

Staff Report

Report To: City Council
Report From: Tim Simmonds, City Manager
Meeting Date: April 29, 2024
Report Code: CM-24-025
Subject: Building Services Department - Shared Pilot with Georgian Bluffs

Recommendations:

THAT in consideration of Staff Report CM-24-025 respecting Building Services Department - Shared Pilot with Georgian Bluffs, City Council receives the report for information purposes.

Highlights:

- The *Building Code Act* legislates that the Council of each municipality is responsible for the enforcement of the Act and must appoint a Chief Building Official and such inspectors as are necessary for the enforcement of the Act. The Township of Georgian Bluffs is experiencing several vacancies in its Building Department.
- The Building Service Division should operate cost-neutral to the general tax levy, relying on permits and fees as its funding source.
- A Memorandum of Understanding will articulate this pilot project's working relationship and could lead to a longer-term shared services agreement.
- Sharing Building Services is a win-win opportunity leveraging each municipality's resources – Staff and Revenue. Simply put, we each have what the other needs.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: Collaborative City.

Climate and Environmental Implications:

There are no anticipated climate or environmental impacts.

Previous Report/Authority:

Closed Report - CM-24-013 Building Services Department - Shared Pilot with Georgian Bluffs

Background:

In Ontario, it's common for cities and towns to team up and share services. This is allowed as outlined in Section 20 of the *Municipal Act*, and it's called a shared service agreement. It means different municipalities work together to provide things like building services or IT support, to name but a few. Owen Sound and Georgian Bluffs have agreements for shared services regarding the Leaf and Yard Waste Site in Owen Sound. Owen Sound Fire Services is finalizing an MOU to share education and training services with the Inter-Township Fire Department.

A survey by the Ministry of Municipal Affairs and Housing found that 400 out of 444 or about 90 per cent of Ontario's municipalities have some kind of shared service agreement. The survey found that these partnerships help save money and improve services. For example, they can share costs and improve services for each municipality's citizens. It's also a way to deal with challenges, like the ebb and flow of external economic factors that can impact staffing and user fees.

Lastly, the Service Review Project's recommendation 3 is to reduce service delivery to align with municipalities of similar size and scope. Specifically, it highlights that Owen Sound should consider negotiating cost-sharing opportunities with Grey County or the Grey County municipalities.

Analysis:

Sharing services across municipalities is an effective way to increase efficiency for resource planning (staff, materials, contract administration) and decrease inefficiencies by reducing duplication, overlap, and redundancy.

To undertake shared services, municipalities should be aligned in the following ways:

- **Common interest:** All parties must be clear about their goals, and a service agreement must achieve the goals of all groups.
- **Mutual benefit:** All parties must gain from the agreement in proportion to their contribution.
- **Cost effectiveness:** The cost of administering the agreement must be balanced favourably against the value of the partnership. A shared service structure aims to bring together resources, functions, processes, and skills from different municipalities.

Section 3 of the *Building Code Act* mandates that the Council of each municipality is responsible for the enforcement of the Act and must appoint a Chief Building Official and such inspectors as are necessary for the enforcement of the Act. The City has a full-time Chief Building Official, a full-time Deputy Chief Building Official, and an Inspector shared with Licensing on a 50 per cent basis.

In 2024, Georgian Bluffs faced challenges with staffing in their Building Department. As noted above, this is a mandatory service, and staff in Georgian Bluffs reached out through the City Manager to explore the opportunity to work together. Around the same time, the construction industry in Owen Sound and Georgian Bluffs began to slow due to external economic forces – namely borrowing rates. This has continued into 2024, although April numbers are trending more positively. The slowing of the construction industry has ripple effects, and for a municipality, it creates a challenge with staff resources.

Inspections being undertaken at any particular time may relate to permits issued in a previous year, and the volume of work does not always match current permit levels. With every permit issued, the Act specifies a number of mandatory inspections. For a residential dwelling, there are seven (7) mandatory inspections. In 2023, City staff issued 331 permits. Staff

undertake hundreds of inspections for larger projects such as Southbridge or Owen Sound Gardens with multiple units.

In addition to building inspection, staff in the Building Division undertake plans review, building permit issuance, calculation and collection of development charges, 911 addressing, updates to policies, administration of the Sign By-law, final inspection and reporting to MPAC, records management, customer service and are key participants in the City's Development Team.

Balancing how many people work when the division is busy or slow can be challenging, with revenues trending up and down year over year. When there's much work, having enough staff is crucial to keep up with demand. In the province, qualified building staff are in short supply, and retaining well-qualified, professional staff is essential to facilitate the growth and development necessary to the community's economic well-being, ensuring that the growth is consistent with Ontario and local requirements.

But during quieter times, having too many Staff can be expensive. This means the City needs to find a balance to avoid overstaffing or understaffing but not find itself without qualified staff.

Balancing staffing levels during fluctuating work volumes can be even more complex for highly skilled positions like building services. These roles often require specialized expertise and training, making it harder to adjust staffing levels based on demand quickly. This is very true with building services.

Over the past 18-20 months, Georgian Bluffs has attempted to hire building inspectors and a Chief Building Official on multiple occasions.

In the City's case, we have a very dependable and highly skilled building services team; however, as noted, current work volumes and the implementation of Cloudpermit have created an opportunity to extend support to Georgian Bluffs as a pilot project. This will allow the City to monitor service delivery, the revenue potential, and the ability to balance the service delivery across the two municipalities.

To address this, Georgian Bluffs CAO and the City's City Manager began to discuss opportunities to share services through an agreement that aligns with mutual benefit: All parties must gain from the agreement in proportion to their contribution.

A shared services agreement would ensure we keep good staff, deliver this mandated service, and find a reliable source of non-taxation revenue to offset resource costs – hence relieving the tax levy burden. Georgian Bluffs, also in a slower permit cycle, does not have qualified and skilled staff in building services. Simply put, we each have what the other needs. It will also help inform us of our ability to undertake this type of arrangement on a longer-term basis if required.

There are various ways to structure a formal shared services agreement, and in this case, the City Manager and the Township CAO suggested creating a Memorandum of Understanding (MOU). The MOU outlines the expectations agreed upon by all parties involved, including financial overview and level of service.

This shared services agreement aims to mitigate the City's revenue and resource risks by leveraging Owen Sound's three-skilled building service staff. It ensures that Owen Sound's staff remains in place and ready for the next upswing in construction, preventing the need to recruit new staff (which can be very costly and timely) while generating much-needed non-tax revenue for the City. In addition to the staffing and monetary benefits, this model is especially advantageous regarding the recently launched Cloudpermit system. Both municipalities use this software, enabling collaborative training efforts and giving our building services team more time using the platform.

Financial Implications:

The cost of providing building services to Georgian Bluffs has been calculated using a formula to ensure that the Owen Sound tax levy did not subsidize the proposed day rate for the service. In addition to the day rate, Georgian Bluffs also provides vehicles, equipment, supplies, office space, uniforms, etc.

Communication Strategy:

The Township of Georgian Bluffs will communicate directly with the development industry. A Media Advisory will be prepared by the City of Owen Sound that highlights the municipalities working together.

Consultation:

Director of Community Services

Chief Building Official – Owen Sound

Manager of Corporate Services

The Alliance Lawyers (External Legal Counsel)

Public Sector Risk Manager, BFL CANADA Risk and Insurance Services Inc.

Attachments:

GB CAO2024-006 Building Shared Services Pilot with City of Owen Sound

Recommended by:

Tim Simmonds, City Manager

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Tim Simmonds, City Manager at tsimmonds@owensound.ca or 519-376-4440 ext. 1210.