Minutes – Executive Policy Committee – March 16, 2016

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – March 8, 2016

Item No. 1 Comprehensive Fee Review of Planning, Development, and Building Fees and Charges

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the new Planning, Development and Building Fees and Charges Schedule, as set out in Appendix A and described in Appendix B, be adopted.

2. That the Director of Planning, Property and Development be directed to implement these fees as soon as possible after June 1, 2016 and before August 2016, after providing 30 days' notice of implementation on the City of Winnipeg website. (Estimated dates of implementation are set out in Appendix B.)

3. That, based on the estimated revenues resulting from the amended fees, increases of:

   A. $1,122,000 in 2016 ($2,110,000 annualized) in construction-related fee revenue, an annualized increase of 10% over 2015 fee revenue ; and
   B. $111,000 in 2016 ($190,000 annualized) in other related fees revenue, an increase of 55% over 2015 fee revenue;

   be included in the operating budget beginning in 2016.

4. That an increase be made to the Planning, Property and Development Department's budgeted expenditures of $2,300,000 annualized ($1,233,000 in 2016) towards new staff, distributed as follows, on an annualized basis:

   A. $1,000,000 to make permanent the level of resources which is dependent upon sufficient funding being available each year in the Permits Reserve;
   B. $1,000,000 in additional staff and resources related to building-related permits, zoning and inspections; and
   C. $300,000 in new resources for mid-term planning

   be included in the operating budget beginning in 2016.

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – March 8, 2016

5. That the Director of Legal Services and City Solicitor be authorized to prepare the necessary by-laws to implement the recommendations set out in this report and refer same directly to Council for enactment through the Office of the City Clerk.

6. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

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DECISION MAKING HISTORY:

Moved by Councillor Orlikow,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Carried

The Executive Policy Committee received submissions in opposition to the matter from the following:

- Betty McInerney, Executive Director, Mechanical Contractors Association of Manitoba, submitted a communication dated March 16, 2016
- Mike Moore, President, Manitoba Home Builders' Association, submitted a communication dated March 16, 2016.

STANDING COMMITTEE RECOMMENDATION:

On March 8, 2016, due to a tie vote, the Standing Policy Committee on Property and Development, Heritage and Downtown Development submitted the matter to the Executive Policy Committee and Council without recommendation.

John Kiernan, Director of Planning, Property and Development submitted a PowerPoint Presentation with respect to the matter.

Mike Moore, President, Manitoba Home Builders' Association, submitted a presentation dated March 8, 2016, in opposition to the matter.

Tim K. Comack, Vice President-Development, Ventura Developments Inc., Ventura Land Company Inc., submitted a communication dated March 8, 2016, in opposition to the matter.

ADMINISTRATIVE REPORT

Title: **Comprehensive Fee Review of Planning, Development, and Building Fees and Charges**

Critical Path: **Standing Policy Committee on Property and Development, Heritage and Downtown Development; Executive Policy Committee; Council**

AUTHORIZATION

Author	Department Head	CFO	CAO/COO
S. Dueck	J. Kiernan	M. Ruta	M. Jack COO

RECOMMENDATIONS

1. That Council adopts the new Planning, Development and Building Fees and Charges Schedule, as set out in Appendix A and described in Appendix B.
2. That the Director of Planning, Property and Development be directed to implement these fees as soon as possible after June 1, 2016 and before August 2016, after providing 30 days' notice of implementation on the City of Winnipeg website. (Estimated dates of implementation are set out in Appendix B.)
3. That, based on the estimated revenues resulting from the amended fees, increases of:
    a. $1,122,000 in 2016 ($2,110,000 annualized) in construction-related fee revenue, an annualized increase of 10% over 2015 fee revenue[1]; and
    b. $111,000 in 2016 ($190,000 annualized) in other related fees revenue, an increase of 55% over 2015 fee revenue;

    be included in the operating budget beginning in 2016.
4. That an increase be made to the Planning, Property and Development Department's budgeted expenditures of $2,300,000 annualized ($1,233,000 in 2016[2]) towards new staff, distributed as follows, on an annualized basis:
    a. $1,000,000 to make permanent the level of resources which is dependent upon sufficient funding being available each year in the Permits Reserve;
    b. $1,000,000 in additional staff and resources related to building-related permits, zoning and inspections; and
    c. $300,000 in new resources for mid-term planning

    be included in the operating budget beginning in 2016.
5. That the Director of Legal Services and City Solicitor be authorized to prepare the necessary by-laws to implement the recommendations set out in this report and refer same directly to Council for enactment through the Office of the City Clerk.

[1] The "annualized" amount refers to the impact on the 2016 budget IF all fees were implemented effective January 1, 2016. The "budgeted revenue" is less due to the staged fashion in which the fees and charges are to be implemented in 2016. Note that the 10% increase is in addition to the 1.9% inflationary increase effective January 1, 2016.

[2] The 2016 budget impact is less due to the staged fashion in which the costs (e.g. hiring of new employees) are estimated to occur in 2016. The employees already employed and whose costs are currently being funded by a transfer from the Permits Reserve would have an immediate budget impact.

6. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

REASON FOR THE REPORT

The 2008 comprehensive fee review recommended that a comprehensive fee review be undertaken every three years. This is the first comprehensive fee review since 2008.

Only Council can amend and set budgets. Only Council can approve all of the fees proposed in this Report.

EXECUTIVE SUMMARY

This report represents the conclusion of a comprehensive review of Planning, Development and Building Fees and Charges. This first section summarizes the approach, the results of the review on a category basis, general findings and recommendations pertaining to the increased budget of construction-related permits and planning staff and resources. The second section submits recommendations for specific fee changes including numerous changes to fee calculation methods, and provides more detailed discussion and comparative analyses of equivalent fees in other Canadian municipalities.

However, the fee changes proposed in this report will be limited in scope to construction-related fees, waterways, and other fees.

The recommended fee changes and budget impacts of variances and conditional uses, land development and re-zoning, and encroachments will be dealt with directly in the 2016 budget submission.

Section I

The last 'greater than inflation' analysis and comprehensive fee adjustment undertaken by the City for planning, development and building fees occurred in 2008. The 2008 general increase was a move towards a model of 'full-cost recovery', as had been directed by Council in the 2008 Operating Budget. Since 2008, fees have been adjusted annually only by the rate of inflation[3].

The current analysis divided the fees into four general categories plus other miscellaneous fees that do not naturally align. The category approach is an attempt to align direct and associated costs with the group of activities or stakeholders represented by those fees and costs. For example, it is assumed that those engaged in construction related activities should not be directly or indirectly financially supporting those engaged in land development such as the subdivision and re-zoning of land.

While the direct and associated overhead costs related to the processing of applications or inspections, or the provision of direct services, are included in this analysis (e.g. enforcement and administration), costs to the City associated with development and growth such as those associated with infrastructure expansion requirements resulting from development are not specifically considered.

For the purposes of this report, "full cost recovery" includes estimates for both direct and indirect overhead costs such as human resources, finance, information systems, the Office of the Director, and 'corporate overheads' including the direct involvement of City Clerk's and Legal Services Departments for costs associated with public hearings, appeals, legal agreements, etc., but does not include other unrelated Department costs. A summary of these areas of allocation is presented in Appendix C.

The adjustments that would be estimated as aggregate revenue increases at current volumes on a category basis are as follows:

[3] The exception being in 2015 when the fees were adjusted another 2% to allow an equivalent cash discount in an attempt to deal with escalating credit card fees.

	Category	$ Gap	% increase necessary to eliminate the gap
a.	Construction-related permits:	No Gap	0%
b.	Variance and conditional uses	$0.560M	60%
c.	Land development & re-zoning:	$2.230M	300%
d.	Waterways	Breakeven	0%
e.	Other (including encroachments[4], record search fees, general planning fees, etc.)	$0.761M	55%

The following summarize the findings and conclusions about the fees themselves:

1. Some of the current fee calculation methodology is proving problematic and should be adjusted.
2. Fees should be considered on a 'project' basis.
3. Some current fees are considerably out of alignment with others
4. Some fees are considerably out of alignment with those equivalent fees in other municipalities.
5. Consideration should be given to lower fees if they unduly discourage applicants from engaging in the permit process.
6. Some current fees do not reflect the range of true cost recovery, and should be increased to do so.
7. When possible, fees and fee calculation methods should be simplified.
8. Consideration should be given to apply discounts or set fees in a manner that encourages or supports activities that align with OurWinnipeg.
9. Fees, such as those for non-compliance, should be introduced or set to specifically discourage activities that are contrary to by-law, or contribute to an inefficient administration of public service processes and drive up costs.
10. Consideration should be given to eliminate the recently introduced (spring of 2015) 2% discount for payment with cheque or cash.

Recommendation: Increasing the budget for construction-related permit and planning resources and proposing fee changes to include an incremental increase in fee revenue to fund these resources.

In terms of the recommendation for budget increases, this reflects in part the fact that the Development and Inspections Division has generated a 53% increase in 'real' revenue (net after being adjusted for inflation) over the past six years with a 7% decrease (net of inflation) ($783k reduction in real dollars) in the expenditures / expenditure budget to generate these revenues.

This can be attributed to a variety of factors. However, the Department has only been able to accomplish this through the use of mechanisms that are not sustainable, such as:

a) Non-sustainable use of the Permits Reserve.
b) Reduced service levels. Failure to meet target service levels.
c) Non-sustainable prioritization of activities.

Additionally, there are new legislative requirements and duties that will require additional permit-related resources.

[4] Encroachments as part of the 'other' category are presented within the 'full cost recovery' equation, but in fact were analyzed and estimated in terms of 'fair market value' for the land and not simply for the administrative costs of processing

d) New Provincial code standards such as the energy code and pending legislation regarding required home warranty are either in effect or about to come into effect, which will require additional permit-related resources.
e) New duties have been introduced or are pending that will require additional, permit-related resources.

The report recommends:

a) Make permanent the approximately 12-15 existing temporary staff positions and related costs that are dependent upon sufficient funding being available each year in the Permits Reserve with an increase of $1,000,000 in the permanent budget, starting in 2016, and;
b) Increase the 2016 budget by an additional $1,000,000 (pro-rated to 50% to allow for recruitment and hiring) allowing the addition of approximately 12 new positions as well as funding for additional IT-related project implementation and technology.
c) In order to meet Council direction to provide mid-term planning documents, increase the 2016 budget by a further $300,000 (pro-rated to 50% to allow for recruitment and hiring) for additional resources (internal and/or external) to fund Local Area Planning, which includes the development of a wide range of mid-term planning documents such as Neighbourhood Plans, Area Master Plans, Corridor Plans, Precinct Plans and Area Structure Plans. Additional resources will allow for the acceleration of current Local Area Planning Initiatives and the initiation of Local Area Planning requests which are currently not resourced.

Approval of the budget increase request would largely serve to make permanent the funding required to maintain the current level of service. Presently, the necessary funding for operational needs is dependent upon transfers from the Permit Reserve Fund, the available balance in which is subject to variation from year-to-year. Additional resources are needed to improve several under-resourced areas within the Development and Inspections and Urban Planning Divisions.

Section II

The second section submits recommendations for specific fee changes. The fee amendment recommendations incorporate the specific findings / conclusions set out in Section I.

The individual fee increases are not uniform. There are significant changes to many fee types in the methodology used to calculate the fees. As a result, some fees represent significant increases and others significant decreases. Some fees are totally eliminated.

Each of the proposed individual fee changes is presented in detail, with rationale, in Appendix B and many categories include comparisons to other municipalities. Additional comparisons to other Canadian cities are laid out for commercial and housing building permit fees in Appendix D. Finally, the fee impacts are summarized by their impact to over 10 ‘stakeholder’ groups in Appendix E.

IMPLICATIONS OF THE RECOMMENDATIONS

SECTION I

General approach, findings/ conclusions and recommendations of the Comprehensive Fee Review

1. The Principle of Full-cost Recovery for Enforcement and Administration

Previous Council direction of ‘full cost recovery’ effectively puts the onus of funding the costs of administering applications and enforcement of codes and by-laws on the group of stakeholders engaging in the regulated activity (e.g. construction, changing land use, subdivisions, property owners in proximity of waterways, etc.) and away from support or funding from the general taxpayer.

As noted in the History section of this report, the 2008 fee review and 21% fee increase attempted to achieve full cost recovery for the direct, divisional expenses of processing and inspecting permit applications. This review also attempted to include a fuller sense of Departmental and Corporate overheads when establishing 'full cost recovery', effectively asking "if there was no permit activity at all – no land development, construction, zoning changes, etc., what City staff and resources could be reduced or eliminated?"; or "what City staff and resources, even indirectly, are required in order to process these permits and associated applications?"

That said, full cost recovery is not the same as a fee-for-service; accordingly, no attempt has been made to ensure that each permit or each sub-category of permit issued provides revenue that fully pays the costs of enforcement and administration. Instead, consideration was given to fees which, taken in the aggregate within the general category, will produce revenue required for the cost recovery for enforcement and administration of the permits, licenses and other regulatory mechanisms of that category of activities.

While the direct and associated overhead costs related to the processing of applications or inspections, or the provision of direct services, are included in this analysis (e.g. enforcement and administration), costs to the City associated with development and growth such as those associated with infrastructure expansion requirements resulting from development is not considered.

2. Analyzing Fees within the Context of Five Major Self-supporting Groups and Percentage Increases for each Fee Group

The fees were viewed and analyzed as four groups or categories of 'like activities', and one 'other' category. As such, the analysis cover:

a) All **building permit related** fees that, as a group, would need to be self-supporting in terms of the total fees collected and the costs associated with regulating those activities. The category also includes fees and administrative costs related to the zoning review of construction-related permits and zoning enforcement.

b) All fees and costs associated with processing zoning **variances and conditional uses** but not those associated with land development (e.g. subdivisions and/or re-zonings). This would mean that the process of applying for and processing those reviews and approvals (or denials), including the cost of administering public hearings, adjusting the zoning by-law and executing and enforcing zoning agreements, would need to be self-supporting and not financially supported by the property tax payer or those in the building industry that are working within the already-set zoning parameters.

c) All **land development** applications, such as subdivisions, lot splits, **re-zoning** activities and the preparation and execution of the many legal agreements and processes associated with this activity (including Public Service reviews by planners) impacts on community and City infrastructure (such as parks, community amenities, roads, water and waste, etc.) would be almost fully paid for by the fees associated with these activities rather than by other permit fees or the property tax payer[5].

d) All costs associated with the review of building and development permits in terms of their impact or potential impact on the many city **waterways** should be paid for by the property owners in proximity to those waterways, and not be paid for by other fees or tax payers. However, costs associated with waterways and riverbank research, as well as assessment and projects related to publicly owned riverbanks, would not be allocated to this service for cost-recovery purposes.

e) A final category are miscellaneous or **other** fees and services not associated with any of the primary groups such as fees for records searches, encroachments, preparation of higher-level secondary plans, planning district overlays, etc. (but not including of the costs of the development of OurWinnipeg) are considered in this category. Although this group would be treated separately, it would still be with a view to full cost recovery and market value.

[5] Even this 300% increase falls approximately $200,000 short of 'full cost recovery' for administration of these applications.

Budgets and actual costs, together with their commensurate overheads, were allocated to each of the four major fee groups as outlined in the table in Appendix C. Additionally, the fees currently generated were also allocated to each of these groups.

3. Findings / Conclusions

Cost recovery by category

In three of the five categories, the past few years indicated that there remains a gap (albeit to a greater or lesser degree) between the fees collected and the full costs of supporting those activities. The degree to which each group of fees will have to be adjusted to become full-cost recovery is as follows:

	Category	$ Gap	% increase necessary to eliminate the gap
a.	Construction-related permits:	No Gap	0%
b.	Variance and conditional uses	$0.560M	60%
c.	Land development & re-zoning:	$2.230M	300%
d.	Waterways	Breakeven	0%
e.	Other (including encroachments, record search fees, general planning fees, etc.)	$0.761M	55%

(NOTE: Encroachments as part of the 'other' category are presented within the 'full cost recovery' equation, but in fact were analyzed and estimated in terms of 'fair market value' for the land and not for the administrative costs of processing.)

a. Construction-related permits

Based on the surface facts, one could conclude that there is no need to increase building-related permit fees since the revenue fully covers not only the direct costs of processing, but also the indirect and overhead expenses related to their processing. However, that would not represent the full story. A more complete discussion pertaining to construction-related permits and their costs is presented in Appendix G.

b. Variances and Conditional Uses

The issue of fee adjustments relating to variances and conditional uses has been referred to, and incorporated into, the 2016 budget process.

c. Land Development and Re-zoning

The issue of fee adjustments relating to land development and rezonings has been referred to, and incorporated into, the 2016 budget process.

d. Waterways

Fees from permits related to construction and development on or near the City's waterways can fluctuate significantly from year to year but on average, this category is considered to be operating on a break-even basis.

e. Other

There are a number of fee groups that did not obviously fit in the other primary areas, including encroachments, planning-related fees such as a development of or amendment to a secondary plan or an OurWinnipeg amendment, record search fees, etc.

Fees specific to encroachments were considered to be largely below cost recovery in terms of processing, and below 'market value' in terms of the annual fee for the 'use of land'. Encroachment fees have specifically been incorporated into the 2016 budget process.

In order meet Council direction to provide mid-term planning documents, increase the 2016 budget by a further $300,000 (pro-rated to 50% to allow for recruitment and hiring) to allow for additional resources (internal and/or external) to fund Local Area Planning, which includes the development of a wide range of mid-term planning documents such as Neighbourhood Plans, Area Master Plans, Corridor Plans, Precinct Plans and Area Structure Plans. Additional resources will allow for the acceleration of current Local Area Planning Initiatives and the initiation of Local Area Planning requests which are currently not resourced.

4. Finding and Conclusions re: Fees

Key findings in the review of construction-related fees are described in Appendix F and summarized as follows:

a) Some of the current fee calculation methodology (such as that based on 'declared value of construction') is proving problematic and should be adjusted.
b) Fees should be considered on a 'project' basis so that the various permit fees associated with establishing a deck or garage do not become onerous as a group.
c) Some current fees are considerably out of alignment with others, particularly when considered on a cost of processing and inspection basis.
d) Some fees are considerably out of alignment with those equivalent fees in other municipalities.
e) Consideration should be given to lower fees if they unduly discourage applicants from engaging in the permit process.
f) Some current fees do not reflect the range of true cost recovery, and should be increased to do so.
g) When possible, fees and fee calculation methods should be simplified.
h) Consideration should be given to apply discounts or set fees in a manner that encourages or supports activities that align with OurWinnipeg.
i) Fees such as those for non-compliance should be introduced or set to specifically discourage activities that are contrary to by-law, or contribute to an inefficient administration of public service processes and drive up costs.
j) Consideration should be given to eliminate the recently introduced (spring of 2015) 2% discount for payment with cheque or cash.

5. Recommendations re: Increasing the budget for construction-related permit and planning resources and proposing fee changes to include an incremental increase in fee revenue to fund these resources

A fuller explanation as to why an increase in budgeted permit-related resources is required is outlined in Appendix G. This explanation is summarized as follows:

As is indicated in the table presented in the History section of this report, the overall fee revenue budget has increased over the past number of years (approximately 50% in inflation-adjusted $'s) while the expenditures budget has not risen at all, after adjusting for inflation. This can be attributed to a variety of reasons such as:

a) The volume and mix of permit applications has adjusted in a way that allows for a different cost / fee ratio.
b) Divisional initiatives leading to improvements / efficiencies

However, primarily the Department has been able to accomplish this increase in revenues, without increasing expenses, only through the use of mechanisms that are not sustainable:

c) Non-sustainable use of the Permits Reserve.

   The current annual utilization rate of the Permit Reserve is about $1 Million. Specifically this represents overtime and staff funded by the Permits Reserve that produces the permit revenue but that is not part of the permanent budget. Unless these resources are incorporated in the permanent budget, they cannot be maintained in the absence of a favourable balance in the Permits Reserve.

d) Reduced service levels.
e) Non-sustainable prioritization of activities.
f) Non-performance.

   The attention to direct permit processing has been the primary priority at the expense of a variety of other, necessary activities – many of which were identified in the 2009 Operational Audit. One of these issues is the large backlog of inspections of permits for which permit holders are not initiating mandatory requests for inspections. The Division is keeping up with inspection requests, but it does not have the resources to attend to the more difficult task of chasing down open permits for which inspections or deficiencies are outstanding and the applicant or property owner is not taking the initiative to resolve. An immediate increase of 5-7 staff is estimated to be required to address this long-standing and growing issue.

g) New Provincial code standards such as the energy code and pending legislation regarding required home warranty are either in effect or about to come into effect, and will require additional permit-related resources.
h) New duties have been introduced or are pending that will require additional, permit-related resources.

The recommendation outcome:

i. Make permanent the approximately 12-15 existing temporary staff positions and related costs, which are dependent upon sufficient funding being available each year in the Permits Reserve, with an increase of $1,000,000 in the permanent budget starting in 2016, and;
ii. Increase the 2016 budget by an additional $1,000,000 (pro-rated to 50% to allow for recruitment and hiring) allowing the addition of approximately 12 new positions as well as funding for additional IT-related project implementation and technology.
iii. In order meet Council direction to provide mid-term planning documents, increase the 2016 budget by a further $300,000 (pro-rated to 50% to allow for recruitment and hiring) to allow for additional resources (internal and/or external) to fund Local Area Planning, which includes the development of a wide range of mid-term planning documents such as Neighbourhood Plans, Area Master Plans, Corridor Plans, Precinct Plans and Area Structure Plans.

Therefore, approval of (i) above (the $1,000,000 increase) effectively allows the service levels to continue as they are presently. The approval of (ii) and (iii) above totaling the $1,300,000 annualized in additional budget allocations allows for additional staff to provide improved service levels, particularly in areas where service levels could be improved, such as:

a) Processing and inspection of permits, and follow-up on identified gaps in enforcement such as voice, data, video cable permits and the new audit program and addressing outstanding inspections.
b) Zoning Field and By-law Enforcement Officers to follow-up on the investigation of daily complaints, which are currently not being addressed or given timely attention.
c) Additional inspectors and clerks necessary to address the large number of outstanding housing inspections that are required, but not being requested, as recommended in the 2009 operational audit.

d) Engaging in an additional required inspection in housing-related permits pertaining to the new energy requirements in the Manitoba Building Code effective spring of 2016.
e) Additional resources for mid-term planning.

SECTION II

Balancing a Variety of Factors when Analyzing Individual Fees

The approach used for this comprehensive fee review attempted to balance a variety of issues when establishing individual fees, and incorporated the conclusions / findings outlined in Section I.

The overall fee increases proposed in the Fees Schedule (Appendix A) and Fees Summary (Appendix B) are not uniform. There are significant changes to many fees in the way that they are calculated and attention was given to simplify and shorten the overall fee schedule. Additionally, some fee changes represent significant increases and while others, significant decreases.

Highlights of Proposed Fee Amendments:

The following is a high-level summary of the most significant fee changes proposed.

Fee or Category Impacted	Highlighted Change
Home renovation projects	Significant reductions in both building and trades permits; significant change to fee calculation methodologies
Exterior home projects such as decks, detached garages and other accessory structures	Significant reductions (when considering combination of building, development and trades permits for a project)
New house (and additions) permits	50% increase in area calculation fee representing a move to parity with other jurisdictions
	Increase in base fee from $126 to $200
Trades permits (electrical/ plumbing) for houses (new and additions)	Change to fee calculation methodology resulting in decreases for small houses and increases for large. Significant decrease in permit fees for plumbing and electrical permits for home renovation projects
Rebates for homebuilders in the Residential Audit System	Annual rebates for reduced inspections resulting from the audit program
Commercial Interior Alterations	Change in fee calculation methodology and significant reduction in permit fees (estimated decrease in fee revenue of $850K)
Commercial new / additions	Consolidation (simplification) of fees; increases and decreases to reflect parity with other Canadian municipalities (estimated increase in fee revenue of $1M)
	Reduction for ‘base-building’-only permits
	Extra fees for staged permits
Commercial trades permits (electrical, plumbing, mechanical)	Introduction of new base fee ranging from $100 - $250
	Change in fee calculation methodology for mechanical permits (moving from a ‘declared value of construction’ method to an area-based methodology
Fire Prevention Fee	Elimination of most fire prevention review fees (incorporated into the building permit fee)
Commercial Occupancy Permits	Introduction of tiered system resulting in 35% reduction for very small tenancy spaces to 55% increase for large
	Escalating fees for repeat interim occupancy permits
	Doubling of fees for short-notice requests

Fee or Category Impacted	Highlighted Change
	100% refund of occupancy permit fee (post-building permit) if requester submits complete documentation and all initial inspections are defect-free.
Voice, Data, Video permit audit program	Fee set out for participants in the proposed audit program for low-voltage wiring
Waterways Permits	No overall increases, but significant change in fee calculation methodology
Timing of Fee Payment	Payment of fees now required at the time of application rather than at time of permit issuance
Development Permits	Increase to development permit fees for commercial construction
	Decrease in development permit fee for home-based businesses; Significant decrease in development permit fee for housing accessory structures such as decks and garages
Review fees for Historic Buildings	A number of new fees are proposed for review of construction / signs for historic buildings
Discount for payment by cash or cheque (introduced in spring 2015)	Elimination of current 2% 'cash' discount and roll the increase that was introduced to create the discount; New restrictions to credit card transactions to a maximum of $10,000.
Mid and long-term planning documents	Significant increases to fees associated with amendments to or new secondary plans, OurWinnipeg, Complete Communities, etc.
Demolition permits	Decreases for housing-related demolitions and increases for commercial
Fees for non-compliance such as work without a permit, failure to address a defect or close a permit in a timely fashion, repeat inspections due to defects, etc.	Introduction of new fees or changes to existing fees, including: - $50 for failure to call for an inspection or notify the City that work has begun within 6 months of permit issuance (housing) - $150 for failure to fix a defect within a 1 month period (housing) or 7 day period (commercial) - $200 for failure to close a permit within 3 years of permit issuance - a $1,000 administration fee for preparation and service of an Order to Comply when a previous warning has been given and the party responsible has been non-compliant. - Increasing minimum fee for work without a permit – commercial building permit from $319 to $1,000 - Decreasing maximum fee for work without a permit from $50k to $25k.
DISCOUNTS	
Discount for Downtown Permits	Elimination of the 10% discount applied to all Downtown permits
Discount for Multi-family Residential Development in the Downtown	Introduction of a 30% discount applied to building permits for new residential development in the Downtown
Discount for Multi-family Residential Development outside the Downtown	Introduction of a 20% discount to building permits for new residential multi-family development outside of the Downtown

Fee or Category Impacted	Highlighted Change
Discount for in-fill single-family, duplex housing in mature neighbourhoods	Introduction of a 30% discount for the creation of new housing units (or replacement housing) on lots created earlier than 2002.
Discount for Permits within the Optional Professional Certificate Program	Reduction of the existing 20% discount to a 10% discount

HISTORY

The Planning, Property and Development Department is responsible for the review, approvals and inspections of development and building-related applications to ensure compliance with City Zoning By-laws and the Manitoba Building Code, the City's Electrical By-law, Waterway By-law, etc. for the construction and occupancy of all buildings. Additionally, it serves to process land development applications for sub-divisions and re-zonings, applications to vary the City's zoning by-law through variances and conditional use approvals, and other assorted planning and building activities.

The last 'greater than inflation' analysis and comprehensive fee adjustment undertaken by the City for planning, development and building fees occurred in 2008. At that time, a 21% 'across-the-board' increase was adopted. For approximately 25 years prior to the 2008 increase, the City of Winnipeg's approach to fees and charges had been to recover roughly 50% of its costs of administering and enforcing development and building-related permits and activities through fees. That is, the remainder of these costs was paid for by general property tax revenue.

The 2008 general increase was a move towards a model of 'full-cost recovery'. The Public Service received instruction by Council to move to this model in the 2008 Operating Budget.

Since 2008, fees have been adjusted annually only by the rate of inflation, with one exception to accommodate the costs associated with the use of credit cards.

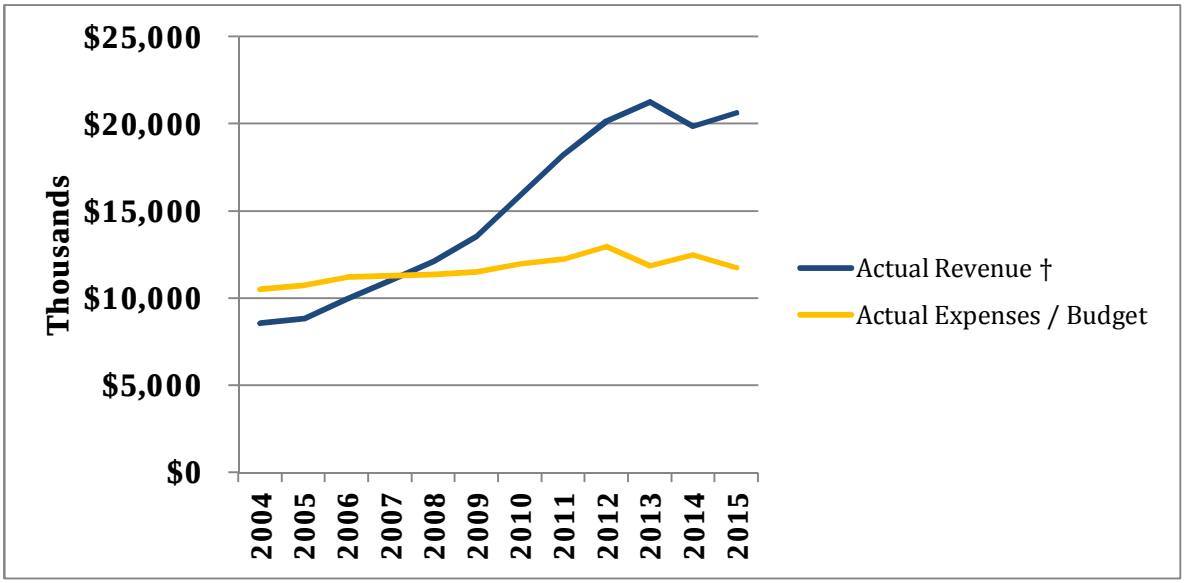
The 2008 comprehensive fee review also recommended that a comprehensive fee review be undertaken every three years. This has not occurred until now for a variety of reasons. Beyond issues such as staff and management turnover, the primary Division of Development and Inspections, which is most impacted by this fee review, has been attending to developing and implementing its Building Permit Strategy and the recommendations included in the 2009 Audit report.

The Division's past decade's revenues and direct expenses (excluding Department and Corporate direct and overhead expenses) are presented in the table and graph below:

Year	Budgeted Revenue †	Actual Revenue †	Actual Expenses / Budget (whichever is greater) †
2004	$ 7,005,225	$ 8,569,771	$ 10,503,087
2005	$ 8,368,341	$ 8,801,135	$ 10,714,896
2006	$ 8,472,120	$ 9,943,748	$ 11,195,012
2007	$ 8,518,525	$ 11,036,588	$ 11,292,460
2008	$ 10,608,231	$ 12,110,493	$ 11,357,292
2009	$ 13,038,886	$ 13,557,438	$ 11,502,774
2010	$ 13,110,986	$ 15,916,486	$ 11,969,714
2011	$ 13,694,986	$ 18,201,907	$ 12,226,599
2012	$ 15,870,820	$ 20,173,434	$ 12,971,205
2013	$ 18,371,341	$ 21,261,447	$ 11,853,677
2014	$ 21,679,676	$ 19,856,626	$ 12,471,937
2015	$ 19,879,676	$ 20,621,657	$ 11,769,148

† Excludes transfers from other funds (e.g. Permit Reserve Fund).

† Excludes certain transfers to other funds (e.g. Permit Reserve Fund, Housing Rehabilitation Investment Reserve of unused HRTA credits).



The following table factors out inflationary fee increases since 2008 (the last year of non-inflationary fee increases) and demonstrates a 49% increase in real dollar revenues with 0% in non-inflationary budget / expenses.

	Inflation Rate (StatsCan – CANSIM, table 326-0021)	**Revenue in '2008' $'s (inflation factored out)**	**% Increase over base year (inflation factored out)**	**Expenses in '2008' $'s (inflation factored out)**	**% Increase over base year (inflation factored out)**
Base Year = 2008	n/a	(12,110,493)		11,357,292	
2009	0.5%	(13,489,988)	11%	11,445,546	1%
2010	0.8%	(15,712,227)	30%	11,815,638	4%
2011	2.9%	(17,468,241)	44%	11,729,073	3%
2012	1.5%	(19,085,149)	58%	12,259,487	8%
2013	2.3%	(19,686,525)	63%	10,951,395	-4%
2014	1.9%	(18,067,904)	49%	11,307,747	0%
2015	1.4%	(18,527,994)	53%	10,574,257	-7%

There are a number of points of explanation worth noting about the numbers in the tables above:

1. These values, particularly the expenses, are estimated.
2. Direct expenses do not include other associated support and direct costs essential for the administrative operations of processing these fees.
   - In some cases revenues were waived due to Council-approved requests, such as the Canadian Museum for Human Rights, the Investor's Group Field, etc. Since 2009, the accounting practice is to reflect those uncollected fees in revenues (prior to that, they were simply not recorded), but to offset them with equivalent expenses (i.e. grants in kind).

- The ‘Permits Reserve’ was established in 2008 and is funded when actual permit fee revenue exceeds that which is budgeted, to a maximum of $2,000,000[6]. It may be spent on a variety of activities including hiring temporary resources to process higher permit application demand, and process improvement initiatives.

3. Expenses also reflect non-budgeted values such as the costs associated with additional staffing and overtime funded from the Permits Reserve.
4. Some of the fees are calculated based on a rate per ‘declared value of construction’. Above inflationary increases in construction value will skew revenues higher, even after adjustments for inflation.
5. Increased fee revenue is sometimes not directly tied to the quantity of work. For example, as mentioned, there have been major projects where fees were waived. In these cases, the current accounting method records the revenue, but charges the division with the fee as an expense. Likewise, an increase in large projects, which the City has experienced over the past number of years, can drastically increase the revenues in a manner disproportionate to the direct expenses involved. Additionally, revenue is recorded in the year the permit is issued but the costs associated with inspecting that permit may continue for years after.

That said, there exists a correlation between fee revenue and work performed. Since the 21% fee increase in 2008, there has been a 53% increase in revenues (factoring out inflation) expenses / costs have actually decreased by 7%.

[6] Originally, the Permits Reserve had a maximum limit of $3M, but this was adjusted by Council to $2M in 2011.

FINANCIAL IMPACT

Financial Impact Statement

Date: February 19, 2016

Project Name:

Comprehensive Fee Review of Planning, Development, and Building Fees and Charges

First Year of Program **2016**

	2016	2017	2018	2019	2020
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	$ 1,233,000	$ 2,346,000	$ 2,393,000	$ -	$ -
Less: Incremental Revenue/Recovery	1,233,000	2,346,000	2,393,000	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs in 2016 represent the $2,300,000 in additional staff/resources pro-rated to reflect that additional positions will not all be filled effective January 1. For 2017 and 2018, direct costs consist of full-year amounts (i.e. $2,300,000) that have been increased by an assumed inflation factor of 2% per annum. Incremental revenues in 2016 consist of $2,110,000 in construction-related and $190,000 in other fees pro-rated to reflect the staged fashion in which they are to be implemented. For 2017 and 2018, revenues consist of full-year amounts (i.e. $2,300,000) that have been increased by an assumed inflation factor of 2% per annum.

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

CONSULTATION

Departments such as Clerks, Water and Waste, Public Works, and Legal Services submitted their costs for the financial analysis.

Legal Services Department in terms of legal issues.

OURWINNIPEG POLICY ALIGNMENT

Although OurWinnipeg does not speak directly to fees and full cost recovery, one of the principles being proposed that would apply to the determination of individual fees within a category is to encourage activities which align with OurWinnipeg. Specifically, the discounts proposed attempt to encourage growth that capitalizes on current City infrastructure as presented in OurWinnipeg.

Additionally, OurWinnipeg identifies as Direction 1 in its Prosperity section (01-3), the need to Provide efficient and focused civic administration and governance, including Demonstrate exemplary customer service standards. The Department has made considerable gains over the past three years in terms of improvements to its permit issuance and inspection time, but has not been able to keep up in other areas. Increases in fees and budgets to maintain its resources and make improvements to its service aligns with this general policy direction. Specific proposed fees for non-compliance and new fees attempt to encourage applicant behavior that will lead to a more efficient Public Service.

SUBMITTED BY

Department:	Planning, Property and Development
Division:	Development and Inspections
Prepared by:	Stan Dueck
Date:	February 19, 2016

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Appendix A: Fees and Charges Schedule

APPENDIX B: Summary of Proposed Changes and Analysis

APPENDIX C.

Service areas of Planning, Property and Development Department, Allocation of Costs:

	Variances/ Conditional Uses	Construction-related Permits	Land Development and Re-zoning	Waterways	Not associated with fee analysis; therefore tax-supported
Budgets of branches directly involved in processing	✓	✓	✓	✓	
Proportional overhead costs associated with Departmental Finance, HR, IT, Office of the Director	✓ Proportionally allocated	✓ Proportionally allocated	✓ Proportionally allocated	✓ Proportionally allocated	✓ Proportionally allocated
Short-term Planning (planning resources directly associated with processing applications)	✓ Proportionally allocated	✓ Proportionally allocated	✓ Proportionally allocated		
Mid-term planning (e.g. secondary and precinct plans)	✓ 25%	✓ 25%	✓ 25%		✓ 25%
Long-term planning (e.g. OurWinnipeg)	✓ 25%		✓ 25%		✓ 50%
Housing Division (including neighbourhood revitalization grants, homelessness, policy development)					✓
Golf, Cemeteries, Real Estate, Municipal Accommodations					✓
Heritage Administration		✓ 50%			✓ 50%
Waterways research and costs associated with City-owned waterways					✓
Maintenance of the survey infrastructure for the City of Winnipeg, and Geomatics activity relating to City real estate activities					✓

	Variances/ Conditional Uses	Construction-related Permits	Land Development and Re-zoning	Waterways	Not associated with fee analysis; therefore tax-supported
Mapping activity	✓ Proportionally allocated	✓ Proportionally allocated	✓ Proportionally allocated	✓ Proportionally allocated	✓ Proportionally allocated
Other Departments costs relating to administration of applications		✓ Proportionally allocated	✓ Proportionally allocated		
Allocation for Liability	✓	✓			
Fire Prevention (permit review)		✓			
Water & Waste, Public Works involvement in Land Development application processes			✓		
Parks planning activity related to Land Development applications			✓		
Allocation for Corporate overheads (IT, HR, Office of the CAO, etc.)	✓ Proportionally allocated	✓ Proportionally allocated	✓ Proportionally allocated	✓ Proportionally allocated	✓ Proportionally allocated
City Clerks, Board of Adjustment	✓		✓		
Budget increase for temporary resources currently consumed to process current permit volumes		$1M			
Budget increase for additional new resources – administrative, inspections, enforcement		$1M			
Budget increase for additional new resources – Mid-range planning	$75K	$75K	$75K		$75K

APPENDIX D: Supplemental Charts, Graphs and Comparisons to other cities.

ADDITIONAL COMPARISONS

APPENDIX E: STAKEHOLDER SUMMARY

APPENDIX F

Finding and Conclusions re: Fees

Key findings in the review of construction-related fees are as follows:

a. **Some of the current fee calculation methodology is proving problematic and should be adjusted**. Like most municipalities, a significant portion of the construction-related revenues are based on a 'rate per declared value of construction' fee calculation methodology. In particular, this method is used for all commercial interior alterations building permits, home renovation building permits, and some commercial mechanical permits. Unlike some other municipalities that assertively challenge the applicant's submitted value, there is no dedicated staff trained specifically in this function and as a result, only submissions where there appears to be obvious abuse or misunderstanding gets challenged. Additionally, anecdotal evidence suggests that there are clear misunderstandings by industry as to which values should be included.

   The City has specifically moved away from this methodology in the past as with new commercial and housing building permits, and electrical permits, but when possible it should continue to arrive at different methodologies to establish fees that limit opportunity for abuse and are more accurate.

b. **Fees should be considered on a 'project' basis.** A number of the current fees are often not feasible / reasonable on an application or 'construction project' basis. Fees should be adjusted to consider the 'package of fees' (e.g. the combination of building, development and trades permits) required for common projects such as decks, porches, and garages where each individual fee might be reasonable, but not necessarily when they are considered as a group. Another example where this is the case is for industrial spray booths that may require three separate mechanical permits, an electrical permit, and a building permit.

c. **Some current fees are considerably out of alignment with others**, particularly when considered on a cost of processing and inspection basis. An example of this is home renovation building permits vs. new house construction. A $150,000 house renovation will likely result in a building permit fee that is double that for a $300,000 new house construction, despite the fact that the new house construction likely involves more resources in plan examination and inspections.

d. **Some fees are considerably out of alignment with those equivalent fees in other municipalities.** In particular, a number of new commercial building category fees are considerably lower than those in other municipalities, as well as for those of new house construction. In contrast, some new commercial construction is considerably higher as well as the fees for commercial interior and exterior alterations.

e. **Consideration should be given to lower fees if they unduly discourage applicants from engaging in the permit process.** If all fees were set to achieve permit-specific cost recovery, some groups of fees, like small homeowner projects, the fees would unduly discourage applicants from engaging with the permit process. For example, many basic household electrical projects require 2 or 3 inspections (including re-inspections for defects). Charging permits based on full-cost recovery (including overheads) could, in some cases, result in fees so high that the general public would soon simply ignore the permit process. Ultimately these costs will need to be supplemented with revenues from other areas.

f. **Some current fees do not reflect the range of true cost recovery, and should be increased to do so**. There are a number of examples where this is the case. The current fee for a typical commercial occupancy permit is $320 (post discount) irrespective of the building size or complexity. This fee calculation methodology should be nuanced to reflect the difference between a small commercial kiosk and 150,000 square foot retail space or warehouse. Increasingly, new

commercial buildings are requesting 'staged' permits such as 'foundation-only' and structural/framing stages. Staging permits take more time for the Public Service to review and issue and fees should be altered accordingly. Finally, building code allows for professionals to submit alternative solutions that are equivalent to the prescriptive requirements of the code. However, these typically take additional time for plan examiners to review and research. Fees to reflect these additional costs should be introduced.

g. **When possible, fees and fee calculation methods should be simplified**. While some current fees are proving to be too simple in their methodology and do not adequately reflect some key factors, there are others that are appear to be needlessly complex. For example, all of the new / additions area rates are different depending on the building classification. However, within each of these classifications, there are multiple rates based on size or height. However, these rate differences based on size do not specifically reflect cost recovery nuances, and could be eliminated. Additionally, areas such Fire Prevention charge separate and often relatively nominal fees to reflect their involvement in the permit process. Eliminating these and incorporating them into the global building permit fee would simplify fee transparency and processing.

h. **Consideration should be given to applying discounts or set fees in a manner that encourages or supports activities that align with OurWinnipeg.** For example, the City currently offers a 10% discount on ALL permits for projects in the Downtown. While all Downtown development is to be encouraged, residential development is considered the priority. Consideration should be given to shifting this discount to be more focused on residential development. Likewise, other targeted OurWinnipeg priorities such as increased density arising from multifamily development and in-fill housing in mature neighbourhoods should be considered for discounts.

i. **Fees such as those for non-compliance should be introduced or set to specifically discourage activities that are contrary to by-law, or contribute to an inefficient administration of public service processes and drive up costs.** While the current rate structure identifies some fees to serve as disincentives for activities such as work without a permit, the current minimum fees are not proving in many cases to be an adequate deterrent or adequate to off-set the cost of enforcement. Additionally, fees should be set to pay for the costs of following up on expiring or aging permits; and long-standing defects without costing those permit holders who engage in a compliant fashion. Additionally, rather than obtaining a final occupancy permit, some commercial occupants repeatedly renew an interim occupancy permit, (at a cost to public service resources) or need to be 'chased by permit staff' to renew an interim occupancy permit once it expires. Introducing new fees should be considered to a) discourage these activities, b) pay for additional public service resources, and c) charge these services to those that incur the costs.

j. **Consideration should be given to eliminate the recently introduced (spring of 2015) 2% discount for payment with cheque or cash.** The 2015 budget increased all permit fees by 2% but offered a 2% discount for any payment made by cheque or cash. This has proven to be complicated from the perspective of communicating fees and calculating and applying the discount. It also has served to increase staff workload and creates a disincentive for increased use of permit application and payment on-line. Consideration should be given to eliminate this discount and instead address the issue of rising credit card expenses by restricting credit card transactions to a maximum of $10,000. It should be noted that anecdotally it appears that a number of applicants were simply using the large credit card transactions not simply for convenience, but to amass points in various reward programs.

APPENDIX G

Recommendation re: Increasing the budget for construction-related permit and planning resources and proposing fee changes to include an incremental increase in fee revenue to fund these resources

As is indicated in the table presented in the History section of this report, the overall fee revenue budget has increased dramatically over the past number of years (approximately 50% in inflation-adjusted $'s) while the expenditures budget has not risen at all, after adjusting for inflation. This can be attributed to a variety of reasons such as:

a) The **volume and mix of permit applications** has adjusted in a way that allows for a different cost / fee ratio.
b) **Divisional initiatives** leading to improvements / efficiencies such as cross-trained residential inspectors, computerization and automation projects, increased reliance on an audit-based approach to permit review, and the implementation of other elements of the 2011 Building Permits Strategy.

However, primarily the Department has been able to accomplish this increase in revenues, without increasing expenses, only through the use of mechanisms that are not sustainable:

c) **Non-sustainable use of the Permits Reserve**. The Permits reserve was established in 2007 specifically to:
   i. Mitigate revenue shortfalls in boom/bust cycles.
   ii. Fund temporary staffing needs during busy periods during the boom/bust cycle.
   iii. Provide a source of funds for service and system improvements.

   The Permits Reserve only receives funds when actual revenues exceed budgeted revenues.

   However, in analyzing the past 7 years, it is clear that the increase in revenues should not have been characterized as 'boom/bust' but simply revenue growth consistent with the construction growth and development occurring within the city. This sustained revenue growth should have been matched with a proportional (or at least correlated) growth in expense budgets and resources required to produce those revenues. However, each year until 2015, budget revenue was simply increased while operational expense budgets were not (Note: a nominal increase was made in the 2013 budget).

   The current annual utilization rate of the Permit Reserve is about $1 Million. Specifically this represents overtime and temporary staff funded by the Permits Reserve that produces the permit revenue but that is not part of the permanent budget. Unless these resources are incorporated in the permanent budget, they cannot be maintained in the absence of a favourable balance in the Permits Reserve. An additional problem is that this staffing can only be considered as 'temporary', which makes recruitment and retention of qualified staff difficult. Therefore, unless operational budgets are increased by this 'run rate', the Department will be forced to reduce these resources and both service levels and revenue will suffer.

d) **Reduced service levels.** It is no secret that permit processing and inspection times have not met industry standards over the past decade or more. While significant gains have been made in the past number of years due to the implementation of the Building Permits Strategy, processing times have again fallen this summer compared to Q1, 2015 as the year over year permit volume for Q2/Q3 2014 to 2015 has increase by approximately 25% for the key construction related permit categories. Reduced service levels and/or 'general improvements in efficiency' can also come about through briefer, less thorough reviews of plans or inspections.

Attempting to address significantly increased volumes in permits without commensurate resources is not sustainable, as the declining service levels indicate.

e) **Non-sustainable prioritization of activities.** Over the past number of years, resources have been shifted towards permit processing and requested inspections, and away from other necessary, but not inherently fee-generating activities such as process improvement, general enforcement, education and training (both for staff as well as for industry and the public), communication such as updated brochures and a functional web presence, and operational issues outlined in the 2009 operational audit. That is, the Division has systematically moved to a type of 'all hands on deck' approach. This allocation of resources to immediate / urgent permits processing and inspections may have efficiently generated fees in the short-term, but at the expense of maintaining a sustainable operations unit in the long-term.

i) **Non-performance.** The attention to direct permit processing has been the primary priority at the expense of a variety of other, but necessary activities – many of which were identified in the 2009 Operational Audit. One of these issues is the large backlog of inspections of permits for which permit holders are not initiating mandatory requests for inspections. The Division is keeping up with inspection requests, but it does not have the resources to attend to the more difficult task of chasing down open permits for which inspections or deficiencies are outstanding and the applicant or property owner is not taking the initiative to resolve. An immediate increase of 5-7 staff is estimated to be required to address this long-standing and growing issue.

Additionally, inspectors today are fully scheduled with inspections where in the past they were able to attend to and follow-up with enforcement issues.

j) **New Provincial code standards such as the energy code and pending legislation regarding required home warranty are either in effect or about to come into effect, which will require additional permit-related resources.** The Manitoba Energy Code for Buildings (MECB) came into effect in 2014 and new energy codes will come into force for smaller buildings including houses in April 2016. The City has attempted to avoid incremental costs related to resources for plan examination and inspections by relying on certificates by architects or engineers, but initial findings indicate that some audit resources may need to be applied. Additionally, it is becoming apparent that this approach will not be feasible for the new code requirements in 2016 and the City will likely need to create another required inspection for new home construction and some renovations.

k) New duties have been introduced or are pending that will require additional, permit-related resources.

i) The pending new home warranty legislation may require additional clerical resources.
ii) The introduction of a process for digital signs requires additional enforcement. Fees are generated, but these fees have not translated into additional budget resources.
iii) There are plans to introduce an audit program for voice/data/video cabling permits. This is an effective mechanism to create a workable solution for enforcement of this matter, and new fees will be generated, but they need to translate into resources.
iv) Increase penalties or fees for non-compliance will serve to create an overall more efficient process for the City and the public, but these fees need to translate into the resources to administer them.

The recommendation, therefore, is to:

i. Make permanent the approximately 12-15 existing temporary staff positions and related costs that are dependent upon sufficient funding being available each year in the Permits Reserve with an increase of $1,000,000 in the permanent budget, starting in 2016, and;

ii. Increase the 2016 budget by an additional $1,000,000 (pro-rated to 50% to allow for recruitment and hiring) allowing the addition of approximately 12 new positions as well as funding for additional IT-related project implementation and technology.

iii. In order meet Council direction to provide mid-term planning documents, increase the 2016 budget by a further $300,000 (pro-rated to 50% to allow for recruitment and hiring) to allow for additional resources (internal and/or external) to fund Local Area Planning, which includes the development of a wide range of mid-term planning documents such as Neighbourhood Plans, Area Master Plans, Corridor Plans, Precinct Plans and Area Structure Plans. Additional resources will allow for the acceleration of current Local Area Planning Initiatives and the initiation of Local Area Planning requests which are currently not resourced.

Therefore, approval of (a) above (the $1,000,000 increase) effectively allows the service levels to continue as they are presently. The approval of (b) and (c) above totaling the $1,300,000 annualized in additional budget allocations allows for additional staff to provide improved service levels, particularly in areas where service levels could be improved, such as:

- Processing and inspection of permits, and follow-up on identified gaps in enforcement such as voice, data, video cable permits and the new audit program and addressing outstanding inspections.
- Zoning Field and By-law Enforcement Officers to follow-up on the investigation of daily complaints, which are currently not being addressed or given timely attention.
- Additional inspectors and clerks necessary to address the large number of outstanding housing inspections that are required, but not being requested, as recommended in the 2009 operational audit.
- Engaging in an additional required inspection in housing-related permits pertaining to the new energy requirements in the Manitoba Building Code effective spring of 2016.
- Additional resources for mid-term planning.