



TOWN OF MINTO

MEETING DATE:

October 15th, 2024

REPORT TO:

Mayor Turton and Members of Council

SERVICE AREA:

Building Department

SUBJECT:

BLDG 2024-002 – Building Permit Fee Review

RECOMMENDATION

THAT the Council of the Town of Minto receives report BLDG 2024-002 regarding the Building Permit Fee Review for information;

AND FURTHER THAT Council passes a By-law in open session to implement modifications to the Building Permit Fees.

BACKGROUND

The Building Code Act requires a municipality to hold a Public Meeting when there is an increase in Building Permit Fees. As such, the notification of this Public Meeting has been posted on the Town’s website for the minimum 20 day notification period.

The Building Permits Fees were last reviewed in 2019, which saw a small increase in the fees. Since that time, construction projects have become more complex and more technical, and with a new Ontario Building Code coming into effect in 2025, additional submission requirements and additional inspections on several different permit categories will be required. Some of these additional provisions and inspections include: Radon mitigation rough-in inspection for residential and small commercial projects; and, Fire Alarms, Emergency Lighting, Fire Separation inspections and Occupancy Load calculations for large farm structures.

When Bill 124 was implemented in 2006, it amended the Building Code Act by adding provisions on how Building Permit fee revenue can be used. This amendment only permits Building Permit revenue to be used for Building Code Act enforcement expenses, which includes, general permit inquiries, plans examination, building inspections and related equipment expenses. Functions of Minto’s Building Department that are not directly related to Building Code Act enforcement, such as zoning review, planning applications, etc., cannot be funded by Building Permit revenue. Bill 124 also allows a Building Department to carry a reasonable reserve, which is to offset slow years when the economy slows down. The Building Department is carrying a moderately healthy reserve, however in 2023, \$71,000 had to be pulled from reserves to offset the reduction in Building Permit fee revenue due to the economic slow down.

Since 2019, the structure of Building Department has also changed. Since the last fee review, a Deputy Chief Building Official position has been added, which has increased the amount of hours of staff time that are utilized for Building Code Act functions.

PURPOSE

With the Building Department having to utilize its reserves to offset the reduction in Building Permit revenue in 2023, the Building Department staff undertook an inhouse review and study of the Building Permit fee structure to ensure minimum costs to the Town of Minto rate-payers for construction related costs.

COMMENTS

Town staff undertook an extensive review of the current Building Permit fees and the costs to operate the Building Department, which included staff and equipment costs directly related to Building Code Act enforcement as well as the differing permit types and sizes of Building Permits issued over the past 5 years, which created a cost recovery model.

Although a cost recovery model is ideal for each permit type, staff felt that certain permit types cannot feasibly be charged at complete cost recovery, such as decks and small sheds, as it has the potential to drive these projects underground. For an example, the current fee rate for a deck is \$200.00 plus \$0.45/sq. ft., however the costs incurred to process this type of permit equates to \$300.00 plus \$7.41 per sq. ft., which, in staff's view, is not a reasonable Building Permit fee and a rate increase. As Council will see, staff is proposing a rate of \$300.00 plus \$0.60 per sq. ft. for small structures, to balance out the loss of revenue vs. having these project unpermitted.

Staff has provided with a 2019/2025 Fee Comparison document for Council to review the proposed fee changes that staff is proposing. The following are some of the changes proposed:

- Increase for residential construction by \$0.30/sq. ft.
- Increase for decks, sheds, carports and attached garages by \$0.15/sq. ft.
- Increase for Institutional and Commercial projects by \$0.15/ sq. ft
- Increase in Industrial projects by \$0.25/sq. ft.
- Increase in Agricultural structures by \$0.15/ sq. ft.
- Increase in Septic Systems by \$150.00.

Staff also assessed what the change in rates from 2019 to the proposed 2025 rates would be on a few different permit types:

- For the construction of a 2000 sq. ft. bungalow with an attached 500 sq. ft. garage:
 - 2019 Fee total - \$2925.00
 - 2025 Fee total - \$3600.00
- For the construction of a 10,000 sq. ft. agricultural shed:
 - 2019 Fee total - \$2200.00
 - 2025 Fee total - \$3800.00
- For the construction of a 25,000 sq, ft, industrial building:

- 2019 Fee total - \$11,450.00
- 2025 Fee total - \$17,500.00

Staff also assessed the fees charged by other local municipalities to see how the proposed 2025 fees would compare to their fees. The comparison that was completed was for a 2000 sq. ft. bungalow with an attached 500 sq. ft. garage and a 10,000 sq. ft. agricultural shed, and the results are as follows:

- Town of Minto:
 - Bungalow - \$3600.00
 - Agricultural Shed - \$3800.00
- Township of Wellington North:
 - Bungalow - \$4400.00
 - Agricultural Shed - \$3360.00
- Township of Mapleton:
 - Bungalow - \$3150.00
 - Agricultural Shed - \$3535.00
- Municipality of North Perth:
 - Bungalow - \$3550.00
 - Agricultural Shed - \$2100.00
- Township of Howick:
 - Bungalow - \$3650.00
 - Agricultural Shed - \$3650.00
- Township of Centre Wellington:
 - Bungalow - \$3545.00
 - Agricultural Shed - \$3120.00

Although building permit fees differ from municipality to municipality, the proposed 2025 proposed fees roughly align with adjacent municipalities.

In addition to the fee chart modifications, staff have also increased the Building Without a Permit from a flat fee of \$150.00 to doubling the Permit fee, repeated failed inspection costs from \$90.00 to \$150.00, indexing Building Permit fees annually based on the October's Construction Index (similar to the indexing of Development Charges), and that Grading/Damage Deposits that are not eligible to be refunded after 3 years from the date of the permit issuance shall be retained by the Town.

Building Department staff will be assessing implications of the change in Building Permit fee rate in 2026 to ensure that the structure in place is covering the costs to operate the Department.

FINANCIAL CONDERATION

Town Staff is anticipating an increase in Building Permit fee revenue of between 15 and

20%, which aligns with the Construction Index increase of 21% over the past 5 years.

As mentioned, an indexing provision has been added to the Fee schedule to allow for incremental annual fee increases.

PREPARED BY: Terry Kuipers, Director of Building and Planning Services

RECOMMENDED BY: Gregg Furtney, Chief Administrative Officer