



TOWN OF MINTO

DATE: January 23, 2017
REPORT TO: Mayor and Council
FROM: Terry Kuipers, Chief Building Official
SUBJECT: Building Permit Fee Amendment Justification Report

STRATEGIC PLAN:

9.1 Establish and maintain streamlined planning approval processes that use innovative and cost effective tools to protect Town and public interest and ensure development proceeds quickly and affordably.

5.0 Manage Town finances in a transparent and fiscally responsible manner using a wide variety of accepted methods such as maintaining healthy reserves, investing conservatively, sensible user fees, property tax control, and responsible borrowing.

BACKGROUND:

Building Permit Fees have not been reviewed or amended in the Town since 2010. Since then numerous legislative and economic changes have taken place within the industry. As such, an extensive review of the existing fee structure is justified as permit revenue has fallen behind current operating costs of enforcing the Building Code Act.

The main goal of the permit fee review is to evaluate each permit type and as a result, apply a fair and equitable fee based on the cost to administer and enforce the Ontario Building Code. The Building Department calculated the average size of each type of project issued between 2014 and 2016, and determined average time spent reviewing an application and related documents, issuing the Building Permit, completing mandatory and additional inspections, conducting administration, as well as answering general inquiries on each type.

Over 2014 to 2016, the Building Permit revenue was budgeted at \$120,000, and even though two of these three years set both record construction values and permit numbers, actual permit revenue did not exceed the amount budgeted, and gap between revenue and the service cost have been increasing.

The goal of this review is to maintain fair cost recovery for most permit types so that no projects subsidizing others. This review enables the Building Department to operate in a manner to reduce tax subsidization of the Department by general tax levy to enforce the Building Code Act and the Ontario Building Code.

When the 2006 OBC was enacted, changes to the Building Code Act itself impacted Building Permit fees which required revenue from Building Permit Fees only cover Building Code Act enforcement costs. A Building Department could only collect fees reasonable to this enforcement so revenue only reflects the cost of providing the service. The Act does allow for reserves to even out peaks and valleys in revenue generated from one construction season to the next. The reserve can only be used for OBC related enforcement, and it is recommended the total reserve amount not exceed between 100-200% of Direct and

Indirect costs incurred by the Department in cases of economic downturn (with no tax support).

As Council is aware, the Building Department has numerous duties in addition to OBC enforcement. Time assessed for each member of the department was allocated as:

- Chief Building Official - 75% BCA/OBC work;
- Building Inspector - 50% BCA/OBC;
- By-Law Enforcement Officer - 0%.

COMMENTS:

The Building Department is responsible for ensuring municipal obligations regarding a number of factors in construction are met, including: structural safety; building efficiency, life safety, public health, fire protection, accessibility, and the timely, efficient and consistent manner of service for the benefit of all members of the community.

Since the last Permit Fee review, legislated requirements of the Department increased such as required training, inspections, service level and overall work load. Changes include a new Building Code with 2500 +/- changes from the last, a 35-40% energy efficiency increase in many structures with added mandatory inspections, and +- 800 amendments to the new Code. This added cost to operate the Department such as increased staff time and training.

The Building Department scope addresses other mandated responsibilities and obligations, such as Zoning, Source Water Protection and By-Law Enforcement. The costs of this added work cannot be recovered from Building Permit Fees, although in many cases they form part of the rationale for issuing a Permit. At this time, Source Water Protection expenses that Minto incurs are funded in part by the Province of Ontario until December 2017. By-Law Enforcement expenses are funded totally by the general levy.

2016 Operating Costs:

Direct Costs:

The Building Department direct costs for administration and enforcement of the Building Code Act are costs which don't vary due to work load, such as salaries and benefits.

\$ 124,245.63

Indirect Costs:

The Building Department's Indirect Costs are its support costs which include training, membership fees, cell phones, legal fees, vehicle expenses, supplies, rent, building maintenance, etc.

\$ 86,225.00

Reserve Fund:

At this point in 2017, construction across Agricultural, Industrial and Residential sectors appears to be strong, with an anticipated busy year ahead. The biggest reasons for increasing reserve contribution are increased Departmental operating costs, which include additional mandated inspections, extra associated training, replacing aging equipment; and future space needs.

The goal of the reserve fund is to recover one year of Direct and Indirect Costs over a period of 7 years. Since the Building Department's implementation of its reserve, it has covered the cost of new and replacement field equipment and vehicle replacement with a no contributions from general tax revenue. However, the reserve has declined due to the increase replacement and operational costs. **\$30,000.00**

Total Operational Costs for 2016 (Direct+ Indirect + Reserve) **\$ 240,470.63**

2016 Permit Revenue: **\$144,000.00**

Net Building Department Operating Costs (Revenue - Total Operating Cost
- \$96,470.63

Proposed Building Permit Fee Changes:

The Building Department recommends a modest Building Permit Fee increase. This increase will not make up all of Net Building Department Operating Costs, but will provide an incremental step towards it, and will keep up in line with the adjacent Municipalities.

Local Building Permit Fee Comparison:

Following are samples of fees charged by area municipalities for a 1,500 sq. ft. bungalow with 500 sq. ft. attached garage and unfinished basement.

Municipality	Fee Structure				
	Base Fee	Main Floor (per sq. ft.)	Basement (per sq. ft.)	Attached Garage (per sq. ft.)	Cost for House
Wellington North	\$255.00	\$0.89	\$0.31	\$0.38	\$2,215.00
Mapleton (under review)	\$300.00	\$0.60	\$0.20	\$0.60	\$1,800.00
North Perth (under review)	\$100.00	\$0.67	\$100.00 (flat rate)	\$0.58	\$1,495.00
Minto (Current)	\$200.00	\$0.65	\$0.15	\$0.30	\$1,520.00
Minto (Proposed)	\$300.00	\$0.80	\$0.15	\$0.40	\$2,000.00

After extensive review of the current fees and charges and examining the fee structure from other local Municipalities, the Building Department developed proposed fees (see Schedule 1), to realize a reasonable increase. Although the proposed increase will not achieve total cost recovery, it sees tax supported cost drop by about 2/3 to \$32,000 compared to the 2016 amount of \$96,000. Fees remain in line with other local municipalities. Schedule 1 details proposed Building Permit fee Schedule, with the existing fees found in Schedule 2.

Based on the proposed fee structure, Department revenue that would have been realized between 2014 and 2016 are as follows:

2014 - Proposed Fees: **\$167,600.00**
- Actual Fees: **\$119,900.00** - Over/Under Expenses: **-\$72,900.00**

2015	- Proposed Fees:	\$211,000.00		
	- Actual Fees:	\$151,200.00	- Over/Under Expenses:	-\$29,500.00
2016	- Proposed Fees:	\$205,400.00		
	- Actual Fees:	\$140,900.00	- Over/Under Expenses:	-\$35,100.00

Attached as Schedule 3, to this report are examples of the calculations performed showing the current and proposed fees, as well as the fees from the comparators.

FINANCIAL CONSIDERATIONS:

There is no cost to amend the Schedule to the Building By-Law. There is an expected revenue increase of approximately \$50,000 per year above an increased revenue transfer.

RECOMMENDATION:

That the Council of the Town of Minto accepts the Chief Building Official's Building Permit Fee Amendment Justification Report adopts the amended Tariff of Fees Schedule G.

Terry Kuipers, C.B.C.O
Chief Building Official
Town of Minto

Schedule 1 – Proposed Building Permit Fee Schedule.

No.	Building	Admin Fee	BP Fee (per sq. ft. unless noted)
1	Group A & B - Assembly and Institutional Occupancies		
	a) New Construction	\$300.00	\$0.65
	b) Renovation/Alteration	\$200.00	\$0.45
2	Group C - Residential Occupancies		
	a) New Construction - SFD	\$300.00	\$0.80
	b) New Construction - Multi-Residential (No Fee For Basement)	\$300.00	\$1.20
	c) Finished/Unfinished Basement		\$0.40
	d) Renovation/Alteration	\$200.00	\$0.80
	e) Attached Garage	\$200.00	\$0.45
	f) Deck/Porch	\$200.00	\$0.45
	g) Accessory Apartments	\$200.00	\$0.80
3	Group D & E Occupancies		
	a) New Construction	\$300.00	\$0.80
	b) Renovation/Alteration	\$200.00	\$0.40
4	Group F Occupancies		
	a) New Construction	\$300.00	\$0.45
	b) Renovation/Alteration	\$200.00	\$0.45
5	Agricultural		
	a) New Construction	\$200.00	\$0.20
	b) Liquid Manure Tanks		\$4.70 per Lin. Ft.
	c) Grain Bin/Tower Silo		\$325.00 Flat Fee
	e) Bunk Silos		\$400.00 Flat Fee
6	Accessory Structures	\$200.00	\$0.45
7	Demolition Permits		
	a) Class 'A'		\$115.00 Flat Fee
	b) Class 'B'		\$230.00 Flat Fee
8	Class 4 On-Site Septic Systems		
	a) New/Replacement System		\$450.00 Flat Fee
	b) Replacement Tank		\$150.00 Flat Fee
	c) Bed Replacement		\$300.00 Flat Fee
9	Plumbing Permit		\$138.00 Flat Fee
10	Conditional Permit		\$345.00 Flat Fee Plus Completion Permit Amount
11	Solid Fuel Fired Appliance		\$138.00 Flat Fee
12	Tent Permit		\$138.00 Flat Fee
13	Temporary Structure (Temp Dwelling, School Portable, Etc)		\$240.00 Flat Fee
14	Change of Use (No Construction)		\$115.00 Flat Fee
15	Solar		\$300.00 Flat Fee
16	Pool Fence Enclosure		\$138.00 Flat Fee
Notes To Table:			
a)	An investigation fee of \$150.00 shall be applied where work has commenced prior to the issuance of the required building permit in addition to the building permit fee		
b)	Any other building or structure not included above or where square footage cannot be calculated effectively, a rate of \$9.00 per \$1000.00 of construction value shall be charged for a building permit.		
c)	Inspection only - no permit required: a fee of \$90.00 per hour shall be applied		
d)	Inspection requested and not ready or repeated failed inspections: a fee of \$90.00 shall apply per inspection		

Schedule 2 – Existing Building Permit Fee Schedule.

Tariff of Fees

No.	Building	Admin Fee	BP Fee (per sq. ft. unless noted)
1	Group A & B - Assembly and Institutional Occupancies		
	a) New Construction	\$200.00	\$0.65
	b) Renovation/Alteration	\$100.00	\$0.37
	c) Accessory Structures	\$100.00	\$0.46
2	Group C - Residential Occupancies		
	a) New Construction	\$200.00	\$0.65
	b) Finished/Unfinished Basement	\$200.00	\$0.15
	c) Renovation/Alteration	\$100.00	\$0.34
	d) Attached Garage	\$100.00	\$0.30
	e) Accessory Structure	\$100.00	\$0.30
	f) Deck/Porch	\$100.00	\$0.30
3	Group D & E Occupancies		
	a) New Construction	\$200.00	\$0.65
	b) Renovation/Alteration	\$100.00	\$0.38
	c) Accessory Structures	\$100.00	\$0.46
4	Group F Occupancies		
	a) New Construction	\$200.00	\$0.45
	b) Renovation/Alteration	\$100.00	\$0.38
	c) Accessory Structures	\$100.00	\$0.46
5	Agricultural		
	a) New Construction	\$100.00	\$0.16
	c) Liquid Manure Tanks		\$4.07 per Lin. Ft.
	d) Grain Bin (not exceeding 12m in height)		\$280.00 Flat Fee
	e) Tower Silos		\$280.00 Flat Fee
	f) Bunk Silos		\$350.00 Flat Fee
6	Demolition Permits		
	a) Class 'A'		\$100.00 Flat Fee
	b) Class 'B'		\$200.00 Flat Fee
7	Class 4 On-Site Septic Systems		
	a) New/Replacement System		\$425.00 Flat Fee
	b) Replacement Tank		\$150.00 Flat Fee
	c) Bed Replacement		\$275.00 Flat Fee
8	Plumbing Permit		
	Conditional Permit		\$300.00 Flat Fee Plus Completion Permit Amount
9			
10	Solid Fuel Fired Appliance		
			\$120.00 Flat Fee
11	Tent Permit		
			\$120.00 Flat Fee
12	Temporary Structure (Temp Dwelling, School Portable, Etc)		
			\$210.00 Flat Fee
13	Change of Use (No Construction)		
			\$100.00 Flat Fee
14	Pool Fence Enclosure		
			\$120.00 Flat Fee

Notes To Table:

- An investigation fee of \$150.00 shall be applied where work has commenced prior to the issuance of the required building permit in addition to the building permit fee
- Any other building or structure not included above or where square footage cannot be calculated effectively, a rate of \$9.00 per \$1000.00 of construction value shall be charged for a building permit.
- Inspection only - no permit required: a fee of \$75.00 per hour shall be applied
- Inspection requested and not ready: a fee of \$75.00 shall apply

Approved by Council Resolution May 5, 2010

Schedule 3 – Sample Calculations and Comparators.

Construction of a Single Family Detached Dwelling – 1500 sq. ft., Finished Basement, 500 sq. ft Attached Garage (actual cost \$2506.94)				
Minto - Current	Minto - Proposed	Wellington North	North Perth	Mapleton
\$200.00 plus \$0.65/\$0.15/\$ 0.30 =\$1550.00	\$300.00 plus \$0.80/\$0.40/\$ 0.45 = \$2000.00	\$255.00 plus \$0.89/\$0.31/\$ 0.38 =\$2215.00	\$100.00 plus \$0.67/\$100/\$ 0.67 =\$1495.00	\$300.00 plus \$0.60/\$0.20/\$ 0.60 = \$1800.00

Construction of an Accessory Structure – 500 sq. ft. (actual cost \$963.45)				
Minto - Current	Minto - Proposed	Wellington North	North Perth	Mapleton
\$100.00 plus \$0.30 =\$250.00	\$200.00 plus \$0.45 = \$425.00	\$175.00 plus \$0.19 =\$195.00	\$100.00 plus \$0.58 =\$390.00	\$100.00 plus \$0.25 = \$225.00

Construction of an Agricultural Shed/Barn – 4000 sq. ft. (actual cost \$1456.42)				
Minto - Current	Minto - Proposed	Wellington North	North Perth	Mapleton
\$100.00 plus \$0.16 =\$740.00	\$200.00 plus \$0.20 = \$1000.00	\$255.00 plus \$0.30 =\$1455.00	\$100.00 plus \$0.20 =\$900.00	\$200.00 plus \$0.20 = \$1000.00

Construction of Semi-Detached – 2 Storey, 2500 sq. ft., Finished Basement, No Garage (actual cost \$3566.46)				
Minto - Current	Minto - Proposed	Wellington North	North Perth	Mapleton
\$200.00 plus \$0.65/\$0.15 =\$2012.50	\$300.00 plus \$1.20 = \$3000.00	\$255.00 plus \$0.89/\$0.31/\$0.38 =\$2867.50	\$100.00 plus \$0.67/\$100 =\$1875.00	\$300.00 plus \$0.60/\$0.20/\$0.60 = \$2050.00

Construction of Industrial Building – 5000 sq. ft. (actual cost \$2893.03)				
Minto - Current	Minto - Proposed	Wellington North	North Perth	Mapleton
\$200.00 plus \$0.45 =\$2450.50	\$300.00 plus \$0.45 = \$2550.00	\$255.00 plus \$0.89/\$0.31/\$0.38 =\$3100.00	\$100.00 plus \$0.60 =\$1875.00	\$300.00 plus \$0.55 = \$3050.00