

DATE OF MEETING March 22, 2021

AUTHORED BY JEREMY HOLM, DIRECTOR, DEVELOPMENT APPROVALS

SUBJECT BUILDING PERMIT FUNCTION REVIEW

OVERVIEW

Purpose of Report

To provide the Governance and Priorities Committee with the Building Permit Function Review draft report by Neilson Strategies Inc. for consideration and recommendation to Council.

Recommendation

That the Governance and Priorities Committee receive the March 2021, Building Permit Function Review draft report by Neilson Strategies Inc. and recommend that Council:

1. refer the additional Staff positions recommended in the draft report to the Finance and Audit Committee for consideration in the 2021-2025 Financial Plan;
2. direct Staff to proceed with implementation of the remaining six recommended changes outlined in the draft report; and
3. direct Staff to submit a grant application to the Union of British Columbia Municipalities' Local Government Development Approvals Program to support the implementation of established best practices and to test innovative approaches to improve development approvals processes.

BACKGROUND

Building permit application review and building inspection processes are critical to ensuring buildings constructed within the city are safe and meet the requirements of the BC Building Code. Building permitting is also important to implementing broader policy objectives, such as improvements to building accessibility and energy efficiency.

The City's Building Inspections Section (the "Section") reviews building permit applications and conducts on-site inspections of construction within a framework of municipal policies and bylaws and Provincial regulations and statutes. The Section also administers and enforces "Building Bylaw 2016, No. 7224" (the "Building Bylaw"), which includes investigation and enforcement action related to complaint-driven building violations in order to protect public health and safety and reduce the City's liability exposure.

The City of Nanaimo has been experiencing strong development activity in recent years, which has tested the ability of the Section in its current form, and using its current systems, to consistently meet its own expectations as well as those of Council and the development industry. In keeping with the City's commitment to service excellence and continuous improvement, Neilson Strategies Inc. (the "Consultant") was engaged in October 2020 to assist in an independent Building Permit Function Review to ensure building permit approvals are carried out by the City in an efficient and effective manner.

The Consultant has now completed the Building Permit Function Review draft report (the “Report”), the findings and recommendations of which are provided to the Committee for consideration and recommendation to Council (see Attachment A – March 2021, Building Permit Function Review Draft Report).

DISCUSSION

The Report presents the Consultant's findings on, and recommended changes to, the City's building permit function. The Report profiles the City's building permit function as it exists today, including the function's legislative basis; staffing model; permit application review process; volume; and value of permits, cost-recovery, and other items.

The Consultant's building permit function review was guided by the following objectives:

1. Reduce permit processing times
2. Limit the City's liability
3. Engage industry in developing solutions
4. Engage Staff
5. Pursue cost neutrality

In conducting the review, the Consultant relied heavily on interviews with City Staff, individuals and groups from Nanaimo's development industry, and building officials in other jurisdictions. In addition to interviews, the consultant undertook research on the City's permit process, building function practices, Building Bylaw, and research on materials and initiatives in other jurisdictions to identify a range of issues and perspectives concerning the City's function.

The following table summarizes issues identified by the consultant as being in need of attention under four categories: 1) building permit process, 2) Building Inspections Section, 3) technology, and 4) relationship with industry:

Building Permit Process	Building Inspections Section
<ul style="list-style-type: none"> • Limited Streams • Incomplete Applications • Internal Referrals • Reliance on Professionals 	<ul style="list-style-type: none"> • Number of Staff • Building Official Experience • Overtime Levels • Organizational Culture • Applicant Complaints
Technology	Relationship with Industry
<ul style="list-style-type: none"> • Receipt of Applications • Credit Card Payments • Transparency of Process 	<ul style="list-style-type: none"> • Partnership • Outreach and Education

The consultant has put forward the following seven recommended changes to address the issues identified through the review and support efficient and effective building permit approvals:

1. That the City work with industry to develop and implement a Fast Track Process to process applications for targeted, low-risk tenant improvement and residential projects.

2. That the City establish a Fast Track Permit Group in the Building Inspections Section, with one new Supervisor position and one new Building Official position, to process fast track applications.
3. That the City work with industry to establish a time-limited Approved Professionals Pilot Project to test the ability to rely on the assurances of Registered Professionals in issuing building permits for targeted complex building projects.
4. That the City engage industry in the establishment of a Joint Building Permit Advisory Working Group with a mandate to advise on the design and implementation of initiatives aimed at reducing permit processing times, promoting City-industry relations, and addressing other issues and needs identified by the parties.
5. That the City support investments in technology to develop an online applications portal, facilitate online permit fee payments, and build a user-friendly application tracking dashboard tool for permit applicants.
6. That the City develop an internal service agreement to set out expectations for the processing of referrals by affected work groups.
7. That the City, to the extent possible, recover the costs associated with the recommendations in the Building Permit Function Review Draft Report through:
 - a. savings in overtime costs that are incurred today by Building Officials;
 - b. grant monies available under the Ministry of Municipal Affairs' recently-announced Local Government Development Approvals Program; and
 - c. increases to the City's building permit fees to align the fees with those charged by other 100,000 population-plus, high-growth municipalities.

OPTIONS

1. That the Governance and Priorities Committee receive the March 2021, Building Permit Function Review draft report by Neilson Strategies Inc. and recommend that Council:
 1. refer the additional Staff positions recommended in the draft report to the Finance and Audit Committee for consideration in the 2021-2025 Financial Plan;
 2. direct Staff to proceed with implementation of the remaining six recommended changes outlined in the draft report; and
 3. direct Staff to submit a grant application to the Union of British Columbia Municipalities' Local Government Development Approvals Program to support the implementation of established best practices and to test innovative approaches to improve development approvals processes.
 - Advantages: Implementing changes recommended by the Consultant would help reduce building permit processing times and engage Staff and industry in developing solutions, while managing the City's liability and attempting to maintain cost neutrality. Reduced overtime is likely to improve productivity and employee health and job satisfaction. Reputational improvement is likely.
 - Disadvantages: Will require temporary diversion of resources to implement recommendations and manage change.
 - Financial Implications: Additional budget would need to be allocated for the additional Fast Track Permit Group Staff (to be considered by Finance and Audit Committee). This would be offset through reduced overtime costs and increased building permit fees. Receiving grant money would assist the City in implementing process and software improvements.

2. That the Governance and Priorities Committee receive the March 2021, Building Permit Function Review draft report by Neilson Strategies Inc. and recommend that Council:
 1. direct Staff to not proceed with implementation of the recommended changes outlined in the draft report;
 - Advantages: Will not require temporary diversion of resources to implement recommendations and manage change.
 - Disadvantages: Staffing levels and workload would remain the same with no improvement to permit processing times. Significant overtime will continue to be incurred, which can negatively impact productivity, health, and job satisfaction. Reputational damage may occur.
 - Financial Implications: No budgetary item would be added for new Staff. Overtime would continue to be incurred. No financial assistance would be received from grant money towards process and software improvements.
3. That the Governance and Priorities Committee receive the March 2021, Building Permit Function Review draft report by Neilson Strategies Inc. and provide alternative recommendations to Council. |

SUMMARY POINTS

- The City of Nanaimo has been experiencing strong development activity in recent years, which has tested the ability of the Section in its current form, and using its current systems, to consistently meet its own expectations as well as those of Council and the development industry.
- Neilson Strategies Inc. was engaged in October 2020 to assist in an independent Building Permit Function Review to ensure building permit approvals are carried out by the City in an efficient and effective manner.
- The consultant has now completed the Building Permit Function Review draft report and has provided seven recommended changes.
- Staff are seeking the Committee's recommendation to Council with respect to implementation of the Consultant's recommended changes.

ATTACHMENTS:

ATTACHMENT A: March 2021, Building Permit Function Review Draft Report. |

Submitted by:

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Concurrence by:

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