

Staff Report



Development Services Department

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REPORT TO: Finance and Corporate Services Committee

DATE OF MEETING: April 22, 2024

SUBMITTED BY: Mike Seiling, Director, Building Division, Development Services, 519-741-2200 ext. 7669

PREPARED BY: Margaret Love, Manager, Service Coordination and Improvement, Development Services, 519-741-2200 ext. 7042

WARD(S) INVOLVED: All

DATE OF REPORT: March 25, 2024

REPORT NO.: DSD-2024-159

SUBJECT: Outcomes of 'Accelerating Commercial Business Approval' Review

RECOMMENDATION:

That the use of Building Enterprise funds to: (1) pilot a Project Manager for an 18-month staff secondment position and (2) support the implementation of initial improvements for the 'Accelerating Commercial Business Approvals' Strategic Plan project, including supporting a portion of the cost to develop a roadmap/handbook for business owners be endorsed; and further,

That the remaining funding in the Development Services Review capital budget be reallocated to support initial improvements for the 'Accelerating Commercial Business Approvals' Strategic Plan project.

REPORT HIGHLIGHTS:

- The purpose of this report is to share high-level outcomes from the 'Accelerating Commercial Business Approvals' Strategic Plan project, and to allocate Building Enterprise funds to pilot an 18-month secondment position and support the implementation of initial improvements.
- The key finding of this report is that financial resources are required to begin implementing the improvements from the 'Accelerating Commercial Business Approvals' Strategic Plan project, and that initial implementation can be supported by Building Enterprise funds and the remaining Development Services Review budget.
- The financial implications outlined in this report include a request to use Building Enterprise funds to: (1) support one full-time, temporary Project Manager position at approximately \$101,239 (Step 1) - \$126,550 (Step 4) per year (includes 29% fringe benefits) and (2) \$50,000 (one-time funding), plus approximately \$48,000 remaining capital funding from the development services review to support the implementation of initial improvements.

*** This information is available in accessible formats upon request. ***
Please call 519-741-2345 or TTY 1-866-969-9994 for assistance.

- Community engagement included one-on-one interviews with a cross-section of business owners that opened their business within the last 12 months, to gain insights into what it was like to navigate the City's required processes for opening a business.
- This report supports **Creating an Economically-Thriving City Together: Focuses on growing an agile, diverse local economy powered by talented entrepreneurs, workers & artists; creating opportunities for everyone and a resilient future that propels our city forward.**

BACKGROUND:

As part of developing the City's current Strategic Plan and 20-year vision for our community, businesses and community members identified Creating an Economically Thriving City Together as one of the five pillars in the Strategic Plan. Staff were subsequently directed by Council to review the City's business permitting, approvals, and licensing processes to ensure that: (1) businesses can open their doors quicker, (2) the City is delivering first-rate customer service, and (3) Kitchener remains attractive to new businesses and entrepreneurs moving forward, particularly in a post-pandemic landscape when business attraction is critical. To deliver on this direction, in 2023, a new Strategic Plan project was identified: Accelerating Commercial Business Approvals. A Lean review of seven processes, administered within five internal business areas, was completed between September 2023 and March, 2024, which resulted in 55 improvement recommendations.

REPORT:

The objectives of the 'Accelerating Commercial Business Approvals' review were to:

- Streamline permitting, approvals and licensing processes for new business owners, relocating businesses, or businesses undertaking major renovations so that they can open their doors quicker;
- Ensure the City is delivering first-rate customer service; and,
- Ensure that Kitchener remains attractive to new businesses and entrepreneurs.

The following processes were reviewed end-to-end as part of a Lean review (note: process administrator/owner are identified in square brackets):

1. Zoning Occupancy Certificate [Planning Division]
2. Interior Finishing Permit [Building Division]
3. Business Licence [Legislated Services]
4. Permanent Sign Permits [Planning Division/Building Division]
5. Encroachment Agreement [Legal Services]
6. Patio Approval [Building Division]
7. Façade Grant [Economic Development]

There was an intentional focus on downtown/Mainstreet businesses, as this is where the majority of issues arise (e.g., conversion of older buildings, inaccessible buildings, constrained by space, etc.), however, this review and the improvements generated will eventually apply more broadly and will benefit new businesses across the city.

The review was completed over a 5-month period and involved engagement with business owners, City staff, and staff from the Waterloo Region Small Business Centre.

Based on estimates provided by business owners, the length of time to obtain the necessary approvals and open their doors for business ranged from five weeks to over a year, with the average being five months. The most difficult process to navigate and obtain approvals was identified by business owners as the 'Interior Finishing Permit' process (i.e., a building permit for interior construction/renovations), as it is a highly technical and complex process, requiring the expertise of design professionals to support business owners through the application, inspection, and approvals processes.

The top 10 process improvement themes recommended by business owners included:

1. Info package / handbook / roadmap document for businesses with steps to help plan properly (e.g., things to consider/what you need to know when opening, timelines, contacts, tips/tricks for each business type - restaurant, office, retail, checklist with the order to obtain approvals, etc.);
2. Project Manager/Liaison role – point person throughout the process;
3. Point person at the City for each service area, with staff hand-off at appropriate time;
4. Processes need to be less transactional and more invested in relationships and face-to-face contact;
5. Meeting upfront with key stakeholders in approvals process (identify issues / concerns, requirements, and expectations);
6. Mobilize quickly to find solutions to issues;
7. Have different streams for independent businesses and larger organizations / corporations;
8. Review resubmissions quicker;
9. Provide a 3-month reminder if building permit is still open; and,
10. Provide a 15-minute call ahead window for inspections (versus half day).

The above-noted recommendations for improvement were shared with the City's cross-disciplinary project team early in the process. The team built upon these ideas and spent several months exploring the 'current state' of our processes, understanding pain points and defining problems, identifying root causes, and developing additional improvement strategies. In total, 55 improvement recommendations were prioritized out of several hundred ideas that were generated. Over 50% of the prioritized recommendations are considered 'quick wins', meaning it is anticipated that businesses will experience a high impact from implementing the improvement, and a lower effort will be required by staff to implement them. A 2-year implementation plan was developed with staff leads assigned to support the implementation of the 55 prioritized improvements. Attachment A to this report provides a consolidated summary of the top prioritized improvements.

During the 2024 budget cycle, staff proactively requested funding to support the implementation of this Strategic Plan project, however, Council decided that the review should be completed and recommendations known prior to requesting funds for implementation. As the busiest season for many businesses is fast-approaching – summer – staff are bringing this report forward to begin implementing the prioritized process improvements.

To fund initial improvements, staff are recommending that the remaining capital budget allocated to the Development Services Review (DSR) be re-allocated and pooled with

funding from Building Enterprise to support initial implementation efforts from this review (as outlined in the Financial Implications section of this report). The rationale for this recommendation is that all the improvements from the DSR have now been implemented and 24 of the 55 prioritized improvements from this review directly impact Building Services processes.

There are two immediate improvements that require funding:

- (1) A new, 18-month Project Manager staff secondment, supported by Building Enterprise, that would act as the single point of contact/liaison for businesses and further streamline approvals processes – a pilot project that, if successful, would result in the development of a business case to make the role permanent (similar concept to the two PMs that support affordable housing applications/strategic projects in Planning division), and
- (2) The development of a highly visual and informative handbook-type document for navigating the City’s approvals processes, and will support planning and decision-making as businesses open, relocate or renovate – this requires third-party consulting services to support both content creation and graphic design.

These two improvements have been prioritized for funding as they align with the top two improvements recommended by business owners as well as staff.

Additional budget requests may be made as part of the 2025 budget cycle to support the implementation of additional improvements in year 2 of the 2-year implementation plan.

STRATEGIC PLAN ALIGNMENT:

This report supports **Creating an Economically-Thriving City Together: Focuses on growing an agile, diverse local economy powered by talented entrepreneurs, workers & artists; creating opportunities for everyone and a resilient future that propels our city forward.**

FINANCIAL IMPLICATIONS:

Capital Budget – The recommendation has the following impact on Capital Budget:

- The remaining capital funding from the Development Services Review (approximately \$48,000) will be used to support the implementation of initial recommendations from this review including, but not limited to, funding a portion of the handbook document for businesses.

Operating Budget – The recommendation has the following impact on Operating Budget:

- Building Enterprise funds will be used to support an 18-month secondment at approx. \$101,239 (Step 1) - \$126,550 (Step 4) per year (estimate based on interim rating and includes 29% fringe benefits) , and
- Up to \$50,000 of Building Enterprise funds will be used to support initial improvements from this review, including funding a portion of the handbook document for businesses (one-time funding).

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City’s website with the agenda in advance of the council / committee meeting and an email with this link has been sent to business owners who engaged with staff during the review.

CONSULT

- Customer feedback surveys undertaken in business licensing from 2018 – 2023
- One-on-one interviews with business owners in 2023
- Feedback survey circulated to business owners to prioritize solutions
- Future consultation on several improvements will include collecting feedback from business owners via workshops as well as feedback surveys
- The Kitchener Development Liaison Committee was engaged on March 22 and did not object to the use of Building Enterprise funds to implement the recommendations within this report as improvements will support faster permit approvals.

PREVIOUS REPORTS/AUTHORITIES:

There are no previous reports/authorities related to this matter.

APPROVED BY: Justin Readman, General Manager, Development Services

ATTACHMENTS:

Attachment A – Consolidation of Improvements & Summary of Benefits