Good morning Your Worship Mayor Bowman, Members of Council, Members of the Winnipeg Public Service, Ladies and Gentlemen:

My name is Betty McInerney. I am the Executive Director of the Mechanical Contractors Association of Manitoba. I am speaking on behalf of the Mechanical Contractors Association of Manitoba and the Manitoba Association of Sheet Metal and Air Handling Contractors.

I am here to speak on three areas with respect to the comprehensive fee review of Planning Development and building fees and charges.

Firstly, should these fee increases be approved by the City, you will be doing harm to these contractors if you do not delay the implementation of these new fees. Project bids have long since been tendered with the current fees listed in their bids (which already include the 1.9% inflation rate put into effect January 1st of this year). The industry needs more time to absorb and deal appropriately with the additional fees and the new methodology of calculating these fees. By the way, Planning, Property and Development have suggested that the increase is 10% overall, but in fact, with the 1.9% inflation rate increase, it actually amounts to 12%. Two months is not enough time for the construction industry to adapt to these higher rates. Many of these contractors will incur significant difficulties if this date is not moved forward. And let's remember that many of these contractors are not big players in the construction industry. Many are small businesses, especially the Sheet Metal contractors who are also going to be affected by a new rate methodology which is going to increase their overall risk. They need time to figure this all out.

Second, in the administrative overview document, it clearly states that the 1 million dollar permit reserve fund should be used to make permanent the 18 temporary staff positions in PPD, that currently this staffing can only be considered as temporary, which makes recruitment and retention of qualified staff difficult. It further states that unless operational budgets are increased, the Department will be forced to reduce these staffing resources and both service levels and revenue will suffer.

What took us by surprise is that last week at the Standing Policy Committee with Property, planning and Development we heard that these positions will remain temporary. If the goal is to recruit and retain qualified staff, we simply do not understand why these positions will not be made permanent. So by all means, grant them what they are requesting, but please make these permanent Full Time Equivalents in Planning, Property and Development, where qualified individuals will be more amenable to work under the assurance that their positions will not be terminated.

Thirdly, consider that the construction industry in Winnipeg is a mainstay to the wealth of the city and has grown significantly over the past decade. The permit revenues have also increased significantly whereas the budget of the Planning, Property and Development Department has not kept pace.

If you go to page 5 of the Administrative Report you will see that there is no gap between revenues and costs in construction-related permits and that there is no necessity to increase fees in order to eliminate the gap. In fact, the revenue generated by the construction industry permits since 2008 has increased by 53% while real costs have decreased by 7%. This would account for the million plus dollars in the permit reserve fund. (Mike McGinn might back me up on this.) We have been told that this has been accomplished only through the use of mechanisms which are not sustainable. We have been told the current utilization rate of the permit reserve fund for items such as overtime and temporary staff is not sustainable, and that unless these resources are incorporated into the permanent budget, they cannot be maintained. In fact what we are hearing is that the PPD is admitting to and freely acknowledging reduced service levels, non-sustainable prioritization of activities, and non-performance including the large backlog of inspections of permits, etc. Planning, Property and Development is not doing as well as it should or could.

The construction industry by and large accepts that additional resources may be needed in order to boost the level of service and efficiency in this department. One area in which increased revenues should be used is to make mechanical permit applications available on-line. Electrical and Plumbing permit applications have been available on line for some time. This has been an issue of concern with mechanical contractors over several years! We do not understand why this not yet been addressed. This should be a streamlined process, known and available to all mechanical contractors with easy, simple access. This can only help to alleviate the work, stress and time currently being experienced by both the city staff and the contractors. This simply must be a first priority.

The report speaks to the problems of the fee calculation methodology for mechanical permits. This problem is partly due to misunderstanding and a lack of knowledge which dates back to at least 2008 and in fact, well before that time. The City is only now realizing exactly what pulling an M1 permit involves; who can be licensed and how much scope an M1 permit actually entails. It is an extremely complex arrangement. There has not been a method to accurately represent or calculate the value of mechanical projects when only one party of the project has been allowed the ability to pull the permit for the full scope of mechanical work but not having access to information on the full cost of the project. The new methodology in allotting fees will certainly make the permit process much simpler for Planning Property and Development staff but it moves the onus and responsibility of apportioning these costs onto the mechanical permit holders. The only licensed contractors in Winnipeg with the authority to pull those permits are Journeyperson Sheet metal contractors or in other words, ventilation contractors. What adds to the complexity of the situation is that Mechanical Contractors hire ventilation contractors, but ventilation contractors are the only ones with the authority to pull mechanical permits. Now, in discussions with both mechanical contractors and ventilation contractors, the ventilation contractors are willing and certainly able to take on this responsibility. But only with a process that assists them with that ability...on-line applications. The Mechanical Contractors Association of Manitoba and the Manitoba Association of Sheet Metal and Air Handling Contractors are currently in discussions with Planning, Property and Development on how to best put this into practice. I wish to thank Stan Dueck and his team for the time they have spent with us so far. It isn't fixed yet, but we have faith.

To sum up, then, the construction industry including the Mechanical Contractors Association of Manitoba and the Manitoba Association of Sheet Metal and Air Handling Contractors would very much like to see these fees allocated to improvements in the clerical and process area of Planning, Property and Development with emphasis on the following:

- That the implementation of these increases must be delayed in order to give the industry time to adapt. The industry can deal with these increases but not so soon. We are asking that the new rates come into effect January 2017.
- That the 18 temporary positions should be filled with permanent employees.
- That Mechanical permit applications are made available on-line.
- That the level of service and efficiency in PPD must improve.

I thank you very much for your time and attention.