



# INFORMATION REPORT

<b>TO:</b> Mayor and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> February 14, 2013	
<b>SUBJECT/REPORT NO:</b> Building Services Program Enhancement (PED13030) (City Wide)	
<b>SUBMITTED BY:</b> Tim McCabe General Manager Planning and Economic Development Department	<b>PREPARED BY:</b> Ed VanderWindt (905) 546-2424 Ext. 2574  Jorge M. Caetano (905) 546-2424 Ext. 3931
<b>SIGNATURE:</b>	

**Council Direction:**

Not applicable.

**Information:**

Through positive Economic Development, a strong community, and the work of many developers and contractors, the City of Hamilton has experienced a tremendous growth in construction activity over the past six years as shown in Table 1. While figures vary from year to year, when looking at the prior three-year average for any given year, one can clearly see a steady increase in Construction Value, Permit Revenue and the number of Permits issued. This continual increase has put additional pressure on staff to meet Provincially-mandated time frames. As can be seen in Table 2, the City of Hamilton has experienced a 75% increase in the Average Construction Value and a 79% increase in Building Permit Revenue and the number of Building Permits issued from 2006 to 2012.

It is clearly recognized that over the past six years, staff has found numerous efficiencies to make the work load manageable; however, in view of the past couple of years, staff will not be able to sustain the current work load in the long term. In order to address this increase, the Building Services Division is proposing a program enhancement to add four additional FTEs as part of the Budget process. This

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Information Report is intended to provide the background information and rationale for this proposed enhancement.

**Table 1**  
**Building Activity for the Years 2006 – 2012**

Year	Construction Value		Permit Revenue		Permits Issued		Staffing FTEs
	Actual	Prior 3 Year Average	Actual	Prior 3 Year Average	Actual	Prior 3 Year Average	Total
2006	\$682,547,814	\$633,000,000	\$6,788,519	\$5,990,700	4,236	3,838	94
2007	\$801,719,348	\$639,000,000	\$6,389,507	\$6,323,000	4,045	4,004	94
2008	\$818,462,450	\$708,000,000	\$5,629,597	\$6,298,000	3,885	4,021	91
2009	\$692,402,386	\$767,000,000	\$6,337,533	\$6,268,000	4,360	4,055	89
2010	\$1,096,299,091	\$770,000,000	\$11,153,924	\$6,118,000	6,782	4,096	89
2011	\$731,019,287	\$868,000,000	\$9,521,717	\$7,706,000	5,484	5,009	89
2012	\$1,499,627,394	\$840,000,000	\$12,309,045	\$9,004,000	8,125	5,542	*86
2013		\$1,109,000,000		\$10,995,000		6,797	**90

Notes: \* Staffing (FTE) figures have been adjusted to take into account the transfer of one staff to Licensing and One Stop Business Centre and two staff to Growth Management for grading approvals. Numbers reflect Building Services Division staff.

\*\* Proposed.

**Table 2**  
**Increase in Building Activity for the Years 2006 – 2012**

Based on 3 Year Average Figures	2004-2006 (average)	2010-2012 (average)	Increase % 2012 over 2006
Construction Value	\$633,000,000	\$1,109,000,000	+ 75%
Permit Revenue	\$5,990,700	\$10,995,000	+ 79%
Permits issued	3,838	6,797	+ 79%
Staffing level (FTE)	94	86	- 8.5%
Equivalency of staffing increase with activity pattern	94	166	+ 77%

### Legislated Requirements and Industry Expectations

While the City continues to experience strong development growth, the current staffing complement is struggling to continue to provide the minimum level of service that is both legislated and expected by the construction industry. In reviewing the issuance timelines over the past few years, it is recognized that the City of Hamilton is unable to consistently meet these legislated times (ten days for residential buildings and 15/20/30 days for ICI (industrial, commercial, and institutional) buildings). This is a concern from both an industry expectation as well as a liability (risk) for not meeting the legislated requirements.

Numerous other municipalities have set Performance Standards that provide a better level of service than the Ontario Building Code minimum. It is the Building Services Division's long-term objective to develop a new Performance Standard for the City of Hamilton which would provide for a quicker review of Permit Application above and beyond the legislated requirements.

### Current Division and Staffing

The Building Services Division has done an exceptional job streamlining and creating improved efficiencies over the past six years in order to meet the legislated time frames. However, it has started to fall short of the legislated requirements due to the increase in permits in the last few years.

Staff is exhausted and the increase in overtime are indicators of extra efforts to keep up. Staff has done exceedingly well to retain the current level of service. While staff has been able to provide a 'minimum' level of service with the current complement, it's clear that the City has approached the threshold where, due to sheer volumes and in spite of best efforts, staff are struggling to meet and are, at times, missing legislated timeframes.

The inclusion of other initiatives by the *Open For Business* Sub-Committee and the continuing trend of increased construction activity in the ICI and high density residential sectors will have a direct impact on the City's obligation and ability to provide services reflective of the fees the City charges for Building Permit Applications.

### Staffing Proposal

Staff is recommending to Council, through the Budget process, to approve the addition of four staff to the Building Services Division. This additional staff would be a step towards meeting the legislated timeframes and the initiatives by the *Open For Business* Sub-Committee.

Staff will be proposing an increase of four FTEs (one Plans Examiner, one Engineer, one Zoning Examiner and one Construction Secretary) to the 2013 Building Services

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Division complement to bring the Divisional FTEs to 90. While this proposed figure will be below the 2006 high of 94 FTEs, it will be a step towards addressing the increased construction activity.

The addition of a Plans Examiner, Engineer and Zoning Examiner would increase our Division's ability to process and review Permit Application in a more timely manner, while the addition of the Construction Secretary would provide administrative support to our Building Inspectors allowing them to dedicate more time to inspections.

Financial Impact

The associated costs to the requested four FTEs are identified in Table 3. Since the additional staff is required to address increased workload, which is a direct result of the increase in construction activity, the cost of these positions would be financed entirely through the Enterprise Model with no impact on the General Levy as shown in Table 3.

**Table 3**  
**Financial Impact**

<b>Position</b>	<b>2012 Salary</b>	<b>Benefits</b>	<b>Admin Costs</b>	<b>Total</b>	<b>Enterprise (Permit Fees)</b>	<b>Levy Impact</b>
Plans Examiner	\$68,816	\$17,969	\$3,000	\$89,785	\$89,785	\$0
Building Engineer	\$87,601	\$21,276	\$3,000	\$111,877	\$111,877	\$0
Zoning Examiner	\$62,027	\$16,771	\$3,000	\$81,798	\$81,798	\$0
Constr. Secretary	\$48,465	\$14,369	\$3,000	\$65,834	\$65,834	\$0
<b>TOTALS</b>				<b>\$349,294</b>	<b>\$349,294</b>	<b>\$0</b>

Additionally, as described in the Increase in Fees Report (PED12027), Hamilton remains below the Permit Fee average in all Sectors with comparator municipalities. This will be reviewed in 2013 to address the service delivery compared to fees paid.

Future Considerations

The Building Services Division will also be carrying out an internal review at the end of each year to assess the revenues, service delivery and timelines with a view to providing a superior service to both the construction industry and residents of the City of Hamilton. At this point, the City is not delivering the level of service expected by the industry, particularly in view of the annual building activity increase. In the future, it is the Building Services Division's intention to provide a higher level of service which would benefit both the construction industry and the City.