspections Revenue Budget	5,350,000	5,303,000	6,205,261	6,635,000	6,685,000	6,696,825	7,055,225	8,368,341	8,472,120	8,518,525
Development & Inspections Expense Budget	9,032,652	9,249,184	9,190,237	9,513,432	9,223,080	9,715,200	10,375,519	10,714,896	10,995,596	11,292,460
Mill Rate Contribution (Support)	(3,682,652)	(3,946,184)	(2,984,976)	(2,878,432)	(2,538,080)	(3,018,375)	(3,320,294)	(2,346,555)	(2,523,476)	
% Expenses Covered by Revenue	59%	57%	68%	70%	72%	69%	68%	78%	77%	
Development & Inspections Revenue Actuals	6,358,334.54	6,769,139.46	6,580,345.11	5,735,641.19	6,081,636.00	7,372,774.00	8,569,771.00	8,801,135.00	9,943,033.00	11,036,588.00
% Expenses Covered by Actual Revenue	70%	73%	72%	60%	65%	75%	83%	82%	90%	97%

ATTACHMENT "C"

Number of Permits Issued
Residential and Non-Residential - 1994 to 2007

RESIDENTIAL

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Single	1146	733	836	988	940	1088	1195	1224	1659	1742	2162	1896	1774	1634
Semi	4	5	8	30	35	54	19	33	26	81	61	116	42	16
Row	14	2	7	14	8	5	12	12	1	40	37	113	180	111
Apartment	20	13	7	11	19	16	15	13	12	37	23	38	67	50
Alterations/ Additions	3645	3294	2987	2951	4043	3601	3405	3540	4299	3703	4165	4305	4372	4425
Total Residential	**4829**	**4047**	**3845**	**3994**	**5045**	**4764**	**4646**	**4822**	**5997**	**5603**	**6448**	**6468**	**6435**	**6236**

NON-RESIDENTIAL

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Alterations/ Additions	2865	2674	2488	2393	2601	2669	3055	2977	2593	2608	2396	2303	2368	2369
Commercial	57	56	38	74	75	103	76	74	59	55	61	72	74	65
Industrial	33	37	40	53	56	99	78	41	43	37	41	60	65	31
Office	7	5	2	2	8	15	13	9	10	15	16	14	22	15
Hotel/Motel	0	0	0	1	1	4	4	4	0	4	0	3	4	2
Public Bldgs /Theatres	16	13	25	16	21	27	9	4	4	9	5	3	3	7
Institutional	23	14	10	9	13	20	12	7	13	13	10	8	16	17
Total Non-Residential	**3001**	**2799**	**2603**	**2548**	**2775**	**2937**	**3247**	**3116**	**2722**	**2741**	**2529**	**2463**	**2552**	2506
TOTAL	**7830**	**6846**	**6448**	**6542**	**7820**	**7701**	**7893**	**7938**	**8719**	**8344**	**8977**	**8931**	**8987**	**8742**

ATTACHMENT "C"

Residential and Non-Residential Permit Values from 1994 to 2007 (Value in $000)

RESIDENTIAL

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Single	99,061	64,248	71,344	82,567	81,644	83,266	96,957	100,892	138,398	149,062	185,640	187,352	181,329	204,541
Semi	0	800	690	3,985	5,574	3,300	380	2,021	1,393	5,581	2,714	10,490	2,910	1,802
Row	4,768	2,756	7,041	4,850	968	0	824	2,523	0	3,287	2,202	12,017	23,630	10,733
Apartment	14,390	12,174	6,900	17,700	25,591	20,506	12,022	18,248	15,067	51,065	46,711	64,881	151,042	152,082
Alterations/ Additions	26,248	24,644	28,083	25,685	33,194	41,649	42,464	37,453	54,547	44,580	58,208	62,594	86,956	80,259
Total Residential	**144,467**	**104,622**	**114,057**	**134,787**	**146,971**	**148,720**	**152,648**	**161,137**	**209,405**	**253,574**	**295,474**	**337,335**	**445,867**	**449,417**

NON-RESIDENTIAL

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Alterations/ Additions	111,710	118,426	102,660	142,248	233,897	190,935	199,186	151,117	153,800	268,932	218,041	196,067	219,898	249,438
Commercial	10,666	12,147	27,740	35,863	34,607	44,669	46,938	31,855	30,106	32,946	39,965	39,189	37,568	61,058
Industrial	9,004	5,784	14,340	30,269	30,415	43,648	28,928	7,762	17,002	14,464	28,618	39,908	59,689	16,913
Office	5,474	2,187	150	500	17,685	6,771	5,200	8,471	3,541	8,840	17,223	7,098	19,980	4,262
Hotel/Motel	0	0	0	450	1,050	10,025	15,575	9,300	0	9,006	0	6,380	1,895	469
Public Bldgs /Theatres	2,956	5,789	7,751	5,672	14,315	23,180	2,372	1,005	1,399	37,584	33,910	5,794	1,840	1,370
Institutional	144,749	23,049	30,124	3,153	21,216	36,211	24,845	2,322	11,775	23,725	41,388	24,581	63,021	60,664
Total Non-Residential	**284,559**	**167,382**	**182,765**	**218,155**	**353,004**	**355,438**	**323,043**	**211,832**	**217,623**	**395,497**	**379,145**	**319,016**	**403,891**	**394,174**
TOTAL	**429,026**	**272,004**	**296,823**	**352,942**	**499,975**	**504,158**	**475,691**	**372,969**	**427,028**	**649,071**	**674,619**	**656,350**	**849,758**	**843,591**

ATTACHMENT "D"

PLANNING and DEVELOPMENT FEE COMPARISONS

WINNIPEG'S FEE CHARGES FOR:

Plans of subdivision
The following fees are hereby imposed with respect to Plans of Subdivision:

(a) DAS fee..... **$965.00**

(b) DASSF fee..... **$398.00**

(c) DASZ fees..... **$965.00**

HAMILTON – Plans of Subdivision.....**$8,440.00**

plus **+ $45.00** Per Unit.....**$.....**

plus **+ $210.00** Per Block.....**$.....**

Total: $.....

SURREY - create one or more lots.....**$1,410.00** plus

for each lot .....**$ 69.00**

Consolidation – no additional lots.....**$1,180.00**

VANCOUVER – up to 43,128 sq. ft. site area.....$**21,500.00**

- plus for each 1080 sq. ft. in area or part.....$**208.00**

NOTE: max. fee.....**$85,600.00**

ATTACHMENT "D"

SASKATOON – application fee:.....**$ 400.00**

plus

Per lot:.....**$ 70.00**.....**$.....**

Bare land:.....(to a maximum).....**$2,800.00**

LONDON

Application Fee.....**$5,000.00** plus variable fee

Variable Fee.....**$ 300.00** /ha

WINNIPEG'S FEE CHARGES FOR:

Subdivision agreement amendments

The following fee is hereby imposed for a subdivision agreement amendment.....**$ 456.00**

HAMILTON - Revision Fee.....**$ 1,430.00**

VANCOUVER - **$32,250.00**

LONDON - .....**$ 3,000.00**

SURREY – (has multiple fees for amendments).....**$1,610.00 + $ 745.00 PH** (per household)

ATTACHMENT "D"

WINNIPEG'S FEE CHARGES FOR:

Consents

17(1) The following fees are hereby imposed with respect to consents:

(a) Consent application fee.....**$286.00**

(b) Certificate of consent, each **$107.00**

(c) Certified copy of a certificate, each **$39.00**

HAMILTON

13. Consent Application

Land Division Consent Fee ……(unserviced lot)……**$1,320.00**

Land Division Consent Fee ……..(base fee) ……**$ 990.00**

LONDON

Consent – initial lot creation……**$ 1100.00**

Plus each additional lot (same application)……**$ 100.00**

ATTACHMENT "D"

WINNIPEG'S FEE CHARGES FOR:

Zoning by-law amendment

23 The following fees are hereby imposed with respect to applications for rezoning of properties or a text amendment to a zoning by-law:

(a) DAZ fee..... **$949.00**

(b) Fee for the extension of the time period approved by Council for the coming into force of a zoning by-law amendment **$346.00**

HAMILTON

3. Rezoning Application*

Routine **$2,815.00**

Complex **$4,690.00**

LONDON

Zoning By-law Amendment.....**$2500.00** plus variable fee

Variable Fee - 1-5 ha..... **$ 500.00**

Over 5 ha **$1000.00**

SURREY – (multiple categories)

Minor…base fee……..**$1,940.00** …to…**$2,690.00**…..plus **$21.00 to $69.00** @ unit

Major…base fee……..**$2,690.00** …. plus **$0.040 to $0.298** max. sq. meters

ATTACHMENT "D"

WINNIPEG'S FEE CHARGES FOR:
(commercial type of development)

The following fees are hereby imposed for site **development permits** other than for single-family and two-family dwellings:

(a) New site developments or new construction **$220.00**

(b) Site redevelopments or additions or exterior alterations to existing buildings..... **$110.00**

EDMONTON

up to 500 m2.....**$571.00**
PLUS – each additional 100 m2.....**$36.00**

CALGARY - DOWNTOWN

$0.78 per square metre of gross floor area
(Downtown – min. $1212.00) plus
$165.00 development completion permit.....**$_____**

CALGARY - OTHER AREAS

$0.54 per square metre of gross floor area
(Downtown – min. $1212.00) plus
$165.00 development completion permit.....**$_____**

VANCOUVER – approx. range of .....**$ 450.00 –to- $46,000.00**

ATTACHMENT "D"

WINNIPEG'S FEE CHARGES FOR:

One and Two Family Dwellings

Development permits

The following fees are hereby imposed for development permits for single-family and two-family dwellings:

(a) New site construction or additions to existing principal buildings **$27.00**

EDMONTON.....**$ 228.00**

CALGARY.....NEW.....**$ 787.00. plus $163.00**

.....ADD....10 sq. metre or under.....**$ 255.00** plus **$109.00**

.....ADD....over 10 sq. metres.....**$ 413.00** plus **$!09.00**

***plus fee is a Development Completion Fee**

VANCOUVER.....new and/or adds...5 categories **$ 1258.00 –to- $1760.00**

TORONTO.....**$10,415.00**

ATTACHMENT "D"

ONE and TWO FAMILY DWELLINGS

BUILDING PERMIT FEE COMPARISONS

WINNIPEG : Current method of calculating permit fee

Residential dwelling construction
105 The following fees are hereby imposed per square meter for permits for the construction of or an addition to a single family dwelling or a two-family dwelling:

(a) finished space **$2.37**

(b) unfinished space **$1.18**

EXAMPLE FOR WINNIPEG

Typical House.....1500 sq. feet.....with attached garage

(1500 sq. ft.) finished.....135 sq. m x 2.37...= **$ 319.95**

(1900 sq. unfinished).....171 sq. m x 1.17...= **$ 200.07**

Total Fee:... **$ 520.02**

Residential Service Index in other municipalities

HAMILTON..... $ 8.59 @ m sq.

LONDON..... $ 7.30 @ m sq

BRAMPTON..... $10.50 @ m sq

MARKHAM..... $ 7.62 @ m sq

TORONTO..... $13.94 @ m sq

ATTACHMENT "D"

RESIDENTIAL BUILDING PERMIT FEE COMPARISONS

CITY	PERMIT FEE
WINNIPEG	**$ 520.02**
HAMILTON	**306 m sq. x $ 8.59 @ m sq. $ 2628.54**
EDMONTON	**(graduated scale for fees) $ 1134.00**
LONDON	**306 m sq. x $ 7.30 @ m sq $ 2233.80**
BRAMPTON	**306 m sq. x $10.50 @ m sq $ 3213.00**
MARKHAM	**306 m sq. x $ 7.62 @ m sq $ 2346.96**
TORONTO	**306 m sq. x $13.94 @ m sq $ 4265.64**
CALGARY	"Value of Construction"
OTTAWA – REGINA	"Value of Construction".
VANCOUVER – SASKATOON	"Value of Construction".

ATTACHMENT "D"

COMMERCIAL BUILDING – "SERVICE INDEX" COMPARISONS

SERVICE INDEX FACTORS Fees per square meter	WINNIPEG	HAMILTON	TORONTO
GROUP A (Assembly Occupancies)			
Open-air structures, covered or uncovered (e.g. patios)	$10.00	**$11.12**	**$23.24 (except pools) $6.25**
Places of Worship, Funeral Homes	$12.00	**$11.12**	**$23.24**
Recreation Facilities, Schools, Libraries, Private Clubs	$14.00	**$13.24**	**$23.24**
Restaurants, Dining Facilities, Cafeterias, Food Preparation/Cooking Areas			
- 280.0 m2 or less	$10.00		
- 280.1 m2 to 850.0 m2	$13.00	**$11.12**	**$19.45 –to- $23.24**
- more than 850.0 m2	$17.00		
All other Group "A" Buildings			
- 4645.0 m2 or less	$15.00	**$11.12**	**$23.24**
- more than 4645.1 m2	$18.00		
GROUP B (Care or Detention Occupancies)			
"B 1" – persons under restraint: security measures not under their control	$23.00	**first 10,000 m2 $12.96 next 10,000 m2 $9.72 over 20,000 m2 $6.48**	**$24.73**
"B 2" – person with cognitive or physical limitations: require special care or treatment	$21.00		

ATTACHMENT "D"

GROUP C (Residential Occupancies)	**WINNIPEG**	**HAMILTON**	**TORONTO**
Multiple family dwellings	$7.00	**$6.90**	**$13.94**
Apartment buildings more than three and less than ten storeys in height, shell only	$6.00	**$9.19**	**$22.07 plus** **$42.31 for each unit**
Apartment buildings more than three and less than ten storeys in height, finished	$7.00	**$9.01**	
Apartment buildings ten storeys or more in height	$10.00		
Hotels/Motels four storeys or less in height		Hotels (without convention facilities) **$9.03**	**$13.94**
Hotels/Motels more than four storeys in height	$8.00	Hotels (with convention facilities) **$13.90**	**$22.07 plus** **$42.31 for each unit**
Hotels/Motels more than four storeys in height	$10.00	Motels **$7.42**	
GROUP D (Business & Personal Services Occupancies)		**RANGE OF TYPES**	
Group "D" buildings, shell only	$5.00	**$7.19 –to- $9.02**	**$14.61**
Group "D" buildings, finished	$7.00	**$9.58 -to- $11.55**	**$18.37**
		Banks, Trust Companies, Fire Halls and other business and personal services/office space **$14.30**	

ATTACHMENT "D"

		HAMILTON	TORONTO
GROUP E (Mercantile Occupancies)			
Group "E" buildings, shell only	$4.50	**$6.18**	**$11.84**
Group "E" buildings, Finished	$5.00	**$8.28**	**$18.37**
GROUP F (Industrial Occupancies)	**Existing**		
High Hazard			
Group "F 1" buildings, shell only	$4.00		
Group "F 1" buildings, finished	$5.00	**$9.23**	**$9.29** **$12.78**
Medium Hazard			
Group "F 2" buildings, shell only	$4.00	**$6.56**	**$7.52**
Group "F 2" buildings, finished	$4.50		**$11.29**
Low Hazard	$3.50		
Group "F 3" buildings, shell only	$4.00	**$4.60**	**$7.52**
Group "F 3" buildings, finished			**$11.29**

ATTACHMENT "E"

PeopleSoft General Ledger Data:	2007 Actual	2007 Adjusted Actual*	2008 Budget	2009 Budget	2010 Budget
Expenditures	$ 13,650,679.00	$ 11,292,460.00	$ 11,706,812.00	$ 11,560,930.00	$ 11,792,096.00
Revenues	$ 11,036,588.00	$ 11,036,588.00	$ 8,608,231.00	$ 8,605,886.00	$ 8,677,986.00
Net	$ 2,614,091.00	$ 255,872.00	$ 3,098,581.00	$ 2,955,044.00	$ 3,114,110.00
Net as a % of revenue	23.7%	2.3%	36.0%	34.3%	35.9%

Test 1 - Verify accuracy of calculated annual increase:

Revenues	$ 11,036,588.00	$ 11,036,588.00	$ 8,608,231.00	$ 8,605,886.00	$ 8,677,986.00
Times Calculated %	$ 13,650,679.00	$ 11,292,460.00	$ 11,706,812.00	$ 11,560,930.00	$ 11,792,096.00
Minus Expenditures	$ 13,650,679.00	$ 11,292,460.00	$ 11,706,812.00	$ 11,560,930.00	$ 11,792,096.00
Should Equal Zero	$ -	$ -	$ -	$ -	$ -

* 2007 Actual Expenditures **excluding transfer to permit reserve** of: $ 2,358,219.00

FEE INCREASE OPTIONS ANALYSIS:

Uniform Fee Increase Required to offset Budget Expenditures (based on BUDGETED revenues):	**36.0%**
% increase if rate increase effective May 1, 2008 (8 months)	**54.0%**
Uniform Fee Increase Required to offset Budget Expenditures (based on ACTUAL 2007 revenues):	**6.1%**
% increase if rate increase effective May 1, 2008 (8 months)	**9.1%**
Uniform Fee Increase Required to offset Budget Expenditures (based on 4 YEAR AVERAGE ACTUAL revenues):	**16.8%**
% increase if rate increase effective May 1, 2008 (8 months)	**25.2%**

ATTACHMENT "E"

REVENUE ANALYSIS AND PROJECTIONS FOR 2008 FOR PLANNING, PROPERTY & DEVELOPMENT DEPARTMENT - DEVELOPMENT & INSPECTIONS DIVISION

PERMIT HISTORY (2004 TO 2007)

2008 REVENUE PROJECTIONS

	4 Year Average										SENSITIVITY ANALYSIS		
Residential:	**Volume**	**Revenue**	**Average Fee**	**% of Revenue Subtotal**	**Cumulative % of Revenue**	**4 YEAR AVERAGE FEE**	**PROPOSED FEE INCREASE***	**4 YEAR AVG. VOLUME**	**PROJECTED REVENUE**	**% CHANGE IN VOLUME (+/-)**	**REVENUE IMPACT**	**ADJUSTED PROJECTION**
Housing	3,764	$ 2,896,274.69	$ 769.42	**75.8%**	**75.8%**	$ 769.42	16.8%	3,764	$ 3,383,121.17		$ -	$ 3,383,121.17
Electrical Residential	6,361	$ 458,540.45	$ 72.09	**12.0%**	**87.9%**	$ 72.09	16.8%	6,361	$ 535,618.36		$ -	$ 535,618.36
Plumbing Residential	2,290	$ 244,664.40	$ 106.83	**6.4%**	**94.3%**	$ 106.83	16.8%	2,290	$ 285,791.02		$ -	$ 285,791.02
Accessory Structures	1,943	$ 183,818.54	$ 94.61	**4.8%**	**99.1%**	$ 94.61	16.8%	1,943	$ 214,717.34		$ -	$ 214,717.34
Residential Home Occupations	458	$ 30,347.04	$ 66.22	**0.8%**	**99.9%**	$ 66.22	16.8%	458	$ 35,448.20		$ -	$ 35,448.20
Development Permits-Residential	11	$ 4,518.74	$ 410.79	**0.1%**	**100.0%**	$ 410.79	16.8%	11	$ 5,278.31		$ -	$ 5,278.31
Variance/Conditional Use	1	$ 284.50	$ 379.34	**0.0%**	**100.0%**	$ 379.34	16.8%	1	$ 332.33		$ -	$ 332.33
TOTALS	**14,828**	**$ 3,818,448.36**							**$ 4,460,306.72**			
Non-Residential:												
Multi-Residential	343	$ 1,287,225.21	$ 3,750.11	**20.7%**	**20.7%**	$ 3,750.11	16.8%	343	$ 1,503,600.08		$ -	$ 1,503,600.08
Health Services / Education	174	$ 789,363.05	$ 4,536.57	**12.7%**	**33.5%**	$ 4,536.57	16.8%	174	$ 922,050.26		$ -	$ 922,050.26
Office	396	$ 748,252.58	$ 1,890.72	**12.1%**	**45.5%**	$ 1,890.72	16.8%	396	$ 874,029.37		$ -	$ 874,029.37
Electrical Commercial	3,298	$ 661,400.27	$ 200.55	**10.7%**	**56.2%**	$ 200.55	16.8%	3,298	$ 772,577.71		$ -	$ 772,577.71
Retail	337	$ 537,003.90	$ 1,593.48	**8.7%**	**64.9%**	$ 1,593.48	16.8%	337	$ 627,271.05		$ -	$ 627,271.05
Personal Services	440	$ 443,875.25	$ 1,008.81	**7.2%**	**72.0%**	$ 1,008.81	16.8%	440	$ 518,488.03		$ -	$ 518,488.03
Commercial Storage	249	$ 436,170.24	$ 1,753.45	**7.0%**	**79.0%**	$ 1,753.45	16.8%	249	$ 509,487.86		$ -	$ 509,487.86
Plumbing Commercial	850	$ 272,118.49	$ 320.23	**4.4%**	**83.4%**	$ 320.23	16.8%	850	$ 317,859.98		$ -	$ 317,859.98
Recreation / Entertainment	45	$ 259,007.73	$ 5,820.40	**4.2%**	**87.6%**	$ 5,820.40	16.8%	45	$ 302,545.38		$ -	$ 302,545.38
Manufacturing	66	$ 194,009.69	$ 2,950.72	**3.1%**	**90.7%**	$ 2,950.72	16.8%	66	$ 226,621.56		$ -	$ 226,621.56
Mobile Signs - Historical	3,696	$ 152,357.22	$ 41.22	**2.5%**	**93.2%**	$ 41.22	16.8%	3,696	$ 177,967.56		$ -	$ 177,967.56
Development Permits-Non-Residential	162	$ 106,675.16	$ 657.47	**1.7%**	**94.9%**	$ 657.47	16.8%	162	$ 124,606.62		$ -	$ 124,606.62
Sign	1,105	$ 61,565.32	$ 55.74	**1.0%**	**95.9%**	$ 55.74	16.8%	1,105	$ 71,914.09		$ -	$ 71,914.09
General Public / Institutional	39	$ 50,736.44	$ 1,300.93	**0.8%**	**96.7%**	$ 1,300.93	16.8%	39	$ 59,264.93		$ -	$ 59,264.93
Mobile Signs	951	$ 42,834.76	$ 45.07	**0.7%**	**97.4%**	$ 45.07	16.8%	951	$ 50,035.02		$ -	$ 50,035.02
Temporary Approval	176	$ 41,537.27	$ 236.34	**0.7%**	**98.1%**	$ 236.34	16.8%	176	$ 48,519.43		$ -	$ 48,519.43
Public Utility	8	$ 39,743.48	$ 5,299.13	**0.6%**	**98.7%**	$ 5,299.13	16.8%	8	$ 46,424.12		$ -	$ 46,424.12
Temporary Building Renewals	52	$ 28,927.85	$ 556.30	**0.5%**	**99.2%**	$ 556.30	16.8%	52	$ 33,790.45		$ -	$ 33,790.45
Safety / Protection	3	$ 24,147.40	$ 8,780.87	**0.4%**	**99.6%**	$ 8,780.87	16.8%	3	$ 28,206.43		$ -	$ 28,206.43
Electrical Signs Only	228	$ 16,126.60	$ 70.89	**0.3%**	**99.8%**	$ 70.89	16.8%	228	$ 18,837.39		$ -	$ 18,837.39
Error Folders	58	$ 7,359.44	$ 126.89	**0.1%**	**99.9%**	$ 126.89	16.8%	58	$ 8,596.51		$ -	$ 8,596.51
Mechanical Commercial	31	$ 1,916.08	$ 61.81	**0.0%**	**100.0%**	$ 61.81	16.8%	31	$ 2,238.16		$ -	$ 2,238.16
Electrical Annual	5	$ 1,141.00	$ 217.33	**0.0%**	**100.0%**	$ 217.33	16.8%	5	$ 1,332.80		$ -	$ 1,332.80
License in Lieu of Business Tax	2	$ 205.88	$ 137.25	**0.0%**	**100.0%**	$ 137.25	16.8%	2	$ 240.48		$ -	$ 240.48
TOTALS	**12,367**	**$ 6,203,700.30**							$ 7,246,505.28			
GRAND TOTALS	**27,195**	**$ 10,022,148.66**							$ 11,706,812.00			
								Revenue Target*	$ 11,706,812.00			

* Target EQUAL TO 2008 Budget

ATTACHMENT "F"

MECHANICAL PERMITS

The Mechanical Contractors Association of Manitoba (MCAM) contacted the City regarding confusion and conflicting information that their members were having/getting about the need for a permit for the installation of a mechanical system in a building. The Winnipeg Building Bylaw 4555/87 has a general requirement that a permit is required whenever work regulated by the code is to be undertaken. This has caused concern with the MCAM as there are numerous types of mechanical systems that are installed in buildings and they were getting conflicting interpretations on what types of mechanical systems would require a permit.

To resolve the MCAM concerns, numerous meetings, starting in the fall of 2005, were held with the MCAM members and the various City staff members that review the plans and inspect the installation of mechanical systems in buildings. As a result of these meetings, a consensus was reached that a mechanical permit process, with defined limits, would best serve everyone's needs. The MCAM would have a clear understanding of the work that would require a permit.

The Permits X-Press Project, established to address and recommend improvements to the building permit process, identified the mechanical permit as a means to provide more options and flexibility to the owner and/or builder in the issuance of permits.

In new construction, before a Building Permit can be issued, the architectural, structural, electrical and mechanical drawings must be submitted and reviewed for code compliance. If any of these drawings are missing, then the building permit will be held up. In new construction, especially with building shell permits, generally the mechanical systems have not been addressed since the building tenant space has not been finalized. Since the mechanical drawings do not exist at the shell permit stage, the building permit is held up until mechanical drawings have been submitted.

With a mechanical permit, the City would be in a position to issue a building permit for a building with this new ability to issue a separate permit for the mechanical system. This proposal allows the issuance of the Building Permit with a condition that a Mechanical Permit will be required for any mechanical works related to the building.

Similarly for alteration work to a building, the work may be done in stages with different contractors being involved with the different aspects of work. A building contractor may only be responsible for the tenant space, excluding any mechanical (HVAC) work. The mechanical contractor may be responsible for the mechanical work. This proposal would allow the City to issue independent permit gto each contractor separately.

The proposed changes should not be considered as Red Tape, as the proposed changes are intended to give the owner and builder more options and flexibility in obtaining a permit for building construction.

The establishment of a licensed mechanical contractor is also the first step in the process of achieving compliance with Red Tape recommendation 10, an audit-based model similar to the certified professional program that would apply to the various trades that are involved in building construction.

ATTACHMENT "F"

Planning and Land Development Fee Recommendations

The intent of the current Fees and Charges review is not to track costs on all costs and activities however, there are several services which are solely and directly applicant driven. Planning and Land Use has identified current activities which are supported by the Public Service PLU and can be directly mapped.

Where possible the fees have been broken into the following categories:

A – Minor - straight forward – few complexities or conditions
B – Major – standard conditions some issues and time required
C – Complex - extensive staff time reviews – public meetings, etc.

Current Fees:

These fees should be adjusted to more accurately reflect current cost of services

Activity	Current Fee	Proposed		
		A	B	C
• Design Review	57.65/169.16/407.30	170.00	400.00	400.00
• Heritage Certificates	0	170.00	400.00	400.00
• Plan Winnipeg Amendments	1096.00	-----	5,000.00	----
• Secondary Plan Amendments	1,000.00		2,500.00	
• Rezoning Applications DAZ	949.00	1200.00		2,500.00
• Sub-Division Applications DASZ	965.00	1,500.00		2,800.00
• Development Application Sub DAS	965.00	1,000.00		------
• Variances and Conditional Uses				

New Proposed Fees:

Several smaller services have been rolled up into several key categories:

Plan Review and Approvals:

Activity - Applications	#	Proposed		
		A	B	C
• DAV, DCU Plan approval	405	150.00	400.00	400.00
• Parking / Transportation Management	8	150.00	400.00	600.00
• Master Plan E/I Districts - projected	9	1,000.00	2,500.00	5,000.00
• Landscape Equivalencies - projected	20	150.00	400.00	400.00
• Subdivision Park Plan - projected	20	150.00	400.00	400.00
• Higher Building Application (12stories)	2	1,200.00	2,400.00	5,000.00

ATTACHMENT "F"

Activity - Appeals:	#	Proposed		
		A	B	C
• DAV, DCU, (Type C / D)	40	100.00	----	----
• Plan Winnipeg -Director decision to EPC	2	1,000.00	----	----
• Design Review appeal – Committee		150.00	----	----
• Secondary Plan - Director decision to SPC	1	500.00	---	---

ATTACHMENT "F"

Existing Fees and Charges:	**Existing Fee**	**+ Proposed Increase**
Building Permit Activity Reports **currently only one fee for three one types of reports** copy).....**$45.00** 1. digital copy up)..**$55.00** 2. paper copy customer pick up out).....**$65.00** 3. paper mail out copy new	(a) Monthly building permit summary. **$38.00**	DC1.....(digital PC2 .(paper copy customer picks- MO.....(paper mail Sample of eight (8) types of reports and criteria for fee rates. New fees now reflect degree of service required to produce and deliver information to customer
Minimum commercial building permit fees Notwithstanding any other provision in this Part, the following minimum fee is hereby imposed for building permits referred to in this Part.....	($63.00).....	**$100.00**
Residential demolition fees (a) Single-family or two-family dwellings and accessory structures (where the accessory structure is demolished on the same permit as the principal building).....	($105.00).....	**$200.00**
(b) Accessory structures to single-family or two-family dwellings (without demolition of the dwelling).....	($63.00).....	**$125.00**

Existing Fees and Charges:	Existing Fee	+ Proposed Increase
Commercial demolition fees		
(a) Demolition by hand, machine or related equipment.....	($0.22).....	**$0.25**
(b) Demolition where all or part thereof is by implosion.....	($0.25).....	**$0.30**
Residential dwellings basement development		
The following fee is hereby imposed for a permit to develop a basement in a one family dwelling or two family dwelling.....	($52.00).....	**$100.00**
XX. Residential dwelling construction		
The following permit fee is hereby imposed:		
a/ for the construction of a one family dwelling or two family dwelling, or		
b/ an addition to a one family dwelling or a two family dwelling:	finished:.....($2.37)	Recommending a combined "Service Index" method to be used with 17% increase. above Similar to other cities reviewed.
for habitable floor areas that are located below, at and grade level.....for each square meter.....	unfinished...($1.18)	

Existing Fees and Charges:	**Existing Fee**	**+ Proposed Increase**
Standard Inspection Unless otherwise indicated, for each hour or portion thereof for each inspector involved where an inspection takes place during office hours (8:30 a.m. to 4:30 p.m. – Monday to Friday, except holidays), for each hour or portion thereof.....	($63.00).....	**$80.00**
Various Types of Inspections (additional charge warranted**)** **(d)** Where work is not ready for inspection at the time arranged for the inspection.....	($63.00).....	**$125.00** for 1st hour
(i) plus, for each additional hour or portion thereof.....		**$80.00**

ATTACHMENT "F"

NEW - Proposed Permits and Charges

"Shell" only commercial permits Permits to complete buildings constructed as "SHELL ONLY" new buildings shall be the difference between the "shell only" classification "only" that the building was originally constructed under and the same tracking "finished" category, plus an administration fee of.....**$200.00** reports.	Majority of applications for buildings are for the shell Increased time, resources, and issuance of permits,
MECHANICAL PERMITS - LICENSED CONTRACTORS Complete new PART containing Mechanical Permit Fees	
Mechanical contractor license fees The following fees are hereby imposed for annual mechanical contractors the licenses issued pursuant to the Winnipeg Building By-law: Contractors	The same fee structure as Licensed Electrical and Plumbing

ATTACHMENT "F"

NEW - Proposed Permits and Charges

LIFE and FIRE SAFETY SYSTEMS TESTING

XX. "Life, Fire Safety Systems Testing" conducted:

Normal business hours

Test conducted during normal business hours, fee for each "test".....**$500.00**

No effective means currently for recovery of substantial "COSTS" to the City.

XX. "Life, Fire Safety Systems Testing" conducted:

Outside normal business hours

Test conducted outside normal business hours, fee for each "test".....**$900.00**

XX. "Life, Fire Safety Systems Testing" conducted:

Both normal and outside normal business hours

Test conducted and test over-laps as indicated, fee for each "test".....**$1400.00**

ATTACHMENT "F"

Downtown Applications (10% Discount on Total Fees)

In order to support the policy direction from Plan Winnipeg to promote the Downtown a proposal is being made that all fees and charges regulated and imposed under this by-law be reduced by a flat rate of 10% for the downtown areas as defined in Plan Winnipeg.

